

TOWN OF LEYDEN

FINANCIAL MANAGEMENT REVIEW

JULY 2021



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

July 12, 2021

Board of Selectmen
Town of Leyden
7 Brattleboro Street
Leyden, MA 01301

Dear Board Members,

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

If you have any questions regarding this report, please contact Zack Blake, Technical Assistance 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 request of the board of selectmen, the Division of Local Services (DLS) completed this financial management review for the Town of Leyden. The review's scope encompassed government structure, fiscal planning, financial policies, information technology, and operational practices of the town's financial offices.

As a small town, Leyden must rely heavily on volunteer board members and part-time employees to steer the municipality's budget plans and perform weekly financial transactions, respectively. While our review revealed a creditable degree of success in these objectives, there are also opportunities to enhance prospects for long-term consistency and financial sustainability by establishing more formalized policies and procedures for fiscal decision-making. Further, as the select board's administrative deputy, the municipal assistant role could be granted more definitive agency to carry out the board's goals. Additionally, the town could better leverage technology resources to increase efficiencies, enhance transparency, and strengthen internal controls. Our report contains a series of recommendations designed to guide the town toward improvements in these areas.

COMMUNITY PROFILE

A Franklin County community of 724 residents, Leyden lies on the border of southeastern Vermont near Interstate 91. Of its \$2.1 million budget in FY2021, 75 percent derived from the tax levy, the vast majority of which (95 percent) was attributable to residential properties. The budget's other revenues were reserve funds (14 percent), state aid (6 percent), and local receipts (5 percent). As of 2018, Leyden's per capita income of \$41,568 was roughly 50 percent higher than the county average (\$27,485) and on par with the statewide average, \$43,019. In contrast, its equalized property valuation per capita of \$129,268 for that same year was lower than both the county (\$164,738) and statewide (\$232,302) averages. Leyden's FY2021 average single-family tax bill of \$4,218 was \$199 higher than the Franklin County average but well below the state's \$6,148.

Among the limited services supported by Leyden's modest budget are a small and mostly part-time police force, on-call fire services, town library, and full-time highway department. Leyden is part of a regional public health district run by the Franklin County Council of Governments (FRCOG), from which the town also receives assistance with procurement, planning, and inspectional services. Leyden is also a member of the Pioneer Valley Regional School District, which has been under state oversight since 2018. In 2019, the district closed the lone school in town, the Pearl Rhodes Elementary School, and by November of that year, Leyden's town hall operations had moved over to the vacated school. Leyden's elementary students now attend Bernardston Elementary School, while its middle and high school students attend Pioneer Valley Regional School in Northfield.

Though the town has never adopted formal financial policies, thanks to some long-time institutional knowledge among those who have served on the select board and finance committee over the past decade, indicators show that the town’s finances have been well managed. In the last 10 years, the town’s annual budget management has resulted in healthy levels of certified free cash, averaging five percent of the general fund budget each year. When combined with stabilization fund balances, in a typical year, Leyden has almost 20 percent of its annual budget in reserves, to be available for needed one-time expenditures or help offset losses in revenue.

General Fund Reserves, FY2012 – FY2021

Fiscal Year	Budget	Free Cash	FC % of Budget	Stabilization Funds	SFs % of Budget	Combined Reserves	Reserves % of Budget
2012	1,638,128	88,707	5%	111,435	7%	200,142	12%
2013	1,691,138	35,718	2%	249,443	15%	285,161	17%
2014	1,806,749	199,749	11%	295,169	16%	494,918	27%
2015	2,011,153	61,584	3%	307,171	15%	368,755	18%
2016	1,895,340	89,623	5%	247,722	13%	337,345	18%
2017	1,982,899	50,039	3%	292,602	15%	342,641	17%
2018	1,822,161	73,636	4%	181,279	10%	254,915	14%
2019	1,887,823	143,599	8%	261,822	14%	405,421	21%
2020	2,183,596	99,534	5%	293,059	13%	392,593	18%
2021	2,154,913	177,169	8%	359,548	17%	536,717	25%
Averages:	1,907,390	101,936	5%	259,925	14%	361,861	19%

The town has not yet implemented any consistent annual procedures for capital planning, defaulting only to investment in multiple, small, special purpose stabilization funds to provide savings accounts for future needs that may arise, without reference to a multiyear plan. Leyden typically does not have annual debt obligations. This will change starting in FY2021, when the town will begin paying debt service on \$1,070,000 borrowing issued through the State House Notes program to cover its portion of the cost to build out a municipal broadband network, with the balance of the project being paid through a state grant of \$680,000. The town will finance the borrowing through a voter-approved debt exclusion.

The town was fortunate to have good leadership on its broadband committee to steer it through the stages of that project. And the selectmen are to be commended for the continual pursuit of innovation and outside guidance they have shown over the last few years. In addition to requesting this review, the town obtained three grant projects by applying to the state’s Community Compact Cabinet (CCC) program. The first was a capital planning best practice guide that FRCOG completed for the town in September 2017. In mid-2020, Leyden used CCC funds to upgrade its financial management software, which we discuss in more detail further on. Finally, in February of this year,

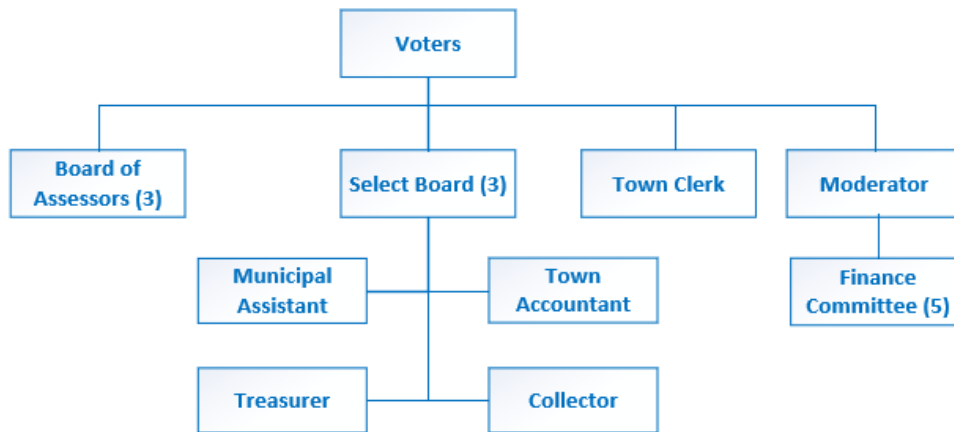
the town was notified of a CCC grant that would allow it to hire a contractor to develop a wage and classification review and also draft job descriptions for employees town-wide.

As a group, the local officials and employees we interviewed impressed as being conscientious, dedicated, and hard-working. In this report, divided into two sections, Overall Financial Management and Financial Office Operations, we offer recommendations to help the town make the most of its resources, guide future planning efforts, and promote prudent financial management practices.

OVERALL FINANCIAL MANAGEMENT

Leyden’s executive governing body is a three-member board of selectmen, while an open town meeting functions as its legislature. To advise town meeting voters, a 1974 town bylaw calls for a five-member finance committee appointed by the moderator, although at present the committee has only three members. The select board appoints a full-time municipal assistant to act as its secretary and facilitate the day-to-day administrative activities of town government. Before the current municipal assistant was appointed to the job in November 2018, she had been a volunteer on the finance committee for 15 years, most of them as its chair. As for the town’s finance offices, the select board appoints the treasurer, collector, and town accountant, while a separately elected board of assessors acts as the department head for that office. The town clerk is also directly elected by town voters. The arrangement of these roles is depicted in the organizational chart below.

Town of Leyden Organization



Leyden’s municipal assistant coordinates the annual budget process, which begins in February. She solicits and then assembles in Excel the appropriation requests from all departments and boards. In April, she presents a budget proposal to a joint meeting of the select board and finance committee. The select board and finance committee then review the budget and may meet with some department heads to discuss their requests. Based on the boards’ feedback and after making adjustments as new data becomes available, the municipal assistant finalizes the budget for the select board’s approval and the creation of the town meeting warrant.

Despite having received FRCOG’s capital planning guidance report, the town still addresses capital needs only on an ad hoc basis, and there is no annually updated, comprehensive inventory of assets. Free cash and the town’s stabilization funds are the primary funding sources for capital expenditures. While free cash and other reserve levels have been strong, our analysis of the budget and financial information showed that there was no defined strategy behind their use.

In reviewing Leyden's overall financial management, we looked at the policies and practices that impact town government globally and also reviewed the procedures connected with objectives that cross over various municipal departments. We examined organizational structure, the budget process, long-range planning, and the communication and cooperation existing among offices. Based on our review, below we offer advice in these areas.

1. Reconsider the Municipal Assistant Role and Job Title

Leyden's upcoming CCC job description project presents the opportunity for the select board to reexamine the municipal assistant position. Its job description was last revised some number of years before the current officeholder was appointed. By the listed responsibilities, as well as the activities currently being performed, the role involves about 50 percent secretarial duties and 50 percent higher-level tasks, such as coordinating the annual budget process, pursuing and managing grants, and acting as the town's chief procurement officer and information technology coordinator.

No other Massachusetts community has a municipal assistant job title, which was likely chosen to indicate a rank above a secretary but below town administrator. In one sense titles are only semantical; what matters are the actual duties associated with the job. Four titles of select board deputies are referenced in state statutes, and when appointing any such position, it is up to the board to decide the degree of authority and range of responsibility to charge to it and the correspondingly appropriate compensation. [M.G.L. c. 41, § 23A](#) broadly defines the role of an executive secretary or town administrator as an employee that selectmen authorize to act by and for them in any matters they may assign related to town affairs and to supervising departments that report to the select board. [M.G.L. c. 41, § 108N](#) specifies administrative assistant, executive secretary, town administrator, and town manager as positions eligible for multiyear employment contracts.

A particular job title matters in other ways beyond any statutory relevance, however. A widely recognized title facilitates internal and external parties' understanding of the incumbent's agency. In doing so, it also enhances the town's ability to recruit for the position during any vacancies. With these points in mind, we recommend the select board consider assigning a conventional title to the administrator role. During the job description review process, if the town retains or expands on the current duties, the most appropriate title would seem to be town administrator. Alternatively, the town might consider town coordinator, which is a title found only in five towns within the state, all of them in Franklin County (Colrain, Heath, New Salem, Warwick, and Wendell). As the table on the next page shows, among eight towns in the region that could be considered Leyden's peers, five (63 percent) employ either a town administrator or coordinator.

Leyden's Peer Communities

Town	County	Pop.	Pop. Density	Income per capita	EQV per capita	FY2021(?) Budget	FY 2021 Avg. Single-family Tax Bill	Administrator Job Titles
Washington	BERKSHIRE	541	14	\$30,824	\$158,794	\$1,917,182	\$4,029	Administrative Assistant
Montgomery	HAMPDEN	866	58	\$39,336	\$131,637	\$1,958,437	\$3,821	Administrative Secretary
New Braintree	WORCESTER	1024	49	\$40,192	\$122,514	\$2,643,901	\$4,747	Executive Secretary
Leyden	FRANKLIN	715	40	\$41,568	\$132,940	\$2,234,547	\$4,218	Municipal Assistant
Middlefield	HAMPSHIRE	534	22	\$17,257	\$136,798	\$1,663,273	\$3,693	Town Administrator
Peru	BERKSHIRE	834	32	\$20,438	\$120,601	\$2,451,811	\$3,918	Town Administrator
Heath	FRANKLIN	695	28	\$13,501	\$138,739	\$2,658,684	\$4,099	Town Coordinator
New Salem	FRANKLIN	1021	23	\$25,557	\$121,136	\$3,570,378	\$4,282	Town Coordinator
Warwick	FRANKLIN	769	21	\$23,875	\$107,159	\$2,187,252	\$3,481	Town Coordinator
Averages:		778	32	\$28,061	\$130,035	\$2,365,052	\$4,032	

For many years now, successive select board members have recognized the need for a full-time, presence in town hall to carry out the board's policies, goals and objectives, and municipal government has only grown more complex over time. A town administrator or coordinator title would give the position greater standing to be more effective in representing the selectmen, developing the annual budget, coordinating projects, overseeing procurements, managing personnel functions, and mediating disputes.

2. Implement and Maintain an Annual Capital Improvement Program

The maintenance of an annual capital planning program is one of the most important responsibilities of municipal government. Done effectively, it is a tool for managing the risks that the town will fail to cost-effectively maximize the value of its assets; maintain service continuity; protect the health and safety of employees and residents; support future development potential; and enhance the local quality of life. When making decisions on the annual budget proposal each year, the framers of the town budget should have the context of the town's short- and long-term capital needs. Even in years without capital articles, local leaders should still present this information to town meeting participants so they can understand its importance and to instill confidence that decisions are made thoughtfully and responsibly.

The September 2017 CCC report that FRCOG provided to the select board contained a capital policy, sample calendar, sample request forms, and explanation of available funding sources. The appendix also contained the format and preliminary data for a 20-year capital plan. Since receiving the report, however, the town has not implemented a year-to-year program nor updated the multiyear plan. Instead, the town's budget framers tend to only to consider capital issues in the random years that the highway department requests a related appropriation.

To ensure capital needs are analyzed and considered each year, the select board should include in the new job description for the municipal assistant the duty to coordinate standardized capital planning procedures each year. In the first year, the formal start-up of the program could be done by an ad hoc committee that includes the municipal assistant and one member each from the select board and finance committees. The group would consider tools and procedures to recommend as standards for adoption by the select board. The committee would also work with the town accountant and other department heads as needed to complete a comprehensive inventory of capital assets. Once adopted, these standards will form the basis for a consistent capital program going forward each year. If the town wishes to establish a permanent capital committee, there is a provision in state statute for this, pursuant to an adopted bylaw [M.G.L. c. 41, § 106B](#).

With a comprehensive capital planning program shaped by clear, consistent standards and spending priorities, the town can more effectively direct funds to identified needs and make strategic plans based on agreed to long-term goals. Although the town's limited borrowing capacity or direct capital outlay margins may only allow for a minimal program, the review and prioritization of town capital needs should be ongoing. For further guidance beyond the FRCOG report, the DLS website provides a wealth of instructional material on capital planning, as well as a sample request form and manual (www.mass.gov/info-details/municipal-financial-management-training-and-resources).

3. Make Revisions to the Annual Budget Process

Based on our discussions with local officials, it appears there are opportunities to improve the efficiency, transparency, and consensus-building aspects of Leyden's annual budget process. During the years that the current municipal assistant chaired the finance committee, the committee had been the main driver of the process. Once appointed to the municipal assistant role, the incumbent has continued to act as chief coordinator and formulator of the budget proposal with minimal participation from the finance committee or town finance officers. In the last few years, the process has also shifted to start later in the year, within about three months of the town meeting date, which does not provide adequate time for policy boards to develop consensus guidelines, consider evolving circumstances, and evaluate the budget proposal in the context of long-range plans.

As the select board contemplates the assistant's future role, we advise that it should encompass responsibility for coordinating the budget process, given the position's central, full-time, administrative status and ability to liaise with the town's policymakers and department heads. Going forward, the finance committee can continue to advise and make recommendations on the budget proposal. As guidance for a budget process model, we offer the following:

- Commencement - In the fall, the municipal assistant initiates the budget process by providing revenue projections to a joint meeting of the selectmen and finance committee, having created

the estimates in consultation with the finance team. The meeting concludes with the recording of a consensus on the projections and unified budget guidelines.

- Department requests - The municipal assistant emails the guidelines to department heads and solicits their budget requests with a return deadline at the end of December. Included with this email will be a spreadsheet created by the town accountant and broken out by department, showing the last three years of actual expenditures grouped by line-item categories and having a blank column to input requests for the new year. The package would also include forms for requesting capital projects and a blank capital project request form.
- Budget assembly - The municipal assistant assembles the returned requests into a working, omnibus budget and meets with department heads to discuss their needs. Upon updating revenue estimates and making any changes to departmental requests, the municipal assistant prepares a balanced budget proposal, including any capital items for the new year, as well as an updated five-year capital plan. This information is presented at a joint select board-finance committee meeting.
- Finalization - The select board and finance committee may separately decide to invite department heads to meetings to directly learn more information, as needed. The municipal assistant will make adjustments to the budget as warranted, including in response to state budget proposals and the regional school district's assessment, and will share revisions with the boards. By the end of March, the municipal assistant presents a final budget for the select board's approval and subsequent submission to the finance committee for a report of its recommendations to include with the posted town meeting warrant. The finance committee may hold a public hearing on the budget in advance of town meeting. The municipal assistant posts the town meeting warrant.
- Budget monitoring - Throughout the year, the municipal assistant monitors monthly revenue and expenditure reports prepared by the town accountant to make sure the budget stays on target and prepares corrective actions when it does not, notifying the selectmen and finance chair when problems arise.

This budget model helps provide the administrative and analytical support the selectmen and finance committee need to assure compliance with financial policies, whose adoption we recommend next. Throughout the process, communication among the parties must be ongoing. Discussions would typically involve adjustments to revenue projections, compliance with fiscal policies, changes in the use of reserves, reordering of priorities, and any deviations from agreed-upon guidelines.

4. Adopt Formal Financial Policies

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. At minimum, the topics we recommend for Leyden include:

- Antifraud
- Capital planning
- Disbursements
- Financial reserves, including free cash
- Financial management team
- Forecasting
- Investments
- Procurement conflict of interest
- Reconciliations
- Revenue turnover
- Tax enforcement

As a model that could be converted for local adoption, Leyden could look to the policy manual that DLS recently created for the similar small community of Chester, which we are transmitting as a separate Word document along with this report. If the town wants to adopt further policy topics over time, it can review the other manuals we have posted: [mass.gov/lists/technical-assistance-projects](https://www.mass.gov/lists/technical-assistance-projects).

We suggest the municipal assistant review the DLS policies and seek input from the select board and finance committee on pertinent decision points, such as targets for reserve levels, forecasting assumptions, and the specifics of Leyden’s capital planning procedures and financing options. A consensus between the two boards is desirable, and the policies could be adopted at joint meetings, one-by-one as each is finalized. 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, the municipal assistant must ensure that it is distributed to all applicable parties, including all relevant department heads. In addition, adopted policies should be reviewed periodically and updated as needed.

5. Consolidate the Town’s Stabilization Funds

A review of the balance sheets Leyden has submitted to DLS in the last three years reveals that, as of FY2020, the town has six special purpose stabilization funds, in addition to its general stabilization fund, as shown in the table on the next page.

Stabilization Funds, FY2018-2020

Stabilization Fund Name	Year-end Balances		
	FY2018	FY2019	FY2020
General Stabilization	\$145,695	\$130,516	\$197,141
Town Building Stabilization	\$42,329	\$67,380	\$68,513
Capital Highway Stabilization	\$61,502	\$62,627	\$63,679
Assessors' Software Stabilization		\$19,933	\$20,268
Historical Commission Stabilization	\$11,267	\$11,549	\$8,693
Technology Stabilization	\$1,028	\$1,054	\$1,071
Library Paint			\$183
Totals	\$261,822	\$293,059	\$359,549

After establishing policies on financial reserves and capital planning, we recommend the select board sponsor an article to (1) create a capital improvement stabilization fund, (2) transfer the balances of the other special stabilization funds into it, and (3) close those funds. By following the adopted policies, town officials can still demonstrate the commitment to transparency and supporting of capital needs that had provided the rationale for the special purpose stabilization funds, but the town would gain greater flexibility in using reserves to support long-term plans. This action would also reduce the number of accounts being tracked and reported by the town accountant and treasurer.

6. Convert the Town Clerk from an Elected to an Appointed Position

We support the select board’s plan to present town meeting with a warrant article proposing the conversion of the town clerk position to appointed status. This action requires approved by voters at town meeting and in the annual town election ([M.G.L c. 41, § 1B](#)). In addition to placing the town clerk on the same footing as other department heads within town, this change would expand the pool of potential job candidates and thereby help ensure the officeholder has the necessary qualifications to perform the role effectively. For these reasons, a clear trend has emerged among Massachusetts communities in favor of appointed positions for operational roles. As part of the annual budget for the town clerk’s office, we also encourage the select board to provide for an annual membership with the [Massachusetts Town Clerks Association](#), which offers periodic training opportunities and also has a strong mentoring program.

7. Conduct a Comprehensive Review of Town Bylaws

Leyden lacks a coherently assembled set of detailed general and zoning bylaws. The town may also lack adequate personnel bylaws, though we did not verify this. When we requested the general bylaws, the documents provided consisted of a series of pdfs as follows:

- 1) Four typed pages with the heading “Leyden Town Bylaws from Town Meeting Notes.” This was a chronological list by town meeting dates, spanning from 1950 to 2001, of various articles that passed. Most of them concerned proposed general bylaws but also mixed in were zoning and personnel bylaws, local acceptances, and some actions that were none of these, such as an action to establish a solid waste fund.
- 2) One-page, handwritten list of “mostly zoning” town meeting actions in chronological order from 1974 to 1982, attached to 23 pages of unreadably photocopied bylaws.
- 3) Three-page, typed, right-to-farm bylaw from 2006
- 4) Typed animal control bylaw from 2013
- 5) Letter from the Massachusetts Attorney General’s Office dated February 7, 2011 acknowledging receipt of a new bylaw to review but with no reference to the proposed bylaw

Key to establishing officials’ and employees’ relationships and responsibilities, a town’s general bylaws also help to explain residents’ rights and obligations in their interactions with local government. A good set of bylaws defines and describes a community’s government structure, appointing authorities, and prohibitions. The current state of Leyden’s bylaws provides little understanding of these objectives. The documents also cast doubts on the bylaws’ general validity since they raise questions about whether prior town clerks submitted them for the attorney general’s approval and tracked the responses. Besides the bylaws, the town needs a reliable, comprehensive record of all locally accepted statutes, which should be compiled as an addendum to the bylaws.

We recommend the selectmen direct the municipal assistant and town clerk to reassemble the town’s bylaws and local acceptances. To do so, they should search the files in their mutual offices to ensure that all bylaw and local acceptance documents, or any references to these, are brought together. The town clerk should then create separate documents for all general, zoning, and personnel bylaws, and internally group them by topic. A fourth document should list all local acceptances in chronological order, and any special act documents that may exist should also be appended to the general bylaws.

Once this compilation project is completed, we recommend the select board appoint a bylaw committee of three to five members, composed of town employees and resident volunteers, to conduct a comprehensive review. The town should also engage with town counsel in this effort. The committee should be charged to review the bylaws; make recommendation on the those that should be retained, amended, or deleted; and propose new bylaws for adoption. For guidance, committee members can examine bylaws of other towns, and they should also seek input from residents, employees, and officials through public forums. They should identify any missing positions, boards, and committees, and consider codifying financial procedures (e.g., budget process, capital planning, etc.). At minimum, a one-year timetable should be anticipated to complete this work, and the revised

code will need to be approved by town meeting and the attorney general. The final set of proposed bylaws should be presented in a way that is easily readable and searchable, posted on the town's website, and made available for printing at town hall when requested.

Following the completion of the CCC personnel project, the board should appoint a separate personnel bylaw committee to review the contractor's guidance and provide the board with a proposed set of personnel bylaws to review and subsequently present in an article to town meeting.

8. Adopt a Tax Title Payment Agreement Bylaw

If the town wishes to grant the treasurer the ability to offer payment agreements to property owners in tax title, we recommend the select board sponsor a warrant article proposing a bylaw for this, as allowed under [M.G.L. c. 60, § 62A](#). Below we provide sample language that accords with the statute. Note the highlighted text that requires local decisions to be formalized in the bylaw.

Chapter X: Payment Agreements for Properties in Tax Title

- X.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").
- X.1.2 Tax title categories eligible for payment agreements include [*specify criteria here, based on amount owed, assessed property value, length of delinquency, and/or any other criteria*].
- X.1.3 At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- X.1.4 The agreement's maximum term shall be five years.
- X.1.5 Full compliance with agreement terms will result in a waiver of [*local decision: choose a percent up to 50 percent*] of the tax title account's accrued interest.

9. Leverage the Town Website More Effectively

We found the information available on the town's website to be poorly organized and sometimes outdated. Given that the municipal assistant is the only central employee working full-time, it is more important than in many other small towns to ensure the website's utility and information are maximized. A comprehensive, up-to-date, and easy to navigate website would help promote public awareness and confidence in government while also reducing the amount of time employees must spend fielding questions from residents. Helpful information that can be added to the website includes the town's bylaws, budget and financial statements, town meeting information, departmental forms, applications, and payment options.

The core design of Leyden’s site is based on a template created by the town’s contracted web host, Montague WebWorks (MWW), which also hosts sites for 10 other Massachusetts towns, as listed and linked on its [website](#). One need only review those sites to see the superior organization and content that Leyden’s site lacks. We therefore recommend the select board charge the municipal assistant to work with MWW to revamp the website into a more effective standard and to maintain the currency of information going forward.

10. Explore Opportunities to Regionalize Services

As discussed in the overview, Leyden has a history of seeking out regionalized services, whether for educational services and those the town has arranged to receive from FRCOG. As recently as 2020, the select board was very close to establishing a regional fire department with the City of Greenfield, but plans were skuttled by insurance issues. Additionally, in the not-distant past, the town had shared a town-administrator-type role with Bernardston. Although these regional pursuits may not always come to lasting fruition, we encourage the select board to continue to be alert for and evaluate opportunities for shared services, given that the costs and complexities associated with providing needed services will only continue to grow.

The police department is a current area of concern, given that the town recently had to obtain special acts to allow the police chief and his wife to continue working past age 70 and 65, respectively. Beyond those two, the other officers are all part-time. Beyond the police, the town could also explore a regional approach when considering future plans for its assessing department, as we discuss further in the next report section.

FINANCIAL OFFICE OPERATIONS

This section provides observations and recommendations related to the town's four financial departments - accounting, treasury, collections, and assessing - but first, a little background about each of them, starting with the software applications being used.

Financial Management Software

Through June of 2020, the town accountant maintained the general ledger in Muniware, and the treasurer's only software applications consisted of Excel for the cashbook and Harpers for payroll. Using \$40,000 in CCC funds, the town purchased VADAR Systems software and transitioned to its General Ledger module. Also purchased within the VADAR Finance Suite package was a Treasurer's Receipts module, and the treasurer has a license for it, but she has not begun inputting receipts there; the town accountant has been doing this task instead. The town will continue to use Harpers for payroll processing.

Leyden is a legacy client of the Community Software Consortium (CSC), which had supported two key applications: the assessors' computer-assisted mass appraisal (CAMA) system and the collector's receivable control database. The CSC disbanded in 2018 and no longer supports these systems. Effective July 2020, the assessing department implemented Patriot Properties Inc.'s CAMA system. The collector continues to use the CSC receivable control even though the only technical support for it is provided by a lone individual the town contracts with, which is a high-risk situation given the single point of failure involved.

Town Accountant - The select board appointed the town accountant in the fall of 2020 and hopes to see some lasting stability in this office after experiencing significant turnover in the position in the last few years. Before making this appointment, the board briefly contracted with an accounting vendor and subsequently considered paying FRCOG to perform the functions. The incumbent works part-time for Leyden while she continues to work full-time as Greenfield's city accountant, a position she has held for three years. Her workload in Leyden requires 8-10 hours weekly, mainly on weekends, which lines up well for providing biweekly payroll and accounts payable (AP) warrants to the select board, whose meetings occur on Monday nights.

Treasurer - The treasurer's part-time hours for Leyden are done Friday evenings, Saturdays, and Monday mornings. Hired about two years ago, she also works full-time as assistant director of the Franklin Regional Retirement System and part-time as Bernardston's treasurer.

Collector - The part-time collector has been with the town for 19 years. For the past 13 years, she has also been working as a full-time administrative assistant in Greenfield. She has attended the Massachusetts Collectors & Treasurers Association's trainings but has not become a certified collector.

Assessing Department - The assessing department is overseen by an elected, three-member board of assessors, which supervises a part-time clerk. The current clerk works a weekly, four-hour shift and has served in this role for 20 years. The board members meet weekly on Wednesday evenings. In addition to statutory decision-making duties, they perform some administrative functions. The board contracts with a vendor to perform sales analyses and revaluations and to prepare most of the annual reports to DLS (e.g., LA-4, LA-13, etc.), apart from the tax recap, which the board members do themselves.

As we see it, there are two primary obstacles to maximizing the effectiveness of Leyden's ongoing financial operations, one related to work schedules and the other to technology. Despite the many interconnected duties among the four finance departments, because this is a second job for virtually everyone involved, most of them do their Leyden work independently at asynchronous hours. Furthermore, although the town wisely upgraded its finance applications by converting to Patriot and VADAR. Unfortunately, the finance team is not getting the full benefit of the VADAR product yet. Much of the guidance below is offered to help address this issue.

11. Establish a Financial Management Team

We recommend Leyden establish a financial management team that meets on a regular, monthly basis. With the municipal assistant as chair of the meetings, the rest of the team would include the accountant, treasurer, collector, and assessing board chair. Gathering the team for regular discussions will enable the municipal assistant to play a more hands-on role in ongoing financial operations and oversee adherence to key procedures. Since four of the five team members are part-time, it may be difficult to coordinate the meetings. Nevertheless, we recommend the group establish a consistent day each month that works for all to meet either at town hall or virtually. The municipal assistant should prepare and distribute an agenda prior to each meeting with the topics determined by where the town is in the budget calendar and the other financial matters that arise requiring the group's input and coordinated response.

In many communities, financial team meetings have proven effective for coordinating financial operations and holding staff accountable for their roles in mission critical functions like tax rate setting, timely reporting of receipts, and reconciliations of cash and receivables. Additionally, these sessions help to enhance dialogue, spur creative thinking, and assure attendees that important information is imparted to all at the same time.

12. Continue to Expand the VADAR Implementation

VADAR is an enterprise software system that, with the proper user configuration, allows for a well-controlled but seamless and transparent flow of financial data between municipal departments. Although the VADAR Finance Suite went live in July 2020, at this point, only the town accountant is really using it. To maximize the system's cost-effectiveness, increase efficiencies, and reduce risks for errors or fraud, we recommend Leyden take the following actions to enhance and expand the VADAR implementation.

- Reconfigure user permissions so that only the treasurer has edit rights in the Treasurer's Receipts module. Presently, all the data entry into the Treasurer's Receipts module is being done by the town accountant. In addition to schedules from the treasurer of the revenues she received directly, the town accountant bases her VADAR entries on photocopies of turnover forms that departments provided to the treasurer *before* the treasurer accepted them. From the Treasurer's Receipts module, the town accountant then directly transfers these entries as postings into the General Ledger module.

The current set-up creates risks that the general ledger will reflect revenue that has not been received, recorded, and deposited by the treasurer, which can lead to reconciliation errors. It also allows for fraud by department heads, who are not being required to validate by the treasurer's signature that receipts were actually turned over to her. Our recommended procedural change will not only help to manage these risks but will also facilitate reporting, since the treasurer can directly generate from VADAR the schedules of treasurer's receipts she provides to the town accountant, rather than creating them in Excel.

- Convert the Excel cashbook to VADAR. Beyond the potential data integrity issues of the current procedures, the town is missing opportunities to reduce data entry tasks and enhance reconciliation efficiency. When revenue data is entered in the Treasurer's Receipts module, it automatically carries over to VADAR's Cashbook module. With time and training, the treasurer should begin to rely on VADAR's cashbook and discontinue doing separate, duplicative receipt entries into her Excel cashbook. The town accountant should also be given view-only access to the Cashbook module to facilitate reconciliations with the general ledger.
- Purchase and implement VADAR's Tax Suite. Beyond the data continuity risks associated with a discontinued legacy system, the collector's continued use of the CSC application is counterproductive to accuracy and efficiency goals. At present, the collector enters collections data into the CSC and then creates a turnover of the activity to give to the treasurer. The treasurer

then reenters the data into her Excel cashbook. The town accountant, in turn, then enters the same data once again in VADAR. This is not only inefficient, but at each juncture are opportunities for input errors.

If the town converts to the Tax Suite, the data entered in its receivable control by the collector need only be accepted by the treasurer into the Treasurer's Receipts module, and then subsequently in the General Ledger module by the town accountant. In a similar manner, the collector's recordings of tax takings on delinquent properties can be seamlessly transitioned within the system to the treasurer's Tax Title module. Though the collector's VADAR license will cost more than the expenses the town pays annually to the CSC support contractor, the efficiency, accuracy, and transparency gains would be worth it.

- Purchase a VADAR license for the municipal assistant. Within Leyden's financial management team, the municipal assistant is the only full-time employee. She is therefore best positioned to exercise ongoing oversight of the status of the town's budget. Furthermore, within the Financial Suite the town purchased, there is a Budgeting module that would be useful for her role as the orchestrator of the town's annual budget process. For that module, she should therefore have edits rights, and for the others she should have view and reporting permissions, so that she can create ad hoc reports as needed.

Currently, VADAR charges \$11,880 annually per user license, so this recommendation would add \$23,760 to the vendor contract for the collector and municipal assistant. However, the town will save some smaller amount of money by discontinuing the CSC support contract.

13. Strategize for an Effective VADAR Transition

Some difficulties are to be expected with all financial management software conversions. To handle this transitional period most effectively, we offer the following additional advice.

- Prioritize finalizing the VADAR chart of accounts. During the first year of VADAR, it has been a work-in-progress for the town accountant to complete the set-up of the chart of accounts, starting with the most crucial and active accounts and finishing with the less-active trust accounts. She also planned to design a data entry template for the treasurer to aid in her transition to inputting receipt information in the system. These objectives should be completed as soon as possible to expedite an effective transition to VADAR.
- Assign the municipal assistant to be the VADAR contract manager. The town accountant has been acting as the point-person for managing the VADAR contract, but it makes more sense for the duty

to be formally assigned to the municipal assistant for a variety of reasons. She is the only finance team member working full-time and during normal business hours, which should aid in making live contact with VADAR representatives. Furthermore, when it comes to user profile permissions, it is a better control to have someone who is not involved in day-to-day financial transactions act as vendor liaison to ensure that profile edit rights are limited only to the modules necessary for each officer to perform her assigned tasks. Once the municipal assistant is the active liaison for the VADAR contract, she will also be better informed to keep the select board apprised of any issues on an ongoing basis.

- Prioritize VADAR issues at monthly team meeting. Until each financial officer is comfortable with the system, VADAR should be a top agenda item of every monthly team meeting. Each officer should maintain detailed logs of all software issues and any contacts with VADAR Systems as they occur and report on these at the meetings. The log could help identify interrelated issues and repetitive problems. The municipal assistant should then try to follow up with a VADAR representative on any that remain unresolved.
- Seek out user groups. The municipal assistant should ask the town's VADAR representative about user groups, through which the finance officers might foster peer relationships in other towns and share practical tips. Irrespective of whether other users experience the same issues, the peer relationships and collective analyses that emerge from user groups can be effective in resolving problems. The vendor should know of active user groups or at least provide a list of Massachusetts communities using their software.

14. Consider Future Structural Changes in the Assessing Department

More and more, we see the difficulties small towns in rural areas face in recruiting employees or local volunteers to replace individuals stepping down from key posts. At present, Leyden's assessing department clerk and two of its three board members have served the town for many years and are already of traditional retirement age. Consequently, it makes sense for the town to start thinking now about restructuring options that could help assure cost-effective continuity in departmental operations. As potential future configurations for the assessing office, we propose two options, as follows.

- Continue the same structure but with the board reduced to a sole, appointed member - Given Leyden's limited population, it would be easier for the select board to appoint one board member instead of the town hoping that, on a rolling basis, there will be three residents willing to run for the board. Appointing the position would also help ensure the officeholder has the requisite knowledge and skills. In this scenario, the assessing board member would make decisions related

to new growth, abatements, overlay, and other oversight matters, while the town continues employing a part-time clerk for office work and a contractor for fieldwork. When the time comes to find a successor for the current clerk, the town could consider recruiting from among the assessing clerks working part-time in neighboring communities who might want expanded hours. In reference to current appropriations, the town's savings from the elimination of two board member stipends would be \$4,800.

- Create a two-person department - The town could consider a department consisting of a sole appointed board member and a part-time assistant assessor fully qualified to perform the current clerk and contractor responsibilities. This solution would be most viable if there is a professional assessor working less than full-time in another area town(s), for whom a weekly Leyden workday would help create a full-time schedule since Leyden's parcel volume (645) does not justify more staffing hours than that. If there are multiple communities in similar situations as Leyden, the town could consider developing a regional solution in which partner towns pay a local salary and contribute to a single health plan to create an attractive full-time assessor position. As a point of reference for costing either option, the town's currently pays \$6,000 a year to the clerk and \$10,000 to the contractor. Leyden's Bureau of Local Assessment field representative is available to provide additional advice about these options.

According to [M.G.L. c. 41, § 24](#), no more than one assessor is required in a town. In Leyden, we could find no bylaw or town meeting vote that established the town's board of assessors as having three members. Given the longtime existence of the three-member board and uncertainty of its origin, a special act would be the best option to reduce it to one member. Although the conversion of the assessing board to appointed status could be done in the same manner as with the town clerk, it would make sense for the drafted special act to accomplish both of these changes at the same time.

15. Install a Lock on Collector's Drop Box

As a taxpayer convenience, Leyden has installed a drop box so that payments can be delivered to town hall even when it is closed to the public. However, we were told there is no lock on it, and we recommend that the town replace the current lockbox with a more secure option.