



Town of West Brookfield

# **Financial Management Review**

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Division of Local Services / Technical Assistance Section

December 2011



December 5, 2011

Board of Selectmen  
Town Hall  
2 East Main St.  
West Brookfield, MA 01585

Dear Board Members:

It is with pleasure that I transmit to you the enclosed Financial Management Review completed by the Division of Local Services for the Town of West Brookfield. It is our hope that the information presented in this report will assist the town in improving its financial management practices, addressing areas of concern and meeting its long-term planning needs.

As a routine practice, we will post the completed report on the DLS website, [www.mass.gov/dls](http://www.mass.gov/dls), and forward a copy of the report to the town's state senator and representative.

If you have any questions or comments regarding our findings and recommendations, please feel free to contact Rick Kingsley, Bureau Chief of the DLS Municipal Data Management and Technical Assistance Bureau at 617-626-2376 or at [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

Sincerely,

Robert G. Nunes  
Deputy Commissioner &  
Director of Municipal Affairs

cc: Senator Stephen M. Brewer  
Representative Anne M. Gobi

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## OVERVIEW

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At the request of the board of selectmen, the Department of Revenue's Division of Local Services (DLS) completed this financial management review for the Town of West Brookfield. The observations, conclusions and recommendations presented are based on site visits and telephone interviews with local officials and town hall staff. In addition, records and documents provided by the town and town information maintained in DLS files were reviewed by members of the DLS Technical Assistance Section. Included were the town's outside audit reports and management letters completed by Scanlon & Associates, CPA for fiscal years 2007 through 2010. The town's DLS Bureau of Accounts field representative and its Bureau of Local Assessment community advisor were consulted and also contributed. Persons interviewed are listed in the Acknowledgments section of this report.

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In the absence of a charter, the Town of West Brookfield operates under a mix of state statutes and local bylaws that define the responsibilities of office holders and set out requirements relative to the procedures of government. A three-member board of selectmen serves as the executive branch and oversees municipal operations with the assistance of a full-time executive secretary, whom it appoints. Legislative functions are fulfilled by an open town meeting, which routinely meets in the fall as well as annually in the spring. The treasurer, collector and town clerk are elected part-time offices. The accountant and most other positions in municipal government are appointed and part-time. The assessor's clerk is full-time and is appointed by the board of assessors. Besides the customary standing and ad hoc boards, committees and commissions, a separately elected, three-member commission oversees the water department. West Brookfield is also part of the K-12 Quaboag Regional School District with the Town of Warren (pop. 5,135).

The Town of West Brookfield comprises 20.47 square miles of upland and approximately 3,700 people (2010 U.S. Census). It is one of 95 Massachusetts towns with populations under 5,000 outside Cape Cod, Martha's Vineyard and Nantucket. Its population density of 181 people per square mile is characteristic of the small, rural towns in the central and western part of the state. Because there is very little commercial and industrial development, it is also a community where most residents travel to jobs located elsewhere. Of the town's total assessed value, only 5.3 percent is commercial and industrial, while 92.9 percent is attributed to properties classified as residential and 1.8 percent represents personal property accounts.

The predominance of residential property suggests that the burden of supporting local government falls disproportionately on taxpayers, but this is not necessarily the case. Among the revenues drawn on to support the town's FY2011 \$7,578,400 budget, 52.8 percent were

generated from property taxes. This is less than the average of 63.7 percent for all Massachusetts towns and further distanced from the average of 69.9 percent extracted from a sampling of 26 towns with annual budgets between \$5 million and \$10 million. (See [Appendix A](#) for a list of these towns.) Nor is overall spending high. At \$2,454, the town's FY2011 average single-family residential tax bill was only 54 percent of the statewide average (\$4,537) and was the 313<sup>th</sup> lowest among 338 communities that reported. From another perspective, per capita spending in FY2011 was \$2,048, compared to \$3,358 among all Massachusetts towns, and \$2,433, on average, among the 26 sample towns.

The town has controlled spending in part because it has not added to the tax levy limit through a Proposition 2½ override. According to DLS records, West Brookfield is one of 48 municipalities out of 351 that has never approved or even proposed an override vote. Another influence is that property assessments increased at a rate greater than annual town budgets. As a result, the town's tax rate actually declined 22.6 percent, from \$14.13 in FY2004 to \$10.94 in FY2011. Since FY2004, overall spending by the 26 sample towns increased 23.8 percent on average, while in West Brookfield spending increased only 8.0 percent.

Tapping into property taxes has been averted, as well, by the availability of money in the "Other" revenue category, which includes appropriations from free cash and stabilization funds, and transfers from special revenue funds. In FY2011, 27.3 percent of the revenue needed to finance the town budget originated from this category of funds. By comparison, the average percentage of "Other" revenue used by all Massachusetts towns was only 4.3 percent, while the average among the 26 peer towns was 7.3 percent in FY2011. Some of this benefit is attributable to \$2,507,104 that the town received as part of the MTBE<sup>1</sup> settlement which was appropriated to a water stabilization fund. However, the practice of expending substantial free cash and drawing from other stabilization and special revenue funds appears to be long-standing. Revenues from these sources have provided 23.7 percent, on average, of the funding used to support West Brookfield's annual budgets since FY2000. (See [Appendix B](#) for details of the town's historic reliance on "Other" revenues.)

The bulk of West Brookfield's "Other" revenue is free cash, and the town tends to appropriate most of it, first at a fall special town meeting to support the current year budget and later at the spring annual town meeting as a revenue source to help finance the ensuing year's budget. It also uses free cash appropriately for one-time expenditures. (See [Appendix C](#) for historic appropriations of free cash). Because the town is conservative in estimating local receipts from year to year, excess income is realized, which becomes a major contributor to free cash. The way the town has historically orchestrated Chapter 90 projects and reimbursements has also added to free cash levels but only as an artificial contributor. We address these topics later in this report.

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<sup>1</sup> MTBE or methyl tertiary butyl ether is a gas additive, which was at the center of a class action suit by municipalities against major petroleum companies claiming contamination or potential contamination of local water supplies.

The availability of revenue helps significantly, but to create fiscal stability and to be regarded as a well-run town, sound management practices must also be in place. In West Brookfield, the ongoing work of town government has been conducted in accordance with consistent, long-standing procedures and policies. And, although the town has a decentralized government structure wherein elected positions are many and a single management authority is absent, the system seems to work. The selectmen take a strong role in overall government management. The advisory board is instrumental in formulating the annual budget and advising the town on other fiscal matters. Department heads are knowledgeable, experienced and efficient in carrying out their responsibilities. It is a structure and a system that local officials, town employees and residents appear comfortable with.

The effectiveness of municipal government in West Brookfield can also be attributed to the longevity of staff, managers and policymakers and the willingness of all to work collaboratively. It seems that over time, good working relationships built on respect and cooperation have evolved. Decision-makers have shaped policies and staff have become proficient in procedures, which together have led to a smooth-running government operation.

On a regular basis, town receipts are collected, posted and accounted for. Vendor and payroll warrants are processed and approved, and town obligations are met. Records are up to date, accurate and reconciled. Checks and balances are in place. Town officials have consistently developed a balanced annual budget, set the tax rate, received free cash certification, and filed the town's Schedule A with DOR on a timely basis.

On balance, we regard West Brookfield as a community that is characterized by thoughtful analysis and sound financial practices. However, there are areas that warrant attention, which we address in our recommendations. Some of them ask local leaders to consider moving away from comfortable, long-standing practices and toward approaches embraced by many of the more well-run towns in Massachusetts. In other respects, our recommendations would tighten operations and bring certain tasks into greater compliance with state laws or regulations. In no instance do the changes we suggest carry inherent risks. They represent proven alternative approaches we hope would appeal to a community that seems to take pride in functioning at an efficient, professional level.

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## OVERALL FINANCIAL MANAGEMENT

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### **Review Town Bylaws**

The town's general bylaws, entitled "By-Laws & Traffic Rules & Regulations," were adopted in 1948, had amendments added up through 2005, and were most recently updated in February 2009. The last comprehensive revision appears to have occurred in 1978 on the recommendations of a bylaw committee.

The Town of West Brookfield is at a point where it enjoys a noteworthy degree of stability in terms of personnel and finances. Policies and procedures have evolved to effectively advance operational goals. Consequently, this may be an opportune time to re-examine the town bylaws through a substantive review. In doing so, the town can make them consistent with current, accepted practices and ensure continuity even as appointed and elected officers change. By its nature, a review might also prompt wide-ranging discussion on the future of town government and lead to the codification of rules that fit the character and preferences of the community.

Once approved, a town's general bylaws should help establish responsibilities and relationships among town employees and help define residents' rights and obligations when they interact with local government. The content of the new bylaws should be made available to residents in hardcopy in the town clerk's office and electronically on the town's website, neither of which is the case now.

### **Adopt a Budget Process Bylaw**

The town's general bylaws have full chapters dedicated to town meeting procedures, contracts by town officers, legal affairs, and recall elections. However, while the bylaws also address other matters of government, they offer only minimal guidance on the budget process, which is spread out among different chapters. Clearly, the town has applied reasonable interpretations to the bylaws and arrived at a budget process that is compliant and works. Still, the budget references are disjointed. Therefore, regardless of whether the town conducts a full bylaw review, we recommend the addition of a new chapter entitled "Budget Process."

We advise that the budget bylaw should set out a lineal process with definitions of the tasks to be completed, and assign responsibilities and deadlines for completion of those tasks. It should also more precisely reflect current practices. We would envision the following tasks or milestones, some of which are already addressed in the town's current bylaw.

We suggest the process start with a meeting, as of a certain date, of the board of selectmen chair, the advisory committee chair, the executive secretary and the accountant to agree on the budget calendar for the year. To ensure sufficient time for each step in the process,

it is useful to work backwards from the date of annual town meeting. The bylaw would then direct the completion of revenue projections, the development of budget guidelines, the distribution of budget packages to all with spending authority, and the return of appropriation requests. It would define the role of the executive secretary, accountant, advisory committee and board of selectmen and the sequence according to which each acts.

In drafting the bylaw, the town should be clear as to who will formulate the initial budget recommendation, how the selectmen and the advisory committee interact, and who decides on the final budget recommendation that is presented to town meeting.

### **Rethink Secret Town Meeting Ballots**

We encourage the town to rethink the necessity of its secret ballot bylaws. Secret ballots are not prohibited in Massachusetts town meetings but run counter to open and transparent government. They occur rarely and are generally viewed as justified only in instances where town meeting members might be legitimately hesitant to publicly vote their true sentiments (e.g., personnel-related issues). The apparent prevailing bylaw in West Brookfield (Chapter 2, Section 14) imposes a secret ballot on all articles requiring a two-thirds vote to pass. Also by two-thirds vote, the town meeting can suspend the requirement or vote to impose a secret ballot where one is not required. Given the benign nature of town meeting actions that call for a two-thirds vote (listed below) and the existing prerogative of town meeting to call secret ballots, the town might feel disposed to remove Section 14 from its bylaws. In doing so, the town should also remove Section 19, which is an earlier-adopted reference to secret ballots.

- Bond authorizations (Chapter 44: Section 7.)
- Amendments to a town charter (Chapter 43B: Section 10.)
- Adoption or change of zoning by-laws (Chapter 40A: Section 5.)
- Establishment of historic districts (Chapter 40C: Section 3.)
- Regional school districts purchasing land (Chapter 71: Section 16.)
- Establishment of agricultural incentive areas (Chapter 40L: Section 4.)
- Rescission of restrictions on Article 97 lands
- Eminent domain takings (several Chapters)
- Certain land acquisition proposals

### **Redefine the Purpose of the Spring Annual and Fall Town Meetings**

We suggest a policy stating that all finance-related town meeting warrant articles be addressed at the May annual town meeting and that the fall special town meeting be reserved for non-finance-related articles only. This approach will condense and provide closure to the annual budget process, which now appears to continue year-round. It also removes spring decisions on whether to withhold funding for certain departmental requests until free cash is certified in the fall. The approach places major funding decisions before the spring town meeting when the



attendance is highest and conversely removes sometimes significant funding articles from the fall special town meeting warrant when attendance is typically low. With this change in the way free cash is handled, the articles that customarily appear on the fall warrant can be moved up to the earlier spring town meeting or pushed forward to the next annual town meeting.

## **Reconsider How Free Cash is Expended**

Due to the work of the town accountant, West Brookfield is routinely among the first municipalities to submit a balance sheet to DOR each fall and receive certification of its free cash. In the fall special town meeting, the town typically expends more than half of its newly certified free cash to further fund departmental budgets for the current fiscal year, address new expenditure requests, and front money for Chapter 90 projects. Remaining free cash is held and appropriated at the annual town meeting to fund spending purposes in the next fiscal year's operating budget.

We recommend that no free cash be expended in the fall special town meeting. Instead, the town would retain free cash and use it later as a revenue source to help fully fund departmental budgets when they are approved at the May annual town meeting for the ensuing fiscal year. When earlier revenue projections are completed for that budget, free cash would be a revenue source. When this occurs, there is no need to provide additional money in the fall. Revising the approach to free cash would have the following effects:

- Advisory Committee This approach allows town officials to avoid being in perpetual budget mode. The advisory committee could meet less often in the fall and focus their time on objectives and plans for the upcoming year. And, the lighter time commitment may make this committee more appealing to potential new members.
- Departmental Budgets If free cash is unexpended in the fall when certified, then a larger amount will be available the following spring to fund departmental requests, which in the past would have been delayed. While monitoring of finances will occur throughout the year, this process provides definition and closure to the annual budget process. It also further removes finance-related articles from the fall town meeting warrant.
- Chapter 90 A Chapter 90 article would also be placed in the May town meeting warrant. The Chapter 90 reimbursement amount can be drawn from the State Highway Division letter, which is usually sent out by early April. The town highway department would then have the benefit of initiating projects during the project-friendly summer months. We address the topic of funding Chapter 90 projects in another recommendation.

- New Expenditure Requests Department heads and others with spending authority should be informed that, in accordance with new policy, additional funds will not be available in the fall. Departments, boards and committees should plan their spring appropriation requests based on what they need to operate for the upcoming full fiscal year. If a subsequent emergency or unforeseen need arises, a request for an advisory committee reserve transfer can be submitted.

### **Treat Chapter 90 Reimbursements as an Available Fund**

DOR treats Chapter 90 grants as if they were “available funds”. As such, the amount need not be in-hand, nor is the town required to appropriate from either free cash or any other source to cover Chapter 90 projects. The vast majority of Massachusetts communities approve Chapter 90 projects in individual articles or as part of their capital improvement articles in annual town meeting warrants. The funding source in these articles is identified as Chapter 90 reimbursements. Towns then finance the projects internally through other available funds (excluding tax levies) with the expectation that the funds will be replenished by fiscal year end. If the town’s agreement with the State Highway Division provides for a schedule of periodic pay submissions and reimbursements, then the cash flow burden is lessened. If reimbursements fail to arrive by the fiscal year end, then the town could still fill the need by borrowing, appropriating from free cash, or seeking an advisory committee reserve transfer.

As a result of this approach, the cycle of fronting free cash to fund Chapter 90 projects and refueling free cash with Chapter 90 reimbursements would cease. Free cash would no longer be artificially high, but neither would there be a non-discretionary draw on free cash.

### **Reduce the Annual Overlay Reserve**

An overlay reserve is initially set to account for property tax revenues lost through the approval of abatements and exemptions in the year they are due. In subsequent years, an overlay reserve is retained at the level needed to cover real and personal property receivables associated with each levy year and any potential liability attached to pending Appellate Tax Board cases. Over time, a pattern of use emerges that helps assessors refine the annual overlay amount to be raised. In addition, an objective complementary measure would be to calculate the overlay amount as a percentage of the total tax levy.

In West Brookfield (estimated population: 3,700), the annual overlay is routinely set at \$100,000 or so, which in FY2011 was 2.51 percent of the tax levy. Among 30 towns with populations between 2,500 and 5,000, the overlay percentage was 1.43 in FY2011, and among all Massachusetts towns, it was 1.16. West Brookfield has a high collections rate (99.5-to-100 percent since FY2007) and relatively few abatements and exemptions. Surplus is certified each

year and seems to be regularly used to fund the advisory committee reserve and the assessors' revaluation account.

We recommend instead that the assessors consider lowering the annual overlay to an amount in the range of 1.5 percent of the levy and raise it on the tax recapitulation sheet. Thus, the FY2011 overlay would have been \$60,000. In any year, the pressure to produce overlay surplus is thereby eliminated.

### **Change the Way the Advisory Committee Reserve is Funded**

In the past, the town has appropriated overlay surplus to fund the advisory committee reserve at either, or both, the spring and fall town meetings. If the assessors certify overlay surplus, this practice can continue. However, we suggest the alternative most often seen in municipalities: funding the advisory committee reserve through a line-item in the annual budget using general fund revenue. The reserve should be funded once, in an amount regarded as appropriate for the entire year, and then any overlay surplus would be allowed to close out at year end, potentially to free cash. This results in a cleaner process and removes yet another finance-related article from the fall special town meeting warrant. Like all other departments, the advisory committee would receive one annual appropriation and have greater reason to be diligent in dispensing its reserve.

### **Convert the Fleet Account to a Special Purpose Stabilization Fund**

We recommend the town establish a special purpose stabilization fund to finance its vehicle replacement program. For the last few years, West Brookfield has maintained an account within the general fund for vehicle maintenance and replacement known as the fleet account. This account was established after the advisory committee had solicited information from department heads regarding their vehicle inventory's estimated replacement schedules and costs projected over five years. The town appropriates funds from free cash to this account annually by a vote at the fall special town meeting. Although the replacement schedule information is made available to the town meeting voters at that time, the amount voted on is a general round-dollar amount to fund the account. The selectmen are then allowed to spend from the account without further appropriation. However, town meeting does not have the authority to delegate such broad discretionary spending powers to the selectmen.

West Brookfield's fleet account is not authorized by any Massachusetts statute. While we approve of the town's effort to set aside funds for long-term capital spending, we advise that they should do so using the appropriate statutory authority and requisite appropriations. Therefore, the town should establish a special purpose stabilization fund under M.G.L. Ch. 40 §5B for the fleet inventory. The funding could be annually appropriated into the stabilization fund by two-thirds vote of town meeting as part of the budget process. This would enable the

town to build up the balance, encourage long-term planning, and help to offset any potential future debt issuances. In order to budget on a prospective basis, multiple purpose stabilization funds are an excellent tool for establishing a consistent, annual funding source, or expenditure level, for capital improvements. Additionally, special purpose stabilization funds directly address resident concerns and provide assurance that money intended for a particular purpose will be used for that purpose and will not be diverted.

### **Formalize the Capital Improvement Program**

We recommend that West Brookfield establish a formal capital planning process that should include the following:

- 1) The definition of what constitutes a capital request;
- 2) The criteria by which capital requests are prioritized;
- 3) The presentation to town meeting of a comprehensive capital budget warrant article and annual report of the town's capital needs; and
- 4) The development of multi-year capital plans for long-term departmental needs.

The threefold goal of the plan should be to prioritize the proposed capital projects, to estimate project costs, and to determine the method of payment for each project. Effective forecasts span between three and five years with routine updates as new information becomes available. Policymakers should use the forecast to evaluate budget requests with multi-year impacts and to develop long-range financial plans. Employed in conjunction with a well-developed capital plan, multi-year forecasting will also help the town determine whether capital projects should be funded from current revenues or from the issuance of new debt. Regardless of funding ability, the annual presentation of a capital budget to town meeting has merit because it informs citizens of the community's capital needs and advises them of those that may be deferred due to immediate financial constraints. For more information on the capital planning process, refer to the Department of Revenue's workbook, "Developing a Capital Improvement Program," on the DLS website.

### **Convert the Tax Collector to a Town Collector**

We recommend that West Brookfield convert the tax collector to a town collector. Massachusetts law authorizes municipal tax collectors to collect only real and personal property taxes, excises, betterments, and certain other charges added to and committed as taxes. In order for the collector's office to receive other resident payments, town meeting must locally accept M.G.L. Ch. 41 §38A to create the position of town collector. This action would need to take place before the following recommendation can be implemented.

## **Transfer Water Bill Collections to the Collector's Office**

We recommend the town transfer the responsibility for collecting water bill receipts from the water department to the town collector, after the town establishes the town collector position. Currently, the water department clerk is responsible for all the tasks associated with the town's 980 water accounts. She assigns the amounts due on the accounts, prints and mails the bills, receives and posts the payments to the department's accounting software, deposits the receipts in the treasurer's bank account, and turns over copies of deposit records to the treasurer's office. However, as recommended above, West Brookfield's acceptance of M.G.L. Ch. 41 §38A would allow the town collector to collect all monies due the town, including water charges. Subsequently, the water clerk would generate a commitment on her accounting software and forward it to the collector. The collector would upload the commitment to her receivables module to post the payments there as they are received.

Shifting the collection functions to the collector's office would go far to improve the town's financial operations. Cash management becomes more centralized when the number of departments handling receipts decreases. The town's existing contract with the Century Bank lockbox could be amended to include the processing of water receipts. And, by implementing this separation of duties, the town would institute an important control that is otherwise absent when one individual is responsible for committing and collecting the same accounts. The lack of this basic check-and-balance process has also been cited as a deficiency in management reports by the town's outside auditor.

## **Consider Converting Positions from Elected to Appointed as Part of a Long-term Plan**

We recommend that West Brookfield consider converting the offices of the collector and treasurer from elected to appointed positions, as an increasing number of other Massachusetts communities have done in recent years. A primary motivation driving this trend is the desire of cities and towns to expand the pool of potential candidates possessing the experience and qualifications needed for the highly accountable and increasingly technical job responsibilities. The prevailing belief is that policy-making officials and boards should be elected, but operational positions that require certain, specific skill sets should be appointed. Additionally, some municipalities see value in placing all town hall positions on equal footing and subject to the same review structure.

This recommendation is not a reflection on the performance of the current financial officers but is presented as something for the town to consider for the future. While West Brookfield is fortunate today to have able and engaged department heads, there is no guarantee that similarly qualified individuals will step forward when the incumbents resign or choose not to pursue reelection. Either occurrence represents an opportune time to convert an elected position

to an appointed one. Given the small population of West Brookfield, the impetus for this change takes on greater weight. When it comes to the important matter of managing tax dollars, the residents of West Brookfield should not be limited only to candidates who live in town and are willing to campaign for office.

The rejection of a proposal to make the collector and treasurer appointed positions at a past town meeting does not lessen our conviction that these professionally rigorous positions are better suited to appointment than election. Beyond the advantages of an expanded candidate pool, the background checks and extensive interviews that should be integral to the evaluation process further enable towns to appoint individuals with the strongest credentials and most relevant professional background.

### **Call a Meeting to Assess Issues Related to the VADAR Implementation**

Effective July 1, 2011, all of West Brookfield's financial offices except for the water department converted to the VADAR accounting system. Previously, individual offices had been using separate software products. In implementing the change, the town sought to increase efficiencies by having the departments process their work on the same system. VADAR was selected in part because it is designed to provide greater transparency across departments than other software packages. Town departments connected to VADAR can view all its primary financial modules. Thus far, the transition to the VADAR system in many respects has not been smooth sailing, although this is a common situation in software conversions. The contract with VADAR Systems included stipulations that the vendor provide training and ongoing support. Opinions on the initial training provided indicate that it was less than adequate. But even with thorough training, adjustments to any new system are to be expected. VADAR Systems continues to provide support when contacted, but issues persist.

We recommend that the board of selectmen coordinate a meeting of the town's financial officers to assess the status of the VADAR system implementation. During the startup phase in the summer and fall of 2011, financial officers identified issues with data conversion, software bugs, bank file transfers, and the lack of interdepartmental procedures. Convening such a meeting could help avert any prolonged disruption of financial operations.

There are a number of actions that each department can take to move the process forward. Financial officers should maintain detailed logs of all software issues and contacts with VADAR Systems as they occur. The log could help identify interrelated issues and repetitive problems. It would also serve as an important record in the event that the town would need to seek financial redress from VADAR. In the absence of detailed user manuals from VADAR, departments should develop their own in-house manuals, including step-by-step procedural narratives with corresponding computer screen images. This will save time when trying to remember processing steps and also provide guides to future office holders. Additionally, each department needs to

determine which VADAR reports are most suitable for their recordkeeping and for interdepartmental communications.

We also recommend that the town contact VADAR Systems about existing user groups. Irrespective of whether software users experience the same issues, the peer relationships and collective analyses that emerge from user groups can be effective in resolving problems. VADAR Systems should know of active user groups or could provide a list of Massachusetts communities that are using their software.

### **Evaluate Health Insurance Program Options**

We recommend that town officials annually evaluate options regarding employee health insurance programs. The town has its primary health care coverage through the Massachusetts Interlocal Insurance Association and is satisfied with that relationship. Nonetheless, the town should continue to explore and discuss healthcare alternatives and other cost-saving options. The new health insurance reform law (Chapter 69 of the Acts of 2011) provides selectmen with a means to control health insurance costs, either through changes to co-pays, deductibles and plan design or by moving the town into the Group Insurance Commission. A financial analysis of the impact of the measures allowed by this law should be completed each year.

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## THE BOARD OF ASSESSORS

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The West Brookfield Board of Assessors is a three-member, elected body who collectively possess the authority for the valuation of all real and personal property in the town and for generation of the commitment to the tax collector for the collection of property taxes and excise payments. The board meets together on a weekly basis, and the department's regular office hours are Monday through Thursday from 9:00 to 2:00. In September 2011, the full-time assessors' clerk who had been responsible for much of the office's daily operations retired. For the past five years, she had been assisted by a 30-hour-per-week secretary who will continue in that position and also take on many of the former clerk's duties. To further address the staff reduction, the chairman of the board intends to take a more active hand in the regular office activities going forward.

The town's real property assessment records and personal property accounts are maintained on the Community Software Consortium's computer assisted mass appraisal (CAMA) software system. West Brookfield's town website includes links to CAMA, providing public access to property record cards and assessors' maps. Using CAMA, the department compiles analytical data into reports and property tax commitments. The assessors also use CAMA data to collaborate with the town accountant for submission of the tax recapitulation sheet to DOR, necessary for approval of the town's annual tax rate. West Brookfield accepted M.G.L. Chapter 653, and therefore calculates the town's levy limit inclusive of new growth estimates through June 30th of each year. Other duties of the assessors office include processing all abatement applications and property tax exemptions; determining the annual overlay allowance for abatements and exemptions; updating tax maps and deed transfer information; and responding to public inquiries.

All residential valuations and property inspections are done in-house. For map updates, West Brookfield employs the services of the James W. Sewell Company. For assistance with a number of other duties, the assessors contract with consultant Roy Bishop. Mr. Bishop does inspections of commercial and personal property, assists with abatement reviews, and creates the data table queries for all property accounts in CAMA to compile the assessors' reports. The assessors also rely on Mr. Bishop to complete their interim year adjustments and three-year revaluations. As a proactive measure to help address the recent staff reduction, the board members intend to schedule training sessions with Mr. Bishop in preparation for the spring 2012 inspection season.

The office maintains assessment data on approximately 2,480 real and personal properties, 4,430 motor vehicle excise accounts, and 50 farm animal excise accounts. The office inspected approximately 180 properties in the past year as well.

In our recommendations below, we suggest ways that the assessors' office could reduce workload, streamline processes, and coordinate with other town offices to increase efficiencies in overall town operations. These are important considerations in light of the recent retirement of



the assessors' clerk. Regardless of the adoption of these suggestions, it would be prudent for the boards of assessors and selectmen to closely monitor whether the present staffing hours are sufficient to maintain the high quality work that has been characteristic of this office. Our review revealed that, to date, the department has had a successful track record for fulfilling its purpose, completing requisite tasks, and achieving compliance with state regulations and the Bureau of Local Assessment's accepted practices.

### **Develop an Excel Database to Efficiently Issue Courtesy Notices**

During our review, it appeared that training related to mail merge procedures and Excel might provide immediate timesaving benefits for the assessing office. The assessor's secretary maintains separate year-to-year Microsoft Word files listing the individuals associated with historical property tax exemptions and chapter lands. To send letters reminding property owners to file updated yearly applications, she data enters the identifying information from the Word lists into a template letter and uses mail merge to create address labels. We recommend instead that the office fully automate the process by using the mail merge function with an Excel spreadsheet database. Excel can auto-fill the individual property owner information from the spreadsheet into a mail merge template letter. We encourage the office to consult the technology board about this option and possibly arrange a training tutorial. Adopting this process enhancement would allow the secretary to apply the time saved to other duties.

### **Consider a Counter Terminal with Read-only Property Information**

The assessors' office should consider placing a public access computer on their office counter, in line with the trending practice in other Massachusetts towns. In this way, residents, appraisers, and others can independently search property records, print field card data, and review sales information without engaging office staff. The public access terminal would be a freestanding, read-only desktop computer that could be placed on the counter or at another location on the public side of the office space.

### **Discontinue the Deed and Sales Books**

The assessors' secretary updates and maintains three information binders for public use at the office counter; one each for deeds, real estate sales listings, and sales transfers. Each binder contains copies of documents related to property data, sales listings and transactions. While these books have provided a convenient service for walk-in customers of the assessor's office, in the digital age, the town should consider doing away with them. Manually creating and updating the books is time-consuming, and the documents are redundant to information available on the web. The Worcester County Registry of Deeds offers a free web database for viewing and

downloading deeds. Property record cards are available on the CAMA system, and Realtor.com maintains a current database of active real estate listings. Individuals who walk into the assessors' office seeking this information could be directed to the public access computer recommended above. Or, if the counter terminal is not a feasible option, staff could provide the web addresses, and also suggest the use of library computers to people without at-home internet access.

### **Send Monthly Address Updates to the Collector**

We recommend that the assessing office send a monthly report of address changes to the collector's office. The assessing office is in the unique position of knowing when sales and associated taxpayer address changes occur. The assessor's secretary files address updates in the manual property records and also data enters them into the CAMA system. However, CAMA does not have automated tasking to notify the collector of the address changes. Consequently, the workload of the collector may be increased by bills returned as undeliverable by the post office. This outcome could be mitigated by communicating the address updates on a regularly scheduled basis. Therefore, we recommend that the assessors run monthly CAMA reports of property record changes and forward them to the collector via email or hardcopy.

### **Work with the Town Clerk to Receive Notice of New Business Certificates**

We recommend that the assessing office work with the town clerk to receive timely notices of new business certificates. The town clerk is most often the first local official to be apprised of the existence of new businesses owing to the provisions found in M.G.L. Ch. 110 §5. This law states that an individual conducting a business under a title other than that of the real name of person conducting the business (i.e., "doing business as") must file a certificate with the town clerk identifying the business and its owner(s). Without due notification to the assessing office of these certificate filings, West Brookfield risks the loss of revenue from personal property tax assessments. Therefore, we suggest that the assessing staff meet with the clerk to devise a protocol for the timing and method of sharing this information.

### **Coordinate Inspections with Fire and Other Inspectional Departments**

We recommend that the assessing office work with the fire and other inspectional departments to accompany them on their mandatory inspections. Teaming up with the other departments will add to the annual number of cyclical re-inspections conducted by the data collectors. It will also reduce the number of scheduled visits to the same properties and ensure timely interior inspections for the assessing database.

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## THE TAX COLLECTOR

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The tax collector is the official authorized to collect all property tax and excise payments due the community. The collector must make certain that collections are properly counted, posted to taxpayer accounts and deposited in the bank, and must turn over the receipt records to the treasurer. For delinquent property tax accounts, the collector initiates the tax taking process to pursue enforcement, and moves all intractable delinquents to the treasurer's tax title accounts. To be successful, the collector must maintain an up-to-date receivable control and reconcile it monthly with the accountant. The collector should also run credit reports as appropriate and complete the research necessary to verify refunds due to residents. In accordance with state law, the collector is also required to respond to requests for municipal lien certificates.

West Brookfield's collector has held her elected position for 10 years and works an average of 30 hours per week. For help with mailings, she shares a clerical assistant with the town clerk. The collector processes approximately 2,300 real estate and 130 personal property tax bills quarterly. She also annually processes approximately 4,430 motor vehicle and 50 farm animal excise accounts. Of the property tax payments, roughly 45 percent are received by mail or over-the-counter, about 40 percent are processed by the lockbox vendor, and the remaining 15 percent are received from tax escrow companies. To collect motor vehicle excise payments, West Brookfield employs the services of the deputy collector firm Jeffery & Jeffery.

The collector receives the annual property tax commitment from the assessors' office via an electronic transmission from CAMA to VADAR. Deputy collector Jeffery & Jeffery receives an electronic file of the motor vehicle commitment directly from the Massachusetts Department of Transportation, which they then transmit to the collector to load onto VADAR. Once the commitments are received, the collector tasks VADAR to generate bills. The assistant then stuffs and mails the bills.

When the collector receives manual payments, she posts them to individual accounts on VADAR and stores the receipts in a locked cash drawer. She cashes out the drawer at the end of each workday and deposits the payments into the treasurer's bank account designated for collector deposits. Jeffrey & Jeffrey also deposits their receipts directly into a designated treasurer bank account, and then send the collector a weekly report of their collections. The Century Bank lockbox vendor transmits electronic files of the monies it receives. The collector posts the payment data received from these two sources to VADAR accounts. Using VADAR, she transmits electronic turnover records for all receipt batches to the treasurer, and she also provides him with hardcopies. For past-due real estate tax bills, the collector initiates the tax-taking process with demand letters and eventually transfers tax title accounts to the treasurer. However, the collector acknowledged that she has fallen behind in processing these delinquent accounts.

The collector has used the VADAR system as her receivable control since it went online in July 2011. However, the collector has experienced more difficulties in transitioning to the

VADAR application than the other financial officers. She has expended much energy trying to supplement the minimal training received from VADAR Systems with her own trial-and-error learning process and contacts with counterparts in other towns. A few months into the new system, the collector was still trying to work out basic procedural tasks. In the short-term, this is bound to affect the reconciliation process between the collector and accountant.

Overall, it can be said that West Brookfield's tax collector performs all of the statutory duties of the office. In our recommendations below, we hope to encourage an increased emphasis on expediting tax titles and strengthening financial controls.

### **Stay Current with Tax Takings**

We recommend that the collector send demand notices to collect outstanding taxes as soon as the law allows. The tax title process is intended to protect the interest of the town and its ability to pursue payments by securing liens on the property of tax delinquents. The collector has an obligation to advance this course of action in a timely fashion. If the collector maintains a same-day schedule for posting receipts, she will know the identity of tax delinquents as soon as the 4th Quarter due date lapses. Demand notices should be sent promptly to any accounts that remain unpaid 15 days thereafter.

Taking firm action early in the process produces better results and serves notice that the town is serious about tax collections. We further encourage the collector to continue to take the necessary steps to move outstanding receivables into tax title and stay current with subsequent additional taxes due. Therefore, we recommend the collector create a fixed schedule for the entire tax title process. If new takings are not made timely and consistently, the community risks losing the liens on properties with outstanding tax balances. By perfecting the liens, they become effective in the event that an alienation (or conveyance) of the property is recorded with the registry of deeds.

### **Maintain a Receivable Control Adequate for Effective Internal and External Reconciliations**

We recommend that the collector continue to work with the VADAR Systems representative to develop a reliable receivable control that will efficiently enable valid internal and external reconciliations. In general terms, a receivable control is a record of original entry in which the collector decreases the total tax commitment by debiting it for collections received, abatements and exemptions approved by the assessors, and tax titles transferred to the treasurer. The collector also increases the control's commitment balance by crediting it for refunds issued.

Before VADAR, the collector had maintained her receivable control in Point software. Under the former method, it was reported that there were sometimes difficulties in timely transferring information to the treasurer and efficiently conducting reconciliations with the

accountant. Once the issues in converting to VADAR have been worked out, the application has design features that should provide some advantages over Point. Some manual entries and related inaccuracies will be eliminated because data can be transferred and downloaded from one department's receivables module to another. It is our understanding that due to unresolved VADAR software issues, the collector has had to manually post payment data received from the lockbox. We encourage her to continue to pursue resolution of these issues with VADAR Systems, since the application is supposed to be capable of receiving and uploading banking files directly to the collector's receivable module. Notwithstanding the implementation status of these tools, the collector still needs to pay careful attention to source documents and files, and reconcile her records internally each month. She should then arrange meetings with the accountant to reconcile her receivable balances with the general ledger. Maintaining a monthly schedule for external reconciliations is advisable because the short time span makes it easier to identify problems early and take corrective action, thereby ensuring accurate and up-to-date town records.

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## THE TREASURER

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The treasurer is the community's cash manager and, as such, has custody of all municipal money. In addition to assuring the timely deposit of all town receipts into appropriate bank accounts, the treasurer monitors account balances to safeguard the availability of sufficient funds to cover town obligations. The treasurer also invests town funds to maximize investment income and meet cash flow needs. Among the tools necessary to accomplish the duties of the office, the treasurer maintains a cashbook, a debt schedule, check registers, and various logs to track balances for grants, trusts and revolving funds, as well as other special revenue funds. As a financial control, on a regular basis the treasurer must reconcile cash balances, both internally, and then externally with the accountant. Additionally, the treasurer maintains tax title accounts, and is authorized to petition for foreclosures and conduct sales of land. Finally, in West Brookfield, the treasurer's office is also responsible for payroll processing and benefits administration.

West Brookfield's treasurer has held his elected position since 1992 and works approximately 20 hours per week. He receives support from an appointed part-time assistant treasurer. They work together to pay the town's bills with the appropriate approvals required under municipal finance law. The office also processes payroll for the town's approximately 30 employees. To process expense warrants, the assistant treasurer data enters invoice information into the VADAR system. For payroll, West Brookfield contracts with Harpers Payroll Services. The assistant treasurer refers to employee time sheets to data enter work hours and leave time into the Harpers system to generate the payroll warrant. The accountant verifies all warrants and obtains the authorizing signatures of the selectmen. Post-authorization, the treasurer ensures that disbursements are generated off the VADAR system or by Harpers.

When departments receive payments due the town, they are required to turn the receipts over to the treasurer. The process for the collector and the water department is somewhat different, as these departments are authorized to deposit their receipts directly to designated town bank accounts and turn over only the deposit records. A standardized triplicate turnover document accompanies all turnover submissions. Upon acceptance of the turnover, the department and the treasurer each retain a copy of this document, and the department representative should then give the final copy to the accountant. During times when the treasurer and assistant are not in their office, it has been accepted practice in West Brookfield that departments may leave full turnover packages through a slot in the office door. When the treasurer or assistant returns, they count the payments and record receipt of the turnover. They also forward turnover copies to the submitting department and to the accountant, including corrections of any errors they detect. Departments should submit their turnovers timely to ensure sufficient cash flow and accurate reconciliations. The treasurer reported inconsistencies in this regard, however. The treasurer secures receipts in the office vault until depositing them at a bank located across the street from his office at town hall.

The treasurer uses a VADAR cash book module to track the cash position of each of the town's bank accounts, including some investment accounts he also manages. Using VADAR, the treasurer also records and maintains data on turnovers received from departments, as well as disbursements made for employee wages and vendor invoices. At least once per month, the treasurer internally reconciles his cash book, and then meets with the accountant to reconcile their balance records. Twice a year, the treasurer also reconciles all trust fund balances to their associated bank statements.

At the close of fiscal year 2011, West Brookfield's tax title balance was approximately \$347,000 including interest and fees. The treasurer stated that he receives inconsistent referrals of tax titles and subsequents from the collector throughout the year. He tracks his title balances in VADAR and refers the accounts for enforcement to a law firm under contract.

Overall, the treasurer appears to have systems in place to ensure that the fundamental responsibilities of the office are fulfilled. The following recommendations suggest enhancements that the treasurer may adopt to tighten up internal control procedures and make more efficient use of staff time.

### **Redesign Departmental Turnover Sheets**

The treasurer should consider redesigning the departmental turnover sheets. On the current, fully manual form, departments are expected to write in three columns of information about each payment received. On the other hand, the form lacks some spaces for important details, such as revenue codes and signature dates. Therefore, we recommend that the treasurer design a new turnover document as an Excel spreadsheet template, which he could then email to each department. Included on the form would be fields at the top or bottom for dates and affirmative signatures. The body of the form would have at least three columns, for: revenue codes, receipt descriptions, and turnover amounts. The bottom field of the amounts column should be a Total box and should include a formula to automatically sum the amounts entered in the column. Finally, the form could be customized for each department by adding the department name at the top and the departmental revenue codes in the designated column.

### **Set Rules for Turnovers**

The treasurer should establish a policy to standardize the turnover of monies from all departments. To ensure the integrity of financial checks and balances, the treasurer or assistant should always count cash and checks at the moment receipts are turned over by individual departments. With this goal in mind, the treasurer should institute fixed office hours for turnover submissions and redirect any turnovers attempted outside of the allowed schedule back to the departments. We recommend the office door slot be removed, as it is not acceptable for turnovers to be delivered and left unattended. Unusual for most municipalities, West Brookfield's accountant and treasurer share the same office space at town hall. It is also not

appropriate for the accountant to receive cash or checks, nor to receive turnover documents from anyone except department representatives. To avoid this occurrence, the town should consider alternative office arrangements.

In accepting only hand-delivered turnovers, the treasurer staff should also discontinue the practice of providing turnover copies to the accountant. Once the treasurer staff member has verified the amount being turned over, he or she should sign the turnover and return two copies to the department representative. In accordance with town bylaw (Chapter V Section 4), the department representative should then retain one copy and give one copy to the accountant. Also, any errors detected on the turnover should be corrected by the department, not the treasurer's staff member, prior to the treasurer's verification signature. We encourage the treasurer to adopt a policy requiring departments to turn over their receipts timely, preferably within a week of receipt when large sums of money are involved. This will both improve the town's cash flow and increase the security of town funds.

### **Revise Employee Time Sheets and Distribution Practices**

West Brookfield should establish a universal time sheet for recording work hours and leave time. At least three versions are in use presently, and most departments report time on manual sheets. We further recommend the town consider updating to a standardized electronic process. Electronic tracking and transmission of time sheet information will help to ease the burden on finance officers, department heads and personnel. Additionally, the department may want to explore the work- and leave-time monitoring capabilities available on Harpers' system.

Moreover, we recommend that individual employee time sheets remain with department heads. Currently, both the treasurer's office and the accountant receive and retain copies of individual employee time sheets, whereas all of the information needed to generate payroll could be provided on departmental summary sheets. Furthermore, the department head's signature on the summary sheet is sufficient to validate employee time worked. It is also inappropriate for the selectmen to receive detailed lists of employee work hours along with the payroll warrants when summary amounts would suffice.

Department heads should submit signed summary sheets listing employee names, hours worked, and any leave time used. The assistant treasurer could extract the information she needs and forward the sheets to the accountant. Also, if a spreadsheet template is used, new weekly reports from each department could be easily generated while the individual time sheets remain with department heads. In any event, it is unnecessary to maintain more than one copy of each employee's time sheet. Another advantage of this system is that it provides department heads direct access to the time sheets for the occasions that they need to resolve any disputed work hours or leave time.



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## THE ACCOUNTANT

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The town accountant has the legal obligation to oversee all financial activity of the municipality, and thus plays a critical role in the system of statutory checks and balances established to safeguard local assets. The overarching mission of the position is to monitor the town's revenues and expenditures. Through the maintenance of independent records and adherence to well-defined procedures, the office documents the flow of money in and out of municipal accounts. Essential duties include the verification of expense and payroll warrants; maintenance of a general ledger recording all of the town's financial activities; and monthly reconciliations of account records with the treasurer, collector and water departments. Among required submissions to DOR, the accountant is responsible for producing the annual Schedule A, as well as the year-end balance sheet necessary for free cash certification. The accountant also works with the board of assessors to prepare the town's tax recapitulation sheet. Finally, in West Brookfield, the accountant plays a leading role in the annual budget process.

West Brookfield's town accountant has been in the position since her appointment by the board of selectmen in 1980. She devotes approximately 30 hours per week to her West Brookfield duties, and also holds the same office for the town of Brimfield. The accountant attends all the biweekly meetings of the advisory committee and the board of selectmen, providing consultation and updates on budgets and expenditures.

Since July 2011, the accountant has been using the VADAR system to update and maintain her general ledger. She also uses VADAR to produce periodic revenue and expenditure reports for town officials and departments. Because she already used VADAR in Brimfield, her transition to the new system in West Brookfield has been less problematic than that experienced by other town officials.

The accountant plays a key role in imposing the system of checks and balances required by state finance law. The quality and frequency of the data she receives from town departments critically affects her job performance, and in this regard she reported satisfactory departmental compliance. It is also vital that the accountant regularly reconcile her balance records of cash with the treasurer and her receivables with the collector and the water department. While reconciliations with the treasurer have been fairly trouble-free, the accountant and collector have often struggled to resolve variances and to conform to a monthly schedule. Despite the difficulties, they are eventually able to reconcile accounts. In annual management reports as recent as 2010, the town's outside auditor cited reconciliation issues between the accountant and the water department. However, in the past fiscal year, the two offices developed and adhered to new procedures, and report that the misconstructions that gave rise to the prior problems have been sorted out.

West Brookfield relies heavily on the accountant's expertise during the annual town budget development process. As the first step in each new fiscal year, the accountant creates a revenue and expenditure forecast based on her analysis of historical trends. The advisory

committee depends on this forecast to be timely and sound in order for them to formulate yearly departmental budget guidelines. As the budget season progresses, the accountant regularly counsels the advisory committee and selectmen on any relevant analysis updates.

In West Brookfield, it is apparent that the fundamental responsibilities of the accountant's office are being satisfied. Town officials and DOR's Bureau of Accounts representative gave the accountant high marks for her competence and experience. This opinion is also reflected in our limited recommendations below.

### **Reassess the Necessity for Attending Selectmen and Advisory Committee Meetings**

West Brookfield's accountant attends all the biweekly scheduled meetings of the board of selectmen and the advisory committee, so about four meetings per month. To ease the accountant's workload, we recommend that the town reassess the necessity of her attendance at these meetings. On at least a monthly basis, the accountant provides these committees with expenditure and account balance reports, which can be conveyed via email versus in person. In addition, all departments have view-access to the VADAR system to review current financial status information. Another reason that the accountant has attended the selectmen's meetings is to obtain their signatures on expense and payroll warrants, but her presence is not needed for this. Once the accountant has verified the warrant information, the selectmen's executive secretary could bring them to the meetings for signatures and then forward them to the treasurer. If the selectmen question the validity of any of charges, they can delay signing and address them directly with the pertinent department heads.

### **Take Action to Address Revolving Fund Housekeeping Issues**

We recommend that West Brookfield act to ensure the statutory conformity of the town's revolving funds. Massachusetts General Laws govern the purposes for which revolving funds can be established and the required content of authorizations. West Brookfield has three revolving funds, designated for the stormwater authority, the cemetery and police detail work, all of which were created under the authority of M.G.L. Ch. 44 §53E½. Currently, none of the three are in full compliance with that statute. However, specific actions can be taken to ensure that each fund is authorized and managed appropriately.

Massachusetts law requires that the annual reauthorizations of departmental revolving funds created under M.G.L. Ch. 44 §53E½ must specify four provisions: (1) the program and purposes for which collected fees may be expended; (2) the departmental receipts to be credited to the fund; (3) the board, department or officer authorized to expend from the fund; and (4) the limit of the amount that may be expended. While Ch. 44 §53E½ is the appropriate statute to authorize a revolving fund for stormwater fees, West Brookfield should clarify the language of its annual reauthorization article to specify the board, department or officer authorized to expend

money from the stormwater fund. The article should also state the program or purposes for which the collected fees may be expended.

We further recommend that West Brookfield reauthorize the police detail and cemetery funds under different statutes. The M.G.L. Ch. 44 §53C statute is specifically intended as the vehicle for retaining payments arising from work details. Based on our review, West Brookfield is one of only two Massachusetts communities that report their detail funds to DOR on Schedule A under §53E½ instead of §53C. Moreover, West Brookfield's detail fund as currently authorized is not appropriate because the stated expenditure limit exceeds the statutory limit imposed by §53E½ (i.e., one percent of the amount raised by taxation of the town). As for cemetery funds, towns typically retain proceeds from the sale of lots in a receipts reserved for appropriation account under M.G.L. Ch. 114, §15 or §19. Payments for perpetual care are treated as gifts and are retained under M.G.L. Ch. 114 §25 with no further appropriation required. The town's current authorization under §53E½ is not as fitting, in large part, because the cemetery burial fees and maintenance do not constitute a program in the traditional sense.

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## THE WATER DEPARTMENT

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The water department operates under the direction of an elected three-member board of commissioners who meet monthly. The board is called upon to provide management oversight, formulate policy, establish ratepayer rules and regulations, and analyze fiscal trends to set realistic rates. The board must also manage ongoing capital projects as well as evaluate, prioritize and identify funding for future projects. Day-to-day departmental functions are handled by a superintendent and a clerk. Prior to his appointment a year ago, the superintendent worked as a department operator for 10 years. The clerk has been in her appointed position for 11 years.

West Brookfield's water department supplies water to approximately 980 properties, comprising almost 50 percent of all the town's properties. The department is presently undergoing a meter replacement program scheduled for completion in 2012. All the mechanical meters will be exchanged for radio read models that transmit broadcast signals, allowing meter readers to simply drive by properties with receivers to capture usage readings.

The water clerk enters meter readings into her accounting software, generates the commitment, obtains the signatures of the water commissioners, and gives a copy of the commitment to the town accountant. On a quarterly basis, the clerk prints, stuffs and mails water bills. Only manual payments are accepted, either in-person or through the mail. The clerk posts payments to the accounting software and deposits the receipts daily into the treasurer's bank account designated for the water department. The clerk gives weekly turnover packages of all the deposit records to the treasurer. Once a month, the clerk reconciles her receivable records with the town accountant. West Brookfield does not have a formal abatement program, but ratepayers may present their cases to the board. If the board approves a bill adjustment, they notify the clerk and the accountant.

West Brookfield has a sizable (\$2 million) water stabilization account, the bulk of which was funded with money received from a lawsuit against petroleum companies, known as the MBTE settlement. Instead of depositing the settlement money into the town's general fund, West Brookfield wisely chose to keep it in this separate account to support future water department infrastructure needs. The town's water is supplied by two wells, one of which is reportedly showing vulnerabilities. As for the pipelines, the department conducts biannual tests for leaks but has not made plans for a full infrastructure integrity study.

The water commissioners and office staff have long experience with the town, which allows them to understand and respond well to resident needs. Our recommendations suggest ways the department may further its objectives in the areas of ratepayer dispute resolution and long-range fiscal planning.

## **Formalize the Water Abatement Process**

West Brookfield does not have a formal water abatement process. As described to us, a resident who is unhappy with their bill is customarily given the opportunity to appear before the board of water commissioners to present an appeal. If the commissioners are persuaded, an adjustment is made to the resident's water bill and notice of the adjustment, in the form of a monthly report, is forwarded to the accountant. It is unclear whether adjustments occur year-round and whether the paid or unpaid status of a bill is relevant.

Based on state law and Massachusetts court decisions, the DLS Municipal Finance Law Bureau has issued various letters of opinion on the subject of water abatements. Among their observations:

- The general laws are silent on the procedure for abating [water] charges. Municipalities may by bylaw authorize the [water] commissioners to abate disputed amounts generally and establish reasonable procedures for customers to contest charges.
- In the absence of a bylaw, we think the [water] commissioners can establish reasonable rules and regulations with respect to filing requests for abatement of erroneous charges.
- Abatements may be granted only for overcharges, such as where there are faulty meters, incorrect meter readings, duplicate billings or other billing errors.
- The Department has advised communities that a discount due to financial hardship is not permissible in the absence of express legislative authorization.

We recommend that the water commissioners adopt formal abatement procedures, which they could consider mirroring to the tax abatement process. In any case, they should set a time frame within which residents are entitled to file for abatement. The board should develop an abatement application and a certificate, which when signed by members would be evidence of approval. Again, the town's real estate abatement application and certificate might make good models. The board should schedule hearings, with proper notice, and set any other conditions that would seem appropriate.

## **Build a Multi-Year Revenue and Expenditure Forecast**

We recommend that the water department consult with the advisory committee about developing multi-year revenue and expenditure forecasts to present annually to the committee and the selectmen at the start of the budget process. The sizable MBTE settlement award provides the department with the opportunity to make concrete plans to fund projects intended to address current and future infrastructure needs. In addition to multi-year capital planning costs,

the forecast should include annual costing of services and reveal the extent to which available resources cover or fall short of anticipated expenses over a multi-year period, ideally five years. Town officials should use the forecast information to guide them as they prepare their water appropriation budget.

Revenue and expenditure forecasting is an important task that should be done hand-in-hand with water rate setting and capital planning, as it develops a strong fiscal blueprint for the water department. Long-range forecasting contributes in a significant way to the annual budget process and would help the water commissioners establish policies for water rate adjustments or capital investment. Analyses of the ongoing relationship between the revenue and expenditure trends would help the board plan the financial future of the department in an informed and thoughtful way. Forecasting allows the board and other town officials to understand and quantify the long-range fiscal impact of proposed policies and initiatives before taking final action.

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## Acknowledgments

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Barry J. Nadon, Jr., Chair, Board of Selectmen

Michael Frew, Vice Chair

Mark Long, Selectman

Al Collings, Chair, Advisory Committee

Johanna Barry, Executive Secretary to the Board of Selectmen

Marie Arsenault, Town Accountant

Keith Arsenault, Town Treasurer

Teri Roberts, Assistant Treasurer

Teresa Barrett, Town Collector

William Mansfield, Chair, Board of Assessors

Peggy Walker, Clerk to the Board of Assessors

Betty Dimaio, Secretary to the Board of Assessors

Gary Simeone, Chair, Technology Board

Appendix A

Revenues by Source - 26 Sample Towns

Town	Pop.	Budget	Tax levy	State aid	Local rec	Other	Total	Levy	State aid	Loc rec	Other
ASHBY	3,074	5,748,964	4,504,594	511,007	460,650	272,713	5,748,964	78.4%	8.9%	8.0%	4.7%
BARRE	5,398	9,624,813	5,843,862	902,277	2,345,024	533,650	9,624,813	60.7%	9.4%	24.4%	5.5%
BECKET	1,779	5,515,187	4,681,354	241,495	395,700	196,638	5,515,187	84.9%	4.4%	7.2%	3.6%
BERLIN	2,866	9,844,358	7,937,344	784,484	732,341	390,189	9,844,358	80.6%	8.0%	7.4%	4.0%
BRIMFIELD	3,609	8,329,571	5,585,378	1,529,279	803,000	411,914	8,329,571	67.1%	18.4%	9.6%	4.9%
BROOKFIELD	3,390	7,608,207	4,268,764	2,028,160	725,600	585,683	7,608,207	56.1%	26.7%	9.5%	7.7%
CHESHIRE	3,235	5,101,043	2,881,455	934,963	850,925	433,700	5,101,043	56.5%	18.3%	16.7%	8.5%
CONWAY	1,897	5,650,729	3,416,089	1,194,408	317,640	722,592	5,650,729	60.5%	21.1%	5.6%	12.8%
DUNSTABLE	3,179	8,753,304	7,087,563	233,624	1,199,100	233,017	8,753,304	81.0%	2.7%	13.7%	2.7%
HATFIELD *	3,279	9,358,429	5,474,938	1,706,966	1,816,434	360,091	9,358,429	58.5%	18.2%	19.4%	3.8%
HOLLAND	2,481	6,233,071	4,485,765	1,207,306	347,000	193,000	6,233,071	72.0%	19.4%	5.6%	3.1%
HUBBARDSTON	4,382	7,146,203	5,119,724	456,555	1,016,308	553,616	7,146,203	71.6%	6.4%	14.2%	7.7%
LEVERETT	1,851	6,120,542	4,258,483	625,879	556,921	679,259	6,120,542	69.6%	10.2%	9.1%	11.1%
MILLVILLE	3,190	5,168,340	3,729,254	413,571	391,485	634,030	5,168,340	72.2%	8.0%	7.6%	12.3%
NORTHFIELD	3,032	7,232,817	5,832,076	368,429	723,412	308,900	7,232,817	80.6%	5.1%	10.0%	4.3%
OTIS	1,612	5,236,438	4,089,937	156,326	274,950	715,225	5,236,438	78.1%	3.0%	5.3%	13.7%
PLYMPTON	2,820	7,589,519	5,858,129	811,192	642,264	277,934	7,589,519	77.2%	10.7%	8.5%	3.7%
PRINCETON	3,413	9,003,340	6,937,100	805,005	925,887	335,348	9,003,340	77.1%	8.9%	10.3%	3.7%
RICHMOND *	1,475	5,928,748	3,979,348	1,002,561	613,338	333,501	5,928,748	67.1%	16.9%	10.3%	5.6%
SHEFFIELD	3,257	9,032,018	7,743,136	314,979	565,000	408,903	9,032,018	85.7%	3.5%	6.3%	4.5%
SHUTESBURY	1,771	5,841,468	4,123,468	924,173	571,220	222,607	5,841,468	70.6%	15.8%	9.8%	3.8%
STOCKBRIDGE	1,947	9,274,758	6,232,972	143,980	1,745,857	1,151,949	9,274,758	67.2%	1.6%	18.8%	12.4%
SUNDERLAND	3,684	7,513,116	4,383,378	1,551,889	780,802	797,047	7,513,116	58.3%	20.7%	10.4%	10.6%
WARREN	5,135	8,471,142	5,424,859	866,878	1,406,006	773,399	8,471,142	64.0%	10.2%	16.6%	9.1%
WILLIAMSBURG	2,482	6,712,565	4,685,250	825,148	986,800	215,367	6,712,565	69.8%	12.3%	14.7%	3.2%
WEST BROOKFIELD	3,701	7,578,399	4,002,901	680,215	823,288	2,071,995	7,578,399	52.8%	9.0%	10.9%	27.3%
Average-26 Town sample								70.6%	11.3%	11.6%	6.4%
Average-All MA Towns								63.7%	14.1%	18.1%	4.2%

\* Not in a regional school district



Appendix B

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**Other Revenues FY2000-FY2011**

FY	<u>Revenues</u>				Total	<u>Percent of total</u>			
	Tax levy	State aid	Local receipts	Other		Tax levy	State aid	Local receipts	Other
2000	2,596,552	478,927	650,000	907,131	4,632,610	56.0%	10.3%	14.0%	19.6%
2001	2,726,620	515,046	700,000	958,921	4,900,587	55.6%	10.5%	14.3%	19.6%
2002	3,006,666	556,804	700,000	584,040	4,847,510	62.0%	11.5%	14.4%	12.0%
2003	3,121,597	481,028	737,000	752,140	5,091,765	61.3%	9.4%	14.5%	14.8%
2004	3,396,336	411,868	750,000	2,459,677	7,017,881	48.4%	5.9%	10.7%	35.0%
2005	3,666,354	533,760	750,000	1,314,676	6,264,790	58.5%	8.5%	12.0%	21.0%
2006	3,884,337	642,405	850,000	537,073	5,913,815	65.7%	10.9%	14.4%	9.1%
2007	4,084,411	869,163	882,000	2,692,852	8,528,426	47.9%	10.2%	10.3%	31.6%
2008	4,050,076	888,161	879,388	1,056,250	6,873,875	58.9%	12.9%	12.8%	15.4%
2009	4,181,077	866,741	820,000	1,089,659	6,957,477	60.1%	12.5%	11.8%	15.7%
2010	4,280,488	695,801	820,000	<b>3,463,262*</b>	9,259,551	46.2%	7.5%	8.9%	37.4%
2011	4,002,901	680,215	823,288	2,071,995	7,578,399	52.8%	9.0%	10.9%	27.3%
				<b>2000-2011</b>	<b>Average</b>	<b>55.2%</b>	<b>9.8%</b>	<b>12.0%</b>	<b>23.0%</b>

\* Includes \$2,507,104 in MBTE Settlement money

Appendix C

**Free Cash Certification and Appropriation FY2001-FY2011**

<b>Certified as of Available in FY</b>	<b>Jul-2000 FY2001</b>	<b>Jul-2001 FY2002</b>	<b>Jul-2002 FY2003</b>	<b>Jul-2003 FY2004</b>	<b>Jul-2004 FY2005</b>	<b>Jul-2005 FY2006</b>
Amount certified	543,866 11.7%	673,239 13.7%	601,694 12.4%	400,635 7.9%	625,026 8.9%	805,396 12.9%
Appropriations						
Fall STM for current FY	384,955 70.8%	417,902 62.1%	514,094 85.4%	218,025 54.4%	411,027 65.8%	0 0.0%
Spring ATM for next FY	80,511 14.8%	101,000 15.0%	70,399 11.7%	84,904 21.2%	203,925 32.6%	751,977 93.4%
<b>Total expended</b>	<b>465,466 85.6%</b>	<b>518,902 77.1%</b>	<b>584,493 97.1%</b>	<b>302,929 75.6%</b>	<b>614,952 98.4%</b>	<b>751,977 93.4%</b>
Unexpended	78,400 14.4%	154,337 22.9%	17,201 2.9%	97,706 24.4%	10,074 1.6%	53,419 6.6%
<b>Certified as of Available in FY</b>	<b>Jul-2006 FY2007</b>	<b>Jul-2007 FY2008</b>	<b>Jul-2008 FY2009</b>	<b>Jul-2009 FY2010</b>	<b>Jul-2010 FY2011</b>	<b>Jul-2011 FY2012</b>
Amount certified	642,881 10.9%	766,115 12.7%	587,194 8.5%	954,605 13.7%	700,558 10.4%	646,368 8.5%
Appropriations						
Fall STM for current FY	597,102 92.9%	712,651 93.0%	354,507 60.4%	409,068 42.9%	441,115 63.0%	454,935 70.4%
Spring ATM for next FY	41,525 6.5%	51,758 6.8%	203,790 34.7%	505,361 52.9%	259,443 37.0%	
<b>Total expended</b>	<b>638,627 99.3%</b>	<b>764,409 99.8%</b>	<b>558,297 95.1%</b>	<b>914,429 95.8%</b>	<b>700,558 100.0%</b>	<b>454,935 70.4%</b>
Unexpended	4,254 0.7%	1,706 0.2%	28,897 4.9%	40,176 4.2%	0 0.0%	191,433 29.6%
			net of BTME 2,507,104			