



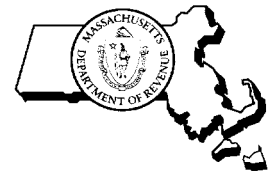
Town of Webster

Financial Management Review

Municipal Data Management and Technical Assistance Bureau

February 2004





INTRODUCTION

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

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 members of the Board of Selectmen, the Finance Committee chair, the town Accountant, Treasurer, Collector, Assessors, Water Department 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, town charter and by-laws as well as other assorted financial records. Internal records and other materials were also provided to us by the town.

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 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 members of the board 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 town boards, committees and officials.

EXECUTIVE SUMMARY

Located in quiet, central Massachusetts surroundings along the Connecticut state-line, the town of Webster may be best known for Webster Lake, or more accurately, Lake Chargoggagoggmanchauggagogggchaubunagungamaugg. It remains a destination point, and combined with the presence of Commerce Insurance, one of the state's largest insurance carriers, has helped provide some local stability. However positive, the attraction of the lake and a local employer of 1,000 people, have not protected Webster from the economic struggles experienced by many former mill towns.

Indicative of the town's long-term condition, between 1990 and 2000 census, the median household income in Webster declined by 2.7 percent while the state-wide average increased 7.2 percent. Equalized Valuation (EQV), a measure of community wealth based on real estate values used by the state in various state aid formulas, rose 28.1 percent from 1990 to 2002, but the gain was far less than the state-wide increase of 49.9 percent. Not surprisingly, the total assessed value of all property in the town increased a paltry 1.7 per cent annually, on average, over the same period. At \$1,884 for FY03, the town's average single family tax bill was only 69.5 percent of the state average (\$2,709), and ranked 300th in Massachusetts. In fact, in the last ten years, it has ranked no higher than 272nd.

With the construction of Interstate-395, high speed connections to Worcester and the commercial/industrial developments along the 495 Corridor raised expectations of new growth. Now, change appears evident, particularly with redevelopment activity along the shores of the lake where small camps are giving way to million dollar homes, and throughout town where larger tracks are converted to subdivisions. More subtly, demand for residential real estate has increased town-wide as market values escalate. Building permits have increased 50 percent in each of the last two years. Residential subdivision approvals have created over 100-150 new lots and the potential exists for 250-300 more.

The residential market surge is documented in the most recent town-wide property revaluation. In FY03, the total assessed value of town real estate skyrocketed 46.5 percent over FY02 levels. Among 81 communities that completed revaluations in FY03, only 11 experienced an average property value increase greater than Webster. The average assessed value of a single family home increased from \$123,488 to \$183,623, and from a ranking of 281st among 351 Massachusetts communities up to 202nd. For 10 years, an average of 31 new single family parcels came on the tax rolls annually, then 117 were added in FY03 alone.

Now, families new to the area, with the financial wherewithal to pay higher home values, will become an emerging voice in decisions on town expenditures. It is only normal that demands for public services will elevate, as will expectations for accountable, efficient and responsive government in return for tax dollars.

To meet the challenges of the future, however, Webster will have to reverse the patterns of its past. Attitudes, management practices and the tools of government will have to change.

Looking back, the town's financial administration has been characterized by a habitual inability or unwillingness to fulfill fundamental responsibilities. It has failed to clear tax titles, reconcile cash and receivables, implement checks and balances, and submit required reports to DOR on a timely basis. In an increasingly electronic age, the town lags severely in its investment in and utilization of new technology. Formulating the annual budget, the town's primary policy making statement, has been a closed process and has done little to discourage mid-year expenditures of free cash. Long term planning has been deferred as issues are more frequently dealt with on an ad hoc basis and in the absence of guiding financial policies. Lines of authority are disjointed and, for all practical purposes, employee performance standards are non-existent.

In short, municipal government has been loosely run. Basic duties have been set aside. Attention to detail has been lacking. People have not been held accountable.

However, with new personnel, the town has the opportunity to correct these deficiencies. A new Treasurer and new Collector were elected in 2001 and 2002, respectively, each following 30-year incumbents. The current Accountant of three years succeeded a 30-year office holder, and the Town Clerk follows the 30 year tenure of the prior clerk. As a group, these new department managers are capable, with various levels of experience, and tend to be assisted by equally capable staff. They bring positive attitudes to town hall offices and appear receptive to new approaches in carrying-out their respective responsibilities.

To its credit, the Board of Selectmen recently appointed a new Town Administrator who understands the complexity of municipal government, town hall dynamics and the challenges of a continually shifting fiscal environment. To date, town hall department heads have responded well to her initiatives that have opened channels of communications and involved them in the decision making process. Long term success, however, requires more.

The Board must continually recommit to centralized management as the only means to bring effective, responsive government to Webster. Board members must support the Town Administrator, in public settings and in town hall, as she acts to implement new procedures and asks more of department heads and staff.

As the chief policy making agency of the town, the Board must also support changes that provide the Town Administrator with essential management tools so that she can fulfill her responsibility as the town's chief administrative officer. Most critical among them are line authority, gained through appointing power, and a program of annual performance evaluations. Specifically, we recommend that the Town Accountant be appointed by and directly accountable to the Town Administrator rather than to the Selectmen. For the same reasons, we recommend that the Collector and Treasurer, now elected, as well as the Health and Assessing Department

Managers, who also sit as Board members, be appointed by the Town Administrator. Absent town-wide accountability to a single authority, the ability of Town Administrator to set performance expectations for all staff, to effectively direct department activity and to implement town-wide goals is undermined.

Some of our recommendations outline measures that can be implemented in the immediate or near future by the Town Administrator, if she has the support of the Selectmen. First is the need for a plan to address any lingering uncertainties relating to the 1992 charter change vote. As noted, initial steps have been taken, but follow-up is necessary.

We anticipate that the Town Administrator will work with the Board of Selectmen and the Finance Committee to modify the budget process and reach agreement on financial policies. We recommend a more deliberate budget process that encourages early consensus building and relies on established policies to guide the use of free cash, stabilization and other revenues.

Other more global recommendations advocating frequent reconciliations of cash and receivables, implementation a of purchase order system and consolidation of personnel/benefits duties are aimed at tightening-up controls. Throughout the remainder of the report, our recommendations are specific to the various finance offices. They underscore basic responsibilities and seek to create efficiencies.

Conclusion - At a time of mobility, when lifestyle is a choice over travel distance, and electronic communication is common place, Webster may be entering a period of discovery. However, with discovery comes demographic change and greater demands on government. For Webster which, in 21 years under Proposition 2½, is one of only 57 of 351 communities that has never placed an operations override before the voters, just sustaining level services from year to year is difficult. To even consider expanded services, the town must function at peak efficiency.

The town's history is weak in this regard, and it operates under a structure of government that runs counter to the principles of accountability and central management. However, with a new Town Administrator and finance officers, the town's prospects for change have improved. Now, the Board of Selectmen must help clear the way to provide the management tools needed by the Town Administrator to consolidate day-to-day management authority. Only then can the Town Administrator raise performance standards among employees and accept accountability to ensure that fundamental tasks of government are completed.

SUMMARY OF PRIMARY REPORT RECOMMENDATIONS

Overall Financial Management (page 7)

- 1) *Address Town Meeting Issues*
- 2) *Consolidate Appointing Authority in Town Administrator*
- 3) *Place A Priority on Reconciling Receivables*
- 4) *Modify the Budget Process*
- 5) *Avoid December Town Meetings and Limit Finance Articles*
- 6) *Formalize and Commit to Financial Policies*
- 7) *Re-Institute The Town's Capital Improvement Program*
- 8) *Institute a Requisition/Purchase Order System*
- 9) *Implement Employee Performance Reviews*
- 10) *Consolidate Personnel and Benefits Administration*
- 11) *Evaluate Water Meter Upgrades*
- 12) *Approve Enterprise Funds in Separate Budget Articles*

Computers and Technology (page 15)

- 13) *Create a Technology Position*
- 14) *Expand Training and Use of Software Applications*

Collector (page 17)

- 15) *Engage A Lock Box Service*
- 16) *Streamline Posting of Receipts*
- 17) *Close Office to the Public*

Treasurer (page 20)

- 18) *Reduce Tax Titles*
- 19) *Develop a Cash Flow Spreadsheet*
- 20) *Reduce Tailings*
- 21) *Create a Debt Service Schedule*
- 22) *Take Steps to Manage Time*

Accountant (page 24)

- 23) *Schedule Reconciliations with Collector and Treasurer*
- 24) *Prepare for Schedule A Submission*
- 25) *Automate Record Keeping for Sick Leave and Vacation Time*
- 26) *Set Office Priorities*
- 27) *Modify the Time Sheet Process*
- 28) *Redesign Departmental Turnover Sheets*
- 29) *Comply with GASB 34*

Assessors (page 28)

- 30) *Consider Performing Certain Tasks In-House*
- 31) *Separate Board and Office Functions*
- 32) *Discontinue Maintenance of a Manual Record of Deeds*
- 33) *Make Map changes Once Each Year*
- 34) *Request Boat Registration Data in Electronic Format*
- 35) *Send Reports of Address Changes to Collector and Sewer Department*

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 among various municipal departments, and that tend to impact town government on a global basis. Accordingly, we examined the budget process and the payroll and vendor warrant processes. We looked at long-term planning, financial monitoring practices and financial policies, as well as the effect of the town's organizational structure on the operation of government. We examined the purchasing system and personnel administration. We considered the level of communication and cooperation that exists among offices. Finally, we reviewed compliance with state law relating to finance issues, adherence to form, and to timetables for the submission of periodic reports to DOR.

In virtually every instance, we can cite changes that are warranted or improvements that are necessary. It is also our observation that, with support and leadership, the Town Administrator and managers with whom we spoke are capable of executing procedures and completing tasks that will enhance efficiency in government.

As an early, significant initiative, the new Town Administrator has opened communication at town hall. She conducts weekly department head meetings, has formed subcommittees, including a financial management team. She has challenged managers, working together, to develop solutions to problems and engaged them in decision making. She has, as have some finance officers, begun to examine and consider what steps might be taken to address many of the issues we raise. Overall, however, deficiencies in government operations exist.

In the past, the annual budget process has been closed. For whatever reason, neither department heads, the Selectmen, nor the Finance Committee have had a meaningful role in setting the town's annual appropriation. As a major statement of town policy and priorities, and as a primary tool for long-term planning, the budget demands greater involvement and consensus among the town's decision makers.

The town has no purchase order system. Personnel and benefits administration are spread among various people and departments. No policies are in place to ensure that all town employees receive annual performance evaluations. The town appropriates money throughout the year with no reliance on firm policies to control the use of free cash, stabilization or other reserves. The town is consistently late in submitting its Recap Sheet, Balance Sheet and Schedule A to DOR.

Finally, there are structural issues which can only be addressed through a Charter change. The town must act to resolve questions concerning its Town Meeting system and determine its organizational structure for the future. As part of that solution, the town should examine aspects of government with an eye toward defining roles and increasing line accountability. Specifically, it is time for the town to re-examine its commitment to centralized management and consider

whether the Accountant, Treasurer, Collector, Assessing Department Manager and Health Department Manager should be positions appointed by the Town Administrator. Other subject areas, not discussed in recommendations, but that influence the proficiency of government should also be taken-up during a Charter review process. They include questions of whether the current 31.5 hour work week for some full-time employees is realistic, whether the Finance Committee can be more effective with fewer members, and whether detriments outweigh benefits of the ten day delay in Town Meeting actions.

RECOMMENDATION 1: ADDRESS TOWN MEETING ISSUES

We recommend that the town follow-through on steps already taken to clarify Town Meeting issues relating to the Charter vote of 1992. As documented, there are questions about the 1992 Charter change vote that sought to replace the Representative Town Meeting with an Open Town Meeting. To clarify circumstances, town counsel has advised that the town seek state legislative action and also make decisions to determine on what basis it will operate, moving forward, and by what means future charter change proposals will be formulated and approved. Initial steps have been taken, but follow through on the process is in order.

On the matter of Charter change, the Town has two options. As was done prior to the 1992 referendum, it can effectuate change through proposed revisions of an elected Charter Commission. This is typically a two year process. In the alternative, it can file special legislation in the General Court under Home Rule provisions (MGL Ch. 43B). The recommendations of a government study commission would require the approval of Town Meeting and the voters in a town-wide referendum before being filed with the State Legislature. Study commissions are usually appointed by the Selectmen with a charge to complete its work within a specified time period.

RECOMMENDATION 2: CONSOLIDATE APPOINTING AUTHORITY IN TOWN ADMINISTRATOR

We recommend that the appointing authority of operations personnel be consolidated in the Town Administrator. Under provisions of the town charter and by-laws, the Board of Selectmen now appoint the Town Accountant, while the Collector and Treasurer are separately elected by voters. In an increasingly less frequent occurrence, the day-to-day managers of the Assessing Department and Health Department are appointed by their elected Boards from among their own membership. In effect, these administrators are elected.

Pursuant to the principle in government that policy makers should be elected and operations personnel should be appointed, the town should take steps to create consistency throughout town hall and consolidate appointing power in the Town Administrator. Even though, he or she would then have line authority over all department managers under this structure, part-time boards and commissions will continue to provide expert guidance, make customary decisions,

and formulate policy. Within this structure, it is also common for Boards to make department head appointment recommendations to the Town Administrator.

Capable and committed people now occupy management positions, but looking long term, this may not always be the case. Cooperation exists among finance officers in town hall, but they may not always agree in the future. As seen in Webster's past, elections can perpetuate the tenure of an office holder for the mere reason that competition fails to materialize. On the other hand, when positions are appointed, the pool of qualified candidates widens significantly. Benefits also accrue to managers because some responsibilities would shift to the Town Administrator who is better positioned to advocate causes and defend decisions.

With an increased focus on accountability in government throughout the Commonwealth, well run communities are placing the responsibility to oversee town government more squarely in the hands of a full-time professional hired for that purpose. And, so should Webster.

RECOMMENDATION 3: PLACE A PRIORITY ON RECONCILING RECEIVABLES

We recommend that the Town Administrator place a priority on the reconciliation of cash and receivables. Reconciliations of receivables and cash have been a persistent deficiency in the financial management of the town and have broad implications. Most recently, the town's free cash certified as of July 1, 2003 was reduced by \$915,021 due to a variance in receivables. The Town Administrator should establish regular reconciliations of cash and receivables as priorities and require monthly reports of reconciliations from the Accountant, Collector and Treasurer.

RECOMMENDATION 4: MODIFY THE BUDGET PROCESS

We recommend that the Town Administrator establish rules for making revenue projections. It is imperative that the Town Administrator develop reliable revenue projections each year at the start of the budget process. It appears that the format of the projections already mirror the revenue categories as listed on the Tax Recapitulation Sheet. Throughout the year, the Town Administrator should monitor quarterly revenue reports in the same format. For budget purposes, tax revenue can be reasonably predicted by the assessor. Policies should guide how much, or what percent, of free cash, stabilization or other one-time revenues will be used. The same type of policy would determine escalation levels, if any, in local receipts and other miscellaneous revenues. Initial state aid projections can be established then revised in late January based on the recommendations of the Governor's budget.

From this point through Town Meeting, town officials should hold firm on projections which, in a revenue driven process, establishes expenditure levels. In particular, passage of the town budget should not be delayed while in wait for the final state budget. If less state aid than projected results, then budget reductions can be made in a fall Town Meeting before the tax rate

is set. If more aid than anticipated results, the town should resist increasing expenditures and, instead, appropriate the excess to stabilization or allow it to close to free cash at year-end.

We recommend that the Town Administrator present the revenue projections to a joint meeting of the Board of Selectmen, School Committee and Finance Committee to start the budget process. The Town Administrator should present revenue estimates early in the budget process to a joint meeting of the Selectmen, School Committee and Finance Committee to reach consensus on expenditure levels, the use of reserves, and the allocation of resources in general. These and other policy decisions form the basis of budget guidelines for distribution to department managers as they begin to prepare their appropriation requests.

We recommend that the Board of Selectmen formally approve the Town Administrator's budget and that the Town Administrator meet with the Finance Committee prior to finalizing the budget. As part of the process to reach consensus, the Board of Selectmen should formally approve the Town Administrator's budget. The Town Administrator should thereafter present her budget recommendation to the Finance Committee before it begins its formal review. In each instance, the Selectmen and Finance Committee should examine revenue allocations in the context of town-wide goals and the fiscal policies.

We recommend that the town consider adjusting its budget calendar. The budget schedule should allow sufficient time for the Town Administrator, Board of Selectmen and Finance Committee to complete their respective reviews and approvals. The schedule outlined below represents a possible timetable that can accommodate an early May Town Meeting date.

October 15	Town Administrator (TA) presents revenue projections
November 1	TA distributes budget guidelines and requests to departments
January 1	Department deadline to submit appropriation request
February 1	TA completes hearings and creates draft budget
February 15	Selectmen approve budget and submit to Finance Committee
April 15	Finance Committee completes budget hearings and meets with TA
May 8±	Town Meeting votes on TA budget recommendations, subject to amendments

The town should also consider instituting this and other budget related recommendations as a by-law provision or in the Charter. By doing so, the procedures contribute toward stability as office holders and decision makers change over the long term.

RECOMMENDATION 5: AVOID DECEMBER TOWN MEETINGS AND LIMIT FINANCE ARTICLES

We recommend that that the town avoid December Town Meetings and work to limit the number of finance related articles on special Town Meeting warrants. Decisions in late Town Meetings impacting the tax rate have delayed tax bills and forced the town into temporary borrowing to

cover cash flow needs. Even at conservative estimates, this type of delay costs the town in lost interest income on collections and interest payments, as well as fees, on notes.

We recommend that the Town Administrator, Board of Selectmen and Finance Committee agree on and resolve budget related issues by September. Instrumental in reaching this goal is an emphasis on the annual budget process and a clear message to department heads in the spring that money (i.e., free cash) will not be available later in the fiscal year to supplement appropriations. This position can be bolstered by a policy to restrict, or otherwise to reduce, the number of spending articles on fall, or special, Town Meeting warrants and by a policy not to use newly certified free cash for current year expenditures. There are always exceptions, but when moderate and legitimate, unanticipated costs arise many towns turn to the Finance Committee reserve as a funding source. With an overall goal to create budget certainty earlier in the fiscal year, late decisions that compromise the town's ability to submit a timely Recap Sheet to DOR can be avoided, as can the pressure to deplete free cash and other reserves.

RECOMMENDATION 6: *FORMALIZE AND COMMIT TO POLICIES ON THE USE OF FREE CASH, STABILIZATION AND OTHER RESERVES*

We recommend that the Board of Selectmen formalize policies that establish guidelines for funding and appropriating from free cash, stabilization and other reserves. As a matter of policy, we advocate careful use of free cash whether as a mid-year appropriation or as a revenue source for the ensuing year's budget. In the latter instance, removing the expectation of additional available money in the middle of a year forces greater emphasis on developing a realistic annual budget and a clear blueprint for upcoming fiscal year operations. The message to department heads is "this is your appropriation. Live within it."

In either event, a free cash policy should limit the amount that can be used, or establish an amount that must remain as a starting point for next year's free cash calculation. Target free cash levels should be set. Restrictions on use can also be set.

In regard to stabilization, a policy should identify target levels in a total dollar amount or as a percentage of the total annual budget. Three-to-five percent of the budget is the recommended range by credit rating agencies. The policy might also specify that excess free cash or certain, recurring income streams become a funding source. The use of stabilization might be restricted to non-recurring expenditures and only in an amount above a certain dollar threshold. As an option, new state law allows communities to authorize debt exclusions to fund special purpose stabilization funds. (See Ch. 46, §14 and §50 of the Acts of 2003 which amends MGL Ch. 40B, §5B).

Although Finance Committee reserve and overlay surplus can occasionally serve as a revenue source, neither should not be relied upon as a reserve. Over the course of the fiscal year, if legitimate, extraordinary or unforeseen expenditures can be paid from the Finance Committee reserve, the need for special Town Meetings can be reduced. At year-end, any remaining

portion of the reserve can be transferred by Town Meeting to cover other deficits, or can be allowed to close to free cash. An annual overlay reserve should be agreed upon with input from the Board of Assessors and in accordance with general guidelines. If and when overlay surplus is available, additional policy guidelines should specify how that money will be spent. As a non-recurring revenue, sound policy would restrict its use to one-time capital purchases, other expenditures, or let it close to free cash.

RECOMMENDATION 7: RE-INSTITUTE THE TOWN'S CAPITAL IMPROVEMENT PROGRAM

We recommend the town commit to a capital improvement program. As is typical in most communities, tight fiscal conditions often divert funding away from capital programs and in favor of other purposes. Although restricted borrowing, or direct capital outlays, may only allow a minimal program, the review and prioritizing of town needs should be on-going. A five-year program should be developed, annually revisited and included in budget materials for the information of Town Meeting. Often times a capital improvement committee, or similar group, can assist in this regard. For more information, we direct the Selectmen and Town Administrator to Developing a Capital Improvements Program: A Manual for Massachusetts Communities which can be found at the DLS website at www.dls.state.ma.us/publics.

We also recommend that the town consolidate capital improvement funding requests into a single warrant article. By listing multiple capital improvement requests in one article, Town Meeting members still have the opportunity to view, debate or amend any individual items. The detail on each article can be inserted as an appendix to the warrant. Town Meeting will be better able to see and compare capital expenditures and can be provided with a total expenditure amount at the end of the list. The funding source for each recommended project should also be identified.

RECOMMENDATION 8: INSTITUTE A REQUISITION/PURCHASE ORDER SYSTEM

We recommend the implementation of a requisition/purchase order (PO) system. A town by-law designates the Town Administrator as Chief Procurement Officer and directs compliance with MGL Ch. 30B, the State procurement law. Among town hall staff, the Accountant is a certified procurement officer. As a check and balance, we recommend the implementation of a requisition/purchase order system.

The system provides notice to the Accountant to encumber, or reserve, funds at the time of purchase, but prior to the delivery, of goods and services. With expenditures accounted for, there is less risk that departments will over spend their appropriations. With up-to-data financial data, the Town Administrator and other decision makers will have more reliable information on the cash status of the town at any given time.

Developing a requisition/purchase order system, the Town Administrator should establish a purchase order threshold. She should consider what office should take on the responsibility to receive and review purchase orders. Most communities assign the responsibility to the Accountant's office where the normal verification process takes place and where encumbrances would be noted in the appropriation balances. Provisions should allow departments to by-pass the purchase order process in the case of emergencies and with the approval of the Town Administrator. Finally, the Town Administrator should look to make an electronic purchase order system accessible to all departments over a town-wide computer network.

RECOMMENDATION 9: IMPLEMENT EMPLOYEE PERFORMANCE REVIEWS

We recommend that the town implement a program of employee performance reviews. The Town Administrator should develop guidelines establishing a time, procedure and framework for reviewing the job performance of all town employees. Under a typical system, the Selectmen would evaluate the Town Administrator, who would evaluate department heads. Staff evaluations would be completed by department heads.

Generally, guidelines would set-out the purpose of the evaluation policy and the procedures to be followed. Subjects of discussion typically include an employee's work responsibilities, previously established goals and performance. Guidelines should lead to agreement on new goals for the ensuing evaluation period. In this way, responsibilities and job expectations are clarified. If implemented in a methodical, even-handed way, regular job performance evaluations can reinforce accountability, bolster employee morale and elevate resident confidence in government.

Ultimately, the Town Administrator's recommendations for a performance review program would be presented to the Board of Selectmen for approval and subject to the collective bargaining agreements.

RECOMMENDATION 10: CONSOLIDATE PERSONNEL AND BENEFITS ADMINISTRATION

Consolidate personnel policy administration and benefits coordination in a single town staff position. By the town charter and by-laws, the Selectmen set and the Town Administrator executes personnel policies. Currently, however, those responsibilities are spread-out among the Town Administrator, an Accountant's clerk, a retirement system clerk and a school department clerk. Job descriptions are out-dated, if they exist at all. Salary surveys are completed on an ad hoc basis, and because no person is responsible for personnel administration, available software is not being fully utilized. In addition, there is no central repository of payroll or personnel records, and more importantly, there is no central data base of or control over accrued employee sick leave and vacation time.

We recommend that the Town Administrator take the steps necessary to devise a plan for more comprehensive personnel and benefits administration. Toward that end, the Town

Administrator might also consider communicating with counter-parts in other communities with strong personnel and benefits procedures.

RECOMMENDATION 11: WATER METER UPGRADE

We recommend that the town conduct a cost benefit analysis on an upgrade to electronic read water meters and billing software. Water meter readers currently experience 200-300 so-called "zero" or "bad" reads which require a return visit to property locations. Original data is electronically uploaded, but corrections are manually input. Three different software packages are used to complete all necessary steps to monitor the accuracy of charges and to generate user bills.

Many communities are sending a sample of their meters and hand held units to testing labs to measure accuracy. Some have upgraded to all electronic meters and handheld reading units. More accurate meters and meter readers can save real dollars which cover the cost of the meter replacement program. Also, instead of three weeks, meters in the entire town can be read in one day. Quarterly billing becomes an option.

We recommend the town conduct a cost benefit analysis to determine if upgrades to meter and hand held units will generate savings sufficient to pay for the replacement program and result in a more efficient billing operation.

RECOMMENDATION 12: APPROVE ENTERPRISE FUNDS BY SEPARATE BUDGET ARTICLES

We recommend that the annual Town Meeting warrant include separate articles authorizing expenditures for each of the town's enterprise funds. Each enterprise fund appropriation should be evident in the overall line-item budget, to show in one place, total town expenditures irrespective of revenue source. Each should also be approved in its own separate budget article that breaks out expenditures and identifies those revenue sources. We direct the town manager and town Accountant to the DOR publication entitled "Enterprise Funds" (June 2002) which outlines the proper procedure for presenting and approving enterprise fund budgets. It can be viewed at www.dls.state.ma.us under publications.

COMPUTERS AND TECHNOLOGY

At a time when the state is moving rapidly in the direction of electronic communications, the town of Webster lags badly in computer technology. DOR, in particular, which has frequent and necessary contact with communities, offers electronic data exchange, financial resources, publications and other tools for local government at its website. Until recently, the town's ability to take advantage of these resources was limited. However, it is our understanding that most, if not all, town hall departments are now connected to a high speed internet service and have email capacity.

Still, there is no person assigned the responsibility to assess the town's computer hardware and software status, to inventory its equipment, anticipate its future needs and devise a program to achieve its technology goals. Departments tend, instead, to operate with stand alone computer set-ups and to make decisions independent of each other.

Some oversight results from the willingness of Sewer Department Superintendent to function as a technology resource on a volunteer basis, but he candidly admits that his capabilities are not sufficiently wide-ranging to meet the demands of the town. Town offices can consult with a technology support person at CME, an engineering firm (under a recently expanded relationship) and otherwise have access to technical support under contracts with Paul Kapinos & Associates, Point and Data National. Kapinos received high marks for responsiveness, but opinions were mixed relative to the responsiveness of other vendors.

Recognizing these shortcomings, the Town Administrator has already assigned finance officers, working as a government subgroup, to explore ways to enhance the use of computers and technology. A primary task is to consider how best to enhance the exchange of electronic data between and among incompatible software applications.

Presently, computers within the Assessors' office are networked on a single server that supports the Kapinos appraisal software. The offices of the Accountant, Treasurer, Town Administrator and school department share and transfer data using the Data National financial software. The Collector's office and Sewer Department connect to a server which supports the Point billing and cash receipts software. Only through conversions, completed off-site, can data from one software format be transferred to another.

The absence of well-defined technology evaluation and planning responsibilities also exacerbates the lack of training that appears pervasive through finance offices. Managers and staff appear comfortable with the software application specific to their office function, but sometimes miss opportunities to more effectively use spreadsheet applications, such as Excel. The interest and desire to use Excel, particularly to decrease manual record keeping exists, but lack of training and support are obstacles.

RECOMMENDATION 13: CREATE A TECHNOLOGY POSITION

We recommend the creation of a technology position. As town government becomes more complex, greater dependence is placed on computers and software to manage every day finances. There is the added incentive to achieve money-saving efficiencies wherever possible. These goals more than justify the presence of a full-time information technology (IT) or management information systems (MIS) director. As an alternative, the town might contract with a small technology consulting firm to provide a similar range of technical services. In this regard, we understand that the town's relationship with CME for technical support has expanded.

With assigned responsibilities or a defined scope of work, a knowledgeable technology person can monitor systems' performance, and produce a periodic report, or assessment, of the town's technology status. This, in turn, would serve as a useful tool to evaluate the performance of hardware and software in departments, to identify and prioritize the need for upgrades, and to recommend the adoption of new technologies. The recommendations made or accepted from the report would then be incorporated into a long term capital planning program.

A technology person can advise the town on the tendencies, strengths or limitations of hardware or financial management software when changes to policy, procedures or practices are being considered. Everyday accessibility to a technology person can encourage dialogue on how increased computer use can ease office tasks. He or she would formulate guidelines on internet and email use and would serve as a focal point for contact with vendors and monitor their responsiveness. He or she would survey staff on computer usage, and set-up training programs to encourage the use of electronic spreadsheets and increase overall computer proficiency in town hall.

RECOMMENDATION 14: EXPAND TRAINING AND USE OF SOFTWARE APPLICATIONS

We recommend a survey of town hall employees to measure computer proficiency with a view toward enhanced training. Even in the absence of a full-time technology person, an initiative should be taken to identify computer proficiency levels among staff. The Town Administrator has already formed subgroups among department heads. One might be directed to explore how technology can eliminate manual data entry and reduce paper records and redundancies. Ultimately, the town should seek to devise an on-going training program to encourage computer usage to create efficiencies in time and money.

COLLECTOR

An assistant for 12 years, the current Collector was elected to a three-year term in the Spring of 2002 following the 30 year tenure of her predecessor. Staff includes two, 31.5-hour, full-time positions. A senior clerk has 13 years of experience in the office, while the second clerk began full-time in October 2003. She had previously worked part-time for five months. Staff have individual responsibilities, but are cross trained. None have written job descriptions.

Up until FY04, the town was on a semi-annual billing cycle. Now, the office collects taxes for approximately 7,000± real property parcels and 590± personal property accounts on a quarterly basis. Twice each year, 4,200± water and sewer bills are mailed and returned to the Collector's office. About 18,500± motor vehicle and 780± boat excise bills are mailed annually. Although the Collector is reviewing proposals for a lock box service, all payments are still received by mail or over-the-counter at town hall.

The primary responsibility of the Collector's office is to receive payments on behalf of the town, to make deposits as soon as possible, to record, or post, receipts into the collections software and to complete turnovers to the Treasurer. If the Collector maintains an accurate and up-to-date receivable control, monthly reconciliations internally and with the Accountant can provide reliable statements of taxes, excises and charges still owed to the town. Year-end demand notices to delinquent taxpayers and quick action to move properties into tax title are also instrumental to an effective collections program. If records indicate that tax refunds are due, the office must have a procedure in place to research and return tax overpayments to residents. Finally, under state law, the office must respond to requests for a municipal lien certificate within ten days.

The job of the Collector's office is made difficult, in part, by the sheer volume of mail and personal payments received particularly when payment periods for water/sewer bills or motor vehicle excise overlap with the quarterly real estate payment cycle. Despite electronic payments by tax services, the task is aggravated by a short 31.5 hours work week for staff. As a result, timing and time management take on importance.

Posting of receipts is labor-intensive, but up-to-date, and bank deposits are made on a daily basis. Turnovers of cash to the Treasurer are weekly and the Collector completes a monthly summary chart for the Accountant as well. This monthly chart, in spreadsheet form, is sufficient to function as a receivable control record and is used by the Collector to reconcile receivables. However, receivables are not reconciled on a regular basis with the Accountant. In the collection of motor vehicle excise, Kelley & Ryan is engaged as deputy Collector, to pursue violators. The office is diligent in sending demand notices to delinquent property owners, and in placing properties in tax title. Refunds are processed quickly, as are municipal lien certificates.

At the same time, the Accountant's outstanding receivable balance is higher than the Collector's balance, and the variance increased by \$390,384 between the end of FY02 and FY03. As a result, the \$524,637 reduction in the town's free cash as of July 1, 2002, became a \$915,021 reduction in free cash as of July 1, 2003.

Despite the success of the Collector and her staff in completing requisite duties, the office stress level can be high. In particular, the time devoted to opening envelopes during overlapping collection periods, separating payments, posting and depositing money sometimes delays completion of other responsibilities. Technology can help and may not be fully utilized, but assistance may have to come from outside the office if broader use of scanning wands, the Point software and networking with other departments, is to be explored. Overall, however, the Collector and her staff are experienced, knowledgeable and appear determined to accomplish necessary office duties.

RECOMMENDATION 15: ENGAGE A LOCK BOX SERVICE

We recommend the Collector contract for a lockbox service. In our experience, communities have generally had good experiences when maximizing a lock box service. As an immediate benefit, staff time would be freed-up if all payments were directed to the lock box without a stop at town hall. In an agreement, a service provider can be directed to process only those payments where the check amount matches the bill amount, or the bank can be instructed to also process "over and under" and "mixed multiple" payments. Under typical arrangements, payments are deposited by the service, and the day's activity is delivered to the town daily on computer disk and in hard copy. For some communities, between the lock box payments and tax payment services, manual posting has decreased by 75-85 percent. We encourage the Collector to complete a review of lock box proposals with the Town Administrator so that costs and benefits can be weighed and a decision made as soon as possible.

RECOMMENDATION 16: STREAMLINE POSTING OF OVER THE COUNTER RECEIPTS

We recommend that the Collector and her staff consider ways to streamline posting of receipts received by mail. When receiving tax or excise payments by mail, the office staff is locked into a labor intensive procedure by the collections software that doesn't seem required when compared to processing over-the-counter payments. We consulted a DLS technology advisor and although not expertly knowledgeable about the Collector's Point software, her experience is that collections software does not typically require separate procedures for mail and over-the-counter payments. We were not able to resolve this issue for the Collector, but because posting is so time consuming for staff, we recommend that she pursue the issue with support technicians at Point, or with the town's technology consulting firm.

RECOMMENDATION 17: CLOSE OFFICE TO PUBLIC

We recommend that the Collector consider closing the office to the public one day, or a part of one day, each week. To help handle workloads, many towns are beginning to close offices to the public for a limited time during the week. Undisturbed time allows the completion of posting and other tasks that must be completed on a regular, recurring basis. It also allows the Collector to meet with her staff to explore operations and how work might be accomplished more efficiently. As a change in town hall office hours, approval of the Town Administrator and Selectmen would be necessary.

TREASURER

The current Treasurer served for 21 years as an assistant in the office before being elected to fill the top position in the Spring of 2001. Her predecessor had served in the position for 30 years. Staff includes one, 31.5 hour per week clerk who shifted from part-time to full-time in January 2003. More recently, the office has also received some additional part-time help.

In general, the Treasurer takes charge of all monies collected or received by the town which are transferred by departmental turnovers. She invests town funds, maintains balances in various accounts, and makes payments as directed by vendor and payroll warrants to cover town obligations. By submitting the Treasurer's schedule of receipts, the Treasurer advises the Accountant of money received.

Through an up-to-date cash book, the Treasurer records income and disbursements in order to track the town's cash balance, which should be reconciled with the Accountant's general ledger every month. Check registers are maintained for each account. The Treasurer issues short and long term debt and documents bond authorizations and issuances on a debt schedule, and on a separate schedule, displays debt service payments over time of principle and interest. At least annually, the Treasurer's debt schedule should be reconciled with the Accountant's records. The Treasurer monitors the town's monthly cash flow and moves money between accounts or raises funds through temporary notes to meet cash needs. It is also her responsibility to maintain a log of investment activity as she acts to maximize interest income.

Documents such as insurance policies, fidelity bonds and deeds are retained by the Treasurer, who also maintains tax title account files. In this regard, the Treasurer should have a program in place to reduce tax titles, as well as a separate program to return any unclaimed checks (tailings) back to town accounts.

Even though, similar to other offices, time management is a concern, critical, day-to-day functions are performed. Receipts are posted and deposited, invoices and payrolls get paid, internal cash reconciliations are regularly completed. The town's cash flow, investments and borrowing is being managed and record keeping procedures are in place.

The Treasurer has been diligent and successful in reconciling her cash control (Quickbooks) to bank statements, even though the Accountant has not made her cash balance record available. In the past, it was because cash reconciliations between the prior Treasurer and Accountant were not completed that major variances resulted. Only with the assistance of outside consulting services were cash variances reduced to a nominal \$5,044 as of July 1, 2003.

The current Treasurer inherited other problems as well. In particular, more property accounts have been added than removed from the Treasurer's tax title list which has swelled to 196 accounts, and \$2,820,964 as of July 1, 2003.

RECOMMENDATION 18: REDUCE TAX TITLE ACCOUNTS

We recommend that funding for legal costs to reduce tax title accounts continues. To reduce the number of properties in tax title and to collect any portion of the outstanding taxes owed the town, requires a commitment not just from the Treasurer, but from the Board of Selectmen, Finance Committee and Town Meeting as well. Under the MGL Ch. 60, §50B, the town is required to appropriate the monies necessary to cover the cost of foreclosure proceedings for certain tax title properties. If no budget appropriation is included, the Assessors are obligated to raise amounts certified by the Treasurer on the Tax Recap Sheet. In FY04, no amount was budgeted, but \$23,400 is included to be raised through the tax rate.

We recommend that the Treasurer bundle tax title accounts and solicit services to pursue foreclosures in Land Court. We understand that engaging the services of an attorney is already under consideration by the town Treasurer. By bundling accounts, the Treasurer may increase potential interest with an attractive compensation package and possibly realize a cost savings through discounted legal fees because of the contract size. As another cost savings alternative, the town may engage title examiners, rather than lawyers, to prepare documents for submission to the Land Court. Also, the Treasurer is authorized, even as a non-lawyer, to file the petitions with the Land Court. Procurement of these services are exempt from Chapter 30B.

We recommend that the Treasurer organize tax title accounts into groupings. The organization of tax titles should include the creation of a single computer file that includes sortable data for all accounts. Groupings should include the following:

- Land of low value
- Multiple parcels under single ownership
- Accounts with bad addresses and deceased properties owners (owners unknown)
- Existing partial payment agreements
- Remaining accounts

RECOMMENDATION 19: DEVELOP A CASH FLOW SPREADSHEET

We recommend the Treasurer create a monthly cash flow projection spreadsheet. The Treasurer should determine if the National Data software package offers a cash flow management feature. If not, she should seek assistance in developing a cash flow projection on an Excel spreadsheet. By applying past patterns of monthly spending and collections (as evidenced by monthly revenue and expenditure reports) to current year appropriations, a reasonable forecast of the town's cash flow needs will emerge. Through the course of the year, the cash flow forecast can be adjusted for unexpected circumstances, and actual monthly costs or revenues should replace estimates.

An example of the Cash Flow Projection spreadsheet is included as Appendix X.

RECOMMENDATION 20: REDUCE TAILINGS

We recommend that the Treasurer take steps to reduce "tailings." Section 108 of the Municipal Relief Package, which was enacted as Ch. 46 of the Acts of 2003, amends the General Laws by providing an alternative procedure for Treasurers to retain uncashed and abandoned checks, otherwise known as "tailings." The Treasurer should analyze present tailings with an intent to initiate and maintain an on-going program to minimize the account balance. A diligent effort should be made to contact payees and determine whether old checks should be voided or re-issued. If, after a search, check payees cannot be located, the Treasurer should initiate the specified procedures for returning payment amounts to the General Fund. For guidance, we refer the Treasurer to MGL Ch. 200A, §5 and §9A, as most recently amended and to an Informational Guideline Release (IGR) to be published by DOR in the near future on the subject.

RECOMMENDATION 21: DEBT SERVICE SCHEDULE

We recommend the Treasurer maintain a debt service schedule on an Excel spreadsheet. Based on statements prepared annually by the town's Financial Advisor, First Southwest Company, required debt information has been filed with DOR on a timely basis. However, the Treasurer should set-up spreadsheets to track prospective debt service schedules prior to the completion of the budget process.

- 1) Debt Service/Long Term - A projection of principle and interest payments over a ten or twenty year period should be maintained and updated annually. This chart should identify the date of issue, the purpose of the bonds, whether or not payments are self-supporting (covered by rates or by taxes). As the chart extends into the future, it would display overall principle and interest obligations by year, and when debt service begins and ends for individual projects.
- 2) Debt Service/Monthly - The Treasurer should maintain a similar chart of debt service obligations on a per month basis for the current fiscal year only. Used in tandem with monthly revenue and expenditure estimates, this information is important to forecasting the cash flow needs of the town through the course of the year.

To gather and verify information on approved bonding articles, the Treasurer should meet with the Town Clerk at the end of each Town Meeting. She should communicate with department heads to learn when capital projects are likely to begin. She should review her file of notes outstanding and look to the town's most recent prospectus for additional information. Finally, the Treasurer should reconcile her debt records with the Accountant, at least annually, to ensure that her debt statements agree with the Accountant's records.

Samples of debt and debt service schedules are included as Appendices at the end of this report.

RECOMMENDATION 22: TAKE STEPS TO MANAGE TIME

We recommend the Treasurer set aside a block of time each day (i.e., one or two hours) during office hours, when she would be in the office, but not available. This would provide undisturbed time when the Treasurer could return telephone calls, arrange meetings, and otherwise take-up tasks which are best accomplished in a quiet environment and over a prolonged period. It would also be an appropriate time for communication and the exchange of information with other financial officers in town hall.

In determining how best to allocate the limited resources of the office, the Treasurer should also confer with the Town Administrator to establish priorities. An initial delineation might separate those tasks which impact the town as a whole or the performance of other finance officers from those which are singularly Treasurer duties. With the support of the Town Administrator and a better sense of town-wide goals, the Treasurer could increase her productivity and that of her clerk.

ACCOUNTANT

The present Accountant entered the Webster position just under three years ago and follows the 30 year tenure of her predecessor. She previously served in a similar position in the Town of Needham. She is assisted by two, 31.5 hour clerks and provides office space for the town's retirement clerk. One Accountant's clerk, with eight years of experience, processes payroll and has taken-on some personnel responsibilities. The second clerk, has 15 years in the office, handles accounts payable and will also take responsibility for reconciliations of cash and receivables in the future.

The town accountant has very specific responsibilities in the oversight of town finances. Through the vendor and payroll warrant preparation process, the accountant confirms that money is available to make payments, the purpose of an expenditure is within the intent of the appropriation account to be charged and no fraud is evident. The office maintains an up-to-date and accurate general ledger together with subsidiary ledgers to create a paper trail of municipal receipts and expenditures. The Accountant maintains custody of all town contracts and grants.

She keeps a detailed record of town debt, and should reconcile her record with the Treasurer's debt schedule at least once each year. Reconciliations of cash with the treasurer and receivables with the Collector should occur on a monthly basis. The Accountant is obligated to produce an expenditure report every month and should produce a revenue report as requested. She must also report annually on the town's liability for accrued employee uncompensated sick leave and vacation time.

The Accountant is solely responsible for preparing and submitting to DOR the town's Balance Sheet at year end and its annual Schedule A by October 31. Finally, she has a role together with the Assessors and Clerk in the preparation of the town's Tax Recap Sheet.

The office is effective in carrying out every day duties. Vendor invoices are received, processed and vendor warrants are prepared every week. Although some employee time sheets are initially filled-out in the Accountant's office rather than by department heads, the payroll warrant is prepared on a timely basis. The Accountant regularly receives departmental turnover sheets and attends to the general ledger. Communication between the Accountant and other finance officers is good, and productive time is spent addressing issues relating to the maintenance and transfer of information.

The office is less consistent in fulfilling periodic responsibilities. The Accountant has not begun to reconcile cash with the Treasurer and receivables with the Collector on a regular monthly basis. The office has not completed and submitted a Schedule A by October 31 in the last four years. While there is no deadline by which a Balance Sheet must be submitted, when filed, it has been deficient in form. Because there is no mechanism to receive the information, the office has not been able to maintain a central record of accrued sick leave and vacation time.

The Accountant should also maintain and periodically reconcile her own debt schedule with that of the Treasurer.

In fairness, some of these issues are already being addressed by the Accountant, but we include recommendations for emphasis.

RECOMMENDATION 23: SCHEDULE RECONCILIATIONS OF CASH AND RECEIVABLES WITH TREASURER AND COLLECTOR

We recommend the Accountant schedule a day each month with the Collector and the Treasurer for reconciliations of receivables and cash. The initiative to reconcile the town's cash and receivables must originate with the Accountant. Individual, internal reconciliations by the Collector and Treasurer do not satisfy DOR requirements unless and until they are measured against the Accountant's general ledger and adjusted for any variances, if necessary. We understand that the Accountant plans on assigning reconciliation responsibilities to a clerk. We encourage the prompt transfer of this important task so that regular reconciliations can occur. Toward this end, the Accountant, Collector and Treasurer should meet, as soon as practical, and agree on a specific day each month when they will be prepared to complete reconciliations. However, we emphasize that responsibility for reconciliations lies with the Accountant. Even if it is to be assigned, the Accountant must monitor the activity, be intimately knowledgeable of the variances and sign-off on the adjustments.

RECOMMENDATION 24: PREPARE FOR SCHEDULE A SUBMISSION

We recommend that the Accountant begin immediately to utilize the Data National feature that converts town financial data into a Schedule A format. The Schedule A is a year-end statement of a municipality's actual revenues, expenditures, changes in fund balance and certain other financial information. It is a required report which must be submitted annually to DOR by October 31. In recent years, the Schedule A format has been simplified by combining the financial information and reducing the number of reporting categories. The report is typically prepared by the town Accountant and the data is extracted from the financial management software.

In the past four years, the Accountant has been late in the preparation of the Schedule A and in FY02, the town was penalized. State aid was withheld forcing the town into temporary borrowing to cover municipal obligations. October 31, 2003 has passed and the town's Schedule A has not been filed.

We therefore recommend that the Accountant immediately implement the Data National software feature that converts town data to the Schedule A format. We understand that the Accountant has already decided on this course, but we encourage implementation sooner rather than later.

RECOMMENDATION 25: AUTOMATE RECORD KEEPING FOR SICK LEAVE AND VACATION TIME

We recommend that the town centralize record keeping for accrued employee sick leave and vacation time. Among her duties, the Accountant must annually report, for the purposes of GAAP accounting for financial statements, employee sick and vacation time vested and accrued. This reflects the obligation of the town under contracts to compensate employees, upon retirement, for all or a portion of their sick and vacation time earned, but not taken. For many communities, this represents a future, and oftentimes unfunded liability, which can only be determined and planned for with proper procedures for the collection and maintenance of employee payroll information. In Webster, no uniform procedure is in place and the liability is uncertain.

According to the Accountant, the Data National payroll software has the capacity to track accruals for employee sick leave and vacation time. The software is not utilized because the basic employee salary and benefits information has not been entered into the underlying data tables and employee use of sick or vacation time is not being reported by department heads. Instead, under current town practices, sick time and accrued vacation is accounted for and maintained generally for employees at the departmental level. The Accountant has no record, nor the means to calculate, the total town liability for sick time and accrued vacation.

The maintenance of records at the departmental level represents good practice only if the practice is uniform, and if corresponding information is also retained in a centralized location, i.e., with the Accountant. Otherwise, checks and balances do not exist. The absence of a systematic procedure for receiving accurate information and maintaining up-to-date records can give rise to circumstances where an employee's claim of accrued sick leave and vacation time cannot be corroborated or challenged with credibility.

RECOMMENDATION 26: SET OFFICE PRIORITIES

We recommend that the Accountant work with the Town Administrator to establish office priorities and deadlines. The delineation of responsibilities in the Accountant's office seem to be clear despite the absence of written job descriptions. Procedures are in place to accomplish recurring responsibilities like warrant preparation, and other ad hoc tasks seem to receive attention as they arise. However, as noted, the completion of the Balance Sheet, preparation of Tax Recap information and submission of the town's Schedule A, are more easily put-off duties and tend to lag. Clearer priorities and greater forward looking planning would address this and similar issues. Some of this advance planning and goal-setting has already begun to take place, for instance, with the development of a local municipal calendar. We recommend that the effort be on-going and that more formal accountability be established between the Town Administrator and Accountant by agreement on a schedule of regular updates and deadlines.

RECOMMENDATION 27: MODIFY THE TIME SHEET PROCESS

We recommend that the Accountant change the way time sheets are processed. In some, if not all instances, employee time sheets are filled out in the Accountant's office and forwarded to department heads, who are then expected to change the hours worked or rate applied for their respective staff. They return the time sheets to the Accountant's office with a signature.

Time sheets for the regular pay period should originate with each employee. The department head should verify the employee's statement of hours worked, including details of regular time, overtime, and differentials, and by his or her signature, confirm the same to the Accountant. Time sheets should be redesigned to include an employee's use of sick or vacation time.

RECOMMENDATION 28: REDESIGN DEPARTMENTAL TURNOVER SHEETS

We recommend that the Treasurer/Collector redesign departmental turnover sheets. Most communities are moving toward utilization of turnover sheets designed as Excel spreadsheets in a single format and customized by department. Typically, the form is created once as a template and emailed 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 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 Treasurer, the Accountant should consider this format and the efficiency it brings to the exchange of financial information.

RECOMMENDATION 29: COMPLY WITH GASB 34

We recommend that the town come into compliance with the requirements of GASB 34. The Governmental Accounting Standards Board (GASB) Statement 34 is an 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. It also imposes new financial and audit reporting requirements. As a so-called "tier two" community, Webster must be in compliance with GASB 34 when it prepares its financial statements for FY03. From what we're learned, it is not.

The Town Accountant should begin immediately, if she has not already, working with the town's audit firm to determine what steps must be taken to comply with GASB 34. While credit rating agencies have suggested that towns may be afforded a period of adjustment, it is also clear that compliance with GASB 34 is expected, and will become a factor in determining a community's credit status.

ASSESSORS

The Assessors' office is responsible for valuing all the town's real and personal property and for generating the tax commitment authorizing the Collector to collect tax payments. To ensure that residents are taxed equitably and accurately, the office continually inspects properties, updates property records and tracks exemptions and abatements that it issues. The office also oversees the processing and distribution of motor vehicle and boat excise bills. The Assessors estimate new growth, recommend the annual overlay, and provide other assessed value information for use in the Recap Sheet which is submitted to DOR to receive approval of the local tax rate.

Under the Webster Charter, three members are elected to the Board of Assessors, for staggered, three-year terms. One Board member fills a full-time, department head position and directs the day-to-day activities of the office. The current department head has held the position for seven years and has been a members of the board for 20 years. Staff assistants include two, full-time clerks with 18 and one and a half years experience in the office. Staff are cross trained, but also have individual responsibility to complete routine office tasks.

The volume of activity for Webster Assessors involves 7,003 total real estate parcels of which, 3,463 parcels are classified as single family residential, while 284 are commercial, 61 are industrial and 588 are personal property accounts. Of the town's total assessed value in FY03, 83.9 percent was attributable to residential properties and 16.1 percent to commercial and industrial properties combined (including personal property). Arms-length, real estate transactions typically number 130± sales per year and building permits average 440. The Assessor's office commits approximately 18,500± motor vehicle excise bills annually, 780 boat excise bills and processes all abatement (100 per year) and exemption applications.

Since 1996, the town has contracted with Paul Kapinos & Associates for data collection and revaluation services. Under a three year contract that averages about \$45,000 per year, Kapinos and his staff inspect building permit properties, selected sale properties and measure and list other properties. The cyclical program is scheduled for completion every six years. Kapinos staff data enter property information collected from inspections, sale questionnaires and income and expense surveys (every third year) at the company office and upload it to the Assessors files, by modem, twice a year. Kapinos analyzes data to determine if annual property value adjustments are warranted and completes a town-wide revaluation in triennial state-certification years. Kapinos makes recommendations to the Boards relative to abatement applications and will, when necessary, represent the town before the Appellate Tax Board.

Because the Collector uses Point software, the tax commitment is sent to Kapinos through a dial-up modem connection, and then emailed to Point for conversion. Property data and applications are backed-up to tape every week or on a monthly basis depending on office activity. Tapes are stored in-house in a fire-proof, walk-in vault. The town can add Geographic

Information System (GIS) capability through a Kapinos module, but digitalization of maps and initial cross referencing of data to allow multi-layer use by other departments, would be costly.

RECOMMENDATION 30: CONSIDER PERFORMING CERTAIN TASKS IN-HOUSE

We recommend that the Assessors' Office take on greater responsibilities. The Assessors rely heavily on Paul Kapinos & Associates for a full range of services. However, the town is small enough and the office is sufficient in staff to consider whether certain functions might be accomplished in-house. In most communities, the Board members and the department head review, inspect and make a determination on all abatement applications. Sales should be inspected annually, and as transactions occur, to capture improvements buyers typically make immediately upon the purchase of a new home or business property. This is a manageable inspection duty. Data entry and record card changes resulting from property inspections might be a completed in-house. This assumes the office has input capability and if not, that it be acquired.

RECOMMENDATION 31: SEPARATE BOARD AND OFFICE FUNCTIONS

We recommend that, in the future, the town create separation between the administrative function of the department head and policy-making function of the Board of Assessors. One member of the elected, part-time Board of Assessors currently functions as the full-time manager of the Assessing Department. At the very least, this structure creates confusion for voters who must decide whether to elect a person who is better suited as a member of the Board, which sets policy, or who has the credentials of a manager. At worst, it increases the likelihood that no elected Board member would be qualified as an administrator in a very select area of municipal management.

Instead, we recommend retaining the part-time, elected Board of Assessors as directed by the Town Charter, and appointing of a non-Board member to provide professional day-to-day management to the department. Depending on the salary level, this person could also inspect properties and complete valuation analyses. We recommend further that the Department head be appointed by the Town Administrator from candidates recommended by the Board.

RECOMMENDATION 32: DISCONTINUE MAINTENANCE OF A MANUAL RECORD OF DEEDS

We recommend that the Assessors' clerk discontinue a manual record of deed information. As evidence of property transfers, deeds are forwarded to the Assessors' Office from the Worcester County South Registry on a routine basis. Upon receipt, the Assessors' clerk researches the property map and lot designation. She notes the designation on the deed document and then records it together with other pertinent deed information in a hand-written log. The log serves as a reference while all deed instruments, whether or not they involve lot splits, are sent off-site to Jalbert Engineering where the map and lot designation already identified in the Assessors'

office, is verified. When deeds are returned, about two months later, property records are updated.

We recommend that, upon receipt of deeds from the registry, the assessor's clerk continue to identify and note the property map and lot designation. She should also mark on the deed document the property classification code and the sale code. Then, she should update the property records in the Kapinos software. She should cease sending all deeds to Jalbert Engineering and should discontinue the maintenance of a manual log of deed information.

RECOMMENDATION 33: MAKE MAP CHANGES ONCE EACH YEAR

We recommend that Assessors' maps be updated annually. As recorded plans of new subdivisions and property lot splits arrive at the Assessors' office throughout the year from the Registry, they are forwarded to Jalbert Engineering so that town maps can be updated. Jalbert then returns full-sized, updated maps to the town throughout the year.

There is no compelling reason to update Assessors' maps other than once each year. Therefore, we recommend the following procedure. The Assessors' office should accumulate new plans as they arrive from the Registry of Deeds. In December and January, the Assessors' should communicate with the Registry to confirm that all recorded plans have been forwarded. All plans should then be sent to the engineering firm for map updating in the spring of each year. If the Assessors retain responsibility to assign new map and lot designations, they should do so as plans arrive, and at the same time, create new property cards, and pencil-in new lot configurations onto existing maps for reference purposes until updated maps are complete.

RECOMMENDATION 34: REQUEST BOAT REGISTRATION DATA IN ELECTRONIC FORM

We recommend that the Assessors request boat assessment data in an electronic format. Each year, the town assesses a boat excise to 780± owners based on boat registration data obtained from the State Environmental Law Enforcement Office in a Tax Assessment Report. In the past, the Assessors have received this report in hardcopy. Because some boats are exempt from the excise (i.e., under 16 feet in length, or were built prior to certain dates), the Assessors' clerk manually scans the alphabetical listing to identify boat owners who are subject to the excise. She then data enters the information into the Kapinos software in preparation for billing.

We recommend that the Assessors request boat owner information from the State in an electronic format. According to David Barber of the Environmental Law Enforcement Office (617-727-3905), the information can be made available on CD-ROM which would allow the Assessors to automatically sort data. The town can consult with a technology support person at the State office to learn about the computer hardware and software requirements to access and manipulate the data. The Assessors should also discuss with Paul Kapinos how data might be

electronically transferred from the State CD-ROM to his software. A modest investment may be necessary, but would be justified by the efficiencies realized.

RECOMMENDATION 35: SEND REPORTS OF ADDRESS CHANGES TO COLLECTOR AND SEWER DEPARTMENT

We recommend that the Assessors re-institute monthly reports of property owner changes to update Collector and water/sewer billing records. It is our understanding that in each billing period, upwards of 150-200 water and sewer bills are returned due to incorrect owner addresses. If the Assessors' office can identify and periodically send address change information to the sewer department where billing records are maintained, new mailings can be avoided and collection can improve. It is our understanding that until recently, the assessors' had performed this service. Moving forward, we encourage the sewer and assessing office personnel to meet with Paul Kapinos whose software has the capability to produce such a report.

ACKNOWLEDGEMENTS

This report was prepared by

The Department of Revenue, Division of Local Services (DLS)

Gerard D. Perry, Acting Deputy Commissioner

Frederick E. Kingsley, Bureau Chief
Municipal Data Management and
Technical Assistance Bureau (MDM/TAB)

Joseph Markarian, Jr., Project Manager
Technical Assistance, MDM/TAB

Brenda Cameron, Deputy Bureau Chief
Bureau of Local Assessment

Andrew Nelson, Field Representative
Bureau of Accounts

In preparing this review, DLS interviewed the following persons
and numerous other town hall staff members

Robert J. Miller, Chair, Board of Selectmen
Irene A. Martel, Selectman
Joseph S. Beresik, Chair, Finance Committee
Robin Leal, Town Administrator
Leonard G. Racicot, Assessor
Marc Becker, Assessor/Chair, Planning Board
Pamela A. LeDuc, Accountant
Eleanor Doros, Treasurer
MaryAnn McGeary, Collector
Phillip Robert, Superintendent, Sewer Department
Linda Wisnewski, Assistant Accountant
Ramona Kelly, Accountant's Clerk
Joanne Korostek, Senior Collector's Clerk
Linda Bailey, Senior Collector's Clerk
Patrice A. David, Assessors' Clerk
Diane Kuszewski, Assessors' Clerk
Debra Kasik, Sewer Department
Paul Kapinos, Assessors' Consultant
Christian Rogers, CPA, Sullivan & Rogers

APPENDIX
