

# TOWN OF HADLEY

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FINANCIAL MANAGEMENT STRUCTURE | A COMMUNITY COMPACT CABINET INITIATIVE

JANUARY 2017



# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

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# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Michael J. Heffernan  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

January 27, 2017

David Nixon  
Town Administrator  
Town Hall  
100 Middle Street  
Hadley, MA 01035

Dear Mr. Nixon,

I am pleased to present the enclosed financial management structure review for the Town of Hadley 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. It is my hope that our guidance provides direction and serves as a resource for local officials as we build a better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or [blakez@dor.state.ma.us](mailto:blakez@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin  
Senior Deputy Commissioner

*Supporting a Commonwealth of Communities*

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## INTRODUCTION

At the request of the board of selectmen and town administrator, a team from the Division of Local Services (DLS) Technical Assistance Bureau reviewed the Town of Hadley's financial management structure. This project was sponsored 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 reinforces policymaking efforts, strengthens internal controls, enhances service delivery, and streamlines reporting relationships through a cohesive team with defined roles and responsibilities.

Our report begins with a brief profile of Hadley and outline of its current financial operations. We then offer proposals to strengthen the management structure, recommending options to reorganize and support the overall organization with a focus on financial operations. Also offered is additional evidence to promote improved fiscal management based on our broad best practice experience.

We encourage the board of selectmen and others, when formulating overall strategies for improving Hadley's financial management, to consider the observations and recommendations contained in this report. These are recommendations only, which the town may implement, provided there is sufficient cooperation and political will among the various town boards, committees and officials.

## COMMUNITY PROFILE

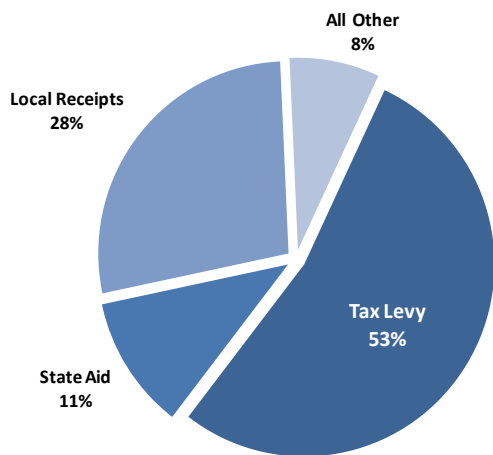
Nestled in the heart of Pioneer Valley, in central Massachusetts, is the quiet, agricultural Town of Hadley. Once known as the "asparagus capital of the world," this former mainstay of the local economy, known as "Hadley grass," continues to be an important source of community spirit for the town of 5,250. Hadley leads the region in total acreage dedicated to agribusiness and has the greatest percentage of land, apart from state-owned land, under some form of protection from development in the Commonwealth.

Route 9, one of the busiest state roads in Hampshire County, runs directly through the town center and connects Hadley to the larger neighboring college communities of Amherst (pop. 38,919) and Northampton (pop. 28,495). The town's permanent population swells to 20,000 daily, with employees, commuters, and students coming to the area. The University of Massachusetts (UMass), with a portion of its campus in Hadley, has prompted much of the development in town since the 1970's and impacts

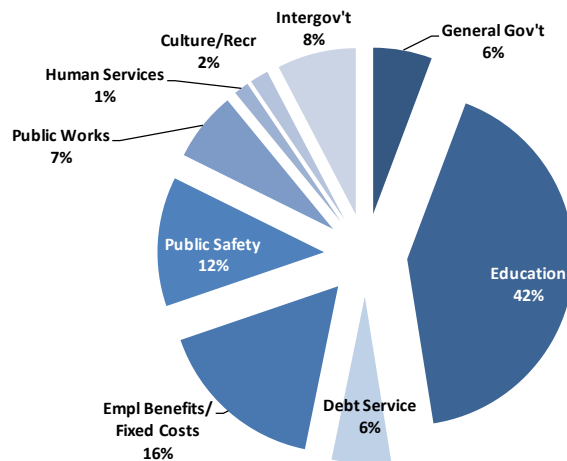
the demand for services on a daily basis. While local and UMass officials maintain a longstanding, cooperative partnership, including the university paying \$55,000 annually to the town, the financial burden of funding services falls to Hadley’s residents and businesses.

Through its annual budget, Hadley provides a full array of services, including police, fire, highway, health, planning, library, and various other general government activities. The town also delivers pre-k through 12th grade education to roughly 600 students. Altogether, the town has a total annual budget in excess of \$18 million and approximately 300 full-time, part-time, temporary, and seasonal employees, the majority of whom work for the school department.

Based on FY2015 information submitted to DLS, 53 percent of the town’s funding comes from property taxes, while local receipts (28 percent), state aid (11 percent), and other revenue sources (8 percent) make up the remainder. As for expenditures, the town spends 42 percent of its general fund budget on education, 16 percent on employee benefits and fixed costs, 12 percent on public safety, 7 percent on public works, 6 percent on debt service, and 17 percent on all other.



*FIGURE 1: FY2015 TOTAL REVENUES*  
*Source: DLS databank, revenues by source*



*FIGURE 2: FY2015 EXPENDITURES, GENERAL FUND*  
*Source: DLS databank, Schedule A, Part 2*

Historically, the town has benefited from conservative fiscal management practices. Beyond its balanced budget proposals, the town successfully pursues outstanding tax collections and maintains strong reserves, contributing to their AA+ credit rating from Standard & Poor’s, which was upgraded in 2014. In 2009, the town adopted the optional 0.75 percent meals tax and collects, on average, \$297,000 annually. This additional revenue is dedicated to funding a capital stabilization account, allowing the town to continue re-investment in one-time capital expenditures.

As a measure of property tax burden, over 70 percent of the state’s taxpayers allocate more of their per capita income to property taxes than Hadley. As far back as 2003, Hadley’s average single-family tax bill has been consistently lower than both the state’s and Hampshire County’s averages. Given the volume and value of the town’s commercial, industrial, and personal property accounts, a modest 65 percent of the community’s tax levy is borne by residential taxpayers, while the state average is almost 85 percent. There are only 13 other communities in the Commonwealth whose residential share of the total tax levy is lower than in Hadley.

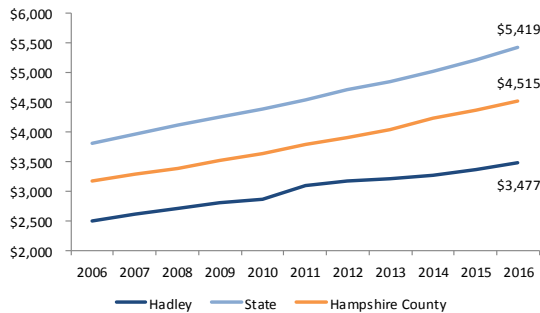


FIGURE 3: AVERAGE SINGLE-FAMILY (ASF) TAX BILL

Source: DLS databank

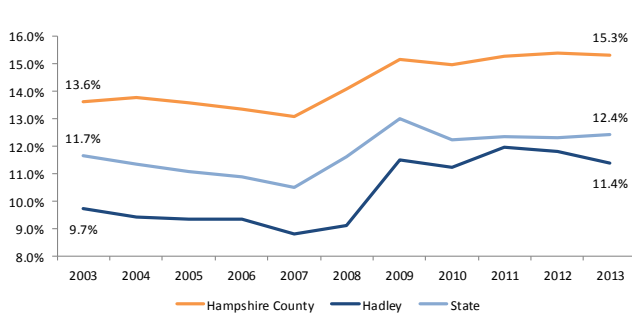


FIGURE 4: ASF TAXES AS A % OF PER CAPITA INCOME

Source: DLS databank

Since FY2008, however, the town has experienced an almost 28 percent growth in the cost of providing general services. As the rate of inflation and cost of doing business outpace annual revenue growth, the community will continue to see deeper strains on the operating budget. Hadley and South Hadley are the only two communities in Hampshire County that have never passed an operational override with the electorate.

Fiscal Year	General Government	Education	Debt Service	Fixed Costs	Police	Fire	Other Public Safety	Public Works	Human Services	Culture and Recreation	Intergovt Assessments	TOTAL
2008	\$808,406	\$5,366,888	\$947,707	\$1,458,539	\$779,988	\$148,321	\$409,705	\$630,507	\$122,758	\$129,471	\$496,887	\$11,299,177
2009	\$896,043	\$5,524,759	\$917,677	\$1,545,626	\$884,747	\$171,064	\$358,279	\$753,692	\$128,951	\$184,558	\$588,825	\$11,954,221
2010	\$873,940	\$5,304,582	\$773,050	\$1,652,672	\$926,202	\$201,218	\$372,064	\$669,170	\$126,190	\$163,421	\$665,011	\$11,727,520
2011	\$1,021,429	\$5,566,886	\$1,058,135	\$1,789,684	\$894,594	\$204,985	\$448,326	\$721,377	\$119,579	\$165,236	\$608,790	\$12,599,021
2012	\$1,173,622	\$5,387,052	\$1,004,221	\$1,874,283	\$999,742	\$212,663	\$462,488	\$744,576	\$121,359	\$211,754	\$706,675	\$12,898,435
2013	\$957,408	\$5,592,447	\$896,916	\$1,958,649	\$908,622	\$236,279	\$490,971	\$848,556	\$194,057	\$229,706	\$956,329	\$13,269,940
2014	\$950,400	\$6,007,024	\$807,811	\$2,024,997	\$1,140,860	\$248,477	\$474,953	\$944,353	\$208,546	\$253,111	\$997,939	\$14,058,471
2015	\$825,373	\$6,032,203	\$827,325	\$2,390,839	\$1,016,656	\$315,292	\$484,115	\$974,922	\$210,344	\$260,836	\$1,106,218	\$14,444,123
\$ Incr since 2008	\$16,967	\$665,315	(\$120,382)	\$932,300	\$236,668	\$166,971	\$74,410	\$344,415	\$87,586	\$131,365	\$609,331	\$3,144,946
% Incr since 2008	2.1%	12.4%	-12.7%	63.9%	30.3%	112.6%	18.2%	54.6%	71.3%	101.5%	122.6%	27.8%

FIGURE 5: GENERAL FUND EXPENDITURES, ANNUAL GROWTH

Source: DLS Databank, Schedule A, Part 2, General Fund Expenditures

The town continues to seek additional efficiencies and opportunities for improvement, as evidenced by the previous DLS reviews in 2007 (highway and water departments) and 2013 (financial management review). Apart from its annual audits, the town also completed a five-year strategic information



technology (IT) plan, conducted a department-wide SWOT (strength, weakness, opportunity, and threat) analysis, and prepared a service delivery plan as a supplement to the town budget. The town has adopted some fiscal policies governing investments, use of reserves, and other strategies, which are included in the annual budget document. Collectively, these tools provide opportunities for self-assessment, development of goals and objectives, and continued improvement in the delivery of services to the community.

## CURRENT FINANCIAL MANAGEMENT STRUCTURE

Operating under an open town meeting form of government, Hadley does not have a charter but rather is organized under a combination of state statutes, special acts, and local bylaws. State statutes generally provide allowable methods of governance and often offer guidance on minimum requirements, while special acts and bylaws enable a community to establish the specific authority and procedures by which it operates.

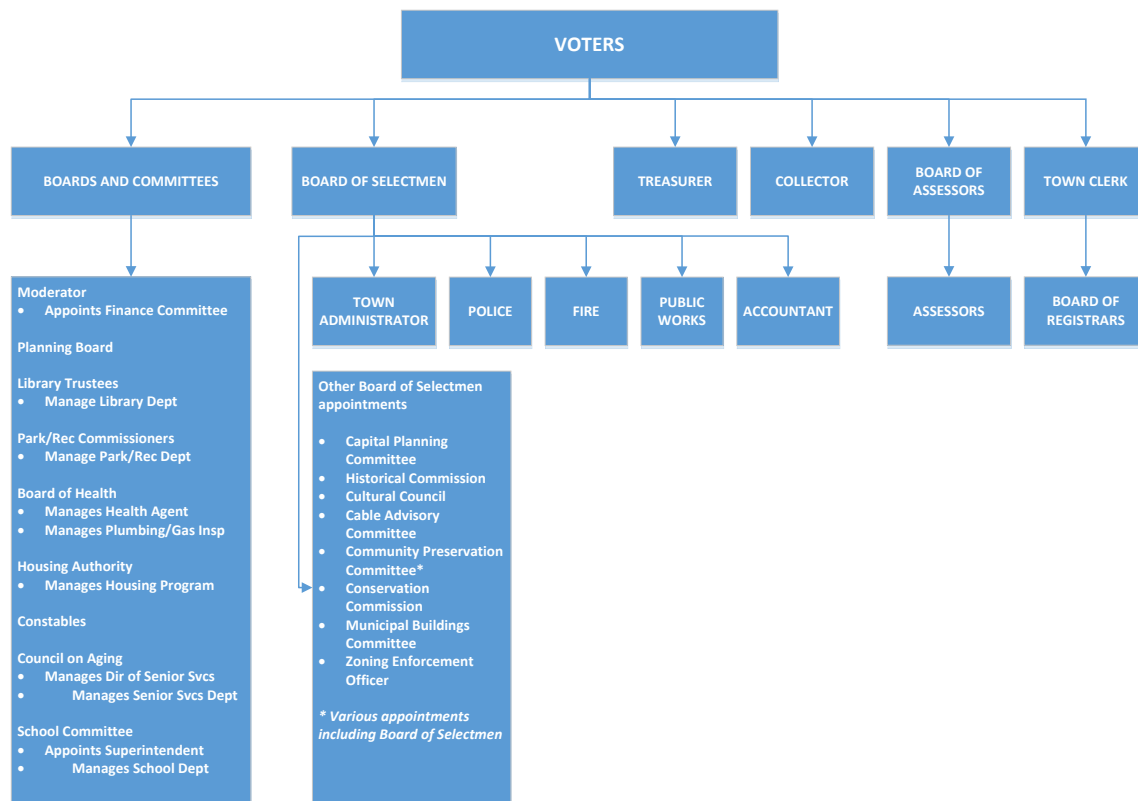


FIGURE 6: CURRENT ORGANIZATIONAL STRUCTURE, ORDERED BY ELECTING/APPOINTING AUTHORITY

Source: Town of Hadley FY2017 budget, page 9

The organizational structure is essentially flat, wherein a five-member board of selectmen is the chief executive body, and multiple departments are governed by either elected individuals or boards. The select board serves as the principal goal-setting and policymaking body for the town. They employ and act through a full-time appointed town administrator, whose job duties include:

- overseeing day-to-day operations and coordinating interdepartmental activities
- serving as chief procurement officer
- compiling the annual operating and capital budgets
- preparing annual town reports and town meeting related materials
- liaising with town counsel on legal matters
- assisting with collective bargaining negotiations
- coordinating all personnel matters, including grievances and complaints
- serving as public relations officer, responding to citizen inquiries, requests or complaints
- managing the repairs and maintenance of most town owned facilities
- carrying out the policies, procedures, and initiatives of the select board

Outlined in town bylaw, his responsibilities also include supervising and directing all nonelected department heads and employees under the select board's jurisdiction, yet he has no express authority to reward, discipline or hold employees accountable. While the current town administrator has been steadily dedicated, diligent and competent, this over concentration of duties and inadequate formal authority do not support a strong municipal management structure.

The current town administrator, appointed in 2005, has worked successfully with the select board to address several key financial initiatives. These include eliminating health insurance for part-time elected officials, negotiating solar power purchase agreements to reduce town energy costs, formalizing an other postemployment benefits (OPEB) funding strategy, and proposing financial policies to help guide the stewardship of the town. While the town administrator holds monthly operational meetings with department heads, the town's financial officers meet on an as-needed, task-oriented basis.

Hadley has a tri-board made up of the chairs of the select board, finance committee and school committee. It was established five years ago to open lines of communication and encourage cooperation regarding financial issues facing the town. Because it was formed as an ad hoc committee, it does not function as a standing committee and does not conduct regular meetings.

Separate from the executive functions, the town operates individual finance-related offices for accounting, treasury, collections, and assessing. Although analyzing these departments was the primary objective of the project, we identified concerns in the areas of human resources and information technology that have negative impacts on financial and town-wide operations.

### **Town Accountant**

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 staff prepare payroll and vendor warrants, maintain a general ledger, in which receipts, expenditures and other town financial activity are recorded, and reconcile cash, debt and receivables with the treasurer and collector respectively.

In 2015, after serving 12 years in Hadley, the last town accountant resigned, leaving a significant gap in procedural and institutional knowledge. With a desire to fill the position quickly, the select board engaged in an annual contract with Baystate Municipal Accounting Group, Inc. of Maynard, MA, to provide day-to-day accounting services and financial statement preparation. While on-site presence is limited to one day per week, the outsourcing arrangement has addressed operational weaknesses, such as minimizing the number of manual vendor checks issued, requiring contracts to be submitted for procurement projects, and requiring department heads to code and approve invoices for payment prior to submittal.

Based on conversations with town officials, this vendor is meeting the statutory obligations of the office and producing financial statements in a timely manner, and the town is saving an estimated \$30,000 annually in employee related costs.

### **Treasurer**

The treasurer, as the community's cash manager, has custody of all municipal money. 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 town obligations. Maintaining a cashbook, debt schedule, check registers and various logs to track balances for grants, trusts, revolving funds and special revenue funds are essential functions of the treasurer, along with investing town funds to maximize investment income and meet cash flow needs. As a financial control, the treasurer is

obligated to reconcile cash balances and debt, both internally, and with the accountant on a regular basis. In Hadley, the treasurer's office is also responsible for payroll and benefits administration.

The town's full-time elected treasurer, in her first year of a three-year term, is supported by a full-time assistant treasurer. Previously, the assistant treasurer served a dual role of assistant town accountant/assistant treasurer. For proper internal control purposes, these roles were duly separated. The assistant treasurer position was upgraded to full-time, and the assistant town accountant position was outsourced.

Routinely working beyond 40 hours per week, the assistant treasurer's primary responsibility is payroll. Her duties include processing time and attendance, administering unemployment, workers compensation, and injured-on-duty programs, advising on benefit plan selections, reconciling vendor and payroll bank accounts, and balancing payroll deductions both internally and with the accounting office.

### **Town Collector**

A municipality's town collector possesses the authority to collect all monies due to the community ([M.G.L. c. 41, §38A](#)). The collector has the responsibility to make certain that collections are properly counted, posted to taxpayer accounts, and either turned over to the treasurer or deposited daily, and to pursue delinquent taxes using various methods and services. Critical to the position is maintenance of an up-to-date receivable control that is reconciled internally and then externally with the accountant on a monthly basis.

The town's full-time collector was elected in 2006 and is in her fourth consecutive term in office. Supported by a full-time assistant collector, the office is responsible for collecting all taxes and other amounts due to the town. The collector currently maintains a separate bank account and turns over funds to the treasurer weekly.

### **Assessor**

The assessors' office is responsible for valuing all of the town's real and personal property and generating the commitments authorizing the collector to collect real estate, personal property, motor vehicle excise, and boat 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 coordinates the tax recapitulation process for setting the tax rate.

The elected, three-member board of assessors approves property values, tax and excise commitments, abatements, and exemptions, and appoints the department's assistant assessor. In his 26<sup>th</sup> year of service to the town, the assistant assessor is responsible for managing day-to-day operations, including data collection, site inspections, ownership changes and sales analysis. He is supported by a part-time administrative assistant.

### **Human Resources**

The town does not operate a formal human resources (HR) department but instead relies heavily on the town administrator, treasurer, school superintendent, and board of selectmen to address personnel issues, often resulting in countless hours of effort each week. Local officials exhaust all internal means possible to resolve issues without mediation or arbitration. To avoid the additional expense, the town uses labor counsel as little as possible. During our interviews, numerous town officials confirmed a rise in the number of HR issues, such as grievances, which have stretched the bandwidth of existing town resources.

### **Information Technology**

Technology is a core component of today's financial operations. On the revenue side, assessors use computers to maintain property values, set tax rates and generate property tax and excise commitments; the collector generates tax bills, post receipts, and manages receivables; and the treasurer records turnovers of town monies to track the town's cash position. On the expenditure side, the accountant captures vendor invoices and employee payroll data to generate warrants for the selectmen's approval; and the treasurer processes payroll, signs the computer-generated checks and tracks the disbursements in her electronic cash book. Cash balances and receivables are all reconciled using electronically generated reports. Debt schedules, revenue and expenditure reports, annual budgets, and balance sheets are all maintained in electronic files. Email is used regularly to communicate and share information. The town's website is a key outreach tool that provides information on town offices, access to town documents and forms, and a link for online payments. Computers play a key role in virtually every element of the town's finances.

In addition to traditional Windows-based applications, such as Word and Excel, the finance offices use the following systems to perform essential job functions and maintain official records:

Department	Primary Systems	Observations
<b>Accounting</b>	<ul style="list-style-type: none"> <li>▪ VADAR Systems for general ledger, reporting and accounts payable [Cloud based version]</li> <li>▪ QuickBooks (for reconciliations)</li> </ul>	There is no integration with other software applications, such as accounts receivable and payroll.
<b>Treasury</b>	<ul style="list-style-type: none"> <li>▪ VADAR for treasury receipts and tax title</li> <li>▪ QuickBooks (for cash book)</li> <li>▪ Harpers Payroll Services</li> </ul>	<p>There is no automatic integration of revenue data between the collector's and treasurer's offices.</p> <p>There is no automatic integration of payroll journals between Harpers and VADAR.</p> <p>Duplicative data entry is required to record transactions in multiple systems.</p> <p>There is no HR information system to track information, like emergency contact, dependent, beneficiary, education, certification, accident reporting and other comprehensive data needed for compliance requirements.</p>
<b>Collection</b>	<ul style="list-style-type: none"> <li>▪ Point Software Inc. for billing and collections (RE, PP, MV, water, sewer) and municipal lien certificates</li> </ul>	<p>This application does not automatically interface with VADAR and Vision.</p> <p>Duplicative data entry is required to record transactions in multiple systems.</p>
<b>Assessing</b>	<ul style="list-style-type: none"> <li>▪ Vision Government Solutions for computer assisted mass appraisal of real estate and personal property accounts</li> <li>▪ Point for motor vehicle and boat excise, as well as abatements and exemptions of receivables</li> </ul>	<p>There is no direct data interface between Vision and Point. Transferring commitments to the collector's office requires 3<sup>rd</sup> party intervention.</p> <p>There is no direct data interface between the Point and VADAR systems to record abatements.</p> <p>Duplicative data entry is required to record transactions in multiple systems.</p>
<b>School Business Office</b>	<ul style="list-style-type: none"> <li>▪ VADAR [client/server version]</li> </ul>	<p>Despite both town and school using a VADAR-based system, there is no direct data interface between the two.</p> <p>Duplicative data entry is required to record transactions in multiple systems.</p>

All of Hadley's critical financial software applications are backed by support agreements with the external vendors to maximize reliability, usability, and regulatory compliance. However, these standalone, proprietary applications lack integration, thereby causing duplicative entry, inefficient workflow, decreased productivity, and data integrity concerns. Aging computer equipment, lack of file sharing, unsecure networks, and data backup and disaster recovery gaps have accumulated over time to expose significant vulnerabilities.

The town has taken initial steps to more fully document the deficiencies in its IT operations by conducting an operational audit and commissioning a strategic plan. Northeast IT Systems of West Springfield, the selected vendor, recently completed a five-year strategic technology plan<sup>1</sup> that underscored the inadequacies and extensive vulnerabilities in the town's infrastructure. The report outlines more than 62 recommendations requiring immediate or impending actions. The town is now tasked with defining its short- and long-term strategies surrounding technology.

While oversight of the IT function currently rests with the town administrator, it is unreasonable to expect that he possesses the technical credentials or available time to manage the ever-changing IT demands. The town does not have on-site personnel as part of a dedicated IT department but instead outsources desktop support to a third-party vendor, Paragus Strategic IT of Hadley, MA. The strategic report confirmed that the number of hours contracted per month is inadequate, response rates are not always optimal, customer satisfaction is inconsistent, and the service offerings are rooted in helpdesk requests only; leaving out any strategic or tactical planning.

## **RECOMMENDATIONS**

Based on our interviews, the financial offices appear to be successful in meeting their statutory obligations and providing core services to the community. Local officials continue to strengthen the town's financial practices by adopting policies and procedures, establishing a service delivery plan, and working collaboratively to develop an annual budget and capital program. The following recommendations, some reiterated from the 2013 DLS financial management review, stand to further strengthen the town's ability to provide a positive workplace for its employees and deliver high-quality services to its residents and businesses.

Some of our recommendations require additional funding beyond the current available operating revenues and limited excess levy capacity. Local officials in Hadley need to evaluate all funding

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<sup>1</sup> Five Year Strategic IT Plan, Hadley, MA dated January 8, 2016 and prepared by Northeast IT Systems

strategies when identifying practical solutions. We encourage the town to include, in its evaluation, the feasibility of shared service partnerships with neighboring communities.

### **Grant the Town Administrator Appointing Authority**

We recommend empowering the town administrator's position with appointing authority over all nonelected department heads. This delegation of appointing authority by the selectmen to the town administrator will create clear reporting relationships, line accountability, and enhance prospects for a team management approach to government. Subject to town administrator's review and approval, department managers would still have the primary roles in hiring their staff.

The most expedient route to convert appointing authority is through the adoption of a bylaw. However the town administrator's responsibilities, and the shift in appointing authority we propose, would be more appropriately incorporated within a town charter<sup>2</sup>. Under the proposed structure, the board of selectmen would continue to formulate policy, provide expert guidance, and make customary decisions and recommendations, while the responsibility of overseeing day-to-day government operations and implementing town-wide goals and initiatives would be placed directly in the hands of the town administrator and department managers.

### **Establish a Human Resource/Benefits Coordinator Position**

The town's largest annual expenditure is its labor force, including the costs of compensation, fringe benefits, professional development, and other expenses. Communities have a responsibility to recognize that employees constitute an active investment, and when properly trained, managed, and deployed, can provide efficient and cost-effective services to residents, businesses, and visitors. In addition, communities must maintain complete and accurate personnel records, develop and implement consistent employee policies, and report required data to regulatory agencies or face significant risks and penalties.

The town administrator, treasurer, assistant treasurer, superintendent, and other local officials devote significant time to administering and addressing HR-related issues. The town does not have a staff member with extensive human resource management experience or broad knowledge of all local, state and federal compliance requirements, and it does not have adequate employee tracking systems. As workplace requirements, collective bargaining agreements, and benefit programs grow in

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<sup>2</sup> A municipal charter is a document that defines the organization, powers, functions and essential procedures of the local government. It may be created either by [M.G.L. c. 43B](#) or via a special act.



complexity, the town bears an increasing responsibility to provide proper working conditions, consistent policies and procedures, and meet minimum compliance standards.

We recommend creating a new HR department staffed by a full-time coordinator to:

- Provide timely direction and oversight on employee matters
- Develop and administer employee policies and procedures, ensuring consistent interpretation and application
- Administer employee benefit programs, including health, dental, life, and disability insurance, unemployment insurance, workers' compensation and employee assistance
- Maintain employee classification, benefit, and compensation plans
- Direct employee recruitment and hiring activities, and coordinate orientation, training, and employee recognition activities
- Manage the collection, custody, and compliance reporting of employee data to local, state, and federal agencies
- Develop impact studies, plans, and forecasts to assist local officials with union negotiations, labor relations issues, grievances, arbitrations and disputes

We further recommend that the human resource coordinator implement a human resource information system (HRIS) to manage and report on the complex data required by many federal, state, and local agencies.

As part of implementing this position, we recommend shifting the benefits administration duties currently performed by the assistant treasurer to the human resources office. Additionally, we recommend updating the assistant treasurer job description. This change in responsibilities frees up the assistant treasurer to take on additional treasury-related tasks, like reconciliations, tailings, and tax title administration.

### **Combine and Appoint the Treasurer/Collector**

As noted in our 2013 financial management review, we continue to recommend that the town join the majority of the communities across the Commonwealth in modifying its financial management structure to include a combined and appointed treasurer/collector. Due to parallel job responsibilities and highly specialized, professional skill-sets needed for the position, we strongly recommend this action so that all receipts will be collected, counted, posted, deposited, and managed in the same office. At the same time, an appointed position provides access to a broader pool of candidates, who will be required to meet minimum job qualifications, have relevant education and experience, complete a thorough background check, and go through an extensive interview process. As a result of

the new municipal modernization bill, [M.G.L. c. 41, §1B](#) has been amended to enable towns to combine and appoint treasurer/collector positions locally, without the need for a special act. An appointed position can also be more effectively monitored and held accountable.

We recommend the town retain both an assistant treasurer and assistant collector to maintain proper internal controls and ensure adequate backup staffing when the treasurer/collector is not available.

### **Establish an Information Technology Department**

The existing IT-related systems are limited, hardware is outdated, networks and workstations lack critical security protocols, and the financial operation is devoid of proper workflow integration. The town needs to be more secure, connected, integrated, and efficient than it is today. Although IT does not directly support the citizens of Hadley, the services rendered to the other town offices ultimately result in improved community services and streamlined operations. Keeping up with technology can be a costly, lengthy and daunting task for local governments, and oftentimes resources tend to be spent supporting the services more visible to taxpayers.

Across the Commonwealth, the growing trend favors operating a dedicated IT department staffed with IT professionals. While the needs, levels of funding, and services vary broadly among them, the tendency is that communities recognize the importance of managing IT under a dedicated department staffed with specialized personnel.

In Hadley's case, we recommend the town establish a department and hire an IT professional to manage the extensive upgrades and improvements outlined in the five-year strategic technology plan. While there is ample work to justify a full-time person, if the town is unable to fully invest, then a part-time hire or intermunicipal partnership is advised.

A dedicated, on-site IT director would provide, at a minimum, the following services:

- Coordinate and support town-wide IT, telecommunications, alarm systems, networks, and other specialty systems
- Implement security protocols, reliable backup systems and disaster recovery programs
- Provide training and help desk support for all town departments
- Develop and manage equipment inventory schedules along with warranty and replacement programs
- Manage all storage and backup systems, including disaster recovery programs

- Centralize and standardize purchasing of computer hardware and software for all departments
- Identify opportunities across departments to offer new digital services or enhance existing functions that improve efficiency, promote transparency, and result in cost savings
- Develop and maintain the technology master plan, incorporating budgetary projections into a long-term capital planning program
- Continuously improve the municipal website, including enhancements to self-service or online business tools

We recommend that the town administrator initiate discussions with the existing software suppliers to determine if newer versions of the application, or additional programming might allow for data integration and improved workflow.

We further recommend the town develop, distribute, and continuously maintain IT-related policies regarding privacy, acceptable use, social media, mobile technology, and data security. Those policies should be issued to all employees, boards, and committees on an annual basis and require positive receipt and acknowledgment.

### **Establish a Financial Management Team**

The town administrator, on an ad hoc basis, convenes members of the financial offices, including the collector, treasurer, assessor, accountant, assistant collector, and assistant treasurer, to review and address contemporary issues, such as OPEB funding strategies and municipal modernization impacts. The town's tri-board committee also meets on an irregular basis. We recommend that, in lieu of these ad hoc groups, the formation of a financial management team chaired by the town administrator and including the treasurer/collector, accountant, assessor, school business manager, and chairs of the select board, finance committee and school committee. Since these meetings would most likely occur during regular business hours, the chairs of the select board and finance committee should attend as available and be kept apprised of issues discussed in their absence. The town administrator should establish a regular meeting schedule, and the board of selectmen should sponsor a financial team bylaw to promote strong cohesion and serve as a more effective tool for addressing local fiscal policy and other finance-related matters. Whether officials are elected or appointed, we would expect a common desire to be informed and effectively manage the town's finances.

The financial management team meetings would be a forum where the budget calendar, state and federal regulatory calendars, and other finance-related deadlines can be reviewed on a consistent basis. For as long as the town outsources its accounting function, we recommend the team include the

vendor in monthly discussions. The team would collaborate on upcoming compliance concerns, offer early strategies to deal with anticipated areas of concern, and facilitate the collection of data that would serve as a basis for decisions by the town's policy making bodies.

### **Develop a Comprehensive Financial Policy Manual**

Sound financial policies help guide responsible stewardship of the town, promote transparency and trust in government, and provide additional assurance to credit rating agencies of the fiscal dependability of the town's leaders. While Hadley includes a set of policies in its annual budget document, we recommend the town develop a more comprehensive financial policy manual that incorporates the existing guidelines and extends them to include other key topics, such as reconciliations, forecasting, conflict of interest, and antifraud. Such policies should identify the responsible parties and procedural steps necessary to carry out the directed strategy or action. We present a list of recommended financial policies in the Appendix.

## **OTHER OBSERVATIONS**

While not specifically structural in nature, the following recommendations are offered to improve and strengthen the town's financial operations.

### **Transfer the custody of municipal bank accounts to the treasurer**

The collector should deposit all receipts directly into an account under the treasurer's control. In this way, funds are in the treasurer's custody as required by [M.G.L. c. 41, §35](#), and immediately become part of the general cash flow to generate interest. The town collector currently maintains a bank account separate from the treasurer for the deposit of tax receipts, and, once payments clear, she transfers them to the treasurer.

Across the state numerous instances of theft and mis-management have been a direct result of bank account custody falling outside the hands of the treasurer. We recommend closing any bank account(s) under the town collector's control or transferring custody to the treasurer. The town may, if desired, maintain a separate bank account for the collector's deposits under the treasurer's control.

*See 2013 Town of Hadley Financial Management Review, Recommendation #22*

### **Give copies of all contracts and grants to the accountant**

Per conversations with the town accountant, he does not have custody of all the contracts and grants he is legally obligated to maintain. When reviewing payment requests, the accountant must be able to verify that the terms of the contracts are met. We recommend the heads of all departments, boards, and commissions, including the town administrator, submit copies of all grants and contracts to the accountant's office in compliance with [M.G.L. c. 41, §57](#).

*See 2013 Town of Hadley Financial Management Review, Recommendation #13*

### **Initiate biweekly payroll and encourage direct deposit**

We recommend converting all town employees to a biweekly payroll schedule. Although this change will require collective bargaining and a 90-day notice to employees, paying employees every two weeks reduces processing time, saves money, eliminates additional paperwork, and simplifies reconciliations. At the same time, the town should bargain that all employees be enrolled in direct deposit, which further increases efficiencies by reducing the cost of issuing checks, preventing the need to reissue lost or stolen checks, and eliminating the need to reconcile outstanding checks.

*See 2013 Town of Hadley Financial Management Review, Recommendation #15*

## APPENDIX – FINANCIAL POLICIES

The Division of Local Services recommends communities develop, adopt, and periodically update financial policies to guide proper financial stewardship of the municipality. We recommended, at a minimum, that the core financial policies shown below are adopted. Local officials may find samples on our website at [www.mass.gov/dor/local-officials/technical-assistance-bureau/technical-assistance-published-reports.html](http://www.mass.gov/dor/local-officials/technical-assistance-bureau/technical-assistance-published-reports.html).

### Financial Planning

Recommended Core Policies	Optional
▪ Capital planning	▪ Finance committee reserve fund
▪ Debt management	▪ Town/School revenue sharing
▪ Financial reserves	
▪ Forecasting	
▪ Indirect cost allocation	
▪ Investments	
▪ Other postemployment benefits liability	

### Financial Operations

Recommended Core Policies	Optional
▪ Antifraud	▪ Credit card
▪ Procurement conflict of interest	▪ Overlay
▪ Reconciliation	▪ Tax recapitulation
▪ Revenue turnover	▪ Travel reimbursement
▪ Tax enforcement	

### Other Financial Policies

Optional	Optional
▪ Annual reporting requirements	▪ Disbursements
▪ Cash flow reporting	▪ Financial management team

## APPENDIX – HAMPSHIRE COUNTY AND PEER ANALYSIS

Community Structure Comparison								
Municipality	Town Mgr / Administrator	Combined Treasurer/ Collector	Human Resource Dept	Finance Director	Info Tech	Free Cash [2016]	Stabilization [2015]	Bond Rating
Amherst	Town Mgr	✓	✓	✓	✓	\$4,322,441	\$5,708,245	AA+
Belchertown	Town Admn	✓			✓	\$759,497	\$2,131,793	A+
Chesterfield	Town Admn					\$488,496	\$405,933	
Cumington	Mayor		✓	✓		\$187,917	\$623,269	
Easthampton	Exec Secretary	✓			✓	\$971,590	\$1,549,014	A+
Goshen	N/A					\$117,639	\$819,548	
Granby	Town Admn					\$292,549	\$4,958,193	AA
<b>Hadley</b>	<b>Town Admn</b>					<b>\$786,071</b>	<b>\$2,368,766</b>	<b>AA+</b>
Hatfield	Town Admn	✓				\$98,582	\$551,678	AA
Huntington	N/A					\$353,953	\$1,007,600	
Middlefield	N/A					\$302,662	\$123,162	
Northampton	Mayor	✓	✓	✓	✓	\$3,422,570	\$6,522,145	AA+
Pelham	Town Admn	✓				\$234,686	\$249,126	AA-
Plainfield	Exec Secretary					\$253,906	\$382,412	
South Hadley	Town Admn	✓	✓		✓	\$1,707,151	\$1,571,343	
Southampton	Town Admn	✓				\$222,104	\$499,429	
Ware	Town Mgr	✓		✓	✓	\$610,521	\$555,964	AA
Westhampton	N/A					\$211,839	\$25,910	
Williamsburg	Town Admn					\$798,419	\$1,097,391	AA+
Worthington	N/A					\$217,324	\$939,504	
Ayer	Town Admn	✓			✓	\$1,358,462	\$2,147,429	N/A
Eastham	Town Admn	✓	✓		✓	\$1,206,746	\$52,856	AAA
Bolton	Town Admn	✓	✓			\$604,657	\$952,482	N/A
Boxborough	Town Admn	✓				\$1,587,281	\$1,231,430	AAA

*FIGURE 7: HAMPSHIRE COUNTY COMPARISON (ALPHABETICAL ORDER)  
Sources: Division of Local Services – databank and tax recapitulation sheet*

DOR Code	Municipality	PER CAPITA INCOME				EXCESS LEVY CAPACITY		EQUALIZED VALUATION		AVERAGE SINGLE FAMILY HOME - VALUE			AVERAGE SINGLE FAMILY HOME - TAX BILL			TAX RATE AND AVERAGE SINGLE FAMILY PARCELS		GENL FUND EXPENDITURES		R/O as % of Total Value	CIP as % of Total Value
		2013 population	2013 Per Capita Income	State Rank (Hi to Lo)	County Rank (Hi to Lo)	Excess Levy Capacity	Excess as a % of Max Levy	2014 Total EQV	2014 per capita EQV (Hi to Lo)	2016 ASFV	State Rank (Hi to Lo)	County Rank (Hi to Lo)	2016 ASFTB	State Rank (Hi to Lo)	County Rank (Hi to Lo)	# Parcels	2016 Tax Rate	2015 GF Total	2015 Exp Per Capita		
008	Amherst	38,919	\$17,044	336	19	\$5,315	0.01	\$2,220,991,600	\$57,067	\$333,545	147	1	\$7,078	54	1	4,094	\$21.22	\$67,491,814	\$1,734	89.78	10.22
024	Belchertown	14,735	\$30,935	184	6	\$49,184	0.20	\$1,401,621,900	\$95,122	\$251,096	232	9	\$4,512	173	6	4,314	\$17.97	\$45,378,513	\$3,080	92.49	7.51
060	Chesterfield	1,239	\$19,044	319	17	\$246,655	8.25	\$151,017,800	\$121,887	\$222,756	266	15	\$4,179	201	9	517	\$18.76	\$3,117,595	\$2,516	95.31	4.69
069	Cummington	867	\$29,257	215	9	\$75,760	4.14	\$129,127,900	\$148,936	\$232,663	252	11	\$3,148	303	20	334	\$13.53	\$2,054,758	\$2,370	88.30	11.70
087	Easthampton	15,971	\$26,514	248	13	\$4,725	0.02	\$1,482,339,500	\$92,814	\$231,211	254	13	\$3,605	250	13	4,031	\$15.59	\$36,685,119	\$2,297	86.83	13.17
108	Goshen	1,058	\$12,651	348	20	\$16,186	0.73	\$145,887,900	\$137,890	\$214,052	274	16	\$3,352	280	19	496	\$15.66	\$2,447,388	\$2,313	94.01	5.99
111	Granby	6,290	\$29,319	211	8	\$4,509	0.04	\$582,129,300	\$92,548	\$227,799	258	14	\$4,299	186	7	2,058	\$18.87	\$16,378,565	\$2,604	91.63	8.37
117	<b>Hadley</b>	<b>5,271</b>	<b>\$28,221</b>	<b>228</b>	<b>11</b>	<b>\$1,604</b>	<b>0.02</b>	<b>\$980,443,400</b>	<b>\$186,007</b>	<b>\$311,796</b>	<b>164</b>	<b>2</b>	<b>\$3,477</b>	<b>263</b>	<b>17</b>	<b>1,649</b>	<b>\$11.15</b>	<b>\$14,444,123</b>	<b>\$2,740</b>	<b>65.39</b>	<b>34.61</b>
127	Hatfield	3,282	\$31,674	177	5	\$7,460	0.11	\$523,102,800	\$159,385	\$299,873	179	5	\$3,952	221	11	1,003	\$13.18	\$8,478,083	\$2,583	75.55	24.45
143	Huntington	2,168	\$28,645	220	10	\$3,690	0.11	\$200,117,700	\$92,305	\$191,384	298	17	\$3,541	255	14	739	\$18.50	\$4,238,504	\$1,955	93.73	6.27
183	Middlefield	528	\$17,153	335	18	\$187,364	13.81	\$66,509,900	\$125,966	\$189,402	300	18	\$3,381	275	18	192	\$17.85	\$1,447,719	\$2,742	91.62	8.38
214	Northampton	28,495	\$30,172	198	7	\$9,075	0.02	\$3,351,978,800	\$117,634	\$301,040	178	4	\$4,865	148	5	5,631	\$16.16	\$82,807,621	\$2,906	79.77	20.23
230	Pelham	1,319	\$34,036	145	2	\$287,554	7.30	\$180,375,200	\$136,751	\$306,552	169	3	\$6,502	74	2	471	\$21.21	\$4,315,592	\$3,272	94.55	5.45
237	Plainfield	650	\$19,609	315	16	\$56,681	3.41	\$87,121,300	\$134,033	\$185,556	302	19	\$3,500	260	15	246	\$18.86	\$1,694,119	\$2,606	79.26	20.74
275	South Hadley	17,740	\$27,936	231	12	\$9,219	0.04	\$1,482,316,700	\$83,558	\$231,740	253	12	\$4,069	212	10	4,337	\$17.56	\$41,353,154	\$2,331	90.87	9.13
276	Southampton	5,984	\$36,089	128	1	\$1,731	0.02	\$676,154,500	\$112,994	\$265,322	213	7	\$4,290	188	8	2,140	\$16.17	\$14,560,577	\$2,433	93.82	6.18
309	Ware	9,844	\$22,145	294	15	\$5,151	0.04	\$729,348,600	\$74,091	\$172,583	318	20	\$3,488	262	16	2,556	\$20.21	\$27,728,490	\$2,817	83.45	16.55
331	Westhampton	1,603	\$31,747	175	4	\$8,955	0.21	\$219,564,300	\$136,971	\$279,984	191	6	\$5,292	122	3	628	\$18.90	\$4,921,984	\$3,070	94.67	5.33
340	Williamsburg	2,466	\$24,146	275	14	\$141,746	2.43	\$324,336,900	\$131,523	\$263,308	215	8	\$4,937	144	4	731	\$18.75	\$6,802,488	\$2,759	90.87	9.13
349	Worthington	1,167	\$32,264	168	3	\$17,491	0.65	\$164,406,000	\$140,879	\$235,412	246	10	\$3,781	240	12	476	\$16.06	\$3,127,155	\$2,680	93.03	6.97
County Average		7,980	\$26,430	238		\$57,003	2.08	\$754,944,600	\$118,918	\$259,828	235		\$4,515	206		1,832	\$17.31	\$19,473,668	\$2,590	88.25	11.75
<b>Peer Model [A=Population, B=Per Capita Income, C=Equalized Valuation, D=Avg Single Family Home Value -- Communities within +/- 10% per category were included]</b>																					
117	<b>Hadley</b>	<b>5,271</b>	<b>\$28,221</b>	<b>228</b>		<b>\$1,604</b>	<b>0.02</b>	<b>\$980,443,400</b>	<b>\$186,007</b>	<b>\$311,796</b>	<b>164</b>		<b>\$3,477</b>	<b>263</b>		<b>1,649</b>	<b>\$11.15</b>	<b>\$14,444,123</b>	<b>\$2,740</b>	<b>65.39</b>	<b>34.61</b>
019	Ayer [B,C,D]	7,821	\$29,417	210		\$965,243	2.03	\$1,012,014,600	\$129,397	\$281,418	188		\$4,089	211		3,083	14.53/30.92	\$22,765,055	\$2,911	64.54	35.46
086	Eastham [A,B,C]	4,932	\$29,062	216		\$518,881	0.74	\$2,823,221,800	\$572,429	\$457,583	77		\$3,404	271		6,359	\$7.44	\$23,496,165	\$4,764	96.12	3.88
034	Bolton [A,C]	5,075	\$65,066	35		\$371,040	2.09	\$933,040,100	\$183,850	\$474,661	70		\$9,925	21		2,266	\$20.91	\$21,462,637	\$4,229	92.40	7.60
037	Boxborough [A,C]	5,137	\$56,052	47		\$2,423,214	1.64	\$998,009,700	\$194,279	\$548,990	44		\$8,981	31		2,365	\$16.36	\$18,105,618	\$3,525	76.09	23.91

NOTE: Peer communities were selected based on analyzing communities within +/- 10% of Hadley in the following categories, in this order: Population, Per Capita Income, Equalized Valuation, and Average Single Family Home Value. Communities were ranked and the top 4 were included based on the number of characteristics they shared in common with Hadley.

R/O as a % of Total Value: Residential and Open Space property classifications as a % of the total assessed valuation  
 CIP as a % of Total Value: Commercial, Industrial and Personal Property classifications as a % of the total assessed valuation

FIGURE 8: HAMPSHIRE COUNTY COMPARISON

Sources: Division of Local Services – databank and tax recapitulation sheet