



# *Town of Phillipston*

## *Financial Management Review*

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*June 2006*



## **INTRODUCTION**

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At the request of the Phillipston 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 site visits by Municipal Data Management & Technical Assistance Bureau (MDM/TAB), Bureau of Accounts (BOA), and Bureau of Local Assessment (BLA) staff members. During these visits and via telephone, the staff interviewed the selectmen, board of assessors, and the chair of the finance committee. DLS staff also interviewed the administrative assistant, town accountant, treasurer, tax collector, and building inspector. DLS staff examined such documents as the tax rate recapitulation sheet, town reports, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness and other assorted financial documents.

The purpose of this review is to assist town officials and boards 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 among relevant boards and officials, and (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

The board of selectmen should consider the recommendations contained in this report in formulating overall strategies for improving the town's financial management. Many recommendations in this report can be implemented without a major change in the current structure of town government given sufficient cooperation among town boards and officials.

## Overview

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The town of Phillipston is a rural, residential community located on route two, at the northern entrance to the Quabbin recreation area. While still a small town, Phillipston has experienced substantial growth. Over the past 25 years, the population has doubled to about 1,730 people. In the same period of time, the cost of providing town services and educating its students has increased five-fold.

Like many small communities, Phillipston relies on a few devoted, part-time citizens to manage its day-to-day business. In the past, the various financial officers and policy boards coordinated their efforts in a relatively informal and decentralized way. The town had the good fortune of recruiting and electing public servants whose dedication, cooperation, and hard work allowed the government to function without a great need for many official guidelines or formal, written procedures. However, in recent years, Phillipston's growth, as well as increasingly complex and technical financial regulations, has strained the town's capacity to continue functioning per this status quo. As a result, many of the financial officers have inadequate training; there is no structure in place to coordinate processes that require interoffice cooperation; and when problems arise, there is no way to pin-point who or what is responsible. Therefore, the recommendations in this report revolve around building a more formal financial management structure that will accomplish the following:

- Ensure that financial officers and staff are adequately trained and technically adept,
- Encourage coordination between the financial officers so that they act as a unit rather than a collection of subunits,
- Increase accountability through performance evaluations and more centralized authority.

Phillipston's problem was recently highlighted by cash flow shortages that were entirely due to a failure to meet important fiscal deadlines. In 2005, Phillipston's tax rate was not set until May fifteenth, just one and a half months before the end of the fiscal year. As a result, the town had to rely on short-term revenue anticipation borrowing, at a cost of more than eleven thousand dollars, to fund most of its budget. Furthermore, in two of the past five years, delays in filing the annual financial report (Schedule A) led DOR to withhold the town's fourth quarter state aid distribution (approximately \$35,000). Also, the town did not file balance sheets in 2003 or 2005. This prevented the certification of free cash, which had been a significant source of funding in the past.

Phillipston has not been able to meet these deadlines because key financial offices lack the training, expertise, and technical support to produce and maintain many of the

most standard financial records. The trial balance sheet and statements of activity that were presented to us during our review were so wrought with errors that they shed doubt on the accuracy of any of the town's financial records. As a result, the financial officers are unable to determine, let alone analyze, the town's financial position at any point in time. Furthermore, the information that the town is able to compile is often held in limbo for weeks at a time because the offices do not communicate or cooperate efficiently.

The town attempted to address its cash flow shortages by adopting quarterly property tax billing to be implemented in fiscal year 2006. The financial offices were not able to adapt and coordinate their efforts in time to issue quarterly bills this year and there has been significant concern as to how, and if it will work next year. Even if quarterly billing is successful in 2007, the most it will accomplish is to temporarily cover one symptom of the real problem: Phillipston's government has not kept pace with the town's growth and the changing regulatory environment. Without a financial management structure in place that ensures financial officers have the necessary knowledge and skills, quarterly billing alone will not eliminate the errors and missed deadlines.

The failure of the current structure to accommodate increasingly demanding requirements is also apparent in the faltering relationship between the policy boards, the financial officers, and the town employees. In the past, small size and relatively straightforward requirements allowed for informal processes and interactions. Today, the lack of clear goals and objectives by which to measure performance and gauge future needs hinders the ability of the selectmen and finance committee to set appropriate budgets or formulate long-term plans. As department heads request spending and pay increases, the boards are not always able to judge whether expenses are necessary or if salaries are merited. The absence of clear job descriptions with specific responsibilities and written procedures proved to be a serious problem when the previous treasurer passed away in 2004. Neither the new treasurer nor the selectmen knew what critical tasks had to be completed to ensure the continuity of operations. In the process, important health insurance payments were missed, resulting in a significant increase in premiums.

These issues are not the fault of any one office or board, but the consequence of a system that has not adequately adapted to a changing environment. The recommendations offered in this report focus on developing a more cohesive, accountable, and professional financial management structure in which major operational positions are appointed rather than elected, and all are held to well-defined job performance measures. Some of the recommended changes can be implemented immediately; others require action by town meeting and the voters. Taken together as a comprehensive plan, these steps will help Phillipston's government meet its commitment to the community while standing prepared for the challenges that lay ahead.

## **Summary of Recommendations**

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### General Financial Management

1. Establish a Financial Management Team
2. Convert the Offices of Tax Collector and Treasurer
3. Formalize Job Responsibilities
4. Implement Performance Evaluations
5. Reassess Health Insurance Benefits

### Town Accountant

6. Ensure Adequate and On-going Training
7. Improve Accounting Software Use and Functionality
8. Produce Reliable Balance Sheets
9. Submit Schedule A Form on Time
10. End Reliance on Independent Auditor

### Board of Assessors

11. Appoint a Part-Time Administrative Assessor
12. Provide New Growth Estimates
13. Budget for Recertification
14. Adopt a Calendar and Stick to Deadlines
15. Release Surplus Overlay

### Tax Collector

16. Reconcile Receivables with Town Accountant Monthly
17. Enter Receipts Directly into Computer System
18. Mail Two Tax Bills at a Time

### Treasurer

19. Standardize Payroll
20. Standardize Turnovers

### Information Technology (IT)

21. Computer Training
22. Make use of Office E-Mail
23. Reassess IT Needs and Contracts on a Regular Basis

### Appendices

1. *Town Accountant Job Responsibilities*
2. *Treasurer Job Responsibilities*
3. *Collector Job Responsibilities*
4. *Assessors Job Responsibilities*
5. *Recommended Calendar for Phillipston's Assessors*
6. *Tax Recap Responsibilities by Office for Phillipston*

## **General Financial Management**

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Phillipston has a three-member board of selectmen. They appoint an administrative assistant and a town accountant who, along with an elected board of assessors, an elected treasurer, and an elected tax collector, manage the various aspects of the community's finances.

The selectmen, in close cooperation with the finance committee, openly and constantly seek ways to manage and minimize costs. They play a very active role in the daily business of Town Hall, from holding hearings to assisting visitors and even vacuuming the hallways. At the same time, they are proactively addressing several of the serious policy issues with which other communities struggle.

In 2005, the board formed a health care policy advisory committee to study the town's health insurance related costs and to make recommendations for improvement. Per the advice of the committee, the selectmen signed an agreement with the regional school district to jointly purchase group health benefits.

The town has also displayed fiscal responsibility through the development of a capital improvement plan. Each year, the capital improvement planning committee meets with the Police Chief, Fire Chief, and Highway Superintendent to review and prioritize their needs. At the annual town meeting, the committee presents a five-year plan that details specific current and upcoming expenses and requests the necessary appropriation, which is consistently approved. This open and well-organized process assures the voters that purchases have been appropriately thought out.

While the town has successfully addressed these important, long-term issues, it has faltered in its handling of routine financial processes. Important deadlines have been missed, procedures that require interoffice coordination have stalled, and employees in important positions lack the necessary knowledge to do their jobs.

While the town's financial officers all work in the same building, their varied schedules and independent functions minimize the interaction between them. The work of each office is separated in such a way that they only communicate with each other when necessary to obtain specific pieces of information. Even then, it is via a note left in a mailbox, or a comment while passing in the corridor. On more than one occasion, individuals told us that they were unable to complete tasks in a timely manner because they could not obtain sufficient information from other offices. This disconnect is one of the primary causes of Phillipston's failure to meet deadlines and it has severely hampered the town's ability to plan for upcoming financial needs and challenges.

The decentralized system has also led to an inability to effectively define and implement town-wide fiscal policies. For example, in setting the tax rate for fiscal year 2006, the town accountant applied an arbitrary across the board increase to estimate local receipts, and the assessors used new growth numbers that they had not previously

communicated to the selectmen. As a result, Phillipston had approximately \$65,000 in excess levy capacity. That is, the community could have raised an additional \$65,000 in taxes this year to fund, or build reserves to absorb fluctuations in, the cost of providing services to its growing population. However, poor and late coordination amongst the policy boards and financial officers led to a budget that was based on guesswork rather than actual information and a tax rate that may not fit the policy goals of the selectmen.

Building a sound financial management structure will require a formalized system that incorporates training, communication, and accountability. The following recommendations are designed to set up a framework that will help in establishing such a structure.

***Recommendation 1: Establish a Financial Management Team***

We recommend that Phillipston establish a financial management team that includes the town accountant, the tax collector, the treasurer, and the assessors (or their designee). The administrative assistant should chair the meetings, which should be held on a regular basis throughout the year.

The primary purpose of the financial management team will be to ensure that the financial offices work together in an organized and sustainable manner. The administrative assistant should organize and lead the meetings as well as serve as the selectmen's representative. She will share the board's concerns and policy goals with the rest of the team, and later, update the selectmen as to the team's progress and accomplishments.

This will also serve as an opportunity for the administrative assistant to become better acquainted with the various aspects of the town's financial management. As she grows more comfortable in this role, she will be able to take on more of the day-to-day management responsibilities that currently fall upon the selectmen.

The tax rate setting process is a prime example of how the lack of interoffice coordination in Phillipston has led to fiscal uncertainty. This process generally requires input from the assessors, the town accountant, the treasurer, the tax collector, the town clerk, and the selectmen. Appendix six of this report lists the responsibilities of each office in completing the tax recap. In Phillipston, the entire task rests with the assessors and everyone else waits for them to ask for specific forms and details. As a result, confusion, miscommunication, and extended delays prevent the tax rate from being set on time, year after year.

Conducting regular meetings will open the lines of communication. They will provide a forum at which the team members can raise and resolve the types of interdepartmental issues and lack of clarity that currently impede the timely flow of information. Furthermore, the members will become more aware of how each office is dependent on the performance of the others.

The team will be actively involved in the budget process. Collectively, they should review financial documents (e.g., revenue and expenditure reports, balance sheet, audits, and tax recapitulation sheet) for completeness and accuracy. The team will develop revenue estimates, ensuring they are reliable and updated periodically as new information becomes available. Eventually, the team will be able to help develop analyses, explore the financial impact of future events, and offer early strategies to deal with anticipated problems.

Finally, the financial team will ensure operational continuity if one officer 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 on an on-going basis.

### ***Recommendation 2: Convert the Offices of Tax Collector and Treasurer***

Phillipston's current tax collector and treasurer are both competent and qualified. In order to ensure that equally capable individuals hold these offices in the future, we recommend that the positions be converted from elected to appointed.

Many communities across the commonwealth have been moving in this direction. The prevailing belief is that policy making officials and boards should be elected, but operational positions, where a certain skill set is required, such as treasurer, collector, accountant, etc., should be appointed. Appointing these positions also helps to ensure that the office holders possess the experience and qualifications to best execute their duties. Especially important for a small town such as Phillipston, this change allows for a larger pool of candidates. When it comes to the important matter of managing tax dollars, the residents of Phillipston should not be limited to only considering people who live in town and are willing to campaign for office.

In addition, placing these two jobs under the authority of the selectmen will make the town's overall financial management less fragmented and much easier to coordinate. It will centralize most of Phillipston's fiscal functions and place ultimate accountability with the selectmen.

Under the provisions of M.G.L. c. 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.

In the long-term, we recommend that the offices of treasurer and collector be combined. The most significant benefit of this would be to attract highly qualified candidates when the current incumbents move on. Rather than having two part-time officials, there would be one full-time, or nearly full-time treasurer/collector. Therefore, the town would be able to offer a higher level of compensation, including fringe benefits,

to this department head, and still have the option of hiring a part-time assistant to work a few hours per week.

Because of the parallels in the responsibilities of the treasurer and collector, many communities find that having the duties combined in one office generates cost savings in terms of personnel and cash management. Cities and towns have concluded that having receipts collected, counted, posted, deposited and managed in the same office makes organizational sense.

### ***Recommendation 3: Formalize Job Responsibilities***

We recommend establishing formal job descriptions and developing written procedural manuals for each office.

Currently, Phillipston's employees do not have written job descriptions. There is no methodology in place for judging and tracking personnel performance. As a result, neither the Selectmen, nor the voters have an adequate understanding of how well, or poorly, any one employee or elected official is serving the town. Furthermore, when jobs turnover, there is no framework or set of instructions to guide the new official.

This informal system functions on the assumption that the individual officers and employees thoroughly understand their roles and can be counted on to complete all of the tasks for which they are responsible. While we have the strong impression that everyone in town hall is doing their utmost to live up to this ideal, it is clear that increasingly complex regulations, recent turnover, and inadequate training have caused some things to fall through the cracks.

Appendices one through four of this report contain the minimum job responsibilities of the financial officers as prescribed by Massachusetts general laws. While these lists enumerate what each office must accomplish to comply with state law, they should not be treated as complete for the Town of Phillipston. Beyond these required responsibilities, the job descriptions should include the day-to-day tasks and roles that are necessary to maintain the town's flow of business. The procedural manuals should detail the systems and processes that are needed to complete these tasks; from submitting forms and updating files to using software.

The process of doing this should not be limited to simply writing down what the various officers already do and incorporating the state-mandated responsibilities. Instead, it should be used as an opportunity for the financial officers and the selectmen to look at and understand what is currently being done and what each office should be doing. They should contact neighboring communities and the various professional associations for input, examples, and ideas. The selectmen will approve the final version of each formal job description, but the process of writing them should be a collaborative effort of the entire financial management team.

***Recommendation 4: Implement Performance Evaluations***

We recommend that the selectmen implement a performance evaluation process that establishes goals and objectives for each town employee and measures their progress. At least once a year, the selectmen should meet with each of the financial officers and department heads to discuss and set short and long-term goals and objectives, and to provide feedback on the individual's performance to date. A written record of the goals and objectives, as well as the selectmen's feedback, should be a part of the employee's personnel file and used as a benchmark against which to judge successes or failures. This will help mitigate any ambiguity with regard to job responsibilities and expectations. It will also provide a written record if poor performance should ever require focused training and/or progressive discipline.

If our recommendations are adopted, the accountant, treasurer, and tax collector will report to, and be evaluated by the selectmen. In the board of assessors section of this report, we recommend that they appoint an administrative assessor to carry out the duties of that office. Therefore, appointed officials who will answer to, and be held accountable by, the two elected boards will perform all of the major financial functions of Phillipston's government.

***Recommendation 5: Reassess Health Insurance Benefits***

We recommend that the board of selectmen analyze the costs and benefits of the town's policies regarding health insurance on a regular basis. In the past, the expense of offering health coverage was negligible. So much so that even part-time elected officials were invited to participate in the town's insurance plan. With today's skyrocketing costs, health insurance is one of the major factors to consider in both balancing the budget and in attracting and retaining talented employees.

Currently, six part-time elected officials receive the benefit at an annual cost that ranges from about \$5,000 to \$12,000 per person. This has been considered justifiable because these officials commit a considerable amount of time to doing most of the day-to-day work that keeps the government offices functioning. If the recommendations of this report are adopted, the town will move towards a system in which appointed professionals will take on the majority of the hands-on management functions, and elected boards will primarily serve as policymakers. As the operational tasks of the elected officials are passed to appointed administrative employees, the town should consider the cost savings of offering coverage to the few employees, rather than all of the board members.

The selectmen recently implemented a policy that allows part-time officials who were elected before April 2006 to participate in the insurance plan, but bars anyone elected after that date from receiving the benefit. While this policy seems like a prudent cost-savings step, it is open to legal challenge and should be carefully reconsidered.

## **Accountant**

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The accountant has a legal obligation to oversee all of the financial activity of a municipality. Through the maintenance of independent records and by following well-defined procedures, the office is responsible for documenting the flow of money into and out of municipal accounts and playing a role in the system of checks and balances established by statute to monitor and protect local assets. To fulfill this responsibility, the office must prepare warrants; maintain a general ledger where receipts, expenditures and all other town financial activity are recorded; reconcile cash and debt with the treasurer and receivables with the collector; and produce a monthly expenditure report. The accountant should also track revenue and play an active role in the annual budget process.

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

Phillipston's town accountant was appointed to the position two years ago. She works approximately 10 hours per week, mostly at night and on weekends. She has an accounting background, but prior to taking this job, she did not have any experience in municipal finance. While she shares an office with the previous accountant (who is now the treasurer), their hours rarely overlap. Furthermore, the treasurer only served as accountant for about one year. Therefore, the level of expertise necessary to adequately carry out the responsibilities described above is lacking; statutorily mandated tasks and reports have not been completed on time, or at all; and the town cannot count on this office to explain or ensure the reliability of its financial situation at any point in time.

The accountant faces the additional hurdle of using a computer software package on which she has had little training and receives limited support. The software's vendor (who is also the town's independent auditor) offers occasional updates and technical assistance only when there is a major system related glitch or malfunction. He does not provide much on-going, usage-related help. For example, the system's chart of accounts does not appear to have been set up and/or maintained properly. Therefore, when the accountant enters data, it is not always reflected in all of the proper accounts. The vendor assumes that the user has the skill and knowledge to maintain this type of function. The resulting ad-hoc approach that the accountant uses to keep the town's books on the system does not produce reliable balance sheets or other reports. However, we found that even if the software vendor offered more support, the accountant does not currently have a sound enough foundation in municipal finance to know what questions to ask or how to fully interpret the answers.

The accountant recently attended the accountants' school organized by the Massachusetts Municipal Auditors' and Accountants' Association (MMAAA) and has

expressed the intention to seek more training and to go to DOR seminars and events. She has also consulted with her Bureau of Accounts representative. Her meetings and interactions with the members of the Division of Local Services have demonstrated her ability and eagerness to acquire the skills necessary to work effectively for the town. In the few months it has taken to conduct this review, she has corrected a number of accounting irregularities. However, she has a lot to learn before she can be considered “up to speed.” The first, and most critical, of the following recommendations for the accountant is to get training. While the other recommendations relate to completing highly important responsibilities, attempting to implement them will not be an efficient use of time or resources until the accountant has a complete command of municipal finance as well as her roles and duties.

***Recommendation 6: Ensure Adequate and On-going Training***

We recommend that the selectmen ensure that the current, as well as any future, town accountant has had adequate initial and on-going training in the rules and regulations of Massachusetts municipal accounting. As the overseer of all of the town’s financial activity, anyone hired into the town accountant position should either possess the level of expertise to “hit the ground running,” or have the ability and support to quickly learn. Furthermore, as a one-person office, Phillipston’s town accountant cannot be brought up to speed easily through on the job training, mentoring, or trial and error. The town needs to either utilize outside intensive training courses or only hire candidates with significant municipal accounting experience.

The MMAAA, DLS, and a variety of private firms offer training courses periodically throughout the year. The private firms usually offer the most thorough and complete coverage in a condensed time frame. The MMAAA and DLS provide courses, seminars, and updates that are important in keeping the accountant abreast of the latest developments, trends, and regulations. They are also valuable resources for the accountant to contact whenever questions or issues arise that she does not have the expertise to address. The current accountant has recently become aware of these resources and is making good use of them. In the future, the selectmen should make sure that new accountants have, and use, this information from day one.

The selectmen should develop a formal policy that requires any new town accountant to either: immediately attend a course on Massachusetts municipal accounting; prove they’ve already completed one; or show that they have significant experience as a town accountant. Moving forward, they should also have a formal policy that encourages the accountant to attend at least one refresher course or seminar per year.

***Recommendation 7: Improve Accounting Software Use and Functionality***

We recommend that the accountant either work with her software vendor to improve her ability to make full use of the current computer system, or find a new vendor that can offer more customer support.

The accountant believes that problems with the software supplied by her independent auditor are partially behind her inability to produce reliable accounting records. The vendor contends that most of these problems are related to user error. Either way, the accountant needs a higher level of customer assistance than this vendor has been willing to provide. Until she receives more technical support from either this vendor or a new one, she will not be able to maintain vital records or produce her own reports.

***Recommendation 8: Produce Reliable Balance Sheets***

We recommend that the town accountant start producing reliable balance sheets. Any organization with a \$2.4 million budget should have the capability to do so. The officers and policy makers need it to comprehend and monitor the town's financial position, and DOR requires it to certify free cash. Furthermore, the residents of Phillipston have the right to know that their government is appropriately accounting for their tax dollars and town property.

The accountant's office has not submitted an acceptable balance sheet to DOR since June 2004. The trial balance sheet that the accountant gave us on our first meeting with her was out of date, full of obvious errors, and almost entirely useless. Since that day, she has worked with her independent auditor and Bureau of Accounts representative to correct several of the problems. Yet, her incomplete training in municipal accounting and her inability to effectively utilize her software prevents her from fully addressing all of the necessary line items and accounts. As a result, the town does not have a clear picture of its financial situation, nor will it be able to apply for certification of free cash.

***Recommendation 9: Submit Schedule A Form On Time***

We recommend that the accountant prepare and submit the Schedule A on time, every year. The Schedule A is a statement of the revenues received, expenditures made and all other transactions related to the town's finances during the previous fiscal year. This report classifies revenues and expenditures into detailed categories that provide information essential for analyzing the financial activities of the various departments. This information is also sent to the U.S. Census Bureau to fulfill federal reporting requirements. Failure to file by October 31 may result in withholding major distributions of state aid.

In the past five years, Phillipston has never met the October 31 deadline. In two of these five years, the Schedule A was so significantly late (six months for FY2001 and eight months for FY2004) that DOR withheld state aid distributions. The accountant will only be able to accomplish this goal when she has had adequate training and technical support from her software vendor. The knowledge, skills, and abilities necessary to complete the Schedule A are similar to those needed to produce a balance sheet.

***Recommendation 10: End Reliance on Auditor***

We recommend that the town stop relying on its independent auditor to restate and close the towns books. This is a core duty of the town accountant.

Phillipston engages an independent auditor every year to report on the accuracy of the town's financial statements. However, as the accountant cannot produce adequate reports, the auditor sorts through all of the data, adjusts entries, and basically closes the books for the accountant every year. The auditor's work then becomes the official financial position of the town rather than an opinion attesting to the accuracy of the accountant. Therefore, the ability of the town ensure that a truly independent person has scrutinized the financial records is compromised. This situation should be reversed as soon as possible. At a minimum, the accountant needs to produce reports that, with minor end of year adjustments by the auditor, accurately reflect the financial position of the town.

According to the town accountant, a major hurdle in getting to this point has been the independent auditor's reluctance to provide back-up to his audit adjustments. Instead, he gives her a list at the beginning of the year with new beginning balances for the town's accounts and no explanation as to how he arrived at them. Without this information, it is especially difficult for the accountant to have confidence in any of her own entries or balances. If the town cannot solicit closer cooperation and detailed explanations from the auditor, they should not rely on his adjustments.

## **Board of Assessors**

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

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

The volume of work in the Phillipston assessing department involves approximately 759 residential real estate parcels, 57 commercial/industrial accounts and 413 vacant parcels. There are an additional 153 personal property accounts. Over the course of one year, motor vehicle commitments total about 2,000 accounts. The office receives around a dozen residential abatement applications per year.

A board of three elected assessors runs the day-to-day operations of the office including maintaining records, receiving and considering abatement applications, and creating commitments for the collection of taxes. They also track deed changes and new growth, which they verify through on-site inspections. Last year, they completed a full measure and list that involved visiting every parcel in town and using their detailed notes to update the property records.

The board contracts out to a real estate appraisal consultant to maintain its database of property records at a cost of about \$1,500 to \$2,000 per year. Every third year, the board also hires this vendor to perform the analyses and adjustments necessary to complete the State certification of values. The assessors expect this service to cost about \$20,500 in fiscal year 2007.

In our first meeting with the assessors, they expressed concern over the lack of adequate file storage space for their volumes of paper records and forms. We helped them obtain a records disposition schedule from the Secretary of State's office. With this list of files that must be kept and those that may be destroyed, the assessors have begun clearing out some of the unnecessary and out-dated paperwork.

For the past several years, the tax rate setting process has proven to be a stumbling block for the assessors. When the town issued tax bills semi-annually, it should have had its tax rate set by October 1. However, in the past five years, the town

never met this deadline. Now that the town is on a quarterly billing cycle, they will have more leeway. As the first two bills can be estimates based on the prior year, the rate only needs to be approved before the third quarter bills are mailed at the end of December. Yet, between fiscal years 2002 and 2005, the earliest that a rate for semi-annual billing was set was March 14 (five and a half months late); and in 2006, the first year of quarterly billing, the rate was not set until mid-February.

The recent turnover in the treasurer's and accountant's offices is partially responsible for these delays. The assessors rely on timely information from these offices to complete the Tax Recap Sheet. However, this problem existed before the turnover and is more attributable to poor coordination within town hall, as well as the growing technical complexity of local assessing.

***Recommendation 11: Appoint a Part-time Administrative Assessor***

We recommend shifting the board of assessors' role to one of policy setting and appointing a part-time administrative assessor. The procedures and mandates that assessors must follow now require a high level of technical expertise. Today's standards for data analysis and detailed record keeping are almost impossible to meet without relying on a computerized system. Furthermore, keeping up with the most recent and effective assessing practices requires constant education, as well as news and updates from DOR, peer groups, and industry experts, which are primarily sent electronically. This time consuming aspect of the job is also difficult without a certain degree of computer and Internet-use savvy.

We found that while the members of the board of assessors have a thorough knowledge of the town and the office, an appointed, part-time administrative assessor would be better suited to handle the growing technical complexity of the day-to-day business and reporting requirements. The assessors should shift their role from being an active, hands-on board to being primarily concerned with policy setting and oversight. They should seek out and appoint a part-time administrative assessor who has the professional background and expertise necessary to implement their policy decisions while also ensuring that the office meets its statutorily mandated duties on a timely basis.

The cost of hiring this employee can be covered by reducing the board of assessors' salaries to a level comparable to that of the selectmen. The board of assessors currently receives \$24,000 to split between the three members. When they shift the majority of the workload to an administrative assessor, the salary should be shifted as well. Furthermore, eliminating the delays in setting the tax rate will reduce the town's reliance on short-term borrowing, which will generate savings. In the long-run, a well-informed, technically adept administrative assessor may be able to assume much of the

work that is currently done by the outside consultant at an annualized average cost of about \$7,000 to \$8,000.

The administrative assessor would have the time and technical ability to explore a couple of revenue generating measures that are now available. For example:

- M.G.L. Chapter 59 §2A(a) is a local option statute that allows a community to value and assess new growth (e.g., new construction or other physical additions to real property) occurring by June 30 for the fiscal year beginning July 1, referred to as accelerated new growth. This gives the community the ability to assess improved parcels, which ensures the property owner is paying his fair share of the cost of government operations for the fiscal year beginning July 1 rather than a year later.
- A community also may make pro rata assessments on the value of improvements that are greater than 50 percent of the billed value when an occupancy permit is issued after January 1 (M.G.L. Chapter 59 §2D), referred to as the supplemental tax assessment on new construction. This provision allows a community to issue a bill (back to the date of occupancy between January 1-June 30) on qualifying property improvements, resulting in additional general revenue. These improvements would be included in the subsequent year's new growth calculation.

Towns that implement these two provisions generally experience a first year bump in new growth revenue from chapter 59 §2A(a). The supplemental bills provide on-going revenue. Moving forward, the administrative assessor would stay informed of other new regulations and be able to analyze if and how they could be adopted to benefit Phillipston.

Attracting a qualified candidate may require the board of assessors to explore sharing an administrative assessor with one or more neighboring towns. It is not unusual for professional finance officers to spend a couple days per week working for one town and then a couple days in another town. M.G.L. c. 41 § 30B specifically authorizes the sharing of administrative assessors between towns, and DLS has developed guidelines to help communities adopt such an agreement.

The administrative assessor should represent the board on the financial management team, manage the contract with the real estate appraisal consultant, and maintain all of the data entry and record keeping responsibilities of the office. He or she will be in charge of finalizing the tax recapitulation sheet and presenting it to the board of assessors for approval before submitting it to DOR.

***Recommendation 12: Provide New Growth Estimates***

We recommend that the administrative assessor provide an early estimate of new growth to the selectmen and finance committee in November of each year to coincide with the initial phases of the budget planning process. It should be followed by a more precise figure when it becomes available after January 1<sup>st</sup>.

New growth is the additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. In recent years, the amount by which new growth has increased Phillipston's annual levy limit has ranged from about \$35,000 to nearly \$68,000. While these figures equate to possible tax revenue, they also indicate the higher costs that will result from increased draw on the town's services.

By November, much of the new construction that will be complete before January 1 will be either done or nearly done. If the assessor has been tracking building permits throughout the year, this should not pose a major difficulty. With early estimates of new growth, the selectmen and finance committee will be able to generate more accurate revenue projections, and they will have a higher awareness of how growth will increase costs in the coming year.

***Recommendation 13: Budget for Recertification***

We recommend that the assessors estimate the cost of recertification ahead of time and build approximately one-third of it into their budget each year.

Every third year, the town signs a new contract with the outside appraisal consultant that performs the necessary analysis for the triennial State recertification. The consultant cannot start working on the recertification until there is a contract, and the contract cannot be finalized until the town meeting votes to fund it. This is an unnecessary delay to a service that can often take months to complete.

The money that is budgeted each year would be voted at town meeting as a special article and carried forward until needed. When the recertification year arrives, the assessors will have funds available for the consultant to get an early start on the process. This will free up valuable time in the fall during which the assessors can review the work and submit it to DOR on time.

***Recommendation 14: Adopt a Calendar and Adhere to Deadlines***

We recommend adopting a formal calendar that lists important DOR due dates and imposes deadlines for the various steps that are necessary to meet those due dates. Appendix five is our recommended calendar for Phillipston's assessing department.

Such a calendar will help the assessors to ensure that major tasks and procedures are not missed. It will also allow the selectmen, the other financial officers, and the public to have a better understanding of what the assessors' office does, when it will be busy, and which important deadlines are approaching.

***Recommendation 15: Reconcile and Release Surplus Overlay***

We recommend that the administrative assessor work with the town accountant to reconcile the overlay accounts on an on-going basis. They should determine the exact extent of surpluses in the overlay accounts and release them for the town to use elsewhere.

Each year, the assessors maintain an overlay reserve account, also known as the allowance for abatements and exemptions. This account is established annually to fund anticipated property tax abatements, exemptions and uncollectible taxes in that year. Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into an overlay surplus account. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue; in other words, it becomes a part of free cash. If, in a given year, there is a deficit in the overlay account, the amount of the shortfall must be raised through the following year's tax levy.

Based on the town accountant's balance sheet report, there are surplus balances in the overlay accounts for years dating as far back as 1991 that add up to approximately \$6,800. The assessors have not released these funds to the overlay surplus account and therefore this extra money has never become available for appropriation.

Regular and on-going reconciliation will allow the administrative assessor and the accountant to catch probable surpluses and free up those funds to be appropriated in the same fiscal year (rather than closed to free cash). It will also ensure that deficits are properly reported to DOR and raised on the tax recapitulation sheet.

## **Tax Collector**

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A municipality's tax collector possesses the authority to collect real and personal property taxes, excises, betterments and certain other charges added to and committed as taxes. Collections are counted, posted to taxpayer accounts, and either turned-over to the treasurer or deposited frequently. The tax collector pursues delinquent accounts before moving them into the treasurer's tax title accounts. To be successful, a collector must maintain an up-to-date receivable control that is reconciled internally and then externally with the accountant. Credit reports should be run as appropriate and research needs to be completed to confirm legitimate refunds due to residents. In accordance with state law, the office should respond to requests for municipal lien certificates within 20 days.

The current tax collector has held the office for six years. She has office hours on Monday afternoon and evening, as well as one Saturday per month. She has an assistant who works about five hours per week performing clerical tasks. Before FY06, she issued approximately 1,400 real estate and personal property tax bills on a semi-annual basis. Because the issuance of bills was dependant on the setting of the tax rate, the timing of her work varied dramatically. Now that the town has adopted quarterly billing, her workload will increase, but at the same time, it should become more predictable because she will not have to wait for the tax rate to issue the first two quarterly bills. Also, with increased cooperation, training, and accountability, the financial management team should be able to complete the tax recap on time each year. Therefore, the collector will know her deadlines and be able to plan accordingly.

When we met with the tax collector, she expressed concern over the increased workload and earlier first billing that come with a quarterly cycle. Specifically, bills will have to be mailed by July 1<sup>st</sup> (during the time she usually devotes to closing her books), and taxpayers will now mail in four payments instead of two, effectively doubling the volume of work. A more predictable and structured workflow should help offset the increase in volume. The following recommendations are meant to help her achieve this.

### ***Recommendation 16: Reconcile Receivables with Town Accountant Monthly***

We recommend that the tax collector work with the town accountant to reconcile receivables on a monthly basis. Currently, they do not have a formal approach to doing this. They periodically check with each other to see if they have comparable balances. This is done "about quarterly" and not always with a face-to-face meeting. At the end of each the fiscal year, the collector puts together a thorough, time-consuming spreadsheet report of outstanding receivables that the accountant presumably compares to her records.

Monthly reconciliation would require updating the outstanding receivables spreadsheet at least once a month and comparing it to the accountant's ledger. Frequent

reconciliations and updates make it easier to locate and correct posting errors and exceptions. Therefore, at the end of the fiscal year, they would only have the most recent month's data to account for and the work needed to prepare the year-end report would be minimized.

***Recommendation 17: Enter Receipts Directly into Computer System***

We recommend that the collector cut the adding machine out of her tax payment receipt process. Use of the adding machine duplicates work and defeats the purpose of having a computer system.

The first step of her current process is to match checks to applicable bills as payments are mailed in. Then, when she is ready to make a bank deposit, she sums up all of the checks with her adding machine and prints out a tape with the detail and total. After the bank clears the checks, she enters the same information into the computerized accounting system and makes a turnover to the treasurer.

Instead, when payments arrive, she should match them to the bills and then enter them directly into the computer. She can then print out the detail and total from the system for the bank deposit. Even if this only saves a few seconds per payment, after 1,400 entries per quarter, it will add up quickly. For an officer who should only be in the office for one or two days per week, every minute in gained efficiency counts. With quarterly billing, cutting out unnecessary steps will help her deal with the added workload.

***Recommendation 18: Mail Two Bills at a Time***

We recommend that the collector send the first two quarterly tax bills together in one mailing by July 1, and the third and fourth quarterly bills in one mailing by December 31. Therefore, taxpayers will get one envelope in early July that contains two bills: one due on August 1 and one due on November 1. Then, in late December, they will get an envelope with two more bills: one due on February 1, and the other due on May 1. This will not necessarily reduce the number of payments that are received, but it will halve the number of mass mailings of tax bills that she will have to orchestrate. It will also save a considerable amount of money in postage.

## **Treasurer**

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

The current treasurer assumed the office in April, 2004. Prior to that, she was the town accountant. She has office hours on Tuesdays, but is also present in town hall frequently and on an as-needed basis. The current tax collector has been serving as her assistant treasurer for about one year.

The treasurer came into the job during a difficult period of transition after the death of the former treasurer. As the former treasurer had been working from home, and had periods of prolonged illness, the new treasurer did not have an easy way to learn or transition into the role. Without clearly documented job responsibilities and duties, she had to investigate and interpret the work that had been done to date and attempt to ensure a minimal level of continuity.

Since then, she has fully acquired the knowledge and skills to not only maintain the office, but also implement improvement. For example, she has actively pursued accounts in tax title, and greatly reduced those outstanding amounts. She has also worked with the selectmen to implement a policy to ensure departments make timely turnovers rather than holding cash and checks for long periods of time.

The following recommendations are meant to help make this office's current level of effectiveness and stability permanent. If adopted, they should improve efficiency and accountability, as well as help to ensure the continuity of operations through future changes in personnel.

### ***Recommendation 19: Standardize Payroll***

We recommend that the treasurer develop a standard form that all departments will use to submit payroll information to her on at least a bi-weekly basis. This should include anyone who earned pay during that period.

Currently, Phillipston's treasurer processes the payroll for between 10 to 25 employees. Some are paid weekly, others monthly, and some quarterly. This is overly

complicated and difficult to account for. It is also in violation of state law, which specifies that all employees, even casual employees, must be paid either weekly or bi-weekly, and within five to seven days of the pay period during which the work was done (M.G.L. 149 §148).

Furthermore, she should develop a centralized method for tracking accrued leave time. This is a control measure that becomes especially important when an employee leaves the service of the town, or when disputes over accumulated time off arise.

***Recommendation 20: Standardize Turnovers***

We recommend that the treasurer develop and implement a standard form for all departments to use when turning money over to her. Currently, as with payroll, every department that turns over money has a different process for doing so. A standard form to accompany all turnovers would help the treasurer process and account for all transactions. It would also build in a level of simplicity that could easily be explained and transferred when this treasurer eventually leaves office.

## **Information Technology (IT)**

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Even in a small town, information technology (computers, software, Internet, etc) plays a major role in financial management. Regulations and public expectations are based on the assumption that the financial officers will have the access and ability to utilize relatively up-to-date computer technology. Important informational guideline releases (IGRs), as well as bulletins, forms, announcements, and advice from DOR are posted electronically on the Internet. Also, various professional organizations maintain on-line list-servers that financial officers statewide use to share their knowledge and ideas with each other. These organizations also hold conferences and trainings that they announce via E-mail or post on their websites. Effective and efficient financial management requires the ability to take advantage of these technology-based resources.

Each of Phillipston's financial offices has a standalone personal computer and most of the important financial functions have been automated to some extent. The assessors maintain an on-line link with their appraisal consultant. This allows them to update property records in their database that the vendor can access and analyze for valuation adjustments. The assessors' and the tax collector's offices are also electronically connected to a company that handles the printing of their tax bills. The treasurer and accountant use accounting software that maintains the general ledger and allows them to record and reconcile their cash balances. In addition, the town recently developed an Internet web page that contains useful contact information, calendars of events, and helpful documents.

The following recommendations do not involve changing or increasing the amount of technology available in town hall. Rather, they address how the town can make more effective use of the systems that they have.

### ***Recommendation 21: Computer Training***

We recommend that any financial officer who has operational and/or reporting duties (e.g. everyone other than the policy boards) receive computer training. This should include the ability to utilize word processing, spreadsheets, E-mail, and the Internet. Naturally, every officer who needs to use other specific software should have training on it as well.

While the technology is sufficiently in place for an operation of this size, the users are not making the most efficient use of it. Some of the officers are apparently very adept at using relevant software, spreadsheets, and Internet-based research tools. However, based on hand-written memos mailed to DOR, it is clear that other officers are not familiar with the most basic computer functions.

Several companies, schools, and organizations offer courses on the basic use of these computer applications. However, some of the officers and staff in town hall are already skilled enough to bring the others up to speed. The financial management team would be a good forum to discuss how the more computer literate officers can start training the rest.

***Recommendation 22: Make Use of Office E-mail***

We recommend that all of the offices make a regular habit of using their E-mail accounts. The town has E-mail addresses for each of the financial offices. However, even some of the more computer savvy officers rarely make use of it. In an organization with irregular hours, and employees who may not see each other for weeks, E-mail would be an effective way to improve the consistency and timeliness of communication. It improves accountability in that there is a “paper trail,” as opposed to telephone messages that can be lost, misinterpreted, or ignored. It also ensures that everyone receives important bulletins and announcements from DOR and other agencies, organizations, and communities. Finally, now that the E-mail addresses exist, and are posted on the town’s website, residents and other individuals will assume they are being checked regularly. Their inquiries and requests need to be responded to just as if they were phone calls or traditional letters.

***Recommendation 23: Reassess IT Needs and Contracts on a Regular Basis***

We recommend that IT needs and contracts be reassessed on a regular basis. As the primary users of these systems, the financial management team should take the lead in this process.

As municipal finance regulations and practices change, so will the town’s IT needs. The financial officers need to make sure that the software they use allows them to adequately and efficiently fulfill their responsibilities. As with many complicated IT products, municipal finance software packages are often specifically tailored, and not necessarily intuitive to new users. Therefore, service and maintenance agreements with the vendors should be as important a consideration as the functionality of the software. Moving forward, the town should carefully consider its needs, capabilities, and resources, and ensure that they are reflected in written contracts with their software vendors.

## Acknowledgements

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This report was prepared by

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Ronald Recos, Assistant Chair, Selectman

Daniel Sanden, Clerk, Selectman

Susan Varney, Administrative Assistant

Thomas Specht, Chair, Finance Committee

Edna Haley, Board of Assessors

Emelda Haughton, Board of Assessors

Reg Haughton, Board of Assessors

Rachael Boutwell, Town Accountant

Victoria Chartier, Treasurer

Sally Kastberg, Tax Collector & Assistant Treasurer

Geoffrey Newton, Building Inspector

Scott Sawyer, Scott M. Sawyer, CPA & City and Town Software Company

## **Appendix 1:**

### **Accountant**

Below is a summary of the duties of the town accountant as excerpted from the Accountant/Auditor Manual, published by the Massachusetts Department of Revenue.

- Verify that any expense payment is lawful, justified and that funding exists under the appropriate budget line item ([M.G.L. c. 41, Section 52](#))
- Maintain municipal books including a general journal, general ledger and subsidiary ledgers ([M.G.L. c. 41, Section 57](#))
- Maintain detailed records of all debt ([M.G.L. c. 41, Section 57](#))
- Retain custody of all contracts and surety bonds ([M.G.L. c. 41, Section 57](#))
- At the close of the fiscal year, receive from each department, board or committee a list of bills remaining unpaid ([M.G.L. c. 41, Section 58](#))
- Certify, in advance, the availability of an appropriation for any construction contract in excess of \$2,000 ([M.G.L. c. 44, Section 31C](#))
- Certify to the assessor's expenditures, approved in advance, in excess of appropriations for the removal of snow and ice ([M.G.L. c. 44, Section 31D](#))
- Prepare a monthly statement for officers or department heads showing the total appropriations, expenditures and the balance in each appropriation.
- Notify the selectmen when it appears that an appropriation has been expended or is likely to be overdrawn ([M.G.L. c. 41, Section 58](#))
- Furnish the assessors with a written report detailing money received for the preceding fiscal year from sources other than taxes, loans and trust funds ([M.G.L. c. 41, Section 54A](#))
- Notify the assessor, in writing, by May 1, of the amount of debt falling due in the next fiscal year and of provisions made to meet these requirements ([M.G.L. c. 44, Section 16](#))
- Immediately upon the close of the calendar year, prepare statements detailing the preceding year's appropriations and expenditures; appropriations for the current fiscal year; expenditures incurred during the first six months; estimates for expenditures for the second six months and estimates for the ensuing fiscal year ([M.G.L. c. 41, Section 60](#))
- Make an annual report stating receipts and expenditures for the past fiscal year from all funds; showing the appropriation, the expenditure and purpose; stating any change in town debt, list of indebtedness incurred and unpaid at the end of the fiscal year ([M.G.L. c. 41, Section 61](#))
- Prepare and furnish to the Director of Accounts, Department of Revenue, 1) a "Schedule A", 2) a statement of public debt, and 3) a "Balance Sheet" ([M.G.L. c. 44, Section 43](#))

## **Appendix 2:**

### **Treasurer**

Below is a summary of the duties of the town treasurer as extracted from the *Treasurers' Manual*, published by The Massachusetts Collector and Treasurer's Association in collaboration with the Division of Local Services and others.

- Receives, takes charge of and accounts for all monies belonging to the town; receives and identifies monies due the town and reports the same to the accountant ([M.G.L. c. 41, Section 35](#))
- Maintains a cash book; provides for adequate funds for current obligations (through issuance of long-term or short-term debt); invests the towns funds ([M.G.L. c. 44, Sections 55, 55A](#))
- Upon authorization of the selectmen or accountant, pay out public money ([M.G.L. c. 41, Sections 52, 56](#))
- Pays over and accounts for salaries and wages, including payroll and personnel deductions ([M.G.L. c. 41, Section 41](#)); maintains payroll and personnel records ([M.G.L. c. 149, Section 178B](#); [M.G.L. c. 175, Section 138A](#)); when so appointed, administers unemployment compensation programs ([M.G.L. c. 40, Section 5E](#)); assures compliance with labor and industry, retirement and insurance laws; monitors compliance with personnel by-laws, union contracts and civil service regulations ([M.G.L. c. 41, Section 35](#))
- With selectmen approval, negotiates all borrowing, prepares necessary documents and notes and reports the same to the Director of Accounts ([M.G.L. c. 44, Section 23, 24, 28](#))
- Report to the town accountant, or if none, to the advisory committee, the amount of debt and interest due in the next fiscal year when budgets are submitted ([M.G.L. c. 41 sec. 59](#))
- Maintain custody of stabilization funds, pension reserve funds, trust funds, investments, and other funds not allocated to other agencies ([M.G.L. c. 40 sec. 5B, 5D](#); [M.G.L. c. 41 sec. 46](#); [M.G.L. c. 44 sec. 53](#))
- Maintain custody of town's financial documents including insurance policies, fidelity bonds, deeds, etc. ([M.G.L. c. 41 sec. 57](#), [M.G.L. c. 44 sec. 54](#))
- Maintain tax title accounts; conduct sales of land; prepare documents to petition for foreclosure ([M.G.L. c. 60 sec. 50, 61, 62, 63, 76, 77, 79, 80](#))
- Prepare reports including reconciliation of treasurer's cash, weekly or monthly report of receipts and balances to the accountant, reports of payroll deductions; an annual report; and reports to the Director of Accounts including a quarterly report of reconciliation of treasurer's cash, and an annual report of cash management achievements.
- Close and reconcile all books and accounts including cash book, warrants, bank accounts, insurance programs, retirement funds, debt records and tax title accounts.

## **Appendix 3:**

### **Collector**

Below is a summary of the duties of the tax collector and town collector as excerpted from the Collector's Manual, prepared by the Massachusetts Department of Revenue and the Massachusetts Collector's and Treasurer's Association (March 1997).

- As tax collector, possess authority to collect only real and personal property taxes, excises, betterments, and certain other charges added to and committed as taxes. ([M.G.L. c. 60 sec. 1, 2](#))
- As town collector, under a local acceptance statute ([M.G.L. c. 41 sec. 38A](#)), has expanded authority to receive and collect all monies or accounts due a municipality.

*Responsibilities enumerated below apply to both town and tax collectors:*

- Furnish a fidelity bond with a surety (guarantee against default) payable to the city, town or district for the collector and appropriate staff. ([M.G.L. c. 60 sec. 13](#))
- Verify that commitments received are duly and properly signed.
- Prior to mailing, conduct visual spot check of printed bills to ensure completeness and accuracy of information ([M.G.L. c. 60 sec. 3, 3A](#)), and compliance with DOR prescribed form ([M.G.L. c. 60 sec. 105](#)). Verify that total amount due summed from printed bills matches the total on the signed commitment.
- Submit to the city or town clerk (and retain a copy) an "Affidavit as to Time of Sending Tax Bills" ([State Tax Form 214](#)). Execute a separate affidavit for each property tax or excise mailing. ([M.G.L. c. 60 sec. 3](#))
- Establish procedures for the daily collection, posting and deposit of money collected. Maintain a manual or electronic tax commitment list showing status of taxpayer account. ([M.G.L. c. 60 sec. 6](#)).
- At least once per week, pay over to the treasurer a detailed report of all money received in the collector's office. ([M.G.L. c. 60 sec. 2](#)).
- Maintain a tax receivable control, or cash book, ([M.G.L. c. 60 sec. 7](#)) which records, by month, outstanding taxes due at the start of the period, with downward adjustments for collections, abatements, and exemptions, and upward adjustments for refunds. Reconcile the end-of-month daily deposits and turnovers to treasurer ([M.G.L. c. 60 sec. 2](#)) and reconcile outstanding balance with accountant's records.
- Establish a procedure for sending tax demands ([M.G.L. c. 60 sec. 16](#)) and initiating tax takings. ([M.G.L. c. 60 sec. 53, 54](#)).
- When engaging the services of a deputy collector, ensure compliance with DOR regulations ([IGR 90-219](#))
- Establish procedures to report bounced checks to accountant, generating municipal lien certificates ([M.G.L. c. 60 sec. 23](#)). Establish procedures to run regular credit reports, research potential refund payments and create a refund schedule for the accountant.

## **Appendix 4:**

### **Assessors**

Below is a summary of the duties of the municipal assessors as excerpted from Assessment Administration: Law Procedures, Valuation prepared by the Massachusetts Department of Revenue (September 1999).

- Complete required DOR Course 101, *Assessment Administration: Law Procedures, Valuation* for Assessing Board members. ([830 CMR 58.3.1](#))
- Value all real and personal property within the municipality on a fair cash value basis ([M.G.L. c. 59 sec. 2A, 38](#)). Inspect property sales, implement a cyclical property reinspection program, complete annual property value adjustment analysis, and prepare for triennial certification of property values by the Department of Revenue.
- Conduct inspections of building permit properties and determine new growth for levy limit ([M.G.L. c. 59 sec. 21C\(f\)](#)).
- Fix the annual tax levy and set the tax rate. Participate in the preparation of the Tax Recapitulation Sheet. ([M.G.L. c. 59 sec. 21, 23](#)).
- Prepare the valuation and commitment list. ([M.G.L. c. 59 sec. 43, 54](#)). Sign under oath ([M.G.L. c. 59 sec. 52](#)) and send the commitment with a warrant to the collector. ([M.G.L. c. 59 sec. 53](#)). Send a notice of commitment to the town accountant or city auditor. ([M.G.L. c. 59 sec. 23A](#)).
- Process and act on abatement and exemption applications. ([M.G.L. c. 59 sec. 59](#)). Send copies of approved abatement or exemption certificates to collector and to accountant or auditor.
- Establish the annual overlay amount ([M.G.L. c. 59 sec. 25](#)) for insertion in the tax recap sheet. Determine any overlay surplus.
- Commit original and apportioned betterments to the collector ([M.G.L. c. 80 sec. 4](#))
- Commit delinquent municipal charges, including water and sewer liens and charges, to tax bills. ([M.G.L. c. 40 sec. 42A-F](#); [M.G.L. c. 83 sec. 16A-F](#))
- Assess and administer motor vehicle, farm and boat excises. ([IGR 88-219](#))
- Meet all regulatory requirements, assessment administration standards of the Department of Revenue, Division of Local Services.

**Appendix 5:****Recommended Calendar For Phillipston's Assessors**

**March – *Engage appraisal consultant to begin work for coming fiscal year***

**June 15 – *preliminary tax commitment***

The preliminary tax commitment must be based on the prior year's net tax on the property and may not exceed, with limited exceptions, 50% of that amount.

**June 20 – *Final date to make omitted or revised assessments***

If a property is inadvertently excluded or mistakenly under-assessed, it is the assessors' role to correct the mistake and assess the property correctly.

**June 30 – *Overlay surplus closes to surplus revenue***

**June 30 – *Submit annual report of omitted/revised assessments to DLS***

**June 30 – *Last day to submit requests for current fiscal year reimbursements of exemptions granted under the various clauses of c.59, §5 to DLS***

If the Assessors fail to submit a request, the town's loss of tax revenues will not be offset by exemption reimbursements from the state.

**June 30 – *Submit LA-3 (real property verified market sales) to DLS***

**September 15 (Recertification years) – *Preliminary certification from DLS***

**October 15 (Recertification years) – *Public disclosure***

A release in a newspaper of general circulation in the community that addresses the basis of valuation changes, the overall effect on assessments, and the manner and time period in which taxpayers may ascertain the proposed new assessments prior to tax billing. Required to last at least five days. DLS recommends 10 days.

**October 15 – *Begin work on Tax Rate Recapitulation sheet***

Appendix 6

**November 5 (Recertification years) – *Final certification from DLS***

**November 15 – *Submit new growth to DLS***

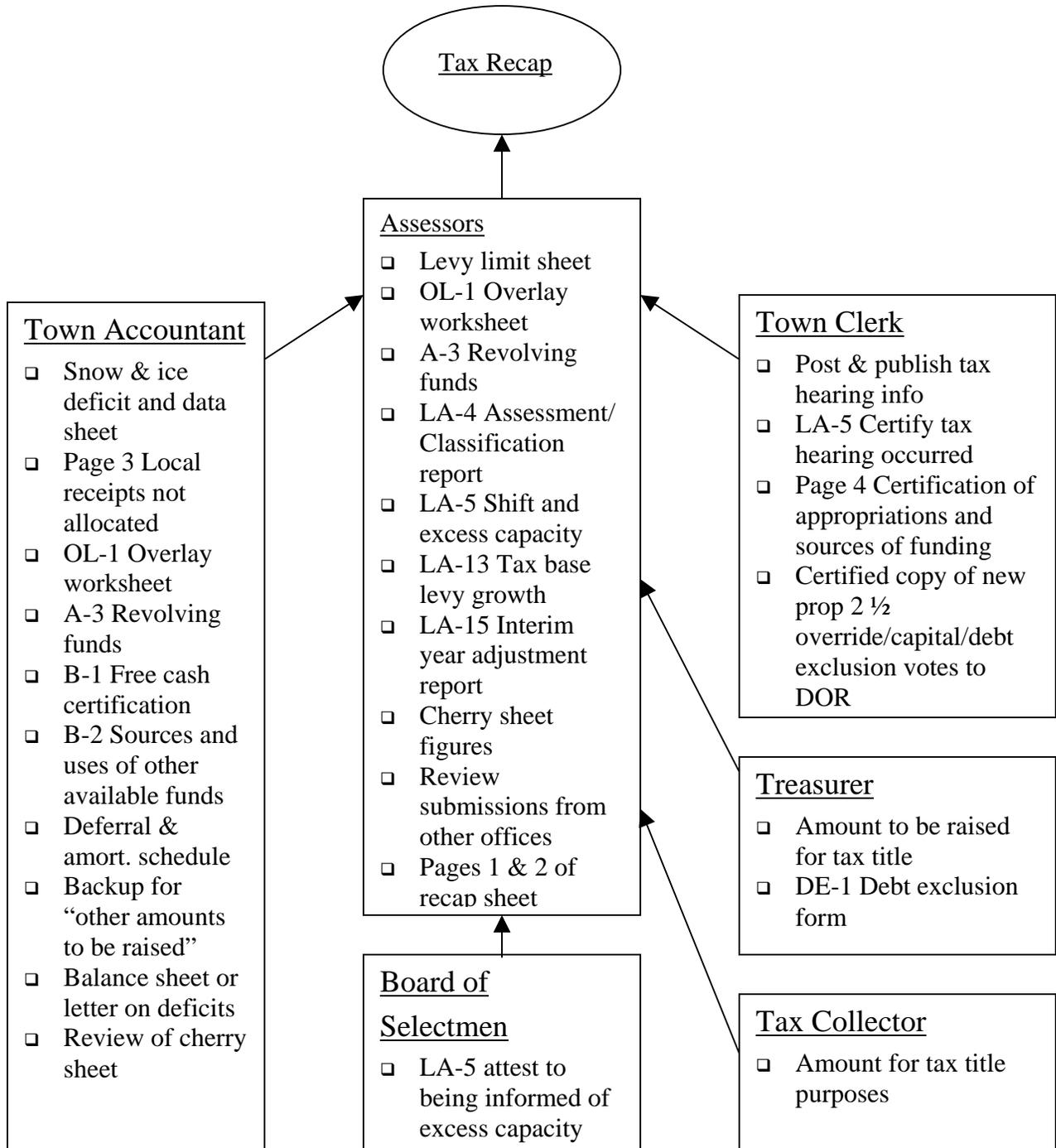
**December 1 – *Submit tax recap to DLS***

**On-going:**

- Enter deed changes
- Verify building permits and enter into property records
- Other updates to property records
- Accept applications for abatement and exemptions for consideration by board of assessors
- Cyclical inspections

**Appendix 6:**

**Tax recap responsibilities by office for the Town of Phillipston  
FY2007**



The tax recap is an important policy making document that should be a joint effort of the financial management team, rather than the sole responsibility of the assessors. The team should collaborate closely to ensure that the tax rate is set on schedule and reflects Phillipston's financial policies. These checklists should be reviewed and revised each year as regulations change and/or the town adopts new funds or policies.