



Town of Williamsburg

Financial Management Review

Division of Local Services / Technical Assistance Bureau

January 2008

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 Williamsburg.

We have based our findings and recommendations on site visits by a Technical Assistance team consisting of staff from the Division's Bureau of Accounts, Bureau of Local Assessment, and Municipal Data Management & Technical Assistance Bureau. During these visits and by telephone, the team interviewed and received information from the selectmen, members of the finance and capital planning committees, the town accountant, town collector, town clerk, treasurer, and assessors.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, the town by-laws as well as other assorted financial records. Other documents reviewed included the town's outside audit for fiscal year 2005 completed by Melanson, Heath & Company, PC.

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

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

Overview

The Town of Williamsburg is small hill town in Hampshire County, bordered by Conway on the north, Whately and Hatfield on the east, Northampton and Westhampton on the south, and Chesterfield and Goshen on the west. Williamsburg is eight miles north of Northampton, 26 miles north of Springfield, 101 miles west of Boston, and 163 miles from New York City.

The town was incorporated in 1771 and, over time, development sprang up in four villages located along the Mill River as mill owners harnessed the water power. Cloth, brass and button mills were well established in the mid-1800s. In 1874, a reservoir dam burst flooding the valley and demolishing many mills and homes. At the time, the Mill River flood was the most deadly dam failure on record; 139 died. Many of the mills rebuilt after the flood but most moved elsewhere.

At just 2,439 in 2006, Williamsburg's population is fairly static, changing by only a dozen persons since the 2000 census. However, the composition of that population has changed over the last 15 years as professionals from Northampton, Holyoke, Greenfield and Springfield were attracted to the town by its affordable housing stock.

Williamsburg's government and fiscal management fall under the control of a mix of elected and appointed officials, mostly part-time. A three-member board of selectmen is the executive branch of government. They appoint the accountant and the collector, and are soon to appoint Williamsburg's first town administrator. The treasurer is elected, as is the nine-member finance committee and a three-member board of assessors. Currently, the collector is the town's only full-time financial position, although that will change soon with the addition of a town administrator.

Day-to-day financial responsibilities fall to mostly part-time department managers. Consequently, the selectmen have had to devote a considerable amount of time and attention to the daily affairs of town government, including the budget process, evaluating policy options and generally moving town business forward. That should change with the addition of a professional town administrator who will provide analytical support and assist the board in coordinating the town's financial management. Williamsburg's first town administrator is scheduled to start in January, 2008.

Like many small towns, Williamsburg has had difficulty in attracting qualified personnel at relatively low wages and less than full-time hours. To its credit, the town has taken advantage of resource-sharing opportunities to serve many of its needs – the Franklin Regional Council of Governments (FRCOG) Accounting Program, the Hampshire County Inspection Program, the Highland Ambulance Service and Foothills Health District provide services shared with other towns.

Williamsburg has a fiscal 2007 budget of \$6.2 million funded largely by local property taxes (64.1 percent) and to a lesser extent by state aid (18.8 percent). The town's average single-family tax bill was \$3,672 in fiscal 2007, 7.3 percent below the state average. That gap is narrowing as the \$2,163 average tax bill in 2000 was 19.3 percent below the state average. With a single property tax rate of \$13.00 per \$1,000, Williamsburg's tax rate is at the Hampshire County average, where municipal tax rates range from a high of \$18.36 per \$1,000 in Pelham to \$9.12 per \$1,000 in Hadley.

The town consistently taxes close to its full levy capacity and has approved a Proposition 2 ½ override, a capital exclusion, or a debt exclusion in every year since 1990 with the exception of 1995. The cumulative effect of the overrides has added \$1.0 million to the levy, or 16 percent of the 2007 levy.

Like most cities and towns, most of its revenues are spent on education funding. Almost 60 percent of general fund revenues support the town's own K-6 school and the 7-12 regional school. Many of the overrides mentioned above were for the schools, 18 of 30 overrides and another ten debt exclusions, including six for the regional schools.

The town lacks a reserve policy and, as a result, reserves are declining. Williamsburg entered fiscal 2008 with \$147,838 million, or 2.4 percent of its budget, in its stabilization fund, but 7 percent less than fiscal 2007. Williamsburg also started the year with a free cash balance of \$222,465 or 3.6 percent of its annual budget, a \$50,000 decrease from the prior year.

Conclusion—Accustomed to managing with part-time boards and officials, Williamsburg is facing the same challenges as other small towns – the fiscal pressures brought by slow revenue growth and more rapidly escalating costs. As the demands of government become more complex it is incumbent on the town to have a coordinating and unifying presence in town hall on a full-time basis to run it like the \$6 million business that it is. With the decision to hire its first town administrator, the board of selectmen has already come to recognize that, while a small town, Williamsburg is an enterprise of sufficient size to justify the need for a full-time management presence in town hall to direct and coordinate its activities.

To further advance the interests of the town, the selectmen need to define their relationship with the new town administrator. We believe that the town administrator, with assistance from the town's finance officers, should play a lead role in areas such as developing initial revenue estimates, preparing the draft budget, and monitoring the town's financial condition during the budget year. The administrator will also provide cost/benefit analysis for proposed policies and analyze the long-term impacts of town contracts and debt issues through multi-year revenue and expenditure forecasting. We also think that the administrator, using the proposed financial team as the vehicle, should coordinate financial operations, perform an initial assessment of the town's technology functionality and shore up the town's personnel management.

Finally, to weave the town administrator's responsibilities more permanently into the town's governance, we recommend that the town adopt a bylaw codifying his or her responsibilities. Short of adopting a town charter, this is the most effective way to ensure that these changes become an institutional part of government that is not easily subject to change.

In the report that follows, we address these and other issues.

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Overall Financial Management

A review of the town's overall financial management practices focuses on the procedures in place to accomplish tasks that typically cross over various municipal departments, as well as those that tend to impact town government on a global basis. Accordingly, we examined the budget process 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 roles and relationships among individuals together with the level of communication and cooperation that exists among offices. Finally, we reviewed local compliance with state laws and regulations relating to finance issues, adherence to acceptable form, and to timetables for the submission of periodic reports to the State Department of Revenue (DOR).

There is a commitment to government and a strong spirit of participation in Williamsburg that has allowed the town to function reasonably well up to now with management by part-time officials and volunteer boards. As the demands of government increase, the town has realized the benefit of a fulltime coordinating presence in town hall and is about to hire its first town administrator.

The budget process in Williamsburg is well-defined and initiated by the chair of the nine-member elected finance committee. The process starts in mid-December with the development of revenue projections and budget guidelines. The finance committee circulates forms and instructions for budget requests to all departments in early January, giving them about four weeks to return them. The finance committee reviews the departmental requests for compliance with contracts, holds hearings and drafts a budget for presentation at an "all-boards" meeting (a joint meeting of the selectmen and school and finance committees) in early May. From this meeting, the selectmen formulate their budget for presentation to town meeting which typically incorporates finance committee recommendations.

On balance, the finance related offices of the accountant, collector and treasurer are effective in the execution of most tasks required in the collection and deposit of receipts, and in producing vendor and payroll warrants for review and approval by the selectmen. The assessors are timely in delivering the commitments of taxes to the collector and, in general, a regular exchange of information between offices typically takes place. With the exception of the assessors, all of the financial officers are relatively new: the accountant began in October, 2006; the treasurer in November, 2006; and, the collector in May, 2007. Only the treasurer is elected.

Staff collaborate and cooperate, as well, in the preparation of required submissions to DOR. The balance sheet (for free cash certification) is completed by the accountant, as is the town's Schedule A (a year-end report of financial activity). Finally, the accountant, assessors and town clerk collaborate on the preparation of the town's Tax Recap Sheet, which is the basis of DOR approval of the annual tax rate. DOR needs to approve Tax Recap submissions in December in order to generate the first actual quarterly tax bill on time. With the exception of fiscal 2007 when a vacancy in the accountant's position delayed submission, Williamsburg has consistently met this deadline.

During the course of our review, we noted the general lack of any official statements of financial policies. Another area that warrants attention is long-term planning. Absent are formal policies for multi-year revenue and expenditure forecasts, and for debt and reserve levels. As a result, the town is less prepared to deal with unanticipated revenue shortfalls, cuts in local aid or emergency needs. Certified free cash and the stabilization fund balance have both been declining over the last two years.

In the preparation of payroll, the accounting of sick and vacation time warrants attention. Employees presently fill out time sheets for their department head's signature, but without detail of type of hours used. Time sheets or department summaries are submitted to the treasurer to enter into the payroll software and the information is transferred to the accountant who prepares a payroll warrant for the selectmen's signature. As a result of cooperation and the system in place, payroll checks are issued on time. However, there is no method for tracking the town's liability for the accumulated sick and vacation time of town employees.

The town, through the board of health, has also begun to focus on its handling of revenues at the transfer station. To its credit, the board responded to a comment by the town's outside auditor and changed from monthly to weekly turnovers. It installed board members at the transfer station to sell the annual stickers and made a greater effort to issue receipts for cash. Our recommendations are intended to further safeguard transfer station revenues by moving collections to town hall.

Conclusion—The appointment of the newly created position of town administrator provides multiple opportunities to improve the coordination and management of government in Williamsburg. Therefore, our most important recommendation is for the selectman to define the role of the town administrator by establishing clear goals and objectives for the position.

Recommendation 1: Set Goals and Objectives for the Town Administrator

We recommend that the selectmen reach consensus on goals and objectives for the town administrator. Williamsburg has reached that point in its development where effective management is beyond the reach of part-time and volunteer boards and committees. Therefore, we expect the new town administrator to take an immediate and lead role in providing the type of financial coordination and analysis needed by town policy-makers to make informed decisions. For the new town administrator to be effective, there needs to be a clear understanding of his or her role. We recommend that the selectmen and new town administrator come to an understanding on long and short-term priorities, expectations, and realistic reporting or decision-making deadlines. Together they should establish goals and objectives that clearly define their relationship, as well as day-to-day performance expectations.

Among assigned responsibilities for the town administrator, the town might consider the following:

- Coordinate the activity of town departments and financial operations.
- Prepare the initial draft of the annual budget by working with department heads to insure that budget priorities are met and that the budget is balanced.
- Review monthly financial reports and monitor the status of the budget throughout the year.
- Develop a multi-year revenue and expenditure forecast to assist the town in analyzing the affordability of proposed capital projects, to assess the impact of additional debt service, and evaluate other long-term obligations.
- Prepare financial and cost/benefit analyses to examine potential cost saving measures such as providing health insurance through the state's Group Insurance Commission and consolidating school and municipal financial and IT functions.
- Develop for selectmen approval formal financial policies on target levels and allowable uses of reserves, parameters for the issuance of debt and funding guidelines for capital needs.
- Ensure that the town addresses the findings contained in its annual audit report.
- Assess the town's technology status and oversee plans to upgrade hardware and software.
- Develop uniform personnel policies and personnel file maintenance.

We recommend that the town administrator form a financial management team. The town administrator, serving as chairperson, would convene meetings on a monthly basis that should include the accountant, treasurer, collector, assessor, and school business manager, or person in a similar role. The meetings will serve as a forum to coordinate critical financial functions and discuss progress on other finance-related deadlines. It would identify critical fiscal junctures and offer strategies to deal with anticipated areas of concern to the town's policymaking bodies. Among other things, the team could also aid in the town administrator's review of the functionality of the town's IT systems, and in the creation of uniform personnel policies.

We recommend that the town codify the responsibilities of the town administrator, and the role of the financial management team, in town bylaws. The adoption of a bylaw outlining the role of town administrator and the financial management team indicates a firm commitment to centralized management. Codifying the town administrator's responsibilities ensures that these changes become a more lasting improvement to the town's governance, one that is likely to endure as elected and appointed officials change. For greater long-term stability, towns have included similar provisions in their charter. Williamsburg should consider doing the same at some future date when it also evaluates the appropriateness of adopting a town charter. Additional guidance on adopting a town charter is at: [City and Town Charters - Adoption, Revision and Amendments](#).

Recommendation 2: Adopt a Reserve Policy

We recommend that the selectmen formally adopt reserve policies. The combination of competing spending priorities and limited revenue options make building reserves a challenging task. Often, depending on the fiscal circumstances facing town meeting, it can be difficult to preserve a sizable reserve balance. Policies to contribute additional revenues to reserves and to restrict spending of reserve funds should be formally adopted.

Formal written policies that establish guidelines for funding and maintaining reserves can help a community sustain operations during difficult economic periods. Reserves can be used to finance unforeseen or emergency needs, to hold money for specific future purposes, or in limited instances, to serve as a revenue source for the annual budget. Reserve balances and policies can also positively impact a community's credit rating and as a consequence, its long-term cost to fund major projects. A prudent reserve policy will:

- Establish target balances for the stabilization fund, annual free cash and other reserves in a total dollar amount or as a percentage of the total annual budget. It will develop a schedule of annual appropriations, i.e., to stabilization, or limitations on use, i.e., of free cash, designed to reach and sustain target balances gradually over time;
- Direct the use of all or a portion of free cash as a funding source for stabilization, or as an outlay for one-time capital projects. It will use revenue from a specific recurring income source (i.e., rental income) for similar purposes;
- If free cash must be used for operations, restrict its use as a general revenue source for the ensuing year's budget and to a maximum percentage of total free cash available;
- Restrict the use of unexpected, non-recurring revenue, or surplus revenue, to one-time costs, to tax levy relief, etc.;
- Restrict the use of the stabilization fund to non-recurring expenditures and only in an amount above a certain dollar threshold. It will set similar guidelines on use of free cash.

Recommendation 3: Develop Multi-Year Revenue and Expenditure Forecasts

We recommend that the town administrator, in coordination with the financial management team and finance committee, develop revenue and expenditure forecasts for the next three-to-five fiscal years. Building revenue and expenditure assumptions helps community leaders to enhance fiscal stability through planning, and quantify the future financial commitment required for current policy decisions. Forecasting reveals trends in income and spending, and enables a community to build capital and infrastructure improvements into a financial plan.

DLS offers a free forecasting tool that can be downloaded off the Internet at www.mass.gov/dls. The tool draws the town's historical data from DOR databases and presents it in an organized way. It then offers a structured method for developing a multi-year forecast. Such a tool would help the town administrator, selectmen and finance committee to analyze the impact of different fiscal scenarios such as changes in the school assessment, the impact of additional debt service, or the passage of a Proposition 2 ½ override.

Recommendation 4: Revise the Capital Improvement Program

We recommend the town commit to a capital improvement program implemented by the town administrator. The town has a capital planning committee composed of two

members of the finance committee, three additional members appointed by the selectmen, and the town treasurer as an ex officio, non-voting member. There are, at present, several vacancies. The committee solicits and evaluates project requests from departments which, if approved, are referred back to department heads, and then forwarded from there to the selectmen for possible inclusion on the annual town meeting warrant.

For Williamsburg, we recommend a reconfigured capital improvement committee that includes the town administrator, public works supervisor, a representative of the school administration, a member of the finance committee and possibly a member of the public appointed by the selectmen or moderator. By assigning this membership, seats will be filled, pertinent information will be at-hand, and prioritization of town needs can be more effectively established.

We advise the newly configured committee to include the following in developing a plan:

- Prepare an inventory of existing town facilities, real estate and other assets (condition, life span, utility, maintenance schedule);
- Determine the status of previously approved capital projects;
- Assess the town's financial capacity (available reserves, borrowing limits);
- Solicit, compile and evaluate project requests;
- List projects in order of priority;
- Develop a financing plan and adopt a long-term capital improvement program.
- Monitor approved projects; update the capital improvement plan annually.

(Source: Developing A Capital Improvements Program, prepared by the Municipal Data Management / Technical Assistance Bureau, Department of Revenue www.dls.state.ma.us/pibl/msc/cip.pdf)

We recommend that the town establish a recurring funding source for capital improvements. In order to budget on a prospective basis, we recommend that the town adopt a permanent policy that identifies a consistent, annual funding source, or expenditure level, for capital improvements. Many communities base capital expenditures on a percentage of total projected general revenue (excluding free cash, stabilization, and other one-time income), while others dedicate a portion of free cash. Policies would set out which projects qualify for bonding (i.e., threshold dollar amount and useful life), which might be accomplished through direct capital outlay, or through a capital outlay expenditure exclusion under Proposition 2½.

We further 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 item. The detail, now included in 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 proposed to annually fund the entire capital improvement program. Articles not recommended for funding and the five year plan can be included as part of an appendix as well. In each case, town meeting would see what projects were approved, what projects were deferred and the dollar amounts associated with each.

Recommendation 5: Centralize Accounting of Employee Accrued Sick Leave and Vacation Time

We recommend that the town implement the use of daily time sheets and centralize record keeping for accrued employee sick leave and vacation time. Among her responsibilities, 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 Williamsburg, no uniform procedure is in place and the liability is unknown.

Under current town practices, department heads prepare and send payroll information to the treasurer for each employee to be paid in the current bi-weekly pay period. The gross salary information is provided to the accountant who manually reorganizes the data by account number, makes the appropriate entries in the general ledger and prepares the payroll warrants. Except for the highway department, no detail relative to sick or vacation time taken by employees is provided. Instead, employee sick time and accrued vacation is tracked only by individual department heads, if at all.

The maintenance of records at the departmental level represents good practice only 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 maintaining these records can give rise to circumstances where an employee's claim of accrued sick and vacation time cannot be corroborated or challenged with credibility.

Therefore, as a matter of establishing internal controls, we recommend that a system be installed where employees fill-in daily hours and sign bi-weekly timesheets indicating time worked as well as sick and vacation time taken. A standard form should be developed for use by department heads in reporting complete bi-weekly payroll information to the treasurer and accountant. With technology upgrades, the transfer of timesheet and other payroll information can be accomplished electronically easing any additional burden to re-key data. In addition, payroll software applications are generally capable of automatically tracking employees' balance of sick, vacation and personal time.

Recommendation 6: Formulate Other Post-Employment Benefits Liability Policy

We recommend the town formulate a policy in response to the Other Post-Employment Benefits (OPEB) liability. The OPEB unfunded liability is the cost assigned to benefits other than pensions already earned by public employees and to be distributed upon retirement. Post-employment benefits other than pensions generally take the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. They may also include some type of life insurance. As a group, these are referred to as Other Post-employment Benefits, or OPEB. While there is no requirement to fund the OPEB liability thus far, the Governmental Accounting Standards Board (GASB) Statement 45 requires that the dollar value of the unfunded OPEB liability be determined every three years for governments with fewer than 200 participants. After it completes its evaluation, which is required as of June 30, 2010 under GASB 45, the town should define an OPEB policy. It may be as simple as confirming that costs will be covered on a “pay-as-you-go” basis, working toward the establishment of a reserve through special legislation, or a combination of the two.

GASB permits a simplified alternative measurement method based on tables and procedures designed to estimate the liability and contributions without the assistance of actuaries for towns with less than 100 total members (including active employees, terminated employees who have accumulated benefits but are not receiving them, and retirees and beneficiaries currently receiving benefits). This alternative method includes the same broad measurement steps as an actuarial valuation (projecting future cash outlays for benefits, discounting projected benefits to present value, and allocating the present value of benefits to periods using an actuarial cost method). However, it permits simplification of certain assumptions to make the method usable by non-actuaries, and thus allow the town to avoid the cost of an actuarial valuation.

For additional information regarding OPEB, and steps to reduce the size of the liability, see resources available on the Department of Revenue, [Division of Local](#)

[Services website](#). In addition, the Government Finance Officers Association (GFOA) has published a request for proposal checklist for OPEB actuarial valuations, see [OPEB RFP checklist](#) for details.

Recommendation 7: Revise Transfer Station Collection Procedures

We recommend the town establish a punchcard system for open box charges, and sell punchcards and trash stickers for the transfer station by mail and at town hall. Town residents separate their trash into household garbage, household waste, construction waste, demolition waste, recyclables and other “open box” items (usually large, bulky or non-recyclable items such as construction debris, mattresses, appliances, furniture and tires, etc.) for disposal at the town transfer station. Residents are required to purchase an annual vehicle sticker to dispose of all trash at the transfer station, with the exception of open box items which are subject to separate itemized charges. Currently, board of health members conduct sticker sales during standouts at the transfer station on weekends in May, and a transfer station staff person accepts payment by cash and check for open box items as received, and issues receipts if time allows. Turnovers of transfer station receipts to the collector, once monthly, now take place weekly.

Punchcards could be printed in denominations of \$10, \$25 or \$50 for open box fees. Transfer station personnel could reduce the balance on the punchcard by the appropriate open box fee, and thus would be relieved of the responsibility of handling cash and the duty of issuing receipts. Order forms for punchcards could also be included with applications for building permits and sent to local contractors.

We suggest the town sell the annual trash stickers and open box punchcards by mail. A letter from the board of health explaining the new system could be included with the town clerk’s census forms which reach all residents. The letter could include an order form and instructions to return it to town hall with a SASE to reduce costs. Occasional sales could be conducted at town hall in the office of the selectmen, the clerk or the collector.

Changing the collection of transfer station fees in this way would eliminate the problems accounting for cash at the transfer station that the town has experienced in the past. If further verification of residency is required to receive a trash sticker, residents might be required to include a copy of their car registration with an application.

Recommendation 8: Appoint the Treasurer

We recommend that the town convert the treasurer to an appointed position. We recognize that an article proposing to appoint the treasurer was recently rejected at annual

town meeting. The town meeting action does not, however, lessen our conviction that the treasurer is one of those positions in municipal government, like the collector, accountant and assessors, requiring a specific skill-set and, therefore, should be appointed rather than elected. The move toward appointed positions reflects a clear trend among Massachusetts' communities. By requiring potential office holders to go through a background check and an extensive interview process, the town can attract a person with the strongest credentials and most relevant professional experience. As an appointed position in town hall, the treasurer would be placed on equal footing with other finance officers and department managers who have similar level responsibilities.

This recommendation is not meant as a reflection on the performance of the current treasurer but something for the town to consider for the future. Because Williamsburg is served by a treasurer who is competent and team oriented, there is no urgency for change.

Computers and Technology

Computers and technology play a vital role in municipal financial management today. On the revenue side, computers are used by the assessor to maintain property values, set tax rates and generate the property tax and motor vehicle excise commitments; the collector takes the assessor's commitments electronically to generate the tax bills, and then to post receipts and manage receivables; the treasurer records the turnovers of town monies to his department to track the town's cash position. On the expenditure side, departmental data from vendor invoices and employees' time is entered into the computer system so that the accountant can generate the warrants for the selectmen's approval; the treasurer signs the computer-generated checks and tracks the disbursements in his electronic cash book. Cash balances and receivables are all reconciled on electronically generated reports. Debt schedules, monthly revenue and expenditure reports, annual budgets, and balance sheets are all maintained in electronic files. E-mail is used regularly to communicate and to provide internal access to information. Computers play a key role in virtually every element of the town's finances.

A survey of town finance-related offices revealed a series of six networked desktop computers of various age in use. Operating systems include a variety of Windows versions; Microsoft office products, particularly Excel spreadsheets, are widely used. All computers have e-mail capacity and internet access. Otherwise, the accountant uses FundWare software, the collector uses the state's Computer Assisted Mass Appraisal (CAMA) software, the treasurer uses Sumaria software for payroll and relies heavily on Excel spreadsheets, and the assessors use the CAMA software. Departments maintain and replace their own computers out of their own operating budgets as hardware and networking issues arise. There is a town website but it is not functional except for e-mail links to town offices.

Conclusion – Williamsburg needs to be more diligent and comprehensive in addressing its computer and information technology needs. A technology plan should include an assessment, and a separate line-item for technology including software and hardware, and training. In addition, policies on backups, internet and e-mail use by employees should be developed.

Recommendation 9: Centralize Technology Administration

We recommend treating technology as a department supported by a consolidated budget. We recommend a budget that combines in one place all technology-related appropriations currently spread among departments. In this way, an overall technology

plan can take shape and total town expenditures toward implementation of that plan will be clear. Also, technology is more likely to receive equal treatment in the process of setting town priorities through the budget.

As a departmental budget, there might be separate line items for expenses, purchase of services, support contracts and small capital outlays for hardware and software upgrades. Major investments would typically be approved as part of the town's capital improvement program and financed through the issuance of debt. The purchase or lease of computers, copiers, printers, projectors, etc., should also be in accordance with a centrally administered, long-term plan.

Placing the management of this budget under the new town administrator will ensure that decisions concerning future purchases of equipment, software and services are based on town-wide needs. As initial chair of the technology committee, the administrator will be able to incorporate the input and advice of the system users.

Recommendation 10: Establish a Technology Committee

We recommend the formation of a technology committee that includes users from within town hall and expert volunteers from the community. A technology committee can be a meaningful and objective contributor of information, analysis and insight for the town decision-makers as they grapple with computer and software issues. Its members can work to produce a periodic report, or assessment, of the town's technology status. Such a report would serve as a useful tool to evaluate the performance of hardware and software in town 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.

In the future, the committee could plan-out and recommend computer training, hardware replacement schedules, system upgrades, etc. It could also look into issues such as data integrity and emergency planning to make sure information is properly backed-up and retrievable. It could discuss future software purchases and conversions to prepare for integration with existing systems. Finally, a technology committee could explore how the town might improve its website and the services offered that can reduce traffic and workloads in town hall.

A technology committee might comprise only three or four members who have appropriate knowledge or work experience. To the extent possible, the town should recruit members from the town population, but the town administrator should, at first, lead the committee, and end users in town hall finance offices should be included.

Recommendation 11: Create Backup Policies

We recommend that the town develop a policy for backing up data and storing back-up tapes off-site. The town accountant makes regular back-ups of all her files and stores them off-site, but there are no common rules for securing data imposed on all departments. Since there is no shared server, data sets reside on individual desktops and are relatively small. Consequently, backups for individual offices could be stored on portable thumb drives and taken home daily. Given the importance of the town's data sets, all files should be backed up regularly and stored off site for protection.

Recommendation 12: Establish E-mail and Internet Policies

We recommend that the town establish e-mail and internet policies. It is advisable to develop a written guideline outlining the proper and allowable use of e-mail and internet applications. The town could contact their counterparts in other communities that have established these written policies for examples. Once constructed, each employee should sign a form acknowledging that they have read the policies and understand the penalties for non-compliance.

Recommendation 13: Create a Training Program for Town Hall Staff

We recommend that the town administrator set up a training program for town hall staff. Town hall staff is comprised of people at various levels of computer capability. The town administrator in coordination with the technology committee should take the initiative to identify computer proficiency levels among staff, and then develop a program to enhance hardware and software knowledge in town hall. Short-term goals might explore how technology can reduce paper records and redundancies through interviews with various office staff. In the long run, the town might look to develop an on-going training program to encourage computer usage, maintain proficiency among users, and more effectively familiarize people with the software they use in order to create efficiencies in time and money.

Recommendation 14: Enhance Information Availability on the Town's Website

We recommend that the town make information and material available through its Internet website. An up-to-date, comprehensive website would help bolster public awareness of issues and confidence in municipal government. Other communities are finding that user-friendly and informative websites are successful in reducing the amount

of time that staff spend fielding questions in person or on the phone. A reciprocal time-savings is also experienced by residents and taxpayers. The town currently has a web site, <http://www.burgy.org/>, but it lacks any content other than e-mail links to town offices.

Information not currently on the town's website that would serve as an improvement includes:

- Town meeting minutes
- All board and committee meeting dates, agendas and minutes
- Proposed/approved budget data; audited financial statements
- Links to the town by-laws
- Links to commonly requested forms

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

Treasurer

The treasurer is a community's cash manager and, as such, has custody of all municipal money. Included is the responsibility to make certain that town receipts are deposited into appropriate bank accounts and to monitor balances to ensure that sufficient funds are available to cover town obligations as they become due. The treasurer invests town funds and manages debt to maximize investment income and meet cash flow needs. To fulfill these responsibilities, the treasurer maintains a cashbook, 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, the treasurer is obligated to reconcile cash balances and debt, internally, and then with the accountant on a regular basis. Finally, the treasurer maintains tax title accounts, conducts sales of land and prepares documents to petition for foreclosure. In Williamsburg, the treasurer's office is also responsible for payroll and benefits administration.

The treasurer was first appointed in November 2006 and was then elected to a three year term that began in July 2007. A May 2007 ballot question to convert the treasurer from an elected to an appointed position was defeated by the voters. Before his appointment, the treasurer was elected to, and continues to serve on, the town's finance committee. His position is budgeted at 20 hours per week but, by his account, he often spends up to 30 hours on the job. He has no regular staff but pays \$50 a week for several hours of assistance from the previous treasurer. As there is no assistant treasurer, he is the only person in town government with check-signing authority. He is currently pursuing coursework toward certification as a treasurer with the Massachusetts Collectors and Treasurers Association.

The office records are maintained on a desktop computer which is on the town's wireless network. The treasurer maintains his cash book and debt schedules on Excel spreadsheets. The cash book tracks the cash position in the town's nearly 20 checking and investment accounts. It records turnovers from the collector and other departments, and disbursements through vendor and payroll warrants. The treasurer reconciles his cash book, internally against bank statements and externally against the accountant's general ledger, on a monthly basis. Reconciliations are currently running a couple of months behind, but the current treasurer and accountant are catching up on the backlog left to them by their predecessors. The treasurer enters the detail from employee time sheets submitted by departments into Sumaria software to generate the payroll warrant and payroll checks; the highway department is the only town office providing him detail on sick and vacation time used by employees. As regards benefits administration, this

office is responsible for enrollment, correspondence, vouchering and payments to the various vendors that provide benefits for town employees.

Conclusion — Overall, the treasurer effectively fulfills the responsibilities of the office. Therefore are recommendations are minor. We suggest that departments turnover receipts directly to the treasurer instead of to the town collector. Finally, we recommend that the town appoint the collector as the assistant treasurer so that someone has check-signing authority in the case of the treasurer's absence.

Recommendation 15: Redirect Departmental Revenue Turnovers

We recommend that all departmental receipts be turned over to the treasurer as required by M.G.L. Ch. 44 §53. During the course of our review, it was noted that most departments are collecting cash and turning it over to the collector, who then turns it over to the treasurer. Although as a town collector, the office can receive over-the-counter payment of any town receipts, this authority is not intended to include receiving monies already collected by other departments. Under M.G.L. Ch. 44 §53, all revenue received by any municipal official or department must be turned-over directly to the treasurer, not to the collector. Present practice creates an additional step and unnecessary work for collector which, if corrected, would impose no greater burden on the treasurer.

Recommendation 16: Create a Check-Signing Backup

We recommend that the town make provisions for check-signing in the absence of the treasurer. Under the provisions of M.G.L. Chapter 41 §39A the treasurer may appoint, with the approval of the selectman, an assistant treasurer who may perform his duties in his absence. If the treasurer were to appoint the town collector as the assistant treasurer, she would have the authority to sign checks in the event that the town treasurer is not available.

Collector

The Williamsburg Collector is appointed and has served the town since May, 2007. Prior to her appointment she served as the selectmen's executive secretary. As town collector, she possesses the authority to collect real and personal property taxes, excises, betterments as well as other charges and payments due the town. A part-time assistant collector position is budgeted, but is currently vacant. The collector's office prints and issues approximately 1,300 real estate tax bills and 75 personal property tax bills quarterly. A deputy collector receives the motor vehicle excise information directly from the Registry of Motor Vehicles, presents the commitment to the assessors for review and approval, then issues almost 3,000 motor vehicle excise tax bills annually. She receives the commitment of water and sewer charges from the water and sewer commissioners and prints, sends and collects the bills twice a year. In addition, the transfer station and the building, electric, gas and plumbing inspectors turn over their collections to the collector on a weekly basis.

Collections are counted and posted to taxpayer accounts as received, and deposited to a collector's bank account daily. More than half of all real estate collections are received from bank escrow services, roughly 30 percent are through the mail and 10 to 15 percent are from walk-ins. The collector holds the money in an account until the checks clear and then turns receipts over to the treasurer every Tuesday with a turnover sheet, a copy of which is provided to the accountant.

The collector maintains an up-to-date receivable control that is reconciled with the accountant's general ledger every quarter. In accordance with state law, the office responds to requests for municipal lien certificates promptly. Delinquent accounts could be pursued in a more timely manner, moved into tax title and transferred to the treasurer.

Conclusion - The collector performs the statutory duties of the office well and is positioned to move forward. While she inherited a backlog of receivables, the pursuit of delinquent taxpayers could be more timely and active, but will require additional help. In addition, town departments should be turning their collections directly over to the treasurer rather than to the collector. We also believe the collector would benefit from the formal collector's training of the Massachusetts Collectors and Treasurers Association (MCTA) and should pursue MCTA certification as a municipal collector.

Recommendation 17: Send Demand Letters After 15 Days

We recommend that the collector send demand notices to collect outstanding taxes as soon as the law allows. With the collector posting receipts on a daily basis, the

identity of tax delinquents is known soon after the close of the 4th Quarter payment due date. State law allows demands to be sent on the 15th day thereafter, but the collector has yet to send the fiscal year 2006 and 2007 demands. To her credit, letters are sent to delinquent taxpayers to warn of demands, but the process should not lag.

The tax title process is intended to protect the interest of the town, and its ability to pursue payments by securing a lien on the property of tax delinquents. The collector has an obligation to send demands, notices of tax taking and to execute tax takings in a timely fashion. Therefore, we recommend the collector create a fixed schedule for the tax title process, and one which, through early action, serves notice that the town is serious about tax collections.

Recommendation 18: Resolve Water and Sewer Receivables

We recommend that the collector work with the town administrator to determine a way to resolve the outstanding water and sewer receivables. There is \$50,000 to \$60,000 owed the town in outstanding water and sewer bills dating back to Fiscal 2003. The exact amount is in question because the billing and payment information was posted and maintained in an old DOS-based software system that is difficult to work with. Compounding the problem, the previous collector is known to have made errors in posting payments and on municipal lien certificates, as a result, much of the amount in question may not be collectible.

The collector is not in a position where she can rectify this problem on her own. Without any staff, she has chosen to focus her time on current receivables, and keeping other office responsibilities up-to-date. The town may decide to reduce the outstanding amount by using the authority of Chapter 60 §2 to abate all charges less than \$10, or may ask the water and sewer commissioners to abate all the outstanding amounts prior to the date the newer software was installed.

Recommendation 19: Discontinue Maintenance of Manual Records

We recommend that the collector convert her manual records to an Excel spreadsheet. The collector currently maintains a manual record of her receivable control. We recommend that she duplicate the record on an Excel spreadsheet so that it is electronically stored and backed up.

Recommendation 20: Attend Professional Classes

We recommend that the collector attend professional training classes of the Massachusetts Collectors and Treasurers Association (MCTA) and pursue certification as

a municipal collector. Attending formal collector's track training will provide useful information and opportunities to learn about alternative professional practices conducted in other Massachusetts municipalities. Since the Williamsburg Collector's background is as a bookkeeper, she would especially benefit from the MCTA courses and contact with her peers from other communities. Gaining certification as a municipal collector will improve her professional standing, benefit town operations and enhance public confidence in town government.

Accountant

The accountant has a legal obligation to oversee all financial activity of a municipality. Through the maintenance of independent records and by following well-defined procedures, the office documents the flow of money into and out of municipal accounts and plays a role in the system of checks and balances established by statute to monitor and protect local assets. To fulfill this responsibility, the office prepares warrants; maintains a general ledger where receipts, expenditures and all other town financial activity are recorded; reconciles cash and debt with the treasurer and receivables with the collector; produces a monthly expenditure report and reports annually on the town's liability for accrued sick leave and vacation time. The accountant also tracks revenue, is required to maintain a detailed record of the town debt, and is typically involved in the annual budget process.

Among required submissions to DOR, the accountant is responsible for producing the town's annual Schedule A by October 31 and its year-end Balance Sheet (for free cash certification). Finally, the accountant works with the assessors and town clerk in the preparation of the town's Tax Recap Sheet.

The Williamsburg town accountant is normally appointed by and reports to the selectmen. However, since October 2006, the town has contracted with the Franklin Regional Council of Government (FRCOG) for its accounting services. Once a week three members of the FRCOG accounting staff visit the town to perform the accounting functions. As part of the contract, FRCOG requires that the town use Fundware software which is remotely located at FRCOG main offices and accessed via a secure web portal from town hall. All data sets are secured, maintained and backed-up by the FRCOG staff off-site.

FRCOG staff enter data from invoices for the town's departments so that vendor warrants can be prepared for the selectman's bi-weekly approval. Reconciliations of cash and receivables with the treasurer and collector, respectively, now take place regularly, and monthly revenue and expenditure reports are prepared. However, the town has yet to report on its liability for the unused sick and vacation time of town employees as required for the purposes of GAAP accounting.

Conclusion - In terms of fulfilling primary duties, the relationship with FRCOG serves the town well. The accounting function is competently performed by the assigned accountant as fundamental responsibilities relative to the general ledger, the payroll and vendor warrant process, as well as reporting requirements are fulfilled. However, we make several recommendations designed to provide additional financial controls. We recommend that the accounting office receive all grants and contracts so that they can

verify compliance before funds are disbursed. State law requires (Chapter 41 §57) the accountant to maintain a detailed schedule of town debt, and we recommend that they do so. We also recommend that the town consolidate its utility accounts to reduce the number of checks that are written. And, finally, we recommend the accounting office design a standardized turnover sheet in Excel for departments to use.

Recommendation 21: Grants and Contracts to Town Accountant

We recommend that the accountant receive copies of all contracts and grants. All departments, boards and commissions are required to submit copies of all grants and contracts to the accountant's office under M.G.L. c. 41 § 57. The accountant must be able to confirm that sufficient funds exist in accounts against which vendor payments are charged, and verify that the terms of the contract or grant are met when reviewing payment requests.

Therefore, whether a department reports to the selectmen or to an independently elected or appointed board, it must submit contracts and grants to the accountant's office. If a bill is submitted for payment and the contract that contains information to payment terms is not on file, the accountant should not process the payment until said contract is presented.

Recommendation 22: Maintain a Debt Schedule and Reconcile with the Treasurer

We recommend that the accountant maintain an independent debt schedule and reconcile debt with the treasurer annually. Under M.G.L. Ch 41 §57, the accountant must keep a detailed record of all town debt. The accountant needs to maintain her own debt record detailing the purpose and date of borrowing, the rate of interest and provisions for payment. Additional information might include the amount of the original authorization and maturity date of the debt issued. The accountant, treasurer, and town clerk should confer after each town meeting to verify action taken relative to debt authorizations. At least once during the fiscal year, the accountant and treasurer should meet and reconcile debt activity so that, at year's end, all reports of that activity match and accurately reflect the town's debt position.

Recommendation 23: Change the Format of the Payroll Warrant

We recommend that the payroll warrant be prepared as a listing by employee. Under current practice, the selectmen are presented with a payroll warrant listing a series of salary account numbers with a corresponding dollar amount. While this format is

appropriate for the purposes of the accountant's general ledger, greater detail is required on payroll warrants.

Whether incorporated into the warrant or attached as back-up documentation, gross, or preferably net, pay listed by employee must be made available if the selectmen's obligations under M.G.L. Ch. 41 §52 are to be met. To comply, whoever approves the warrant must be able to inspect and view each individual payment, which in this case would at least be an employee's name and gross salary. Net salary might also be included, but not individual withholding amounts, which should be indicated in the aggregate on the payroll warrant. The same information must find its way to the treasurer so that checks may be drawn.

Recommendation 24: Redesign Departmental Turnover Sheets

We recommend that the accountant 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 e-mailed or manually distributed to each department. The name of the department is at the top of the page with appropriate locations at the top or bottom for dates, affirmations and signatures. The form is also 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 25: Consolidate Accounts on Vendor Checks

We recommend that the all town accounts with the same vendor be paid with one check. As examples of this issue, each pay period, National Grid receives 12 separate vendor checks from the town, and Verizon receives six separate checks. Each check is in payment of a town account. Instead, the town should process a single check to each vendor with sub-account details listed on the attached stub or coupon. The accountant should look for all other instances as well where multiple checks are sent to a single vendor and consolidate payments onto one check.

Assessors

The assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitment authorizing the collector to collect real estate tax, personal property tax and motor vehicle excise payments. In Williamsburg there is a three-member elected board of assessors with staggered three-year terms who also serve as part-time department employees. In addition to the traditional board responsibilities of approving abatements and exemptions, estimating new growth and setting the overlay as part of the budget process, they fulfill all the administrative and clerical functions of the assessing office.

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

The volume of work in the Williamsburg assessing department involves approximately 1,113 residential real estate parcels, 67 commercial/industrial accounts and 98 parcels in agricultural, forestry or recreational use. There are an additional 75 personal property accounts. All are billed on a quarterly basis. Over the course of one year, motor vehicle commitments total about 3,000 accounts. All properties are inspected every six years as part of a cyclical re-inspection program and building permit inspections are performed on a regular basis. Also in fiscal 2007, the office issued 218 personal exemptions. On average, the assessors approve eight of 35 abatement applications on average each year.

All clerical and most inspection functions are performed in-house by the three assessors. They conduct residential property inspections as part of a cyclical re-inspection program and building permit inspections for the calculation of new growth, although sale properties are not typically inspected unless the sales price differs from the assessed value by more than 10 percent. Interim year adjustments, commercial/industrial/personal property valuations, and new growth calculations are performed by an outside contractor, Roy Bishop.

The computers in the office are installed with State CAMA appraisal software which stores property data and aids in property valuation analyses. The assessors are generally satisfied with the performance of the software.

Conclusion - The office structure, where board members serve as part-time day-to-day department staff, is seen less frequently in Massachusetts than it once was. In Williamsburg, however, the system works primarily because of the limited size of the town, and the experience of the board members. Should the town fail to elect equally qualified individuals when board vacancies occur, we would advise the town to transition to a structure where a full-time staff person rather than board members are relied upon to complete the work of the office.

Recommendation 26: Transition to Policymaking Board of Assessors

In the long-term, we recommend that the town move away from a working board of assessors through a restructuring of the office. Although this structure is effective currently, a shift from a part-time working board to a full-time in-house professional is encouraged at an opportune time in the future. Under the proposed structure, a professional assessor would be hired by and report to a part-time board of assessors. The board would otherwise continue to function in an advisory and policymaking capacity on all assessing matters.

Under the direction of the board of assessors, the professional assessor would perform the full range of technical duties involved in providing assessing services, as well as manage the assessing office operation. The addition of a professional assessor may also reduce the town's reliance on outside vendors for technical and assessing services. The board would remain ultimately responsible for the full and fair market valuation of real and personal property for the purposes of levying taxes, and would continue act on abatements and exemptions.

Recommendation 27: Place Property Records On-Line

We recommend that the town place its property records on-line. In order to reduce foot traffic and free-up staff time, a growing number of assessing offices make property records available to the public on line. In this way, residents, appraisers and others can independently and conveniently search property records and print field card type information without creating office disruptions. As a CAMA user, Williamsburg can place its property records on the Community Software Consortium (CSC) website, <http://csc-ma.us/>, at no additional charge to the town.

Acknowledgements

This report was prepared by

The Department of Revenue, Division of Local Services

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

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

Joseph Markarian, Jr., Supervisor, Technical Assistance Section

Scot Keefe, Project Manager, Technical Assistance

Terry Williams, Community Advisor, Bureau of Accounts

Jeff Reynolds, Field Representative, Bureau of Local Assessment

In preparing this review, DLS interviewed the following persons:

Town of Williamsburg:

Denise Banister, Chair, Boards of Selectmen and Assessors

Jeffrey Ciuffreda, Board of Selectman

Margie Dunphy, Board of Assessors

Donna Gibson, Chair, Board of Health

Ira Gabrielson, Board of Health

William Turner, Water and Sewer Commission

Sam Kellogg, Water and Sewer Commission

Peter Mahieu, Treasurer

Bonnie Roberge, Town Collector

William Sayre, Chairman, Capital Planning Committee

Joyce Muka, Town Accountant

(Franklin Regional Council of Governments)