TOWN OF SHIRLEY

FINANCIAL MANAGEMENT STRUCTURE | A COMMUNITY COMPACT CABINET PROGRAM

APRIL 2023

DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

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April 14, 2023

Select board
Town Hall
7 Keady Way
Shirley, MA 01464

Dear Board Members,

I am pleased to present the enclosed financial management structure review for the Town of Shirley, completed as part of the Community Compact Cabinet program, which strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resources Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,



Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

The Division of Local Services (DLS) Financial Management Resource Bureau has completed a review of the Town of Shirley's financial management structure based on a request made by the select board under the Community Compact Cabinet program, whose mission is to promote best practices in municipal government.

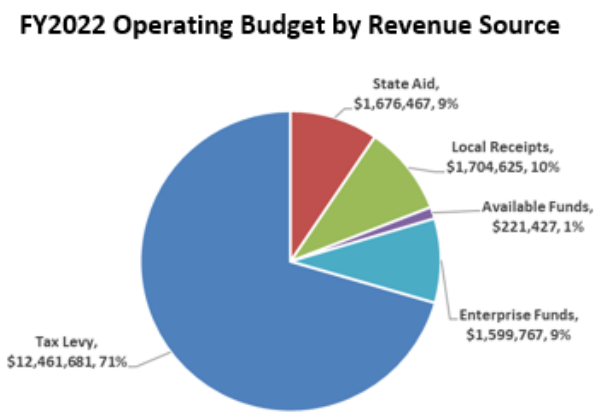
The review's scope encompassed not only the structure and practices of the town's primary financial offices but also the administrative office overseeing those areas and the fiscal policymaking bodies responsible for the town's budget planning. Starting about five years ago, the town began experiencing a series of personnel turnovers in many of these offices, especially within the town accountant and treasurer/collector departments. Although overall continuity has improved in the past two years, there are still some unresolved areas, as we will discuss further in the report. In addition, the town administrator role in Shirley has never been codified, which can hinder dynamic progress in town-wide operations. Fortunately, with the recently increased stability in personnel and the well-received leadership of the current town administrator, a marked commitment to working together toward common goals appears evident.

Back in 2008, our bureau conducted a similar review for the town in the form of a wider-scope financial management review, which resulted in a report with 24 recommendations. Given all the changes in Shirley's town officials and conditions during the intervening 15 years, we will not revisit that report here, but it is still available for download from this webpage: https://www.mass.gov/lists/financial-management-resource-projects**.** Readers will find that many of the recommendations that the town never implemented are generally applicable best practices with continued relevance today.

As for the conclusions of this review, we identified numerous opportunities to improve financial operations and fiscal planning in Shirley. Based on our observations, this report contains recommendations for formalizing roles and responsibilities, conducting a larger government study, and improving some budgeting practices. We also offer advice applicable to outsourced accounting services and guidance for enhancing internal controls and procedural efficiencies in day-to-day financial operations.

COMMUNITY PROFILE

Lying on the northwestern edge of Middlesex County, Shirley is a residential community of 7,431. Its 16 square miles encompass an uncommon mix of properties for a small Massachusetts town, including a portion of the former Ft. Devens U.S. Army base, office parks, farms, a state prison, and a Trustees of Reservations park, as well as other conservation land. In addition to a commuter rail station in the town center, Shirley has a convenient location just north of state Route 2, which allows residents easy access by car to the nearby cities of Fitchburg and Leominster, in addition to Boston 40 miles away. Notwithstanding all that the area otherwise has to offer, wealth indicators for the local population are modest, with Shirley's per capita income of $30,440 representing only 68 percent of the statewide average of $48,696 and its equalized property valuation of $107,708 also being notably below the state average of $242,131.



The town's combined commercial-industrial-personal property classes constitute 12 percent of its total property valuation, with the other 88 percent being residential. The tax levy derived from property values is the prime revenue source for Shirley's annual operating budgets, representing 71 percent of the total FY2022 budget of $17.6M. Other sources were provided by local receipts at ten percent, state aid at nine percent, and available funds, such as reserves, at one percent. A combination of three enterprise funds, for water, ambulance, and solid waste services, contributed the remaining nine percent of the total budget.

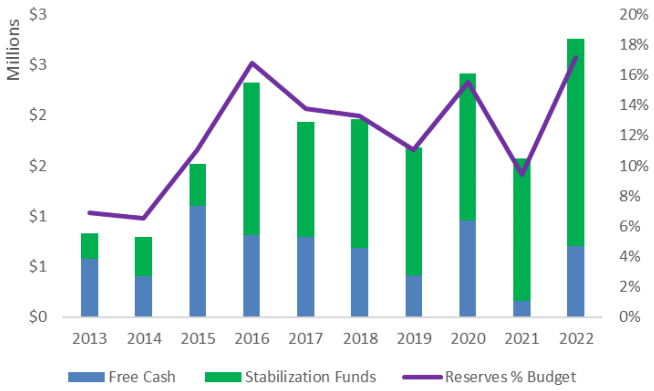
Among the various services financed by the general fund budget are police and fire public safety, public works, library, and senior center. By a wide margin, the town's largest annual expenditure category is public education in the form of assessments paid to the Ayer-Shirley Regional School District and the Nashoba Valley Vocational Technical High School, which together represented 58 percent of total general fund spending in FY2022.

Despite Shirley's modest local property wealth, various financial indicators[1] portray a town with a reasonable degree of budgetary flexibility born from disciplined practices, particularly over the last few years. On average in the last five years, the town's annual debt service obligation has equated to

[1] The DLS website provides data visualizations for a range of indicators, including the Municipal Self-Assessment application and the Municipal Finance Trend Dashboard.

just under four percent of the annual general fund budget. Additionally, the town's sustained and determined efforts to build up reserves for rainy day unexpected events and capital improvements have yielded healthy reserve levels. This has happened despite the town sometimes struggling to realize substantial annual amounts of free cash.

General Fund Reserves FY2013 - FY2022



Free cash represents the remaining, unrestricted funds from the previous year's fiscal operations based on the June 30 balance sheet. In any fiscal year, DLS must certify free cash before the town may appropriate from it. Outstanding receivable balances and deficits in certain accounts factor against the free cash that can be certified. Deficiencies in receivables enforcement and reconciliations of accounts with the general ledger can give rise to these debit factors, and they have contributed to some of the low certifications in years past.

For multiple years in the late 2010s, the town's former independent auditor Giusti, Hingston & Company issued management letters that cited material weaknesses in the town's reconciliation procedures. Likely at the root of these problems were structural factors, given the inexperience and churn rate then existing within the financial offices. Starting in FY2018, the town began periodically engaging the certified public accounting firm of CliftonLarsonAllen LLP (CLA) to provide various services at different periods of time, including acting as the interim town accountant, coaching financial staff, and assisting in converting the town's prior financial enterprise system to VADAR Systems. After Giusti Hingston issued a FY2020 management letter citing numerous balances the auditor could not validate, CLA was tasked to resolve those accounts by reviewing their activities dating back to FY2017. When CLA completed this work in the fall of 2022, there remained a combined deficit balance of $65k. In the tax recapitulation sheet submitted to DLS in November 2022, the town offset this amount by raising it in the tax levy[2] and thus removed the possibility of it negatively impacting future free cash calculations.

[2] The town funded 14 account deficits, including $1,947 for an agency account, $12,223 for four revolving funds, $12,681 for four capital projects, and $38,361 for five grants.

In response to these issues, as well as other locally identified conditions, the select board and town administrator deserve credit for a series of initiatives they have pursued in the last two years to improve the town's financial operations, fiscal planning, transparency, and accountability. These include engaging the UMass Collins Center to develop and implement a multiyear financial forecasting tool; contracting with ClearGov Inc. to put a link to budget visualizations on the town website; pursuing improvements in payroll processing and information technology management by conducting procurements for new vendors; and of course, requesting this review.

FINANCIAL MANAGEMENT STRUCTURE

In the absence of a charter, Shirley operates under a mix of state statutes and general bylaws that collectively define governmental procedures and officeholder responsibilities. The three-member select board is the town's executive authority that sets fiscal policy directives and overall municipal goals. The board appoints a town administrator to provide advice on these objectives and to coordinate the efforts of town departments to achieve them. By current practice in Shirley, the town administrator is in charge of developing the annual operating and capital budgets presented for town meeting approval. The seven-member, moderator-appointed finance committee provides an independent opinion on the budget proposals in the interests of local taxpayers. As for everyday financial management activities, there are three central departments in Shirley: the assessing, treasurer/collector, and town accountant offices.

As mentioned previously, in the last few years, Shirley has experienced multiple turnovers in nearly all of its central executive and financial management positions, with the personnel in assessing being the only exception. For context on the progress that has been made and where challenges still lie, the following is a summary of these transitions:

Select board: In January 2017, the town voted to recall two of its three select board members. None of the current incumbents were on the board back then. Each was elected as first-time board members successively in May of 2017, 2018, and 2019. All three have since been reelected unopposed.

Town administrator: After the previous town administrator resigned in December 2017, Shirley hired two interims within the next five months before appointing the current officeholder in the summer of 2018. To provide management support to the town administrator and a succession planning option, the town converted a select board assistant position into an assistant town administrator in May 2020. The first officeholder resigned a few months later, and a new assistant town administrator

was hired in December 2020. That incumbent resigned in October 2022, and a new person was appointed to the post in January 2023.

Treasurer/Collector: In September 2017, the town appointed its then assistant accountant to be treasurer/collector, but her tenure ended in May 2020. The town then hired a consultant to fulfill the role until a new, in-house treasurer/collector could be appointed. Over the following year, this consultant, who is also the town accountant in Ashburnham, Westminster and Stow, trained Shirley's assistant treasurer/collector in treasurer/collector duties. In July 2020, the town promoted the assistant to be the new treasurer/collector. A new assistant treasurer/collector was hired in March 2022. The consultant still works about four days a month, providing further training and transitional oversight in the office.

Town Accountant: This unit has had the most disruptions. From July 2017 to April 2020, the town saw the appointments and departures of two town accountants and two assistant town accountants. In mid-2020, Shirley contracted with CLA to function as the town accountant, initially as a short-term, interim solution. In the spring of 2021, the town appointed an inexperienced assistant accountant for CLA to train into the town accountant role. This person was promoted to town accountant in December 2021 but then resigned in April 2022. CLA has been continuing to manage the accounting department and to train new department employees as they are appointed. A new assistant accountant was hired in August 2022 but resigned within a few weeks. Yet another assistant accountant was hired in January 2023.

Assessing department: This department has had good continuity. It is overseen by a three-member, elected board of assessors, the chair of which has served for about 30 years. Day-to-day administrative and valuation functions are performed by a principal assessor, who has worked in Shirley for the last five years. In FY2022, the office had a vacant part-time clerk position, but a person was hired for the job in September 2022 at 12 hours a week.

As trying as the personnel disruptions have been, it is important for leadership to continue its work in promoting initiatives that will help the town develop ever stronger financial management practices and to not allow a heads-down mentality to take hold that could inhibit forward progress. To help guide the town, on the following pages we provide recommendations for modifying Shirley's financial management structure and procedures in ways that will improve budget planning, assure appropriate coverage of requisite duties, enhance financial reporting, and strengthen internal controls.

RECOMMENDATIONS

1. Appoint a Government Study Committee

We recommend the select board appoint a government study committee to consider potential changes in Shirley's structure and provide the board with a report of recommendations. About a decade ago, the town conducted a similar study, which resulted in one change: the conversion of the elected collector to an appointed position, effective in FY2017.

Although a vertical managerial structure can best enhance operational efficiency and accountability, Shirley's government is basically flat, with an ill-defined town administrator role and some separately elected officials in charge of departments. For the town to move to a more centralized structure would entail decisions on either disbanding the elected boards or converting their missions to being advisory only, as opposed to supervisory. There also remains one elected department head employee, the town clerk. An increasing trend throughout the state has been to make these types of positions appointed. Doing so puts all department heads on similar footing within the town and opens the positions up to the best qualified job applicants when vacancies occur, regardless of residence.

The size of the select board could be another area of consideration. Besides allowing for a wider range of viewpoints, a larger board can enhance stability and continuity, which may be particularly resonant for Shirley in light of its recent history. Furthermore, as long as they do not deliberate, two board members of a five-member board may legally speak with one another about town issues without violating the open meeting law. In terms of population, Shirley is at the tipping point when towns tend to expand their select boards. Of the 116 towns in the state with populations under 6,000, only 16 (14 percent) have five-member boards. In contrast, among the 53 towns with populations between 6,000 and 10,000 (which includes Shirley), 28 have five-member boards, or 53 percent.

We recommend a government study committee that is large enough to reflect a diversity of perspectives and includes some town employees and officials. It is important for all the appointees to approach their charge without any biases or presumed outcomes. The committee's work should include meetings with department heads and local officials, and also soliciting input from the public through surveys and forums. Additionally, there should be a set timeline for reporting progress updates and presenting a final report to the select board.

2. Adopt a Bylaw Defining the Town Administrator Position

We recommend the town take action to codify the town administrator position. The lack of an official, published definition for this role can undermine its effectiveness and create confusion for employees

and residents about the office's authority and responsibilities. With a formal outline of the position, the town can truly empower the officeholder to maximize the coordination of operational and financial management objectives. It would also significantly enhance Shirley's ability to attract the most desirable professional candidates for any future vacancy.

An adopted bylaw is the simplest, most efficient way to formalize the role, and we suggest the select board sponsor a town meeting warrant article to do this. Once approved by town meeting, the bylaw must also be validated by the Massachusetts Attorney General's Office. When considering provisions for the bylaw, we suggest the select board review samples from other small towns, such as Dudley, Northfield, and others. Among duties often assigned to a town administrator are:

- Supervise all department heads reporting under the select board.
- Oversee day-to-day operations and coordinate interdepartmental activities.
- Develop financial policies for approval by the select board and finance committee.
- Manage the annual budget process and capital improvement program.
- Act as chief procurement officer.
- Administer the town's personnel policies and negotiate contracts.
- Oversee information technology operations.
- Represent the board of selectmen to other town boards and external parties.

A special act is another means to codify the role, though bylaws are slightly more common, likely owing to their expediency. Towns that pursue a special act typically do so because of its higher standing to bylaws; once approved by town meeting and the state legislature, a special act cannot be revised without a more drawn-out process. A special act is also necessary when a town wants to delegate statutory responsibilities, such as the authority to sign payroll and vendor warrants. If the select board opts for this route, we recommend that it appoint a broadly representative, ad hoc committee to consider and draft the act, which could be the government study committee we recommend. An example of a town administrator special act is the Town of Hanson's, which can be viewed here: https://malegislature.gov/Laws/SessionLaws/Acts/2006/Chapter41.

3. Modify the Operating and Capital Budget Processes and Establish Early Consensus

If Shirley adopts a town administrator bylaw that assigns the position with primary responsibility for formulating the annual operating and capital budgets, the town should also revise bylaw Article XXV: Capital Improvement Program. That article assigns capital planning duties to the finance committee in conjunction with the select board. As the full-time professional interacting regularly with town departments, the town administrator has the perspective to understand their needs in context with

long-range, town-wide goals and is therefore in the best position to coordinate and formulate the annual operating and capital budgets.

Article XXV should also be updated to reflect an early start for reviewing capital project proposals. Currently it says that the proposals will be reviewed after January 30, which is late in the season to review them and build consensus. In practice, the town typically starts the process earlier than the bylaw date, and the finance committee has been amenable to having the town administrator orchestrate the operating and capital budgets procedures. The bylaws should be updated to reflect these best practices and remove any disagreement between existing budget-related provisions (including those within Article II Finance Committee) and a new town administrator bylaw. With these bylaw revisions, the select board and finance committee will continue to act in their advisory roles and can focus on larger fiscal issues and the advancement of overall town goals.

Another good practice for building consensus during the annual budget process is to incorporate some joint meetings of the select board and finance committee. At a kick-off meeting in the fall, the town administrator would present projections of revenues and fixed costs to the two boards to set the context for the budget strategy. This meeting should also result in a calendar of milestones for the remainder of the budget development process to be distributed among the parties. Other joint meetings might take place after the finance committee has held its meetings with department heads and when the town administrator has finalized his budget proposal.

4. Ensure the Statutory Compliance of All Revolving Funds

We recommend certain actions be taken to ensure that all of the town's departmental revolving funds conform to statutory requirements. With a revolving fund, the fees paid to a town department in exchange for providing a particular, nonobligatory service or program are accounted for separately from the general fund and may be spent to support the same service or program without appropriation. Unless established under a different general law or special act, every departmental revolving fund must adhere to the provisions found in M.G.L. c. 44, § 53E½.

The Municipal Modernization Act of 2016 revised 53E½ to require every revolving fund created under the statute to have an associated bylaw. At Shirley's special town meeting in November 2017, voters adopted bylaw Article XXXIII Revolving Funds, which included provisions for the fourteen 53E½ revolving funds that existed at that time and incorporated the required text to specify for each fund: (1) the programs or activities for which the fund may be expended, (2) the receipts connected to those programs or activities that are credited to the fund, and (3) the board, department or officer authorized to expend from the fund.

A provision under 53E½ that remained unchanged by the 2016 Act was the requirement that town meeting vote to approve an annual expenditure limit for each revolving fund prior to the start of each fiscal year.[3] However, in Shirley, the last time this happened for most of the funds was at annual town meeting in May 2018. Furthermore, in reviewing the minutes of annual and special town meetings, as well as the town's combined balance sheets, we identified two revolving fund accounts that have been opened without the town adopting any associated bylaw provisions. At annual town meeting on May 14, 2018, voters approved Article 8 to establish the two funds, listed as Planning Board: Apple Orchard and Exps of Board of Health: Apple Orchard Post Closure Parcel K. This article did not specify the funds' applicable receipts nor the programs being supported. The funds are still active, with respective FY2022 year-end balances of $21k and $11k.

We recommend the town administrator work with the town accountant to identify all existing revolving funds and, for any found not to have a bylaw provision, ensure that a bylaw proposal is included in a warrant article for the next town meeting. Once approved by town meeting, the bylaws must then be submitted for validation by the Massachusetts Attorney General. Unless and until there is a change in the 53E½ statue, the town administrator should also ensure there is a warrant article that presents every annual town meeting with the proposed expenditure limit for each revolving fund. We also recommend that town meeting be presented with an article to revise bylaw Article XXXIII so that it no longer lists the funds' spending limits adopted in 2017. Bulletin 2017-01B provides a template for a revolving fund bylaw.

5. Revise the Budgeting Model Used for Recreation Programs

For many years, the town has been providing a variety of recreation programs that are primarily supported through revolving funds. However, there are contradictions between the ways these funds have been set up and managed and the provisions laid out in the statute that enables a recreation-specific revolving fund, M.G.L. c. 44, § 53D. To address this, and at the same time, promote greater transparency and equity, we advise the town to revise the budgeting model used to provide its recreational programs.

Currently, the only recreation-related appropriation voted on by town meeting is a single, general fund line item for the part-time wages of a recreation secretary ($6,731 for FY2023). The expenses of Shirley's recreation programs are otherwise paid for through a set of 11 revolving funds created

[3] There is new legislation pending, that if passed, would allow the spending limit that was initially voted by town meeting for a given revolving fund to remain unchanged in subsequent years until town meeting votes again to either raise or lower the cap.

pursuant to town meeting's 1980 acceptance of 53D. They are listed in the table below with their year-end balances for the last five years, as reported to DLS in annual combined balance sheets.

53D Recreation Revolving Funds, FY2018-FY2022

Fund Name	Year-End Balances				
	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Benjamin Hill Park	62,142	87,205	91,486	92,746	116,022
Summer in Shirley Program	14,896	49,261	2,982	18,454	74,976
AyerShirley Youth Soccer	5,769	9,530	11,927	17,356	35,292
Swim Team	7,435	5,563	4,127	7,468	4,014
Basketball	2,363	3,857	4,098	4,076	4,240
Shirley Youth Soccer Revolv	1,460	2,201	3,404	4,103	7,454
Basketball Panther Elite	4,100	3,171	3,538	3,538	3,538
Snack Bar/Field Maintenance	1,030	839	607	607	607
Karate	36	36	36	36	36
Baseball/Softball	-536	-536	-566	-566	-566
Adult Programs	435	584	-608	-1,980	-1,980
Totals	99,131	161,711	121,032	145,838	243,633

The 53D statute provides for the establishment of "*a* revolving fund" (emphasis added) for recreation-related receipts, which indicates that only one fund is permitted. Furthermore, the statute sets a $10,000 limit on the allowed year-end, unreserved fund balance. Any unencumbered balance above that threshold should be closed to the general fund. These funds had a combined FY2022 year-end balance of $243,633, as shown in the table, and none of the monies were encumbered.

Complicating matters further is a split in the spending authority for these funds. An elected recreation commission preexisted the town's adoption of 53D and manages the expenditures of 10 of the funds. But the eleventh and largest fund, for the pool and grounds at Benjamin Hill Park, is managed by a committee of that name that was established in FY2000 and is appointed by the select board. In addition, Shirley's annual town reports in recent years have contained no information about the recreational programs, whether as narratives from either of the two associated committees or as summary data in financial reports. Despite a required provision in 53D, the town accountant has also not provided year-end reports to the select board on the activities of these funds. Consequently, from year to year, residents are presented with little to no information about the recreation programs or their revenues and expenditures.

The simplest and most transparent budgeting model would be for the town to include line items for recreation personnel, expenses, and capital in the omnibus annual budget presented to town meeting. Revenue from user fees would be estimated and credited as local receipts instead of being directed to revolving funds. However, if Shirley's local officials are not inclined to establish a recreation department in this manner, we recommend, as the best alternative, that the town adopt an enterprise fund for Benjamin Hill Park and a series of 53E½ departmental revolving funds for the

other programs.[4] This multipronged solution would make it easy to identify and track revenues and expenses, and it would also not entail any changes with respect to the two oversight committees. In addition to correcting issues with statutory compliance, these revisions will help the town achieve better budget flexibility and transparency in planning for the programs' operating and capital expenses. For both types of funds, any year-end balance is carried forward with the fund into the next fiscal year.

To do the recommended conversions of the existing 53D funds requires the following steps:

1. Rescind the acceptance of 53D: Present town meeting with an article to rescind the acceptance of M.G.L. c. 44, § 53D. This will close the 11 funds, and their balances will be credited to the general fund to be factored into the next free cash calculation.
2. Establish an enterprise fund for Benjamin Hill Park: Present town meeting with an article to adopt the new enterprise fund under M.G.L. c. 44, § 53F½.
3. Transfer free cash to the new enterprise fund: To recapture revenue already received for Benjamin Hill Park, present town meeting with an article to transfer a free cash amount to the new fund in an amount equivalent to the last balance in the fund.
4. Adopt bylaw provisions for the other recreation revolving funds: Present an article to annual town meeting to revise Article XXXIII Revolving Funds to include provisions for new 53E½ recreation revolving funds following guidance in IGR-2021-23.
5. Approve revolving fund expenditure limits. Present annual town meeting with an article to approve expenditure limits for each recreation revolving fund within a table that also presents the proposed limits for all of the town's other 53E½ revolving funds.
6. In the first year only, consider appropriating free cash to a line item to support the recreation programs. Unlike enterprise funds, the general laws do not permit appropriations into revolving funds. However, based on estimates of the monies needed for the start of the transition year, the town could appropriate an amount to a new, one-time line item for recreation expenses.

6. Ensure the Contracted Town Accountant Fulfills the Requirements of the Position

To the extent that the town continues to engage an outside contractor to fulfill the responsibilities of the town accountant's office, we recommend that, as contract manager, the town administrator ensure the vendor's performance conforms with all statutory requirements and certain best

[4] There could be fewer 53E½ funds than the current 53D accounts since some of the 53D accounts no longer seem to be active and others could potentially be combined based on related activities (e.g., all soccer programs).

practices. In this context, he should also continue to periodically analyze the relative cost-benefits between the options of an in-house town accountant and a contractor.

Shirley is one among many Massachusetts towns that have been finding it difficult to hire and retain in-house town accountants. In the absence of viable job candidates, the most common short-term, and sometimes long-term, solution has been to contract with a certified public accounting (CPA) firm. When hiring a CPA, towns need to be cautious about presuming a confidence based on the firm's credentials and experience that all the requisite duties of a town accountant will be performed without having to spell them out in contract terms. The purpose of this recommendation is to make clear the true standing of a vendor contracted to operate the town accountant's office and to highlight for Shirley some of the key accountant duties that should be ongoing beyond processing the warrants payable and managing the general ledger.

Procurement of town accountant services

With the exception of auditing services, the procurement of town accountant services must adhere to provisions in the state's Uniform Procurement Act (M.G.L. c. 30B). As an alternative to the Act's requirements for soliciting quotes or bids, the town can select a vendor from the statewide contract (SWC) list. In doing this, we advise towns to follow the guidance of the state's Office of the Inspector General and negotiate the service price, since SWC vendors tend to list their high-end rates.[5]

To ensure effective contract management and hold the vendor accountable for performance measures, it is important the contract contain terms that state the specific duties to be performed. A good starting place for enumerating the required service tasks would be the most recent formal job description for the town accountant, a version of which could be incorporated in the executed contract. In addition, the vendor should be bonded, and the contract text should make clear that the responsibility for properly completing all duties listed in the contract terms lies with the contractor.

The town accountant as a required town officer

According to Massachusetts General Laws, any town that has abolished its elected auditor position must have an appointed town accountant (M.G.L. c. 41, §§ 1, 40 and 55). Thus, when a town contracts with a CPA firm to perform the duties of the town accountant, one person from the firm must be formally appointed in the title by the select board and sworn in by the town clerk. That person takes on signatory authority for the role and must attest to their work by affixing their signature (wet or

[5] More guidance can be found on the Inspector General's website, here: https://www.mass.gov/service-details/best-practices-for-purchasing-from-statewide-contracts

electronic) to all reports and documents that come under the position's responsibilities, including but not limited to:

- Payroll and accounts payable warrants. The signature attests to the town accountant having approved of each item in the warrant after determining that it is legal,[6] not excessive,[7] and did not indicate fraudulent activity (M.G.L. c. 41, § 56).
- Annual reports submitted to DLS in the Gateway system. These include the combined balance sheet, the Schedule A, page 3 of the tax rate recapitulation sheet, and others.

Other Financial Reports

Listed below are other primary financial reporting tasks we recommend for inclusion in the terms of town accountant contracts.

- Monthly reports. To support department heads in monitoring their appropriations, to mitigate the risk of overexpenditures, and to facilitate year-end reconciliations, M.G.L. c. 41 § 58 requires the town accountant to provide the select board and all departments with monthly expenditure reports. All of Shirley's department heads can view their own budgets in VADAR, so it would be inefficient to create and distribute individualized reports, even electronically. However, to achieve the intent of the statute the town accountant should send a monthly memo to departments to review their budgets in VADAR against the invoice logs and payroll reports they maintain. The select board should adopt a policy that requires department heads to respond to the memo by a certain date each month, either confirming the records match or notifying the town accountant of any variances needing resolution.

- Quarterly revenue and expenditure reports. There is no statutory requirement for distributing revenue reports, but it is a best practice promoted by DLS. These reports provide key financial performance data to enable timely analysis of any shortfalls, excesses, or one-time receipts that may necessitate the consideration of midcourse adjustments. We therefore recommend that at quarterly intervals, the town accountant supplement the monthly expenditure reports sent to the select board with up-to-date revenue reports and also include the finance committee in the report distribution.

[6] For examples, a legal item must not be: in violation of a statute, such as the state's procurement statutes; noncompliant with relevant contract terms; or inconsistent with the purpose of the appropriation.
[7] For examples, the item cannot exceed the amount appropriated in the line item or the available balance in a special revenue fund, such as a revolving fund.

- Annual town reports. Since FY2016, the town accountant's reports within Shirley's annual town reports have included data only on general fund accounts – nothing on the town's enterprise or special revenue funds. This report serves an important informational purpose for town meeting and for residents generally. In the future, it should encompass data on these other funds, essentially mirroring the content required in the town's combined balance sheet submissions (M.G.L. c. 41, c. § 61 and c. 44, § 43).

The town might also consider incorporating contract terms that require the contractor to assist the town administrator in compiling and interpreting historical data for financial forecasts and for calculating the enterprise funds' indirect costs to the general fund.

7. Provide the Treasurer/Collector with Preliminary Warrants Payable

We recommend the town modify its procedures related to the payroll and vendor warrants to facilitate the treasurer/collector's authority to withhold payments from any debtors to the town (M.G.L. c. 60, § 93). Once the town accountant has reviewed and approved each invoice and payroll submission and included them on the respective payroll and vendor warrants, the accountant should provide a copy of each preliminary warrant to the treasurer/collector. After reviewing the warrants, the treasurer/collector will notify the town accountant of any identified debtors and the amounts owed or will alternatively confirm that the warrants listed no debtors. When notified by the treasurer/collector of any debtors on the warrants, the town accountant will adjust the warrant to pay the town the money owed and pay any remaining balance(s) to the payee(s).

Although the accounting department processes payroll warrants every two weeks, it is our understanding that there has not been a consistent schedule of vendor warrants. To facilitate coordination with the treasurer/collector, who needs to fund these warrants, and the select board members, who must come to town hall to sign them, we recommend that the town administrator hold the town accountant accountable for maintaining a biweekly schedule for vendor warrants.

8. Set Deadlines to Reassign All of the Treasurer/Collector Consultant's Current Duties

We recommend the town administrator work with the treasurer/collector consultant to create a schedule designed to ensure that all the duties exclusively or largely performed by her will be fully transitioned to appropriate town employees by the end of this fiscal year. After nearly three years of this arrangement, the treasurer/collector still does not perform all the duties of her department, and the town continues to pay the consultant part-time hours to do a critical portion of them. Although the treasurer/collector has been doing internal reconciliations of her receivable accounts and cashbook, she has not yet been involved in reconciliations of cash and receivables to the general

ledger. As one of the most important internal controls, it is critical this duty be transitioned to her. Without further delay, the consultant, treasurer/collector, and town accountant should schedule working sessions to come to an understanding of what proper reconciliations should entail and make plans to coordinate doing them monthly.

In addition, the consultant has been the only person performing all the tasks associated with the ongoing management of employee benefits, including processing invoices, allocating payables to accounts, and ensuring correct withholding deductions from individual paychecks. We were told that there is a plan to train the new assistant accountant in these tasks because she has already been assigned to process payroll. Instead of the accounting department, we suggest the town consider shifting this duty to the assistant town administrator, who is responsible for onboarding new employees and managing insurance enrollments. This would institute a strong segregation-of-duty control by separating the functions of submitting and approving employee benefits.

9. Adopt a Policy on Turning Over Revenues to the Treasurer/Collector

To maximize cash flow and mitigate the risk of receipts not being recorded timely, we recommend the town adopt a detailed revenue turnover policy. The policy should apply to all departments that receive payments and to any vendors that process town receipts, such as the deputy collector. In the absence of such a policy, it is our understanding that some large sums of receipts have been delayed on a regular basis. The policy should direct that all receipts processed by contractors and town departments should be turned over at least weekly. It should also provide that whenever a town department's receipts reach a certain threshold, such as $500, the turnover should be completed the same day. We provide a sample policy in the appendix for review and potential adoption.

10. Establish a Monthly Cash Flow Budget

We recommend the treasurer/collector establish and maintain a monthly cash flow budget. By tracking income and expense trends, a cash flow budget calculates the cash available to cover obligations at various points during the fiscal year. In the 2008 FMR report, the need to maintain this control tool was cited as the highest priority recommendation for financial operations because of cash flow issues that occurred at that time. We again emphasize its importance to mitigate against the risks of history repeating itself. The appendix includes a sample policy, and a sample cash flow workbook is available for download from the DLS website here: https://www.mass.gov/info-details/municipal-finance-tools-and-templates.

11. Adopt a Bylaw for Tax Title Payment Agreements

To maximize collections on tax title accounts, ensure consistent treatment of all tax title accounts, and assure continuity in procedures regardless of changeovers in the treasurer/collector position, we recommend the town adopt a tax title payment agreement bylaw pursuant to M.G.L. c. 60, § 62A.

Under a different statute, M.G.L. c. 60, § 62, any owner of a tax title property may redeem it by paying the entire amount owed in a lump sum or by installment payments. Once any payment is received, § 62 gives the treasurer/collector the option to provide the taxpayer with a written statement that no foreclosure will be pursued for the next two years to allow time for a complete pay-off of the debt. However, only pursuant to a bylaw established under § 62A may the treasurer/collector establish formal payment agreement terms with a tax title property owner.

In drafting the bylaw for town meeting approval, decisions must be made about the specific, uniform terms that will apply to all tax title payment agreements that Shirley's treasurer/collector may establish. The bylaw must identify the categories of tax titles eligible for payment agreements, and it must also specify the minimum initial payment required, which cannot be less than 25 percent of the total amount owed. The bylaw must also specify a maximum term for any agreement, which can be no longer than five years. Although not a required provision, the town may also opt to include a stipulation that a certain percentage (up to 50 percent) of interest due on the property will be waived upon full payment of the principal and fees owed. This gives the town a legal means to provide debt relief and offers the taxpayer an incentive for full compliance with the agreement. A sample bylaw from the Town of Chatham is included in the appendix.

12. Accept M.G.L. c. 200A, § 9A to Expedite the Resolution of Tailings

To expedite the resolution of unclaimed checks (otherwise known as tailings), we recommend the town accept M.G.L. c. 200A, § 9A and adopt a related policy. A tailing refers to a returned check or one that otherwise remains uncashed, which when neglected, represents a debit liability on the town's books. A tailing can arise from any check disbursed by the treasurer/collector to pay an employee or vendor, to refund a municipal tax or charge, or to pay any other municipal obligation. A town meeting vote to accept § 9A would allow Shirley to shorten the window of time required to resolve tailings. Just as important, it would allow the town accountant to escheat to the town any tailings that remain unclaimed after proper procedures are pursued, which thereby converts them to credits on the town's books. In the absence of this acceptance, the provisions of c. 200A otherwise require the town to turn the unclaimed monies over to the state treasurer's office when they have remained unclaimed for at least three years. In the Appendix is a draft policy that provides a procedural overview of the steps for resolving tailings.

13. Process Senior and Veteran Tax Work-off Credits Through the Payroll Warrant

Through town meeting's acceptance of M.G.L. c. 59, § 5K and c. 59, § 5N, Shirley provides opportunities for, respectively, senior citizen and veteran property owners to abate portions of their delinquent taxes by doing volunteer work for the town. To avoid a negative audit and associated fines by the Internal Revenue Service (IRS), we advise the town to assure these abatements are processed through the payroll warrant. The IRS has ruled that the earnings received through these programs meet the definition of wages subject to federal income tax and Medicare withholdings. Therefore, the town cannot simply apply the earnings against the tax liability but must instead process the renumerations as paychecks, including all proper withholdings. To receive the abatement, the program participant then signs the paychecks over to the town. The town must also assure these earnings are reported on year-end W-2 forms. For additional guidance on tax work-off abatement processing, please refer to IGR-2021-20.

14. Hold Monthly Meetings of the Financial Team

To enhance communication and improve interdepartmental coordination, we recommend the town administrator call the financial department heads together to meet as a team on a regular basis. With the town administrator as chair of the meetings, the rest of the team would include the town accountant, treasurer/collector, and principal assessor. The meetings would work best if scheduled at a consistent, convenient time each month with agendas and supporting materials sent in advance.

In many communities, a schedule of regular financial team meetings has proven effective for coordinating financial operations and holding staff accountable for their roles in mission-critical functions like tax rate setting, timely reporting of receipts, and monthly reconciliations of cash and receivables. These sessions help to enhance dialogue, spur creative thinking, and assure attendees that important information is imparted to all parties at the same time. Without infringing on the policymaking powers of the select board and finance committee, they facilitate the collection and analysis of data that can serve as the bases for those boards' decisions in areas like debt limits, reserve fund levels, and annual budget guidelines. Finally, the team's participation in general financial and budget activities helps to provide institutional continuity when officeholders leave town service.

15. Review and Update all Job Descriptions Town-wide

We recommend the town administrator direct and oversee a project by the assistant town administrator to conduct a town-wide review of employee job descriptions. All employees should have accurate job descriptions that list the major and minor duties and responsibilities; supervision

received and given; requisite education, qualifications, experience, and special skills; and conditions under which work is performed. A complete set of up-to-date job descriptions have inherent value in assuring that all necessary duties are being covered appropriately without any wasteful redundancies. It also helps identify training needs and promotes smooth transitions when posting job openings at times of turnover. Finally, a complete set provides a necessary baseline for conducting a salary survey, which is something a community should try to do every five years or so to ensure it stays competitive in the regional job market. The last such survey completed in Shirley took place in 2015. In FY2024, the town could apply again to the Community Compact Cabinet program, which will be offering best practice grants in the area of human resources, including job description and classification projects.

16. Publish Locally Accepted Statutes and Special Acts as a Bylaw Appendix

We recommend the town clerk supplement the general bylaws with an appendix listing all of the town's locally accepted statutes and special acts. This is a common feature of many community bylaws, and its inclusion would help to provide residents with a fuller picture of all the regulations governing their town.

ACKNOWLEDGMENTS

In preparing this review, DLS spoke with the following individuals:

Name	Position
Bryan Sawyer	Select Board Chair
Andree Lourdes Jean Jacques	Select Board Vice Chair
Debra Flagg	Select Board Clerk
Michael McGovern	Town Administrator
Aubrey Thomas	former Assistant Town Administrator
Brian Hildebrandt	Finance Committee Chair
Emily Roux	Treasurer/Collector
Christie Bliss	Assistant Treasurer/Collector
Jennifer Wilson	Principal Assessor
Jennifer Costello	Treasury/Collections Consultant
Hannah York	CliftonLarsonAllen, LLP
Kayleigh Murray	CliftonLarsonAllen, LLP
Matthew McCullough	CliftonLarsonAllen, LLP

APPENDIX

SAMPLE POLICY: MONTHLY CASH FLOW BUDGET

PURPOSE

To assess the sufficiency of funds to cover current obligations, determine when surplus funds may be invested, and plan for borrowings as necessary to cover any temporary shortfalls, this policy provides guidelines to create and maintain a cash flow budget.

APPLICABILITY AND SCOPE

Applies to:	▪ Treasurer/Collector and Town Accountant job duties ▪ Town Administrator, Select Board, and Finance Committee in their oversight duties
Scope:	▪ Methodology for analyzing cash inflows and outflows ▪ Strategies for addressing insufficient liquidity

BACKGROUND

A cash flow budget is an essential treasury tool to enable informed decisions regarding cash position and investments. The Treasurer/Collector uses it to estimate available cash deposits, expected inflows, and disbursement obligations during a given period to ensure continuously sufficient liquidity. Inflows include revenue from property taxes, state aid, grants, fees, and penalties. Outflows represent anticipated disbursements for payroll, benefits, purchases of goods and services, and scheduled debt service. Some inflows and outflows are nonrepetitive transactions tied to one-time activity, such as capital financing and expenditures.

This analysis is intended to monitor and measure the Town's ability to meet its needs, to reduce the need for short-term borrowing or liquidating of long-term investments, and to identify any funds available for investment. It is also used to recognize issues that might have negative impacts on the Town's cash position and to coordinate spending patterns to mitigate against any potential shortfalls.

POLICY

Prior to each July 1, the Treasurer/Collector will prepare an initial cash flow budget for the fiscal year. During the fiscal year, the Treasurer/Collector will update the budget with actual inflows and outflows monthly and more frequently whenever sufficient liquidity is at risk.

A. <u>Guidelines for Inflows (Revenue) and Outflows (Disbursements)</u>

- Identify the receipts and expenses that reoccur on a scheduled basis and can be regularly anticipated (e.g., property taxes, state aid, payroll expenses, contractual obligations).
- Use revenue and expenditure data from the previous three to five years to identify the recurring expense and disbursement patterns, being careful to recognize when certain historical data is unusual.
- Analyze the Town's current operating budget for increases in payroll and other expenditures, changes in seasonal spending patterns, and variations related to new or concluded programs.
- Work with department heads to identify nonrecurring programs or items, such as grants (including reimbursable grants) and capital expenditures.
- Incorporate current and future debt payments based on amortization schedules.

- Without significantly jeopardizing accuracy, be conservative in estimating anticipated revenues and generous with disbursement estimates.
- Evaluate the accuracy of the cash flow budget by comparing actual results with projections and determine the reasons for any significant variances.
- Keep the analysis as simple as possible while still maintaining reliable and precise information needed for making appropriate management decisions.

B. Providing for Insufficient Liquidity

If the cash flow budget projects insufficient liquidity, the Treasurer/Collector and Town Accountant will determine the amount required to provide funding for expenses until adequate revenues are realized. The Treasurer/Collector will secure funding as follows:

1. Liquidate general operating cash investments. Prior to liquidation, the Treasurer/Collector will analyze the investment for any redemption fees, penalties, or income loss that would make another option more beneficial to the Town.
2. Borrow internally from the stabilization fund. The Treasurer/Collector will only pursue this option if:
    a. The balance in the fund is equal to or exceeds the required amount.
    b. There are no restrictions on the fund from which the advance is to be made.
    c. Withdrawal from the investment fund does not have severe fees, penalties, or loss of income.
3. Finance using a revenue anticipation note (RAN). The Treasurer/Collector will obtain a RAN through the State House Note Program. (Note that this requires a cash flow budget for the term of the borrowing.)

The Treasurer/Collector shall ensure that all borrowed funds (options 2 and 3) are repaid by the close of the fiscal year, June 30.

C. Time Frames and Documentation

The Treasurer/Collector will submit the cash flow budget monthly to the Town Accountant, Select Board, and Finance Committee for review and discussion.

FORMS

Cash Flow Analysis Excel workbook

Division of Local Services (DLS) Form: Advance of Funds in Lieu of Borrowing Report

REFERENCES

DLS Informational Guideline Releases 17-20: *Stabilization Funds* and 17-21: *Borrowing*

State House Note information and forms webpage: State House Note Program and Other Borrowing Guidelines

EFFECTIVE DATE

This policy was adopted on [date].

SAMPLE POLICY: TAILINGS

PURPOSE

To minimize the negative impact of uncashed checks on cash position certainty, to provide appropriate opportunities for payees to claim uncashed checks, and to properly recover unclaimed funds for the Town's general fund, this policy sets guidelines for the resolution of tailings.

APPLICABILITY AND SCOPE

Applies to:	▪ Treasurer/Collector, Town Accountant, and all department heads ▪ Payees of Town disbursements
Scope:	▪ Managing uncashed checks, including notifying payees, handling claims, and escheating unclaimed funds to the general fund

BACKGROUND

A tailing is a form of unclaimed property that results from a disbursed but uncashed check, and it represents a debit liability on the Town's books. It can arise from any treasury check issued to pay an employee or vendor, refund a municipal tax or charge, or pay any other municipal obligation. Having accepted M.G.L. c. 200A § 9A, the Town can expedite tailing resolutions and escheat to the Town's general fund the funds that remain unclaimed at the completion of the process rather than surrendering the money to the state, as would be required otherwise. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.[8]

POLICY

Periodically throughout the year, the Treasurer/Collector, relevant department heads, and Town Accountant will work together to resolve accumulated tailings, either by prompting actual pay outs or through escheatment to the Town.

A. Monthly Management of Tailings

As part of the monthly cash reconciliation, the Treasurer/Collector will review the accounts payable bank accounts online to determine which checks have been cashed by recipients and update their statuses in VADAR. Following this, the Treasurer/Collector will run a VADAR report of all checks outstanding 30 days or more after issuance and email the department head associated with each of them to follow up with the payee. The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notices to departments, the Treasurer/Collector will send an uncashed check notice to the payees at their last known addresses.

Every month, the Treasurer/Collector will also identify all checks that are uncashed one year after being issued and notify the bank to stop payment. At this point, the checks may still be claimed by the payees but will require reissuance. The Treasurer/Collector will provide a report of the stop-paid checks to the Town Accountant, who will then record the funds as abandoned property liability in the general ledger.

[8] The procedural details within this policy are predicated on the town meeting's acceptance of M.G.L. c. 200A § 9A to expedite the resolution of tailings.

B. Yearly Review

At least once a year, the Treasurer/Collector will review the accumulated inventory of stop-paid tailings and do the following:

1. List the payee names on the Town's website for a minimum of 60 days under the heading: "Notice of names of persons appearing to be owners of funds held by the Town of Shirley and deemed abandoned." This posted notice will detail the process to claim funds and state a deadline for making a claim that is not less than 60 days after the initial posting date of the notice on the website.
2. For all checks still unclaimed after the website deadline, publish in the newspaper a notice in the same form as the website posting but stating a new claim deadline not less than 60 days after the publication date.
3. For checks of $100 or greater that remain uncashed after the publication deadline, publish a second notice in the same newspaper with the same language as the previous except with a deadline for claiming the funds at least one year after the new publication date.
4. Schedule a calendar prompt one year after the second publication date to review all the published checks again. When the prompted date occurs, notify the Town Accountant of all those that are still unclaimed at that time.

C. Check Claiming

If a payee submits a claim to the Treasurer/Collector within the given deadline, or at any time before the funds are escheated, the Treasurer/Collector will review the claim and make a determination as to its validity.

- If the claim is deemed valid, the Treasurer/Collector will submit the amount to the Town Accountant for inclusion on the next disbursement warrant.
- If the claim is deemed invalid, the Treasurer/Collector will segregate the funds into a separate, interest-bearing account and notify the claimant of this action within 10 days. Within 20 days after receiving this notice, the claimant may file an appeal at Ayer District Court (or at Middlesex Superior Court if the amount is $50,000 or more).
- If the court rules for the claimant, the Treasurer/Collector will submit the tailing amount, along with any interest, to the Town Accountant for inclusion on the next disbursement warrant after receiving the court order.
- If the court rules against the claimant, or if the Treasurer/Collector receives no notice of any court appeal being filed within one year of the Treasurer/Collector's notice to the claimant that the funds were being withheld, the Treasurer/Collector will notify the Town Accountant to escheat the total tailing and interest amount.

D. Escheatment

Upon receipt of a notice from the Treasurer/Collector as described in Sections B and C above, the Town Accountant will escheat the listed funds. This involves reversing the abandoned property liability and recognizing the funds as revenue in the general fund to be available for future appropriation by town meeting for any public purpose.

REFERENCES

M.G.L. c. 200A, § 9A

EFFECTIVE DATE

This policy was adopted on [date].

SAMPLE POLICY: REVENUE TURNOVER

PURPOSE

To safeguard Town assets and maximize cash flow, this policy provides guidelines for departments to turn over receipts to the Treasurer/Collector. Included are details of internal controls designed to provide reasonable assurance that the Town's revenues are properly and timely secured, recorded, and deposited in Town bank accounts.

APPLICABILITY AND SCOPE

Applies to:	▪ Treasurer/Collector, as the Town's cash manager, and Treasurer/Collector staff ▪ All other individuals and department heads with responsibility for handling payments ▪ All contractors that collect revenues on behalf of the town, such as the deputy collector ▪ Town Accountant in the duty to keep the general ledger up to date
Scope:	▪ Guidelines for managing all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excises, fees, charges, and intergovernmental receipts, from the departmental level through Treasury and Accounting duties

POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. Each department will turn over at least weekly and must do so by the end of the day when cash receipts total $500 or more. The deputy collector will turn over collections on a weekly basis.

To indemnify the Town from potential loss or theft of receipts, the Town Administrator will ensure that surety bonds are maintained for all individuals responsible for handling payments.

A. Receiving Payments

Using prenumbered receipt books, assigned departmental staff must issue a receipt for every payment received, even when the payer attempts to refuse it. These employees must identify the forms of payment (check, cash, or credit card) in the receipt books. As the exception, employees in the Treasurer/Collector's office receiving taxes and other collections from the public need only issue receipts for cash payments. Every Town employee who receives a check will immediately endorse it "For Deposit Only" using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cash box or safe until completing a turnover to the Treasurer/Collector.

Each department head is responsible for overseeing the processing, recording, record retention, and turning over of receipts to the Treasurer/Collector. To the extent practicable, separate individuals should be tasked with 1) receiving and endorsing payments, 2) recording payments in the departmental log, and 3) turning receipts over to the Treasurer/Collector.

B. Turning Over Revenues

Departmental staff will fill out a Schedule of Departmental Payments to the Treasurer (i.e., the turnover form), obtain the department head's signature on it, and make two copies of it. Every listed receipt should tie back to a receipt book entry and to the receipt logs maintained by the department head. Departmental staff will deliver the turnover package in person and at no time may leave any unattended turnovers in the Treasurer/Collector's office or elsewhere in Town Hall.

No less than weekly and at month-end, the Treasurer/Collector will complete an internal turnover of all the collections processed during that period for taxes and other committed receivables. The turnover form will report all the collections summarized by receipt type, which must reconcile to the bank deposits for the same period.

When the Treasurer/Collector's office has accepted the turnover, the departmental employee will receive back two copies of the turnover form signed and dated by the Treasurer/Collector employee. The departmental employee will retain one turnover copy on file and deliver the other to the Town Accountant. The Town Accountant will refuse to accept any turnover form that is not signed by a Treasurer/Collector employee.

The head of every department that receives payments will review the Town Accountant's monthly revenue reports to verify all turned over receipts have been accurately recorded in the appropriate general ledger accounts and report any discrepancies to the Town Accountant.

C. Receiving Turnovers

When presented with the turnover, Treasurer/Collector staff will count the receipts in the presence of the authorized departmental employee. Any inaccuracies on the turnover forms will be corrected on them at that time and initialed by both parties. The Treasurer/Collector staff member will then sign the turnover copies and return two of them to the departmental employee.

Within 24 hours of receiving the turnover, Treasurer/Collector staff will record the receipt data in the VADAR Treasurer's Receivables module and will deposit any checks received via remote scanner. Treasurer/Collector will take any received cash and checks that cannot be scanned to the bank for deposit daily. Until the deposit is completed, the Treasurer/Collector will ensure that all receipts are secured, either in a cash drawer or, if being held overnight, in a safe.

At the close of business each day, the Treasurer/Collector will review the posted VADAR batches, turnover documents, cash deposit slips, and remote scanner reports. When all the activity ties out, the Treasurer/Collector will update the cashbook with all the deposit data and submit the VADAR batches online for the Town Accountant's review.

D. Updating the General Ledger

The Town Accountant will compare the posted batches transmitted within VADAR by the Treasurer/Collector to the turnover reports received from departments and investigate any discrepancies with the Treasurer/Collector and the originating department. When the VADAR

batches reconcile properly with the turnover reports, the Town Accountant will post the data to the VADAR general ledger.

E. Audit

All cash management activity is subject to review by the Town Accountant and the Town's independent auditor. Further, the Town Accountant will conduct periodic, random audits of departments' payment processing and turnover procedures to ensure adherence to this policy.

REFERENCES

M.G.L. c. 41, §§ 35 and 57 M.G.L. c. 44, § 69 M.G.L. c. 60, § 57A

Berlin's Reconciliations policy

Massachusetts Collectors & Treasurers Association's *Treasurer's Manual* and *Collector's Manual*

EFFECTIVE DATE

This policy was adopted on [date].

SAMPLE BYLAW: TAX TITLE PAYMENT AGREEMENT

Town of Chatham

Chapter 247: Tax Title Payment Agreements

§ 247-1 Payment agreements authorized; terms and conditions.
In accordance with the provisions of MGL c. 60, § 62A, payment agreements are hereby authorized between the Treasurer and persons entitled to redeem parcels in tax title, subject to the following terms and conditions.

A. Each such agreement shall be for a term of five years and shall waive 50% of the interest that has accrued on the tax title account. No tax principal or collection costs/fees may be waived pursuant to the terms of any such agreement.
B. Payment of 25% of the total tax title account balance as of the date of the agreement must be received by the Treasurer upon final approval/execution of the agreement.
C. Such agreements and waivers shall be available for and uniformly applied to parcels of real property with an assessed valuation, as of the January 1 preceding the date of the agreement, equal to or less than 150% of the mean assessed value of residential properties in the Town.
D. During the term of the agreement, the Treasurer may not bring an action to foreclose the subject tax title unless payments are not made in accordance with the schedule set out in the agreement or timely payments are not made on other municipal taxes, assessments, or charges due to the Town that constitute a lien on the subject tax title parcel. In the event of any default in payment obligations stipulated in said agreement, the Treasurer may pursue any or all remedies prescribed by MGL c. 60 for the collection of unpaid taxes, including, but not limited to, tax title foreclosure.
E. The failure of the property owner to comply with any of the conditions or requirements imposed under this bylaw or to make payments in accordance with the terms of any agreement executed pursuant hereto shall be cause to rescind the waiver of interest and to reinstitute the interest that was waived. In the event of such noncompliance, the tax account for the property shall be recalculated to reflect the amount of taxes and statutory interest that would have been then due and payable but for the initial waiver of interest.
F. Nothing in this bylaw shall preempt or preclude the authority of the Treasurer to accept partial payments or to negotiate and enter into payment agreements authorized by the provisions of MGL c. 60, §§ 22 and 22A, or any other statutory authority.