



Town of Belmont

# Financial Management Review

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Division of Local Services / Technical Assistance Section

August 2011



August 26, 2011

Board of Selectmen  
Town Hall  
455 Concord Avenue  
Belmont, MA 02478

Dear Board Members:

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

As a routine practice, we will post the completed report on-line at the DLS website within a week or two. Also, we will forward a copy of the report to the town's state senator and representative.

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

Sincerely,

A handwritten signature in black ink that reads "Robert G. Nunes".

Robert G. Nunes  
Deputy Commissioner and  
Director of Municipal Affairs

cc: Senator Steven A. Tolman  
Representative William N. Brownsberger

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## INTRODUCTION

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At the request of the Belmont Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this financial management review of the town.

We have based our findings and recommendations on site visits and telephone conversations by Municipal Data Management & Technical Assistance Bureau (MDM/TAB) and Bureau of Accounts (BOA) staff members and consultations with the Bureau of Local Assessment (BLA). The staff interviewed the selectmen, a member of the warrant committee, the town administrator, town accountant, treasurer/collector, assessing administrator, information technology director and other municipal office staff.

DLS staff examined such documents as the tax rate recapitulation sheet, annual budgets, cash and receivables reconciliation reports, and statements of indebtedness. The town also provided us with warrants, debt schedules, town by-laws and other assorted financial documents.

The purpose of this review is to assist Belmont officials 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 that exists between and among boards, officials and staff involved in the financial management function; (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

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

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## EXECUTIVE SUMMARY

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Belmont is a suburban town outside of Boston. Drawn from the adjacent communities of Watertown, Waltham and West Cambridge (now Arlington), it has a land area of 4.66 square miles, making it the 11<sup>th</sup> smallest Massachusetts community. With 24,729 people (2010 US Census), the town ranks as the 18<sup>th</sup> most densely populated municipality in the state.

The settlement that grew into Belmont dates back to 1630 and began as an agricultural community characterized by “fruit farms and market gardens”. By the early 1800s, Frederic Tudor, better known as the Ice King, began harvesting ice from Fresh Pond (Cambridge) and shipping it to other cities and eventually abroad. By the 1840s, a new railroad line to Charlestown further enabled the commercial transport of ice and provided new access to the area. The rail line allowed the addition of trolley service which extended to Boston and prompted the development of Belmont as a residential community. Village centers evolved near the station stops attracting “well-to-do” Bostonians to the area. By 1859, growing villages joined together and the Town of Belmont - population around 1,000 - was incorporated.

With the expansion of a trolley system, the construction of roads and the later introduction of automobiles, Belmont became increasingly accessible and predominantly residential. Today, roughly 96 percent of the taxable land parcels in Belmont are improved with single family homes, multi-family residences, apartment buildings and residential condominiums. The remaining four percent is a mix of small commercial buildings, light industrial properties and vacant parcels, most of which are undevelopable. Three parcels are classified as chapter land (e.g., under agriculture/horticulture or recreation uses).

A by-product of being a well-located and accessible municipality with proximity to Boston is generally high demand for housing and sustainable property values. And, such is the case in Belmont. The town’s average assessed value of a single family home was \$730,849 in FY2011 - 17<sup>th</sup> highest among 338 municipalities that reported. In FY1990, the town’s average assessed value ranked 11<sup>th</sup> highest in the state and in FY2000 it ranked 10<sup>th</sup>. This consistency also reflects a strong and stable tax base, which accounts in large part for the AAA rating the town has earned from Moody’s credit rating agency.

Contributing as well are the town’s fiscal management and budgeting practices. Belmont has had success in generating annual free cash and building reserves for general and dedicated purposes. Over the last thirty years, certified free cash has averaged \$1.8 million and only seven times has it been below \$1 million. As of June 30, 2011 the town has established an ash landfill stabilization fund (\$4.1 million), a capital endowment fund (\$3.1 million), and a Kendall school fire insurance account (\$3 million). In addition, the town created a trust for other post employment benefits (OPEB) into which over \$1.2 million has been appropriated.

The town manages its budget well and financial controls are in place. In addition to the customary checks and balances, the accountant’s office carries out an internal audit function, which we

often advocate, but rarely see in practice.<sup>1</sup> As required, the town annually engages a private accounting firm to conduct an independent audit of the town's financial statements. Again, as a prudent measure, the town puts its audit services out to bid every six years. Lastly, there is a permanent audit committee established under a town by-law. Its seven members include a selectman, the treasurer, the accountant and four selectmen appointees. The committee contributes to the selection of an auditor and participates in the review and discussion of the auditor's findings.

However, as a predominantly residential community, with some affluence, the burden of supporting municipal services falls squarely on the property owners. Between FY2000 and FY2011, the town's annual budget increased 50.7 percent from \$64.1 million to \$96.6 million, while due to population growth, spending per capita increased slightly less at 47.5%. Over the same period, the town's average single family residential tax bill increased 80.7 percent to \$9,676 in FY2011 and ranked as the 12<sup>th</sup> highest in the state. It was 8<sup>th</sup> and 10<sup>th</sup> highest in FY1990 and FY2000, respectively. Seventy-one (70.1) percent of the revenues that supported the town's FY2011 budget were from the tax levy, another 18.6 percent was attributable to local receipts and only 8.3 percent was state aid. Miscellaneous sources accounted for the remaining 3.1 percent. These are in contrast to state-wide averages in FY2011 for all cities and towns whose division of revenues was 56.8 percent from the tax levy, 21.1 percent in state aid, 18.2 percent in local receipts and 3.9 percent from other sources.

When measured against a sample of comparable Massachusetts towns, which have an AAA bond rating from Moody's or Standard and Poor's, the standing and fiscal experience of Belmont is well within the norm as illustrated in the next chart.

### Comparable of Massachusetts AAA Towns

(Source: DOR Municipal Data Bank)

Town	Pop. 2010 U.S. Census	DOR per cap income 2008 (\$)	Oper Budg % change 2000-2011	Free Cash		Average SF assd value		Average SF tax bill	
				5-yr Avg (millions)	Avg % of budget	(\$)	% change 2000-2011	(\$)	% change 2000-2011
Acton	21,924	55,111	83.4%	2.45	3.1%	500,492	70.4%	9,049	76.8%
Arlington	42,844	43,637	41.9%	2.21	1.8%	479,345	125.4%	5,949	58.4%
Bedford	13,320	48,858	79.9%	3.45	4.7%	513,497	67.7%	7,358	97.5%
Concord	17,668	108,299	89.4%	7.62	9.9%	839,569	79.6%	11,074	95.8%
Duxbury	15,059	65,532	58.1%	2.56	4.2%	584,588	89.2%	7,366	60.6%
Hingham	22,157	70,314	63.5%	5.69	7.2%	651,950	114.2%	7,224	62.4%
Lexington	31,394	77,120	95.4%	5.49	3.3%	696,677	119.3%	10,032	105.1%
Marblehead	19,808	65,057	62.4%	3.61	5.2%	653,474	90.3%	6,672	74.4%
Needham	28,886	76,319	72.7%	3.83	3.0%	708,194	104.7%	7,719	89.7%
Sudbury	17,659	92,275	71.5%	0.62	0.8%	627,988	74.7%	10,695	78.6%
Westwood	14,618	78,130	70.1%	1.16	1.7%	621,411	76.9%	8,594	93.2%
Winchester	21,374	81,121	80.6%	5.61	6.6%	757,580	102.3%	9,167	77.1%
<b>average</b>	<b>22,226</b>	<b>71,814</b>	<b>72.2%</b>	<b>3.70</b>	<b>4.0%</b>	<b>636,230</b>	<b>91.6%</b>	<b>8,408</b>	<b>81.2%</b>
high	42,844	108,299	95.4%	7.64	9.9%	839,569	125.4%	11,074	105.1%
low	13,320	43,637	41.9%	0.62	0.8%	479,345	67.7%	5,949	58.4%
<b>Belmont</b>	<b>24,729</b>	<b>65,349</b>	<b>50.7%</b>	<b>3.47</b>	<b>3.7%</b>	<b>730,849</b>	<b>68.1%</b>	<b>9,676</b>	<b>80.7%</b>

<sup>1</sup> Internal auditing is an independent, objective review designed to add value and improve an organization's operations. It frequently involves measuring compliance with policies and procedures.

The Town of Belmont operates as a representative town meeting - board of selectmen - town administrator form of government organized under a mix of state statutes, special acts, and local by-laws, last updated in June 2011. The three-member board of selectmen have traditional jurisdiction over various departments and authority to appoint specified town standing and ad hoc committees. Elected boards, committees and individual officers guide the departments they oversee and appoint managers and staff. The town moderator appoints the warrant committee, the capital budget committee and the by-law review committee. The school committee guides the town's K-12 public school system.

A by-law adopted in 1993<sup>2</sup> specifies that the town administrator "shall act by and for the selectmen in any matter which they may assign to him or her relating to the administration of the affairs of the Town or of any town office or department under their supervision and control and, with the approval of the selectmen, may perform such other duties as may be requested of him or her by any other town officer, board, committee or commission." This language merely mirrors generic statutory wording (M.G.L. c.41, s.23A) enacted in 1956. Nothing more is stated about his power and responsibilities, nor is there is a written job description for the position. The current town administrator does have a personal service contract that refers to him as the town's chief administrative officer and sets out the terms and benefits of the job. On a regular basis, he oversees departments that report to the selectmen, holds monthly department meetings and approves payroll and vendor warrants through a delegation of authority. He calls periodic meetings of the town's finance officers. He has no significant appointing authority and has only evolved into a meaningful role in the budget process.

Under the town by-laws, all departmental appropriation requests related to annual operations are submitted to the 17-member town warrant committee on a schedule it establishes. The selectmen are directed to submit a copy of any separate article involving appropriations to the committee as well. The by-law specifies no role for the town administrator in the budget process. The warrant committee is charged with reviewing appropriation requests, or any article where the town has a financial interest, and making recommendations to town meeting. It has the option of holding hearings with department representatives and, to complete its budget work, apparently meets almost weekly between October and June. All requests for a capital expenditure are submitted to the seven-member capital budget committee. It conducts its review and independently reports to town meeting.

In practice, it is our understanding that the town administrator and town accountant create budget projections in the fall, receive departmental requests and develop the initial budget proposal. By January, the selectmen have the opportunity to meet with department heads and review budgets. Once complete, the budget proposal goes to the warrant committee, which conducts a comprehensive review and prepares the final appropriation request for town meeting.

Conclusion. Taken together, all that we researched and observed confirm that the town's financial management practices are sound. Managers and staff are capable and experienced. Procedures are thought-out and consistently well executed. Financial controls are committed to. In

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<sup>2</sup> Belmont By-laws Article 4, Section 8.4.

fact, we recognize that the town has had a long-standing reputation as a well-run community. In this context, we offer few recommendations aimed at fine-tuning overall and departmental operations.

That being said, we are nonetheless compelled to put forward comments on the structure of government in Belmont. It is entirely decentralized in a way that runs counter to proven organizational models for contemporary municipal government and it is generally at odds with practices in AAA peer towns. In particular, and at the core, lacking is an empowered management presence where appointing authority and budget control reside, and where accountability is imposed. The town, through earlier government study committees and town meeting action has touched on and adopted structure-related proposals, but its approach has been piecemeal. We see value in a more global, inclusive approach and movement toward a more vertical organizational structure.

Accordingly, past efforts notwithstanding, our primary recommendation is that the town form a “blue ribbon” study committee and charge it with exploring the merits of adopting a town charter.

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## GOVERNMENT STRUCTURE

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In 1993, town meeting adopted a by-law empowering the selectmen to appoint a town administrator. In 2003, as a result of the work of a government study committee, a consolidated department of public works (DPW) was established by a special act (c. 21 of the Acts of 2004). The elected water board was abolished and oversight of the water and cemetery departments was transferred to the selectmen, who hired a new DPW director. A proposal to convert the treasurer/collector's position from elected to appointed was approved by a special town meeting in November 2004, but was defeated in the 2005 annual town election.

In 2008, a government structure review committee was formed and issued a series of recommendations in March 2009. Through special acts, three recommendations were enacted: the police chief was granted the same appointing authority as the fire chief has (c. 376 of the Acts of 2010); a recall process for elected officials was established (c. 381 of the Acts of 2010); and the selectmen were permitted to license the sale of alcoholic beverages in town (c. 388 of the Acts of 2010). A recommendation to consolidate town and school building facilities maintenance was approved by town meeting in 2010 and is now being implemented. Rejected was a proposal to reduce the number of representative town meeting members and other steps were taken in lieu of consolidating the school and town human resources offices. Further proposals to strengthen the town administrator's position, expand the board of selectmen to five members, and create a light board other than the selectmen have not been acted on.

These studies and proposals are strong evidence that local officials and residents have a continuing interest in how local government is organized and how it operates. The adoption of individual proposals represents by some measure progress, but incremental action does not always account for the interdependency of municipal boards, committees and departments. It is also an inadequate approach for establishing centralized management authority in a meaningful way. It is our observation that Belmont would benefit from a single, comprehensive look at municipal government with an eye toward strengthening its management capabilities. The exercise of working through a charter process would provide that opportunity.

A charter has become the preferred means, over by-laws and policies, to achieve long-term continuity and stability as officials, board members and personnel change. As such, one outcome is that charters strengthen public confidence in government. It gives a community the ability to decide how it wishes to be governed in the future. It is a means for creating an organizational foundation, defining relationships among officials, boards and commissions, and more clearly setting-out financial procedures. Charter provisions typically outline the authority and responsibilities of town officials, establish lines of accountability and address issues of elected versus appointed officers and boards. The budget process, capital planning steps, the elements of employee performance evaluations can be included as well.

Fundamental to the formulation of a charter is the underlying principle that its purpose is to establish parameters, or broad statements of policy, structure and procedures with the expectation that details are embedded in by-laws. On completion, the charter and general by-laws should be companion documents that complement each other with the effect of providing stability as well as flexibility to adapt to changing circumstances. Consequently, a full by-law review typically accompanies the adoption of a new charter.

For the Town of Belmont, pursuing the course toward a charter would prompt discussion on all aspects of municipal government, including those listed below some of which have already been the subject of local debate.

- What should be the overall authority of the town administrator?
- What should be the town administrator's role in the budget process?
- What role should the selectmen have in the budget process?
- Should the town formalize a budget process and calendar?
- What appointing authority should reside in the town administrator position?
- What should be the role of the warrant committee in town government? Is a committee of 17 members most effective?
- Should Belmont move toward a town manager form of government?
- Should the town create a consolidated finance department? Should the finance director be a free-standing position or should the treasurer/collector or accountant serve in a dual role as director of the department? Should the assistant town administrator serve as director?
- Should the treasurer/collector, or any other office, be converted from elected to an appointed position?
- Should any current elected boards or committees be appointed?
- What standing committees should be codified?
- Should there be rules for the formation of ad hoc committees?
- Are three selectmen adequate or should the board expand to five members?
- Should the size of town meeting be changed?

These represent some of the questions we would expect a charter study committee to explore. We elaborate on a few in recommendations below which we encourage the town to pursue irrespective of a charter decision.

Two options for establishing a new government structure are available. A community can form a charter commission to adopt a new charter or, as an alternative, under M.G.L. c. 43B a community can adopt a charter by a special act of the State Legislature with approval by the Governor. For municipalities, key distinctions between a charter commission and a special act are the time required to complete the process and latitude in the study group's composition. The work of a charter commission is directed by statute and involves 18-24 months and its members are elected. On the other hand, when a government study committee is formed and charged with the task of drafting a special act, it can advance on a more rapid timeline and its members are appointed. The appointment process provides a greater opportunity to bring together objectively minded people who may also have expertise of value.

Ultimately, the thoroughness and objectivity of the study process is critical to the credibility of the committee's work and its final conclusions. Charter committees are often created through a town meeting article with five-to-seven members appointed by the town moderator, the selectmen or a combination of both. For further insight, see the checklist of chart components included as an addendum to this report.

Of the 12 sample AAA towns we surveyed, three towns are organized under a Home Rule Charter and six have restructured local government through Special Acts that are broad in scope and in substance perform the same function as a charter. All share the characteristics of giving order and structure to municipal government. In regard to other issues, nine have five selectmen; eight have town managers; and nine have appointed treasurer/collectors. We would also note that all of the towns operate under other Special Acts on a range of municipal subjects.

### Sample Comparable AAA Towns

	Pop.	BOS	Town Mgr Town Admin	Treasurer / Collector	Home Rule Charter, Special Act or by-law
Acton	21,924	5	TM	Appointed	Home Rule Charter-pre1987
Arlington	42,844	5	TM	Elected	Spec Act c.503 of 1952
Concord	17,668	5	TM	Appointed	Spec Act c.280 of 1952
Duxbury	15,059	<b>3</b>	TM	Appointed	Spec Act c.353 of 1987
Hingham	22,157	<b>3</b>	<b>TA</b>	Elected	by-law
Lexington	31,394	5	TM	Appointed	Spec Act c.753 of 1968
Marblehead	19,808	5	<b>TA</b>	Appointed	by-law
Needham	28,886	5	TM	Appointed	Spec Act c.176 of 2004
Sudbury	17,659	5	TM	Appointed	Spec Act c.131 of 1994
Wellesley	27,982	5	<b>Exec Dir</b>	Appointed	by-law
Westwood	14,618	<b>3</b>	<b>TA</b>	Elected	Home Rule Charter 1970
Winchester	21,374	5	TM	Appointed	Home Rule Charter 1975
Belmont	24,729	<b>3</b>	<b>TA</b>	Elected	by-law

## RECOMMENDATION 1: FURTHER EMPOWER THE TOWN ADMINISTRATOR

We recommend that the town empower the town administrator with appointing authority and budget control. In the vernacular of municipal government, Belmont operates under a weak town administrator structure, which was adopted almost 20 years ago. Conversely, many communities, including the vast majority of the comparable AAA towns, benefit by making the town administrator a position in government where clear lines of authority converge. Through appointing authority and budget control, the town administrator can be the catalyst for more responsive, effective government where accountability is created, initiatives are better coordinated and goals are implemented uniformly across town departments.

Therefore, we encourage the creation of a strong central leadership position and applaud the efforts of the structure review committee in proposing it. The administrator should be responsible for the appointment, removal and discipline of all non-school department heads. This would include the appointment of managers working for elected boards (boards and committees can still have a role by screening candidates or advising on selections). The town administrator would oversee operations to ensure all services are provided in a coordinated manner and are as cost effective as possible. He would manage the budget process and prepare multi-year revenue and expenditure forecasts.

This does not mean that the role of the selectmen or of the warrant committee would be diminished. The selectmen and town administrator would arrive at long and short-term priorities, expectations, and realistic reporting or decision-making deadlines. Together they would establish goals and objectives that more clearly define their relationship, as well as day-to-day performance expectations. The warrant committee would continue to function in a watchdog role and represent the interest of town meeting. Its focus might appropriately shift to a global perspective ensuring that the allocation of resources complies with the town's financial policies, is consistent with priorities and advances overall town goals.

The board of selectmen has, by vote or informal agreement, taken small steps that suggest an intent to further empower the town administrator by shifting warrant signing and minor appointing authority to him. However, under Massachusetts law, it is difficult for a board of selectmen to delegate its authority without a stronger vehicle. Expanded powers are most effectively, and sometimes exclusively, transferred through a charter or special legislation.

## RECOMMENDATION 2: RE-EXAMINE AND FORMALIZE THE BUDGET PROCESS

We recommend that the town create consistency between the budget processes as specified in its by-law and as followed in practice. This recommendation is somewhat self-explanatory. Whatever budget process the town chooses to follow and whatever role it deems most effective for the town administrator, selectmen and warrant committee should be clearly set out and committed to. In part, this speaks to the integrity of town by-laws. The town should live by its own rules. In addition, this is an opportunity to review the budget process. We recommend a lineal budget process where the town

administrator generates revenue projections, receives departmental appropriation requests and develops the initial budget. The selectmen would have the opportunity to review the budget, meet with department heads and on their approval forward the budget recommendation to the warrant committee. We would expect communication and collaboration throughout the process so that the budget presented by the warrant committee to town meeting has consensus approval.

### RECOMMENDATION 3: CONVERT THE TREASURER/COLLECTOR POSITION FROM ELECTED TO APPOINTED

Reconsider changing the treasurer/collector to an appointed position. We recognize that a proposal to appoint the treasurer/collector was defeated by town voters in 2005. The rejection does not, however, make the reasons for the change less compelling. Unlike policy making positions - typically boards and committees - the treasurer and collector positions require specific skill-sets. An appointment process expands the pool of potential candidates with the experience and qualifications critical to the position. When appointed, the treasurer and collector would be on equal footing with other town hall employees and subject to the same rules and performance standards. This is not a negative comment on the performance of the current treasurer/collector, however, should he resign or choose to not pursue reelection, there is no guarantee that a person possessing the necessary knowledge and capabilities will seek and win election.

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## SUMMARY BY DEPARTMENT

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### ACCOUNTANT

The town accountant's office is staffed by the town accountant, the assistant accountant and a part-time accounts payable clerk.<sup>3</sup> The accountant oversees financial activity of the municipality and maintains the town's general ledger. The accountant and her staff review weekly invoices and payroll, prepare warrants, produce trial balances and maintain information on town debt. The assistant accountant is trained to perform the duties of the office and to sign warrants in the accountant's absence. In a valuable but rare municipal role, the assistant accountant conducts internal audits of cash receipts, billing procedures and accounts payable.

Monthly, the office distributes revenue and expenditure reports and reconciles cash and receivables with the treasurer/collector as well as all accounts with the school department. At the close of each fiscal year, the accountant prepares and submits the balance sheet and year-end report of revenues, expenditures and fund balances (commonly referred to as the Schedule A) to DOR.

The town accountant is the chief procurement officer, the liaison to the warrant and capital budget committees, and a member of the retirement board. She works with the town administrator in the budget process, developing revenue estimates, issuing departmental request worksheets and provides general coordination. The town administrator and accountant meet with departments to review annual performance data and measurement goals, operating needs and capital requests. The accountant maintains a five-year revenue and expenditure forecast. In compliance with Governmental Accounting Standards Board (GASB) requirements, she also annually updates the capital and infrastructure inventory data (Statement 34) and biannually initiates the actuarial analysis of Belmont's OPEB liability (Statement 45).

The town accountant has served the town for three terms, a total of nine years. However, this past spring she informed the selectmen she would be leaving town service. Until a replacement is appointed, she continues to perform her job in a part-time capacity, two days a week.

### ASSESSORS

The assessing office is guided by an elected, three-member board of assessors. The board members meet bi-monthly and more often when abatement applications are filed. The board determines the full and fair cash valuations and classification of all property, assigns tax payments to owners, generates the property tax and excise commitments for the treasurer/collector and acts on all abatement and exemption applications.

Day-to-day operations are overseen by a full-time assessing administrator. He maintains the assessment records, determines new growth and interim year value adjustments, and conducts in-house residential, commercial and industrial property revaluations. He conducts building and occupancy permit inspections as well as inspects sale properties. As abatement and exemption applications are

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<sup>3</sup> The staff is often assisted by a part-time intern or part-time budget analyst, depending on the funding available in each year's budget.

submitted, the assessing administrator reviews them, conducts an inspection if necessary and recommends action to the assessors. In addition, two consulting services, RRC and J. F. Ryan Associates, are used to list and value personal property accounts and to conduct cyclical real property inspections.

The assessing administrator supervises a staff of two and a half persons, an assistant assessing administrator, an assessment technician and a part-time clerk. The staff enter legal changes, recollected cyclical data and sketches into the WinAppraisal computer assisted mass appraisal (CAMA) system. They maintain the town's assessment maps, track building permit information, handle the motor vehicle excise accounts, prepare abutters' lists and respond to public inquiries. In the abatement and exemption process, they assist taxpayers with applications and when each is acted on by the board, they generate approval certificates or denial letters on the computer. Approved exemptions and abatements are entered into MUNIS, reported to the treasurer/collector and then reconciled monthly with the treasurer/collector.

The assessing office maintains assessment data on approximately 8,640 real and personal properties. The office uses the WinAppraisal CAMA system to value real properties and store property information and keeps its personal property accounts in a separate software application developed by its appraisal consultant, RRC. Annually, commitments are generated for about 20,850 motor vehicle excise accounts. In addition, the office processes approximately 800 building permits, 680 deed transfers, 270 property sale questionnaires, 220 exemptions, 230 abatements, 240 form of lists, 130 income and expense reports and 23 boat excise accounts annually. With the adoption of the Community Preservation Act (CPA) effective in FY2012, the assessors will be including a 1.5 percent surcharge<sup>4</sup> on property tax bills. Information about the program is available to taxpayers via the town's website and in a brochure.

Triennially, each community must complete a revaluation of all property that is reviewed and certified by the Bureau of Local Assessment (BLA). During the fiscal year 2010 certification process, BLA staff found the assessing staff to be knowledgeable of assessing practices and very capable. However, the assessing staff had difficulty producing the required review documentation, reports and spreadsheets from the WinAppraisal system. They had to contact J. F. Ryan Associates to get the required information in a report format. This led to delays in the BLA review and subsequent certification.

We found some system problems that the staff routinely encounters. Pictures have been taken for all properties, yet the website property database hosted by J. F. Ryan Associates does not display the photos. Similarly, when viewing on-line property records, we found sketches that did not match property descriptions; only when the screen was refreshed more than once did the correct sketch appear. We also were informed that the WinAppraisal system inspection date field did not work. As a result, properties with an inspection date over the last few years are still included in the system reports

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<sup>4</sup> The town adopted an exemption for property owned and occupied as a domicile by a person who would qualify for low income housing or low or moderate income senior housing in the community and an exemption for \$100,000 of the assessed valuation of Class 1, Residential parcels.

for inspection. The staff has attempted to override the program without success, thus requiring them to manually manipulate the output file continuously.

## HUMAN RESOURCES

The human resources department is comprised of a director, a full-time insurance and benefits clerk (who handles these benefits for town and school employees and retirees) and a part-time clerical assistant. The director has worked for the town for eight years. She primarily handles employee relations and negotiates with the eight town unions. She reviews pay classes and job descriptions, advertises openings, and does preliminary review of applications. Departments conduct their own screening and interviews, which the human resources director sits in on as time allows. For new hires, physicals are arranged, an orientation is conducted, forms are completed and an employee handbook is distributed. Due to the decentralized nature of the town's government structure, the director's input on hiring decisions and personnel practices is limited. She keeps current personnel information stored in locked files in her office that separates employment and medical records, complying with federal and state laws. Documents that predate her tenure are kept at the department level.

During 2010, the selectmen appointed a human resources consolidation committee. The committee was established to examine the feasibility of combining the town and school operations under the direction of one human resources director. During its investigation, the committee found the town office primarily provides administrative and clerical services for over 970 employees and retirees and administers all insurance benefits town wide. The school department has one and a half employees handling personnel functions for its 720 employees. The draft report noted that a combined town and school personnel department would comprise 4.2 full-time equivalents. This would be roughly one full time equivalent human resource position for every 404 employees, which they concluded was not favorable. The committee also highlighted the need for additional trained professional human resources staff, consistent procedures across departments, consolidation of personnel files and consideration of using the MUNIS system modules.

## INFORMATION TECHNOLOGY DEPARTMENT

The information technology (IT) director has worked for the town for ten years. During that time he has revamped the town's systems, installed new software applications and replaced hardware. He hired four full-time staff to support and expand services, and upgraded security by installing backup systems and developing a disaster recover plan.

IT manages non-school computer systems comprised of a fiber optic network of 30 servers and 260 desktop and laptop computers spread throughout 22 town departments and divisions in 11 buildings. The servers, desktops and laptops are replaced on a five-year schedule, and 85 printers are replaced every six to eight years. IT provides training and computer support, tracking nearly 1,400 requests annually. IT also oversees the town's website ([www.town.belmont.ma.us](http://www.town.belmont.ma.us)) that contains departmental listings, telephone numbers, emails, hours of operation, meeting notices, on-line bill payment options, forms, community links, by-laws and other content supplied by departments. While

the schools have their own IT department and systems, the administrative offices are on the MUNIS system and the two IT departments often collaborate on special projects and security matters.

Town offices have email capability and internet access, both of which are subject to written policies, as well as access to Microsoft Office applications and other specialty software. The financial offices use MUNIS, an integrated financial system, which includes modules for the general ledger, purchase order system, accounts payable, payroll, personnel management, treasury management, and tax and excise billing, collections, and accounts receivable. Utility billing is managed through a separate application, Cogsdale, primarily used by the light department. Electric readings (an estimated 11,000 accounts) are collected monthly (via mobile radio reading system) while water readings (for 6,600 water and sewer bills) are done quarterly. The assessors use the WinAppraisal system and RRC software and all departments have access to the town's geographical information system (GIS).

Advantages of MUNIS are the remote access and data entry features. The school department enters all its payroll and requisitions for purchase orders. Town departments may view and print budget information and they input requisitions for purchase orders. While the light and public works departments are authorized to enter payroll on an exception basis, the treasurer/collector's staff enters the data for all other departments.

## TREASURER/COLLECTOR

The treasurer/collector is an elected official, who has served the town since 2005. A treasurer/collector, assistant treasurer/collector, four full-time and two part-time individuals staff the office. As treasurer, he is responsible for payroll and cash management, including the investment, disbursement and borrowing of funds. Collector responsibilities include the authority to collect all monies due to the community. He is appointed as the parking clerk and serves as an ex-officio member of the capital endowment fund committee to fund long range capital needs.

The treasurer primarily handles banking relations, manages the debt, supervises the staff and coordinates with other offices. The assistant treasurer/collector has worked for the town for 27 years and is fully trained to perform office duties in the treasurer/collector's absence, including signing all documents. Her primary responsibilities include overseeing staff, maintaining the cash book and depository information, and preparing daily turnovers for the accountant. Cash and receivables are reconciled with the accountant's general ledger monthly.

The cash book is made up of a series of spreadsheets to account for all activities by date, bank account, type of receipt, and who processed each entry. Each report is reconciled daily and entered into the MUNIS cash book also. The system of reports was designed to ensure checks and balances are in place, however it is time consuming to maintain and in some instances requires redundant entries.

The four full-time staff members have assigned duties and responsibilities and operate under procedures that are well defined and understood. All are cross-trained in the various functions of the office, take payments at the window and handle customer service inquiries. The real estate tax clerk has worked for the town for three years. He is responsible for the billing, collection and maintenance of real estate, personal property, tax title, and tax deferral accounts. He prepares municipal lien

certificates (an estimated 900 annually) and initiates tax title proceedings within the year. Currently, there are 26 accounts in tax title, totaling over \$680,000. The oldest dates back to 1959 and the largest has a principal amount of almost \$115,000.

The excise and accounts payable clerks each have worked in the office for almost two years. The excise clerk handles motor and boat excise accounts and processes the deputy collector's turnovers monthly while the accounts payable clerk generates the vendor checks, processes refunds and reimbursements and handles returned checks. The administrative assistant provides clerical support for the department. As needed, she also provides customer service assistance, serves as a cashier at the window, and is the backup person for payroll. The part-time payroll clerk receives timesheets and enters payroll on an exception basis into the MUNIS system. She then balances figures with the accountant, generates the payroll and prints out checks, direct deposit slips and reports. She maintains employee records, makes changes authorized through personnel action forms, enters employees' use of personal (e.g., vacation and sick) leave into MUNIS and handles the workers' compensation. The part-time special projects clerk works about two hours per week stuffing the payroll checks.

Teachers are paid biweekly, officials receiving stipends and retirees are paid monthly and all other employees are paid weekly; nearly 80 percent of payroll is distributed through direct deposit. Prior to 2007, the town used a different system that required weekly input of the whole payroll. To accommodate this task, timesheets were submitted to the office by Wednesday for the current week ending on Saturday. It was entered by the clerk, figures were reviewed by the accountant, payroll was printed and distributed the following Wednesday. Any changes after the payroll warrant closes are submitted to the payroll clerk and reflected in the subsequent payroll. While the MUNIS system is on an exception basis and two departments are authorized to remotely enter timesheet information (with paper documentation submitted for verification), the former procedures continue. Similarly, MUNIS has the ability to accrue and track the use of personal leave. However, starting balances and the amount each employee is entitled to annually have not been set up so available balances cannot be printed on the payroll statement. Each department keeps records of time earned and used by each employee, the latter is reconciled with the payroll clerk periodically.

The town uses contract services to assist in the billing and collecting process. Mark Altman & Associates prints and mails the utility bills and PKS, the town's deputy collector, prepares and issues the property tax and motor vehicle excise bills. For collections, the town has a lock box service and accepts Internet payments via MCC. In total, it is estimated that Belmont receives about 65 percent of all bills through lockbox, Internet and escrow (mortgage companies) services.

The town uses the services of a deputy collector for past due motor vehicle excise bills, which as of June 30, 2011 total over \$327,000 and date back to 1991. The deputy collector completes online license and registration markings for non-renewal status with the Registry of Motor Vehicles. The deputy collector deposits funds to a dual signature bank account in the town's name, but the statements are not mailed to the treasurer/collector because it is not a town account. Weekly, the deputy collector prepares a turnover report of the collections made and includes two checks, one for the deputy's service fees and one for the net revenues to the town, for the treasurer/collector's signature.

## ADDITIONAL RECOMMENDATIONS

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### RECOMMENDATION 4: SET RULES FOR AD HOC COMMITTEES

We recommend the board of selectmen review the status of all volunteer committees it appoints. It has been suggested to us that the town has numerous volunteer committees many of which are unnecessary or inactive. From a review of the town's 2009 Annual Report (the 2010 report was not accessible online); many of the town's committees are required or permitted by state law and have clarity of purpose. In regard to the formation of other ad hoc committees, guidelines are useful.

We recommend that the selectmen review the status of all volunteer committees to determine whether they advance town interests and the decision-making process. Committees that are dormant, which have achieved their purpose, or whose purpose is no longer relevant should be disbanded. Committees whose existence is justified should be reconstituted with a renewed mandate. A reporting requirement and a deadline for action should be established. For some committees, a sunset clause is appropriate. The selectmen, normally through the town manager, should firmly enforce any requirements relative to annual or periodic committee reports.

Moving forward, we suggest that selectmen set ground rules, expectations, and reporting mandates for new committees. Although compelling reasons do arise, if a committee reports to the selectmen, it should resist placing selectmen among its members. This is often counter-productive and not the best use of a selectman's time. Similarly, selectmen should be sensitive to what they ask of town officials. If they are appointed to multiple committees, meetings add up and can hamper their ability to fulfill other responsibilities and meet demands placed on them. When information from town departments is relevant to committee work, a process for obtaining it should be made clear. Circumventing that process by committee members should be discouraged. We would expect cooperation from town employees, but selectmen can make it clear to committee members that town hall staff have full-time responsibilities, and that their first obligation is to fulfill the legal requirements of their job.

### RECOMMENDATION 5: MODIFY AUDIT COMMITTEE MEMBERSHIP

We recommend that the town modify the membership of the audit committee. An audit is an independent review of the town books and fiscal practices and the role of the audit committee is to review the auditor's management letter and monitor progress in resolving identified issues. Given the substance of an audit, the purpose of the committee and to avoid any potential conflicts of interest, the financial officers should not serve as members of the committee. The audit committee would be best comprised of selectmen, warrant committee members and residents who do not otherwise work for the town.

## RECOMMENDATION 6: CONSIDER CHANGES TO THE PERSONNEL SYSTEM

We recommend that remote entry access be given to all departments to enter payroll into the MUNIS system. Currently, only the public works and light departments are granted access to enter payroll information directly into the MUNIS system. Access should be expanded to make each department responsible for data entering employee time, ensuring the correct pay code and funding sources are being used. This replicates and replaces the current paper process. The payroll clerk would compare computer entries against departmental cover sheets she would still receive and, if acceptable, prepare the warrant for the town accountant's review and signature. The electronic transmission of timesheet data will reduce the amount of manual entries the payroll technician is performing, thereby freeing up her time. This would be best implemented in phases, working with one or more departments to complete set up work and test implementation before training others to use the system.

We recommend that department heads approve and submit payroll timesheets after the close of the work week. While Belmont employees are not being paid early, employee timesheets are completed, approved by a department head and submitted before the work week is complete. This can be problematic when corrections have to be made at the last minute or in the subsequent pay period. Hand written notations made on Monday will reflect the correct use of time in the hardcopy records. However, accruals are not electronically up-to-date. As a result, the town does not include employees' use and balance of sick, vacation and personal time on their pay stub. Department heads should be directed to submit approved timesheets after the close of the work week.

We recommend that the town use the MUNIS system to track and report personal leave balances for all employees. The payroll software can maintain a record of employees' accrued sick, vacation, and personal leave and can print the balances on the individual pay stubs. As timesheets are submitted with time used and entered into MUNIS, the availability of the time would be evident and the balances automatically adjusted. To use this application properly requires that the accrued leave balances for all employees (as of a particular date) are entered into MUNIS and that procedures are established to ensure additional time earned is added timely each year.

We recommend that all personnel files be centrally located in the human resources office. Once combined in one office, the human resources director will be able to ensure that employee information is kept separately and access is guarded. Under M.G.L. c. 149, §52C, a personnel file would include all documents kept by an employer that have been used or may affect that employee's qualifications for employment, promotion, transfer, additional compensation or disciplinary action. Not included would be "personal information" protected under M.G.L. c. 214 §1(b) and medical records protected by the American Disabilities Act.

We recommend that Belmont move to a bi-weekly payroll schedule for all employees. An increasing number of employers in both the public and private sectors, including the Commonwealth, compensate employees on a bi-weekly basis. Teachers are on a biweekly pay schedule already. Moving all other employees to biweekly payroll would reduce the workload of the payroll clerk as well as in the accountant's office. Staff would then be freed up to perform other activities. To move union employees to a biweekly pay period will require collective bargaining.

#### RECOMMENDATION 7: ESTABLISH A DEPUTY COLLECTOR ACCOUNT AND PAY FEES BY WARRANT

We recommend that the treasurer/collector establish his own account for the deposit of all amounts collected by the deputy collector and that the town process the deputy collector's service fees through the warrant. A deputy collector may not receive checks for tax payments that are made out to him, nor may he endorse any instrument payable to the town. In addition, a deputy may not deposit municipal funds in a personal bank account nor may he maintain a personal bank account in the name of a community (M.G.L. c. 60, §92). Under the preferred practice, a deputy collector would prepare a turn over to the town at least weekly all amounts he collects or deposits into the community's deputy collector bank account. To comply with the town by-law, the treasurer/collector should not endorse checks paying the deputy collector's service fees. Instead, payment should be processed through the vendor warrant.

#### RECOMMENDATION 8: PURSUE COLLECTION AND FORECLOSURE REMEDIES

We recommend the treasurer/collector contact the assessors about abating motor vehicle excise determined to be uncollectible. Abating the older amounts will help clean up and reduce the town's receivables on its balance sheet. If an older outstanding amount is eventually collected and turned over by the deputy collector, the assessors would have to recommit the bill on a special warrant to the treasurer/collector. This will enable the treasurer/collector to accept the payment and post it in the MUNIS system.

We recommend that the treasurer/collector pursue foreclosure options. By promptly initiating Land Court foreclosure proceedings, the town would demonstrate to taxpayers that it is serious about pursuing delinquent amounts. For any properties with a 2011 property value of \$19,450 or less, the treasurer/collector could work with the assessors to pursue land of low value foreclosure through the Department of Revenue, which is an alternative foreclosure procedure. As a result of either process, the foreclosed parcels can then be auctioned to recover taxes and interest owed, or preserved as town-owned land.

## RECOMMENDATION 9: REVIEW THE CASH BOOK FORMAT AND SUPPLEMENTAL RECORDS

We recommend that the assistant treasurer/collector review the current multiple spreadsheet applications with the IT department and/or the private auditor. The intent would be to determine if the cash and supplemental records could be revamped in order to eliminate the duplicate manual entries being performed. We understand that the current system of spreadsheets used to account for cash details and summary daily activity was designed to promote checks and balances as well as provide different reporting outcomes. However, the current system requires duplicate manual entries, which can be time consuming and potentially subject to human error. The assistant treasurer/collector should seek input and guidance from the IT department and/or the private auditor on a way to simplify the current system. They may be able to help design a new format that enables entries to be made once and flow electronically, meeting the office's tracking and reporting needs as well as freeing up the time of the assistant treasurer/collector.

## RECOMMENDATION 10: UPGRADE OR IMPLEMENT A NEW CAMA SYSTEM

We recommend that the town upgrade the existing system or purchase and implement a new CAMA system to allow the assessing staff to more efficiently analyze market trends and review the uniformity and equity of all property values. This will permit the assessing staff to produce clear documentation as required for certification that will support proposed and final assessments more easily. It also will help the town meet BLA's minimum standards that require a valuation system be implemented that has "the capability of maintaining data, updating values, providing necessary reports and meeting the minimum standards for assessment administration."<sup>5</sup>

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<sup>5</sup> *Guidelines for Development of a Minimum Reassessment Program*, page 3.

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## ADDENDUM: CHARTER COMPONENTS

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### **ARTICLE 1 - INCORPORATION, SHORT TITLE, POWERS**

- Incorporation
- Short Title
- Division of Powers
- Powers of the Town
- Construction
- Intergovernmental Relations
- Definitions

### **ARTICLE 2 - LEGISLATIVE BRANCH**

- Town Meeting
- Presiding Officer
- Committees
- Time of Meeting
- Special Meetings
- Warrants
- Initiation of Warrant Articles
- Availability of Town Officials at Town Meetings
- Clerk of the Meeting
- Rules of Procedure
- Report to Voters

### **ARTICLE 3 - EXECUTIVE BRANCH**

- In General
- Board of Selectmen
- School Committee
- Town Clerk
- Board of Library Trustees
- Town Moderator
- Planning Board
- Housing Authority Charter Components Page Two

### **ARTICLE 4 - TOWN MANAGER**

- Appointment, Qualifications, Term
- Powers and Duties
- Delegation of Authority
- Acting Town Manager
- Removal and Suspension

### **ARTICLE 5 - ADMINISTRATIVE ORGANIZATION**

- Organization of Town Agencies
- Merit Principle
- Authority of Departments Heads, etc. to Appoint

### **ARTICLE 6 - FINANCE AND FISCAL PROCEDURES**

- Fiscal Year
- School Committee

- Submission of Budget and Budget Message
- Budget Message
- The Budget
- Action on the Budget
- Personal Liability for Expenditures in Excess of Appropriations
- Capital Improvement Program
- Independent Audit

**ARTICLE 7 - GENERAL PROVISIONS**

- Elections
- Charter Changes
- Severability
- Rules of Construction
- Rules and Regulations
- Certificate of Election or Appointment
- Periodic Review, Charter and By-Laws
- Procedures Governing Multiple Member Bodies
- Removals and Suspensions
- Notice of Vacancies

**ARTICLE 8 - TRANSITIONAL PROVISIONS**

- Continuation of Existing Laws
- Continuation of Government and Administration
- Transfer of Records and Property
- Effect on Obligations, Taxes, Etc.
- Time of Taking Effect

## ACKNOWLEDGEMENTS

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This report was prepared by The Department of Revenue, Division of Local Services.

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