



MELANSON HEATH & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

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November 7, 2011

Daniel M. Keyes
Town Administrator
Town of Blackstone
15 St. Paul Street
Blackstone, MA 01504

Dear Administrator Keyes,

We have been the auditors for the Town of Blackstone, Massachusetts since 2009. During that time the Town has been unable to reconcile cash. We understand that the situation existed prior to 2009 as well, as it was noted in the prior auditors' management letter.

Most of the problems that we have encountered when trying to reconcile cash have been in the Treasurer's office. The Treasurer does not do formal reconciliations for any of the Town's bank accounts. She provides us bank statements with notations at the bottom. Most accounts have little activity and may or may not need reconciliation; however there are a few accounts that do need a formal reconciliation. The reconciliation for the ambulance account, for example, consists of a list of numbers at the bottom of the bank statement with no description on most of them. See attached ambulance statement with our notations describing the items. In addition, the Town has a vendor bank account and a payroll bank account that are supposed to operate as zero balance accounts, meaning that every time a warrant is issued, the exact amount of money needed to cover the warrant is transferred into the account at the same time. At any point in time, if you take the bank balance less outstanding checks, the balance should be zero. In Blackstone, the Treasurer's cash book indicates that the balances in these accounts are zero; however the reconciliation of these accounts, which is completed by the bank, includes many reconciling items for items such as short funding or over funding warrants. As of June 30, 2011 there were reconciling items on the banks reconciliation dating back to July 2010 that the Town had not addressed. See attached copies of bank reconciliations. As a result, the accounts do not reconcile to a zero balance even though the Treasurer's cash book says they do. This means that the Treasurer's cash book is not accurate, and the Treasurer does not seem to understand why this would prevent the Town Accountant from being able to reconcile the cash book to the general ledger.

We also found other errors in the cash book, such as deposits that were never entered or adjustments that were never made. As an example, old stale checks that were moved to the tailings liability account were never adjusted in the cash book.

We have also noted communication problems between the Treasurer's office and the Accounting office. One example of this would be a handful of checks that were voided by the

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Treasurer, but were never voided in the general ledger as the Treasurer did not tell the Accountant that they had been voided.

As of June 30, 2010, taxes had not been put into tax title going back to 2002. Some but not all of these taxes were put into tax title in fiscal year 2011. For tax years 2003 through 2010 there is still approximately \$265,000 that has not been put into tax title. Failure to take timely tax titles is a detriment to the Town for several reasons. If the Tax Collector fails to take properties within three and one half years from the end of the fiscal year for which the taxes were assessed, the tax lien on the parcel of land would terminate upon any transfer/alienation of the estate in the property. Thus, the Town would lose its most effective remedy for collection of the delinquent taxes. In addition, timely tax title takings accelerates payments as many tax payers will pay the taxes so a lien will not be placed on the property. In Massachusetts tax revenue is not recognized until collected creating a negative impact on the Town's surplus balance. Finally, taking properties titles assures that they are valid receivables and that no errors or irregularities exist.

If you need any additional information please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "John J. Sullivan". The signature is written in a cursive style with a large initial "J" and "S".

John J. Sullivan
Melanson, Heath & Company, PC



Statement Period 06/01/11 TO 06/30/11

For your convenience our Government Banking Center is available Monday through Friday, 8:30 a.m. to 5:00 p.m. Call us at 1-877-506-9352. www.sovereignbank.com

TOWN OF BLACKSTONE
AMBULANCE FUND
ATTN COLLECTOR/TREASURER
15 SAINT PAUL ST
BLACKSTONE MA 01504-2276

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70320

No 5 day test

IMPORTANT NOTICE:

Effective July 21, 2011, all references to \$100 in Section C, entitled "Funds Availability Policy-Your Ability to Withdraw Funds" of the Business Deposit Account Agreement are changed to \$200, except that the \$100 same-day availability for ATM deposits remains unchanged. This applies to standard availability schedules.

GOVERNMENT BANKING ACCOUNT II

Statement Period 06/01/11 - 06/30/11

TOWN OF BLACKSTONE
AMBULANCE FUND

Balances

Beginning Balance	\$658,808.40	Ending Balance	\$689,726.38
Deposits/Credits	+ \$30,917.98	Average Daily Balance	\$670,700.62
Withdrawals/Debits	- \$0.00		

Interest

Paid this Period *	\$ 0.00	Annual Percentage Yield Earned	0.00%
Earned this Period	\$ 0.00	Paid Last Year	\$81.02
Paid Year-To-Date	\$ 56.26		

*The interest earned and the interest paid may differ depending on when interest is credited to your account

Account Activity

Date	Description	Credits	Debits	Balance
06-01	Beginning Balance			\$658,808.40
06-01	NHIC NEW ENGLANDMED B PAY 110528 TRN*1*8 82794962*7515	\$363.91		\$659,172.31
06-03	DEPOSIT	\$3,597.10		\$662,769.41
06-03	NHIC NEW ENGLANDMED B PAY 110601 TRN*1*8 82802090*7515	\$1,398.80		\$664,168.21
06-07	NHIC NEW ENGLANDMED B PAY 110603 TRN*1*8 82808350*7515	\$407.82		\$664,576.03
06-10	DEPOSIT	\$1,909.16		\$666,485.19





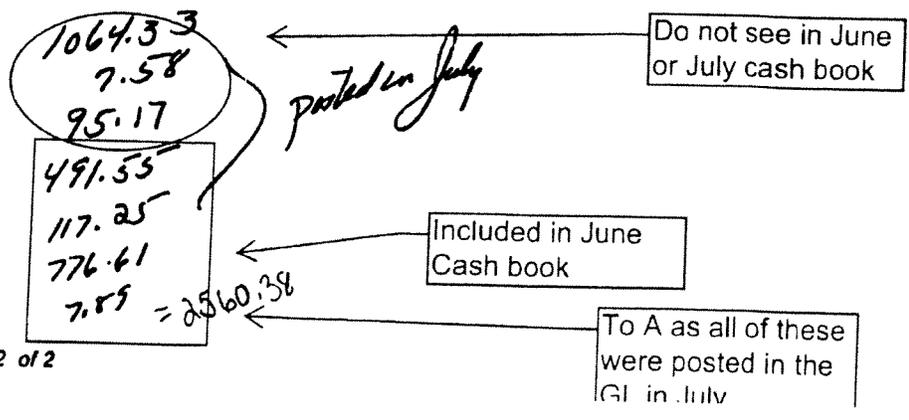
Date	Description	Credits	Debits	Balance
06-13	BC & BS RI PROV PREN 000000 BCAC 0000057385	\$181.96		\$666,667.15
06-13	INTEREST CREDIT	\$12.41		\$666,679.56
06-15	NHIC NEW ENGLANDMED B PAY 110614 TRN*1*8 82826596*7515	\$393.13		\$667,072.69
06-16	NHIC NEW ENGLANDMED B PAY 110615 TRN*1*8 82829689*7515	\$1,191.62		\$668,264.31
06-17	DEPOSIT	\$1,144.10		\$669,408.41
06-17	NHIC NEW ENGLANDMED B PAY 110616 TRN*1*8 82833405*7515	\$365.67		\$669,794.28
06-17	BC & BS OF RI RIBCLMSPMT 061511 0000023684001	\$194.71		\$669,988.99
06-21	NHIC NEW ENGLANDMED B PAY 110618 TRN*1*8 82841146*7515	\$3,159.88		\$673,148.67
06-22	NHIC NEW ENGLANDMED B PAY 110620 TRN*1*8 82845133*7515	\$491.55		\$673,640.42
06-23	NHIC NEW ENGLANDMED B PAY 110622 TRN*1*8 82846696*7515	\$117.25		\$673,757.67
06-24	DEPOSIT	\$7,777.18		\$681,534.85
06-24	NHIC NEW ENGLANDMED B PAY 110622 TRN*1*8 82852170*7515	\$776.61		\$682,311.46
06-28	NHIC NEW ENGLANDMED B PAY 110624 TRN*1*8 82858966*7515	\$7.88		\$682,319.35
06-29	NHIC NEW ENGLANDMED B PAY 110628 TRN*1*8 82862501*7515	\$7.58		\$682,326.93
06-30	DEPOSIT	\$6,239.95		\$688,566.88
06-30	NHIC NEW ENGLANDMED B PAY 110628 TRN*1*8 82866307*7515	\$1,064.33		\$689,631.21
06-30	BC & BS OF RI RIBCLMSPMT 062811 CP00204833001	\$95.17		\$689,726.38
06-30	Ending Balance			\$689,726.38

To A & A-195

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS
CALL OUR BUSINESS CUSTOMER CONTACT CENTER AT 1-877-768-1145 OR WRITE TO THE BANK
ATTN: BUSINESS CUSTOMER CONTACT CENTER
One Sovereign Way R11 EPV 02 23
East Providence, RI 02915

Please contact us if you think your statement or receipt is wrong or if you need additional information about a transfer on the statement or receipt.
We must hear from you no later than 30 days after we sent you the FIRST statement on which the error appeared.

Important Information about your Sovereign Debit Card
The networks through which some of your Sovereign Debit Card purchases are processed have begun allowing merchants to process your purchases without either a signature or a PIN. If you are not required to enter your PIN when you make a purchase, your purchase may be processed either through the Visa network or through the STAR or NYCE networks. If your purchase is processed through STAR or NYCE, different terms apply and you will not be eligible for the rights and protections available through Visa. Please see your Business Deposit Account Agreement for more information.





Reconcilement Detail Report

Customer Information

July 28, 2011

Customer: BLACKSTONE
Account Title: PAYROLL
Account Number: [REDACTED]
Month Ending: June 2011

Reconcilement Summary

Financial institution ledger balance:	\$9,509.21
Outstanding (uncleared) items:	\$6,495.80
Adj. Financial institution ledger balance:	\$3,013.41
PC ledger ending balance:	(\$3,013.41)
Difference:	\$0
Base reconciliation amount:	\$0
Difference:	\$0

Adjustments

Adjustment needed for 9/17/10 withdrawal from account	\$260.00
Adjustment needed for 9/17/10 deposit to account	(\$0.20)
Adjustment for Short Fund - Week of 12/24	\$132.92
Adjustment for ck # 27314 - Not Funded	\$547.25
Adjustment for ck # 27316 - Not Funded	\$194.34
Adjustment needed for over fund week of 12/29/10	(\$931.13)
Adjustment needed for ck # 27315 not funded	\$89.16
Adjustment needed for ck # 27317 not funded	\$206.87
Adjustment needed for 1/5/11 transfer to account	(\$1,220.75)
Adjustment needed for short fund week of 1/28/11	\$13,566.00
Adjustment needed for 3/17/11 transfer to account	(\$56.00)
Adjustment needed for over fund week of 3/25/11	(\$56.00)
Adjustment needed for short fund week of 4/1/11	\$298.91
Adjustment needed for 4/12/11 deposit to account	(\$6,000.00)
Adj for 6/30/11 funding for 7/1/11	(\$10,038.92)
INTEREST FOR JUNE 2011	(\$5.86)
Total adjustments:	(\$3,013.41)



Reconciliation Detail Report

Customer Information

July 28, 2011

Customer: BLACKSTONE
Account Title: ACCOUNTS PAYABLE
Account Number: [REDACTED]
Month Ending: June 2011

Reconciliation Summary

Financial Institution ledger balance:	\$494,813.73
Outstanding (uncleared) items:	\$58,710.29
Adj. Financial Institution ledger balance:	\$436,103.44
PC ledger ending balance:	(\$436,103.44)
Difference:	\$0
Base reconciliation amount:	\$0
Difference:	\$0

Adjustments

Adjustment needed for over fund for September	(\$5,450.86)
Adjustment needed for over fund October	(\$719.37)
Adjustment needed for 10/22/10 transfer from account	\$1,923.00
Adjustment needed for 10/25/10 transfer from account	\$17.82
Adjustment needed for over fund week of 11/5/10	(\$1,000.00)
Adjustment for 12/24 Checks - Not Funded	\$43,154.27
Adjustment for 12/31 Checks - Short funded	\$297,194.46
Adjustment for CK # 55697 - Not Funded	\$460.00
Adjustment for CK # 55698 - Not Funded	\$60.00
Adjustment for CK # 55697 - Not Funded	\$56.00
Adjustment for CK # 55737 - Not Funded	\$190.91
Adjustment needed for ck # 56100 not funded	\$1.63
Adjustment needed for ck # 56100 not funded	\$50.78
Adjustment needed for 1/3/11 transfer to account	(\$100,000.00)
Adjustment needed for over fund week of 1/28/11	(\$179,556.09)
Adjustment needed for over fund for March 2011	(\$92,175.42)
Adjustment needed for voided checks not withdrawn from account (except ck # 56115 which was already voided in 2/9/11 & ck # 54781)	(\$30,092.42)
Adjustment needed for over fund May 2011	(\$0.03)
Adjustment needed for over fund week of 7/30/10	(\$729.00)
Adjustment needed for short fund month of April 2011	\$83,617.26
Adjustment needed for void ck # 56707 not withdrawn from account	(\$28.00)
Adjustment needed for void ck # 56886 not withdrawn from account	(\$160.00)

Adjustment needed for manual ck # 56886 not funded	\$49.00
Adj for 6/30/11 funding for July checks	(\$453,304.78)
Bank adj needed for encoding error ck # 57527	\$450.00
INTEREST FOR JUNE 2011	(\$22.60)
Total adjustments:	(\$436,103.44)