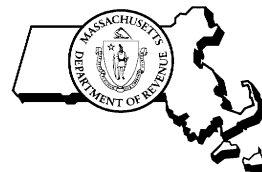


Town of Milton

Financial Management Review

Division of Local Services / Technical Assistance Section

September 2013



September 12, 2013

Board of Selectmen
Town Office Building
525 Canton Avenue
Milton, MA 02186

Dear Board Members:

It is with pleasure that I transmit to you the enclosed Financial Management Review completed by the Division of Local Services for the Town of Milton. It is our hope that the information presented in this report will assist the town in improving its financial management practices, addressing areas of concern and meeting its long-term planning needs.

Our technical assistance team welcomes the opportunity to present the report to the board of selectmen at a public meeting. As an added service, we are willing to meet with staff, earlier on the same day, to discuss implementation of the report recommendations.

As a routine practice, we will post the completed report on the DLS website, www.mass.gov/dls, and forward a copy of the report to the town's state senator and representative.

If you have any questions or comments regarding our findings and recommendations, please feel free to contact Rick Kingsley, Bureau Chief of the DLS Municipal Data Management and Technical Assistance Bureau at 617-626-2376 or at kingsleyf@dor.state.ma.us.

Sincerely,

Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs

cc: Senator Brian A. Joyce
Representative Walter F. Timilty

Table of Contents

Introduction.....	4
Government Structure and Organization	7
1. Reinforce Centralized Management	8
2. Expand the Size of Board of Selectmen	10
3. Redirect Role & Responsibilities of Warrant Committee.....	10
4. Hold Preliminary Annual Town Meeting	11
5. Strengthen the Audit Committee	11
6. Explore Further Opportunities to Consolidate Municipal Operations	12
7. Reconstitute Technology Committee.....	13
8. Conduct a Review of Town Bylaws	14
Budget and Financial Planning	15
9. Prepare Long-Term Financial Blueprint	16
10. Establish Enterprise Funds and Develop Written Indirect Cost Policy	17
11. Formalize PILOT Agreements.....	18
12. Continue Efforts to Build Reserves	19
13. Explore an OPEB Trust Option	20
14. Revise Annual Town Meeting Warrant	20
15. Review Warrant Committee Reserve Fund Transfers	21
16. Consider Compensated Absence Reserve.....	22
Overall Financial Management.....	23
17. Address Outstanding Audit Findings.....	24
18. Automate Time and Attendance	24
19. Consolidate Collections and Expand Online Payment and Lockbox Processing	25
20. Modify Voucher Cash Handling Procedures	25
21. Implement Purchase Order System.....	26
22. Move to Bi-weekly Payroll and Direct Deposit for all Employees	26
23. Resolve Tailings.....	26
24. Abandoned Shared Cash Drawer and Closeout Daily	27
25. Review Bill Processing Options	27
26. Account for Student Activity Funds	27
27. Stop Cashing Town Reimbursement Checks.....	28
28. Discontinue Printing Duplicate Motor Vehicle Bills.....	28
29. Complete Assessment Administration Course.....	28
30. Initiate Helpdesk Ticketing System	29
31. Develop Employee Handbook and Implement Personnel Action Forms	29
32. Shift Selectmen Meeting Nights to Tuesday	30
Acknowledgements.....	31

Introduction

Incorporated in 1662, the Town of Milton is a suburban community bordering the Dorchester and Mattapan sections of Boston. Its population of 27,003 is largely concentrated in the more urban villages to the north, while southern portions of the town are characterized by large tracks of open conservation land, including the Blue Hills Reservation. Due to this natural setting, proximity to the city, an excellent public school system and rich heritage, Milton is often ranked as one of the best places in Massachusetts to live and raise a family. Together, these attributes contribute to the town's stable economic environment, low unemployment levels, and relatively high income and property values in comparison to statewide averages.

Milton provides a full range of services to its residents. The town employs approximately 740 full- and part-time employees, including the school department, and has a total annual operating budget approaching \$98 million dollars. Approximately 78 percent of the budget is funded from the tax levy, 11 percent from state aid, 7 percent from local receipts, and 4 percent from all other available funds. Over the last decade, a growing percentage of the overall budget has shifted to the tax levy as state aid, local receipts, and other sources of revenue have remained stagnant. This growing tax burden falls most heavily on the residential class, which constitutes over 93 percent of the total tax base due to the lack of commercial or industrial development in town. To alleviate some of this burden, the town shifts a portion of its tax levy to commercial, industrial, and personal property through a split tax rate. In FY2013, Milton's \$7,471 average single-family tax bill ranked 40th highest in the state.

Despite this dynamic, the town has successfully raised additional revenues through the passage of tax overrides. According to DOR records, residents authorized eight operating overrides since FY1990, which cumulatively have added almost \$16 million in additional levy capacity. At the same time, voters have elected to exclude over \$25 million from the limits of Proposition 2 ½ for various capital and municipal borrowing purposes. Among other available funds, Milton's general stabilization fund has a balance of \$3,098,378, and its free cash was certified at \$2,238,335 as of July 1, 2012. Together, they represent approximately 5.5 percent of the FY2013 annual budget. The town also has a capital stabilization fund with \$575,702, and a post-employment benefits stabilization fund containing \$134,983. Over the last several years, local officials have made a concerted effort to build the town's overall reserve levels, although they still lag benchmarks set by credit rating agencies.

Characteristic of a community with high income and wealth levels, about 45 percent of Milton's total annual operating budget is dedicated to the school department, while public safety (13 percent), public works (5 percent), and all other services make up the remainder. Typical of

most communities, however, employee benefits, including group health insurance and retirement, are continuing to consume a greater percentage of the overall budget. In addition, there is a growing anxiety among local officials about how to cover the accrued liability associated with other post-employment benefits, which stands at \$107,528,122.

Despite the town's fiscally conservative budget practices, numerous challenges are on the horizon. At May's annual town meeting, for instance, the warrant committee reported that "looking ahead to FY2015 it is clear that the town has reached the end point of being able to fund department budgets." The committee notes that revenues going into next year will be insufficient to cover contractual obligations and increases in non-discretionary spending, such as group health insurance, retirement, and other fixed costs. As a result, local officials are talking about a potential tax override for FY2015.

Town operations are organized under a town charter, bylaws, and a collection of other special acts and locally adopted statutes. Legislative power in Milton is vested in a representative town meeting of 279 members elected from the town's ten precincts, plus up to 20 ex officio members. Executive authority falls to an elected three-member board of selectmen, who appoint a town administrator to assist them.

The administrator is a full-time professional who coordinates the daily functions of government. However, because of the town's relatively flat organizational structure, this individual only supervises department heads under the jurisdiction of the board of selectmen. Other departments are headed by elected officials, including the treasurer/collector and town clerk, or an independently elected board, such as the assessors, cemetery, and parks and recreation. Milton's 15-member warrant committee also plays a significant role in local fiscal affairs. Appointed by the moderator and functioning as the town's chief financial watchdog, the warrant committee reviews departmental budget requests, makes recommendations on all articles included in the warrant, and publishes an annual report on the state of town finances. Described in more detail later, the committee has assumed a greater role in the town's financial affairs over the last several years, including coordinating the budget process and critiquing departmental spending.

Within this context, Milton appears to be at a crossroads. Due to ever tightening fiscal constraints and a relatively flat management model, local officials are in the process of evaluating every aspect of municipal operations. In doing so, the board of selectmen commissioned a town government study committee in November 2011 to examine and make recommendations on the operation and structure of all town departments and offices. Comprised of ten members—eight appointed by the board of selectmen and two by the moderator—the committee published a report in April 2013 outlining a series of recommendations and other

proposed suggestions to enhance government operations. Among them, the group recommended integrating information technology across the town and school, increasing the authority of the town administrator, and requesting this financial management review.

Our report findings and recommendations are based on site visits and telephone conversations with members of the board of selectmen and warrant committee, as well as the town administrator, town accountant, treasurer/collector, chief appraiser, and their staffs. A full list of names is available in the Acknowledgements section of this report. As part of our review, we examined the town's annual budget documents, various policies, and the tax rate recapitulation and balance sheet submitted to the Department of Revenue. The town also provided us with sample warrants, job descriptions, and outside audit reports. The purpose of this assessment is to assist local officials as they evaluate government operations and the overall efficiency and effectiveness of financial management practices and procedures. In reviewing the existing operations, we have focused on the duties and responsibilities of financial officers, the degree of coordination and communication that exists among local officials, and opportunities for process improvements.

This report is organized to address three core areas of government. The government structure and organization section focuses on the roles and responsibilities of local officials, their level of accountability, and how well the town's various boards, committees, and departments collaborate and communicate with one another. Our primary recommendations are to strengthen the role of the town administrator, expand the size of the board of selectmen, and redirect the role and responsibilities of the warrant committee.

The budget and financial planning section offers local officials guidance on long-term financial planning and strategic thinking. Here, we highlight the need for the town to prepare a long-term fiscal blue print, establish enterprise funds, continue efforts to build reserves, and to revise the annual town meeting warrant.

Lastly, the overall financial management section addresses policies and procedures governing everyday practices in the offices of the town accountant, treasurer, collector and assessor, as well as those that impact town government on a more global basis. These recommendations discuss the need to address outstanding audit findings, automate time and attendance, consolidate collections and expand payment methods, modify cash handling procedures, and review bill processing options.

Government Structure and Organization

According to the town clerk's records, the current Milton representative town meeting has 279 members elected in roughly equal numbers from ten precincts, plus 10 listed ex officio members. Ex officio members could total as many as 20 under the charter including the moderator, town clerk, treasurer/collector, selectmen, and the chair from a number of other local boards and committees such as the school committee, board of assessors, warrant committee, and personnel board. State legislators who are registered voters of the town are also designated ex officio.

The three-member board of selectmen serves as the town's chief executive body. In this role, they govern the activities of the town, which includes initiating and implementing policy, adopting administrative and fiscal guidelines and procedures, appointing members of various boards and commissions, holding public hearings on important town issues, and enforcing the town's bylaws and regulations. They provide general oversight for town finances by authorizing the payment of all town bills, issuing warrants for annual and special town meetings, acting as water and sewer commissioners, and generally setting priorities, goals, and policies for the town.

The town charter authorizes the board of selectmen to appoint the town administrator, but the position is mentioned nowhere else in the document. According to a written job description, the town administrator is a full-time professional who supervises department heads under the jurisdiction of the board of selectmen, negotiates all contracts with the town's non-school labor unions, assists in the preparation of the town's annual operating budget and capital outlay program, and makes policy recommendations to the board of selectmen. The town administrator, although relatively new to the job, has a long history with the community having previously served as Milton's assistant town administrator for human resources, the executive secretary to the board of selectmen, and as a principal clerk in the park and recreation department. She is assisted by a full-time secretary, which she shares with the board of selectmen, as well as a senior clerk and an assistant town administrator for human resources, which is currently vacant.

Milton's 15-member warrant committee also plays a significant role in local fiscal affairs. Intended to be advisory in nature and function as the town's fiscal watchdog, the warrant committee reviews budget requests and makes recommendations on all articles included in the town meeting warrant. In doing so, they publish an annual report on the state of town finances and offer detailed comments on warrant articles to be voted on by town meeting members. Appointed by the moderator to one year terms, the warrant committee has experienced significant turnover more recently with six new members last year and five this year.

The Town of Milton otherwise operates within a relatively decentralized form of government where operational oversight is vested in a number of separately elected officers and committees, such as the treasurer/collector, assessors, town clerk, cemetery, and parks and recreation department. As a result, the town administrator exercises no direct control over these municipal activities and only has limited supervision of departments under the jurisdiction of the board of selectmen. This lack of a cohesive structure is also evident in how the relationship, responsibilities, and authority among the board of selectmen, warrant committee, and town administrator have evolved. Despite its place as chief executive officers of the town, the board of selectmen appears to have no role in the budget process. The warrant committee's involvement appears to have expanded beyond its watchdog function during the budget process and, in the view of many, has encroached into day-to-day management-related decisions.

In our primary recommendation below we call for a town administrator's position, with wide-ranging authority, to be codified in town charter. Reporting to the board of selectmen, the town administrator would be charged with supervising the activities of town departments, directing the overall annual budget process, and overseeing financial management. The town administrator would also seek to build consensus and develop cooperation in carrying out the goals and objectives of the board of selectmen. In establishing a strong town administrator, and in some cases strengthening and creating other supportive positions, while eliminating or reducing others, there is the opportunity to confirm these responsibilities, relationships and expectations among all involved.

1. Reinforce Centralized Management

The existing town administrator lacks any formal authority over department heads outside the jurisdiction of the board of selectmen. As a result, she has little direct control over departments and must steer operations by seeking buy-in from a wide array of elected and appointed officials and staff. For this reason, we propose a new structure that promotes clear lines of authority and a centralized management presence similar to the peer community of Needham. To accomplish this, we recommend strengthening the role of the town administrator, expanding the responsibilities of the existing assistant town administrator for human resources, and creating a new assistant town administrator for finance who would oversee a consolidated finance department.

Empower the town administrator: There is a growing trend in Massachusetts local government favoring a centralized management approach under the direction of a strong town administrator. Operating under the board of selectmen's oversight, an empowered town administrator handles the bulk of daily management-related activities and can implement

strategy across municipal operations, monitor financial management functions, and supervise the administration of all departments, boards and committees outside the jurisdiction of the schools. This model has emerged as the best way to promote accountability in government because it establishes a strong chain of command with clear lines of authority. Within this structure, employees have well-defined roles and responsibilities, tasks can be easily delegated, collaboration is promoted and encourages efficiency.

Expand responsibilities of existing assistant town administrator for human resources:

Through local consensus, officials recently reworked the job description for this existing position to focus more squarely on personnel activities. Despite this effort, we feel this individual should oversee all human resource responsibilities, including those now assigned to the personnel board. On filling the human resource position, the board's work would be duplicative and it can be eliminated. In doing so, this position would have a central role in the collective bargaining process, manage all aspects of employee benefits, and function as a one-stop-shop for new hires instead of spreading these responsibilities across several departments.

Create new assistant town administrator for finance: Reporting to the town administrator, this position would function as the town's chief financial officer (CFO) by coordinating all financial reporting and accounting, and also serve as the town's budget director. This individual would be expected to prepare multiyear financial forecasts, develop annual revenue and expenditure assumptions, draft budget guidelines, and formulate annual balanced budget proposals for the town administrator and policymakers. Combining the independent finance offices into a single consolidated department involves converting the elected treasurer/collector to appointed and having the assessors' chief appraiser report directly to the assistant.

The nature of the changes will require local officials to amend the existing town charter through special act. Accordingly, the town should draft a special act establishing a strong town administrator with broad financial and operational management responsibilities and functions. Additionally, the special act should codify the consolidated finance department and the roles of the assistant town administrator for human resource and the assistant town administrator for finance. The process for revising the town's charter through special act and general information about restructuring government can be found on our website at www.mass.gov/dls.

In the remainder of this report, we assume the creation of an assistant town administrator for finance position. However, if the position is not in fact created, we recommend that the budget formulation responsibility associated with the assistant's position be assigned to the town administrator.

2. Expand the Size of Board of Selectmen

We recommend expanding resident representation on the board of selectmen by increasing its membership from three to five. The current three-member board is conducive to small town governance in which the selectmen play a stronger role in daily municipal affairs. In a town with a population over 27,000, a budget approaching \$98 million, and a wide range of town administrative functions, the role of the selectmen shifts. An expanded number of selectmen creates greater oversight of the town administrator position and broadens resident representation on the board. The board will therefore have greater capacity to explore issues by allocating responsibilities to more members and decisions will be more thorough because two additional perspectives are present. Also, because winning a majority of three, versus two votes, is more difficult, the prospects increase for greater collaboration; and with no more than two members elected each year, the board will experience greater stability and continuity. One possible downside is that meetings could be longer.

3. Redirect Role & Responsibilities of Warrant Committee

As defined in [Chapter 3 of the town's General Bylaws](#), Milton's 15-member warrant committee is charged with working on behalf of town meeting to review budget requests and make recommendations on all articles included in the warrant. In recent years, however, their scope of responsibility has expanded to involve a more hands-on approach in directing the town's finances. Today, for instance, the committee largely orchestrates the budget process by developing initial revenue assumptions, providing departmental guidance, producing a balanced budget, and publishing a detailed report of the town's financial condition. The committee meets up to 45 times per year, including at least twice a week during the budget season, to familiarize themselves with local financial issues and to produce thoughtful recommendations to guide town meeting. This commitment, in both time and energy, however, has resulted in a tremendous amount of turnover, especially in the last two years during which a bulk of the committee's members declined reappointment.

Strengthening the authority of the town administrator and the appointment of a new assistant town administrator for finance will appropriately redirect some of the warrant committee's workload. While its mandate to serve as the town's financial watchdog will not be altered, the committee should shift to an active advisory role in the annual budget process and in all financial-related policy matters. The warrant committee must be willing to step back to focus on more global issues rather than on the minutia of working with individual department budgets. They should function in a higher level capacity by reviewing major spending priorities, use of

free cash and other reserves, and the development of fiscal policies, while the town administrator would assume responsibility for the orchestrating the annual budget process.

As the same time, the warrant committee's level of turnover, with the resulting loss of experience and difficulty in finding replacement members to fill vacancies, suggests the need for further reform. From a practical standpoint, it can be challenging to coordinate such a large and diverse group of 15 individuals. This not only involves a substantial amount of communication in delegating tasks, assigning various responsibilities, and coordinating meetings, research, and analysis, but it has a diminishing return in that a large group of diverse opinions makes it harder to reach consensus. For these reasons, we recommend modifying the size of the committee and the term of its individual members. Coordinating a group of seven or nine individuals is more manageable, especially for a volunteer chair working on a part-time basis. At the same time, individuals appointed to the post for three years will help resolve turnover issues and build experience in local financial matters.

4. Hold Preliminary Annual Town Meeting

In our meetings with local officials, there were some concerns raised about the overall efficiency and preparedness of representative town meeting to make major budgetary decisions. In this regard, there are steps the community can take to disseminate information and enhance civic engagement. For one, a preliminary meeting in advance of annual town meeting can be held. Led by the moderator, the time can be spent explaining the rules of conduct, decorum as well as members' rights at town meeting. Customary or often used terms that arise in articles or in town meeting debate can be defined and explained. Articles can be reviewed to the extent of what they propose. This is not however an occasion when the merits of an article or issue to be placed before town meeting is debated. To do so carries the inherent risk that only one side of an argument is presented and that only some town meeting members are privy to certain, pivotal information. The venue for full, open debate is town meeting floor when all members of the public receive all information, in the same way, at the same time.

5. Strengthen the Audit Committee

Milton has a five-member audit committee, appointed by the moderator, which operates under a vague charge of assisting the selectmen with overseeing the integrity of the town's financial statements and the qualifications and independence of the outside auditor. The board has two vacancies and meets only once a year when the outside auditor presents its findings during an annual exit conference with management. In an effort to elevate the board's level of involvement, the town's government study committee has proposed the adoption of an audit

committee bylaw, which will be presented at this fall's town meeting. In its present form, however, the article does little to define the audit committee's specific duties, stating only that the committee is to study and employ an outside auditor and to act on anything related thereto. While we agree with the intent, the audit committee's duties should be clarified and separated from the board of selectmen.

We recommend consideration of a bylaw that establishes a fully engaged audit committee with four primary areas of responsibility:

1. Develop a scope of audit services. Working with assistant town administrator for finance, the committee would define the services the town seeks and expects from an auditor or audit firm.
2. Oversee the selection of an auditor. This is done by inviting auditors or audit firms to interview or by issuing a request for proposals (RFP) for audit services. (Audit services are not subject to the procurement provisions of M.G.L. c.30B). In either case, the committee would develop selection criteria for scoring candidates and making a selection.
3. Review and understand audit reports, findings and management letter comments, as well as attend audit exit conferences. The committee would also form an opinion on the performance and independence of the external auditor.
4. Monitor the progress of corrective action plans developed by finance officials to address audit findings and management letter comments. This can be accomplished by meetings with the assistant town administrator for finance at scheduled intervals. The committee should also expect to provide periodic report to the board of selectmen.

We also recommend that the town moderator and town administrator be consulted on whether it makes sense to reduce the audit committee to three members.

Lastly, while staying with one auditor over multiple years promotes continuity and minimizes disruption of everyday activities, the Government Finance Officers Association (GFOA) recommends that outside auditors be changed every five to eight years. Cycling new auditors provides fresh perspective and fosters long-term independence. We encourage the town and the audit committee to be mindful of this GFOA recommendation.

6. Explore Further Opportunities to Consolidate Municipal Operations

We recommend that local officials explore opportunities to further consolidate municipal services. In 2010, town meeting authorized the formation of a new department of consolidated facilities, which manages the care and maintenance of approximately 887,200 square feet of

space in 22 town and school buildings. Viewed by local officials as an overwhelming success, the department is more responsive and efficient in maintaining facilities while at the same time saving money. Although there is always room for improvement, this model of shared services could be expanded across other town and school activities to better integrate workflows, streamline processes, and hopefully save money. For example, consolidating town-side and school information technology operations might allow the town to leverage assets, increase integration, enhance technical capabilities, improve productivity, streamline procurement, and reduce operating costs.

Separate from merging town and schools functions, local officials might explore the formation of a consolidated department of public works. Under the town's current configuration, the park and recreation department and cemetery department operate under independently elected boards. While each is credited with doing an excellent job, the town could benefit from folding them into a consolidated department of public works. This structure establishes a single decision-making authority that allows for a more efficient operation because of a greater capacity to marshal resources and coordinate activities across a wider spectrum of public works-related responsibilities. Be aware, however, that whether the town chooses to create a single elected board or assign DPW board responsibilities to the selectmen, special legislation is required.

7. Reconstitute Technology Committee

Milton's town government study committee recently recommended that the board of selectmen seek outside consulting assistance to complete a town-wide technology assessment and strategic plan. We agree that having a comprehensive inventory of existing assets and a better understanding of the town's future technology needs are critical to mitigating risk and maintaining high standards of efficiency. As the functions of local government grow more complex and associated costs increase, it is vital that the town have a thorough catalog of hardware and software needed to fulfill its core business functions over the next three to five years.

A technology committee can be a meaningful contributor of information, analysis, and insight in developing this blueprint. Originally established in 1978, Milton's current information technology committee appears largely inactive. We recommend that it be reconstituted as a committee of no more than five members recruited from outside town hall. Ideally they would have the requisite skills, knowledge, and experience to be a meaningful resource. The committee would not only help develop a request for proposal, but also vet potential technology consultants. Going forward, the committee could also be tapped to complete various cost benefit analyses and other investigative legwork associated with carrying out the technology strategic plan. For

instance, it could explore the merits of consolidating information technology across the town and school departments.

8. Conduct a Review of Town Bylaws

We recommend the formation of a bylaw review committee. Strong bylaws help define the expectations placed on town government and are a cornerstone of successful administration. In their present form, Milton's bylaws offer only limited information on the duties of town offices, appointing powers, the budget process, and policies. They also lack an index, or a list of locally adopted statutes and special acts, and include a tremendous amount of unnecessary jargon.

A substantive review and recodification of bylaws involves the appointment of a committee, which can be formed by a town meeting vote or by a unilateral action by the selectmen. Three-to-five members would seem sufficient and could be appointed by the town moderator, the selectmen, or a combination of both. It would work best if members reflected a balance between residents and local officials. The bylaw committee charge should be to review existing bylaws, recommend the ones that should be kept, amended or deleted, and suggest new ones for adoption. Hearings and public forums should be held to solicit input from town residents, employees and officials.

The updated bylaws should then be organized so that they are easily readable, searchable and posted on the town's website. The use of an outside codification service, of which there are several, can streamline this process for relatively short money. Planners should assume a one-year timetable for completion of this work and factor town meeting approval into a projected schedule.

Budget and Financial Planning

The recommendations below center on establishing standards for fiscal stability and strengthening long-term financial planning and strategic thinking in Milton. They are based on widely accepted financial management principles and best practices observed in communities across the Commonwealth.

Milton's budget and financial planning activities are overseen by a diverse team of volunteers and professional staff, including the board of selectmen, warrant committee, town administrator, and town accountant. Although the absence of any written procedures makes the involvement of each somewhat informal, through long-standing practice, it is the warrant committee that orchestrates the budget process.

The budget process in Milton begins sometime in the fall when the warrant committee issues departmental guidelines. In turn, departments construct and submit budget requests to the warrant committee, which reviews them with managers in a series of public hearings. After these initial deliberations, the warrant committee holds an all-day Saturday session again with department heads to further review appropriation requests and to identify any specific adjustments. The committee then produces a detailed budget recommendation for town meeting that maps out the town's financial condition and their recommendation for each individual article. Town meeting begins on the first Monday in May. As far as the town administrator and board of selectmen are concerned, they only review departmental budgets under their jurisdiction.

In a parallel process, the town's seven-member capital improvement planning committee reviews capital projects and improvements involving major purchases and projects that have a useful life of at least five years and cost over \$10,000. In doing so, the group, which is chaired by the town accountant and is composed of one member of the board of selectmen, one member of the warrant committee, one member of the planning board, one member of the school committee, and two members of the community at large, considers the relative need, impact, timing, and cost of anticipated projects requiring town meeting action during the ensuing five years. The committee then prepares an annual report which recommends a capital improvement budget for the ensuing year and a capital improvement program for the next five fiscal years. The report is submitted to the board of selectmen for its consideration and approval, and then to the warrant committee, which makes its recommendation to town meeting.

Outside of the annual budget and capital improvement planning processes, there appears to be little long-term financial strategizing. Seven years ago, however, an ad hoc team of local

officials, including the town administrator, town planner, and the school superintendent, published a long-term plan analyzing Milton's fiscal condition and proposing actions for the next five years. Primarily used to justify an operational override at the time, the plan identified several areas of concern, including rising fixed costs, low reserve levels, use of free cash as a revenue source, and a lack of capital improvement funding. In response to these challenges, the team laid out a four-point strategy aimed at achieving higher reserve levels, building excess levy capacity, and investing in the capital improvement program. Later that year, Milton's board of selectmen published a series of financial policy statements that were intended to control government costs and create a more efficient organization. These guidelines, along with the long-term plan, became a baseline for financial management until the historic economic crisis.

Our primary recommendation, therefore, centers on returning Milton to this type of long-range planning by developing a financial blueprint for the future. In doing so, the town will be in a better position to balance service levels with expected revenues over the next five years or so, and better judge if and when an operational override may be necessary.

9. Prepare Long-Term Financial Blueprint

We recommend that the assistant town administrator for finance develop a five-year financial forecast and present it to a joint meeting of the board of selectmen, warrant committee, and school committee. The intent of the projection is to demonstrate the relationship between revenue trends and the cost of maintaining existing service levels. The analysis should factor in the inflation of fixed costs, contractual obligations, and other anticipated long-term spending obligations. By recognizing the financial challenges that lay ahead, policymakers can then begin discussions about long-term goals and priorities and how to fund them. This might involve decisions on the timing of major capital projects, the potential for a tax override, and addressing other key financial issues, such as building reserves or funding the town's OPEB liability.

With this analysis in hand, the assistant town administrator for finance can engage department heads during the annual budget process to align individual department goals with town-wide priorities. For example, if town policymakers set a policy to modernize the customer service interface as a town priority, the treasurer/collector's office might plan to implement online bill payments options. The challenge, however, is linking the budget's short-term realities with the community's long-term objectives. To do so, we recommend that the town administrator work with the new assistant town administrator to develop a revenue projection at the onset of the budget process. With a revenue projection that is reviewed and accepted by the board of selectmen, the warrant committee, and the town administrator, the assistant town administrator

can provide more specific guidance to department heads concerning parameters for their budget requests.

The assistant town administrator would work individually with department heads on their appropriation requests and departmental goals. Department requests and lists of goals would then be compiled into a balanced omnibus budget and forwarded to the board of selectmen. The board would then hold a series of one-on-one public hearings with department heads. Next, the package, including any adjustments made by the board, would be forwarded to the warrant committee. As the town's financial watchdog, the warrant committee would make certain that the budget conforms to local fiscal policies and guidelines before being presented to town meeting. In the end, local officials would have a long-range blueprint containing a complete picture of available revenues and obligations for the ensuing years, and a summary of town-wide goals.

Long-term financial planning can be a valuable tool for setting local expectations and communicating with residents. The Town of Arlington, for example, has a tradition of long-range financial planning to cope with its structural deficit and other financial challenges. A subcommittee of the town's budget and revenue taskforce, the long-range planning committee produces a three- to five-year outlook of local finances. Their plan, through a series of scheduled overrides, uses money gained over that period as a guarantee that budgets will be capped at certain percentages. In doing so, they commit to residents that the town will not seek an override for a least a three-year period.

10. Establish Enterprise Funds and Develop Written Indirect Cost Policy

We recommend that Milton adopt enterprise fund accounting for its water and sewer operations. Despite reference to Milton's water and sewer operations as enterprise funds in the annual town meeting warrant, they are funded through special revenue funds established under special acts dating back to the late 19th century. Enterprise funds were adopted as a successor accounting methodology to the earlier special revenue funds and enable a community to identify the total cost of providing a service and to determine if rates being charged are sufficient to cover that cost. They allow payments for indirect costs to flow from the enterprise to the general fund to reimburse the town for the time spent by town employees on enterprise activities. If a surplus, or retained earnings, is certified as available (similar to free cash), it may be used to fund operating, capital, or debt service costs associated with the water or sewer operation. Retained earnings funds accumulate interest, and can be methodically built-up over time to finance anticipated capital projects.

To establish enterprise funds, town meeting must accept [M.G.L. c. 44 §53F½](#) to supersede the special revenue funds. Water and sewer expenditures would remain in the line item budget, and a separate article for town meeting approval should provide general expenditure information and greater revenue detail. An enterprise fund is merely an accounting methodology and does not create a new department. Additional information can be found on our website at: <http://www.mass.gov/dor/docs/dls/publ/misc/enterprisefundmanual.pdf>.

Also, the Bureau of Accounts (BOA) recently completed an analysis of enterprise funds across the state to determine the reasonableness of indirect cost calculations. As a result of that study, BOA will begin reviewing indirect costs reported on the tax recap sheet measuring allocations against prior year amounts for consistency. They might also establish other baseline criteria for reviewing how communities arrive at these figures going forward. To limit future scrutiny, we recommend that Milton develop a written indirect cost policy and calculation worksheet. Agreed to by department heads and approved by the board of selectmen, the policy should be reasonable and have long-term applicability in a way that produces a fair and consistent annual payment. Relevant costs to consider include salaries and wages, employee benefits, property and casualty insurances, debt and other overhead-related expenses.

11. Formalize PILOT Agreements

In 2005, Milton entered into a long-term agreement with Curry College formalizing a Payment in Lieu of Taxes (PILOT) program. That program has resulted in the collection of over \$470,000 in recognition of municipal services the tax exempt college receives. PILOTs are voluntary payments made by non-profit institutions as a substitute for property taxes on their tax-exempt property. They can provide crucial revenue and are a way for non-profit institutions to offset the public services they consume.

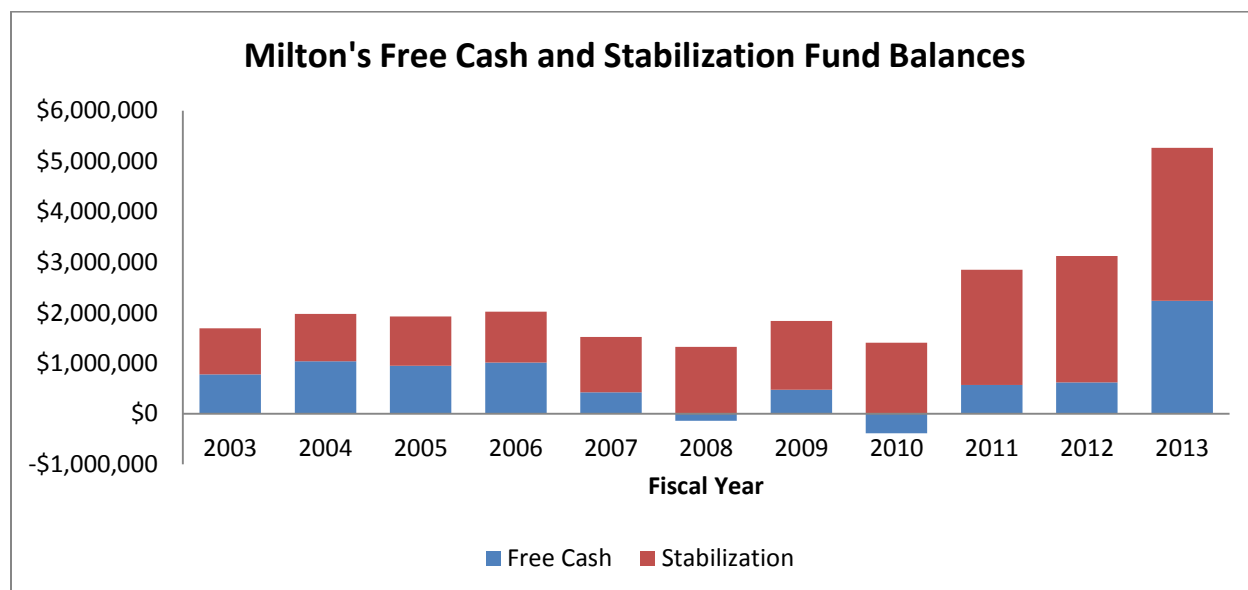
Given the success of this program with Curry, we recommend that it be expanded to other large non-profit institutions located in town. In advising local officials, we often suggest that the negotiated formula have long-term applicability in a way that reflects a fair, consistent, and predictable annual payment for both parties. For example, the agreement should include:

- A target level for contribution (i.e. 5 percent of the tax savings on exempt property)
- A consistent basis for calculating payments (assessed value or square footage)
- A policy to establish PILOTs for properties taken off the tax rolls when acquired by a non-profit
- A multiyear agreement to reduce uncertainty for both parties
- An adjustment for direct community benefits to residents

12. Continue Efforts to Build Reserves

We recommend that local officials continue their efforts to build reserves. Current town policy stipulates that the stabilization fund will be annually funded at $\frac{1}{2}$ of 1 percent of revenue (excluding withdrawals from the funds and the indirect costs to water and sewer enterprise) with $\frac{2}{3}$ rd of that amount going to the stabilization fund and $\frac{1}{3}$ rd going to the capital stabilization fund. In developing guidance on the use of reserves, we historically recommend that communities seek to set aside combined free cash and stabilization fund balances between five and seven percent of total budget. Even so, municipal credit rating agencies are now advocating for unrestricted reserve levels closer to ten percent to provide adequate resources during times of fiscal stress and to generally mitigate risks.

Despite the worst economic downturn in decades, the town's reserves are at historically high levels. However, they still lag behind statewide figures. Using the statewide average as a benchmark, Massachusetts' communities averaged just over 6.5 percent in combined reserves last year and almost 6 percent over the last ten years. Also, with the prospect for significant capital investment on the horizon to replace Milton's aging fire and public works facilities, we are encouraged by the town's commitment to funding its capital stabilization fund. As of this report, the fund had \$704,368 available for appropriation.



13. Explore an OPEB Trust Option

Other Post-Employment Benefits (OPEB) represent non-pension benefits earned by public employees to be distributed upon retirement, which generally take the form of healthcare and other insurance premiums. In compliance with [Statement 45 of the Governmental Accounting Standards Board](#) (GASB), Milton reported its actuarial accrued liability for benefits to be \$107,528,122 million as of June 30, 2011. While Massachusetts law requires state and local governments to fund pension liabilities, there is no corresponding legal requirement for funding OPEBs. Many communities, including Milton, follow a practice of merely paying for OPEBs on a pay-as-you-go basis (i.e., as line items in annual budgets) with no formal strategy for addressing the totality of the unfunded liability. However, a growing number of communities are establishing an OPEB trust fund as a repository for annual contributions, even if in modest amounts.

Currently the town has set aside \$134,983 in a post-employment benefits stabilization fund. Although this is a positive first step, contributions to a stabilization fund generally do not qualify toward the annual required contribution (ARC) or as plan assets for the purposes of GASB 45. By moving funds into an irrevocable OPEB trust, assets qualify for the purposes of GASB and are protected from creditors. The fund is also subject to more flexible investment rules, so long as practices remain compliant with the prudent investor rule established in [M.G.L. c. 203C](#). As a supplementary method for growing the fund, the town could consider reinvestment with the State Retiree Benefits Trust Fund established in [M.G.L. c. 32A, § 24](#).

Nevertheless, the ultimate decision involves the amount the town is willing to appropriate annually to the OPEB trust fund. The warrant committee recommends that 1/6th of 1 percent of revenues be allocated to the OPEB liability and that when the unfunded pension liability is closed in FY2023, that the contribution to OPEB be increased accordingly. Using this method, the warrant committee projects the unfunded liability would be closed in FY2043.

14. Revise Annual Town Meeting Warrant

We recommend that the board of selectmen streamline the content of town meeting warrants. Although designed in the spirit of transparency, Milton's 2013 town meeting warrant is voluminous in its level of detail. For this reason, we offer several suggestions for constructing a more easily digestible document for town meeting members.

Remove extraneous language from article recommendations: There are numerous instances throughout the warrant in which the text of an article and that of its corresponding recommendation are identical or almost identical. The duplication can be eliminated. Any

deviance from the article provided in the motion to accept would be reflected in the clerk's minutes of town meeting action.

Include dollar amounts in the article: Language in each article currently states "to see what sum of money the town will vote to appropriate," with specific appropriation amounts included only in its recommendation. If appropriation amounts are known at the time of the warrant's publication, which appears to be the case, they should be included as part of the articles themselves. If a change occurs, it can be presented in the motion on the article.

Remove extraneous articles: Although articles 2, 3 and 4 address different subjects, each is intended to grant blanket authority to the treasurer/collector that already exists in state statutes.

Consolidate all budget line items into a single omnibus budget article and move all warrant committee comments to the Appendix: Currently, the town meeting warrant is organized such that there is a separate article for each department or office. These can be consolidated into an omnibus budget article. Typically, departments will have single line-items where salaries and wages are combined; expenses are combined; plus other line-items for stand-alone expenditures. This method does not alter the moderator's ability to go through the warrant and to seek comment and authorization for each line item. Nor does it prevent town meeting members from questioning and commenting on any proposed expenditure.

15. Review Warrant Committee Reserve Fund Transfers

We recommend that the warrant committee strictly adhere to the allowable purposes for reserve fund transfers. The warrant committee's reserve fund exists to fund extraordinary, unforeseen expenses and is disbursed through transfers approved by the committee. A review of transfers over the last several years reveals fund use that, in some instances, appears to marginally comply with its statutory intent. Red flags are also raised when the fund is routinely supplemented with one-time revenues at year-end to cover "unforeseen" expenses.

At the same time, departments should also be advised to provide realistic budget requests in the spring and to have no expectation of later transfers to fill shortfalls. While the authority for determining emergencies would remain with the warrant committee, we suggest that in the future, transfer requests be routed through the newly appointed assistant town administrator. Going forward, the warrant committee should inform all departments that it will not accept a reserve fund transfer request unless it has first been reviewed by the assistant town administrator. As a full time presence in town hall, the assistant town administrator has budget insights and interacts with departments on a regular basis, and might know of other pressing needs or have information that could lead to alternative solutions.

16. Consider Compensated Absence Reserve

We recommend that the town consider adopting a compensated absence reserve under [M.G.L c. 40, §13D](#). Last year, the State Legislature approved a local acceptance statute that allows cities and towns to appropriate monies into a special reserve to cover compensated absences owed to employees when they leave or terminate employment. Similar to stabilization funds, the money remains in the fund from year-to-year and as does any investment income. Acceptance of the statute is by majority vote of town meeting.

Overall Financial Management

Our review of Milton's overall financial management focuses on the policies and procedures governing everyday practices in the offices of the town accountant, treasurer, collector and assessor, as well as those that impact town government on a more global basis. The responsibilities carried out by these departments are essential to the town's financial well-being. Their success largely depends on the ability of local officials to collaborate and communicate with one another as they perform the town's financial management activities.

The town accountant, who has been with the town for approximately three years, has the legal obligation to oversee all financial activity of the municipality, and therefore plays a critical role in the system of statutory checks and balances established to safeguard local assets. She is appointed by the board of selectmen and reports to the town administrator. As a department head, she oversees the central business office in Milton, which is a somewhat unique amalgamation of accounting, water/sewer billing, and other administrative functions, such as the issuing of recycle bins, for example. Her staff includes an assistant town accountant and three senior clerks. The town uses WTI Systems' FundWare suite of modules and the Zobrio cash management software applications for accounting and cash management purposes.

The treasurer/collector's office in Milton is responsible for the receipt and disbursement of all town funds, the billing and collection of all taxes and excise, the issuance of municipal lien certificates, and the administration of employee payroll and insurance benefits. In addition, the treasurer/collector must invest town funds in accordance with guidelines imposed by [M.G.L. c. 44, § 55](#), arrange for all short and long-term borrowing that town meeting authorizes with approval of the board of selectmen, and manage property in tax title or foreclosure. The department is managed by a treasurer/collector who is annually elected and has been with the town for three years. Staff includes a full-time assistant treasurer, deputy collector, payroll administrator, and a part-time clerk.

The assessors' office is responsible for valuing all real and personal property in town, and generating the commitments that authorize the treasurer/collector to collect real and personal property taxes and motor vehicle and boat excises. An elected three-member board of assessors appoints a full-time chief appraiser, who oversees daily operations, as well as a full-time administrative assistant and clerk. While two members of the board are relatively new, the staff, collectively, has over 60 years of experience in town hall. The town contracts with Patriot Properties for its computer-assisted mass appraisal (CAMA) software application. Patriot also completes, on a consultant basis, triennial revaluations and interim adjustment work necessary to ensure uniform valuations and accurate property data. Fieldwork, including the inspection of

properties subject to sales, building permits, and abatements, as well as cyclical inspections is handled in-house.

On balance, Milton's finance-related departments generally operate on a professional level, fulfill fundamental responsibilities, and comply with various internal and external reporting requirements. We offer a series of recommendations designed to strengthen internal controls, streamline processes, and improve service delivery.

17. Address Outstanding Audit Findings

In the management letter issued for FY2012, Powers & Sullivan identified 17 weaknesses, most of which were unresolved issues carried forward from prior years—some of which date back more than five years. Among their comments, they cited the need to record all bank accounts in the cash book, record and reconcile payroll and vendor accounts in the cash book, reconcile tax title and tax foreclosures receivables, monitor compensated absences, resolve tailings, and document and cross-train significant operational and accounting processes.

Despite the ongoing work and desire of the town accountant to resolve these matters, a number of them are outside her jurisdiction. We recommend that the newly empowered town administrator work with the finance team to develop an action plan to correct each identified weakness and to address other comments. The plan should indicate what steps will be taken, a responsible person, and a schedule for completion. The town administrator would then monitor plan implementation and periodically report progress to the town's audit committee and to the board of selectmen and warrant committee when requested. This process should be replicated each year with a new audit and management letter.

18. Automate Time and Attendance

We recommend that Milton review options for dealing with time and attendance. Currently, departments manually record time and attendance on "pink sheets" printed from FundWare's payroll module. These sheets, after making their way through the payroll process, are forwarded to the town administrator/selectmen's office where accrued leave time is recorded on handwritten attendance calendars for each individual employee. The calendars are then used to reconcile time owed to employees against departmental records, and serve as the basis for tracking the accrued liability reported on the town's financial statements.

Cited in the auditor's last three management letters, the town's lack of an automated tracking software for accrued sick and vacation time increases the risk it will not be recorded properly.

With the purchase of basic time tracking software, departments', each of whom has access to computers, can record time and attendance in a central database, where calculations are automated and information can be securely stored and backed up routinely. It is likely however, that an investigation into possible time tracking software applications will lead to a broad discussion about how payroll is handled, including the possibility of outsourcing it all together.

19. Consolidate Collections and Expand Online Payment and Lockbox Processing

We recommend that the treasurer/collector centralize the collection of water/sewer payments, which is currently dispersed across several offices in town hall and at the DPW. For instance, payments received by the treasurer/collector's office (mostly over-the-counter) that are on time and in the correct billed amount are sent to the DPW building where they are packaged and mailed to the lockbox for processing. On the other hand, any partial payments received by treasurer/collector are sent to the central business office where staff apportion the payments, mark the bills, and send them back to the treasurer/collector's office for processing. Rather than involving multiple departments, we suggest that treasurer/collector collect and process all non-lockbox water/sewer payments through his office in town hall. In this way, all payments can be managed by one office that is well equipped to receive, record, and deposit funds.

We recommend that the treasurer/collector expand the use of the lockbox to include all types of payments and also give residents the option of paying all types of bills online. Currently, the town only utilizes the lockbox for water/sewer billing, while online payments are available only for real estate and personal property taxes, as well as motor vehicle and boat excise. Lockbox and online payment methods, when aggressively promoted, accelerate deposits, streamline manual collection procedures, and reduce over-the-counter and mail transactions.

20. Modify Voucher Cash Handling Procedures

The town policy is that departments cannot accept cash. Accordingly, cash paying residents are referred to the treasurer/collector's office where they are issued stamped vouchers, or payment receipts, that identify the appropriate department payment and the amount paid. With the vouchers in hand, they return to the original department to complete the particular transaction. Originally intended to reduce the number of offices that handle cash, the process is inefficient, overly cumbersome and confusing for residents, especially the elderly who most often conduct business at town hall.

Rather than continuing this voucher process, we recommend departments be allowed to accept cash payments in accordance with certain rules. Upon being presented a cash payment, the employee would issue a numbered receipt, enter the amount into FundWare or an Excel payment

log, and secure the cash in a locked cash drawer or safe. Once a week, or more often during periods of high volume, departments would turn-over the cash and any other payments, with receipts, to the treasurer/collector's officer for deposit at the bank.

21. Implement Purchase Order System

With town meeting approval of the annual budget, department managers are authorized to expend their respective appropriations as of July 1st. Checks and balances are built into the verification process completed by the town accountant after goods or services are received, and before invoices are placed on the vendor warrant. The town accountant is responsible for reviewing the invoice and certifying that funds are available to cover the costs, that the purpose is consistent with the intent of the appropriation, and that no fraud is evident. Clarifications can be sought, but if criteria are met, a department manager's spending decision cannot be reversed.

However, if local officials have a desire to further track spending, Milton can implement a purchase order (PO) system. A PO system requires departments to receive pre-approval from the town accountant through a requisition process prior to purchasing items or entering into service agreements. Once approved, the funding is encumbered and a purchase order is issued. This formal process enables the town accountant to flag expenditure requests to verify compliance with state procurement rules under [M.G.L. c. 30B](#).

22. Move to Bi-weekly Payroll and Direct Deposit for all Employees

We recommend converting all employees to a biweekly payroll schedule. Although this will require collective bargaining and a 90 day notice to employees, paying employees every two weeks, or 26 times per year, reduces the processing time, saves money, eliminates additional paperwork, and simplifies reconciliations. At the same time, the town should bargain that all employees be enrolled in direct deposit, which further reduces the cost of issuing checks, prevents the need to reissue lost or stolen checks, and eliminates the need to reconcile outstanding checks.

23. Resolve Tailings

We recommend that the treasurer/collector address tailings, the backlog of which has been cited in the independent auditor's last two management letters. As of June 30, 2013 the town had \$164,000 in unclaimed checks recorded as tailings. However, this figure is inaccurate as the treasurer has yet to move outstanding checks into tailings from the prior year. These include unclaimed checks issued to pay employees and vendors, refund municipal taxes or charges, or pay other municipal obligations. Any check that is not cashed within three years of issuance is

deemed abandoned under Massachusetts General Law. A treasurer/collector holding abandoned checks may turn them over to the state treasurer, or follow the abandoned property procedures under [M.G.L. c. 200A, §9A](#). If, after notice and publication requirements are met, a check remains unclaimed, the amount can be returned to the general fund with the expectation that it will close to free cash at year-end.

24. Abandoned Shared Cash Drawer and Closeout Daily

We recommend that the treasurer/collector's office establish separate secure cash drawers for each person scheduled for window duty. As a cash control measure, separate drawers will make it easier to reconcile activity and help identify any discrepancies. Also, about an hour before the close of each business day, or on a staggered basis, staff should be instructed to close out their drawer to reconcile the day's activity. Based on our interviews, it appears drawers are only being balanced once or twice a week.

25. Review Bill Processing Options

We recommend that the treasurer/collector weigh the costs and benefits of fully outsourcing bill production. The treasurer/collector's office currently prints all bills for its water, sewer, real estate, personal property, motor vehicle, and boat accounts. Although the office directly mails out the water and sewer bills, it pays Mass Mailers, Inc. to send tax and excise bills. In this instance, the town prints, packages, and delivers the bills to the company who then applies postage and mails them. By fully outsourcing bill production, the town can potentially reduce printing costs and eliminate the associated frustration and workload. We are familiar with a number of communities that take advantage of this low cost approach to billing, which involves simply sending an electronic bill file to the vendor to handle the printing, stuffing, metering, and mailing of bills. As a control, the treasurer/collector should always review a sample bill in hardcopy, before mailing, to ensure that it is correct in form and content.

26. Account for Student Activity Funds

Under [M.G.L. c. 71, §47](#), cities and towns are permitted to establish a special student activity revolving fund for fees and charges collected from students. Money collected by the school department is turned-over and deposited by the community's treasurer into a separate account, which retains earned interest. Funds can then be spent without appropriation for various athletic, club and extracurricular student activities, such as field trips, through the town's vendor process. Alternatively, the school committee can authorize the treasurer to establish a student activity checking account for use by a school's principal, who is bonded. In doing so, the committee must establish a maximum balance for each account, after which the treasurer is authorized to

deposit cash advances from the student agency account for use by the principal to support student's activities.

We learned during our meeting with the treasurer/collector and through subsequent review of the independent auditor's management letters that student activity funds are not being accounted for in the treasurer/collector's cash book. We recommend the treasurer/collector record this activity in his cash book and reconcile balances regularly with the appropriate school official. At the same time, the treasurer/collector should establish procedures for accepting donations and gifts, handling cash, check writing and reconciliations.

27. Stop Cashing Town Reimbursement Checks

It is our understanding that the treasurer/collector's office is cashing incidental reimbursement checks for mileage and conference expenses for employees. Despite the convenience, it raises concerns and poses possible cash control risks. While once a common practice, towns no longer offer the services of a bank, credit union, or check cashing outlets. Although the service is not widely accessed, we recommend that it be discontinued.

28. Discontinue Printing Duplicate Motor Vehicle Bills

The assessing office currently retains a hardcopy duplicate of every motor vehicle excise bill for abatement purposes. Totaling some 20,000 bills in the first commitment alone, this harkens back to the days when the registry of motor vehicles would print and deliver motor vehicle excise bills to the town. Because the town now generates the bills using an electronic commitment file sent by the registry, the office need only reference the appropriate billing information in FundWare, rather than printing a hardcopy of every single motor vehicle bill.

29. Complete Assessment Administration Course

[Course 101, Assessment Administration: Law, Procedures and Valuation](#), is the basic training program DLS provides for local assessors. Assessors and their staff with valuation responsibilities must complete the class and pass the course examination within two years of their original election or appointment. While two of the assessors completed the course, the third has not. The course is offered three times a year: spring, summer and fall. Information regarding the training is typically posted on DLS's website six to eight weeks prior to the start of the course. We encourage all members of the board of assessors to fulfill the state's minimum requirements of the office by successfully completing the course. Failure to meet this requirement disqualifies an assessor's vote and negates his or her signature relative to official

matters. For more information the assessors should contact DLS's training coordinator at dlsregistration@dor.state.us.

30. Initiate Helpdesk Ticketing System

Department computer and other technology-related issues that arise during the course of business are communicated to the IT department in any number of different ways, including email, phone, and word of mouth. Rather than managing them in a haphazard manner, it makes sense to have a helpdesk ticketing system. In a basic system, users submit requests online through the software application that creates a ticket when issues are logged. It identifies who it was assigned to, what actions have occurred, and when it was closed. For end-users, the system increases confidence that a particular issue is being logged and prioritized through a standardized reporting and tracking mechanism. For the IT department, it serves as a valuable management tool for prioritizing requests, identifying potential problem areas, and establishing a structured workflow. It can also produce management reports that provide local officials with analytics and key performance indicators, which help advocate for various upgrades or needed training. They can also prove important during the capital budget season as supporting evidence in advocating for technology-related capital investment.

31. Develop Employee Handbook and Implement Personnel Action Forms

We recommend that the town develop an employee handbook. Milton lacks a comprehensive guide for employees that includes information on compensation, benefits, and employment terms and conditions. An employee handbook describes worker rights and obligations through a compilation of detailed policies, procedures, benefits, and resources. These policies should include, but not be limited to, issues of sexual harassment, Whistleblower Act, HIPPA, conflict of interest, ethics, and acceptable use of internet and email use. Once complete, employees should be expected to familiarize themselves with the contents of the handbook and acknowledge their receipt by signature.

We also recommend that the town develop a uniform personnel action form to record an employee's status at hire. Maintained in the employee's personnel file, such a form would also document any subsequent change to an employee's personnel file relative to a status or payroll change, and include signature lines for the department manager, and when appropriate, the town administrator. No person would be permitted to enter changes to employee records without a duly authorized personnel action form signed by the appropriate department manager and town administrator.

32. Shift Selectmen Meeting Nights to Tuesday

We recommend that the board of selectmen shift their Thursday meeting nights to Tuesday so that they can sign payroll warrants prior to the disbursement of funds. Per Massachusetts law, municipal checks cannot be released without a properly approved warrant. In Milton, direct deposits are released on Thursday nights, while hardcopy payroll checks are delivered to staff on Fridays. Either way, payments are disbursed by the treasurer/collector prior to receiving signed copies of the payroll warrant. This is a violation of [M.G.L. c. 41, §41A](#). By moving their meeting nights to Tuesday, the board avoids the risk they are not signing the warrant timely. Tuesday night meetings also allow the board more time to review regular business. Under the scenario we propose, the board's packets would be ready for pickup on Friday, giving members more freedom to review information over the weekend.

Acknowledgements

This report was prepared by the
Department of Revenue, Division of Local Services:

Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs

Frederick E. Kingsley, Bureau Chief,
Municipal Data Management and Technical Assistance Bureau

Joe Markarian, Director, Technical Assistance Section

Zack Blake, Project Manager, Technical Assistance Section

Melinda Ordway, Sr. Financial Management Analyst, Technical Assistance Section

In preparing this review,
DLS staff interviewed and/or received information from the following local officials:

Denis Keohane, Chair, Board of Selectmen

J. Thomas Hurley, Secretary, Board of
Selectmen

Kathleen M. Conlon, Board of Selectmen

Ted Hays, Chair, Warrant Committee

Stanley G. Genega, Warrant Committee

Cheryl Tougias, Warrant Committee

Leroy Walker, School Committee

Richard Neely, Chair, Town Government
Study Committee

Annemarie Fagan, Town Administrator

Paula Rizzi, Secretary

Patricia Cahill, Senior Administrative Clerk

Amy Dexter, Town Accountant

Nancy Bulger, Assistant Town Accountant

Kathleen O'Donnell, Sr. Administrative
Clerk/Parking Clerk

Ilene Doyle, Sr. Administrative Clerk

Emily Martin, Sr. Administrative Clerk

Jeffrey d'Ambly, Chief Appraiser

Nancy Shibley, Administrative Assistant

Barbara Johnson, Clerk

James F. Sgroi, Technology Director

James D. McAuliffe, Treasurer/Collector

Diane M. Gore, Assistant Treasurer

Brenda Oskin, Deputy Collector

Joyce Darmetko, Collector

Darlene McGrath, Administrative Assistant

William Ritchie, Director of Consolidated
Facilities

Susan Galvin, Town Clerk

Mary Gormley, Superintendent

John Phelan, Assistant Superintendent

Glenn Pavlicek, Assistant Superintendent for
Business

Lisa McDonough, Budget Analyst

Barbara Pakalnietis, Payroll Clerk

Nancy Mearn, Accounts Payable Clerk