

Town of Berkley

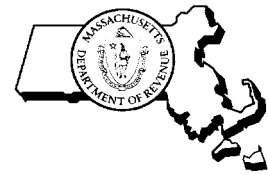
# Financial Management Review

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Municipal Data Management and Technical Assistance Bureau

March 2005





## Introduction

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At the request of the board of selectmen, the Department of Revenue's Division of Local Services (DLS) has completed a financial management review of the Town of Berkley.

We have based our findings and recommendations on site visits by a Technical Assistance team consisting of staff from the Division's Bureau of Accounts, Municipal Data Management & Technical Assistance Bureau, and in consultation with the Bureau of Local Assessment. During these visits and by telephone, the team interviewed and received information from the members of the board of selectmen, the finance committee, the town accountant, treasurer, collector, board of assessors, as well as other staff members, as available, in each office.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, town by-laws as well as other assorted financial records. As needed, the town provided us additional internal records.

In reviewing the town's financial management practices, we have focused on: (1) town government structure in the context of the duties and responsibilities of financial officers; (2) the town's budget and capital planning processes; (3) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; and 4) the general efficiency of financial operations measured by the town's success in maximizing resources and minimizing costs.

We encourage the members of the board and others, 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 town boards, committees and officials. A few recommendations would require special legislation or other legal action.

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## Executive Summary

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When the Berkley Board of Selectmen invited the Division of Local Services (DLS) to perform a financial management review, its letter stated that the town has experienced tremendous residential growth in the past several years. With very few commercial or industrial entities, it relies mainly on the residents to support the operating budget. “[A]n independent review...could be extremely helpful to us as we try to manage in these very tight fiscal times.”

During the time that we spent in Berkley, we discovered that the areas of concern cited by the selectmen are only contributing factors to the town’s recent financial problems.

Local officials see the town’s overall predicament as beginning in January 2003, when the new middle school opened with a corresponding increase in operating expenses. Also in January, the state unveiled the “9C cuts,” and Berkley lost \$52,600 from its state aid (one-ninth of its general government budget).

Soon thereafter, for unclear reasons, the chair of the finance committee resigned, and the budget process for FY04 became mired in confusion. Despite the efforts of the new chair and the remaining finance committee members, revenue numbers were uncertain and the budget presented to annual town meeting was not balanced. Town meeting was suspended for two weeks while the finance committee, together with the selectmen, built a new, balanced budget, which was passed two weeks prior to the new fiscal year.

To avoid a repeat of what they regarded as an embarrassing situation, the selectmen reactivated the financial advisory committee for the FY05 budget process. Made up of the treasurer, accountant, chair of the board of assessors, chair of the finance committee, and the three selectmen, the committee had been in existence for at least three years, but had not been actively part of developing the budget. The process was an improvement over previous years. Through cooperation, a budget was produced, as well as a contingent budget dependent on a \$1.9 million override for town and school operating and capital expenditures. Despite efforts to inform the public of the purpose of the additional revenues through a forum, the override failed by a margin of 748 to 283. Although Berkley has never passed a general operating override, the defeat in this instance continued to exacerbate fiscal problems for the finance committee and the selectmen, and a lean budget was passed at the annual town meeting. Once again, the finance committee experienced turnover when all but one member resigned soon thereafter.

Looking forward to the FY06 budget process, the selectmen and moderator appointed a new finance committee that, although inexperienced, is organized and enthusiastic. However, to protect against what they view as the failings of previous years’ budget formulations, the selectmen have taken it upon themselves to build a working budget proposal, which will be presented to the finance committee for review and presentation to town meeting. The budget process for FY06 does not actively include the financial advisory committee.

Adding to its frustration around setting a balanced budget, town leadership has realized that the town can no longer avoid major decisions on looming, large budget expenditures. In a

recent building inspection, the selectmen learned that town hall requires major capital renovations or replacement. Additionally, the school committee and board of selectmen have been informed by the town of Somerset that it is unable and unwilling to continue to subsidize the education of Berkley's high school students. Currently, 200 of Berkley's high school students are tuitioned-out to Somerset for approximately \$4,800 per student, compared to Somerset's actual cost of about \$9,500. Somerset will only continue to accept Berkley's incoming freshmen if the per-student payment is increased to a number closer to \$9,500. Understandably, Berkley has been investigating the possibility of entering into an agreement with other school systems or even building its own high school. However, it is becoming clear that no matter what happens, the town is on the verge of facing a dramatic increase in costs to educate its high school student population. Given its largely residential tax base, Berkley has little choice but to look to its residential taxpayers for this additional revenue.

While the selectmen and finance committee grapple with these looming budget concerns, including the establishment of a budget process, an atmosphere lacking in cooperation, communication, and coordination hampers the daily administration of government. The treasurer and collector are both independently elected. The assistant assessor is appointed by her independently elected board. The selectmen appoint and oversee the accountant as well as an executive secretary who has little or no authority to act in their place.

In the absence of coordinated management, there is little follow through on tasks required of financial officers. For example, the Department of Revenue requires certain documents from the accountant's office. Among them are the Schedule A, which reflects the actual financial activity of town government in the past fiscal year, and the Balance Sheet, which shows the town's financial condition at year end. In FY03, the Balance Sheet was submitted, but lacked appropriate back-up detail, which resulted in free cash not being certified. In the last five years, the accountant has not filed the Schedule A timely, resulting in withheld state aid distributions for three fiscal years.

In conversations with town officials, it became clear that most believe that the problems are not caused by the way that Berkley is structured and functions. Outside influences such as Proposition 2½ and state budget cuts are blamed, but every municipality in the Commonwealth must cope with these same constraints. Success is dependent on the ability of town government to prepare for deviations in the local and regional economy, and then adequately explain the solutions to the voter population.

Toward this end, we believe that central management, in the form of a town administrator, is critical. Today, there is no one in town government with the authority or ability to gather information and perform financial analysis for policy makers to make informed decisions. There is no one with a global view of town government who can foresee problems and marshal personnel. There is no one with the full-time responsibility to create the preliminary budget, spearhead initiatives on important issues, and follow through on action plans to address concerns on procedures, communication, and staff. As an example, a town administrator could

generate a cost-benefit analysis for the different options available for educating the high school students, or perform research on the long-term implications of residential growth, and create a plan for managing it.

As important, a town administrator would create coordination and communication where it is now lacking among the financial offices. Currently, this burden inappropriately falls to the board of selectmen, who feel compelled to engage in the day-to-day management of town departments. It is not in the best interest of government when an elected, part-time, policy-making board is expected to actively manage, coordinate, and evaluate employees.

Therefore, our first and primary recommendation is for the town to centralize authority in a town administrator. To facilitate the centralization of authority in town hall, we also encourage the town to change the positions of treasurer and collector from elected to appointed posts. These appointments, along with the town accountant, would then report to the town administrator. As part of his or her duties, the town administrator should also evaluate the town's purchasing procedures, audit process, personnel administration, and zoning by-law. In addition, he or she should help create debt and reserve policies, a budget by-law, and a comprehensive, prioritized, capital improvement plan.

The health of the budget is cyclical, but there are ways to cut costs without sacrificing productivity. Because benefits are becoming one of the largest expenditures for municipalities nation-wide, the new town administrator should examine the number of positions that receive benefits. Part of a cost-benefit analysis should include an examination of the impact of a longer workweek on staffing and the number of part-time officials that receive health and other benefits.

Conclusion – Berkley has reached a point in its history where it can no longer delay self-examination. As the town has grown, the need for a central management authority has become paramount. Currently missing is a liaison between the administrative staff and the policy makers, with the ability and authority to push forward a well-coordinated, long-term plan for the future of the town. The position requires the knowledge to create a budget proposal as well as the skills to manage the day-to-day operations of town hall.

Ultimately, these are leadership issues that can no longer be left to a part-time policy board.

At the department level, we make specific recommendations as to how financial offices can improve operations, with a focus on how these offices are monitored. Town government in Berkley is staffed by a group of people, who, for the most part, work extremely hard for little recognition. Leadership needs to be aware that anger and frustration simmer barely beneath the surface, which is why we recommend a salary and job description survey, as well as the implementation of a personal evaluation system.

As a final note, it is our observation that the ongoing success of any community starts with competent and coordinated day-to-day management. This, in turn, will yield the necessary credibility and respect needed for town government to navigate through the difficult decisions that the town must make in the coming years.

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## Overall Financial Management

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A review of the town's overall financial management practices focuses on the procedures in place to accomplish tasks that typically cross over among various municipal departments, as well as those that tend to impact town government on a global basis. Accordingly, we examined the budget process and the payroll and vendor warrant processes. We looked at long-term planning, financial monitoring practices and financial policies, as well as the effect of the town's organizational structure of governmental operations. We examined the purchasing system and personnel administration. We considered the roles of and relationships among individuals together with the level of communication and cooperation that exists between offices. Finally, we reviewed compliance with state law relating to finance issues, adherence to form, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

Last year, when the finance committee was in flux, the board of selectmen, in consultation with finance officers, created the budget and presented it to town meeting. The crisis forced the members of town hall to communicate and create a balanced budget proposal based on revenue projections provided by the assessors and treasurer. The Capital Improvement Planning Committee has a list of capital requests, but has not prioritized it or pushed an active agenda at town meeting. The board of assessors tends to take control of the Tax Recap, and with the help of the treasurer/town clerk and accountant, makes sure that it is filed on time annually.

Payroll and vendor warrants are completed biweekly. Accounting software updates should help streamline the vendor process, which is currently cumbersome for the accountant. Personnel and benefits administration are split between the treasurer and the board of selectmen, with the majority of the workload falling on the treasurer's shoulders.

The accountant's consultant completes reconciliations of cash and receivables at year-end, despite the fact that the treasurer and collector provide the accountant with monthly reports. The town is consistently late in submitting its Balance Sheet and Schedule A to DOR, again relying on the consultant to do the majority of the work. Three times in the last five years late filings have caused delays in state aid payments. As a matter of practice, the town appropriates money with no reliance on firm policies to control the use of free cash, stabilization or other reserves.

Conclusion – In a climate of dramatic residential growth, Berkley needs to take some time to examine ways to improve government structure, staffing and performance. Although day-to-day tasks are being performed fairly consistently, periodic, though equally important, duties are more easily put-off. A lack of long-term planning, internal cooperation, and training is also of concern. These issues would typically cause a town to examine its staffing as well as its management structure. Accordingly, we address these matters and otherwise offer specific recommendations that encourage formalization of procedures that seek to secure the long-range stability and financial security of the town as it continues to grow.

### ***Recommendation 1: Centralize Authority in a Town Administrator***

We recommend changes that firmly establish a town administrator as the central management authority in town hall. The present executive secretary position is effectively a clerical position that reports to the board of selectmen and otherwise serves as a liaison to other departments. Missing in town government is the essential ability of one person to execute town goals, to take initiatives to improve operations, and to establish equal accountability over all those responsible for the day-to-day administration of town business.

With these and other responsibilities, the town administrator should have a central role, on a substantive level, in the development of budget guidelines and the annual budget process. He or she should lead a financial management team and orchestrate analyses of financial data, coordinate long-range revenue and expenditure forecasting, and oversee fiscal procedures. The town administrator should also be designated Chief Procurement Officer.

Berkley should also consolidate appointing authority in a way that clearly establishes a line of accountability that converges in the town administrator. Under this structure, part-time boards and commissions can continue to provide expert guidance, make customary decisions, and formulate policy. However, the responsibility to oversee town government will be more squarely placed in the hands of a full-time professional hired by the selectmen for that purpose. Ultimately, the position and its specific duties should be codified in by-law.

### ***Recommendation 2: Adopt a Budget Process By-Law***

We recommend that the town administrator take a lead role in the initial budget development. We recognize that the current budget process is evolving as town leaders continue to explore different practices. We offer the following suggestions in order to secure a sound budget policy that needs to be incorporated into the town's by-laws:

- The town administrator should initiate the budget process by providing revenue projections to a joint meeting of the board of selectmen, finance and school committees. These estimates will guide the budget setting process and should be updated as new information becomes available.
- The town administrator should develop a balanced budget proposal. Upon receipt of appropriation requests from all town departments, the accountant should enter requests into the accounting/budget software. The town administrator should then meet with department heads in order to discuss their needs. After updating the revenue estimates and making any changes to department requests, the town administrator would prepare a balanced budget proposal for selectmen approval, which would then be forwarded to the finance committee.
- The finance committee now controls the budget and can choose to amend the town administrator's proposal in any way. They should review revenue estimates and meet with department heads, while considering the town finances objectively and without external pressure.
- The overall budget calendar should allow finalization of the budget in time to include appropriation detail in the town meeting warrant.



- The town should formalize its budget calendar to reflect changes in the process. Beginning with the likely annual town meeting date in early June and tracking backwards, the town can establish a budget schedule similar to the example below:

<b>November 15</b>	Town administrator (TA) presents revenue projections.
<b>December 1</b>	TA distributes budget guidelines and requests to departments.
<b>January 1</b>	Department deadline to submit appropriation request.
<b>February 15</b>	TA completes hearings and creates draft budget.
<b>March 1</b>	Selectmen approve budget and submit to finance committee.
<b>April 15</b>	Finance committee completes hearings and creates final budget; at this point, revenue projections are locked; warrant goes to print and is distributed.
<b>May/June</b>	Town meeting votes on finance committee budget recommendations.

### ***Recommendation 3: Appoint and Combine the Treasurer and Collector***

We recommend that the town convert the treasurer and collector to appointed positions. A clear trend has emerged among Massachusetts' communities in favor of appointed positions. Most act under a prevailing theory of government practice that policy makers should be elected, but operational positions, where a certain skill set is required, such as the treasurer, collector, accountant, assistant assessor, etc., should be appointed. By requiring potential candidates to go through a background check and an extensive interview process, the town would attract a person with the strongest credentials and/or most relevant professional experience. As appointed positions in town hall, the treasurer and collector would be placed on equal footing with other finance officers and department managers who have similar level responsibilities. Each would be accountable, report to the town administrator, and be subject to annual performance reviews. Under the provisions of MGL Ch. 41 §1B, the treasurer and collector can be made appointed positions by majority vote of town meeting and subsequent acceptance by the voters at a town election.

We further recommend that the town combine the offices of treasurer and collector. The town also has the option through a special act, or a charter provision, to combine the offices of treasurer and collector. Because of the parallels in the responsibilities of each of these offices, many communities find that having the duties combined in one office generates long-term cost savings in terms of personnel and cash management. Having receipts collected, counted, posted, deposited and managed in the same office makes organizational sense. Berkley's current set-up with a part-time collector, full-time assistant collector, part-time treasurer (who also fills the position of part-time town clerk with a full-time assistant), and two part-time treasurer's clerks has created staffing redundancies. The part-time treasurer and collector could be combined into one full-time position that would manage two full-time assistants. Each assistant would be cross-trained so that the office could work well under any circumstance. The town clerk's role could be included in the consolidated department to create a treasurer/collector/clerk position for

additional savings, or could be separated into a different office. The town would realize immediate payroll cost-savings, as well as long-term structural advantages.

***Recommendation 4: Implement a Performance Review Program and Commission a Salary Survey for Town Employees***

We recommend that the town develop and implement an employee performance evaluation program. Berkley is currently missing the opportunity to reinforce the hierarchy of government and a chance to clarify job expectations for employees with the message that their performance will be measured annually. If implemented in a methodical, even-handed way, regular job performance evaluations elevate employee morale and build resident confidence in government. The board of selectmen, which acts as the personnel board, or the town administrator, should develop guidelines establishing a time, procedure and framework for reviewing the job performance of all town employees.

In the current structure, the board of selectmen would evaluate their appointees and expect other elected boards to do the same. In a centralized system with broad ranging appointment authority, the board of selectmen would evaluate their town administrator who would then evaluate all department heads. Department heads would then evaluate their staff. Elected positions would not be subject to this process.

Guidelines need to be developed that identify procedures for reviewing an employee's work responsibilities, previously established goals, and job expectations. They should lead to agreement on priorities and new goals for the ensuing evaluation period. We note, however, that implementation of a performance evaluation program may require collective bargaining.

We further recommend that the town perform a salary survey and update all job descriptions. Currently, job descriptions are available, but have not been updated. Salaries seem to vary for positions with comparable levels of responsibility. The selectmen, through the town administrator, should hire a consultant to review all job descriptions in order to update them. The consultant should also perform a salary survey so that personnel are earning commensurate salaries with equals in town hall, as well as with those throughout the region.

***Recommendation 5: Prepare for the Cost of Educating the High School Student Population***

We recommend that the town administrator and financial team create a series of expenditure projections for the different options available for educating the high school student population. Currently, the high school population (about 200 students) is tuitioned-out to Somerset under an agreement that expires in 2008. The town of Berkley has no written agreement to continue the relationship or any alternative plan in place for their high school students after 2008.

A High School Building Committee was created in order to look at the feasibility of building a new high school for the students of Berkley. Its purpose was to generate a feasibility

study, but it has not met since the funding for a new high school feasibility study was voted down (56% to 41% with 3% blank) in a town-wide referendum in May 2004, however some residents remain hopeful that the construction of a high school is still an option. In the meantime, Somerset is planning on making capital improvements to its high school, and is asking, in addition to an increase of the per-student payment (currently about \$4,800), that Berkley contribute to proposed capital construction costs. Somerset would like to see a new agreement for FY2006, with per-student payments closer to its current expenditure (about \$9,500) because it is unwilling and unable to continue to subsidize Berkley students. If Berkley chooses not to renegotiate now with the higher student payments, Somerset will stop accepting Berkley freshmen effective September 2007.

A town the size of Berkley should expect a four-year school construction process from town meeting authorization of a master plan to the opening of the front doors. At worst, it could take over six years. Even if the process moved along with no delays, Berkley would not be able to complete a new high school until late 2008 or, more likely, 2009. Of greater concern, the new School Building Authority is under a moratorium that prevents it from accepting applications for state construction cost reimbursements until July 2007. Therefore, even if Berkley successfully constructed a high school between now and 2008, the town would expend millions of dollars with no guarantee that the state would reimburse the town for any of the construction cost. That is a large gamble that the taxpayers of Berkley may or may not want to take. In addition, Berkley has no ability within the current budget to operate a new high school building.

Under these circumstances, we suggest the town look closely at the needs of the high school students and its educational goals relative to classroom size, academic curriculum and athletic programs. It should evaluate the potential cost, feasibility and time-line of its current course as well as all other possible options. To help, Berkley may want to contact officials in the town of Nahant. The town of Nahant tuitions students in grades 7 through 12 out to Swampscott, and Swampscott is in the process of building a new high school. No matter what decision Berkley makes, the high school population cost will increase significantly in the coming years. The Town and the School Committee should prepare various options in order to offset the substantial impact that this will have on the budget.

### ***Recommendation 6: Adopt Formal Debt and Reserve Policies***

We recommend that the selectmen, in consultation with the finance committee and town administrator, formalize a reserve policy that establishes guidelines for funding and maintaining reserves, as well as a debt policy that guides future borrowing decisions and works to improve the town's credit rating. Berkley has minimal free cash (between zero and three percent of the annual budget) and a small stabilization fund. The town has a history of using free cash, stabilization, and one-time aid for recurring expenses. To help re-establish fund balances and ensure sound practices, town officials need to implement a reserve policy that, among other things,

- 1) Identifies target levels for the stabilization fund, free cash and other reserves in a total dollar amount or as a percentage of the total annual budget;
- 2) Directs the use of excess free cash, that is, the amount that exceeds the free cash target level, as a funding source for stabilization or one-time capital projects;
- 3) Directs the use of unexpected, non-recurring revenue sources;
- 4) Restricts the use of the stabilization fund to non-recurring expenditures subject to a certain dollar threshold. Set similar guidelines on the use of free cash, with the expectation that free cash should not be depleted upon certification;
- 5) Establishes guidelines for the use of surplus revenue which is available after reserves are funded, i.e., restrict its use to non-recurring expenditures, to tax levy relief, etc.

An effective debt policy is vitally important for any town that issues debt, and should provide guidelines that, among other factors:

- Specify purposes for which long- and short-term borrowing will be permitted;
- Set goals for the average maturity (i.e., less than ten years) of long-term debt;
- Set limits on non-enterprise fund debt service payments as a percent of operating revenues;
- Dedicate anticipated special assessment or betterment revenues to support long-term debt;
- Dedicate revenue from identifiable, recurring sources to capital projects.

Berkley's credit rating, at Baa1, is one step above communities like Lawrence, New Bedford and Pittsfield, all of which are much larger cities with their own complex issues, and among the lowest rated cities in the Commonwealth. Berkley should take a serious look at the rating agencies (Moody's, Standard & Poor's, Fitch Investment Services) and what they consider when establishing a town's credit rating. The factors under the town's control that may improve its bond rating include:

- Revenue forecasting and a community's ability to anticipate future events;
- Interim financial reporting and monitoring;
- Contingency planning policies (stabilization and other reserves);
- Policies on the use of non-recurring revenues;
- Debt management policies;
- Capital planning.

### ***Recommendation 7: Consider Adoption of a Comprehensive Zoning By-Law***

We recommend that the town adopt a comprehensive zoning by-law. Berkley has only residential zoning throughout town. Therefore, if a commercial business wants to open in town, it has to go through a special permitting process. Berkley, for reasons that are not clear, has chosen to have a Special Permit Granting Authority (SPGA) instead of a master plan for the development of commercial zones, and has chosen to have the selectmen, instead of the Zoning Board of Appeals, act as the SPGA. As one of his or her new duties, the town administrator should work with the selectmen, finance committee, zoning board of appeals and planning board

to develop a master zoning plan to be presented to town meeting. A master plan would not only present a clear picture of Berkley's future development, but would also describe an established permitting process, providing more incentive for a business to locate in the town. As a side benefit, the selectmen would be released from their SPGA duties, and have additional time to oversee a town administrator and focus on town-wide concerns.

### ***Recommendation 8: Reconsider Four-Day Workweek***

We recommend that Berkley move to a longer workweek. Currently, town hall runs 32-hours per week, Monday through Thursday. The town made the finance-driven decision to reduce town hall hours in September 2003. However, by working limited hours, financial offices are under strain to complete all duties, and some financial officers have requested additional part-time help as a result. The town should examine the current workweek and consider lengthening it in order for employees to have the time to complete their duties. In addition, all staff members receiving health benefits, a significant municipal expense, should have their hours examined in order to verify that the town is receiving maximum productivity from all employees.

### ***Recommendation 9: Prioritize and Fund Capital Needs***

We recommend that the town commit to a capital improvement program. As is typical in most communities, tight fiscal conditions often divert funding away from capital programs and in favor of other purposes. Although restricted borrowing, or direct capital outlays, may only allow a minimal program, the review and prioritizing of town needs should be on-going. Although the Capital Improvement Planning Committee (CIPC) has a five-year plan, it is not ranked or reviewed, and is essentially a list of capital needs according to department heads. Town buildings are not annually maintained, public safety and highway vehicles are aging, and town employees are working in an outdated and failing town hall structure. A program should be developed by the CIPC, annually revisited, and included in budget materials presented to town meeting. Finally, the chair of the CIPC needs to make it clear to town meeting how necessary it is to fund a capital program. Capital needs are ongoing throughout town, and should be considered an annual budget expenditure. For more information, the town should consult Developing a Capital Improvements Program: A Manual for Massachusetts Communities, found at [www.dls.state.ma.us/publics.htm](http://www.dls.state.ma.us/publics.htm).

We recommend that the town consolidate capital improvement funding requests into a single capital budget warrant article. By listing multiple capital improvement requests in one article, town meeting still has the opportunity to view, debate or amend any individual items. The detail for each request should be inserted as an appendix to the warrant. Town meeting will be better able to see and compare capital expenditures and can be provided with a total expenditure amount at the end of the list. The funding source for each recommended project should also be identified. A separate article could be included that shows all additional capital needs, with the knowledge that it will be passed-over in town meeting. By including this second

article, the CIPC would be informing town meeting of needs that will become part of the primary request in future years.

### ***Recommendation 10: Conduct an Annual Audit***

We recommend that Berkley fund and conduct an annual audit overseen by the town administrator. Berkley is facing some difficulties with its audit. The problem in town hall is two-fold: the actual completion of the audit is extremely delayed, and audit recommendations appear to be ignored. In the last five years, Berkley has completed an audit in 1999, 2002 and 2003: only when required by the federal Single Audit Act. This act requires that communities receiving and spending more than \$300,000 per year from the federal government must perform an outside audit within thirteen months of the close of the fiscal year. However, when a community conducts audits every few years, it requires more work of the audit firm because it cannot rely on the accuracy of the prior year's ending balances, unless that previous year was formally audited. Consequently it takes more time to verify the accuracy of beginning balances, and this additional work causes delays and increased auditor's fees. Therefore, the FY2003 audit was completed and presented to the selectmen in mid-February 2005. The FY2004 audit will not even be started until mid-April 2005. Additionally, with such delays, the audits are, at best, not useful to the town, and, at worst, in violation of federal law. Finally, with no follow-up on formal recommendations, no one ensures that issues are resolved. Therefore, we recommend that the town administrator be charged with the responsibility to see that the recommendations contained in the audit are implemented.

### ***Recommendation 11: Publish Annual Town Report (MGL Ch. 40 §49)***

We recommend that the board of selectmen publish the Annual Town Report (MGL Ch. 40 §49). The town has not published a town report since Fiscal Year 1999. According to the selectmen and the accountant, all departments annually submit their reports to the selectmen. However, the law requires that the annual town report must be printed and distributed to all town voters before the annual town meeting. The purpose of the town report is to keep taxpayers and all interested parties informed as to the financial condition and managerial state of the community. Like the town meeting warrant, the town report is a vital communication document between town hall and taxpayers. Managerial common sense, and the law, requires it to be published annually.

### ***Recommendation 12: Adopt a Town Charter***

Looking forward, we recommend that, within the next five years, the town complete a comprehensive review, update its by-laws, and work toward the adoption of a charter. At a time when cities and towns are making local decisions on how they wish to be governed through the adoption of by-laws and charters, the town of Berkley defaults, in large part, to generic state

statutes. Useful for basic guidance and prescribing minimum standards for elected and appointed officials, the general laws fail to account for distinguishing characteristics, and leave to communities the establishment of procedures under which they operate. Through charters, cities and towns have formed more customized organizational structures and have more clearly defined procedures, and Berkley should do the same.

In its present form, the Berkley by-laws are sparse and due for review. Although exceptions exist, the by-laws offer little or no information on the duties of town offices, the budget process or appointing authority. In contrast, well-run communities will typically include these and other provisions in charter language, or in by-laws, to define the responsibilities and relationships of officials and the expectations placed on government. To ensure long-term stability, and to discourage frequent or frivolous amendments, a charter has become the preferred vehicle to define the community's organizational structure.

Equally important to a review of by-laws and in the adoption of a charter is the recognition that these are official records and documents of the town and play an important role in informing and empowering municipal officials and employees as well as residents. Well thought-out language not only creates clarity of purpose, but also strengthens confidence in government.

By-law changes require a vote of town meeting, but there are two alternative paths leading to the adoption of a new charter. MGL Ch. 43B describes the process of electing a charter commission and a schedule for the creation of a charter. A town could also create a home rule petition that contains the provisions of a new charter, and submit it to the State Legislature for approval. This procedure presumes that the town has established a means, ie, a study committee, to receive public input, consider alternatives and arrive at proposed charter language.

In either event, we suggest that a Town Government Structure and By-Law Committee might be the appropriate vehicle to research each path to charter creation, and also provide a framework of charter issues.

As part of the town charter review, we recommend that the town consider ways to consolidate similar functional areas into a Department of Public Works (DPW) – MGL Ch. 41 §69C-F – and a Department of Inspectional Services. Under MGL Ch. 41 §69C-F, the town could combine their Cemetery Department, Highway Surveyor, and Tree Warden into a DPW overseen by the town administrator. Although not required by statute, the town would further benefit if the department head were a registered engineer. In a similar way, the Board of Health; Gasfitting, Health, and Burial Permits Agents; Building, Wire, Plumbing, Well and Sanitation Inspectors could be combined into a single Department of Inspectional Services overseen by the town administrator. Efficiencies could be found in staffing, the use of equipment, expenditures and oversight with these recommended consolidations.

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## Computers and Technology

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A survey of town finance-related offices revealed that each is sufficiently equipped with computers for staff. Each office also tends to have its own fax and photocopy machines. This surplus of hardware is driven by the fact that each financial office is autonomous and technology purchases have not been coordinated. Despite the absence of a centralized computer budget, the selectmen purchased some new Dell computers during a small business sale. However, antiquated hardware remains in use throughout town hall.

All offices are running Windows and have access to Microsoft Office software. The accountant uses an older, DOS-based version of Data National software for her general ledger, payroll, and accounts payable. The school system is currently determining whether or not it wants to purchase Data National in order to input all of their vendor invoices for the accountant through remote access. If they choose to come online, the newer, Unix-based version of Data National will be installed on the server in the accountant's office. The treasurer also has access to Data National through a local network, and keeps all other files on Excel spreadsheets, Word documents or a hand-written ledger. The assessors and collector both use the updated version of the state Computer Assisted Mass Appraisal (CAMA) software, and are connected through a local network in order to transfer commitments.

The town has no in-house technology staff to oversee hardware or software systems. The accountant had an agreement with a local technology consultant (MX Consulting Services, Inc.) to maintain her Data National server. However, the contract lapsed, and while the consultant is now hired on a time and materials basis, its services are rarely used. To compensate, department managers and staff do what they can: they help each other or, more often, contact friends or relatives for assistance when computer-related problems occur. Fortunately, the town has not had any security issues with this arrangement.

Recently, the selectmen signed an agreement with the Taunton Municipal Lighting Plant (TMLP) to provide town departments with a secure computer network, high-speed Internet service, and an official town website. Currently, only the clerk, treasurer, assessors and executive secretary have Internet or email access, connected through dial-up modems that tend to disconnect during large downloads. Although an active citizen has started a website ([www.townofberkley.com](http://www.townofberkley.com)), it should not be confused with one that will be sponsored by town government. The introduction of email and Internet to all offices will also require the town to implement policies on their use as well as policies concerning firewalls and virus protection.

Conclusion – Technology in Berkley has evolved through necessity and, with the exception of the agreement with TMLP, without a coordinated plan. There is no forward-looking view, no cooperation, and no sharing of resources. As a result, there is an unnecessary surplus of faxes and photocopiers in town hall. These redundancies, in turn, deplete town resources that might be redirected to other purposes.



Technology has become an integral part of any municipal operation, and deserves attention from a centralized position. By setting up the contract with TMLP, the selectmen have taken a step forward in overall technology planning in town hall. They also have an opportunity to create a new system for technology budgeting, purchasing, planning, training, and oversight.

***Recommendation 13: Centralize Technology Administration and Budget Under the Town Administrator***

We recommend that the budget for all technology purchases and the oversight of a technology program be centralized under the town administrator. Many computer issues and potential technology advances can cross over or impact multiple town departments. Oftentimes, decisions are necessary to assign priority to competing expenditure needs. Therefore, both the budget and the administration of a technology program should fall under the responsibilities of a new town administrator.

Technology should be treated in the budget like a department. As such, there might be separate line items for expenses, purchase of services, support contracts and small capital outlays for hardware and software upgrades. Major investments would typically be approved as part of the town's capital improvement program and be financed through the issuance of debt. In any event, the budget should combine into one place the technology-related appropriations from all other departments. In this way, total town expenditures will be clear and technology is more likely to receive equal treatment in the process of setting town priorities through the budget.

By placing the town administrator in charge of all technology expenditures and decisions, he or she will act as a gate-keeper to encourage a coordinated plan and discourage frivolous, unnecessary purchases. As a priority, the town administrator should combine and reduce the number of photocopiers, faxes (and fax numbers), and high-end printers. Also, he or she should seek out advice from neighboring towns concerning Internet, email, computer use and back-up policies.

We recommend that the town administrator engage a technology consultant for town hall. The selectmen have already shown initiative to improve technology in town hall by negotiating the high-speed contract with TMLP. However, that contract will bring to surface a host of issues that require a technology expert. Therefore, the town administrator, as the first step in a new technology program for the town of Berkley, should hire an independent consultant to provide guidance and expertise. The contract should include an evaluation of hardware, software and training needs required by both the physical plant and the staff of town hall in response to the new contract with TMLP, including virus protection, firewall implementation, and hardware and software maintenance.

Longer-term considerations for both the town administrator and the consultant include the inventory of personnel training needs, physical software and hardware; electronic transferability of information and documents; installation and maintenance of a town server

system; an analysis of software compatibility between offices; consolidation of technology equipment; and creation and maintenance of an official town website.

### ***Recommendation 14: Establish a Technology Subcommittee***

We recommend that the board of selectmen establish a technology subcommittee.

Because it has made a serious effort to address technology issues, the board of selectmen is best suited to form the technology subcommittee. We suggest that the selectmen appoint one of its members as chair, appoint a town hall finance officer and ask that a member of the finance committee also serve. Two town residents with information technology backgrounds can be asked to serve to round out the five-member committee.

A technology subcommittee can provide meaningful and objective information, analysis and insight for decision-makers as they grapple with computer and software issues. It would serve as a useful tool to evaluate the performance of hardware and software, to identify and prioritize the need for upgrades, and to recommend the adoption of new technologies. The recommendations made or accepted from the report would then be incorporated into a long-term capital-planning program. The subcommittee should also take the time to generate minimum required computer qualifications for new hires into town hall. However it orders its priorities, the subcommittee should gather sufficient information to report annually on the technology status of the town at town meeting.

We recommend that the town administrator, in coordination with the technology subcommittee, set up a training program for town hall staff. In a similar way that town hall is filled with a mixture of antiquated to cutting-edge hardware, town hall staff is comprised of people at various levels of computer literacy. The town administrator or technology subcommittee should take the initiative to identify computer proficiency levels among staff, and then develop a coordinated program to enhance hardware and software knowledge in town hall. Short-term goals might explore how technology can eliminate manual data entry and reduce paper records and redundancies through interviews with various office staff. In addition, back-up methods and electronic document safety can be explored. In the long run, the town might look to develop an on-going training program to encourage computer usage, maintain proficiency among users, more effectively familiarize people with the software they use, and create efficiencies in time and money.

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## Accountant

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The accountant has a legal obligation to record and verify all financial activity of a municipality. Through the maintenance of independent records and by following well-defined procedures, the office documents the flow of money into and out of municipal accounts and plays a role in the system of checks and balances established by statute to monitor and protect local assets. To fulfill this responsibility, the office maintains a general ledger where receipts, expenditures and all other town financial activity is recorded; prepares warrants; reconciles cash and debt with the treasurer and receivables with the collector monthly; produces a monthly expenditure report; and reports annually on the town's liability for accrued sick leave and vacation time. The accountant also keeps all town contracts on file, tracks revenue, and is typically involved in the annual budget process.

Among required submissions to DOR, the accountant is responsible for producing the town's annual Schedule A by October 31 and its year-end Balance Sheet (for Free Cash certification). Finally, the accountant works with the assessors and town clerk in the preparation of the town's Tax Recap Sheet.

The current Berkley accountant has been in the job for about four years. For the five years previous to her appointment, she served as a data clerk in the assessors' office. When she accepted the appointment, the accountant inherited a set of records that were not current, a result of frequent personnel turnover and vacancies in the office. Because of the backlog of work and the fact that the accountant had no town accounting experience, the town hired a \$75/hour consultant to bring the records up-to-date. Although the backlog has been cleared, the consultant still comes in for about 40 hours per year in order to help the accountant complete her year-end fiduciary duties, such as reconciliations, Schedule A and Balance Sheet production.

Vendor invoices are received and processed, and warrants are prepared bi-weekly. For payroll, the accountant checks time sheet accuracy and maintains a centralized accounting of accumulated sick and vacation time. She regularly receives departmental turnover sheets and posts to the general ledger. If the school begins to input its vendor information into the Data National software, a significant amount of the accountant's time will be freed to allow her to focus on her training and the timeliness of her other fiduciary duties.

The accountant relies on her consultant to bring her books to the point where they can be audited. Although she says that she reconciles externally with the treasurer regularly and the collector about once every three to six months, the consultant typically completes an entire year's worth of reconciliations in order to close out the general ledger. She gives department heads their expenditure reports monthly, but is uninvolved with the overall town budget process. In the last five years, she has not submitted the Schedule A timely, resulting in withheld state aid distributions for three fiscal years in a row. Withheld state aid affects cash flow and costs the town at best, foregone investment income, and at worst, the price of revenue anticipation

borrowing. Free cash was not certified at all in FY03 because of a lack of backup documentation and not until mid-spring in FY04.

Conclusion – The duties of the accounting office are paramount to the credibility of town financial records. To the current accountant’s credit, some of the problems in the office were caused by the state of the books upon her appointment, and the overall lack of communication and cooperation between the financial offices. However, in the last four years, she has not pursued outside training, and has relied on her consultant to help her complete duties that are solely her responsibility. The following recommendations are designed to encourage her to fully embrace and complete the duties of the office of Berkley town accountant.

### ***Recommendation 15: Seek Additional Training***

We recommend that the accountant seek additional training. In a town the size of Berkley, one full-time, properly trained person can complete the work of the accountant’s office. In order to reach the point where she is capable of performing her fiduciary duties without outside assistance, it would benefit the current accountant to seek out additional, necessary training. She should research and attend training through Data National, the Massachusetts Municipal Auditors’ and Accountants’ Association (MMAAA), the Government Finance Officer’s Association (GFOA), as well as municipal accounting classes at a local college. In addition, DOR releases bulletins and Informational Guideline Releases (IGRs) that are relevant to the functions of the accountant’s office, and she should take the time to read and learn about new laws and updates. The accountant needs to embrace further training in order to compliment what she has learned on-the-job and fully take on the requirements of her office without help.

### ***Recommendation 16: Perform Requirements of Job Timely***

We recommend that a priority be placed on the achievement of in-house financial activities and on the completion and timely submission of required DLS reports. In-house expenditure reports, revenue reports and trial balances, as a rule, should be completed on a monthly basis within 15 days of the close of the month. Subsequently, the accountant should reconcile the cash and receivables with the collector and treasurer. Regular reconciliations enable these offices to verify that revenues reported and resulting receivable balances are accurate, thereby ensuring the cash and assets of the community are safeguarded. Similarly, the accountant should perform regular reconciliations of the overlay account with the assessing office. Frequent reconciliations make it easier to locate and correct posting errors, minimizing the additional workload at year-end, and ensuring that the town’s annual outside audit can be completed within 13 months of the close of the fiscal year. The results of these reconciliations should be reported to the town administrator as well as the selectmen, verifying the reconciliations took place and providing explanations regarding any variances. Finally, the accountant should make every effort to file the Schedule A with DLS by the October 31 annual deadline, avoiding future delays in state aid distributions.

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## Tax Collector

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A municipality's tax collector possesses the authority to collect real and personal property taxes, excises, betterments and certain other charges added to and committed as taxes. Collections need to be counted, posted to taxpayer accounts, and either turned-over to the treasurer or deposited daily. Delinquent accounts need to be pursued and then moved efficiently into the treasurer's tax title accounts. To be successful, a collector must maintain an up-to-date receivable control that is reconciled internally and then externally with the accountant monthly. Refund reports should be run periodically and research needs to be completed to confirm legitimate refunds due to residents. In accordance with state law, the office should respond to requests for municipal lien certificates within ten days. The collector may appoint a deputy collector to pursue delinquent accounts.

Berkley's current tax collector was first elected in May 2001 to a three-year term. Previously, she worked for 2½ years as a clerk in the accountant's office. She has a full-time (32 hours per week, Monday through Thursday) assistant collector who has been in the office for thirteen years. She also uses the services of a deputy collector, who prints and mails the motor vehicle excise bills in addition to pursuing delinquent accounts turned-over on a warrant.

Her billing and collection software is the Community Software Consortium's Computer Assisted Mass Appraisal (CAMA) system, also used by the assessors' office. About a year ago, MX Consulting Services was hired to upgrade CAMA from Tier One to Tier Two as well as set up a network connection between the collector's and assessors' office. Currently, FY04 and years previous are on the DOS-based Tier One, installed on an old, stand-alone, desktop computer that requires constant maintenance in order to avoid failure. FY05 is on Tier Two, which is installed on both the collector's and her assistant's brand-new Windows-based systems. The deputy collector set up a peer-to-peer network, which allows both of them to see CAMA information, but only one at a time can post information. There is a fourth computer in the office, also set up by the deputy collector, where motor vehicle payments are posted. Currently, neither she nor her assistant have access to either the Internet or email.

Conclusion – The office successfully collects taxes for approximately 2,650 real estate parcels and 76 personal property accounts on a quarterly basis. Motor vehicle excise bills total about 7,500 annually in nine-to-eleven commitments. There is a nominal boat excise program administered by the collector. Payments are received both by mail and over-the-counter, with approximately 70 percent of the real estate tax payments coming in through escrow services. Due to the small number, all payments are successfully processed, posted to CAMA, and turned-over to the treasurer on a daily basis. With few exceptions, the Berkley collector effectively meets the requirements of her office.

Our main concerns focus on the Deputy Collector account and the integrity of the collector's electronic files. Additional recommendations focus on increasing the efficiency of the collector's operation as it relates to the overall financial responsibilities of town hall.

***Recommendation 17: Remove Tax Title Accounts from Collector's Receivables***

We recommend that the collector establish procedures for adjusting the tax receivables on the CAMA system after making a taking or certifying subsequent amounts into a tax title account. The collector moves delinquent accounts into tax title for transfer to the treasurer on a timely basis. Once the treasurer has control of those amounts in tax title, the collector needs to remove them from her list of receivables. The treasurer has the responsibility to collect the money due to the town, and the collector should take herself out of the process. By keeping those accounts on her active list of receivables, the collector is overstating her receivables, which can result in a variance with the accountant. If she is simply retaining the records in order to monitor them as they move through the tax title taking process, she is spending unnecessary time and energy on accounts for which she is no longer responsible.

***Recommendation 18: Close out Tier One***

We recommend that the collector perform the necessary steps to close out all information on Tier One. Berkley was one of the last towns in the CAMA consortium to update from Tier One to Tier Two. It was forced into the upgrade because the CAMA technology experts no longer service or support Tier One. The collector received training on Tier Two, but has found the transition frustrating. Her productivity is also hampered by the fact that she has to go to two different computers, and two different systems, in order to look up the history of an account. Our concerns are compounded by the fact that Tier One, and the hardware on which it resides, could fail, leaving her with no data prior to FY05.

Because accounts are placed into tax title promptly, very few active receivable accounts should exist on Tier One. However, because receivables were not closed when they were turned over to the treasurer, unnecessary information continues to reside on Tier One. Therefore, the collector, after removing accounts in tax title from her system (see Recommendation 17), should identify and act upon credits or refunds due, and then transfer all remaining accounts on Tier One to Tier Two, a spreadsheet, or a database. We suggest that she review year-end reports in order to determine the best approach to close each open account on Tier One.

***Recommendation 19: Properly Maintain Electronic Files***

We recommend that the collector properly maintain the integrity of her electronic files. Currently, the collector chooses not to use her computer's hard drive, and instead keeps all of her electronic documents on floppy disks. Floppy disks are easily corruptible, which is why many new computers are no longer offered with a floppy disk drive. The collector should immediately start saving her documents on the hard drive of her computer, and back up her information on a CD-read-write, or USB memory stick. As the town continues to examine technology needs, the collector is one office that would benefit from basic computer training.

***Recommendation 20: Establish Deputy Collector Bank Account***

We recommend that the collector establish an account for the deposit of all amounts collected by the deputy collector. The town uses the services of a deputy collector to obtain outstanding motor vehicle payments. According to the collector, the deputy collector deposits funds into a dual signature, interest-bearing bank account. Weekly, the deputy collector prepares a detailed turnover report of the collections made and includes a check for the total processed net of his service fees. While the bank account is in the town's name, the statements are not mailed to the collector and the interest income is not turned over to the town.

A deputy collector may not receive checks for tax payments, which are made out to him as a payee, nor may he endorse any instrument, which he receives as payment for taxes. In addition, a deputy may not deposit municipal funds in a personal bank account nor may he maintain a personal bank account in the name of a community (MGL Ch. 60 §92). A deputy collector must turn over to the collector at least weekly, all amounts he collects or deposits into the community's deputy collector bank account. Each turnover should be accompanied by a detailed report of all funds deposited.

As a town account, the statement of activity should be addressed to the collector. To comply with law, this account should be a joint signature account so that the deputy collector fees may be paid by check to him once the tax payments have cleared, provided that the withdrawal check is co-signed by the collector. (See IGR 90-219, Collection Agencies, Collector Fees and Deputy Tax Collector Procedures, at <http://www.dls.state.ma.us/PUBL/IGR/1990/90-219.PDF> for more information.)

We have made the collector aware of the inappropriateness of the current arrangement, and she is working to correct it.

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## Treasurer

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The treasurer is a community's cash manager and, as such, has custody of all municipal money. Included is the responsibility to make certain that town receipts are deposited into appropriate bank accounts and to monitor balances to ensure that sufficient funds are available to cover town obligations as they become due. The treasurer invests town funds to maximize interest income and meet cash flow needs. The office also manages town debt. To fulfill these responsibilities, the treasurer maintains a cashbook, debt schedule, check registers, and various logs to track balances for grants, trusts and revolving funds as well as other special revenue funds. As a financial control, the treasurer is obligated to reconcile cash balances and debt, internally, and then externally with the accountant on a regular basis. Finally, the treasurer maintains tax title accounts, organizes land of low value auctions, and forecloses on delinquent accounts.

The current Berkley treasurer was originally elected to the part-time (20 hours per week) position in May of 1994. She has also held the part-time, elected town clerk position since May of 1989. She has taken and fulfilled the requirements for certification through the Massachusetts Collector's and Treasurer's Association. Two treasurer's clerks work for 24 hours per week preparing payroll, accepting cash turnovers and administering benefits. One has three years experience and the other has been in the office for about a year.

All three staff members have their own computers and access to Microsoft Office applications and Data National, and the treasurer has Internet and email access through a dial-up modem. The treasurer keeps all of her data on Excel spreadsheets with an additional manual cashbook. She backs up her hard drive daily.

Conclusion – The treasurer effectively carries out her statutory obligations and manages the benefits administration for all town employees. Her staff is aware of and performs their stipulated duties, which include payroll, turnovers, benefits administration, tax title management, printing and stuffing vendor checks and bank statement reconciliation. Our one major concern is that her staff is not bonded, which leaves the town open to the possibility of an uninsured cash loss. Outside of that, our recommendations are designed to make every day processes more efficient.

### ***Recommendation 21: Bond Employees***

We recommend that the treasurer take the appropriate steps to immediately bond all employees in her office. Currently, the only member of the treasurer's office who is bonded is the treasurer herself. Although MGL Ch. 41 §35 requires bonds only of treasurers, assistant treasurers and temporary treasurers, under the interpretation of statutes treasurers are liable on their bonds even for money lost without any fault on their part. Therefore, it would be prudent if all members of the treasurer's office who handle town money were bonded.



***Recommendation 22: Apply Partial Tax Title Payments According to Statute***

We recommend that the treasurer apply partial tax title payments to accrued interest before principal, as laid out in the Municipal Relief Act of 2003. Historically, a taxpayer could request that the treasurer apply a partial tax title payment against the principal amount due before paying off the accrued interest. Effective July 31, 2003, the Municipal Relief Act added a new section 3E to MGL Ch. 60 that changes how collectors and municipal departments apply partial payments of local taxes and charges. Under the new provision, payments must now be applied first to any accrued interest, second to any collection costs, and last to the actual tax or charge. To do otherwise essentially gives the taxpayer an interest-free loan. (See IGR 03-210, Collection Costs and Procedures, at [http://www.dls.state.ma.us/PUBL/IGR/2003/igr\\_03\\_210.pdf](http://www.dls.state.ma.us/PUBL/IGR/2003/igr_03_210.pdf) for more information.)

We have made the treasurer aware of the change in legislation, and she is working to correct it.

***Recommendation 23: Automate Payroll***

We recommend that the treasurer work with the accountant and Data National to reduce the time spent on keying in biweekly payroll information. Currently, it takes both of the treasurer's clerks an entire day to generate the town's payroll. It is our understanding that they re-key all time-sheet information instead of just keying in exceptions, despite the fact that Data National can be programmed either way. We suggest that long-term timesavings could be realized if alternate options were explored.

***Recommendation 24: Automate Cashbook***

We recommend that the treasurer maintain her cashbook in an Excel spreadsheet and cease the maintenance of a manual register. The treasurer maintains all of her important records on Microsoft Office documents or Data National except for her cashbook. She is diligent about computer back-ups and therefore has no fear concerning electronic record loss. Therefore, we suggest that she automate her cashbook into an Excel spreadsheet and discontinue her manual record.

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## Assessors

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The assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitment authorizing the collector to collect real estate tax and motor vehicle and boat excise payments.

To ensure that residents are taxed equitably and accurately, the office maintains and updates property records with information received in response to mailings, from deeds and through the on-site inspection of sale properties and properties where a building permit has been issued. Additional information is gathered during an on-going property measure and list program. Upon resident application, assessors act on and track exemptions and abatements. They estimate new growth and conduct classification hearings. The assessors set the tax rate, recommend the annual overlay and provide levy information for use in the Tax Recap Sheet submitted to DOR. The office is also required by DOR to conduct an annual property value adjustment analysis and to prepare for State certification of property values every three years.

The volume of work in the Berkley assessing department involves approximately 2,650 real estate parcels, of which 32 are commercial/industrial and 450 are vacant land. There are an additional 76 personal property accounts. All are billed on a quarterly basis. Over the course of one year, the office issues nine-to-eleven motor vehicle commitments totaling about 7,500 accounts. The town issued 281 building permits in FY04, of which seventy were for new residential construction. Also in FY04, the office issued about forty residential abatement certificates and ninety personal exemptions. They reportedly inspect all sold properties and are on a nine-year cyclical inspection program. There are currently no cases pending before the Appellate Tax Board.

The Berkley assessing department is under the guidance of a three-member, part-time board elected to three-year, staggered terms. The Board meets weekly to oversee the assistant assessor and the hired consultant. The assistant is the only full-time presence in the office, and has four years experience in Berkley. She does no valuation related work, and performs all of the data entry and office work for the department. The consultant is called on an as-needed basis and provides expert support on interim year adjustments, the triennial revaluation, and valuation tables for an annual cost of about \$4,000. The assistant and the consultant assist the board, which is responsible for valuations and fiduciary responsibilities.

The Community Software Consortium's Computer Assisted Mass Appraisal (CAMA) software is installed in both the assessors' and the collector's offices. Although MX Consulting installed a local network to ease the sharing of information, the assistant assessor acts as system administrator and backs-up the server, including property data, every Thursday. The office benefits from Internet and email access, but is limited to a dial-up modem, which often disconnects during large downloads, complicating communication between the office and the DOR. For a yearly fee of about \$1,500, a contractor is updating and digitizing the assessors'

maps. Once the maps are complete, the town will be able to apply to DOR for permission to assess property to owner's unknown.

Conclusion – To its credit, the assessing department fulfills all major responsibilities despite the fact that, like all town departments, its budget has been limited over the years. The mapping program, in combination with the volunteer board and the part-time consultant, has allowed the town to avoid the true cost of a typical assessing program. Though we do not make a recommendation on this topic, we encourage the assessors' office, finance committee and board of selectmen to be aware of the possible financial impact on the assessors' budget if the current situation changes. At that point, the Bureau of Local Assessment would want to see a plan in place, with the appropriate budget, to have the assessing department continue the high quality of its work.

### ***Recommendation 25: Seek Permission to Assess Property to Owners Unknown***

We recommend that the Board of Assessors seek permission from the Commissioner of Revenue to assess property to owners unknown (MGL Ch. 59 §11). At the conclusion of the town-wide remapping and digitization, many of the past real estate commitments will most likely be verified as parcels belonging to an unknown owner. In order to assess parcels to persons unknown, the assessors must submit a written "Request for Approval to Assess to Owner Unknown" to the Property Tax Bureau at the DLS. Each request should include the following:

- Parcel Identification and address/location
- Description/land area
- Value as of January 1, \_\_\_\_
- Assessment history
- Actions taken to identify the owner of record
- Comments/attachments

Once approved, the assessors should assess the property in the same manner as other real property. If the taxes remain unpaid after the collector issues a demand, the property can be moved into tax title and foreclosure procedures can commence. (See IGR 87-238, Owners Unknown, at <http://www.dls.state.ma.us/PUBL/IGR/1987/87-238.pdf> for more information.)

### ***Recommendation 26: Maintain Tax Maps***

We recommend that the town maps be kept current. Once the outside contractor has completed the update of town maps, the assessors should then be diligent about keeping the maps updated. We understand that the assessors have asked the Planning Board to require that all approved plans be submitted to the town on a CAD file, which can easily be uploaded into the tax mapping program. We encourage the Planning Board to accept this practice. Then, the assessors can continuously update maps and maintain their investment. The assessors should also request from the finance committee that their mapping line item be reinstated. Tax map updates are not a capital or one-time expenditure, but rather an annual operating expense of the assessing office.

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## Acknowledgments

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