



Town of Clarksburg

Financial Management Review

Division of Local Services / Technical Assistance Section

June 2013



June 24, 2013

Board of Selectmen
111 River Street
Clarksburg, MA 01247

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 Clarksburg. It is our hope that the information presented in this report will assist the town to improve 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, 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.

Sincerely,

A handwritten signature in black ink that reads "Robert G. Nunes".

Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs

cc: Senator Benjamin B. Downing
Representative Gailanne M. Cariddi



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 Clarksburg. The recommendations contained within this report are based on site visits by a team from the DLS Technical Assistance Section and on meetings with the town's Bureau of Accounts field representative and its Bureau of Local Assessment community advisor.

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 town administrator, administrative assistant, town accountant, treasurer/collector, town clerk and finance committee members. 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 town most recent outside audit report completed by Adelson Moynihan Kowalczyk PC for the fiscal year ending June 30, 2010.

Overview

This DLS report represents the completion of our review for Clarksburg and includes recommendations for improving practices in the overall management of town finances and in finance-related offices. In many instances, our recommendations are intentionally detailed and deviate from current, long-standing procedures in the town. This approach responds, in part, to a need to clarify roles of staff who are relatively new to their position. It also introduces practices to Clarksburg that are accepted and implemented in well run Massachusetts towns of all sizes.

However, of overarching concern are persistent issues involving financial recordkeeping and reporting. Even if general procedures improve, unless data is correctly and accurately recorded, as well as protected in SoftRight and other software applications, reports of financial activity will be unreliable. Evidence is already troubling.

The failure of the town to contract for an independent audit means that its year-end financial statements have not been tested for accuracy since FY2010.

The May 2013 town meeting is delayed to June because discrepancies in the town's financial records will not allow DOR certification of free cash, which was intended to provide funding for the FY2014 budget. Other issues exist, but in the hopes of resolving the most pressing, the selectmen directed the police chief to investigate variances between the records of the treasurer/collector and accountant. Apparently this is a long-standing circumstance as, by mutual agreement, cash balance variances in the past were routinely allowed to remain unresolved, even while reporting otherwise to DOR.

Confidence in the town's records was further undermined when it was learned that the current treasurer/collector requested and was permitted access to the accountant's general ledger, apparently to adjust variances. The general ledger is the official financial record of the town and should be accessible only to the accountant. It was also acknowledged that, for years, when the accounting books were setup and opened for the new fiscal year, rather than automatically rolling year-end balances forward, other adjusted starting balances were manually entered. This suggests a lack of understanding on how to bring balances forward or little trust in the prior years' records. In any event, without beginning balances, the general ledger is not an accurate, reliable record of the town's financial activity.

In our review of financial reports, significant data was missing. A trial balance for the town - a snap-shot of its fiscal condition - was confusing and as lacking in data as to be of little use. It appears not to have been set up correctly. In particular, it is difficult to reconcile how the Treasurer's Receipts Cash Book and her Receipts Packet Proof shows FY2013 tax collections, but

the accountant's trial balance does not over the same period. Additionally, revenue reports failed to include initial income projections on which the budget was based and against which actual receipts are measured. Expenditure reports fail to show encumbrances.

These are, individually and taken together, serious lapses and cause us to recommend, first and foremost, that the town commit the funds necessary to immediately:

- 1) Engage an outside firm to conduct a FY2013 audit which will likely require financial statements to be brought forward from FY2010;
- 2) Engage the same, or another, outside audit firm to advise the accountant and treasurer/collector how to correct current deficiencies in financial recordkeeping; and
- 3) Contact SoftRight to arrange training on the use of its financial software for the accountant and treasurer/collector.

There is nothing inherent in the town's location, government structure, demographics or budget that prevents the adoption of sound financial management practices in Clarksburg. However, some in government are new to their current roles and some hold multiple offices, which has the tendency to blur lines that separate responsibilities.

The Town of Clarksburg operates under an open town meeting-board of selectmen-town administrator structure. Since May 2012, a new town administrator was appointed; the treasurer moved to fill the position of accountant; the collector was appointed to serve as treasurer/collector; and the three-member finance committee turned-over in its entirety. Among overlapping responsibilities, the chair of the board of selectmen is also a member of the board of assessors. The town administrator is the town's principal assessor and member of the board of assessors. Another selectman is director of the council on aging. The former collector who is now the treasurer/collector is the designated IT director and systems administrator, and has attended courses typically reserved for those with assessing responsibilities.

With an estimated population of 1,700 and a FY2013 budget of \$4.4 million, the town is relatively small. The FY2013 average single family tax bill of \$2,144 is only 44 percent of the statewide average bill of \$4,846. The property tax burden is comparably light in part because of historically low tax gains from new growth (\$12,900 on average over 10 years) and because the town has proposed and approved only one override which added \$85,000 to the tax levy in 1984. To its credit, the town has maintained a healthy stabilization balance, averaging \$308,000 and 8.6 percent of the budget annually since FY2002. Free cash on the other hand has been in decline since FY2007 and was only recently certified at \$69,770 as of July 1, 2012 or 1.6 percent of the budget.

To get a measure of its relative standing, we compared Clarksburg with eight Western Massachusetts towns of reasonably similar population and which also support a local elementary school. Of the eight towns, all but one functions with a town administrator which represents a stronger structure than the administrative assistant in the one remaining town. All nine towns host a town website making more striking that Clarksburg has no municipal government web presence at all. Although we did not survey the comparable towns, unlike many where volunteerism is common, the Town of Clarksburg pays \$6,728 in stipends annually to 29 part-time elected and appointed officials.

In the chart below, selected characteristics of Clarksburg are compared with the average, high and low of the nine surveyed towns. In most instances (see **bold**), Clarksburg falls below the indicated range.

	Town of Clarksburg	Eight towns ¹		
		Average	High	Low
Population	1,700	2,218	3,684	1,475
Population density	133	101	256	50
Square miles	12.76	24.42	37.71	14.39
Road miles	20.0	51.5	71.0	42.0
Income per capita (2010)	\$18,063	\$27,812	\$42,327	\$21,163
EQV	\$122,266,900	\$324,146,288	\$448,510,800	\$225,812,800
EQV per capita	\$71,837	\$146,119	*\$298,402	*\$97,817
Budget	\$4,395,684	\$6,892,751	\$10,389,623	\$5,399,511
Budget per capita	\$2,586	\$3,107	*\$4,048	*\$2,161
Avg single family tax bill	\$2,144	\$4,372	\$5,630	\$3,704
State aid % of revenues	50.9%	14.7%	19.4%	9.9%
Tax Levy % of revenues	35.2%	67.6%	74.9%	56.6%
Free cash	\$69,770	\$512,897	\$914,805	\$280,870
% of budget	1.7%	7.7%	*16.7%	*4.0%
Stabilization	\$345,743	\$442,924	\$758,384	\$206,781
% of budget	8.5%	6.7%	*13.1%	*3.9%

*highest town or lowest towns

Of particular note is that the town's Equalized Valuation (EQV) - a measure of relative property wealth - and its income per capita are lower than any of the comparable towns. These are is major contributing factors to state aid distributions. Consequently, in Clarksburg, state aid as percent (50.9 percent) of the town's annual revenue is three and a half times the average for the comparable towns (14.7 percent) and more than two and a half time the percent for the next

¹ Conway, Lanesborough, Leverett, Richmond, Whately, Williamsburg, Shutesbury and Sunderland.

highest town (19.4 percent). Conversely, property taxes are only 35 percent of total town revenue in Clarksburg compared to an average of 67.6 percent and a low of 56.6 percent among the surveyed towns. Not shown is that approximately half the land area in the Town of Clarksburg is state owned and not generating tax revenue.

Conclusion. On the completion of our review, it appears that on a day-to-day basis the primary finance-related business of municipal government is attended to. Property data is maintained; tax bills are committed and mailed; money due the town is collected; and obligations are met through the regular approval of payroll and vendor warrants. Nonetheless, we offer recommendations that will improve practices and procedures in finance-related offices.

Through the collaboration of the finance committee, town administrator and board of selectmen, the annual operating budget is developed and presented to town meeting. This process appears to have improved with the arrival of the new town administrator. In particular, we view the probative, common sense approach of the new finance committee members to be a valuable addition to the budget process. Still, we comment on the content of town meeting warrant articles and other town-wide issues.

There remain areas of overall management that must be addressed and others issues that warrant action. Arranging for an independent audit of town records and training for staff are essential. A determined effort to recruit qualified, open minded people to government is recommended to offset multiple office-holding. The selectmen must clarify staff responsibilities, set management expectations and then hold people accountable to perform their jobs. The selectmen should create a useful town website and address deficiencies in the town bylaws.

Based on a comparison to Western Massachusetts towns, we see no characteristic that sets Clarksburg apart and creates barriers to improving the operation of municipal government. Ignoring the issues raised in this report risks further undermining public confidence in government and morale in town hall will suffer. On the other hand, positive action on the recommendations in this report can foster positive opinions of town government among residents and can lead to more effective financial operations.

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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).

In the recommendations that follow, we address a wide range of finance related issues. First and foremost, we recommend that the town complete steps toward securing an audit of town financial statements. Equal priority should be given to SoftRight training for the accountant and treasurer/collector. Other recommendations encourage steps that would help tighten procedures and improve the operation of municipal government.

1. Contract for Independent Audit Services

The town administrator has initiated discussions with a reputable audit firm in Western Massachusetts with strong municipal credentials. He should move forward quickly to negotiate a contract and scope of work that includes an audit of FY2013 year-end financial statements, which would likely involve bringing FY2010 balances forward. The auditor should also be asked to address well documented problems in the records maintained by the accountant and treasurer/collector.

2. Arrange SoftRight Training for Accountant and Treasurer/Collector

To form an opinion about the town's financial statements, an independent auditor needs to work with a complete set of year-end records. The auditor may have to reconstruct the town's books since the last audit (2010), but little is achieved unless reliable records can be maintained moving forward. Despite good intentions and diligent efforts, it is apparent that the accountant and treasurer/collector lack the training necessary in the use of SoftRight to succeed in this way.

Therefore, we recommend steps to arrange training. As a start, the accountant might contact SoftRight directly and report back to the selectmen what training opportunities exist and associated costs. We encourage the accountant to inquire about specific issues or problems she

would like addressed including how to open and close the fiscal year, how to list employees and how to enter starting income projections in revenue reports. The treasurer/collector should contribute as well and focus on training involving the cash book, receivable control and the SoftRight payroll module.

3. Send Town Meeting Warrant to Town Counsel

On review of annual town meeting articles from recent years, inaccuracies and errors appear suggesting that warrants were not submitted to town counsel for review. If so, this represents a serious lapse in judgment. We recommend that every town meeting warrant be submitted to town counsel before it is finalized for print and publication. In particular, we noted the following:

June 2013 Warrant Article 2. The statutes referenced in this article authorize towns to issue various types of debt. No town meeting action, apart from a bond authorization to fund a specific project, is necessary.

June 2013 Warrant Article 13. If the town intends to present the sewer enterprise fund budget in an article, revenue sources should be displayed as well as proposed expenditures to show that the fund is self-supporting. Proposed sewer department expenditures should be included in the omnibus line-item budget to show total town expenditures. Also, M.G.L c.40, §39K was repealed in 1990 and replaced by c.44, §53F½. Reference to §39K should be removed.

June 2013 Warrant Article 14. The board of selectmen does not require approval of town meeting to apply for a grant, in this case from MassWorks (formally STRAP). A grant cannot be accepted before it is awarded to the town. This article can be removed.

June 2013 Warrant Article 15. Local acceptance of M.G.L c.40, §22F allows the town to fix reasonable fees for certain licenses, permits and certificates, or to fix reasonable charges for work *performed by the town*. However, the warrant article alludes to the town contracting and paying for services *received by the town*. Clarification is needed.

June 2013 Warrant Article 16. To reduce the age of the senior exemption, this article should reference M.G.L c.59, §5, clause 41C, not clause 41C½.

June 2013 Warrant Article 17. To allow the gross receipts of income for the senior exemption to increase annually by the Consumer Price Index, this article should reference M.G.L c.59, §5, clause 41D, not clause 41C.

May 2012 Warrant Article 9. This article is unclear in its intent. M.G.L c.44, §53, which is not a local acceptance statute, directs that all municipal receipts be deposited to the town's general fund with exceptions (by reference) that town clerk and collector may retain fees they collect - a practice we recommend be discontinued. However, even if the collector retains fees, an annual authorization is not required and this article can be removed.

4. Modify the Budget Format

The following recommendations are intended to enhance information provided to voters and to help streamline the annual budget:

Include all departments in line-item budget. Currently the school department, vocational regional school district and the sewer department are funded through articles rather than budget line-items. While this is a common practice in small towns, we recommend instead that all recurring operating expenses be appropriated in a single omnibus, line-item budget and funded by recurring revenues. We recommend that all general fund interest and all principal on debt be combined in a single line item for each. With these changes, all general operating expenditures will be in one place and the total will be clear.

Expand the line-item budget. The omnibus budget as presented to town meeting lists departments, but merges employee compensation and expenses into a single line-item. This format has a practical impact. A single number allows department heads to spend expense money for salaries and salary money for expenses. This 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 rightfully earned. We recommend instead that each department's budget include a salary category and a separate expense category. With line-items for salaries (stipends) and expenses, departments still have some flexibility, but cannot unilaterally make transfers between the categories.

Required warrant motion language. 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. There are examples of motions in the 2011 town meeting warrant that fail to satisfy these legal requirements. In addition, the town should resist using "not to exceed" language in articles and motions. With specific dollar amounts, the town meeting intent is clear and town meeting minutes will accurately state the dollar amount actually appropriated.

5. Create a Town Website

We recommend that the selectmen direct the town administrator to pursue options for creating and maintaining a town website, including consideration of outside contracts to provide web services. The absence of any web presence is a major deficiency of town government. It colors peoples' opinions about the town's ability to keep pace with the rest of the world and reflects on the capabilities of those in municipal government.

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 is 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/), Deerfield (www.deerfieldma.us/Pages/index) and Wendell (www.wendellmass.us/).

6. Protect Passwords

Passwords give employees exclusive access to programs, data and information which are critical to fulfilling their legal responsibilities. Passwords also provide protections and barriers that bar access by unauthorized persons. With a unique user name and password, known only to them, an employee activates their computer; gains access to email and opens only those portions of the SoftRight financial management system or the CAMA appraisal system necessary to their job. When the integrity of the password system is compromised, employees have good reason for concern, as should local leaders.

It is our understanding that the treasurer/collector, who has the title of systems administrator, maintains a record of every other person's passwords. If this is the case, it should stop. There is nothing in the duties of the town's systems administrator that requires her to know or maintain a repository of user names and passwords assigned to other town computer users. Whatever permissions she has in this regard should be disabled. Note that setting up email accounts may be an exception and may require systems administrator involvement.

In a small town, each person typically serves as a "systems administrator" relative to the software they use. They set passwords for themselves and for any of their staff. If a person has no role in the use of a software application or module, then they should have no role in the setting or

managing passwords for people who do. If a department head requires support relative to software that only they use, they should communicate directly with the software vendor.

7. Reconcile Cash and Receivables

The reconciliation of cash and reconciliation of receivables is each an important check and balance, as well as a fiduciary obligation of the treasurer/collector and the accountant. Absent reconciliations, the financial records of the town are not accurate. Therefore, we recommend that the accountant and the treasurer/collector agree to meet regularly on a date each month to complete reconciliations. We further recommend that the town administrator monitor the process.

For her part, the treasurer/collector must stay current with the posting of departmental receipts and, at month-end, submit a statement of receipts to the accountant. The treasurer/collector must then reconcile her cash book and records of bank activity with bank statements when they arrive. Once complete, the treasurer/collector should send a report of her reconciled cash book balances to the town administrator and to the accountant. The accountant would independently send her general ledger balances for the same funds to the town administrator.

At the monthly meeting, the accountant and treasurer/collector compare balances and resolve any variances by matching entrees to source documents (e.g., turnover sheets, adjustments, etc.), reviewing entries for accuracy and accounting for timing issues. Critical to the process is that both the treasurer and the accountant simultaneously receive reports (turnover sheets) of all departmental turnovers. A reconciliation worksheet showing how the variances are resolved would be forwarded to the town administrator. The accountant and treasurer/collector should, in the same manner, agree and arrange for to the reconciliation of receivables on a monthly or quarterly schedule.

8. Adopt a Budget Process Bylaw

The town administrator is assigned limited budget responsibilities in his job description. The finance committee's role is defined in the town's bylaws. Even taken together, there are gaps in duties and major variances compared to how the budget process has played out in the last couple of years. Therefore, we recommend that the selectmen, school committee, finance committee and town administrator come to agreement on a budget process, which is consistent with current practice. It should then be formalized as a bylaw.

We encourage adoption of a process that begins each year with a budget calendar recommended by the town administrator to the select board, school committee and finance committee chairs. The calendar should incorporate 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
- Presentation to town meeting

We would expect the town administrator to work with town department heads on revenue projections and maintain open communications with the finance committee and selectmen early on and as projections evolve throughout the budget process. We encourage the finance committee to accept a process where the town administrator would receive appropriation requests and develop an initial budget for all departments, even those not under the jurisdiction of the selectmen. This approach lightens the burden of the finance committee and enhances collaboration in town hall.

As a watchdog which represents the interest of town meeting, the finance committee can still exercise its prerogative to review budget details. It should also focus on global issues, such as 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.

Important to the entire process is a master budget. In this regard, the town administrator has created an Excel spreadsheet that already serves as a useful budget record. However, the detail of the working budget should mirror the accountant's chart of accounts. Our suggestion is to replace one or two columns, which show historic data, with columns clearly marked as the departmental request, the town administrator's recommendations (as endorsed by the selectmen) and the final finance committee recommendations. The SoftRight budget module might also offer an acceptable format.

In Clarksburg, the finance committee is empowered to produce the final budget document, which is presented to town meeting. A means for the finance committee to incorporate its changes, if any, and to submit the document for printing should be established. In any event, the selectmen, school committee, finance committee and town administrator should communicate throughout the process and strive to reach consensus on the budget so that a unified front is presented to town meeting.

9. Formalize a Capital Improvement Process

Currently, capital expenditure requests are considered on an ad hoc basis. Instead, we recommend a process, adopted as a bylaw that enables a review of all capital requests simultaneously in the context of wide priorities. It can run parallel to the annual budget process. The town administrator would receive all requests and submit his recommendations to the selectmen and finance committee. The process would involve steps to:

Define a capital project or purchase. Set a minimum cost and a minimum life span for a proposed purchase or project. If both criteria are met, the proposed expenditure must be reviewed and approved through the capital improvement process. Otherwise, it would bypass the committee and be funded in the departmental line item budget.

Create capital requests forms. Forms ensure that the the same information is provided for every capital request so that apples-to-apples comparisons are possible. Request forms typically include a description of the request, an estimated cost, as well as any projected impact on the town operating budget (i.e., for necessary personnel, new maintenance costs, etc.). Multiple requests from a department should be prioritized.

Establish objective criteria. Proposed expenditures are weighted more heavily if:

- The expenditure is required by order of a court;
- The town will violate laws if the expenditure is not made;
- Matching funds involved;
- Public safety is at risk if the expenditure is not made;
- The expenditure has already been deferred;
- Costs will escalate unreasonably if no immediate expenditure is made.

Identify available funding. Knowing in advance how much money is available for capital expenditures in the current year, and projections for subsequent years, will help guide spending decisions. Free cash is a good source in this regard.

Develop a five year (or longer) plan. Each year, department managers should submit long-term capital needs and estimated costs so a five or ten year plan can be developed.

For more information about capital improvement programs, see [Developing a Capital Improvements Program](#) at the DLS website. Go to www.mass.gov/dls. Click on MDM/TAB, then Financial Management Assistance and then Publications & Other Useful Links.

10. Review and Recodify Town Bylaws

The Clarksburg general bylaw is a collection of town meeting articles listed by date of approval and identified by warrant article number with a short title. The exception is that a later change is inserted after the article it amends. In some instances, the bylaws still retain the exact wording of the town meeting article as proposed. Others read like the clerk's minutes or record of action taken. Surprisingly, four and a half of 15 total pages of bylaws are devoted to the organization and operation of the council on aging. Two pages are devoted to the finance committee. Virtually nothing is said of town meeting, the board of selectmen or other town officials, with the exception of the tax collector.

In form and content, this makes for a poorly organized, uninformative, and potentially inaccurate public record, which is badly in need of updating. In addition, there are typos throughout. Therefore, we recommend that the town conduct a substantive review and recodification of the Clarksburg bylaws. It is our understanding that the task is made more difficult because no minutes exist for town meetings held prior to 1987. Nonetheless, it is an important task. Below is a methodical approach we have recommended in other towns.

- 1) Contact the State Attorney General's Municipal Law Unit to ask whether a list of bylaws submitted for approval by the Town of Clarksburg is available;
- 2) 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;
- 3) In the Word document, group together all enacted bylaws and bylaw amendments on the same subject matter;
- 4) 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 will 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.
- 5) Reorganize and renumber bylaw sections to reflect decisions to merge, divide, delete or add provisions and to create a logical, more easily searchable record.
- 6) Include a title page; a table of contents; a list of bylaw 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.

Once approved by town counsel, town meeting and the Attorney General, copies should be available at town hall, at the town library and on a town website. The bylaw should be reprinted, as amended and updated, in its entirety every five years.

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. The town clerk should be a member. Plan for a one year timetable for completion of this work and factor town meeting approval into a projected schedule.

11. Rethink Finance Committee Term Limits

Because the town failed to recognize and follow its bylaw limiting the term of a finance committee member to six years, all three long-standing committee members were forced to resign last year. A new committee has formed and has worked effectively in the face of a steep learning curve. However, this circumstance makes term limits a ripe subject for review should the town take steps to update its bylaws as recommended in our report. While there may be merits to term limits, they are not common in Massachusetts towns. They are even more rarely applied to appointed officials, where the appointing authority is most often in a position to determine when changes are justified. Therefore, we recommend that the town rethink the merits of term limits for finance committee members.

12. Deposit All Receipts to the General Fund

It is our understanding that the tax collector retains fees she imposes in pursuit of delinquent taxpayers. 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. Excepted are receipts directed to specially created 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.

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 town assets. To fulfill this responsibility, the office prepares and approves warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; reconciles cash, debt and receivables with the treasurer/collector regularly; produces monthly expenditure reports, periodic revenue reports and annual reports on the town's liability for any compensated absences.

The current town accountant was appointed by the selectmen in May 2012 after having served as town treasurer since 2009. Her prior work experience includes 10 years with a North Adams audit firm during which time she was involved with municipal audits. In Clarksburg, she works ten hours a week, dividing her time in town hall between Tuesdays and Wednesdays with office hours from 10:00 am to 3:00 pm each day. Her desk is situated in an open, unsecured office area partially separated from the work space of other town officials only by a six-foot, movable partition. She previously occupied a private office, but was unexpectedly relocated along with town financial records.

The accountant maintains the town's general ledger in SoftRight financial software, but has received no formal instruction on its use. Through trial and error, she has learned to input information necessary to produce a bi-weekly vendor warrant from invoices on vouchers received from departments. Because the town contracts with Universal Payroll Associates (Pittsfield, MA) only a record of employees resides in SoftRight. And, again, knowing no other method, employees are entered in the system as vendors. She otherwise receives the information needed to create the payroll warrant, but does not update or make changes to employee records in the system. The accountant is uncertain, as are others, whether the SoftRight payroll module is part of the town's package.

Due to lack of training, the accountant was unable to close the town's books for FY2012 and roll balances forward to open the new fiscal year. The town's former accountant returned to complete this task, but without the current accountant present. Apparently, for a number of years, opening balances were manually entered and adjusted raising questions about the reliability of the town's financial records. With no independent audit since 2010, those questions persist.

Reconciliations of cash with the treasurer/collector have become more frequent, but the absence of turnovers between May 2012 and October 2012, when receipts were not reported to the

accountant, caused lingering questions. Still, the accountant asserts that cash reconciliations are complete through the end of FY2012. The accountant has begun to receive copies of turnover sheets from the treasurer/collector, but receives them from other departments only on a random basis.

Although the accountant is getting reports of receivable detail, reconciliations of receivables with the treasurer/collector lag. Large receivable variances have been revealed in fiscal years from 2005 to 2011 - pre-dating the current accountant - even though reports submitted to DOR at the time indicated no variances. There is no detail of town receipts prior to 2005 due to a computer crash, which further undermines the reliability of information.

Otherwise, as required, the accountant produces departmental expenditure reports on a regular basis. She is able to generate a revenue report, but baseline revenue projections, on which the budget is based, are not displayed.

Conclusion - The accountant is capable of fulfilling the responsibilities of her position, but needs training on SoftRight, which we recommend earlier in this report. We also underscore the importance of regular reconciliations of cash and receivables in the Overall Financial Management section of this report. The recommendations below are intended to help tighten the accounting operations.

13. Track Overlay Reserves

We recommend that the accountant research and determine overlay reserves for each year going back to FY2006. Each year is a separate analysis. As a starting step, the accountant should identify from page two of the town's Tax Recap Sheet the amount of overlay reserve set each year. From this total, she must deduct the dollar amount associated with personal exemptions issued and property tax abatements approved for that year. As the assessors are required to provide the accountant and the collector with a list of all approved exemptions and abatements on a regular basis, the information should be in her files. The accountant would then verify her records against those of the assessors. If her files are incomplete, the accountant should fill the gaps from the assessors' records and verify results with totals reported to DLS. The overlay reserve must also be reduced by real and personal property receivables still outstanding from that year. If the accountant and collector failed to reconcile receivables over the years, this will hamper the process. Lastly, the potential liability associated with pending Appellate Tax Board cases must be accounted for in the overlay. With the completion of this analysis, the assessors will be able to determine if an overlay surplus is available for release.

This analysis and accurate future tracking require that the accountant, collector and assessors keep good records and exchange information on a regular basis. It is imperative that office holders understand these responsibilities and are committed to carrying them out.

14. Create Security for Check Stock

The town's inventory of blank checks resides unsecured under the accountant's desk. The accountant is no longer in a private office, but has been moved to a shared, open space where there are few storage alternatives. Nonetheless, we recommend that the accountant and the treasurer/collector, who is legally responsible for managing the check inventory, work out a potential solution. Returning the accountant to a private office where not only checks, but the town's official financial records can be better protected, may be one option. The purchase of a safe might be another. In any case, we recommend that the selectmen support and fund whatever option the accountant and the treasurer/collector endorse.

15. Do Not Include Invoices with Vendor Warrant

When the vendor warrant is produced by the accountant from the SoftRight system, all the original invoices are attached. When the warrant is not signed at a meeting, the police chief delivers it to selectmen's' homes for their signature.

Original invoices should never leave town hall. Since the vendor warrant includes all the information the selectmen need to fulfill their legal responsibility of reviewing and approving payments, we recommend that original invoices not be attached to warrants as they now are. Preferable still is that all warrants be prepared timely and signed by selectmen at their regular meeting or that they travel to town hall to individually sign the warrant.

In Clarksburg, the treasurer/collector also signs the warrant after the selectmen as an acknowledgement of approval, but with a check register in hand, she has no need of invoices. If the administrative assistant, who stuffs and mails payments, wants to include payment coupons or remittances, she and the accountant should work out a process to make that happen. Otherwise, original invoices are better safeguarded if they remain with the accountant rather than travel with the warrant and often times to selectmen at their homes.

16. Remove Record of Employees as Vendors

We recommend that the accountant remove town employees from the list of vendors in SoftRight. Employees should already have an employee number assigned by town's payroll service (Universal) or by the town treasurer. If this is not the case, then an employee number system

should be devised and implemented to replace vendor numbers in the system. For example, we are aware of one town that assigns a two part number. The first is the two digit number indicating the calendar year the employee was hired (i.e., 09 for 2009). Following a hyphen, the second part indicates when in a sequence of hires a person was employed (i.e., the third person hired in 2009 would be 09-003). The number would remain unchanged during the employee's tenure.

17. Develop Inventory of Fixed Assets

Although the deadline for meeting the requirements of the Governmental Accounting Standards Board Statement (GASB) 34 has passed, the Town of Clarksburg is not yet in compliance. We recommend the accountant familiarize herself with the requirements of GASB 34 and develop a simple spreadsheet in Excel that lists assets, identifies acquisition dates, sets initial values and accounts for depreciation. Assets generally include infrastructure improvements, vertical construction, vehicles, machinery and equipment.” Once she has an electronic log or record set-up, the accountant should then request, with explanations, required information from appropriate department heads. When the town arranges for an independent audit, she can work with the auditor to ensure the records are organized and the system is functioning correctly.

18. Produce Revenue Reports with Beginning Projections

The accountant is able to produce a report from SoftRight that is a detailed list of all categories of money taken-in by the town by the date the receipts were posted to the system. This is a useful document, but just as an expenditure report includes appropriations as a starting point, a revenue report should identify budget estimates as starting points. If the SoftRight budget module is used, these estimates might automatically appear in a revenue report. Otherwise, they would have to be manually keyed-in.

Treasurer/Collector

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.

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. The office should respond to requests for municipal lien certificates in a timely fashion. In most communities, the collector manages the contractual agreement with the Deputy Collector.

The Clarksburg treasurer/collector has served as the town's collector for 14 years, and was only appointed treasurer in May 2012. She is in the office 7½ hours a day and 30 hours a week. She is occasionally assisted by a volunteer under the senior work-off program. The treasurer/collector is bonded, but the volunteer is not.

The treasurer/collector posts payments she receives to the SoftRight receipts module and has access to Phoenix software, a DOS based program provided by the deputy collector. SoftRight operates off the town server which the treasurer/collector backs-up once a month or after a large turnover. She also makes a desktop to desktop back-up in the office. The town's payroll service and its deputy collector back-up the town data that resides on their respective systems. Like other town hall offices, treasurer/collector has Internet and email access. However, her telephone line operates outside the town hall system. Calls cannot be transferred to her, nor can she transfer calls out to other offices.

The collector receives payments for real and personal property quarterly, motor vehicle excise annually and water and sewer charges semi-annually. The town has an online payment option, the only notice of which is stamped on the bills. Otherwise, payments are received over-the-counter and by mail. Third party tax escrow services also send payments, which the collector manually posts to the SoftRight system with all other receipts. The treasurer/collector posts and deposits payments weekly apparently to avoid creating multiple batches in SoftRight. Checks are deposited using a countertop scanner to one account, while cash is deposited to a separate account at a different bank. Receipts from both accounts are turned over to the treasurer's side of the operation each week.

The collector has begun to provide the accountant with a copy of turnover sheets that documents the transfer of funds from the collector to the treasurer. And, both acknowledge that they have successfully reconciled cash on a regular basis, up through the end of FY2012. For this purpose the treasurer/collector generates a "cash book" report from SoftRight, which is in fact only a receipts log. She also produces a "Condition of Accounts" report which has the characters of a disbursements record and expenditure report. Together they roughly form the basic components of a cash book, but are incomplete and confusing.

It is unclear to how frequently and successfully the reconciliation of receivables occurs. There are no receivable reconciliation reports in the DLS data base. And, the treasurer/collector only recently discovered the receivable control feature of SoftRight. This effort is further complicated by the absence of records prior to FY2005 due to a computer crash and the manually entered, apparently unfounded balances used to open the books for recent fiscal years.

The treasurer/collector's role relative to payroll involves receiving timesheets from some employees and creating a spreadsheet with pay information which she forwards to the town's outside payroll service, Universal Payroll Associates, Inc. Universal re-enters the time data into their software, produces checks, and pays certain withholdings. Absent is an accounting of employee vacation, sick or personal time used.

Lastly, the treasurer/collector is network administrator and to a limited extent, provides technology support to town hall offices. In this capacity, she maintains a repository of employees' user ID and passwords for access to the SoftRight financial software, the assessors' CAMA appraisal software and to email accounts.

Conclusion. The treasurer/collector has a long tenure as collector, but is relatively new to the treasurer's position. Our recommendations are in large part intended to provide guidance in her treasurer's role. She would also benefit from SoftRight training which we recommend elsewhere and a more narrow focus on treasurer/collector responsibilities.

19. Maintain a Cash Book and a Receivable Control

The treasurer/collector seems able to generate a receipts log and a separate record of disbursements from SoftRight. Both are components of a cash book, however, we recommend that the treasurer use a SoftRight cash book, if available, or a simple cash book format found 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. As an added benefit, if the cash book is in Excel, and revenue account codes are included, the treasurer can copy and paste the receipts into another Excel Worksheet and sort the list by code. This then becomes the schedule of treasurer receipts that she must submit to the accountant at the end of each month.

The treasurer/collector indicated that she is recently aware of a receivable control in SoftRight. We recommend that she use it or use a receivable control also found on the Technical Assistance website. A control is a record of monthly activity beginning with amounts committed (i.e., real estate taxes) and adjustments for payments collected, exemptions and abatements issued and refunds granted. The remaining amount represents receivables. A receivable control is critical to the effective and accurate reconciliation of receivables with the accountant each month or quarter.

For a sample cash book and receivable control spreadsheet, go to www.mass.gov/dls, then click on Financial Management Assistance and then Financial Calculators and Sample Forms.

20. Deposit All Collector Receipts to Treasurer's Account

We recommend that the collector side of the office deposit all general fund receipts to a single general account under the control of the treasurer's side. We leave it to the treasurer/collector to decide which of her bank accounts to close, but strongly encourage her to continue with the 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. Since the treasurer already tracks and acts on returned checks, many collector's today deposit directly to the treasurer's general account.

We recommend that the collector's side of the office submit a single turnover sheet to the treasurer side and to the accountant to establish a paper trail. She need not continue to produce and submit a monthly Schedule of Collector's Payments to Treasurer (Form 397). As treasurer, however, she should submit a Schedule of Monthly Receipts to the accountant.

21. Require All Employees to Submit Timesheets

We recommend a payroll process, as described below. For the town, the focus shifts to an accurate record of employee hours. For the payroll service, the focus is on calculating compensation and withholdings. Through this approach, the town will also develop an accurate record of compensated absences.

We recommend that all town employees be required to submit time sheets regardless of whether they are on salary or wages in order to capture vacation, sick or personal days taken.

- 1) Employees would complete timesheets reflecting the number of hours worked each day and week, by type. For instance, if a full-time employee were to take a vacation day on Wednesday, the timesheet would show 7½ hours designated vacation time on that day, and 7½ hours of regular time on each other day in the pay period. Under state law (M.G.L. Ch.41, §41), an employee's department head or a person to whom he or she reports is required to sign the timesheet before it is submitted to the treasurer/collector. Employees should be required to sign their timesheets as well. (Sample timesheets are displayed on DLS website under Financial Management Assistance).
- 2) The treasurer/collector would enter each employee's total hours, by type, in a summary sheet which she would submit to the payroll service. (A sample summary sheet is displayed on DLS website under Financial Management Assistance). She need not calculate and complete a spreadsheet indicating the compensation due each employee and withholding amounts as she currently does. Her focus is on a record of hours.
- 3) The payroll service would apply an employee's hours to his or her salary or wage rate information it retains. It should also retain a record of vacation, sick and personal time used and balances that remain. Based on information provided by the treasurer/collector, it would also assign withholding amounts.

Each July the treasurer/collector should extract from the SoftRight system a list of town employees as of July 1 to be sent to the payroll service. Information should include salary, wage and benefit status, including any vacation and sick time accruals that resulted from town meeting action, contractual obligations or employee initiated changes. Prior to forwarding the information, she might also email the list to department heads asking that they verify their employees' status and compensation.

- 4) Each pay period, the payroll service would return reports to the accountant and treasurer/collector. A list of employees with gross or net amounts, which may be in the

form of a check register, should be included for the treasurer/collector and accountant. It would be incorporated into the payroll warrant. The accountant also requires a list of payroll accounts to be charged in order to complete her required verification process. Lastly, the town should ask that Universal include a report that indicates aggregate or total amounts due to each withholding category.

22. Reconcile Spreadsheets to Computer Reports

We noted that data the treasurer/collector entered into the Collector's Schedule of Payments to the Treasurer, an Excel spreadsheet, did not always match amounts in the corresponding SoftRight Receipts Packet Proof. We recommend that whenever the treasurer/collector duplicates data in an Excel spreadsheet, she should reconcile and verify the corresponding value in the SoftRight system.

23. Establish and Commit to Turnover Rules

When town departments take in money, staff are obligated to turn the receipts over to the treasurer/collector together with back-up documentation in the form of a turnover sheet, a copy of which must go to the accountant. Currently, turnovers are haphazard in Clarksburg and documentation is inadequate or lacking altogether. While convenient for staff, this practice fails to meet legal requirements, weakens financial controls and does little to protect town assets or town employees. We recommend the treasurer/collector work with the accountant and act on the following:

- 1) Notify departments that all checks and cash turned-over to the treasurer/collector must be delivered during office hours and must include documentation in the form of a turnover sheet. Town employees should also know that it is unlawful for the accountant to accept money and that only persons who are bonded may handle money.
- 2) Design and distribute an Excel 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. The turnover sheets need only be created once. The department staff should fill out the sheet in Excel so that entries can be automatically totaled. (A sample turnover sheet is displayed on the DLS website under Financial Management Assistance.
- 3) Require departments to submit three copies of the turnover sheet and remain while the treasurer/collector counts and verifies the exchange by signing the turnover sheet. One copy remains with the treasurer/collector and one copy with department. The third copy is delivered to the accountant, who need not be present to receive it, but the treasurer/collector cannot retain it and/or deliver it later to the accountant.

Other cash management steps and cash handling rules include:

- 1) 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. The department copy of the receipt must be turned over with cash to the treasurer/collector.
- 2) 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. This information need not be submitted to the treasurer/collector with the turnover.
- 3) Departments should store all money in a lock box and in a locked drawer overnight. If accessible, use a safe.
- 4) Departments should deliver turnovers to the treasurer when receipts are \$100 or more, otherwise turnovers should occur no less than once each month.

24. Backup More Frequently

The treasurer/collector indicates that she backs-up the data in her files once a month. We recommend that she back-up at least weekly. Part of a disaster recovery program is to minimize risk and limit the potential loss of data. Now, if a crash occurred, the treasurer/collector would have to recreate up to a month of town data. Given the experience with a computer disaster in FY2005, it makes sense to reduce risks and limit the loss of data to a week at worst.

25. Receive Escrow Payments Electronically

A lender frequently receives monthly amounts from a homeowner in addition to loan principal and interest, 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 payment on their behalf. Often times, payments come in one lump sum with allocation details in a hardcopy list. Currently, the collector manually keys in the payments to taxpayer accounts in SoftRight. We recommend instead that she request payments in an electronic format that will automatically upload into SoftRight. She might need training from SoftRight to learn how this is accomplished.

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 the on-site inspection of sale properties and properties where a building permit has been issued. Additional information is gathered during an on-going property measure and list program. Upon resident application, assessors act on and track exemptions and abatements. They estimate new growth and conduct classification hearings. The assessors set the tax rate, recommend the annual overlay and provide levy information for use in the Tax Recap Sheet submitted to DOR. The office is also required by DOR to 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 816 real estate parcels in Clarksburg: 664 residential; 14 commercial/industrial; 4 multi-use; 129 vacant and an additional 5 parcels are in chapter land. There are also 12 personal property accounts. All are billed on a quarterly basis. Over the course of one year, motor vehicle commitments total just fewer than 2,000 accounts. The office also commits and mails approximately 330 water and sewer bills twice a year. Abatement applications number only 2-3 a year and fewer than 50 personal exemptions are granted annually on average.

In Clarksburg, the organization of the assessing department is atypical. One member of the board of assessors is a resident, but the second member is also the chair of the board of selectmen. Like his predecessor, the town administrator has been appointed to serve as principal assessor, which is a department manager role. Unlike his predecessor, the town administrator has no assessing experience, but is attending courses sponsored Massachusetts Association of Assessing Officers (MAAO). Oddly, the treasurer-collector has attended some of those courses as well with him.

The town administrator has 18 assigned assessing duties - the same number of responsibilities in the town administrator job description. As principal assessor, he:

- 1) Conducts property inspections
- 2) Provides administration & professional guidance to the Selectmen and supervises the outside consultant during triennial certifications
- 3) Determines new growth estimates
- 4) Works with the Board to insure accuracy of property records

- 5) Examines all documentation to identify all taxable property
- 6) Locates and inspects personal property
- 7) Analyzes market conditions and events for trends/changes in values
- 8) Supervises/participates in preparation for DOR certification of values
- 9) Supervises the commitment of taxes to the collector
- 10) Must have a basic knowledge of laws relating to finance and taxation
- 11) Oversees the operation and all records of assessors' office
- 12) Provides information to residents in person, in writing, on the telephone
- 13) Provides education to the public on operations, new policies, procedures
- 14) Assists the finance committee and selectmen in budget development
- 15) Assists the finance committee and selectmen toward town financial goals
- 16) Develops, recommends, administers the department operating budget
- 17) Attends professional meetings, training programs and seminars
- 18) Performs other duties inherent to the principal assessor position.

A portion of the assessing work assigned to the town administrator appears to be completed by Bishop & Associates, an outside consultant. Once a year, the consultant spends two days in the town to inspect all building permit and sale properties. He keys data into the appraisal software as needed and performs the analyses necessary to complete the triennial certification and interim property valuations. New growth estimates emerge from his building permit inspections.

Staff support is provided by the town administrative assistant, who is a four-hour per week assessors' clerk. Because she fulfills responsibilities for both positions from a desk located in the assessors' office, the benefit of day-long coverage is gained. Among her duties, the assessors' clerk updates property record information and readies maps for updating. She assembles building permits and sales data for later inspection by the consultant. She assists residents and works with other town hall staff.

Property information is maintained in the Computer Assisted Mass Appraisal (CAMA) software provided by the Community Software Consortium (CSC). While it is customary that the assessors' clerk and outside consultant have access to the CAMA software, it is our understanding that the treasurer/collector has access to the assessors' property records as well, which is not typical. Software support is provided by the Information Technology Section at the Division of Local Services. Like the town as a whole, the assessing department has no web presence. Residents are not able to view property values online or access needed forms.

Conclusion - Although consistent with the town's immediate past practice, we believe appointment of the town administrator as principal assessor underestimates the complexity and workload of the job. We believe it is an unrealistic expectation that the town administrator can, in

a short time frame, meet the requirements of his job and achieve the level of education and professional experience needed to fulfill duties assigned to him as the principal assessor. In addition, we realize that the composition of the board of assessors is a well-intentioned response to the difficulty of attracting volunteers to municipal government. Nonetheless, the concentration of responsibilities and authority that results by so closely associating the executive offices with the assessing function affect, even if only nominally, the independence and credibility of each. Our recommendations focus primarily on these issues.

26. Re-examine Town Administrator Role as Principal Assessor

We recommend that the board of selectmen and the resident member of the board of assessors take a close look at the assessing duties and responsibilities assigned to the town administrative assistant and to the assessors' consultant, Bishop & Associates. With this information, the board will have a more accurate list of remaining responsibilities and can explore how best they might be fulfilled. In that evaluation, the level of professional experience or education required to perform each function would be important considerations.

One option is to assign the remaining responsibilities to the town administrator if he is to continue in the role as principal assessor. Some or all might be added to the Bishop contract. And, there might be tasks that can be absorbed by the administrative assistant. A third option involves the prospects that another municipality or an assessor in another community (e.g., North Adams) would agree to provide the remaining services.

Opting to contract with Bishop or another assessor will give the town immediate access to an experienced, professional service level. It would also free the town administrator from the burden of taking courses and avoid the steep curve associated with learning on the job.

27. Appoint all Residents to Board of Assessors

Right now, the chair of the board of selectmen and the town administrator serve as two of the town's three members of the board of assessors. This is not a desirable or healthy arrangement and may in part violate Section 21A of Chapter 268A of the State Ethics Code. In its guide for selectmen, the State Ethics Commission provides the following interpretation of Section 21A:

“As a Selectman, you generally cannot be appointed to any position, paid or unpaid, that is both appointed by the Board of Selectmen and is under the supervision of the Board of Selectmen. You must wait 30 days after you finish serving as a Selectman before you are eligible to be appointed to such a position or you must receive approval for the appointment at an annual town meeting of the town.”

Even if town meeting approval has been secured, we recommend that the board of selectmen repeat and enhance prior efforts to enlist residents to serve on the board of assessors. Once volunteers emerge, the town administrator and the board of selectmen chair can resign their position in favor of the new appointments.

28. Keep Separation Between Treasurer/Collector and the Assessing Operations

Under state law (M.G.L. c. 41, §24) a collector may not serve as an assessor, just as a treasurer may not serve as an accountant (c. 41, §55). The interpretation of law does allow the offices to share clerical staff though it is strongly discouraged. There is also legal opinion that a collector may not serve in a clerical capacity in the assessors' office. The purpose of the law is to insure separation between persons who set tax bills from those who collect the tax payments. The separation is a fundamental financial control and safeguard.

We recognize that the assessing department is in transition and there is a willingness of some to help complete tasks. However, if by taking assessors' courses, the town or the treasurer/collector intends that she assist the town administrator in fulfilling his assessing responsibilities, she faces a high risk of being in violation of state law. This risk exists if she is allowed access to assessors' property records and/or appraisal software, and even if she only assists in processing.

Therefore, in view of prevailing law, we recommend that the selectmen resist assigning or allowing the treasurer/collector to perform any assessing duties, no matter how minor. Any permissions she has that allow her access to the CAMA system should be removed as well.

Acknowledgements

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