



Town of Holland

Financial Management Review

Division of Local Services / Technical Assistance Section

October 2008

Introduction

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

We based our findings and recommendations on site visits by a technical assistance team consisting of staff from the DLS Municipal Data Management & Technical Assistance Bureau, Bureau of Local Assessment (BLA), Bureau of Accounts (BOA) and the Information Technology Unit. During these visits and by telephone, the team interviewed and received information from the board of selectmen, finance committee, board of assessors, treasurer, collector, accountant, assistant assessor and executive secretary/town clerk.

DLS staff examined such documents as the Tax Recapitulation Sheet, Schedule A, annual town budget, statements of indebtedness, trial balance reports, sample department turnover reports, and vendor and payroll warrants. Other documents reviewed included the town bylaws and the independent audit reports for FY2005 and FY2006.

In reviewing the town's financial management practices, we focused on:

1. Town government structure in the context of the duties and responsibilities of financial officers;
2. The degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function;
3. The town's budget, warrant and capital planning processes; and,
4. The general efficiency of financial operations as measured by the town's success in maximizing resources and minimizing costs.

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

Table of Contents

Overview 1

Primary Recommendations.....6

 1. Institute Quarterly Tax Billing.....6

 2. Hold Financial Management Team Meetings.....7

 3. Set Tax Rate Timely7

 4. Implement a Formal Budget Process and Calendar7

 5. Adopt and Commit to Budget and Reserve Policies.....9

 6. Complete Annual and Long-Term Revenue Projections10

 7. Reconstitute Capital Planning.....11

General Financial Management Recommendations.....12

 8. Appoint Separate Board of Assessors.....14

 9. Set the Annual Overlay Allowance.....14

 10. Update Assessors’ Tax Maps.....15

 11. Complete Independent Reviews15

 12. Resolve Tax Title Backlog.....16

 13. Distribute Expenditure Reports Electronically17

 14. Initiate Bi-weekly Payroll17

 15. Consider State Group Insurance Option17

 16. Conduct Salary Survey18

 17. Review Management Structure.....18

 18. Consider Adopting the Residential Exemption.....20

 19. Establish Formal Computer Use and Recovery Policies22

 20. Update Municipal Website22

 21. Consolidate Revolving Fund Warrant Articles.....23

 22. Consider Remote Electronic Check Capture23

Acknowledgements24

Overview

In July 2008 the Division of Local Services (DLS) began this financial management review at the request of the board of selectmen. In their request, the selectmen identified several goals including the need to generate operational efficiencies and establish a multi-year planning and budgeting process. Upon our arrival, however, it became immediately apparent that other concerns centered on balancing Holland's annual budget, the town's organizational structure and evaluating the assessing department since the infusion of new personnel.

It is clear that the Town of Holland is operating under the same fiscal constraints as numerous other municipalities across the Commonwealth. Efforts to offset ever-increasing health insurance, education and other general administrative costs with a limited tax base, no excess levy capacity and slim reserves has become an annual struggle for town officials which make it hard to balance the town budget while simultaneously attempting to preserve existing service levels. Under these circumstances, officials have resorted to using onetime revenue sources, such as the stabilization fund and free cash, and knowingly incurring year-end deficits in order to defer costs until the following fiscal year.

According to data reported to DLS, the town's general stabilization fund balance has declined from a peak in FY2002 of \$298,840 to \$11,742 as of the close of FY2008. This represents a significant 96.1 percent decline, as the balance dropped from 5.97 percent of the annual budget in FY2003 to 0.2 percent in FY2008.

Transfers from Stabilization to General Operations

Fiscal Year	Date of Appropriation	Amount of Appropriation	Fund Balance
2003	05/28/2002	\$152,504	\$149,031
2004	06/27/2003	76,339	73,722
2005			74,844
2006			76,919
2007			79,626
2008	09/24/2007	69,125	11,742*

**As reported by the treasurer for 6/30/08, FY2008 Schedule A not yet submitted*

Furthermore, and more definitive of their deteriorating financial position, is the decline in free cash. Between FY2003 and FY2008 free cash declined from \$229,572 to negative \$93,400, or from a healthy 4.59 percent of the budget to negative 1.59 percent. The chart on the following page illustrates the extent to which the town has relied on free cash to support recurring operating expenses.

Appropriations from Free Cash

Certified as of	Certified Free Cash	Appropriations From Free Cash	Tax Rate Fiscal Year
07/01/2002	\$229,572	229,572	2004
07/01/2003	58,771	58,771	2005
07/01/2004	184,528	184,528	2006
07/01/2005	107,027	150,603*	2007
07/01/2006	114,557	70,981	2008
07/01/2007	(93,400)**		

*FY2007 tax rate was set 5/21/07, so they used FY05 and FY06 Free Cash

** Used all FY2006 Free Cash and had \$96k in Deficits

Compounding matters is the inability of the town in recent years to complete work necessary to get its tax rate set on time, as demonstrated in the chart below. From what we understand, some of the delay was attributed to disruptions within the assessing department. However, because positive changes have occurred, that department is no longer contributing to the problem. The town's billing cycle is more of a factor now. Because Holland issues tax bills on a semi-annual basis, the town's Tax Recapitulation Sheet must be submitted to DOR early enough so that the tax rate can be certified and bills can be mailed by October 1. Second half bills should be mailed by May 1 each year. However, the town has habitually failed to meet these deadlines.

Tax Recapitulation Approval

Fiscal Year	Date Approved	Months Late
2004	03/31/2004	6
2005	03/24/2005	6
2006	12/14/2005	3
2007	05/21/2007	8
2008	12/21/2007	3

Tax Bills Issued*

Fiscal Year	1st half mailed	2nd half mailed
2004	none	04/16/2004
2005	none	04/01/3005
2006	02/10/2006	04/01/2006
2007	none	06/02/2007
2008	01/23/2008	04/01/2008

*Voluntary tax payments were accepted for all tax years FY2004-FY2008;

In FY2005 Holland issued just under \$190,000 in omitted and revised taxes due

These delays have, in turn, produced cash flow problems which force the town to borrow short-term to cover obligations as they became due. So, rather than earning interest income on collected receipts, the town is paying interest costs on amounts borrowed. The expenses associated with carrying these revenue anticipation notes have averaged \$32,203 over the last five years and \$54,464 over the last two years.

Short-Term Debt Service Costs

Fiscal Year	Total Cost
2004	4,934.73
2005	18,247.18
2006	28,907.79
2007	70,002.78
2008	38,924.54

There is nothing inherent in the town's make-up that should give rise to these financial problems. Holland is a small rural, residential community with a year round population of 2,500 that swells to a summer population exceeding 8,000. This considerable increase is largely due to the abundance of second homes whose owners are attracted to the recreational opportunities provided by Hamilton Reservoir and the rural charm of the region. Sixty percent of town parcels are second homes, and overall, the residential class shouldered 96.4 percent of the levy burden, with the remainder falling to commercial, industrial and personal property. Although a significant commercial development along Interstate 84 is currently in the works, which would help mitigate the burden on the residential levy, local optimism for its prospects is tempered by the numerous obstacles that remain.

Upon a further review of data reported to DLS, Holland's FY2006 equalized valuation (EQV) per capita - a measure of relative property wealth - of \$140,841 ranks 175th among 351 municipalities and is 91.7 percent of state average of \$153,679. Estimated per capita income among residents was \$21,929 in 2005 which was 71.5 percent of the state average of \$30,680, ranking 263rd in the state. And, in FY2008, the average single family tax bill of \$2,645 was 64.3 percent of the state average of \$4,111, and ranked 272nd out of 335 cities and towns.

In each instance, the town's lower rank in per capita income and average single family tax bill suggest that resident income levels have not kept pace with property value increases, which might be driven upward by second home buyers from out-of-town and out-of-state. Nevertheless, the impact has been felt in the annual budget process.

In May, town meeting approved a total FY2009 operating budget of \$5,612,362, but only after a contentious process. Deliberations between the board of selectmen and finance committee ended with separate budget presentations to town meeting. Conflicts arose over spending priorities and the overall approach to budgeting was questioned. As was related to us, the selectmen's budget dialogue focused largely on their interest in maintaining service levels, while the finance committee wished to cut department budgets in order to commit resources to reserves.

Regardless, it is clear that the budget process in Holland has not worked. One result is that deficits have become a recurring problem. As an accepted practice, officials have admitted to purposefully under funding specific appropriations knowing that a year-end deficit will result. However, unless for snow and ice, overlay or a court judgment, state law prohibits a municipality from incurring liabilities in excess of appropriations.

In FY2007, the town raised \$24,845 in illegal deficits, while in FY2008 it raised \$89,891, and in FY2009 it raised \$66,244 in illegal deficits, as shown on the follow chart. Not only does the practice of knowingly incurring deficits serve to diminish a realistic and forthright approach to budgeting, it perpetuates the expectation that additional revenues will be available to cover shortfalls. In effect, it puts off difficult decisions and creates a situation where the town is paying for current year services with future year dollars.

Tax Recapitulation Deficits

<u>Legal Deficits</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
Overlay	\$83,621	\$2,728	
Snow and Ice	21,363	6,757	53,939
Total	104,984	9,485	53,939
<u>Illegal Deficits</u>			
Short-Term Debt Interest	15,238	38,527	8,925
Health Insurance		22,229	54,022
Town Council			2,700
Street Lights			597
Tax Title	9,607	13,526	
Retirement Assessment		3	
General Insurance		15,606	
Total Illegal	24,845	89,891	66,244
Total	129,829	99,375	120,181

There has been an attempt to generate additional revenue through the passage of a Proposition 2 ½ override. In February 2008, a proposed override designed as a two-tiered question, would have increased the levy limit by as much as \$565,000 for FY2009 and would have maintained existing municipal and school service levels as well as provide funding for stabilization. However, it was rejected. Otherwise, town leaders last presented an override to voters in 1994. Instead, the town approved a \$200,000 underride in 1999 - one of only 16 ever to be proposed in the Commonwealth. This is in stark contrast to the period from 1985 through 1994 when 88 individual override questions were placed before Holland voters and 26 were approved. Compounded at 2½ percent, these overrides dollars account for a critical \$829,742 or 20 percent of the \$4.15 million tax levy in FY2008.

Aside from these higher level fiscal issues, department heads and personnel in finance related offices function well and complete routine and recurring procedures necessary for the day-to-day administration of town business. Staff in the offices of the treasurer, collector, accountant and assessor are competent, experienced and service oriented. Collectively, they are receptive to approaches and changes that have the potential to improve operations. After a three month vacancy, the appointment of a new executive secretary should also help. In particular, a reversal has occurred within the assessors' office with a change in leadership. An assistant assessor with over 17 years experience has been hired, a new appraisal service firm has been engaged and a new computer assisted mass appraisal (CAMA) system and valuation methodology has been adopted.

Conclusion - Finance related laws and regulations apply equally to all Massachusetts cities and towns, without regard to size or location. Sound financial management practices have merit no matter what level of local spending occurs in a municipality. And, in this period of tight budgets, when residents are asked to give more, the efforts of local leaders to seek out operational efficiencies, to make informed, well-reasoned decisions and to enhance the credibility of government should be viewed as worthwhile pursuits.

There is, in Holland, evidence of progress toward better government. Positive changes in the assessing office have had the dual effect of raising morale, and helping the treasurer and collector function more effectively. A new executive secretary should provide useful assistance to the selectmen in their efforts to advance town goals. Although part-time, combined with her role of town clerk, she will be a full-time presence, and as a result, may evolve into a central information source in town hall. Otherwise, finance-related offices fulfill legal responsibilities to collect, disburse and account for town money and assets even though they are part-time.

However, higher level issues remain. Despite improvements in the assessing office, the town's semi-annual tax billing cycle creates inherent cash flow problems and subsequent short-term debt service costs, which should be addressed. The selectmen and finance committee should work toward more meaningful communication and greater collaboration in relation to the budget process and current budget practices. Specifically, it would help to develop a formal process that results in a structurally balanced budget that is continually monitored throughout the year. Abandoned should be the long-standing practices of using reserves and other one-time revenues to fund recurring costs. Particularly, the accepted practice of knowingly incurring deficits must end. Regular financial management team meetings should be held, both to build a collaborative working environment and to foster a positive attitude in town hall.

To reach these goals, we offer a series of primary recommendations. They are followed by general recommendations which address the overall financial management of the town and offer steps to improve operations in finance related departments. The underlying purpose of all our recommendations is to help officials enhance the effectiveness of town operations, build credibility and renew residents' faith in municipal government.

Primary Recommendations

Despite the recent advances within the assessing office and our overall positive opinion of town hall personnel, gaps in financial management exist. To address these shortcomings, we provide the following primary recommendations that should serve to focus officials' efforts as they strive to create meaningful change to move government forward. We believe that the weaknesses identified can be resolved provided there is sustained cooperation among officials and that their renewed determination continues beyond the immediate future. It should be expected that such a course correction will not be quick, but will take time. Nevertheless, the board of selectmen, finance committee and department managers, among others, must commit themselves to the implementation of these recommendations, reviewing progress made and delineating areas in need of greater attention.

Recommendation 1: Institute Quarterly Tax Billing

We recommend that local officials seek town meeting approval of quarterly tax billing. Because of the timing and the amount of monthly assessments from the regional school district and the costs associate with running the town, resources are not always available to cover all bills at any given point. As a result, the treasurer has had to annually issue revenue anticipation notes (RANs) to meet the community's cash flow needs. To improve cash flow and limit RAN borrowing, we advise that the town shift from semi-annual to quarterly tax billing. Since property taxes are the most significant source of revenue for Holland (71 percent of total revenues in FY2008), under quarterly billing the town would receive an infusion of cash every three months rather twice annually. Cash flow will improve and short-term borrowing can be eliminated.

A quarterly payment schedule will impact operations. There will be an incremental cost increase for issuing two extra bills a year, but this can be mitigated by including two payment coupons in one tax bill mailing every six months. The tax collector will process payments during two additional periods. The assessors must have property records updated by July 1 in order to generate the commitment for mailing the preliminary bills. In any event, encouraging the use of the online payment system can help, especially in an environment with numerous second homeowners.

Additionally, in the current semi-annual system, the tax rate must be set by September 30 in order to send out the first of two property tax bills by October 1. Under a quarterly schedule, the first two payments, though mailed by July 1, are based on amounts billed in the last two quarters of the prior fiscal year. The actual tax rate must be set by December 30. This additional time to prepare a Tax Recapitulation Sheet should help the town, given its past problems getting a tax rate certified and bills mailed by September 30.

Recommendation 2: Hold Financial Management Team Meetings

We recommend that the selectmen and finance committee jointly form a financial management team. Financial team meetings are an important communication device, a means to exchange information and identify and resolve critical issues. In general, meetings can serve as a forum to coordinate financial functions and discuss progress on finance-related deadlines. For Holland, they can provide an occasion to set a calendar for the budget process and to schedule the timely preparation of the Tax Recapitulation Sheet, particularly if the town moves to quarterly billing. Responsibilities can be reviewed and progress can be monitored.

A financial management team also provides an opportunity for discussion of the town's fiscal issues, for identifying critical junctures and for developing strategies to meet financial challenges. Meetings provide a forum to raise and resolve interdepartmental issues. Not to be underestimated is the value when all finance-related staff receive a message or information at the same time.

The financial management team should include a selectman, finance committee member, accountant, treasurer, collector and principal assessor, together with a representative from the school business office. The meetings are best held monthly at a convenient time and when an agenda is set and sent, in advance with backup materials to meeting participants.

Recommendation 3: Set Tax Rate Timely

We recommend that the selectmen and finance officers agree on a calendar and deadlines for setting the annual tax rate. Holland has been habitually delayed in the submission of its Tax Recapitulation Sheet to DOR and in the mailing of its property tax bills. Although the town previously experienced legitimate issues within the assessing office which contributed to delays, those problems appear to have been resolved. Now, whether the town remains on a semi-annual billing schedule or, as we recommend, moves to quarterly billing, discussion about the tax rate certification process should take place, preferably in a financial management team meeting. A calendar for completing the town's Tax Recapitulation Sheet with deadlines should be developed. Responsibilities should be reviewed, understood and accepted. A plan to monitor progress should be agreed to and one person should be assigned the task of guiding the Tax Recapitulation through to completion.

Recommendation 4: Implement a Formal Budget Process and Calendar

We recommend that the town adopt a formal budget process that emphasizes consensus building and a budget calendar. In Holland, the town bylaws offer little guidance on the budget process. The selectmen are obligated to submit a balanced budget to the finance committee by February 1. The finance committee is charged with reviewing the line-item budget and all other warrant articles, and presenting its spending recommendations to town meeting. This reflects a

lineal process, which we advocate. It is also clear that after February 1, any changes to the budget can only occur with the approval of the finance committee, or by way of an amendment to the finance committee's proposed budget at town meeting.

For a small town like Holland where budget development is effectively a shared responsibility of two part-time boards, communication and consensus are essential. Therefore, as a first step, we recommend that the chair of the board of selectmen, the chair of the finance committee and a representative of the school committee meet, no later than October, to plot out and agree on a budget calendar. Working back from the date of town meeting, dates should be created for the milestones described below. Furthermore, we recommend that the budget process, in general terms, be formalized in a bylaw.

Revenue Projections and Budget Guidelines: The budget process should begin with revenue projections developed by the financial management team. Based on revenue projections, selectmen and finance committee would jointly develop and agree on budget guidelines to be distributed to department heads so they can begin to prepare their appropriation requests.

Departmental Appropriation Requests: Based on the guidelines, department managers need to submit their appropriation requests in sufficient time to allow formulation of a balanced budget by the selectmen. To advance the process, the selectmen's designee, typically the accountant, would assemble a working or draft budget document. We would expect the selectmen to meet with managers of major departments to review their requests.

First Adjustment to Revenue Projections: An adjustment can be made to revenue projections based on proposed state aid distributions in the Governor's budget which is submitted to the House on the fourth Wednesday of January. The change should be jointly agreed to by the selectmen and finance committees, and new revenue, if any, would be distributed according to the previously accepted allocation formula.

February 1: Under the town bylaws, the selectmen's budget recommendation must be presented to the finance committee for their review, hearings and approval. If necessary to a credible process, the February 1 date could be advanced to March 1.

Second Adjustment to Revenue projections: In early April, revenue projections can be adjusted again based on House/Senate joint local aid resolution, if adopted, or on state aid recommended by the House Ways and Means Committee at the end of the month.

Finance Committee Budget Recommendation: Once the finance committee has completed its review, a final budget recommendation should be prepared for presentation to the annual town meeting.

Throughout this process it is necessary that officials maintain a strong commitment to the process, to a high level of communication and to reaching consensus. The exchange of

information should be on-going among the selectman, finance committee, school committee and finance officers, particularly as they get deeper into the process.

Recommendation 5: Adopt and Commit to Budget and Reserve Policies

We recommend that the town stop the budget practice of allowing year-end deficits to occur. It has been stated to us that local officials have knowingly under funded specific appropriations and allowed year-end deficits to occur. This practice penalizes the town in two ways. Tax dollars from the next year must be used to cover the deficits and the deficit amount is also deducted from the town's free cash. As a result, under funding line items only allows budget formulators and town meeting to delay difficult decisions on service and program levels. It perpetuates the expectation among department managers and residents that additional revenues will be available to cover expenses. Because there is a legal obligation to cover deficits, it creates a situation where the town is paying for current year services and programs with future year dollars. Under these circumstances, it is virtually impossible to develop a financially sustainable budget. Therefore, if additional revenue sources are not generated, the selectmen, finance committee and town meeting must address budget priorities in a forthright manner and avoid incurring deficits.

We recommend that officials restrict the use of one-time revenues. Over the past few years' officials in Holland have increasingly relied upon the use of one-time revenue sources, such as free cash and stabilization fund, to support operations. As a result, the community is annually faced with the dilemma of how to fund ongoing costs, have been built into the budget, with offsetting revenue sources that are depleted, or no longer available. In order to achieve a sound and sustainable annual spending plan, the town should adopt and commit to a policy that discourages the use of non-recurring revenue for recurring spending purposes. It should instead adopt a policy that limits the use of one-time revenues, including stabilization and free cash, to one-time expenditures, like capital improvements.

We also recommend that the selectmen and finance committee adopt a policy to generate and maximize free cash. Between FY1996 and FY2007 the town generated on average \$167,542 in free cash. In FY2008 Holland's free cash balance was negative \$93,400. Moving forward, if officials are conservative in their estimate of local receipts and avoid future deficits, they will improve the town's prospects for generating free cash. When that occurs, we recommend appropriating all or a portion of free cash to stabilization, or as an outlay for one-time capital projects or purchases. If free cash must be used for operations, it should be treated as a general revenue source for the next year's budget and should not be used to supplement current year appropriations. If applied in this way, we also suggest that the town retain a portion of free cash as unexpended to serve as a beginning point in the subsequent year's free cash calculation.

We recommend that the board of selectmen and the finance committee commit to annual appropriations to the stabilization fund and develop policies on how the fund may be used.

Although we recognize that current fiscal circumstances make it difficult to build a stabilization fund balance, the town should adopt policies that encourage the creation of reserves. Toward that end, the town should establish a target balance for the fund in a total dollar amount or as a percentage of the total annual budget. It should commit, over time, to raise and maintain that balance by appropriating non-recurring revenue, or surplus revenue, to the fund. It should restrict the use of the stabilization funds to non-recurring expenditures, and only in an amount above a certain dollar threshold. Stabilization funds should not be used to finance on-going operations.

Recommendation 6: Complete Annual and Long-Term Revenue Projections

We recommend that the annual budget process begin with annual revenue projections. Municipal budgets in the Commonwealth are revenue driven, and should therefore begin with revenue projections. It helps if projections are in a format that mirrors the Tax Recapitulation sheet. Otherwise, projections should be conservative. The tax levy can be calculated using new growth figures based on assessors' information. Initial state aid projections should be based on current year amounts, and then adjusted as the state budget process unfolds. Town policy should direct the amount of free cash, stabilization or other one-time revenue used, as well as determine the level of increase, if any, in local receipts estimates.

By the end of January, a single round of revenue projection adjustments can be completed to reflect state aid recommendations presented in the Governor's budget. Other adjustments may be made to account for anticipated changes, spikes or aberrations in revenue sources. As House and Senate local aid proposals are released, further adjustments can be made, but the passage of the town budget should not be delayed while waiting for the final state budget. Then, if the state budget provides more local aid than anticipated, the balance can be appropriated to stabilization or steps can be taken to allow it to close to free cash. Departmental budgets approved in the spring should not be revisited in the fall even if additional revenue is realized.

We recommend further that revenue projections be presented to a joint meeting of the selectmen, finance committee and school committee so that a consensus can be reached on available funds, the use of reserves, and the allocation of resources in general. These and other policy decisions can then form the basis of budget guidelines for department and division managers as they begin to prepare their appropriation requests. Agreement can also be reached on the distribution of any upward adjustment in revenues (i.e., 40 percent for the town, 60 percent for the school department). The benefit is that as the budget nears final approval, little disagreement should arise on expectations, and a united front can be presented to town meeting.

We recommend that the town develop a multi-year revenue and expenditure forecast. Earlier this year at the town's request, DLS staff traveled to Holland to conduct a training session for officials on the use of our Revenue and Expenditure Forecasting Tool. The Excel based application contains detailed information and pre-set calculation tables that can help users customize revenue and expenditure assumptions to produce a multi-year financial projection.

Therefore, Holland officials should already have a good start toward establishing a long-range financial forecast that presents potential revenues and spending obligations beyond one year. Analysis of the ongoing relationship between the town's revenue and expenditure trends will assist decision-makers by allowing them to anticipate and address future fiscal events in an informed and thoughtful way. Forecasting permits the town to quantify the long-range fiscal impact of proposed policies and initiatives before final action is taken. For example, incorporated should be obligations under union contracts, capital investment plans and technology needs.

If a refresher is needed, officials can view our Revenue and Expenditure Forecasting Tool at the DLS website, www.mass.gov/dls, under Financial Management Assistance.

Recommendation 7: Reconstitute Capital Planning

We recommend that the town amend the size and composition of the capital planning committee and otherwise meet the requirements of its bylaw. Although provided for in the town's bylaws, it is our understanding that the 13-member capital planning committee and its five-member standing committee is dormant. The bylaw is comprehensive, but the committee has not been functional for some time, largely the consequence of limited or nonexistent funding. Irrespective of current financial constraints, we recommend that the capital planning committee be reconstituted through a bylaw change and reactivated.

We advocate the formation of a single capital planning committee of no more than five members which might comprise all residents, all town officials or a mix of both. In either case, all proposed capital projects or purchases should be evaluated based on an objective set of criteria to ensure that town-wide needs can be prioritized.

Regardless of funding ability, the annual presentation of a capital budget to town meeting and the development of a plan that prioritizes future capital investments have merit. An active program serves to inform citizens of the community's immediate and long-term capital needs and makes them aware of essential capital requests which may be deferred due to financial constraints. For more information on the capital planning process, we direct you to the Department of Revenue's workbook, "Developing a Capital Improvement Program" on our website, www.mass.gov/dls.

General Financial Management Recommendations

These general recommendations address the overall financial management practices in Holland and the fiscal policies and procedures that typically impact town government as a whole. They also offer suggestions for improvements specific to the departments of the treasurer, collector, assessor and accountant, as well as to the utilization of technology. Accordingly, we examined Holland's financial and administrative operations which include the warrant process, financial monitoring, the purchasing and payroll systems as well as information technology and personnel management. We further considered the roles and relationships among individuals, together with the level of communication and cooperation that exists among offices and throughout municipal government. Finally, we reviewed local compliance with state laws and regulations relating to finance issues and adherence to DOR submission timetables.

In Holland a three-member board of selectmen is primarily responsible for setting policies, goals and a direction for the town. Individual members are in town hall frequently to conduct business, sign warrants and review day-to-day operations, but department heads work in the absence of any formal hierarchy or central management presence, such as a town administrator. Because of Holland's small town nature and the corresponding demand placed on staff, town hall operates on a limited schedule and personnel in the financial management offices of treasurer, collector, assessor and accountant work part-time.

Within this informal, decentralized structure, staff collaborate and departments function well. Collectively, staff in finance-related offices are experienced, understand the fundamental responsibilities of their respective positions and complete requisite tasks. Beginning in August, a three month vacancy was filled with the appointment of a new executive secretary. Although she has also served as the part-time town clerk since 2002, she had not assumed her new role at the time of our visits. We envision that she will implement decisions of the selectmen, serve as a resource to departments, and to some degree, help coordinate certain government-related activities. Lastly, the town has been effective at embracing technology. It is currently a beta site for VADAR Systems, a municipal software package, where receipts, expenditures and other town financial activity are recorded.

Treasurer - The town treasurer, who has served for 20 years, is the community's cash manager and has custody of all municipal funds. She makes certain that town receipts are deposited into appropriate bank accounts and that balances are monitored to ensure sufficient funds are available to cover town obligations. She invests town funds, manages long-term debt, as well as short term borrowing, so that the town can meet its cash flow needs. Necessary to these duties, the treasurer maintains a cashbook, debt schedule, check registers as well as various logs to track fund accounts. As a financial control the treasurer reconciles cash balances between bank statements and her cashbook, and with the accountant's general ledger on a monthly basis. She also maintains tax title accounts and prepares documents to petition for foreclosure. The treasurer further administers payroll which is processed through Harpers Payroll Services.

Collector - The tax collector in Holland, who has served 18 years in the position, ensures that town receipts are counted, posted to appropriate accounts and deposited into the collector's bank account weekly. Once checks clear, funds are transferred to the treasurer along with a turnover sheet. Delinquent accounts are pursued in accordance with a timely process, and transferred to the treasurer as tax title accounts. The collector maintains a receivable control which is reconciled quarterly with the accountant's general ledger. Her office issues approximately 2,500 real estate bills and 470 personal property bills on a semi-annual basis, and 2,900 motor vehicle bills throughout the year. Holland does not collect boat or farm animal excise. As reported by the office, about 35 percent of collections are handled over-the-counter, while the remainder are received electronically or through the mail. Holland does not employ a lockbox service, but large escrow services utilize the web to make payment. The collector recently lost a part-time clerk, who now serves as the executive secretary/town clerk.

Assessors - The assessors' office is directed by a three member, part-time elected board. They are responsible for valuing all real and personal property in town and generating the commitment that authorizes the tax collector to collect real estate tax and motor vehicle excise payments. In Holland, assessing office responsibilities are split between an assistant assessor and the professional appraisal services firm, Vision Appraisal Technology. Vision completed the town's revaluation for FY2007, and is currently contracted on a year-to-year basis for \$4,000 to provide general services, plus \$1,100 per year to perform building permit inspections. In addition, the office calculates "new growth," with assistance from Vision, completes its portion of the Tax Recapitulation Sheet by DLS and prepares the property tax and motor vehicle commitments for the collector. The office further handles all abatements, property tax exemptions and sets the overlay, which was \$52,664 for FY2009, 1 percent of the tax levy. As of this report, the office had nine Appellate Tax Board cases pending with a potential total tax liability of about \$11,000. In FY2007, DLS conducted the triennial certification and was able to verify that town assessments represent full and fair cash value.

As noted earlier in this report, the assessors' office has undergone changes in the recent past that have proven beneficial. Progress made is attributable to the leadership of two new board members, who are also sitting selectmen, the implementation of Vision software and other services contracted for with the consultant, as well as the appointment of an assistant assessor, who displays competence and a solid understanding of valuation methods and assessment administration. To the assistant's credit she has developed a logical filing system, updated deed records, consolidated and updated property record cards, updated personal property account records, mailed required valuation forms including the residential form of list for personal property, and will begin to research returned tax bills.

Accountant - The town accountant, appointed to a three year term that expires June 30, 2010 oversees all financial activity for the town. Through the maintenance of independent records and by following well-defined procedures, he documents the flow of money into and out of municipal accounts, and plays a role in the system of checks and balances established by

statute to monitor and protect local assets. To fulfill this responsibility he prepares warrants, which are signed by selectmen, and maintains a general ledger in the VADAR system. The town accountant further reconciles cash and debt with the treasurer on a monthly basis and receivables with the collector quarterly. The town accountant produces the town's Schedule A and works with the assessors to prepare the town's Tax Recapitulation Sheet for submission to DOR. The accountant also prepares the town's year-end balance sheet, which DOR uses to certify free cash, and prepares other financial statements which are audited every two years.

Conclusion - As stated earlier, town hall finance departments are staffed by knowledgeable workers. Legal responsibilities are fulfilled and procedures are in place to ensure that payrolls are processed, that town money is accounted for and managed and that municipal obligations are met through the warrant process. The recommendations that follow offer suggestions where the town can further improve its financial management practices.

Recommendation 8: Appoint Separate Board of Assessors

We recommend that the town separate the duties of the board of assessors from those of selectmen, and make the assessors' positions appointed. Of the three members on the elected board of assessors in Holland, two also serve as selectmen. It is our understanding that the selectmen appointed two of their members to fill mid-term resignations on the board of assessors. Then, at a subsequent town election, the selectmen were voted-in, by their own right, to the board of assessors.

Due to the significant amount of responsibilities of the board of selectmen and the fundamentally different mission of the board of assessors, the assessors' responsibilities should be split from those of the selectmen. Therefore, at an appropriate point in the future, we feel that town meeting and town voters, under [M.G.L. 41, §1B](#), should convert the board of assessors from elected to appointed. The selectmen would then appoint a separate board of assessors.

Recommendation 9: Set the Annual Overlay Allowance

We recommend that the assistant assessor take the lead role in setting the annual overlay. The overlay is an amount raised on the Tax Recap Sheet annually to compensate the general fund for abatements, exemptions and uncollected taxes and excises. Unless some unusual fiscal event is anticipated, past collection trends are the best indicators of how much overlay to raise. The amount to retain from year-to-year should account for receivables still outstanding from that year and the potential liability associated with pending Appellate Tax Board (ATB) cases for that year. Excess amounts can be certified as overlay surplus only by the assessors, which can be appropriated up until June 30 when it closes out to the general fund. The board of assessors and the assistant assessor, in particular, should complete an overlay analysis each year, and advise the board of selectmen and town accountant on the amount that should be included on the Tax Recap Sheet.

We also recommend that Holland's assessors adjust the overlay balance to mitigate any potential telecommunication liability. In 2008, the ATB ruled that Verizon NE is subject to personal property taxation by cities and towns on poles and wires over public ways. The case involved the valuation and taxation of landline machinery, poles, wires, underground conduits and pipes. The ATB subsequently issued a ruling in a case involving MCI that valuations also include any construction work in progress and all other property in place, but not in service, and that partnerships, trusts and LLCs are subject to central valuation and assessment on all telephone machinery.

At stake is millions of dollars in potential personal property tax revenue for cities and towns. However, until the central or local valuation appeal process is complete, the DOR requires that cities and towns place and retain sufficient amounts in their overlay accounts dating back to FY2004 to cover the new tax revenue as potential abatements or refunds may result in the event that the rulings are not upheld. In order to assist city and town assessors to make adequate provisions in their overlay for the potential liability, BLA has provided information on these telecommunication issues and valuation data specific to each community at www.mass.gov/dls.

Recommendation 10: Update Assessors' Tax Maps

We recommend that the town appropriate funds to update assessors' maps. Due to budget constraints, assessors' maps have not been updated in recent years. As an essential component of professional assessment administration, assessors' maps depict the location, size and shape of parcels which are critical to determining property value. Without accurate maps, assessors are unable to precisely analyze market influences on the value of land, or develop a well-founded land valuation system. If valuation systems cannot be applied in a uniform manner, the result is that all property owners are not carrying their fair share of the tax burden.

Also, as advised by the Bureau of Local Assessment (BLA) in their FY2010 Recommendations, Holland should pursue full integration of GIS to facilitate assessment administration. To help with start-up costs, the town should explore grant options, opportunities to share costs with other communities, and available resources of regional planning agencies, such as Pioneer Valley Planning Commission.

Recommendation 11: Complete Independent Reviews

We recommend that the assistant assessor complete independent field reviews. The assistant assessor should periodically conduct spot field reviews independent of inspections performed by Vision consultants in order to gain a better understanding of the valuation methods being applied. As a new assistant assessor to the community it is important that she acclimate herself to the town by setting aside time to review Holland's property and neighborhood characteristics. To begin, the assistant assessor should conduct a handful of building permits inspections and review sales in order to have a basis for data quality comparison.

We also recommended that the assistant assessor become more involved in the property valuation analysis. Due to Hamilton Reservoir and adjoining parcels, Vision has developed a neighborhood modifier that classifies lake property according to four distinct elements. For the assistant assessor, thoroughly understanding the impact such a modifier has on property valuations would be useful and expected when receiving inquiries from residents. Therefore, we encourage the assistant assessor to become more familiar with property valuation methods developed by Vision, particularly for Hamilton Reservoir parcels.

Recommendation 12: Resolve Tax Title Backlog

We recommend that the treasurer formulate a plan to reduce the number of properties in tax title. Holland has approximately 200 properties in tax title with a total amount owed exceeding \$960,000, including fees, interest and other charges. To reduce this number, the town has scheduled an auction for October 4 to dispose of 40 to 60 parcels. This is a good start, which should be followed by a plan that addresses the remaining accounts. We suggest that the treasurer organize, on a spreadsheet, tax titles into the groupings listed below and then act to move them through the appropriate process:

Land of low value: These properties, improved or vacant, can be placed on a fast track toward auction outside Land Court proceedings. To qualify, a tax title property must have a current assessed value less than \$18,480 for calendar year 2008. The most recent tax bill should be a good indicator of a property's current assessed value.

Multiple parcels under single ownership: On the town's list of tax title accounts, there are a few instances where individuals own multiple properties. Greater efficiencies can be gained by dealing with these properties together either in Land Court or during a negotiation of a partial payment agreement.

Accounts with bad addresses and/or deceased properties owners: These accounts should be individually investigated to determine the likelihood of identifying legal owners, or person(s) in possession. If an owner is found, contact should be made. If after a diligent search, an owner cannot be found, alternative action should be considered. Available options include a petition to the Commissioner of Revenue under M.G.L. c. 59, §11 seeking authorization to assess taxes to the person in possession of the property (if this is the case), or to assess the taxes to persons unknown.

Existing partial payment agreements: Existing agreements should be reviewed to ensure that each is being honored and that payments are sufficient enough to pay down the outstanding tax balance within a reasonable time. If not, the agreement should be restructured or voided, and foreclosure proceedings should be initiated.

Remaining accounts: These accounts are the most likely candidates for outside legal assistance. We recommend the treasurer identify properties with the highest outstanding balance and solicit legal services through a request for proposals. Let respondents

provide details on how many accounts, on what basis and for what fee each would contract with the town. The process can be replicated as needed to reduce the number of tax title accounts.

To reduce tax title accounts and collect any portion of the outstanding taxes owed the town will require a commitment not just from the treasurer, but from the board of selectmen and town meeting as well. A well thought-out plan of action, supported by an infusion of resources, can help maximize collections and convince current and potential delinquent taxpayers of the town's seriousness in the collection of taxes.

Recommendation 13: Distribute Expenditure Reports Electronically

We recommend that the accountant email monthly expenditure reports to departments, boards and committees. Under M.G.L. c.41, §58, the town accountant is obligated to deliver expenditure reports to individual departments each month. His current practice is to post a comprehensive report in the lunch room for all town hall personnel to review. However, the board of selectmen and the finance committee have each expressed interest in receiving an expenditure report for town departments by email as a matter of convenience. This should be easily accomplished within the VADAR system. If departments do not already have access to VADAR for the purpose of reviewing their respective accounts, then email distribution of expenditure reports to them would also make sense. As a check and balance, expenditure reports allow departments to reconcile their records of spending against the accountant's general ledger. The selectmen and finance committee have a legitimate interest, as well, to monitor and benchmark year-to-date expenditures against appropriations.

Recommendation 14: Initiate Bi-weekly Payroll

We recommend a conversion to bi-weekly payroll for all town employees. An increasing number of employers in both the public and private sectors are realizing the benefits of compensating employees on a bi-weekly pay schedule. The town would benefit from cost savings as the number of checks issued each year would be cut in half. In addition, workloads in the treasurer's and accountant's office would be reduced, freeing staff time for the completion of other requisite responsibilities. To initiate a bi-weekly payroll schedule will require bargaining with the town's labor unions.

Recommendation 15: Consider State Group Insurance Commission Option

We recommend, as a cost saving measure, that the town evaluate the merits of enrolling with the Commonwealth's State Group Insurance Commission (GIC). As we understand the town is considering a number of healthcare alternatives to reduce overall costs. We encourage

officials to hold these discussions on an annual basis. As part of these annual evaluations, we think officials ought to consider the following:

- Review each town-offered plan and make reasonable benefit assumptions when comparing the costs of alternative, competing plans.
- Consider joining with other communities or districts in a joint or regional purchasing consortium.
- Negotiate a larger percentage contribution from employees in more expensive plans.
- Consider the Group Insurance Commission (GIC) option – see below.

Entry into GIC is permitted with coalition bargaining under recent legislation (Chapter 67 of the Acts of 2007). Benefits include participation in a risk pool of about 300,000 subscribers which allows for significant purchasing power in the health care market. The GIC also dictates plan design without collective bargaining to further drive cost savings. As a result, GIC rate increases have been significantly lower and less volatile than the rate increases in Holland. From FY2001 through FY2007 overall GIC costs increased 54.7 percent or 7.6 percent annually, while during the same period Holland experienced a 101.6 percent increase or 12.7 percent increase annually. Although the option to join GIC for FY2009 is closed and FY2010 is nearly closed, officials may submit a written agreement prior to October 1, 2009 for enrollment beginning FY2011. Additional information regarding GIC is available on the Commonwealth's website, www.mass.gov/gic.

Recommendation 16: Conduct Salary Survey

We recommend that the town perform a wage and salary survey. A municipal salary survey is a comprehensive report that examines wage and salary information across multiple communities. Generally for the purposes of comparability, a wage and salary survey benchmarks given jobs against the labor market to determine competitiveness. Usually conducted across a specific region it could be expanded to peer communities or those that share similar characteristics such as population, total budget, or equalized valuations. Ultimately, the survey should serve to verify that personnel earnings are commensurate throughout town and across the region. As a starting point we recommend that officials review the Massachusetts Municipal Association's (MMA) annual salary survey. Further analysis should be developed by an outside consultant or experienced human resource professional.

Recommendation 17: Review Management Structure

As Holland continues to struggle with on-going budget constraints, discussions must inevitably focus on steps to streamline operations and generally reduce costs. As the debate to save money expands, it should naturally consider the consolidation of positions, the

regionalization of services and the cost verses benefits of employing a town administrator. Therefore, to assist in this analysis we provide the following recommendations:

We recommend that town meeting vote to convert the treasurer and collector from elected to appointed. A clear trend has emerged among Massachusetts' communities in favor of appointed positions when a certain skill set is required. By requiring potential candidates to go through a background check and an extensive interview process, the town is more likely attract a person with the strongest credentials and/or most relevant professional experience. Under the provisions of M.G.L. c. 41, §1B, the treasurer and collector can be made appointed positions by majority vote of town meeting and subsequent acceptance by the voters at a town election.

We recommend that the offices of treasurer and collector be combined at some future date. Because of the parallels in the responsibilities of both of these offices, many communities combine the treasurer and collector to generate long-term cost savings and structural advantages, as having receipts collected, counted, posted, deposited and managed in the same office makes sense. Although we do not advocate an immediate consolidation in Holland, the opportunity may present itself when either or both the treasurer or collector positions are vacant. At that time, the part-time treasurer and collector could be combined into one full-time position, who could manage two part-time assistants. Each assistant would be cross-trained so individually they could manage all office responsibilities.

We recommend that Holland takes the initiative to pursue and evaluate possible regionalization opportunities and their financial implications. During these times of fiscal stress, it is sensible for officials to investigate all possible cost saving opportunities, including the potential to regionalize services with neighboring communities.

One means to pursue these options might involve the establishment of a committee - of three or five members and led by the chair of the board of selectmen - to initiate contact and conversations with neighboring communities. In different parts of Massachusetts, discussions about shared services tend to focus on health agents, building and other inspectors, facility directors, school administration and assessors. Moreover, we encourage local officials not to limit themselves to one community or another, but to towns throughout the region. Opportunities exist to be both creative and innovative is pursuing possible options.

As part of the committee's efforts, we would also encourage officials to review the recently signed legislation which enables the town's selectmen to enter into regional agreements (Chapter 188 of the Acts of 2008). In addition, DLS provides the following resources located at www.mass.gov/dls: "A Guide to Costing Municipal Services" and "Cooperative Assessing Agreements." The Massachusetts Municipal Association, www.mma.org and Central Massachusetts Regional Planning Commission, www.cmrpc.com, and other organizations can also prove useful.

We recommend that in the future the town consider centralized management. Across the Commonwealth, we have discovered that towns of every size benefit from a full-time, professional manager, or town administrator, in town hall to whom all department heads are accountable. For many, creating this structure requires significant changes from past practices. Although the gains in government effectiveness and efficiency can be great, there is also a cost involved. For Holland, when town leaders and residents determine that the time is appropriate to review the structure of municipal government, we recommend that establishing a stronger, centralized management system be considered.

Among assigned responsibilities, a centralized manager should, coordinate day-to-day financial operations, assist in the preparation of annual and long-term revenue projections, prepare the initial draft of the annual budget, examine potential cost saving measures such as providing health insurance through the state's Group Insurance Commission, and review and update all job descriptions to confirm, or document, what employees actually do and that all legal responsibilities are accounted for.

In addition, as part of a review of the management structure, we recommend that the town complete a substantive review and recodification of town's general government bylaws. Bylaws typically establish a formal framework under which the town government operates, set-out certain financial procedures to be followed and oftentimes describe the roles of departments and the responsibilities of department managers as well those of appointed and elected officials. For Holland, there are areas where the bylaws could be more comprehensive and informative. For example, the bylaws presently offer little or no information on the authority and duties of town offices or the budget process. The town last revised its bylaws in 2005, but the update did not address the substantive gaps we reference here. If and when the town considers changes to its government structure, it would be also an appropriate time to consider how make its bylaws more comprehensive.

We further advocate that the town clerk research and list all accepted local option statutes. Towns often list accepted local option statutes somewhere within their town bylaws. An up-to-date list is an important and useful reference on how the town is authorized to function. We suggest such a list be compiled by the clerk and included as an addendum to the bylaws so that it can be easily updated.

Recommendation 18: Consider Adopting the Residential Exemption

We recommend that the town analyze the impact of the residential exemption. The residential exemption re-allocates the tax burden entirely within the residential property classification. It does not increase overall tax revenue for the town. To qualify, a property must be the principal residence of an owner-occupant, and can be other than a single family home. To date, 14 cities and towns have adopted the residential exemption which is typically attractive to

resort communities, or to those with a high proportion of second home owners, rental units, and absentee landlords. Implementation of a residential exemption requires approval of the board of selectmen typically as part of the annual classification hearing.

On the following page is a DLS-generated calculator that estimates how a residential exemption might impact Holland residents. According to the analysis, an assessed value of \$487,157.82 is the break-even point. Savings on tax bills would increasingly accrue to properties with lower assessed values, while a higher tax expense would be assigned to properties with an assessed value greater than \$487,157.82. The range of benefits varies with the town’s choice of an exemption percentage and current occupancy levels among different residential property types. For a reference point, the average assessed value of a single family home in Holland is \$233,861 in FY2008.

Also, to help verify whether an applicant qualifies for the exemption, the town may be able to access tax return information maintained by the Department of Revenue identifying where a person proclaims his or her primary residence.

Tax Rate without Residential Exemption	Tax Rate with Residential Exemption	City/Town data from Fiscal Year	
11.31	12.13	2008	

Value of owner-occupied home	Tax bill w/o exemption	Tax bill with exemption	Change in tax bill*
\$40,000.00	\$452.40	\$85.73	(\$366.67)
\$200,000.00	\$2,262.00	\$2,026.53	(\$235.47)
\$270,000.00	\$3,053.70	\$2,875.63	(\$178.07)
\$340,000.00	\$3,845.40	\$3,724.73	(\$120.67)
\$410,000.00	\$4,637.10	\$4,573.83	(\$63.27)
\$487,157.82	\$5,509.75	\$5,509.75	\$0.00
\$560,000.00	\$6,333.60	\$6,393.33	\$59.73
\$630,000.00	\$7,125.30	\$7,242.43	\$117.13
\$700,000.00	\$7,917.00	\$8,091.53	\$174.53
\$770,000.00	\$8,708.70	\$8,940.63	\$231.93
\$840,000.00	\$9,500.40	\$9,789.73	\$289.33
\$910,000.00	\$10,292.10	\$10,638.83	\$346.73

Recommendation 19: Establish Formal Computer Use and Recovery Policies

We recommend that the town establish email and internet use policies. In today's workplace, it is a common practice to develop and distribute written policies that outline the proper and allowable use of email and internet applications. Each employee would be expected to acknowledge through signature, that they received, read and understand the policies and penalties for non-compliance. Ultimately, such computer related policies are designed and intended to protect both the town and employee in instances of inappropriate conduct. For guidance on the policy content, neighboring communities might be contacted.

We recommend that officials commit to a written information technology (IT) recovery plan. Although the town has taken precautionary steps to protect critical data, including performing routine computer backups, we suggest that officials work toward finalizing and committing to a written recovery plan. Such a plan addresses the following issues:

1. Identify the maximum acceptable down-time for municipal operations and the maximum acceptable data loss (in terms of days);
2. Ensure that the routine backup and storage of data allows you to meet the requirements set;
3. Build and implement a well-documented, written plan that sets-out the steps to be taken in the event of a minor or major data loss event. Test and update the plan regularly;
4. Train staff so that their individual and collective response is immediate and confident in the case of an event. Assign responsibilities and identify outside people or consultants to be contacted; and,
5. Analyze the cost of the recovery program and allocate the resources necessary to implement it. Balance the value of data with the cost of recovery.

Recommendation 20: Update Municipal Website

We recommend that officials review and update the town's website. Holland has developed a comprehensive, easy to navigate website that includes valuable content for citizens. The town bylaws, a calendar of events, a department directory, online bill payment option and numerous forms are available online. Such an informative website can prove successful in reducing the amount of time that officials spend fielding questions in person or over the phone. However, pertinent and timely information that is often expected, such as the town meeting warrant, annual budget, board and committee meeting minutes, are either missing or out-of-date. Accordingly, for the website to be most helpful, the town should initiate a process and assign responsibilities for routine updates.

Recommendation 21: Consolidate Revolving Fund Warrant Articles

We recommend the consolidation of revolving fund account warrant articles. In a review of Holland’s past town meeting warrants, revolving fund accounts, established under M.G.L. c. 44, §53E½, are presented as separate articles. Moving forward, we suggest that the selectmen consolidate all revolving fund articles into a single article under a single motion. As an example, we suggest the following:

Article XX. That the town vote to authorize revolving funds for FYXX, pursuant to Section 53E ½ of Chapter 44 of the General Laws, as amended, for the following purposes:

<u>Revolving Fund</u>	<u>Authorized to Spend</u>	<u>Revenue Source</u>	<u>Use of Fund</u>	<u>Spending Limit</u>
<i>Board of Health</i>	<i>Board of Health</i>	<i>Permit and Inspection Fees</i>	<i>Sanitarian Compensation</i>	<i>\$15,000</i>
<i>Cemetery Commission</i>	<i>Cemetery Commission</i>	<i>Burial Fees</i>	<i>Excavations, Burial Costs, Maintenance</i>	<i>\$5,000</i>
<i>Library Trustees</i>	<i>Library Trustees</i>	<i>Fines and Book Sale Receipts</i>	<i>Purchase of Books</i>	<i>\$600</i>

Recommendation 22: Consider Remote Electronic Check Capture

We recommend that Holland consider adopting electronic check conversion and payment processing. Authorized since 2003, a growing number of communities have implemented remote electronic check conversion and payment processing. This is a method by which an image of a paper check is scanned, or run through a “check reader” when received at the collector’s office and transmitted electronically to the bank. In essence, whether received over the counter or by mail, the check functions as a debit card. Once the information on the check is transmitted, the payment amount is almost immediately cleared with funds from the customer’s account and is then deposited to the town’s account.

For more information, we suggest you contact your primary financial institution and search the following online links:

<http://www.federalreserve.gov/paymentsystems/truncation/>

<http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre31.shtm>

<http://www.federalreserve.gov/pubs/checkconv/>

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