



Town of Oakham

# Financial Management Review

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Division of Local Services / Technical Assistance Section

November 2009

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## INTRODUCTION

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At the request of the Oakham Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this financial management review of the town.

We have based our findings and recommendations on a site visit and telephone conversations by staff members of the Municipal Data Management & Technical Assistance Bureau (MDM/TAB) and in consultation with the Bureau of Accounts (BOA) and the Bureau of Local Assessment (BLA). The staff interviewed the selectmen, administrative assistant, finance committee members, accountant, assessors, tax collector, town clerk, and treasurer, and other municipal office staff.

DLS staff examined such documents as the tax rate recapitulation sheet, annual budgets, cash and receivables reconciliation reports, and statements of indebtedness. The town also provided us with warrants, debt schedules, town by-laws, job descriptions, and other assorted financial documents.

The purpose of this review is to assist Oakham officials as they evaluate the town's financial management. In reviewing the existing financial management, we have focused on: (1) the town government structure in the context of the duties and responsibilities of financial officers; (2) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

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

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## EXECUTIVE SUMMARY

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Oakham is a rural town located just northwest of Worcester with a population of 1,914 persons (2008 US Census). Of the 21.12 square miles of land area, a fair amount is open and undeveloped with about 37 parcels in chapter land purposes (e.g., M.G.L. c. 61 forestry, c. 61A agriculture/horticulture, or c. 61B recreation) and another roughly 6 square miles of state-owned forests, wildlife management and watershed properties. It is also home to two private camp grounds whose populations place additional demands on the town's services during the summer months. The community is part of a regional school district, there is a volunteer fire department and, with the exception of the two police and three public works employees, the few remaining officials and staff are part-time.

Since 2000, single-family residential development in the town has grown from 525 (FY2000) to 641 (FY2009) parcels, an increase of 116 or 22.1 percent. As a result, the town's population grew from 1,673 (2000 US Census) persons to an estimated 1,914 (2008 US Census) persons, an increase of 241 people or over 14 percent.

During the same period, the town's operating expenses also have increased. Between FY2000 and FY2009, Oakham's budget increased over 50 percent from \$1.9 million to \$2.9 million (FY2009). The town's largest area of expenditure is education costs, which total over \$1.63 million, or 59 percent, of FY2009 general fund expenditures. Another rapidly growing spending category related to Oakham's development is public safety. The town's year-end Schedule A report shows that public safety expenditures (i.e., police, fire, ambulance and regional dispatch departments) have increased from \$141,719 (FY2000) to \$404,236 (FY2009), nearly tripling.

Annually, the budget is funded by four general sources of revenue—tax levy, state aid, local receipts, and reserves. The vast majority of state school aid (Chapter 70) goes directly to the Quabbin Regional School District, and a small portion is received by the town because a few children attend a vocational high school on a tuition basis. The town also receives non-education state funding (e.g., unrestricted general government aid, property tax exemption reimbursements, state owned land, and library aid) that, when combined with its Chapter 70 aid, accounted for about 13 percent of Oakham's FY2009 estimated revenues.

Since Oakham has enacted fourteen fee-for-service revolving funds, the town collects fewer general fund local estimated receipts. Motor vehicle excise and payments in-lieu of taxes for state watershed properties are the largest local receipt sources (combined on average at a little over \$300,000 or over 80 percent of the total) and a variety of departmental fees, fines and investment income make up the balance. The town annually appropriates from its ambulance receipts reserved fund to offset the operating cost of the service. It uses the stabilization fund and free cash generally for one-time expenses and on some occasions to balance the budget as was the case in FY2008 and FY2010. Consequently, at least 60 percent of the budget is funded with property tax revenues.

Like many communities, Oakham has limited choices to address large or unanticipated cost increases as well as state aid cuts. Such was the case in FY2009 when the state aid was reduced, translating into a \$23,268 mid-year cut for Oakham. Because the regional school district budget had

been adopted, Oakham's non-school operations had to absorb the full reduction. Department heads banded together and cut and/or deferred spending where possible. While Oakham officials were able to weather the mid-year cuts in FY2009, they were concerned about FY2010 and beyond.

The regional school district proposed an initial FY2010 budget of nearly \$33 million and the community's assessment was greater than what Oakham was willing or able to pay. The selectmen and finance committee members met and communicated with the other four member communities about the proposed FY2010 school budget. Two communities approved it, but Hardwick, New Braintree and Oakham held out, making FY2010 the second year in a row that the district did not have an approved budget prior to the beginning of the fiscal year. In response, the district made a \$100,000 reduction over the summer that was rejected by the same three members. By September, the district made more cuts, bringing the FY2010 budget down to about \$32.6 million. New Braintree's recalculated assessment was now less than the amount approved by its town meeting. When Hardwick subsequently increased its appropriation, the stalemate was over and Oakham was forced to raise an additional \$48,118 to meet its share.

In addition to the region's appropriation, Oakham had to appropriate \$17,300 to cover unemployment costs for a laid off police officer. The town's vocational tuition budget increased about \$16,000. However, the town was able to reduce its general fund appropriation by about \$22,000 because Oakham received a \$38,652 State Fiscal Stabilization Fund grant for its FY2010 vocational costs. The town meeting also had to revote a debt authorization for the elementary school roof replacement. This debt was approved at the annual town meeting in June contingent on a Proposition 2½ debt exclusion vote, but a ballot was never scheduled by September 15 so it became null and void. With only five full-time employees, a call fire department, a few part-timers and elected officials, there is little left to cut so the town used \$24,800 of its reserves to balance the budget. Fortunately, Oakham's free cash has already been certified at over \$136,000 and its general stabilization fund is about \$322,000 (as of 7/1/09). However, given the continuing poor economic news, Oakham is concerned that the recent reduction in regional school transportation aid as well as future state aid levels could force officials to draw down the town's limited reserves and/or make more drastic service cuts.

It is for these reasons Oakham officials are thankful for volunteer efforts and are pursuing grant funding and regionalization options wherever possible. In the aftermath of the December 2008 ice storm, some residents helped clear roads alongside town workers and private contractors, thereby reducing the final out-of-pocket costs to the town. Oakham is one of three members of a regional emergency dispatch center located in Rutland. The Massachusetts Executive Office of Public Safety and Security awarded a \$50,000 grant to 17 area communities to study the feasibility of expanding service and providing uniform technology and greater efficiency. Similarly, Oakham town meeting voted to join the Pathfinder Vocational High School District, which needs to be approved by the current eight member communities, based on a projected cost saving analysis prepared by regional officials.

The town's initiatives have not been limited to cost cutting measures, but also include a recent change in the way Oakham conducts business. Historically, Oakham had been a semiannual tax billing community. However, the town has not set its tax rate by the October 1 deadline since FY1994. Depending upon the length of the delay, the town has had to seek revenue anticipation borrowing to meet its cash flow needs. In FY2008 and FY2009, it cost Oakham over \$6,700 each year as a result of the delays. To help avoid this expense in the future, town meeting approved quarterly tax billing beginning in FY2010.

In an effort to further explore other potentials savings and improvements in current operations, the selectmen requested that the Division of Local Services (DLS) conduct a comprehensive review of the town's financial offices. The recommendations in this report are based on best management practices that comply with state laws and regulations. They are designed to increase efficiencies in the town's financial operations and establish fiscal planning and coordination. Chief among these is the creation of a financial team to better coordinate current and future financial and management activities, strengthening the administrative assistant's position and activation of the town's website to improve communication with the public at large. With increased coordination, clearly defined policies and procedures and good financial practices in place, Oakham will be able to plan for the future and position itself for whatever lies ahead.

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## OVERALL MANAGEMENT, BUDGET AND FINANCIAL OPERATIONS

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During the course of our review, we looked at the town's overall management, including its governmental structure, by-laws, budget and fiscal practices, personnel functions, as well as financial department operations. What follows is a summary of our observations and recommendations.

Oakham does not have a charter. Its government is organized under a combination of state statutes, special acts, and local by-laws. State statutes generally provide allowable methods of governance and often offer guidance on minimum requirements, while special acts and by-laws enable a community to establish specific authority and procedures by which it operates.

Oakham's by-laws are comprised of 22 chapters. The elected offices that oversee departments or specific operations include the selectmen, assessors, board of health, cemetery commission, collector, moderator, planning board, town clerk, treasurer, tree warden, and library trustees. With the exception of the finance committee, which is selected by the moderator, and the assistant assessor, who is appointed by the board of assessors, all other staff, boards, and committees are appointed by and report to the selectmen, Oakham's chief executive officers. Some of the elected and appointed positions are codified in the by-laws, which occasionally identify the number of members, term, and responsibilities. As for personnel matters, the selectmen are authorized by town meeting vote to set compensation rates for the police, fire and highway departments and there is a by-law for vacation time. Oakham does not have union employees or a personnel by-law that would address uniform compensation schedules, policies on sick and other leave options, and rules governing employee conduct.

Because the selectmen are a part-time board, Oakham has an administrative assistant who works 27 hours per week. She is available in town hall each day except on Fridays when she works from home without interruption from telephone calls and public inquiries. Appointed in October 2007, she is responsible for following up on matters for the board, assisting the public, sorting mail, serving as liaison with committees, boards, and other officials, and preparing the selectmen's correspondence and town meeting warrants. The administrative assistant coordinates the annual town report, oversees the town hall maintenance contractor, is responsible for central purchasing for town hall beginning in FY2010, and serves as the sexual harassment officer. She also has been appointed by the selectmen to be the liaison to the State Ethics Commission, complying with Chapter 28 of the Acts of 2009, An Act to Improve the Laws Relating to Campaign Finance, Ethics and Lobbying, known as the Ethics Reform Law. Her job description also includes preparing operating budget requests for the selectmen's accounts and the developing and maintaining personnel policies for which the incumbent has had no involvement thus far.

While the payroll and vendor warrants are approved biweekly, the selectmen meet weekly. The administrative assistant prepares the weekly agenda for each meeting. Generally, meetings last a couple hours and the board completes all the agenda items, but some are disrupted by individuals not scheduled to appear, causing agenda items to get held over to subsequent meetings.

The annual budget process begins in January when the finance committee, with the assistance of the accountant, reviews preliminary revenue estimates and distributes operating and capital request forms with a cover memo to all departments and boards. Completed forms are submitted to the accountant, who then works with the finance committee reviewing requests, holding hearings, developing revised revenue projections, and preparing a balanced budget proposal. Throughout this process, the finance committee communicates with the selectmen and they jointly meet to finalize the proposed budget for town meeting approval. While the finance committee has intermittent contact with the assessors, collector and treasurer, there is no coordinated fiscal planning or team effort at this time. There is no long-term revenue and expenditure forecasting and capital requests are handled by the finance committee on an ad-hoc basis upon request from departments when resources are available.

Every year during annual town meeting, numerous articles are presented to the voters for action. This includes many revolving funds that are acted on separately. The warrant also has two articles to transfer cemetery perpetual care receipts and sale of lot fees to segregated funds.

Because the accountant serves in three separate communities, she is part-time. She works Monday evenings and Thursday afternoons in Oakham and is available by telephone and electronic mail. She oversees financial activity of the municipality and maintains the town's general ledger. Typical financial activities of the office include reviewing invoices and payroll; preparing biweekly warrants; producing trial balances, revenue and expenditure reports; maintaining information on town debt; and reconciling cash and receivables monthly with the treasurer and collector. At the close of each fiscal year, she prepares and submits the balance sheet and year-end report of revenues, expenditures and fund balances (commonly referred to as the Schedule A) to DOR timely.

Because of the small size of the community and the low level of federal funding received, Oakham has not had an audit conducted since 1999. Despite this, the accountant has a schedule of assets and infrastructure that is updated annually, complying with the Government Accounting Standards Board (GASB) Statement 34. As for determining the town's other post employment benefits (OPEB) potential liability and compliance with GASB Statement 45, this is not an issue for Oakham at this time because it never accepted the state provision to provide health benefits to its retirees (M.G.L. c. 32B, §9A).

The assessing office is operated by an elected, three-member board of assessors. The board approves the full and fair cash valuations and classification of all property, assigns tax payments to owners, generates the property taxes and excise commitments for the collector to collect, and acts on all abatement and exemption applications. The board has two part-time staff, an assistant assessor and clerk, who provide about 16 hours of office coverage weekly. The assistant assessor conducts inspections, maintains the town's assessment records, determines residential property values, processes exemption and abatement applications, and prepares interim year valuation adjustments. The clerk assists her in handling the motor vehicle excise accounts and responding to public inquiries.

The assessing office maintains assessment data on approximately 950 real property parcels and 170 personal property accounts (120 of which are exempt in FY2010 since town meeting adopted M.G.L. c. 59, §5 cl. 54 and set the minimum taxable personal property value at \$10,000). The office



also has data on about 2,700 motor vehicle excise accounts. In addition, the office processes approximately 50 building permits for inspections, 40 deed transfers, 10 (40 in a revaluation year) abatements, and 20 exemptions annually.

Because the assessors do not have a long-term cyclical re-inspection program, the town is using the services of an appraisal consultant to conduct a full measure and list of all property over two years, which is due to be completed in the spring. The town is scheduled to conduct its triennial revaluation in FY2011, which is anticipated to be done with outside consulting services, but no estimate of cost is available as of this writing. Historically, the funding for the revaluation program is appropriated at annual town meeting for the year that the revaluation is scheduled.

Both the collector and treasurer positions are elected posts. In addition to Monday evenings, the collector is available three days from 10am-2 pm and the treasurer is in town hall on Fridays. Their compensation is set annually by town meeting, but the collector (M.G.L. c. 60, §15), like the town clerk (M.G.L. c. 262, §34), keeps her statutory fees. The town clerk's and the collector's fees are deposited into revolving funds (M.G.L. c. 44, §53E½), which town meeting annually reauthorizes and sets the limit on the total amount to be spent from each. Payments from the revolving funds are made through the warrant process.

The collector processes approximately 1,000 property tax bills quarterly and 2,700 motor vehicle excise bills annually and prepares about 60 municipal lien certificates each year. The collector prints and mails the property tax and the demand bills. She receives about 40 percent of the property tax payments by escrow service, and receives the remainder together with the motor vehicle excise payments by mail or at the counter. One property owner uses the town's on-line payment option, which the collector plans on promoting when the town's website is activated. All payments are posted upon receipt. Using an easy deposit machine, check payments are scanned in the office, a file is sent electronically to the bank where totals are verified and credited to the collector's account that day. Weekly, the collector prepares a turnover for the treasurer that includes a report.

Once a real estate tax bill becomes past due, the collector issues a demand notice. If the demand notice does not result in payment, the collector contacts the property owner by phone and in writing, which generally results in payments for all except a few parcels. For these properties, she does a tax taking and turns the accounts over to the treasurer, who then uses the services of an attorney to pursue foreclosure options.

The collector uses a deputy collector to pursue delinquent motor vehicle excise accounts and a credit collection bureau for personal property. The deputy collector also prints the motor vehicle excise bills, which are delivered to town hall for the collector to stuff and mail. All delinquent collections are deposited to a town bank account and weekly turnover reports are provided. Fees for the outside services are then paid through the warrant process.

The treasurer is responsible for cash management (including the investment, disbursement and borrowing of cash), preparing the town's biweekly payroll, and administration of employee benefits. According to the treasurer, departments turn over revenues when received, which are then counted, deposited in the bank, and posted into the cash book. The departmental report formats vary. Most are

manually filled out, have a brief written description of the revenue source, but do not always have a fund or account code number that clearly identifies the type of receipt received.

Monthly, the treasurer submits a statement of receipts to the accountant, who matches it up to the department reports and posts the revenues to the general ledger. After receiving the monthly bank statements, the treasurer reconciles her accounts and then reconciles with the accountant's general ledger.

Oakham does not have a formal computer services department. Generally, departments with computerized systems purchase and operate them independently. These are stand alone systems that have Microsoft Office applications and access to the Internet and e-mail services, for which the community does not have user policies. A town official is paid a stipend to maintain the systems, conducting weekly backups, ensuring virus protection is current and hardware and system problems are resolved.

The financial offices also use specialized software applications. The accountant uses FundWare, which was installed in 2000 when she converted her financial records from the statutory system to the uniform municipal accounting system (UMAS). The assessing office uses the Vision computer assisted mass appraisal system. The collector uses the Community Software Consortium (CSC) tax administration application and the treasurer uses Quicken programs to process and print payroll and vendor checks. She keeps the cash book in an Excel spreadsheet.

Town meeting appropriated funds in FY2008 to develop and launch a town website ([www.oakham-ma.gov](http://www.oakham-ma.gov)). Through the efforts of a finance committee member, the site is being developed and reportedly is nearly complete. Once the new site is launched, the finance committee member envisions that a group of four additional town staff members/officials will be responsible for managing the site. When departments and board members were asked about website content, many were not aware the site was nearly complete and others had not considered what information should be posted.

As previously mentioned, the police department is staffed by two full time positions and has supplemental coverage from eight part-time officers and five reservists. Tours of duty are scheduled during the day and evening hours. Grant funding had been used to provide for overnight patrols, but the state eliminated this funding. Now, the chief generally responds to incidents between midnight and 8 am, minimizing overtime expenditures. Similarly, the part-time fire chief oversees the on-call fire and ambulance departments. Currently, these departments have mutual aid arrangements with adjacent communities, which enables them to call upon their neighbors in times of emergency or when coverage is limited.

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## RECOMMENDATIONS

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### RECOMMENDATION 1: STRENGTHEN THE ADMINISTRATIVE ASSISTANT'S POSITION

We recommend that the administrative assistant be assigned financial management coordinating responsibilities. At a minimum, the administrative assistant should participate in the budget process, preparing and being familiar with the departmental budgets under the selectmen's control as written in her job description. However, it may be advantageous if this role were expanded to financial management coordination duties. This is not to suggest that additional work would be cast upon the administrative assistant. Rather, she would work with the other financial offices as a team, gathering fiscal data and other information, analyzing it and presenting the results to the selectmen in order to keep them fully informed. While the selectmen may revise the current job description to include financial management coordination, the position and its responsibilities should be codified in a by-law.

### RECOMMENDATION 2: CREATE A FINANCIAL MANAGEMENT TEAM

We recommend that the town create a financial management team through the adoption of a by-law. Chaired by the administrative assistant, the financial management team should include at least the accountant, collector, treasurer, and an assessor and meet on a regular basis throughout the year.

During the budget process, the financial team members would collectively develop preliminary revenue estimates that would be updated as new information becomes available. The team also should discuss contingency plans (e.g., revised spending proposals and scheduling override/debt exclusion votes) and ensure necessary actions are completed timely.

Beyond the budget process, the financial management team would assist the administrative assistant in compiling and presenting comprehensive financial information to the town's policymakers, both selectmen and finance committee, on topics such as the prior year's performance, year-to-date activities, and issues as they come up. The members of this committee collectively should review financial documents (e.g., revenue and expenditure reports, balance sheet, and tax recapitulation sheet) for completeness and accuracy. This information will provide a comprehensive picture of the town's financial health at any point in time.

A financial team would ensure ongoing communication among the financial officers and institutional continuity if someone leaves. The team's participation in general financial and budget activities will ensure that more than one person knows all facets that need to be gathered, analyzed, and monitored continually.

### RECOMMENDATION 3: CONDUCT BIWEEKLY SELECTMEN'S MEETINGS

We recommend that the selectmen meet biweekly to approve the warrant and handle routine matters. These meetings should be scheduled to allow the selectmen to approve the payroll and vendor

warrants. Guidelines should be established on the process of getting an issue on the selectmen's agenda and how much time is allotted to each topic. If unscheduled items come up or matters require additional time, the selectmen may adjust the agenda, continue them to another meeting or call a special meeting in the interim week. This will also help alleviate the administrative assistant's workload.

During one of the interim weeks each month, we recommend that the financial team meet and/or present updates to the selectmen and finance committee. Seeing that most of the financial officials have scheduled hours on Monday evenings, this would be an opportune time to meet and conduct working sessions, review financial information and discuss issues as they come up. It would ensure all are informed and issues/projects are tracked and resolved to completion.

#### RECOMMENDATION 4: MAINTAIN CEMETERY FEES IN SEPARATE FUND ACCOUNTS

We recommend that the perpetual care and sale of cemetery lots receipts be deposited into funds separate from the general fund upon receipt, complying with state laws M.G.L. c. 114, §25 and §15. According to both statutes, these revenues are to be turned over to the treasury and kept separate from other money and accounts of the town. The funds donated by individuals for the care of gravesites must be invested and spent as directed by the perpetual care agreement or, in the absence thereof, the interest (not the principal) may be used as directed by the cemetery commissioners for the purpose of maintaining cemeteries. Proceeds of the sale of cemetery lots may only be appropriated to pay for the cost to improve or enlarge a cemetery.

#### RECOMMENDATION 5: DIRECT COLLECTOR'S AND CLERK'S FEES TO THE GENERAL FUND

We recommend that the town meeting adopt a by-law to direct the collector's and town clerk's statutory fees to the general fund. Most Massachusetts communities have adopted a by-law, which would make the collector's and town clerk's fees general revenues and they would no longer be retained as supplemental income. As such, town meeting would appropriate the annual compensation of these two individuals at a presumably higher but set amount. In addition, any agreement made for deputy collector or credit collection services would be funded by appropriation instead of the current practice of assignment of the collector's fees.

Alternatively, we recommend that the town clerk's and collector's statutory fees be deposited into agency funds. A revolving fund can be established to set aside revenues received, through fees and charges, for providing specific services or benefits. It is DOR's opinion that fees that accrue by general law (M.G.L. c. 60, §15 and c. 262, §34) cannot be characterized as departmental receipts and therefore should not be in revolving funds. Instead, these fees should be handled in agency funds

because these receipts provide no equity to the community. The town is only custodian of the funds until the collector or town clerk request payment via the warrant as is the current practice.

#### RECOMMENDATION 6: POPULATE THE TOWN WEBSITE WITH USEFUL INFORMATION

We recommend that Oakham populate its website with basic information as soon as it is activated. Each department should post staff or committee contact e-mail addresses, hours of operation, meeting times and places, a general statement of responsibilities, forms, applications and frequently asked questions. Other helpful information that can be added to the website includes the town's budget and financial statements, town reports, board and town meeting minutes and external Internet reference links. A comprehensive and up-to-date website would help generate public awareness and confidence in government. In other communities, user-friendly and informative websites have proven successful in reducing the amount of time that town employees spend fielding questions in person or on the phone.

#### RECOMMENDATION 7: ESTABLISH A TECHNOLOGY ADVISORY COMMITTEE

We recommend that the town establish a technology advisory committee and codify it in a by-law. While the website group as proposed may assist departments in keeping the on-line information current and useful, the town might benefit more by establishing a technology advisory committee. This committee could have a broader function. It would oversee content management of the website and also assist the departments with changes in technology, future acquisitions and the possibility of networking the offices' systems. The by-law should identify the number of members, including both users and volunteers who have computer experience.

#### RECOMMENDATION 8: ADOPT A PERSONNEL BY-LAW

We recommend that the town adopt a personnel by-law. A personnel by-law should be established that groups all town positions, other than those filled by election, doing similar work or having equal responsibilities into separate classifications. The selectmen should serve as the personnel board. The by-law should include a compensation table with minimum salaries or wage rates and that provides periodic step increases based on length of service up to the maximum compensation allowed. It should require written job descriptions for all positions and include hiring, performance evaluation, termination, and grievance procedures. It should identify employee working conditions, benefits, and available leave and specify who will maintain personal employee information in a secure, central location.

To complement this by-law, the town should develop written employee policies. Each employee should be given these policies and acknowledge receipt of them upon being hired and/or annually to confirm continued recognition of them. These policies should include, but not be limited to, issues of sexual harassment, Whistleblower Act, conflict of interest, ethics, and acceptable Internet

and e-mail use. The town could contact their counterparts in other communities that have established a personnel by-law and written policies for examples.

#### RECOMMENDATION 9: CUSTOMIZE DEPARTMENTAL RECEIPT REPORTS

We recommend that the treasurer, in cooperation with the accountant, standardize the departmental turnover reports. For each department, a turnover sheet should be created that clearly lists all the revenues handled by that department or board, including a brief description, operating fund and the revenue account codes. These reports will enable the treasurer and accountant to process the information quickly without having to inquire with a department or board as to the source of the funds.

#### RECOMMENDATION 10: CONSOLIDATE THE REVOLVING FUND AUTHORIZATIONS

We recommend that the town consolidate its revolving fund authorizations into one article. In the appendix, we have provided a multiple departmental revolving funds article and vote model. Each revolving fund can still be discussed, amended or rejected individually, but this will help to streamline the town meeting time and reduce the length of the minutes.

#### RECOMMENDATION 11: ESTABLISH MULTI-YEAR FORECASTING AND CAPITAL PLANNING

We recommend that the town develop a multi-year revenue and expenditure forecast. One member of the town's financial team should be responsible for producing the forecast, but it will be based on a collection of information from all the financial offices. The forecast should span between three and five years and be updated routinely as new information becomes available. Forecasting used in conjunction with a capital plan will enable officials to evaluate budget requests with multi-year impacts, identify programs that may not be funded or capital requests that will have to be deferred, and develop long-range financial plans. DOR has developed and made available on its website a revenue and expenditure forecasting application (see Financial Management Assistance at [www.mass.gov/dls](http://www.mass.gov/dls)) to help municipalities.

We also recommend that the finance committee prepare a formal multi-year capital plan for annual presentation to town meeting. As a part of the budget process, departments currently make capital requests, which are reviewed and recommended to town meeting based on available resources. A formal report of the needs and the committee's prioritized recommendations, clearly identifying deferrals due to lack of resources, should be annually updated and presented to keep residents informed. DOR also has developed and made available on its website a capital improvement program planning manual (see Publications and Other Useful Links under Financial Management Assistance at [www.mass.gov/dls](http://www.mass.gov/dls)) to help municipalities.

## RECOMMENDATION 12: ESTABLISH A CYCLICAL RE-INSPECTION PROGRAM

We recommend that the assessors establish a cyclical inspection program, which involves completing an interior and exterior inspection of all town property over a period not to exceed nine years. From these inspections, any changes in the property characteristics are entered into the CAMA system, which updates the parcel data and may result in additional new growth for the town. The benefits of this program provide the assessing office with current, accurate data, and reduce the cost of having a full measure and list program going forward.

## RECOMMENDATION 13: APPROVE FUNDING FOR TRIENNIAL PROGRAM EARLIER

We recommend that revaluation-related funds be appropriated at least a year in advance of the scheduled certification year. This will enable the assessing office to plan, bid (if necessary), and contract for professional assistance to complete the program. Without a commitment to provide adequate funds in advance of the schedule, the town could encounter delays or problems (e.g., lack of a contractor's availability, a higher cost per parcel, or late completion of the program).

## RECOMMENDATION 14: REVIEW BY-LAWS

We recommend that Oakham perform a comprehensive review of its by-laws. A strong set of by-laws establishes a formal framework of codes, policies, and procedures under which town government operates. These by-laws should identify and describe the role and responsibilities of appointed and elected officials, departments, and committees. In the absence of a charter, Oakham's town by-laws should be better developed, more comprehensive and informative than they are.

## RECOMMENDATION 15: COMBINE AND APPOINT COLLECTOR & TREASURER

We recommend that the town combine the collector and treasurer positions into a single appointed office with an assistant. Because there are so many parallels in responsibilities (e.g., collecting, counting, posting, depositing, and reconciling receipts) of these offices, increasingly communities are combining the collector's and treasurer's operations to improve cash management and to gain efficiencies. As an appointed position, the town can also establish minimum qualifications for the job and select the applicant that best suits the demands of the office. For Oakham, this consolidation of responsibilities and staff could be accomplished through a special act of the legislature or the adoption of a home-rule charter. (See [City and Town Charters - Adoption, Revision and Amendments](#) at [www.mass.gov/dls](http://www.mass.gov/dls)).

This recommendation should not be construed as reflecting a poor opinion of either of the incumbent office holders. Rather, this recommendation reflects our opinion that consolidating these offices would provide better coverage based on service demand (i.e., payroll and quarterly tax collections) or in the event a staff member is out for a brief or extended period, and make

organizational sense for such a small community. This may be something the town wants to consider for the long term as turnover in these positions occurs.

#### RECOMMENDATION 16: CONSIDER REGIONAL PUBLIC SAFETY DEPARTMENTS

We recommend that the town, in conjunction with adjacent communities, consider establishing a regional public safety department. Oakham is a member of a regional emergency dispatch center in order to gain better coverage and increased efficiencies. Due to limited resources, Oakham's fire and ambulance services are on-call and the police staff is not funded for round-the-clock coverage. The current mutual aid arrangements with other communities may have worked well in the past, but all communities, large and small, are struggling to train and fund their current small, part-time operations during these difficult fiscal times. Increasingly, communities are exploring the benefits of combining resources to provide more reliable, efficient and cost-effective services. DOR recently completed an [Enhanced Regionalization and Merger Analysis](#) for the Towns of Hamilton and Wenham (see [www.mass.gov/dls](http://www.mass.gov/dls)) that included police and fire services. This report could be of interest to town officials as they consider the expansion of the emergency center and initiate discussions among potential community participants.

#### RECOMMENDATION 17: CONDUCT FINANCIAL AUDITS

We recommend that the town conduct periodic financial audits. The town is not required to conduct an annual audit because Oakham does not received more than \$500,000 in federal funding in a year's time. The community also is fortunate to have financial officials who reconcile their cash and receivable balances monthly, thereby safeguarding the community's assets. However, it is a good management practice to conduct periodic financial audits, which provide an independent review of the town books and fiscal practices. At a minimum, an audit should be done at least every third year. However, when a financial officer departs or if in the event officials are unable to reconcile financial information, the town also should consider contracting for auditing services that would examine the records and analyze the accuracy of the figures and balances.



## APPENDIX

## MULTIPLE DEPARTMENTAL REVOLVING FUNDS ARTICLE AND VOTE MODEL

Article 5 - DEPARTMENTAL REVOLVING FUNDS AUTHORIZATION. To see if the town will vote to authorize revolving funds for certain town departments under Massachusetts General Laws Chapter 44 §53E½ for the fiscal year beginning July 1, 2###, or take any other action relative thereto.

Motion – That the town establish revolving funds for certain town departments under Massachusetts General Laws Chapter 44, § 53E½ for the fiscal year beginning July 1, 2###, with the specific receipts credited to each fund, the purposes for which each fund may be spent and the maximum amount that may be spent from each fund for the fiscal year (if optional information included (shaded columns) then insert: the disposition of the balance of each fund at the end of the current fiscal year and restrictions on expenditures that may be made from each fund), as follows:

<u>Revolving Fund</u>	<u>Authorize d to Spend Fund</u>	<u>Revenue Source</u>	<u>Use of Fund</u>	<u>FY{current} Spending Limit<sup>1</sup></u>	<u>Disposition of FY{prior} Fund Balance</u>	<u>Spending Restrictions or Comments</u>
Hazardous Materials	Fire Chief	Fees charged to persons spilling or releasing hazardous materials	Training and special equipment needed to respond to hazardous materials incidents	\$15,000	New fund	
Title V Inspection	Board of Health	Septic system inspection fees	Salaries of inspectors or contractual services related to septic system inspections	\$40,000	Balance available for expenditure	
Teen Center	Teen Center Director	Teen center snack bar receipts, dance admission charges, activity charges and receipts	Expenses, supplies and contractual services to operate Teen Center	\$15,000	Balance available for expenditure	Fund may not be spent for salaries of more than one part-time employee. Full-time director salary funded in annual budget
Senior Citizens Bus	Council on Aging	Bus user fees	Salaries, expenses, contractual services to operate bus service to senior citizen housing developments and debt service on bus purchased for program	\$50,000	\$5,000 of balance available for expenditure, remainder to revert to General Fund	Fund may not be spent for salaries of more than two full-time employees, or any capital item over \$500
TOTAL SPENDING <sup>2</sup>				\$120,000		

<sup>1</sup> FY{current} per department spending limit is \$100,000 (1% of FY{prior} levy of \$10,000,000)

<sup>2</sup> FY{current} total spending limit is \$1,000,000 (10% of FY{prior} levy of \$10,000,000)

## ACKNOWLEDGEMENTS

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This report was prepared by The Department of Revenue, Division of Local Services.

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Priscilla Johnson, Assistant Assessor  
Donna Sands, Finance Committee  
Paul McNeil, Finance Committee and Website and E-Mail Administrator  
Susan Carpenter, Collector  
Edna Holloway, Treasurer  
Christine Mardirosian, Town Clerk  
Phillip Warbasse, Planning Board  
Donald Haapakoski, Police Chief