



Town of Northfield

# **Financial Management Review**

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Division of Local Services / Technical Assistance Section

February 2011



January 21, 2011

Selectboard  
Town of Northfield  
Main Street  
Northfield, MA 01360

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 Northfield. 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.

As a routine practice, we will post the completed report on-line at the DLS website within a week or two. Also, we will 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](mailto:kingsleyf@dor.state.ma.us)

Sincerely,

Robert G. Nunes  
Deputy Commissioner and  
Director of Municipal Affairs

RGN/jm

cc: Senator Stanley C. Rosenberg  
Representative Paul W. Mark

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## Overview

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Northfield is a town of 35.4 square miles with an estimated population of 3,311 people in 2009, making it the 80<sup>th</sup> smallest of 351 Massachusetts municipalities. It is in the Connecticut River Valley and has the distinction of being situated on both sides of the Connecticut River and of being bounded by both Vermont and New Hampshire. The town sits 12 miles northeast of the Town of Greenfield and 44 miles north of City of Springfield.

Local government is directed by a three member selectboard and open town meeting. The treasurer, collector and town clerk are elected part-time positions. The accountant and most other positions in municipal government are appointed and part-time. The administrative assistant, town secretary and the assessors' clerk are full-time. The town receives technology support under a contract through the Franklin County Regional Council of Governments. Other than the customary ad hoc and standing committees and boards, a separately elected, three-member commission oversees the sewer department.

Spending in Northfield is slightly lower than a sampling of 30 Central and Western Massachusetts towns with a population between 2,000 to 5,000 people. In FY2010, Northfield appropriated \$6,757,952 or \$2,233 per capita. Among the sample towns, the average annual budget was \$2,575 per capita. Since FY2000, the Northfield spending has increased 57.0 percent compared to 57.8 percent among the sample towns. However, in Northfield, a greater burden has shifted to residents to support the local budget. In FY2000, 66.2 percent of the money needed to fund the Northfield budget was raised through property taxes compared to 81.1 percent in FY2010. By comparison, among the 30 sample towns, local reliance on tax receipts increased from 59.4 to 67.3 percent over the same period. Among other revenue sources, local receipts have been fairly consistent in Northfield and state aid has generally followed state-wide trends.

Greater reliance on property taxes is attributed, in part, to voter approved overrides that added over \$500,000 to the tax base between FY2003 and FY2006 and nine separately approved debt exclusion proposals. Tax revenue as a percentage of total revenue has continued to increase as state aid declined, available reserves were drawn down and annual School Building Authority (SBA) reimbursements ended. Between FY2000 to FY2010, free cash and stabilization balances combined have steadily declined from a high of \$890,000 and 20 percent of the budget to \$365,000 and 5.4 percent of the budget. At least in recent years, the town has used virtually all of its free cash to support operations. In FY2010, the town saw an end to the School Building Authority (SBA) reimbursements of over \$185,000 a year, which helped pay down excluded debt on the elementary school project.

As a consequence, the Northfield average single family tax bill rose from \$1,488 to \$3,014 between FY2000 and FY2010. It was and remains lower than the average among the 30-town sample - \$2,184 in FY2000 and \$3,709 in FY2010 - but rose at a faster rate - 102.6 percent compared to 69.8 percent overall. The town's average tax bill was ranked 251<sup>st</sup> in FY2010 and was well below the state-wide average of \$4,390.

Within this fiscal environment, the work of town government has been ongoing in accordance with long-standing practices. This can be attributed, in part, to the longevity of staff, managers and policy makers. Relationships between public officials, routine departmental tasks and approaches to higher level duties, like budget development, have become the product of accepted procedures. Otherwise, responsibilities are rooted in state statutes and are documented in some job descriptions and in a surprisingly comprehensive personnel policy.

To their credit, town officials have consistently developed a balanced budget, set the tax rate, received free cash certification and filed the town's Schedule A with DOR on a timely basis. Finance officers effectively collect and account for money due the town. With few exceptions, payroll and other town obligations are met as scheduled. The need for financial checks and balances is recognized.

However, the town is not without issues and areas of operation that warrant attention. The fact that the town has not, in 18 years, had an outside audit of its year-end financial statements is astonishing. It should seek out an audit and at the same time look to comply with the Government Accounting Standard Board (GASB) Statements 34 and 45, which require communities to document fixed assets and identify obligations due future retirees

The town has reached a point in its history when it should develop bylaws. Even though the town has retained a rustic and rural character over time, the rules and the finances of government have become more complex and demanding. Bylaws can help address these issues by creating accountability and reporting relationships in government. They can give formality and consistency to financial procedures. Among many other topics, the process of developing bylaws would prompt discussion on the role of the administrative assistant compared to a town administrator, and the merits of appointing rather than electing certain officials.

By its nature, the process of drafting bylaws is a means to explore how government can be organized to best represent and protect the interests of Northfield residents. It can be part of a larger process that probes residents' vision for the future of the town. It is apparent that concern about the character of the town is part of the debate of whether a gasoline service station should be allowed within town boundaries. Some have also wondered aloud what possible impact re-occupancy of the Northfield/Mt. Hermon School, with a potential enrollment up to 1,000 students, might have on the town.

Lastly, this report makes recommendations how operations at all levels of town government might improve. However, given the present organization of municipal government, implementation might be difficult. Absent a management authority, cooperation will be essential.

The stress placed on local officials, public employees and local taxpayers today demands that municipal government operate as effectively as possible and that tax dollars are spent wisely. This report is intended to help the Town of Northfield reach these and other goals.

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## Overall Financial Management

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A review of the town's overall financial management practices focuses on the procedures that typically cross over various municipal departments, as well as those that tend to impact town government on a global basis. We examined the budget process and the payroll and vendor warrant processes. We looked at long-term planning, financial monitoring practices, as well as the effect of technology on operations. The town's organizational structure was considered, as were levels of communication and cooperation that exist among offices and boards. Finally, we reviewed local compliance with state laws and regulations relating to finance issues, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

On balance, the town's finance offices are effective in completing routine, recurring tasks. The staff is capable and competent and as noted, due to longevity in office, individual responsibilities are clear. As a result, money is collected by departments and turned-over to the treasurer where receipts are posted and funds are deposited into town accounts. Appropriate documentation is submitted to the accountant. With the approval of the weekly payroll and vendor warrants, town obligations are met.

The budget process begins in mid-December with a letter sent by the finance committee to town departments asking for their appropriation requests. Information is returned by the first week of February to the town accountant who incorporates the requests into a working budget document. No capital requests have been received from departments in the last two years. Revenue projections are developed as proposed expenditures are reviewed. Both the finance committee and selectboard conduct hearings and between the two bodies, communication is generally good. With selectboard input, the final budget is prepared by the finance committee and presented to town meeting accompanied by a "State of the Town" message.

In regard to periodic tasks, the accountant, assessors and town clerk collaborate on the preparation of the Tax Recap Sheet which is the basis of the DOR approval of the annual tax rate. The accountant consistently closes the town's books and submits a balance sheet to DOR so that free cash can be certified usually in October each year. She is also able to complete and submit the town's Schedule A before the end of the calendar year.

While the work of town government gets done, there are other areas that warrant attention. First and foremost, the town should arrange for an outside audit. It is long overdue. Second, our recommendations are intended to help the town create greater certainty in municipal government by adopting general bylaws. This process would address the decentralized structure of government and the lack of line authority. The establishment of a well-thought out consistent set of rules and procedures for the operation of government, that remain the same from year to year as elected and appointed officials change, will help build confidence in government. Included would be a discussion about whether certain positions should shift from elected to appointed status in the future. Third, objective discussion should take place on the merits of changing the title of administrative assistant to town administrator, or something similar. In the

search to fill the recently vacated position, local officials have already seen the problem of advertising for an “administrative assistant.” More administrative support rather than management level candidates apply. The same perception hampers the ability of any person in the position from being productive in town hall.

With strong day-to-day management in town government, other issues can be addressed. We make recommendations relative to personnel, to technology and the sewer department. In particular, the sewer department operates under long-standing practices out of the general fund. It can and should function as an enterprise fund instead. Finally, we offer suggestions to improve operations in each of the finance departments

In the narrative that follows, comments are first offered in response to questions forwarded by town officials at the start of the review process. Recommendations, based on our observations and conclusions, follow and cover topics concerning general government, personnel policies, technology and public works. Collectively, all are intended to help the town tighten financial operations.

### COMMENTS ON QUESTIONS RAISED

#### 1) Should the Town Conduct a Financial Audit?

Incredibly, the Town of Northfield has not had a financial audit in 18 years. While some might argue that no harm has resulted, this is a high risk course of inaction. For local officials, it falls well short of fulfilling a fiduciary responsibility to oversee and protect public assets. At the same time, in no way does a decision to conduct an outside audit reflect an opinion of the performance of finance offices. However, an audit is an important financial control and securing one should be among the standard practices for the town.

An outside audit is a report on the accuracy of the town’s year-end financial statements and an examination of a community’s financial systems and procedures. It can serve as a valuable management tool for evaluating the town’s fiscal performance. Equally important, the management letter which accompanies an audit alerts the town to areas where financial controls are lacking and to other bookkeeping deficiencies. For Northfield, negative management letter comments will appear if the town fails to comply with GASB 34 and GASB 45 in advance of an audit or while it is underway. GASB 34 requires all cities and towns to inventory and track fixed assets. GASB 45 requires all municipalities to identify their liabilities associated with other post employment benefits (OPEB) due future retirees. Both are important in terms of tracking the level of investment in municipal assets over time and recognizing the true cost of providing health and other benefits to employees on retirement.

Under the Federal Single Audit Act, a town-wide audit is required if the town receives \$500,000 annually in federal funding, including so-called pass-through money like community development block grants. Even if not required, an audit of town financial activity should be

completed at least periodically. Under state law, a municipality is also required to complete an audit when a change occurs in the town collector's position. For a town the size of Northfield, an audit is advisable every three-to-five years by an independent certified public accountant (CPA) with municipal finance experience. Once complete, a copy of the financial audit and management letter must be submitted to the State Department of Revenue. Note that arranging for an audit is not subject to procurement rules under M.G.L. Ch. 30B.

## 2) Should Someone Other Than The Accountant Look At Bills Before Payment?

Under M.G.L. c. 41, §56, boards, committees, department heads and others authorized to expend town funds must approve the payment requests they submit to the accountant. After the department head reviews and signs off on the original invoice, the accountant verifies that there are sufficient funds to cover a proposed charge, that the purpose of expenditure is consistent with the spending intent of the account to be charged and that there is no evidence of fraud. A warrant, or list of requested payments, is then prepared for selectboard approval. Actual invoices need not be attached. The accountant and the selectboard can further monitor town spending by reviewing monthly expenditure reports, which show year-to-date departmental spending measured against approved budgets. Unless department managers are overspending their appropriations or making inappropriate purchases, any pre-approval process should not be needed. Because the selectboard ultimately approves all payment requests, pre-approval of invoices submitted by departments or officers the selectboard oversees would seem equally unnecessary.

## 3) Should Our Donation Accounts Have More Oversight?

A donation or gift represents money given to a town department, board or officer for a specifically stated purpose. The funds can be expended by the department, board or officer with approval of the selectmen without a town meeting appropriation. If a donor makes a gift to the town for general municipal purposes, then it would be general fund revenue, and the money can be spent only by town meeting appropriation. These gifts must be accepted by the board of selectmen, except that a gift of real estate requires acceptance of town meeting.

The treasurer takes possession of donations and can co-mingle them in a common bank account as long as the balance associated with each donation purpose can be tracked. This allows for the accurate allocation of interest, which flows to the general fund unless the donor stipulates that interest remain with the trust principal. In any case, when donation money is spent, an invoice for payment must be submitted to the accountant for verification and must go through the warrant approval process. In particular, the accountant must ensure that expenditures are for purposes consistent with the wishes of the donor. Therefore, the accountant



must have in her possession copies of all donation instructions. These procedures represent the standard level of oversight of donation, or gift, accounts in any municipality.

4) **How Do We Ensure that All Departments/Committees are Following Proper Procurement Procedures?**

First, all departments must understand the procurement rules set-out in M.G.L. c. 30B. The selectboard should incorporate details of the law, establish procedures and impose expectations on department managers in a "Procurement Policy." Included should be a process for making an emergency expenditure. Departments should then self-police themselves and recognize when c. 30B applies. Also, the accountant should monitor annual town meeting appropriations and flag proposed expenditures which would trigger 30B requirements. She can then send procurement reminders to department managers. If 30B rules are ignored, the town might implement a purchase order system, which requires advance approval of all purchases or purchases over a certain dollar threshold. During that pre-approval process, it can be determined whether procurement rules apply and purchases can be blocked until compliance is demonstrated. It would also help if the town administrative assistant, or someone else in town government, were a Massachusetts Certified Public Purchasing Official (MCPPO), which is achieved through the State Inspector General's office.

5) **How Many Towns Have a Generic Proposition 2½ Contingency Article?**

We at DLS are not aware of any. It seems that the intent of this article is to prevent town meeting from spending in excess of what has been proposed in the warrant, or to provide for a subsequent override to ensure a balanced budget. We at DLS have not seen this type of article in other towns. However, in every town, the legal authority to place any question on the town-wide ballot rests exclusively with the selectboard. The board cannot be compelled to act, even when town meeting specifically approves a contingent appropriation, whether in the form of an override, debt exclusion or capital exclusion, or when residents place a citizens' petition before them. On this basis alone, we conclude that the town's recurring warrant Article 4 has no binding effect on the selectboard, town meeting or town voters. That being said, please be aware that this is not a legal opinion and that advice from town counsel should be sought for a definitive response.

6) **What is the Role of the Selectboard in Overseeing Town Finances?**

In the absence of bylaws specifying the selectboard's role, it is generally accepted that the finance committee has primary responsibility for developing the annual budget and has policy input, but its influence does not extend into the day-to-day administration of town finances. The

selectboard has a role in town finances at both the policy and operations levels. To advance long-term, town-wide goals, the selectboard should establish financial policies relative to revenue projections, use of free cash, stabilization and other reserves, capital expenditures and incurrence of debt. On these issues, it should work cooperatively with the finance committee. The selectboard should review, provide input and be on record as approving the finance committee's recommended budget for the town. On the operations level, the selectboard must approve payroll and vendor warrants before the treasurer can issue payments. Otherwise, the authority to execute contracts to bind the town, to execute borrowings, and to approve ballot questions and town meeting warrant articles provide the selectboard with further influence over financial matters.

### 7) What Internal Controls Should We Have in Place that We Don't?

Internal controls are embedded in verification procedures and in the creation of a paper trail for any town financial activity. They relate to the submission of timesheets and preparation of the payroll process, to invoice submissions and the approval process, to reconciliations of cash and receivables. Any time a record of departmental activity is measured against the accountant's record of that activity is an internal control. Particularly important among them are reconciliations of cash and receivables, as well as an outside audit. In this report, we underscore the importance of frequent reconciliations and encourage the town to arrange for an outside audit.

## GENERAL GOVERNMENT RECOMMENDATIONS

### 8) Adopt General Government By-Laws

The town's current bylaws address and set rules for many every day activities of community life. However, with the exception of a reference to a two-thirds town meeting vote, lacking are bylaws relative to general government. Nor is there a compilation in town hall of Northfield special acts or local acceptance statutes voted by town meeting.

General government bylaws play an important role in establishing responsibilities and relationships among town employees and in defining residents' rights and obligations when they interact with town hall. Bylaws present an opportunity for a town to establish rules that fit its character and to document how residents choose to organize their government. With this in mind, we recommend that the town start a process to formulate general government by-laws.

The process would prompt local debate on larger topics and on the future of town government. Discussed would be the pros and cons of a stronger management presence in town hall (i.e., a town administrator). Reporting relationships in town government, appointing authority, a budget process and budget development responsibility would be part of the

discussion as would whether positions should be elected or appointed. Town meeting dates and procedures, the membership and authority of standing committees and the organization of government would be included.

The task would involve the appointment of a committee, which can be formed by a town meeting vote or by unilateral selectboard action. It would work best with five or seven members with a balance between residents and town officials. Its charge and a deadline for the completion of its work (i.e., presentation at an annual town meeting) should be clear. The committee should seek the input of its own residents, employees and officials through public hearings and open forums. For guidance on process or on organizing bylaws, the committee can look to the experience and to the bylaws of other towns. Once approved by town meeting and the State Attorney General, a hardcopy of the new bylaws should be available to residents in the town clerk's office and an electronic version should be posted to the town website.

#### 9) Maintain Log of Local Acceptance, Special Acts and New Bylaws

Even though the town has no codified general government bylaws, the town clerk should break from past practice and begin to keep a log of locally accepted statutes and approved special acts. Research into town meeting minutes should also be conducted to identify when these votes have occurred in the past. The information can be maintained in a simple Excel spreadsheet or in a three-ring binder. Ultimately, the approved measures would be incorporated into bylaws.

#### 10) Change the Administrative Assistant Title

The responsibilities of the administrative assistant are enumerated in a job description and summarized in the town annual report. They include assistance in the preparation of the annual operating and capital budgets. Among other duties, the administrative assistant serves as a purchasing agent and procurement officer, personnel administrator, benefits administrator, ADA coordinator and monitors consultant contracts as needed. In its entirety, the administrative assistant's job has responsibilities that are wide-ranging, comprehensive and rise to the level of a town administrator. However, the title does not infuse the position with authority and instead diminishes the scope of the job as evidenced by the current search to fill the position. The perception of the job prompted secretary level candidates to apply and is likely to have served as a disincentive to those with management experience.

Therefore, we recommend that the town change the administrative assistant title to a town administrator or similar title that conveys the substance of the position and the role the selectboard intends. A change in job title would convey the true standing of the office holder to act on behalf of the selectboard and to resolve the issues, concerns and problems that are otherwise brought to town hall. A more appropriate title underscores the implicit support of the selectboard when the coordinator acts on its behalf, particularly when he or she is expected to

work with department managers. It also presents an opportunity to begin centralizing the day-to-day administration of town government. Currently missing in town government is the essential ability of one person to execute town goals, to take initiatives to improve operations and to establish equal accountability over all those responsible for the administration of town business.

Over time, this person might play a substantive role working with the finance committee and selectboard in the annual budget process. He or she could lead a financial management team and orchestrate analyses of financial data, coordinate long-range revenue and expenditure forecasting, and oversee fiscal procedures. To create real line-authority and accountability in government, the position would have appointing power. Under this structure, part-time boards and commissions can continue to provide expert guidance, make customary decisions, and formulate policy. These and related issues would be natural topics in the discussion of general government bylaws, where the position and its responsibilities should be formalized.

### 11) In a Future Step, Consider Combining and Appointing the Treasurer/Collector

When a vacancy occurs or is anticipated, the town should consider converting the treasurer or collector from elected to appointed positions. At the same time or earlier, the town should also consider formally combining them into a single position.

As these jobs become more demanding, towns are less confident that qualified, experienced candidates live among town residents and are less willing to rely on the chance of elections to produce one. They have turned instead to appointed positions where the pool of prospective job candidates expands beyond town boundaries. As important, most communities act under a prevailing theory of government practice that policy makers should be elected, but operational positions, where a certain skill set is required, such as the treasurer, collector, accountant, assistant assessor, etc., should be appointed. Through an interview process and background checks, the town improves its chances of hiring a person with the strongest credentials and/or most relevant professional experience.

Under the provisions of MGL Ch. 41 §1B, the treasurer and collector can be made appointed positions by majority vote of town meeting and subsequent acceptance by the voters at a town election. A special act is required to formally combine the offices of treasurer and collector. The town already benefits from the same person occupying both positions. Because of complimentary responsibilities, ensuring that the positions are combined in the future makes sense.

### 12) Modify the Budget Process

Development of the annual budget is driven by the finance committee, which is assisted by the town accountant, but is also a cooperative process with the selectboard. We offer three suggestions that will produce a more logical sequence of steps and a more lineal process. It

differs from the current process only in the following ways. We recommend: 1) a budget calendar; 2) early revenue projections; and 3) later meetings with departments.

*Budget Calendar* - The selectboard chair, the finance committee chair and the administrative assistant should meet in early fall to plot out a budget calendar. Working backwards from the annual town meeting date, deadlines for completing each step of the budget process (listed below) should be established. In particular, the process would benefit if it began one month earlier than in the past.

*Revenue Projections* - Revenue projections should be a first step in the budget process rather than occur as expenditure requests are being reviewed. A comparison of projections to actual prior year revenues and expenditures will form the basis of instructions to department heads as they prepare their appropriation requests. Estimates of new growth in calculating the tax levy and of state aid should be conservative and reflective of economic and political trends. Working with the accountant, and consulting with department heads whose offices generate revenue, local receipts estimates and the potential for miscellaneous revenue can be estimated. The finance committee chair should also be advised of, if not involved in, the process. Adjustments to state aid are likely to occur in late January after the Governor submits his budget recommendation.

*Department Meetings* - Appropriation request forms, backup information and a submission deadline should be sent to department heads soon after the completion of revenue projections. Department heads should be advised to provide a realistic budget, and one that does not anticipate additional funding after the fiscal year has begun. Only after the accountant has assembled departmental requests into a working budget and it has been reviewed by the finance committee should meetings with departments begin. This way, going into the meetings, the finance committee will know whether a budget gap exists and what conversation needs to occur.

*Open Warrant Period* - As an additional note, opening and closing dates for placing articles on the town meeting warrant should be set and adhered to. Many selectboards establish a month long period for this purpose, which allows sufficient time for warrant articles to be internally reviewed, reviewed by town counsel, and by bond counsel, if needed, for printing and distribution. Setting specific dates also provides for a more orderly process, early decision making and fewer last minute tactics that tend to undermined public confidence in the process.

### 13) Publish Annual Budget Early and Reorganize

*Publish Annual Budget in Advance of Town Meeting.* Currently, on the night of the annual town meeting, those in attendance see the proposed town budget for the first time. The Moderator allows a 15 minute recess so that they can review it before debate and prior to casting a vote to accept or reject what was a \$7.5 million appropriation for FY2011. Throughout Massachusetts, it is a common complaint that town meeting members show little interest in debating, or even questioning, the details of the annual town budget. Nonetheless, it seems that

the opportunity is lessened, when residents are given 15 minutes to digest and understand millions of dollars in spending presented in a difficult to interpret format. When building a budget calendar, we recommend that the town leaders establish decision-making deadlines to allow publication of the recommended budget as part of the town meeting notice a week in advance of the meeting date. It should also be posted to the town website. Setting this, or even an earlier, deadline also advances the budget process and helps to eliminate any tendencies to make rushed, last minute changes.

*Reorganize the Annual Budget for Town Meeting.* The finance committee and selectboard appropriately receive a detailed presentation of projected departmental expenditures during the budget process. While town meeting doesn't require the same, it should be provided with information in form and substance that allows an informed decision regarding the annual town budget. For example, salary, wage and expense categories for each department should be retained, but a line showing the department total should be added. Also, to the extent practical, line-item expenditures should be listed under the department which has the authority to spend those funds. This helps town meeting understand the hierarchy and reporting relationships in town government.

#### 14) Shift to Bi-Weekly Selectboard Meetings

The selectboard routinely meets Tuesday night each week, sometimes for well less than an hour. Because the part-time town clerk leaves each Wednesday at noon and returns on Monday, selectboard meetings must be posted with her Wednesday morning to meet State Open Meeting Law requirements for a 48 hour notice. State law also requires that the next meeting's agenda be included. However, agenda items are frequently unknown or are vague a mere 12 hours after the selectboard just met. Under the new Open Meeting law, adding agenda items is discouraged if not posted 48 hours prior to a meeting.

We recommend that the select board move to a bi-weekly meeting schedule, which should provide sufficient time to make needed decisions and otherwise complete town business. For a town as small as Northfield, more frequent meetings should not be necessary. We are aware of selectboards in towns five-to-ten times larger than Northfield that manage to complete their work by meeting just twice a month. If emergencies or other circumstances arise and demand immediate attention, the board can always call additional meetings.

We have also seen where once a week meetings allow insufficient time to accumulate and understand the information needed for decision-making. As a result, progress stalls, the list of open items grows and the selectboard can appear ineffective or indecisive. The board can make this decision as a matter of policy, but it might be adopted as a by-law.

## 15) Manage Volunteer Committees

Like many communities, Northfield has a lengthy list of standing and ad hoc volunteer committees. Some are statutorily required and some are more active than others. Unless well managed, committees can be a drain on resources with demands for time and information from the selectboard and town workers. A consistent approach and uniform rules should apply to existing and new committees.

We recommend the selectboard initiate a process to review all volunteer committees to ensure that each has a clear charge. Committees that are dormant, which have achieved their purpose, or whose purpose is no longer relevant should be disbanded. Committees whose existence is justified should be reconstituted with a renewed mandate. A reporting requirement and a deadline for action should be established. For some committees, a sunset clause is appropriate. Each committee chair should be directed to provide updates or interim reports to the administrative assistant, following which a decision can be made when the subject should be placed on the selectboard agenda.

Lastly, the importance of being sworn-in as a committee member by the town clerk should be underscored. Until sworn-in, a person's appointment is not effective and their vote is not valid.

## 16) Reinstate Capital Planning

Town departments have not submitted capital requests in the last two years due to budget constraints. However, even without funding the town benefits from identifying its capital needs. If a separate committee is not formed, the responsibility for reviewing capital requests can be taken up by the finance committee. A standard capital request form should be designed and distributed to departments, which would submit their capital needs together with their general appropriation requests. To build a long-term plan, departments should indicate needs on an annual basis extending five years into the future. If funding is available, the finance committee would prioritize requests based on objective criteria. Projects not funded would be pushed into subsequent years.

## 17) Satisfy New Open Meeting Law Requirements

The town clerk has prepared a form where appointees to town positions or committees acknowledge receipt of certain information, including new rules under the state open meeting law. The new state ethics law imposes a similar requirement, which must be annually met. Every town under the open meeting law is also obligated to install an outside bulletin board, by July 1, 2010, where all public meetings can be posted and viewed 24 hours a day. We encourage the town to review the specifications for such a bulletin board and plan accordingly to have it installed at a cost that makes sense.

## 18) Consider Town Visioning Sessions

Massachusetts residents, particularly in smaller towns, frequently view local issues first with an eye toward how an outcome might alter the character of the community they consider worthy of protection. For some in Northfield, the decision whether to allow a gas station to locate in the town falls into that category. Others are speculating how the planned re-occupancy of the former Northfield/Mt. Hermon School and the potential infusion of 600-to-1,000 students plus faculty, administration and service personnel might impact the town. It may make sense to seek public input on these types of topics as well as many that will arise if a process to adopt general government bylaws is pursued. One vehicle is to initiate so-called visioning or master planning sessions. It is not an area of expertise for DLS, but may be an appropriate response to concerns being voiced by Northfield residents. Recently, a similar approach was taken in the Town of South Hadley. Otherwise, FRCOG may be in a position to help.

## 19) Plan for the Northfield/Mount Hermon School Tax Revenue

In December 2009, ownership of the previously tax exempt Northfield/Mt Vernon School was transferred to Hobby Lobby, a private for-profit corporation. The intended property use is a Christian college, which is currently scheduled to open in the fall of 2012. However, in the meantime, the town has determined that the property is taxable and has issued a FY2011 real estate tax bill to the owner. Because the property previously enjoyed and is likely to return to tax exempt status, DOR advised the town to set aside an overlay reserve sufficient to cover the risk should the new property owners file for a FY2011 abatement and succeed. In a prudent decision, the town increased its FY2011 overlay to \$473,008 from \$50,603 in FY2010. If the abatement risk passes, the increased overlay amount could return to the general fund as surplus and be available for appropriation.

The change in tax status, even if short-lived, also qualifies the property as new growth. Accordingly, on its FY2011 Tax Recap Sheet, Northfield added \$26.7 million in new assessed value and realized a corresponding increase of over \$400,000 in new tax revenue. These are permanent increases to the town's tax base and levy limit and will remain in future years even after the property returns to tax exempt status and the college no longer pays taxes.

If the town chooses as it has in the past to continue taxing at its levy limit, it will also continue to raise the "additional" tax revenue year after year. This represents a significant increase in total property tax revenue - 7.2 percent in FY2011 - and could materialize as a 5.8 percent jump in total FY2011 spending. Looking ahead, the town would be wise to develop and commit to a long-term plan establishing to what extent this reservoir of available tax revenue will be tapped and how it will be spent.



## PERSONNEL RELATED RECOMMENDATIONS

### 20) Follow Personnel Policy Regarding Employee Time Sheets

Section 3.2 of the town's personnel policy states, in part, "Accurately recording time worked is the responsibility of every employee....Employees shall record the proper codes for time worked and time off as outlined on the timesheet and sign it...All completed timesheets are to be submitted to the Department Head for approval." Section 1.7.2 states, "Each Department Head shall submit to the Town Accountant, with a regular pay schedule, a time sheet for each employee. This time sheet shall specify the number of hours worked and any leave taken, as well as any pertinent information for the payroll records, as legally required. The Town Accountant shall be responsible for maintaining a permanent record of the time."

We encourage the selectboard and all who manage staff to support the accountant's effort to implement a standardized time sheet across municipal departments. Because of scheduling complexities, flexibility in format should be allowed for a few departments (i.e., police), but information should be consistent throughout.

We also recommend a change to the personnel policy. Timesheets should be a daily account of an employees' number of hours worked or type of time (regular, sick, vacation, etc). These time sheets should remain with the department head, who would prepare and sign a single list of employees with weekly totals of hours and type of hours taken. This summary would be forwarded to the accountant. Sample forms can be copied from the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls) - Financial Management Assistance - Financial Calculators and Sample Forms.

### 21) Consolidate Personnel Files

To ensure that employee information is protected in compliance with federal and state laws, personnel files should be maintained in one place, under lock and key. Currently, this is not the case. The files should be under the control of the administrative assistant, who is the town's designated personnel administrator. In fact, the town's personnel policy imposes the same requirement in section 1.7.1.

The town should also review access privileges noted on page 5 of the personnel policy. The treasurer is not listed among those who are granted access to employee files, which appears at odds with language in the treasurer's job description under "Work Environment."

### 22) Consider Establishing a Personnel Board

The town's personnel policies set out a system of rules and regulations, classification and salary schedules as well as rights and benefits for all town employees. Often a

town administrator would be charged with maintaining a centralized personnel record-keeping system. He or she would coordinate the recruitment, placement, and hiring processes, and would hear employee grievances and recommend disciplinary actions to the selectmen. In Northfield, these tasks appear to be assigned to the administrative assistant, but the position lacks the inherent authority to be effective in this role. That being the case, the town might consider forming a personnel board of three to five residents with appropriate professional experience. The board should not be comprised of elected officials and other town employees who would raise concerns that decisions may be swayed by political or personal considerations. When issues that impact a person's livelihood are at stake, the town should go out of its way to ensure a fair and objective decision-making process. A personnel board should also be formalized in the town bylaws.

## TECHNOLOGY RECOMMENDATIONS

### 23) Address Technology Issues

Like most small towns, Northfield does not fund a position to oversee technology in town government. The assessors' office contracts with a local resident, on a consultant basis, to provide Patriot support. Otherwise, the town receives up to two hours per month of support from a consultant under contract with the Franklin County Regional Council of Governments (FRCOG). By agreement, the consultant provides a wide range of basic services, but it's not likely Northfield can take full advantage given its limited hours. The town has an Electronic Communications and Cable Television Advisory Committee, which functions on a policy rather than operational level.

While the town can ask the consultant to provide a list of suggested maintenance and repair items, to help with upgrades and networking, he does not function as a technology advocate. And, on balance, there is no organized approach to managing computers and software. Consultant support includes the installation and updating of anti-virus software, but Northfield departments do not receive this service. It appears that Norton Anti-Virus programs are installed on town computers. Once a year, the software is replaced with new off-the-shelf copies reportedly to save costs as the expense of three new licenses per disk is less than annual fee for updates to a previously purchased version on three computers. Otherwise, most departments act independently when making purchases, back-up and protect data.

In general, the use of technology is not at a high level. A GIS system is ready but not implemented. Apparently, network wiring is in place at town hall, but there is no server so the benefits of a network are not realized. The town offers on-line property tax payments, but many records are maintained in hardcopy. In this context, we recommend the town explore ways it can expand its use of technology in daily operations.

*Assign Technology Responsibilities* - We recommend that town hire a permanent administrative assistant who is technology savvy and add technology oversight to his or her job responsibilities. It is not intended that this person would function as a technology director and provide hands on support for town departments. Current arrangements with consultants can continue to fill this need. The administrative assistant represents a place where technology issues can be centralized, where planning can originate and where advocacy can reside. In short, the administrative assistant can provide the necessary initiative and follow-through to ensure that the recommendations below are achieved and that other progress is made.

*Inventory/Replacement Schedule* - An accurate, up-to-date inventory of all town hardware and software should be developed. Using an Excel spreadsheet, model numbers, locations, age and general condition of all computers, servers, printers, copiers, etc. should be logged. Information about software should include version number, last update, assignees of licenses and status of support agreements. With this information in hand, the town can plot out a long-term replacement or update schedule with projected costs. Central purchasing procedures should be developed and managed by the administrative assistant. This will ensure that the best prices are received and that all hardware and software is compatible.

*Backup Procedures/Disaster Recovery Plan* - There are no uniform instructions to department managers relative to data back-up. As a result, the assessing clerk backs-up data daily on tapes and carries the tapes home with her. The treasurer/collector backs-up to a flash drive or disk daily and stores the files in fire proof safe in the office. The accountant and the town secretary back-up to a CD and external hard drive, respectively, and either store on-site or take the data home. All are diligent, but this may not be the case across all town departments.

While not essential, we suggest that all departments be provided with the same back-up medium. External hard drives are easy to operate, have ample storage capacity are reasonable in cost and are increasingly used for backup purposes. If possible, data should be stored off-site in a secure, protected location, which is accessible by someone in addition to the department head. The frequency of back-ups should minimize the potential loss of data. A sequence of steps should also be developed to instruct town hall personnel what to do and who to contact in the case of lost data through a computer crash or glitch.

*Virus and Spyware Protection* - If not already done, a survey of all computers should be completed to determine their status relative to anti-virus and spyware protection. Whether or not new installations or upgrades are needed, the consultant through FRCOG should be asked to assess on the adequacy of the software in use.

*Data Protection/Password Security* - When payroll or vendor warrants are approved, the treasurer sits at the accountant's desktop computer to initiate the check printing program. While doing so, she has unblocked access to all the town's financial records, including the general ledger. Under sound financial controls, access to the accountant's records would be password protected. A different password would be assigned to the treasurer allowing access to the check printing function, but to no other areas of the accounting software. If the network connection

that apparently exists between the accountant and treasurer's computers were activated, the treasurer might be capable of printing checks from her own desk.

Absent a technology person or technology committee, the town's Electronic Communications and Cable TV Advisory Committee might be the appropriate group to explore these issues. If the committee no longer functions, the selectboard should appoint a new technology committee.

## PUBLIC WORKS RECOMMENDATIONS

### 24) Establish a Sewer Enterprise Fund

Enterprise fund accounting enables a community to identify the operating cost of providing a service, to plan for capital improvements and to set rates sufficient to cover those costs. It allows 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. A surplus, or retained earnings, can be built up, accumulate interest and once certified by DOR used to fund operating, capital, or debt service costs associated with the sewer operation.

In Northfield, although a sewer enterprise fund is generally favored, efforts to establish one have been stalled due to a persistent view that, if pursued, a reimbursement should be paid to the town subjecting system users to an unacceptable rate hike. To spread a reimbursement to the town over time, special legislation would be needed.

Moving forward with an enterprise fund would cost the town nothing further and would result in no general fund revenue shortfall in the coming year. It only requires that the notion of a reimbursement to the general fund which originated over 30 years ago when the sewer system was first installed, be abandoned.

*Town Meeting* - To adopt a sewer enterprise fund, two and possibly three articles should be placed on the May 2011 town meeting warrant: 1) to accept M.G.L. c. 44 §53F½ to establish a sewer enterprise fund and 2) to fund the sewer department in accordance with §53F½. If any sewer related revenues are being accounted for in a special revenue fund, a third article should direct where the remaining balance will go on June 30. If the remaining balance is credited to the new enterprise fund, it will become a component of the DOR certification of retained earnings, which would be immediately available for appropriation. Town meeting might alternatively direct that any remaining special revenue fund balance close to the general fund and ultimately to free cash. In either case, DOR will regard any special revenue fund as having been rescinded as of July 1 with formal adoption of the enterprise fund. For information see the DLS guide to Enterprise Funds. Go to [www.mass.gov/dls](http://www.mass.gov/dls) then to "Financial Management Assistance" and to "Publications and Other Useful Links".

*Rate Setting* - As part of the FY2012 town budget process, the sewer department should estimate its expenses for the fiscal year beginning next July 1 and set rates so that estimated

revenues cover all estimated expenses. Guidance for setting rates can be drawn from prior year, year-to-date and other historical water consumption trends and actual expenditures. The sewer commissioners do not have to wait for a full year of actual water usage numbers to set rates. Even with earlier rate setting, the department could send bills once a year, twice a year or on a quarterly billing cycle. No change would be needed in the billing process. The sewer commissioners must meet their legal requirement to send a signed commitment letter to the collector, who would print, stuff, mail bills and receive payments as in the past. The fact that in the past rate setting was delayed so that they could raise revenue in an amount equal to the actual prior year's expenditures is inconsequential.

*Annual Town Budget, the Tax Recap Sheet and Schedule A* - With the adoption of an enterprise fund, the sewer department will be supported exclusively by rate revenue and not tax dollars. All sewer line items should remain in the town's annual line-item budget and rate revenue should be accounted for in the town's revenue projections. In addition, the sewer department budget appropriation occurs with approval of the second of three articles referenced above which shows projected expenditures and revenue side detail. On the FY2012 Tax Recap Sheet prepared in the fall of 2011, sewer revenues previously listed as an estimated receipt under "charges for services - sewer" should be omitted and reported instead on Form A-2 Enterprise Funds. Elimination of sewer expenditures from the line-item budget will offset the omission of sewer receipts as estimated revenue. As a result, the town will experience no revenue shortfall. When the FY2012 Schedule A is prepared for submission to DOR, sewer department activity should be reported entirely under enterprise funds.

*Sewer Department Operations* - The sewer department would begin operations as an enterprise on July 1. Bills based on actual water consumption from January through June could be produced and sent by August 1. A second bill could go out on February 1 for usage from July through December. From July 1 to whenever sewer revenue arrives, we would expect the cost of employee salaries and wages, as well as vendor invoices to be covered by available cash in other town accounts. This type of internal borrowing is a common and acceptable practice in municipalities, but should be documented by appropriate notations in the town's financial records. Not all funds can be used for internal borrowing purposes and by fiscal year-end, all accounts must be settled. We recommend in this report that the treasurer develop a cash flow budget which will allow her to monitor major revenue infusions and cash demands through the year and help her anticipate whether internal borrowing is needed.

## 25) Expand Use of Sewer Software

The town should explore whether the sewer department could more effectively manage sewer accounts and generate a sewer commitment if provided with a copy of the Continental utility software. The sewer department currently receives water consumption data which it keys into an Access data base to determine resident sewer bills. The information is forwarded to the

collector as a commitment where she then re-keys it into the utility software in order to produce sewer bills and post payments. If the sewer department also had a copy of the software, a re-keying of data could be avoided and the entire process could be streamlined. The sewer department would also have greater capability to analyze data, review bills and produce commitments.

## 26) Create a Department of Public Works

The town has separate highway, cemetery and tree departments under the jurisdiction of the selectboard, plus a sewer department under a separately elected sewer commission. Each has its own annual appropriation, and at least for now, the same person has an appointed or elected role in managing each department. A single DPW with a supervisor overseeing previously separate functions will increase prospects for efficiencies in staffing, the use of equipment, and other expenditures. Any financial impact of a supervisor's position should be more than recovered through more effective use of department resources. With the formation of a DPW, the selectboard could appoint a DPW Board or act in that role. However, making the transition from an elected sewer commission to a DPW board would require special legislation. ???  
Department of Public Works (DPW) – MGL Ch. 41 §69C-F.

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## Treasurer/Tax Collector

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In Northfield, the treasurer and tax collector are separately elected offices, but the same person has occupied both positions for over 25 years. Posted office hours are 9:00 am to 3:00 pm Mondays and Wednesdays, plus 6:00-8:00 pm Wednesday evenings. However, the treasurer/collector points out that she also works out of her home and typically devotes 20-30 hours a week to the two jobs combined. The treasurer/collector has a written job description which appears to be an accurate list of her job responsibilities.

A treasurer is the town's cash manager and has custody of all municipal money. In Northfield, she has procedures in place to receive, verify and deposit departmental turnovers and other receipts. She maintains the components of a cash book and reconciles cash to her bank statements monthly, but reconciles her receipts log only with the accountant each quarter. She receives and accounts for departmental turnovers. Once counted, signed receipts are given to department staff, she retains one copy of the turnover sheet and a second full copy is delivered to the accountant. Once payroll and vendor warrants are signed by the selectboard, the treasurer sits at the accountant's desktop computer to print checks from the BSMI software. She applies her signature with a hand stamp, and then orchestrates the distribution of checks. As required, the treasurer maintains tax title accounts. In Northfield, her office is also involved with benefits administration and keeps personnel files with employment related information.

As a tax collector, the treasurer/collector possesses the authority to accept payments for real estate (2,280 parcels) and personal property taxes (192 accounts), motor vehicle excises (over 2,900 bills), betterments as well as other related charges and payments due the town. In Northfield, the tax collector also receives sewer payments (about 260 accounts).

The town is on a semi-annual preliminary tax billing schedule. Estimated bills for the first half of the year are typically mailed by July 1, which establishes an October 1 due date. To its credit, for FY2010 and FY2011 the town submitted its tax rate to DOR for approval in December, rather than wait until February or March as it had in the four previous years. By issuing bills by December 31<sup>st</sup>, the town benefits from 2<sup>nd</sup> half tax collections by April 1, rather than experiencing a delay to May 1 or later. In each case, the assessors' commitment is delivered in a Point compatible format so the collector can post payments to taxpayer accounts. As part of the process the appropriate reconciliations take place to ensure the converted commitment matches the original commitment in the assessors' Patriot software.

Among the FY2010 real estate tax payments, about 25 percent arrived by mail, 25 percent were received over the counter and 50 percent were paid electronically by third-party tax escrow companies. These companies receive the tax commitment on a CD to determine amounts owed. The town has no on-line payment option for residents. The collector sends out demand notices in June each year and follows up in December with letters. Overall, the process works and results in high collections rates. As of June 30, 2010, total dollars due the town in tax title accounts equaled \$33,037 in outstanding taxes, interest and charges according to DOR records.

The collector's receipts are deposited directly into a treasurer's bank account for the town and turnovers to the treasurer side of the office are documented. The collector receives notice of abatements and exemptions from the assessors, issues refunds when due and municipal lien certificates when requested.

The office has Internet and email access. Point financial software is installed on a single free standing desktop computer primarily for tax collector purposes. On the treasurer side Microsoft Excel and manual ledgers are used. The treasurer/collector states that she backs-up data on a daily basis alternately to a compact disk or flash drive. The files are stored in a fire proof file cabinet in the office.

The collector contracts with a deputy collector who prints motor vehicle excise bills based on registration information he receives directly from the State Registry of Motor Vehicles. Bills to exempt vehicles owners are pulled before a mailing. The deputy also tracks and collects delinquent motor vehicle excises for the town. He deposits receipts into a joint account with the town, periodically turns over collections with back-up and retains his fee by writing a check to himself from the account.

It is our understanding that, historically, the collector reconciles her receivables internally on a quarterly basis, but delivers her balances to the accountant, for reconciliation with the general ledger, only twice a year.

Conclusion - The treasurer/collector has effective procedures in place for the collection, posting and depositing of town money. When funds are moved to the treasurer's side of the office, the appropriate paper trail is created. As treasurer, the process for accepting, documenting and reporting departmental turnovers is equally sound. Other requisite responsibilities are also fulfilled.

## 27) Further Emphasize Reconciliations

The treasurer/collector reports that she reconciles her receivable balances quarterly, but submits her balances to the accountant twice a year. The treasurer/collector reconciles her cash internally and with the accountant on a monthly basis. In each instance, if variances arise they are resolved.

Particularly in the absence of outside audits, reconciliations of cash and receivables take on greater importance as a fundamental financial check and balance. Therefore, we recommend that the treasurer/collector place emphasis on the reconciliation of receivables and send her balances to the accountant, at least, at the end of each quarter. In terms of cash, we encourage the treasurer/collector and accountant to remain committed to their current practice of monthly reconciliations.



## 28) Develop a Cash Flow Budget

A cash flow budget is a useful tool that can help the treasurer track revenue and expenditure trends and, in particular, anticipate and address periods of low cash balances. This comes into play when planning to pay assessments to the regional school district and will be important if the town adopts a sewer enterprise fund.

The cash flow budget need not be detailed, but should monitor general revenue (i.e., tax receipts, state aid, etc.) and expense categories (i.e., payroll, debt service, etc.) on a monthly basis. An example of a cash flow budget as an Excel spreadsheet can be copied from our website at [www.mass.gov/dls](http://www.mass.gov/dls) → Financial Management Assistance → Financial Calculators and Sample Forms. The treasurer can also develop a simple spreadsheet of her own liking in Excel to fulfill the same function.

On balance, past patterns of monthly spending and collections can be drawn from revenue and expenditure reports. They can be adjusted to account for current year appropriations, and projected debt service obligations. With this information 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 should replace estimates.

If cash flow is or becomes a problem, the town should consider shifting from its semi-annual/preliminary property tax bills to quarterly tax billing.

## 29) Adopt M.G.L. Chapter 41, Section 38A

A designated tax collector, as in Northfield, possesses the authority to collect only real and personal property taxes, excises, betterments, and certain other charges added to and committed as taxes. In order to receive sewer payments, or any other monies owed to the town, specific action is necessary to designate the tax collector a town collector through local acceptance of MGL Ch 41 §38A. We recommend that at the next town meeting, the town adopt MGL Ch 41 §38A and create a bylaw converting the office of tax collector to that of a town collector.

## 30) Allow an On-Line Payment Option

In Northfield, as in other small Western Massachusetts communities, where town hall office hours are few, and where home business and home offices are on the rise, providing access to on-line bill paying makes sense. The financial institution which receives payments immediately deposits receipts into town accounts and sends the town financial reports in hardcopy and electronic formats. If the payment information can be converted to a Point format

(usually by Point at a cost), it can be automatically uploaded to taxpayer accounts. In the end, the on-line process becomes an efficiency for the collector and a convenience to town residents as well to those who owe the town money, but reside elsewhere. We also suggest that the town consider placing a lock box, secured to the building, where residents can drop-off payments at town hall. We offer this as a better option than a mail slot where payments drop into an open, unsecured basket.

### 31) Modify Deputy Collector Fee Payment Method

The town's deputy collector appropriately maintains a joint bank account with the town into which he deposits delinquent motor vehicle excise payments. The tax collector receives bank statements on the account and periodically receives a report of collections from the deputy together with a turnover by check. The deputy collector also writes a check on the account to himself to cover fees that are legitimately due. This last step fails to comply with DOR regulations. The preferred payment method for services rendered requires the deputy collector to submit an invoice which would then go through the vendor warrant process. In this way, a clear paper trail is created. An acceptable, but less favored approach requires the tax collector to co-sign any check to pay a deputy's fee, which must be drawn from the joint banking account with the town. DOR Informational Guideline Release 90-219 addresses a municipality's relationship with its deputy collector and is available on the DLS website.

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## Accountant

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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, she maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; the accountant prepares vendor and payroll warrants; reconciles cash, receivables and debt with the treasurer/collector; and produces various financial reports. The accountant is responsible for providing DOR with 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 (for tax rate approval).

The Northfield town accountant has held the 20-hour, part-time position for 21 years. She has regular office hours in town hall from 9:00 am to 5:00 pm on Tuesdays and Wednesdays and 9:00 am to noon on Fridays. She also serves as accountant in the Town of Erving and treasurer for the Pioneer Valley Regional School District of which Northfield is a member community. Town financial records are maintained on BMSI software which has been in use for about 10 years and includes the general ledger, payroll and accounts payable modules. Microsoft Excel and Word are installed on her desktop computer as well and she also has email and Internet access. The accountant and the treasurer's computers are physically connected, but are not operating as a network.

Each week the accountant produces payroll and vendor warrants. In the case of payroll, she receives employee hours, including sick and vacation time used, in time sheets typically signed by department heads, but in various formats. A payroll warrant, in the form of a detailed payroll register generated by the BMSI system, is signed by the selectboard Tuesday night for the workweek ending on the prior Saturday. She maintains a manual record of unused employee sick and vacation time, which she periodically updates. Vendor warrants are also prepared and signed by the selectboard on a weekly basis. Managers of departments under the jurisdiction of the selectboard sign each invoice. The selectboard reviews them, applies a stamp and forwards them to the accountant for placement in the warrant. The selectboard then approves the warrant and invoices from all departments. All checks are generated and signed by the treasurer who uses the accountant's computer to access the BMSI check-writing function.

During the annual budget process, the accountant attends meetings, receives departmental appropriation requests and produces a working budget for the benefit of the finance committee and selectboard. She contributes to the development of revenue projections. During the fiscal year, she produces monthly expenditure reports, as required, for municipal departments and others. However, reconciliations of cash occur monthly, but receivables do not occur as frequently. She helps complete the Tax Recap Sheet so that tax bills get issued on time. With

virtually no borrowing - the town has one outstanding issuance - the absence of a debt schedule is inconsequential.

Conclusion - The town accountant is a steady long-term town employee who effectively fulfills the legal responsibilities of her position. Our recommendations suggest a few, but significant adjustments to her current procedures.

### 32) Eliminate Withholding Information from Payroll Warrant

The payroll warrant should be produced for the selectboard without detailed withholding information for each employee. This information should be securely retained in personnel files, available only to legally authorized individuals. In order for the selectmen to fulfill their legal obligation to review the payroll warrant and to provide necessary detail for checks to be issued by the treasurer, it is sufficient that warrant information include gross or net salary amounts due each employee. This information can be incorporated into the warrant or listed separately as an attachment. In addition, the warrant should include a list of withholding categories with the total amount due each from all employees. The town's payroll software should produce actual warrants, a report or a combination of reports that will satisfy this recommendation.

### 33) Commit to More Frequent Reconciliations

The accountant and the treasurer/collector have a shared responsibility to see that their respective record of the town's cash and receivables are reconciled. However, the initiative to reconcile should originate with the accountant. DOR requirements are not satisfied until the treasurer/collector's balances, arrived at through internal reconciliations, are measured against the accountant's general ledger and adjusted for any variances. Cash is reconciled routinely. However, the accountant should reach agreement with the treasurer/collector to meet regularly to complete reconciliations of receivables. We emphasize that in the absence of periodic outside audits, reconciliations take-on added importance in Northfield.

### 34) Track Employee Accruals Electronically

If town employees correctly complete a standard daily time sheet and department heads accurately summarize weekly payroll information for the accountant, then a record of each employee's used and accrued sick leave and vacation time will reside in two places. We suggest that the accountant keep a record of this data electronically either on an Excel spreadsheet or in the BSMI system. In this way the town can plan for future payments and avoid potential liabilities when accruals are in dispute. A system that includes signed employee time sheets, signed payroll reports from department heads and electronic records in the accountant's office which are backed-up, establishes strong checks and balances.

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## Assessors

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In FY2010, the volume of work in the Northfield assessing department involved 2,280 parcels including 1,153 under residential use, 580 vacant parcels, 192 commercial/industrial properties and 355 properties listed under “Other Usage.” Included are 262 properties in chapter land and in addition, there are 182 personal property accounts. The town is on a preliminary semi-annual billing cycle. The first motor vehicle commitment totals about 2,900 bills each year. The office issued 63 property tax exemptions in FY2010 and on average receives about 12 abatement applications each year.

Department operations are guided by a three-member, elected board of assessors which meets twice monthly. The part-time board chair and members receive annual stipends of \$1,746 and \$1,618 respectively in FY2011. Two members have fulfilled DOR certification requirements, while the third member elected in May 2010 is allowed two years to complete BLA’s assessors’ certification workshop and Course 101. The office is staffed by the assessors’ clerk, who has held the position since 1994. According to the town Compensation Plan, the assessors’ clerk is classified as a Grade 6, full-time 36-hour per week position. The office is open 25 hours with posted times on Monday, Tuesday and Thursday from 9:00 am to 3:00 pm and on Wednesday from 9:00 am to 2:00 pm and 6:00 pm to 8:00 pm.

The office uses an updated version of the mass appraisal software developed by Patriot Properties (Lynn, MA) and engages the services of a local resident to provide support when needed. Maps and data are GIS ready, but the system is not implemented. The office is also receiving consultant services from Mayflower Valuation, Ltd. (Plymouth, MA) under a contract per diem rate of \$800 and a total cost not to exceed \$3,200 - apparently for one year. Under the terms of a single page agreement executed in March 2010, Mayflower agreed to:

- Analyze and review sales and non-arms-length coding for 2008 and 2009;
- Generate all statistical and stratified analysis reports by property class using prior FY2010 valuation tables;
- Adjust land and cost schedules to produce new valuations;
- Generate all statistical and stratified analysis reports by property class using new FY2011 valuation tables;
- Assist the board of assessors with its new growth report to DOR;
- Complete the town’s interim year adjustment report to DOR

According to the assessors’ clerk, work under the contract includes inspections of arms-length sales, all building permit properties and new personal property accounts by Mayflower. Sale and building permit information is collected throughout the year and stockpiled. It is later organized and made available to the consultant who begins inspections in the spring. The assessors’ clerk receives all the new information and makes changes to property records in the

Patriot system, originating from inspections and including title changes and subdivision information received from the Franklin Registry of Deeds. Property photographs are also added. Mayflower is expected to complete a measure and list of all town properties to meet the deadline for the town's cyclical inspection program. The company is likely to have a larger role in the next triennial property value certification.

The board approves all abatements and exemptions, and sets the town overlay reserve as part of the budget process. It also provides levy information for use in the Tax Recap Sheet submitted to DOR. The assessors' clerk handles mail, mails forms of list annually, income and expense statements every three years and sale questionnaires.

Motor vehicle registration information goes directly from the RMV to the town's deputy collector who returns a commitment and bills to the assessing office. The assessors' clerk "pulls exempt" bills, marks corresponding accounts in the commitment book and manually calculates the adjusted commitment amount before the treasurer stuffs and mails the bills.

Conclusion - A full-time assessor's clerk provides support to the board and consultants, assists residents and otherwise fulfills office functions. The board of assessors meets its legal responsibilities. Data collection, valuations and high level analyses are completed entirely by part-time consultants. This is a long-time structure that works for the town, but changes in approach, reflected in the recommendations below should be considered.

### 35) Address FY2012 BLA Recommendations

In its most recent review, the DOR Bureau of Local Assessment (BLA) provided the assessors with five recommendations for FY2012. Our comment here is intended as a reminder that the assessors address BLA concerns, which involve: cyclical reinspections; income and expense data; land schedules; frontage; mixed use properties; and neighborhood review

### 36) Collect Deeds Electronically from Registry at No Cost

One way that the assessors keep property records up-to-date is to identify changes in ownership reflected in recorded deeds the office regularly receives from the Franklin County Registry of Deeds. Registry staff mail copies of the deeds and other documents to the town at a cost of \$1.00 a page. The same information and more, is accessible on-line at no cost. If the assessors felt compelled to print copies from the Registry website, the cost would be far less. In the big picture, a lot of money is not at stake. For instance, in 2009, 66 deeds totaling 180 pages were recorded. However, on-line records also include municipal lien certificates, mortgages and mortgage discharges, homestead declarations, which from time to time might be of research interest to the assessors.

### 37) Put Property Records on the Town Website

It has become a routine practice among Massachusetts cities and towns to make property records available to the public on line. In this way, residents, appraisers and others can independently search property records and print field cards without creating office disruptions. The overall affect is to reduce foot traffic and free up staff time. On-line access to information also offers convenience and flexibility to taxpayers. It sends a message to taxpayers about progressive customer service and use of technology.

### 38) Simplify the Abatement and Exemption Process

The assessors' office is required to provide copies of approved abatements and exemptions to the applicant, the collector and the town accountant, as well as maintain the original, signed by the board, in a bound book. The assessors' clerk fulfills this obligation by completing a three-part certificate form (a copy each for the office, the applicant and the collector), logging approved abatements or exemptions in a manual record and then creating a list, by hand, to send to the accountant. These steps are followed whether abatements and exemptions involve real estate bills, personal property bills or motor vehicle excises.

We recommend that she create, or seek assistance in creating, a single page certificate of abatement as a Word document. As an abatement is approved and a certificate is needed, she could fill it out in the computer and save it under the applicant's name for an internal record. Once signed, she could print copies for the office, the applicant, the collector and the accountant. If she prefers to maintain an independent log, it should be created as an Excel spreadsheet with the relevant and necessary information. Instead of hard copies, the log could then be sent periodically by email to the collector and accountant.

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## Acknowledgements

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