



Town of Dartmouth

# Financial Management Review

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Municipal Data Management and Technical Assistance Bureau

July 2007



## ***Introduction***

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At the request of the select board, the Department of Revenue's Division of Local Services (DLS) has completed a financial management review of the Town of Dartmouth.

We have based our findings and recommendations on site visits by a team consisting of staff from the Division's Bureau of Accounts (BOA), Bureau of Local Assessment (BLA) and Municipal Data Management & Technical Assistance Bureau (MDM/TAB). During these visits and by telephone, the team interviewed and received information from the members of the select board and the finance committee, the executive administrator, budget and finance director, town accountant, town collector, assessing administrator, as well as other staff members, as available, in each office.

DLS staff examined such documents as the tax recapitulation sheet, warrants, annual budgets, balance sheets, cash reconciliation reports, statements of indebtedness, the town charter and by-laws as well as other assorted financial records. Other documents reviewed included the independent audits for FY2005 and FY2006 completed by Hague, Sahady & Co., P.C.

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

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## Overview

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The Division of Local Services typically conducts financial management reviews in instances where help is sought to resolve a particular problem, or where an overall evaluation of financial operations is desired. In Dartmouth, the select board made a request to the Technical Assistance section for an evaluation of town finances due to concerns over a projected budget shortfall. After subsequent communications with town officials, our review has broadened to include practices and procedures in all financial departments as well as the process through which the various boards and committees act on financial matters.

The primary issue of concern among officials in Dartmouth is the pending \$8.46 million override vote. Often repeated, as well, was an uncertainty as to how the community suddenly found itself facing such a large operating deficit. We have addressed this question, however, it is not the chief focus of DLS. From the outset, we have sought to understand the inner-workings of Dartmouth's financial departments and make recommendations consistent with sound principals of municipal finance. While we take no position on the override question, we do seek to provide context for how the town found itself in the current financial situation.

While our recommendations encourage long-term analysis and offer immediate efficiencies, the report presents no near-term solutions to the town's current budget problems. The difficult decisions whether to increase taxation or cut service levels are both a local prerogative and responsibility. However, we encourage local officials and residents not to look to the town hall as the cause of the town's present circumstances or as the place where across-the-board solutions can be found. We uncovered no opportunity in town hall that would result in an infusion of new revenue. Nor did we find root causes of the town's fiscal problems in the operation of town departments or the performance of the town employees we interviewed. On the contrary, we regard managers and staff in finance related offices to be uniformly capable, committed and diligent in their work. Financial procedures are thought-out and consistently adhered to. Checks and balances are in place and, in some instances, even redundant. With few exceptions, practices and procedures comply with finance-related state laws and regulations.

We are cognizant of the on-going override debate and the potential impact of its acceptance or rejection by voters on the town's financial condition. While most town officials cited similar fiscal pressures as contributing to the override request, it appeared to be generally unexpected that the amount would be so large and the programmatic implications so wide-ranging. From our perspective, it is not unreasonable to expect, operating under the constraints of Proposition 2½, that at some point the town would have to consider a revenue adjustment to keep pace with rising expenses. Part of the reason is the cumulative effect over time of long-term influences.

According to the DLS Municipal Data Bank, Dartmouth is one of 68 Massachusetts towns, out of 306 in total, never to have passed a general operating override since 1980 when Proposition 2½ was enacted.

Between FY1989 (earliest data available) and FY2006, city and town budgets across the state increased 193 percent on average. The Dartmouth budget increased 160 percent.

In FY1989, residential properties and open space generated 81.7 percent of the town's total property tax revenue. Because of the steady escalation in home values and the sluggish growth in commercial and industrial property values, in FY2007, residential properties represented 85.7 percent of total property tax revenue. In short, the burden of producing property tax revenue is shifting more and more to homeowners.

Although, as a percentage of total revenues, state aid (21.3 percent) in FY2007, was at its highest level since FY1990, and local receipts (21.6 percent) were highest since FY1996, property taxes remain the town's primary funding source (54.7 percent on average).

In FY1990, the Dartmouth average single family tax bill (\$1,311) was 76.6 percent of the state-wide average (\$1,711). Over 17 years since, the gap has steadily widened. In FY2007, the Dartmouth average single family tax bill (\$2,832) declined to 71.4 percent of the state-wide average (\$3,965). If town spending had merely kept pace with the statewide average, the town's average tax bill would be \$206 more than it is today. In FY2007 alone, the town would have realized an additional \$2 million.

Like many communities, in Dartmouth there is a reliance on the property tax as the primary revenue source. When compared to all Massachusetts cities and towns, not only has Dartmouth's tax bill been historically lower than the state average, but the widening gap over time indicates that taxation in Dartmouth is growing at a slower pace than in other Massachusetts communities. This slower rate of budget growth also means that town spending has been constrained which helps to illustrate how the town avoided an operating override for so long while most communities did not.

There are as well other, more immediate factors that have prompted the current override proposal. The town's budgetary shortfall is the manifestation of a structural deficit precipitated by a combination of policy decisions and adverse cost pressures, a few of which were unforeseen.

*Exhausting Certified Free Cash* – At a 2006 fall town meeting, Dartmouth appropriated all of its available free cash (\$1.7 million) to balance the FY2007 budget which had been approved in the prior spring. It had also created more revenue for operations by dramatically increasing its FY2007 local receipts estimate. In the past, when actual local receipts exceeded intentionally low estimates, the surplus flowed to free cash. Now, with no unexpended free cash to carry forward and lower expectations that local receipts will exceed high estimates in FY2007, the town should not anticipate the availability of certified free cash to supplement the FY2008 budget at a 2007 fall town meeting. It is our understanding that actual local receipts collected during FY2007 are projected to meet the aggressive target that had been set. However, surplus revenue, and consequently free cash, will be less than in the past and may require downward adjustment to revenue estimates for FY2008.

*Greater New Bedford Regional Vocational Technical Assessment* – In FY2004, Dartmouth's assessment to Greater New Bedford was \$556,557. In FY2008, the assessment is \$2,098,000 – an increase of 277 percent in five years. Year-over-year assessment increases falling between 28.5 and 46.9 percent annually have been difficult to absorb within the revenue constraints of Proposition 2 ½. However, the increases were part of a four-year Department of Education plan to create more equitable assessments in all vocational educational school districts in Massachusetts. Though minimum contribution requirements to local schools were correspondingly lowered, cost pressures at those schools continue. Although a factor in the town's current fiscal situation, the town would be reasonable to expect an assessment for next year at a lower rate of growth.

*Rising Health Insurance and Utility Costs* – The rising costs of health insurance and utility costs are not unique to Dartmouth. Statewide average annual costs have routinely increased at double-digit percentages over the last decade. In three years ending with FY2006, health insurance expenditures in Dartmouth increased 63.6 percent or \$2.95 million.

*Police Medical* – The FY2008 budget makes provision for \$750,000 in a recurring town obligation to cover the long term disability of a police officer who sustained serious injuries. Because town voters rejected override proposals to fund this line-item, the town has no choice but to absorb the expense within the operating budget. Money will be diverted from other needs and annual budgetary pressure will continue.

*Other Policy and Expense Considerations* – Also contributing to the override total is the decision by a majority of select board members to set aside reserves in an attempt to avoid returning to the voters in subsequent years. There is precedent for this approach in

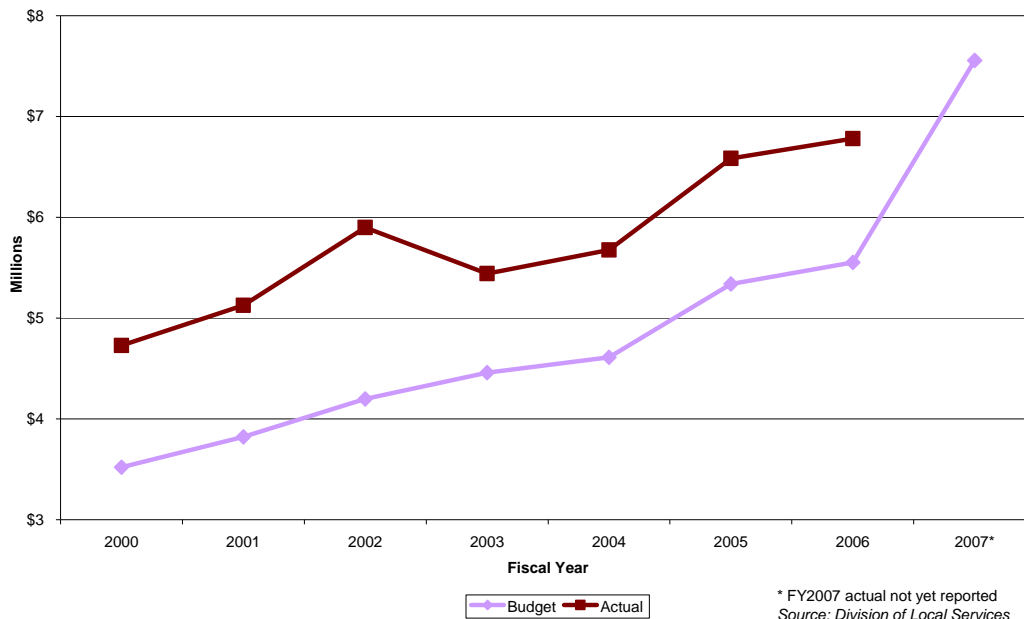
other Massachusetts towns. In particular, \$1 million is designated as a revenue reserve for supplementing the FY2009 operating budget, \$220,000 is earmarked for capital expenditures and \$350,000 is targeted for stabilization. Furthermore, \$1.8 million is included to fund trash and transfer station services as opposed to implementing a fee-based “Pay As You Throw” program. The school department has requested additional funds for programs requiring \$3 million in new revenue. Finally, \$400,000 is intended to enhance property tax exemptions for qualified senior citizens.

While the factors outlined above explain cost pressures and decisions that contribute to the override amount, to fully appreciate the magnitude of the town’s fiscal issues, it may be helpful to define *structural* deficit. A structural deficit occurs when recurring expenditure needs exceed recurring revenue sources. When a community cannot generate sufficient revenue among property taxes, state aid and local receipts to cover its appropriations, it typically reverts to using non-recurring revenue such as free cash, stabilization, and overlay surplus, or other one-time revenue sources. Otherwise, appropriation obligations cannot be covered without making budget cuts or raising property taxes (through an override). When one-time revenues are relied upon, a municipality compounds its budget pressures as expenditure demands continue into subsequent years without a corresponding funding source.

In the past, the town dealt with the structural imbalance by budgeting local receipts conservatively and allowing surplus revenue to flow to free cash, which once certified would be appropriated at the following year’s fall town meeting. For the FY2007 budget, Dartmouth resorted to one-time measures again in order to bring revenues and expenditures into balance. However, the town was forced to deplete all its free cash (based on prior year surplus revenue) as well as increase its local receipts estimate. This provided additional operating revenue for FY2007, but will cause significantly lower future free cash levels.

As an example, in FY2006, Dartmouth budgeted \$1,032,490 *less* in local receipts revenue than was actually collected in FY2005 – a 15.7 percent *decrease* compared to the prior year actual. At the end of FY2006, actual local receipts were \$1,227,812 more than originally budgeted for tax rate setting purposes, with the surplus flowing to free cash. This practice was interrupted in FY2007, when officials projected \$775,941 *more* in local receipts than was actually collected in FY2006 – a 10.3 percent *increase* over the prior year. The chart below illustrates the trends described:

### Budgeted vs Actual Local Receipts



The abrupt change in approach prompted the Commonwealth's Director of Accounts to require that Dartmouth submit a pro forma tax recapitulation sheet for FY2008 by June 30, 2007 and prior to sending July 1 tax bills. This review is instituted when a given community's revenue estimates become suspect and, in fact, resulted in a downward adjustment to the town's projected local receipts for the FY2008 budget. It is our understanding, based on year-to-date information that local receipts revenue is expected to exceed budget thanks to a windfall in non-recurring sources. However, the magnitude of any surplus is expected to be much smaller than that achieved historically.

**Conclusion** - It is our observation that the day-to-day administration of town business, as reflected in financial practices and procedures, is carried out effectively by knowledgeable, experienced and committed managers and staff. Greater attention is warranted to policies that guide higher level decision making, and to practices that foster forward looking analyses. Now, in the face of an \$8.46 million override proposal, questions have arisen among many as to whether these or other approaches could have helped avoid the town's current fiscal crisis. We don't think so.

Through the use of free cash and one-time revenues, the town has been able to absorb the rising costs of health insurance, utilities and normal government operating cost increases without resorting to an override. However, the approach does little to hide, and instead only amplifies, what some regard as an inherent flaw in Proposition 2½. Its tax limits fail to allow revenue growth to keep pace with spending and cost inflation. The inevitable result is a structural deficit, or gap, that exists when the town's recurring revenues cannot cover recurring expenditures. Looking ahead, the town possesses neither the revenue potential from new sources nor reserve

capacity to continue on its present course. Even before a finite number of one-time income sources are drawn down, the town will be perennially forced to decide between reducing services, generating additional tax revenue (override) or employing a combination of both.

These decisions are difficult and increasingly common among Massachusetts municipalities under Proposition 2½. Accordingly, our recommendations are intended to provide local leaders with the tools to better anticipate, explain and plan for future fiscal conditions. As immediate steps, we advocate tighter control over the budget process and clear policies on the use of reserves and one-time revenues. We also suggest ways to create efficiencies and improve operations in the finance-related offices.

Ultimately, the challenge of government is to engage in practices, to adopt policies and to establish a structure that provide an underpinning for stability and a foundation for public trust that will endure as elected officials, departments, boards and commissions change. This requires decisions that invariably focus on how to allocate and balance limited resources. Necessary to those decisions is the adoption of goals and a commitment to the process that will lead to their achievement.



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## Summary of Report Recommendations

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### Overall Financial Management (page 8)

- 1) Present Multi-Year Financial Forecast
- 2) Avoid Use of One-Time Revenue for Current Year Operations
- 3) Develop New Reserve Policy
- 4) Conduct Quarterly Budget Projections
- 5) Limit Budget Appropriations to Spring Annual Town Meeting
- 6) Utilize Year-End Transfer Authority
- 7) Limit Use of Personal Service Contracts
- 8) Adopt M.G.L. c. 32B, §18 – Shift Retiree Healthcare Costs to Medicare
- 9) Modify Purchase Order Process
- 10) Conduct Performance Evaluations for All Staff
- 11) Convert to Bi-Weekly Payroll

### Information Technology (page 18)

#### Treasurer (page 19)

- 12) Turnover Departmental Receipts to the Treasurer
- 13) Allocate Interest to Town Trust Funds
- 14) Require Administrative Sign-Off for Changes in Employee Status

#### Accountant (page 22)

- 15) Handle Posting of Committed Receipts
- 16) Eliminate Duplicate Entries for School Accounts Payable

#### Collector (page 24)

- 17) Utilize Lock Box Services for Collections
- 18) Consider Quarterly Water/Sewer Billing
- 19) Perform Cost/Benefit Analysis of Using Tax Title Attorney

#### Assessors (page 26)

- 20) Make Forms Available Through Website
- 21) Grant Staff On-line Registry Access
- 22) Require Electronic Submission of Plans

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## Overall Financial Management

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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 contemplated the town's current operations in contrast with best practices recommended by the Department of Revenue (DOR) and observed in other communities. 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 DOR.

Dartmouth operates under a town charter, where a select board functions as the executive and a representative town meeting is equivalent to the legislative branch of government. The executive administrator, whose primary duties are established in Article 4-4 of the town charter, oversees the day-to-day management of those municipal officers that report to him. Among them is the director of budget and finance, who oversees the town's finance-related departments in accordance with special legislation adopted in 1989 (St. 1989, c. 6). The director, who has held the position for 16 years, also functions as the town's treasurer and chief procurement officer. There is a town accountant who is appointed by the select board and oversees the staff of the accounting office. There is a town collector who manages the functions and staff of her office. Separately, an elected board of assessors appoints an administrator of assessing to manage day-to-day operations. However, the administrator of assessing reports to the budget and finance director. The director holds meetings with his financial team at least once per month to discuss upcoming projects and other fiscal issues. The town utilizes MUNIS for its financial system software.

The director of budget and finance has primary responsibility for developing annual budget proposals and analysis within a timeframe set out by town charter and by-laws. The finance committee considers all operating and capital proposals and makes recommendations to town meeting. The capital budget, along with a multi-year capital plan, is recommended to the finance committee by a capital improvement committee comprised of seven select board appointees.

Dartmouth routinely convenes a town meeting in the fall at which time it funds supplemental spending requests and by doing so, depletes free cash entirely. At the fall town meeting in 2006, members voted to add approximately \$1.7 million in free cash to the budget approved at the spring town meeting. With DOR review and approval of the town's FY2007 tax

rate, Dartmouth appropriated all of its available free cash. New free cash will not be certified and available for use until submission of a balance sheet to DOR in the fall of 2007.

Conclusion – Our review found that routine financial practices reflect department heads' careful attention to legal requirements and internal controls. We believe that sufficient checks and balances are in place to ensure that town assets are protected from both human and process errors. Of acute concern for Dartmouth, as is the case in most Massachusetts towns, is the lack of structural balance and sustainability in revenue and expenditure trends. To further complicate matters, the use of the fall town meeting to supplement the budget places an expectation on the select board, executive administrator and director of budget and finance that budget fixes will be found to accommodate departmental spending. In recognition of the difficulties faced in the current fiscal environment, most of the recommendations in this section focus on financial policy. Implementing these recommendations, while not dramatic enough to avoid overrides or budget cuts in the near-term, will better equip town leaders to cope with the structural challenges inherent in municipal finance, generally, and Proposition 2½, specifically.

While each of our recommendations will improve operations, there are several related topics that deserve special attention from policy-makers and management alike. Specifically, they are Recommendations 1-4 (Present Multi-Year Financial Forecast, Avoid Use of One-Time Revenue for Current Year Operations, Develop New Reserve Policy and Conduct Quarterly Budget Projections, respectively). Implicit in these individual recommendations is the larger concept of financial planning. A town-wide financial plan is the integration of multi-year revenue projections, adopted policies (such as reserve policies), and analyses of organizational goals and their long-term impact on expenditures. The purpose of this plan is to call attention to the community's fiscal condition and the alternatives available to manage it. Whatever form such a plan takes, it should contain the following core elements:

1. Multi-year outlook (3-5 fiscal years)
2. Inventory of revenue sources and projected increases/decreases
3. Expenditure projections that reflect labor, expenses and planned service levels
4. Impact of financial goals/policies are assigned a specific dollar value
5. Integration of infrastructure investment based on approved capital plan
6. Current-year revenue and expenditure monitoring
7. Presentation format that facilitates meaningful communication to the public

Since there appears to be consensus among policy makers and administration that a financial plan should be developed, the next step is to establish exactly what such a plan would look like. The select board, as the chief executive board for the town, should convene a working group whose membership should include, but not be limited to, the executive administrator, director of budget and finance and representation from the finance, capital planning and school

committees. The group's charge should be to develop recommendations regarding the content of the plan for the select board's consideration.

Financial planning is key to the management of available resources and the funding demands of current and anticipated services. However, be forewarned, formulating a financial plan will not provide an infusion of cash to resolve current budgetary woes. Rather, it is a mechanism to help stabilize town finances moving forward.

### ***Recommendation 1: Present Multi-Year Financial Forecast***

We recommend that the executive administrator, in consultation with the budget and finance director, annually build a 3-5 year revenue and expenditure forecast and review it with the select board, finance committee and school committee. Currently, the budget and finance director does multi-year estimates for internal planning purposes. However, select board and finance committee members report that there is no formal review of projected revenue and expenditure trends.

Municipal finance in Massachusetts under the constraints of Proposition 2 ½ makes local budgeting an inherently revenue-driven process. Consequently, financial forecasting is important because it will show future revenue projections and, thus, provide guidance for town spending. Analysis of the ongoing relationship between Dartmouth's revenue and expenditure trends will help decision-makers plan the financial future of the town in an informed and thoughtful way. Forecasting also allows the town to quantify the long-range fiscal impact of proposed policies and initiatives before final action is taken on them.

To assist in developing multi-year budget forecasts, we direct the executive administrator to the Department of Revenue's new Revenue and Expenditure Forecasting Tool available on the Technical Assistance website ([www.mass.gov/dls](http://www.mass.gov/dls)). It contains detailed information and pre-set calculation tables that can help communities customize revenue and expenditure assumptions to produce multi-year financial projections. It is a powerful tool that is easy to use and comes complete with an online user's guide.

We further recommend that revenue projections be presented to a joint meeting of the select board, finance committee and school committee at the start of the annual budget process. Traditionally, revenue projections are done at the same time that departments are formulating expense budget requests. However, we suggest that projections be presented to a joint meeting of the select board, school committee and finance committee *before* budget instructions are distributed so that consensus can be reached on available funds, the use of reserves, and the allocation of resources in general. These and other policy decisions can then form the basis of budget guidelines for department managers as they begin to prepare their appropriation requests. Later, as the budget nears final approval, little disagreement should arise on expectations, and a united front can be presented to town meeting.

## ***Recommendation 2:     Avoid Use of One-Time Revenue for Current Year Operations***

We recommend that the town avoid building a budget that requires the use of one-time revenue to support on-going government expenses. In the years when Dartmouth was intentionally conservative in estimating its local receipts, the high free cash balances that resulted took on the characteristics of a recurring revenue source. However, given the changes to the town's revenue structure leading up to FY2007, i.e. the need to be less conservative with local receipts to balance the budget, free cash should be regarded as a one-time source moving forward. In addition, stabilization funds, overlay and other available funds should also be recognized as one-time sources of revenue.

By using non-recurring (or one-time) revenue to fund operations, communities effectively postpone making difficult decisions on service and taxation levels. As a result, the community is continually faced with the same dilemmas each year because ongoing costs are built into the budget's base while the offsetting revenue source is no longer available (because it was spent in the previous year). Therefore, to achieve a structurally sound, sustainable spending plan, we recommend that the town adopt and commit to a policy that discourages the use of non-recurring revenue for recurring spending purposes.

## ***Recommendation 3:     Develop New Reserve Policy***

We recommend that Dartmouth modify its free cash guidelines and adopt a formal reserve policy that defines adequate reserve levels based on the community's needs. The town currently has a policy that free cash will be certified and made available for use at the fall town meeting. Implicit is that departmental budgets are not fully, or realistically, funded in the spring which, in turn, binds the town to use free cash as a supplemental funding source in the fall. While procedurally instructive, Dartmouth's procedures for using free cash do not constitute a formal reserve policy.

Reserves in a municipal context typically include free cash and stabilization fund balances. A formal reserve policy should reflect a consensus among select board and finance committee members that defines target reserve levels in the context of a broader financial plan. In Dartmouth's case, for the fiscal year ending June 30, 2006, the combined total was approximately 4.1 percent of general fund revenue as reported on the Department of Revenue's FY2006 Schedule A form. However, as pointed out earlier in this report, town meeting has since appropriated \$1.7 million from free cash to supplement the FY2007 budget. The finance committee also maintains a reserve fund for unanticipated expenses under M.G.L. c. 40, §6, the appropriation for which is \$625,809 in FY2008.

Healthy free cash reserves should be in the 3-5 percent range of annual general fund revenue. As a rule, free cash should be treated as one-time revenue and, therefore, only be put

toward one-time expenses or stabilization. However, when municipalities fund operating budgets with free cash, it is sound policy to retain as unexpended an amount of free cash equal to that used in the operating budget. This unexpended amount then serves as a starting point for the next year's free cash calculation.

There should also be balances in stabilization to bring the total reserve up to the 5-7 percent level or beyond. The town might also explore the use of targeted stabilization funds which can be built through a variation on the concept of an annual override. For more information, see DOR Information Guideline Release No. 04-210.

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. However, many communities in Massachusetts have been able to build and maintain reserves through fiscal restraint, conservative revenue estimates, and current year cost containment.

#### ***Recommendation 4: Conduct Quarterly Budget Projections***

We recommend that the executive administrator, in consultation with the director of budget and finance, conduct quarterly budget projections for the current fiscal year. Quarterly projections are a tool used by governments to benchmark year-to-date income and spending against the approved budget. Once all financial activity for the last month in a quarter is closed (September, December, March, June), financial staff should prepare new projections to year-end based on expenditure and payroll information contained within the financial system along with operational information obtained from department heads. Depending on an analysis of revenue and expenditure trends, other appropriate action, such as spending freezes or budget adjustments, may be required.

In general, projections should consist of a table, or spreadsheet, showing the original departmental budgets, year-to-date expenditures in the same line item detail, and a projection of any variance (positive or negative) by year-end. A separate table would show variances in budgeted-to-actual revenues. Still more sophisticated analyses would match-up actual revenues with the departments that generate them. To be most effective, a projection analysis should be performed on each city/town fund, i.e. the general, capital, revolving, grant, trust and special revenue funds. Narrative analysis of the fiscal picture should also accompany each table to highlight the specific issues in a given department that may cause a budget deviance.

Regular budget-to-actual reporting gives decision makers greater insight into cash flow demands and enhances the number of options available to meet financial challenges. Through quarterly reporting and analysis, opportunities are created to adjust spending behavior if revenue is not hitting expectations or if departments are spending more than expected. When revenue trends are strong and expenditures are incurred at a slower pace than anticipated, quarterly projections can, by the end of the 3<sup>rd</sup> quarter, bring into focus possibilities for larger than

expected positive balances. Understanding the breadth and depth of outstanding balances, in turn, enables decision makers to prioritize and manage 4<sup>th</sup> quarter spending and increase end-of-year departmental turn backs. This last point can help cities and towns in their efforts to build reserves through the generation of free cash. Given that quarterly projections present regular opportunities for management to evaluate the town's financial position, performing such analysis is also viewed favorably by bond rating agencies.

***Recommendation 5:      Limit Budget Appropriations to Spring Annual Town Meeting***

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

Of course, in the event of a true fiscal emergency, the finance committee reserve might be used, or the town can act through a special town meeting. Otherwise, these are not prudent practices. While we recognize that the town may be too far along to change its funding approach to the FY2008 budget, it is our hope that Dartmouth would make implementing this recommendation a priority for FY2009.

***Recommendation 6:      Utilize Year-End Transfer Authority***

We recommend that the select board and finance committee make use of their year-end budget transfer authority to reduce the number of line item transfer requests proposed at town meeting. Under M.G.L. c. 44, §33B, the select board with concurrence from the finance committee, may transfer appropriations between line items provided that:

- 1) Appropriations are not taken from the school department or municipal light plant;
- 2) The transaction is approved during the last two months of the fiscal year or the first 15 days of the ensuing fiscal year; and
- 3) Transfers are limited to three percent of the total appropriation from which the transfer is being made or \$5,000, whichever is higher.

***Recommendation 7: Limit Use of Personal Service Contracts***

We recommend that the town limit personal service contracts to those positions specifically authorized by statute or special act. The town has currently entered 25 multi-year employment contracts with department head or management-level employees. This is not a common practice, nor is it one that DLS encourages.

As a rule, individual employment contracts are limited to one year and cannot include any special fringe benefits not otherwise available to other employees. The reason is that appropriations for these operating expenses are made annually and no binding contracts can be made in excess of available appropriations. Consequently, under state law, all employees have employment contracts with the municipality for the wages, benefits and leave package provided as a result of budget appropriations, benefits provided in general laws and in by-laws, and through the lawful establishment of a salary or a wage.

There are, however, limited circumstances where multi-year employment contracts are expressly authorized by state law. As pertains to Dartmouth, they include multi-year agreements for the executive administrator, town accountant, and police chief. Also, special acts may create additional exceptions.

As a practical matter, the inordinate number of contracts in Dartmouth has the potential to make for cumbersome and inconsistent personnel administration. With so many contracts to manage, problems can easily emerge. The town needs to administratively plan for the funding of costs for these contracts. Entering into contracts with individual employees, yet across departments, creates the opportunity for an uneven playing field to emerge between similar positions.

Developing a separate classification schedule for department heads and managers would eliminate the time consuming demands of on-going negotiations and the potential for unanticipated cost increases. To the extent that inequality is either occurring or is perceived, individual employment contracts could also give rise to suspicions between and among town personnel and otherwise impact morale. On the other hand, a classification schedule would help reassure employees, town residents and taxpayers that the process for setting salaries is both impartial and transparent.

***Recommendation 8: Adopt M.G.L. c. 32B, §18 – Shift Retiree Healthcare Costs to Medicare***

We recommend that the town shift some of the costs of retiree health insurance to the Federal Medicare program by accepting the local option statute M.G.L. c. 32B, §18. The provisions of this statute would require eligible retirees to enroll in Medicare at age 65 without any loss of benefits. Once Medicare replaces the town's coverage, the town must only insure retirees for the gap in coverage between that of Medicare and the existing municipal coverage on



a “comparable actuarial value” basis. With the rapid increases in healthcare costs, provisions of this law may provide a way to cut costs initially and reduce the magnitude of year-over-year cost escalation. While not subject to collective bargaining with current retirees, there may be a requirement to collectively bargain with current employees to the extent that it affects their retirement benefits.

### ***Recommendation 9:      Modify Purchase Order Process***

We recommend that the town establish a purchase order threshold and streamline the approval process. A purchase order (PO) system places an encumbrance on a departmental budget line item prior to expenditure. It can also ensure compliance with state procurement rules under M.G.L. c. 30B (i.e., a purchase over \$5,000 requires three quotes, and a purchase over \$25,000 requires sealed bids).

In Dartmouth, with very limited exceptions, every purchase requires approval of a PO from the director of budget and finance, who is the chief procurement officer (CPO). While it is an appropriate role of a CPO is to ensure that communities do not run afoul of laws governing municipal procurement, the appearance here is that the finance and budget director is approving or rejecting the actual items to be purchased or dollar amounts to be paid on other grounds. If so, the exercise of this power runs counter to CPO responsibilities and can conflict with department managers’ authority to expend their approved budget appropriations beginning on July 1. As structured, the PO system reflects unusually tight control and close monitoring of departmental spending which is justified only if departments are habitually and flagrantly overspending their appropriations, or ignoring procurement rules.

Checks and balances on departmental spending are built into the verification process completed by the accountant after goods or services are received, and before invoices are placed on the vendor warrant. The accountant reviews the invoice and certifies that funds are available to cover the cost, that the purpose is consistent with the intent of the appropriation and that no fraud is evident. Clarifications can be sought, but if criteria are met, a department manager’s spending decision cannot be reversed.

If a PO system is favored, we recommend that the threshold be raised to a minimum of \$500. We further recommend that PO requisitions run through the accountant’s office. In this way, the accountant’s verification process would be carried out in advance of purchases, rather than after, and simultaneously procurement compliance can be determined.

The finance and budget director, acting as CPO, can receive reports of POs approved. He can also review on-going spending levels and address problem line items in the budget through a review of monthly expenditure reports.

We recommend as well that the town take advantage of the MUNIS system’s purchase order module. Ideally, the purchase order process would be initiated by a department head, who

would enter a requisition for purchase directly into the MUNIS system. Rather than in hard copy, the accountant would receive and review electronically transferred PO requisitions.

We further recommend that procurement guidelines be updated to reflect those in the Uniform Procurement Act (M.G.L. c. 30B). Currently, Dartmouth's guidelines are much stricter than state law requires. While there is nothing that prohibits the town from having procedures that are more rigid, in our opinion, the framework laid-out in c. 30B provides the best balance between efficiency and internal control.

On August 21, 2006, the director of budget and finance issued a memorandum to all department heads setting tiered procedural requirements for purchases exceeding various dollar amounts. These dollar amounts more or less reflect those contained in the Uniform Procurement Act prior to amendments made in 2000. In that year, the legislature, recognizing the unnecessary restrictions the old limits placed on local governments, amended these thresholds as follows:

<b><u>REQUIREMENT</u></b> <i>(M.G.L. c. 30B, §§4-6, inclusive)</i>	<b><u>OLD THRESHOLDS</u></b> <i>(Prior to 2000)</i>	<b><u>THRESHOLDS AS AMENDED</u></b> <i>(St.2000 c. 159, §§67-73, inclusive)</i>
Use "sound business practice"	Under \$1,000	Under \$5,000
Solicitation of 3 quotes	\$1,000 up to \$9,999	\$5,000 up to \$24,999
Competitive sealed bids/proposals	\$10,000 or more	\$25,000 or more

To assist the town with all goods and services procurement matters, the Office of the Inspector General for the Commonwealth has published an online manual available through the website (<http://www.mass.gov/ig/igch30b.htm>).

### ***Recommendation 10: Conduct Performance Evaluations for All Staff***

We recommend that the executive administrator establish a system of performance reviews for department heads and town employees. Overseeing personnel management falls within the executive administrator's purview under Article 4-4(b)(5) of the town charter. Accordingly, we recommend that he develop formal guidelines establishing a time, procedure and framework for reviewing the job performance of all town employees. The select board would evaluate the executive administrator, and he would evaluate the managers of all departments over which the board has jurisdiction. Other boards would evaluate their respective department heads, while staff evaluations in general would be completed by department heads.

Generally, guidelines would set-out the purpose of the evaluation policy. They might identify step-by-step evaluation procedures that prompt a review of an employee's work responsibilities, previously established goals and performance. Guidelines should lead to agreement on priorities and new goals for the ensuing evaluation period. In this way, employee evaluations can reinforce responsibilities and clarify job expectations for managers and staff with the message that their performance will be measured on a regular basis. If implemented in a

methodical, even-handed way, regular job performance evaluations can reinforce accountability, bolster employee morale and elevate resident confidence in government. The town should also be aware that instituting performance reviews may be subject to bargaining for certain employees.

***Recommendation 11: Convert to Bi-Weekly Payroll***

We recommend that Dartmouth convert from a weekly to bi-weekly payroll schedule. The current weekly distribution of pay to town and certain school personnel is duplicative and time-consuming when compared to a bi-weekly process. Most employers in both the public and private sectors, including the Commonwealth, compensate employees on a bi-weekly basis. Paying employees bi-weekly in Dartmouth would create an advantage on non-paycheck weeks by enabling staff to focus on other tasks, freeing up time that normally would be consumed by compiling hours/rate information and entering data into the payroll system. To move employees to a bi-weekly pay period will require collective bargaining.

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## Information Technology

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Information Technology (IT) is a vital component of contemporary municipal government. Whereas financial processes are data intensive, IT utilization and support is all the more relevant. Budgets, ledgers, cash books and other financial records are typically maintained electronically. Electronic transactions between governments and banking institutions have also become the norm. As a practical matter, financial and operational systems' heavy reliance on technology necessitates that knowledgeable, system-savvy individuals be involved in the purchase and support of equipment and software. To facilitate this, communities often employ one or more full-time professionals as part of an IT department or unit.

In Dartmouth, the IT function is performed by an information services manager, who has been with the town 11 years and reports to the executive administrator. The manager supports approximately 60 workstations at town hall and another 30 at other town facilities. He also serves as the town's webmaster. Department heads and assistants have access to email and internet while other administrative staff transmit documents via shared network drives. There are three servers in town hall and a wide area network (WAN) connection at the department of public works, where an additional server is also located. The town maintains service contracts with MUNIS (financial management system), Vision Appraisal Technology (appraisal), RRC (personal property) and GeoTMS (permit, licensing, code enforcement, etc). Norton Anti-virus software is in place to protect the town's data network. In addition, data is backed-up on tape and housed in an off-site safe deposit box. The manager maintains a manual work log that guides his ongoing activities.

Conclusion – The IT function in Dartmouth operates with minimal staff support. Yet, the information services manager is able to provide adequate support to town departments, making the operation very efficient. Looking ahead, Dartmouth may find that town-wide technology needs exceed the capacity of the single-person operation. Indeed, the information services manager is already receiving support from a clerk in the treasurer's office. However, he acknowledges that a three year plan for technology enhancements is largely subject to fiscal constraints. While we have no recommendations directed exclusively toward IT, there are several recommendations in this report for other town departments that will require substantial IT support in order to implement.

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## Treasurer

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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 Dartmouth, the budget and finance director also assumes the role of town treasurer. To assist him in this function, there is an assistant treasurer who manages all day-to-day activities of the office. There is also an administrative clerk and a payroll clerk. Given the dual role of the budget and finance director/treasurer, much of the work for the annual budget process is done by the director and his staff. The office is equipped with networked desktop computers with Microsoft Office and MUNIS installed. While traditionally the cash book has been maintained manually in bound form, as of our last site visit, the assistant treasurer was in the process of converting to an electronic Excel format.

Whereas the budget and finance director/treasurer is focused on his role in overseeing all town finances, many of the treasurer-specific functions fall to the assistant treasurer. The assistant monitors incoming deposits on a daily basis. She supervises disbursements for payroll and accounts payable purposes and reconciles cash with the town accountant monthly. She handles administrative work with respect to borrowing, which includes maintaining the office's debt schedule and communicates relevant information to the town's financial advisor in advance of new bond and note issues. She monitors and executes procedures related to foreclosures on property in tax title. The administrative clerk assists with the preparation of budget analysis and worksheets, the annual budget book, and Schedule A budgetary data for town meeting, while the payroll clerk performs the various duties required for the payroll function on a weekly basis. Both town and school employees are compensated on a 52-week pay schedule, with the exception of some school teachers who opt into a 42 week plan. The payroll clerk also assists the information services (technology) manager on an ad hoc basis. Both the administrative and payroll clerks are cross-trained and familiar with one another's duties.

Through a series of personnel action forms, the office receives detailed information on new hires, status changes, leave usage and terminations. Employee deductions and withholdings for items such as state and federal taxes, retirement contributions, and the like are entered by the payroll clerk after receiving documentation from the employee.

Conclusion – Department staff work well together and assigned duties are performed in a thorough and competent manner. One area of note is that activities typically associated with a town treasurer’s office such as receiving certain departmental turnovers and making deposits, are handled by the collector’s office. The treasurer’s office personnel are experienced and professional, as evidenced by their ability to describe in detail their responsibilities in the context of the office’s mission. Our recommendations are few.

### ***Recommendation 12: Turnover Departmental Receipts to the Treasurer***

We recommend that departments turnover receipts to the treasurer’s office. Currently, most over-the-counter payments that would typically be accepted in various departments (e.g., a building permit fee) and turned over to the treasurer are instead paid at the collector’s office. This is done to reduce the number of departments that handle cash.

However, there are cases where departments are receiving over-the-counter payments (e.g., public works receive payments for transfer stickers). In these instances, the departments are turning the receipts over to the collector’s office, which is subsequently completing a turnover to the treasurer’s office.

Under M.G.L. c. 41, §35, the treasurer is required to “receive and take charge of all money belonging to the town...” Therefore, departments that receive money are required to make regular turnovers to the treasurer, not to the collector. In addition, having departments turn receipts over to the collector who then turns them over to the treasurer represents an unnecessary duplication of effort.

### ***Recommendation 13: Allocate Interest to Town Trust Funds***

We recommend that responsibility for reporting the allocation of interest to town trust funds be performed by the treasurer’s office. Currently, this function is being performed by the town accountant and her assistant. However, as the custodian of town trust funds, the treasurer should receive bank statements on a monthly basis and allocate interest to the various trust accounts. He should report interest information to the accountant routinely so that it can be posted to the town’s general ledger.

We further recommend that the treasurer work with the town’s banks to establish a single account with sub-accounts for the purpose of applying interest to trust funds. More frequently, communities are establishing a general municipal trust account with sub-accounts which detail monthly deposits, withdrawals, transfers, and earnings on a consolidated statement for each separate trust. Instead of staff calculating the interest earned for the month or quarter and allocating the same to the individual funds, the bank statements already perform this calculation, thus requiring the treasurer only to report the amounts to the accountant. Consolidated trust and

other town accounts may also reduce the time required to reconcile cash with the accountant at the end of the month.

***Recommendation 14: Require Administrative Sign-Off for Changes in Employee Status***

We recommend that the treasurer review and sign forms for employee payroll deductions. The treasurer's payroll clerk is currently responsible for entering all changes in employee status or deductions into the payroll system. While new hires, employment changes, leave adjustments and terminations are documented through established forms requiring several management-level approvals, deductions for employee benefits are approved by the employee only and entered by the payroll clerk. If the payroll clerk is to continue entering such information, written authorization from a management-level individual should be provided. Otherwise, an unfair burden of responsibility is placed on him, or on any administrative personnel. Therefore, as a result of implementing this recommendation, no person, including the payroll clerk, would key-in changes to employee records without management approval under any circumstances.

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## Accountant

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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 monthly; 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 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 (for tax rate approval).

In Dartmouth, the town accountant is a department head overseeing an assistant town accountant and an administrative clerk. The accountant has been in the position for 12 years and is a Massachusetts certified governmental accountant. The assistant town accountant, also certified, has been with the town for 15 years, the last six years as the assistant. The administrative clerk, originally hired for data entry, has been with the office for eight years.

During our initial site visits, we came to understand that the office had no role in approving purchase orders. Subsequent discussions with the accountant indicate that this has since changed, with the accountant reviewing purchase orders to verify the availability of funds before forwarding them to the director of budget and finance. This is an appropriate change. Additional recommendations for improvement regarding purchase orders are contained in the Overall Financial Management section.

The accountant's office prepares accounts payable warrants for the select board members' signatures after verifying that invoices and vouchers are accurate. Since the MUNIS system is not available in the school department, accounts payable data is entered manually by the administrative clerk on a weekly basis. Town contracts are housed in the office, as required by state law.

Conclusion – The accounting function in Dartmouth is sound in terms of its structure, process and professionalism. For a variety of reasons, many communities struggle to keep even one experienced and qualified municipal accountant on staff. Dartmouth has two such accountants as well as an experienced clerk. As a result, the office fulfills fundamental responsibilities relative to the payroll and vendor warrant processes. Reconciliations of cash and receivables with the treasurer and collector are taking place monthly. The office is in compliance with the fixed assets reporting requirements of GASB 34 and is annually calculating



depreciation on an updated fixed assets inventory. The FY2008 budget makes provision for funding of an actuarial study of post-employment benefits other than pensions, which is required under GASB 45. Reporting to the state is timely and the town's outside auditors have consistently produced clean audits. In addition to modifying the purchase order process as discussed earlier in the report, our recommendations for the accountant are offered as a means to further enhance efficiency and internal controls.

***Recommendation 15: Handle Posting of Committed Receipts***

We recommend that all receipts be approved by the town accountant prior to posting to the general ledger. Currently, real estate, personal property, motor vehicle excise and water/sewer receipts are being posted to the accountant's general ledger directly by the collector's office. We understand that it has been long-standing practice for the assistant town collector to enter committed receipts as they are received on a weekly basis. When variances occur, they are identified and fixed through the monthly reconciliation of receivables. However, under M.G.L. c. 41, §57, the town accountant is responsible for maintaining the town's official books of accounts and financial records (i.e. the general and subsidiary ledgers). Therefore, we recommend that the accountant alone have access to the general ledger to make updates. The MUNIS system should be utilized in such a way as to place a hold on the data being entered by the assistant collector. Once the accountant has reviewed the entry, she can then approve it by posting to the general ledger.

***Recommendation 16: Eliminate Duplicate Entries for School Accounts Payable***

We recommend that the accountant seek ways to eliminate duplication of entry for accounts payable (AP) vouchers from the school department. The town and schools maintain two separate financial systems. Therefore, to include school department bills on a vendor warrant, the town accountant must enter details from school department invoices into the town's financial software. This creates a situation in which the schools are keying expenditure information into their system while the town accountant's administrative clerk is data entering the same information into MUNIS. The natural solution is for the town and school to develop a "bridge" by which AP data can be uploaded from the school's file directly to MUNIS. This method is common in many communities where different town and school systems are used. Furthermore, the information systems manager is currently exploring such improvements.

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## Collector

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A municipality's collector possesses the authority to collect all monies due the community including taxes, excises, betterments and certain other charges under M.G.L. c. 41, §38A. Collections need to be counted, posted to taxpayer accounts, and either turned-over to the treasurer or deposited daily. Delinquent accounts need to be pursued and then moved efficiently into the treasurer's tax title accounts. To be successful, a collector must maintain an up-to-date receivable control that is reconciled internally and then externally with the accountant monthly. Credit reports should be run as appropriate and research needs to be completed to confirm legitimate refunds due to residents. In accordance with state law, the office should respond to requests for municipal lien certificates within ten days. In most communities, the collector manages the contractual agreement with the Deputy Collector.

Dartmouth's collector - a town collector - is appointed and reports to the budget and finance director. The incumbent has held the position for approximately 18 years. Full-time staff includes an assistant town collector, a head cashier, a principal clerk, two cashiers and two water/sewer billing clerks. The department is located on the second floor of town hall where most staff perform their daily work in two large, adjacent spaces. The water/sewer clerks work out of a nearby office on the same floor. There is a counter area where members of the public may enter to pay bills and conduct other business. The collector has additional office space adjacent to the public payment counter space. Though there is a separate door leading to the office, it usually remains closed and is only accessible via combination key pad entry. Privacy does not appear to be an issue for those occasions where confidentiality is warranted. The office space seems adequate to accommodate the activities of the staff.

The collector's office serves as the central point for virtually all payments made to the town. These include the payment of committed bills as well as receipts usually made over the counter at other departments. In other instances where departments are taking in money, turnovers are going to the collector, who is making deposits, a duty usually performed by the treasurer's office. Staff members are equipped with networked desktop computers with Microsoft Office installed. MUNIS software is used to post real estate, personal property, motor vehicle excise, boat excise and water/sewer payments. Atypically, the assistant town collector posts such committed receipts directly to the general ledger, an activity normally completed by the accountant.

Conclusion – The town collector's office is an active and labor intensive operation. Nearly all town revenue, both committed and non-committed, flow through the department. Consequently, it is well staffed. The collector and her staff go to great lengths to ensure that cash and receivable totals are verified and accurately reflect the amounts paid by customers. However, there appears to be some processes that can be streamlined. Therefore, the recommendations we offer are intended to achieve workflow enhancements.

***Recommendation 17: Utilize Lock Box Services for Collections***

We recommend that the town collector engage a lock box service. A lock box service, administered by a financial institution, receives tax and/or other committed payments, deposits checks and returns daily receipt reports, typically on disk, to the town during the billing period. The collector's staff uploads the information from the disk to its accounts receivable software to post the payments. A contract between the town and a lock box service would specify the scope of services to be provided and how costs would be calculated.

Once implemented, the collector could encourage taxpayers to use the lock box by conducting a public relations campaign. Notice of the availability of lock box payments could be conveyed via a note mailed along with the tax bills and through the local media. If lock box use is actively promoted, over-the-counter and mail payments should decline, automatic posting of payments should increase and staff time should be freed-up.

***Recommendation 18: Consider Quarterly Water/Sewer Billing***

We further recommend that the town consider the benefits of converting to quarterly water/sewer billing. Currently, the water/sewer billing period is semi-annual for approximately 9,000 residential accounts. Bills for approximately 400 commercial customers are issued quarterly or monthly depending on the size of the meter in place. All payments are received and processed by the collector's office.

By issuing bills on a quarterly basis, the town will improve its cash flow. Furthermore, if the town were to implement a lock box payment system (see Recommendation 17), additional burdens could be lighted. Greater efficiencies could be gained if the town follows through with current discussions concerning the implementation of a radio system of reading meters. The lower quarterly bill may also be preferred by some residents.

***Recommendation 19: Perform Cost/Benefit Analysis of Using Tax Title Attorney***

We recommend that the town collector perform a cost-benefit analysis of contracting with a tax title attorney. The collector and assistant report that they perform research and prepare legally required documents to move properties through the tax title process. This activity is inherently time consuming, but also creates pressure because of the technical precision required to withstand legal review. As an alternative, many if not most Massachusetts communities find it cost effective to contract with attorneys to perform tax title research and prepare necessary legal documents. Therefore, we recommend that collector research cost and range of services available under a contract and quantify the value of staff time presently dedicated to the same duties.

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## Assessors

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The assessors' office is responsible for valuing all real and personal property in the town, assigning tax payments to owners, and generating the commitment authorizing the treasurer/collector to collect real estate tax and motor vehicle excise payments.

To ensure that residents are taxed equitably and accurately, the office maintains and updates property records with information received from deeds and through the on-site inspection of sale properties, data from properties where a building permit has been issued, and in response to mailings. Additional information is gathered during an on-going property measure and list program. Assessors act on and track exemption and property tax abatement applications. They estimate new growth and make recommendations to the select board at the annual classification hearing. The assessors calculate 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 interim year adjustment analysis and to prepare for State certification of property values every three years.

In Dartmouth, the volume of work in the assessing department involves 10,444 residential real estate parcels, 1,037 commercial/industrial accounts and 2,017 vacant/open space parcels. In addition, there are over 1,000 personal property accounts, approximately 300 of which are for second homes. The town bills on a quarterly basis. There are 33,264 motor vehicles yielding \$3.7 million in motor vehicle excise revenue for FY2006.

Day-to-day activities in the assessing office are directed by the full-time administrator of assessing, who is appointed by a three-member elected board. The administrator reports to the budget and finance director. In addition, there is an assessor's technician who oversees office staff, consisting of two principal clerks. Field inspections, data collection and valuation analysis are performed by the administrator while customer service and other clerical duties are performed by the other office staff.

The assessing department uses a computer assisted mass appraisal software package from Vision Appraisal Technology. The department has also contracted the services of RRC to maintain personal property data. It is expected that, as part of the FY2008 triennial revaluation, the assessing office will contract with consultants to assist with data collection. The in-house staff generally performs clerical and customer assistance functions in addition to maintaining and updating information on values. There is also a comprehensive database of property tax information and files available through the town's website.

Conclusion – As a general statement, the assessing office runs well. The administrator of assessing has a strong grasp of the office's duties and obligations. Likewise, staff members are experienced and competent. The office is successful at communicating and preparing data for consideration among policy makers. Staff are cross-trained in the various office functions so that tasks do not lag due to vacations or illness. However, we feel that one area in which the office

could improve is in the use of technology. As such, our recommendations reflect this finding.

***Recommendation 20: Make Forms Available Through Website***

We recommend that the town make common forms available to the public via the town's website. 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 assessors' website in Dartmouth, specifically, can enhance citizen convenience by making available commonly used forms (e.g. forms of list, exemption forms, income and expense forms)

***Recommendation 21: Grant Staff On-line Registry Access***

We recommend that the assessing office staff be granted online access to the Registry of Deeds for the purpose of making record changes. Currently, the administrator of assessing receives deed changes by driving to the registry. He then hands the information to the assessors technician, who keys the changes into the Vision system. Allowing staff to access this information online would save time and make updating the mass appraisal system more efficient.

***Recommendation 22: Require Electronic Submission of Plans***

We recommend that the assessing office work with the planning department to require that all subdivision and other plans submitted to the planning board be in an electronic format. The planning department would subsequently forward the plans to the assessing office electronically for record keeping and map updating purposes.

Electronic submission of plans is becoming a more frequent practice in municipalities. It is also cost effective because the town does not have to pay for a hard copy conversion to electronic format in order to update their geographic information system (GIS) database.

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## Acknowledgements

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