



# *Town of Boxborough*

## *Financial Management Review*

---

*Prepared by the Municipal Data Management and Technical Assistance Bureau  
June 2001*

## INTRODUCTION

---

At the request of the board of selectmen, town administrator and tax collector, the Department of Revenue's Division of Local Services (DLS) has completed a financial management review of the town of Boxborough.

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

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

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

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

## OVERVIEW

---

Boxborough is a rural community located near the crossroads of Interstate 495 and Route 2. The town's proximity to these highways, the emergence of employment centers along Interstate 495 and the availability of open, developable land has fueled significant growth over the last decade. Rapid population growth has placed increasing demands on town government and strained its ability to finance desired service levels and facilities. Like other growing communities, Boxborough has struggled to adapt to this change, prompting the town to examine its structure and to seek ways to operate more efficiently. Although the town has taken effective strides in recent years to cope with the financial and operational challenges, the town continues to experience the expected growing pains of a community moving from a small rural town to a more full service, suburban community.

### INCREASES IN POPULATION AND DEVELOPMENT

According to the United States Census Bureau, Boxborough's population increased from 3,343 in 1990 to 4,868 in 2000, an increase of nearly 46 percent. In terms of percentage increase over this period, Boxborough was the sixth fastest growing community in the Commonwealth.

During this same time period, the town's real property tax base also grew, predominantly in the residential property class. Between 1990 and 2000, the town's residential property values grew from about \$262.2 million to \$385.6 million, an increase of 47 percent. This growth was the result of both price appreciation in the area housing market and the growing number of residences in the town. For single family parcels alone, the town reported having about 600 parcels in 1990 and over 1,000 parcels in 2000, an increase of over 66 percent.

### BUDGET GROWTH

In response to this decade of growth, Boxborough's budget has also grown (Appendix A). The budget grew from about \$5.5 million in FY1990 to nearly \$11.4 million in FY2000, more than doubling. Much of the growth in the budget was in response to the growing number of residents, the demand for new or expanded town services, and the need to make capital acquisitions or improvements (Appendix B).

To meet its capital needs, the town has issued millions of dollars of debt for capital improvements (e.g., remodel town buildings and school construction projects), to purchase new departmental equipment, and to acquire land. As a result, Boxborough's annual debt service costs have increased significantly. In fact, debt service costs were the fastest growing expenditure over the last decade. The town reported spending over \$1.7 million on debt service in FY00, more than 200 percent over the \$544,000 spent in FY90.

Given limited resources, Boxborough has been very successful in getting voter approval for debt exclusions to fund many of the town's capital spending projects. Debt exclusions create temporary increases in the amount a community can levy to fund the payment of debt services costs for approved purposes. This results in a higher than normal tax bill for all taxpayers. While officials are pleased with the success in obtaining debt exclusions to fund these necessary projects, some expressed concern about the higher tax bills and a large reliance on the tax levy to fund the town's annual expenses. As seen in Appendix C, Boxborough's average single-family tax bill has been consistently higher than the state median and has ranked among the top 10 percent of communities statewide.

## EDUCATIONAL COSTS AND ENROLLMENT

The second fastest growing expenditure area for Boxborough is its education costs. These costs include both the local K-6 school budget and the assessments for the regional high school. Escalating school costs are the result of both an increasing school population and the required spending increases and additional state education aid of the Education Reform Act of 1993. Between FY93-FY99, the town's K-6 foundation enrollment<sup>1</sup> doubled from 267 in FY93 to 544 in FY99. According to the Department of Education, only 11 percent of the communities statewide experienced foundation enrollment growth of more than 30 percent during this period. In FY00, the town's K-6 foundation enrollment jumped another 57 students to 601, bringing the increase to 125 percent over seven years. As a result of this increase through FY00, Boxborough's K-6 net school spending requirement increased from about \$1.5 million in FY93 to \$3.6 million in FY00, an increase of 140 percent. Additional state aid for schools funded \$1.2 million of this increase while the town's local contribution increased about \$900,000 to cover the remainder.

## CHANGES IN TOWN GOVERNMENT

As the town grew, the impacts began to strain town government. Initially, a three-member board of selectmen and an executive assistant ran the government, with most offices having only had one staff member on a full or part-time basis. According to town officials, the growth in population and development made it increasingly difficult for the town's limited staffing to manage daily workloads. In response, the town appointed a town government study committee at the May 1997 annual town meeting. The committee was charged with reviewing government practices, analyzing growth and the future impacts on the town, identifying operational models in similar communities, and making recommendations to town meeting. The committee was comprised of both long-time and recent residents with varying degrees of experience in town government.

The yearlong study yielded a report with a number of proposed changes for town government. The town implemented the more urgent recommendations right away such as expanding the board of selectmen from a 3-member to a 5-member board and establishing a professional town administrator's position to manage the day-to-day activities of town government. Some recommendations have been acted on as opportunities came about such as changing the treasurer's position to an appointed post when the elected treasurer retired. Other recommendations have been enacted as time allowed such as establishing personnel policies, updating job descriptions and instituting annual job performance reviews. Having enacted a majority of the report recommendations, the town has chosen to wait until the timing is right to act on the remaining recommendations.

## RECENT DEVELOPMENTS AND FUTURE ISSUES

In light of its recent boom in growth, the town is taking stock of its resources and looking towards the future. The town's rural nature, open space and good school system have attracted the recent residential growth. These qualities, along with the town's location, make the town equally attractive to commercial development. Local officials, cognizant of the town's recent experiences, are very concerned about further impacts on the town.

---

<sup>1</sup> Foundation enrollment is reported in October of the prior fiscal year. Under the Education Reform Act of 1993, foundation enrollment is a component in determining the town's annual education spending requirements.

Given the rising residential property values, the lack of affordable housing is another important issue for the town. To address this, the town established a housing board that is responsible for developing plans to increase the supply of affordable housing. The town has also approved comprehensive permit development under MGL Chapter 40B that sets aside 25 percent of the proposed development for affordable housing. The town has also expressed interest in acquiring and converting existing properties, and acquiring land to develop new housing. To help offset the cost of this effort, Boxborough proposed adopting the Community Preservation Act. The act enables communities to annually levy additional taxes to fund projects of this sort. However, town meeting participants opted to forego this funding mechanism, preferring to act on levy increase proposals, such as debt exclusions, on a case by case basis.

If the current development trends continue, an equally important issue for the town is the adequacy of the water supply. Presently, property owners rely on private wells and the town does not have a public water supply. The town is conducting a study on whether there will be a water-availability problem and how best to plan for it. Under the worst case scenario, the town will have to develop a public water supply and distribution system to effected areas of town. This represents a large capital expense that must be carefully planned should the need arise.

The school enrollment increases continue to present challenges. So far, the greatest impact has been felt at the local level. However, this large K-6 population will soon move on to the regional school district. To cope with projected enrollment growth, the regional school proposed a \$52.4 million construction project. Under the terms of the regional agreement, Boxborough's share of the annual debt service for this project will be based on its relative share of total regional enrollment. Using projected school population figures, the town's share of these costs in the future may range between 13.2 and 21.8 percent. After discussing the financial impact of the project, Boxborough approved the regional school project and passed a debt exclusion to fund it.

And lastly, the town is seeking to strike a balance regarding economic development. On one hand, the town must weigh the negatives of development such as increased density and traffic against the potential benefits of an enhanced tax base that can alleviate some of the tax burden on residential taxpayers. Given the town's location and other qualities, it has proven attractive to large corporations like Cisco Systems. Cisco Systems proposed remodeling an existing building and constructing five additional buildings, thereby creating a regional corporate campus in New England. After lengthy negotiations, the town and Cisco Systems entered into a tax increment financing (TIF) agreement for this multi-building project. The TIF provides Cisco Systems with a property tax break for a period of twenty years in exchange for locating its facility in the town.

## CONCLUSION

Having spent the last decade reacting to issues, the town wants to take a more pro-active approach to dealing with the above challenges. The appointment of a professional manager and the reorganization of some offices have helped Boxborough's cause, however, we found this new centralized government model is still in its infancy stage. As such, there is still a need to clearly define responsibilities in some areas, improve aspects of the town's financial operations and open channels of communication among the town's policymakers.

According to the government study, the town administrator's position serves as a focal point in the town's daily administration. The position is responsible for the departments reporting to the selectmen and coordinates the efforts of various boards and officials involved in the town's financial management. After two years in this new role, the administrator performs many of the duties and

responsibilities of the job. However, the position has not been able to fully coordinate the town's financial management activities because of the historically strong role of the finance committee and the lack of authority vested in this position in the town bylaws. To help resolve this issue, we recommend that the administrator's duties, including budget coordination, be codified in a bylaw and that the town establish a financial management team to assist the administrator with her financial management responsibilities.

Because of the rapid growth of the town budget, all officials have expressed the need to manage resources prudently and to plan carefully for the future. Despite these goals, communication among the town's policymakers on routine financial information, establishing policy goals and developing long-term plans has been intermittent. For example, the finance committee and selectmen met at the beginning of the budget process to discuss various issues, however, subsequent communication on these matters was only sporadic and informal. In another example, the town's education costs have grown significantly (representing more than half of the town's budget) and the town just approved a large expansion of the regional school. Yet, the selectmen, finance and school committees do not meet to discuss the impact of education spending on the town's current and future finances. To address this, we recommend that the town's policymakers meet periodically to disseminate and discuss pertinent information with a focus on setting policy goals for the town. We also recommend that the town use management tools such as long-term revenue and expenditure forecasting and capital planning as the basis for this type of decision-making.

The town has committed time and financial resources to an information technology system to encourage office automation, provide ready access to information, and store the town's data securely. However, we found that the town has multiple computer applications that require financial data to be re-keyed in order for the information to flow from one office to another. We also learned that the town's auditor found a \$106,000 variance in the accountant's financial records that might be, in part, the result of an application programming problem. We were also advised that certain other computer problems were unresolved for an extended period of time. For these computer issues, we offer recommendations on system administration and maintenance, the electronic transfer of data and training.

In the report that follows, we offer detailed observations and recommendations on the town's financial offices. A common impression we had of the town's financial offices was that each has struggled in some way to adjust to the town's growth. As the town continues to grow, town officials and citizens should be cognizant that it may be necessary to increase the resources allocated to these offices. With this in mind, we address areas including office legal requirements, suggested management practices, better use of technology, and improved flow of information. We also recommend that the town establish a financial team as a means to compile timely and accurate financial information from the financial offices that can be used by town boards and committees to develop policy. Instituting financial team meetings will also provide a vehicle to address operational issues in the town's financial offices. It is our hope that this review of the town's financial operations will complement the town government study report and assist the community in achieving its financial management goals.

---

## SUMMARY OF PRIMARY REPORT RECOMMENDATIONS

---

1. Overall Financial Management & Budget Process: Clarify the responsibilities of the town administrator (page 7).
2. Overall Financial Management & Budget Process: Organize periodic meetings of policymaking boards (page 8).
3. Technology: Improve systems administration (page 10).
4. Technology: Explore electronic transfer of information (page 12).
5. Accountant: Review postings and trial balance reports (page 13).
6. Accountant: Prepare for GASB Statement 34 Implementation (page 15).
7. Assessor: Change in office structure (page 16).
8. Assessor: Maintain property database and cyclical re-inspection program (page 18).
9. Collector: Monitor deputy collector service (page 19).
10. Collector: Review computer use and staffing (page 19).
11. Treasurer: Streamline procedures and prepare timely reports (page 22).
12. Town Hall Operations: Review office security (page 24).





## OVERALL FINANCIAL MANAGEMENT & BUDGET PROCESS

---

### FINDING 1: CLARIFY THE MANAGEMENT RESPONSIBILITIES OF THE ADMINISTRATOR

As a result of the town government study committee recommendations, town meeting established the town administrator's position in 1998. The position has an extensive job description and some of the position's management responsibilities are cited in the town's personnel bylaw.

The administrator is responsible for the supervision of department heads and the daily management of town operations under the control of the selectmen. The administrator is responsible for administrating the personnel system, acting on all job performance evaluations, and representing the selectmen in labor negotiations. The administrator is the chief procurement officer, manages the insurance programs, and oversees the technology information systems. According to the job description, the administrator also acts as the chief fiscal officer. She is responsible for coordinating, in conjunction with other financial officers, the preparation of all department operating budgets, preparing analyses for policy decisions, and presenting a consolidated operating budget and capital plan for review and action.

While the administrator manages town financial affairs, her role in the budget process has been limited to assisting the finance committee gather information, collaborating with them in the development of standard forms, and serving as the selectmen's liaison. This is primarily due to the historically strong role the part-time, 9-member finance committee has played in the initiation and management of the budget process. According to the town's bylaws, the finance committee is responsible for considering and making recommendations on all matters of business included in the town warrants. The finance committee reviews budget proposals and capital requests, reviews revenue estimates, conducts budget hearings and publishes its recommendations for town meeting. Despite the availability of the Vadar System budget application which can track actions as they occur in the budget process, the committee maintains its budgetary information and analyses in Excel spreadsheets. Only when the committee has made its final decisions are printouts transmitted to the town financial offices.

### RECOMMENDATION 1: CLARIFY THE MANAGEMENT RESPONSIBILITIES OF THE ADMINISTRATOR

We recommend the town adopt a bylaw formally establishing the town administrator's management responsibilities. This bylaw should specifically enumerate the general administrative and financial management responsibilities of the position. The duties of the town administrator should include, but not be limited to, managing the town's budget process, coordinating financial operations, conducting research and analyses for policymakers, administering the personnel system and employee evaluations, and overseeing the technology information systems.

We recommend that the town administrator manage the budget process. As a full-time, professional staff member with overall administrative and financial management responsibilities, the town administrator is the logical choice to serve as the focal point during the budget process. Reflective of the job description, the town administrator should be given the responsibility of managing the "mechanics" of the annual budget process while working as the selectmen's liaison to other town policymaking bodies. The administrator should also solicit technical and financial information from financial management team members (see below) and communicate it to the town's policymaking bodies. Furthermore, the administrator should make sure the budget application is fully used, tracking all actions from departmental requests to final town meeting approval. This recommendation is not intended to impinge on the finance committee's important role as advisor to town meeting. Rather,

the intent is to provide administrative and analytical support to the finance committee and selectmen as they plan the town's financial future.

To assist the town administrator in coordinating financial management, we recommend that the town establish a financial team through the adoption of a bylaw. It is suggested that this financial team be comprised of the town administrator, accountant, assessor, collector, treasurer, and school business manager. The financial team would be chaired by the town administrator and meet on a regular basis throughout the year. A bylaw would formalize the participation of the above mentioned individuals.

The purpose of the financial team would be to improve the flow of information among departments, to coordinate the fiscal operations of town departments, and to compile comprehensive financial information to assist the town's policymakers in their decision-making process. It would be the role of the town administrator, with support of the financial team, to combine financial information from a variety of sources. This information would provide a comprehensive picture of the town's financial health at any point in time.

The financial team would assist the town administrator and policymakers in a number of areas. It would provide input into the town's cash flow analysis, including the timing of major purchases and the issuance of new debt. The team could also analyze the impacts of future events on the financial condition of the town (e.g., debt service, collective bargaining agreements, education reform and new policies). Furthermore, the financial team should provide input on the preparation of the tax recapitulation sheet, a document that establishes many of the town's financial policies.

We want to emphasize that our recommendations are not intended to place the town administrator or finance officers in a policymaking role. Their roles should be advisory and administrative: collecting information used in policy development by boards and committees and assisting in the coordinated implementation of those policies. This recommendation is not intended as a fundamental organizational change with all department heads reporting to the town administrator. Rather, it is intended to provide formal channels of communication and a vehicle for coordinating financial management.

## FINDING 2: ORGANIZE PERIODIC MEETINGS OF POLICYMAKING BOARDS

Prior to the FY02 budget process, the selectmen and finance committee met for the first time to discuss some anticipated issues facing the town. As the budget process proceeded, additional issues came up which the town's policymaking boards (e.g., finance committee, selectmen and school committee) generally handled independently. If these policy boards met periodically, they would be able to share information, discuss budgetary and financial issues, and work together to develop cohesive policy.

## RECOMMENDATION 2: ORGANIZE PERIODIC MEETINGS OF POLICYMAKING BOARDS

We recommend that the town's policymaking boards meet periodically throughout the year to discuss issues. On a quarterly basis, the administrator should present updates to the policymakers on the prior year's performance, year-to-date activities and issues as they come up. These policymakers should use these meetings to discuss information presented and to plan for future needs. This is also an appropriate forum for the administrator to bring forward joint ventures of the town and school departments (e.g., computer applications, purchase order system and central purchasing) and financial policies to be discussed and debated by the town's policymaking bodies.

### FINDING 3: ESTABLISH CAPITAL PLANNING & MULTI-YEAR FORECASTING

The capital planning responsibilities have fallen to the finance committee because there is no separate capital planning committee. Generally, department heads make requests for capital items as part of their annual budget submissions. The finance committee reviews these requests as submitted and recommends funding for critical items as resources allow.

In FY01, however, the town administrator solicited a listing of departmental capital needs in excess of \$5,000 over the next 10 years. Items include equipment, vehicles, extraordinary maintenance and building a new library. Some items were not included in the listing because estimated cost figures were not available, including acquisition of land for open space, recreational purposes and affordable housing. The information obtained was summarized and given to the finance committee and selectmen for review and it is intended that the listing will be updated annually.

To date, Boxborough has been very successful in getting debt and capital exclusion votes approved to fund capital purchases and building construction, however, some residents have called into question the reliance on property taxes to fund these items. Within the last year, the town approved three new debt exclusions, a \$1.7 million water quality improvement project at the local school, a \$52.4 million regional school construction project and a \$3.6 million new library construction project.

Long-range forecasting and planning is used to determine if a project can be funded and, if approved, to fully analyze the cost impacts. A multi-year forecast of revenues and expenditures is a useful management tool that many towns use to assist them in both these funding decisions and in establishing financial policies.

### RECOMMENDATION 3: ESTABLISH CAPITAL PLANNING & MULTI-YEAR FORECASTING

We recommend that the town establish a capital planning committee to develop a comprehensive capital plan and submit an annual capital budget to the finance committee and town meeting. The town can create this committee through the adoption of a town by-law (MGL Chapter 41, Section 106B).

The capital planning committee should develop a multi-year capital plan and annual capital budget for all town departments (see the Department of Revenue's workbook: "Developing a Capital Improvement Program" on our website [www.state.ma.us/dls/publics.htm](http://www.state.ma.us/dls/publics.htm)). These documents should: (1) prioritize the various proposed capital projects; (2) estimate project costs; and (3) list the proposed method of payment (current revenue, debt or debt excluded from the limits of Proposition 2½) for each project. Regardless of funding ability, annual presentation of a capital budget to town meeting has merit. It serves to inform citizens of the community's capital needs and makes them aware of essential capital needs that may be deferred due to financial constraints.

We also recommend that the town develop a multi-year revenue and expenditure forecast. The town administrator, with assistance from the financial team, should produce this forecast. It should be used by the selectmen and finance committee to evaluate budget requests with multi-year impacts and to develop long-range financial plans. Used 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, the issuance of new debt or new debt that is excluded from the limits of Proposition 2½.

## TECHNOLOGY

---

The town of Boxborough is in the process of developing its information technology systems. The town has purchased a new financial software application, purchased new personal computers, and hired a contractor to develop and install a computer network in town hall. Boxborough has also developed Internet and e-mail access policies and done a survey of software applications by office. Currently, the town is working on the final phase of the network installation, including e-mail and/or Internet access and there are plans to hire a contractor for routine maintenance, networking and emergency services. According to officials, it is their desire to have a fully functioning network in FY02, so all computer data and applications are centrally stored, accessible, protected and backed-up.

In FY01, the town established a technology advisory committee, the Boxborough Information Technology Committee (BIT), that is charged with studying and advising the town on all aspects of technology both inside (e.g., software and hardware acquisitions and compatibility) and outside (e.g., cable Internet access and cellular towers) town government. Because the town administrator's office is responsible for the town's information systems, she and her assistant work closely with BIT.

Currently, the financial offices have three separate computer systems. The assessing office uses a computer assisted mass appraisal (CAMA) system to value and manage real estate property accounts. The collector's office uses Point Software system to bill and collect taxes and excise, to issue demand bills and to prepare municipal lien certificates. The accountant's and treasurer's offices use the accounting and treasury financial applications of the Vadar System software. The CAMA and Vadar System applications reside on the town's server and the Point Software is on a standalone server in the collector's office.

### FINDING 1: IMPROVE SYSTEMS ADMINISTRATION

The town administrator's office is responsible for the town's computer information systems. Both the administrator and assistant have worked closely with BIT in designing and implementing the new computer network. However, as problems occur, this office is not always contacted, rather users contact software vendors' directly. Some problems are resolved without incident, some problems are related to training, and some problems linger or are not resolved entirely. Problems that are the result of insufficient training or take a while to resolve can lead to additional problems and cost the community time and money to fix.

### RECOMMENDATION 1: IMPROVE SYSTEMS ADMINISTRATION

We recommend that the town identify one person to be the systems administrator or "first point of contact" for dealing with the vendors. Either the town administrator or the assistant town administrator is a logical choice for this role. Software companies generally prefer the designation of a single contact person by those who purchase their product. Under this procedure, users (staff) would report problems and/or needs to the systems administrator, and not to the vendor directly. As a practical matter, the exceptions to this rule might involve the collector because the office is separately elected, but the collector may want to notify the system administrator in the event a vendor is contacted for whatever reason. Otherwise, all vendor contacts should be reported to and logged by the systems administrator.

Computer users should notify the systems administrator of problems and requests which should be kept in a central log for reference, tracking and follow-up purposes. A log should include both routine maintenance and issues as they arise. A log can reveal specific areas of the system proving problematic from a technical standpoint, or that require additional training of users. The log can also

serve as a mechanism to ensure that all requests are solved in a timely fashion and that contractual agreements (e.g., service and training) are kept.

The systems administrator will assess the matter to determine if it may be resolved internally or by the vendor. Contact with the vendor should be made by the systems administrator or on a conference call with the affected department. Similarly, as information is received from the vendor, the systems administrator should disseminate information to staff. Having one person deal with the vendor may improve response time and support issues.

We recommend the systems administrator review all current and proposed computer vendor contracts with the town. The systems administrator should become familiar with the terms of the agreement between each vendor and the town. The systems administrator must be certain of vendor support obligations and ensure that town personnel follow the vendors' support request procedures. The systems administrator should persistently pursue satisfaction when in the belief that a company has failed to fulfill the terms of its contract, and must be willing to move the town's complaint up the company hierarchy when warranted.

We recommend that the town contact the vendor(s) about existing user groups. Whether or not software users have the same problems, peer relationships and the collective analysis that emerge from a user group can be effective in resolving problems. At the same time, the number of calls to vendor support lines will diminish resulting in cost savings. Vendors will know of user groups or can provide a list of communities in Massachusetts using their software.

## FINDING 2: EXPLORE ELECTRONIC TRANSFER OF INFORMATION

Presently, none of the information generated on one system can be electronically transferred to another in-house. The assessing data is sent to the collector's software vendor to be converted and then loaded on the collector's server. All departmental receipts are sent to the treasurer and accountant via printed reports and data-entered manually. Similarly, all department payroll and payables information is sent to the treasurer and accountant to be separately entered into the Vadar and ADP payroll systems.

In FY02, the town is purchasing and installing a purchase order system that will allow the town to encumber funds and better track spending activities. The town is also installing a remote input site for the school department which will be the largest user of the purchase order system.

The town is also exploring the possibility of expanding the school department's remote access to the Vadar System for payables and payroll. This proposal will require further meetings of the accountant, treasurer, school department and systems administrator to review the school's chart of account and Department of Education's reporting requirements. It is the town's hope that with direct access, the accountant and treasurer will be able to access entered information, and review it against supporting documentation before placing it on a warrant for approval. With a land-line or Internet connection to town hall's Vadar System, the school department will be able to produce management/spending reports directly, avoiding the need to keep information in another software application which has to be regularly reconciled against the Vadar System reports. If the town installs a standalone system, the school's connection will be static and will still require the department to reconcile its version to the town's printed expenditure reports.

One of the basic advantages of computers is the ability to input information once and let the computer apply this data to the various other files or programs where it is required. Keying information more than once is inefficient and also increases the potential for posting errors. Without software programs

that facilitate the electronic transfer of data, the town loses much of the potential for efficiency inherent in computer systems.

#### RECOMMENDATION 2: EXPLORE ELECTRONIC TRANSFER OF INFORMATION

We recommend that the town explore ways to streamline and integrate the posting of financial information. Given the limited staffing in the financial offices, exploring ways to operate more efficiently can free up valuable staff time. Obtaining a remote site license for the school department to data-enter will be a huge timesaving for the accountant and treasurer. The systems administrator should contact the town's software vendor(s) about other possibilities.

#### FINDING 3: ASSESS TRAINING NEEDS

Town employees have access to and received training on Microsoft Word and Excel applications. For other software applications, initial and some additional training was given to all staff who used the application at the time of acquisition. As new employees are hired, internal training or "learn as you go" training has occurred. Two positions, the treasurer and financial assistant, have never received formal training on the Vadar and Point systems. Getting formal training on these applications will enable each position to learn all the facets of the applications, and, given the limited staffing in key financial offices, ensure that more than one staff person is fully versed in the application(s).

#### RECOMMENDATION 3: ASSESS TRAINING NEEDS

We recommend that the systems administrator assess the training needs for all departments. First, identify those areas of the system critical to operations (e.g., tax collection, treasury receipts and payroll) and determine costs for adequately training necessary personnel in these areas. Once identified, the systems administrator should plan the training in order of priority. The central log mentioned above could help identify modules or specific areas of the system proving problematic from a technical standpoint or that require additional training of users.

#### FINDING 4: ESTABLISH SYSTEM BACKUP PROCEDURES

Most applications and data reside on the new network which is backed up daily. The collector's Point Software resides on a separate server which is consistently backed up and stored by the collector in the town vault. In addition, some users store information on the hard drive of their PC and there are no uniform backup and storage procedures in place. Once the network is complete, users should have the option to transfer or copy PC data and files to the network which will be automatically backed up daily. Information that continues to be stored on only the hard drive of a PC could be lost if the PC crashes or becomes infected by a virus.

#### RECOMMENDATION 4: ESTABLISH SYSTEM BACKUP PROCEDURES

We recommend that the town establish a backup policy for all users. Once the network is fully functioning and employees have received training, all data vital to the operations of town departments should be backed-up to the network. If a staff member chooses not to backup work stored on a PC to the network, the systems administrator should provide instructions on how often a backup should be performed and where the information should be stored.

We recommend that the collector give her backups to the systems administrator to be centrally stored with all computer backups. This would make sure the system administrator had the latest copy available in the event something happened. Alternatively, the town should explore the cost and benefit of installing the collection software on the town server which is backed up daily.

## ACCOUNTANT'S OFFICE

---

The accountant has served in this capacity for over 11 years. The office's primary responsibility is to maintain the town's general ledger and to perform the accounting functions, including preparing warrants, producing trial balances and expenditure reports, and reconciling cash and receivables with the treasurer and collector.

### FINDING 1: REVIEW POSTINGS AND TRIAL BALANCE REPORTS

The accountant began using the Vadar System in FY00. The system currently has a general ledger, accounts payable, accounts receivable, budgetary package and report writing application, and the town will be acquiring a purchase order application in FY02. When the purchase order system is installed, the accountant along with other town employees will receive training on it. The Vadar System also has an export capability to download information to an Access database and eventually to Excel spreadsheets. With this function, the community has the ability to prepare analyses without having to re-key data. The accountant uses all the applications except the budgetary package and has not been trained on the export function or on the use of Access databases.

With the installation of the Vadar System, the town automated all of its treasury and accounting records and the town made significant changes in its financial activities. Specifically, Boxborough converted its financial records from a statutory to the uniform municipal accounting system (UMAS), and the town adopted a new chart of accounts. This required the accountant to learn new accounting and computer reporting methods as well as learn and manage a new computer system.

During the FY00 audit, the auditor discovered an estimated \$106,000 variance between the yearend expenditure control and the expenditure ledger detail. Despite the preparation of trial balance reports, the variance went undetected. At the auditor's request, the accountant prepared and reviewed activity reports comparing the expenditure control against the expenditure ledger detail weekly for FY00 and FY01.

- FY00 activity report – The accountant found a number of variances due to a change in fund structure on the Vadar System. According to the accountant, when the town first implemented the Vadar System, she only used one fund (Fund 01) for the budget, prior year encumbrances and special articles. During FY01, she transferred the encumbrances (Fund 02) and special articles (Fund 03) to separate funds. According to the vendor, when the accountant changed the fund structure the accounts were not programmed correctly. This resulted in a problem where entries in the new funds are cross-posting back to Fund 01, resulting in imbalances; and the change in fund structure affected both the current year and the prior year.
- FY01 activity through May 21, 2001 report – The accountant found more variances due to the change in fund structure problem described above. She also discovered an approved warrant was not posted to the general ledger that was corrected.

Vadar Systems, Inc. and the auditor are working together to help the accountant identify the reason for the errors, to make the necessary programming corrections where needed, and to establish procedures to prevent this from happening in the future. Once programming errors due to the change in fund structure are addressed, the three parties hope to reduce the variances to a small number of entries to be further researched. They need to check all entries are linked to the appropriate fund, cash and control accounts and that no one-sided entries are being made. Until these issues are resolved, the auditor cannot complete the FY00 audit and the town will continue to experience problems with its financial reporting system.

## RECOMMENDATION 1: REVIEW POSTINGS AND TRIAL BALANCE REPORTS

We recommend that the accountant continue comparing her expenditure control and expenditure ledger detail after each warrant is posted. This will enable the accountant to verify all the data processed is accurately posted on the Vadar System. Verifying the data after each warrant is processed, will allow the accountant to immediately recognize any variance and correct it while the information is fresh in her memory.

We recommend that the accountant prepare trial balance reports at least monthly or more often until the reported variances are corrected. A monthly trial balance should be prepared for each fund to make sure all entries have been properly made and that no fund is out of balance. More importantly, trial balances should be completed before preparing financial reports so the information disseminated in expenditure and revenue reports is accurate.

We also recommend that the accountant receive training on the Vadar System's export function and Access databases. With training, she will be able to download data already stored in the Vadar System and to prepare financial analyses easily without the time consuming task of re-keying data.

## FINDING 2: PREPARE EXPENDITURE AND REVENUE REPORTS

The accountant generates monthly expenditure reports for departments. These reports show the expenditures to date versus the budget appropriations. With the conversion to the new computer system, the accountant was not always timely in producing the departmental expenditure reports in FY00. This contributed to the school department's over expenditure of about \$78,000 in FY00. When produced timely, this information is extensive and useful as a management tool. Only upon request, generally during the budget process, the accountant will produce these same reports for the town administrator, selectmen and finance committee members.

The accountant's office does not prepare revenue reports unless requested to do so. A revenue report is another helpful management tool that should show budget to actual revenues. It is essential that town officials have access to timely financial information in order to make informed decisions regarding town finances.

## RECOMMENDATION 2: PREPARE EXPENDITURE AND REVENUE REPORTS

DOR recommends that the accountant make every effort to issue monthly departmental expenditure reports in a timely manner as required by MGL Chapter 41 §58. Within days of the close of each month and balancing the trial balance reports, the accountant should produce all departmental (or fund) expenditure reports, review the information and distribute to departments. Potential problems should be highlighted to the department, town administrator, selectmen, and finance committee. Each department has the responsibility to review the expenditure report, to reconcile it to any internal documents, and to notify the accountant of possible discrepancies. For larger departments like the school department, the accountant should consider producing expenditure reports after each warrant.

DOR recommends that the accountant prepare monthly revenue reports. While the information is not legally required, it can provide useful management information for the town's policymakers. These reports provide essential information to monitor the financial performance of the town, to analyze the underlying causes of any shortfalls, excesses and one-time receipts, and to make necessary mid-course budget adjustments.



**FINDING 3: PREPARE FOR GASB STATEMENT 34 IMPLEMENTATION**

The Governmental Accounting Standards Board (GASB) Statement 34 is a new accounting and reporting standard that requires all governments to maintain a capital asset and infrastructure inventory which is reported on the entity's financial statements. The implementation of GASB Statement 34 will be a potentially difficult and complex task for Massachusetts cities and towns. There will be start-up and ongoing costs associated with planning, inventorying, valuing and maintaining the town's fixed assets and infrastructure. There will also be new financial and auditing reporting requirements. Although the town will not be required to fully comply until FY03, the accountant will have to begin to gather information and will be working with the town's auditors relative to its implementation. To do so, the town has budgeted funds for the acquisition of a software application and additional auditing services, however, it is unclear how inventorying, valuing and data entry of information will be done and at what expense.

**RECOMMENDATION 3: PREPARE FOR GASB STATEMENT 34 IMPLEMENTATION**

We recommend the accountant begin gathering information concerning GASB Statement 34.

Although the town will not have to reach full compliance with GASB Statement 34 until the start of FY03, the accountant should begin now to gather information relative to its implementation, requirements and potential costs from an accounting perspective. As resources, written materials and seminar opportunities are available from GASB and the Government Finance Officers Association (GFOA). DLS will also be preparing guidelines for communities.

## ASSESSOR'S OFFICE

---

In 1986, the town of Boxborough obtained special legislation to change its three-member elected board of assessors to a single appointed assessor (Chapter 640 of the Acts of 1986). Boxborough is one of three communities in Massachusetts that has a one-member board; the others are Boston and Nantucket. The current assessor was appointed in 1998. The assessor performs fieldwork, measuring and listing new and improved properties. The assessor maintains the town's assessment records; researches and acts on abatement requests, compiles analytical reports and property tax commitments; and performs in-house revaluations and interim year adjustments to property values on a computer assisted mass appraisal (CAMA) system. The CAMA system resides on the town's network server. There are two personal computers connected to the CAMA software for staff use.

The assessor has clerical support from the central staff. One clerk works part-time for the assessor maintaining all records, processing deed transfers, handling exemption and abatement applications, data-entering property and legal information on the CAMA system, handling the motor vehicle excise accounts and responding to public inquiries. A second clerk from the central staff provides office coverage from time to time for public inquiries when the assessor or the part-time clerk is not in the office.

The assessing office is responsible for maintaining assessment data on approximately 2,260 real property parcels (including 70 chapter land parcels), 120 personal property accounts, and 5,500 motor vehicle excise accounts. In addition, the office processes approximately 30 abatements and exemptions, 75 building permits, and 200 deed changes annually.

### FINDING 1: CHANGE IN OFFICE STRUCTURE

When the town of Boxborough adopted the single board of assessor structure in 1986, the town had about 1,400 real property parcels. Since then, the town's real property parcels have expanded to 2,300 and the town has experienced larger residential and increasing complex commercial development. Growth in the size and complexity of the town's property database makes it increasingly difficult for one person to manage the workload. More importantly, having the availability of part-time board members to act as a resource and sounding board when faced with making value-related decisions is very useful to the professional assessor. The town's government study report included a similar view in its recommendations.

### RECOMMENDATION 1: CHANGE IN OFFICE STRUCTURE

We recommend that the town consider restructuring the board of assessors. Given the town's increasingly complex development, the town should consider expanding the number of assessors on the board so it may provide input and assistance to the professional position in value-related activities. This may be accomplished with a part-time, 3-member board and a professional assessor or a 3-member board with one full-time working member. To make any changes in the office structure, the town would have to get special legislation because of its previous legislative act.

### FINDING 2: REVIEW COMPUTER CONVERSION

During FY01, the CAMA system was upgraded to an Oracle-based database system. After any computer conversion, the data should be reviewed to make sure all the data transferred properly. While the assessor has done some of the reviewing, we found some fields are blank on the new detailed parcel listings and should be reviewed and corrected.

## RECOMMENDATION 2: REVIEW COMPUTER CONVERSION

We recommend that the assessor review the converted data in depth to make sure the data conversion was successful. At the time of the conversion, a system report was generated that identified possible errors in the data converted or incompatible data fields. The assessor should review this report and determine the changes/corrections that need to be completed. Some of the problems may be resolved with the assistance of the CAMA support services while other problems may require the clerk to manually compare the detail parcel listings and data enter information.

As time allows, we recommend that the assessor also run some of the standard public counter reports to make sure all the fields have entries and the entries are accurate. The clerk should be able to do this task for the assessor, identifying questionable entries to be investigated and corrected with the approval of the assessor.

## FINDING 3: OBTAIN APPRAISAL SERVICES FOR MAJOR COMMERCIAL PROPERTIES

Despite its predominant residential development and rural qualities, commercial development is on the rise in Boxborough. This includes recent activities by Cisco, a large corporation, that purchased an existing commercial property and presented plans to construct additional buildings. As an incentive to locate the business campus in Boxborough, the town entered into a tax increment financing (TIF) agreement with Cisco. A TIF agreement enables a community to reduce the tax liability for specific properties up to twenty years. Regardless of the TIF, the assessor will have to periodically review the Cisco sites for new growth and changes and to make sure the annual assessed value is accurate. For a development of this size and complexity, the fieldwork can be time consuming and may require specialized knowledge in commercial appraisal techniques.

## RECOMMENDATION 3: OBTAIN APPRAISAL SERVICES FOR MAJOR COMMERCIAL PROPERTIES

We recommend that the town consider obtaining appraisal services to assist the assessor in reviewing and valuing major commercial properties. Based on size and complexity, major commercial properties require significant knowledge and fieldwork to acquire all necessary information to value these properties accurately and appropriately. Having a contractual expert in the field of commercial appraisal could assist the assessor in performing the work timely and provide insight on periodic adjustments to the values in both growing and declining economies.

## FINDING 4: UPDATE PERSONAL PROPERTY ACCOUNTS

The personal property accounts are valued manually and entered into an Excel spreadsheet. All data collection is the result of on-site inspections and form of lists submitted to the town. According to the assessor, the data is generally current but the valuing schedules are older and not kept up. The selectmen understand the need to keep this information current and requested that the assessor research alternative methods and costs of valuing and maintaining personal property accounts.

## RECOMMENDATION 4: UPDATE PERSONAL PROPERTY ACCOUNTS

We support the selectmen's request that the assessor look into alternative ways of valuing and maintaining personal property accounts. Some communities use outside contractors and/or software applications to perform the work which may include data collection, valuing or preparing value schedules, and maintaining the database. Based on his research, the assessor should present the findings, recommendation and estimated cost (both start-up and ongoing) to the selectmen for eventual funding approval by finance committee and town meeting in the fall of 2001.

**FINDING 5: MAINTAIN PROPERTY DATABASE & CYCLICAL RE-INSPECTION PROGRAM**

At the time of the FY00 recertification of values, the town completed an in-house up-date of property values which included recollection of about 75 percent of the town's property data over a twelve-year period. Based on the results, the Bureau of Local Assessment (BLA) recommended the town adopt a cyclical reinspection program and perform on-going data quality analyses of its property database. A cyclical re-inspection program involves completing an interior and exterior inspection of all town property over a nine-year period. This program would allow the town to maintain the most current property database, making sure all taxpayers are assessed fairly and minimizing the number of abatements granted. A cyclical program is also advantageous since it allows a community to spread a substantial workload and cost over a multi-year period. Data quality analyses can help identify data inspection and recollection priorities in the town's database.

Since the FY00 recertification, the assessor has collected new construction due to building permits. He identified and brought up to date properties with improvements which had not been collected and entered into the property database timely, and he recollected the town's commercial property data. He also performed FY01 interim year adjustments based on changes in market values of some properties. The assessor does not, however, inspect properties due to sales. Recent sales represent the most current data regarding the local real estate market, so it is crucial that the assessor has first-hand knowledge of the characteristics and condition of sale properties. Furthermore, the assessor has not performed data quality analyses and has not adopted a cyclical reinspection program.

**RECOMMENDATION 5: MAINTAIN PROPERTY DATABASE & CYCLICAL RE-INSPECTION PROGRAM**

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

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

We recommend that the town adopt a formal cyclical re-inspection program. A cyclical re-inspection program encompasses a complete interior and exterior inspection of all real property over a multi-year period. The primary benefit of this program is that it will provide the assessor with current, accurate data. The assessor's recollection of commercial property information is a starting point in this program. Inspecting sale properties and scheduling additional properties for inspection annually will enable the office to complete a full re-inspection within a few years.

## COLLECTOR'S OFFICE

---

The tax collector is elected and has served in this position for sixteen years. The office receives 10 hours a week from the financial assistant, a bonded clerical position. The collector prints bills, prepares mailings, scans payments into the computer system, prepares municipal lien certificates, and issues demand notices when a bill becomes past due. The clerk assists the collector by opening and sorting the mail and making entries into the cashbook. The office is responsible for collecting approximately 2,400 property tax bills quarterly and 5,500 motor vehicle excise bills annually.

The collector uses Point Software applications to process, bill and collect the property tax, motor vehicle excise, tax title and municipal lien certificates. Point Software, Inc converts the property tax data from the assessor for the collector to load onto her server for printing and collection activities. The collector uses an Excel spreadsheet for her cashbook, turnover reports to the treasurer, and other miscellaneous receipts.

The collector also uses the services of a deputy collector for past due motor vehicle excise bills. The deputy marks the motor vehicle delinquent's registration for non-renewal status at the Registry of Motor Vehicles, pursues delinquent taxpayers and turns over collections with a detailed report weekly.

Beginning in FY2000, the collector began an initiative to clear up old receivable balances and determine what was collectable. The assessor abated any personal property taxes and motor vehicle excise determined to be uncollectable. For delinquent real estate taxes, the collector made phone calls and sent out letters to delinquent taxpayers as a first line of attack. In January, the collector made the first tax takings in almost a decade. With the exception of payment plans and accounts in bankruptcy, all delinquent real estate accounts prior to FY2000 were placed in tax title status.

### FINDING 1: MONITOR DEPUTY COLLECTOR SERVICE

The collector uses the services of a deputy collector to collect past due motor vehicle excise bills. The collector receives weekly turnovers and monthly status reports from the deputy collector. When comparing the monthly reports, we noted that the interest amounts for all accounts did not change despite the passing of time. For example, an excise bill issued in the spring of 1996 listed interest due of about \$15 while in fact the interest due through April 2001 was over \$200. According to the deputy collector, its computer system is not programmed to continue calculating interest after an excise has been marked at the Registry, resulting in a conflict with state statute which directs these activities. Specifically, statutes require that interest is calculated from the 31st day after issue to the date of payment (MGL Chapter 60A §2) and permit a collector to waive payment of the interest, charges and fees that may be a collectible part of the tax bill, but only if the total of such amounts does not exceed \$5 (MGL Chapter 60 §15). If the interest is not calculated, it is not clear how much the collector is waiving, and the end result is lost revenue to the community.

### RECOMMENDATION 1: MONITOR DEPUTY COLLECTOR SERVICE

We recommend that the collector instruct the deputy collector to calculate the interest due on all accounts turned over for service through the date of collection. This will ensure that the proper amounts due are collected and that the community will receive all revenues due.

### FINDING 2: REVIEW COMPUTER USE AND STAFFING

When the collector receives payments, the payments are posted to the appropriate account, the receipts are turned over to the treasurer daily, and a weekly detailed report of the receipts is produced. However, certain times during the year, the collector receives a higher volume of

payments. Heavy collection periods are typically when the quarterly real estate tax and motor vehicle excise bills are due. During high collection periods, the collector may delay turning over the funds to the treasurer because she is the only staff person posting payments. The financial assistant has no training on the collector's computer system. This is the result of the limited time the position spends in the collector's office and the lack of time available for the collector to train the clerk and still do necessary office work. The office has two personal computers with access to the Point Software.

The collector also receives large combined payments from mortgage companies holding tax escrow accounts for homeowners. At the request of the mortgage company, the collector manually pulls bill copies and charges the company a fee. When the company submits the tax payment to the town, it provides a report on the taxes to be paid by parcel. Without a copy of the tax bill to scan, the collector manually posts these payments. Point Software, Inc has an escrow service that enables the town to receive an electronic file from a mortgage company that may be reviewed, reconciled to the payment and posted directly to the collector's system. The collector is aware of this service, but chooses to provide bill copies for a fee.

#### RECOMMENDATION 2: REVIEW COMPUTER USE AND STAFFING

We recommend that the financial assistant receive formal training on the Point Software applications. Given the limited time of the collector, the clerk should receive formal training directly from the vendor. With training, the clerk will be able to process payments that may be reviewed by the collector before posting. It is important that more than one person be familiar with all activities of the office in the event that the person primarily responsible for the function, the collector, is unavailable.

We recommend that the financial assistant/clerk be assigned to the collector's office as needed. As previously mentioned, the central support staffing positions will be budgeted in the town administrator's office in FY2002 rather than pre-budgeted so many hours per week in each office. As such, the collector should discuss the staffing support needs of the office with the administrator. For example, the clerk should be available prior to and during heavy collection periods when quarterly tax and motor vehicle excise bills are due and when the collector needs uninterrupted time to handle detailed activities (e.g., tax takings and preparing turnovers to the treasurer).

We recommend that the collector consider using Point Software's escrow service. While the town may lose the bill copy fees, freeing up valuable staff time and getting receipts into the bank more quickly may more than offset this loss. According to the vendor, this service is popular with both its client communities and mortgage companies because of the efficient transfer of electronic data.

#### FINDING 3: PURSUE AND RECONCILE RECEIVABLE BALANCES

Over the last year, the collector has pursued receivables and cleared uncollectable amounts. The collector has also initiated the first tax title takings in a number of years and plans to continue making takings as time allows.

During the FY2000 closing of the town's books, the collector and accountant reviewed their receivable balances, identified variances and followed the Bureau of Accounts year-end closing procedures to reconcile any variances. This was done because reconciliation of receivables has taken on a greater importance. Unless accurate and timely reconciliations of cash and receivables are received by DOR, a community's free cash will not be certified and will not be available for use. During the course of our review, we obtained trial balances reports from the accountant and the collector which reflected some variances. According to the town officials, the two offices discovered balance variances in December 2000, but have not had an opportunity to reconcile them.

**RECOMMENDATION 3: PURSUE AND RECONCILE RECEIVABLE BALANCES**

We recommend that the collector place delinquent real estate accounts into tax title soon after issuing the demand bills. After issuing demand bills, the collector should initiate tax title proceedings in an effort to encourage payment and secure the community's lien on the property.

We recommend that the collector and accountant meet monthly to reconcile receivables. With the completion of regular and reliable reconciliations, the town will be in compliance with DLS guidelines regarding the certification of free cash. Also, it will have a more precise picture of its financial condition and will be better prepared to finalize and close its books at year's end.

## TREASURER'S OFFICE

---

The treasurer is appointed and was hired within the last year. The office is responsible for the payroll and cash management, including the investment, disbursement and borrowing of cash. The financial assistant provides support to the treasurer with the payroll and mailing payments. In an effort to centralize the handling of cash and receipts, the financial assistant handles town hall departmental receipts (excluding collector), produces a report and turns the funds over to the treasurer. The treasurer uses the treasurer's receipts application on the Vadar System, Excel to produce the treasurer's receipts reports, and the Quicken program for the cashbook. With the recent tax title takings by the collector, the treasurer requested funds for possible foreclosure proceedings in FY02 and will be using the Vadar System tax title application to keep and manage the accounts taken in January.

### FINDING 1: STREAMLINE PROCEDURES & PREPARE TIMELY REPORTS

The treasurer maintains the cashbook in Quicken, a stand-alone software application. The Quicken application records receipt/deposit, warrant/disbursement and transfer information by bank account and in total for the town. A cashbook provides control which enables the treasurer to reconcile with bank statements, cash on hand, and the general ledger cash balance on a monthly basis. The treasurer also maintains an Excel spreadsheet for bank account activities that duplicates the Quicken cashbook.

Departments turnover all receipts with a detailed report upon receipt or at least weekly. Departmental turnover reports vary in format and provide vague descriptions of the types of receipts reported. The treasurer reviews each turnover, verifies the source of the revenue and deposits the funds in the bank. The treasurer then enters the receipt information into an Excel spreadsheet to produce a running total of the monthly receipts.

Using the monthly receipts Excel spreadsheet data, the treasurer produces the monthly treasurer's receipts report for the accountant to review. Once the revenues are verified and reconciled with the accountant, the treasurer enters the detailed revenue information into the Vadar System. Once in the Vadar System, the data is re-verified by the accountant and the accountant and treasurer prepare the monthly reconciliation of town's cash.

As a result of the duplicate record keeping systems, we found that the treasurer's monthly receipts report and cash postings on the Vadar System were about two to three months behind. Without the treasurer's cash postings on the Vadar System, we found that the town's general ledger is not current and the reconciliation of cash is not performed timely. Furthermore, we also found that the town had not filed its quarterly cash reconciliation reports with DOR since June 2000.

### RECOMMENDATION 1: STREAMLINE PROCEDURES & PREPARE TIMELY REPORTS

We recommend that the treasurer prioritize the data entry of receipts in the Vadar System. The treasurer should have the financial assistant data enter revenue information into the Vadar System immediately after the deposit is made. The treasurer would review and reconcile these entries to the deposits before posting to the Vadar System. This will ensure that the general ledger is current and that the treasurer and accountant can perform monthly reconciliations of cash shortly after the close of each month.

We recommend that the treasurer create and maintain the cashbook in Excel spreadsheets, eliminating the need to keep the duplicate Quicken application. The cashbook should be set up so each bank account is reported in a column. The cashbook would reflect all town receipts and



deposits; payroll and accounts payable summarized by warrant; investments and trust accounts, and transfers among the town's bank accounts. As entries are made, each is dated, the source or purpose identified, the adjustments by account are entered across the worksheet and totaled by line. Simple arithmetic functions are pre-programmed in the spreadsheets so totals can be automatically calculated, subtotals can be quickly tested, potential errors can be avoided and the cash position of the town can be identified at any time.

We recommend that the treasurer standardize the departmental turnover sheets and require departments to submit each turnover electronically. For each department, a turnover sheet should be created in an Excel spreadsheet which clearly lists all the revenues handled by that department or board, including a brief description, operating fund and the revenue account codes. The electronic turnover report will enable the treasurer to copy information and produce reports, eliminating the need to data enter information multiple times. For example, the treasurer could produce deposit reports (a summary of departmental receipts reports) and preparing monthly treasurer's receipts reports (a summary of the deposit reports) without re-keying information.

We also recommend that the treasurer make every effort to complete and file the quarterly cash reconciliation reports with DOR. Reconciliation of cash is done so a community can ensure its assets are safe. Reconciliations ensure that all receipts and expenditures are recorded in the accounting records and cash has been deposited in the bank. This activity became more important beginning in FY01 because quarterly reports of cash reconciliations are required to be submitted to DOR before the town's free cash can be certified.

#### FINDING 2: REVISE PAYROLL PROCEDURES

The treasurer processes payroll using an outside vendor, ADP. Most departments submit payroll timesheets directly to the treasurer. The town hall employees, however, submit their timesheets to the financial assistant who in turn enters the data into an Excel spreadsheet, summarizing the information in a cover sheet for the town administrator to sign.

Using the timesheets and summary report, the treasurer enters the data into the ADP software and produces summary payroll journals. Using payroll journals, the accountant prepares the gross payroll warrant on the Vadar System. The selectmen approve the gross payroll with attached documentation, authorizing the treasurer to issue individual net salary checks to employees and to make the payments for tax withholdings and voluntary deductions. While the tax withholdings are paid with each payroll, the voluntary deductions are not processed until the last vendor warrant each month. Based on past practice, tax withholdings and voluntary deductions are brought back into the town's records as revenue. On average, this represents about \$150,000 in monthly revenues.

#### RECOMMENDATION 2: REVISE PAYROLL PROCEDURES

We recommend that the treasurer no longer record withholdings and voluntary deductions as cash receipts. This procedure requires unnecessary data entry by the treasurer and overstates cash receipts as well as expenses.

We recommend that financial assistant discontinue the process of data entering timesheet information to summarize town hall employee payroll information. Because payroll is processed by department budget and not centrally, there is no need for this data entry work.

## TOWN HALL OPERATIONS

---

### FINDING 1: ALLOCATE CENTRAL SUPPORT STAFF

Generally, there is one person staffing each town hall office. The town has a central support staff to assist each office in the workload and/or office coverage. This staff includes five individuals, four clerks and a financial assistant, who are located throughout town hall. If the staff member is providing coverage from another location in town hall, it is not generally clear to the public. Without notice directing the public to another location in town hall, nearby offices are generally approached by the public looking for assistance. This requires staff to summon the covering central support staff to handle the matter.

During FY01, each central support staff position was budgeted in the various offices for a set number of hours per week. While this plan provided a set number of hours each office could rely on support or assistance, it was not very flexible when an office needed additional support. In response, the administrator plans on centralizing the central support staff in her budget in FY02 so the support may be better directed to the offices based on need.

### RECOMMENDATION 1: ALLOCATE CENTRAL SUPPORT STAFF

We support the administrator's plan to centralize the support staff in her budget and allocate the staff based on high demand and routine needs. Given the limited staff in town hall, coverage is essential but there are times when an office may have heavy demands placed upon it that require more than a set number of hours for support. For example, during heavy collection periods in the collector's office, full time support the week before and after a billing due date would enable the collector to process and turnover receipts more efficiently (see collector's recommendation 2).

We recommend that the public be directed to a central location in the event an office is not staffed for an extended period of time or staff is temporarily absent from an office. Clearly posting the duration of an absence and where inquiries should be directed will reduce delays in service and frustration by the public and eliminate interruptions to nearby offices which may not be able to assist in an inquiry.

### FINDING 2: REVIEW OFFICE SECURITY

Town hall offices have their doors open at all times, giving access to the public to make payments and ask for information. Only the assessor's and collector's offices have a waist-high, three-foot deep counter space that separates the public from the offices. The financial assistant's space was designed as a reception area with minimal counter space and open access to the employee break room directly behind it. Despite the revenue collection activities of the collector and financial assistant, neither office is equipped with a locking cash drawer, mounted under the counter or slots to place over the counter payments until they are processed.

Overall, this environment is a potential security issue for the town. Open doors give easy access to individuals to walk into offices where cash and checks are visibly about. Furthermore, use of mobile bank bags to hold receipts in a file cabinet during the day or placing payments in desk drawers when called away to do another task is not a very secure option.

### RECOMMENDATION 2: REVIEW OFFICE SECURITY

We recommend that the collector keep her office door closed and locked at all times. Securing the entrance will provide increased security for the collector's office. In addition, it will prevent uninvited visitors from interrupting office operations and preventing staff from doing their detailed work.

We recommend that the town alter the financial assistant's space or relocate the office to another area to improve security of this office. Similar to the need to increase security in the collector's office, the financial assistant's space (lack of secure door and narrow counter space) was not designed for revenue collection activities and therefore poses a security issue.

We also recommend that the town install locking cash drawers under the counter for the collector and financial assistant and construct slots for the collector's counter activity. The cash drawers will provide security for any counter payments taken by the office and for the placement of work if staff is interrupted. The availability of slots to presort receipts taken at the counter will enable the office to batch similar payments together as they are received.

### FINDING 3: REVIEW TELEPHONE PROCEDURES

The town hall has one phone number with four lines for all the town hall offices. The central support staff is instructed to answer the phone within three rings, however, if a line rings longer, anyone in town hall is instructed to answer it. During our review, we observed staff dealing with customers or performing detailed work that had to be interrupted to answer the phone. In some instances, more than one person answered a call simultaneously. When the call is answered, it is transferred to the appropriate individual using the phone intercom system that can be heard throughout town hall. If the individual is able to take the call, the matter is settled; otherwise, staff must use the intercom system to convey further instructions. The current procedure causes work interruptions, confusion and frustration for staff, and delays in responding to customers.

### RECOMMENDATION 3: REVIEW TELEPHONE PROCEDURES

We recommend that the town review the current telephone procedures and consider alternate ways to handle the issue. With limited staff coverage in each office, the town should explore how to meet its customer service needs while minimizing work interruptions and staff frustration.

**Appendix A: Budgeted Revenues**

	<b>FY1990</b>	<b>FY1991</b>	<b>FY1992</b>	<b>FY1993</b>	<b>FY1994</b>	<b>FY1995</b>	<b>FY1996</b>	<b>FY1997</b>	<b>FY1998</b>	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>	<b>% change FY90-01</b>
Tax levy	4,413,264	4,461,567	4,866,811	5,109,974	5,433,308	5,894,230	6,413,147	6,722,887	7,555,990	7,621,317	8,019,709	8,786,426	96.9%
State aid	287,785	243,392	186,344	198,093	238,375	285,696	340,473	406,845	459,383	944,940	1,920,141	2,068,326	749.8%
Receipts	674,400	764,953	585,100	598,242	615,600	668,700	802,300	885,100	1,008,793	1,060,311	1,046,104	1,660,189	117.0%
Reserves	127,134	216,622	281,409	285,041	432,754	389,442	598,070	370,519	950,235	746,141	403,713	559,838	158.4%
<b>Total</b>	<b>5,502,583</b>	<b>5,686,534</b>	<b>5,919,664</b>	<b>6,191,350</b>	<b>6,720,038</b>	<b>7,238,067</b>	<b>8,153,990</b>	<b>8,385,350</b>	<b>9,974,401</b>	<b>10,372,709</b>	<b>11,389,667</b>	<b>13,074,779</b>	<b>129.9%</b>

Source: Tax Recapitulation Sheet

**Appendix B: Reported Spending**

	<b>FY1990</b>	<b>FY1991</b>	<b>FY1992</b>	<b>FY1993</b>	<b>FY1994</b>	<b>FY1995</b>	<b>FY1996</b>	<b>FY1997</b>	<b>FY1998</b>	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>	<b>% change FY90-00</b>
Gen. Govt.	489,049	532,236	528,869	588,864	588,570	601,828	653,480	666,161	802,041	744,656	794,587	794,587	62.5%
Public Safety	629,820	681,401	720,446	774,878	765,350	823,218	827,197	880,477	922,796	918,592	1,093,094	1,093,094	73.6%
Public Works	264,252	276,840	344,957	374,144	438,298	384,646	478,925	400,009	481,402	482,302	443,203	443,203	67.7%
Education	2,531,112	2,635,950	2,761,991	3,048,211	3,297,530	3,741,450	4,050,487	4,368,632	4,876,676	5,346,391	5,886,106	5,886,106	132.6%
Debt service	544,371	505,507	477,535	436,329	387,889	467,773	684,276	872,267	934,122	1,351,936	1,716,252	1,716,252	215.3%
Fixed costs	379,100	418,486	498,605	571,562	549,679	609,273	590,261	623,052	661,129	746,051	747,637	747,637	97.2%
Other	17,621	31,608	24,307	31,308	24,742	30,699	30,500	31,421	149,664	234,028	37,469	37,469	112.6%
<b>Total</b>	<b>4,855,325</b>	<b>5,082,028</b>	<b>5,356,710</b>	<b>5,825,296</b>	<b>6,052,058</b>	<b>6,658,887</b>	<b>7,315,134</b>	<b>7,842,019</b>	<b>8,827,830</b>	<b>9,823,956</b>	<b>10,718,348</b>	<b>10,718,348</b>	<b>120.8%</b>

Source: Schedule A, DOR's Data Bank

**Appendix C: Average Single-Family Tax Bills**

	<b>FY1990</b>	<b>FY1991</b>	<b>FY1992</b>	<b>FY1993</b>	<b>FY1994</b>	<b>FY1995</b>	<b>FY1996</b>	<b>FY1997</b>	<b>FY1998</b>	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>	<b>% change FY90-01</b>
Boxborough	2,925	2,810	3,073	3,294	3,838	4,124	4,494	4,604	5,044	5,017	5,136	5,118	82.1%
State median	1,504	1,640	1,663	1,747	1,808	1,872	1,959	2,031	2,121	2,191	2,297	2,418	47.4%
Hi-Low ranking	17	25	26	21	17	15	11	13	10	13	14	19	

Source: DOR's Data Bank

## ACKNOWLEDGEMENTS

---

The Department of Revenue, Division of Local Services, prepared this report.

Joseph J. Chessey, Deputy Commissioner

Gerard D. Perry, Associate Deputy Commissioner

Project staff included:

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

Melinda J. Ordway, Senior Program Manager  
Technical Assistance, MDM/TAB

Dan Bazin, Field Representative  
Bureau of Accounts

Robert Martin, Appraisal Supervisor  
Bureau of Local Assessment

Linda Bradley, CAMA Support Specialist  
Information Technology Section, Executive Bureau

In preparing this review, DLS interviewed the following officials and individuals:

Philip Alvarez, Board Of Health & Water Resources Committee

Richard Ball, Assessor

Richard Bergeron, School Superintendent

David Birt, Selectman

Simon Bunyard, Selectman

Michael Cullinane, Vadar Systems, Inc.

Leslie Fox, Selectman

James Gorman, Finance Committee

Kristen Hilberg, Finance Committee

Diane Landry, Accountant

Natalie Lashmit, Town Administrator

Elizabeth Markiewicz, School Committee

Tim Rudolph, Selectman

Glen Schricker, Town Government Study Committee & Information Technology Committee

Selina Shaw, Assistant Town Administrator

Mary P. Shemowat, Tax Collector

Stanley Smith, Treasurer

Edward Staples, Vadar Systems, Inc.

Charles Stewart, School Business Manager

Richard Sullivan, Powers & Sullivan CPA

Eric Tornstrom, Information Technology Committee

Andrea Veros, Financial Assistant

Stacey Ward, Powers & Sullivan CPA

Donald Wheeler, Selectman

Colleen Whitcomb, Assessor's staff