



Town of Ashland

Financial Management Review

June 2007

INTRODUCTION

At the request of the Ashland Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this financial management review of the town.

We have based our findings and recommendations on site visits by staff members of the Municipal Data Management & Technical Assistance Bureau (MDM/TAB), the Bureau of Accounts (BOA), and the Bureau of Local Assessment (BLA). During these visits, the staff interviewed the town manager, assistant town manager/finance director, selectmen, treasurer/collector, accountant, assistant assessor, management information systems director, school business manager, and other municipal office staff.

DLS staff examined such documents as the tax rate recapitulation sheet, annual budgets, audits, cash and receivables reconciliation reports, and statements of indebtedness. The town also provided us with warrants, debt schedules, the charter and bylaws, various job descriptions, and other assorted financial documents.

The purpose of this review is to assist town officials as they evaluate Ashland's financial management. In reviewing the existing financial management, we have focused on: (1) the town government structure in the context of the duties and responsibilities of financial officers; (2) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

We encourage the selectmen and town manager, when formulating overall strategies for improving the town's financial management, to consider the observations, analyses, and recommendations contained in this report. These are recommendations only and can be implemented, at the town's option, provided there is sufficient cooperation among the various boards, committees, and officials.

EXECUTIVE SUMMARY

Once part of the communities of Framingham, Holliston, and Hopkinton, Ashland was incorporated as a town in 1846. Located midway between Boston and Worcester, Ashland is about 13 square miles with a population of 15,551 persons (2005 estimated US Census). The town's 2006 equalized property valuation (EQV)/capita is \$161,446, just above the statewide average of \$154,904. Ashland's 2006 unemployment rate was 4 percent, lower than the statewide average of 5 percent, and the town's 1999 income/capita is \$31,641, about 122 percent of the statewide average of \$25,952.

Like many Massachusetts communities, Ashland began as a small rural, farming community. With the construction of a Boston to Albany railroad line that bisects the town, Ashland slowly began to develop and grow by the early 1900s. However, it was not until the construction of the state's burgeoning highway system, including the Massachusetts Turnpike, Interstate 495, and Routes 9, 126 and 135, following World War II that Ashland's popularity grew.

Accessible via nearby highways or the convenience of a 50-minute trip from downtown Boston by commuter rail, Ashland's open and developable land attracted suburban housing development. In just the last 20 years, Ashland's single-family parcels have increased from 2,388 (FY1987) to 3,643 (FY2007) or over 52 percent. During this same timeframe, the town's condominium units have more than doubled, increasing from 752 to 1,667. As a result of this development, the town's population grew over six fold—from 2,479 (1940 US Census) persons to 15,551 (2005 estimated US Census) persons—since 1940, and about 70 percent since the 1980 US Census figure of 9,165 persons.

As a result of this growth, Ashland's budget increased significantly. Over the last 25 years, the budget has increased from about \$8.5 million (FY1982) to \$57 million (FY2007), or an increase of over 560 percent, while statewide budgets grew a little over 250 percent during this same timeframe. Since 1982, the town's property tax revenues have increased more than five-fold, state aid has more than quadrupled, and local estimated receipts have increased astronomically at over 1,800 percent.

The escalation in Ashland's property tax revenue is primarily due to the annual statutory 2½ percent increase and new growth that is generated by new construction and building renovations. It also has been impacted by the voter approval of more than a dozen Proposition 2½ debt and capital exclusions that raised funds necessary to pay debt service costs over the lifetime of various projects or to purchase capital items. The growth in state aid reflects changes in the state legislature's annual appropriations as well as characteristics of the state distribution formulas that incorporate equity factors (e.g., property wealth and income). Because Ashland has been at or above the state averages, the town receives a low percentage of its total revenues (11 percent in FY2007) from state aid. Increased revenue from local receipts are a combination of growing motor vehicle excise, increasing license, permitting, and other departmental fees, as well as full cost recovery of services such as Ashland's water, sewer, and solid waste operations. Ashland also has used fluctuating amounts of other available funds (e.g., free cash, stabilization funds, and one-time revenues) to support its yearly spending.

For well over a decade beginning in the 1990s, Ashland's operations, services, and finances were closely overseen by one town manager until his retirement in 2002. Over the next roughly 2 years, three different persons served as town manager until the current manager was hired in March 2005. During this same period of time, Ashland's financial offices also experienced turn over. Since FY2002, two people have served as the assistant assessor, three as treasurer/collector, and four as the town accountant. With staff turn over, a community may experience disruptions due to changes in management style or to the time it requires a new employee to acclimate him/herself. In Ashland's case, the frequent staffing changes contributed to a series of backlogs, delays, and problems in its financial operations.

In one example, after almost seven years of service, the accountant left Ashland at the end of 2003. Over the next 11 months, the town hired two different accountants, one who lasted about four months and the current department head. While the assistant accountant served as an interim between appointments, she lacked proper training to handle the demands of the office and a backlog of work piled up. Upon taking office in November 2004, the current accountant had to handle the normal workload of the office as well as address a number of urgent activities. First and foremost, she had to close the FY2004 town books. Because she had some concerns about the accuracy of the information, the accountant invested a significant amount of time reviewing and verifying the entries before completing the closing in February 2005.

Once the FY2004 books were closed, the accountant worked with the treasurer/collector, who had been on the job since the prior summer, to reconcile cash and receivables, for the first time in almost 20 months. Despite all efforts, the accountant's FY2004 cash and investment total was about \$20,000 greater than the treasurer/collector's balance and the accountant's receivable balances were higher than the treasurer/collector's by over \$370,000, both of which resulted in a reduction in the town's certified free cash (as of 7/1/04).

Because of the turn over in the accountant's office, Ashland FY2003 audit's had not been finalized. The current accountant had to prepare the financials for the FY2004 audit as well as compile Ashland's fixed assets data for the outstanding FY2003 audit, complying with the Governmental Accounting Standards Board Statement 34. Eventually, the FY2003 audit was finalized and filed with the Division of Local Service (DLS) in January 2006. Because of the lateness of FY2003, the FY2004 and FY2005 audits also were delayed, ultimately being submitted to DLS in October 2006.

With the turn over in staff, Ashland also experienced budgeting problems. Upon taking office in March 2005, the current manager was confronted with projected FY2005 operating deficits and needed to craft a balanced FY2006 budget. Calling upon the talents of the town's financial officers, all of whom had worked less than a year for Ashland, the FY2005 and FY2006 budgets were balanced and approved by town meeting in May 2005. This was accomplished through appropriation transfers, use of one time revenue sources (e.g., bond premiums and old article balances), fee increases, and the use of reserves (e.g., overlay surplus, stabilization fund, and free cash).

Hoping the worst was behind them, Ashland officials anticipated setting the FY2006 property tax rate timely in December. However, upon the departure of the former public works director in

September, town officials were concerned about the fiscal status of the water and sewer enterprise funds. The town hired an outside consultant to review and analyzes these operations. The consultant found that despite annual certification of positive retained earnings in recent years, the current revenues had not kept pace with the full cost of operation for either system. In part, this was due to the stagnant users fees last adjusted in 1998. Consequently, the selectmen adopted higher user fees at mid-year. Water rates were increased 39 percent and sewer rates were increased 9 percent. In addition, town meeting had to appropriate funds from the retained earnings to balance these budgets, enabling the town to set its tax rate in February 2006.

By the end of 2006, things had stabilized and begun to improve. Ashland's cash variance was resolved and the town got caught up with its outstanding audits. Based on conservative estimates and recurring revenue sources, the approved FY2007 budget was balanced and closely monitored. However, because it required some reductions in staff and services, the selectmen proposed a \$2 million Proposition 2½ override for FY2008, but it was soundly defeated by a vote of 2,644 against and 948 in favor. Nonetheless, a balanced FY2008 budget already had been approved.

Other steps to improve operations include regular meetings involving the town manager and financial officials to monitor the town's fiscal activity closely. The town now has a Liaison Committee (two selectmen, two school committee, and two finance committee members) that also meets on a regular basis. Briefings on the community's financial picture ensure consistent communication among Ashland's policymakers.

The town also has adopted fiscal planning practices for its long-term needs. These include preparing a multi-year revenue and expenditure forecast and a five-year capital plan. The town manager developed formal personnel and operational policies/procedures. Town meeting now makes annual appropriations into the stabilization fund in order to build up Ashland's reserves. Finally, at the manager's recommendation, selectmen requested that DLS conduct a comprehensive review of Ashland's financial practices to help identify further improvements.

In reviewing Ashland's financial operations, DLS looked at the town's organization, policies, and practices. To improve coordination and accountability, we recommend that Ashland consolidate the town's financial offices into a finance department, that the town manager appoint all non-school staff, and that the town create an audit committee. We recommend that the financial offices reconcile receivables at least monthly, pursue outstanding personal property amounts, perform additional assessing inspections, and provide training for staff. We also recommend that Ashland expand its use of automated systems and review its computer support needs. Furthermore, we recommend that the town consider changes to its payroll system and that town meeting approve funding for triennial revaluation consulting earlier.

Overall, the recommendations in this report are based on best management practices that encourage efficiencies, checks and balances, and accountability. These recommendations will build on the recent improvements Ashland has implemented and help the community meet its goals. With well-trained staff and good practices in place, Ashland will be able to plan for the future and position itself for whatever lies ahead.

SUMMARY OF REPORT FINDINGS AND RECOMMENDATIONS

OVERALL FINANCIAL MANAGEMENT & BUDGETING

- 1. Adopt central management reporting structure6
- 2. Establish an independent audit committee6
- 3. Create a formal finance department.....7
- 4. Consider changes to the payroll system.....7

MANAGEMENT INFORMATION SYSTEMS

- 5. Expand the remote access/entry to the financial system9
- 6. Review computer support needs9

ACCOUNTANT’S OFFICE

- 7. Reconcile receivables timely 10
- 8. Provide professional training for assistant accountant 10

TREASURER/COLLECTOR’S OFFICE

- 9. Reconcile receivables timely 12
- 10. Use deputy collector to pursue outstanding personal property..... 12
- 11. Abate older motor vehicle excise 12

ASSESSING OFFICE

- 12. Conduct sales inspections 14
- 13. Assign data entry/sketching to the clerks 14
- 14. Approve funding for triennial consulting earlier 14

OVERALL FINANCIAL MANAGEMENT AND BUDGETING

Ashland's government is organized under a home rule charter adopted in 1988, which has been amended over the years through special acts of the legislature and votes of town meeting. By charter, a five-member board of selectmen serves as the executive branch and an open town meeting is the legislative branch.

The charter also provides for the appointment of a strong town manager. Fitted by education, executive qualifications, and experience, the town manager serves as the chief administrative officer and oversees the daily operations of the town. The manager oversees the personnel system and annual job performance reviews, negotiates contracts, administers purchasing, and keeps the selectmen fully informed of all administrative and fiscal matters.

The town manager also appoints and supervises most department heads. Some department heads and staff, however, are employed and overseen by independent committees with no reporting relationship with the town manager. This includes the assistant assessor, who is responsible for administering the tax levy, the largest single revenue source, and the planning director, who is responsible for growth and development matters. As department heads, they have an impact on the town operations and development, but they report to part-time boards.

The manager has an extensive role in the budget process. In the fall, he issues a calendar of events and deadlines, prepares preliminary revenue estimates for the ensuing year, and updates a multi-year forecast of revenues and expenditures and the five-year capital plan. Based on the revenue estimates, the finance committee sends a budget message memo to all departments, providing guidance on how to complete the request forms. The manager meets with each department on its requests and prepares balanced operating and capital budgets along with a fiscal message, which outlines policies, important features, and any variations from the current year. The budgets are submitted to the selectmen and finance committee for review and approval. The manager provides updated revenue and expenditure information as it becomes available and analysis upon request. At the end of this process, the finance committee presents a written report of their recommendations on the manager's operating and capital budgets and on all warrant articles to town meeting.

By charter, the town manager also approves warrants for all payments. The manager approves vendor bills and the school department's payroll warrants biweekly while the town's payroll warrant is signed weekly. Each employee's payroll statement reports the gross earnings, itemized deductions, and the net income. While the town's computerized financial management system can include the accrued leave balance on each employee's payroll statement, it is not activated and the records are kept at the department level.

To assist in the oversight of operations, Ashland has an assistant town manager. In FY2006, this position's management duties were expanded to serve as the finance director. In this new role, the assistant town manager/finance director coordinates the financial offices and assists in the community's long-term fiscal planning. However, despite a growing trend in municipalities, the

financial offices were not combined into a formal finance department under the direct supervision of the new finance director position.

As a community grows and develops, the methods by which government is organized and operates often change. In anticipation of this prospect, Ashland's charter has a provision for a periodic review process, generally every five years. Appointed by the selectmen, a charter review committee evaluates the structure and proposes amendments or revisions.

The most recent charter review was concluded in 2007, resulting in a series of changes. It was proposed that the manager's duties, personnel system, budget and capital planning process, and the filling of vacancies be updated to reflect current principles or best business practices. Because the charter is silent on the selection of the independent auditor, the committee believed that it should be codified as a selectmen's appointment instead of the current practice of it being made by the manager. It also was recommended that the health and recreation boards be appointed to ensure coordination with overall town priorities and future plans. Further, it was recommended that the manager appoint (with the consent of the appropriate board) and supervise the full-time assistant assessor, health agent, and planning director, as well as the library director and staff, ensuring all are integrated into Ashland's personnel system. Unfortunately, town meeting tabled the article authorizing special legislation to amend Ashland's charter in this manner.

RECOMMENDATION 1: ADOPT CENTRAL MANAGEMENT REPORTING STRUCTURE

We recommend that the town manager be responsible for appointing all non-school department heads. Increasingly, communities are changing their organizational structure so that staff are accountable to one full-time administrative position. With this model, the town manager would be able to centralize the reporting structure and to coordinate the community's business and services efficiently. This improved coordination has the potential to eliminate duplication of effort or departments working at cross-purposes and could provide a more effective management structure. This change can be accomplished through the adoption of a special act.

RECOMMENDATION 2: ESTABLISH AN INDEPENDENT AUDIT COMMITTEE

We recommend that the town create an audit committee by bylaw. In order to avoid conflicts of interest or any allegations of impropriety, the appointing authority should be independent of those who would be subject(s) of the audit, such as the town manager. The audit committee should be made up of individuals that have financial backgrounds and/or are familiar with the process. The audit committee would be responsible for the procurement of auditing services, determining in advance the requirements and objectives of the audit, and selecting the eventual individual/firm. The committee should have direct contact with the independent auditor, monitor the audit's progress, and conduct an exit conference at the conclusion of the engagement.

RECOMMENDATION 3: CREATE A FORMAL FINANCE DEPARTMENT

We recommend that Ashland create, through special legislation, a consolidated finance department under the oversight of the assistant town manager/finance director. Because the assistant town manager/finance director is responsible for coordinating the town's financial operations and assisting in its long-term planning efforts, it would be best that the financial offices be organized into one department. This way, the assistant town manager/finance director would have direct oversight and management control over the financial operations (e.g., accounting, treasury/collections, and assessing). He could then ensure that resources are used efficiently, activities are conducted timely, and office managers are held accountable.

RECOMMENDATION 4: CONSIDER CHANGES TO THE PAYROLL SYSTEM

We recommend that the town adopt a biweekly payroll for non-school employees. With the adoption of biweekly payroll, workloads in the accountant's and treasurer's offices would be reduced, freeing time for the completion of other important tasks. Any adjustment to pay periods must be impact bargained with the town's labor unions.

We recommend that the central time and attendance module be activated. All departments should be instructed to enter each employee's use of accrued time. This would enable the treasurer's office to centrally manage payroll better and the accountant's office to track uncompensated balances, which must be reported at year-end on the town's financial statements.

MANAGEMENT INFORMATION SYSTEMS

Ashland has a management information systems (MIS) department with one full-time employee. The MIS director manages and supports Ashland's non-school computer systems, including servers, networks, operating systems, software applications, Internet access, electronic mail, and public website, that are located in six facilities in town. The director is responsible for user support and training, security and virus protection, backups, application development and programming; hardware, and maintenance. To assist him in these duties and to provide coverage in his temporary absence, he retains the services of a contractor, at an annual cost of \$10,000-\$15,000, and he relies on the support of a volunteer, who manages the town's geographic information system (GIS).

The town's financial offices use Munis, an integrated financial system, and have access to Microsoft Office applications as well as other specialty software to conduct daily business and manage information. The Munis System modules used by various departments include the general ledger, payroll, accounts payable, treasury management, and tax, excise, and utility billing, collections, and accounts receivable. As for other applications, the treasurer's office uses Excel spreadsheets to maintain the cash book and perform bank reconciliations and the assessing office uses the Community Software Consortium (SCS) computer assisted mass appraisal system to value and manage property accounts.

When the Munis System was purchased, initial training was provided to the staff. Since that time, modules have been added or upgraded and the town has had staff turn over. To become familiar with new applications or procedure changes within existing modules, some staff have received training while others have not. Without current knowledge, staff have created off-system reporting/tracking systems or have entered repetitive information, adding to their workload.

An advantage of the Munis System is the remote access and data entry features. Currently, all departments are connected to the Munis System, enabling them to enter vendor billing information, which is reviewed by the accountant before placing it on the warrant. With access to the Munis System, departments could enter time and attendance, as previously recommended, as well as payroll and departmental receipts that would be forwarded and reviewed by the treasurer against backup documentation before being accepted.

Historically, the school department has maintained its financial information on a separate computerized application. However, with the intent of improving internal control, eliminating duplicate record keeping, and increasing business function efficiencies, the school department will be converting to the Munis System in FY2008. The MIS director will oversee the conversion and support the school business office going forward, adding to his current management responsibilities.

During the course of our review, we found that despite the availability of the computerized applications and systems, many individuals are performing manual or repetitive tasks. For example, as previously mentioned, time and attendance records are kept at the department level in various formats when, in fact, the payroll system provides for the central accounting of it. In another example, departments turn over receipts to the treasurer's office on hand-written reports that are entered into a spreadsheet and a batch number is assigned. The batch information is reentered into one Excel sheet,

which is used to reconcile cash, and a separate sheet to track receivable balances. Periodically during the month, several batches are summarized onto another spreadsheet that is sent to the accountant, who matches it to her copies of department turnover reports and then inputs the receipts to the general ledger in the Munis System. Beyond having departments directly entering their own receipts, this process could be streamlined by downloading data to an Excel spreadsheet once and organizing/formatting it to accomplish different activities like tracking batch information and reconciling accounts, or by developing customized reports within Munis.

Ashland has a public Internet website. This website provides departmental listings and telephone numbers, meeting schedules, agendas and minutes, town charter and bylaws, online services listings, community links, news and announcements. It also has a lengthy list of financial information and reports and forms, which the MIS director is reorganizing to make it more user friendly.

RECOMMENDATION 5: EXPAND THE REMOTE ACCESS TO THE FINANCIAL SYSTEM

We recommend that all departments be granted remote entry capability to enter departmental receipts and payroll to the Munis System. With proper training, each office would be responsible for data entering all financial information at the departmental level. This would enable the appropriate financial office to review an electronic submission against backup documentation before accepting/posting it to the appropriate system. Once established, even though hardcopy information is exchanged, the electronic transmission of financial data will greatly reduce the amount of manual entries the offices are performing, thereby freeing up staff to perform other management and analysis activities.

RECOMMENDATION 6: REVIEW COMPUTER SUPPORT NEEDS

We recommend that MIS survey staff on their knowledge and use of available computer applications. MIS should make sure that the staff's computer training needs are met on a timely and on-going basis. With refresher courses, staff members would become more familiar with applications and be able to organize records and automatically generate reports. Staff also would be more likely to recognize and take advantage of opportunities to integrate systems, streamline, or develop shared databases available to more than one office, and reduce the time spent re-keying data. Given the limited personnel and resources, exploring ways to operate more efficiently can free up valuable staff time.

We recommend that the town review the adequacy of MIS staff coverage to fulfill the town's computer support needs. The town's computer systems are a vital part of the financial offices. Ashland is fortunate to have volunteer assistance for its GIS, however, we have found the volunteer enthusiasm may decline over time. Given this prospect and MIS' expanding responsibilities, the town should prepare an analysis projecting demands for technology support and determining whether it would be cost efficient to increase outside support services versus hiring in-house staff.

ACCOUNTANT'S OFFICE

An accountant and assistant accountant staff the office. The primary responsibility of the accountant is to maintain the town's general ledger and to perform the accounting functions. Typical accounting functions include reviewing invoices; preparing warrants; revenue and expenditure reports; maintaining information on debt; and reconciling cash and receivables with the treasurer/collector.

When the current accountant was appointed in 2004, she was the fourth person to serve in the position in less than a year. During this rapid turn over, warrants were processed, but other activities were delayed or not performed, including closing the FY2004 books, cash and receivable reconciliations, and the timely completion of the FY2003 audit. It took a significant amount of time and effort to address this backlog and get caught up. Currently, the accountant reconciles cash with the treasurer monthly, and audits have been completed through FY2005. Town officials also anticipate that the FY2006 audit will be done before the end of this fiscal year. As for the previously reported receivable variance, the gap was reduced to about \$153,000 (as of June 30, 2006) when the treasurer found some older outstanding amounts that were kept manually. However, receivable reconciliations are still conducted after the close of the fiscal year and the reported variances have not been consistent.

The assistant accountant has worked for Ashland for nearly six years. Her training mostly has been through on-the-job experience, though she recently attended some professional training programs during the last year. In the accountant's absence, the assistant accountant approves the warrant and now participates in the cash reconciliation process. She does not make general ledger and journal entries, participate in receivable reconciliations, prepare statistical and analytical reports, or prepare external reports such as the balance sheet and Schedule A for DOR.

RECOMMENDATION 7: CONDUCT RECONCILIATIONS PROMPTLY

We recommend that the accountant reconcile the town's receivable balances with the treasurer/collector's office at least monthly. Having reconciled the town's cash, the accountant's office needs to make a concerted effort with the treasurer/collector to reconcile receivables during the year to identify possible problems that are resulting in changing variances. Frequent reconciliations make it easier to locate and correct posting errors, minimizing the additional workload at year's end and ensuring the cash and assets of the community are safeguarded.

RECOMMENDATION 8: ATTEND PROFESSIONAL CLASSES

We recommend that the assistant accountant attend professional development courses. An assistant should be fully trained to assume the responsibilities of the department head for brief or extended absences, thereby avoiding potential disruptions in activity or the need to hire outside assistance. The benefits of outside training are that it will provide useful information about current laws and professional practices and will allow staff to interact with other municipal accounting personnel.

TREASURER/COLLECTOR'S OFFICE

In Ashland, treasurer and collector responsibilities are combined in one office. A treasurer/collector, assistant treasurer/collector, payroll coordinator, and two clerks staff the office. The staff is cross-trained to perform all office activities. In the department head's absence, the assistant treasurer/collector is fully trained and authorized to assume all responsibilities of the office.

As treasurer, she is responsible for payroll, employee benefits, and cash management, including the investment, disbursement and borrowing of funds. Collector responsibilities include the authority to collect all monies due to the community. The staff is responsible for collecting approximately 6,670 property tax bills quarterly, 17,000 motor vehicle excise bills annually, 6,500 residential water/sewer bills semiannually and 15 commercial accounts monthly, and 5,640 trash bills annually. They also prepare about 650 municipal lien certificates annually. To fulfill these responsibilities, the treasurer/collector should maintain a cashbook, check registers, debt schedule, and various logs to track balances for grants, trusts and other special revenue funds. A treasurer/collector also should maintain an up-to-date receivable control. Consequently, the treasurer/collector should reconcile cash and receivables internally and then externally with the accountant's office monthly.

The staff receive payments predominantly through lockbox and Internet services, while the remainder arrives by general mail and over the counter. To assist in collecting amounts due the town, the treasurer/collector uses statutory remedies and outside services when necessary. For real estate, she issues demand bills, initiates tax takings, and uses the services of an attorney to pursue foreclosure remedies. The town also uses the services of a deputy collector for delinquent motor vehicle excise. The treasurer/collector gives the deputy collector a warrant and he completes online license and registration markings for non-renewal status with the Registry of Motor Vehicles. For overdue water, sewer and trash bills, the town charges late interest and liens the outstanding charges on a homeowner's property tax.

As of the end of FY2006, Ashland had outstanding tax, excise, and utility payments due the town that date back a number of years. According to accountant's general ledger balance sheet, there is over \$855,000 in real estate taxes (dating back to before 1987), \$315,000 in personal property taxes (that go back to 1986), and \$341,000 in motor vehicle excise (dating back to 1992). Ashland also has over \$1.4 million in tax title accounts and a combined \$1.37 million in outstanding water and sewer charges and liens. During FY07, the treasurer/collector has been actively been pursuing all receivables, getting payments in and placing accounts in tax title. She also pursued foreclosure options, successfully taking title on more than 20 parcels in the last year. While we anticipate her efforts will result in reduced receivable balances, we are concerned about the lack of periodic reconciliation of receivables with the accountant's general ledger balances during the fiscal year and the changes in the year end variances between the two offices.

RECOMMENDATION 9: RECONCILE RECEIVABLES TIMELY

We recommend that the treasurer/collector's and accountant's offices conduct prompt, monthly receivable reconciliations. As stated in the accountant's office section, frequent reconciliations make it easier to identify problems as they occur and take corrective action. It is best that these activities be prioritized and completed immediately after the close of the month rather than putting them off to a later time. Putting the reconciliation off to year-end complicates the process and could impact the completion of the annual audit and certification of free cash.

RECOMMENDATION 10: USE DEPUTY COLLECTOR TO PURSUE OUTSTANDING PERSONAL PROPERTY

We recommend that the treasurer/collector use the services of the deputy collector to pursue outstanding personal property tax accounts. The deputy collector may be able to obtain money owed the town or to provide evidence that the accounts are uncollectible (due to death, absence, poverty, insolvency, or other inability of the person assessed to pay). Once the treasurer/collector is reasonably sure that the accounts are uncollectible, she should work with the assessing office and Commissioner of Revenue to have them abated and cleared off the town's books.

RECOMMENDATION 11: ABATE OLDER MOTOR VEHICLE EXCISE CHARGES

We recommend the treasurer/collector contact the assessing office about abating motor vehicle excise determined to be uncollectible. Abating the older amounts will help clean up and reduce the town's receivables on its balance sheet. Having previously committed all outstanding amounts to the deputy collector, any amount that eventually may be collected and turned over to the town may be easily recommitted by the assessors on a special warrant so the treasurer/collector may accept the payment.

ASSESSING OFFICE

The assessing office is responsible for determining full and fair cash valuations and classification of all property, assigning tax payments to owners, and generating the commitment authorizing the treasurer/collector to collect property taxes and excise. The assessing office maintains assessment data on approximately 6,300 real property parcels, 370 personal property accounts, 17,000 motor vehicle excise accounts, and 500 betterment accounts. In addition, the office processes approximately 700 building permits, 1,000 deed transfers, 100 abatements (125 in recertification year), and 120 exemptions annually. The town's real property assessment records and personal property accounts are maintained on CSC's computer assisted mass appraisal (CAMA) system that is used to compile analytical reports and property tax commitments.

Under the general supervision of an elected, part-time, three-member board of assessors, a full-time assistant assessor and two full-time clerks staff the office. The assistant assessor oversees the daily office operations, performs fieldwork, measuring and listing new and improved properties, signs-off on all occupancy permits, and inspects some sales. He maintains the town's assessment records and determines residential property values. The assistant assessor also reviews abatement and exemption requests and provides recommendations to the board for its approval. The clerks maintain all records, process deed transfers, and handle exemption and abatement applications. The clerks also handle the motor vehicle excise accounts, respond to public inquiries, and perform other support as necessary. While the clerks were trained to enter property information and sketches into the CAMA system when it was first installed, they currently data-enter legal information only.

Triennially, the assistant assessor performs the revaluation of residential properties in-house and oversees the town's appraisal consultant who collects/updates/values commercial and industrial property (estimated cost of \$10,000-\$12,000). Ashland also hires a second consultant to update/collect new personal property information annually (an estimated cost of \$15,000-\$17,000 for a three-year contract). Generally, the funding for the contractual work is appropriated in the year that the revaluation is scheduled. In the intervening years, the assistant assessor analyzes sales and reviews commercial/industrial income and expense data for adjustments to all real property values.

According to the assistant assessor, Ashland maintains a cyclical re-inspection program in compliance with state statutes and the Bureau of Local Assessment guidelines. A cyclical re-inspection program involves completing an interior and exterior inspection of all town property over a period not to exceed nine years. The primary benefit of this program is to provide the assessors' office with current, accurate data. From these inspections, any changes in the properties are entered into the CAMA system, which updates the parcel data and may result in additional new growth for the town. The last full recollection was completed in FY1999 and Ashland's cyclical program generally is scheduled over six to seven years. Because of the turn over in the assistant assessor's position in 2003, the assessing office started the recollection program (to be completed no later than FY2008) late, thereby requiring additional appraisal consulting services to recollect the condo data during FY2008.

RECOMMENDATION 12: CONDUCT SALES INSPECTIONS

We recommend that the assistant assessor inspect the interior and exterior of all sale properties. Often, a sale property may have been upgraded without a permit or allowed to deteriorate to an extent that the assessors' files do not accurately reflect the true characteristics or condition of the property. Not being aware of the exact condition of properties at the time of the sale affects the assessors' ability to analyze market data. Teaming up with other departments scheduled to visit these properties (e.g., fire department, building inspector, and water department) would ensure timely, interior inspections for the assessing database and assist in the town's cyclical re-inspection program. It also will reduce the number of scheduled visits to the same properties.

RECOMMENDATION 13: ASSIGN DATA ENTRY & SKETCHING RESPONSIBILITIES TO THE CLERKS

We recommend that the clerks be responsible for all property data entry, building sketches, and generating edit and other CAMA system reports for the assistant assessor's review. This will enable the assistant assessor to focus his attention on inspections, data quality, review and analysis work. Because it has been a few years since the clerks have done this work, they may benefit from refresher courses on data entry, sketching, and report generation.

RECOMMENDATION 14: APPROVE FUNDING FOR TRIENNIAL CONSULTING EARLIER

We recommend that revaluation-related funds be appropriated at least a year in advance of the scheduled certification year. This will enable the assessing office to plan, bid (if necessary), and contract for professional assistance to complete the program. Without a commitment to provide adequate funds in advance of schedule, the town could encounter delays or problems (e.g., lack of a contractor's availability, a higher cost per parcel, or late completion of the program).

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