



Town of Maynard

Financial Management Review

Municipal Data Management and Technical Assistance Bureau

January 2007



Introduction

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

We have based our findings and recommendations on site visits by a Technical Assistance team consisting of staff from the Division's Bureau of Accounts and Municipal Data Management & Technical Assistance Bureau. During these visits and by telephone, the team interviewed and received information from the members of the board of selectmen and the finance committee, the executive secretary, town accountant, town clerk, treasurer/collector, chief assessor, as well as other staff members, as available, in each office. Various consultants to the town were also contacted.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, the town charter and by-laws as well as other assorted financial records. Other documents reviewed included the Bartholomew & Company, Inc. "Investment Strategy Review" (September 14, 2006), VADAR Systems, Inc. "Accounting Quick Reference", PERAC Annual Report 2005, and outside audits for FY2004 and FY2005 completed by Thomas J. Scanlon, CPA and Associates.

In reviewing the town's financial management practices, we have focused on: (1) town government structure in the context of the duties and responsibilities of financial officers; (2) the town's budget, warrant and capital planning processes; (3) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; and 4) the general efficiency of financial operations measured by the town's success in maximizing resources and minimizing costs.

We encourage the members of the board and others, when formulating overall strategies for improving the town's financial management, to consider the observations, analyses and recommendations contained in this report. These are recommendations only and can be implemented, at the town's option, provided there is sufficient cooperation among the various town boards, committees and officials.

Executive Summary

The Division of Local Services typically conducts financial management reviews in instances where help is sought to resolve a particular problem, or where an overall evaluation of government operations is desired. In Maynard's case, the town intends to acquire the services of outside consulting to assist with their more acute accounting and information technology needs. Rather than duplicate the consultant's services, this report reflects a broad assessment of financial management practices in the context of continuous improvement, sustainability and planning.

The Town of Maynard is located approximately 20 miles northwest of downtown Boston. The town enjoys a unique location that offers amenities associated with both urban and rural settings. Maynard's population density is about 1,970 residents per square mile, which makes it the 55th most densely populated among the Commonwealth's 351 cities and towns. With a total land area of 5.24 square miles, it is also one of the smaller towns in Massachusetts. In fact, Maynard has the 4th smallest land area of any community outside of the Route 128 loop. However, its 10,230 full-time residents (2004 estimate) put Maynard near the Commonwealth's median size in terms of population.

The Maynard downtown commercial area is a substantial high-tech employment center. Clock Tower Place is a 1.1 million square foot historic mill complex, which currently houses the worldwide corporate headquarters for Monster.com along with numerous other high-tech companies. In addition, it was recently announced that a video game company owned by Red Sox pitcher Curt Schilling would also be leasing office space at this site. Now, the combination of new downtown employees and town residents has spawned retail and restaurant activity on and near Main Street.

The legal framework for financial management in Maynard is established in the town charter, which was last updated in 2003, and in relevant town bylaws. The board of selectmen acts as the head of the executive branch of government and appoints a town administrator to manage day-to-day operations. The finance director, who is also the town accountant, oversees the accounting office, the treasurer/collector's office and the assessing office. He is appointed by the board of selectmen. There is a finance committee and a capital improvements committee, which annually review budgets and capital requests, respectively, and recommend action to town meeting.

As a general observation, while demographic trends and commercial development in Maynard are characterized by measurable change, town financial practices are improving at a slower pace. Such an incremental approach to change offers both benefits and disadvantages. The presence of substantial institutional knowledge works in a town's favor by providing decision makers with context for relationships that have developed over time and the evolution of current circumstances. However, there is also a corresponding tendency toward satisfaction

with long-standing practices and a natural reluctance to embrace new approaches. This is in contrast to the general approach in progressive communities where, as a matter of policy and practice, the pursuit is continuous for ways to improve operations through ongoing, iterative planning and introspection.

In the case of Maynard, holding tight to the ways of the past has given rise to and helped sustain deficiencies in financial management practices. Progress has been further slowed by the inherent uncertainty and difficulty of operating under a series of acting, interim and sometimes absent managers.

Our recommendations address several issues by underscoring the need to reinstate checks and balances in the form of monthly reconciliations of cash and receivables. We recommend that the town administrator chair regular financial management team meetings and that closer attention be given to management letter comments issued as part of the towns annual audit.

On balance, there is opportunity to gain efficiencies and improve operations in each finance office. Of particular importance is the need to ensure that systems are in place and responsibilities assigned to carry out essential, legal departmental functions. There are, as well, among our recommendations suggestions on how the selectmen can make more effective use of their time and how they might better use the resources of the town administrator's office.

Moving forward, an encouraging development for the town is the hiring of a new town administrator in April. The prolonged period of management instability prior to the new town administrator's arrival appeared to necessitate more hands-on involvement in day-to-day government on the part of the selectmen. The board has also appointed a finance director/town accountant who, acting under the supervision of the town administrator, coordinates the activities of the accounting, treasurer/collector and assessing offices. This appointment finally brings the town into compliance with charter amendments it approved in 2003. More recently, the town meeting approved the new position of assistant town administrator to help with added demands on government. In a letter to the town that predates this report, we suggested that the assistant town administrator's position might be assigned responsibility for personnel, constituent service, information technology and other special projects.

Now, with a new town administrator, a finance director and a new position of assistant town administrator, the selectmen appear poised to relinquish operational involvement and return to a more traditional role. Toward this end, it is our hope that the selectmen can redirect their focus to matters of town-wide policy, planning and general oversight of municipal business as the town administrator, finance director and assistant town administrator adapt to their new roles.

With major management components in place, the town of Maynard is in a better position to face, and devote necessary thoughtful analysis and consideration to the financial challenges that lie ahead. Among them, the board of selectmen looks to place a new focus on economic development and will expect the town administrator to undertake a coordinating role to this end. Alternatives are under consideration to address space needs at the police station. The New England Association of Schools and Colleges has placed the high school on probation for

outdated facilities and hazardous conditions, which may necessitate capital investment in order to meet accreditation standards. There may be a need to address the physical deterioration in the middle and elementary schools as well. Such inadequacies of school facilities can also create a financial concern to the extent that conditions lead to an increase in the out-going school choice population, which can negatively impact revenue from state aid.

In light of the serious demands placed on the town, one could identify focal areas of a long-range (or “strategic”) plan as including, but not limited to, economic development, capital needs and infrastructure, and organizational capacity building.

Therefore, we recommend that long-term planning be made a municipal priority. The process can start with multi-year revenue and expenditure forecasting, the development of a budget calendar and commitment to a capital improvement program. We recommend as much. Other forward-looking initiatives should include the adoption of debt and reserve policies. The town needs to anticipate and address future workload demands particularly in the areas of personnel administration and technology. It is imperative that the town move off the out-dated, single fund statutory accounting system (“Stat”) and to the more contemporary, multi-fund Uniform Massachusetts Accounting System (UMAS).

Conclusion – Maynard finds itself at a crossroads. It has all of the amenities and location advantages to be a strong and vibrant local government. However, governmental operations and practices are lagging when compared to those of surrounding communities and statewide peers. In a financial environment defined and dominated by the fiscal constraints and political implications of Proposition 2 ½, the town needs to become proactive and creative in its approach to service provision. Maynard can better prepare itself to deliver the services that citizens desire while building financial stability by taking a long-term view of government operations and the infrastructure supporting it. The approach advocated here encourages the development of a strategic plan. Strategic plans, while taking on many different forms, consist of several key elements such as goals, timeframes and performance measures that are brought together to inform decision-makers and the public. The recommendations in this report are designed to help Maynard shorten the learning curve and place the organization in a posture to succeed.

Summary of Report Recommendations

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- 1) Set Goals and Objectives for Town Administrator
- 2) Improve Workflow
- 3) Make Long-Term Planning a Priority
- 4) Implement a Performance Review Program
- 5) Hold Monthly Financial Management Team Meetings
- 6) Conduct Multi-Year Revenue and Expenditure Forecasting
- 7) Appoint an Audit Committee
- 8) Finance Committee Report on Budget at Annual Town Meeting
- 9) Verify Town Meeting Appropriations
- 10) Track Absences/Leave Balances Centrally
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- 13) Use a Budget Calendar
- 14) Analyze Other Post Employment Benefits (OPEB) Liability
- 15) Encourage Staff Participation in Training and Professional Organizations
- 16) Create Uniform Timesheets
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- 20) Convert to the Uniform Massachusetts Accounting System
- 21) Establish Overtime Accounts
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- 25) Require Weekly Turnover of Receipts
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- 27) Develop a Plan to Enhance Capacity
- 28) Review/Update Personal Property Records
- 29) Inspect all Sale Properties

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- 30) Address DPW Staffing/Bill Payment Issue
- 31) Convert to Quarterly Water Billing
- 32) Advisory Board Functions as Traffic/Parking Committee
- 33) Implement a DPW Work-Order System

Overall Financial Management

A review of the town's overall financial management practices focuses on the procedures in place to accomplish tasks that typically cross over various municipal departments, as well as those that tend to impact town government on a global basis. Accordingly, we examined the budget process and the payroll and vendor warrant processes. We looked at long-term planning, financial monitoring practices and financial policies, as well as the effect of the town's organizational structure on the operation of government. We examined the purchasing system and personnel administration. We considered the roles and relationships among individuals together with the level of communication and cooperation that exists among offices. Finally, we reviewed local compliance with state laws and regulations relating to finance issues, adherence to acceptable form, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

Maynard operates under a town charter, where a board of selectmen functions as the executive and town meeting is the legislative branch of government. A town administrator, whose primary duties are established in the charter, oversees the day-to-day management of municipal offices. He is assisted by a finance director, who also serves as town accountant, and will be able to fill a newly created position of assistant town administrator.

The accounting office is effective in producing vendor and payroll warrants for review and approval by the selectmen. The town administrator has primary responsibility for developing the annual budget. The town has been unable to maintain financial reserves on par with similarly rated communities. This is, in part, a reaction to tight budgets and levy limit restrictions, which are also partially responsible for the lack of capital investment in town assets. As a result, long-term planning suffers.

Staff involvement is necessary, as well, in the preparation of required submissions to DOR. The free cash certification and the Schedule A have both been submitted late in recent years. The late submission of free cash can limit town meeting's access to potential revenue source for capital spending, if certification is not complete when town meeting convenes. While the Schedule A is due by October 31st, it has been town practice to submit in March in four of the last five years. With its late submission, the town runs the risk of having its 3rd quarter state aid distribution withheld, which could cause cash flow problems.

Finally, the accountant, assessors and town clerk collaborate on the preparation of the town's Tax Recap Sheet, which is the basis of DOR approval of the annual tax rate. DOR advocates Tax Recap submissions by November each year, but Maynard's filing is typically delayed. The concern with delayed submission of the Recap is that if third quarter tax bills are not mailed by January 1st, the town must wait until April before collections can be enforced on 3rd quarter bills. The subsequent cash flow problems could create substantial interest costs to the town as a result of the need to conduct short-term borrowing.

Conclusion – Generally, short-term routine tasks (payroll, accounts payable) operate on time and systems are in place to ensure accuracy. The selectmen and other decision makers have struggled to identify financial issues and translate policy decisions into administrative practice. At the same time, departments with finance-related duties have not provided timely and comprehensive analysis for their intermediate-range and cyclical responsibilities such as reporting to the Commonwealth. Although the coordination of fiscal activities should improve with the recent centralization of authority under a finance director, there remains a need for guidance and a commitment to policies. The selectmen, working through the town administrator and with other town leaders, must more clearly define departmental missions and personnel performance expectations before long-term, sustainable improvement will be realized.

Recommendation 1: Set Goals and Objectives for Town Administrator

We recommend that the selectmen and town administrator reexamine their working relationship. The town administrator maintains a running list of selectmen requests for information, decisions or actions, which is reviewed at each meeting. He has other responsibilities as well. However, the list continues to grow and a process intended to advance solutions, does the opposite by creating inefficiencies. To address this issue, we recommend that the selectmen and town administrator establish goals and objectives that more clearly define their relationship as well as day-to-day performance expectations.

We have reviewed the task list and it is our observation that it includes projects that are, by their nature, slow to develop and are not conducive to revealing progress on a weekly basis. As a consequence, raising these issues in public meetings gives the appearance that government is stagnant and ineffective. With respect to the current list, we recommend that the board come to an understanding with the town administrator on the time-frame for completion of tasks that are clearly long-term projects. Periodic, but not weekly, reports might be in writing and included in the selectmen's package.

The task list also includes items where progress can be measured. In these instances the board and town administrator should reach agreement on priorities, expectations and realistic deadlines for completion.

Recommendation 2: Improve Workflow

We recommend that the selectmen consider options to lighten their workload. The selectmen meet every week and sometimes more often. Meetings frequently last three hours, or longer. As a result, a weekly meeting schedule not only consumes their time, it puts time constraints on staff who must prepare information packages and on the town administrator who is pressured to complete and report on tasks.

Compared to our experience with like towns, this is an unusually heavy schedule. While greater involvement in daily town affairs may have, by default, fallen to the selectmen during recent years of management instability, with the appointment of the current town administrator, that should no longer be an issue. Therefore, we recommend the following as ways the selectmen might more effectively allocate their time.

- 1) *Meet every two weeks* - The only compelling justification for weekly meetings would be to sign payroll warrants. Instead, selectmen can individually sign payroll warrants on off-weeks, or they can explore moving all employees to bi-weekly payrolls. Over time, the workload will adjust smoothly to the schedule.
- 2) *Create a more structured agenda in terms of subject matter* - An agenda need not be all-encompassing. Not all subjects require selectmen discussion or debate. The board chair and the town administrator should work together prior to each meeting to limit the agenda and identify what actions are required. A meeting ending agenda item might be a “selectmen’s comment period” when each selectman makes a statement on a subject(s) of his choice. It would not be a time for debate or action. The selectmen, as a group, should reach an understanding that allows the chair to exercise her prerogative to make certain non-policy or merely ministerial decisions. With a rotating chair, each will have this opportunity.
- 3) *Place time limits on discussion of each agenda item* - Time allowed for discussion should be assigned to each agenda item. The chair must be committed to enforcing the time limits. Board members must be willing to accept limits and recognize that good decisions are less likely to be made late into the night toward the end of a marathon meeting.
- 4) *Incorporate a consent agenda* - A consent agenda allows the board to move a large amount of routine items, which are not contentious, into a single agenda line. This applies to all items requiring a formal board vote under the law, but which do not warrant lengthy discussion before the board takes action. Consent agendas are usually prepared in advance of the meeting by the town administrator, then presented and voted at the beginning of meetings. The selectmen will review the material prepared for each item on the agenda in advance of the meeting. As the term “consent” implies, if even a single member of the board believes that an item on the consent agenda warrants further discussion, the item must be removed and taken up separately.
- 5) *Arrive at communication protocols with town administrator* - The selectmen need to rely on the town administrator to respond promptly to information requests and other forms of correspondence. To meet this challenge and gain the confidence of the board, we recommend that the town administrator devote private time, uninterrupted by meetings or incoming calls, to address selectmen issues. The town administrator should use the time to respond to selectmen calls, emails and other requests, with an emphasis on the priorities that have been set.

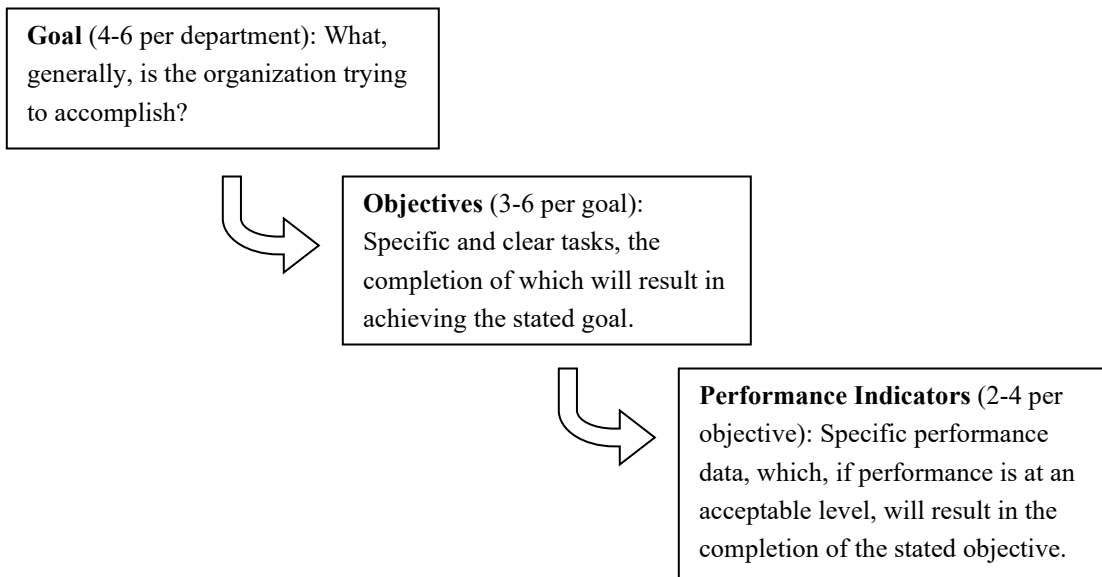
- 6) *Delegate responsibilities, i.e., create a parking and traffic study committee* - The board should continue to look for opportunities to delegate tasks to other boards or individuals, whether directly or through the town administrator.

Recommendation 3: Make Long-Term Planning a Priority

We recommend that the board of selectmen, finance committee, and all elected/appointed boards place a priority on coordinated, long-range planning. The town of Maynard could benefit from a coordinated planning effort that produces a clearly defined set of goals and objectives for town departments, and that focuses on the areas of fiscal sustainability (growth in revenue, expenses, and the need for future overrides) and service provision (who are the town’s customers, what do they want, and how do we provide it?).

The selectmen should lead the process of developing a strategic plan, with professional guidance coming from the town administrator. A thoughtful and comprehensive list of goals and objectives would be the logical outgrowth of a long-term planning process. These goals and objectives should be developed in such a way as to give departments direction and focus on those issues that are of primary importance to the residents of the town.

Beyond simple goals and objectives, there are more sophisticated approaches that the town may consider in the future. These approaches logically link goals, objectives and indicators into a comprehensive management system for the entire organization. In the example below, the figure depicts a schematic model of a typical management-by-objectives (MBO) program:



With the assistance of the town administrator, various objectives should be developed for each goal, which, if all are attained, will result in achieving that goal. Status and data related to performance indicators can be reviewed by the selectmen at each regularly scheduled meeting via management reports. In addition to the tactical advantages of receiving performance data, it is important that the selected indicators are linked to the intermediate- and long-term strategy of

the organization. Multi-year planning and/or strategic goals could also be required through budget instructions, which could be incorporated into a town-wide financial plan presented at annual town meeting.

Recommendation 4: Implement a Performance Review Program

We recommend that the town administrator re-establish a system of performance reviews for department heads and town employees. Overseeing performance reviews is part of the town administrator's core duties under Section 4-2 (c) of the town charter. Accordingly, we recommend that he develop guidelines establishing a time, procedure and framework for reviewing the job performance of all town employees. The selectmen would evaluate the town administrator, and he would evaluate the managers of all departments over which the board has jurisdiction. Other boards would evaluate their respective department heads, while staff evaluations in general would be completed by department heads.

Generally, guidelines would set-out the purpose of the evaluation policy. They might identify step-by-step evaluation procedures that prompt a review of an employee's work responsibilities, previously established goals and performance. Guidelines should lead to agreement on priorities and new goals for the ensuing evaluation period. In this way, employee evaluations can reinforce responsibilities and clarify job expectations for managers and staff with the message that their performance will be measured annually. If implemented in a methodical, even-handed way, regular job performance evaluations can reinforce accountability, bolster employee morale and elevate resident confidence in government. The town should also be aware that instituting performance reviews may be subject to bargaining for certain employees.

Recommendation 5: Hold Monthly Financial Management Team Meetings

We recommend that the town administrator establish a financial management team and hold meetings on a monthly basis. Due in part to the proximity of offices, the town administrator routinely speaks with the finance director/accountant, treasurer/collector and assistant assessor on immediate finance-related matters. Periodically, when circumstances warrant, he meets together with two, or all three. He meets with all town department heads on an as-needed basis during the budget cycle and throughout the year. Even so, we encourage the town administrator to meet routinely with a financial management team, which would include the finance director/accountant, assistant town administrator, treasurer/collector, and assistant assessor.

Financial management team meetings provide an opportunity for discussion of the town's fiscal issues as well as for review of progress toward financial goals and objectives. This is particularly true for meeting milestones on the town's budget calendar (see Recommendation 13). A wider group is better able to give full analysis to proposed procedures or policies, and to

formulate strategies to avert potential problems. Meetings enhance lines of communication, and provide a forum to raise and resolve interdepartmental issues. They underscore how each office is dependent on the performance of the others. The financial management team is not intended, however, to function as a policy making body, nor as one that would encroach on the duties or decision making responsibilities of the town administrator who reports to the selectmen.

Not so obvious and not to be underestimated are intangible benefits. All involved receive the same message or new information at the same time. Each person can have confidence that a regularly scheduled forum exists to raise issues of concern, and that he or she will have equal input into any subject matter raised. In short, by creating a financial management team role and identity, understanding and cooperation will naturally increase, and morale in town hall can more easily be sustained at a high level.

Recommendation 6: Conduct Multi-Year Revenue and Expenditure Forecasting

We recommend that the town administrator work with the finance director to develop multi-year financial forecasts for the next 3-5 fiscal years. Financial forecasting is important because it will show future spending obligations in the context of estimated revenue. Analysis of the ongoing relationship between Maynard's revenue and expenditure trends will help decision-makers plan the financial future of the town in an informed and thoughtful way. Forecasting also allows the town to quantify the long-range fiscal impact of proposed policies and initiatives before final action is taken on them.

It is our understanding that the finance committee has traditionally led forecasting efforts in preparation for the budget process. In making our recommendation, it is not our intention to diminish the role of the finance committee. On the contrary, our report seeks to enhance the committee's input on budget issues (see Recommendation 8). However, now that a finance director is in place, we feel that he and the town administrator can provide a more comprehensive forecast. The town administrator has broad knowledge of town-wide priorities and the financial resources required to meet them. The finance director has access to more detailed revenue and expenditure information and, in his role as town accountant, he possesses current data on the town's fiscal condition and trends.

To assist in developing multi-year budget forecasts, we direct the finance director to the Department of Revenue's new Revenue and Expenditure Forecasting Tool on the Technical Assistance website (www.mass.gov/dls). It contains detailed information and pre-set calculation tables that can help communities customize revenue and expenditure assumptions to produce multi-year financial projections. It is a powerful tool that is easy to use and comes complete with an online user's guide.

Recommendation 7: Appoint an Audit Committee

We recommend that the selectmen appoint an audit committee. An audit committee would typically consist of three to five members chosen by the board of selectmen for their accounting experience and/or education. The committee, through a request for proposals or other means, would select an accounting firm to perform the town's independent audit. The committee would meet periodically throughout the year to advise the selectmen on implementation of management letter recommendations.

Maynard, like most towns in the Commonwealth, is required to have an independent audit of its basic financial statements to comply with the federal Single Audit Act. As such, Maynard contracts with an independent accounting firm, which reports their findings to the town as well as state and federal regulatory entities, including the Department of Revenue. Beyond the legal requirement, it is sound practice to perform audits annually to ensure that adequate financial controls are in place and that the public trust is not being violated. Almost every audit is accompanied by a management letter, which points out instances where financial practices are deficient. Also included at the same point are responses of the town's staff to each of the findings reported in the management letter.

There are a number of points raised in the town's most recent management letter for the FY 2005 audit report. Several of these issues relate to findings in the audit report for FY 2004, suggesting that corrective action has not been taken. Furthermore, town responses to management letter findings were often vague and, in some cases, failed to address the core issues raised by the auditors. An effective audit committee would bring more focus to audit findings, which is needed to resolve deficiencies in financial practices.

Recommendation 8: Finance Committee Report on Budget at Annual Town Meeting

We recommend that as part of their yearly work on the budget, the finance committee make a budget presentation to the annual town meeting. Under town by-laws, it is proper for the finance committee to provide town meeting with its analysis of any appropriation articles. As an independent voice, the finance committee's opinion on the budget can be a credible influence. For this reason, it is very common for a finance committee to present a formal budget message to town meeting.

A presentation to town meeting might consist of several elements. It is often helpful to describe the finance committee's role in the budget process and how the committee arrived at its conclusions. The committee's presentation might include a summary of revenue and expenditure trends and general statement on the town's fiscal health. The committee could explain the major cost drivers in the ensuing year's proposed budget and describe how the budget fits into the town's long-term financial and capital plans.

The finance committee should coordinate the substance of its message with that of the town administrator or finance director. However, ultimately, its budget message can underscore the role of the finance committee as a watchdog over municipal finances that reports directly to town meeting.

Recommendation 9: Verify Town Meeting Appropriations

We recommend that the town accountant, treasurer/collector and town clerk convene soon after town meeting to verify approved appropriations. Town meeting motions, amendments and the approval of articles can take on a life of their own regardless of how much preparation is done beforehand. If there is confusion or misunderstanding about what sums have been appropriated by town meeting, the likelihood of miscommunication grows substantially. Such miscommunication led to the omission of \$231,230 in town meeting appropriations from the FY2006 tax recapitulation sheet, resulting in a tax rate certification that was insufficient to fund the spending demands of the approved budget. The error was later corrected at town meeting after consultation with the Department of Revenue. To avoid such problems in the future, shortly after town meeting the finance director/accountant, treasurer/collector and the town clerk should meet and compare notes on approved operating appropriations and debt authorizations.

Recommendation 10: Track Absences/Leave Balances Centrally

We recommend that the finance director/accountant centrally track employee vacation and sick leave balances. When employees leave town service they are entitled to compensation for varying amounts of unused leave accrued based on contracts and pay rates. Currently, absences and leave balances are maintained at the department level, but as a matter of internal control, the finance director/accountant should keep a separate record of the same information. Also, since the total liability for unused leave (known as “compensated absences”) must be reported on the town’s balance sheet (\$626,780 for FY2005), it is important that the accounting office track the ongoing changes in leave balances. This can be accomplished through the payroll process by modifying the current time sheets to record the amount of sick and vacation leave an individual employee has used during a given pay period. Currently, the only data reported is the total hours for which an employee is to be paid with no breakdown of how much sick, vacation or other leave was used.

We further recommend that the town appropriate a sufficient amount annually to fund leave obligations to employees leaving town service. Currently, when employees leave the town, the cost for unused vacation time is paid out of the salary remaining in their vacated slot in the department budget. However, balancing departmental budgets through vacancies is not an advantageous practice since, by not filling positions promptly, departmental operations are

negatively affected as a result of short-staffing. Neither is there a guarantee that the appropriation balance will be sufficient to cover the obligation.

Compensated absences should be viewed as a liability of the town for financial reporting purposes, as opposed to a liability of individual departments. Therefore, a more effective way to deal with leave payouts is to budget for them aggregately in a free-standing budget line-item. Once leave balances are centrally tracked, the finance director and town administrator should be capable of providing a reasonable estimate for the appropriation to compensated absences.

Recommendation 11: Develop Reserve Policies

We recommend that Maynard establish policies defining adequate reserve levels based on the community's needs. The combination of competing spending priorities and limited revenue options make building reserves a challenging task. Often depending on the fiscal circumstances facing town meeting, it can be difficult to preserve a sizable reserve balance. However, communities in Massachusetts have been able to build and maintain reserves through exercising fiscal restraint, conservative revenue estimates, and current year cost containment.

Reserves in a municipal context typically include free cash, stabilization fund(s) balances and sometimes overlay surplus. In Maynard's case, the combined total for FY 2005 was approximately 2.3 percent of general fund revenue. There was also a reserve fund of \$150,000 appropriated by town meeting to the finance committee for unanticipated current year expenses under M.G.L. c 40, §6.

As a best practice, reserve policies should focus on two key elements (free cash and stabilization). Healthy free cash reserves should be in the 3-5 percent range of annual general fund revenue. As a rule, free cash should be treated as one-time revenue and, therefore, only be put toward one-time expenses or stabilization. However, when municipalities fund operating budgets with free cash, it is sound policy to retain as unexpended an amount of free cash equal to that used in the operating budget. This unexpended amount then serves as a starting point for the next year's free cash calculation. There should also be balances in stabilization to bring the total reserve balance up to the 5-10 percent level or beyond. Since Maynard's reserve levels are very low, consideration should be made in the policy on how the town will gradually re-build them.

Recommendation 12: Develop Debt Policies

We recommend that the town adopt a debt policy to guide decisions on borrowing. The importance of debt policy will become more apparent as the town considers ways to deal with infrastructure improvements in the schools and at other town facilities. The town's financial advisor (Eastern Investment Advisors) has experience with municipal debt policies and can be of assistance in developing a policy for Maynard. An effective debt policy should, among other considerations:

- Specify purposes for which long and short-term borrowing will be permitted

- Set parameters for amortization of long-term debt (i.e., how long to borrow money above or below a certain amount)
- Set limits on the debt service payments as a percent of general fund operating revenue (less free cash and stabilization).

Once debt policies are established, the town can use the various guidelines and thresholds to fully develop a capital improvement plan. Developing a more comprehensive and accurate capital plan will, in turn, improve the accuracy of the town's revenue and expenditure forecast (see Recommendation 6).

Recommendation 13: Use a Budget Calendar

We recommend that the town establish a formal budget calendar and adhere to the deadlines established therein. Many of the milestones related to the budget process are established in the town charter and relevant by-laws. However, substantial data analysis and policy development needs to occur at intervening periods throughout the budget process. A formal budget calendar will help the town administrator and others map the budget process to eliminate potential bottle-necks and allow ample time for thoughtful analysis.

The Division of Local Services has developed a Best Practice on the topic of budget calendars, which can serve as a starting point to be adapted to local preferences. You can access all of our Best Practices at: <http://www.mass.gov/dls>.

Recommendation 14: Analyze Other Post Employment Benefits (OPEB) Liability

We recommend the town engage a qualified actuary to conduct an analysis of its non-pension retiree benefits liability. The Government Accounting Standards Board recently issued statement 45 (GASB 45), which requires all local governments to begin accounting for post-retirement health and other benefits as an accrued liability on the town's balance sheet. Now, municipalities must account for the cost of post-employment benefits, during working years when the benefit is earned, rather than on retirement when it is distributed. This is a departure from current practice, where the town's share of benefit costs is appropriated annually for active employees and current retirees only (\$3 million for health insurance in FY2007).

Although it is not required to, in order to avoid higher long-term costs, the town may elect to fund the liability (as it currently funds pension costs) based on its calculated annual required contribution (ARC) according to an actuarial schedule. Those who are familiar with private-sector accounting rules will equate GASB 45 with FASB 106, which was issued in the early 1990's. Based on the Board's implementation schedule, Maynard will need to conform to GASB 45 for the fiscal year ending June 30, 2008.

The town's current obligation under GASB 45 is to perform an actuarial analysis to quantify where it stands in terms of OPEB liabilities. The Government Finance Officers

Association (GFOA) provides a helpful “RFP Checklist for OPEB Actuarial Valuation” through its website at: www.gfoa.org/services/specials.shtml. The Division of Local Services has written a “Best Practice” on the subject at its Technical Assistance Section web site at: www.mass.gov/dls.

Recommendation 15: Encourage Staff Participation in Training and Professional Organizations

We recommend that all department heads and staff actively seek to participate in training and professional organizations. The administration of local government is a constantly changing field of endeavors. Maynard’s department heads and staff need to keep abreast of the new ideas and approaches developing both within Massachusetts and nationwide. Participation in professional organizations offers an opportunity for town employees to interact with their peers, to exchange information and experiences, and to learn of innovations in their respective field of interest. For a complete list of municipal officer associations, please visit the Massachusetts Municipal Association website at www.mma.org. The organizations listed offer regular meetings complete with workshops and other training opportunities.

Recommendation 16: Create Uniform Timesheets

We recommend that the accountant work with the treasurer/collector to develop an electronic timesheet for use by all town departments. Presently, employee timesheets are submitted to the accountant from department heads in a variety of formats. We recommend instead that a uniform format, flexible enough to accommodate all departments, be developed as an Excel spreadsheet. A consistent format can reduce duplication of entry for the accounting office. The reformatting of all time sheets will already be undertaken if the town implements our recommendation to centrally track vacation and sick leave balances (see Recommendation 10).

Recommendation 17: Centralize Personnel Administration

We recommend that administration of the town’s personnel system be consolidated in one person. The duties normally associated with the personnel function have been delegated to individual department heads with some responsibilities for payroll and benefits falling on the treasurer/collector’s office. However, as the town grows, personnel matters will increase in importance and become more time consuming.

To prepare, the town should plan for more comprehensive and centralized personnel and benefits administration. Such a plan should consolidate the responsibilities in one person who would shepherd new hires through the system, maintain updated and complete personnel records, track salary classifications and update job descriptions, and otherwise carry-out the requirement

of the town's personnel by-law. Our suggestion is that personnel administration might be a role assigned to the new assistant town administrator.

Recommendation 18: Require Administrative Sign-Off for Changes in Employee Status

We recommend that the town administrator review and sign uniform personnel action forms for employee status changes and payroll deductions. The assistant treasurer is currently responsible for entering all changes in employee status or deductions into the payroll system (Harper's). While it is acceptable for the assistant treasurer to continue entering such information into the Harper's system, we feel that without written authorization from a management-level individual, an unfair burden of responsibility is placed on her, or on any administrative personnel.

Therefore, as part of centralizing the personnel function, we recommend that the town develop a uniform personnel action form to track changes in employee status. We further recommend that the form include signature lines for the town administrator, or assistant town administrator and when appropriate, the department head. No person, including the assistant treasurer, would be permitted to key-in changes in the employees record without a duly authorized personnel action form.

Accounting

The accountant has a legal obligation to oversee all financial activity of a municipality. Through the maintenance of independent records and by following well-defined procedures, the office documents the flow of money into and out of municipal accounts and plays a role in the system of checks and balances established by statute to monitor and protect local assets. To fulfill this responsibility, the office prepares warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; reconciles cash and debt with the treasurer and receivables with the collector monthly; produces a monthly expenditure report and reports annually on the town's liability for accrued sick leave and vacation time. The accountant also tracks revenue and is typically involved in the annual budget process.

Among required submissions to DOR, the accountant is responsible for producing the town's annual Schedule A by October 31 and its year-end Balance Sheet (for Free Cash certification). Finally, the accountant works with the assessors and town clerk in the preparation of the town's Tax Recap Sheet.

The Town of Maynard has a combined finance director/town accountant position, which was created through charter amendments in 2003. Staff includes a 20-hours per week accounting clerk. The finance director oversees operations in the accounting office, treasurer/collector's office, and the assessing office.

The finance director and accounting clerk share an office equipped with two computers networked with computers in other town offices. Terminals have Microsoft Office installed, with Word and Excel as the primary applications in use. Installed on the finance director's computer is the VADAR financial management software, which is an electronic general ledger application. However, VADAR is not fully utilized for general ledger purposes, but is rather used merely as a vehicle for processing accounts payable checks and for generating year-to-date budget reports. The general ledger is maintained in bound, book form.

The office maintains a variation of the statutory accounting system ("Stat"), which is traditionally a single fund system that does not lend itself to current accounting best practices. However, Maynard further utilizes the statutory system to account for enterprise funds, which the system is not designed to accommodate.

Conclusion - Longevity in town government gives the finance director a valuable understanding of Maynard and how it operates. As a result, the accountant's office functions well and fulfills fundamental responsibilities relative to the payroll and vendor warrant process. However, there are key duties that have been neglected over time, including regular reconciliations of cash and receivables, which are essential financial controls. Our recommendations are offered as a means to enhance financial reporting as well as checks and balances generally.

Recommendation 19: Reconcile Cash and Receivables on a Monthly Basis

We recommend that the finance director coordinate the monthly reconciliation of cash and receivables to the general ledger. Regular monthly reconciliations of cash between the accountant and the treasurer, and receivables between the accountant and the collector are essential to maintain control and ensure checks and balances are in place. Currently, in Maynard, reconciliations are performed annually.

While accountants, treasurers and collectors have separate and independent legal duties, reconciliations are a shared responsibility which provides certainty that information is processed properly and that financial records are accurate. Even so, the initiative to reconcile the town's cash and receivables should originate with the accountant in order to measure balances against cash and receivables in the general ledger. Individual, internal reconciliations by the treasurer/collector do not satisfy DOR requirements until they are compared to the accountant's general ledger and variances are adjusted or explained. The accountant should reach agreement with the treasurer/collector on a specific day each month when they will meet to complete reconciliations.

Recommendation 20: Convert to the Uniform Massachusetts Accounting System

We recommend that the town upgrade the town's financial accounting system to the Uniform Massachusetts Accounting System (UMAS). The finance director/town accountant currently maintains the town's general and subsidiary ledgers in manual form utilizing the statutory accounting (also known as "Stat") method. The Stat method is a cash basis, single fund accounting system that is an outdated mode of managing a sizable municipal government. It makes reconciliations with the treasurer/collector unduly cumbersome, doesn't allow for enterprise fund accounting and is a barrier to efficient, electronic record keeping.

UMAS is a modified accrual, multi-fund accounting system universally in use among Massachusetts cities and towns. With a new UMAS chart of accounts within an electronic financial management software application, all financial functions will be more efficient. Enhanced will be the ability to produce reports and prepare routine filings with DOR, while every day maintenance of the general and subsidiary ledgers will be automated.

As a first step, the town administrator has expressed his intension to contract with the firm of Sullivan, Rogers and Company to help establish the new accounting system. We concur with his plan. We recommend however, that in addition to establishing a chart of accounts and related tasks, the scope of work include instruction and training for the finance director/accountant and staff on the new system. We also recommend that the finance director avail himself of other training opportunities offered on the Uniform Massachusetts Accounting System (UMAS) before it is implemented.

Recommendation 21: Establish Overtime Accounts

We recommend that a separate account for overtime be included for appropriate departments on the town's chart of accounts. While departments budget for overtime in any given year, the accounting office is unable to quickly verify that overtime costs are staying within budgeted parameters. When used, overtime hours appear on time sheets submitted to the accounting office. While there is an overtime line item in the salary component of departments' budget requests, department salaries are appropriated as a lump sum. Establishing new overtime accounts on the town's chart of accounts will accelerate the ability to analyze overtime spending.

Recommendation 22: Departments Forward all Contracts to the Accountant

We recommend that copies of all town contracts and grants be forwarded to the town accountant. Custody of all town contracts and grants by the accountant is a requirement under M.G.L. c. 41, §57. Access to contracts and grants is necessary if the accountant is to fulfill his responsibility to ensure that the purpose of a payment request is consistent with the purpose of the account to be charged, that no fraud is apparent and that there is sufficient funds in the account to cover the invoice in question. The finance director should therefore request of all departments, including the school department, copies of active contracts and grants.

Recommendation 23: Verify Compliance with Procurement Laws

We recommend that the town administrator, acting as chief procurement officer, draft and the selectmen approve a procurement policy, or in the alternative, adopt a purchase order system. During our site visit, it was disclosed that the accountant was not always certain that state procurement laws were being adhered to. The Procurement Act specifies that purchases of goods or services under \$5,000 be governed by good business practices. Purchases between \$5,000 and \$24,999 must be accompanied by three quotes. Requests for proposals or sealed bids are necessary if purchases equal or exceed \$25,000 in cost.

To help, a procurement policy would restate the obligation of department managers to ensure their purchases comply with the state law. It should remind them of the thresholds and paperwork that needs to be submitted. Although quotes can be received by virtually any medium, a form should be filled out listing the quote information and attached to the invoice for the accountant to review. A policy should include a statement to department heads and vendors that no invoice will be paid if a purchase is made in violation of procurement laws.

Alternatively, the town can adopt a purchase order system where no purchase of goods or services can be made unless approved in advance. When the requisition (request) is made for a purchase order, the accountant can determine whether or not procurement laws also apply. With approval of the purchase order, department money is encumbered and the vendor receives evidence that payment has been approved. When the department head submits the invoice to the

accountant for payment, the purchase order should be attached as well as documentation required under procurement laws. By setting a threshold, under which a purchase order is not required, a town can avoid the administrative burden for small or insignificant purchases.

Treasurer/Collector

The treasurer is a community's cash manager and, as such, has custody of all municipal money. Included is the responsibility to make certain that town receipts are deposited into appropriate bank accounts and to monitor balances to ensure that sufficient funds are available to cover town obligations as they become due. The treasurer invests town funds and manages debt to maximize investment income and meet cash flow needs. To fulfill these responsibilities, the treasurer maintains a cashbook, debt schedule, check registers, and various logs to track balances for grants, trusts and revolving funds as well as other special revenue funds. As a financial control, the treasurer is obligated to reconcile cash balances and debt, internally, and then with the accountant on a regular basis. Finally, the treasurer maintains tax title accounts, conducts sales of land and prepares documents to petition for foreclosure.

A municipality's collector possesses the authority to collect all monies due the community including taxes, excises, betterments and certain other charges under M.G.L. c. 41, §38A. Collections need to be counted, posted to taxpayer accounts, and either turned-over to the treasurer or deposited daily. Delinquent accounts need to be pursued and then moved efficiently into the treasurer's tax title accounts. To be successful, a collector must maintain an up-to-date receivable control that is reconciled internally and then externally with the accountant monthly. Credit reports should be run as appropriate and research needs to be completed to confirm legitimate refunds due to residents. In accordance with state law, the office should respond to requests for municipal lien certificates within ten days. In most communities, the collector manages the contractual agreement with the Deputy Collector.

The treasurer/collector has been with the town for approximately two years. Prior to her appointment, she served as assistant treasurer/collector in another community. Staff includes a full-time assistant collector and a full-time assistant treasurer. While the department has one of the larger office spaces in town hall, the walls separating the treasurer/collector's office from the accounting office and the assistant treasurer and collectors' space do not extend to the ceiling. As a result, privacy is an issue and confidential or discrete conversations must be moved into a small room near the vault at the back of the building.

Staff are each equipped with a networked desktop computer with Microsoft Office installed. Data National software is used to post real estate, personal property, motor vehicle excise and water/sewer payments. The cash book is maintained on an Excel spreadsheet. The payroll is processed through Harper's system software. Staff are satisfied with software performance, but acknowledge that a planned conversion to the VADAR System will provide convenient integration with the accounting office.

Conclusion - The recommendations we offer are intended to improve record keeping and procedures, as well as to provide some guidance on where priorities might be placed. Overall, the treasurer/collector and her staff effectively fulfill the responsibilities of the office.

Recommendation 24: Develop Approach to Reduce Outstanding Tax Titles

We recommend that the treasurer/collector make the reduction of properties in tax title a priority. When preparing her budget, the treasurer/collector should request an appropriation sufficient to fund the legal costs of moving tax title properties through Land Court. In the absence of an appropriation, she should report the amount needed to the assessors so that it can be raised through the Tax Recap Sheet. (See DLS Bulletin, Budgeting for Expense of Tax Title and Foreclosure, January 1999 at www.mass.gov/dls). As part of a tax title program, she should communicate with taxpayers prior to important dates. For instance, letters should be sent informing delinquent owners of her intent to file a petition for foreclosure in Land Court which leads to selling the property at auction to recover back taxes.

As of mid-October, there were 70 tax title properties on the treasurer/collector's records totaling \$1,429,973.64. Of that total, amounts due on seven properties was over \$50,000 per account and \$698,563.68 combined, which accounted for nearly half the balance (48.9 percent).

We recommend that the treasurer place a priority on moving these properties through the Land Court foreclosure process. The remaining accounts should be organized into groupings based on land of low value, parcels under single ownership, accounts with bad addresses and deceased property owners, existing partial payment agreements and all remaining accounts. She should then tailor a program to pursue each group by the most efficient means available. Once delinquent property owners have evidence of the town's seriousness to pursue back taxes, collections should improve.

Recommendation 25: Require Weekly Turnover of Receipts

We recommend that all departments be required to turnover receipts to the treasurer/collector on a weekly basis. While many departments turnover cash and other deposits at least once per week, some departments hold receipts until the end of the month or even wait until the end of the quarter. Instead, departmental turnovers should occur at least once per week. When turnovers are infrequent, it means cash is not deposited and earning interest for the town and that town accounting records are inaccurate.

In addition, every office receiving cash should be directed to issue a sequentially numbered receipt, with a carbon, for the amount changing hands. One copy would go to the person making the payment, and the other would be retained and kept with the cash. Also, to the extent that any department or official is in possession of town receipts without a secure location to store them, turnover to the treasurer/collector should occur immediately. Where funds are retained, a secure location should include a lock box, which is stored overnight in a locked file, cabinet or vault. Finally, any person receiving or handling cash should be bonded.

Recommendation 26: Implement Monthly Cash Flow Budgeting

We recommend that the treasurer/collector create a monthly cash flow budget. A monthly cash flow budget will clarify the level of cash balances during any given month, thus enabling the treasurer/collector to more effectively invest the town's assets. It is our understanding that cash flow in Maynard is tight depending on the time of year. A cash flow budget will help the town manage through these tight periods and avoid the issuance and interest costs of short-term borrowing.

We suggest that the treasurer determine if her software has cash flow management capability, and to use that application if available. If it is lacking or is deficient in some way, then a simple spreadsheet can be devised in Microsoft Excel to fulfill the same function. By applying past patterns of monthly spending and collections (as evidenced by revenue and expenditure reports) to current year appropriations, and overlaying projected debt service obligations, a reasonable forecast of the town's cash flow will emerge. Through the course of the year, the cash flow forecast can be adjusted for unexpected circumstances, and actual monthly costs or revenues can replace estimates.

Assessors

The assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitment authorizing the collector to collect real estate tax and motor vehicle excise payments.

To ensure that residents are taxed equitably and accurately, the office maintains and updates property records with information received in response to mailings, from deeds and through the on-site inspection of sale properties and properties where a building permit has been issued. Additional information is gathered during an on-going property measure and list program. Upon resident application, assessors act on and track exemptions and abatements. They estimate new growth and present information to the selectmen at the annual classification hearings. The assessors set the tax rate, recommend the annual overlay and provide levy information for use in the Tax Recap Sheet submitted to DOR. The office is also required by DOR to document an annual property value adjustment analysis and to prepare for state certification of property values every three years.

The volume of work in the Maynard assessing department involves approximately 3,369 residential real estate parcels, 150 commercial/industrial accounts and 119 vacant/open space parcels. All are billed on a quarterly basis. For fiscal year 2005, motor vehicle commitments totaled about 11,000 accounts. Also in FY05, the board granted 21 residential abatements and issued 84 personal exemptions.

At the time of our interviews, the office was staffed by the full-time assistant assessor and by a full-time clerk. The board of assessors has three part-time members appointed by the board of selectmen. The department engages several outside contractors for map updates, cyclical inspections and triennial revaluations. The office maintains a detailed website of statistics and other information related to the administration of tax policy.

The assessing department has used the state supported Computer Assisted Mass Appraisal (CAMA) software since the late 1980s. In the past, the department has contracted the services of Mayflower for the triennial revaluations. The annual cost for the service contract was approximately \$55,000 in FY06. The in-house staff person generally performs clerical and customer assistance functions while the assistant assessor is responsible for maintaining and updating information on values.

Conclusion – The assessing office is able to meet the deadlines established by the DOR. However, substantial effort is required by a very active board. Furthermore, some question exists about the integrity of personal property records. Our recommendations are designed to enhance the activities and administrative capacity of the office.

Recommendation 27: Develop a Plan to Enhance Capacity

We recommend that the town consider reorganizing the assessing office in a way that will move activities away from the board to the staff. For whatever reason, the board of assessors in Maynard devote far more time and energy to operations than would otherwise be expected from a part-time policy making body. Through the efforts of the chairman and his fellow board members, the town has, in effect, been receiving assessing services at a discount that cannot be expected to continue should they leave for any reason. The unusually heavy involvement of the board members in assessing activities also raises concerns about the capacity of the department to complete essential tasks.

The prevailing trend in Massachusetts cities and towns is moving toward performing assessing tasks in-house and generally elevating office professionalism. As a fundamental means of meeting its administrative obligation to the town, the assessing office needs to enhance its internal capacity and perform its functions with less reliance on board members.

One way to achieve greater capacity would be to hire an additional staff member, in the form of a data collector/analyst. The employment of a data collector or assessing analyst would enable the assistant assessor to delegate property inspections and reassign other work currently performed by consultants. This would enable the assistant assessor to focus his efforts on assuming more responsibility for reviewing sales, timely completion of required reports, and other analytical work. As important, it would give board members confidence that department responsibilities are fulfilled.

It would be useful to evaluate and compare the costs and benefits associated with contracting-out services, maintaining up to date with those of adding a new staff person. An additional cost item for inclusion in any analysis should be the value of time dedicated by board members to administrative duties. To be worthwhile, however, the town must commit to fund the new position at a level that will attract candidates with the skills and experience requisite to the job.

Recommendation 28: Review/Update Personal Property Records

We recommend that the assessing office place a priority on updating its personal property account records. As part of our review, we requested and received Computer Assisted Mass Appraisal (CAMA) cards for current and prior fiscal years for a pre-selected sample of personal property owners from the FY2006 commitment book. When asked to provide the Form of List for each corresponding card, we were told by the assessing office that they could not find them. It had been our intension to compare the data on the cards to the information on the Forms of List to determine if the cards were up-to-date. Without the Forms of List, we were unable to perform this exercise. This is basic information that an assessing office staff member should be

able to readily access. Furthermore, if the Forms of List are missing, it may call into question the accuracy of account detail.

Therefore, we recommend that the matter of the missing Forms of List be reviewed. Areas of interest should include a record of how frequently Forms of Lists are sent, what follow-up action is taken to raise return rates, and how the information obtained from Forms of Lists are used and stored. Confirmation should be sought that personal property is part of the town's cyclical inspection program. Finally, how the list of personal property owners is developed should be reviewed, i.e., is notification of new business certificates being received from the town clerk, is the DOR Corporations Book (published on-line) being consulted, and is information being transferred from building permits.

Recommendation 29: Inspect all Sale Properties

We recommend that the assistant assessor regularly inspect the interior and exterior of all sale properties. It is our understanding that all sales are not inspected and the average success rate for entry to residences is around 50 percent of requests. Often, a sale property may have been upgraded without a permit or allowed to deteriorate to an extent that the assessors' files do not accurately reflect the current characteristics or condition of the property. Not being aware of the exact condition of sale properties negatively affects the assessors' ability to value other properties accurately. Alternatively, inspections could be performed by a data collector/analyst, should the town determine that the additional position is advantageous after performing the review suggested in this report (see Recommendation 27).

Public Works

The department consists of six divisions: administration, highway, forestry, water, cemetery, and the wastewater treatment plant. Activities of the department are overseen by a superintendent who is appointed by the board of selectmen and reports to the town administrator. Water related activities in FY 2007 are funded through an enterprise fund approved by town meeting.

While public works is not a normal area of focus for financial management reviews, we feel that the situation in Maynard warrants attention. There are several recommendations contained in this report relating to public works activities and management. The department is having substantial and sustained difficulty performing its administrative functions. This is partly due to the elimination of a clerical position at the beginning of fiscal year 2007. Recently the department has failed to pay a number of bills on time resulting in one vendor threatening to shut off a vital service to the town. However, when part-time help was brought in for the month of October, payables were processed and brought up-to-date. There have also been delays in responding to problems arising from the installation of new water meters.

The difficulties in the department have impacted other town offices. Delays in issuing water and sewer bills, such as those occurring in the past, could make it difficult for the treasurer/collector to manage the town's cash flow. Citizens who are unsatisfied by the department's responsiveness to complaints often contact the selectmen's office, creating the duplicative, inefficient and potentially contradictory communication of information. It has also created additional agenda topics for selectmen's meetings, which already occur weekly and often extend beyond midnight.

Conclusion – Organization and workload distribution in the department need to be rethought. The town administrator is in the process of reviewing department activities and work processes. In an effort to assist him, we make the following recommendations.

Recommendation 30: Address DPW Staffing/Bill Payment Issue

We recommend that the town take appropriate steps to ensure the timely processing of DPW payables. During the early part of FY2007, there was a substantial lag in the processing of invoices received by the DPW. Delays were attributed to the elimination of a clerical staff position and resulted in late notices from vendors when bills were not paid. In one instance, a vendor threatened to withhold service from the town.

In October 2006, the problem was apparently acknowledged and addressed when a temporary staff member was hired. She assisted with the backlog of work in the department, including the preparation of outstanding invoices for payment, so that as of November 1, all vendor accounts were current. However, the temporary staff member has since been discharged.

The DPW now operates with a single staff person whose job description does not include processing invoices, or taking complaints arising from the water meter replacement program. Each of these responsibilities have become time consuming and divert her from other duties. Decision makers acknowledged the problem when engaging the services of a temporary clerk was authorized. It was, however, a temporary solution. Irrespective of any greater management issues, essential responsibilities of government, i.e., paying its bills, constituent response, etc., must be fulfilled. In this case, we recommend that the town look for ways to enhance personnel resources available to the DPW.

Recommendation 31: Convert to Quarterly Water Billing

We recommend that the town issue quarterly water bills. Although water bills are currently sent twice per year, there are benefits to a more frequent billing schedule. Quarterly billing will improve cash flow and help maintain an adequate balance in the newly established enterprise fund. Errors in water bills or problems with usage can be identified and resolved more quickly before they result in larger bill irregularities. Once the installation of all radio-read water meters is complete, the time required to collect billing information will take days rather than weeks under the old manual read process. As a result, public works personnel can be diverted to other tasks. The treasurer/collector's office will be burdened by two additional collections periods each year, but the workload increase can be off-set by the possible use of a lockbox, or scanning wands. Generally, communities conclude that the benefits of quarterly billing outweigh the burdens.

Recommendation 32: Advisory Board Functions as Traffic/Parking Committee

We recommend that the board of selectmen consider having the public works advisory board also function as a parking and traffic study committee. It has come to our attention that parking and traffic issues consume a noticeable amount of the selectmen's time. As a solution, we suggest the board create a parking and traffic study committee as many communities have done. All parking and traffic questions, requests or complaints from residents or business owners would be reviewed by the committee which would then make a recommendation for action, if any, to the selectmen. A process to bring matters before the committee should be set out in a formal policy, and a hearing and appeal procedure should be described. The committee could be assigned to study various proposals, or recommend policy to address particular issues. As an alternative to creating a new committee, this role could be assigned to the existing public works advisory board.

Recommendation 33: Implement a DPW Work-Order System

We recommend that the department of public works establish a work-order system to track the progress of job assignments. Under the system, a job or assignment, whether it originates internally, or from outside the department as a request or complaint, would be documented in the form of a work-order, either manually or electronically. The work order would be dated and would contain all information vital to the job request. Jobs would be assigned according to the date received, and the order would remain open until completed. Such a system would bring clarity to workflow in the department and provide residents, in particular, with confidence that their requests are addressed in a fair manner and timely fashion.

Acknowledgements

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