



Town of Ware

Financial Management Review

Division of Local Services / Technical Assistance Section

August 2009

Introduction

At the request of the Board of Selectmen (BOS), the Department of Revenue's Division of Local Services (DLS) has completed a financial management review for the Town of Ware.

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, Bureau of Local Assessment, and Municipal Data Management & Technical Assistance Bureau. During these visits and by telephone, the team interviewed and received information from the selectmen, members of the finance committee, town manager, finance director, town accountant, town clerk, assessor, as well as other staff members, as available, in each office.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, the town charter and by-laws as well as other assorted financial records. Other documents reviewed included the town's outside audits for fiscal years 2007 and 2008 completed by Thomas J. Scanlon, CPA & Associates.

In reviewing the town's financial management practices, we have focused on: (1) town government structure in the context of the duties and responsibilities of financial officers; (2) the town's budget, warrant and capital planning processes; (3) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; and 4) the general efficiency of financial operations measured by the town's success in maximizing resources and minimizing costs.

We encourage the selectman and others, when formulating overall strategies for improving the town's financial management, to consider the observations, analyses and recommendations contained in this report. These are recommendations only and can be implemented, at the town's option, provided there is sufficient cooperation among the various boards, committees and officials.

Overview

Ware, with an estimated 2007 population of 9,933, is at the southern end of the Quabbin Reservoir in Hampshire County. It is bordered by Belchertown on the west; New Salem, Petersham and Hardwick on the north; New Braintree, West Brookfield, and Warren on the east; and Palmer on the south. Ware is about 25 miles northeast of Springfield and 28 miles west of Worcester. Primary transportation arteries include Routes 9 and 32 which provide easy access to Springfield, Worcester and the Massachusetts Turnpike.

The town grew as an industrial mill community in the latter half of the 1800s and subsequently served as a regional commercial center with a strong downtown area. In recent years, textile mills have closed, leaving a legacy of chronic unemployment. Today, more people work out of town, commuting to the larger, urban areas and the one-time industrial town has now become a bedroom community.

Ware has a FY2009 budget of \$28.4 million funded largely by local property taxes (38.6 percent); state aid accounts for another \$11.8 million or 41.7 percent. The average single-family tax bill is \$2,744 in FY2009, 19.2 percent below the Hampshire county average of \$3,395. And, while the average tax bill is significantly lower than the Hampshire county state averages, it has also grown more slowly than the Hampshire county average since FY2000 (46.3 percent increase in Ware compared to a 56.9 percent increase countywide). With a single tax rate of \$13.66 per \$1,000 in FY2009, Ware's tax rate is at about the average of its immediate 8 neighbors, excepting Hardwick and West Brookfield with tax rates less than \$10.00 per \$1,000.

The legal framework for local government and fiscal management is established by the town's charter which was adopted in 2007. A five-member board of selectmen continues to act as the executive branch of government, but now appoints a more empowered town manager to run day-to-day operations, compared to the previous town administrator. The town manager is responsible for appointing all non-school department heads, but for the elected assessors. He also appoints a finance director and oversees the municipal finance department created by the charter. The finance director serves in a dual role as the treasurer/collector. The town manager serves as the town's personnel director, chief procurement officer, and is responsible for formulating the annual budget and presenting it to town meeting.

The first town manager under the charter began his tenure when most of the town's financial officers were relatively new to Ware. He has since departed and an interim town manager began on July 1, 2009. The finance director took office in early 2006 and the accountant started in April 2007, without any previous municipal experience. The exception is the assessing board chair, who has directed department activity part-time for ten years.

As a result, Ware continues to experience a period of transition. Town officials and personnel are adjusting to a new vertical government structure and stronger management presence brought about by the new charter, and finance officers are acclimating to their duties and responsibilities. This is not unusual, but it can also be a period of friction as selectmen, finance committee members, staff and the

town manager all adapt to new roles and relationships. Oftentimes in this situation, policymakers are reluctant to cede their traditional authority and act inadvertently, or with intent, to micromanage town affairs. That is not the case in Ware. Instead, it appears that the town manager firmly grasped the reins, and unilaterally acted in ways and in areas where policymakers felt they should have been involved.

The budget process is a good example. Although it was certain that municipalities could expect a sharp decline in FY2010 state aid, in an implausible decision and without forewarning, the town manager projected an unprecedented 35 percent reduction in town revenues. He eliminated funding for the senior center, parks and recreation programs and the library and reduced positions throughout town departments. Selectmen and finance committee members reacted immediately with the view that the cuts as unnecessarily severe. They prevailed upon the town manager to alter his assumptions about town receipts. However, with the discovery in July of a \$480,000, or four percent, shortfall in actual state aid, it is clear that the budget process has flaws.

This conflict brought questions further to the forefront about the roles of the selectmen, finance committee and town manager in the budget process. In fact, under the charter, the selectmen have no formal role; the finance committee is advisory only, but not to town meeting; and the town manager makes the final decisions on the budget because the charter directs that his recommendations are presented to town meeting. It is not the most effective model for local government. Nor is it conducive to cooperative management when implemented in rigid compliance with the charter, which was the case.

Adding to this atypical dynamic, more than a usual number of board members are also town employees. The board of selectmen chair is the town clerk and her son is a police officer; two of the assessors are town employees (a full-time police officer and a firefighter); and, the finance committee chair is employed in the parks and recreation department. While we suggest no impropriety, board members must continually be aware of potential conflicts and must recuse themselves from decisions. By doing so, there is always the risk that a majority vote is unattainable and decisions aren't made. These interrelationships also complicate matters in a place where clarity of roles is already an issue.

In an attempt to move in a positive direction, the town manager set a goal at the start of the process to propose a balanced revenue-based budget for FY2010. This approach deviated from the usual maintenance of effort budget that had a deliberate built-in structural deficit, which would be backfilled at a fall town meeting after the town's free cash was certified. In the past, in order to avoid tax increases, budgets have been cut in less visible areas, and non-recurring revenue such as free cash or stabilization has been used to fund operating expenses of town departments. Although the police and fire departments and the school system typically received budget increases until FY2009, town leaders cut back on capital improvements, road maintenance and vehicle replacement. In FY2010 personnel in town departments were also cut. This is short-sighted, for as buildings, roads and bridges deteriorate, the cost to improve them escalates exponentially; and as town hall personnel are reduced, important duties such as cash management and property valuation programs falter.

Despite the effort, as a result of the town's miscalculation of state receipts, it once again enters the new fiscal year with an unbalanced budget. It is now forced to reduce town-side spending by

\$198,000 and school department spending by \$282,000. Or, as it has in the past, the town might choose to divert certified free cash to bridge the current year \$480,000 revenue shortfall.

Conclusion – The turmoil at the higher levels of municipal government should not overshadow the quality of work by personnel in town finance departments. We found managers and staff to be capable and committed. Financial checks and balances are in place. Finance-related committee members are engaged and responsible. Communication and cooperation between and among the financial officials is good.

The management structure in Ware contains many of the features that DOR would typically recommend to a town – a town charter, a strong professional manager, appointed financial positions, a financial management team, and early revenue forecasts. This is a vast improvement from the conclusion reached in the financial management review of Ware DLS conducted in 1987: “Overall, we found that the town of Ware is not prepared organizationally or technically to adequately manage itself. . . . [I]t is a reflection of the decentralized nature of town government which . . . is unsuitable for dealing with many of the complex issues the town faces.”

The charter adopted in 2007 provides the centralized management structure the town once lacked. However, as with any change in the form of government, Ware officials are still adjusting to their new roles and responsibilities. It is clear that the issues for the selectmen and town manager revolve around the absence of communication, the lack of a consensus on goals and the failure to establish expectations. The finance committee is impacted as well.

However, we disagree with those who believe that these problems are fatal flaws in the charter. Despite frustrations, after only three years and one town manager, it is far too early to abandon the charter. Instead, amendments are justified. With more time under an adjusted charter, and with better communication, we would expect the management structure now established in Ware to serve the town well.

Finally, to accomplish the goals outlined in our recommendations will require a realization by town policy-makers and residents that ongoing revenues rarely, if ever, support level service budgets in a long-term scenario. Increases in energy costs and health insurance in combination with declines in local aid contribute to a growing structural budget gap each year. The budget is always tight and requires difficult decision-making. The strategies employed to balance the municipal budget have included the use of non-recurring revenues and the deferral of capital spending. While they may be expedient in the short run, these strategies cannot be continued for long before reserve funds are exhausted and capital demands escalate. Keeping pace will require creative thinking as well as an on-going effort to plan and manage in a way that balances what the town wants and needs with what its citizens are willing to pay for.

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Overall Financial Management

A review of the town's overall financial management practices focuses on the procedures in place to accomplish tasks that typically cross over various municipal departments, as well as those that tend to impact town government on a global basis. Accordingly, we examined the budget process as well as the effect of the town's organizational structure on the operation of government. We looked at the town's long-term planning, financial monitoring practices and financial policies. We examined the purchasing system and personnel administration. Finally, we considered the roles and relationships among individuals together with the level of communication and cooperation that exists among offices. For example, we reviewed the payroll and vendor warrant processes, local compliance with state laws and regulations relating to finance issues, adherence to acceptable form, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

The annual budget process in Ware is the responsibility of the town manager. The most recent town manager delegated much of the background work to the finance director. He began the process early in the year with three-year forecasts of revenues and expenditures. The former town manager distributed budget guidelines and solicited spending requests from departments. The charter requires the town manager to submit the budget to the Finance Committee for review and recommendations, however, unlike most towns, the Finance Committee recommendations are to the town manager, and not to town meeting. Although, the selectmen do review the town manager's budget, as noted, the charter gives them no formal role in the process. It is the town manager's budget which is presented to town meeting for adoption, with or without amendments. Further complicating matters for FY2010 was the recent discovery of a \$480,000 shortfall in state aid which will require an additional \$198,000 in budget adjustments to the municipal side of the budget.

In contrast to the budget process, the Ware town charter does have a defined role for the selectmen in the capital planning process. A seven-member capital planning committee provides town meeting with the first year spending recommendation of a five-year capital proposal. The committee includes the town manager, a member of the finance committee, a selectman, the treasurer/collector and three citizens appointed by the selectmen. However, the capital plan has lacked any significant funding source for the last several years which has prompted growing concern about the condition of town buildings, equipment and roads.

On a more positive note, we support the town's decision to adopt enterprise fund accounting for its water and sewer departments beginning in FY2011. Enterprise funds allow a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified; capital needs can be anticipated and reserves built. The town moved in this direction this year but painfully. The BOS, acting as the water and sewer commissioners, set new usage rates calculated to fully fund the water and sewer operations in FY2010.

This resulted in a doubling of customer charges because the town had been subsidizing the operations from the tax levy in years past. Reacting to outcries from the ratepayers, the BOS rescinded the rate increase. In June 2009 the board restored the original rate increase when it became apparent that any town subsidy of water and sewer operations would require even more drastic cuts in other town services.

The town manager serves as the chief procurement officer and personnel director. Procurement practices and procedures are in place to ensure that the town complies with state procurement laws, including the appropriate review and approval of purchases by the town accountant. However, uniform personnel policies for non-union employees are non-existent. Instead, the town utilizes “memorandums of understanding”, or MOUs. Akin to personal service contracts, these MOUs cover both management and clerical positions (11 administrative assistants in town are covered by MOUs). Personnel files are centrally kept and maintained by the payroll clerk; however the personnel information is not segregated into separate folders properly. Department heads maintain their own set of employee files, with varying degrees of security. Despite the requirement in the charter¹ that the town manager provide an annual employee performance review, the only reviews that were conducted were the annual reviews of the town manager by the selectmen.

On balance, the finance-related offices work cooperatively to perform routine financial duties. The finance director and accountant are effective in the execution of the tasks required in the collection and deposit of receipts, and in producing vendor and payroll warrants for review and approval by the manager. The assessor is timely in delivering the commitments of taxes to the treasurer/collector and a regular exchange of information between offices typically takes place. DOR reporting deadlines are routinely met. Policies and practices are in place to ensure that financial checks and balances are observed.

We also heard that BOS meetings are extremely long, in part because they start with an open-ended period of citizen input. There is a space reserved on the weekly agenda for a consent agenda, which allows the board to move a large amount of routine, non-contentious items into a single agenda line. However, no one we interviewed during the course of this review remembers the BOS using a consent agenda; an inspection of BOS meeting minutes confirms this.

Conclusion—Day-to-day financial operations are generally sound. Checks and balances are in place, and important financial tasks such as the preparation of vendor and payroll warrants, the collection and accounting of town revenue, and development of the annual budget are accomplished. The larger financial management problems stem from the adjustment process to the new charter and a lack of clear communication. The charter significantly enhanced the powers of the town manager to be the chief executive officer of Ware, but it was always intended that the selectmen would continue to set policy for the town; it is the manager’s job to fulfill the selectmen’s policy goals. However, the selectmen need to reassert themselves in their role as the chief policy makers of the town, without injecting themselves into the day-to-day administration of town departments. They need to clearly

¹ Town of Ware, Massachusetts Home Rule Charter, April 9, 2007. Article 4-2.d.c., page 8.

communicate their goals to the manager, and the manager needs to communicate to selectman how he intends to achieve their objectives.

Recommendation 1: Define Goals and Expectations for the Town Manager

We recommend that the selectmen reach consensus on goals and expectations for the town manager. We expect the town manager to take a lead role in providing the type of financial coordination and analysis needed by town policy-makers to make informed decisions. For the town manager to be effective there needs to be a clear understanding of his or her goals and objectives. We recommend that the selectmen and town manager come to an understanding on long and short-term priorities, expectations, and realistic reporting or decision-making deadlines. Together they should establish goals and objectives that clearly define their relationship, as well as day-to-day responsibilities. The charter vests the executive power to formulate and promulgate policy in the board of selectmen, and the administrative authority to execute those policies in the town manager. The selectmen and town manager need to work cooperatively toward that end.

Recommendation 2: Amend Charter Relative to the Role of the Selectmen and Finance Committee in the Budget Process

We recommend that Ware amend its home rule charter to modify its budget process. Specifically, the charter might be amended to explicitly reinstate the board of selectmen into the budget process and to recreate a reporting relationship between the finance committee and town meeting. Article 6-2 of the town charter outlines a lineal town budget process leading up to the town manager's submission of the annual budget to town meeting; Article 6-3 directs the finance committee to hold hearings on the proposed budget and to provide, in an advisory capacity, its recommendations to the town manager prior to town meeting.

We can envision a more collaborative process before the annual budget request reaches town meeting. As in well-managed towns, the town manager would continue to formulate the initial town budget. The charter might then require him to present it to the selectmen for their review and approval. With adjustments, if any, the budget would be submitted to the finance committee for its review, before being returned to the town manager.

Typically, the selectmen and finance committee would rely on the town manager's recommendations relative to what departments need in order to operate effectively. They would focus on more global issues, asking questions like: "Is the town using one-time revenue in excess of policy limits it set for itself?", "Is the capital program adequately funded?", "Are overall town service goals met?", and "Is the town protecting its reserves?"

With a commitment to communication and cooperation, a consensus can be reached and a lineal process can be maintained. The selectmen can exercise their authority as chief policy makers. With a

further amendment that directs the finance committee to report to town meeting, a complementary watchdog role would be created.

To implement a change of this type, M.G.L. Ch. 43B§10 provides that a single selectman may propose a charter amendment. The process still requires a public hearing on the amendment, a two-thirds vote of town meeting, and a review by the state attorney general before the question of approving its adoption is placed before the voters at the next town election.

Recommendation 3: Make Better Use of Selectmen's Meetings

We recommend that the selectmen consider options to shorten their meetings. The selectmen meet weekly and with a long agenda. Meetings typically last three hours, or longer. Compared to our experience with like towns, these are unusually long meetings. Therefore, we recommend the following as ways the selectmen might more effectively allocate their time. The board chair and the town manager should work collaboratively on organizing the content of selectmen's meetings. In this way, the town manager will more clearly understand what preparation is required and what expectations exist. Items that are not ready for presentation can be postponed, and information on matters where decisions are needed can be made ready.

- 1) *Create a more structured agenda in terms of subject matter* — An agenda need not be all-encompassing. Not all subjects require selectmen discussion or debate. The board chair and the town manager should work together prior to each meeting to limit the agenda and identify what actions are required. A meeting ending agenda item might be a “selectmen’s comment period” when each selectman makes a statement on a subject(s) of his or her choice. It would not be a time for debate or action. The selectmen, as a group, should reach an understanding that allows the chair to exercise his prerogative to make certain non-policy or merely ministerial decisions. With a rotating chair, each will have this opportunity.
- 2) *Place time limits on discussion of each agenda item* — Time allowed for discussion should be assigned to each agenda item. The chair must be committed to enforcing the time limits. Board members must be willing to accept limits and recognize that good decisions are less likely to be made late in the night toward the end of a marathon meeting.
- 3) *Incorporate a consent agenda* — A consent agenda allows the board to move a large amount of routine items, which are not contentious, into a single agenda line. This applies to all items requiring a formal board vote under the law, but which do not warrant lengthy discussion before the board takes action. Consent agendas are usually prepared in advance of the meeting by the town manager, then presented and voted at the beginning of meetings. The selectmen will review the material prepared for each item on the agenda in advance of the meeting. As the term “consent” implies, if even a single member of the board believes that an item on the consent agenda warrants further discussion, the item must be removed and taken up separately. We understand that the Ware Board of Selectman’s agenda regularly includes a placeholder for a consent agenda, but that it is rarely, if ever, used.

Recommendation 4: Avoid Reliance on One-Time Revenues

We recommend that the town avoid building a budget that requires the use of one-time revenue to support ongoing government expenses. Once the practice of current year supplemental appropriations is curtailed, Ware should strive to place general limits on the appropriation of free cash, stabilization and all other one-time sources. By using non-recurring revenue to fund operations, communities effectively postpone making difficult decisions on service and taxation levels. As a result, the community is continually faced with the same dilemmas each year because ongoing costs are built into the budget's base while the offsetting revenue source is no longer available (because it was spent in the previous year). Therefore, to achieve a structurally sound, sustainable spending plan, we recommend that Ware adopt and commit to a policy that discourages the use of non-recurring revenue for recurring spending purposes.

Recommendation 5: Avoid Financial Matters at Fall Town Meeting

We recommend that the appropriation of funds be limited to the spring annual town meeting. Ware has made supplemental appropriations at the fall town meeting a standard budgeting practice. As a result, the town approves a budget in the spring with the expectation that additional funding will be available, primarily in the form of certified free cash. This makes the finality of departmental spending plans suspect by extending the appropriations process beyond the beginning of the fiscal year. From the top-down, it should be made clear that departments are expected to conform to the appropriations passed at the spring town meeting. To build confidence and enhance transparency in the budget process, town meeting, boards and committees, and all departments should discipline themselves to remain faithful to the budget as passed in the spring.

Of course, in the event of a true fiscal emergency, the finance committee reserve might be used, or the town can act through a special town meeting. Otherwise, making mid-year appropriations for supplemental budgets is not a prudent practice. While the recently discovered state aid shortfall will require the town to revisit the FY2010 budget, it is our hope that Ware would make implementing this recommendation a priority for FY2011.

Recommendation 6: Evaluate Participation in the State's Group Insurance Commission

We recommend that Ware explore providing employee health insurance through the State's Group Insurance Commission or other joint purchasing groups. As part of the Municipal Partnership Act (Chapter 67 of the Acts of 2007), cities and towns are now permitted to join the state's Group Insurance Commission (GIC). GIC rate increases have been significantly lower and less volatile than the rate increases experienced in Ware. The town's spending on employee health insurance increased by

76 percent from FY2001 to FY2006, compared to the GIC increase of 48 percent. In total, the cost of health insurance to Ware is roughly 5 percent of the annual budget.

Although plans offered by GIC may not be identical to those provided through the town, they offer comparable health coverage with a greater variety of cost and coverage options for enrollees. Available options include indemnity, preferred provider-type organizations (PPO), and HMO plans. In addition, Ware will benefit from participation in an extremely large risk pool of about 300,000 subscribers, which allows for significant purchasing power in the health care market.

In order for Ware to join the GIC, local officials must negotiate the conditions for acceptance with union and retiree representatives. Under this coalition bargaining process, union votes are weighted based on enrollment, with retirees having ten percent of the vote. An agreement to join GIC must be approved by at least 70 percent of the weighted votes. Additional information regarding participation in GIC is available at www.mass.gov/gic.

Recommendation 7: Adopt a Rate Setting Process for Water/Sewer Enterprise

We recommend that the town adopt a policy establishing a rate setting process for the water and sewer enterprise. Such a policy would specify a timeline for the setting of the water and sewer rates by the board of selectmen as water and sewer commissioners. The process should include an analysis of usage, expenditures and revenues from the previous year, and anticipate any changes for the coming year. Capital needs could be anticipated and reserves built in advance to defray some or all of the costs for new equipment, other capital improvements or repairs. Then a rate could be established to raise the needed amount of money to fully support the service provided.

Recommendation 8: Develop Personnel Policies

We recommend that the town manager establish uniform personnel policies. Per the Ware town charter, the town manager is responsible for the administration of the town personnel system including the development of policies and practices, rules and regulations, and an employee handbook.² However, there are no written statements of policies or a handbook. Instead, the town relies heavily on “Memorandums of Understanding” (MOUs) to define its professional relationship with municipal employees, which can lead to inconsistent, and sometimes inequitable, treatment of persons in similar positions. In this context, there is a need to create uniform personnel policies and effectively coordinate the dissemination and administration of these policies.

As a solution, we envision the town manager strengthening personnel management by establishing standards related to employee conduct and job performance, and developing policies that

² Town of Ware, Massachusetts Home Rule Charter, April 9, 2007. Article 4-2.d.c., page 8.

confirm employee rights and obligations. We suggest he or she should look to other communities for examples of their personnel policies and employee handbook to adapt to use in Ware.³

At a minimum, the policies and practices developed by the manager should:

- Ensure that current employee conduct policies including sexual harassment, internet usage, confidentiality, etc. are clearly stated and uniformly enforced;
- Verify that employee vacation and sick benefit accruals are equitable and consistently applied across all departments. These balances should be tracked in a central location as part of the payroll process; and
- Confirm that a suitable classification plan with assigned salaries or wages for like positions are in place, that job descriptions are accurate, and that personal employee information is maintained in a central secure location.

Recommendation 9: Conduct Performance Reviews

We recommend that the town manager implement a performance evaluation process for department heads and staff as required by the charter.⁴ A well thought-out annual performance evaluation review program should include guidelines that identify step-by-step procedures for reviewing an employee's work responsibilities, previously established goals and job expectations for the upcoming year. If implemented in a methodical, even-handed way, regular job performance evaluations encourage communication, elevate employee morale and build public confidence in government. At the same time, an evaluation program works best when recognized as a two-way process. Employee performance is an obvious focus, but employee opinion and comment during the process can also provide valuable insight to management. Ultimately, the evaluation process should evolve into a collaborative effort that leads to improved job performance, enhanced government operations and a better work place environment.

Recommendation 10: Adopt Bi-Weekly Payroll and Direct Deposit

We recommend that the town move toward direct deposit of payroll on a bi-weekly schedule for all employees. For the town, this would reduce the cost of issuing checks, prevent the need to reissue checks when lost, and simplify the reconciliation of the payroll bank accounts because there would be no outstanding checks. The employee benefits when the money is deposited in the bank account overnight and is available immediately. Cost savings are also possible if all employees were moved to a bi-weekly pay period. As a start, the number of checks issued annually would be cut in half.

³ The Town of Templeton, Massachusetts has a well-constructed, comprehensive set of personnel policies and practices.

⁴ Town of Ware, Massachusetts Home Rule Charter, April 9, 2007. Article 4-2.d.c., page 8.

Efficiencies in the use of staff time would also be gained. Currently, teachers in all communities are paid every two weeks, with options for summer pay. We understand that approximately 80 percent of town employees already take advantage of direct deposit but still feel that the town would benefit from 100 percent participation. This proposal may require revisions to the town's collective bargaining agreements.

Recommendation 11: Require Retirees to Enroll in Medicare

We recommend that the town accept M.G.L. c. 32B, §18 that requires retired employees and their spouses, who are eligible for Medicare, to join at age 65. Once accepted, a community would be able to continue to provide the same level of health care services to its retirees, but shift a considerable portion of the cost to the federal Medicare program. The town would be responsible for the cost of a supplemental insurance policy so that retirees receive the same level of care as they currently get. In fact, Section 18 states explicitly that the actuarial value of the coverage under the Section 18 plans must be comparable to the retiree's existing coverage. The law also requires the town to pay any Medicare premium penalty assessed to retirees as a result of their late enrollment, but the town would still save considerably as a result of the cost shift to the federal government.

To the extent that it reduces future health care costs, the change also will reduce the town's Other Post Employment Benefits (OPEB) liability. A town meeting vote is required to accept M.G.L. c. 32B, §18 and its adoption must be impact bargained with active employees.

Recommendation 12: Adopt a Record Retention and Disposal Program

We recommend the town explore the implementation of a records retention and disposal program. The period for which public records must be retained by town offices is clearly stated in the records retention regulations and disposal schedules published by the state supervisor of public records (SPR) under the Secretary of State. The SPR is also empowered to set standards for the media with which public records will be recorded. Consequently, communities are urged to consult with the SPR in the planning stages of an optical media storage system. The public records division of the Secretary of State's office can be reached at 617-727-2832 and the records management unit of the Massachusetts State Archives is at 617-727-2816. Record disposal schedules for the accountant's, assessors', collector's and treasurer's office can be found at www.magnet.state.ma.us/sec/arc/arcrmu.

Recommendation 13: Organize Personnel Files

We recommend that the town develop a written policy to separate and restrict access to personnel files. To our knowledge, Ware has no specific policies or rules concerning personnel files. Therefore, we recommend that officials prepare and commit to a policy that sets standards for file maintenance and storage, and that restricts file access. Personnel files for each employee should contain information regarding their relationship with the municipality and should be maintained in a way consistent with state and federal laws, regulations, and town policies. There are three specific types of employee information that can be maintained in the same location, but must be filed in separate folders:

- Personnel data, including all documents kept by an employer that have been used or may affect qualifications for employment, promotion, transfer, additional compensation, or disciplinary action, as outlined under M.G.L. Ch. 149§52C;
- Personal information, protected under M.G.L. Ch. 214§1(b); and
- Medical records including Workers' Compensation and Family and Medical Leave, protected by the American Disabilities Act.

While a separate folder is not required by law, anyone authorized to examine the federal I-9 form is, by definition, granted access to any other materials in the same folder. It is the responsibility of the town to authorize (restrict), through a written policy, access to employee files.

Information Technology

While information technology (IT) is a vital component of contemporary municipal government, the management of day-to-day IT operations varies widely in municipalities across Massachusetts. Larger communities tend to have a technology department managed by a professional administrator with support from a technology committee and consultants, while smaller towns utilize in-house knowledge and often depend on outside consultants. Regardless of the structure, a municipality must ensure that the town server(s) are running properly and that critical town data is backed-up on a routine schedule. An IT operation must further maintain a secure infrastructure that protects sensitive data and prohibits intruders. It must maintain and monitor system performance so users can connect; and investigate, purchase, and install new software and/or upgrades to existing applications. Additional responsibilities commonly include providing assistance to network users with general IT-related issues or problems; acting as a liaison between software vendors and town officials; supporting the town's website; and, coordinating the development of town-wide technology related policies and procedures.

As a smaller town, Ware does not employ a professional IT administrator. Instead, technology functions under the general oversight of an outside consultant, ClearCom. The consultant conducts an annual review and monitors the overall condition of the town's technology infrastructure. ClearCom conducts weekly onsite visits to provide troubleshooting; town hall staff records their problems and issues in a log maintained as an Excel spreadsheet on the town server's shared drive. Department personnel rely heavily on the knowledge and expertise of the finance director to address support issues in between the consultant's weekly visits. The consultant also provides staff with regular training opportunities in Excel and Word. Town officials have adopted computer policies related to daily back-ups of town computers and datasets off-site with the consultant, but universal policies on email and internet use for town hall users have yet to be adopted.

The hardware inventory, i.e. computers, printers, phone system, and fax machines, among departments is all relatively new. Offices of the accountant, treasurer/collector, and assessor utilize a variety of software packages including Unifund Budget Sense, Microsoft Office, Harper's Millennium (payroll software) and Patriot Properties assessing software; the schools employ a separate financial software, "ifips". However, the collector's office uses an out-dated DOS-version of Point for tax collection, which is not as easily integrated with the town's other Windows-based applications. Ware is also lacking any geographical information systems (GIS) software which many cities and towns have found to be a convenient and effective way for assessors to extract property data and statistics.

The town web-site is hosted by Virtual Town Hall, Inc. which provides a framework to post town contents and sets procedures to keep the site secure. Currently, Ware's internet website provides a comprehensive template for online links to town information and services. In addition to departmental listings and telephone numbers, the site provide some financial and billing information, selectmen meeting schedules and agendas, community links, and announcements. However, not all of the web

pages are populated; there are email links to personnel in most, but not all, town departments. The town's charter is available as are the town's budget and capital plan. The town meeting warrant is posted, but the record of town meeting action is absent. There is a link for citizens to pay taxes online. The website contains placeholders for all of the elements we would recommend, but it lacks someone to manage site content to ensure that information is both complete and current.

Conclusion - Overall, the technology needs of the town are being adequately met. For the most part, the former town manager and finance director shared the responsibility for effectively managing the town's existing IT resources with the town's consultant. However, there is a clear need to assign responsibility for web-site maintenance and management, and we recommend as much. In addition, we recommend that town employees sign the town's internet and email policies to acknowledge their notification. We also suggest that, in the longer term, the town consider adopting a single financial software package for the town and the schools, and moving to acquire and implement GIS capability.

Recommendation 14: Update the Municipal Website

We recommend that officials review and update the town's website. Ware has developed a comprehensive, easy to navigate website that includes valuable content for citizens. The town charter, a calendar of events, a department directory, online bill payment option and numerous forms are available online. Such an informative website can prove successful in reducing the amount of time that officials spend fielding questions in person or over the phone. However, pertinent and timely information that is often expected, such as email links to town employees, the assessors' property records, the town meeting minutes, many board and committee assignments and meeting minutes, is either incomplete, missing, or out-of-date. Accordingly, for the website to be most helpful, the town should initiate a process and assign responsibilities for routine updates.

Doing business online rather than in person or by mail benefits citizens and town officials alike. With a well-designed web site, many time-intensive tasks such as researching deeds, filling out permit applications and paying multiple bills can be handled by citizens themselves. Then municipal officials can focus on other work and citizens can have their needs met at their convenience, rather than adapting to the town's schedule.

Recommendation 15: Sign Acknowledgement of Email and Internet Policies

We recommend that the town require employees to sign copies of the town's email and internet policies. Ware maintains written guidelines outlining the proper and allowable use of e-mail and internet applications by employees. The town should require each employee to sign a form acknowledging that they have read the policies and understand the penalties for non-compliance. A copy of the signed form should be held in the employee's personnel folder.

Recommendation 16: Plan for Long Term IT Enhancements

We recommend that the town consider the following IT enhancements as part of its ongoing multi-year plan for utilizing technology in government. In an environment of tight budgets, the financial burden of increasing IT resources may be cost prohibitive. However, the requisite planning should still occur in the event that additional resources become available in future years. Therefore, we recommend that the town manager, together with the finance director and the technology consultant, consider the following in the future development of Ware's long-term technology plan:

- Adopt a single financial software package for all town and school finance-related offices, or alternatively, ensure that all software applications in use are fully compatible with each other. With a single software package or compatible applications, departments can more easily share data, minimize the need for data conversions and eliminate duplicative data entry. A single system, accessible to all departments through a network, will also allow data entry (i.e., employee time, invoices) at the departmental level which will free up the accountant's time.
- Upgrade to a Windows-based version of Point software, or its equivalent. Windows systems utilize a Graphical User Interface (GUI) which allows users to interact with their computers by selecting graphical icons and visual indicators, as opposed to the MS-DOS text-based interface where typed command labels are used to represent the information and perform the actions available to a user.
- Implement Geographic Information System (GIS) technology. GIS is a powerful tool that provides town governments a handy and useful way to organize and present information. At full utilization, a GIS system typically incorporates overlay information of value to the assessing department, the water and sewer operation, the highway department, the conservation commission and any other town office that works with real property, infrastructure or natural characteristics of the town.

Finance Director and Treasurer/Collector

The finance director is responsible for coordinating, supervising and directing the financial activities of Ware. He oversees the accountant and principle assessor, and simultaneously serves as the town's treasurer/collector. According to the Ware Charter, the finance director is responsible for the supervision and coordination of all the municipal finance operations of the town, including the accounting, treasury management, collection and assessing functions.⁵ He executes the financial policies issued by the board of selectmen and finance committee, and reports periodically on the financial condition of the town. He provides support to the town manager in the development of revenue projections and in formulating the annual budget. He oversees the completion of the annual Tax Recap Sheet, and leads the process necessary to the certification of free cash.

The current finance director was appointed in March 2006. For staff, he has an assistant treasurer and one full-time payroll/benefits administrator on the treasury side; for collections, one of the two assistant positions was eliminated with the start of FY2010 for budgetary reasons. Each staff person has her own office and only the collections office is open to the public.

As the day-to-day manager of the town's financial activities, the finance director ensures that all other finance departments effectively carry-out their respective responsibilities and that all other financial services and tasks are accomplished. To perform his duties, he has to rely on cooperation from the assessing office who report to an independently elected board of assessors; the accountant, collections and treasury personnel report to him. The finance director attends the regular financial management team meetings chaired by the town manager where he reports on the status of accounts, cash flow and debt. He ensures that all reporting requirements to DOR are fulfilled on a timely basis.

As treasurer, he is the community's cash manager and, as such, has custody of all municipal monies. Under current practices, town receipts are deposited into appropriate bank accounts and balances are monitored to ensure that sufficient funds are available to cover town obligations as they become due. The treasurer invests town funds and manages debt to maximize investment income and meet cash flow needs. He maintains a cash book in an Excel spreadsheet, which tracks the cash position in the town's 37 checking and investment accounts. It records turnovers from departments, and disbursements through vendor and payroll warrants. The treasurer reconciles his cash book, internally against bank statements and externally against the accountant's general ledger, on a monthly basis. He maintains check registers and various other logs to track balances for grants, trusts and revolving funds as well as other special revenue funds. The treasurer maintains tax title accounts, conducts sales of land and prepares documents to petition for foreclosure. Finally, he also maintains an up-to-date debt schedule.

⁵ Town of Ware, Massachusetts Home Rule Charter, adopted April 9, 2007, Section 5-3, page 13-14.

In Ware, the treasurer's office is also responsible for payroll and benefits administration. A payroll/benefits administrator enters the detail from employee time sheets submitted by departments into payroll software to generate the warrant and payroll checks. The town currently contracts out to Harpers payroll service. The software tracks and reports on sick and vacation time earned and used by employees; the town accountant maintains a separate Access database with the same information.⁶ As regards benefits administration, this office is responsible for enrollment, correspondence and payments to the various vendors that provide benefits for town employees. Town employees are currently paid weekly, and more than three-quarters use direct deposit.

As town collector, the finance director collects real and personal property taxes, excises, betterments as well as other charges and payments due the town. The collector's office contracts out for the printing and mailing of all bills, including 4,800 real estate tax bills and 300 personal property tax bills quarterly, and roughly 11,500 motor vehicle excise tax bills annually. A deputy collector, Jeffrey & Jeffrey, receives the motor vehicle excise information directly from the Registry of Motor Vehicles, presents the commitment to the assessor for review and conversion to Patriot Properties valuation software.

Collections are counted and posted to taxpayer accounts and deposited daily. More than half of all real estate collections are received by mail and approximately one-third by one of the two collection assistants over the counter; five percent are paid through the town's on-line bill payment system. All cash payments received at the collection window are receipted and placed in cash drawers until the afternoon deposit. As collector, the finance director maintains an up-to-date receivable control that is reconciled with the accountant's general ledger every quarter. In accordance with state law, the office responds to requests for municipal lien certificates promptly. Real estate demand letters on delinquent accounts are sent timely and still delinquent accounts are moved into tax title in December. Water and sewer fees are separately committed and collected by the department of public works, and turned over weekly to the treasurer.

Conclusion—Overall, the finance director's office works well and fulfills all of its usual responsibilities associated with the roles of finance director, treasurer and collector. The biggest challenge the office faces is how to keep up with the workload and maintain satisfactory taxpayer service with the loss of one of the two collection assistants. In addition, the manner of collecting water and sewer user charges in Ware deviates from sound financial management practices. Specifically, weak financial controls result when the same office both commits and collects a payment as is now the case. Alternatively, with a town collector, who is authorized to accept all town receivables, procedures can be strengthened. Our first two recommendations address these issues.

⁶ See Recommendation 24 on page 23.

Recommendation 17: Evaluate/Reassign Workloads to Accommodate Lost Collector's Position

We recommend that the finance director consider operational changes in the collector's office to accommodate the loss of a full-time clerk. With the reduction in staff, the collector's office will have only one full-time person to handle all responsibilities. If some adjustments are not made, the office will be challenged to keep up with the volume of work and simultaneously provide adequate security and convenient customer service.

Therefore, the finance director should evaluate the costs and benefits of contracting for some office functions. Common practices in many small towns include contracting out for bill printing and mail services and the use of a lockbox service for the collection, posting and deposits of town receipts. Another option would be to adopt some labor saving equipment and technology, such as scanning wands for processing collections and a folding and stuffing machine for mailing bills. Simply installing a computer workstation at the collections counter would allow office staff to post payments as they are received and thus streamline operations.

There is also the option to relocate treasury staff: the assistant treasurer or the payroll clerk could be reassigned from their private offices to the workspace vacated by the former clerk in the collector's office. If this were done, staff would be available to keep the office open for lunch periods and during other short absences of the main collections clerk. It would also allow the office to remain open while the collections clerk performed work that is best completed without interruption or in privacy.

In the immediate term, we recommend the town change the format of bills the assistant collector generates. Currently, the office prints three copies of each bill on a single perforated sheet. The clerk removes one copy for the office files and stuffs the other two copies for mailing to taxpayers. Instead, we suggest that only two copies of bills be printed and mailed. The third copy is rarely referred to by staff and is redundant as the underlying information resides in the collector's database and can be reprinted if the need arises. The clerk would save several hours each billing cycle by no longer removing the third perforated copy.

In any event, the office will be challenged to handle the workload and maintain the current level of taxpayer service, especially if Ware assigns the responsibility for collecting water and sewer fees to the collector as we recommend below.

Recommendation 18: Shift Water and Sewer Collections

We recommend the town shift the responsibility for collecting water and sewer fees to the collector's office to comply with state municipal finance law. Currently the office clerks in the DPW are responsible for assigning amounts due to 2,400 water and 1,700 sewer accounts, then for printing, mailing and collecting water and sewer bills, receiving and posting payments to the computer system,

and turning over collections to the treasurer. However, M.G.L. Ch. 41§38A provides that the town collector “shall collect, . . . , all accounts due the city or town.”

Instead, the water and sewer bills should be committed by the water/sewer department to the collector who would receive and post payments. Shifting the collection functions into the treasurer/collector’s office will also improve the town’s financial management in a number of ways. First, it will decrease the number of departments handling town receipts, thereby centralizing cash management and strengthening financial control. Second, by collecting all major receipts in one office, the treasurer/collector will be able to review current billing procedures and suggest a way to adjust billings and to distribute the workload more evenly. Finally, it will restore an important check and balance which is lost when the same department both commits charges and collects payments.

Adoption of this recommendation will increase the workload of the office at the same time that the staff has been cut in half. However, proper compliance to municipal finance law is required. If adopted, the office will be responsible for the billing, collection and posting of an additional 2,380 water accounts and 1,686 sewer accounts each quarter. This result underscores the importance of considering our previous recommendation.

In the meantime, the finance director should ask the water and sewer department to provide a read only file of accounts with amounts due on a monthly basis. This will facilitate the collector’s office issuance of municipal lien certificates until this recommendation is adopted.

Recommendation 19: Develop Financial Procedure Manuals

We recommend that the finance director work with departments to develop procedure manuals for all routine financial tasks. A procedure manual can be a valuable “how to” resource for staff who are new to a position, as well as current employees. Manuals frequently take the form of a loose-leaf notebook that contains step-by-step instructions on how to accomplish routine and important office tasks. To illustrate computer-related procedures, a printed image depicting the actual computer screen display for each step should be included. By walking through and documenting screen displays, staff will become more comfortable with regular procedures and knowledgeable of those less frequently used, or previously unknown. The manuals can serve as a ready reference for use in keeping an office in operation when staff is short, and are also a valuable training tool for new staff. In addition, as a result of developing procedure manuals, the town manager and department heads may be able to work with staff to devise easier, more efficient and responsive ways of accomplishing requisite office tasks.

Recommendation 20: Reconcile Receivables Regularly

We recommend that the finance director reconcile the town’s receivable balances with the accountant at least quarterly. While daily turnovers match departmental reports received, reconciliations of all cash balances are not being completed until after the close of the fiscal year, which is when

receivables are reconciled. It is a shared goal of the finance director and the accountant to reconcile receivables on a quarterly basis throughout the year but they are currently running four to five months behind schedule.

The finance director needs to make a concerted effort with the accountant to keep up with the quarterly reconciliation of receivables during the year to identify possible problems. Frequent reconciliations make it easier to locate and correct posting errors, to minimize the additional workload at year's end and to ensure the cash and assets of the community are safeguarded. We typically recommend towns conduct monthly reconciliations, but in this case, simply catching up on the quarterly schedule would be an improvement.

Recommendation 21: Increase the Security of Payments

We recommend that the town seek to increase the security of checks in the collector's office. The lack of office security poses a risk to the staff and the town's revenue. Currently, cash is kept in a locked cash drawer installed underneath the collections counter but the checks are stored in a metal file box within open sight and easy reach of taxpayers conducting business at the counter. We recommend that the checks be placed in the same lockable drawer with the cash as they are received during the day.

Recommendation 22: Adopt M.G.L. Ch. 60§23B

We recommend that the town adopt M.G.L. Ch. 60§23B, a local option which allows the town to charge more than the standard \$25 for municipal lien certificates (MLCs). Communities that adopt this local option provision may charge more than \$25 to issue an MLC in the following cases: for residential properties of four or more families, \$100; for commercial, industrial and public utility properties, \$150; and, for farms and forests, \$50. Local acceptance of this provision would require a town meeting vote.

Accountant

The accountant has a legal obligation to oversee all financial activity of a municipality. Through the maintenance of independent records and by following well-defined procedures, the office documents the flow of money into and out of municipal accounts and plays a role in the system of checks and balances established by state statute to monitor and protect local assets. To fulfill this responsibility, the office prepares warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; and, reconciles cash, debt and receivables with the finance director regularly. She produces monthly expenditure reports and reports annually on the town's liability for accrued sick leave and vacation time. The accountant also tracks revenue and is required to maintain a detailed record of the town debt. She serves on the financial management team and provides support to town departments during the annual budget process. Among required submissions to DOR, the accountant is responsible for producing the town's annual Schedule A by October 31 and its year-end Balance Sheet (for free cash certification). Finally, the accountant works with the assessor and town clerk in the preparation of the town's Tax Recap Sheet.

The Ware town accountant, a fulltime position, is appointed by the town manager and reports to the director of municipal finance. She had no previous municipal accounting experience before being employed by the town as accountant two years ago but recently received certification as a Government Accountant from the Massachusetts Municipal Auditors & Accountants Association. Prior to her appointment, the Ware accountant was a part-time position. She has no staff to assist her, or to provide for the town's accounting needs in her absence.

In terms of fulfilling her primary duties, the accountant's office functions well. She enters data from invoices for the town's departments so that vendor warrants can be prepared for the town manager's approval. She maintains detailed records to track the use and accrual of sick and vacation time by employees in an Access database. Reconciliations of cash and debt with the treasurer/collector are up-to-date and take place quarterly; receivables were reconciled only once at year-end in FY2008 but are now reconciled through March 2009. She prepares monthly revenue and expenditure reports and distributes them to departments electronically.

In addition, the accountant has identified several areas where financial controls could be improved and operations streamlined. Namely, she would like to see better procedures for reconciling financial information with the schools, for the receipt and expenditure of grants, and processing payroll. To streamline operations, the accountant would prefer to have town departments use the same financial software package as the school department.

Conclusion—The accounting function is competently and adequately performed by the accountant as fundamental responsibilities relative to the general ledger, the payroll and vendor warrant processes, as well as reporting requirements are fulfilled. Not only has the accountant made the transition from private sector to municipal accounting well, but she has been instrumental in improving financial controls and plays a central role in the annual budget process. However, one potential problem is that there is no backup for the accountant in the case of any extended absence. As a consequence, our

primary recommendation is to provide backup for the accountant. We also suggest she cease maintaining a separate database for sick and vacation time so that she can use the time to pursue tasks of greater priority. We support her desire to improve financial controls over grants and to adopt a single financial software package for the town.

Recommendation 23: Provide Backup for Accountant

We recommend that the town designate someone to serve as the assistant accountant in case the accountant is absent for a prolonged period of time. As assistant accountant, the individual would be adequately trained to handle the basic functions of the office, and would have the authorization to generate and sign warrants in the accountant's absence. The appointment of an assistant must be approved by the board of selectmen.⁷ In 22 comparable communities based on population, equalized valuations and budget size, all but two have an assistant accountant that is sufficiently trained to assume the basic responsibilities of the accountant for a brief or extended period until the accountant returns or a more permanent alternative is found.

Recommendation 24: Cease Maintaining Access Database of Sick and Vacation Time

We recommend that the accountant cease maintaining a separate Access database to record employees accrued sick and vacation time. Currently, the payroll clerk enters information from each department's payroll cover sheet into the Harper's Millennium software. The payroll software keeps a record of employees' accrued sick, vacation and personal time and prints the balances on the individual pay stubs with the weekly payroll checks. The accountant is responsible for reporting annually on accrued leave balances as these represent a town liability. Therefore, it is important that accurate records are kept, but we suggest that instead of a separate database, the accountant could accept the Millennium payroll entries and better use her time on higher order tasks.

Recommendation 25: Redesign Turnover Sheets with Department Signatures

We recommend that the accountant redesign departmental turnover sheets to include a place for department head signatures. Useful are turnover sheets designed as Excel spreadsheets in a single format and customized by department. Typically, the form is created once as a template and e-mailed or manually distributed to each department. The name of the department is at the top of the page with appropriate locations at the top or bottom for dates, affirmations and signatures. The form is also

⁷ M.G.L. Ch. 41§49A.

preprinted with one column that lists all the revenue types that originate from the department and a second column with corresponding account numbers. A third, blank column allows for the manual entry of turnover amounts. If entered electronically, the total can be automatically calculated at the bottom. Working with the finance director, the accountant should consider this format and the efficiency it brings to the exchange of financial information. The current turnover sheets used in Ware are very like those we recommend, but lack the required signature of the department head affirming that the amounts turned over to the treasurer are correct.

Recommendation 26: Require Departments to Submit All Grants

We recommend that town departments provide the accountant with copies of all grants to comply with M.G.L. Ch. 41§57. The accountant must be able to substantiate all revenue sources against which vendor payments are charged, and verify that the terms of the grant are met when reviewing payment requests.

Therefore, whether a department reports to the selectmen or to an independently elected or appointed board such as the school committee, it must submit grants to the accountant's office. If a bill is submitted for payment and the grant that contains information as to the terms and conditions is not on file, the accountant should not process the payment until said grant is presented and compliance verified. The town accountant is well aware of her responsibility in this regard, however it is our understanding that it required an inordinate amount of time to reconcile grant receipts and expenditures at year-end in FY2008 because the documentation for many of the grants was not on hand.

Assessors

The assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitments authorizing the collector to collect real estate tax, personal property tax and motor vehicle excise payments. In Ware there is a three-member elected board of assessors. They set property values and the overlay. The chairman oversees all the administrative and clerical functions of the assessing office with the help of two full-time administrative clerks. One of the clerks, who are responsible for most of the data entry and administration of the motor vehicle excise, is being reduced from a 35-hour workweek to a 28-hour work week in FY2010 as the result of budget balancing efforts.

To ensure that residents are taxed equitably and accurately, an assessing office maintains and updates property records with information received in response to mailings, from deeds and through the on-site inspection of sale properties and properties where a building permit has been issued. Additional information is gathered during an on-going property measure and list program. Upon resident application, the assessors act on and track exemptions and abatements. They estimate new growth and conduct classification hearings. The assessors recommend the annual overlay and provide levy information for use in the Tax Recap Sheet submitted to DOR. The office is required by DOR to document an annual property value adjustment analysis and to prepare for state certification of property values every three years. FY2012 is the next scheduled recertification year.

The volume of work in the Ware assessing department in FY2009 involves 4,800 real estate parcels including 185 commercial/industrial parcels, 135 parcels of mixed use and 124 parcels in agricultural, forestry or recreational use. There are an additional 305 personal property and 20 farm animal accounts. All properties are inspected every nine years as part of a cyclical re-inspection program. Over the course of one year, motor vehicle commitments total about 11,500 accounts.

Most office functions are performed in-house by the assessors and the administrative clerks. Residential property inspections as part of a cyclical re-inspection program and building permit inspections for the calculation of new growth are completed. The assessors conduct 300 to 400 building permit inspections in an average year. They collect information on sales properties from sales questionnaires, but do not typically inspect sales properties unless it appears to be an extraordinary transaction. Interim year adjustments and personal property valuations are performed by an outside contractor, Mayflower Valuation, Ltd. The assessing department uses the Patriot Properties Inc.'s computer assisted mass appraisal (CAMA) software package to store property data and aid in property valuation analyses. The assessors are very satisfied with the quality of the consulting services and the performance of the software.

Property tax records are maintained electronically in the CAMA software. They are kept up-to-date with deed changes from the registry of deeds and copies of plans provided by the town's Planning Board. The office receives paper copies of deeds changes from the Hampshire County

Registry of Deeds at a cost of 50 cents per page and enters the information into the assessing software package. Assessor's maps are maintained in the office and updated annually by an outside firm.

The assessors approved 111 of 135 abatement applications in FY2009. They also issued 147 personal exemptions, including no tax deferrals. The assessors also determine the overlay, a reserve to offset any abatements and exemptions. The Ware assessors have maintained a sufficient overlay to cover normal abatements and exemptions plus an amount to cover the cost of potential abatements from the appeals of three recent court decisions on telephone equipment valuation.

Conclusion – Overall, the assessing office performs well and our recommendations are minor. Ware is fortunate to have experienced and knowledgeable assessors and staff in its assessing office who are capable of performing most of the assessing work in-house. However, we learned during our visits that the chairman plans to retire within two years. At that time, the town may not be able to find a qualified person who is willing to run and able to fill the position. Ware has reached that stage in its evolution where it should consider changing the structure of its assessing office in favor of a hired full-time principal assessor. In addition, there is a present concern that the performance of the office will suffer with the reduction in staff hours. Three of our recommendations address this issue, as well as increasing the role of the assessors in reaching overall financial management decisions and improving data collection through additional inspections.

Recommendation 27: Evaluate the Structure of the Assessing Office

We recommend that the town consider changing the structure of the assessing office as part of their five-year charter review. Assessing offices throughout Massachusetts vary in how the workload is allocated among the assessing board, in-house staff, and outside consultants. Regardless of size, however, fundamental duties and responsibilities must be accounted for and carried out effectively to preserve public confidence that the system of taxation is consistent and equitable. Today, Ware is fortunate to have assessors who are willing to run for office and able to perform the functions of the position. However, this may not always be the case, especially with the impending retirement of the current board chair.

The town may want to consider hiring a full-time professional assessor and converting the elected board to appointed positions. In many towns, the day-to-day activities of the assessors' office have been delegated to professional staff and consultants, led by a principal assessor. The board meets, only as needed, primarily to approve or reject abatement and exemption requests. On balance, the duties and responsibilities of the assessors' office are not policy oriented, but ministerial and carried out in accordance with laws and regulations. Under the provisions of M.G.L. Ch. 41 §1B, the assessors can be made appointed positions by majority vote of town meeting and subsequent acceptance by the voters at a town election.

Recommendation 28: Attend Financial Team Meetings

We recommend that a member of the board of assessors attend the town's financial management team meetings. DLS advocates a team approach to municipal financial management because of the overlap and interaction of the various town financial offices. Ware's previous town manager embraced this approach and held regular team meetings of the finance director (treasurer/collector) and town accountant. In fact the town charter includes the assessors' office in the Ware Department of Municipal Finance.⁸ To be a complete and effective team, all its members need to participate in the team meetings.

As an integral member of financial management team, the assessors' representative should attend these team sessions to be kept abreast of issues of town-wide importance and to better coordinate the assessing functions with other offices. The finance director would welcome the involvement of the assessors in the town's financial management team.

Recommendation 29: Make Property Values Available on Town Website

We recommend that the town place its property records on-line. In order to reduce foot traffic and free-up staff time, a growing number of assessing offices make property records available to the public on line. In this way, residents, appraisers and others can independently and conveniently search property records and print field card type information without creating office disruptions. This practice may be especially useful in the coming year when staff hours are reduced.

Recommendation 30: Capture Deeds from Registry Electronically

We recommend that the assessing office obtain deeds electronically from the Registry of Deeds. The Hampshire County Registry of Deeds offers, as a free service, an online database for searching and downloading deeds. The database, which allows searches by name, document type, property address or certificate number, can streamline procedures, saving the town both time and money. The assessing office currently pays \$0.50 per page for deeds. As an alternative, the assessing staff can simply search, select and download the appropriate document from the Registry database to their computer. The Registry provides instructions that walk users through the various viewing options and downloading process.

⁸ Town of Ware, Massachusetts Home Rule Charter, adopted April 9, 2007, Section 5-3, page 14.

Recommendation 31: Close Office to the Public

We recommend that the assessors consider closing the office to the public one day a week, or parts of each day. To help handle workloads, some towns are beginning to close offices to the public for a limited time during the week. Undisturbed time allows the completion of tasks that occur on a regular, recurring basis, and tasks that require greater attention to detail which are better performed without interruption. This will be especially important given the reduction in staff budgeted for FY2010. As a change in town hall office hours, approval of the town manager and selectmen would be necessary.

Recommendation 32: Accompany Other Departments on Inspections

We recommend that the assessing office work with the building, fire and other inspectional departments to accompany them on inspections prior to all property sales and building permit inspections. Teaming up with the other departments will add to the annual number of cyclical re-inspections conducted by the assessors. Mutual inspections will also reduce the number of scheduled visits to the same properties and ensure timely, interior inspections for the assessing database. In particular, the cooperation of the building department would be most useful.

Recommendation 33: Inspect All Sale Properties

We recommend that the assessing office inspect all sale properties. Sales inspections will enable the assessors to verify existing data, monitor property renovations and to identify more readily market trends within the community. While the office does receive a good response to sales questionnaires, the office does not regularly inspect sale properties. However, sale properties are critical to the determination of value for all the parcels in town, so if there are errors in the data, the mistakes will be widespread. Therefore, to enhance the reliability of the data, the office should inspect all sales properties.

Recommendation 36: Mail Income and Expense Surveys Annually

We recommend that the Assessors mail income and expense surveys annually. Income and expense information returned by commercial and industrial property owners is essential data for annual property valuation adjustments and in the triennial revaluation years. To help increase the survey response rate from landlords and owner-occupants, we suggest that the assessors mail surveys every year, rather than every three years. If business people see the survey more frequently, and see evidence that confidentiality is honored, they may become more comfortable with the process and more disposed to respond. Toward this end, the assessors might also explore collaborations with the Ware Chamber of Commerce, commercial and industrial real estate brokers and appraisers, and other local business associations to educate and more effectively approach property owners to gather market data.

Acknowledgements

This report was prepared by

The Department of Revenue, Division of Local Services

Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs

Frederick E. Kingsley, Bureau Chief
Municipal Data Management and Technical Assistance Bureau

Joe Markarian, Director, Technical Assistance Section

Scot Keefe, Project Manager/Financial Analyst, Technical Assistance Section

Debra Wagner, Field Representative, Bureau of Accounts

Jennifer Silvia, Community Advisor, Bureau of Local Assessment

In preparing this review, DLS interviewed the following persons:

Town of Ware:

Nancy J. Talbot, Chair, Board of Selectman, Town Clerk

Richard A. Norton, Sr., Board of Selectman

John Desmond, Board of Selectman

William Braman, Board of Selectman

Melissa Wiese, Board of Selectmen

Steven C. Boudreau, Town Manager

Dennis Ouimette, Chairman, Finance Committee

Paul A. Nowicki, Finance Director/Treasurer/Collector

Darlene M. Gildert, Assistant Treasurer

Linda Bates, Payroll Clerk

Rosemary C. Robidoux, Assistant Collector

Faith Dulak, Administrative Assistant to Collector

Tracy L. Meehan, Town Accountant

Peter Harder, Chairman, Board of Assessors

Carol Provencal, Administrative Clerk, Assessor's Office

Laura Jablonski, Administrative Clerk, Assessor's Office