



Town of Bernardston

# **Financial Management Review**

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Division of Local Services / Technical Assistance Section

December 2012



December 17, 2012

Board of Selectmen  
P. O. Box 504  
38 Church Street  
Bernardston, MA 01337

Dear Board Members:

It is with pleasure that I transmit to you the enclosed Financial Management Review completed by the Division of Local Services for the Town of Bernardston. It is our hope that the information presented in this report will assist the town in improving its financial management practices, address areas of concern and meet its long-term planning needs.

Also, as a routine practice, we will post the completed report on the DLS website, [www.mass.gov/dls](http://www.mass.gov/dls), and forward a copy of the report to the town's state senator and representative.

If you have any questions or comments regarding our findings and recommendations, please feel free to contact Rick Kingsley, Bureau Chief of the DLS Municipal Data Management and Technical Assistance Bureau at 617-626-2376 or at [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

Sincerely,

Robert G. Nunes  
Deputy Commissioner &  
Director of Municipal Affairs

cc: Senator Stanley C. Rosenberg  
Representative Paul W. Mark



## Introduction

At the request of the board of selectmen, the Department of Revenue's Division of Local Services (DLS) completed this financial management review for the Town of Bernardston. The recommendations contained within this report are based on site visits by a team from the DLS Technical Assistance Section and Bureau of Accounts and in consultation with the Bureau of Local Assessment.

The scope of this review focused on the town's financial offices and on the practices, procedures and policies that guide municipal decisions. We examined the duties and responsibilities of finance officers and the degree of coordination and communication that exists between and among the various boards, committees and officials involved in financial management. We comment on the effectiveness of financial checks and balances and on compliance with state laws and regulations that govern fiscal matters. The municipality's technology condition was assessed and the impact of organizational structure on financial operations was evaluated.

To complete the report, we interviewed and received information from members of the board of selectmen, the administrative assistant, town accountant, treasurer, collector, assistant assessor and others. A full list is available in the Acknowledgements section of this report. Included as part of our review, we gathered and examined information from various documents including the Tax Recapitulation Sheet, Schedule A, Balance Sheet, and town meeting warrants, the annual budget, and vendor and payroll warrants. We also reviewed the most recently completed outside audit report (FY2011) completed by Melanson Heath & Company, PC.

## Overview

Bernardston is a rural town of approximately 2,100 people and 23.4 square miles located in the Pioneer Valley of Western Massachusetts along the Vermont state line. The Fall River, a tributary of the Connecticut River flows through the town. It is the primary source of the town's well water and has been important to the town's agricultural history. The City of Greenfield shares a boundary with Bernardston to the south and the City of Springfield is 43 miles to the south along Interstate 91, which bisects the town. Boston is 90 miles east. Among other state highways, Routes 5 runs parallel to I-91 in a north-south direction and Route 10 passes east-west through the southern part of the town.

According to the town's Tax Recap Sheet recently submitted to DOR, spending in Bernardston is expected to be \$4,505,765 in FY2013. The resulting average single family residential tax bill of \$3,458 is 72.9 percent of the statewide average of \$4,745. According to DOR data, the town's per capita income level of \$24,154 is 77.3 percent of the state average of \$31,265 and its Equalized Valuation (EQV), which is a measure of relative property wealth, is \$105,467 and 67.4 percent of the statewide average EQV of \$156,493.

While below statewide averages, the town's standing is more consistent with 13 other Franklin county towns with populations between 1,000 and 5,000 people that we surveyed.<sup>1</sup> Among the towns, the FY2013 average single family tax bill is \$3,514, the average income per capita is \$23,429 and the average EQV is \$126,512. As with Bernardston, each is below the average of all Massachusetts municipalities. See Appendix C for comparable town data.

Bernardston deviates from the surveyed towns when ten year trends are viewed. Since 2003, the town's budget has grown by 17.4 percent, well below the average increase of 36.8 percent among the comparable towns and less than in Sunderland, the closest town at 27.4 percent. The assessed value of a residential parcel in Bernardston (69.5 percent) increased more than the sample towns (58.0 percent). And, in Bernardston, reliance on property taxes increased significantly. Property taxes as a percentage of total revenue rose from 55.6 percent in 2003 to 79.0 percent in 2013. Among the comparable communities, the average increase was from 63.0 to 71.8 percent over the same period. For all, but Northfield, the percentage point differential was 14 or less in each other town.<sup>2</sup> In Northfield, the percentage also shifted by 23 points.

Slow budget growth in Bernardston is a result of deliberate local policies to control overall spending. This approach has also produced free cash between \$130,000 and 215,000 or 3-to-4 percent of the operating budget over the last four years. The general stabilization fund balance is \$259,000 as of June 30, 2012 - 5.8 percent of the FY2013 budget. The town has also built-up

<sup>1</sup> Ashfield, Buckland, Charlemont, Colrain, Conway, Gill, Leverett, Northfield, Shelbourne, Shutesbury, Sunderland, Whately.

<sup>2</sup> In addition to property taxes, major revenue sources include state aid, local receipts and miscellaneous funds (e.g. free cash).

excess levy from \$4,761 in FY2010 to \$223,750 in FY2013, which equates to 4.9 percent of the budget. Debt service is only 2 percent of the operating budget in FY2013 and appears attributable primarily to debt exclusions for a fire truck and a public safety complex.

Absence a charter, the Town of Bernardston operates under a mix of state statutes and local bylaws that collectively define the responsibilities of office holders and the procedural requirements of government. Legislative power is vested in open town meeting. Executive authority is exercised by a three member board of selectmen, which is responsible for establishing policies and setting town goals. The board appoints an administrative assistant to assist in the business of government, but he has no direct, day-to-day management duties.

Among the finance officers, the treasurer and collector are separately elected. The town contracts with the Franklin Regional Council of Governments for accounting as well as procurement services and an assistant assessor is appointed by the elected board of assessors. A five member finance committee, appointed by the town moderator, plays an instrumental role in the development of the annual town operating budget. There is no formally organized capital improvement committee.

Government is generally part-time. In town hall, the administrative assistant and the assistant assessor are classified as reduced full-time. Otherwise, the police chief and highway superintendent are full time. The remaining staff have office hours that vary, only some of which are noted on a generally underdeveloped town website. Bernardston is part of the Pioneer Valley Regional School District with the towns of Leyden, Northfield and Warwick. Students Grades K-8 all attend a local elementary school, while students from all towns attend a Grades 9-12 high school in Northfield.

Conclusion. Municipal government in Bernardston functions well. The town is on firm financial footing. Elected officials, finance officers and other town personnel appear to work cooperatively to complete the everyday business of government. At the higher levels of government, there is evidence of genuine efforts to identify community needs and advance town wide goals. These are positive and encouraging circumstances.

Nonetheless, there are areas of government that warrant attention and change. There are opportunities to reconsider the purposes of long-standing practices and to move toward more efficient, common sense procedures. There are other opportunities to enhance the public service aspect of local government and the way it communicates with residents. The role of the administrative assistant merits review, as does technology, particularly web content. In the finance offices, procedures can be brought more in line with contemporary practices. The budget process and the town meeting warrant can be streamlined. In this report, we address these and other finance and management related topics.

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## Overall Financial Management

A review of the town's overall financial management practices focuses on the procedures in place to accomplish tasks that typically cross over various municipal departments, as well as those that tend to impact town government on a global basis. We examine the budget process and capital improvement program. We look at the effect the town's bylaws and organizational structure have on the operation of government. We examine the purchasing system and personnel administration. We consider the roles and relationships among individuals together with the level of communication and cooperation that exists among offices. Finally, we review local compliance with state laws and regulations relating to finance issues, adherence to acceptable form, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

Because our available time in town hall did not coincide with the town clerk's office hours, we were unable to examine a copy of the town's bylaws. A second copy in the administrative assistant's office was incomplete and there is no on-line copy. Our inability to visit the clerk's office points to a common issue in small towns where government is part-time. Differing office hours among elected and non-elected staff can make resident access to government difficult and inconvenient. Concerning the town bylaws, it is our understanding amendments and other town actions over the years have been inserted chronologically by the date of acceptance. Most towns periodically incorporate changes into subject matter sections where they belong, but the town has apparently not revised its bylaws in recent years.

The administrative assistant is a 32-hour per week presence in town hall and fulfills meaningful responsibilities listed in his job description. For instance, he is the chief procurement officer, writes grants and lobbies on behalf of the town. A primary focus is economic development and special projects. He represents the selectmen and town before a number of state and federal agencies as well as other regional committees. He is the selectmen's liaison to boards, committees and department heads. He is responsible for development of a fiscal year calendar and is directed to work with departments on developing their budgets.

With little guidance in by-laws or formal policies, the finance committee fulfills a key role in developing the annual budget. The administrative assistant contributes increasingly to the process and the selectmen are engaged as well. Revenue projections are developed and adjusted, hearings with department heads are conducted and consensus is typically reached on the budget proposal placed before town meeting. At town meeting, the operating budget and capital expenditure requests are presented in a mix of line-items and articles. This practice blurs total town wide spending and has financial management repercussions, which we address in our recommendations. We offer different approaches to the budget process and budget format. We also comment on the capital program. Although there is some effort to look forward, capital

requests are typically submitted by departments on an ad hoc basis and appear to be considered individually on their merits.

Through the efforts of the accountant, the town's books are closed, its balance sheet is submitted, and its free cash is certified by November of each year. However, the town's most recent audit for the fiscal year ending June 30, 2011 was not delivered until August 2012. The Schedule A, which is a report of the prior revenues, expenditures and year-end fund balances, is also filed with DOR timely. Finally, the accountant, assistant assessor and town clerk collaborate on the preparation of the town's Tax Recap Sheet, which is the basis of DOR approval of the annual tax rate. It is consistently submitted in November as well.

Among the remaining finance offices, the treasurer and collector are elected and the assistant assessor is appointed by an elected board of assessors. The performance of each office is discussed in later sections this report. The "Primary Recommendations" that follow speak to the subjects we regard as fundamental to local government. They are followed by a section entitled "Other Financial Management Recommendations," which address other issues involving general government.

## Primary Recommendations

### **1. Adopt Town Coordinator Job Title**

In most towns, the title of administrative assistant is a holdover from a prior time when assigned responsibilities were slightly more advanced than a secretarial position. In fact, towns that advertise to fill an administrative assistant position routinely receive many applications from those seeking a step up from a secretarial career. In Bernardston, the responsibilities of the position have largely outgrown the title. We regard the title of town coordinator as more consistent with the job description and job performance of the current administrative assistant.

As town coordinator, the role will be clear in the eyes of the public compared to that of an administrative assistant. A town coordinator will gain standing in a way that makes him more effective in representing the selectmen, developing the budget, managing projects, overseeing procurement and mediating disputes - all current responsibilities in the administrative assistant's job description. The selectmen might delegate other responsibilities as well, e.g., overseeing implementation of this report's recommendations. Lastly, this action would acknowledge the capabilities and accomplishments of the administrative assistant and the positive evolution of the position during his tenure. A change in title and a list of job responsibilities should be adopted as a bylaw.

## 2. Modify the Budget Format

On review of the 2012 and 2013 town meeting warrants, we have identified opportunities to streamline the annual budget as presented to town meeting and, as a by-product, improve financial practices. The budget will be better organized and potentially more informative even with fewer articles. Also, with the adoption of these changes, the town will have established a policy of treating all departments in the same equitable manner.

In Appendix A to this report is a presentation of the town's 2013 budget with the changes recommended.<sup>3</sup> If placed before town meeting in this format, as many as 25 of the 45 articles could be eliminated. These changes, or shifts, do nothing to diminish the ability of town meeting members to debate, amend and decide matters that are historically brought before them. Appendix B offers an alternative budget format based on DOR Schedule A headings.

Include all departments in line-item budget. Currently the police department, fire department, highway department, library and transfer station are funded through articles rather than budget line-items. This article approach to funding department operating budgets is a remnant from the past, but also has a practical impact. A single number allows department heads to spend expense money for salaries and salary money for expenses. Departments funded by line-items for salaries (stipends) and expenses cannot unilaterally make these transfers. The current budget format does not reflect good policy and is contrary to the practice in the vast majority of Massachusetts towns. For instance, if a department head diverted money intended for salaries to another purpose, by year-end, the town could be forced to supplement an unexpectedly depleted appropriation to cover compensation an employee has rightfully earned.

Group appropriations by department or spending authority rather than alphabetically; include department subtotals, add prior years' data and funding sources. By reorganizing how line-item appropriations are presented, the town will have a clearer picture of where money is spent. By including actual expenditures for the last completed fiscal year and appropriations for the current fiscal year, historical context is provided. A column for funding sources satisfies a legal requirement. (See sample format in Appendix A).

Move FRCOG services from articles to line-items in the budget. Funds for the FRCOG building inspection program are already listed as a budget line-item. If appropriations for the town's core assessment, accounting and procurement services, and emergency communications and planning, which are currently funded in an article, were instead

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<sup>3</sup> Note that grant funds are not included in the budget as they can be expended without appropriation. It is useful to still include, or somehow indicate, positions or expenses paid by grants without adding dollar amounts to the budget total.

listed as separate line-items and grouped together under a FRCOG heading, the town would have a precise picture of the money it expends and services it receives.

Move appropriations for insurance from articles to line-items. Appropriations for the Franklin County Retirement, property and casualty insurance, employee health, dental and life insurance, Medicare, Social Security and unemployment compensation should be separately listed line-items under the heading Pension & Insurance.

Move debt service from individual articles to a consolidated budget line-item. Current articles that separately appropriate debt service for specific project borrowing should be replaced by a single budget line-item that displays a consolidated debt service number. Short term interest can be assigned its own line-item, which would be under a Debt Service heading. These numbers should tie to a debt schedule the treasurer is required to maintain.

Move transfers to reserves from articles to line-items. Any use of free cash is technically an appropriation, not a transfer. Regardless, appropriations to the finance committee reserve, town buildings fund, vehicle replacement stabilization fund and the general stabilization fund should be individually listed as budget line-items under the heading Reserves.

Move school related appropriations from articles to the line item budget. This involves eliminating articles for school committee stipends, Pioneer Valley RSD assessment, Franklin County Technical School assessment, and out-of-district tuition, and debt service due the regional school district, which is part of the town's assessment. They should all be placed under a "Schools" heading.

Move assessors' revaluation appropriation to an article. Property revaluations and independent audits of town finances occur every three years. The town appears to appropriate one third of each anticipated cost annually to ease the financial burden. The independent audit is funded through an article which allows each year's amount to carry forward and accumulate. However, by funding property revaluations as a line-item, the year-end balance does not accumulate, but closes out and potentially flows to free cash. Therefore, we recommend the property revaluation appropriation be moved from the line-item budget to a separate article, so that it too can accumulate as intended.

Include specific dollar amounts in articles. There is evidence of articles in the Bernardston town meeting warrant that refer to multiple dollar amounts with the qualification that the appropriation will be "whichever is smaller" at the fiscal year end. Motions on articles worded this way fail to satisfy the legal requirements for a town

meeting action. All appropriation articles as approved by town meeting must state the intended purpose or use of the funds, a funding source and a specific dollar amount.

Consolidate capital improvements into a single article. When all capital articles are placed in a single article, the town can see in one place what capital needs are deemed a priority and how much money is devoted to capital purposes. When consolidated in this way, each appropriation is still legally regarded as an individual article which is subject to independent debate and amendment. However, all can now be approved by one vote of town meeting. If a bond authorization is involved, it must be by a two-thirds vote. Through a motion, or a decision of the moderator, any proposed expenditure can be set-aside for a separate vote. Any descriptions or further information on each proposed expenditure can be included as in appendix to the warrant.

### **3. Adopt a Budget Process Bylaw**

The job description of the administrative assistant states that he is “responsible for the development of a fiscal year calendar which indicates time frames and deadlines for budgetary activities; works with departments on developing budgets.” With this in mind, we encourage the board of selectmen and the finance committee to confirm an early, substantive role for the administrative assistant in the budget process. The approach would not alter the budget review and approval responsibilities of the selectmen or finance committee. It should be drafted as a budget bylaw and presented to town meeting for approval.

As directed by his job description, the administrative assistant would develop a budget calendar which we expect he would review with the two committee chairs each fall before the process begins. The calendar should consider deadlines for the following:

- Completion of revenue projections
- Distribution of budget guidelines and appropriation request forms to departments
- Return of departmental requests (operations and capital)
- Development of an initial budget proposal
- Submission to the board of selectmen
- Submission to the finance committee
- Final budget approval
- Go to print

Further, we would expect the administrative assistant to work with town department heads on revenue projections and maintain open communications with the finance committee and selectmen as projections evolve throughout the budget process.

We encourage the finance committee to accept a process where the administrative assistant would receive departmental requests and develop an initial budget. We encourage him to use the reformatted budget recommended in this report. We have seen the benefits when the person, who is most frequently in town hall and plays a central role in municipal government, formulates the budget. This approach lightens the burden of the finance committee and allows it to focus on more important global issues. This approach also enhances collaboration in town hall and continuity from year-to-year.

As a watchdog which represents the interest of town meeting, the finance committee can still exercise its prerogative to review budget details. However, we would expect the finance committee to focus more on the use of free cash, reserve levels, the incurrence of debt that are more directly related to long-term stability and the course of the town's future. As in the past, the selectmen, finance committee and administrative assistant should reach consensus and present a unified front to town meeting.

#### **4. Formalize a Capital Improvement Program**

The town departments currently request and town meeting appropriates funds for capital expenditures on an ad hoc basis. As a need arises, a department head so informs the finance committee. While this system is adequate, a more methodical approach may benefit the town over the long term. If, as recommended in this report, the administrative assistant takes on a meaningful early role in the budget process, the finance committee could provide guidance on the capital program.

The task should begin by defining a capital project or purchase in terms of a minimum cost and life span. The finance committee should design and distribute to departments a standardized form to be completed for each capital request. Managers should be asked to describe the request, estimate the cost and indicate a funding source. They should also comment on what impact the expenditure might have on future operating budgets (i.e., will there be extraordinary maintenance costs, staff increases, impacts on insurance premiums, etc.). Department heads should identify anticipated capital needs looking five years into the future, assign an estimated cost to each, and specify in which year each expenditure will be requested. Priority should be placed on requests that are legally required; involve matching funds; have deadlines; or involve public safety.

In addition, the finance committee should work with department heads to:

- Complete or update a survey of all municipal buildings. Age, condition, needed repairs should all be documented and prioritized. Complete a similar survey relative to roads. Helpful is a schedule of fixed assets the accountant is required to maintain.

-Inventory all rolling stock. Include registered and off-road vehicles assigned to all departments. Age, condition, needed repairs should all be documented. From this information, a long-term repair/replacement schedule can be developed.

-Understand the town's debt status: how much debt principal is outstanding; what is the ratio of general fund debt service to the general fund annual budget. This information helps town officials decide to what extent incurring debt is a funding option for capital projects or purchases. Debt service obligations are available from the treasurer.

-Understand the status of previously funded capital items. Funds that remain unexpended for two years, for example, should be diverted to other more immediate, higher priority capital projects or purchases.

Critical to the success of a capital program is a commitment to provide a minimum level of funding annually. By taking the steps described in this recommendation, the finance committee and the town will be in a far better position to make this determination. For more information about capital improvement programs, see [Developing a Capital Improvements Program](#) at the DLW website.

## **5. Review and Recodify Town Bylaws**

The Bernardston bylaws are maintained in hardcopy in the town clerk's office as required by state law. The administrative assistant also has a copy, but it is incomplete. It is our understanding that, through the years, new bylaws or bylaw amendments approved by town meeting have been incorporated as single sheets chronologically into the bylaw book and that it is many years since the bylaws were revised or brought up to date. This makes for a disorganized, difficult to research and potentially inaccurate public record. As a practical matter, any local official or resident with a need to consult the town bylaws must conduct a tedious page-by-page examination to determine whether provisions of interest are superseded, changed or obsolete. No matter how diligent the effort, a residue of uncertainty is likely to remain.

Therefore, we recommend that the town conduct a substantive review and recodification of the Bernardston bylaws. We suggest the following steps:

- 1) Convert the existing bylaw record into an electronic format. This involves scanning the pages of the bylaw and saving them as a Microsoft Word document;
- 2) Contact the State Attorney General's Municipal Law Unit to ask whether a list of bylaws submitted for approval by the Town of Bernardston is available;
- 3) In the Word document, move all enacted bylaws and bylaw amendments to the appropriate subject matter sections;
- 4) Review the record of town meeting minutes to generate a log of approved bylaws and bylaw amendments, as well as a separate list of approved local acceptance statutes;

- 5) Conduct a substantive review, i.e., a page-by-page and section-by-section review of the consolidated bylaw document with a focus on what the bylaws say. A review of bylaw content will by its nature prompt debate on larger topics and on the future of town government. New bylaws or amendments to existing provisions could result, therefore a mechanism for public input should be considered.
- 6) Reorganize and renumber bylaw sections to reflect decisions to merge, divide, delete or add provisions and to create a logical, more easily searchable record.
- 7) Include a title page; a table of contents; a list of bylaws by enactment date; a list of approved local acceptance statutes by date; and a conversion table associating section numbers in the prior bylaw with new section numbers in the recodified document.

The town clerk must submit, within 30 days, the new bylaw adopted by town meeting to the State Attorney General for approval. Once approved, she should retain a hardcopy in her office, place a copy at the town library and post a copy to the town website. With the enactment of new bylaws and amendments, she should update sections in the official record and in all copies.

A substantive review and recodification of bylaws involves the appointment of a committee, which can be formed by a town meeting vote or by unilateral action by the selectmen. Three or five members would seem sufficient and could be appointed by the town moderator, the selectmen or a combination of both. It would work best if members reflected a balance between residents and town officials. Plan for a one year timetable for completion of this work and factor town meeting approval into a projected schedule.

## **6. Revisit Question of Elected to Appointed**

We recognize that as recently as May 2012, town meeting approved, but town voters rejected, moving the treasurer, collector and town clerk from elected to appointed positions. Despite this and earlier efforts that fell short, the rationale for the change remains compelling and will inevitably bring the issue to the forefront again. The town's experience with a succession of treasurers underscores the problem and represents a circumstance that is likely to recur. Municipal government is complex and, with the size of budgets, finance officer responsibilities are significant. To perform competently, both a treasurer and collector in particular require specific skill sets. A small town is therefore wise to act in a way that broadens its pool of potential candidates for these positions and increases its prospects of attracting people who possess the necessary professional skills to do the job.

## Other Financial Management Recommendations

### **7. Work Toward Timely Audits**

Like many towns with relatively small non-school budgets, Bernardston secures an independent audit of its financial statements every three years, rather than annually. Even on this schedule, the town should receive its audit on a timely basis. The town's most recent audit for the fiscal year ending June 30, 2011 was not received until August 2012.

When audits are delayed, the town is denied a timely opportunity to consider the results and, in particular, to resolve issues raised in the auditor's management letter. Sometimes, small town clients may not be a high priority for independent auditors. But, on other occasions, delays are caused by the inability of town finance officials to prepare, complete and finalized town financial records.

We recommend the board of selectmen authorize the administrative assistant to contact the town's independent auditor to understand why the FY2011 audit was delayed. When the next audit period approaches, town officials should be mindful of the causes and take steps to ensure the timely completion of the next audit.

### **8. Alter How Police Details Are Handled**

Most Massachusetts towns have issues with their police detail account, which must set up as a revolving fund under M.G.L. c. 44, §53D. Typically, towns are forced into the position of compensating the officer performing the detail before payment is received from the party requiring the detail. As a result, the revolving fund operates in a deficit, which often times worsens because billing and collection procedures are unclear or non-existent. If the deficit remains at fiscal year-end, the town's free cash is offset by the amount.

We recommend that the town require businesses and others seeking a police detail to pay the full anticipated charge in advance. If an assignment is unexpectedly extended or an unforeseen need arises, waiver authority might be granted to the administrative assistant or to the police chief. In these instances, a billing and collection process should be in place to pursue the balance due. Businesses and others should be denied subsequent detail requests, if any obligation (fees, taxes, as well as delinquent police detail charges, etc.) to the town is outstanding. These rules would not apply when the Commonwealth of Massachusetts arranges for details.

We suggest the administrative assistant facilitate a meeting attended by the police chief, accountant and treasurer. The discussion might include, among other topics, 1) a standardized form that serves as both a police detail request form and an invoice to be returned with payment;

2) a process that keeps everyone equally informed of detail activity and outstanding amounts due; 3) how payments will be handled (i.e., received by the police department and turned-over, received directly by the treasurer); 4) who will track invoices and initiate demands and further collection actions.

## **9. Deposit All Receipts to the General Fund**

We are aware that the board of selectmen acted in December 2011 to allow the board of health to retain fees through a revolving fund and more recently considered allowing the town clerk to keep fees she receives. Permitting town officials to retain fees they collect as supplemental income is an early practice that has been abandoned by the vast majority of Massachusetts cities and towns. Favored instead is the adoption of a bylaw directing that all monies due the town and collected by town officials be turned-over to the treasurer and deposited to the general fund. The funds can then only be expended through an appropriation. Excepted are receipts directed to lawfully created revolving funds, receipt reserve accounts and other special revenue funds authorized by state law.

We recommend that the town adopt such a bylaw. Simultaneously, as a matter of fairness, town meeting should approve an increase in the annual compensation of affected individuals to account for the loss in fee income. With this change, the town will have a more accurate measure of annual revenues, town meeting will see how money is spent, and the total compensation received by town employees will be clear.

## **10. Allow Finance Committee Reserve to Close Out at Year-End**

The finance committee reserve is funded through an article in the annual budget. As May or June approaches, the reserve balance has been treated as an available fund and, through an annual town meeting vote, used to finance subsequent year purposes, including the next year's reserve. As communities have had to more closely scrutinize annual appropriations, they have gravitated toward ways of streamlining the budget process. This approach tends to blur the budget picture.

We recommended earlier in this report that the finance committee reserve be funded as a line-item under the heading "Reserves." Unexpended funds at year end should be allowed to flow to the town's undesignated fund balance and potentially to free cash. In this way, the finance committee will have the option to make transfers, for legitimate purposes, until July 15.

Additionally, we suggest that the finance committee inform all departments that it will not accept a reserve fund transfer request unless and until it has been reviewed by the administrative assistant. This is not intended to deny department's access to needed funds. It is a step that will

enhance collaborative thinking. The administrative assistant is a full time presence in town hall, has budget insights and interacts with all departments on a generally regular basis. He may know of other pressing needs. He may have information that can lead to alternative or balanced solutions. As important, he represents the selectmen who, as the town's chief executive officers, should be informed about the state of departmental finances.

## **11. Work Toward Common Town Hall Hours**

It makes a difference when the administrative assistant, the town clerk, treasurer, collector, accountant and assistant assessor are all in the building at the same time. Town government is more efficient when department heads and staff can ask questions, receive, deliver or exchange information and schedule meetings without delays. For Bernardston, in particular, where residents must travel to town hall because the town website is largely devoid of information, forms, on line payment options and other resources, common office hours would be a public service enhancement. Toward this end, the selectmen can direct the administrative assistant to work with town hall personnel on common hours.

## Technology

Bernardston town departments are equipped with desktop computers which are installed with Microsoft Word and Excel. More specialized software includes a Computer Assisted Mass Appraisal (CAMA) system provided by the statewide Community Software Consortium (CSC) and locally installed in the assessors' office. The treasurer uses Microsoft QuickBooks and the Collector uses a MuniWare receipts module. The town's financial records are maintained by the accountant in Fundware, which is a cloud application accessed through the Internet.

There is no hardwired computer network in town hall. Because each department works off a local, free-standing "C" drive, employees are individually responsible for protecting municipal records and data residing on their computer. Those we spoke with have back-up regimens using flash drives or disks and appear to be diligent in protecting information, albeit on different schedules. Where back-ups are stored varies. And, it is our understanding that only data and not systems (i.e., the licensed programs needed to view and work with the data) are backed-up.

All offices have email and Internet access. Town hall also has Wi-Fi (wireless) service. Included in the town personnel policy are general computer, email and Internet use policies. However, absent a network, it is unclear how unauthorized application downloads or unacceptable Internet activity is monitored. The town has no in-house technology staff to oversee hardware or software systems and no relationship with an outside consultant for support.

The town website is woefully underdeveloped. Department staff are responsible for maintaining and updating their own information, but with few exceptions this has not happened. Seven of 13 Town Government Quick Links are blank pages. The Town Directory on the site menu line lists 20 departments, with contact information, but little other information. The only entry under Local News is dated October 27. There are few meeting minutes posted; no election results; no links to forms needed by residents; and no on line payment options.

Conclusion. In today's world, small towns can ill-afford to lag in technology investment. On-line access to town resources is an increasing expectation of residents and others conducting business with the town. In town hall, networking computers creates opportunities to eliminate duplicate data entry, to exchange information and create for more efficient operations. Most important, enhancing technology should be a priority to safeguard town data and systems. In the opinion of the DLS Information Technology advisors, a unified, documented approach to data security has become a necessity in recent years. Allowing each office to be individually responsible for obtaining and maintaining malware protection software (anti-virus, firewall etc.) and keeping data safe carries real risks and exposes the town to potential liabilities. With this in mind, the Legislature passed and the Governor approved M.G.L Chapter 93E, which imposes requirements for protecting the personal information of residents and penalties for failing to do so.

## **12. Improve Town Website Content**

We recommend that the town explore ways to improve its website design and content, including consideration of outside contracts to provide web services. An up-to-date, accurate, content oriented municipal website is a valuable resource for residents, particularly in small towns where town hall offices are only open part-time. It can be a useful communication device for local officials and, when effective, it can raise resident confidence in government. To successfully build value in the town website involves an investment of funds and a commitment to update and add information. Announcements, posted meetings with agendas, meeting minutes, forms, on-line payment options, office contact information are all fundamental to a municipal website. For good examples see websites for the Towns of Sunderland ([www.townofsunderland.us/](http://www.townofsunderland.us/)), Deerfield ([www.deerfieldma.us/Pages/index](http://www.deerfieldma.us/Pages/index)) and Wendell ([www.wendellmass.us/](http://www.wendellmass.us/)).

## **13. Issue a Computer Backup Policy**

Absent a town hall network and the ability to centrally conduct data back-ups and install virus protections, we recommend that the town develop guidelines for all departments. It should also establish a disaster recovery protocol. As a starting point, the administrative assistance might survey each department's current practice. Information gathered might include, but need not be limited to, how frequently data is backed-up, what medium is used, and how needed data would be accessed if the department head is unavailable and cannot be contacted. The DLS Information Technology Bureau (IT) might then be helpful in generating government wide protocols. The IT website is at [mass.gov/dls](http://mass.gov/dls), then click on Information Technology.

## **14. Improve Technology Condition**

The town would benefit from a general technology review and internal discussion. This can start with an inventory of desktops and software. Computer age, capacity and type of use should be recorded. Information on each software license should be logged. Decisions to replace or upgrade hardware and software can then be made. Also, all technology related operating expenses should be incorporated in a technology budget line-item under the board of selectmen. This will clarify technology expenses, coordinate purchases to ensure hardware and software compatibility and encourage town-wide priority setting. The town should explore the merits of building a computer network in town hall. Even a partial network may allow the transfer of information in a way that eliminates duplicate data entry. With a wider network, backups, virus protection and firewalls could be centrally installed, implemented and upgraded for all computers on the network. Outside consulting advice may help with this decision. In general, the town should seek to establish a relationship with a consultant to gain access to technical expertise and support for a network and to assist with other everyday issues.

## Accountant

The accountant has a legal obligation to oversee 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 prepares warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; reconciles cash and debt with the treasurer and receivables with the collector regularly; produces a monthly expenditure report, periodic revenue reports and annual reports on the town's liability for compensated absence.

The town is in its fifth year of contracting with the Franklin Regional Council of Governments (FRCOG) for accounting services. The assigned accountant has the legal status of a locally appointed accountant. She holds town hall office hours for eight hours on each Wednesday where she shares an office with the town treasurer. If she is unavailable, FRCOG provides a backup accountant.

The use of Fundware financial software - a product of Blackbaud - is a contractual requirement, but a licensed copy is not installed in the accountant's town hall office. Instead, the software and the town's financial data reside elsewhere and are accessed from Bernardston through an Internet portal and an assigned password. FRCOG safeguards Bernardston data through regular system backs-ups and virus protections. Microsoft Word and Excel are also installed, but on the local drive.

The accountant maintains the general ledger and other financial records. She receives departmental invoices bi-weekly, which uniformly arrive, attached to a cover sheet. She data-enters, verifies payments and creates a vendor warrant. She does not process payroll, but receives a report from the treasurer and completes tasks necessary to create a warrant, which lists salary account numbers with a corresponding dollar amount. She also provides support during the budget process and distributes monthly expenditure reports.

Reconciliations of cash and receivables are not completed on a frequent basis. The collector provides receivable balances only once a year. Although small, variances are typically reported on the town's receivable reports to DOR. Because former treasurers - four in the last two years - failed to report cash receipts to the accountant, reliable cash reconciliations have lagged. An independent CPA was hired and updated records to May 2012. The most recently elected (April 2012) treasurer seems willing and able to stay current with monthly receipt reports and reconciliations. But a formal process for cash reconciliations has yet to be established.

Conclusion - The FRCOG accountant is well regarded by DOR and Bernardston town officials. The town's books are closed timely and a balance sheet is submitted to DOR typically in November. Submission of the Tax Recap Sheet soon follows. Otherwise, the accountant fulfills fundamental responsibilities relative to the general ledger and the payroll and vender warrant process. Our recommendations are few and are offered as a means to enhance checks and balances.

### **15. Regularly Reconcile Cash and Receivables**

The front end or internal reconciliation of cash and receivables is a responsibility of the treasurer and collector, respectively, while the back end occurs when their records are matched against the accountant's general ledger balances. Comparing records and resolving any variances that appear is a critical financial check and balance. Although a shared responsibility, we recommend the accountant take a stronger role to ensure that receivable reconciliations are conducted at least quarterly and that cash reconciliation are completed monthly. More detailed comments on reconciliations are included in the collector and treasurer sections of this report.

### **16. Distribute Quarterly Revenue Reports**

We recommend that the accountant generate and distribute quarterly revenue reports to the administrative assistant, selectmen and finance committee. The reports will help each track the revenue status of the town through the year. The information can also provide early warning signs that the town might close the year with a revenue deficit. The revenue information should be viewed in tandem with departmental expenditure reports where reviewers can focus on possible appropriation deficits through transfers. Together, the reports can help decision makers identify and avoid potential year-end deficits. We suggest the email distribution of reports if Fundware allows it or extending read-only access to departmental information. (See below). In this case, the accountant need only email a monthly reminder to review expenditure reports.

### **17. Acquire Permissions for Read-only Access to Fundware**

Although town computers are not networked, staff could still have read-only access to department specific financial information if they had password protected access over the Internet to Fundware. The accountant could setup email groups to receive notices of the availability of monthly expenditure reports. Department managers could check the status of their appropriations at any time. Looking ahead, there may be prospects for the remote data entry of invoice information at the department level. It is our understanding that Fundware has this type of access capability. We suggest the administrative assistant speak to the accountant, or a FRCOG representative, about providing some or all departments with read only access to their financial information.

## Treasurer

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 and manages debt to maximize investment income and meet cash flow needs. 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 with the accountant on a regular basis. Finally, the treasurer maintains tax title accounts, conducts sales of land and prepares documents to petition for foreclosure.

The present treasurer was elected in May 2012 and took office soon thereafter. She has not previously served in municipal government, but has prior money management experience. She is also the fourth in a succession of town treasurers since February 2011 when the incumbent left after eight years. The position is 15-hours with no benefits. To complete her work, the treasurer relies on Microsoft Excel and QuickBooks. She backs-up data daily to a flash drive which she carries offsite. The treasurer is bonded.

The treasurer relies in large part on procedures and systems that prior treasurers put in place and that other finance officers describe to her. She has managed to collect and post department receipts, process payroll and meet town obligations. She maintains a cash book in an Excel format utilized by her predecessors and re-keys data as has been done in the past. She attended the most recent treasurer's school, sponsored annually by the Massachusetts Collectors and Treasurers Association, but also continues on a learning curve.

Conclusion. The treasurer has been in office for too short a period to assess her job performance except to say that she devotes substantial time to learn and complete necessary recurring tasks. Right now she is following practices described to her that appear to remain in place merely because they are long standing. Over time, when she more fully understands critical responsibilities, we expect the treasurer will not hesitate to adopt operational changes. Based on our observations in meetings and conversations, she has displayed the organizational skills, computer proficiency and overall financial capability needed to build an effective, efficient department.

In some respects, our recommendations document suggestions we have already discussed with the treasurer and which she has begun to pursue. The number of recommendations should not be interpreted as reflecting deficiencies in the office. We have taken the opportunity in this section to provide guidance on the proper scope and management of a treasurer's office.

## **18. Reconcile Cash Monthly**

We recommend that the treasurer and accountant agree on a day each month when cash reconciliations will occur. For her part, the treasurer must stay current with the posting of departmental receipts and, at month-end, submit a statement of receipts to the accountant. The treasurer must then reconcile her cash book and records of bank activity with bank statements when they arrive. Once complete, the treasurer's reconciled cash book balances must be compared with the accountant's general ledger balances. Any variances must be resolved by matching entrees to source documents (e.g., turnover sheets, adjustments, etc.) to measure for accuracy and account for timing issues. Critical to the process is that both the treasurer and the accountant simultaneously receive copies of all departmental turnover sheets.

## **19. Maintain a Cash Book; Develop Schedule of Receipts**

We recommend that the treasurer consider using a cash book format similar to one of the samples on the Technical Assistance website. The cash book is intended as a general record of receipts, as reflected by departmental turnovers and other funds delivered directly to the treasurer, and disbursements, as indicated by payroll and vendor warrants. Because revenue account codes are included, the treasurer can copy and paste the receipts into another Excel Worksheet and sort the list by code to form the basis of the schedule of treasurer receipts that she must submit to the accountant at the end of each month. For sample cash books, go to [www.mass.gov/dls](http://www.mass.gov/dls), then click on Financial Management Assistance and then Financial Calculators and Sample Forms.

## **20. Establish Turnover Procedures**

When departments take in money, staff are obligated to turn the receipts over to the treasurer together with back-up documentation in the form of a turnover sheet. In Bernardston, turnovers are often left in the office when it is unoccupied with backup in various forms. While convenient, this practice does little to protect town assets or town employees. We recommend the treasurer act on the following:

- Notify departments that turnovers must be hand delivered during office hours. They should know that it is unlawful for the accountant to accept money and that only persons who are bonded may handle money.

- Design, in Excel, and distribute a standardized turnover sheet. Customized templates can display the department name at the top, list revenue account codes specific to the department and include lines for requisite signatures. If completed in Excel, a formula can automatically total the entries.

-Require departments to submit three copies of the turnover sheet and remain while receipts are counted and the total is matched to the turnover sheet. The treasurer verifies the exchange by signing the turnover sheet. One copy remains with the department and the third copy is delivered to the accountant. She need not be present.

Other cash management steps include:

-All departments should be required to issue a numbered receipt (in some form) in each instance cash is accepted, even if the person making payment does not want one.

-All departments should maintain a log of receipts with detail as to who made the payment, whether by check or cash, and with the date and purpose of the payment.

-All money should be stored in a lock box and in a locked drawer overnight. If accessible, use a safe.

-Departments should deliver turnovers to the treasurer when receipts are \$100 or more, otherwise turnovers should occur no less than once each month.

## **21. Track Employee Status**

We recommend that each July the treasurer either extract from the payroll system software or request from Peoples' United Bank a list of each employee on the town's payroll as of July 1 together with their gross pay for the fiscal year. She should then email the list to department heads asking that they verify their employees' status and compensation. This should address the comment raised in the town's management letter that employees in the past have been incorrectly paid. She might also add any other useful employee related information, like health care enrollment.

## **22. Review Payroll Services Agreement with Peoples' United Bank**

We recommend the treasurer review the town's contract for payroll services with Peoples' United Bank. The treasurer should understand each party's rights and obligations under the contract; the contract term and cost; bank payroll procedures; and, to what extent she can implement changes to procedures. She should know who she can contact when payroll issues arise. She should verify bank procedures for safeguarding blank checks and confirm its authority for applying the treasurer's signature to checks. Most important, she should know what access she has to payroll data and what capability she has to generate reports from town hall.

## **23. Create a Cash Flow Projection**

We recommend that the treasurer create a monthly cash flow projection budget. It is the responsibility of the treasurer to manage the town's cash and ensure that account balances are

sufficient to cover town obligations as they arise. In this regard, a cash flow budget is a useful tool that can help anticipate periods of low cash balances and better manage short-term investment and borrowing. A simple spreadsheet can be devised in Microsoft Excel to serve as a cash flow budget. By applying past patterns of monthly spending and collections (as evidenced by warrants and monthly revenue reports) to current year appropriations, and overlaying projected debt service obligations, a reasonable forecast of the town's cash flow will emerge. Through the course of the year, the cash flow forecast can be adjusted for unexpected circumstances, and actual monthly costs and revenues should replace estimates. See examples of cash flow projection templates on the TA website. Go to [www.mass.gov/dls](http://www.mass.gov/dls), then click on Financial Management Assistance and then Financial Calculators and Sample Forms.

#### **24. Create a Debt Schedule**

Although the town has little debt, the treasurer is required to maintain a debt schedule. By displaying principal and interest separately and by issuance, the treasurer will have an easy reference when she must determine the town's annual appropriation for its debt service obligations. Sample debt service schedules can be found on the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls), then click on Financial Management Assistance and then Financial Calculators and Sample Forms.

#### **25. Seek Training Opportunities; Communicate with Peers**

The treasurer plays an important financial role and the town benefits as her knowledge and experience grows. For her part, the treasurer should not hesitate to communicate with her counterparts in nearby communities with questions on procedure, law and sound practices. She should also take advantage of educational opportunities sponsored, for instance, by the Massachusetts Collectors and Treasurers Association. For its part, the town should commit to covering the cost of opportunities for enhanced training.

#### **26. Organize Tax Title Accounts**

Tax title accounts were poor in condition when the treasurer took office. She has begun a labor intensive effort to confirm and organize records and formalize a tax title program. We encourage her to seek guidance from peers in neighboring towns to better understand statutory requirements as well as optional, low cost steps that treasurers can take to implement an effective program.

## Payroll

The town contracts with Peoples' United Bank for payroll services. The bank receives pay period information from that treasurer, processes the payroll and sends various hardcopy reports to the accountant including a cash analysis report, direct deposit report, tax liability report and check register. The accountant then creates the warrant and on approval of the selectmen, the bank returns hardcopy checks, transfers direct deposits and disburses checks or wires to cover withholdings. To do so, the bank is authorized to affix the treasurer's signature as needed. The treasurer receives copies of reports from the accountant, then continues a past practice of re-keying check register data into QuickBooks.

We recommend the treasurer take the following steps to improve the payroll process.

### **27. Create a Standard Form Timesheet**

The town's personnel policy requires employees to complete and sign daily timesheets with information specified in Sections 3.2.3 and 11.9.1. Timesheets are intended to provide the detail of employee hours for each day of the pay period, i.e., the actual number of hours charged to regular time, sick, vacation or compensatory time, etc. To complete this task, we recommend that the treasurer create standard form timesheets for use by each town employee. This approach helps ensure that all employees are providing the same information on timesheets and comply with the town's personnel policy. It also establishes a standard practice and consistent record, which will benefit the town should a payroll or accrued absences dispute arise. For a sample timesheet, go to [www.mass.gov/dls](http://www.mass.gov/dls), then click on Financial Management Assistance and then Financial Calculators and Sample Forms.

### **28. Department Heads Submit Cover Sheets; Retrain Individual Timesheets**

While Section 11.9.1 allows an employee to submit a timesheet directly to the Payroll Manager/Treasurer, the requirement in Section 3.2.3 that department heads submit the timesheets complies with state law (M.G.L. Ch.41, §41). However, rather than attaching individual timesheets to cover sheets, we recommend that departments heads, or an assigned staff member, submit only a cover sheet to the treasurer listing all department employees with a total amount of each type of time used during the pay period. The cover sheet must be signed by the department head. In accordance with Section 3.2.4 of the personnel policy, individual timesheets would remain with departments as a permanent record.

## **29. Cease Re-Entering Payroll Data**

We recommend that the treasurer cease the past practice of re-entering information that is already documented in Fundware and on bank-generated reports. This includes payroll and vendor check registers she re-keys into QuickBooks. As noted, total disbursements by warrant should instead be entered into the cash book. The hardcopy reports provide details when research is required.

We encourage the treasurer to consult the state municipal record retention manual<sup>4</sup> under records-in-common and treasurer. It appears that state law requires the information in question be retained until the administrative use ends. In this case, she should receive and retain hardcopy reports. She might also explore what information can be exported in Excel, from the bank's software and from the accountant's Fundware system. She should be provided with read-only access to Fundware as well and, if possible, to the bank's software.

## **30. Implement Direct Deposit Town-Wide**

Approximately 50 percent of town employees take advantage of direct deposit. We recommend that the treasurer work with the administrative assistant and selectmen to implement a program to expend direct deposit to all employees on the payroll. For the town, direct deposit reduces the cost of issuing pay checks and prevents the need to reissue lost checks. Because funds are automatically deposited to employee bank accounts, there are no outstanding checks, which simplifies the reconciliation of the town's payroll bank account. For employees, direct deposit is safer, generally more convenient and money is immediately available on the pay date. This program can be implemented through formal adoption of a policy by the board of selectmen or a bylaw by town meeting. However, employees must agree to participate.

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<sup>4</sup> [http://www.sec.state.ma.us/arc/arcpdf/MA\\_Municipal\\_Records\\_Retention\\_Manual.pdf](http://www.sec.state.ma.us/arc/arcpdf/MA_Municipal_Records_Retention_Manual.pdf) ;

## Collector

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 regularly reconciled to internal records and then with the accountant's general ledger. Credit reports should be run as appropriate 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. In most communities, the collector manages the contractual agreement with the Deputy Collector.

The Bernardston tax collector is elected and has held the position for 16 years. She works in her town hall office nine hours a week, but states that she devotes 12-to-15 hours a week to the job. She has no staff. She uses MuniWare, a locally developed and supported tax and excise receipts software application, as well as Microsoft Excel and Word. She is bonded.

The collector's office receives tax payments for 1,332 real estate parcels and personal property accounts semi-annually, and excise payments for about 3,000 vehicles annually. Payments are made over-the-counter at the collector's office and by mail. Approximately 40 percent of the real estate payments are received from third party escrow companies. It is our understanding that residents will also slip payments under the office door during off hours. In addition, the collector separately sends out approximately 800 bills for the Bernardston fire and water districts twice each year.

The collector manually records payments in resident accounts in MuniWare, has a sound practice for reconciling totals and deposits receipts to a bank account under her control. She turns receipts over to the treasurer after five-to-seven days to allow checks to clear. Although a receivable control is available in MuniWare, she reconciles receivables with her internal records and with the accountant's general ledger only at year-end. Town submissions to DOR indicate small unresolved receivable variances in recent years. She also maintains duplicate manual records of receipts.

The collector sends demand notices soon after the final real estate payment is due, and although placing properties in tax title lags, the process appears to be effective over the long term. The town's deputy collector, Kelly & Ryan, pursues delinquent motor vehicle excise accounts.

The collector backs-up resident account information and collections data onto two flash drives typically twice a week. One flash drive remains in a town hall safe. The second is stored off-site.

Conclusion. The collector effectively fulfills the legal responsibilities of her office and safeguards town data. She has long time practices in place, including some manual recordkeeping, to which she is committed. Nonetheless, we offer recommendations that are intended to help create greater efficiencies in the office and enhance public service. They reflect practices increasingly adopted in other towns across Massachusetts. One addresses an important financial check and balance.

### **31. Reconcile Receivables Quarterly**

We recommend that the collector produce a “control report” from MuniWare each quarter, complete an internal verification of balances and then present the balances to the accountant for comparison to the general ledger. If receivable balances do not match, the collector and the accountant must return to their respective source documents to verify that data entries are accurate and timing issues are resolved. Through this process variances can be resolved.

This is an important check and balance, as well as a fiduciary obligation. Absent reconciliations, the official financial records of the town, which are maintained by the accountant, are not accurate. Submissions to DOR show receivable variances, albeit small, consistently in the last few years. In its 2011 management letter, the town’s independent auditor also commented on the infrequency of receivable reconciliations. It further states that when they occur, reconciliations are a means to identify errors and irregularities in a timely way as well as promote routine accountability. The accountant and the collector should agree on a date every three months to perform this function.

### **32. Expand Bill Paying Options**

Bernardston residents and others have limited options for paying real estate and excise bills. They can mail payments or carry them to town hall. Payments might be left even if the collector is not present. Two ways to expand those options are to enable on-line payments by credit card and to place a lock box outside town hall. It is our understanding that, to her credit, the collector has already taken initiatives to enable on-line payments.

Offering on-line payment capability is commonplace in Massachusetts as residents are increasingly comfortable conducting on-line transactions. Today, encrypting is sophisticated, routine and provides a high level of security. To enable on-line payments, a link on the town website would direct people to the financial institution with which the town has an agreement.

The bank would receive payments and attach its credit card fees. Funds due the town would be deposited directly to the treasurer's bank account. Daily electronic reports would allow payment information to be uploaded to MuniWare, thereby reducing data entry by the collector.

By placing a lock box outside town hall, residents would have the convenience of dropping off payments at any time of day on any day of the week. These boxes are typically constructed and secured sufficiently to resist unauthorized entry, damage or theft. A lock box also represents a preferably option to sliding a payment under the office door of the collector. If the collector empties the box during her off hours, payment envelopes should remain in town hall, secured in her office and in a safe.

### **33. Deposit to Treasurer's Account; Utilize a Counter Scanner**

The maintenance of a separate bank account into which a collector deposits tax and excise receipts is a holdover practice. Its primary justification was to allow checks to clear before turning funds over to the treasurer, which by statute must occur weekly. Mindful that statutes also entrust care and custody of all town money to the treasurer and that the treasurer already tracks and acts on returned checks, many collector's today deposit directly to the treasurer's general account. The collector would still prepare and deliver turnover sheets with deposit slips attached for the treasurer and accountant to create a paper trail. With this change, funds are more quickly available to the town to ease cash flow, the treasurer has control of all bank accounts, and the collector is relieved of maintaining a bank account and pursuing bounced checks.

Additionally, like the treasurer, the collector could install a countertop scanner to electronically deposit checks directly to the treasurer's bank account. Deposits are immediate and posting is electronic, again, freeing up the collector's time. Checks need not be physically delivered to the bank as reports will provide an image of the checks as well as an accounting of deposit details.

### **34. Receive Escrow Payments Electronically**

A mortgagee often receives monthly amounts from a homeowner in addition to debt service, which it holds in escrow for payment of property taxes during the year. The third party payer learns from the collector how much in taxes are due its clients and then sends payments. Often times, payments come in one lump sum with allocation details in a hardcopy list. The collector manually keys in the payments to the property taxpayer account in MuniWare. Even though the collector indicates that this manual process does not impose a heavy burden, we recommend she request payments in an electronic format that will automatically upload into the MuniWare. If she is expending time researching the tax bill information the third party payers require, we suggest she send them a disk containing the property tax commitment, so they can conduct their own research. These are common practices throughout Massachusetts towns.

## Assessors

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 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 on-site property. 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 document an annual property value adjustment analysis and to prepare for State certification of property values every three years.

According to the town's FY2013 LA-4 form filed with DOR, there are 1,332 total parcels in Bernardston of which 808 are residential, 52 commercial/industrial, 11 are multi-use, 285 are vacant, an additional 120 parcels are in chapter land and there are 56 personal property accounts. All are billed on a preliminary semi-annual basis. Annual motor vehicle commitments total about 3,000 accounts. The office typically receives 10-15 abatement applications a year. The office also send out approximately 800 tax bills for the Bernardston water and sewer districts.

A three member, part-time elected board of assessor's oversees the operation of the department and otherwise fulfills statutory responsibilities. Two members have served for over 20 years and one has seven years on the board. All are certified. The office is staffed by a 30-hour per week assistant assessor, who has held the position for nine years. She completes all the routine assessing department duties, works with the board and with the public. Annual valuation analyses, including building permit, sale and cyclical property inspections are conducted by Roy Bishop, a consultant who has had a contractual relationship with the town for ten years or more. He is compensated \$1,700 in non-revaluation years and \$12,000 every third year to prepare for the DLS review and certification of town property values. The office uses the Computer Assisted Mass Appraisal (CAMA) software provided by the Community Software Consortium (CSC) and supported by DLS. Property data is available on-line through the CSC web site. The assistant assessor backs-up property data typically once a week to a compact disk, which is only sometimes, stored offsite.

Conclusion - In the opinion of the town's BLA community advisor, the assessing office fulfills its legal obligations and complies with BLA accepted practices and state regulations. Property records are kept up-to-date through regular inspections. Tax bills are generated and converted to the collector's MuniWare software with little difficulty. The assistant assessor works effectively with the deputy collector, Kelly & Ryan to produce and mail motor vehicle excise throughout the

year. New growth is determined timely for the Tax Recap Sheet as is the overlay for the annual budget. Our only recommendations for the office speak to a Geographical Information System (GIS) and the department webpage.

### **35. Accept the Community Software Consortium Cloud Version**

If the assessors' office moved to the cloud version of the CSC software, the appraisal application as well as property data and other information would reside outside of town hall. It would be accessed from the assessing department through the Internet with password protections. This arrangement already exists in the accountant's office. Data backups and software upgrades would all happen automatically with a reduction or elimination of cost to the town. Still, whatever data remains local needs to be aggressively protected. There may be an opportunity to be part of beta testing the cloud version for FY2014, otherwise, the anticipated release date is for FY2015.

### **36. Work with Planning Board to Prepare for GIS**

Recorded plans, showing subdivisions and lot splits, arrive from the Franklin County Registry of Deeds in hard copy. When the plans are sent to an outside engineering firm each year for the purpose of updating the official assessors' maps, they are converted to a digital format. This is done apparently with the expectation that GIS will be introduced into the assessors' office.

As a cost savings, we recommend that the assessing office work with the planning board to require that all subdivision and lot split plans be submitted to it be in an electronic format. The planning board is within its authority to impose this requirement. Although plans would continue to arrive from the registry in hardcopy, the planning board could provide the assessors with an electronic copy. The town will then avoid the cost for the conversion of plans when the assessing maps are updated and be better prepared for GIS.

### **37. Improve Department Website**

Like many town departments, other than contact information, the assessing related information on the department website is sparse. We recommend that the assessors make contact information, common forms and other user content available to the public on-line. Communities are finding that user-friendly and informative websites are successful in reducing the amount of time that staff spend fielding questions in person or on the phone. On-line access to information is also, not just a convenience, but an expectation of residents and taxpayers. Toward this end, we suggest the assistant assessor work with the Board of Assessors to consider ways to create a more effective website. Examples can be found in the websites of other towns. We have made website improvement a general recommendation and only reiterate here because residents tend to have greater reason to interact with the assessors' office than with most other town departments.

## Appendix A

The budget format that follows is for illustration purposes only. While the dollar amounts were drawn from the town's FY2013 appropriation request as presented in the 2012 annual town meeting article, no guarantee of accuracy is provided.

<b>TOWN OF BERNARDSTON OPERATING BUDGET</b>		FY2009 Expended	FY2012 Budget	Proposed FY2013 Budget	\$ Change FY13 vs. FY12	% Change FY13 vs. FY12
1	Moderator Stipend		<b>230</b>	<b>230</b>	0	0.0%
	<u>Selectmen's Department</u>					
2	Selectmen Stipends		6,050	6,050	0	0.0%
3	Town Administrator		39,140	45,846	6,706	17.1%
4	Expenses		3,000	3,000	0	0.0%
5	Memorial Day		500	500	0	0.0%
6	Town Reports / printing		2,000	1,500	(500)	-25.0%
7	Town Counsel		15,000	15,000	0	0.0%
8	Town Hall Expense		30,000	30,141	141	0.5%
			<b>95,690</b>	<b>102,037</b>	6,347	6.6%
	<u>Accounting Department (See FRCOG)</u>					
9	Salaries					
10	Expenses			<b>0</b>		
	<u>Assessors Department</u>					
11	Assessors' Stipends		3,050	3,050	0	0.0%
12	Assessors Assistant		29,226	29,957	731	2.5%
13	Expenses		6,600	6,600	0	0.0%
			<b>38,876</b>	<b>39,607</b>	731	1.9%
	<u>Treasurer's Department</u>					
14	Treasurer Stipend		14,000	14,000	0	0.0%
15	Expenses		5,525	5,775	250	4.5%
16	Town Officer's Bonds		1,100	1,100	0	0.0%
			<b>20,625</b>	<b>20,875</b>	250	1.2%
	<u>Debt Service</u>					
17	Short Term Borrowing		100	100	0	0.0%
18	Long Term Principal / Interest		76,952	74,360	(2,592)	-3.4%
			<b>77,052</b>	<b>74,460</b>	(2,592)	-3.4%
	<u>Tax Collector's Department</u>					
19	Collector Stipend		9,889	9,889	0	0.0%
20	Expenses		7,000	7,000	0	0.0%
			<b>16,889</b>	<b>16,889</b>	<b>0</b>	0.0%
	<u>Town Clerk Department</u>					
21	Town Clerk Stipend		10,433	10,433	0	0.0%
22	Expenses		3,500	3,500	0	0.0%
23	Elections/Registration		4,770	4,770	0	0.0%
24	Registrars Stipends		365	365	0	0.0%
25	Town Records Preservation		0	4,000	4,000	
			<b>19,068</b>	<b>23,068</b>	4,000	21.0%
	<u>Library Department</u>					
26	Salaries				0	
27	Expenses				0	
			<b>57,748</b>	<b>65,610</b>	7,862	13.6%

<u>Board of Health</u>					
28	BOH Stipends	3,200	3,200	0	0.0%
29	Health Agent Stipend	0	7,000	7,000	
30	Expenses	6,000	6,000	0	0.0%
	-	<b>9,200</b>	<b>16,200</b>	<b>7,000</b>	76.1%
<u>Other Boards and Committees</u>					
31	Agricultural Commission	350	350	0	0.0%
32	Appeals Board (Zoning)	250	250	0	0.0%
33	Conservation Commission	750	1,250	500	66.7%
34	Council on Aging	30,169	47,489	17,320	57.4%
35	Powers Institute	32,564	34,965	2,401	7.4%
36	Cultural Council	100	100	0	0.0%
37	Emergency Management	5,197	10,000	4,803	92.4%
38	Historical Commission	400	400	0	0.0%
39	Planning Board	4,000	4,500	500	12.5%
		<b>73,780</b>	<b>99,304</b>	<b>25,524</b>	34.6%
<u>Veterans' Office</u>					
40	Veterans' Benefits	1,000	1,000	0	0.0%
41	Veterans' Services	3,705	3,253	(452)	-12.2%
42	Veterans' Memorial Committee	1,000	1,000	0	0.0%
		<b>5,705</b>	<b>5,253</b>	<b>(452)</b>	-7.9%
<u>Franklin Regional Council of Governments</u>					
43	Statutory Charges / Core Service Assessment	14,158	14,576	418	3.0%
44	Accounting Program	18,367	18,663	296	1.6%
45	Procurement Services	2,671	2,346	(325)	-12.2%
46	Health Inspections	6,552		(6,552)	-100.0%
47	Emergency Communications	3,540	3,829	289	8.2%
48	Regional Emergency Planning Committee		100	100	
49	Building Inspection Program	33,742	6,500	(27,242)	-80.7%
		<b>79,030</b>	<b>46,014</b>	<b>(33,016)</b>	-41.8%
<u>Pension &amp; Insurance</u>					
50	Franklin County Retirement	69,818	70,174	356	0.5%
51	Property & Casualty Insurance	42,000	45,000	3,000	7.1%
52	Employee Health, Dental, Life Insurance	109,559	120,282	10,723	9.8%
53	Medicare	9,000	12,900	3,900	43.3%
54	Social Security	100	100	0	0.0%
55	Unemployment Compensation	4,900	6,500	1,600	32.7%
		<b>235,377</b>	<b>254,956</b>	<b>19,579</b>	8.3%
<u>Fire Department</u>					
56	Salaries			0	
57	Expenses			0	
		<b>73,415</b>	<b>78,950</b>	<b>5,535</b>	7.5%
<u>Police Department</u>					
58	Salaries			0	
59	Expenses			0	
60	Overtime			0	
		<b>212,941</b>	<b>221,824</b>	<b>8,883</b>	4.2%
<u>Highway Department</u>					
61	Salaries			0	
62	Expenses			0	
63	Transfer Station			0	
		<b>282,731</b>	<b>286,639</b>	<b>3,908</b>	1.4%
<u>Other Public Works</u>					
64	Franklin County Solid Waste District	5,500	5,500	0	0.0%
65	Old Cemetery	800	1,200	400	50.0%
66	Street Lights	4,000	4,000	0	0.0%
67	Tree Warden	4,735	4,735	0	0.0%
68	Barn Inspections	750	750	0	0.0%

		<b>15,785</b>	<b>16,185</b>	<b>400</b>	2.5%
	<u>School Department</u>				
69	School Committee Stipends	800	800	0	0.0%
70	Regional School District	2,177,163	2,266,691	89,528	4.1%
71	Franklin County Technical School District	115,525	113,056	(2,469)	-2.1%
72	Regional School District	0	175,310	175,310	
73	Out-of-district Student Tuition	14,100			
74	Out-of-district Student Transportation	16,000			
		<b>2,323,588</b>	<b>2,380,547</b>	<b>56,959</b>	2.5%
	<u>Reserves</u>				
75	Finance Committee Reserve	20,000	20,000	0	0.0%
76	Renovate / Construct Town Buildings Fund	15,000	15,000	0	0.0%
77	Vehicle Replacement Stabilization Fund	4,000	40,000	36,000	900.0%
78	General Stabilization Fund	100,000	66,000	(34,000)	-34.0%
		<b>139,000</b>	<b>141,000</b>	<b>2,000</b>	1.4%
<b>TOTAL OPERATING BUDGET</b>		<b>0 3,776,500</b>	<b>3,889,418</b>	<b>112,918</b>	<b>3.0%</b>

<b>OTHER BUDGETED EXPENDITURES</b>	FY2009 Expended	FY2012 Budget	Proposed FY2013 Budget	\$ Change FY13 vs. FY12	% Change FY13 vs. FY12
Article					
Revaluation for FY2013 - Art. XX		4,000	4,000	0	0.0%
Town Independent Audit - Art. XX			5,000		
Capital Expenditures - Art. XX					
<b>TOTAL OTHER BUDGETED EXPENDITURES</b>	<b>0</b>	<b>4,000</b>	<b>9,000</b>	<b>0</b>	<b>0.0%</b>

## Appendix B

As an alternative, the budget may be formatted to mirror Schedule A headings where departments would be placed under general areas or divisions of government. The Schedule A organization of expenditures follows the outline below, which is best regarded as a guide and not required in every respect.

### General Government

- Legislative
- Executive
- Accountant
- Assessors
- Treasurer
- Collector
- Operations Support
- Law
- License and Registration
- Land Use
- Conservation Commission
- Public Buildings/Property Maintenance
- Other

### Public Safety

- Police
- Fire
- Emergency Medical
- Inspection
- Other

### Education

### Public Works

- Highways
- Street Lighting
- Waste Collection & Disposal
- Sewer Collection & Disposal
- Water Distribution
- Parking Garage
- Other

### Health Services

- Health Services
- Clinical Services
- Special Programs
- Veteran's Programs
- Other

## Culture &amp; Recreation

- Library
- Recreation
- Parks
- Historical Commission
- Celebrations
- Other

## Debt Service

- Debt principal payments
- Long-term debt interest
- Short-term debt interest
- Other Interest

## Unclassified

- Retirement
- Workers Compensation
- Unemployment
- Health Insurance
- Other Employee Benefits
- Court Judgments
- Other Insurance
- Intergovernmental Assessments

## Appendix C

### Comparable Towns

<b>Municipality</b>	<b>2010 Popu</b>	<b>Land Area</b>	<b>2013 Budget</b>	<b>Avg Res Assd Val</b>	<b>Avg Res Tax Bill</b>	<b>2008 DOR Inc / Cap</b>	<b>2010 EQV/cap</b>
Ashfield	1,737	40.3	4,204,129	224,891	3,398	21,777	132,016
Buckland	1,902	19.6	4,201,282	211,697	3,150	17,792	112,509
Charlemont	1,266	26.1	2,971,991	144,040	2,462	18,768	102,779
Colrain	1,671	43.4	3,520,881	178,076	2,910	21,142	95,644
Conway	1,897	37.7	6,159,817	289,600	3,968	39,557	141,551
Gill	1,500	14.0	2,958,305	202,615	3,108	23,466	114,636
Leverett	1,851	22.9	6,252,127	301,703	5,630	34,338	158,900
Northfield	3,032	34.4	7,638,975	*218,329	*3,078	22,837	123,396
Shelburne	1,893	23.3	4,077,498	244,426	3,175	17,982	117,796
Shutesbury	1,771	26.6	5,942,933	275,789	3,704	20,662	115,118
Sunderland	3,684	14.4	7,960,056	275,928	3,706	22,532	93,626
Whately	1,496	20.2	5,401,111	225,090	3,439	19,767	153,425
<b>Average</b>	<b>1,975</b>	<b>26.9</b>	<b>5,107,425</b>	<b>233,987</b>	<b>3,514</b>	<b>23,385</b>	<b>121,783</b>
<b>Bernardston</b>	<b>2,129</b>	<b>23.4</b>	<b>4,505,765</b>	<b>205,240</b>	<b>3,458</b>	<b>23,523</b>	<b>100,465</b>

<b>2013</b>	<b>Tax Levy</b>	<b>State Aid</b>	<b>Local Receipts</b>	<b>Other</b>	<b>Total</b>	<b>% Levy</b>	<b>% state</b>	<b>% Loc Rec</b>	<b>% Other</b>
Ashfield	3,330,084	266,014	391,178	217,149	4,204,425	79.2%	6.3%	9.3%	5.2%
Buckland	3,167,081	322,116	520,029	192,056	4,201,282	75.4%	7.7%	12.4%	4.6%
Charlemont	2,188,119	312,057	219,800	252,014	2,971,990	73.6%	10.5%	7.4%	8.5%
Colrain	2,677,841	310,174	191,000	341,866	3,520,881	76.1%	8.8%	5.4%	9.7%
Conway	3,483,809	852,727	509,544	0	4,846,080	71.9%	17.6%	10.5%	0.0%
Gill	2,288,974	234,005	243,032	192,294	2,958,305	77.4%	7.9%	8.2%	6.5%
Leverett	4,685,726	616,383	705,621	244,397	6,252,127	74.9%	9.9%	11.3%	3.9%
Northfield	6,345,748	378,875	400,925	513,427	7,638,975	83.1%	5.0%	5.2%	6.7%
Shelburne	2,984,069	267,843	432,740	392,846	4,077,498	73.2%	6.6%	10.6%	9.6%
Shutesbury	4,364,506	752,018	566,750	76,153	5,759,427	75.8%	13.1%	9.8%	1.3%
Sunderland	4,634,788	1,544,955	659,288	1,121,025	7,960,056	58.2%	19.4%	8.3%	14.1%
Whately	3,750,782	667,918	728,910	253,500	5,401,111	69.4%	12.4%	13.5%	4.7%
<b>Average</b>	<b>3,658,461</b>	<b>543,757</b>	<b>464,068</b>	<b>316,394</b>	<b>4,982,680</b>	<b>73.4%</b>	<b>10.9%</b>	<b>9.3%</b>	<b>6.3%</b>
<b>Bernardston</b>	<b>3,557,848</b>	<b>290,109</b>	<b>288,000</b>	<b>369,808</b>	<b>4,505,765</b>	<b>79.0%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>8.2%</b>
<b>2003</b>	<b>2,133,678</b>	<b>445,786</b>	<b>307,150</b>	<b>950,960</b>	<b>3,837,574</b>	<b>55.6%</b>	<b>11.6%</b>	<b>8.0%</b>	<b>24.8%</b>

## Acknowledgements

This report was prepared by the  
Department of Revenue, Division of Local Services:

Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs

Frederick E. Kingsley, Bureau Chief,  
Municipal Data Management and Technical Assistance Bureau

Joe Markarian, Director, Technical Assistance Section

Henry Williams, Field Representative, Bureau of Accounts

Joseph Barbieri, Community Advisor, Bureau of Local Assessment

In preparing this review DLS staff interviewed and/or received  
information from the following local officials:

Virginia Budness, Chairperson, Board of Selectmen

Robert Raymond, Selectman

Louis Bordeaux, Selectman

Hugh Campbell, Town Administrative Assistant

Jane Dutcher, Chair, Finance Committee

Mona A. Minor, Collector

Melanie Lewis, Treasurer

Jill A. Watrous, Assistant Assessor

Joyce Muka, Town Accountant, FRCOG