



Town of Templeton

Financial Management Review

Division of Local Services / Technical Assistance Section

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Overview

The board of selectmen in the Town of Templeton made the request for this financial management review citing a desire to take advantage of our expertise in municipal management and to find areas where town operations and performance could be enhanced. Our findings and recommendations are based on site visits by a Division of Local Services (DLS) team from the Technical Assurances Section, Bureau of Accounts, and Bureau of Local Assessment. During our visits and by telephone, our team interviewed and received information from members of the board of selectmen, the town coordinator, town accountant, treasurer, collector, deputy assessor, and others. A full list is available in the Acknowledgements. We examined such documents as the Tax Recapitulation Sheet, Schedule A, annual town budgets, trial balance reports, debt schedules, vendor and payroll warrants, and sample department turnover reports, as well as town bylaws, job descriptions, various financial policies, and the independent audit reports completed by Melanson Health & Company for FY2003, FY2004, FY2007 and FY2008.

The scope of our review focused on Templeton's:

- Government structure in the context of the duties and responsibilities of financial officers;
- The degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function;
- The budget, capital planning and warrant processes; and,
- The general efficiency and effectiveness of financial operations as measured by the town's success in maximizing resources and minimizing costs.

We encourage the board of selectmen and others when formulating overall strategies for improving Templeton's financial management to carefully consider our observations, analysis and recommendations. In particular, our recommendations can only be implemented provided there is sufficient determination and cooperation at all levels of local government.

Town government is built around an open town meeting and operates under the general direction and management of a five-member board of selectmen. Due to the sudden death of a selectman in June, the remaining members will continue to administer operations until a new selectman is elected at a November 3, 2009 special election. The board appoints a full-time town coordinator who provides administrative support and supervises the selectmen's support staff. She provides general advice and counsel to department heads under the board's jurisdiction, but lacks the formal authority typical of a town administrator. Since 2004, accounting services have been provided by the outside consultant, Scott Sawyer, who works part-time and receives assistance from a part-time staff person. A full-time treasurer and a collector, appointed by the selectmen, are each supported by a part-time assistant. The assessing office operates under the jurisdiction of an elected three member board of assessors and a full-time deputy assessor. Templeton also operates a municipal light & water plant under special legislation (Chapter 93 of the Acts of 2000), as well as a sewer enterprise fund in accordance with M.G.L. c. 44, §53F½.

Templeton, like all Massachusetts cities and towns, faces challenging financial circumstances. Although there are signs that the economic downturn is beginning to moderate, experts predict a long road to recovery. Ahead is a future characterized by limited and declining revenues and escalating expenses. In this context, it is becoming increasingly clear that while officials have successfully implemented a number of reform efforts, they will need to take definitive action to gradually resolve the imbalance between the cost to maintain services and available revenue.

As we describe in greater detail on the following pages, the town has done well to cope with an extended period of depressed economic activity regionally, which has only worsened during the current downturn. Templeton has avoided reliance on the stabilization fund for operations and, as a result, maintains a healthy balance. The town also has access to insurance settlement funds to provide an additional budget cushion if future revenues do not materialize. However, a structural deficit remains, although it reflects to some extent the choice to generate free cash for future use over immediate revenue that would arise from less conservative local receipt estimates.

A string of accomplishments can be attributed to management level decisions since 2004. For example, among other successes, the town created a website, began annual audits of its financial statements, took steps to control insurance costs, secured almost \$4 million in grants, orchestrated a bond rating upgrade, and improved the maintenance of town buildings. Now, the town is also poised to consolidate all municipal departments in a single town hall for the first time in its history. We view this as a positive development. See Appendix E for a complete list.

At the departmental level, town government is well-served by competent and knowledgeable managers and staff. Routine day-to-day financial tasks are completed in a timely manner. Payments due the town are effectively collected, accounted for and deposited in town accounts. Town obligations are paid through payroll and vendor warrants regularly. Recordkeeping is orderly and up-to-date. Staff cooperates in the preparation of submissions to DOR.

However, despite all that has been accomplished, a schism exists among town officials, which undermines cooperation and threatens the ability of government to continue on a positive course.

Our concerns center on the deep-rooted adversarial relationship between the board of selectmen chair, his wife, who is the town coordinator, and another member of the board who is also a light & water commissioner, and her husband, who is a sewer commissioner. It is not our intent to pass judgment on the merits of their respective positions on issues that separate them. In fact, we believe that each has in the past acted in what he or she believed to be in the best interest of the town. However, we are not certain that this is still the case. It is clear that the animosity between the members of these two families has risen to a personal level and the negative fallout threatens their ability to make objective decisions.

We are also compelled to comment on the operation of local government when the chair of the board of selectman and the town coordinator are spouses. We understand that their re-entry into town government seven years ago marked a turning point. Since then, the town has successfully implemented broad-based reforms that fundamentally changed business practices and improved operations.

Nevertheless, it is inevitable that as town business is discussed and options are reviewed that decisions are made solely by the selectmen chair and the town coordinator whether they are in or outside town hall. When this occurs, other viewpoints are not part of the decision-making process and issues are not

vetted in the full light of day. From another perspective, the line that should separate a selectman – a chief policy maker for the town – from the day-to-day administration of town government, is blurred.

The tensions that exist, which show no signs of abating, are divisive. They have reached employees and have begun to affect town hall morale. Given the broad participation in government of these selectmen and their spouses, it is easy to imagine that the business of the personnel board, the light & water commission and the sewer commission are affected as well. For employees, there is little recourse, if they have a concern or a legitimate complaint that involves the board chair or the town coordinator, both of whom participate on the personnel board. Overall, this is not a healthy situation.

For residents, there is good incentive to scrutinize the operation of government and how it affects the character of the community.

Templeton is an appealing rural town of 7,800 residents spread over 32.4 square miles and is otherwise a town rich with historic architecture and bucolic landscapes. The town's tax base is predominantly residential (89.2 percent), with some commercial (6.1 percent) and industrial (3.2 percent) development. The single largest employer in town is the State Department of Mental Health's Templeton Development Center, which as of June 2006 employed approximately 450 people. Light industry in town includes the materials supplier, W.J. Graves Construction Company, and lightweight paper products manufacturer, Seaman Paper Company.

According to DLS Municipal Data Bank, the estimated per capita income among Templeton residents was \$21,827 in 2006, while the 2008 Equalized Valuation (EQV) per capita was \$102,214, which is a measure of relative community wealth based on property values. In FY2009, the average single family home assessed value was \$215,199 and the average tax bill was \$2,195. The table below provides a comparison of Templeton to peer communities, as well as towns in Worcester County and Massachusetts. Clearly, in the categories shown, the north central region of the state lags behind towns in Worcester County and state-wide. And, among peer communities in the region, Templeton is at a further disadvantage.

	2006 Income Per Capita	2008 EQV Per Capita	FY2009 Average Single Family Home Value	FY2009 Average Single Family Tax Bill
Templeton	\$21,827	\$102,214	\$215,199	\$2,195
Peer Communities*	24,632	113,246	245,273	2,946
Worcester County Towns	31,018	137,803	313,449	3,736
MA Towns	39,596	202,820	426,235	4,555
Rank vs.				
Peer Communities* (10)	6 th	7 th	7 th	9 th
Worcester County Towns (56)	48 th	49 th	51 st	53 rd
MA Towns (306)	256 th	278 th	262 nd	282 nd

*Winchendon, Westminster, Orange, Athol, Hubbardston, Phillipston, Sterling, Ashburnham, Rutland

Prior to the recent economic downturn Templeton experienced solid growth and financial operations improved as demonstrated by a commitment to increase reserve levels and implement budget controls. As depicted in Appendix A, Table II, between 2007 and 2009 the town's general stabilization fund balance improved from \$151,990 to \$603,126 (4.3 percent of total budget), while free cash increased from \$630,048 to \$882,486 (6.3 percent of total budget). At the same time, local officials made efforts to stabilize the budget by reviewing and increasing fees, monitoring expenses such as health insurance and fuel, and

regionalizing emergency dispatch and animal control services. These actions, coupled with other enhancements, contributed to Moody's upgrade of the town's bond rating from Baa1 to A3 and to positive comments in management letters from the town's independent auditor Melanson Heath & Company.

However, with some exceptions, the town's fiscal situation has since fallen more in line with neighboring communities. The number of building permits issued and their estimated value, as presented in Appendix A, Chart II, has declined and, after a spike in development, new growth, which is anticipated tax revenue associated with new construction, has returned to a more historic level. Consistent with the experience of most Massachusetts towns, Appendix A, Chart III shows a decline in home sales and an increase in foreclosures. Reflective of the regional economy, the unemployment rate as of June 2009 rose to 10.8 percent of the town's working population, ranking it the 8th highest among all Massachusetts towns. See Appendix A, Chart I and Table I.

Although Templeton has been moderately successful in its initiatives to stabilize the annual budget, the town is taxing to its levy limit and using all of its free cash to support recurring operating expenses that continue to escalate. While town meeting appropriated a "balanced budget" of \$13,823,558 for FY2010 funded through a combination of property taxes (\$7.27m), state aid (\$1.53m), local receipts (\$1.52m) and miscellaneous revenue (\$3.5m), a significant portion was funded with free cash. As depicted in Appendix A, Table III, free cash is a healthy 6.4 percent of the budget or \$882,486. Over the preceding two years however, the town has appropriated 100 percent of certified free cash or \$1.55 million in total to supplement the budget. Yet, unlike most communities, the town does not have access to insurance settlement money which is available to help plug a future budget gap.

Conclusion: Overall, finance-related departments function well under capable managers and staff. The recommendations for departments that we offer are intended to build on current practices and further improve operations.

The more significant of our recommendations address higher level issues. To begin, Templeton could benefit by converting from a town coordinator to a town administrator. Under the proposed structure the town would transition to a well-defined organizational structure that assigns authority and responsibilities along clear reporting lines of accountability. With the ability to appoint department heads and other officials, the town administrator will not only ensure that employees and others fulfill assigned tasks, but insulate staff from the political divide that currently exists. The commitment to a central authority figure capable of directing day-to-day activities, and other steps, will also appropriately separate the selectmen from decisions relative to the daily management of town departments and personnel.

Next, we outline a series of financial management policies and practices to transition officials from a short-term financial planning perspective to long-term. Collectively these will help bring about financial stability by directing the use of free cash and revenues, and outline specific procedures such as revenue and expenditure forecasting and capital planning. Moreover, Templeton could benefit from defining a clear set of expectations for the sewer enterprise fund which we recommend.

There are recommendations in this report that can help shift residents' perception of the most public, and increasingly negative, aspect of municipal government. It is not by legislating behavior, but by creating a sound government structure, where there is separation of powers, well-defined management, accountability and a positive work environment for all employees.

Primary Recommendations

The following primary recommendations are intended to focus officials efforts on areas critical to moving government forward. Templeton is facing a challenging economic situation that is not likely to be resolved quickly. However, by overcoming conflicts, officials can initiate a number of improvements through the following recommendations. In any case, the board of selectmen and department heads need to commit themselves to implementing these recommendations:

1. Create a Town Administrator Position

There is no mention of the town coordinator position in the town bylaws. According to a written job description, responsibilities are wide-ranging and comprehensive, but the position lacks inherent authority to manage all town departments. The town coordinator has informal reporting relationships and a limited role in the budget process. Absent is the standing to execute town-wide goals, take initiative to improve operations, and to establish clear expectations in the day-to-day business of town government. When the town coordinator does perform any of these functions, she does so because of cooperation from town employees.

The reliance of the board of selectmen on a town coordinator, whose responsibilities are closely associated with a town administrator, suggests an understanding that the town benefits from a full-time management presence in town hall. We agree with this viewpoint. Therefore, we recommend that the town coordinator position be replaced by a fully empowered town administrator.

Under the change, all department heads would be appointed by and report to the town administrator, including those who currently report to independent boards and commissions. Those boards and commissions would continue to provide guidance, formulate policy, and make customary decisions relative to the departments they oversee, and could have a role in selecting a department manager. However, clear lines of accountability would be established and department heads would have equal standing because they would all report directly to the town administrator.

Through periodic department head meetings, the town administrator would dispense critical information, hear employee concerns and implement directives and policies set-out by the board of selectmen. The town administrator would also direct a financial management team which would contribute financial analyses, provide options to address fiscal issues and coordinate completion of required submissions to DOR. The town administrator would be responsible for coordinating the annual operating and capital budget process, and serve as the personnel administrator and procurement officer.

The presence of a town administrator would also mean that the board of selectmen must be willing to alter their level of participation in the operating budget process, in the capital planning process, in personnel administration, etc. The board would retain its traditional role as the chief policy setting body for the town and, in that context, review and sign-off on operating and capital budgets. The board members must be willing, as well, to relinquish any control they might now exercise in the day-to-day administration of town government.

Because the town has no charter, we recommend that special legislation be drafted to create a town administrator position. A proposal would be presented and approved by town meeting, then filed in the Legislature. It is likely a town-wide vote would also be needed. In addition to powers and responsibilities, the special act should include a screening and selection mechanism, as well as provisions for annual performance reviews. Other towns' special acts can be referenced for drafting guidance.

2. Prohibit Elected Officials from Holding Any Other Position

Article IV of the town bylaws already prohibits an elective or appointive town officer or town employee from serving on the town advisory board. In its personnel policy, with the exception of two selectmen and an advisory committee member, no elected or appointed official may serve as a personnel board member. With these precedents in place, we recommend that the town approve a bylaw precluding all elected officials from serving in any other elected or appointed positions. This will allow them to focus on their primary responsibilities.

Two current selectmen, one of whom also serves on the personnel board and the other as an elected light & water commissioner, are continually at odds. It is our impression that their adversarial relationship arises as well when the board of selectmen addresses issues that involve the personnel board, the light & water commission, or the sewer commission. The extent to which their differences impact the progress of town business is reason enough to enact a bylaw that makes elected or appointed officials ineligible to serve on other boards and committees. If a bylaw were to pass, each selectman would fill out the remainder of his or her term on other boards and commissions.

3. Eliminate the Personnel Board

The current personnel board has five members, two of whom are selectmen (including the chair), one is an advisory board member and two are residents who, under the bylaw, could conceivably be town employees and union members. The town's personnel policy simultaneously states that the town coordinator, acting under the direction of the selectmen, is responsible for its administration, the personnel board is authorized to oversee the policies, subject to the approval of the selectmen. The personnel policies set out a system of rules and regulations, classification and salary schedules, and performance evaluations for a relatively few non-union town employees. Corresponding issues affecting union members are addressed in collective bargaining agreements.

We recommend that a new town administrator serve as the town's personnel director and that the personnel board be eliminated. In this instance, the board would perform a duplicative function and represent an additional layer of unnecessary bureaucracy. Existing requirements for town meeting approval of certain personnel-related actions would not change.

In addition to implementing a personnel system for non-union employees, the town administrator would also be charged with maintaining a centralized personnel record-keeping system. He or she would coordinate the recruitment, placement, and hiring processes. Lastly, the town administrator would be instrumental in the collective bargaining process as chief negotiator, would hear employee grievances and recommend disciplinary actions to the selectmen.

Lastly, a personnel board comprised of elected officials and possibly other town employees, who are union members, raises concerns that decisions may be swayed by political considerations. When issues that impact a person's livelihood are at stake, the town should go out of its way to ensure a fair and objective decision-making process. If the personnel board is to remain, we recommend that it be reconstituted, through a bylaw amendment, with members who are not town officials or town employees.

General Recommendations

The following general recommendations address overall financial management practices in Templeton, and the policies and procedures that typically impact town government as a whole. They also offer suggestions for improvements specific to the departments of the accountant, treasurer, collector, and assessors. Accordingly, we examined fiscal and administrative operations which include financial monitoring, the warrant process, the purchasing and payroll systems, and technology. We further considered the roles and relationships among individuals, together with the level of communication and cooperation that exists between offices and throughout municipal government. Finally, we reviewed local compliance with state laws and regulations relating to municipal finance and adherence to DOR submission timetables.

In Templeton a five-member board of selectmen is primarily responsible for managing local affairs and setting policies and direction for the town. Appointed by the board, and working under its direction, a full-time town coordinator provides support to selectmen, departments and committees, and generally facilitates the operation of day-to-day business. As discussed earlier in the report, the town coordinator serves as a central management presence, but lacks any formal management authority over departments which function in the absence of a formal hierarchy. The treasurer, collector, and deputy assessor are appointed full-time positions, but the town accountant is a part-time outside consultant. The finance offices use VADAR Systems financial software together with the accountant's City and Town general ledger software package to record and track the financial activity of the town. Payroll is processed through ADP, an outside vendor.

Accountant: Retained under contract since 2004, the accountant works one day a week in town hall and receives support from a part-time staff person, who primarily handles data entry work. Through the maintenance of independent records and following well-documented procedures, the town accountant protects the fiduciary interests of the town. This is accomplished by documenting the flow of money, monitoring the expenditure of town funds, and implementing a system of checks and balances. To fulfill these responsibilities, he prepares warrants that are signed by the selectmen, and maintains a general ledger in his City and Town accounting software system. In addition, he reconciles cash, debt and receivables with the treasurer, as well as with the light & water plant, and sewer department on a monthly basis. He is also responsible for producing the town's Schedule A, works with the deputy assessor to prepare the Tax Recapitulation Sheet for submission to DOR, and prepares the year-end balance sheet that DOR uses to certify free cash. He prepares an assortment of other financial statements and documents as needed.

Since 2004, the accountant has brought payroll processing in-house which saved approximately \$18,000 per year and installed City and Town software that integrated the treasury, payroll and budgeting functions which saves time on re-keying. He further improved the town's compliance with its statutory filing requirements by meeting or exceeding deadlines for Free Cash Certification, Tax Rate Recap approval and Schedule A submission. He also documented the internal accounting control system for the town, and established various budget policies. Among other achievements, he was instrumental in advocating for the town's financial statements to be independently audited on an annual basis. Over the last five years, audits have been completed by Melanson Heath & Company on a timely basis and have been generally positive.

Treasurer: The full-time treasurer has served in Templeton since 2005 when the position was converted from elected to appointed. She is assisted by a part-time, 18 hours per week, assistant treasurer who is authorized to sign the vendor and payroll checks in the treasurer's absence. As custodian of all town funds, the treasurer makes certain that town receipts are deposited into appropriate bank accounts and monitors balances to ensure that sufficient funds are available to cover liabilities. She also invests town funds and manages long-term debt. She is primarily responsible for employee benefits. In addition, she maintains tax title accounts and prepares petitions to foreclose on properties that have unpaid taxes. Necessary to these duties, the treasurer maintains check registers, various logs to track fund account balances and a cashbook. As a financial control, the treasurer reconciles cash balances between bank statements and her records and then with the accountant's general ledger on a monthly basis.

Among her successes since she arrived, the treasurer researched and proposed discontinuing health insurance for elected officials which resulted in a cost savings of over \$80,000. She automated routine office procedures resulting in savings of both time and costs. She addressed banking relationships which resulted in better interest rates and no fees. She reconciled and collected outstanding amounts owed to the retirement system and, working with the collector and UniBank, she facilitated the implementation of online bill payment services for taxpayers that will take effect this fall. Overall, her efforts have restored confidence in the performance of the office.

Collector: The full-time collector is appointed. She receives support from a part-time, 18 hours per week, assistant collector who processes mail and handles phone inquiries. As town collector, she ensures that town receipts are counted, posted to appropriate accounts in VADAR Systems software and deposited weekly to a collector's bank account. Once checks clear, funds are transferred to a general depository fund along with a turnover sheet. Delinquent accounts are pursued in accordance with a timely tax title process. Her office issues approximately 4,161 real estate bills and 299 personal property bills on a quarterly tax billing cycle. They do not collect farm animal or boat excise. Of real estate and personal property payments, about 60 percent are handled by the mail, 30 percent through tax services, and 10 percent over-the-counter. First commitment motor vehicle bills (approximately 7,000) are issued by Mark Altman & Associates with subsequent commitments handled by the town's deputy collector Jeffery & Jeffery. Collections are currently handled either over-the-counter or through the mail, but online payment will be available shortly as noted above.

Assessors: The assessing office in Templeton operates under the direction of a full-time deputy assessor and an elected three member board of assessors. In Templeton, many assessing responsibilities once completed by an outside appraisal firm, are now handled in-house by the deputy assessor. She conducts all fieldwork, completes all real estate and personal property valuations and interim adjustments. She is responsible for the cyclical reinspection program and will be completing the town's next revaluation in FY2010. Vision appraisal consultants are hired to value commercial and industrial properties, and the town utilizes the company's computer-assisted mass appraisal (CAMA) software for maintaining property data, valuing property and ensuring tax equity. The deputy assessor also processes all abatement requests, property tax exemptions and assists in setting the annual overlay, which was \$172,184 for FY2009, or about 2.4 percent of the tax levy. In FY2009 Templeton received 44 requests for abatement of which 31 were

granted. As of this report, the office had only one abatement appeal pending with the Appellate Tax Board in addition to wireless telecommunication personal property.

Conclusion: The Templeton finance related offices of the accountant, treasurer, collector and assessors operate well. Collectively, department managers and staff collaborate and are committed to improving financial management operations in the town. Departments have made strides and instituted measurable improvements, which have not always been recognized by the general public. The recommendations that follow offer suggestions and identify areas where further efficiencies could be gained and where overall effectiveness could be improved.

On the pages that follow we offer recommendations that are intended to help strengthen the town's financial planning, enhance fiscal stability and reverse the current structural budget deficit. While we normally recommend that communities adopt and commit to policies that encourage the preservation of reserves and direct the use of revenue, we acknowledge that current economic circumstances make this difficult. Nevertheless, Templeton could benefit by developing mechanisms that protect the town's financial position during good times and bad. Specifically, Templeton could develop a long-term revenue and expenditure forecast, implement capital improvement procedures, and change the way it uses free cash.

4. Complete Long-Term Financial Planning

We recommend that Templeton develop a three to five year revenue and expenditure forecast. As a result of the current economic downturn there is a natural desire to manage for the short-term. However, a long-term fiscal perspective can allow Templeton to create the financial stability which is so critically important to successful administration. Beyond enhancing fiscal stability through planning, forecasting is a key element of budget preparation that requires officials to understand trends in local receipts and spending, while considering the long-term impact of policy decisions. It also requires officials to engage stakeholders, and helps manage expectations to ensure that funds will be available for projects and programs into the future.

DLS offers a free forecasting tool that can be downloaded at www.mass.gov/dls, then click on Financial Management Assistance. The tool draws the town's historical data from DOR databases and presents it in an organized way. It then offers a structured method for developing a multi-year forecast. Such a tool can help officials test the impact of contingencies and fiscal events, such as, changes in the school assessment, the impact of additional debt service, potential adjustments to collective bargaining agreements, or the passage of a Proposition 2 ½ override.

5. Implement Capital Improvement Procedures

After a history of neglect and deferred maintenance, officials took action in 2000 to facilitate capital planning through the adoption of capital improvement program. That program, adopted in bylaw, authorized selectmen to appoint a five-member capital planning committee which spearheaded a process to identify, prioritize and address present and future capital needs. Since that time, the town has successfully completed construction on a new animal control facility and made various repairs and upgrades to town buildings including energy efficiency improvements and ADA compliance requirements. Beyond these

initial accomplishments, the town also established a capital improvement stabilization fund (\$100,000 balance) and hired a part-time building maintenance person.

Despite these advances, focus on long-term capital planning appears to be wavering. From our conversations with officials, this appears largely due to the informal nature of the program, ad hoc procedures, a review process undermined by selectmen's individual agendas, and the recent lack of funds. Therefore, in order to refocus officials and to establish a capital planning program that embodies clear expectations, standards and capital spending priorities, we recommend the following:

- *Establish a formal set of annual procedures:* Although Templeton has adopted a bylaw which outlines a capital planning process, a formal set of policies should be established that guide capital planning and debt management. To provide valuable direction and set expectations, we recommend that officials start by preparing a schedule, or timetable, that identifies each step and its completion date.
- *Develop a complete inventory of all capital assets:* The capital planning committee should next develop a detailed inventory of all existing capital assets that at a minimum would include all buildings and equipment. Officials may also want to include all roads, utilities and sewers. The inventory list should cite maintenance and replacement priorities, and identify the year facilities were built or acquired, the date of last improvement, current condition, the extent of use, along with any scheduled dates for replacement or expansion. To begin, we suggest obtaining a copy of the town accountant's list of fixed assets.
- *Assess the town's financial capacity:* The capital planning committee with the help of the town accountant and treasurer should analyze the town's ability to afford major expenditures. Although funds may not be available, an analysis should be completed that examines recent and anticipated trends in revenues, expenditures and debt. Not only will this analysis determine the capacity to fund projects, it can facilitate decision making as funds become available.
- *Project evaluation and communication:* While the capital planning committee solicits, compiles, evaluates and submits department capital requests, it is our understanding that the process may be undermined because of the lack of communication between the capital planning committee and the board of selectmen. Moving forward, rather than simply submitting a warrant article for selectmen to review, the capital planning committee should summarize their detailed findings within a report that justifies their decision making process. Key to this process is a set of objective criteria that prioritize projects. Criteria are generally based on operational impact and urgency, including public safety needs, legal requirements, items deferred from prior years, or items that might result in the loss of a grant or reimbursement opportunity.

6. Limit the Use of Free Cash

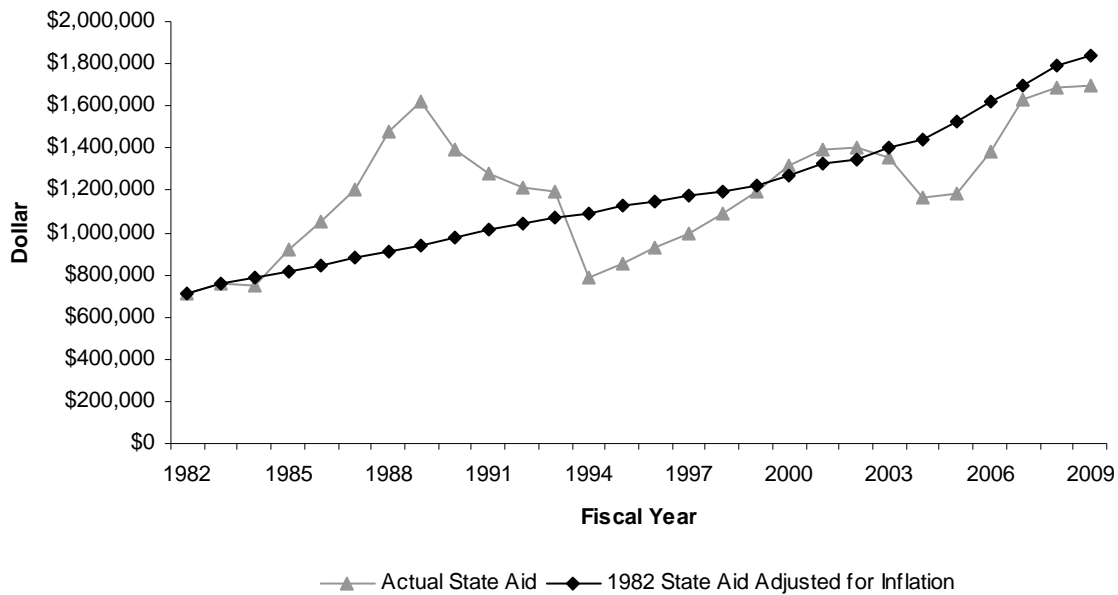
We recommend that the town limit its use of free cash. While officials in Templeton have been successful at generating free cash because of their conservative budget practices and avoidance of year-end deficits, it has been a longstanding practice to appropriate a significant portion or all of certified free cash to "reduce the tax levy" at the annual town meeting. As indicated in Appendix A, Table III, between FY2005 to FY2010, town meeting appropriated an average of \$709,013 per year or 81 percent of free cash to support

ongoing operations. As a result, there is an expectation that a significant portion of free cash, a one-time revenue source, will be used each year to offset recurring expenditures.

In order to achieve a sound and sustainable annual spending plan, Templeton should wean itself off its reliance on free cash to balance the annual budget. The wisest use of free cash would be for non-recurring expenditures, such as outlays for one-time capital projects or purchases, or it could be appropriated to reserves. If free cash is used to stabilize the tax levy, we suggest that the town retain an incrementally larger portion of free cash as unexpended to serve as a beginning point in the subsequent year’s free cash calculation.

7. Implement a Plan to Restrict Future Revenue Use

In anticipation of an economic turnaround, we recommend that the town have a plan in place that restricts the use of future revenues. When the economy is strong, communities too often spend all that they collect in revenue, but fail to build reserves. When the trend reverses and revenues decline, they are forced to cut spending, in part, because of the absence of reserves. The chart below depicts Templeton’s actual state aid since 1982 and overlays the state aid in 1982 increased each year by the rate of inflation.



As the economy recovers and additional revenues materialize, we recommend that budget formulators build into the revenue base from one fiscal year to the next an increase in each revenue category of no more than the rate of inflation, with the exception of Chapter 70 school aid levels which are dictated by the state and certain fees and fines. Any revenue collected in excess of the inflation limit established should be considered one-time revenue, and only expended to increase reserve fund levels or to fund one-time capital expenditures. For example, as illustrated in the chart above, Templeton could have captured state aid in excess of the inflation limit established during the period from 1985 to 1993 and 2000 to 2002 to offset years in which state aid was cut.

Such a policy puts limits on the use of additional revenue and can prevent the town from becoming overly reliant on unstable sources of income, while simultaneously strengthening the town's financial position.

Alternatively, the revenue policy described above can serve as a funding mechanism for the capital stabilization fund adopted by town meeting in May 2008. Separate from a "general" stabilization fund, a capital stabilization fund allows money to be set aside for a specific purpose, i.e. a vehicle replacement program. An excellent tool, Templeton could use the fund to establish a consistent, annual financing source for capital improvements. It encourages officials to think long-term and provides assurance that money intended for a particular purpose will be used for that purpose. Although town meeting recently authorized a transfer of \$100,000 to the capital stabilization fund, officials should take full advantage of what it can offer by integrating a reliable funding mechanism.

8. Annually Review Health Insurance Costs & Adopt M.G.L. c. 32B, §18

Templeton, more than other communities, has been successful in controlling the escalating cost of providing employer based health insurance (Appendix C, Table II.). The town took action by eliminating health insurance coverage for elected officials, and raising office visit and emergency room co-pays to minimize year-over-year premium increases. Nevertheless, we encourage officials to hold annual discussions to consider all opportunities, alternatives or options to alleviate the overall expense of providing employees health insurance.

Program choices, relative plan deductibles and employee out-of-pocket expenses should be part of the analysis, as well as the potential to negotiate larger percentage contributions from employees in more expensive plans. In addition, officials should take measure of joint purchasing groups, regional health insurance consortiums and the state Group Insurance Commission (GIC). Using reasonable benefit assumptions, a comparison of competing program costs can be developed to identify potential savings for the town.

Also, we recommend that Templeton shift the cost of eligible retirees to the Federal Medicare health insurance plan. The acceptance of local option statute M.G.L. c. 32B, §18 requires eligible retirees to enroll in Medicare B at age 65 without any loss of benefits. The town would be required to insure retirees only for any gap in Medicare coverage compared to the existing municipal coverage. Officials should be aware that a penalty is imposed on the town for each full year an employee was eligible, but not enrolled in Medicare B. Therefore, delays in adopting M.G.L. c. 32B, §18 can be costly. While not subject to collective bargaining with current retirees, there is a requirement to impact bargain with current employees to the extent that it affects their retirement benefits. Based on a current estimate provided by the treasurer, which is included in Appendix C, Table II - IV, Templeton could capture a projected annual saving of \$5,452 over the current cost to provide retiree health insurance, and also lower the Other Post-Employment Benefits (OPEB) liability going forward.

9. Complete Independent Compensation and Classification Survey

We recommend that the board of selectmen direct an independent compensation and classification survey. A municipal compensation and classification survey is a comprehensive report that examines wage and salary information across multiple communities. Generally for the purposes of comparability, a wage and salary survey benchmarks given jobs against the labor market to determine competitiveness. Usually conducted across a specific region, it could be expanded to peer communities or those that share similar characteristics such as population, total budget, or equalized valuations. Ultimately, the survey should serve to verify if the town's compensation levels are well structured and consistent with pay across the region. As a starting point we recommend that officials review the Massachusetts Municipal Association's (MMA) annual salary survey. We encourage analysis developed by an outside consultant who is better positioned to be impartial.

10. Encourage Regionalization and Consolidated Services

We encourage local officials to expand their existing cooperative services and explore regionalization opportunities with neighboring towns. Today, communities across the state are actively pursuing the merger of services to combat ongoing operating cost increases. Emergency dispatch, police services, animal control, health agents, inspectional services, facility directors, public works and assessing have all been a subject in consolidation discussions.

Resources are available. Materials and information from a September state-wide conference for cities and towns on mergers and consolidations are posted on the DLS website at www.mass.gov/dls under Quick Links. There is also a link to the Hamilton-Wenham Enhanced Regionalization and Merger Analysis completed by DLS. Although specific to the Hamilton-Wenham situation, the report offers valuable information on the subject of shared services. It is available under "quick links" at www.mass.gov/dls.

Officials should review M.G.L. c.40, §4A which authorizes cities and towns to enter inter-municipal agreements. In addition, DLS provides the following resources located at www.mass.gov/dls: "A Guide to Costing Municipal Services" and "Cooperative Assessing Agreements." The Massachusetts Municipal Association (www.mma.org) and Montachusett Regional Planning Commission (www.mrpc.com) may also prove useful.

With some internal research, the town can determine where potential merger opportunities exist. At that time, or even earlier, contact with other towns might be initiated to explore prospects for sharing the costs of services.

11. Establish Enterprise Fund Expectations

We recommend that the sewer commissioners establish a set of clear expectations for the sewer enterprise fund. Formed through local acceptance of M.G.L. c. 44, §53F½, the sewer enterprise fund is an accounting mechanism to identify all direct, indirect and capital costs associated with operating the utility, and to set user fees at an appropriate level to recover those costs. Enterprise accounting enables the department to reserve any year-end "surplus" revenue generated by its operation as retained earnings, which

would otherwise close to the general fund. The creation of an enterprise fund is merely a method of accounting and financial reporting. It does not create an independent department or alter pre-existing lines of authority or reporting relationships that otherwise exist between town hall and the sewer department, or among personnel.

It is clear from Appendix B, Table I that the sewer enterprise fund operates with a structural deficit. Over the preceding three years the sewer enterprise fund has relied on over \$580,000 in retained earnings to support ongoing operations. Therefore, in order to strengthen overall business practices and bring long-term financial stability, we offer the following recommendations:

1. *Build a Multi-Year Revenue and Expenditure Forecast:* The sewer department needs to build a realistic multi-year revenue and expenditure forecast. Absent a solid projection, a true fiscal picture of the future spending in relation to estimated revenue is lacking. Financial forecasting not only allows officials to better understand and quantify the long-range impact of policy proposals, it contributes in a significant way to the annual budget process by working hand-in-hand with the capital planning and fee setting process.
2. *Establish a Comprehensive Capital Improvement Program:* The sewer department should outline a formal capital improvement program built on a multi-year plan that embodies clear spending priorities. An important resource would be the inventory of fixed assets the town was required to produce under GASB 34. A five year plan, updated annually, would be a useful tool and the basis of the department's submission of capital requests to the town's capital planning committee for review.
3. *Review Fee Schedule:* Because the sewer department operates under a fee-for-service model, it is financially prudent that officials review fees annually to verify that the total operating costs are adequately covered by revenues. A review should include an examination of direct and indirect costs, anticipated capital outlays, debt service, or other operating costs.
4. *Make Decisions on the Use of Retained Earnings:* Retained earnings reflect the year-end surplus in the enterprise fund that, once certified by DOR, may be appropriated to support sewer-related purposes. The sewer commissioners should plan long-term for the accumulation and use of retained earnings. We typically recommend that a percentage of retained earnings be retained to cover ongoing maintenance costs and anticipated capital needs.
5. *Outline Indirect Cost Formula:* An indirect cost is a cost incurred or the time devoted by other town employees to enterprise purposes. We recommend that the town accountant develop a basis for calculating an annual indirect cost reimbursement to the town. The formula should have long-term applicability in a way that produces a fair and consistent annual reimbursement for services provided. To begin, survey each office to account for the amount of staff time spent on sewer enterprise fund activities.

12. Email Expenditure Reports

Expenditure reports are the accountant's record of each department's budget activity. As a financial control, we would expect managers to maintain their own records, usually in Excel, and reconcile them with the expenditure reports. The accountant posts a comprehensive expenditure report outside his office each month for all departments to review. However, it is unlikely that departments, in or outside of town hall travel to the accountant's office to review their portion of the report. Nor is a posted report conducive to a

reconciliation process. Moving forward, we recommend that the accountant email expenditure reports, or deliver hardcopy versions, to individual departments. By doing so, managers will be better able to reconcile their budgets and the accountant will be in closer compliance with M.G.L. c.41, §58 which obligates him to deliver expenditure reports to individual departments each month.

13. Adopt Formal PILOT Agreement with Municipal Light & Water Plant

We recommend that selectmen negotiate a multi-year, formula based payment-in-lieu-of-taxes (PILOT) agreement with the Templeton Municipal Light & Water Plant. A PILOT is an agreement between a municipality and an entity not subject to taxation in which a voluntary payment is made to the municipality. Templeton’s light & water plant has made regular payments with incremental increases over the past five years following a somewhat prescribed formula, as demonstrated in the table below. However, the decision by the light & water plant on how much to actually contribute occurs annually and on a more or less ad hoc basis. Moving forward, we advise selectmen and light & water commissioners to reach agreement on a multi-year formula that will serve as the basis for determining the annual payment to the town. The formula should have long-term applicability in a way that produces a fair, consistent and predictable annual payment to the town.

Light & Water PILOT Payments

Fiscal Year	PILOT
2004	\$75,000
2005	72,000
2006	100,000
2007	115,000
2008	125,000

14. Authorize Overlay and New Growth Estimates

We recommend that the board of assessors formally vote, in an open meeting, to authorize the annual overlay and new growth estimates that are submitted as part of the Tax Recap Sheet. It is the Division of Local Services’ expectation that local boards of assessors be on record, and therefore accountable, for overlay and new growth estimates. Despite the fact that the board defers the responsibility for making the annual calculations to the town accountant and deputy assessor, its members should demonstrate that they understand and approve the recommended overlay and new growth estimate. They can do that with a vote in open session.

15. Move to Bi-Weekly Payroll and Encourage Direct Deposit

We recommend that town officials support a conversion to bi-weekly payroll for all town employees. An increasing number of towns are realizing the efficiencies of compensating employees on a bi-weekly pay schedule. Once adopted, Templeton can benefit from cost savings as the number of checks issued each year would be cut in half. It would also alleviate workloads in both the treasurer and

accountant's office, allowing staff to complete other responsibilities. Initiating a bi-weekly payroll schedule will require collective bargaining with town labor unions.

We also suggest that the town strongly encourage direct deposit of payroll for all employees. Direct deposit reduces the cost of issuing checks, prevents the need to reissue lost checks and simplifies the reconciliation of payroll bank accounts because there are no outstanding checks. According to town officials, approximately 45 percent of employees utilize direct deposit, which from our experience is a low percentage in comparison to peer communities. Collective bargaining with town labor unions is necessary as well.

Lastly, standardized timesheets should be adopted for all municipal departments. As a rule, individual employee timesheets in Excel are used to track employee work hours. Department managers then summarize employee time for the pay period on a cover sheet that is submitted to the accountant. However, employee timesheets vary in their design and what is reported. Also, not all departments utilize coversheets. Moving forward, standardized timesheets and department coversheets should be universally adopted by all departments. We suggest that departments retain individual timesheets as backup to the coversheets which are forwarded to the accountant. There is no need for the accountant to receive individual timesheets as department heads validate what is reported on the coversheet through their signature. We also encourage the electronic submission of timesheets once town hall is networked. Sample timesheets are included in Appendix D, Table I & II.

16. Develop Financial Procedures Manual

We recommend that department managers and staff document routine financial procedures in an effort to develop an internal control manual. Collectively, internal controls are procedures designed to provide reasonable assurance that the assets of the town are being adequately safeguarded. Examples include the handling and turnover of receipts and the reconciliation of accounts. Although initial efforts have been made to map the town's internal accounting processes, compile job descriptions, and outline policies relative to the payment and turnover of fees and the handling of investments, the next step is to provide a detailed list of responsibilities that each staff member completes on an on-going basis. Manuals frequently take the form of a notebook that illustrates functions on how to accomplish routine and important office tasks. The development of a well conceived procedural manual not only provides guidance on a whole host of financial management activities, it serves as a valuable "how to" resource to train new officials. For additional direction, officials should speak with the town accountant who has knowledge on what to include.

17. Centralize the Purchase of Office Supplies

The town could benefit from centralizing the purchase of all office supplies. By doing so, the town can realize lower prices through bulk purchases, more competitive bidding, and a greater level of standardization. Officials can also ensure the quality of goods purchased and more efficiently control inventory. To centralize purchasing, officials should first appoint a purchasing agent with sufficient experience to administer the program and serve as the town's liaison with vendors. Second, the town should

adopt written procedures for program administration that conform to the town's purchasing policies and state procurement laws to ensure that all purchases follow standardized protocol for bidding, quotation and buying procedures.

Templeton should also continue to take advantage of cooperative purchasing opportunities with other communities or regional associations. We also encourage the town to take advantage of the state's bid list, as it has in the past. The state bid list, or Comm-Pass, offers a streamlined solicitation process, buying power, contract expertise and vendor management. Used successfully, it can provide cost savings and make the purchasing of office supplies easier to administer.

18. Continue to Pursue Delinquent Taxes

The collector and treasurer should continue their pursuit of delinquent taxpayers. According to records provided by the town, outstanding real estate, personal property and motor vehicle excise receivables total approximately \$200,000, combined. Approximately 100 properties are in tax title and represent approximately \$465,000 in uncollected taxes, interest and fees. Accordingly, we recommend that the collector take the necessary steps to move outstanding receivables into tax title and stay current with subsequent. Once in tax title, the treasurer should take appropriate action by initiating foreclosure proceedings, especially on properties of high value. Then, each year, the treasurer should identify the largest tax title accounts ripe for foreclosure and proceed in Land Court in an aggressive fashion. The successful collection of outstanding taxes requires an infusion of resources sufficient to cover advertising and filing fees, and an ongoing commitment from the treasurer, collector, and the board of selectmen.

19. Centralize the Collection of Taxes, Fees and Other Charges

As a matter of sound financial management practice, those responsible for determining payments due the town should not also be charged with collecting those payments. Therefore, we recommend that officials separate responsibility for creating the commitment that authorizes the collection of taxes, fees or other charges due the municipality from the collection function. Presently, the light & water plant and sewer department create a commitment, and, at the same time, are responsible for receiving payments. This approach may require that personnel currently operating elsewhere be reallocated to the collector's office in order to process the additional customer volume.

20. Close Collector and Town Clerk Bank Account, and Eliminate Passbook Account

We recommend that separate bank accounts under the control of the collector and town clerk be closed and that the treasurer eliminate her last remaining passbook account. The collector and town clerk both maintain bank accounts separate from the treasurer in which they deposit receipts and write checks monthly to turnover money received to the treasurer. Most likely a remnant of years past when the offices would retain fees as a form of compensation, the bank accounts are no longer necessary as both officials receive full salaries. Therefore, both the collector and town clerk should close their accounts and turn over receipts directly to the treasurer for deposit into the town's general depository account. This way funds

become part of the town's general cash flow sooner and are in the custody of the town treasurer as required by M.G.L. c. 41, §35.

Also, according to the treasurer, she has eliminated all but one remaining passbook bank account which is maintained as a performance bond. Passbook accounts which are traditionally used for accounts with low transaction volume were often used as performance bonds, functioning as a collateral deposit intended to guarantee satisfactory completion of a project by a contractor. While a performance bond may need to be accounted for separately, there is no requirement to keep a passbook account which is outdated and requires bank visits to update the balance. Consolidating the account to a traditional bank account can reduce the time required to maintain and reconcile balances.

21. Generate Receivable Control

During our visit with the collector it was discussed that VADAR, the town's new financial management software provider, was in the process of developing an electronic receivable control which would be integrated as part of their proprietary program. In the meantime, we recommend that the collector prepare her own. A record of original entry, a receivable control is where initial tax commitments are reduced by total collections (turnover reports), abatements and exemptions (from the assessors), and tax title transfers, and increased by total refunds. Developed in Excel, the spreadsheet should include pre-programmed formulas so that totals can be calculated automatically. A sample receivable control is included in Appendix D, Table III.

Using the receivable control, the collector should internally reconcile all receivable balances shortly after the end of each month. She would then arrange with the accountant a time to reconcile her balances with the general ledger. Variances (e.g., missing information, errors, and timing differences) should be discussed and resolved.

22. Develop Comprehensive Debt Schedule

We recommend that the treasurer develop a comprehensive debt schedule with sufficient detail so the debt status of the town is clearly identifiable to an outside reader. Although the treasurer currently maintains a debt schedule in accordance with her statutory obligation to annually report information relative to the issuance and payment of municipal debt, it is somewhat cumbersome to navigate and difficult to reconcile against supporting documentation. Therefore, the treasurer could benefit from adopting a debt schedule that identifies dates of issue, purpose, and whether payments are self-supporting (within the tax levy), and charts principal and interest obligations by individual project by year into the future, and specifically identifies when debt service begins or ends for projects. A sample debt schedule is included in Appendix D, Table IV.

Appendix A

Table I. Templeton's unemployment percentage rate of the total labor force:

	Unemployment Rate*	Rank
Templeton	10.8	
Peer Communities**	10.0	3 rd
Worcester County Towns	8.9	5 th
Massachusetts Towns	8.0	8 th

** Winchendon, Westminster, Orange, Athol, Hubbardston, Phillipston, Sterling, Ashburnham, Rutland

Chart I. Templeton New Growth Valuation:

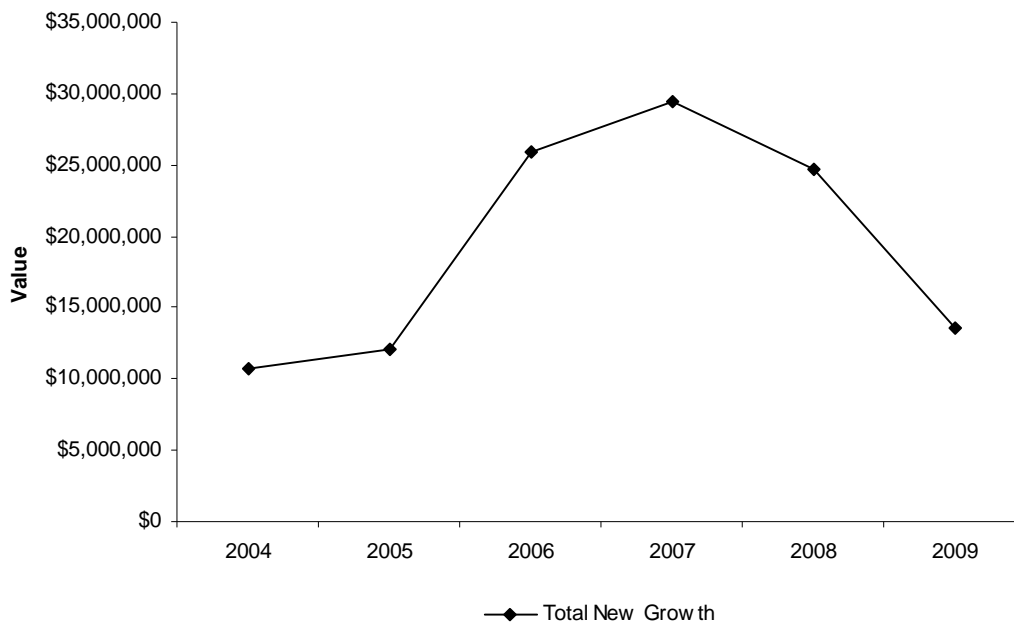


Chart II. Comparative decline in Templeton's building permit activity and estimated value:

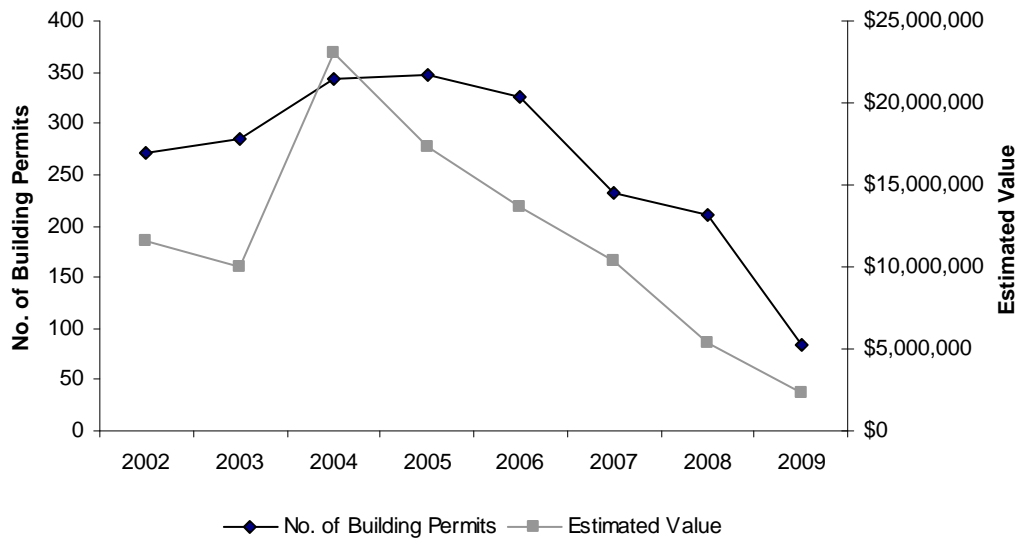


Chart III. Templeton total home sales and foreclosures:

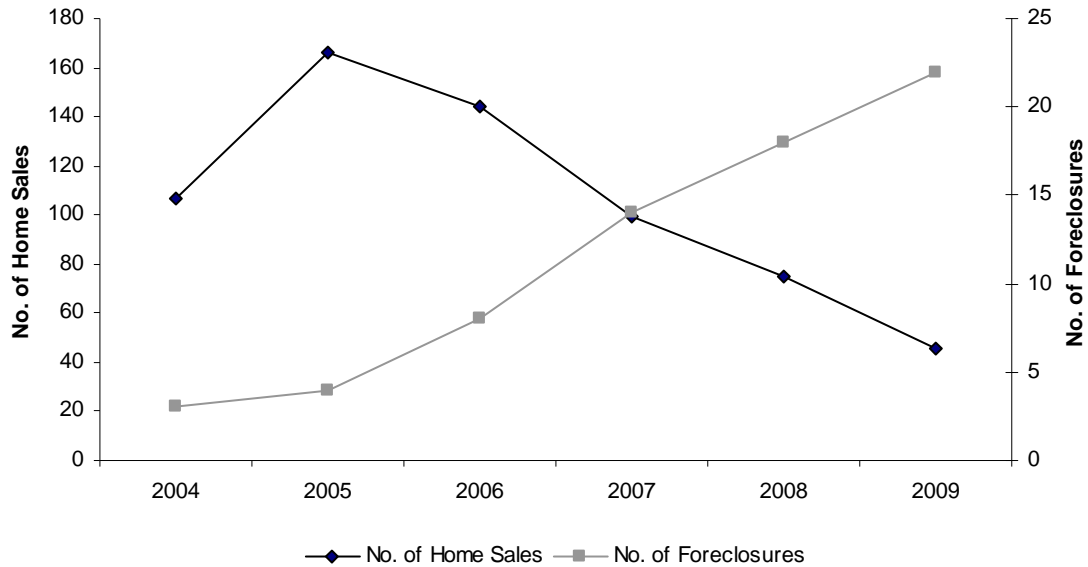


Table II. Templeton Reserve Balances:

Fiscal Year	Certified Free Cash	Stabilization Balance	Capital Stabilization Balance**	Reserves as Percent of Total Budget		
				Free Cash	Stabilization	Capital Stabilization
2005	\$852,421	\$108,334	-	5.70	0.86	-
2006	1,366,572	151,990	-	10.86	1.01	-
2007	630,048	429,847	-	4.19	3.18	-
2008	665,959	603,126	-	4.93	4.29	-
2009	882,486	674,538	0	6.27	4.79	0.00
*2010	-	674,538	100,000	-	4.87	0.72

*As of August 2009; **Capital Stabilization Fund established May 2008 ATM

Table III. Free Cash Appropriated for Recurring Expenditures:

Fiscal Year	Certified Free Cash	Appropriated for recurring expenditures*	Percent Appropriated for recurring expenditures
2005	\$852,421	\$0	0.00
2006	1,366,572	582,421	68.33
2007	630,048	1,010,562	73.95
2008	665,959	403,637	64.06
2009	882,486	665,959	100.00
2010	-	882,486	100.00

*As indicated in the minutes for annual town meeting

Appendix B

Table I. *Sewer Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets:

	FY2004	FY2005	FY2006	FY2007	FY2008
Operating Revenues:					
Charges for Services	\$1,153,173	\$1,630,060	\$1,032,493	\$795,631	\$805,378
Other	28,053	110,522	84,350	8,947	2,733
Total Operating Revenues:	1,181,226	1,740,582	1,116,843	804,578	808,111
Operating Expenses:					
Operating Expenses	1,226,827	1,025,922	788,135	673,835	696,475
Depreciation	312,171	312,770	318,872	329,757	482,031
Total Operating Expenses:	1,538,998	1,338,692	1,107,007	1,003,592	1,178,506
Operating Income (Loss):	(357,772)	401,890	9,836	(199,014)	(370,395)
Non-operating Revenues (Expenses):					
Intergovernmental Revenue	134,212	416,201	30,980	310,281	224,262
Investment Income	316	19,260	7,388	39,716	17,604
Misc. Non-Operating Revenue	-	27,318	-	-	-
Interest Expense	(192,329)	(181,343)	(222,639)	(369,819)	(366,456)
Total Non-operating Revenues (Expenses)	(57,801)	281,436	(184,271)	(19,822)	(124,590)
Income (Loss) Before Transfers	(415,573)	683,326	(174,435)	(218,836)	(494,985)
Transfers:					
Transfers in	286,775	349,876	621,864	554,885	493,616
Transfers out	-	(115,502)	(27,075)	(23,365)	(26,232)
Change in Net Assets	(128,798)	917,700	420,354	312,684	(27,601)
Net Assets at Beginning of Year	2,820,765	2,691,967	3,609,667	4,030,021	3,711,685
Net Assets at End of Year	2,691,967	3,609,667	4,030,021	4,342,705	3,684,084

*As reported in the Templeton Annual Financial Statements completed by Melanson Heath & Company, PC

Table II. Sewer Retained Earnings:

Fiscal Year	Retained Earnings
2006	\$1,263,526
2007	874,701
2008	763,620

Appendix C

Table I. Templeton Health Insurance Costs:

Fiscal Year	Health Insurance Expenditures	Annual % Change
2001	\$286,046	
2002	393,171	37.45
2003	535,475	36.19
2004	490,212	-8.45
2005	410,513	-16.26
2006	452,296	10.18
2007	496,559	9.79
2008	482,205	-2.89

Table II & III. M.G.L. c. 32B, §18 Projected Cost Savings Analysis:

Plan	DOB	Age	Year Turned 65	Current Policy Premium	Current Town Pays	Proposed Medex Premium	Proposed Town Pays	10% Premium Penalty
HMO Blue	03/24/1928	81	1993	490.99	368.24	413.44	310.08	144.60
HMO Blue	07/03/1938	71	2003	490.99	368.24	413.44	310.08	48.20
HMO Blue	11/21/1939	70	2004	490.99	368.24	413.44	310.08	38.56
HMO Blue	05/16/1944	65	2009	490.99	368.24	413.44	310.08	0.00
Blue Care Elect	04/08/1940	69	2005	604.68	453.51	413.44	310.08	28.92
Blue Care Elect	04/09/1941	68	2006	604.68	453.51	413.44	310.08	19.28
Blue Care Elect	03/14/1941	68	2006	604.68	453.51	413.44	310.08	19.28
Blue Care Elect	04/17/1944	65	2009	604.68	453.51	413.44	310.08	0.00
Total:					3287.00	3307.52	2480.64	298.84

***Projected Savings:**

Current Monthly Cost	\$3,287.00
Proposed Monthly Cost	2,480.64
Gross Monthly Savings	806.36
Monthly Penalty	298.84
Net Monthly Savings	507.52
Total Annually Savings	6,090.24

*Based on data provided by the treasurer

Appendix D

Table I. Sample Employee Time Sheets for Salaried Employees:

Salaried Employee Time Sheet

Employee Name: _____

Department: _____

Week ending: _____

Day of Week	Date	Hours worked	Leave hours				Total hours
		Regular	Sick	Holiday	Vacation	Other	
Sun							0
Mon							0
Tues							0
Wed							0
Thurs							0
Fri							0
Sat							0
Subtotals:							0
Week 1 total							0

Day of Week	Date	Hours worked	Leave hours				Total hours
		Regular	Sick	Holiday	Vacation	Other	
Sun							0
Mon							0
Tues							0
Wed							0
Thurs							0
Fri							0
Sat							0
Subtotals:							0
Week 2 total							0

	Regular	Sick	Holiday	Vacation	Other	
Total	0	0	0		0	

Pay period total 0

Employee Signature: _____

Date: _____

Table II. Sample Employee Time Sheets for Hourly Employees:

Hourly Employee Time Sheet

Employee Name: _____

Department: _____

Week ending: _____

Day of Week	Date	Morning		Afternoon		Hours worked		Leave hours			Total hours
		In	Out	In	Out	Regular	OT	Vac	Sick	Other	
Sun											0
Mon											0
Tues											0
Wed											0
Thurs											0
Fri											0
Sat											0
Subtotals:		0	0	0	0	0	0	0	0	0	0
Pay period											0

Day of Week	Date	Morning		Afternoon		Hours worked		Leave hours			Total hours
		In	Out	In	Out	Regular	OT	Vac	Sick	Other	
Sun											0
Mon											0
Tues											0
Wed											0
Thurs											0
Fri											0
Sat											0
Subtotals:		0	0	0	0	0	0	0	0	0	0
Pay period											0

	Regular	OT	Vac	Sick	Other	
Total	0	0	0	0	0	

Pay period total 0

Employee Signature: _____

Date: _____

Table III. Sample Collector Receivable Control:

FY: _____ Tax/Excise: _____						
Totals as of:						
\$0	\$400.00	\$100.00	\$100.00	\$100.00	\$20.00	\$120.00
Date	Commitments (plus)	Collections (less)	Abatements/ Exemptions (less)	Transfers (Tax Titles) (less)	Refunds (plus)	Balance
Internal Reconciliation Process:	\$400.00 Initially verify against Assessors commitment then against ending balance of prior month; adjust for recommitments	\$100.00 Verify against turnovers and against reports of amounts posted(batch reports)	\$100.00 Verify against certificates received from Assessors	\$100.00 Verify against list of recorded takings	\$20.00 Verify against refunds paid through vendor warrant	\$0.00 \$120.00
Totals:	\$400.00	\$100.00	\$100.00	\$100.00	\$20.00	\$120.00

Tables IV. Sample Treasurer Annual Debt Schedules by Fiscal Year and Month:

By Fiscal Year

General Fund	Loan/Project Description	Name of Bank	Issue Date	Maturity Date	Inside/Outside Levy	FY2010	FY2011	FY2012	FY2013...	...FY2030
					principle					
					interest					
					principle					
					interest					
<u>Enterprise Fund</u>					principle					
					interest					
					principle					
					interest					

By Month

General Fund	Loan/Project Description	Name of Bank	Issue Date	Maturity Date	Inside/Outside Levy	Jan	Feb	Mar	Apr...	...Dec
					principle					
					interest					
					principle					
					interest					
<u>Enterprise Fund</u>					principle					
					interest					
					principle					
					interest					

Appendix E

Timeline of Templeton Town-Wide Accomplishments:

FY2004

- Began to have regular independent audits of the town's financial statements. This led to a number of management letter recommendations which have been addressed. Since that time Templeton has received positive reports from their independent auditor Melanson Heath & Company.
- Reconciled health insurances to remove individuals who were no longer authorized to receive benefits.
- Requested a business plan and initiated third-party billing for the EMS services.
- Developed a town website.
- Successfully bid and rented a vacant office space at the fire station to state engineering crews generating \$700 per month in rental income.

FY2005

- To control escalating insurance costs, the town eliminated health insurance coverage for elected officials and raised office visit and emergency room co-pays.
- Both the treasurer and collector were converted from elected to appointed positions providing for the appointment of qualified individuals.
- To cut maintenance and utility costs, four of the town's fire stations were consolidated to two with the remaining two buildings sold.
- Entered into a Tax Increment Financing Agreement with Trellis Structures which is required to provide hiring preference to Templeton residents.

FY2006

- Initiated a program to prioritize and repair town buildings, many of which had been neglected for some time. In three of the town's six buildings boilers were replaced. Americans with Disabilities Act (ADA) work was also completed.
- A new animal control facility was completed through donations of time and materials. Since that time, the town has entered into an inter-municipal agreement for animal control services with the Town of Hubbardston resulting in cost savings to both towns.
- Hired Communities Opportunities Group, a grant consulting and project management company, to assist with grant applications. To date, Templeton has been awarded a total of \$3,956,935 in Community Development Block Grants (CDBG).
- Successfully negotiated with Comcast to fund a local cable access station with annual funding to support operations and maintenance.

FY2007

- Citing Templeton's "modest and expanding tax base, solid wealth indicators and significantly improved financial position," Moody's Investors Services upgraded the town's bond rating from Baa1 to A3.
- Established a municipal building study committee to conduct a feasibility study for centralized town hall offices.
- Hired an affordable housing coordinator at 10 hours per week to monitor Chapter 40B projects, maintain the subsidized housing inventory, and pursue affordable housing projects.
- Made numerous upgrades to town buildings including the installation of an ADA compliant handicapped ramp and parking spaces at the library, replacing boilers at the library and a town office building, and insulated and painted the fire station.

FY2008 to Today

- Leased town property for a cell tower which doubled the rent for the land and provided \$10,000 to cover town administration costs.
- Hired a part-time building maintenance person with carpentry skills to provide regular maintenance to town buildings.
- Recently applied for a \$1,483,950 grant through the Federal Government's DHS/FEMA program to expand and modify the existing fire station to accommodate 24 hour service demands, as well as an E911 grant in the amount of \$100,000 to offset the cost of dispatch.

Acknowledgements

This report was prepared by the
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In preparing this review,
DLS interviewed or received information from following individuals:

Gerald Skelton, Chairman, Board of Selectmen
Dennis O'Brian, Vice Chairman, Board of Selectmen
Robert Columbus, Board of Selectmen
Julie Farrell, Clerk, Board of Selectmen and Municipal Light & Water Commissioner
Carol Skelton, Town Coordinator
Scott Sawyer, Town Accountant
Tammy Coller, Treasurer
Mary Ellen Kelly, Assistant Treasurer
Carolee Eaton, Town Collector
Karen Gautrau, Assistant Town Collector
Susan Bryne, Deputy Assessor
Peter Farrell, Chairman, Sewer Commission
Robert Dennis, Sewer Commission
Kent Songer, Sewer Superintendent
Luanne Royer, Administrative Assistant
Sean Hamilton, General Manager, Municipal Light & Water Plant