

# TOWN OF TEMPLETON

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## FINANCIAL MANAGEMENT REVIEW UPDATE

MARCH 2021



**DLS**  
DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

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# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

March 31, 2021

Board of Selectmen  
Town of Templeton  
160 Patriots Road  
East Templeton, MA 01438

Dear Board Members,

I am pleased to present the enclosed Financial Management Review Update for the Town of Templeton. 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 the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or [blakez@dor.state.ma.us](mailto:blakez@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin  
Senior Deputy Commissioner



# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
<b>BACKGROUND</b> .....	<b>2</b>
<b>REVIEW OF PRIOR RECOMMENDATIONS</b> .....	<b>6</b>
<b>NEW RECOMMENDATIONS</b> .....	<b>17</b>
Move Town Administrator Weekly Reports to Monthly .....	17
Audit and Management Letter Corrective Action Plan.....	17
Notify the Town Accountant of Turnovers Accepted by the Treasurer/Collector .....	18
Revise the Advisory Committee Bylaw .....	18
Strategize for Succession Planning .....	19
Adopt a Social Media Policy .....	20



## **INTRODUCTION**

At the Select Board's request, the Division of Local Services' Technical Assistance Bureau assessed the progress of Templeton's implementation of recommendations contained in our 2009 Financial Management Review. As part of this update, we conducted interviews with the select board chair, advisory committee chair, town administrator, town accountant, deputy assessor, and treasurer/collector. We also reviewed various documents, including town bylaws, financial policies, warrant articles, past audit reports and management letters, tax recapitulation sheets, balance sheets, and other financial records.

From FY2012 through FY2016, Templeton struggled to provide stable leadership, financial stability, proper procedures, and an environment that fostered communication and collaboration among professional staff, boards, and committees. This lack of leadership and transient form of government lead to the financial struggles that plagued Templeton. Financial reporting was inaccurate and often incomplete, appropriation deficits ballooned, reporting to the Commonwealth was inconsistent, and funds were mismanaged.

Over the past year, the Town of Templeton faced many financial challenges as it navigated through the COVID-19 global pandemic. For example, local officials had to make difficult cuts to finish out the last quarter of FY2020 and revenue forecasting uncertainty and rising fixed costs made putting together the FY2021 and FY2022 budgets very difficult. Templeton was forced to make conservative revenue projections and reduce departmental budget line items while not relying on one-time revenues to balance the budget.

Despite the pandemic, Templeton has continued to make great advancements in turning around its fiscal health. We are pleased to say that Templeton has made progress on or completed over half of our 22 recommendations to date. In the following pages, we discuss these achievements, incorporate enhancements to these recommendations, and provide six additional best practice recommendations based on our current review. We would like to acknowledge the effort of the select board, advisory committee, and town hall staff for implementing many of the prior recommendations and encourage officials to address those that remain outstanding. Along with this report, we are forwarding an indirect cost template, capital planning tool, and a capital request form for Templeton to review and incorporate into their financial management processes.

## **BACKGROUND**

The first seven years after we published our 2009 Financial Management Review came with continued uncertainty and financial mismanagement for the Town of Templeton. The town was plagued with a lack of consistent leadership, which hampered its ability to stabilize its finances. Between FY2012 to FY2017, the town had three town administrators, four accountants, and three treasurer/collectors.

In FY2017, Roselli, Clark, & Associates completed financial audits for FY2013 through FY2016. These audits uncovered various deficiencies, including appropriation deficits, incomplete year-end balance sheets, and incorrectly prepared tax rate recapitulation forms that were submitted to DLS to set the tax rate. Additionally, the town failed to certify its free cash from FY2015 to FY2017. In FY2016, DLS notified Templeton of its concern with the lack of financial reporting and indicated that the town's FY2017 tax rate would not be certified if financial management issues were not resolved. The following year, a second letter was sent to the select board highlighting concerns from the Roselli, Clark, & Associates management letter.

The town has made significant financial strides over the last four years. Templeton established a strong town administrator position to oversee daily operations; it implemented a new budget document to promote transparency and adopted financial policies to help guide the decision-making process with the help of the UMass Collins Center; it actively sought regional service agreements with surrounding towns—including regionalizing its accounting services with Hubbardston, sharing an animal control officer with Winchendon, providing public safety dispatch with Phillipston, and establishing a joint health insurance purchasing agreement.

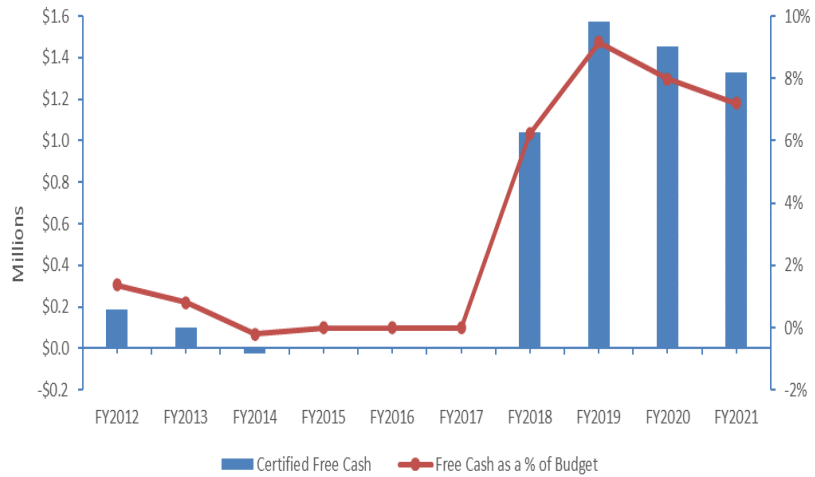
Over the last couple of years, Templeton has strived to promote transparency throughout local government. In FY2019, the town redesigned and relaunched its website from a non-governmental domain to an official state domain while also increasing the amount of content and publishing warrants and meeting minutes in a timelier fashion. Department head meetings are held twice monthly and offer staff a chance to discuss internal happenings and get updates as to what is going on throughout town. The accountant distributes revenue and expenditure reports to the select board, advisory committee, and department heads monthly for review of town funds. As part of the select board's FY2022 budget document goals, Templeton is looking into implementing ClearGov, a cloud-based software company that helps to build community trust by presenting financial data in a way that is easy to understand and interpret. These are just a few examples of how Templeton has provided an insight into the workings of municipal government.

As the town's fiscal position and financial reporting continues to strengthen, so too has its bond rating. Templeton temporarily lost its ability to access the bond market due to a lack of financial audits taking place between FY2013 to FY2016. However, in FY2019, Templeton's rating was upgraded from



A1 to Aa3. The town’s bylaws were also successfully codified that year, providing a more formalized foundation from which to govern.

Over the last four years, free cash certifications have not been below \$1,000,000, with a high in FY2019 of \$1,572,732. The graph to the right depicts Templeton’s free cash certified and free cash as a percent of the budget.

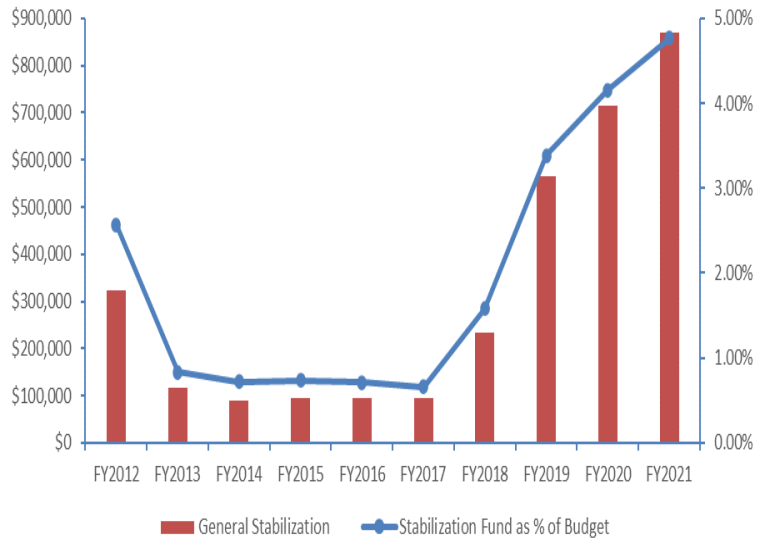


During that same period, Templeton’s free cash as a percent of the general operating budget has averaged 7.65%. Templeton remains above its 5% goal as described in the towns formal financial policies. The graph to the right portrays the towns unappropriated free cash balance and the balance as a percent of total free cash certified. The four-year average is 14.25%, with a high of 17.43% in FY2018.



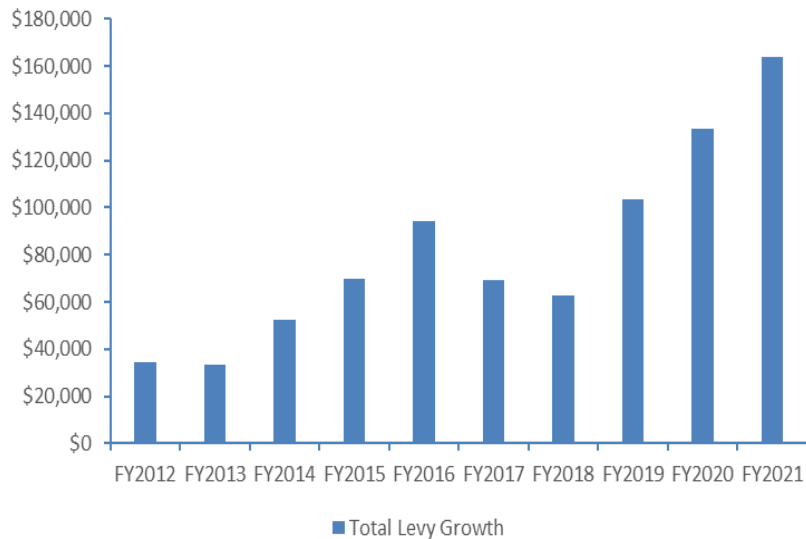
For the town to meet its informal goal of 20% unappropriated free cash, they must find alternative revenue sources to fund capital projects and eliminate its reliance on using free cash for operating expenses.

Templeton’s recent focus on building reserves is apparent when reviewing the general stabilization fund. The balance has grown from \$95,504 in FY2017 to \$869,436 in FY2021. The bar graph to the right illustrates the towns emphasis on investing in its general stabilization fund.



Templeton’s commitment to building reserves is a priority based on recent select board meeting discussions that resulted in increasing the general stabilization financial policy target from 5% to 8% of the prior fiscal year’s general operating budget. The town must continue to make difficult financial decisions to achieve future fiscal stability.

Templeton might want to consider tapping into its tax levy growth as a revenue source for building reserves. From FY2012 to FY2018 tax levy growth averaged \$59,432. Between FY2019 and FY2021 levy growth averaged \$133,611, due to the boom in new housing developments. Instead of allowing this anticipated increase in one-time revenues to be absorbed by the general operating budget, Templeton should annually appropriate additional funds to their reserves above the \$60,000 average levy growth. One-time revenue growth is limited, so when the opportunity presents itself, the town must focus on using the revenue for capital expenditures or building reserves. The graph above illustrates the sharp rise in tax levy growth.



Staffing continues to pose a significant challenge to the town’s continued financial success, so it is imperative that Templeton overcome several obstacles in this area. Department heads are relied on heavily to complete day to day tasks with only part-time help to fill in the gaps. When an individual is

on vacation, sick leave, retires or leaves the town, for example, there is no one available to complete routine tasks. Job postings garner little to no attention from experienced municipal officials, and Templeton usually hires individuals who lack formal municipal experience. Without proper procedure manuals in place, there is a steep learning curve, which makes it difficult for new employees to get acclimated quickly. Templeton will likely continue to struggle to retain and attract knowledgeable individuals to fill key roles within the community unless it takes a different approach to hiring and focuses on succession planning.

Lastly, morale in town hall continues to be impacted like in years past by how some individuals' express opinions about town operations, particularly through social media. This only serves to weaken the faith in leadership and feeling of support. It erodes communication among staff, boards, and committees and can make it difficult to retain and hire skilled employees to ensure Templeton's sustained fiscal health. The town should focus on fostering an environment that embraces supportive and professional communication, while recognizing the importance that social media plays without impinging on free speech.

## REVIEW OF PRIOR RECOMMENDATIONS

#	Recommendation	Status	Comments	Suggested Enhancements
1	Create a Town Administrator Position	Completed	<ul style="list-style-type: none"> <li>▪ Templeton has funded a town administrator position since FY2014.</li> </ul>	<p><b>Consider revising the town administrator bylaw, Chapter 59, Article III, to better define the position.</b></p> <ul style="list-style-type: none"> <li>▪ Specify appointing and supervisory powers</li> <li>▪ List major areas of responsibility, such as personnel administration, central procurement officer, select board liaison to external entities, etc.</li> </ul>
5	Implement Capital Improvement Procedures	Completed	<p>This was a multipart recommendation:</p> <ul style="list-style-type: none"> <li>▪ Establish a formal set of procedures: Complete. The town adopted capital policies as part of the manual created by the Collins Center. There is also a consistent set of procedures that officials and employees follow each year as part of the annual budget process.</li> <li>▪ Develop and maintain a complete capital inventory: Partially complete. The town created a substantial inventory, but it may not be fully complete, and it is not updated annually.</li> <li>▪ Assess financial capacity: Partially complete. This is aided by the adopted policy. Also, Templeton began appropriating funds into a capital stabilization fund in FY2018. In January 2021, the board voted to increase the target for this fund to 2% of the general operating budget.</li> <li>▪ Capital committee evaluate projects and report recommendations to the select board: Complete. This process is outlined in revised bylaw Chapter 9, Article III adopted in May 2017.</li> </ul>	<p><b>Continue to enhance the capital planning program.</b></p> <ul style="list-style-type: none"> <li>▪ Work toward increased tax levy funding of the capital plan. Templeton’s primary capital funding source has been free cash. Tax levy support for capital expenses is lacking and the town cannot fund all department head requested capital expenses annually. In the future, Templeton must make difficult budgetary decisions to find ways to acquire capital items within the levy.</li> <li>▪ Review the completeness of the capital inventory and update it each year.</li> <li>▪ Consider implementing new forms and tools, such as the capital targets workbook and capital submission forms that we are transmitting with this report.</li> </ul>
8	Annually Review health Insurance Costs and Adopt M.G.L c. 32B, § 18	Completed and ongoing	<ul style="list-style-type: none"> <li>▪ Templeton has been actively researching ways to control the cost of health insurance and benefits.</li> <li>▪ Recently, the town investigated joining the Hampshire County Group Insurance Trust to help stabilize rising rates.</li> </ul>	<p><b>Reaccept M.G.L c. 32B, § 20 and commit to funding the other postemployment benefits liability.</b></p> <ul style="list-style-type: none"> <li>▪ We advise the select board to present town meeting with an article proposing the adoption of M.G.L c. 32B, § 20 to make the town’s other postemployment benefits (OPEB) trust fund compliant with the</li> </ul>

#	Recommendation	Status	Comments	Suggested Enhancements
			<ul style="list-style-type: none"> <li>▪ The town has an insurance advisory committee that is currently working with NFP Insurance and Consulting to find the most cost-effective insurance plan, while not sacrificing employee benefits.</li> <li>▪ On February 3, 2021, the joint purchasing agreement between Dunstable, Templeton, and Townsend voted to approve the formation of the North Central Health Insurance Group. NFP Inc. is in the process of finalizing a request for proposal for an insurance plan on behalf of the Group.</li> <li>▪ M.G.L. c. 32B, § 18 was repealed in 2011 because health care reform moved eligible retirees into Medicare</li> </ul>	<p>Government Accounting Standards Board’s Statement 75. We further advise that the article include:</p> <ul style="list-style-type: none"> <li>• Authorize the prudent investor rule as detailed in M.G.L. c. 203C to make available the options required to meet the investment goals of the OPEB trust.</li> <li>• Designate the treasurer/collector as fund trustee.</li> </ul> <p>▪ The balance of the OPEB trust is approximately \$273,408. Per section F-2 of the financial policies, we encourage Templeton to be more aggressive in funding the trust.</p>
10	Encourage Regionalization and Consolidated Services	Completed and ongoing	<ul style="list-style-type: none"> <li>▪ Templeton actively pursues partners to regionalize municipal operations and share expenses while not diminishing services.</li> <li>▪ Templeton currently has an intermunicipal agreement with Phillipston to offer public safety communications and dispatch.</li> <li>▪ Templeton is in the process of extending its recently expired three-year agreement with Winchendon for a shared animal control officer / animal inspector.</li> <li>▪ Templeton and Hubbardston recently terminated an intermunicipal agreement for accounting services. Templeton was providing accounting services to Hubbardston two days per week. When the Templeton town accountant went from full-time to part-time, the towns agreed to end the agreement.</li> <li>▪ A study was conducted in the summer of 2020 to determine if Phillipston should share fire services with Templeton. It concluded that it would not be advantageous for Phillipston</li> </ul>	

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			<p>because most calls were closer to the Athol side of town and response times would be reduced.</p> <ul style="list-style-type: none"> <li>▪ The town completed a joint health insurance purchasing agreement with Dunstable and Townsend.</li> <li>▪ The Town included in its FY2022 budget document a goal for senior services to explore a formal reciprocal partnership with Phillipston to allow their elderly population access to the Templeton senior center.</li> </ul>	
12	Email Expenditure Reports	Completed	<ul style="list-style-type: none"> <li>▪ The accounting office has been emailing monthly revenue and expenditure reports to the select board, advisory committee, department heads, and town administrator.</li> </ul>	<p><b>Distribute revenue and expenditure reports monthly on a consistent date and research additional VADAR licenses for read-only access.</b></p> <ul style="list-style-type: none"> <li>▪ We recommend that the reports be dispersed on the third Monday of each month. This will allow sufficient time for the treasurer/collector and accountant to reconcile their internal and mutual records and update VADAR accounts accordingly.</li> <li>▪ We encourage Templeton to acquire a VADAR license for the town administrator. As the budget director, this would allow him to have live data updates without having to ask for reports.</li> <li>▪ The town should explore additional read-access licenses for larger departments (police, fire, public works) to track and reconcile their own budgets.</li> </ul>
15	Move to Biweekly Payroll and Encourage Direct Deposit	Completed	<p>This was a multipart recommendation:</p> <ul style="list-style-type: none"> <li>▪ Biweekly payroll and direct deposit: Completed. Templeton implemented biweekly payroll and direct deposit beginning in July 2020.</li> <li>▪ Standardize timesheets: Completed. Templeton standardized employee timesheets by implementing the PayChex system to electronically maintain time and attendance.</li> </ul>	<p><b>Process accounts payable (AP) warrants biweekly.</b></p> <ul style="list-style-type: none"> <li>▪ We recommend Templeton process the town's AP warrants biweekly, alternating with the current biweekly payroll cycles.</li> <li>▪ This would help improve cash flow and ease workloads on the off weeks, thereby allowing more time for higher-level tasks to be completed.</li> </ul>
19	Centralize the Collection of Taxes, Fees, and Other Charges	Completed	<ul style="list-style-type: none"> <li>▪ The town shifted sewer collections from the sewer department to the treasurer/collector's office in January 2020.</li> </ul>	

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			<ul style="list-style-type: none"> <li>The recommendation also advised moving light &amp; water collections to the treasurer/collector. However, M.G.L. c. 164 § 56 allows a light plant to collect its own bills. Regardless, the light and water operation should ensure there is appropriate segregation of duties between the employee(s) who assess charges and those that collect the bills.</li> </ul>	
20	Close Collector and Town Clerk Bank Account and Eliminate Passbook Account	Completed	<ul style="list-style-type: none"> <li>All town bank accounts are under the care and custody of the treasurer/collector. The collector, clerk and passbook accounts have been closed.</li> </ul>	<b>DLS encourages the treasurer/collector to review the number of bank accounts Templeton currently has and see which ones may be consolidated and then eliminated.</b>
21	Generate Receivable Control	Completed	<ul style="list-style-type: none"> <li>The town implemented VADAR's receivable control module.</li> </ul>	<p><b>Modify VADAR permissions to ensure that the town accountant cannot edit records other than her own.</b></p> <ul style="list-style-type: none"> <li>During our interviews, it was discovered that the town accountant has access to modify the treasurer/collector's VADAR receivable control. She felt this was necessary to help train the newly hired treasurer/collector at that time.</li> <li>We recommend that the town change the accountant's VADAR user profile so that she no longer has any edit rights to the treasurer/collectors' modules, including the receivable control and treasurer's receipts.</li> <li>DLS encourages the town to review the VADAR permissions for all staff working in the assessor, treasurer/collector, and accounting offices to ensure they only have edit access for the modules necessary to perform their job duties. This is crucial for ensuring data integrity and employee accountability.</li> </ul>
22	Develop Comprehensive Debt Schedule	Completed	<ul style="list-style-type: none"> <li>The treasurer/collector completed a FY2020 goal by developing a comprehensive debt schedule that compiles all outstanding debt into one file.</li> </ul>	<p><b>Involve the treasurer/collector in all debt-related matters.</b></p> <ul style="list-style-type: none"> <li>The treasurer/collector has limited involvement with Templeton's debt management, and her only function is to maintain the debt schedule. We encourage the town administrator to actively involve</li> </ul>

#	Recommendation	Status	Comments	Suggested Enhancements
				<p>the treasurer/collector in the debt issuance process and introduce her to Templeton’s financial advisor.</p> <ul style="list-style-type: none"> <li>▪ DLS also recommends that the Town revisit the current debt schedule format and group general fund, enterprise fund, and water debt together.</li> <li>▪ The debt schedule should be updated to include a description or purpose of the debt, name of the lending institution, and a breakdown of the principal and interest payments.</li> <li>▪ Ideally, the debt schedule would have a separate tab for each individual debt obligation and a summary tab of all debt issued so that the towns debt status is transparent.</li> </ul>
3	Eliminate the Personnel Board	In Progress	<p>This was a multipart recommendation:</p> <ul style="list-style-type: none"> <li>▪ Eliminate the personnel board: Complete. Annual town meeting voted to rescind the personnel bylaw in May 2013 and revised bylaw Chapter 65 to state that the select board is responsible for the development and administration of all personnel policies and procedures.</li> <li>▪ The town administrator serves as personnel director: Complete. The position was assigned this role in Section 2 of the personnel policy and in the town administrator’s job description.</li> <li>▪ Town administrator should be chief negotiator in collective bargaining: Complete.</li> <li>▪ Town administrator to coordinate all recruitments and new hire orientations: Partially complete. The position is the town’s primary recruiter, but much of the new employee orientation tasks are done by the town accountant.</li> <li>▪ Centralize all personnel records: Incomplete. Some records are stored with the town</li> </ul>	



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4	Complete Long-Term Financial Planning	In Progress	<p>administrator and some with the town accountant.</p> <ul style="list-style-type: none"> <li>▪ Templeton has made progress by forecasting various revenue and expenditure components individually and incorporating tables and graphs to illustrate the forecasts for state aid, local receipts, and operating expenditures.</li> </ul>	<p><b>Enhance the financial forecast.</b></p> <ul style="list-style-type: none"> <li>▪ We recommend the town increase the level of detail in its financial forecast and to project the revenue and expenditure data out for five years. This forecast could be maintained in a single Excel workbook with various tabs that allow for projections to be easily manipulated based on changing circumstances.</li> <li>▪ A detailed forecast will allow for budget scenarios to be reviewed quickly and accurately, while providing valuable information to help drive the decision-making process. A well-developed forecast is even more important in times of economic uncertainty such as we are now experiencing.</li> <li>▪ We provided Templeton with an Excel forecast with 10 years of historical revenues loaded.</li> </ul>
6	Limit the Use of Free Cash	In Progress	<ul style="list-style-type: none"> <li>▪ Section B-1 of the financial policies outlines the goals and objectives of free cash. This policy, along with fiscal discipline, has helped the town create free cash annually. The past four free cash certifications have exceeded the policy target goal of 5% of the operating budget.</li> <li>▪ In addition, since FY2013, Templeton has not used free cash to reduce the tax rate.</li> <li>▪ The town has used free cash to fund capital expenditures and to build stabilization and OPEB reserves. However, Templeton has continued to use free cash to fund ongoing costs, although the amounts have been decreasing.</li> <li>▪ In FY2018, over 40% of certified free cash was appropriated to support operating costs. Since FY2019, the amount of free cash appropriated to fund general operations has remained below 20%.</li> </ul>	<p><b>Update the free cash policy and discontinue use of free cash for general operations.</b></p> <ul style="list-style-type: none"> <li>▪ Templeton’s FY2021 budget document sets an informal target for unappropriated free cash at 20% of its certification, and we recommend the free cash policy be updated to incorporate this goal.</li> <li>▪ Templeton’s current policy sets percentages for free cash use that total 100%. This includes: 50% for working capital, 35% to general stabilization, 10% to capital stabilization, and 5% to OPEB.</li> <li>▪ Although Templeton has made positive steps to limit free cash use to one-time expenses, there still exists a pattern of use for general operations. To achieve a sustainable expense plan, we recommend Templeton suspend its use of free cash to fund the operating budget. Free cash should be used to fund unanticipated costs, one-time expenditures, and replenish reserves. This will require adhering to</li> </ul>

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				<p>budget policy and discipline to limit the budget growth.</p> <ul style="list-style-type: none"> <li>▪ Further, Templeton consistently underfunds the annual snow and ice budget and then appropriates free cash to avoid year-end deficits in this account. To prevent this pattern, we encourage the town to annually increase the snow and ice budget until it reaches the five-year average expenditure amount of \$203,642.</li> </ul>
9	Complete Independent Compensation and Classification Survey	In Progress	<ul style="list-style-type: none"> <li>▪ On February 1, 2021, Templeton was awarded a Community Compact Cabinet (CCC) grant of \$20,000 for the development of a wage and classification plan and update to its personnel policy.</li> </ul>	
18	Continue to Pursue Delinquent Taxes	In Progress	<ul style="list-style-type: none"> <li>▪ When the current treasurer/collector came on board, she determined Templeton was several years behind and has made it a priority to address the backlog.</li> <li>▪ The most recent tax taking was completed in October 2020.</li> <li>▪ Over the last couple of years, Templeton appropriated additional funds to chase delinquent tax title accounts. For some of these older properties it has been determined that they were not taken properly, and the process must start from the beginning.</li> <li>▪ Three years ago, there were over 130 properties in tax title. This past year, 70 properties were advertised and about 30 individuals came forward and paid. Currently there are about 40 properties that remain delinquent.</li> <li>▪ To help with the process and reduce the back log, the treasurer/collector has contracted with Coppola &amp; Coppola tax title attorneys.</li> </ul>	<p><b>Continue to work to reduce the back log of tax title accounts.</b></p> <ul style="list-style-type: none"> <li>▪ To be equitable to all taxpayers, the town should pursue all legal methods to collect taxes from delinquent property owners. Limited resources, such as staff time and budgeted funds, have resulted in the delayed pursuit of older properties in tax title. The town's tax title receivable per the most recent balance sheet submittal is \$1,186,099.</li> <li>▪ The treasurer/collector should at least annually analyze the parcels held in tax title, identify any land of low value properties that may be addressed swiftly, and then focus on delinquencies that do not have payment agreements or bankruptcy recordings.</li> <li>▪ A couple of properties make up the bulk of the tax title amount that is currently owed. Among the list are some potentially contaminated properties whose clean-up costs may make them nearly unsellable. In these situations, it is advisable for the assessors to review their assessments to ensure they accurately reflect each parcel's condition.</li> </ul>

#	Recommendation	Status	Comments	Suggested Enhancements
				<ul style="list-style-type: none"> <li>We recommend the town administrator coordinate with the treasurer/collector, and assistant assessor, and ultimately, the tax title attorney, to make decisions on the best course of action to address the tax title backlog.</li> </ul>
17	Centralize the Purchase of Office Supplies	Incomplete	<ul style="list-style-type: none"> <li>Per section B of the town administrator’s job description and section D of the select board’s operating policy, the town administrator is the chief procurement officer. The town administrator completed all required course work and received his associate MCPPO designation. After completing three years of job experience, he will be granted his MCPPO designation.</li> <li>Purchasing has still not been centralized. Department heads and committees handle their own purchases of office supplies and other miscellaneous items.</li> <li>Department heads utilize the state’s bid list to procure items, and the town administrator relies on them to seek three bids for larger items</li> </ul>	<p><b>Centralize the purchasing process.</b></p> <ul style="list-style-type: none"> <li>DLS recommends that Templeton centralize the purchase of office supplies and larger items that do not meet the request for proposal requirement. By doing so, the town could realize lower prices through bulk purchases, more competitive bidding, and greater levels of standardization.</li> <li>DLS encourages Templeton to seek cooperative purchasing opportunities with neighboring communities. Bundling items can provide cost savings and simplify the purchasing process.</li> </ul>
7	Implement a Plan to Restrict Future Revenue Use	Incomplete	<ul style="list-style-type: none"> <li>Although the town adopted a policy manual, it did not contain any provisions related to strategic management of new revenue.</li> </ul>	<p><b>Develop a policy restricting future revenue use and one-time revenues.</b></p> <ul style="list-style-type: none"> <li>We recommend Templeton develop a policy that places restrictions on the use of new revenues. For example, when the town anticipates above-average levy growth it should consider it like one-time revenue. This is because it may not be sustained, and it provides the opportunity to invest in or save for capital needs.</li> <li>Over the last couple years, tax levy growth has more than doubled due to the explosion of new construction. Because Templeton consistently levies to its maximum allowable capacity, without a</li> </ul>

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				<p>disciplined plan, it will use the new revenue to cover general operating expenses.</p> <ul style="list-style-type: none"> <li>▪ Templeton must be vigilant each year and find creative ways to restrict future revenue use. This is an ongoing exercise that decision makers must revisit annually.</li> </ul>
2	Prohibit Elected Officials from Holding any Other Position	Incomplete	<ul style="list-style-type: none"> <li>▪ Templeton has not drafted a standalone bylaw prohibiting elected officials from holding any other elected or appointed town positions.</li> <li>▪ Chapter 59, Article I, restricts board members from serving in another elective capacity, and Chapter 9, Article I, prohibits any advisory committee member from holding another elective or appointive position.</li> <li>▪ Currently, select board members can and do hold appointed positions within the town.</li> </ul>	
11	Establish Enterprise Fund Expectations	Incomplete	<p>This was a five-part recommendation:</p> <ul style="list-style-type: none"> <li>▪ Build multiyear revenue and expenditure forecast: Partially complete. The forecast workbook we are sending with this report will allow the town to create more detailed forecasts.</li> <li>▪ Establish a comprehensive capital improvement program: Partially complete. See enhancement advice to the right.</li> <li>▪ Review the fee schedule: Partially complete. The sewer commissioners need to review fees annually and propose increases when deemed appropriate.</li> <li>▪ Make decisions on the use of retained earnings: Partially complete. Templeton adopted a retained earnings policy, section B-3 of the financial policy manual. It states that retained earnings shall not be depleted in any year and not less than 20% of the budget is rolled to the next fiscal year.</li> </ul>	<p><b>Revisit recommendation number 11 and establish sewer enterprise expectations within a policy.</b></p> <ul style="list-style-type: none"> <li>▪ The town has been appropriating retained earnings to help offset the sewer’s operating budget. Retained earnings should only be used for one-time expenses and saving for the sewer stabilization fund. Over the last four years, sewer certified retained earnings steadily declined from a high of 61% as a percentage of the sewer budget in FY2018 to a low of 25% in FY2021.</li> <li>▪ Since FY2018, Templeton has not made an appropriation to the sewer stabilization fund. DLS recommends that Templeton develop a policy to make annual appropriations into the sewer stabilization fund.</li> <li>▪ The town should extend its indirect cost methodology to cover all relevant indirect costs including the costs of the town and efforts of staff working in other departments, technology, and the</li> </ul>

#	Recommendation	Status	Comments	Suggested Enhancements
			<ul style="list-style-type: none"> <li>▪ Outline an indirect cost formula. Partially complete. Presently, only the sewer budget is charged for the costs of Medicare and employee insurance plans.</li> <li>▪ In May 2018, town meeting established a sewer stabilization fund and appropriated \$100,000 into it. No further appropriations have been made into or out of the account, and the balance to date is \$106,786.</li> </ul>	annual audit. To help with this process, DLS has attached an indirect cost template.
13	Adopt Formal PILOT Agreement with Municipal Light & Water Plant	Incomplete	<ul style="list-style-type: none"> <li>▪ The town has tried to establish a formal, detailed, and equitable PILOT agreement with the TMLWP in the past without much success.</li> </ul>	<p><b>Pursue a constructive dialogue with TMLWP to work out a formal PILOT agreement.</b></p> <ul style="list-style-type: none"> <li>▪ Based on our discussions with town officials, there has been a lack of open and productive communication between the leaders of the town and of the TMLWP.</li> <li>▪ We encourage the select board and town administrator to reach out to the TMLWP general manager to repair the strained relationship and enhance communication.</li> </ul>
14	Authorize Overlay and New Growth Estimates	Incomplete	<ul style="list-style-type: none"> <li>▪ The board of assessors still do not formally vote to authorize overlay and new growth estimates.</li> </ul>	<p><b>Annually vote to authorize overlay and new growth estimates.</b></p> <ul style="list-style-type: none"> <li>▪ It is the responsibility of the board of assessors to understand and approve the overlay and new growth estimates utilized in the tax rate setting process.</li> <li>▪ DLS encourages Templeton to have the board of assessors annually authorize overlay and new growth estimates in a formal vote prior to the certification of the tax rate recap.</li> </ul>
16	Develop Financial Procedures Manual	Incomplete	<ul style="list-style-type: none"> <li>▪ Although Templeton adopted the financial policy manual written by the Collins Center, it did not contain any operational procedures.</li> <li>▪ However, at least one finance department head has begun creating procedure documents informally. The treasurer/collector has written instructions on: <ul style="list-style-type: none"> <li>• Daily batch posting</li> </ul> </li> </ul>	<p><b>Develop a financial procedures manual.</b></p> <ul style="list-style-type: none"> <li>▪ DLS encourages Templeton to revisit recommendation number 16 to develop more procedures and consolidate them in manuals by department. Each manual should function as a “how to” booklet that works as a training reference for new employees and as a guide to completing everyday tasks.</li> </ul>

#	Recommendation	Status	Comments	Suggested Enhancements
			<ul style="list-style-type: none"> <li>• Motor vehicle commitments</li> <li>• Creating abatement batches</li> <li>• Printing warrant checks and reconciling them to the bank statements</li> <li>• Tax title subsequents</li> </ul>	

## **New Recommendations**

### **Move Town Administrator Weekly Reports to Monthly**

Every week, the town administrator requires department heads to provide him with written reports of their activities and progress towards goals. He then compiles these into a single report that he presents to the select board and subsequently posts on the town website. Although we commend the intention and effort to be proactive in assessing the effectiveness of town operations, we believe that a reduced level of oversight might prove more beneficial.

In a town the size and complexity of Templeton, regular monthly updates would typically be adequate to stay apprised of any accomplishments or developing issues. Departments would be required to detail the prior month's happenings and provide an outlook as to what is coming up. These reports could be tied to the select board meeting that occurs on the fourth Wednesday of each month. Because the town administrator holds bimonthly department head meetings, he could also provide the board with informal updates between the monthly reports. We also suggest, rather than posting a full, direct compilation of all the reports on the town website, the town administrator consolidate the details to a more concise and informative summary of the most important updates.

### **Audit and Management Letter Corrective Action Plan**

The audit process cannot end with the issuance of a single audit and management letter. It is the town's responsibility to review the audit and act on the recommendations. It is not enough to have the town administrator and town accountant review and prioritize the findings within the management letter. Once prioritized, a plan must be put in place to take corrective actions. However, current staffing levels have caused the focus to remain on the daily tasks necessary to keep the town running, versus developing remediation plans to address management letter and single audit findings.

To avoid repeat findings and recommendations, we recommend that the town administrator formulate a corrective action plan to address the weaknesses, findings, and recommendations identified within the independent auditor's management letter. Such a plan would indicate what steps will be taken, who will be responsible for them, and when the action will be completed. Per the select board's FY2022 budget document work plan, the town administrator should monitor and inform the select board at the quarterly financial meetings of the plan's implementation progress. Addressing management letter findings can help improve the town's financial controls and practices and improve public confidence in government.

DLS recommends that Templeton modify Article III, annual audit requirement, of the town's bylaws and outline the corrective action plan to be put in place once the final audit is received.

### **Notify the Town Accountant of Turnovers Accepted by the Treasurer/Collector**

Under current practice, departments provide the town accountant with a copy of a "schedule of departmental payments to the treasurer" before they have brought the listed receipt(s) to the treasurer/collector's office. To provide a check and balance, M.G.L c. 41 § 54 requires departments to give the auditor a record of any turnover made to the treasury. This control is weakened if the auditor receives reports of revenues that provide no evidence that the treasurer/collector has already accepted them. We therefore recommend that the town administrator issue a policy memo that states departmental staff are to present the revenue package to the treasurer/collector and obtain in return a schedule signed by a staff member who accepted it. Only then should a copy of the signed schedule be delivered by the departmental employee to the town accountant. The policy should further dictate that the town accountant will not accept any turnover schedule that does not have the signature of a treasurer/collector staff member.

### **Revise the Advisory Committee Bylaw**

Bylaw Chapter 9, Article I, establishes the advisory committee as a seven-member board appointed by the moderator. The advisory committee is responsible for reviewing all warrant articles put before town meeting and issuing an annual report of its recommendations on those that have a direct or indirect impact on the town's finances.

Through our interviews, we were informed that the last several years have been difficult for finding volunteers willing to serve on the committee. The advisory committee has had two vacancies for over a year, and the board has not had seven members for quite some time. The lack of long-term consistency in active membership creates challenges for knowledge transfer due to the learning curve involved. Contributing factors may include the time commitment (two meetings per month throughout the year) and political tension within the town. As guidance for a revised advisory committee model, we offer the following recommendations.

Reduce Advisory Committee Membership: Templeton struggles to adequately staff volunteer positions. The town sends out an annual survey to inform residents of volunteer opportunities, and the executive assistant also uses social media to spread the message. Longtime residents that have served as volunteers can get burned out. Younger individuals may be turned off because of the controversial political environment that exists or how difficult it is to get things accomplished. Given Templeton's relatively small population, its volunteer pool can become exhausted. The town should consider permanently reducing the advisory committee membership number to five. This would require a revision to Chapter 9, Article I of the town's bylaws through a majority vote of town meeting.

Refocus Advisory Committee Mission: We recommend that the advisory committee reassess the nature of the work they do. With a strong town administrator in place to focus on forecasting, capital



planning, and budgeting, the committee need only provide recommendations on annual and special town meeting warrant articles, as well as review the financial forecast prepared by the town administrator. The advisory committee works on behalf of town meeting to review the annual budget and make recommendations on articles presented in the warrant. The committee meets twice per month on the first and third Thursday and additionally during budget preparation. Since the advisory committee meets as much as 30 times per year, it raises questions about whether its deliberations are excessive or go beyond the traditional role of an advisory committee. This level of commitment might be contributing to the difficulty of attracting volunteers to serve on the committee.

### **Strategize for Succession Planning**

Despite the positive strides Templeton has made in putting together a competent and devoted financial team, the town currently finds itself struggling to attract new hires. Last year, the town accountant resigned and on two separate occasions Templeton was unable to hire a replacement based on a lack of qualified applications. Luckily, Templeton worked out an agreement with her to work remotely on a part-time basis. The assistant accountant was recently out on approved leave for over four months, and this had a major impact on completing daily tasks such as journal entries and cash and receivable reconciliations. Fortunately, the town was able to bring back the prior assistant town accountant full-time beginning February first.

The part-time assistant treasurer/collector who started in July of 2020 went out on approved leave in February. The part-time clerk position was vacant for over seven months. Due to a lack of applications, the town interviewed two individuals and chose a candidate with no municipal experience, who started on March 8. In addition, the town must anticipate a replacement plan sometime soon for the assessor, who is nearing retirement.

The inability of Templeton to hire and retain experienced professionals creates a strain on department heads to continuously train and develop new individuals. This takes valuable time away from accomplishing other necessary duties, such as researching older tax title accounts. By applying for a compensation plan study through the CCC, the town is making a constructive step to addressing one important factor in ensuring that it can be a relatively attractive employer.

The town has benefitted greatly from the commitment of current financial staff members fulfilling their responsibilities despite the relatively thin support staff. While the institutional knowledge of veteran employees is always an asset, it is in danger of being lost if there is no plan for succession when employees inevitably move on or retire. Without constructive planning, the town faces real risks of service disruptions, wasting resources on stopgap measures, and damaging its potential for bringing on the best available replacement personnel.

We recommend the town administrator meet with department heads to develop succession strategies on how to fill future vacancies due to turnover and retirements. Together, they should discuss and gather information about each role's core functions and legal responsibilities. This would include the position's job description, classification and grade, hours assigned, and any documented procedures.

In addition, we suggest they take the following steps, as appropriate to each position:

- Develop procedure manuals with step-by-step instructions starting with the most critical tasks. For propriety software systems, reach out to vendors to see what material they can supply and the training sessions they can offer at what costs.
- Identify town employees with the skills, aptitudes, and interest in being promoted, including those who might currently work in other departments. Systematically develop the person's knowledge and competencies through mentoring, funding training opportunities, setting up job shadowing practices, and delegating increasing responsibilities within their departments.
- When informed of a pending departure, ensure time overlap if possible so that the departing employee can help orient and train his or her replacement.

Given the limitations that exist in Templeton for identifying and grooming internal successor candidates and the negative reputation the town has as an attractive employer for its adverse atmosphere, department heads and the town administrator must also cultivate professional network relationships to source for potential external recruits.

### **Adopt a Social Media Policy**

Social media sites and platforms offer a quick and easy way to provide a forum for residents to ask questions and interact with community leaders. By using them, Templeton can efficiently share information, increase transparency, and facilitate resident involvement using minimal resources. We advise, however, that a social media policy is necessary to ensure that content complies with all local policies and applicable state and federal laws.

The Massachusetts Municipal Association released an article titled "[Considerations for a Municipal Social Media Policy](#)" suggesting basic principles that should be included in the policy. At a minimum, it should contain:

- Account with a username or handle that demonstrates it is operated by Templeton
- Link to Templeton's official website
- "Verification" by social media platform as being authentic
- A designated Templeton employee with authority to manage all social media platforms
- All passwords and login credentials maintained in a central location

- Require the use of official email addresses
- User guidelines for official town business only
- Address employees' personal use of social media

A social media policy must also address compliance with state and federal laws. These include:

- Public records implications ([M.G.L Chapter 66](#))
- First amendment free speech rights
  - May want to designate social media accounts as “limited” public forums
- Open meeting law ([M.G.L Chapter 30A, Sections 18-25](#))

Templeton's policy should also address personal use of social media platforms. Expectations for employee's social media use should be clear and establish boundaries for professional and personal use. Local officials acting in their own capacity are still responsible for what they post online. The policy should make clear that employees who violate it could face disciplinary action.

The Towns of [Franklin](#), [Sandwich](#), and [Sudbury](#) have adopted detailed social media policies that Templeton might find useful when creating its own.