

Introduction: Overview of the Division of Local Services

- ❑ DLS promotes sound municipal finance management practices and supports local officials by providing guidance, training, and oversight
- ❑ Five bureaus:
 - Bureau of Accounts
 - Bureau of Local Assessment
 - Data Analytics and Resource Bureau
 - Financial Management Resource Bureau
 - Bureau of Municipal Finance Law



Mass.gov/dls

Most Requested



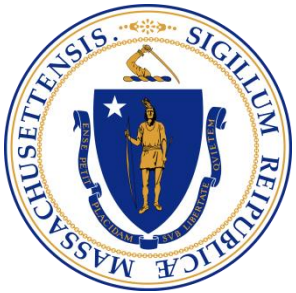


Commonwealth of Massachusetts

Division of Local Services

Supporting a Commonwealth of Communities

The Role of the Treasurer



Part One

Duties and Responsibilities of the Treasurer



What are the Treasurer's Responsibilities?

- ❑ Duties laid out in MGL Ch. 41, Sec. 35 & 36
- ❑ Management of municipal finances:
 - Banking
 - Short and Long-Term Fund Investment
 - Cash Management
 - Debt Issuance and Management
 - Payroll and Personnel
 - Reporting and Recordkeeping

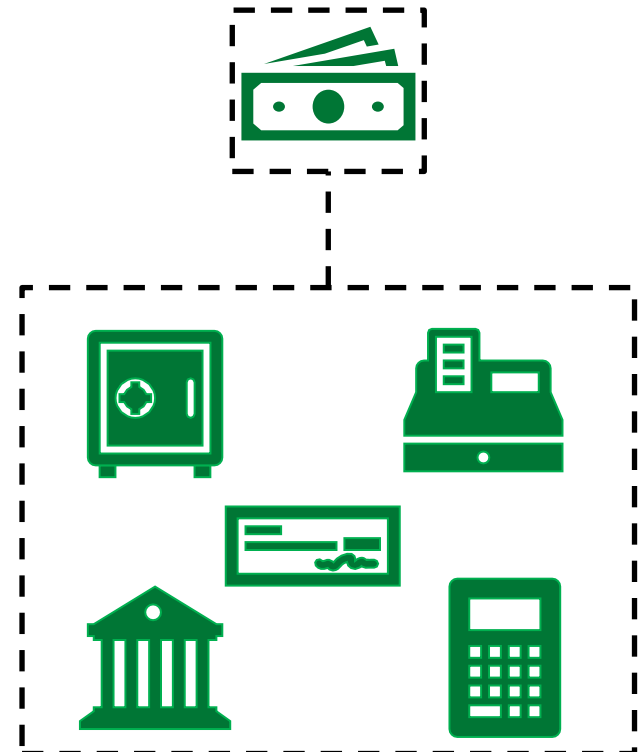
Chapter 41: OFFICERS AND EMPLOYEES OF CITIES, TOWNS AND DISTRICTS

Section 35

Bond of treasurer; duties

Section 36

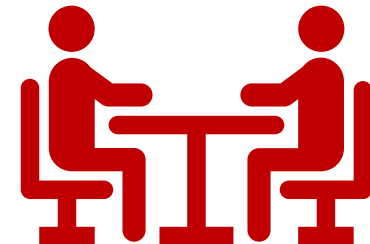
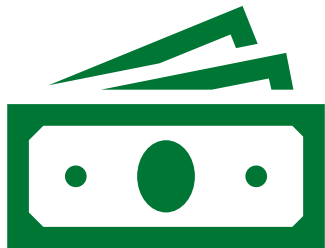
Powers of treasurer; prosecution of actions





Banking & Investments

- ❑ Custodian for all monies belonging to the municipality
 - All treasurers must be bonded within 10 days of taking office
 - Periodically review banking services and relationships; consider fee structure, service efficiencies, account control features, etc.
- ❑ Charged with investment of municipal funds
 - Investments made in accordance with Mass General Law, legal restrictions, community financial policies, prudent standards, etc.
- ❑ May work with procured financial advisory services in performing these responsibilities





Cash Management

- ☐ Manages and invests departmental receipts
- ☐ Determines cash needs throughout the year using cashflow budget
 - Maintains estimates and monitors projected cash position of a city or town throughout the fiscal year
 - Analyzes prior year data for expenses and revenue collection
 - Adjusts projections for current appropriations and financial forecast
- ☐ Makes disbursement only after authorization from accountant/auditor and CEO (example: selectboard)

CASH FLOW FORECAST & SHORT-TERM BORROWING January 2020



Cash Flow Forecast

It is the responsibility of the treasurer to manage a community's cash and ensure that account balances are sufficient to cover spending obligations in a timely manner. In the performance of their cash management duties, treasurers often find that a cash flow forecast can be a useful tool to help anticipate periods of low balances and to better manage any short-term borrowing needed to fill gaps. Conversely,



Debt Issuance & Management

- ❑ Prepares and issues bonds and notes
 - Coordinates borrowings with finance team and other town officials
 - Ensures all issuing documents are properly signed and distributed
 - ❑ Reports debt service obligations to budget team as part of budget process
 - ❑ Submits annual statement of indebtedness to DLS
 - ❑ Works with Counsel for new issues
 - Reviews proposed legislative actions accuracy and legal requirements
 - Ensures charter, bylaws, and policies are followed
 - ❑ Works with Financial Advisors
 - Assists in deciding what debt instrument to issue, issue dates, and repayment schedules
 - Helps with outside legal counsel and preparing issuing documents
 - Facilitates communication with banks and rating agencies
-



Payroll & Personnel

- ❑ In some communities, may manage payroll and benefits:
 - Administration of payroll deductions and withholdings
 - Administration of unemployment compensation programs
 - Maintenance of payroll and personnel records
 - Compliance with labor, industry, retirement, and insurance laws
 - Compliance with personnel bylaws and civil service regulations
 - Coordination with retirement boards and outside vendors





Recordkeeping & Reporting

- ❑ Requires a strong recordkeeping system and cash reconciliation processes
 - ❑ Reconciling all financial accounts
 - Daily activity through the cashbook
 - Funding of AP and payroll warrants
 - Bank accounts, investment accounts, trust funds
 - Schedule of debt payments
 - Outstanding checks
 - ❑ Maintenance and reporting of financial records
 - Monthly cashbook reconciliations
 - Annual report to municipality
 - Annual submissions to DLS: Cash Reconciliation Report, Treasurer's Year-End Report, Statement of Indebtedness
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Part Two

Cashbook, Cashflow, & Tax Title



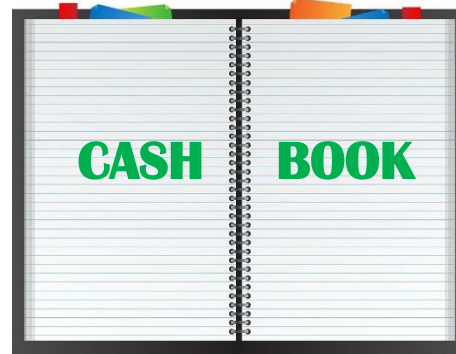
Cashbook, Cashflow, & Tax Title

Three key areas at the core of a treasurer's responsibilities

Cashbook, Cashflow, & Tax Title

- ❑ Past, Present, Future as it relates to financial controls and fiscal health
 - A cashbook is a snapshot of present cash position
 - The cashflow analysis estimates revenues and expenses to project future cash position
 - Tax title process secures prior year delinquencies, protects collection efforts, and allows pursuit of past due revenues
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Cashbook

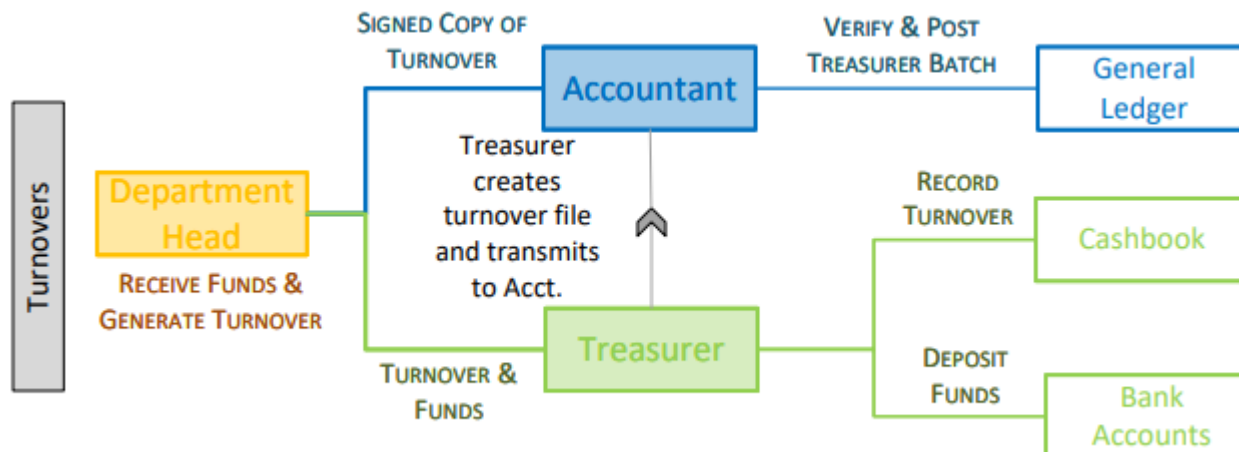


- ☐ Source of all original entry for recording all municipal receipts, deposits, and disbursements organized by date
 - Can be integrated with financial system – e.g., Munis, SoftRight
 - Or standalone – e.g., Excel, Zobrio
 - ☐ Reports total cash position of the community at any given time
 - ☐ Key component of internal reconciliations:
 - Within treasurer's office: bank accounts, investments trust funds
 - Within Finance Department: general ledger, accounts receivable
-



Cashbook

- ❑ Essential to recordkeeping and financial controls
- ❑ Must be reconciled regularly
 - Use online bank services
 - Address variances promptly
- ❑ Vital element in the “Reconciliation Triangle”
 - Bank Accounts, Cashbook, General Ledger
 - Check and balance for all financial accounts
- ❑ Example: workflow and reconciliation of departmental turnovers



Activity Summary

Beginning Balance ([Link from prior month](#))

Total Debits

Total Credits

Ending Balance

Bank Account Balance (Enter from stmt)

Difference

BANK DETAIL

[illegible]



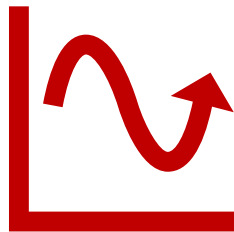
Cashflow

A cashflow forecast is used to:

- Anticipate periods of low balances or cash shortfalls
- Plan short-term borrowings to fill gaps
- Monitor positive balances with potential to maximize investment income

To maintain the cashflow analysis:

- Develop after budget is approved but before new fiscal year (July 1)
- Begin with previous years' spending and revenue collections
- Chart revenue and expenditure projections on a monthly basis
- Replace estimates with actual data throughout fiscal year





Cashflow: Revenues vs Expenditures

Revenue Sources:

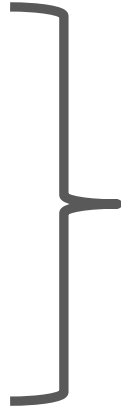
Tax Levy

State Aid

Motor Vehicle Excise

Other Local Receipts

Other/Misc.



- Based on budget projections
- Use prior year monthly revenue reports

Expenditures:

Municipal Payroll

School Payroll

Vendor Warrants

Debt service

Employee Benefits



- Review source documents
- Typically disbursed more evenly than revenues



Cashflow Forecast Template

Anytown, MA		Office of the Treasurer		Cash Flow Forecast			
		Jul	Aug	Sept	Oct	Nov	Dec
1	BEGINNING BALANCE		0	0	0	0	0
<u>RECEIPTS</u>							
Tax levy							
State aid distribution							
Motor vehicle excise							
Other local receipts							
Other/misc							
2	Total receipts	0	0	0	0	0	0
<u>EXPENSES</u>							
Municipal payroll warrants							
School payroll warrants							
Vendor warrants							
3	Total expenses	0	0	0	0	0	0
5	Short term borrowing (+)						
6	interest repayment (-)						
7	principal repayment (-)						
8	Cash balance (4+5-6-7)	0	0	0	0	0	0

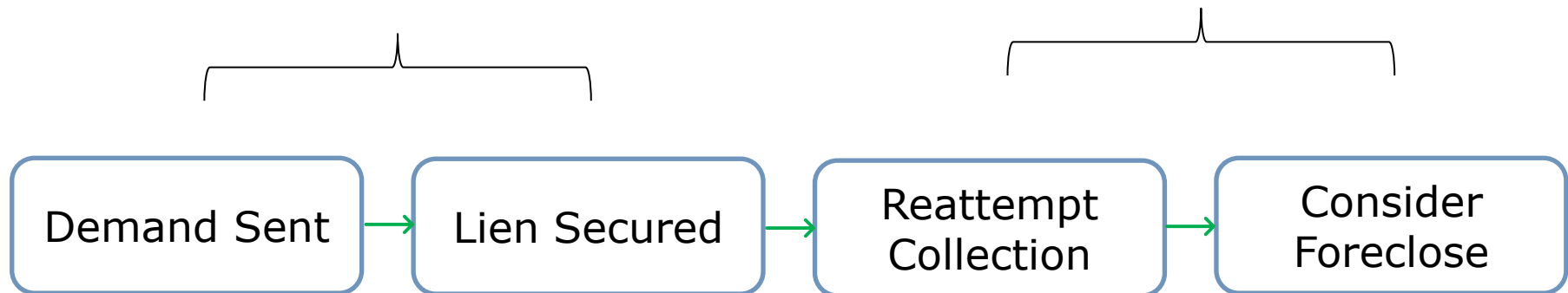


Tax Titles

- ❑ The process begins with the Collector sending demands requesting payment of unpaid taxes
- ❑ If taxes remain unpaid, the Collector secures municipal lien on a property for unpaid property taxes
- ❑ Responsibility then transfers to the Treasurer for maintenance and collection of tax title accounts
- ❑ Treasurer files foreclosure petition if payment is not made

Collector

Treasurer





Tax Takings: Additional Resources

Helpful sources for more information on tax takings:

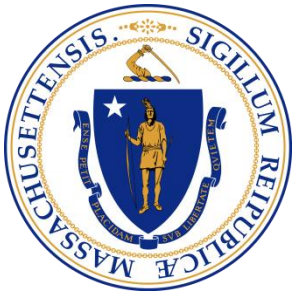
☐ DLS Webinars

Tax Taking Webinar: <https://www.youtube.com/watch?v=zUFPyIEW3h8>

☐ Informational Guideline Releases

- 2021-22 Land of Low Value and Deeds in Lieu of Foreclosure
- 2016-101 Tax Title Collection Revolving Funds
- 2005-208 Payment Agreements and Assignment of Tax Titles

☐ Massachusetts General Law Ch. 60, Sec. 65



Part Three

The Financial Team



The Treasurer and The Collector

Treasurer and Collector Role: Separate vs. Combined

- ☐ MGL Ch. 41, Sec. 1B permits consolidation of position
- ☐ Policy choice for each municipality's needs and characteristics;
Separation or combination of roles can change as community changes
- ☐ Factors: population, staffing, municipal services, structure of town/city hall departments/operations, etc.

Separate Treasurer and Collector

- ☐ Delineates responsibilities between the two roles
- ☐ Procedures and policies must have clear separation to ensure checks and balances

Combined Treasurer and Collector

- ☐ Can streamline procedures and ensure coordinated financial operation
 - ☐ Combines responsibilities; Expanded role requires more expertise
-



The Treasurer as Part of the Financial Management Team

☐ **Collaboration**

Be able to work closely with finance team members and other departmental staff and officials

☐ **Coordination and Involvement**

A financial management team coordinates the financial activities to meet community goals. The treasurer supports these efforts with cash reconciliation, cash flow forecasts, debt schedules, and general information about the municipality's financial condition.

☐ **Taxpayer Perspective**

Treasurers, especially Treasurer/Collectors, work with the public on a regular basis. Knowing your community and residents can support financial discussions.

Example: Is your city/town planning a major borrowing? What will be the impact on the average tax bill? Will residents support the borrowing/project?



The Treasurer as Part of the Community

☐ **Consistency**

Be consistent with your policies and practices; Residents won't always be happy with your rules, but they should feel that the rules for them are the same for everyone else.

☐ **Trust**

You are the custodian of municipal funds and taxpayers look to you to safeguard their money. Take ownership of your role and follow best financial practices, even if you are the unpopular opinion.

☐ **Financial Translator**

Municipal finances can be complicated. Strive to be a reliable and objective source of financial information.

Example: a property owner comes to you because there is a tax lien on their house. What happens next in the tax taking process? Do you offer payment agreements and what does that require them to do?



Don't Forget About DLS!



Division of Local Services
[Mass.gov/dls](https://www.mass.gov/dls)



Municipal Finance Training Center

- ☐ Financial Management Best Practices
- ☐ Municipal Roles and Responsibilities
- ☐ Procedural Workflows

<https://www.mass.gov/resource/municipal-finance-training-and-resource-center>

Tools and Templates

- ☐ Cashbook and Cash Flow Templates
- ☐ Debt Schedule Spreadsheet and Debt Service Calculator
- ☐ Tax Impact Calculators (residential exemption, CIP shift, override, etc.)

<https://www.mass.gov/info-details/municipal-finance-tools-and-templates>
