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Burlington gets course in finances

By Joel Banner Baird

It will be weeks before Burlington residents learn whether the city receives high marks on the recent audit of its finances.

Wednesday forum with state and local officials aimed to demystify the rating process, as well as offered mayoral candidates a chance to sound off on how they plan to trim spending and raise revenues. No political surprises emerged at the two-hour “financial summit” — apart from independent mayoral candidate Wanda Hines’ assessment of the city as “broke,” because its cash-flow needs require short-term borrowing.

Although that liquidity issue was cited as a problem by auditors last week, the city’s Assistant Chief Executive Officer for finance, Rich Goodwin, reported Wednesday that short-term borrowing was part of a concerted plan to improve the city’s credit rating.

Anticipating further clarification when the full audit is released in the spring, the forum, organized by the city’s Neighborhood Planning Assemblies, featured an “Audit 101” mini-class by State Auditor Tom Salmon.

He offered no silver bullets, but rather a form of insurance against excessive risk.

“We’re fighting against errors and misstatements,” Salmon said. “An audit can be a battle cry to get the organization focused, and for corrective action.”

The audience of about 30 — roughly half of which were city officials and candidates for mayor or the council — was attentive throughout.

Salmon tag-teamed his presentation with Williston-based CPA and auditor Ray Cota, who offered a simple analogy: A thin slice of an angel-food cake might reveal the presence of a nut that might have fallen into the batter.

Or it might not.

“It is strictly a test. Everything is an estimate,” Cota said.

And, he said, internal controls are far more effective than audits at tripping up embezzlers.

“More often within the organization, someone found the problem and walked over to an accountant and said, ‘look at this,’” Cota said.

State Treasurer Beth Pearce, in a short presentation on “financial literacy,” urged Vermonters — even math-challenged residents — to learn the basics of accounting as a way to improve civic involvement.

The basics, she said, hinge on some fundamental issues of financial security: “What keeps you up at night? What’s the likelihood it will happen? and what’s the impact if it does?”

For extra credit, Pearce referred Vermonters to the state's financial literacy learning website: www.moneyEd.vermont.gov.

In a summation of Burlington's financial status, Ward 6 independent Councilor Karen Paul, who sits on the Board of Finance, pointed to progress since 2009.

Prior to that date, Paul said, the administration had not shared the annual audit with the council or the public.

The council subsequently discovered "the same deficiencies repeated year after year," she said.

Since then, that list of shortcomings has shrunk, and a more collaborative approach between the mayor's office and the council, promises greater progress, Paul said.

"I know that we are moving in a very positive direction," she said. "We are righting the financial ship."

Contact Joel Banner Baird at 660-1843 or joelbaird@burlingtonfreepress.com.