

# Stop Stealing From Your Neighbors: Building Your Finance Team

Massachusetts Municipal Association Annual Meeting

# **Outline**

- > Technical Assistance Bureau
- Cover the where, what, why, and how of the Hilltown Collaborative project we were involved with through the Community Compact initiative
- Community Compact Grant Opportunities

## **Technical Assistance Bureau Mission**

To provide communities with guidance and resources they need to strengthen core competencies and operate more efficiently and effectively.

- > Develop and circulate best practice guidance and tools
- > Promote strategic, long-term thinking and emerging innovations
- ➤ Encourage performance, accountability, and internal control standards
- > Connect community leaders, managers, and administrators

#### **Hilltown Collaborative**

#### HILLTOWN COLLABORATIVE

IMPLEMENTATION PLAN FOR A SHARED FINANCE OPERATION
A COMMUNITY COMPACT CABINET INITIATIVE

**JUNE 2017** 



- ➤ Blandford, Chester, Huntington, Middlefield, Montgomery and Russell
- ➤ Shared Finance Director, Accountant, Assessor and Treasurer/Collector
- ➤ Declining and Aging Populations,
  Declining School Enrollments, Increasing
  Costs and Turnover
- ➤ Special Legislation
- ➤ Quick Disclaimer: This is what we recommended, not necessarily what was implemented locally

# **Hilltown Collaborative**

	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell
Population	1,246	1,360	2,168	528	862	1,789
Total Budget	\$4,735,888	\$3,282,814	\$4,815,836	\$1,476,010	\$2,052,817	\$4,819,485
DOR Income Per Capita	\$28,307	\$21,642	\$28,742	\$17,181	40,771	24,110
Avg. Single-Family Home Value	\$211,641	\$158,523	\$192,259	\$192,278	\$257,988	\$183,911
Avg. Single-Family Tax Bill	\$3,585	\$3,221	\$3,470	\$3,390	\$3,558	\$4,020
Town Charter	No	No	No	No	No	No
Select Board	3 Members					
Town Meeting	Open	Open	Open	Open	Open	Open
Town Administrator	Yes	Yes	Yes	Yes	No	No
Elected Finance Positions*	No	Yes	No	No	Yes	No

**Total Population: 7,953** 

**Total Budget: \$21 Million** 

Avg. Income Per Capita: \$26,792

Avg. Single-Family Home Value: \$199,433

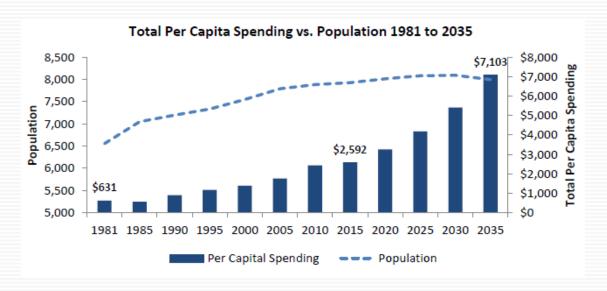
Avg. Single-Family Tax Bill: \$3,541

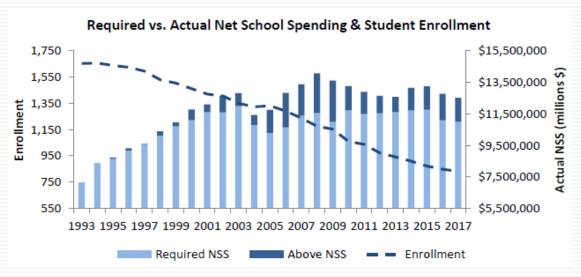
# **Implement a shared Finance Operations**

- ➤ Finance Director Advises boards & committees on financial matters, advises on budget & capital planning, conducts policy analysis, oversees annual reporting, other special projects
- ➤ Accountant Maintains general ledger, prepares monthly revenue & expenditure reports, conducts internal audits, prepares annual reporting, oversees payroll & accounts payable warrants, manages procurement
- ➤ Treasurer/Collector Custody of funds, oversees investments, monitors cash flow, receives departmental turnovers, supervises payroll, administers benefits, issues tax bills, processes collections, deposits funds, manages receivables
- ➤ Assessor Determines real & personal property valuations, conducts property inspections, sets annual overlay & determines surplus, prepares valuation & commitment lists, administers excise, processes, abatements & exemption applications, upholds assessment administration standards

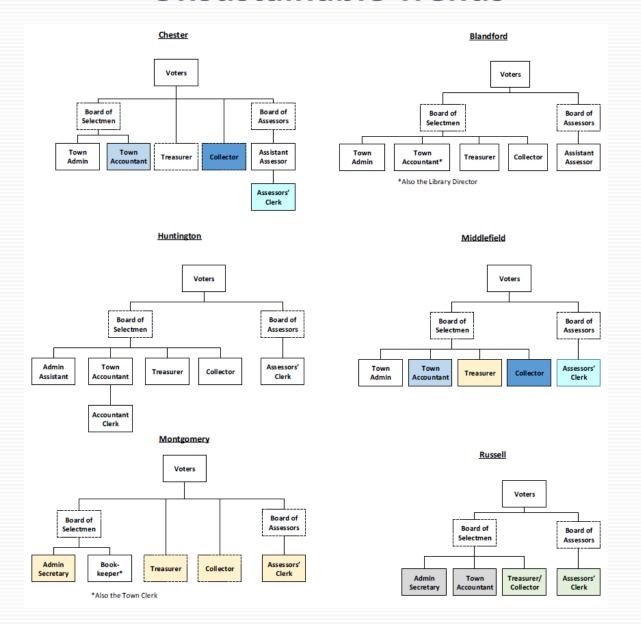
#### **Unsustainable Trends**

- Demographic
- > Financial
- > Management
- > Turnover





# **Unsustainable Trends**



# **Shared Financial Operation**

Town of Town of Town of Town of Town of Town of Blandford Chester Huntington Middlefield Russell Montgomery **Board of Selectmen Board of Selectmen** Appointed **Advisory Board Finance Director** Advises Boards & Committees on Financial Matters Advises on Budget & Capital Planning Conducts Policy Analysis Oversees Annual Reporting Other Special Projects Accountant Maintains General Ledaer Prepares Monthly Revenue & Expenditure Reports Conducts Internal Audits Prepares Necessary State, Federal, Regional Financial Reporting Oversees Payroll and Accounts Payable Warrants Manages Procurement Treasurer/Collector Custody of Municipal Funds Oversees Investments Monitors Cash Flow Receives Deposits Supervises Payroll Preparation Administers Employee Benefits Manages Tax Title Process Issues Bills Processes Tax. Excise & Other Collections Processes Departmental Turnovers Deposits Funds Manages Receivables Assessors Determines Real & Personal Property Valuation

Conducts Property Inspections
Annual Tax Rate Setting
Sets Annual Overlay & Determine Surplus
Prepares Valuation & Commitment List
Assesses & Administers Excises
Commits Delinquent Charges
Processes Abatement & Exemption Applications
Meets all DLS Regulatory & Assessment Administration Standards

# **Shared Finance Operation Costs**

Current Annual Operating Costs	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell	Total
Accountant Salary	\$17,937	\$14,613	\$19,156	\$9,360	\$11,275	\$23,376	\$95,717
Accountant Expenses	20,600	15,000	10,500	13,700	140	29,750	89,690
Total Accountant	38,537	29,613	29,656	23,060	11,415	53,126	185,407
Assessors Salary	19,713	36,104	18,365	14,400	7,870	24,585	121,037
Assessors Expenses	21,495	10,200	8,200	5,410	4,200	16,200	65,705
Total Assessors	41,208	46,304	26,565	19,810	12,070	40,785	186,742
Treasurer Salary	17,180	10,560	17,798	9,360	8,710	11,042	74,650
Treasurer Expenses	21,150	19,000	10,600	15,500	6,150	4,000	76,400
Total Treasurer	38,330	29,560	28,398	24,860	14,860	15,042	151,050
Collector Salary	14,366	17,665	22,629	10,200	11,024	16,434	92,318
Collector Expenses	22,526	6,500	5,500	5,100	2,200	3,500	45,326
Total Collector	36,892	24,165	28,129	15,300	13,224	19,934	137,644
Technology	39,000	7,460	25,695	7,550	16,406	27,400	123,511
Total Technology	39,000	7,460	25,695	7,550	16,406	27,400	123,511
Total Current Operating Costs	\$193,967	\$137,102	\$138,443	\$90,580	\$67,975	\$156,287	\$784,354

Proposed Annual Operating Costs	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell	Total
Accounting, Procurement & Finance Director Services	\$21,020	\$14,858	\$15,003	\$9,816	\$7,366	\$16,937	\$85,000
Annual Audits	8,655	6,118	6,178	4,042	3,033	6,974	35,000
Actuarial Valuations	1,236	874	883	577	433	996	5,000
AP/Payroll Services	14,838	10,488	10,590	6,929	5,200	11,955	60,000
Total Accounting	45,750	32,337	32,654	21,364	16,033	36,862	185,000
Assessing Services	19,784	13,984	14,120	9,239	6,933	15,940	80,000
Total Assessing	19,784	13,984	14,120	9,239	6,933	15,940	80,000
Treasurer/Collector Services	17,311	12,236	12,355	8,084	6,066	13,948	70,000
Tax Title/Deputy Collector	6,182	4,370	4,413	2,887	2,167	4,981	25,000
Billing	2,473	1,748	1,765	1,155	867	1,993	10,000
Total Treasurer/Collector	25,966	18,354	18,533	12,126	9,100	20,922	105,000
Technology Services	12,365	8,740	8,825	5,774	4,333	9,963	50,000
Computerize Mass Appraisal Software	1,484	1,049	1,059	693	520	1,196	6,000
Financial Management Software	12,365	8,740	8,825	5,774	4,333	9,963	50,000
Payroll Software	3,709	2,622	2,648	1,732	1,300	2,989	15,000
Lifecycle Capital Replacement	3,709	2,622	2,648	1,732	1,300	2,989	15,000
Total Technology	33,632	23,772	24,005	15,706	11,786	27,099	136,000
Total Legal Services	2,473	1,748	1,765	1,155	867	1,993	10,000
Total Contingency	7,419	5,244	5,295	3,465	2,600	5,978	30,000
Total Proposed Operating Costs	\$132,550	\$93,691	\$94,607	\$61,899	\$46,452	\$106,801	\$536,000

\$43,411

\$43,836

\$49,486

\$248,354

\$61,417

**Total Projected Savings** 

# **Two-Stage Implementation Plan**

### ➤ Stage A – Restructuring Operations

- Appoint shared study committee
- Authorize special legislation
- File petition to form shared service
- Ratify shared service

#### ➤ Stage B — Sourcing Services and Conversion

- Appoint strategic sourcing team
- Draft and issue request for quotes
- Review and evaluate proposals
- Negotiate and sign contract
- Convert to new structure

## **Lessons Learned**

- ➤ Strong Partnership Form a collaboration among like-minded communities to facilitate discussions around shared services
- ➤ Preserve Individual Identify Ease fears that shared services are a threat to town identify or will somehow snowball into dissolving the town
- ➤ Timing is Everything Anticipate opportunities around retirements or other personnel changes
- ➤ Increase Effectiveness, Not Necessarily Save Money Be motivated to increase the overall effectiveness of operations and not by cost savings, which may or may not materialize
- ➤ Explore Something New Be fearless, but thoughtful. Seek opportunities to reshape how municipal services are delivered and work collaboratively to develop a plan

# **CCC Grant Opportunities**

#### > Efficiency and Regionalization Grant

- Purpose is to provide financial support for government entities interested in implementing shared services and other efficiency initiatives that allow for longterm sustainability
- Provide funds for one-time or transition costs for municipalities, school districts, regional planning agencies, and councils of governments
- The E&R grant program will be available on January 15, 2019, with applications due by February 15, 2019

#### > Financial Management Structure Best Practice Grant

- Review and evaluate Financial Management Structure to ensure that the structure and reporting relationships of the community's finance offices support accountability and a cohesive financial team process
- The Best Practice grant applications are handled on a rolling basis with grants averaging \$20k

# **Questions?**

#### **Zack Blake, DLS Technical Assistance Bureau Chief**

P: 617.626.2358

E: blakez@dor.state.ma.us

W: www.mass.gov/dls