



Town of Rochester

Financial Management Review

Municipal Data Management and Technical Assistance Bureau

January 2007



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Introduction

At the request of the Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed a financial management review of the Town of Rochester.

We have based our findings and recommendations on site visits by a Technical Assistance team consisting of staff from the DLS Bureau of Accounts, Bureau of Local Assessment, and Municipal Data Management & Technical Assistance Bureau. During these visits and by telephone, the team interviewed and received information from the members of the board of selectmen and the finance committee, the town administrator, town accountant, town clerk, treasurer, tax collector, board of assessors, as well as other staff members, as available, in each office.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, the town by-laws, the town policies and procedures as well as other assorted financial records. Other documents reviewed included the Town of Rochester Annual Report (2005), "Town of Rochester SEMASS Waste-to-Electricity Generating Facility Pilot Agreement and Related Documentation", and the outside audit for fiscal year 2004 and fiscal year 2005 completed by R.E. Brown & Company.

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

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

Executive Summary

The Town of Rochester, incorporated in 1686, is a quaint community located in southeastern Massachusetts, 19 miles east of New Bedford and 50 miles south of Boston. Bordered by the towns of Lakeville, Middleboro, Wareham, Marion, Mattapoisett, Acushnet, and Freetown, Rochester exhibits many of the characteristics of a rural community. The town of 5,310 people enjoys the beauty of abundant cranberry bogs, old farmhouses, woodlands, ponds, and winding roads with numerous scenic vistas.

Rochester was historically a center for busy coastal trade from its harbor on Buzzards Bay until the communities of Marion and Mattapoisett separated themselves in 1852 and 1857. The now landlocked community benefits from a relaxed inclusive atmosphere. The town's small commercial base consists of Rochester Center, or Town Common, which is also the primary center for activity in the community. The Town Hall, First Congregational Church, Joseph H. Plumb Library, the post office, and the Plumb Corner Mall, and a bakery are all proximate to the Town Common.

Though the town retains its quaint nature, community leaders see signs of change, as new families are moving in to take advantage of Rochester's amenities and rural character. This, in turn, has caused greater attention to be turned toward the town's infrastructure and its ability to handle the expectation of a spike in population. Construction of a police station, highway barn, senior center, and establishing the town annex stand as accomplishments, while the future of the town hall and the Rochester Memorial School are now more in the forefront.

Local officials also see the need to reevaluate current local government practices, and in particular, the need to "professionalize" municipal government and develop a strategic plan for the future. Steps in this direction have already been taken. A new police chief, town planner, council on aging director, and facilities manager has each had a positive influence on government operations and on the delivery of municipal services. For its part, the board of assessors is developing a plan to reorganize the assessing department.

Adding to this momentum, a fall special town meeting approved a general election vote on the conversion of the treasurer's position from elected to appointed and just recently, the board of selectmen appointed a new town administrator. Among these achievements, circumstances surrounding the town treasurer stand out and underscore the need for corresponding upgrades in the way Rochester's government operates.

On March 27, 2006 the Rochester Board of Selectmen voted to request a financial management review of town operations to be conducted by the Department of Revenue's, Division of Local Services (DLS). A March 2006 meeting attended by local officials with DLS Deputy Commissioner Gerard Perry and DLS Technical Assistance Chief, Rick Kingsley, where the primary subject of discussion was the town treasurer, prompted the review. At that time, concerns were raised that she lacked qualifications, did not have a basic understanding of the job requirements and, as a result, was not performing essential statutory responsibilities. In fact,

throughout the past year and a half she has struggled with the associated learning curve primarily due to an absence of municipal finance experience. Her early efforts were characterized by late reporting, missed or overpayments to vendors and others, and non-existent cash reconciliations with the town accountant.

To help fill the knowledge gap, the treasurer engaged the services of two former municipal accountants who worked to bring reconciliations of cash up-to-date and to establish office procedures and systems to accomplish necessary tasks moving forward. Now that their work is complete, it is expected that the treasurer will step-in and fulfill the requirements of the job using the procedures and systems that have been established. The treasurer has made strides and does understand more clearly certain essential functions of the office, but it remains to be seen whether or not she will be completely successful.

On closer analysis, the difficulties experienced by the treasurer reveal flaws inherent in the structure of government under which Rochester operates. When no candidates came forward, the current treasurer responded to encouragement from town leaders to run for the then vacant position, even though she lacked qualifications. In this respect, she and the local officials who supported her candidacy were mistaken in their belief that a general background in government was sufficient to meet the qualifications of the job. As a result, with no prior experience and no formal training, essential treasurer functions were neither recognized nor completed early on. Lack of cooperation from the town accountant's office and a lack of leadership to take corrective action, amplified what were perceived as performance issues. Even so, to oversee and protect millions of dollars in public assets, municipal treasurers, as well as tax collectors, need to have a specific skill set acquired through experience.

However, the chances of finding qualified candidates within the population of a small town are limited. Therefore, we recommend that the town residents complete the process that began at fall special town meeting and vote, in the spring of 2007, to shift the treasurer from an elected to appointed position. We further recommend that looking forward, the same action be taken relative to the tax collector's position.

Still, with the start of this broader financial management review in November 2006, other areas of concern arose. It became immediately clear that Rochester had fundamental issues relating to day-to-day leadership and financial controls. Internal communication and coordination were lacking. In addition, organizational structure, technology, overall performance, and long-term planning emerged as areas in need of attention.

Looking back, the treasurer's task might have been eased with more effective guidance during transition, and in particular, with greater cooperation from the previous town accountant. It is our understanding, from more than one interview, that the former accountant chose, as well, to stop reconciling receivables with the tax collector's record at some point before her departure. On balance, most striking about these circumstances is the absence of a management presence to impose procedures, and particularly one that is an important financial control. In short, leadership in town hall was missing.

Structurally, Rochester already has a central authority figure in a town administrator whose job description makes him responsible for managing town government. Within wide ranging administrative and supervisory authority, he oversees staff activity and coordinates departmental operations, is directed to assist in the preparation of the annual budget, and serves as the town personnel administrator, as well as its chief procurement officer. Now, with the recent appointment of a new town administrator, selectmen have made clear their expectations for stronger, more visible hands-on managers who will carryout these duties.

Based on what we have seen in other towns, we would expect the new town administrator to take a central and substantive role in developing the budget, orchestrating the analysis of financial data, coordinating long-range revenue and expenditure forecasts, and ensuring fiscal checks and balances are in place. We recommend also that he organize and lead a financial management team to enhance communication and cooperation, that he develops personnel policies and employee performance reviews for all staff. He should formalize a capital improvement program and explore potential advances in technology. We also encourage the new town administrator to review how the public interacts with its government. Office hours, telephone demeanor, and the town website are each important factors that influence resident views on how well tax dollars are being spent.

In other recommendations, we endorse the efforts of the board of assessors to make improvements in that office. We encourage technology advances and decisions on financial management software. Finally, we offer recommendations on improving operations in the offices of the treasurer, tax collector, as well as the town accountant.

Conclusion - Rochester's effort to elevate the level of professionalism in local government has exposed critical issues and deficiencies in communication, coordination, management authority, and long-term planning. This exposure is not negative, but reflects the natural course of local governments as they grow. The timing is right, however, and with a new attitude among decision makers, the appointment of a new town administrator, and other positive actions, there is reason for optimism about the future of Rochester's government.

Ultimately, however, the key to Rochester's success will be leadership and a willingness to act, prioritize, and think strategically. Now, with the completion of this financial management review, we look to provide town leaders with a blueprint for achieving sound, effective, and efficient fiscal management.

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- 1) Codify the Town Administrator Position in a Bylaw
- 2) Convert the Treasurer from Elected to Appointed
- 3) Combine the Treasurer and Tax Collector Positions
- 4) Regularly Reconcile Cash and Receivables
- 5) Formalize a Capital Improvement Program
- 6) Develop a Formal Budget Process and Calendar
- 7) Establish a Financial Management Team
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Overall Financial Management

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

Past practice within town hall has greatly affected the ability of government to move forward on a positive path. Some of this stagnancy is a function of the governmental structure under which the town operates. To address this issue, we advocate the town shift from an elected to an appointed treasurer's position, and that the same action be considered in the future relative to the tax collector.

Poor communication, particularly in the last 18 months, has limited coordination between the financial offices. As a result of this breakdown important reconciliations of cash, and to a lesser extent receivables, have been ignored. We attribute this lapse to an absence of strong leadership, and as a response recommend that the authority of the town administrator be enhanced. The expectations of the new town administrator are rightfully geared towards more hands-on involvement in managing town hall. Toward that end, we advise that he be substantially more involved in formulating the town operating budget and capital improvement plan, and that he hold regular staff meetings and look to update personnel policies and practices.

The formation of a financial management team, the development of capital improvement planning, insistence that routine reconciliations and regular reporting are completed will prove valuable in managing for the future. The town administrator has the primary responsibility to take these actions. Publishing a formal budget process and creating a municipal calendar can help provide direction for finance related offices. Defining each staff member's responsibilities, and properly evaluating their performance will enable better decision-making and town hall organization.

Conclusion - On the whole, the Town of Rochester has identified the new demographic shift and development in the community. Leaders see the need for a more professional government. The issues of coordination and communication are in the forefront and, once resolved, will help enhance the efficiency of overall financial management for the town. The greatest part of our attention is directed to the decision-making powers of the incoming town administrator and the role he must play in the organization. We encourage the new town administrator to quickly take control of town hall. His success will depend on support from the

board of selectmen, which in turn can return to a more traditional role of policy development. Key is improved collaboration and communication between all staff within town hall and a desire to be effective and efficient in their roles. Toward these ends, we offer the following recommendations.

Recommendation 1: Codify the Town Administrator Position in a Bylaw

We recommend that the selectmen propose a bylaw to town meeting codifying the authority of the town administrator. In the absence of a town charter, the selectmen should propose a town meeting article to establish the town administrator position in a by-law. Currently, the position exists by virtue of a policy and procedures, job description, and budget line item. Lacking is a firm commitment to centralized management and an expression of confidence in the person who holds the position at any given time. Town Meeting action to codify the town administrator position and its specific duties would serve as an important step in favor of stability and professionalism in government.

Recommendation 2: Convert the Treasurer from Elected to Appointed

We recommend the town continue steps to convert the treasurer from an elected to an appointed position. It is a disadvantage for the community to maintain such a vital position as elected. The treasurer is an important role that requires specialized skills that cannot be quickly learned on the job. Additionally, individuals who possess the necessary technical ability and background to perform the legal duties of the job do not always live within a community's boarder, nor are qualified residents always willing to run for elected office.

The town experienced this problem first hand in its last municipal election. Town voters can prevent this situation from re-occurring by approving, at the spring 2007 municipal election, a change in the treasurer's position from elected to appointed. If the shift is approved, the incumbent treasurer will serve out the remainder of her term in office, unless she chooses to resign earlier. In either event, after posting advertisements and conducting interviews, the selectmen would appoint a new treasurer.

Recommendation 3: Combine the Treasurer and Tax Collector Positions

We recommend the treasurer and tax collector be combined into a single, full-time appointed position. Currently, the treasurer, who also serves as town clerk, appears unable to complete required job responsibilities and duties, and cannot initiate new projects or additional tasks. Until recently, she benefited from the services of two former town accountants who helped reorganize and improve office systems, and complete required tasks after the departure of the previous treasurer. The expectation was that the current treasurer would receive training while simultaneously completing all job responsibilities moving forward.

Because of parallels in responsibility with the tax collector, many communities find that combining the duties of the treasurer and tax collector into one position generates efficiencies and long-term cost savings. We agree, and looking ahead suggest that combining the treasurer and tax collector into an appointed single office would best serve the town. In addition, to be most effective the new position should report and be accountable to the town administrator.

[M.G.L. c. 41 § 1\(b\)](#) provides a means to convert town offices from elected to appointed status, but no statutes identify a process to create a combined treasurer/collector office. The preferred method among communities is to seek legislative approval of a special act. Town meeting would have to authorize the selectmen to file special legislation to this effect.

Recommendation 4: Regularly Reconcile Cash and Receivables

We strongly recommend the reconciliation of cash and receivables be performed on a monthly basis. The reconciliations of cash and receivables are a check and balance, and a shared, fundamental responsibility of the treasurer, tax collector, and town accountant.

The treasurer is the custodian of the community's revenues, tax titles, and tax possessions; the tax collector maintains listings of outstanding receivables due to the community; and the town accountant maintains the official record of town's financial activities. While each department is responsible for conducting their own independent operation, they share fiscal accountability that records are accurate and that reconciliations are performed. The lack of timely cash and receivable reconciliations can affect fiscal operations, the accuracy of financial records and the certification of free cash. Therefore the town administrator is within his authority to hold the town accountant, treasurer, and tax collector accountable for reconciliations.

All cash and receivable turnover data should be input into the financial management software by the treasurer's staff as soon as possible after it arrives. Then, at the end of each month, the treasurer should internally reconcile the cashbook to all bank balances, while the tax collector internally reconciles all receivable balances to the receivable control and source documents. We advocate that the treasurer and tax collector reconcile on a monthly basis with the town accountant. If differences are determined, the treasurer, tax collector, and town accountant should meet to discuss the variances, which may be due to missing information, errors, and timing differences. The goal is to find a resolution.

Recommendation 5: Formalize a Capital Improvement Program

We recommend that the town commit to the capital improvement program implemented by the town administrator. It is our understanding that in the past capital requests were submitted by department managers to the finance committee. It was not made clear how decisions were made, but direct dollar outlays and limited borrowing were typically proposed based on money available after funding the operating budget.

In guidelines issued this month, the town administrator has solicited capital requests from municipal departments and has outlined a process for arriving at capital funding decisions. We support his effort, including the role he describes for the capital improvement committee, selectmen and finance committee.

We recommend, as well, that the capital improvement committee, working with the town facilities director, be involved with the following:

- Prepare an inventory of existing town facilities, real estate and other assets (condition, life span, utility, maintenance schedule)
- Determine the status of previously approved capital projects;
- Assess the town's financial capacity (available reserves, borrowing limits);
- Solicit, complete and evaluate project requests;
- List projects in order of priority;
- Develop a financing plan and adopt a long-term capital improvement program.
- Monitor approved projects; update the capital improvement plan annually

(Source: [Developing A Capital Improvements Program](#), prepared by the Municipal Data Management / Technical Assistance Bureau, Department of Revenue)

An effective program might also include a minimal policy statement committing to a recurring funding source (i.e., a portion of free cash, rental income, etc.), or expenditure level, for capital improvements. Many communities base capital expenditures on a percentage of total projected general revenue (excluding free cash, stabilization, and other one-time income). Policies would also set out which projects qualify for bonding (i.e., threshold dollar amount and useful life) and which are to be accomplished through direct capital outlay.

Recommendation 6: Develop a Formal Budget Process and Calendar

We recommend the town administrator develop a formal budget process. The budget is a key element of municipal finance, and is the means by which the town makes decisions on the allocation of scarce resources. A clearly defined budget process outlines the role of various parties and follows a formal calendar specifying when milestone events occur. A budget calendar typically begins in the fall with a deadline for revenue forecasts for the upcoming year, and identifies when the subsequent distribution of budget guidelines to departments will occur. It ends with finance committee hearings and final changes before a presentation at town meeting.

To establish a budget calendar, we recommend working backwards from the annual town meeting, and to consider when the following would occur:

- Completion and presentation of revenue projections;
- Distribution of budget guidelines and requests to departments;
- Departments deadline to submit appropriation request;

- Town administrator completes hearings and creates draft budget;
- Board of selectmen approve budget and submit to finance committee;
- Town meeting votes on finance committee budget recommendations

In conjunction with the budget calendar, the town administrator may find it advantageous to integrate a schedule that incorporates other municipal deadlines, such as required submissions to the Department of Revenue. Indirectly related governmental matters may also be included, for instance, employee performance evaluations, and other important deadlines, et cetera.

Recommendation 7: Establish a Financial Management Team

We recommend a financial management team be established that meets on a regularly scheduled basis. A financial management team chaired by the town administrator would likely comprise the town administrator, the town accountant, treasurer, tax collector, and a member from the assessing department. A financial management team can serve to open lines of communication and improve coordination between and among departments and officials. Meetings also provide for a shared one-point-of-contact message. The town administrator can use the meetings to review upcoming deadlines and responsibilities related to town meetings, the Schedule A, Tax Recap Sheet, and Free Cash Certification. If on a monthly basis, meetings can be useful in identifying critical junctures and gaining input on early strategies to deal with anticipated fiscal events. Furthermore, financial management team meetings can be a place to share and analyze problems, spur creative thinking, discuss innovative approaches, and develop and incubate new ideas.

Recommendation 8: Define and Develop a Human Resources Function

We recommend consolidating personnel/human resource responsibilities. The personnel board, treasurer, and payroll administrator, in particular, handle varying human resource, or personnel related issues. Therefore, we advise that the town administrator review current practices, policies and responsibilities, and then take the steps necessary to devise a plan for more comprehensive personnel and benefits administration.

We recommend consolidating personnel files. To date, records for non-contracted employees are held and maintained by the treasurer's office, while contracted employee records are in the possession of the police department and maintained by the personnel board. We strongly advise that personnel files in their entirety be placed in a secure location and in the care and custody of one person.

We recommend limiting personnel board hiring responsibilities. Although our attempts to reach the personnel board were unsuccessful, it is our understanding that board members are involved in the interviewing and hiring for some, if not all, non-school appointed positions. This is

an atypical process that runs counter to line authority in town hall, and separates department managers from decisions relative to who will work for them. While there is good reason for the town administrator approval of all new town hall hires, the ability of managers to hire those who will work for them is fundamental to creating accountability, as well as an effective organization and team environment.

We recommend updating job descriptions. In Rochester, employee job descriptions are in need of updating, so at the very least, they reflect what people actually do and what they should be compensated for. A formal definition of an office holder's legal requirements, essential functions, work environment, and supervision provide for greater accountability and a means to measure performance.

We recommend implementing a comprehensive performance evaluation program for all employees. Performance evaluations provide a framework for determining if employees are fulfilling their responsibilities and duties as benchmarked in their job descriptions. The system should provide constructive feedback to employees on their job performance, and outline future objectives and goals. Performance evaluations also serve as a mechanism for employees to express their opinions, and can give management insight into the overall morale of town hall.

Recommendation 9: Convert Facilities Manager Position into a Department

We recommend the town treat the current facilities manager function as a department. The facilities manager position has quickly evolved to where he plays an essential role in general maintenance and construction projects for the town. He helps conceive and manage projects, as well as provide valuable guidance in the acquisition of major purchases. Without any formal protocol, department managers have become increasingly reliant upon the facilities manager for his construction and technical acumen, as each expends their own repair, maintenance, or capital appropriation.

By treating facilities management as a department, the manager would continue to report to the town administrator, but more significantly, centralized oversight of all municipal buildings would be created (whether or not school buildings are included). With a global view of town-wide needs, the facilities manager will be in the best position to recommend where resources are most needed. Maintenance and repair jobs and capital projects can be prioritized when resources are limited. To make this structure work, however, the funds now spread among town departments for maintenance/repair and capital purposes should be consolidated in a facilities department expense line item.

Recommendation 10: Establish a Secure Location for Turnovers

We recommend the town adopt a secure location for all receipts and turnovers in the treasurer's office. Turnovers made by departments to the treasurer are not consistently left in a secure location. It is also our understanding that, even in department offices, payments received might be left on a desk or in a mail slot.

Because departments can hold money overnight or for longer periods, the town administrator should establish a security policy for retaining funds. At a minimum, a policy should require that departments store funds in a lock box which should be placed in a secure, fire resistant location overnight, such as a locked desk draw, file cabinet, safe or vault. In addition, any town employee receiving money should be bonded.

Once departments have secure locations for receipts, the treasurer should set defined hours when she will be present in town hall to receive turnovers. This is not a responsibility that can be delegated to others except for her staff. Those delivering turnovers must expect to wait for money to be counted and for a written receipt. In the instance of large turnover amounts when counting may take place later, a receipt should not confirm an amount received, but only the delivery of the turnover.

We recommend the town consider the use of a lockbox service for secure payments. Many communities today make use of bank lockbox services to speed and simplify the collection and processing of receipts. Lockboxes are secure and can be a convenient alternative for citizens and for the tax collector. Under a lockbox system, residents receive return envelopes with the particular bill that directs payment to a post office box number where the lockbox service is located. The envelopes are opened, and payments are processed, deposited, and accounted for in a daily report to the tax collector. Because the report is typically in electronic form, the payment information can be uploaded into a tax collector's software application automatically. Instead of turning cash over to the treasurer, the tax collector would attach a copy of the deposit slip received from the lockbox provider. The charge for the service is usually offset by the value of freed-up staff time. A cost benefit analysis can determine whether engaging a lock box service makes sense for the town.

We recommend the town explore Internet based payments. Similar to the lockbox, communities today are transitioning to Internet based payment methods. The Internet is secure, efficient, and allows users to access their bills and make payments via credit card or electronic check. The service is available through some, but not all financial institutions. To avoid municipal finance law issues, the taxpayer, not the town, incurs the credit card charges. Internet payments also further the trend toward a paperless environment within town hall.

Recommendation 11: Move to Quarterly Tax Billing

We recommend the Town of Rochester move to quarterly tax billing. According to the treasurer, there are increasing periods during the year when the general fund cash balance barely covers town obligations. To address cash flow issues, communities typically shift from semi-annual to quarterly tax billing. As a result, the town only has three months between infusions of revenue. Since property taxes are the most significant revenue source for Rochester, the implementation of a quarterly tax billing policy will tend to improve cash flow, increase investment income potential and reduce, or eliminate tax anticipation borrowing costs.

A quarterly payment schedule will impact operations. The assessor's office would be required to record real estate transfers and lot splits approximately four months earlier (July 1) than under the semi-annual billing system. There will be incremental costs for two extra mailings a year, but they can be mitigated by including two quarterly tax bills in one mailing every six months. Processing payments during two additional periods increases the workload of the tax collector's office. This should be less of an issue in Rochester given the small number of taxable parcels. In any event, the use of scanning wands or the use of a lock-box service to receive and post payments can help. Additionally, a town is given until December to approve its tax rate (rather than September) and homeowner's can budget for smaller, though more frequent, payments.

Recommendation 12: Define Debt and Reserve Policies

We recommend the town define reserve policies. Reserves typically include free cash and stabilization funds. Free cash refers to the amount of funds a community has that are unrestricted and available for appropriation after certification by DOR. These funds are generated from unfunded free cash from the previous year, actual receipts in excess of revenue estimates as reported on the tax recapitulation sheet, and unspent amounts in budget line-items. Stabilization is a type of savings account. To move money into or out of the fund requires a two-thirds vote of town meeting.

A reserve policy should create target levels for free cash that ranges between five and ten percent of annual general revenue. Sources of funding should be identified. A policy should specify that reserves can only be used for one-time expenditures. If a portion of free cash is directed to a recurring spending purpose, then an equal amount should be retained as unexpended so that it might carry forward into the subsequent year's free cash calculation. As a matter of practice, free cash should not be made available to supplement current year operations, but would be appropriate to fund a capital expenditure, or to serve as a funding source for the ensuing year's budget.

We recommend the town define debt policies. A debt policy is directly related to a town's capital improvement program. A policy would control the amount of debt issued by tying debt service levels to a percentage of total general fund revenues (exclusive of free cash, stabilization,

debt exclusion revenue). A policy would specify what spending purposes would qualify for bonding. Further, a policy would direct an annual review of previously authorized or issued debt, with the purpose of redirecting any remaining balances where projects are completed, abandoned, or have yet to begin after a certain period has passed since authorization (often, this is set every two years).

Recommendation 13: Control Warrant Articles

We recommend the board of selectmen exercise their authority to control town meeting warrants. With the exception of a voter petition, the selectmen have sole authority under state law to place a proposed article on an annual or special town meeting warrant. As a matter of policy or practice, selectmen can choose to accept or reject any or all requests submitted to them, even when submitted before the warrant closes.

It is our understanding that in Rochester the finance committee has in the past determined if an article is to appear on the town meeting warrant. If this is the case, the finance committee is acting outside its legal authority. While it is common for selectmen to seek information and advice relative to proposed articles, they are not bound by the opinions of other persons or groups whether or not solicited.

Computers and Technology

A survey of town finance-related offices revealed nine freestanding desktop computers of various age in use. Computers throughout town hall are networked and operate either Windows 98 or Windows XP. Most office computers are installed with Office 2000. It is strongly encouraged that the town review and replace any software that is not longer supported by Microsoft. All offices, but not all computers, have email capacity and Internet access. Financial offices utilize Sumaria financial management software that is not fully integrated or responsive to department needs. Full implementation of Sumaria may resolve this issue. It is our understanding that the software company is receptive to the needs of each department and that users are satisfied with the customer service.

The town does not have in-house technology staff to oversee hardware or software systems. Town policies and procedures identify the town administrator as the local area network administrator and point person for all computer-related questions, but in truth, the previous town accountant served in this role. For installations and more complicated network support, the town has an annual maintenance agreement in place with MX Consulting Services, among others. Their services, and the performance of town hall computer technology have been satisfactory.

A computer policy is in place that establishes guidelines for selection and utilization of computers, but as a rule, there are no town-wide procedures for the backup of the network and department files. The prior town accountant was responsible for conducting regular data backups, but this routine ended with her departure. Historically, backup tapes had been placed in a safe on-site that is fire resistant for up to four hours, but because there was no off-site backup, employees brought tapes home. Additionally, there are no specific policies related to the use of email and the Internet.

Although they use available technology for some purposes, the town accountant, treasurer, and tax collector rely heavily on manual record keeping. This long-standing practice has been perpetuated, in part, because department heads are not entirely confident using the Sumaria software package, or computers. Lack of training may also contribute to current attitudes. We strongly encouraged that all departments begin the transition to electronic formats.

Conclusion - With the exception of the maintenance agreement with MX Consulting and development of technology policies and procedures, little attention is directed to technology issues or long term technology planning. In general, it is left to department heads to make decisions for their individual offices. Although we do not directly recommend computer and technology infrastructure improvements to town hall, steps must be taken to encourage technology use and proliferation in order to be productive. The learning curve is sometimes challenging for individuals, but this can be overcome by improved policies, procedures, and training to boost confidence. We strongly encourage a technology plan in Rochester that advances these purposes.

Otherwise, as access and the exchange of information moves more and more toward a paperless environment, the town will be less and less able to communicate with the world.

Recommendation 14: Assess Need to Fully Integrate Financial Management Software

We recommend the town determine how it might fully integrate, upgrade, or reevaluate the Sumaria financial management software. When Sumaria, a Windows-based software application, was installed in the town accountant's office it represented a partial upgrade from manual record keeping. Because the prior town accountant was comfortable with Sumaria, and directed technology management in town hall, a treasurer's module was added. More recently, a payroll application has been installed. Tax collections are on CAMA.

In any event, the town should evaluate the effectiveness of its financial management software compared to competitive products. It should also seek opportunities to enhance technology throughout town hall. Foremost, there should be the ability to transfer information between and among the offices of the town accountant, treasurer, and tax collector. Moreover, with up-to-date payroll software, employee payroll sheets can easily be completed by department heads and electronically transferred to the treasurer's office. Records of accrued sick and vacation time can be automatically created. Installment of requisition and purchase order software can prevent departmental overspending and help track the town's budget by establishing an encumbrance system. A budget module would facilitate the annual budget process, while fixed asset software can help facilitate continued compliance with GASB 34.

Even while the current Sumaria software package has not been completely integrated, it is the general sense of users that the application is cumbersome. On the other hand, the company does offer responsive customer service and appears willing to assist with user needs.

Recommendation 15: Conduct Computer Backup Regularly

We recommend that the town establish a routine backup policy for computer data. Presently, the town does not have any formal course of action related to the backup of computer data. To date, tradition dictates that all data should be backed up to tape and placed in a fire resistant safe. Unfortunately, when the previous town accountant, who was solely responsible for computer network management and backup left office, electronic data was no longer protected by routine backup. This has left department heads responsible for the management of their data. The town should immediately implement a policy of daily backups and off-site data storage.

Recommendation 16: Update Town of Rochester Website

We recommend the town regularly update the municipal website and initiate self-service avenues for citizens. Today, communities are finding it advantageous to build and promote a

municipal website to promote rapid and convenient service. A website has become a means to engage the community, and as such, should be routinely updated with information for citizens. Of value to include on a website are town bylaws, meeting minutes, a calendar of events, a directory of contacts, zoning information, bill payment methods, permits, and other publications. In the absence of an in-house technology person, the town might consider contracting-out web maintenance, or utilizing website applications that allow departments to update on-line information from their desktops.

Board of Assessors

The board of 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 tax collector to collect real estate tax and motor vehicle excise payments.

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

The volume of work in the Rochester assessing department involves approximately 2000 residential real estate parcels, 120 commercial/industrial accounts and 360 vacant parcels. There are an additional 136 personal property accounts. All are billed on a semi-annual basis. Also, in fiscal year 2006, the office received approximately 30 residential abatement applications and issued approximately 72 personal exemptions.

A full-time administrative assistant and a part-time clerk perform day-to-day office functions, while property inspections, data analysis, value determinations and other higher level assessing duties are completed by outside consultants and by members of the board. Assessing board members, who are elected, delineate their individual responsibilities among legal issues, technology and software, and valuation analysis. The board routinely meets on Monday evenings from 6:00 PM to 7:00 PM to conduct business and interact with the public.

In a significant step, the board of assessors is currently reviewing department operations in preparation for making a recommendation to restructure the office. Following the prevailing trend among Massachusetts cities and towns, the board is primarily focused on increasing the day-to-day administrative presence in the department and by doing so, elevating office professionalism. Other areas of interest include improving public access, and expanding the use of technology. The board is also seeking to digitize all maps, and to adopt Geographic Information System (GIS). In response to DOR Bureau of Local Assessment (BLA) concerns, the board is looking to implement a program to ensure a better return of income and expense data from commercial, industrial, and apartment property owners, and to devise more effective land valuation schedules.

Conclusion - From the perspective of BLA, the assessing office maintains high standards and a well-conceived division of responsibilities. It fulfills essential functions and complies with accepted state practices and regulations. It is our suggestion that the board of assessors continue their investigation into departmental improvements and public service enhancements. Looking

ahead, the staff should seek to maintain high standards of customer service, thoughtfully delineated responsibilities, and to establish lines of authority through appointment of a deputy assessor.

Recommendation 17: Establish Deputy Assessor Under Town Administrator Authority

We recommend that the town establish a deputy assessor position. It is our understanding that the board of assessors is considering the appointment of a full-time deputy assessor as part of the assessing department reorganization. Although we do not traditionally advocate for a community to add staff positions, in this instance, we feel compelled to comment on the board's desire to restructure. We encourage the contemplated shift in responsibilities from a part-time board to a full-time, in-house professional. We commend the board members' receptiveness to a structure where the deputy assessor would report on a day-to-day basis to the town administrator. We would expect the board would have meaningful input into the hiring of the deputy assessor, and would otherwise continue in its advisory and policy-making capacity on assessing matters.

Under the general direction of the town administrator, the deputy assessor would perform the full range of technical duties involved in providing assessing services and activities, as well as plan, organize, and manage the operation of the assessors' office. The addition of a deputy assessor may also reduce the town's reliance on outside vendors for technical and assessing services. The board of assessors would continue to be responsible for the full and fair market valuation of real and personal property for the purposes of levying the property tax, as well as provide policy and approval oversight.

Recommendation 18: Consider Public Terminal for Assessing Department

We recommend that the assessors' office place a computer at the counter for public access. In order to free-up staff time, a growing number of assessing offices make computer terminals available to the public. In this way, residents, appraisers, and others can independently search property records and print field card information without disrupting office staff. Sale information can also be included. A public access terminal is a freestanding, read-only device that is placed on the counter or at another location on the public side of the counter.

Treasurer

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 town accountant on a regular basis. Finally, the treasurer maintains tax title accounts, conducts sales of land and prepares documents to petition for foreclosure.

The office is set up with two, networked desktop computers, which run Windows 98 and Office 2000. Sumaria software is installed to manage treasurer and payroll functions, while additional records are kept manually and on Excel spreadsheets. Payroll is currently undergoing a significant upgrade from the previous DOS based software to a more user-friendly Windows-based application developed by Sumaria. The various financial offices continue to struggle with the current Sumaria software package due to limited integration. A determination will be made at the beginning of the year as to the success of the payroll conversion, and whether the town will be better served by contracting-out the function.

The current treasurer was first elected to a three-year term in 2005, and is up for re-election in 2008. In addition to serving as a part-time treasurer, she continues to maintain her long held elected position of town clerk, which is also a part-time position. The treasurer's office is a small cramped space off the central corridor and is occupied by a full-time payroll administrator, part-time volunteer, and the treasurer.

The request for this financial management review was initiated over concerns that the treasurer lacked a basic understanding of the job requirements and was not performing essential statutory responsibilities. In fact, the treasurer undertook these challenges without any formal experience and in the face of a steep learning curve. Although she has progressed in the job, on October 30th of this year the town meeting voted to change the position of treasurer from an elected to an appointed position. If approved at the spring election, the conversion from elected to appointed would take effect spring 2008, unless the treasurer resigns prior to the end of her term.

Conclusion - The recommendations we offer are intended to provide guidance for the department toward improving the effectiveness and efficiency of operations. Challenges related to on time reporting, irregular reconciliations, and staff responsibilities continue to hinder the department's performance.

Recommendation 19: Establish a Debt Schedule and Confirm Municipal Debt Responsibility

We recommend the treasurer create and maintain a debt record and debt service schedule. The treasurer has statutory obligations to report annually to the town accountant and periodically to the Bureau of Accounts (BOA) information relative to the issuance and payment of debt. The treasurer should, therefore, set-up spreadsheets to track debt information and include records of the following:

- 1) Debt Service/Long Term - A schedule of principal and interest payments over a ten or twenty year period should be maintained and updated annually. This chart should identify the date of issue, the purpose of the bonds, whether or not payments are self-supporting (covered by rates or by taxes). As the chart extends into the future, it would display overall principal and interest obligations by year, and when debt service begins and ends for individual projects.
- 2) Debt Service/Monthly - The treasurer should maintain a similar chart of debt service obligations on a per month basis for the current fiscal year. Used in tandem with monthly revenue and expenditure estimates, this information is important to forecasting the cash flow needs of the town through the course of the year.
- 3) Debt Schedule (also referred to as "Statement of Indebtedness") – The debt schedule is a list of long term debt by project inside the debt limit, the same for outside the limit and of short term debt (by type and project). For each project listed, the chart would show the amount outstanding as of July 1, additional amounts issued during the fiscal year, amounts retired, outstanding balance as of June 30, and the total interest paid during the fiscal year. A final chart entitled "Authorized and Unissued Debt" would include the date of the authorizing vote, the town meeting article number, purpose, amount authorized, amounts issued or retired, and the remaining unissued amount as of June 30.

We recommend the treasurer take responsibility for borrowing decisions. It is our understanding that the town finance committee is routinely involved in the details of borrowing decisions. If this is the case, then the committee is acting beyond its jurisdiction and entering the province of the treasurer.

The treasurer should act relative to the issuance of notes and bonds in consultation with the town's financial advisor and bond counsel. She should meet, as treasurer and as town clerk, with the accountant after town meetings to confirm approved borrowing authorizations. She should meet with department heads to determine when cash will be needed to fund projects they oversee. She should, based on her independent debt schedule, reconcile anticipated debt service payments

for the upcoming year with the accountant's record. The treasurer is responsible to file an annual Statement of Indebtedness with DOR at the end of each fiscal year.

The finance committee's review of debt is more appropriate in the context of the annual budget, when it would confirm that appropriation requests for capital spending and incurrence of debt conform to established policies.

Recommendation 20: Develop a Cash Flow Budget

We recommend the treasurer develop a cash flow budget. The key responsibility of the treasurer is cash management and one of the more effective cash management tools is a cash flow budget. A cash flow budget tracks income and expense trends and, in particular, reports the resulting available cash at any given point during the fiscal year. Generally, income is received in large batches during specific, brief periods, while expenses with certain exceptions are more consistent throughout the year. By charting estimated revenues and expenditures on a monthly basis, a resulting cash flow budget would reflect whether the town will have a surplus of cash, that can be invested to earn interest, or whether it will have a cash deficit, that would require temporary borrowing to cover town obligations.

By applying past patterns of monthly spending and collections (as evidenced by warrants and bank deposits) to current year appropriations, and overlaying projected debt service obligations, a reasonable forecast of the town's cash flow will emerge. Through the course of the year, the cash flow forecast can be adjusted for unexpected circumstances, and actual monthly costs or revenues should replace estimates.

It is our understanding that the treasurer has internally borrowed monies from the stabilization fund to cover cash shortfalls. Though this is not unusual for towns, all money borrowed must be returned prior to end of fiscal year reporting.

Recommendation 21: Standardize Payroll

Rochester is currently undergoing a transition from the previous payroll software to a new Windows-based application. The software is intended to reduce the time spent on payroll procedures. To date, Rochester's payroll administrator spends approximately three days per week organizing, tracking, and executing payroll. To create a more effective process, it is suggested that payroll administration be first standardized into a uniform process and that the department adopt a fully electronic means of record keeping. It may be determined at a later date that contracting out payroll responsibility would be more cost effective, and would free up the administrator for other duties. Several companies are experienced in managing municipal payroll that can assist with its administration. We recommend the following:

Create a uniform coversheet for employee payroll data that department managers submit. Currently, the payroll administrator receives individual timesheets from employees and/or department managers. The inconsistency of this process requires additional time to organize the timesheets. However, the payroll administrator's responsibility can be met if department heads instead complete, sign, and submit to her a coversheet that lists all department employee names and hours credited to regular, sick, vacation or other time during the given pay period. Individual timesheets should remain in the department. If the payroll administrator crafted a uniform coversheet for this purpose, she would no longer need to manage a drawn-out sorting process.

Furthermore, once the department coversheets arrive, the payroll administrator should not recalculate or verify employee hours. With his or her signature on the coversheet, the department manager has acknowledged that the information it contains is true and accurate. If the employee's time is incorrectly listed or categorized, it is the responsibility of the department head to initiate corrective action.

Centralize record keeping for accrued employee sick leave and vacation time. The town accountant must annually report, for the purposes of GAAP accounting, employee sick and vacation time vested and accrued. This accounting reflects the obligation of the town under contracts to compensate employees, upon retirement, for all or a portion of their sick and vacation time earned, but not taken. For many communities, this represents a future, and oftentimes, unfunded liability, which can only be determined and planned for with proper procedures for the collection and maintenance of employee information.

In Rochester, there is no uniform procedure in place that would centralize record keeping. Instead, reliance is placed on department managers to track employee sick leave and vacation time. The maintenance of records at the departmental level represents good practice only if the practice is uniform, and if corresponding information is also retained in a centralized location, i.e., with the accountant or payroll administrator. Otherwise, checks and balances do not exist. The absence of a systematic procedure for maintaining these records can give rise to circumstances where an employee's claim of accrued sick leave and vacation time cannot be corroborated or challenged with credibility.

Recommendation 22: Resolve Outstanding Check List and Update Tailings

We recommend the treasurer address tailings and establish a process to handle outstanding checks. Section 108 of the Municipal Relief Package, which was enacted as Ch. 46 of the Acts of 2003, amends the Massachusetts General Laws by providing an alternative procedure for treasurers to retain uncashed and abandoned checks, otherwise known as "tailings." The treasurer should analyze present tailings with the intent to initiate and maintain an on-going program to minimize the account balance.

A diligent effort should be made to contact vendors or individuals, and determine whether old checks issued to them should be voided or re-issued. Departments should be recruited in this effort. If, after a search, check payees cannot be located, the treasurer should initiate the specified procedures for returning payment amounts to the General Fund. For guidance, we refer the treasurer to M.G.L. c. 200(a), § 5 and § 9(a), as most recently amended and to an Informational Guideline Release (IGR) to be published by DOR in the near future on the subject.

Moving forward, when the treasurer reconciles her accounts to bank statements at the close of each month, she should notify appropriate departments of any check found uncashed after 30 days. The department should then contact the person or vendor to whom the check was made, and confirm whether the check was received and deposited. If a department is unsuccessful in contacting the individual they should contact the treasurer who will stop payment on the check. If a new check needs to be issued, appropriate steps should then be taken. The treasurer should always alert the accountant and the collector, each month during reconciliations, of uncashed (or bounced) checks so appropriate adjustments can be made.

Recommendation 23: Standardize Department Turnovers Sheets

We recommend the treasurer create a standardized turnover sheet for each department that includes the department name and revenue account information. Most communities are moving toward utilization of turnovers sheets designed as Excel spreadsheets in a single format and customized by department. Typically, the form is created once as a template and emailed or manually distributed to each department. The name of the department is at the top of the page with appropriate locations at the top or bottom for dates, affirmations, and signatures. The form is also preprinted with one column that lists all the revenue types that originate from the department and a second column with corresponding revenue account numbers. A third, blank column allows for the manual entry of turnover amounts. If entered electronically, the total can be automatically calculated at the bottom. The treasurer should confirm with the accountant all revenue account numbers. If a new number is required, the accountant should create it and provide it to the treasurer.

Recommendation 24: Transition to an Electronic Cashbook

We strongly recommend that the treasurer abandon her manual cashbook and transition to a computer-based application that includes an electronic cashbook. The treasurer does not have access to the cashbook feature included within the Sumaria financial management software application. As a result, long established practice dictates the use of a manual cashbook. Although the treasurer has become reasonably proficient in utilizing the manual cashbook, it is time consuming relative to new technology. Information is not as readily available, nor can data be electronically exchanged throughout departments. Absent with manual records is also the capability to organize data and generate reports necessary for effective financial planning.

Tax Collector

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. If a town accepts [M.G.L. c. 41 § 38\(a\)](#), the position becomes a town collector, and then will have the authority to collect all monies due to the community. Collections need to be counted, posted to taxpayer accounts, and either turned over to the treasurer or deposited daily. Delinquent accounts need to be pursued and then moved efficiently into the treasurer's tax title accounts. To be successful, a tax collector must maintain an up-to-date receivable control that is reconciled internally and then externally with the town accountant monthly. Credit reports should be run as appropriate and research needs to be completed to confirm legitimate refunds due to residents. In accordance with state law, the office should respond to requests for municipal lien certificates within ten days. In most communities, the tax collector manages the contractual agreement with the deputy collector.

Rochester's tax collector was reelected in 2005 to a three-year term, an office he has held since 1969. The position is part-time and staff support is only initiated during periods of high volume, and for data entry purposes only. He maintains a manual receipts log and commitment book, and inputs data into CAMA as required for reconciliations. The office has one computer, which is networked with the assessors, treasurer, and town accountant. Reconciliations were completed routinely on a monthly basis until June 2006 when, due to a breakdown in communication, the tax collector was unaware that the previous town accountant stopped. Currently, the interim town accountant is determining if reconciliations were completed.

The office collects taxes for approximately 2500 real estate parcels and 136 personal property accounts on a semi-annual basis. Tax payments are received in the mail and via hand delivery. Past practice dictates that the administrative assistant to the board of selectmen is available to receive payments. The deputy collector is responsible for receiving information from the Registry of Motor Vehicles, and he prints, stuffs, and mails the excise bills for Rochester. The tax collector deposits all payments into a bank account daily, if not more frequently, and writes the treasurer a check for turnovers.

Conclusion – The tax collector has been effective at collections. The position is part-time and it may be appropriate to combine the function with the treasurer's office at some future date. The continuous use of manual records is inefficient and redundant, but the job is being done effectively. Once financial management software applications become integrated and secure in town hall, it may become difficult to justify the duplication and inefficiency resulting from the maintenance of manual records.

Recommendation 25: Discontinue Manual Record Keeping

We recommend that the tax collector discontinue manual records. It is long established practice that the tax collector maintains a manual receipts log and commitment book. Though the collector is comfortable with the current process, the flow of information is slowed because data cannot be electronically exchanged between and among departments. Neither is there capacity to generate automated reports. Because manual records are not normally duplicated, they are not backed-up and stored off-site, and therefore represent a less secure alternative. Once the town has moved toward a decision on financial management software, we encourage training for all finance-related personnel, including the tax collector. At that time, we encourage him to discontinue maintaining manual records.

Town Accountant

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

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

The town accountant's office has two computers that are networked with town hall. The computers run Windows XP and are installed with Office 2000. Also installed is the Sumaria financial management software. The interim town accountant maintains a manual general ledger, and the assistant town accountant utilizes the Sumaria application and Excel spreadsheets. The office is satisfied with Sumaria's performance thus far, but recognizes the limited integration of the package. The Sumaria software was adopted by the previous town accountant and is partially functional in the town accountant's and treasurer's offices.

Since September 2006 Rochester has engaged the services of an interim town accountant. She is part-time and spends 20-25 hours per week in the office. The previous town accountant was full-time. The interim town accountant has worked to update all records, reconcile cash and receivables, and to close fiscal year 2006. She anticipates closing fiscal year 2006 by January. With the appointment of a new town administrator, a decision was made to hire the interim town accountant full-time.

In addition to the interim town accountant the office has a full-time assistant town accountant who has served the town for over 20 years. She is proficient at her job responsibilities. Our recommendations related to her position are only focused on improving job functionality and removing unnecessary workload.

Conclusion – Due to the efforts of the interim town accountant and assistant town accountant, the office is beginning to function effectively after the departure of the previous town accountant. Our recommendations are few and are offered as a means to enhance operations by enabling the department to be more professional and to improve accountability.

Recommendation 26: Review Special Account Authorizations and Balances

We recommend the town accountant review all special revenue accounts for legal compliance. The town accountant should verify that each special revenue account has been properly established by special or general enabling legislation. Any account determined to lack proper legal authorization should be closed-out. Accounts that have been properly authorized should be scrutinized to ensure that they are fully in compliance with the relevant rules and regulations. Several designated special revenue accounts were identified that may not be in compliance. It is our understanding that the interim town accountant is addressing the issue.

Recommendation 27: Prepare Schedule A for Submission

We recommend the town accountant immediately prepare and submit a Schedule A. The Schedule A is a year-end statement of a municipality's actual revenues, expenditures, changes in fund balance, and certain other financial information. It is a required report by the DOR that must be submitted annually by October 31. If a Schedule A is not received by mid-March, the state may withhold third quarter state-aid payments to the town. Rochester has historically submitted their Schedule A at the end of March or early April. To fulfill this responsibility by October 31, we strongly encourage the future town accountant to manage his or her time and maintain up-to-date financial records. The town accountant should explore whether Sumaria can report data in a Schedule A format.

Recommendation 28: Calculate OPEB Liability

We recommend the town begin accounting for its Other Post-Employment Benefits (OPEB) liability. The OPEB unfunded liability is the cost assigned to benefits (other than pensions) already earned by public employees and to be distributed on retirement. While there is no requirement to fund this liability thus far, the Governmental Accounting Standards Board (GASB) statement 45 requires that, through actuarial analysis, the dollar value of the unfunded OPEB liability be determined every two years.

The town of Rochester, like most municipalities, presently covers OPEB costs on a pay-as-you-go basis, i.e., only paying for the benefits of current year retirees. If a community chooses to fund the liability, the adoption of special legislation would be necessary to create an OPEB reserve.

Additional information is available on the Department of Revenue, [Division of Local Services website](#).

Recommendation 29: Improve Productivity of Assistant Town Accountant

We recommend the assistant town accountant discontinue tracking police shift coverage and overtime breakdown. The assistant currently tracks and ensures that all police shifts are covered adequately. There is no legal or practical reason for the accountant's office to maintain records with details of police shift differential pay, overtime pay or shift coverage. Maintaining this log is not an accountant's responsibility and should be discontinued, so that office staff can devote their time to essential tasks.

We recommend that the assistant town accountant discontinue reviewing payroll timesheets. The assistant town accountant's review of timesheets is a duplicate effort already conducted by the payroll administrator. The responsibility of the accountant's office, under M.G.L. c. 41 § 56, is to ensure that a requested payment is not in excess of available funds, is not fraudulent and its purpose is consistent with intent of the line item to be charged. The accuracy of timesheet information is the responsibility of the employee, his or her department head and, to a lesser extent, the payroll administrator.

Recommendation 30: Automate Manual General Ledger

We recommend the interim town accountant discontinue using a manual ledger and transition to the electronic application. The prior town accountant had a long established practice of maintaining a manual general ledger to record town transactions. Manual records are time consuming relative to new technology. Information in the manual general ledger is not as readily available, nor can data be electronically exchanged through a uniform software system. Absent with the manual ledger is also the capability to organize data and generate information necessary for DOR reporting and effective planning. The ability to electronically back-up data and store information off-site also offers greater security than an original manual ledger remaining in town hall. The current interim town accountant views a manual ledger as easier to work with, but is willing to transition to a computer-based application once all records are in order and up-to-date.

Acknowledgements

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