

FINANCIAL MANAGEMENT REVIEW

TOWN OF LANESBOROUGH

MARCH 2023



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Financial Management Resource Bureau

www.mass.gov/dls

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DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

March 23, 2023

Select Board
Town Hall
83 North Main Street
Lanesborough, MA 01237

Dear Board Members,

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

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resources Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the select board's request, the Division of Local Services (DLS) completed a financial management review for the Town of Lanesborough. A team from the Financial Management Resource Bureau conducted the review in collaboration with staff from the Bureaus of Accounts and Local Assessment.

The scope of our review focuses on the makeup of Lanesborough's administrative structure, financial management operations, and its overall financial condition. In doing so, we studied how operations are organized in the context of the duties and responsibilities of financial officers, financial planning, and the general efficiency of financial operations. We reviewed the budget and capital planning processes and how financial information is brought forth to the community and authorized at town meeting.

The observations and recommendations made in this report are based on interviews with policymakers, department heads and staff, including the select board, finance committee, former town administrator, accountant, treasurer, assessor, and others. We also gathered and examined information and historical financial data from various documents, including the tax recapitulation sheet, balance sheet, annual budget, independent audits, and town meeting documents. Lastly, we reviewed any formal or informal financial management policies, the town's bylaws, and job descriptions.

COMMUNITY PROFILE

The Town of Lanesborough (pop. 3,038) is located north of Pittsfield, just east of the New York border and bisected by US Route 7. Incorporated in 1765, Lanesborough is a small residential community of a few remaining farms and a growing number of small businesses. The community boasts a scenic, rural atmosphere, is home to the summit of Jiminy Peak, and plays host to the beginning of the Mount Greylock auto road, the highest peak in Massachusetts. Lanesborough is also centrally located to local art and cultural attractions, including Tanglewood and the Massachusetts Museum of Contemporary Art, better known as Mass MoCA.

Lanesborough faces challenges similar to many small communities throughout Western Massachusetts. Ever-growing pressure on town finances as a result of limited revenue growth, high inflation, growing capital needs, and the cost of education continues to put considerable constraints on the operating budget. Additional economic factors contributing to this pressure include the town's income per capita of \$30,599, and although consistent with abutting communities, this is lower than the state average of \$52,249. Further, the town's per capita equalized valuation (EQV), representing the full and fair cash value of all taxable property, is \$157,076. This places Lanesborough in the bottom half of the county, as well as lagging behind most cities and towns across the state. Recognizing the need for a thriving and sustainable community, local leaders recently appointed an economic development committee to pursue, promote, and coordinate an expanding local economy. The committee developed a plan to guide economic development over the next ten years as its first action, and the recent achievement of high-speed broadband internet service in the area is a step in the right direction.

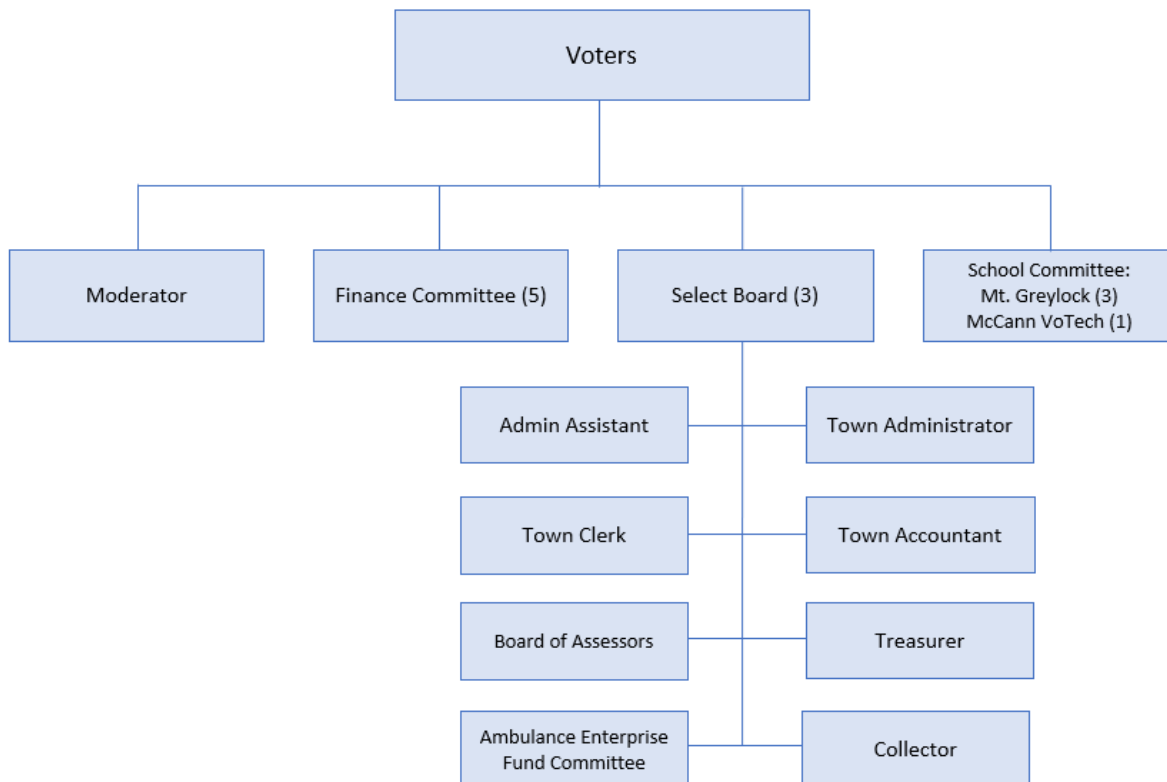
Despite a primarily rural and residential community, Lanesborough's top five taxpayers are all shopping or entertainment commercial operations. This includes the once thriving Berkshire Mall built in 1988 but closed in 2019. The mall recently sold and is now struggling to find a new identity and purpose. The property lost 61.5% of its value over the last five years but still remains one of the town's top taxpayers. The current plan is to install a network of indoor cannabis farms in the previous retail space, but any additional financial benefit to the town from that venture is at least one to two years away.

Associated with the mall is the Baker Hill Road District (BHRD), that was formed in 1989 to own, monitor, and maintain the former Berkshire Mall Drive, now referred to as the Connector Road. The district is overseen by a three-member prudential committee, consisting of two members appointed by the Town of Lanesborough and another member appointed by the owners of property in BHRD.

Financial Management

Lanesborough is organized by state statutes and locally adopted bylaws. A three-member select board serves as its executive governing body, while an open town meeting functions as its legislature. A five-member elected finance committee advises town meeting. The select board appoints a full-time town administrator to coordinate day-to-day operations at their direction. As for the town's finance offices, the select board appoints a town accountant, treasurer, collector, and board of assessors. The select board also appoints the town clerk, public safety and public works department heads, and various committees. The moderator and school committee members are elected by town voters. The current arrangement of the financial roles is depicted in the following organizational chart.

Town of Lanesborough Financial Organizational Structure



The town administrator, whose responsibilities are defined only by job description and employee contract, serves at the direction of the select board as the chief administrative officer in an administrative and supervisory capacity. Town administrator duties include directing daily operations, preparing and implementing the operating and capital budgets, supervising human resources, and serving as the liaison between town officials, employees, volunteers, and residents. In

December 2022, the select board appointed its fourth town administrator in just the last five years and the second within the last year alone. The recently hired town administrator assumes the position without any prior local government experience.

Among the new town administrator's first tasks will be to prepare the FY2024 annual and capital budgets. Based on tradition instead of a well-defined and codified process, Lanesborough's finance committee historically orchestrated the full process of developing the annual operating budget. This included collecting department head requests, assembling, and balancing expenditures to revenues, and presenting to town meeting. As the town grew and finances became more complex, the process changed with the hiring of the fulltime town administrator, who is now tasked with creating the preliminary budget proposal. However, a lack of clarity and collaboration regarding the many other budget responsibilities and processes resulted in the presentation of two budgets on the most recent annual town meeting warrant and disagreement between town officials on town meeting floor.

Financial Management Team: Lanesborough's town administrator supervises the financial management team comprised of the town accountant, treasurer, collector, and assessor.

The town accountant, as a senior-level manager and custodian of the financial records, is legally obligated to maintain the town's financial books and ensure compliance with policies and procedures. In doing so, the accountant plays a critical role in the system of internal controls and statutory checks and balances established to safeguard local assets. Along with the routine daily duties that include preparing payroll and vendor warrants, maintaining the general ledger (in which receipts, expenditures, and other town financial activity are recorded), and reconciling cash, receivables, and debt with the treasurer and collector, the town accountant is responsible for annual tasks of assisting with the preparation of the tax recapitulation sheet, completing the Schedule A that itemizes revenues and expenditures, and submitting the year-end balance sheet required for free cash certification.

Lanesborough's accounting office is staffed by a single full-time town accountant. The current accountant joined Lanesborough in early 2022 and is the fourth person appointed to the role in the last two years. She is being mentored by a seasoned town accountant who is also a former Lanesborough town accountant.

The treasurer, as the community's cash manager, has custody of all municipal money, tax titles and tax possessions. 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 to record the flow of cash into and out of all municipal bank

accounts, debt schedule, check registers, tax title and foreclosure accounts, 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. Additionally, Lanesborough's payroll and employee insurance benefits are handled through this office. As a financial control, the treasurer is obligated to reconcile cash balances, debt, and payroll deductions on a regular basis both internally and with the accounting office.

The town collector, along with the duties of a tax collector to receive property taxes, betterments, special assessments and charges added to and committed as taxes, is authorized to collect any other accounts due to the town. The collector has the responsibility to make certain that collections are properly counted, posted to taxpayer accounts, and turned over to the treasurer, and to pursue delinquent taxes using various methods and services. Critical to the position is maintenance of an up-to-date control book for each receivable type (i.e., real estate, personal property, excise taxes, liens, and special assessments) that is reconciled internally and then with the accountant on a monthly basis. Lanesborough issues property tax bills on a quarterly basis to approximately 1,900 real estate and 200 personal properties. This office also provides collection services to the Baker Hill Road District and Lanesborough Village Fire & Water District.

The current treasurer was hired in early 2022, filling the vacant position shortly before the current town accountant. In September, following the collector's resignation, the select board appointed this treasurer to the open position, effectively creating a single combined treasurer/collector. The two offices also are staffed with a part-time assistant treasurer/collector who started earlier this year.

Lanesborough uses SoftRight for its financial software system, including applications for accounts payable and receivables, tax billing and collections, cashbook, and general ledger. The collector's office uses Unibank's UniPay application for real estate, personal property, excise, and sewer online payments. After a brief, failed conversion to Harpers Payroll, the town went back to in-house payroll processing using SoftRight.

The assessing office is responsible for valuing the 2,100 real and personal properties in Lanesborough and generating the commitments authorizing the collector to issue and collect real estate taxes and motor vehicle excises. The assessors annually review property assessments to ensure they reflect full and fair cash value, so that residents are taxed equitably and accurately. In addition, the assessors are responsible for calculating annual new growth increases in the levy limit, preparing the tax recapitulation sheets and information and analysis for tax classification hearings, determining the annual overlay amount, and acting on all property tax abatement and exemption applications. Other duties of the assessors' office include reviewing land use tax incentives, updating tax maps and deed

transfer information, maintaining property records, cyclical inspection, and other appraisal fieldwork, and responding to public inquiries.

Lanesborough's assessing office is directed by a three-member board of assessors appointed by the select board, with one member designated as the town assessor. The office includes a full-time assessor clerk who performs the daily responsibilities. This staffing comes after a few difficult years that include an unsuccessful fully outsourced assessing operation. The current team are experienced assessors, having both previously worked in Lanesborough. The office contracts with Mayflower Valuation, Ltd. for certain valuation and fieldwork and Patriot Properties for Lanesborough's computer assisted mass appraisal (CAMA) software application.

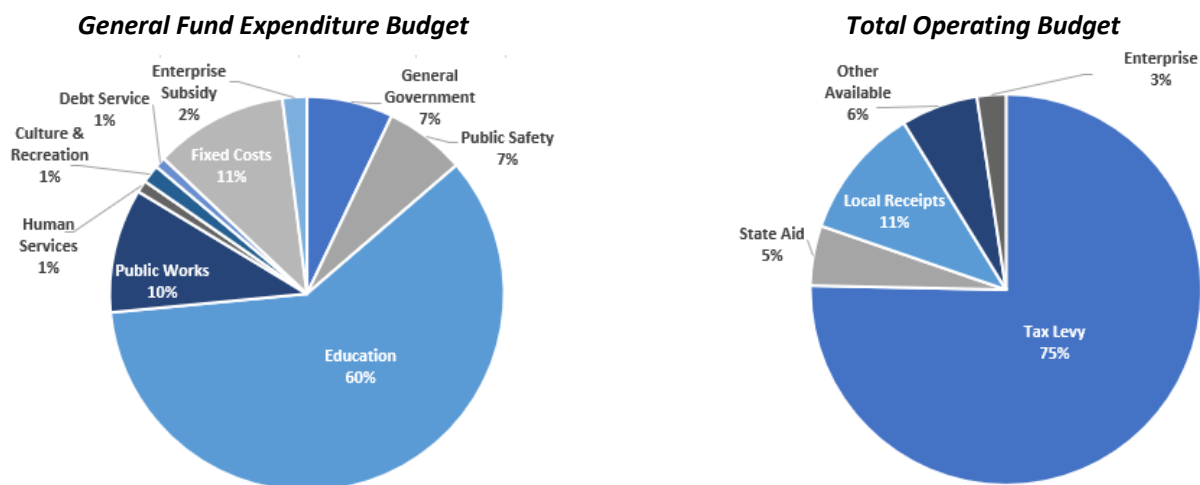
Financial Condition

To further understand Lanesborough's financial condition, it is important to look at the community's fiscal health across key areas. A review of the town's historical data tells the story of escalating tax bills, inconsistent budget growth, and increasing reserves. It also brings to light a community putting added financial pressure on its residential taxpayers while moving closer to its levy ceiling.

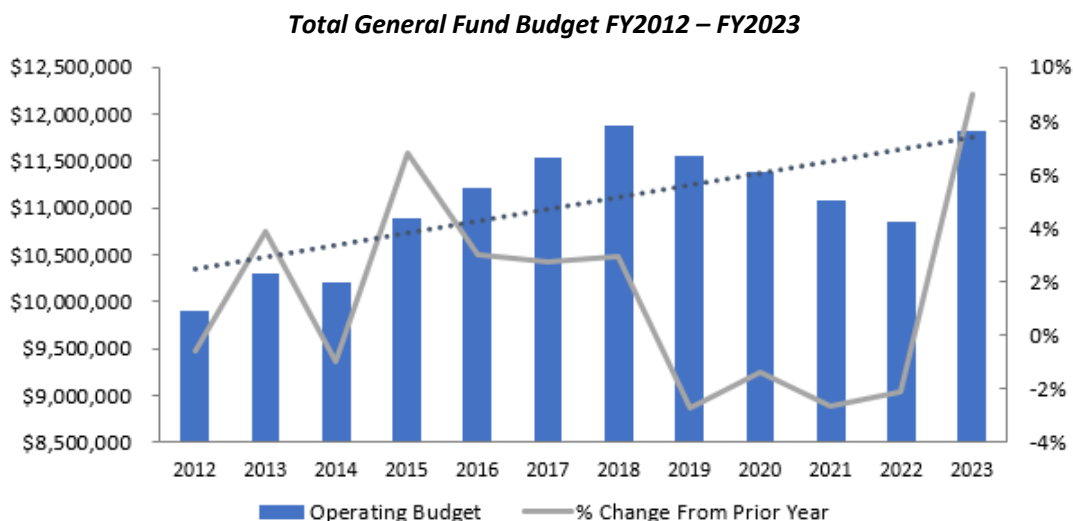
The town's general operating budget funds the full range of municipal services customary for communities of its size, including police, fire, and public works departments, a town library, senior center, and public education. Lanesborough is a full regional member of the Mount Greylock Regional School District, with an elementary school in Lanesborough for children from prekindergarten through sixth grade, who then join students from Williamstown for middle and high school. Additionally, a small number of students attend the McCann Technical School. The town provides ambulance, sewer, and local cable access services, which are accounted for separately to track the finances of these business-like operations. Road maintenance, police details, and fire and emergency services provided by the town to BHRD are reimbursed by the district.

For FY2023 operations, Lanesborough appropriated \$10,553,063 in general fund expenditures, including an ambulance fund subsidy. The year-to-year allocation of resources has shifted away from fixed costs (e.g., employee benefits and insurances) and debt service to general government and public works expenses, with education continuing to be the largest cost center. For FY2023, the appropriation for education is \$6.3 million, followed by fixed costs and public works, each at \$1.1 million. Remaining costs are split between general government, public safety, human services, culture and recreation, and debt service. The ambulance fund subsidy is \$210,800.

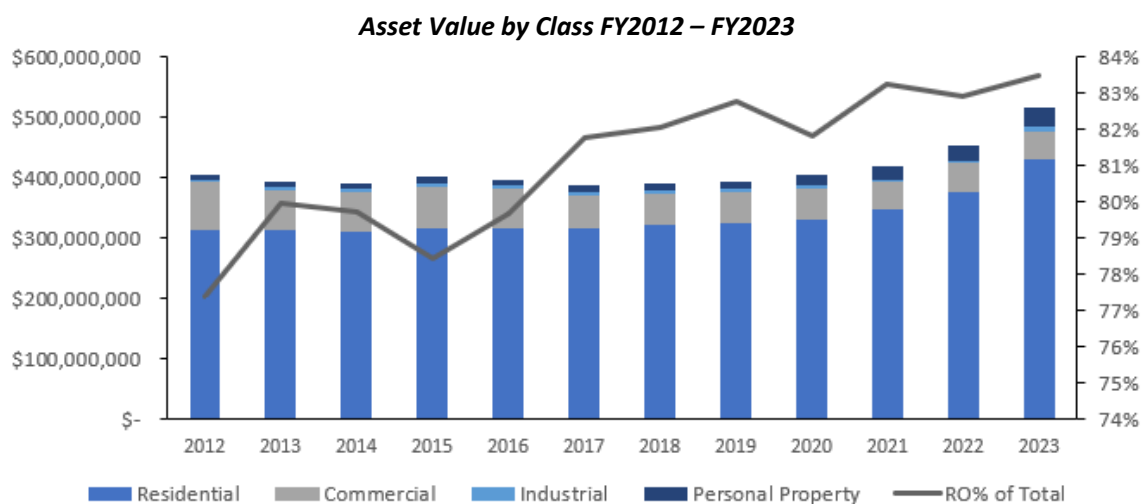
The total operating budget for FY2023, including the general and enterprise funds and other required expenditures such as state aid assessments, is \$12,116,895. The tax levy represents the largest funding source at \$9.1 million, or 75% of revenue. The remaining sources include \$0.6 million from state aid, \$1.3 million from local and offset receipts (e.g., motor vehicle excise, licensing and permitting fees, and BHRD), and \$0.8 million from other available sources including free cash and the BHRD reserve. The final \$0.3 million is funded through user charges for the three enterprise funds.



Lanesborough's general fund budget growth has been inconsistent, contrary to the standard practice of strategic, incremental expansion in the face of increasing costs. With total appropriations fluctuating up and down year over year, the town's budget increased just 19.3% for the years FY2012 through FY2023. This increase is considerably lower compared to the town budgets in Berkshire County (45.2%) and statewide (53.0%) over the same fiscal years. The trend line (dotted) on the following graph represents a level year-to-year increase.

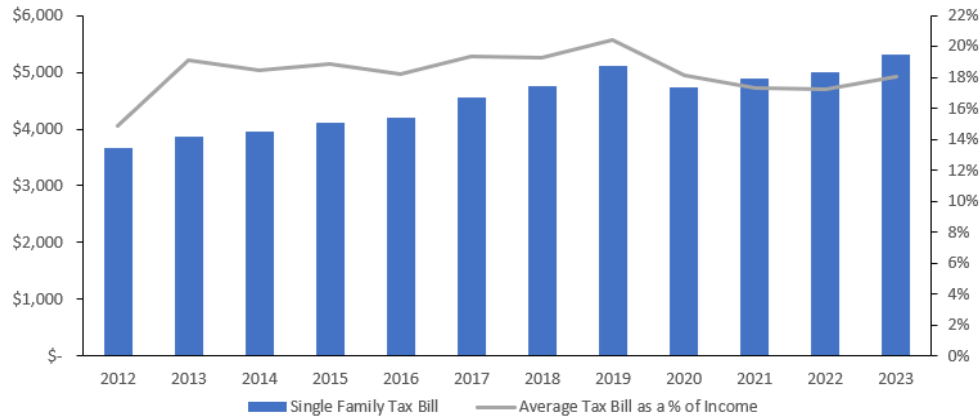


The select board historically votes to adopt a single tax rate at the annual classification hearing, which results in all classes of property sharing the tax levy based on their full and fair cash valuation. In Lanesborough's most recent budget, 83.5% of the tax levy burden falls to the residential class, reflecting an overall shrinking of the commercial, industrial, and personal property (CIP) classes. The FY2023 growth in personal property reflects new growth due to electric company assets; however, personal property accounts generally do not hold their value due to rapid depreciation in certain assets, such as utilities. The change in value of the asset classes is shown below, depicting an 8% residential class increase over the last 12-year period.



Despite the slow growth of the operating budget, Lanesborough's average single family tax bill increased from \$3,674 in FY2012 to \$5,313 in FY2023, a difference of \$1,639 or 44.6%. Perhaps more important than the dollar value of the tax bill is the effect of that bill on income. As illustrated in the following graphic, over a 12-year time span, Lanesborough's single family tax bill as a percentage of per capita income averaged slightly over 18% of income, with a low of 15% in FY2012 and peaking in FY2019 at 20.4%

Average Single Family Tax Bill as a Percentage of Per Capita Income FY2012 – FY2023

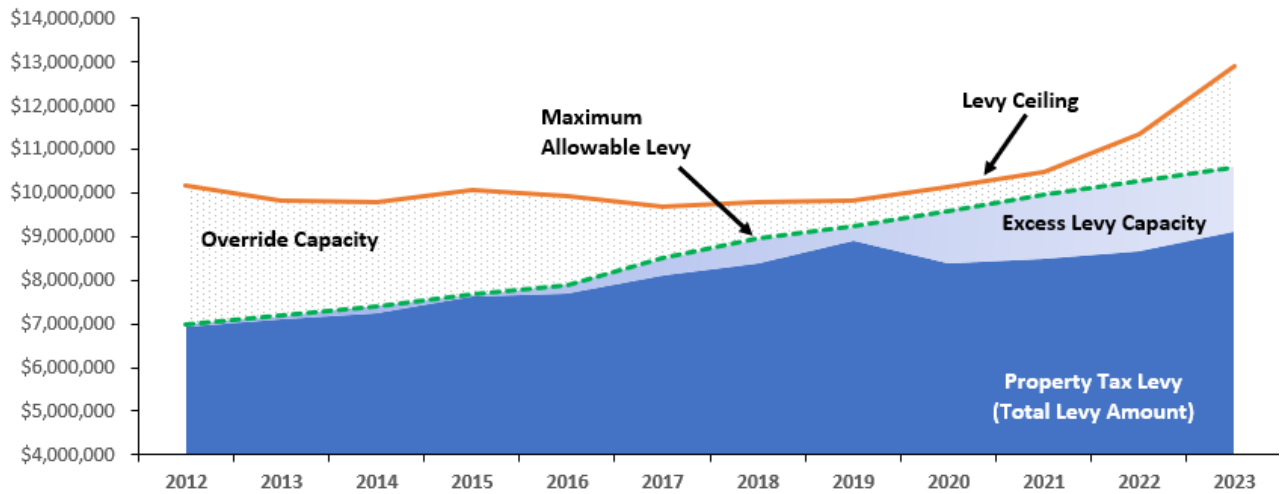


A further concern regarding the tax levy is the town’s long-term ability to raise additional funds through property taxes. Proposition 2½ constrains the amount of taxes a community in Massachusetts can raise in two ways: the levy ceiling and levy limit. The levy ceiling, the amount equal to 2.5% of the community's total assessed value, limits a town’s maximum allowable levy. The levy limit is the maximum amount a community can levy in any given year and must be less than or equal to the levy ceiling. Annual growth in the property tax is limited to a 2.5% increase over the prior year’s levy limit, increases stemming from new construction added to the tax rolls (known as “new growth”), and any voter-approved overrides or exclusions. Although there are exceptions, if the levy limit calculation produces a number greater than the levy ceiling, the ceiling must be used in its place. If a community cannot increase its levy limit normally, it is said to have reached the “levy cap.”

Over the last few years, Lanesborough has come uncomfortably close to the levy ceiling. Fortunately, a combination of minimal budget increases and more notably property values that increased over 31% in the last four years, generated a cushion, or room under the cap. However, as the town nears its levy cap, it is all that more important to make sure property values in the community are fairly and equitably assessed and that all new growth on construction, development, and new personal property is being maximized.

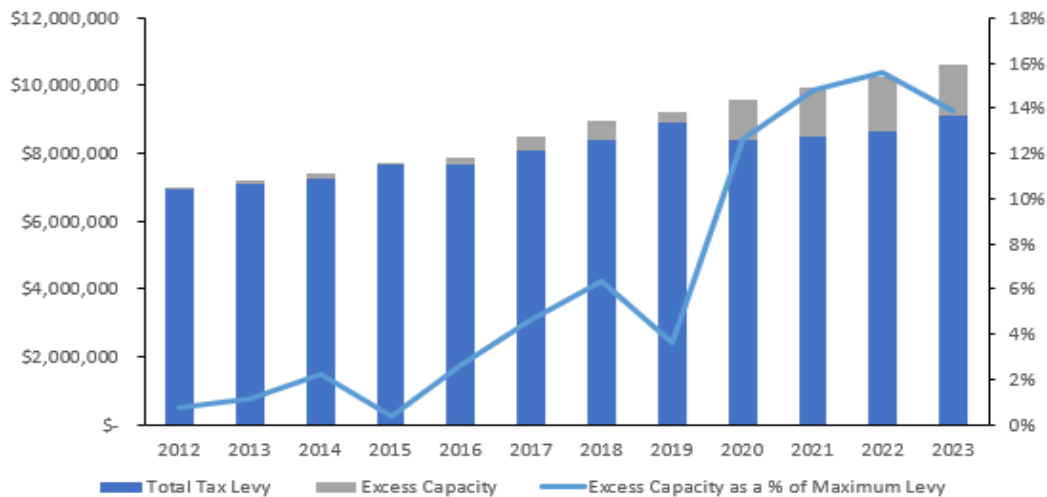
The graph on the next page shows Lanesborough’s total property tax and its relationship to the statutory constraints.

Property Tax Levy FY2012 – FY2023



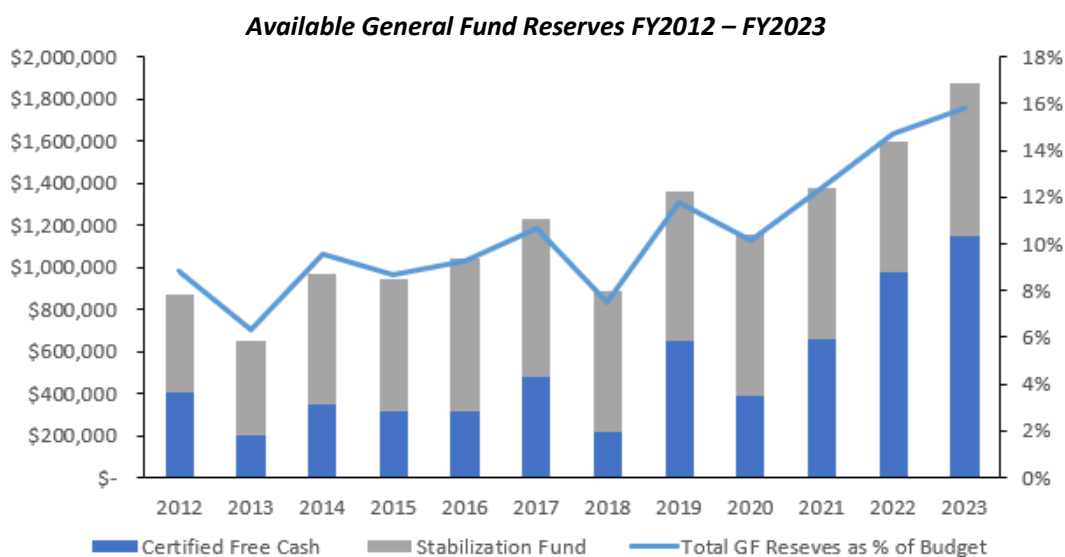
Working in Lanesborough's favor has been the town's conservative budgeting practices, which have allowed it to build additional excess capacity compared to years past. The annual levy amount is calculated simply as the total operating budget less all other revenue sources (i.e., state aid, local receipts, other available sources), as long as this amount is within the levy ceiling and less than the maximum allowable levy. The result is excess levy capacity, or plainly put, the taxes the community opted not to levy in that particular year. The ability to raise those taxes is not lost in subsequent years, as the annual proposition 2½% increase is based on the prior year's levy limit, not the actual amount raised. As illustrated, Lanesborough's required levy amount to fund the budget over the last eight years has allowed it to build excess levy capacity.

Excess Capacity as a Percentage of the Maximum Allowable Levy FY2012 – FY2023



Lanesborough's reserves consist primarily of general "rainy day" general stabilization funds and free cash. Free cash represents the remaining, unrestricted funds from operations over the previous fiscal year including any unexpended prior year free cash, actual receipts in excess of revenue estimated on the tax recapitulation sheet, and unspent amounts in budget line items. Free cash must be certified annually by the Division of Local Services (DLS) before it can be appropriated by town meeting.

As a matter of best practice, it is recommended that combined reserves amount to at least between 14 - 18% of the operating budget, or more for smaller towns. Lanesborough has been close or met this metric in many of the last 12 years, as shown below, despite not having a written policy or systematic plan to build its reserves. Lanesborough's year-end results for FY2022 resulted in town's highest level of free cash in the last decade at over \$1.1 million. This certification includes \$238,152 in unexpended prior year free cash, \$378,248 in excess local receipts, and \$475,027 in unspent FY2022 appropriations.



To supplement Lanesborough's general stabilization fund, the town has authorized special purpose stabilization funds for capital and fire equipment. Neither of these reserves have a dedicated funding source with only periodic appropriations being made to each. The current combined balance in these funds is \$42,178.

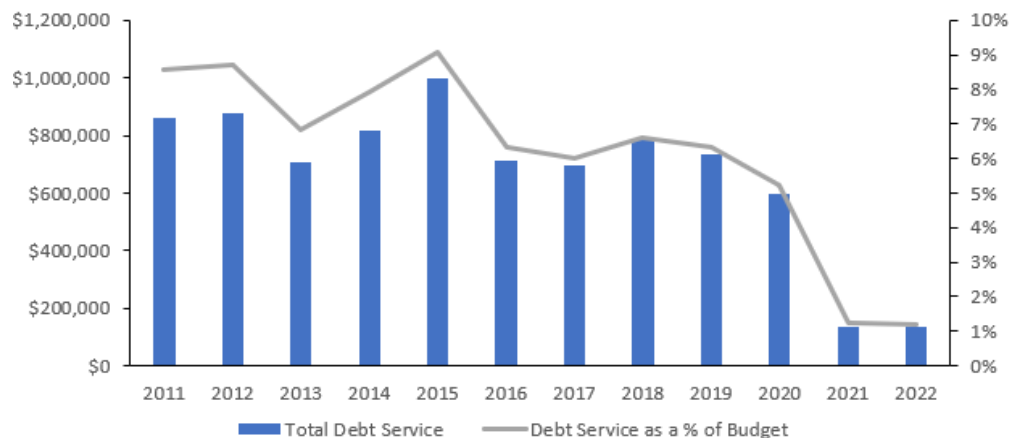
The overlay account, which is funded to offset real and personal property taxes that will not be collected due to abatements and exemptions, may also serve as a reserve fund. At the request of the select board, the board of assessors determine if a portion of the balance can be declared surplus based on potential future liabilities, including pending court decisions. Surplus overlay can then be

appropriated for any legal purpose. Lanesborough has not declared any overlay as surplus in over 20 years. The FY2022 balance is \$181,757.

Lanesborough primarily appropriated free cash for capital and other one-time expenditures, including funding its stabilization and other postemployment benefit (OPEB) trust funds. However, free cash has been used in seven of the last 12 years to “lower the tax rate”. While this is a legal appropriation, this use is simply funding the ongoing budget with one-time revenues. Additionally, the town consistently appropriates the majority, if not all (and in one case more than available) free cash, thus reducing the town’s ability to absorb emergency costs or revenue deficits.

For FY2022, Lanesborough’s annual debt service totaled \$134,312 or 1.2% of the total operating budget with total outstanding debt of \$92,777. With such a small debt load, town officials should examine their future capital needs and determine whether increased investment will be necessary to avoid deferred maintenance. It is important to maintain a prudent, consistent debt level so that as debt is retired, new debt is issued. Otherwise, the capacity to cover debt obligations within the operating budget can be replaced by other costs.

Total Debt Service as a Percentage of Budget FY2011 – FY2022



Conclusion

Over the last year, Lanesborough experienced turnover in many of its key management positions, including the town administrator, accountant, assessor, treasurer, and collector. With the exception of the assessor, all team members are new to municipal finance roles. This along with increasing

pressure on the residential taxpayers to fund the budget and uncertainty with the town's commercial development requires local officials to recognize that Lanesborough is at a crossroads.

A statewide shortage of qualified finance officials has put a premium on talent that is not lost on individuals with experience and willing to change communities, as has been Lanesborough's experience over the last several years. Additionally, when different levels of pay for various town employees was put forth to be discussed and debated on town meeting floor, authorizing the FY2023 spending plan became very contentious. Formalizing the compensation plan will avoid this confusion, along with giving employees assurance of their pay level in a respectful and fair manner. To address this, the town engaged the Collins Center in the fall 2022 for a human resources and compensation study. Our report discusses Lanesborough's organization structure, which dovetails with the Collins Center analysis.

Lanesborough also contracted the Collins Center to develop a capital improvement plan. While we routinely recommend communities maintain, follow, and fund a formal capital improvement plan, we suggest Lanesborough develop the foundation for such a plan by first implementing financial policies, developing a complete asset inventory of all buildings, rolling stock, and infrastructure, and codifying roles and responsibilities for budgeting and capital planning.

The following recommendations are provided to assist the town's leaders in preparing for Lanesborough's future. They focus on codifying and defining Lanesborough's administrative operations, developing a financial strategy by enacting financial forecasting, capital planning, and financial policies to ensure long term stability, promoting employee development, and providing guidance on instituting procedures for internal controls in financial operations.

RECOMMENDATIONS

1. Perform a Comprehensive Review of the Bylaws

We recommend Lanesborough perform a comprehensive review of their bylaws. A strong set of bylaws establishes a formal framework of codes, policies, and procedures under which town government operates. When a community does not have a charter, the town's bylaws should be more comprehensive and informative to define the expectations placed on local government, as well as residents' rights and obligations when interacting with it. Bylaws should include identifying and describing the role and responsibilities for all appointed and elected officials, departments, and committees.

One way to accomplish a complete bylaw review is for the town to establish a bylaw review committee to dedicate the necessary time and focus. We suggest that the committee, which can be formed by a town meeting vote or by a unilateral action of the select board, would work best with five or seven members reflecting a balance between residents and town officials. Committee members should be charged with reviewing existing bylaws, making recommendations for retention, amendment, or deletion, and proposing new bylaws for adoption. This would also be the opportunity to eliminate inconsistent language, such as the elected tax collector and reference to "town manager" when the town operates with a town administrator.

For guidance, the committee can look to the bylaws of other towns. Additionally, it should seek the input of residents, employees, and officials through hearings and public forums. A one-year timetable for completion of its work would be the minimum. Changes to the bylaws must be passed by a majority vote of town meeting and submitted the State Attorney General for review and approval. The four recommendations that follow are all specific to Lanesborough's bylaws and should be incorporated as part of the review.

2. Codify Town Administrator Role in Bylaw

To ensure operational and financial management responsibilities are performed effectively and to promote continuity, Lanesborough officials should seek to formalize the town administrator's role and responsibilities in a bylaw or special act. Lanesborough currently operates under a weak administrator structure, with duties and responsibilities defined only by job description. The town administrator lacks any formal authority. Oversight responsibilities are vested with part-time elected and volunteer boards and committees. As a result, the town administrator exercises no direct control and must steer government by seeking buy-in from multiple elected and appointed stakeholders. The

absence of a clear bylaw and only operating through a job description can create confusion as to the extent of the town administrator's responsibilities and legal authorizations.

At a minimum, a bylaw would assign the select board the authority to appoint the position, detail a screening and selection process for filling vacancies, provide a process for removal, and require the select board to annually evaluate the town administrator's performance. It should enumerate in clear language the position's powers and duties, specify its reporting departments, and charge the officeholder with ensuring that services are provided in a coordinated manner and as cost effectively as possible. The town administrator's role should encompass the following:

- Municipal Operations: The town administrator should oversee administrative functions of town government to ensure all services are coordinated, cost effective, and consistent with long-term policy decisions. The town administrator should be responsible for supervising and evaluating all department heads in order to create a more consistent and accountable local government. The administrator should convene monthly department head meetings to ensure communication on future planning issues, ongoing activities, and other matters as they arise. Specific attention should be paid to confirming that reconciliations are completed timely, associated financial reporting is prepared, and policymakers are updated.
- Budget and Capital Planning: The town administrator should orchestrate the annual budget process for all departments. This includes developing revenue and expenditure assumptions, preparing multiyear forecasts, working with departments to finance major capital purchases, drafting departmental guidelines, and preparing and presenting a balanced budget proposal to policymakers. The town administrator should be updating revenue and budgetary information as it becomes available and providing managerial and analytical support to the finance committee so they may review proposals and focus on important policy decisions within the budget process. The administrator should coordinate Lanesborough's capital improvement program to produce and maintain a multiyear plan, explore methods of financing it, and present it in conjunction with the budget proposal.
- Procurement: The town administrator should function as the chief procurement officer, coordinating the purchasing of all supplies, materials and equipment for the town and ensuring compliance with state procurement laws under [M.G.L. c. 30B](#), as well as managing all service and construction contracts and leases.

- Human Resources: The town administrator should have oversight responsibility for human resources. This would involve confirming that personnel procedures are comprehensive and conform to state and federal laws and town policies and managing personnel costs including collective bargaining agreement negotiations and appropriateness of pay and classification and compensation schedules.

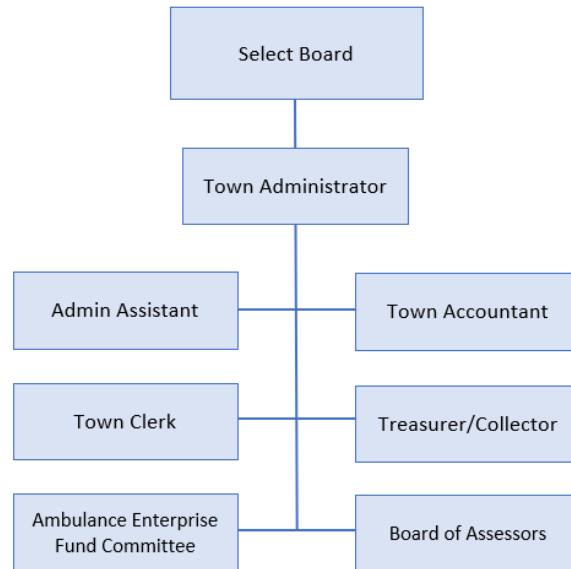
The adoption of a bylaw will eliminate confusion as to the extent of the town administrator's responsibilities, legal authorizations, and communication. A special act would be needed if the select board desires to grant a broader degree of authority to the town administrator, such as employee appointment for all non-school department staff and for those not just under the jurisdiction of the select board.

3. Combine the Treasurer and Collector Offices

Lanesborough has a history of the same official serving as the treasurer and collector, including the present office holder. We support this structure and recommend that the offices be formally combined with the appropriate bylaw update. The parallel job responsibilities and efficiencies by having all receipts collected, counted, posted, deposited, and managed in one central place are the main reasons a growing majority of communities in the Commonwealth have adopted this combined structure. A combined treasurer/collector's office helps to ensure that all appropriate internal controls are being properly and consistently applied to mitigate the risk of errors or fraud. This structure in Lanesborough also requires an appointed assistant treasurer/collector and possibly an additional staff member to meet fluctuating office demands, especially during tax time. Fundamentally, the combined office will allow the town to segregate cash management functions, provide coverage during vacations or other employee absences, and with proper training, provide a natural succession plan for the treasurer/collector.

By codifying the town administrator's role and combining the treasurer and collector offices, we propose the following organizational structure.

Town of Lanesborough Proposed Financial Organizational Structure



4. Clarify Finance Committee's Role

The May 2022 annual town meeting brought confusion and generated questions between and amongst some select board and finance committee members as to the committee's role. A recent change to the finance committee bylaw (Article I, section 21-1 F) attempted to clarify the budget process and the responsibilities by formally tasking the town administrator with consolidating the departmental budget requests and preparing the budget proposal. However, the amendment did not further define or expand the select board's role in the process, creating confusion as to the role of the finance committee.

Throughout Massachusetts, town finance committees are traditionally viewed as the fiscal watchdog for town meeting. Their mission is to represent the interests of the local legislative branch of government (town meeting) by reviewing, having hearings, and making recommendations on matters that impact town finances. This is further reinforced in the mission of the statewide Association of Town Finance Committees (ATFC), which states, in part, that "local finance committee, by tradition and statute, is a select group of citizens that advise each town meeting on the probity, practicality and value of any of the matters before the meeting."

As pointed out in the ATFC handbook, conflicts can arise when there is a lack of clarity in the responsibilities of the select board and town administrator (representing the executive branch) and the finance committee (representing the legislative branch/town meeting). As the executive branch,

the select board is responsible for developing the community's priorities that will be enacted by the annual budget. The administrator then uses their direction to work with the departments and committees to collect information and formulate a balanced budget. At that point, the budget is presented to the legislative branch, or finance committee. The finance committee's responsibility is to receive the budgets from the executive branch, analyze them, hold hearings for department heads to defend their requests and solicit public input, and recommend a balanced budget to town meeting.

The Massachusetts general law defining finance committees (M.G.L. c 39, § 16) assigns the finance committee the responsibility for submitting the budget to town meeting, unless the town's bylaw provides otherwise. Or more directly, as the ATFC writes "it is the finance committee's budget". However, that does not prevent the select board, town administrator, or department heads from participating in meeting debate and discussion in more detail, but it is the finance committee's budget.

5. Amend Budget Process and Codify in Bylaw

Further, we recommend Lanesborough adopt a detailed budget bylaw that specifies key elements that are currently missing, including roles and responsibilities, a calendar of events, data collection procedures, and required approvals. As Lanesborough's primary policymaking tool, the annual budget reflects the town's decisions on the allocation of resources. By codifying the process, a community can promote year-to-year consistency and inspire confidence among local officials and residents that decisions are made pursuant to a thoughtful process that endures even as elected and appointed officeholders change.

To start, the select board, as chief policymakers, should articulate a vision and annual goals and objectives for the town, which would serve as the basis for a strategic plan. Next, the town administrator should orchestrate the budget's annual development. This would involve the town administrator initiating the process by developing a revenue projection based on a multiyear financial forecast and input from financial management team members. These revenue projections should then be presented at a joint meeting of Lanesborough's select board, finance committee, and regional school committee members. The town administrator's presentation should compare revenue estimates to expenditures required for a "maintenance budget", that offers that same level of services next fiscal year as in the current fiscal year. Doing so will reflect whether the revenue estimates and the maintenance budget result in a projected budget surplus or deficit.

Once consensus is reached on the revenue estimates, the select board should issue budget guidelines to department heads as they craft their requests for appropriation. After departmental requests are

received by the town administrator, a linear budget process should follow. Typically, the town administrator meets with department heads to review requests and then develops an omnibus budget for presentation to the select board and finance committee.

This approach seeks to provide opportunities for policymakers to make informed, data driven decisions that reflect administrative needs and requests. Once the town administrator's budget is delivered, the finance committee would proceed with their budget hearings to evaluate budget requests against projected revenues and community needs. Fixed costs (e.g., health care coverage, pension obligations, debt service, etc.) and contractual obligations should also factor into and provide context for all policymaking decisions as the budget collaboratively takes shape.

As policymakers, the select board and finance committee should defer to the town administrator's recommendations relative to department needs in order to operate effectively. The board and committee can train their focus on broader best practices and oversight. For example, the select board and finance committee can and should ascertain if the town is using one-time revenue in excess of policy limits it set for itself and confirm that the capital program is adequately funded. In removing the administrative burden of budget development, leaders are free to engage in dialogue around the financial feasibility and enactment of community priorities.

Among other considerations, a comprehensive budget process bylaw should include the following:

- Calendar of events: Working backwards from the date of annual town meeting, the community sets dates for key events, beginning with a joint kickoff meeting between the select board, finance committee, and school committee in the early fall to reach consensus on budget guidelines for the next year. This calendar includes deadlines for submitting operational and capital appropriation requests and the consequences for late submissions. Joint meetings with the finance committee, department heads, and select board should be incorporated into the calendar schedule.
- Long-range revenue and expenditure forecasts: Assign responsibility for the timely creation and presentation of initial projections and for updating data as warranted. The presentation of a long-range financial forecast by the town administrator and the financial team should serve as the starting point for the ensuing fiscal year's budget development process. This will provide context for analyzing requests relative to long-term, town-wide goals and incorporating capital planning.

- Linear progression: Outline the procedural flow from initial budget consolidation by the town administrator, to the select board's review and approval, to the finance committee's review and final recommendations. Provide for budget hearings with department heads and for a public hearing hosted by the finance committee.
- Town meeting presentation: Assign responsibility for presenting the operating and capital budgets. Minimally, both the select board and the finance committee should provide their opinion of the budget being presented to town meeting.
- Ongoing review: Require the finance team to provide quarterly revenue and expenditure reports to the select board and the finance committee as a means to monitor the budget during the year. This provides the opportunity to make plans for any necessary corrective actions and to consider advance forecasting into the next year.

Throughout the budget's development, it is crucial that officials maintain a strong commitment to the process, a high level of communication, and reaching consensus. There should also be an ongoing exchange of information among officials, particularly as they get deeper into the process so that a unified budget position is presented at town meeting. To this end, we encourage local leaders to meet early in the budget year with the Mount Greylock Regional School Committee and the region's select and finance boards. A lack of communication and coordination between member communities can result in unforeseen and costly budget impacts and related discord. The simple act of scheduling regular meetings early on helps all communities to identify and address issues before they become problematic.

6. Develop a Financial Plan

We recommend that the town administrator and other relevant department heads develop a multiyear financial plan for Lanesborough. The plan should bring together formal financial policies, the analysis informed by the long-range financial forecast, and the capital improvement plan, resulting in the presentation of the annual budget. By connecting these foundational elements, the budget can adequately deliver on the town's needs and priorities and support community programming while mirroring the town's values.



Financial Policies: As an initial starting point and to provide instructive guidance for promoting sound, consistent fiscal planning, and effective financial management, we encourage the select board to adopt a set of formal financial policies as its first step. We see adopting policies as a priority and recommend at a minimum the following topics.

- Antifraud
- Annual Budget Process
- Capital Planning
- Disbursements
- Financial Reserves
- Financial Management Team
- Forecasting
- Investments
- Procurement
- Reconciliations
- Revenue Turnover
- Tax Enforcement

As a model that could be converted for local adoption, local officials can review the manuals we have developed and posted to our website: www.mass.gov/consulting-reports. We suggest the town administrator review our policy manuals and seek input from the select board and finance committee on specific policy decision points, such as targets for reserve and debt levels, forecasting assumptions, and other specifics surrounding the town's financial management. The policies that relate to day-to-day operations should be discussed with the financial management team, as well as the select board. Once any operational policy has been adopted, ensure that it is distributed to all applicable parties, including all relevant department heads. Lastly, adopted policies should be reviewed periodically and updated as needed.

Long-Range Forecast: Next, a multiyear forecast serves a useful management and policymaking tool that allows local officials to evaluate the impact of various decisions and policy choices over time. It includes reasonable assumptions that must be evaluated and updated to reflect changing circumstances and events thus providing a fair representation of the town's fiscal future to help guide

the budget and strategic planning process. It offers an opportunity to evaluate the impact of budget choices, including wage and benefit increase proposals.

DLS developed a comprehensive five-year forecast for the previous town administrator to provide a framework to develop the FY2023 budget. We suggest the new town administrator begin with this template to understand the history of Lanesborough's revenue growth and expenditure patterns.

Capital Improvement Plan: Last, working with the Collins Center, the town administrator should formulate a plan for developing an annual capital improvement planning program. As one of the more important responsibilities of local government, an effective capital plan serves as a tool to manage risk and maximize the value of town assets by maintaining service levels, protecting the health and safety of the community, supporting future development and growth, and enhancing the local quality of life.

To initiate an effective capital plan, the town must first determine the assets of the town, including properties and fleet, detailing (as applicable): the dates built, acquired or last improved, original cost, current condition, expected [useful life](#), depreciated value, extent of use, and any scheduled replacement or expansion dates. The finance team should analyze the town's ability to finance a capital plan through cash purchases (tax levy or one-time revenues) or by issuing debt. From there, a framework for future projects and assets can begin.

A comprehensive capital planning program should be shaped by clear, consistent standards and spending priorities. In this way, the town can more effectively direct funds to identified needs and make strategic plans based upon agreed to long-term goals. For further guidance, our website provides a wealth of instructional material on capital planning, as well as a sample request form and manual [here](#).

7. Implement Standard Financial Reporting

Lanesborough's select board, finance committee, and department heads would benefit from regular financial reporting. We recommend that the town administrator and accountant meet to discuss what reports should be generated, to whom they should be sent, and by what method. At a minimum, these standards would encompass monthly reports of expenses and periodic reports of revenues. We further recommend that the town administrator and a member of the finance team hold quarterly financial briefings at a joint meeting of the select board and finance committee. By holding periodic briefings tied specifically to Lanesborough's finances, both boards will be better informed as to where

year-to-date budget to actuals stand, the town's overall fiscal health as measured by specific indicators, and any other issues or future matters that might impact the community's financials.

- Monthly Reports: Required by statute, monthly expenditure reports are used to apprise department heads and policymakers of running expenditure totals by department in relation to the total amounts appropriated for each. These reports are integral to analyzing, prioritizing, and managing spending, particularly as the fiscal year is ending and unexpended turn backs emerge. Ideally, all departments, committees, and boards with spending authority should have access to their SoftRight accounts. The town accountant should send monthly emails alerting department heads to review their expenditure reports online and, in return, confirm their review along with identifying any discrepancies within a set two-week timeframe. For departments without access to the SoftRight, the town accountant would send the same notice and the department's system generated report. Information the departments should review include the general, special revenue, and enterprise funds.
- Quarterly Revenue Reports: Comparing actual revenue collections to budgeted revenues for departments and policymakers on at least a quarterly basis provides useful management information. Such reports offer meaningful insight into fiscal year trends, give early warning of revenue shortfalls or surpluses, and assessing the need for mid-year budget adjustments. Revenue data is valuable for making forecast estimates during the budget process.
- Annual Reporting: Several reports are required by DLS related to closing the town's books including snow and ice data sheet, community preservation reports, combined balance sheet and supporting documents, Schedule A, statement of indebtedness, treasurer's year-end cash report, cash reconciliation report, and schedule of outstanding receivables.

The annual audit of the town's financial records is intended to verify that these records are maintained in accordance with the law, but also reassure residents and build public confidence in government. We recommend the select board and finance committee hold an audit exit conference to review the audit report, findings, and management letter comments. Directed by the Securities and Exchange Commission (SEC), the town, by issuing bonds, has an obligation to meet annual continuing disclosure standards that reflect the financial health and operating condition of the town or occurrence of events that may impact key features of the bonds.

8. Develop an Excess Capacity Strategy

We recommend Lanesborough develop a strategy for growing, using, and preserving excess capacity. The town has not levied taxes in the maximum amount for several years. Generally, how much excess levy capacity any given community decides upon is influenced by factors such as budget size, reserve levels, debt load, and local fiscal policies. For context, the FY2022 statewide average proportion of excess levy capacity within the maximum allowable levy was 4.4% and Berkshire County 9.7%, whereas Lanesborough's was 15.6%. Having some excess levy capacity provides a degree of budget flexibility since it gives the town the ability to raise additional levy revenue in a future budget year without resorting to a Proposition 2½ override or increase the budget without exceeding the maximum levy if the town hits the cap.

Developing the strategy should begin with conferring with the board of assessors to fully understand the relationship of the town's levy ceiling to the maximum levy limit and where they see values going. Then, a determination can be made if, when, and how to raise additional levy. Excess capacity could be a source to fund the operating budget or pay for capital need or to build the capital stabilization fund, but care must be taken to incrementally absorb any excess capacity to avoid a significant addition to the levy thereby causing an outsized increase to the taxpayers in a single fiscal year.

9. Establish a Financial Management Team and Hold Regular Meetings

We recommend that the town establish a financial management team consisting of the town administrator, accountant, assessor, collector, and treasurer. Financial management team meetings, held regularly and led by the town administrator, provide the opportunity to discuss the town's fiscal issues and review progress toward financial goals and objectives. For example, meetings would be an opportunity to review upcoming deadlines and responsibilities surrounding town meeting, financial forecasting, revenue and expenditure monitoring and reconciliations, capital financing, free cash certification, and year-end closing. Additionally, the financial management team can aid policymakers during periodic reviews of financial policies.

With a new town administrator, team meetings will provide the opportunity to formally establish open communication, outline expectations, and set team goals while underscoring how each office is dependent on the performance of the others. These meetings should be held at least monthly, with a set agenda and supporting materials sent in advance to all participants. Occasions may arise in which additional managerial, analytical, or administrative support is necessary and might include the town clerk, department heads, or technology representative as needed.

10. Seek Professional Development and Employee Training

We recommend that Lanesborough develop a proactive and systematic approach to professional development and training for its town administrator, finance team and related finance boards and committees. With many employees new to municipal government and finance, the town should invest the time, energy, and funds into employee development so that required functions are performed timely and accurately. Over time, additional training can improve customer service, create efficiencies through appropriate delegation, and assure smooth succession planning. Expanding training to related boards and committees fosters a team approach with various offices by establishing an understanding of their responsibilities and interrelationships.

DLS recommends the town support attendance at conferences and trainings provided by the associated local government professional organizations (i.e., Massachusetts Collectors and Treasurers Association, Massachusetts Accountants and Auditors Association, Massachusetts Association of Assessing Officers, and their regional counterparts). Likewise, we encourage attendance at general trainings sponsored by the Massachusetts Municipal Association, as well as those specifically offered to select boards, town managers and administrators, and finance committees.

Training provided by DLS, including online resources available in the [Municipal Finance Training and Resource Center](#) and in-person at events like the Municipal Law Seminar, are another valuable resource for all finance officials. By attending the meetings and trainings of these groups, municipal public servants can gain concrete, functional information, receive instruction on new best practices in their fields, and interact with and exchange practical tips with their local government.

11. Develop Succession Plan for the Assessor

Two years ago, Lanesborough outsourced their assessing office responsibilities following the resignations of the assessor and assessor clerk. The town was fortunate to reengage the former personnel after the outsourcing relationship was terminated in FY2023. While this team has no immediate plans to retire, we recommend the town start developing a plan to provide for a smooth and thoughtful transition when a vacancy happens again. We recommend as part of this effort that local officials take note of how the office and positions are currently structured knowing the difficulties in replacing assessing personnel in today's job market. To start, the town should catalog core functions and legal responsibilities, along with the current mix of in-house verses outsourced services. From this point, the board of assessors, select board and town administrator together can deliberate about how best to meet the town's needs going forward.

12. Institute Formal Reconciliation Procedures

We recommend that under the direction of the town administrator, the finance team make reconciliations of cash and receivables a top priority. Regular reconciliation of the accountant's general ledger to the treasurer's cash and the collector's accounts receivable is the basis of strong internal controls and good cash management practices. A lack of prompt and frequent reconciliations undermines the credibility and integrity of the town's financial position by putting it at risk for fraud or undetected errors. Reconciling cash is needed to provide certainty of the town's ability to meet ongoing obligations, whereas receivables reconciliations confirm the status of revenue collected.

The treasurer, collector, and all departments that use special revenue funds, are responsible for timely and independent reconciliations of their office's transactions. They are then collectively responsible to reconcile their records with the town accountant. Monthly reconciliation of cash and receivable balances between the town accountant's general ledger, the treasurer's cashbook and the collector's collection detail balances ensures the financial officials a commitment to accuracy and the assurance that activity has been properly posted.

- Treasurer: Bank Accounts to Cashbook - The treasurer records every cash receipt, disbursement, transfer, and interest accrual in the cashbook and reconciles the cashbook accounts to their corresponding bank accounts. At month-end, the treasurer finalizes the reconciliations and provides cashbook balances to the town accountant.
- Collector: Receivable Control - The Collector records all collections, abatements, exemptions, and refund requests in the tax collection system, maintaining a control record for each receivable type and levy year if applicable, and verifies the detail balance agrees with the receivable control.
- Departments: Special Revenue Funds - Department heads with responsibility for special revenue funds (e.g., ambulance enterprise, police details) verify that all revenues turned over to the treasurer, expenditures authorized for payment by the town accountant, and properly authorized general ledger account transfers are recorded for the period.
- Town Accountant: Cash/Receivables to General Ledger - The town accountant reconciles the general ledger's cash accounts to the treasurer's cashbook, verifying total recorded revenue and expenditures. The town accountant also reconciles the general ledger to the collector's receivable control verifying outstanding receivables by type and levy year. Lastly, the town accountant verifies that the general ledger agrees with all departmental

records and special revenue fund reconciliations. In all cases, variances are documented, and a remediation plan developed.

The revenue recorded in the general ledger should only reflect those transactions reported on the *Schedule of Treasurer's Receipts* (turnover) that the treasurer reconciles to the bank, thereby making reconciling receipts to the general ledger straightforward. If errors or variances exist due to omitted transfers or incorrectly applied transactions, the town accountant and treasurer determine the cause and resolve the discrepancy. Disbursements are equally straightforward to reconcile when warrants are funded at the same time and in the same amount as posted on the general ledger. A funding worksheet should be prepared for each disbursement and used to reconcile and identify any discrepancies.

Because the treasurer first reconciles the cashbook and then the town accountant reconciles the cash, disagreements with the collector most likely will be with the control book detail. The town accountant reviews the source documentation (i.e., commitments, charges, payments, abatements, refunds, reclassifications, and adjustments) verifying the information with the collector to correctly record to the receivable type and levy year for the current period.

We recommend that the select board adopt and the town administrator implement a formal, written policy requiring that reconciliations between the town accountant and treasurer and the town accountant and collector occur monthly. The policy must detail the date by which the treasurer and collector submit their internally reconciled records of cash and receivables to the accountant and assign mutual responsibility for resolving any differences. Further, the policy should require that reconciliations be documented and attested to by participating parties, with work plans and timeframes for unresolved variances, and then be presented to the town administrator.

Operationally, we recommend the following best practice procedural controls:

- The town administrator will hold the town accountant, treasurer, and collector to the following standards:

Official	Reconcile	Timing
Treasurer	Bank account to cashbook	Weekly
Treasurer	Month end bank to cashbook	Within 5 days of month end
Collector	Control book to turnover	Weekly
Collector	Control book to outstanding balances	Within 5 days of month end
Collector	Deputy collector accounts	Monthly
Town Accountant	General ledger (GL) cash	Within 5 days of month end
Town Accountant	Treasurer cash to GL	Within 10 days of month end
Town Accountant	Collector control book to GL	Within 10 days of month end

- All reconciliations will be formally documented and “attested to” by appropriate personnel.

13. Evaluate Bank Accounts and Services and Implement Procedural Controls

We recommend that the town treasurer evaluate the current bank accounts, including stabilization and other long-term savings accounts, with the goal of reconciling, consolidating, or closing accounts. Treasurers typically maintain a general depository account for most receipts and separate checking accounts for payroll and vendor checks. While most of a town’s cash activity occurs in these three accounts, there are no specific requirements as to the number of bank accounts that can or should be maintained. Treasurers often hold other accounts for convenience or ease of reconciling (online payments, incoming wires), investment (stabilization, savings) or compliance with trust and grant agreements.

The treasurer must ensure only authorized bank accounts are being held under the town’s federal identification number, and that all these accounts are accounted for in the cashbook and required reporting. The treasurer should be aware of the range of services available from area banks, regarding services, charges, and investment rates. The Massachusetts Collectors and Treasurers Association (MCTA) recommends funneling activity into one account when possible while utilizing uniform forms and procedures for all collection, deposit, and disbursement activities.

We recommend the following bank actions:

- Suspend the existing vendor and payroll checking accounts and open new accounts for both, requiring positive pay and positive ACH for each new account. The balance of the existing vendor and payroll accounts should equal the total outstanding checks, meaning when all checks are cashed, the accounts have a zero-balance. The treasurer should complete the

reconciliation of the suspended accounts, notify outstanding check holders, and initiate the tailing process, with the goal of closing the accounts by fiscal year end. The new checking accounts should be funded with the exact warrant amounts and reconciled on a regular basis, continuing to maintain a “zero-balance”.

- Sweep (transfer) from the depository bank accounts used for online payments, state aid, and other direct revenue to the general depository bank account. Request the banks to initiate this transaction automatically at month end. This can also be initiated to move month-end interest amounts to the general depository account.
- Survey a wide area of financial institutions, including banks in New York, Connecticut, and Vermont, for bank accounts established in the town’s tax identification number. Audit firms have found that it is not difficult for unauthorized accounts to be established in the town’s tax identification without the treasurer’s knowledge or approval, therefore we recommend that confirming accounts be an ongoing practice to strengthen internal controls.

Operationally, we recommend the following best practice procedural controls:

- Take advantage of online bank services for daily updates to reconcile the cashbook throughout the month and for the bank to reconcile outstanding checks for the AP and payroll accounts at month end. Ensuring bank activity equals cashbook detail during period allows errors to be corrected immediately, while confirming current bank balances for cash flow needs.
- Do not issue manual checks or any checks outside the warrant process.
- Note and immediately research any activity not recorded in the cashbook, e.g., incoming direct deposits (state aid, grant proceeds), bounced checks (NSF), ACHs, charges, or other suspicious activity. For direct deposits, notify the appropriate department head of the incoming grant or other revenue and have them create a turnover. The treasurer must create the turnover for the state aid amounts detailing the receipts and assessments (do not net the activity). For detail, go to [Monthly Local Aid Distributions](#).
- Follow the NSF procedures and record bounced checks immediately by creating a turnover (negative) to reverse the revenue transaction, posting the reversal transaction in the receipt module, and updating the cashbook. In doing so, prepare a bounced check letter, charging the NSF fee, and copy the appropriate department head. Follow this process even if the

offender replaces the check immediately or prior to the letter being written. Always keep a copy of the letter, bank correspondence, and turnover. The collector must process the NSF's for committed amounts by reversing the transaction as of the original record date so that interest and charges properly accrue. Add the NSF fee to the collection system as an amount due.

- Immediately contact the bank regarding any suspicious activity. Always document the activity for your records with a screen shot, call then email the bank to provide a written account of the incident, and notify the town administrator and the police chief (follow antifraud policy) if activity is suspected to be fraudulent.
- Use the bank's memo field to document the purpose of the transactions (e.g., warrant number, payroll, wire, investment) and print and file all transaction confirmations.
- Secure all original documents in a town hall office.

14. Reconsider a Third-Party Payroll Service

Recently, the town attempted a conversion to Harpers Payroll Service. This endeavor was abandoned due to difficulties in the transition, so payroll reverted to in-house processing the using SoftRight application. Despite the failed attempt, we recommend that the town reconsider using a third-party vendor for payroll processing. Employing a payroll service shifts certain responsibilities to the vendor, such as federal and state withholding calculations, reporting requirements, and adherence to the ever-changing laws governing payroll production. With in-house payroll processing, these responsibilities fall on town hall staff, who may lack the time, staffing, or knowledge to adhere to the strict and comprehensive payroll regulations.

A successful software implementation or conversion requires a team effort—administration, internal staff, and the software vendor. Under the leadership of the town administrator, the town should make a concerted effort in the planning, coordination, and execution of a payroll conversion, and ensure strong communications between administration, financial team members, and the vendor service. Before such an endeavor, Lanesborough should consider the following.

- Create a Timeline: Work with the vendor to develop an implementation schedule that balances ongoing operational needs, while allowing adequate time for the conversion and enough training. Factors to consider are the services offered by the vendor, time

requirements, how what historical data will be carried into the new system. The timeline should ensure data quality is checked and the system is fully implemented.

- Review Chart of Accounts: Review the general ledger chart of accounts to make sure that it meets the needs for budgeting and reporting the various payroll categories. The same account numbers should be included on the payroll system to make ensure an adequate level of detail is available for recording and reporting financial transactions.
- Prioritize Essential Modules: Identify payroll modules that will be implemented and tested first to ensure they are fully functioning. Key among these is the interface between payroll and the general ledger, tracking of time, attendance, and accrued absences, and deduction processing.
- Require Conversion Documentation: Develop a detailed crosswalk of payroll accounts, documenting old and new account structures. The crosswalk should be developed before the conversion begins and updated as any changes are made during the process.
- Schedule Training: Schedule initial and ongoing training following the vendor's recommended training guidelines, instruction on the functionality, and features of the new system. This will lay the cornerstone for understanding how it is designed, integrated, and best used towards continuous improvement in the workflow process.
- Confirm Sufficient Funding: The project budget should include supplemental funds for potential change orders, unforeseen conversion issues, staff training, and required post-conversion support not covered by the original contract. An unfinished conversion is not a successful conversion.

15. Explore Opportunities to Regionalize Services

We recommend that the town explore opportunities to regionalize services. Regional opportunities can enhance service efficiencies, promote sustainability, reduce costs, and expand town services more effectively than communities could accomplish on their own. More neighboring communities are engaging in regional partnerships given that the costs and complexities associated with municipal services continue to grow. We encourage the town to be alert for these opportunities and proactively evaluate areas of town operation that could benefit from shared servicing. Potential areas to consider include human resources, public safety, facility or equipment management, and information technology services.

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