



Town of Walpole

Financial Management Review

September 2002

INTRODUCTION

At the request of the Walpole Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this financial management review of the town.

We have based our findings and recommendations on site visits by a technical assistance team consisting of staff from the Division's Bureau of Accounts (BOA), Bureau of Local Assessment (BLA), and Municipal Data Management & Technical Assistance Bureau (MDM/TAB). During these visits, the team interviewed members of the board of selectmen and finance committee, the town administrator, finance director, assistant tax collector/treasurer, accountant, assessors, network manager and other municipal office staff.

DLS staff examined such documents as the tax rate recapitulation sheet, town reports, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness and other assorted financial documents.

The purpose of this review is to assist town officials and boards as they evaluate the town's financial management. In reviewing the existing financial management, we have focused on: (1) the town government structure in the context of the duties and responsibilities of financial officers; (2) the degree of coordination and communication among relevant boards and officials, (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

The board of selectmen should consider the recommendations contained in this report in formulating overall strategies for improving the town's financial management. Many recommendations in this report can be implemented without a major change in the current structure of town government given sufficient cooperation among town boards and officials. However, some of our recommendations will require modest changes to the town's charter.

EXECUTIVE SUMMARY

Walpole is a community located about 18 miles southwest of Boston with a land area of 20.6 square miles. It is accessible by Interstate-95 and Routes 1, 1A and 27 and is a 40-minute commute from downtown Boston by commuter rail. Historically a mill town, Walpole has a nice balance of residential, commercial and industrial development. It also has a fair amount of open space, which gives Walpole a rural quality despite its ongoing development.

The location, rural charm, and the availability of developable land make Walpole an attractive place for residential development. Residential parcel totals have grown from about 6,020 in FY90 to 7,180 in FY02, or an increase of approximately 19 percent. Single-family homes represented the majority of this residential growth, increasing by 837 parcels. With this new construction, the town's population has also increased. According to the U. S. Census Bureau, Walpole's population has grown over the last two decades increasing from 18,859 in 1980 to 20,223 in 1990, and increasing again in 2000 to 22,824. Based on the Department of Education enrollment data, the number of school age children (pre-kindergarten – grade 12) also grew from 2,792 in FY90 to 3,654 in FY01, an increase of about 31 percent.

The town's desirability as a bedroom community along with its new residential construction has combined to increase overall property values. In total, Walpole's property values have increased from about \$1.61 billion in FY90 to over \$2.38 billion in FY02. Residential property values grew the most rapidly, increasing from about \$1.33 billion in FY90 to \$2.08 billion in FY02. The average single-family home value grew from \$221,562 in FY90 to \$290,813 in FY02. During this same period, the total tax revenue from residential properties increased from about \$13 million to \$28.5 million, more than doubling.

Although the vast majority of the recent growth in property values has been seen in residential properties, Walpole continues to maintain a stable mix of commercial and industrial properties. Dating back to the 1700's, Walpole has a rich history of mill and other industrial development along the Neponset River. Generally, these businesses have provided employment opportunities and increasing tax revenues. Tax dollars raised from commercial and industrial parcels have increased from about \$3.2 million (FY90) to \$5 million (FY02), or 57 percent.

The town's growth and development have increased the demand for municipal services. Maintaining more road miles, making public safety and other services available to a larger population, and providing for its increasing school population put pressure on the town's budget as it seeks to balance escalating operating budgets with substantial capital needs. The town has authorized a number of capital construction projects like a \$22 million high school project, \$16.7 million in elementary school projects, and water and sewer improvement and expansion projects. While Walpole's budget has grown from about \$29.87 million (FY90) to \$54.66 million (FY02) or about 83 percent, the town has not yet felt the full impact of these capital projects.

Annually, the budget is funded through a combination of estimated property taxes, state aid, local receipts and available reserves. Like many communities, Walpole is finding that it is becoming more difficult to meet the demand for services with the town's available resources. New growth from

construction provides the town with additional tax revenues to support services and it is the town's expectation that user fees will be increased to keep pace with services costs. However, leveled or reduced state aid and Walpole's historical use of non-recurring revenues for operating purposes makes balancing the budget a difficult task.

This was demonstrated during the FY02 budget process when the town determined its available revenues were not sufficient to fund proposed spending. In the spring of 2001, the finance committee recommended a budget that maintained the current level of services and provided funding for four paramedics, additional personnel to address accreditation and overcrowding issues in the schools, and some capital projects. Given the estimated revenues available, this budget would require an estimated \$3.7 million tax override. A ballot question was placed before the voters and rejected. The finance committee then amended the budget, making significant cuts. The new budget that was adopted before the beginning of the fiscal year displeased many residents. Because of public sentiment and the severe impact on town operations, the selectmen resubmitted the override ballot question to the voters in the fall. With an unprecedented 68 percent turnout at the polls, the override was narrowly approved and budgets were restored.

The difficult FY02 budget process and override campaign illustrated the conflicting forces often at work in growing Massachusetts towns. The desire on the part of some residents, often the parents of school age children, for improved services and facilities contrasted with the desire of other residents to maintain a stable tax burden. The impact of the override contributed to the average single-family tax bill increasing from \$3,309 in FY01 (80th highest in the state) to \$3,981 in FY02 (52nd highest). Having increased its tax revenues with an override, and with the full impact of the school debt exclusions yet to be felt, town officials are cautious about future spending increases and are looking at current operations for potential savings. They are cognizant that there are finite limits on the amount of property taxes citizens are willing to pay and that voters will expect town government to manage its resources carefully. There is little doubt that, going forward, citizens will demand that town officials manage taxpayers' money in an efficient and effective manner.

Significant turnover in many town offices within the last two years has also presented a challenge to achieving cohesive financial management. The town has a new town administrator, finance director, accountant, and assistant collector/treasurer. The town also has other new department heads such as the police chief, fire chief, computer network manager, town planner and school superintendent. While their predecessors were competent and will be missed, town officials see the turnover in these offices as an opportunity for the community to review town government on fiscal, operational and organizational levels. As such, the selectmen contacted the Division of Local Services to perform this management review with the hope that it would assist the community in managing as efficiently as possible in the challenging years ahead.

Beginning below is a summary of our financial management review, followed by a more detailed discussion of our observations and recommendations.

Overall Financial Management & Budgeting (page 6) – Overall, we found Walpole to be a well-managed community with dedicated and skilled personnel. Our recommendations center on fine tuning the town's organizational structure and implementing financial policies. Walpole's government

is organized under a home rule charter with a board of selectmen as the chief executive officers and a town administrator responsible for the day-to-day operations of town government. While we endorse this basic organizational structure, we found certain anomalies in Walpole's structure that merit review. For example, some staff report to part-time boards that have no accountability to the selectmen and/or the professional administrator. In other instances, part-time boards oversee significant policy matters that may influence the town's finances, development or services, but do not have a reporting relationship with the administrator. Some of these boards have departmental staff who are appointed and supervised by the administrator, resulting in a dual reporting structure.

These factors contribute to a decentralized organization that may be an impediment to the type of cohesive, coordinated financial management that the town needs to cope effectively with its growth and financial issues. In our review, we recommend that the town initiate a charter review to create clear reporting relationships and accountability between the administrator and most town departments. We also recommend that the town adopt a formal reserve policy to set aside revenues for future capital, one-time or unanticipated expenditures, and that Walpole formally accept enterprise fund legislation for the water and sewer operations. We also recommend that the town correct a long-standing issue regarding the timing of payroll.

Information Services (page 11) – Walpole has an information services department that serves both town and school departments. A new network manager was hired within the last year. During her brief tenure, she has made significant improvements in the town's network computer operations. As co-manager of the department, she is responsible for reviewing network systems and applications for adequacy and compatibility. Her duties include responding to problems and advising the town on future acquisitions, however, she is not responsible for the oversight of any current contracts for hardware and software systems. Therefore, in our recommendations, we suggest that the network manager oversee vendor and support contracts and be responsible for contacting vendors. We also recommend that the town establish a users committee chaired by the network manager to discuss issues and opportunities to improve users' skills and add functionality to the computer systems.

Tax Collector/Treasurer's Office (page 14) – Under the direction of the finance director, this office is responsible for most of the revenue collections, payroll and cash management of the town. In some respects, the absence of a finance director for six months has adversely impacted the operation of this office. For example, during our field visits we found that cash had not been reconciled with the accountant since June 30, 2001. We also found that the office does not maintain a formal cashbook, a summary of deposits, disbursements and cash balances in one document. Since reconciling the treasurer's cash balance with the accountant's general ledger cash is a critical component of sound financial controls, we recommend that the town commit to prompt cash reconciliations. We also recommend that the treasurer create a comprehensive cashbook and report insufficient funds timely. The newly hired finance director is committed to addressing these issues.

We also recommend that Walpole create a town collector's office by adopting MGL Chapter 41 §38A to allow the collector's office to receive non-tax payments. This recommendation will vest collection responsibilities with one office whose sole focus is collecting town receivables and eliminate some of the redundant record keeping currently done for certain miscellaneous receipts. We also found that

the collector's office prepares infrequent property tax refund reports, which has resulted in unexplained credit balances. We recommend that the office run frequent refund reports to identify and resolve credit balances and that the office make every effort to process refunds due before the end of the fiscal year.

Accountant's Office (page 18) – The accountant's office maintains the town's general ledger and performs numerous accounting functions. One of the tasks is the preparation of the warrant for the selectmen's approval, reviewing and approving all bills to make sure the expenditures are legal and within the available appropriation. While the accountant has ample time to scrutinize vendor bills submitted for payment, she does not have ample time to review the payroll warrants. Therefore, we recommend that the accountant be given the time to adequately review payroll before its release. Another activity of the accountant's office is the implementation of the Governmental Accounting Standards Board (GASB) Statement 34, a new accounting and reporting standard. Because this may be a complex task that will have a direct bearing on the town's financial statements, we recommend that the town discuss its plans with its private auditor who may provide useful advice in this endeavor.

Lastly, we reviewed the structure of the office. The accountant has an assistant who has a number of responsibilities per her job description, however, she is not legally authorized to serve in the accountant's absence. In eleven comparable communities, all but one have appointed an assistant accountant in accordance with MGL Chapter 41 §49A who is trained and authorized to act in the accountant's absence, including signing warrants. Hence, we have recommended that Walpole consider formally designating an assistant accountant.

Assessing Office (page 21) – We have made recommendations in the assessing office designed to assist in the maintenance of the town's property database. First, we recommend that the town appraiser inspect all sale properties. It is especially important for the appraiser to inspect sale properties because they represent the most current information available about the local real estate market and serve as the basis for adjusting property values. We also recommend that the assessing office annually monitor and analyze changes in the local market and make necessary interim year adjustments to assessed values. This represents a best practice in the assessment area and ensures equity between and among properties as well as reducing potential abatement exposure. The town appraiser's work in this regard may reduce the town's reliance on recertification contractors. In addition, we recommend that the assessing clerks rather than the contractor be responsible for any data entry necessary from building permit and cyclical inspections.

SUMMARY OF REPORT FINDINGS AND RECOMMENDATIONS

1. Overall Financial Management & Budgeting (page 6) – Review the town organization
2. Overall Financial Management & Budgeting (page 8) – Establish financial reserves
3. Overall Financial Management & Budgeting (page 9) – Adopt enterprise funds for water and sewer operations
4. Overall Financial Management & Budgeting (page 10) – Correct the timing of the payroll
5. Information Systems (page 11) – Make network manager responsible for contract oversight
6. Information Systems (page 12) – Establish a users committee
7. Tax Collector/Treasurer's Office (page 15) – Create and maintain a comprehensive cashbook
8. Tax Collector/Treasurer's Office (page 15) – Reconcile cash promptly
9. Tax Collector/Treasurer's Office (page 16) – Report insufficient funds timely
10. Tax Collector/Treasurer's Office (page 16) – Expand the collector's office authority
11. Tax Collector/Treasurer's Office (page 16) – Prepare refund reports frequently
12. Tax Collector/Treasurer's Office (page 17) – Streamline miscellaneous departmental receipt responsibilities
13. Accountant's Office (page 18) – Review & approve payroll warrant
14. Accountant's Office (page 19) – Implement the GASB 34 Statement
15. Accountant's Office (page 19) – Appoint an assistant accountant
16. Assessing Office (page 21) – Inspect sale properties to gain insight to local market
17. Assessing Office (page 22) – Maintain current values
18. Assessing Office (page 23) – Data-enter property changes in-house

OVERALL FINANCIAL MANAGEMENT & BUDGETING

Walpole's government is organized under a home rule charter adopted in 1973 and amended over the years through special acts of the legislature and votes of town meeting. Some of the changes include the elimination of elected positions, creation of a finance director position and department, the establishment of a professional assessing position, and changes to the budget process. The charter calls for a five-member board of selectmen to serve as the executive branch and a representative town meeting as the legislative branch.

The charter also provides for the appointment of a town administrator, fitted by education, executive qualifications and experience, to serve as the chief administrative officer and to manage the daily operations of the town. The administrator oversees the personnel system and records; negotiates contracts; manages the town's insurance programs; appoints many department heads and supervises departments under the selectmen's control; and keeps the selectmen fully informed of all administrative and fiscal matters. A full-time assistant administrator also plays a meaningful role in the administration of the town's affairs.

The town administrator has an extensive role in the budget process. In the fall, the administrator, in concert with the town's financial team¹, prepares preliminary revenue estimates for the ensuing year and a multi-year forecast of revenues and expenditures. Based on the revenue estimates, the administrator sends the departments budget request forms, a cover memo with instructions, and a calendar of events and deadlines, and the departments directly enter budget requests into the Munis financial system. The administrator reviews all requests and meets with departments. He prepares a balanced budget and fiscal message, outlining policies, important features and any variations from the current year, which is presented at a joint meeting of the selectmen and finance committee. Then, the 15-member finance committee reviews and conducts hearings on the budget. The administrator and/or the finance director assist the committee, providing updated revenue information and analysis upon request. At the end of the process, the finance committee presents a written report of their recommendations on the budget and all warrant articles to town meeting.

FINDING 1: REVIEW THE TOWN ORGANIZATION

As a community grows, the methods by which government operates may change. In 1988, Walpole determined that it was more prudent to form a finance department, combining the accountant, treasurer and collector offices into one department under the management of a professional director and eliminating the elected treasurer and collector positions. Similarly, as a community grows and becomes more complex, part-time, volunteer committees tend to be disbanded, transferring the responsibilities to full-time, operating departments of the town. However, despite the many changes the town has made to streamline operations and adapt to growth, Walpole's government is still somewhat fragmented and decentralized (Appendix A).

¹ The financial team includes the administrator, assistant administrator, finance director, accountant, appraiser, school superintendent and assistant school superintendent.

Walpole has a board of selectmen, which as the primary policymaking board, is ultimately responsible for the town's financial well being. The town also has a professional administrator who is appointed by the selectmen and responsible for the general operations. By charter, the selectmen appoint a number of committees/boards and department heads to serve in an advisory role or to oversee specific operations within Walpole. Despite the administrator's daily operational and management responsibilities, these committees (i.e., zoning board of appeals, industrial development commission, and permanent buildings committee) report to the selectmen. In other examples, some department heads must work within a dual reporting structure. These department heads (i.e., board of health, conservation and recreation) are appointed and supervised by the town administrator, but the substantive nature of their jobs (i.e., policy issues and planning) fall under the purview of the part-time boards which are not accountable to the administrator. Similarly, the administrator supervises the selectmen's appointed department heads (i.e., police, fire, town clerk and animal control), yet their annual performance evaluations, a typical managerial activity, are prepared by the selectmen.

Also, some department heads and staff are appointed and supervised by independent committees with no reporting relationship with the administrator or selectmen. This includes the town appraiser who is responsible for administering the tax levy, the largest single revenue source, and the town planner who is responsible for growth, development, and zoning matters and is currently revising the town's master plan. As department heads, they have an impact on the town operations and development but they report to part-time boards. Similarly, we found other staff positions (i.e., the selectmen's administrative assistant and the planning board secretary), whose department heads are the part time boards, had no on-site manager to oversee work schedules and performance.

Increasingly, communities are changing their organizational structure so that all department heads, staff and boards operate under the management of one full-time administrative position. By centralizing the community's reporting structure, it allows the town to funnel its business through the manager who is responsible for coordinating services and financial operations. This improved coordination eliminates duplication of effort or boards working at cross-purposes and provides a more effective management model. A recent example of this is the town of Bourne. It changed its operation from full-time selectmen running the town to a part-time board with a strong administrator with appointment and supervisory control of all departments and boards except the schools.

In comparable communities based on population and equalized valuations (Appendix B), we found all have a professional administrator or town manager overseeing the day-to-day operations of the community. In some communities, the administrator/manager is the appointing authority as well as the supervisor while in others the administrator does not have appointment powers but supervises all selectmen appointments. In general, the majority had centralized organizations, where all departments and boards report to the administrator. With this model, the administrator is able to coordinate the community's business and services, centralizing the reporting structure and achieving a more effective management model.

RECOMMENDATION 1: REVIEW THE TOWN ORGANIZATION

We recommend that Walpole review its current organizational structure. The current structure is decentralized and many departments and boards are reporting to the selectmen, the part-time, chief

executive officers of the town or other elected boards. The administrator's position is responsible for the town's overall operations and the preparation of the budget and would be best suited to handle all management activities. Given the growing complexity and limited resources of the town, a more cohesive structure would enable the administrator to coordinate financial management and operations better. To achieve this management structure, Walpole will need to consider charter changes to establish clear lines of authority and accountability through the administrator's position.

A charter review will also provide the community an opportunity to study all the committees, boards and offices of the town. A charter review enables the town to determine if those entities are practical or if other operations are more suited to perform the work, streamlining the government and eliminating possible duplication of activities. Lastly, the study will enable the community to consider consolidation of departments, placing similar operational responsibilities under one director who would be accountable to the town administrator.

FINDING 2: ESTABLISH FINANCIAL RESERVES

Walpole has a capital budget committee (CBC) that reviews all proposed capital expenditures that exceed \$5,000 and have a useful life of at least 5 years. Departmental requests are submitted annually in July for the committee's review and prioritization. The CBC publishes a multi-year capital plan and presents the annual capital budget to town meeting in the spring.

In the plan and budget, the funding source for the current year's items is indicated. Funding sources for future items are not provided. Over the next four years, items proposed with estimated costs total about \$27.5 million. Generally, larger projects, such as school construction, water treatment plant and sewer expansion, have been funded by debt authorizations while other items have been funded with general revenues, such as tax levy, utility user fees and free cash. As proposed projects come up for funding, the town analyzes its ability given the debt service budget and available funds. According to town officials, they would prefer to have an annual capital budget that increases annually to ensure that capital needs are not deferred. However, given concerns about the future of state aid and the economy, officials are concerned about the availability of revenues to systematically fund Walpole's capital needs.

To help fund future capital expenditures, Walpole has some reserves. Historically, the town has used both free cash and Stabilization Funds to support recurring operating costs. Generally, free cash was used to fund the budget, sometimes upwards of \$800,000, and any remaining funds were transferred to the Stabilization Fund only to be used the following fall for wage settlements. Given Walpole's budget problems in FY02 and because these revenue sources are nonrecurring, officials are determined to limit the use of reserves to fund ongoing operations in the future.

The town has a goal to increase the Stabilization Fund balance to at least \$1 million to be used for one-time, nonrecurring expenditures. The town also has a goal of maintaining free cash balances at more than three percent of the budget. In FY02, the town had about \$1.4 million in free cash and \$319,198 in Stabilization Funds. Additional contributions have been made into the Stabilization Fund so it now stands at \$731,692 (6/30/02 per town administrator). Out of a comparison group of Walpole

and eleven other communities in FY02, only two towns have less combined funds in reserves and five have in excess of \$5 million in combined reserves (see Appendix C).

RECOMMENDATION 2: ESTABLISH FINANCIAL RESERVES

We recommend that the town establish a financial reserve policy. While it has been identified as a goal of the community, a formal reserve policy will allow the town to establish a practice of appropriating money to legal reserves for future needs. Appropriations to the reserves should be made annually as a part of the budget process. These reserves should be used to fund unanticipated costs and to make up any shortfalls in the town's projected revenue estimates. Reserves should not be used to regularly fund operating expenses unless provisions are made to replenish the reserves. Reserves are designed to allow a community the flexibility to review and correct its problems over the long run and to plan for its future.

FINDING 3: ADOPT ENTERPRISE FUNDS FOR WATER AND SEWER OPERATIONS

Walpole's water and sewer operations are accounted for as special revenue funds. The annual appropriations for these services cover direct, indirect, capital and debt service costs. These operations are funded through user fees. Any surplus (or deficit) that is attributable to these operations close to the water fund and sewer fund, respectively. According to town officials, it is the expectation that each operation is self-supporting through its user fees and therefore, the town does an analysis of the costs annually to determine if the revenues are sufficient to cover total costs.

These town services were established through special legislation (Chapter 277 of the Acts of 1893 as amended and Chapter 120 of the Acts of 1930). Each authorizing act provided the town the authority to raise revenues and/or issue debt to fully or partially cover the costs of construction and operating each service. Nowhere in either of these acts is the town given the authority to establish a special revenue fund separate from the general fund that generates a surplus. To legally separate and account for these utility services outside the general fund properly, the town may seek special legislation or adopt a local option statute.

RECOMMENDATION 3: ADOPT ENTERPRISE FUNDS FOR WATER AND SEWER OPERATIONS

Given the current structure of the town's special revenue funds and the expectation that each service be self-supporting, we recommend that the town adopt enterprise funds for its water and sewer operations by accepting MGL Chapter 44 §53F½. An enterprise fund legally establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. This enables a community to fully identify the total cost of providing a service in a consolidated fund and may assist the community in determining if a service is self-supporting or is subsidized by the general fund. In addition, any interest earned on the operating revenues and surpluses generated at yearend would be retained in the enterprise fund. Once a surplus is certified as available (similar to free cash), it may be used to fund operating, capital or debt service costs associated with the water or sewer operations.

With the adoption of an enterprise fund, the community will be required to identify and value all the fixed assets (capital items and infrastructure) of the service. This will provide two important benefits

to the community. It will provide the age and condition of the service's assets, which may be used to develop a replacement schedule for capital improvements. It will also require that the accountant transfer these assets from the general fund to the enterprise fund, which will help the community in complying with the Governmental Accounting Standards Board (GASB) Statement 34 (see accounting Office section).

Establishing an enterprise does not create a separate or autonomous entity from the municipal government operation. The municipal department operating the enterprise service continues to fulfill financial and managerial reporting requirements like every other department and the enterprise budget is still subject to the appropriation process.

FINDING 4: CORRECT THE TIMING OF THE PAYROLL

Departments submit their timesheets to the payroll clerk on Friday for the subsequent week. She inputs the payroll information into the Munis system and the payroll warrant and the checks are generated on either Monday or Tuesday. While the checks are held in the treasurer's safe, the warrant along with a payroll report is forwarded to the accountant who has little time to review it before it is signed by the selectmen on Tuesday.

Town employees, with the exception of public works, library and part-time personnel, receive their paychecks on Thursday for the week ending Friday, the following day. MGL Chapter 41 §56 provides that employees must actually perform services before payment can be made.

This long-standing practice also creates administrative complications in town hall. Because some employees' time sheets are submitted before the actual workweek is complete, it is at best an estimate of hours worked. If an employee takes unanticipated time off, it requires extra work for the personnel office to make the corrections. Furthermore, the town has a personnel module in the Munis financial system which allows them to track the available balances (i.e., vacation, sick and personal time) of all employees. However, because of the payroll timing difference, this module cannot be linked to the payroll system, ensuring that time is available when it is taken. Instead, the personnel office must create and distribute a separate monthly report with the available leave balances.

Town officials are aware that the current practice is in conflict with state statute and it has been brought to the attention of the town's labor unions. It is the community's hope that this matter will be resolved in the near future.

RECOMMENDATION 4: CORRECT THE TIMING OF THE PAYROLL

We recommend that the town make every effort to correct this practice. According to MGL Chapter 41 §56, services must actually be rendered to or for the town before payment can be made to employees. While we understand that this is a collective bargaining issue, payment in advance of services is a violation of state statute.

INFORMATION SYSTEMS

Walpole's information systems (IS) department services both town and school departments. It is responsible for the operations of the various computer systems, including servers, operating systems, and software applications. IS' responsibilities include training, user support, security and virus protection, backups, hardware and maintenance. IS also manages the town's website, Internet access, and electronic mail system. The department is co-managed by a school IS manager and a network manager. The school IS manager works predominantly on school-related issues while the network manager works on town-related matters and oversees the entire network. The IS department also recently hired a support technician, who provides user support and installs hardware and software applications for both town and school operations.

In Walpole, the financial offices use the Munis financial system and have access to Microsoft Office applications and Lotus 123. The Munis system modules used include the general ledger; accounts payable; purchase order system; payroll; personnel system; and tax, excise and utility billing and collections. The town also has the treasurer's receipts module that the finance director plans to activate. All departments are connected to the Munis system so they may data enter their annual budget requests (in November), data enter a purchase order request, and view their departmental budget year-to-date activity at anytime. The school department also has the ability to data enter its accounts payables directly throughout the year.

While the assessing office has access to the Munis system, it has its own software applications that reside on a separate server located in the assessing office. The assessing office uses a computer assisted mass appraisal (CAMA) system to value and manage real estate property accounts. The assessing office uses another software application to value and manage its personal property accounts.

FINDING 5: MAKE NETWORK MANAGER RESPONSIBLE FOR CONTRACT OVERSIGHT

The network manager has worked for the town for about a year. Upon taking the job, she immediately began reviewing the status of the town's technology, network systems and Internet website. From this review, she developed a town Internet website plan and a network project plan. At the request of the town administrator, the website plan—to develop and maintain a website that provides timely information and access to desired municipal and school services—was made a priority of the IS office. After a significant amount of time and effort, the new website was activated in July.

Now, the network manager is focusing more of her efforts on improving and/or upgrading the network and reviewing current applications for adequacy and compatibility. Overall, the network manager has made significant improvements to the overall operation of the computer system network and the technical assistance to the town offices. She has established log-on protocol, security, back-up and virus protection policies. She has surveyed users on their uses of technology and training needs. She is working with departments that have developed their own computer systems to provide support and to link them into the network. The staff is also busy inventorying the network (i.e., personal computers, wiring and accessories) for fixed asset reporting purposes, upgrading the system, and future planning purposes. And lastly, the network administrator has identified the need to purchase

and install file servers so departments may be able to share information and databases and enable users to back up sensitive documents residing on hard drives to the server. This project is progressing, but it is far from complete.

The network manager and support technician respond to problems and issues as they are brought to the IS department's attention. However, not all technology and computer problems are routed through the IS department because there is no centralized reporting requirement. Centralizing this function generally enables the community to track issues and response time and determine whether problems can be resolved in-house. It can also help the network manager identify training needs, administer vendor contacts, and better manage the budgetary resources of the department. Because the network manager is administering the system and developing a new network, she should be familiar with the vendor and support services contract terms, however, it is the school IS manager who is currently responsible for these contracts.

RECOMMENDATION 5: MAKE NETWORK MANAGER RESPONSIBLE FOR CONTRACT OVERSIGHT

We recommend that the network manager oversee the vendor and support contracts for the IS department and be the "first point of contact" for dealing with all vendors. The network manager should have copies of all contracts and know the terms and limitations of the contracts in order to handle issues as they arise. As problems arise, users should notify the network manager who will keep a central log for reference, tracking and follow-up purposes. The network manager will assess the issue to determine if it may be resolved internally before seeking the services of a vendor.

FINDING 6: ESTABLISH A USERS COMMITTEE

The network manager has surveyed users to determine what if any training needs exist and has worked with specific departments to develop or modify programs to improve operations. Once the network file servers are operational, the way information can be shared among departments will change, allowing departments to share data and create new data bases without having to data enter information repeatedly. For example, the building permit information cataloged by the building department is re-entered into the assessors' CAMA program to be included in parcel history. With assistance of the IS department, the assessing department may be able to have the information electronically transferred. Similarly, a user may identify an application or procedure that is deficient or does not produce the desired outcome, requiring additional or duplication of work in another software application. For example, officials are unable to prepare budget reports that break out certain expenditure areas or revenue reports by department because of the unique chart of accounts coding used in the town's general ledger.

Some users may quickly identify new possibilities and the need for change while others may need assistance in exploring the uses of technology. To help in this endeavor, the community should establish a users group that meets periodically to discuss issues--what can currently be done and what users want to be able to accomplish. Through open communication among departments, new opportunities or training may be identified that may assist the network manager in meeting users' needs.

RECOMMENDATION 6: ESTABLISH A USERS' COMMITTEE

We recommend that the town establish an in-house users group chaired by the network manager.

The group should be made up of user representatives of the departments. Meeting periodically, this group will be able to discuss technology issues, share knowledge and explore/plan new initiatives.

TAX COLLECTOR/TREASURER'S OFFICE

The town has a combined tax collector and treasurer's office. The collector/treasurer, who also serves as finance director, was recently appointed in May 2002. The former collector/treasurer resigned in December 2001 but continued to assist the town part-time until the position was filled. A full-time assistant collector/treasurer had worked in the office as the assistant collector for one year before the position was combined with the assistant treasurer's position in December 2001. A payroll assistant, two staff assistants and two customer service representatives also staff this office.

On the treasurer's side, the office is responsible for the payroll and cash management, including the investment, disbursement and borrowing of cash. A treasurer's receipts report is produced monthly. The treasurer's staff prepares the deposits that are picked up and deposited at the bank daily by means of an armored car service.

On the collection side, the office is responsible for collecting approximately 8,980 property tax bills quarterly and 24,000 motor vehicle excise bills annually. This office also collects about 7,260 residential water and 4,730 residential sewer bills quarterly. An additional 90 combined water and sewer bills from non-residential customers are collected monthly. The collector uses an outside vendor to stuff and mail most of the bills for the town, however office staff handle smaller mailings in-house when it is not cost effective to send them out.

The collector/treasurer's office uses the Munis system for billing and collecting activities, processing payroll and processing municipal lien certificates. The staff also uses spreadsheets for collecting and/or maintaining miscellaneous departmental receipts. The treasurer uses spreadsheets for monthly revenue and expenditure tracking reports and for recording bank account balances.

The town receives payments by lock box service, at the counter and via the Internet. According to town officials, approximately 80 percent of all real estate, motor vehicle excise and water/sewer bills collected are sent directly to the lock box service. The lock box service sends the collector a computer tape of collection information that is reviewed and posted. The payments for the remaining bills are collected either over-the-counter or electronically. The town has approximately 100 accounts enrolled in an on-time payment system with the town via the Internet. On the payment due date, the funds are electronically withdrawn from the taxpayer's bank account and transferred into the town's account. The treasurer's staff keeps the on-time payment information on a spreadsheet.

The town uses the services of a deputy collector for personal property and motor vehicle excise tax. The town gives him a warrant and he completes online license and registration markings for non-renewal status with the Registry of Motor Vehicles. He prepares weekly turnover reports and deposits all receipts into a town account.

The town's real and personal property tax collection rate in the year of commitment is about 99 percent. For delinquent real estate taxes, the collector uses a series of remedies. Once a real estate bill becomes past due, a demand notice is sent to the taxpayer. If the demand notice does not result in payment, the office sends out two letters, one general mail and the other certified mail. If the certified letter does not result in payment then the collector initiates tax taking procedures within two

weeks. Presently, the town is using an outside attorney to pursue foreclosure (including land of low value) remedies on approximately 40 parcels.

FINDING 7: CREATE AND MAINTAIN A COMPREHENSIVE CASHBOOK

The cashbook is the source of original entry for recording receipts and deposits, disbursements summarized by warrant and the total cash position of the town. A cashbook provides control which enables the treasurer to reconcile with bank statements, cash on hand, and the general ledger balance on a monthly basis. Since many of the accounting records flow from this source document, the cashbook is legally considered a permanent record.

Currently, the treasurer maintains separate spreadsheets for reporting revenue and expenditures. Monthly bank reconciliations are prepared on spreadsheets for each bank account and the current ending bank balances are listed and totaled on another spreadsheet. While these documents provide necessary backup documentation for a cashbook, they do not constitute a cashbook as required by state statute. In order to determine the town's cash position at any point in time, the treasurer has to prepare a tape on an adding machine using these documents.

RECOMMENDATION 7: CREATE AND MAINTAIN A COMPREHENSIVE CASHBOOK

We recommend that the treasurer create and maintain a comprehensive cashbook. Under state statute, the treasurer is required to maintain a cashbook that records deposits by account and date and disbursements summarized by warrant. At the end of each month, the treasurer should internally reconcile the cashbook balance against the bank statements, and externally reconcile the cashbook balance against the accountant's general ledger. With a comprehensive cashbook, the town will be able to identify its cash position easily at any time.

FINDING 8: RECONCILE CASH PROMPTLY

During our review, we found that the treasurer's office had not reconciled cash with the accountant since June 2001. Town officials attributed this to the six month vacancy in the finance director's position and that the assistant collector/treasurer has not been trained to reconcile bank and cash statements in the finance director's absence. The new finance director is actively pursuing reconciling cash to date.

RECOMMENDATION 8: RECONCILE CASH PROMPTLY

We recommend that the finance director and accountant conduct prompt, monthly cash reconciliations. After the monthly closing, the treasurer should internally reconcile the cashbook with all bank statements and externally reconcile the cashbook with the accountant's general ledger. Prompt and frequent reconciliation is essential in order to maintain control over cash.

We also recommend that the assistant collector/treasurer be trained to complete bank and cash reconciliations. An assistant collector/treasurer should be fully trained to assume the role and responsibilities of the finance director in his absence, thus preventing unnecessary interruptions or delays.

FINDING 9: REPORT INSUFFICIENT FUNDS TIMELY

Currently when the collector/treasurer's office receives notice of insufficient funds (NSF) from a bank, they will attempt to deposit the check a second time. If that attempt fails then a letter is sent to the taxpayer notifying them that the payment did not clear and that an additional \$25 insufficient funds fee has been added to the amount due. The amount is then reduced from the treasurer's cash but may not be reversed from the accountant's records or the applicable department's records timely. Although it is the treasurer's policy to reverse the departmental receipt/receivable within two weeks, this has not been occurring. This current practice creates non-reconciling items and could result in unanticipated problems.

RECOMMENDATION 9: REPORT INSUFFICIENT FUNDS TIMELY

We recommend that the treasurer report insufficient funds notices for payments to the accountant and the applicable department within two weeks of a bank notice, as is their policy. When the treasurer receives a NSF notice, he should use all remedies to collect payment. Upon failure to receive payment, the treasurer should reverse the payment and/or receivable and notify the accountant and/or the affected department of the reversal. This will ensure the accountant reduces departmental receipts or tax revenue and reinstates any associated receivable in the general ledger.

FINDING 10: EXPAND THE COLLECTOR'S OFFICE AUTHORITY

The town has a collector of taxes. As such, the tax collector is authorized to collect taxes and certain other charges (e.g., excise and betterments) committed for collection. The collector of taxes is not authorized to collect all accounts (e.g., water and sewer) due a community. To collect these receipts, a community may extend the collector's authority by adopting MGL Chapter 41 §38A.

RECOMMENDATION 10: EXPAND THE COLLECTOR'S OFFICE AUTHORITY

We recommend that the town accept MGL Chapter 41 §38A. Acceptance of this statute will change the office to a town collector and authorize the office to collect all accounts due a town.

FINDING 11: PREPARE REFUND REPORTS FREQUENTLY

According to the June 30, 2001 balance sheet, the town has over \$54,500 in net tax receivable credit balances. This is due to a combination of tax prepayments of \$20,700, known refunds due and possible overpayments. Because the tax bills are mailed before the end of June, some owners may pay the bill before June 30, resulting in tax prepayments. The known refunds due are generally the result of abatements granted by the assessors and they are supposed to be processed on the last warrant for the fiscal year, but in this case were not. As for the remaining credit balances, the exact reason is not known because the staff has not had the time to research them.

To identify credit balances and/or possible refunds, the collector's office runs a refund report. According to town officials, excise refund reports are produced monthly, however real estate and personal property refund reports are generated only twice a year. Because so many payments are processed through the lockbox and posted electronically, any overpayment or erroneous posting to an account may not be detected unless a refund inquiry was done.

RECOMMENDATION 11: PREPARE REFUND REPORTS FREQUENTLY

We recommend that the collector's office prepare refund reports at least monthly. A refund report for each receivable type should be generated at least monthly or more frequently such as after each significant lockbox posting for the property tax. This will help quickly identify credit balances that may be promptly researched as to the cause rather than letting them linger. Refunds that are the result of voluntary overpayments and motor vehicle excise abatements may be processed after the final payment is due but most assuredly before the close of the fiscal year. Property tax refunds as a result of abatements should be processed timely. This is because the taxpayer is entitled to receive a refund of the excess amount, with interest at eight percent from the time of the payment or the final tax due date for the fiscal year, whichever is later. Running refund reports frequently will help the collector's office identify credit balances timely, enabling the staff to investigate any erroneous postings and quickly resolve issues.

FINDING 12: STREAMLINE MISCELLANEOUS DEPARTMENTAL RECEIPT RESPONSIBILITIES

The police and fire departments send out the bills for parking tickets, police detail, false alarms and ambulance service. A record of these bills is kept in the respective department and forwarded to the collector's office. A report of the parking tickets and ambulance service bills is also reported to third-party vendors that assist the town in collection proceedings.

For these receipts, the collector's office maintains duplicate records off the Munis system on a series of spreadsheets. For ambulance service, the collector's office simply posts collections turned over by the vendor. However, for the parking tickets, police detail and false alarms, the collector's office accepts payments, turns over the receipts to the treasurer and reports the collections back to the department and/or third-party vendor. If a party fails to pay, the collector's office will send a notice. If payment is still not received, the parking tickets are handled by the vendor and the false alarm bills go back to the police department for collection action. The police department is notified about any outstanding detail bills and the treasurer pursues them in small claims court. It should be the responsibility of the collector, serving as the town collector to collect and turn over payments to the treasurer and to keep the detail records.

RECOMMENDATION 12: STREAMLINE MISCELLANEOUS DEPARTMENTAL RECEIPT RESPONSIBILITIES

We recommend that the town collector be responsible for billing and collecting the miscellaneous receipts of the police and fire departments. All amounts owed for parking tickets, police detail, false alarms and ambulance service should be committed to the collector who would then be responsible for billing and collecting those amounts. The collector's staff is bonded and the office is established to receive volume collections. These receipts will also be deposited into the bank more quickly, as the collector's office makes daily deposits. Additionally, it should be the collector's responsibility, not the department's to resolve any past due amounts. To assist in the collection of departmental receipts, the town collector may choose to use a third-party vendor, which they currently are doing with parking tickets and ambulance bills. Otherwise, the bill may be turned over to the treasurer for small claims court action.

ACCOUNTANT'S OFFICE

An accountant, assistant to the accountant and part-time clerk staff the accountant's office. The accountant has been employed in the town for a year and a half. The office is responsible for maintaining the town's general ledger and performing accounting functions, including preparing warrants, producing trial balances and reconciling cash and receivables with the collector/treasurer. Historically, the accountant's office prepared monthly expenditure reports for the department heads and town administrator, however, with the online access for all departments to view their accounts printing the reports are a thing of the past. The accountant does still produce printed expenditure reports for the finance committee monthly or upon request during the budget process. The accountant also prepares monthly revenue analyses for the finance director who briefs the selectmen and finance committee on the information quarterly. The town's balance sheet, Schedule A and tax recapitulation sheet are filed timely with DOR.

Under the direction of the former finance director, the accounting office was responsible for entering the detailed receipts from departmental turnover reports, except the collector's receipts, into the Munis system using general journal entries. This required the staff to maintain Excel spreadsheets off-system to track and verify their work and to assist in the monthly reconciliations with the collector/treasurer. The new finance director has reviewed this process and informs us he will be activating the treasurer's receipts module on the Munis system so his staff will be entering the departmental receipts detail in the near future.

FINDING 13: REVIEW & APPROVE PAYROLL WARRANT

According to MGL Chapter 41 §56, the accountant must review all bills and payroll to ensure that the purpose of spending is legal and accurate, and that the appropriation is sufficient to cover the proposed payment amount. Having satisfied these requirements, the accountant draws the warrant for the selectmen's approval and subsequent payment by the treasurer. In Walpole, this process is followed for vendor and accounts payable amounts, enabling the accountant to review and approve payments before being placed on the warrant. The accountant does not, however, have sufficient time to review payroll warrants.

As described in the overall financial management and budgeting section, payroll is submitted to the payroll clerk for processing (i.e., withholding and deduction amounts). Consequently, the warrant and the checks are produced on Monday or Tuesday for the selectmen's approval on Tuesday. Once the warrant is produced, it and a detailed payroll report are submitted to the accountant. Consequently, the accountant conducts a brief review of the documentation before the selectmen's meeting. If the accountant raises any questions, the payroll clerk voids the payment and manually produces a replacement/corrected payment. If the payroll warrant process provided ample time for the accountant to review the information and charges submitted, questionable amounts would be quickly addressed before the warrant and checks are produced, thereby eliminating the additional work.

RECOMMENDATION 13: REVIEW & APPROVE PAYROLL WARRANT

We recommend that the town review its current payroll process to ensure that the accounting office has ample time to review any payroll submission before the production of the warrant. The accountant's review process is a safeguard for the community, preventing the payment of illegal or inaccurate amounts. Producing the payroll warrant and checks before the accountant has ample time to review the charges defeats the purpose.

One way to provide the accountant more time is to allow departments to enter payroll data directly into the Munis system, thereby reducing the payroll clerk's processing time. Signed timesheets would also be submitted so the payroll clerk could verify each department's submission. Once the data is verified, the payroll clerk should prepare a payroll report for the accountant's review. After the accountant reviews and approves the charges, the payroll clerk would process the withholding and deduction amounts, producing the warrant and checks in the final step prior.

FINDING 14: IMPLEMENT THE GASB 34 STATEMENT

Governmental Accounting Standards Board (GASB) Statement 34 is a new accounting and reporting standard that requires all governments to maintain a capital asset and infrastructure inventory which is reported on the entity's financial statements. The implementation of GASB Statement 34 will require the accounting office to perform additional work beyond the normal activities of the office in order to comply. There will be start-up and ongoing costs associated with planning, inventorying, valuing and maintaining the town's fixed assets and infrastructure. There will also be new financial and auditing reporting requirements.

Due to the amount of annual revenues, Walpole is a "tier-two" community and will have through FY03 to complete this project. The town has appropriated \$50,000 for any consulting or other costs (i.e., inventorying, valuing and data-entry of information) associated with this project. To date, the town has held informational sessions for all departments, has designed data collection forms, and plans to begin the data collection process in September. The town will be developing a database to maintain its fixed assets and infrastructure and may purchase a fixed assets software application for the Munis system. While the town planned to do this project independently, the new finance director may be contacting the town's private auditor on the status of this project. The finance director is aware of the U. S. General Accounting Office standard which restricts the use of auditors for significant non-auditing work².

RECOMMENDATION 14: IMPLEMENT THE GASB 34 STATEMENT

We recommend that the town discuss its GASB Statement 34 implementation plans with its private auditor. The implementation of GASB 34 may be a potentially difficult and complex task for

² The Government Auditing Standards, Amendment 3 states two main principals: 1) auditors should not perform management functions or make management decisions and 2) auditors should not audit their own work or provide nonaudit services in situations where the amounts or services are significant/material to the subject matter of the audit.

Massachusetts' cities and towns. While the finance director may not contract with the private auditor for consulting services, it may prove to be useful to discuss the experience of tier-one communities and the format and content of the final information with the auditor.

FINDING 15: APPOINT AN ASSISTANT ACCOUNTANT

The assistant to the accountant's responsibilities include supervising the accounts payable clerk; making general ledger and journal entries; and reconciling receipts, receivables, transactions and trial balances with assistant collector/treasurer monthly. She completes and prints the warrant; enters departmental receipts; prepares statistical and analytical reports; and performs reconciliations of the school department accounts. She keeps all contracts on file and maintains all vendor, 1099, construction, grant and police detail files. She prepares yearend reports for the auditors. In addition, according to her job description, the position serves in an acting capacity in the absence of the accountant.

In many respects, this assistant to the accountant position is comparable to the assistant collector/treasurer position. However, despite the listed duties and perceived role, this position is administrative or clerical and is not authorized to sign warrants in the accountant's absence, an important responsibility of the office. Presently in the accountant's absence, the warrant goes unsigned until she is able to return to the office. To have a professional assistant town accountant that performs the duties of the current position and is legally authorized to sign the warrant, the accountant must appoint an assistant with the approval of the selectmen (MGL Chapter 41 §49A). In comparable communities, all but one have a professional assistant accountant position that is fully trained to assume the responsibilities, including signing the warrant, of the accountant for a brief or extended period or in the event the accountant were to leave.

RECOMMENDATION 15: APPOINT AN ASSISTANT ACCOUNTANT

We recommend that the town upgrade the current position to an assistant accountant in accordance with MGL Chapter 41 §49A. As assistant accountant, she would continue her current responsibilities as described in her job description and would have legally the authorization to act in the accountant's absence, including signing the warrant.

ASSESSING OFFICE

A town appraiser and three full-time clerks staff the town assessing office. Hired in FY95, the appraiser performs some fieldwork, measuring and listing improved properties; oversees the town's appraisal contractors; maintains the town's assessment records; determines residential property values; and compiles property tax commitments. The clerks maintain all records, process deed transfers, handle exemption and abatement applications, data-enter property and legal information on the CAMA system, handle the motor vehicle excise accounts and respond to public inquiries.

The assessing office is responsible for maintaining assessment data on approximately 8,500 real property parcels, 710 personal property accounts, 24,000 motor vehicle excise accounts and 400 betterment accounts. In addition, the office processes approximately 30 abatements (200 in recertification year), 350 exemptions, 800 building permits, 660 deed changes and four tax deferrals annually. The staff operate under the general supervision of an elected, part-time, three-member board of assessors.

The town hires appraisal consultants to perform fieldwork and triennial recertification work. Annually, the town budgets about \$28,000 for consulting services to measure and list new properties, collect and value new personal property accounts, and inspect additional properties for the town's cyclical reinspection program. Additionally, the town generally appropriates \$50,000 for recertification work triennially. The majority of the work performed in a recertification year is updating, analyzing and valuing the town's commercial and industrial properties and personal property accounts.

The town uses a CAMA system to manage its property database. There are four personal computers connected to the CAMA server for staff use and one stand-alone computer located on the office counter with property data information for public viewing. The personal computers have Microsoft software products installed and these computers are connected to the Munis system for transferring property tax commitment, exemption and motor vehicle abatement information. Property tax abatements are manually reported to the collector's office monthly.

The town also has its property database displayed on the Internet via the town's website. The website provides a photograph and the dimensions of the property; ownership, sale and construction information; some parcel data; and the resulting assessment. After viewing the contents of this website, anyone may e-mail questions or corrections to the assessors, who respond to inquiries and follow-up on any information received.

The assessing office prepares timely reports for DOR, including new growth, taxable parcel count and recertification of value reports. The town appraiser works with the accountant to prepare and submit a timely tax recapitulation sheet with adequate backup documentation.

FINDING 16: INSPECT SALE PROPERTIES TO GAIN INSIGHT TO LOCAL MARKET

We found that sale properties are not inspected regularly. Since recent sales represent the most current data regarding the local real estate market, it is crucial that the assessing office have first-hand knowledge of the characteristics and condition of sale properties.

RECOMMENDATION 16: INSPECT SALE PROPERTIES TO GAIN INSIGHT TO LOCAL MARKET

We recommend that the town appraiser regularly inspect the interior and exterior of all sale properties.

Often, a sale property may have been upgraded without a permit or allowed to deteriorate to an extent that the assessors' files are not accurate regarding the characteristics or condition of the property. Not being aware of the exact condition of sale properties negatively affects the assessors' ability to value other properties accurately.

FINDING 17: MAINTAIN CURRENT VALUES

According to the assessors, the town maintains a nine-year, cyclical reinspection program. A cyclical re-inspection program involves completing an interior and exterior inspection of all town property over a multi-year period. The primary benefit of this program is to provide the assessors' office with current, accurate data. From these inspections, any changes in the properties are entered into the CAMA system, which updates the parcel data and may result in additional new growth for the town.

With these changes and sales data, the assessing office should make it a practice to analyze the information and make interim year value adjustments, fulfilling state requirements to maintain full and fair cash values of all properties annually. Like some communities, Walpole adjusts its values only for recertification purposes every three years. Consequently, the real property of the town increased almost 36 percent during the FY02 recertification of values, contributing to the average single family value increase from \$209,974 (2001) to \$290,813 (2002) or 38.5 percent. However, an increasing number of communities are discovering the cost of being slow to adjust their assessed values. In a declining market, this lack of flexibility has cost communities a considerable amount of property tax revenue when the assessors had to grant abatements. In other instances, failure to make interim year adjustments that reflect changes in the real estate market may cause inequities among property classes.

Making interim year adjustments has been characterized as performing a "mini-revaluation" because of the considerable sales data and income & expense statement analysis that is done in-house by a professional staff member, in this case the town appraiser. Initially, the analysis work may be time-consuming; however, the investment of time will lessen as the town appraiser becomes more familiar with the process. An added feature to performing the analysis annually is the knowledge base the town appraiser will be developing, potentially reducing the town's reliance on its recertification contractors and some of its contractual costs.

RECOMMENDATION 17: MAINTAIN CURRENT VALUES

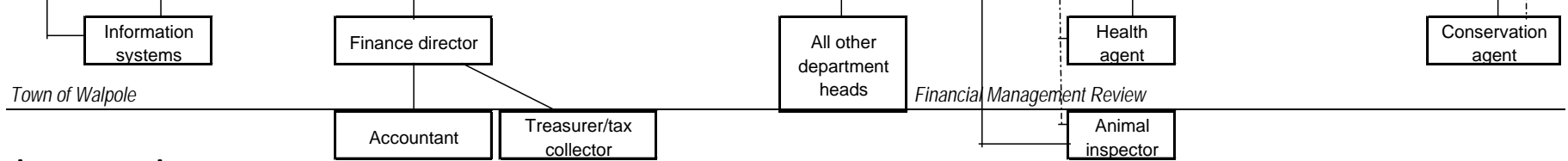
We recommend that the assessing office analyze local real estate market conditions annually and make necessary changes in the assessed values of properties. By carefully monitoring changes in the market and promptly reflecting them in the annual valuation base, the assessing office may ensure equity between and among property classes. Also, maintaining current property data may have the direct benefit of reducing the number of abatements or increasing new growth as well as potentially reducing the town's reliance on recertification contractors and their associated costs.

FINDING 18: DATA-ENTER PROPERTY CHANGES IN-HOUSE

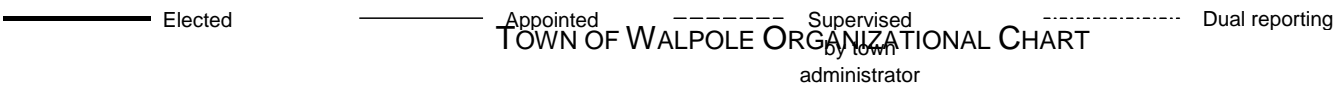
According to the assessing office, legal and general property information is entered into the CAMA system by the support staff. However, any information and data collected by the consultants is not entered by the clerks. The data and sketches from building permit and cyclical inspections are entered into the CAMA system by the contractor because they are more familiar with the CAMA system.

RECOMMENDATION 18: DATA-ENTER PROPERTY CHANGES IN-HOUSE

We recommend that the assessing clerks do all data entry and property sketch work. If this requires formal instruction or a refresher course, it may be well worth the investment. With training and repetitive use of the system, the clerks will be able to do this work routinely, further reducing the town's reliance on its contractors.



APPENDIX A



TOWN OF WALPOLE ORGANIZATIONAL CHART

APPENDIX B: COMPARABLE COMMUNITIES

	2000 Census	2000 EQV	Form of Government	2002 Tax Recap	2002 Ave. SF tax bill	7/1/01 free cash	6/30/01 Stabilization Fund
Walpole	22,824	2,001,530,200	Selectmen/Administrator	54,660,459	3,981	1,438,433	319,198
Bourne	18,721	1,715,025,000	Selectmen/Administrator	48,723,618	2,238	3,178,707	3,046,515
Dedham	23,464	2,317,003,400	Selectmen/Administrator	61,356,673	3,189	783,816	1,122,018
Franklin	29,560	2,478,622,600	Council/Administrator	84,915,299	3,158	3,802,432	5,748,117
Marshfield	24,324	2,093,081,700	Selectmen/Administrator	68,352,310	3,060	5,229,698	7,486,397
Milton	26,062	2,340,901,000	Selectmen/Administrator	62,503,950	4,531	968,227	856,960
Reading	23,708	2,182,987,800	Selectmen/Manager	58,546,390	3,927	985,699	0
Saugus	26,078	2,328,938,000	Selectmen/Manager	58,514,483	2,285	1,706,979	648,759
Sharon	17,408	1,601,170,700	Selectmen/Administrator	46,549,894	5,082	1,125,311	6,057
Tewksbury	28,851	2,314,582,000	Selectmen/Manager	70,045,740	2,786	2,819,935	177,884
Wakefield	24,804	2,229,938,700	Selectmen/Administrator	64,131,811	3,046	2,813,273	4,340,529
Wilmington	21,363	2,059,670,500	Selectmen/Manager	56,672,123	2,866	8,524,933	0

SF-single family

Source: Department of Revenue

APPENDIX C: WALPOLE'S FREE CASH & STABILIZATION

	Free cash July 1	Stabilization Fund June 30
1992	656,629	
1993	718,816	253,613
1994	581,616	44,745
1995	610,257	46,106
1996	1,432,298	48,008
1997	928,669	50,610
1998	1,205,649	53,454
1999	661,676	538,868
2000	1,291,071	206,452
2001	1,438,433	319,198
2002	n/a	731,692

ACKNOWLEDGEMENTS

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Susan McGuire, Selectman (former)

Alan Rockwood, Selectman

William Ryan, Selectman

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Mark Good, Finance Director

David Davidson, Finance Director (former)

Gerard Lane, Assistant Collector/Treasurer

Elizabeth Cianci, Collector's Staff Assistant

Maxine Conroy, Treasurer's Staff Assistant

Laurel DeMore, Payroll Clerk

Arti Mehta, Accountant

Janice Walker, Assistant to the Accountant

Albert DeNapoli, Finance Committee

Valerie Donahue, Personnel Coordinator

Patricia Krusko, Network Manager

Clement Boragine, Assessor

James Driscoll, Assessor

John Fisher, Assessor

Dennis Flis, Town Appraiser

Pamela Spence, Assessors' Administrative Clerk

Karen Connolly, Assessors' Clerk

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