

TOWN OF CARVER

FINANCIAL MANAGEMENT STRUCTURE | A COMMUNITY COMPACT INITIATIVE

FEBRUARY 2016



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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Mark E. Nunnely
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

February 23, 2016

Michael Milanoski
Town Administrator
108 Main Street
Carver, MA 02330

Dear Mr. Milanoski,

I am pleased to present the enclosed financial management structure review for the Town of Carver as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. As requested, this report outlines a clear path towards creating a single, consolidated municipal finance department under the direction of a newly appointed finance director. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

Sincerely,

Sean R. Cronin
Senior Deputy Commissioner

INTRODUCTION

At the request of the board of selectmen, a team from the Division of Local Services Technical Assistance Bureau reviewed the Town of Carver's financial management structure. This project was initiated through the Community Compact Cabinet, whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government. As a best practice, a well-organized financial management operation supports these ideals by streamlining reporting relationships, reinforcing policymaking efforts, strengthening internal controls, and building a more cohesive team environment.

Our report begins with a brief overview of Carver and how its financial management operations of the town accountant, treasurer/collector, and assessor are currently organized. We then outline steps to build a more effective model by restructuring these functions into a single, consolidated, municipal finance department led by an appointed finance director. We conclude the report with a series of other opportunities we observed during our visit to restructure town operations.

Based on our study, Carver could benefit by consolidating its existing financial management operations into a municipal financial department. Serving simultaneously as town accountant, the finance director would be responsible for coordinating, supervising, and directing the town's financial activities. We feel that when fully empowered, this individual would be in the best position to orchestrate day-to-day operations and provide guidance to the town administrator and policymakers regarding the Carver's financial condition and management.

In many ways, this change would serve as a capstone to reforms initiated since our 2011 financial review of Carver and the management changeovers that occurred subsequently. Under the leadership of the current town administrator and select board, the town changed from an elected to an appointed treasurer/collector, consolidated its planning and building functions, and instituted a five-year capital plan, long-range forecast, and various financial policies. Still, opportunities exist to improve Carver's overall financial management operations and to move toward a more financially sustainable model.

OVERVIEW

The Town of Carver is a largely rural, agricultural community of about 11,500 residents in southeastern Massachusetts. Although cranberry and other farming-related activities encompass over half of the town's total acreage, its commercial and industrial sector comprises only 12.6

percent of the property tax base. Also, manufactured homes in Carver account for about 25 percent of the total number of households in town but only contribute about three percent of property taxes. Single-family residents therefore shoulder the bulk of the tax levy, which funds just over half of Carver's \$41.7m FY2016 total operating budget.

Despite its rural character, Carver provides a full array of local services, including a full-time police force, call fire department, public works, and library. The town also delivers pre-k through 12th grade education to about 1,600 students, while vocational training is offered through the Old Colony Regional Vocational Technical School in Rochester. Carver's education-related expenditures make up about 66 percent of the general fund budget, which ranks fourth among the 351 communities statewide. Altogether, Carver has about 340 full-time equivalent employees, the bulk of whom work for the local school district. Last year, Carver's average single-family tax bill of \$4,407 ranked amongst the lowest in Plymouth County and 171st statewide.

Carver operates under a board of selectmen-open town meeting form of government. The elected, five-member select board serves as the town's chief policymaking body, while legislative responsibilities are carried out by town meeting. The town's eight-member finance committee advocates on residents' behalf at town meeting as a fiscal watchdog. There is also a capital outlay committee that helps prepare the town's annual capital improvement plan, which the town administrator presents to town meeting.

The town administrator's position was created through a special act in the mid-90s, but its role is defined by local bylaw. The town administrator is appointed by the selectmen and functions as Carver's chief administrative and financial officer. Managing 16 direct reports, he oversees the town's day-to-day operations encompassing administration, finance, human services, infrastructure, planning, inspections, and public safety. He is also chiefly responsible for developing the annual budget and related documents for town meeting, negotiating all contracts and collective bargaining agreements on the select board's behalf, reviewing payroll and vendor warrants, developing bid specifications and proposals for goods and services, and administering town policies, procedures, rules, and other regulations.

From our vantage point, the arrival of the current town administrator in late 2013 marked Carver's transition year. At that time, the town was in upheaval over a series of top-level resignations and retirements among its management. Carver's long-time town administrator, as well as its well-respected town accountant, police chief, and building inspector had all resigned. The town clerk and the town administrator's assistant also retired, and the treasurer/collector lost his reelection bid to his assistant. Citing our 2011 financial management review, residents also took it upon themselves

to adopt a bylaw limiting paid town staff from serving on the board of selectmen, which directly led to turnover among its majority members.

Since that time, however, Carver's trajectory has shifted in a more positive direction. Today, there is a highly-effective town accountant in place, and the town administrator has strengthened financial practices by instituting a five-year capital plan, long-range forecast, and various financial policies. The select board and town administrator also meet annually to set clear goals for the community. Among them, there is a strong desire to streamline town operations through consolidation, regional cooperation, and shared services. In this spirit, Carver's building and planning functions were recently consolidated, and local leaders are in discussions with neighboring community partners to regionalize services. Together, the select board and town administrator also requested our assistance to explore the consolidation of the town's financial management offices.

Included in the Appendix is a chart comparing Carver's demographic and financial statistics to its peers, the county, and the state.

CURRENT FINANCIAL MANAGEMENT STRUCTURE

To assess the feasibility of consolidating Carver's financial offices into a single finance department, we reviewed its overall governance structure and the roles and responsibilities of staff within the accounting, treasury, collections, and assessing functions.

The accountant's office has a legal obligation to oversee all financial activity of the 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 internal controls established by state statute to monitor and protect local assets. To fulfill this responsibility, the office prepares payroll and vendor warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; and reconciles cash, receivables and debt with the treasurer/collector. In addition, the accountant tracks revenue and expenditures, and is involved in the annual budget process. The town accountant has been with Carver for three years and previously worked in Scituate and Hanson. Her office includes a full-time assistant town accountant.

Treasury and collection responsibilities in Carver are functionally combined into one office headed by an elected treasurer/collector. As treasurer, she functions as the town's cash manager and has custody of all municipal funds. Included is the responsibility to post and deposit town receipts into

appropriate bank accounts and to monitor balances to ensure that sufficient funds are available to cover obligations. With direct oversight from the town administrator, she also invests town funds and manages debt to maximize investment income and meet cash flow needs. The treasurer maintains a cashbook, debt schedule, check registers and various logs to track balances for trusts, revolving funds and special revenue funds. As a financial control, she is obligated to reconcile cash balances and debt, both internally and with the accountant, on a regular basis. The treasurer also maintains tax title accounts and prepares documents to petition for foreclosure. The town's biweekly payroll and employee insurance benefits are also handled through the department.

As the town's collector, she possesses the authority to receive all payments due, including property taxes, excises, and certain other charges. She has the responsibility to make certain that collections are properly counted, posted to taxpayer accounts, and turned over. She also pursues delinquent accounts and then moves them into tax title accounts. To be successful, she must maintain an up-to-date receivable control that is reconciled with the accountant regularly. The department should run credit reports as appropriate and complete necessary research to confirm when refunds are due. In accordance with state law, the collector is also required to respond to requests for municipal lien certificates.

The current treasurer/collector has held the position for about three years and works full-time. She previously served as the town's long-time assistant collector before her election in 2013. Her support staff, which includes a full-time assistant treasurer/collector, a full-time payroll and benefits coordinator, and two part-time department assistants, is fairly robust in comparison to peer communities. She also received assistance from an outside consultant over the last year to manage reconciliations and other, higher-level executive matters in coordination with the town administrator and town accountant.

The assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitments authorizing the treasurer/collector to collect real estate, personal property, and motor vehicle excise payments. To ensure residents are taxed equitably and accurately, the assessing office maintains and updates property records with information received in response to mailings, from deeds, and through the on-site inspections of sale properties and properties for which building permits have been issued. Additional information is gathered during an ongoing property measure and list program. Upon resident application, assessors act on and track exemptions and abatements. The department also estimates new growth, provides information for tax classification hearings, recommends the annual overlay, and provides levy information for use in the Tax Recap Sheet submitted to DOR for setting the tax rate.

The elected, three-member board of assessors signs off on the accuracy and fairness of property assessments, tax commitments, and abatements, while the department's director of assessing is chiefly responsible for managing day-to-day operations. The director supervises a full-time administrative assistant for clerical-related work and a full-time assessing technician, who conducts parcel inspection work. Periodic assistance and the town's Computer Assisted Mass Appraisal system (CAMA) are provided through an outside consultant, pk Valuation Group. The director of assessing has publicly stated her interest in retiring sometime this summer or early fall.

Included in the Appendix are an organizational chart and breakdown of compensation costs for Carver's current financial management operations.

PROPOSED CONSOLIDATED FINANCE DEPARTMENT

In an era of ever-increasing complexity and growing financial challenges, Carver should consider creating a consolidated finance department under the supervision of a finance director. By bringing together the accounting, treasury, collections, and assessing functions, the town is better positioned to administer its financial management activities more efficiently and effectively. This is achieved by streamlining reporting relationships between the town administrator, managers and staff; enhancing communication and collaboration to support accountability and team cohesiveness; and improving policymaking and long-term planning. Based on our observations, it also offers Carver the best opportunity to attract and retain strong employees in a niche, competitive environment.

Perhaps the most compelling reason to consolidate financial operations, however, is to streamline the number of direct reports to the town administrator. By reducing his total number from 16 to 14, he can build stronger relationships and apply more focus to the work at hand. With such a far-flung team as exists today, his span of leadership is less directed, as is his ability to gather information and ideas as they flow through the organization. In our view, a consolidated finance department model overpowers this paralysis.

As a core cabinet-level member, the finance director will undoubtedly play a critical, point-person role in analyzing policy, developing strategies, and advising the town administrator and policymakers. Better data integration and energized efforts encompassing capital planning, long-range forecasting, and financial policies will also drive performance, improve outcomes, and strengthen internal controls. We routinely opine on the benefits of a financial management team approach, which a finance director is best suited to nurture and manage on a day-to-day level.

Under our suggested structure, with which Carver's outside auditor agrees, the finance director would oversee the functions of accounting, treasury, collections, and assessing. These office managers would be appointed by the finance director upon approval of the town administrator. The finance director would also serve as the town accountant or other appropriate office manager to avoid the expense of an additional position. We caution, however, that the role of finance director is very different from that of town accountant or treasurer/collector. Although these positions require strong bookkeeping skills and attention to detail, a finance director must also possess leadership, teambuilding, and strategy setting abilities.

Collectively, our proposed reorganization includes six full-time and four part-time staff. Reporting to the finance director will be the assistant town accountant, treasurer/collector, and assessing office manager. The treasurer/collector's office also retains its assistant treasurer/collector and payroll and benefits coordinator under our structure. We then add two additional, part-time finance assistants to existing staff to create greater cross-training opportunities. We also explored, but ultimately veered away from an alternative departmental structure with a treasurer/assistant collector and collector/assistant treasurer as is done in a peer community.

Overall, our proposed structure reduces Carver's total number of financial management staff by one from the current nine full-time and two part-time employees today. This reduction and associated savings is largely achieved by outsourcing Carver's assessing function. There is a growing trend across the state toward using a private vendor or regionalizing certain assessing responsibilities. In doing so, we also recommend converting the town's elected board of assessors to appointed with either the new office manager or outside consultant serving as a board member. Evolving convention suggests that the board's role is driven less by policymaking than by responsibilities dictated by state statute. Local officials should also be aware that any transition could entail additional, one-time costs.

Overall, our approach offers Carver an opportunity to streamline operations while still maintaining a similar service level. The accounting, treasury, collections, and assessing functions would more or less continue to operate as they have but with additional part-time support. By doubling the number of financial assistants, the town can capitalize on cross-training efforts to ensure adequate backup in case of vacancies. It also creates a larger pool of ready-made job candidates if full-time positions were to open up. Lastly, this structure will help curb the increasingly difficult task of finding and retaining talented employees.

Included in the Appendix are an organizational chart and breakdown of compensation costs for our proposed consolidated finance department. In total, our model generates \$21k in savings as compared to the current structure.

The Appendix also includes sample special legislation to create a consolidated municipal finance department. We offer this language over the traditional process offered by [M.G.L 43C, §11](#) in order to shift the elected board of assessors to appointed. Alternatively, the town could choose to consolidate financial operations in stages by first changing the elected board of assessors to appointed using the special legislation process. Then, it could follow 43C, §11 to implement the consolidated municipal finance department (by ballot question and town meeting bylaw adoption).

OTHER OBSERVATIONS

During our one-on-one interviews with the town administrator, superintendent, department heads, and staff, we noted how various responsibilities and job functions are performed. From this analysis, we developed guidance on forming a consolidated municipal finance department. However, based on these observations, we believe there are other opportunities to codify certain roles, streamline operations, and improve overall performance.

- Town and school operations should work collaboratively to strengthen core practices by sharing certain services. Although information technology and facilities management are routinely cited as appropriate starting points, financial management activities related to payroll, procurement, and accounting should be similarly explored. Harvard and Barnstable are possible models.
- The outside auditor points out that certain “consolidated services,” such as health insurance, are split between the school district and town budget. Although this is likely a remnant of the district’s former regionalization with the Town of Plymouth, certain budget components should be budgeted centrally as one line item in the town budget.
- Human resource responsibilities are currently spread among several departments, including the town administrator and treasurer/collector. Instead, the town should explore consolidating these tasks under a single department. The same holds true for procurement, which could be handled centrally through one office rather than split between the town administrator, departments, and schools.

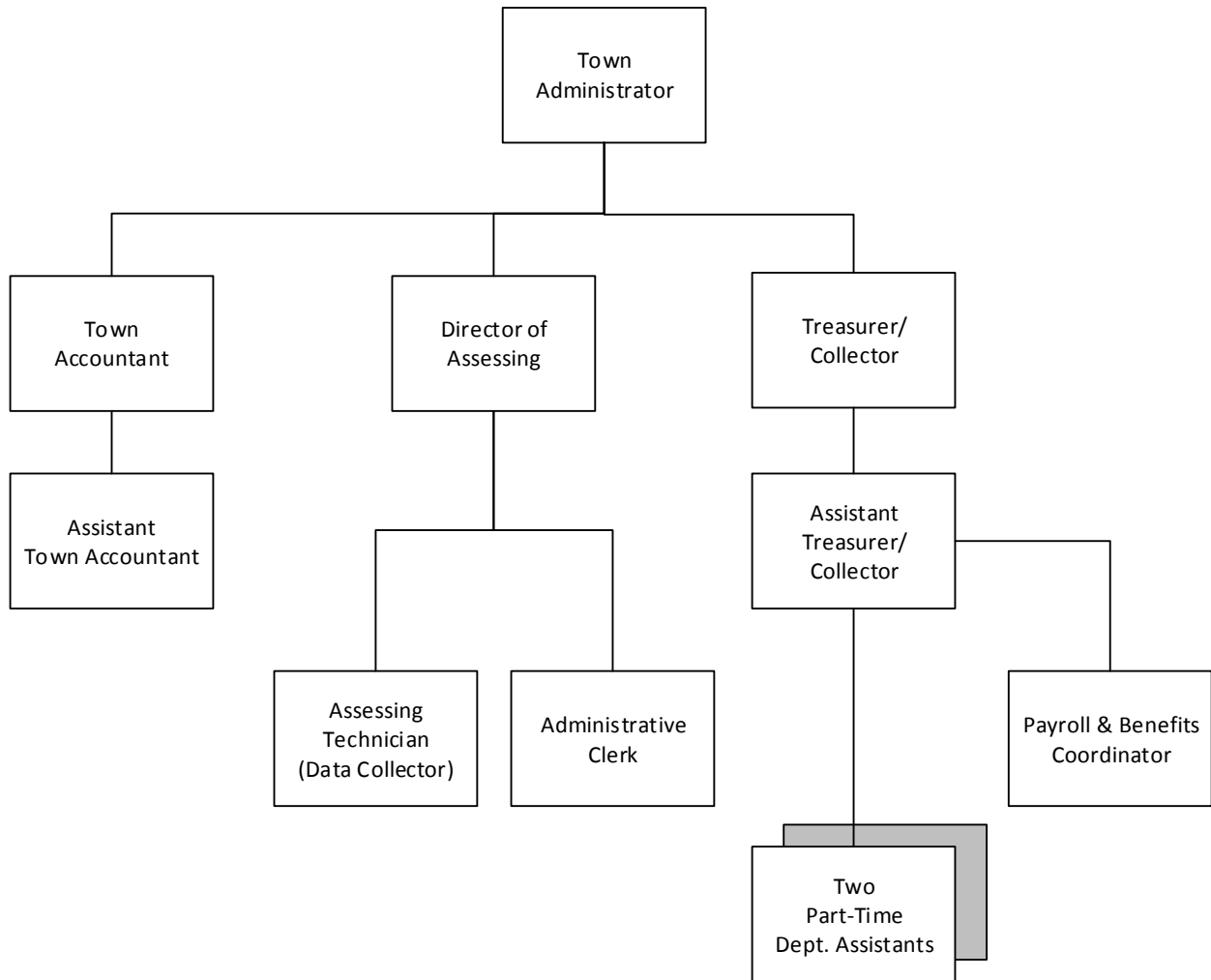
APPENDIX

Community Demographic and Financial Comparison

Municipality	County	Population	Average Single Family Tax Bill	Income Per Capita	EQV Per Capita	Land Area	CIP % of Total Value	Total Budget	Free Cash	Stabilization Fund	Moody's/S&P Bond Rating
Carver	Plymouth	11,494	\$4,407	\$26,196	\$105,107	37.6	18.2	\$38,902,581	\$1,177,446	\$1,600,608	A1/AA
Groton	Middlesex	11,115	7,279	56,475	143,803	32.8	6.3	36,852,564	1,181,587	1,998,120	Aa3/AA+
Kingston	Plymouth	12,819	5,567	32,740	143,844	18.5	13.3	50,075,726	2,375,841	1,690,959	Aa3/AA+
Lunenburg	Worcester	10,969	4,513	31,099	112,517	26.4	10.3	33,577,117	484,117	1,526,280	Aa3/AA+
Norwell	Plymouth	10,723	9,183	71,404	229,488	20.9	15.7	53,477,899	1,512,898	2,531,964	AAA
Palmer	Hampden	12,157	3,348	23,060	81,271	31.5	17.2	36,150,161	1,824,519	1,101,112	A1
Sturbridge	Worcester	9,407	4,918	37,356	130,136	37.4	18.9	36,663,736	2,177,198	1,898,336	Aa3/AA
Swansea	Bristol	16,079	3,303	28,165	123,755	23.1	16.4	41,459,445	2,578,729	1,468,999	A1/AA-
Uxbridge	Worcester	13,647	4,766	31,669	115,671	29.5	15.1	47,129,159	2,088,997	2,492,793	Aa3
Westport	Bristol	15,700	2,982	31,714	200,644	50.1	7.5	36,206,697	1,704,320	878,462	Aa3
Averages											
Peers		11,283	4,570	33,625	126,021	28.0	12.6	37,317,735	1,555,059	1,562,512	
County		15,686	5,493	37,387	163,914	24.6	13.9	55,836,686	2,233,150	1,941,866	
State		11,780	5,047	38,071	225,587	22.6	13.6	44,235,505	2,093,124	1,923,058	

Analysis is based on most recently available data for all communities and does not include cities.

Organizational Chart for Current Financial Management Operations

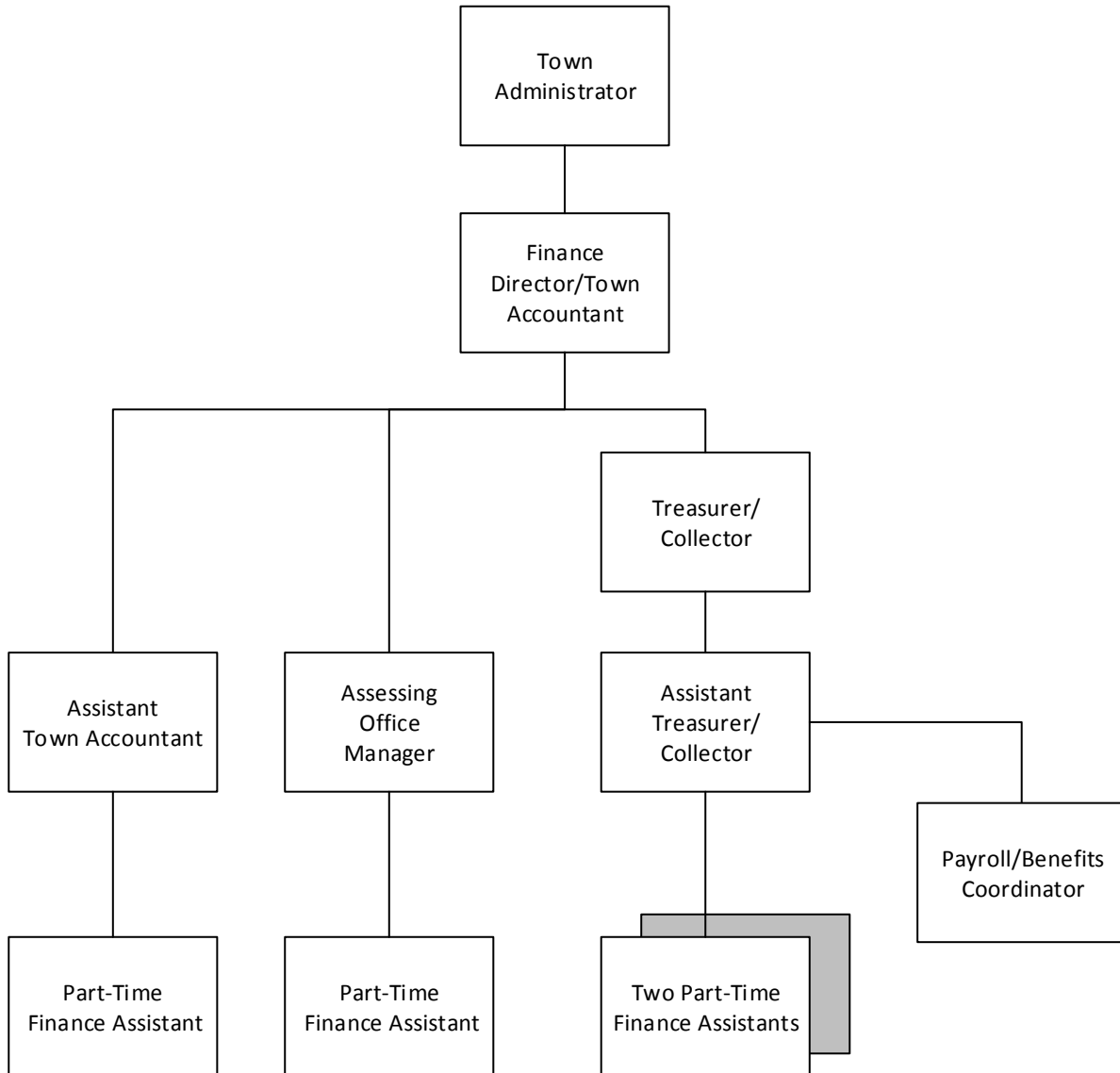


Compensation Costs for Current Financial Management Operations

Department/Position	Hours	Grade/Step	FY17 Salary Est.	FY17 Total Compensation Est.
<u>Town Administrator</u>				
Town Administrator	FT	Contract	\$125,610	\$169,574
Total BOS/Administration			125,610	169,574
<u>Town Accountant</u>				
Town Accountant	FT	Contract	87,029	117,489
Assistant Town Accountant	FT	SEIU Grade 5, Step 8	44,483	60,052
Total Town Accountant			131,511	177,540
<u>Assessing</u>				
Assessor		Elected	750	750
Assessor		Elected	750	750
Assessor		Elected	750	750
Director of Assessing	FT	Non-Union Grade D, Step 10	69,936	94,414
Administrative Clerk	FT	SEIU Grade 4, Step 7	34,909	47,127
Assessing Technician (Data Collector)	FT	SEIU Grade 4, Step 5	32,594	44,002
Total Assessing			139,689	187,793
<u>Treasurer/Collector</u>				
Treasurer/Collector	FT	Elected	80,005	108,006
Assistant Treasurer/Collector	FT	SEIU Grade 5, Step 3	39,372	53,152
Payroll & Benefits Coordinator	FT	SEIU Grade 4, Step 12	38,435	51,888
Department Assistant	19hrs	SEIU Grade 3, Step 3	15,383	17,229
Department Assistant	19hrs	SEIU Grade 3, Step 2	15,085	16,896
Total Treasurer/Collector			188,280	247,171
Total Compensation			\$585,091	\$782,078

Total Compensation is calculated using a full-time fringe benefit cost factor of 1.35 and part-time fringe benefit cost factor of 1.12

Organizational Structure for Proposed Consolidated Finance Department



Compensation Costs for Proposed Consolidated Finance Department

Department/Position	Hours	Grade/Step	FY17 Salary Est.	FY17 Total Compensation Est.
<u>Town Administrator</u>				
Town Administrator	FT	Contract	\$125,610	\$169,574
Total BOS/Administration			125,610	169,574
<u>Finance</u>				
Finance Director/Town Accountant	FT	Contract	105,000	141,750
Assistant Town Accountant	FT	SEIU Grade 5, Step 8	44,483	60,052
Principal Assessor Contract		Contract	55,000	55,000
Assessing Office Manager	FT	SEIU Grade 5, Step 1	38,856	52,455
Treasurer/Collector	FT	Non-Union Grade B, Step 7	81,291	109,743
Assistant Treasurer/Collector	FT	SEIU Grade 5, Step 3	39,372	53,152
Payroll & Benefits Coordinator	FT	SEIU Grade 4, Step 12	38,435	51,888
Finance Assistant	19hrs	SEIU Grade 3, Step 3	15,383	17,229
Finance Assistant	19hrs	SEIU Grade 3, Step 2	15,085	16,896
Finance Assistant	19hrs	SEIU Grade 3, Step 1	14,731	16,499
Finance Assistant	19hrs	SEIU Grade 3, Step 1	14,731	16,499
Total Finance			462,367	591,161
Total Compensation			\$587,977	\$760,735

New positions are shown in red

Total Compensation is calculated using a full-time fringe benefit cost factor of 1.35 and part-time fringe benefit cost factor of 1.12

Sample Special Legislation for Proposed Consolidated Finance Department

(This sample is subject to further development and refinement in consultation with the board of selectmen and town counsel.)

SECTION 1. Notwithstanding the provisions of any bylaw, rule or regulation to the contrary, the Town of Carver hereby establishes a consolidated municipal finance department.

SECTION 2. The finance department will include the functions and statutory duties of the town accountant, treasurer-collector and principal assessor, which will become divisions of the department. Department operations will include, but not be limited to, the following:

- (1) Coordination of all financial services and activities of the town
- (2) Maintenance of all account records and other financial statements for the town
- (3) Payment of all financial obligations on behalf of the town
- (4) Investment of town funds and management of debt
- (5) Receipt of all funds due the town from any source
- (6) Maintenance of a system of property valuation
- (7) Rendering of advice, guidance and recommendations to town departments, offices and boards in matters related to their financial or fiscal affairs
- (8) Routine monitoring and reporting of revenues and expenditures by town departments, offices and boards

SECTION 3. The department will be managed by a finance director, who will report to the town administrator. The finance director will be appointed by the town administrator subject to approval by the board of selectmen. The director will be a person especially fitted by education, training, and experience to perform the duties of the position, and will serve at-will for a term established by contract.

SECTION 4. The director will exercise administrative oversight and direction of the department. The director will appoint and make recommendations to the town administrator concerning removal of

the accountant, treasurer/collector, and principal assessor. The director may be appointed to hold other financial positions identified in this special act, provided that no person will hold both the town accountant and treasurer-collector positions at the same time.

SECTION 5. The director will be responsible for the effective operation and coordination of operations within the department, including the accounting, treasury-collection, and assessing functions. The director will manage all fiscal and financial affairs of the town in accordance with policies adopted by the board of selectmen, generally accepted governmental financial practices, and all laws, bylaws, rules, and regulations. The director will be knowledgeable of the statutory responsibilities of all department officers and will consult with such officers to ensure that these duties and responsibilities are properly exercised and carried out. Additionally, the director, acting in an ex-officio capacity, will coordinate and assist the finance committee and capital outlay committee.

SECTION 6. In addition to the powers and duties outlined above, the director will have the following responsibilities:

(1) To assist the town administrator in the preparation of a ten-year financial forecast of town revenues, expenditures, and general financial condition.

(2) To assist the town administration in the preparation of the annual operating budget including revenue, expenditure, and tax rate projections for the upcoming fiscal year and the proposed capital budget.

(3) To report monthly to the town administrator and quarterly to the board of selectmen a report of all financial matters affecting town government.

(4) To create and implement written policies and procedures, and be responsible for the collection and deposit of all monies received by various town departments, offices, and boards.

(5) To coordinate and act as the town's chief liaison with the state Division of Local Services pertaining to all financial matters.

SECTION 7. In the Town of Carver, there shall be a one- or three-member board of assessors, appointed by the board of selectmen, who will hold office for three years and thereafter until a successor is appointed.