FINANCIAL MANAGEMENT REVIEW

TOWN OF TRURO

JANUARY 2024

DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

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MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

January 2, 2024

Select Board
Town Hall
24 Town Hall Road
Truro, MA 02666

Dear Board Members,

I am pleased to present the enclosed report summarizing our financial management review of the Town of Truro. The Division of Local Services is committed to assisting municipalities in achieving effective fiscal stewardship, and it is my belief the recommendations presented here will help the community become better positioned for the future.

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

Sincerely,



Sean R. Cronin
Senior Deputy Commissioner

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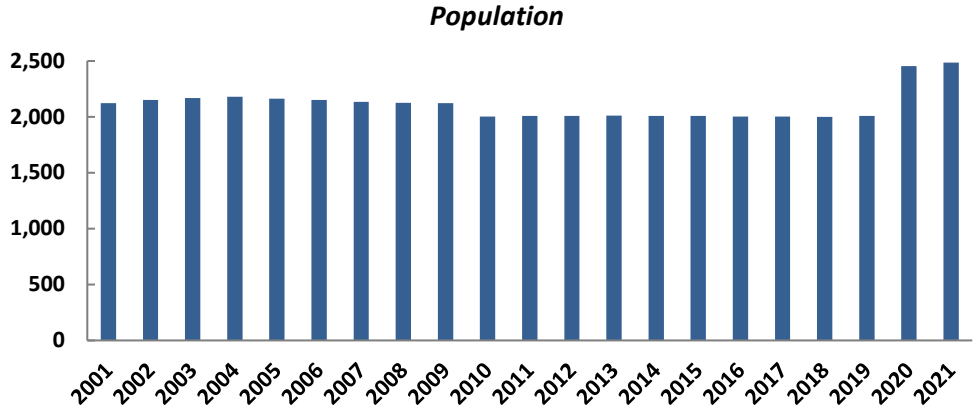
INTRODUCTION

At the request of the select board, the Division of Local Services' (DLS) Financial Management Resource Bureau (FMRB) completed this financial management review for the Town of Truro. Our review focused on the town's organizational structure, fiscal practices, and internal operations. We interviewed elected and appointed officials, town manager, assistant town manager, department heads, and office staff. We examined various documents and financial data, including the town charter and bylaws, warrant articles, annual budgets, tax recapitulations, debt service schedules, and revenue and expenditure reports.

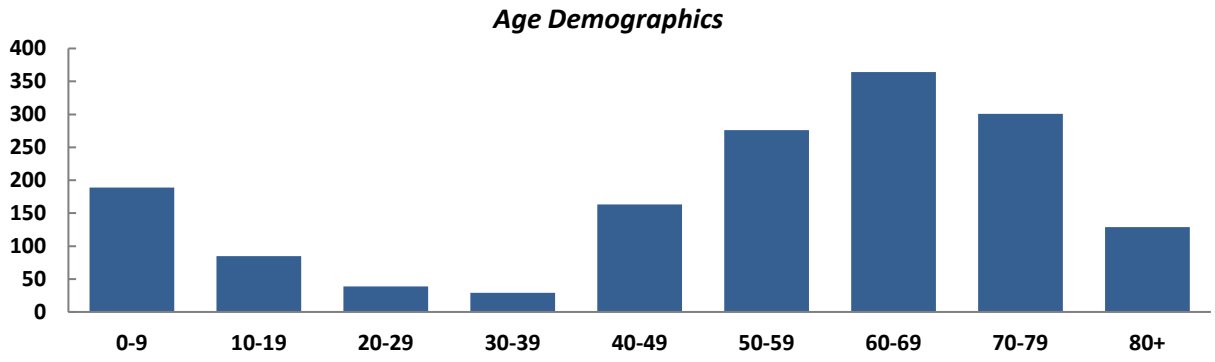
This report outlines Truro's administrative structure and internal operations, highlights areas of the town's financial condition, and makes recommendations that support long-term fiscal health and operational improvements.

COMMUNITY PROFILE

Incorporated in 1709, Truro is a small, rural community located on the Outer Cape and encompassing parts of the Cape Cod National Seashore. It is situated between the towns of Provincetown and Wellfleet and is part of Barnstable County. As the least populated community in the county, Truro's year-round residents hover around 2,500 but inflates to between 15,000 - 20,000 during the peak summer months.

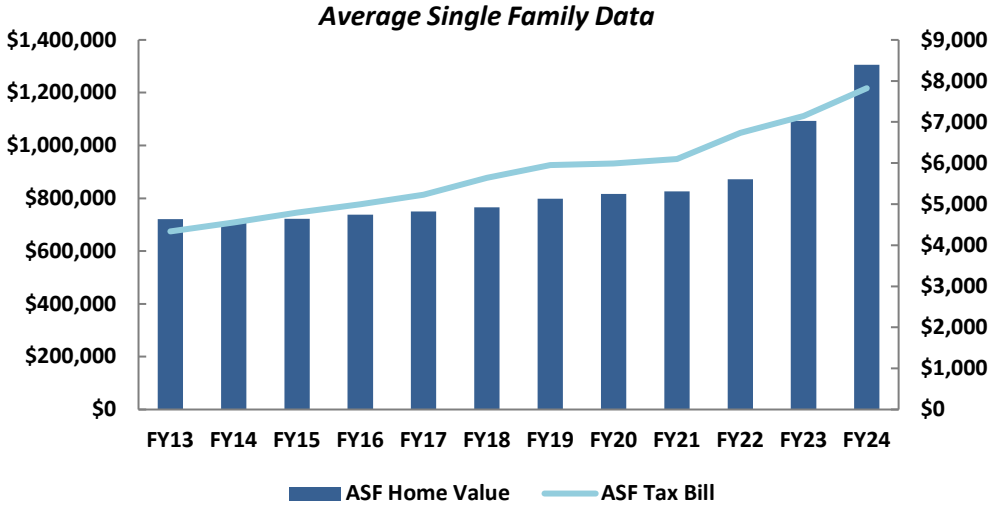


Truro has experienced a recent spike in its population because of the COVID-19 pandemic as many second-home owners moved there fulltime and residential sales increased. During this same time period, the average age of Truro's population increased for those 65 and older, while remaining stagnant or declining in other age ranges. This demographic shift is a topic of ongoing discussion amongst residents and town officials, especially in regard to housing affordability.



Truro's 2022 per capita equalized valuation (EQV), or the full and fair cash value of all town property, of $1,055,728 is well above the statewide average of $266,243. However, the town's FY2023 per capita income of $46,291 falls below the state average of $48,696. Truro ranks as the third highest EQV and fifth highest income per capita within Barnstable County.

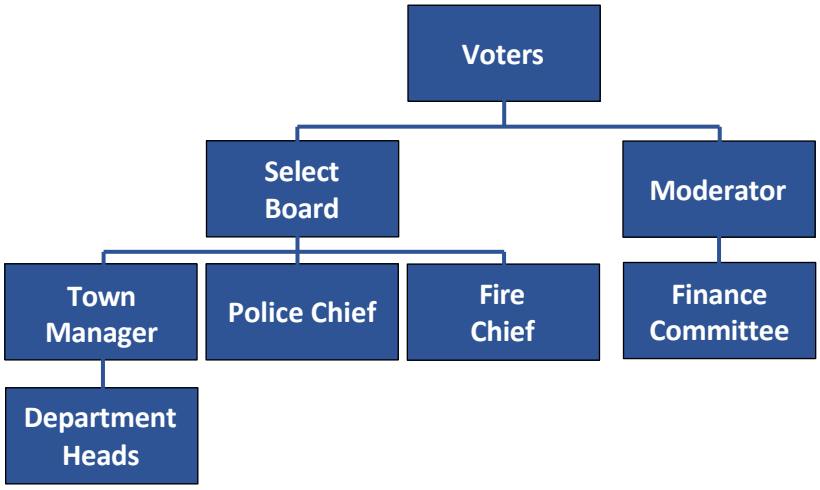
Over the last decade, the town has seen a significant increase in average single family home values. Between FY2013 and FY2024, the total value of Truro's single family homes increased from $1.46B to $2.79B. During this same time period, the total number of single family homes rose only slightly from 2,033 to 2,137 parcels. Truro's average single family (ASF) home value has increased from $720K in FY2013 to $1.31M as of FY2024. Similarly, the ASF tax bill grew from $4.3K to $7.8K.



Administrative Structure

Truro operates with a charter, an open town meeting form of government, and a five-member elected select board. The select board serves as the chief policy-making body of the town and appoints the town manager to oversee day-to-day operations. The town manager appoints all department heads except for the police chief and fire chief, who are appointed by the select board. The five-member finance committee is appointed by the town moderator and serves in an advisory capacity for town meeting warrant articles.

The current town manager began his tenure in January 2021, and brought with him experience as a city manager from a small Colorado Rocky Mountain community. With his leadership, and turnover in key positions, several aspects of the town's organization have been reconfigured to adjust to position vacancies and changing needs.



In addition to the standard municipal boards and committees, Truro's charter requires a budget task force that assembles each year to review departmental budgets with managers. This committee includes two members each from the select board and finance committee, the town manager, the town accountant, and the school superintendent. Other officials often join the task force's meetings, such as the assistant town manager and the finance director.

Financial Operations

Truro operates a consolidated finance department that includes the accounting, assessing, and treasury/collections offices, although this arrangement has not been formally adopted through Massachusetts General Law. The town recently made changes to the organization of its financial offices. Truro's treasurer/collector role was previously combined with the town clerk, which was held by the same individual for forty-one years. Following this employee's retirement in 2020, the town clerk position was separated to a standalone position in spring of 2021. In the fall of that same year, the town hired its first fulltime finance director, who also served as treasurer/collector. However, the town has since hired a standalone collector, thereby separating the role from the finance director/treasurer.

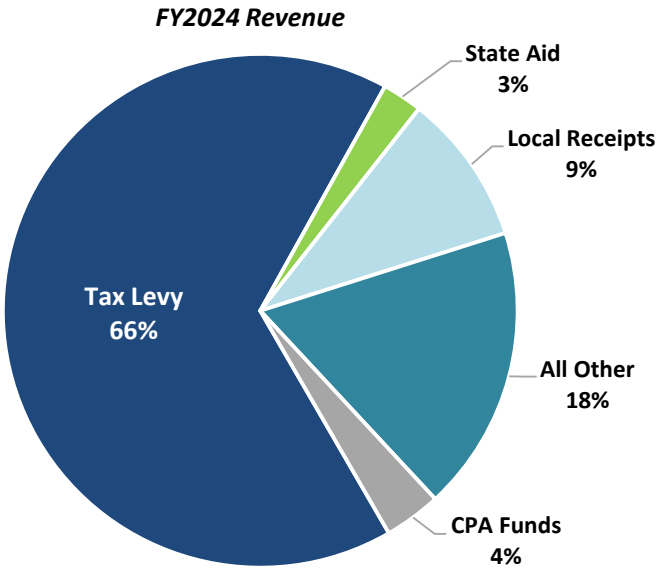
The accounting office has a legal obligation to maintain financial records including, but not limited to, the general ledger, payroll and vendor warrants, revenue and expense reports, and debt statements. This department plays a critical role in internal controls, record maintenance, and statutory checks and balances. Truro's accounting office is staffed by a fulltime town accountant and a fulltime assistant town accountant, both of whom have decades of experience in Truro's accounting office. The town recently hired a parttime CPA administrator under the direction of the town accountant. Both the accountant and assistant accountant are approaching traditional retirement age. There is also a fulltime administrator for business and finance who handles the school's accounting responsibilities, although this position falls under the school department and not the town accounting office.

The assessing office is responsible for valuing all real and personal property in town. Overseen by the board of assessors, staff generate tax commitments, maintain ownership records and tax maps, provide information and analysis for tax classification hearings and the tax recap, and make recommendations on abatement applications and property tax exemptions. Staff include a fulltime principal assessor and assistant assessor/data collector, and a parttime assessing clerk. The current principal assessor came to Truro in 2018 with prior assessing experience in another Cape Cod community. Tax billing is semiannual, with residential valuation handled in-house while commercial, industrial, and personal property valuation is done through a vendor.

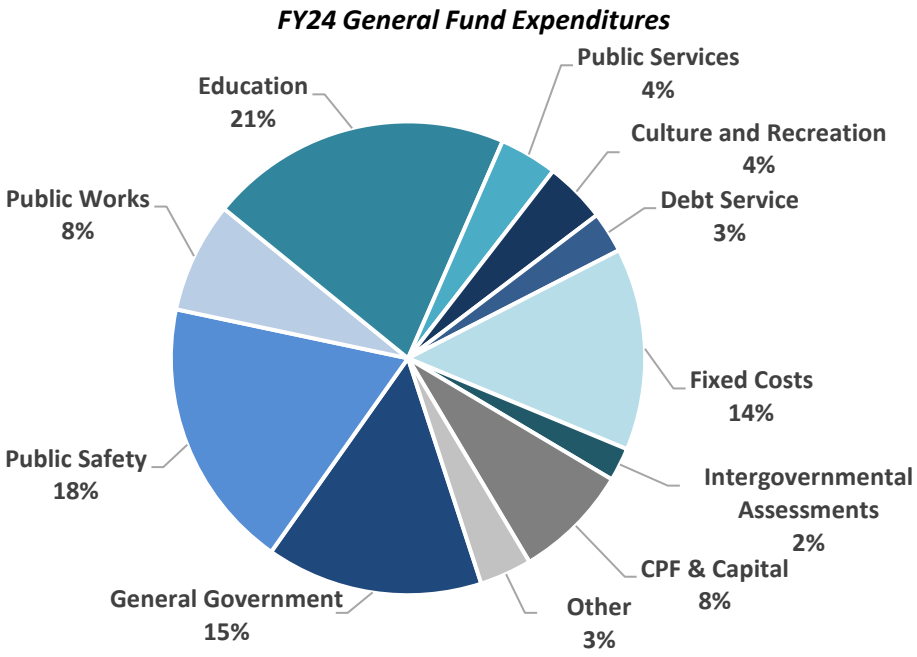
The collector is primarily responsible for the mailing and collection of tax bills, maintenance of outstanding receivables, and reconciling collected monies with the treasury and accounting offices. The treasurer is the custodian of all municipal funds and responsible for the investment and disbursement of town monies, management of debt, maintenance of the cashbook, and reconciliation of financials in coordination with the town accountant. Truro's treasurer/collector office is led by a fulltime finance director who also serves as the treasurer/assistant collector. Under his supervision is a fulltime collector/assistant treasurer and an office assistant. The current finance director came to Truro in 2021 and has previous municipal finance experience from the City of Somerville.

Financial Condition

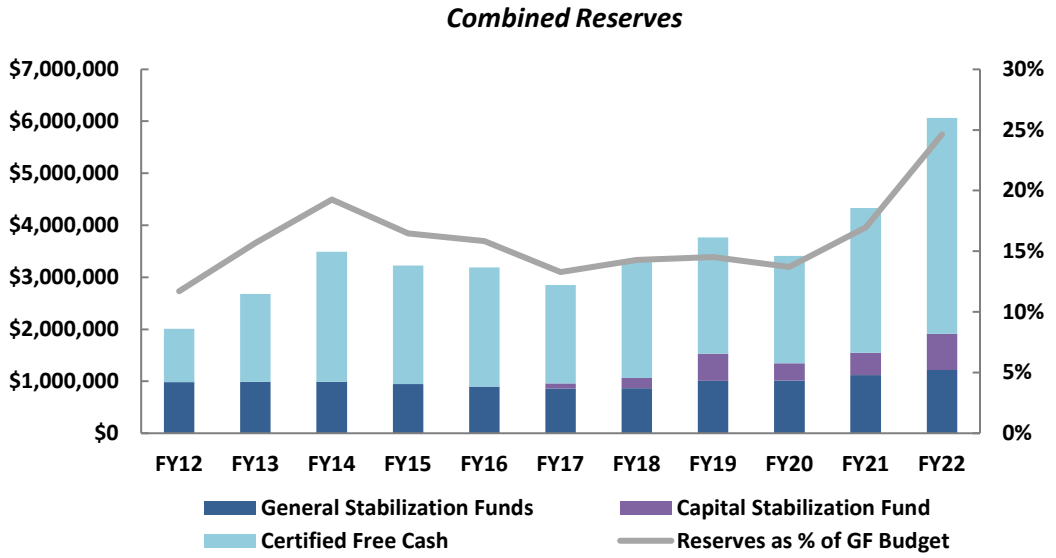
Truro's FY2024 total operating budget is $31,015,687. At $20.6M, or 66%, the tax levy is the town's largest source of revenue. Other funding sources include $782K (3%) from state aid, $2.9M (9%) from local receipts, $1.1M (4%) from community preservation act (CPA) funds, and $5.6M (18%) from all other sources. Truro's residential property class accounts for 95.5% of the FY2024 tax levy, with the remaining 4.5% coming from commercial, industrial, and personal property (CIP). This is an increase from the 93.9% residential tax levy ratio from FY2014.



Truro offers a range of municipal services including fulltime public safety departments, a library, community center, and a PK-6 school district. For grades 7-12, students attend the Cape Cod Regional Technical high school or are tuitioned to the out-of-district Nauset Regional middle and high schools. General fund expenditures have most notably increased in public safety, as the town transitioned from a volunteer to fulltime fire department over the last decade. In preparation for the dissolution of the Lower Cape Ambulance Association, town meeting aprroved a $355K override to fund additional staffing needed to absorb the previously contracted ambulance services.



Truro's general reserves include a stabilization fund and certified free cash. The town also maintains a special purpose capital expense stabilization fund, which was established by town meeting in 2016. Truro's reserves have increased significantly in recent years due to appropriations from free cash, resulting in a peak of more than 25% of the general fund budget in FY2022. This is attributable to record levels of free cash, with FY2021 and FY2022 free cash certified at $4.2M and $4.4M. In FY2017, Truro began appropriating free cash to the two stabilization funds, which has contributed to the overall growth in reserves.

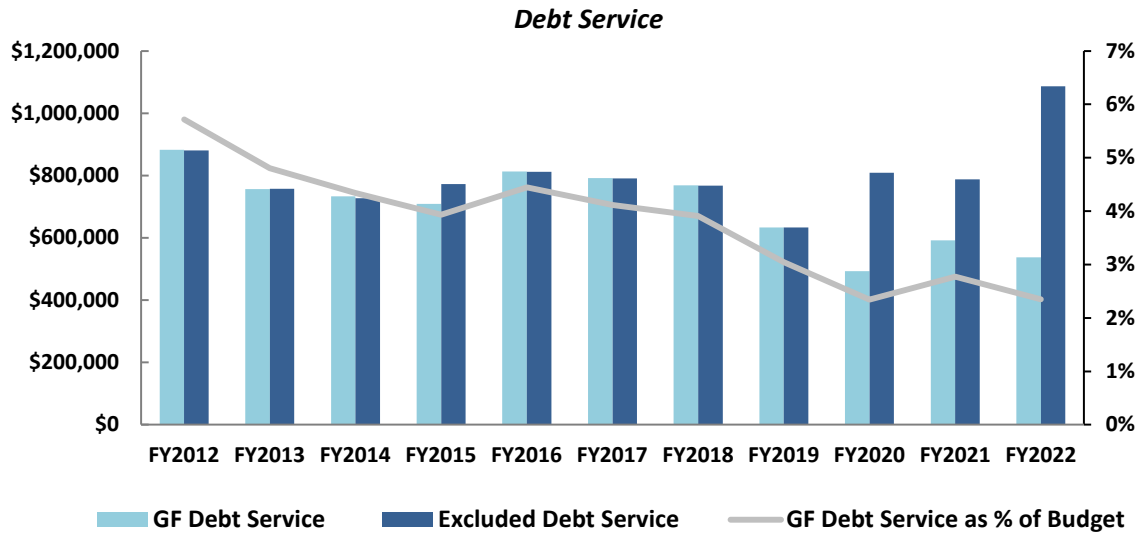


Other reserves include the Other Post-Employment Benefits (OPEB) trust fund and the Overlay, which is for abatements and exemptions. Since FY2015, Truro has appropriated over $4M from free cash to fund its OPEB liability.

Standard & Poor's Global Inc. (S&P) evaluates ongoing management practices and policies when reviewing a town's credit quality. In early 2022, S&P reaffirmed Truro's bond rating of AA+ with a stable outlook, which the Town has held since 2019. In doing so, S&P cited the community's traditionally strong wealth and income, along with the previous two years of operating surpluses that led to the very strong reserve levels. S&P remarked on a lack of a formal long-term financial plan, although credited the town for its five-year capital improvement plan and reserve policy.

Truro funds debt service both within its general fund budget and through debt exclusions. More recently, the community has seen an overall increase and shift in its debt service as building projects funded through the general fund are paid off, while the reliance on debt exclusions has grown.

Truro issued two debt excluded bonds in 2022— a $4.28M multipurpose bond and a $4.5M land acquisition bond. The town's excluded debt also includes payments for Truro's share of the $128M Cape Cod Regional Technical High School project.



Additional excluded capital projects on the horizon include a $35M public works facility set to be voted on at the next special town meeting, which was originally scheduled for this past October but has been subsequently delayed until the spring of 2024.

Excess levy capacity is the difference between the maximum allowable levy and the actual levy amount, or simply the amount of taxes a community does not levy in a particular year. The recent growth in Truro's tax levy shrunk the town's excess capacity to a decade low of $470 or 0.0% in FY2023. Maintaining excess capacity provides communities with flexibility in future years if budgets grow greater than the increase in annual revenue, otherwise the only option is to increase the levy through an override. Note that unused levy is not lost in subsequent years, as the annual proposition 2½ increase is based on the prior year's levy limit, not the actual amount raised.

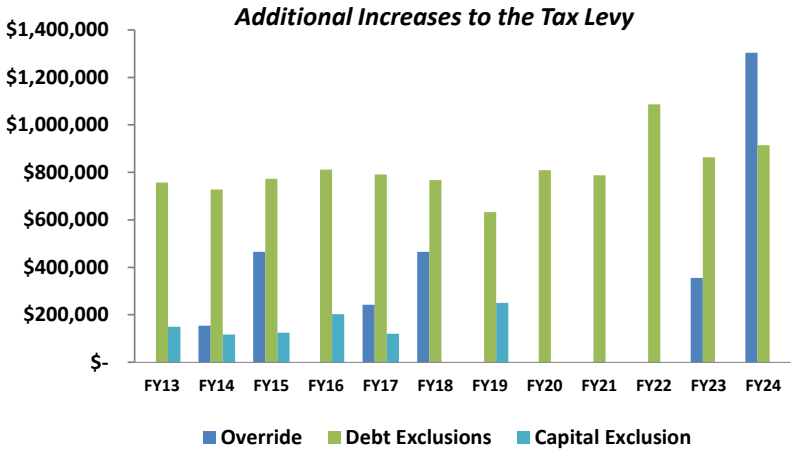
Fiscal Year	Maximum Levy Limit	Total Tax Levy	Excess Capacity	% of Maximum Levy
2013	12,472,351	12,100,034	372,317	3.0%
2014	12,957,414	12,755,641	201,773	1.6%
2015	13,893,383	13,446,423	446,960	3.2%
2016	14,467,660	14,110,037	357,623	2.5%
2017	15,067,898	14,821,081	246,817	1.6%
2018	15,867,998	15,648,890	219,108	1.4%
2019	16,474,476	16,296,614	177,862	1.1%
2020	16,941,324	16,397,503	543,821	3.2%
2021	17,481,627	16,848,463	633,164	3.6%
2022	18,338,879	18,231,305	107,574	0.6%
2023	19,182,149	19,181,679	470	0.0%
2024	21,261,582	20,593,399	668,183	3.1%

In the face of rising costs and economic changes, town officials and stakeholders must look to Truro's long-term fiscal health. Shifting age demographics and an influx of new residents has spurred robust conversation around town finances, services, and funding priorities. In awareness of these ongoing discussions, our recommendations center on formal financial strategy and structure, which will support transparency in government and fiscal planning. We offer the following recommendations for the Town of Truro.

RECOMMENDATIONS

Develop Long-Term Financial Strategy

We recommend that local officials in Truro develop a long-term strategy to finance operational costs. In the face of economic challenges and growing community needs, Truro has relied on voter approved increases to its levy beyond the limits imposed by Proposition 2½ to fund and expand the operating budget and for capital expenditures. Some of these increases are temporary, such as capital exclusions that are approved and expended the same fiscal year and debt exclusions that provide for the annual debt service for the life of the borrowing. In contrast, overrides are a permanent increase to the community's tax levy. Simultaneously, the town uses free cash to annually reduce the tax levy burden. Doing this signifies that there is excess revenue which is being returned to lessen the tax burden. Raising additional funds through the levy while reducing the tax rate with free cash is counterintuitive and sends a mixed message on the town's ability to fund operating needs.



Additionally, dependence on exclusions and overrides comes with inherent risk as both are subject to town ballot approval. Conceptualizing budgets beyond immediate fiscal years can help the town manage projected costs within its operating budget and reduce the need or frequency of increases beyond Proposition 2½ limitations. With strong fiscal planning and an emphasis on long-term outlook, communities can identify favorable and unfavorable financial conditions and develop budgets in anticipation of challenges.

To support the development of a long-term financial strategy, we recommend the following:

Incorporate Financial Forecasting into Budget Process: Implementing the financial forecast FMRB compiled for the town earlier this year is the appropriate starting point to develop a long-term strategy. A financial forecast supports budgetary decisions and long-range planning with a fair estimation of a community's fiscal future based on reasonable assumptions of revenues and expenses. With regular data maintenance, a forecast serves as a living document for a community to evaluate financial projections and analyze the impacts of budgetary choices in current and subsequent fiscal years.

The town should incorporate this tool as a kick-off to the annual budget process. For example, at the beginning of the budget season, the financial team can present the most recently updated forecast jointly to the select board, finance committee, and budget taskforce, highlighting revenue trends and positive or negative financial projections. Using this information, town officials can develop the budget goals and priorities for the financial team to incorporate into the draft budget. As budget season progresses and additional information becomes available (such as the preliminary state aid amounts), the forecast can be updated, and budgetary decisions and numbers adjusted accordingly.

Develop and Adopt Financial Policy Manual: Financial policies establish key financial management principles for revenues and expenditures and provide town-wide guidance on budgetary decisions and overall fiscal planning. While Truro has select board policies that note some areas of financial management, we recommend the town develop a separate, comprehensive financial policy manual. Guidelines or management principles existing in the select board policies should be reviewed and incorporated into the policy manual development process.

To provide instructive guidance for promoting sound, consistent fiscal planning, and effective financial management, we recommend at a minimum the following topics.

- Antifraud
- Annual Budget Process
- Capital Planning
- Disbursements
- Financial Reserves
- Financial Management Team
- Forecasting
- Investments
- Procurement
- Reconciliations
- Revenue Turnover
- Tax Enforcement

Following its completion, the select board should formally adopt the financial policy manual and distribute it to all town departments, boards, and committees. Much like the financial forecast, the policy manual should be a foundational element of the budget process. Town officials should ensure the annual budgetary decisions align with policy guidelines and support financial goals, such as target reserve levels or free cash expenditures. Consistent execution of annual budget decision-making gives credibility to the process and can build support from community stakeholders.

Consider Override Policy or Strategy: Over the last decade, significant number of operational overrides were presented to voters with mixed results. Of the 19 overrides proposed since FY2014, voters have approved ten. This win/loss ratio was echoed by 2023 annual town meeting, with two of four override articles passing. An over-reliance on overrides, which are subject to ballot approval, runs the risk stakeholders may become dissatisfied with the compounding increases to the levy.

Fiscal Year	Win / Loss	Amount	Description	Department	Purpose
2014	LOSS	$28,000	Police Cruiser For Police Dept	General Government	Capital
2014	LOSS	$14,538	Funding PT Asst Health/Conservation Agent Position	Health/Human Service	Operating
2014	WIN	$12,194	Funding Additional Hours For COA Asst/Transportation Coordinator	General Government	Operating
2014	WIN	$141,367	Funding Changes To Fire Dept Administrative Staffing Structure	Public Works & Facilities	Operating
2015	WIN	$240,000	Funding Operating/Capital Budgets Of Town And School System	School	Operating
2015	LOSS	$49,000	Fairway Mower For The Highland Golf Course	Public Works & Facilities	Capital
2015	WIN	$136,590	Funding Two Additional Police Officers	General Government	Operating
2015	WIN	$88,525	Funding Two Additional Shifts To The Fire/Rescue Shift Schedule	General Government	Operating
2017	WIN	$241,727	Wages And Benefits For 6 Firefighter/EMTs	Public Safety	Operating
2018	WIN	$465,617	Supplement Operating Budgets	General Operating	Operating
2021	LOSS	$170,000	Acquiring Heavy Duty Tractor Truck	Public Works & Facilities	Capital
2021	LOSS	$351,904	Addition Of 4 FT Firefighter/Paramedics	Public Safety	Operating
2023	WIN	$355,765	4 FT Firefighter/Paramedics	Public Safety	Operating
2023	LOSS	$351,904	4 Additional Firefighter/Paramedics	Public Safety	Operating
2023	LOSS	$170,000	Heavy Duty Tractor	Public Works & Facilities	Capital
2024	WIN	$601,122	Provision of Emergency Medical Services	Public Safety	Operating
2024	WIN	$703,050	Community Sustainability Childcare Vouchers/Programming	General Operating	Operating
2024	LOSS	$120,150	Housing Coordinator position	General Operating	Operating
2024	LOSS	$107,017	School Resource Officer	School	Operating

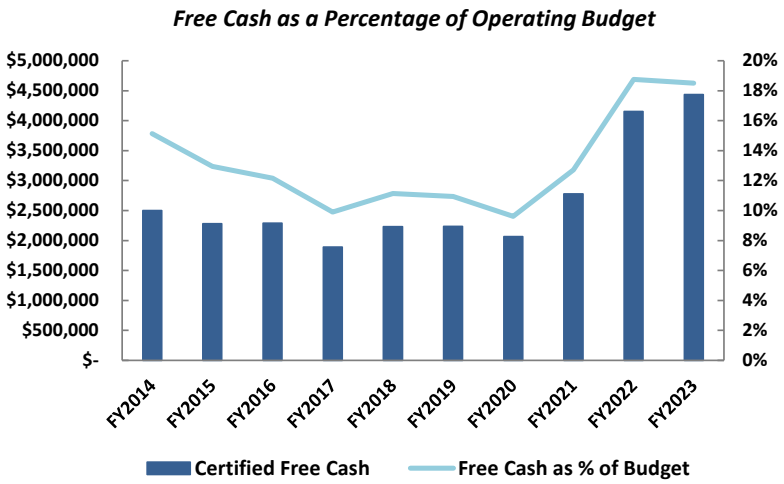
We therefore recommend that officials develop policies regarding override proposals, structured to include considerations for amount thresholds and guidelines to funding purposes to distinguish operational versus capital. We further recommend that the town consider a long-term override funding strategy that reduces the frequency and builds more predictability into override proposals. For example, proposing an override amount that would sustain operational costs for a three-to-five-year period, with an understanding that this would negate the need for any additional requests during that time period. Such a strategy would be consistent with the town's recent expansion of fire and rescue services.

Additionally, by combining the financial forecast with an analysis of long-term levy capacity, officials can reasonably anticipate when routine operational cost increases will outpace the levy growth allowed by Proposition 2½. For reference, the Town of Arlington has successfully used this strategy for over 10 years. Click here for the Select Board's latest override commitment statement.

Establish a Free Cash Strategy

Certified annually, free cash is a revenue source resulting from the calculation of a town's remaining, unrestricted funds from the previous fiscal year's operations based on the balance sheet as of June 30. Key factors that contribute to the amount of free cash include prior year unappropriated free cash, unexpended appropriations, local receipts in excess of budgeted amounts, and changes in fund equity, which is the change in undesignated balance (cash, receivables, liabilities, and amounts reserved). Free cash is offset by property tax receivables and certain deficits or overdrawn accounts, and as a result, can be a negative amount.

Adopt Appropriate Free Cash Targets: We recommend Truro's policymakers determine an appropriate free cash target that is codified in written policy. Truro's certified free cash has averaged about 13% of the prior year's general fund budget over the last 10 years. Our general policy recommendation is that the town maintain between three to eight percent of its general fund in free cash, depending on the size of the community. For this period, the average amount of certified free cash for the 349 reporting Massachusetts communities was 8.6%, consistent with the 72 communities with budgets between $20M and $40M, averaging 8.5%.



Analyze Free Cash Components: The chart that follows details key components in how Truro's free cash was generated over the last ten years. This analysis shows significant amounts of unencumbered/unexpended appropriations, followed by excess local receipts. Excess local receipts are the difference between the receipts actually received and the amount that was estimated as part of the budget and tax rate setting. Additionally, there was a substantial increase in fund equity from FY2020 to FY2022 along with a decrease in reported outstanding receivables that contributed to the large increases in free cash (both reflected in the 'other' category).

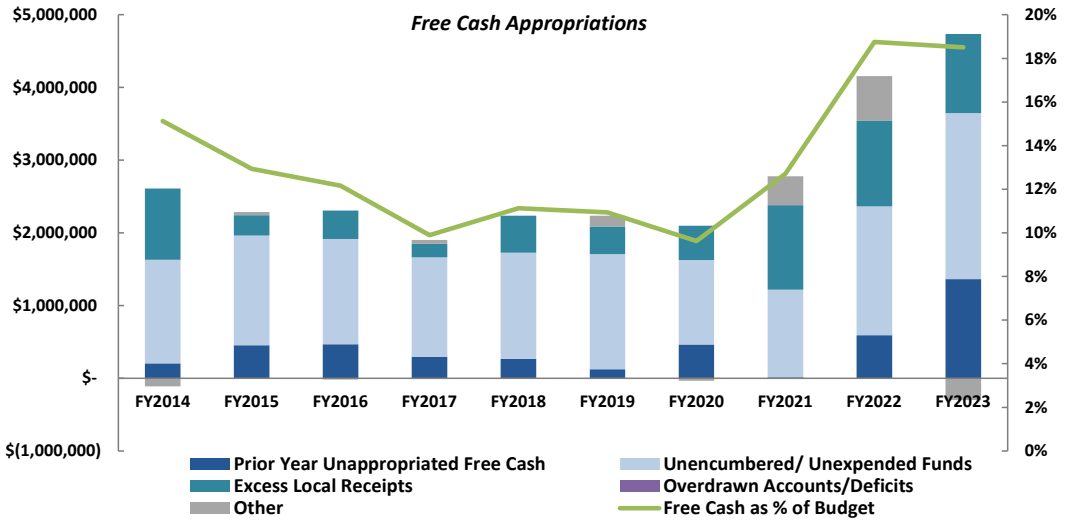
Free Cash Components

Fiscal Year	Prior Year Unappropriated Free Cash	Unencumbered/ Unexpended Funds	Excess Local Receipts	Overdrawn Accounts/ Deficits	Other	Certified Free Cash	Free Cash as % of Budget
FY2014	205,288	1,424,564	980,872	(6,859)	(106,318)	2,497,547	15.1%
FY2015	453,370	1,509,142	281,165	(6,198)	42,297	2,279,775	12.9%
FY2016	466,775	1,449,321	390,652	(4,014)	(14,976)	2,287,758	12.2%
FY2017	294,506	1,368,980	185,179	(11,178)	52,359	1,889,846	9.9%
FY2018	266,846	1,460,288	507,733	(2,208)	(1,712)	2,230,946	11.1%
FY2019	125,646	1,582,327	379,408	(168)	147,877	2,235,090	10.9%
FY2020	464,108	1,162,326	472,285	(848)	(32,482)	2,065,389	9.6%
FY2021	11,783	1,207,525	1,160,428	(1,077)	398,985	2,777,644	12.7%
FY2022	591,944	1,771,649	1,177,351	(2,388)	616,017	4,154,573	18.7%
FY2023	1,365,073	2,280,593	1,089,698	-	(299,474)	4,435,890	18.5%

The routinely large turnback of departmental appropriations requires officials to wholistically analyze the budget. This includes reviewing past budgets and corresponding expenditures to identify recurring areas of unappropriated funds. Local receipts have exceeded budget amounts by over $1M for the last three fiscal years. These amounts may indicate a revenue trend and allow officials to conservatively estimate higher local receipts. Each receipt category should be analyzed to determine

which of the actual amounts are sustainable for future budgets. Officials can view local receipt data through the DLS dashboard.

Reduce the Amount of Free Cash used to Reduce the Tax Rate: For more than 20 years, Truro has been appropriating free cash to annually reduce the tax rate. Excessive amounts of free cash have made it possible to "reduce the tax rate". However, there is no difference in reducing the tax rate and using free cash to fund operations after raising revenue through the tax rate process. While a portion of free cash has recently been reserved in the general and capital stabilization funds, as well as the other post-employment benefit (OPEB) trust fund, a significant percentage is still being used to reduce the tax rate. In recent years, town officials have made a concerted effort to gradually decrease the amount of free cash used to reduce the tax rate.



Formalize Financial Structure

While certain financial processes, such as the budget cycle, are codified by charter, Truro's financial officers and their duties lack formal definition. With new employees incoming and anticipated vacancies on the horizon, the town has the opportunity to reevaluate its financial office structure.

To begin, we recommend the town formally define its financial operations, including the titles and roles of its financial officers. Truro's finance department includes the accounting, assessing, and collector/treasurer's offices. However, the finance department is not defined through charter or bylaw. While this gives the town flexibility to make changes in staffing and financial officer titles, the lack of a codified structure can create confusion around departmental roles, responsibilities, and supervisory authority. Further, as the finance department has adapted to changing needs, the current office composition is in conflict with charter language. For example, while the charter does not define the finance department, it does reference a combined town treasurer/collector role, which is currently divided between the finance director/treasurer and the town collector. Codifying the

town's financial structure and titles will clarify roles and responsibilities and provide consistent organization, especially during staff vacancies and employee retirements.

We have identified the following areas the town should take into consideration during its review of its financial structure and operations:

Formally Adopt a Consolidated Municipal Finance Department: Adopting a consolidated municipal finance department will formally define Truro's organization and reinforce aspects of Truro's current financial operations. In the face of growing municipal complexities and staffing and financial challenges, the town established the finance director position and hired its first in 2021. With a finance director already in place and the accounting, assessing, collection, and treasury offices presented as one department, Truro is positioned to adopt the provisions of a municipal finance department through a charter change with little impact on current operations.

We suggest Truro work with their town counsel and the Charter Review Committee to formally recognize the finance department in the charter and associated bylaws. Further, town officials can use this opportunity to review internal operations and reporting structures for effective fiscal management. As part of this process, the town should evaluate current roles, create or update job descriptions, responsibilities, and supervisory relationships, and propose modifications that support a clear, cohesive outline of the finance department and its officers.

Consider a Stand-Alone Finance Director: The current finance director also serves as the treasurer and assistant collector. This role was previously titled finance director/treasurer/collector but was altered when a separate collector was hired to manage the main collection responsibilities. While dual finance director roles are not uncommon, these positions are challenged to balance day-to-day administrative processing with broad, high level financial management. By removing the administrative burden of treasury/collection responsibilities, the finance director can dedicate more time to overall fiscal planning and analysis.

To achieve this, we suggest the treasurer responsibilities be shifted to the town collector, which would reinstate a combined treasurer/collector that the town has operated with in the past. Elevating the current collector to collector/treasurer alleviates the finance director of treasurer duties without staffing increases. Additionally, having a combined collector/treasurer role can be more efficient as responsibilities are streamlined and managed by one person rather than two separate officials.

Transition School Department Financial Operations to the Town

We recommend that the town officials explore combining the town and school finance operations. Due to the size of the school operation and the difficulty in finding qualified municipal financial officials, shifting responsibilities for accounts payable and payroll to the town's financial offices would streamline processes and provide efficiencies. A vacancy in either the town or school could make available an opportunity for this change. As a first step, we suggest that the school department transition to the same integrated financial management system used for all other town operations. The town uses the Tyler Technologies Munis Enterprise ERP (Munis), which includes modules for general ledger, accounts payable and receivables, tax billing and collections, and cash management, whereas the school department utilizes Open RDA, a product of RDA Systems. The use of different financial software requires duplicate data entry in the school and the town accounting office. Having the town and school department on the same Munis system will eliminate redundant labor and provide opportunities to further streamline operations through electronic processes.

We additionally recommend officials review existing systems and explore opportunities for further school-town software integration. For example, the school department also uses Open RDA for payroll and human resource functions. Officials should assess if these functions could be transitioned to Harper's Payroll Services used by the town. The school department's subscription to RDA Systems renews each year in July, coinciding with the beginning of a new fiscal year. Officials should take this into consideration in their planning of system conversions and ideally target this time period for final transitions.

Leverage Technology to Streamline Processes

We recommend the town leverage available technology to streamline administrative processes and reduce paper-based transactions. Many of Truro's internal operations heavily rely on manual records and forms. We recognize that current officials have made great strides in modernization and encourage the town further integrate technology into day-to-day processes.

Both Munis and Harper's Payroll Services offer ancillary services for their core products. Officials should review the capabilities and utilization of the current software packages and determine which procedures can be streamlined at no additional cost. We also recommend officials conduct a cost-benefit analysis of expanding existing software systems for additional capabilities that increase efficiencies and reduce manual processes. We suggest the town focus on financial administration and human resource functions as a starting point in its analysis.

Develop a Formal Tax Taking Procedures

We recommend the finance department develop procedures for tax takings. In prior fiscal years, the treasurer/collector's office did not initiate tax taking procedures in a set timeframe, sometimes with multiple fiscal years passing before liens were secured. Over time, this increased the town's outstanding real estate receivables to a high of $844K in FY2020. The office has made progress since then, moving a large portion of the unpaid balances to tax title and reducing the outstanding real estate receivable balance by more than half. To support this forward momentum, the finance director and collector should develop an annual tax taking calendar that sets reasonable timeframes for all procedural steps. This will provide the finance team and taxpayers with clear expectations on the tax taking process and ensure consistent execution of collection steps each fiscal year. This process should be formalized as part of a tax enforcement policy.



In the development of official tax taking procedures, the town may want to consider adopting a bylaw as outlined in M.G.L c. 60, § 62A, relating to tax title payment agreements. This statute allows the treasurer/collector to engage in formal payment agreements with tax title property owners. Under this statute, all payment agreements must include specific terms like a minimum initial payment of not less than 25% of the total balance, and a maximum repayment period not exceeding five years. Adoption of this into bylaw would support a more uniform approach to tax title and ensure consistency in the repayment process. The statute also permits the town to waive a percentage of the interest due on the tax title, with the maximum allowance being 50%. While the bylaw is not required to contain this provision, the town may consider this option as a means to offer debt relief in exchange for compliance with payment agreements.

Develop Succession Plan

We recommend the town take proactive, concrete steps to plan for personnel succession in key positions. Staffing municipal finance positions, particularly on the Cape, has been difficult. The spike in housing costs coupled with limited inventory across Cape Cod has only exacerbated a shortage of qualified local municipal officials. Without expanding the potential hiring pool, the current trend of shuffling employees from one community to the next intensifies this problem by creating recurring vacancies. As a result, communities are looking for ways to entice and keep personnel by offering higher salaries, remote working conditions, and additional benefits. Many are also engaging the services of a select few retirees and consultants as a temporary solution. Truro is no exception to this trend. The financial department experienced staff turnover and retirements in recent years. The town faces

additional changes in the accounting office as the two fulltime staff members approach retirement. The town currently benefits from the extensive knowledge of these individuals and without constructive planning, it faces real risks of service disruptions, wasting resources on stopgap measures, and damaging its potential for bringing on the best available replacement personnel.

An effective succession plan supports service continuity by implementing strategies and processes to lessen the transitional impacts on department operations and provides an opportunity for the town to reevaluate individual roles and overall office operations. We recommend officials develop this succession plan in congruence with our previous recommendation to review and formalize the finance department structure. Based on discussions with department heads, Truro should identify the positions that are operationally crucial and may be hardest to replace based on the required skills and knowledge. The select board should also assess the town's potential future needs and consider any appropriate structural changes based on strategic plans, goals, projects, and feedback from the town manager.

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