

ARLINGTON FINANCE COMMITTEE  
MINUTES OF MEETING  
7:30PM O'NEIL ROOM COMMUNITY SAFETY BUILDING  
4/11/12

ATTENDEES:

|              |          |          |          |          |
|--------------|----------|----------|----------|----------|
| Bayer*       | Padaria* | Jenkins* | White*   | McKenna* |
| DeCoursey*   | Connors* | Simmons* | Gibian*  |          |
| Tosti*       | Foskett  | Deyst*   | Ronan    |          |
| Ferrara*     | Beck*    | Jones*   | Deshler* |          |
| Franclemont* | Howard*  | Fanning* | Carman   | Turkall* |

\* Indicates present

VISITORS: Town Manager Adam Chapdelaine, MM Tech Superintendent Ed Bouquillon, Treasurer Stephen Gilligan, Selectman Dan Dunn, Dan Collins, ACMI

MINUTES: The minutes of 4/4/12 were accepted as corrected. Unanimous

MM TECH: A Memo Of Understanding, drafted by the ad hoc committee after several meetings and discussions was presented for approval. This MOU would let the feasibility study proceed (including bonding) with the understanding that changes to the regional agreement would be required before Arlington would approve bonding for the construction. The reason given for this approach is that info from the feasibility study is needed before a decision on construction could be made. Some members expressed concern with the lack of detail requirements for changes in the Regional Agreement. Others suggested that after finishing the study, the momentum would be hard to stop. Bouquillon said the changes to the agreement, the building plan and new member communities might be a package deal. He will continue to work with the member town managers. VOTED to approve the MOU as amended (Ref 1) 12-5 Dunn will take the MOU to the BoS for their consideration.

LOCAL AID: Tosti announced that the House W&M budget increases local aid over the Governor's budget.

BUD 14 PLANNING GenGov SubCom(Howard) recommended a reduction based on Chapdelaine's willingness to restore \$20k of a planner's salary from CDBG revenue.

Ref 2 is the revised budget. VOTED \$355652 Unanimous

ENTERPRISE FUNDS Chapdelaine revised health insurance offsets provided by the enterprise funds (Ref 3) to be consistent with the latest projections. For Recreation and Rink, these will show as reduced expenditures. For Water & Sewer, at Ferrara's suggestion, they will show as reduced use of retained earnings. Chapdelaine also recommended a reduction of the distribution of FY12 health care savings to the override stabilization fund from \$1.5m to \$1,383,682 (Ref 4). VOTED as proposed. Unanimous.

FY13 BUDGET SURPLUS: Chapdelaine reported that after funding all demonstrated needs, \$50k remained. He proposed increasing the snow & ice budget. Members expressed concern that this budget, already increased from under \$600k to \$700k, might be unneeded in the future. VOTED to increase snow and ice budget to \$700k 6-10 (failed), VOTED to increase the Reserve Fund by \$50k. 10-7.

DRAFT FINCOM REPORT: Tosti walked the committee through the report to clean up final details.

ART 38 COLLECTIVE BARGAINING: No agreements have been reached.

Chapdelaine proposed a \$900k reserve which would cover increases in FY12 which affect FY13 salaries and wages, as well as FY13 increases. VOTED as recommended. Unanimous.

ART 62 STABILIZATION FUND: VOTED \$100k Unanimous

ART 63 OVERRIDE STABILIZATION FUND VOTED \$3,898,654 Unanimous (See Ref 4)

ART 66 FREE CASH: VOTED \$600k. Unanimous

STM ART 2 FY 12 BUDGETS: Will be revised as voted above.

STM ART 3 FY12 COLLECTIVE BARGAINING VOTED \$469,882 Unanimous

STM ART 9 ENERGY CONSERVATION FUND: Members concerned about directing revenues as a way of bypassing the budget process. Refer to discussion on 4/4.

VOTED no action 15-1-1.. Deshler to provide comment.

ART 32,33 CONSOLIDATED FINANCIAL DEPARTMENT: Chapdelaine provided: a plan (Ref 5) to address this proposal over the next year. This plan features a meeting of the stake holders. The reference includes a report from DOR which supports financial consolidation in Arlington starting with municipal (non-school) departments. Gilligan recommended specific detailed studies and a close study of the DOR recommendation (Ref 6). VOTED to support the BoS (no action this year). Unanimous

COMMITTEE: Tosti asked members to review the FinCom draft reports, especially the budget details. Next meeting will be at 7:30 before Town Meeting in the Hearing Room

RESERVE FUND BALANCE: \$618,975.

Peter Howard 4/12/12

cc FinCom Members, Town Web Site, Robbins Library

Ref 1 Memo Of Understanding MM Tech Feasibility Study

Ref 2 Planning & Community Development Budget revised

Ref 3 Enterprise Fund Health Insurance Offsets

Ref 4 Amendments to FY 12 Budgets (Revised)

Ref 5 Financial Coordination - Proposed Timeline

Ref 6 Financial Coordination - Treasurer's Response

## Memorandum of Understanding

The Arlington Board of Selectmen and Finance Committee support Minuteman and its educational mission. We value the education that it provides for our children and community.

The Arlington Board of Selectmen and Finance Committee agree that the Minuteman School Building Committee should complete the work as defined in Modules 3 and 4, Feasibility Study and Schematic Design, of the school rebuild/renovation project. This work will provide needed details on the scope and cost of any proposed project.

The Finance Committee and Board of Selectmen are aware that no movement on any subsequent Warrant Article in any member town can be made until such time the Final Schematic Design is determined. We believe the Feasibility Study must go forward at this time to understand the financial impact of a potential project on Arlington and other member towns in the district.

However, The Board of Selectmen and Finance Committee of Arlington **will not** support the Minuteman Regional District moving into Module 6 as described in the MSBA Process, **unless** revisions to the district agreement have been adopted by the region and funding issues have been resolved. The Board of Selectmen and Finance Committee of Arlington will not support the Minuteman Regional District moving into Module 6 as described in the MSBA process unless:

- There are changes to the regional agreement, or an approval process that is contingent upon changes to the regional agreement. That is to say, the regional agreement must already have been changed, or there is a process by which the building approval and regional agreement amendments are made simultaneously.
- The voting power of member towns and members of the Minuteman school committee is made more proportional to the district enrollment of their respective towns.
- There is a Capital Apportionment Model that provides a fair share of the project be paid by Arlington. That model might include a common share, wealth factors described in the DESE “Combined Effort,” and enrollment; use of other funding sources; or other creative solutions.
- The capital costs of non-member students are not paid by member communities

Additionally, we support the Superintendent’s continuing efforts regarding:

- Expanding membership in the Region.
- Working with legislators and stakeholders to allow MSBA to increase the state reimbursement rates to reflect the higher costs of building regional vocational schools.
- Developing a method to authorize out\_of\_district revenue to be used to fund capital expenses.
- Developing other financial resources to support these collaborative efforts.

We acknowledge the District has studied the Regional Agreement without finding a way to garner unanimous support at this time.

The Superintendent will continue communicating with Town Managers in all sixteen member town governments as the Feasibility Study progresses and to provide progress reports.

Our representative on the Minuteman SBC, Anthony Lionetta, is aware of this MOU.

|  | FY2010<br>ACTUALS | FY2011<br>ACTUALS | FY2012<br>BUDGET | FY2013<br>PROJECTION | DOLLAR AMT<br>INC/(DEC) | PCT<br>CHANGE | 2013<br>Offset |
|--|-------------------|-------------------|------------------|----------------------|-------------------------|---------------|----------------|
|--|-------------------|-------------------|------------------|----------------------|-------------------------|---------------|----------------|

**PLANNING SALARIES**

|                       |         |         |          |         |         |          |          |
|-----------------------|---------|---------|----------|---------|---------|----------|----------|
| 5100 SALARIES & WAGES | 289,350 | 215,193 | 293,218  | 368,081 | 74,863  | 25.53%   |          |
| 5103 OVERTIME         | -       | 153     | -        | -       | -       |          |          |
| 5156 LONGEVITY        | -       | 300     | 300      | 300     | -       | 0.00%    |          |
| 5190 OFFSETS          | -       | -       | (27,228) |         | (1,701) | 6.25%    | (28,929) |
| 5199 SALARY INCREASE  | -       | -       | 8,645    |         | (8,645) | -100.00% |          |

|                                |                |                |                |                |               |               |                 |
|--------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|-----------------|
| <b>TOTAL PLANNING SALARIES</b> | <b>289,350</b> | <b>215,645</b> | <b>274,935</b> | <b>339,452</b> | <b>64,517</b> | <b>23.47%</b> | <b>(28,929)</b> |
|--------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|-----------------|

**PLANNING EXPENSES**

|                                  |       |        |        |        |          |         |  |
|----------------------------------|-------|--------|--------|--------|----------|---------|--|
| 5203 REPAIR AND MAINT            | 324   | 270    | -      | 500    | 500      | 66.67%  |  |
| 5209 IN-STATE TRAVEL             | 468   | 121    | 600    | 1,000  | 400      | 0.00%   |  |
| 5217 DUES/SUBSCRIPTIONS          | 1,654 | 998    | 1,400  | 1,400  | -        | 0.00%   |  |
| 5218 TRAINING                    | 890   | 731    | 1,000  | 1,000  | -        | 0.00%   |  |
| 5223 OFFICE SUPPLIES             | 2,704 | 632    | 770    | 1,000  | 230      | 29.87%  |  |
| 5236 CONSERVATION COMMISSION EXP | -     | -      | 1,000  | 1,000  | -        | 0.00%   |  |
| 5260 CLEANING ALLOWANCE          | 300   | 300    | 300    | 300    | -        | 0.00%   |  |
| 5299 OTHERWISE UNCLASSIFIED      | 139   | 14,385 | 20,000 | 10,000 | (10,000) | -50.00% |  |

|                                |              |               |               |               |                |                |  |
|--------------------------------|--------------|---------------|---------------|---------------|----------------|----------------|--|
| <b>TOTAL PLANNING EXPENSES</b> | <b>6,479</b> | <b>17,437</b> | <b>25,070</b> | <b>16,200</b> | <b>(8,870)</b> | <b>-35.38%</b> |  |
|--------------------------------|--------------|---------------|---------------|---------------|----------------|----------------|--|

|                       |                |                |                |                |               |               |  |
|-----------------------|----------------|----------------|----------------|----------------|---------------|---------------|--|
| <b>TOTAL PLANNING</b> | <b>295,828</b> | <b>233,082</b> | <b>300,005</b> | <b>355,652</b> | <b>55,647</b> | <b>18.55%</b> |  |
|-----------------------|----------------|----------------|----------------|----------------|---------------|---------------|--|

Ref 2

FY2013 SALARY DETAIL

|          |                             |      |      |       |      |        |         |                 |                | 2012           |                 |      |            | 2013            |  |  |  |
|----------|-----------------------------|------|------|-------|------|--------|---------|-----------------|----------------|----------------|-----------------|------|------------|-----------------|--|--|--|
| PLANNING | Job                         | FTE  | BU   | Grade | Step | Min    | Max     | Budget Book     | Approved Wages | Ratified Wages | Base            | Step | Longevity  | Total           |  |  |  |
|          | KOWALSKI                    | 1.00 | MGMT | 3     | 5    | 88,398 | 127,740 | 99,421          | 103,409        | 104,443        | 104,443         |      | -          | 104,443         |  |  |  |
|          | VACANT                      | 1.00 | MTP  | 12    | 8    | 63,076 | 81,615  | 70,939          | 70,939         | 70,939         | 70,939          |      | -          | 70,939          |  |  |  |
|          | WIENER                      | 0.47 | MTP  | 10    | 8    | 55,096 | 71,293  | 34,601          | 35,293         | 35,646         | 33,414          |      | -          | 33,414          |  |  |  |
|          | BENJAMIN                    | 0.66 | MTP  | 5     | 1    | 45,506 | 58,883  | 14,500          |                | 14,851         | 39,135          |      | 300        | 39,135          |  |  |  |
|          | CASEY                       | 1.00 | OFFA | 6     | 8    | 36,987 | 47,858  | 46,455          |                | 47,858         | 47,858          |      |            | 48,158          |  |  |  |
|          | GLUSHKO                     | 0.75 | MTP  | 5     | 8    | 45,506 | 58,883  |                 |                |                | 44,162          |      |            | 44,162          |  |  |  |
|          | BECKWITH                    | 0.46 | MTP  | 06    | 8    | 47,554 | 61,533  | 27,305          | 27,851         | 28,129         | 28,129          |      | -          | 28,129          |  |  |  |
|          | <b>SUBTOTAL:</b>            |      |      |       |      |        |         | <b>293,221</b>  |                | <b>301,866</b> | <b>368,081</b>  |      | <b>300</b> | <b>368,381</b>  |  |  |  |
|          | <b>Less: Central School</b> |      |      |       |      |        |         | <b>(23,228)</b> |                |                | <b>(23,929)</b> |      |            | <b>(23,929)</b> |  |  |  |
|          | <b>Less: Conservation</b>   |      |      |       |      |        |         | <b>(4,000)</b>  |                |                | <b>(5,000)</b>  |      |            | <b>(5,000)</b>  |  |  |  |
|          | <b>TOTAL:</b>               |      |      |       |      |        |         | <b>265,993</b>  |                |                | <b>339,152</b>  |      |            | <b>339,452</b>  |  |  |  |

| Health Offset Adjustments |             |           |
|---------------------------|-------------|-----------|
| Ent. Fund                 | Preliminary | Final     |
| Recreation                | \$51,194    | \$47,993  |
| Rink                      | \$51,586    | \$47,889  |
| W/S                       | \$612,798   | \$581,730 |

*reduced expenditures*

*reduced use of retained earnings*

*original projects*

*matches current OIC projects*

| <b>Finance Committee - 4/11/2012</b>  |                     |
|---|---------------------|
| <b>STM Article #2 - Amendments to FY 2012 Budgets</b>                             |                     |
| FY 12 Budgeted Amount**   | GIC January 1, 2012 |
| \$17,515,425  | \$7,172,080         |
| Former Plans - July - November  | \$6,324,000         |
| GIC Current Rates - January - May   | \$500,000           |
| Employee Healthcare Mitigation Fund   |                     |
|   | <b>\$13,996,081</b> |
|   | <b>\$3,519,345</b>  |
| <b>Difference</b>   |                     |
|   | <b>\$290,000</b>    |
|   | <b>\$350,000</b>    |
|   | <b>\$2,879,345</b>  |
| <b>Difference</b>   |                     |
| 1% Effective 1/1/12 for FY 12 - Town and School Wide (.5% Dollar Value for FY 12) |                     |
| 2% on 9/1/12 for Town Unions  |                     |
| <b>Difference</b>   |                     |

  

|                                 | TM Approved Figure            | W/Move to GIC       |
|---------------------------------|-------------------------------|---------------------|
|                                 | Total Ins. Budget             | Total Ins. Budget   |
| Group Health                    | \$17,515,425                  | \$13,996,081        |
| Federal Medicare Withholding    | \$725,000                     | \$725,000           |
| Flexible Benefit Plan           | \$800                         | \$800               |
| Recreation Offset               | (\$56,622)                    | (\$56,622)          |
| Rink Offset                     | (\$57,883)                    | (\$57,883)          |
| ERRP Offset                     | (\$394,400)                   | (\$394,400)         |
| Contr. Retirement Offset        | (\$36,875)                    | (\$36,875)          |
| W/S Offset                      | (\$770,886)                   | (\$770,886)         |
| Group Life                      | \$55,000                      | \$55,000            |
| Liability Insurance             | \$50,000                      | \$50,000            |
| Indemnity Insurance             | \$270,625                     | \$270,625           |
| Unemployment Insurance          | \$293,450                     | \$293,450           |
| Workers' Compensation           | \$490,000                     | \$490,000           |
| Muni Building Trust Fund Offset | (\$20,625)                    | (\$20,625)          |
| <b>Total</b>                    | <b>\$18,063,010</b>           | <b>\$14,543,665</b> |
|                                 | <b>Bottom Line Difference</b> | <b>\$3,519,345</b>  |

  

| <b>Health Care Reduction and Projected Distribution</b> |                    |
|---|--------------------|
| Projected Health Savings                                | \$3,519,345        |
| Projected Wage Settlements                              | (\$614,882)        |
| Projected Appropriation to OSF                          | (\$1,383,681)      |
| Revenue Difference from Town Meeting                    | (\$103,697)        |
| Increase in other deficits to be raised                 | (\$37,740)         |
| <b>Total</b>  | <b>\$1,379,345</b> |

  

| <b>Recommended Reduction in Insurance Appropriation</b> |                      |
|---|----------------------|
|   | \$15,375,426         |
|   | \$725,000            |
|   | \$800                |
|   | (\$56,622)           |
|   | (\$57,883)           |
|   | (\$394,400)          |
|   | (\$36,875)           |
|   | (\$770,886)          |
|   | \$55,000             |
|   | \$50,000             |
|   | \$270,625            |
|   | \$293,450            |
|   | \$490,000            |
|   | (\$20,625)           |
| <b>Total</b>  | <b>\$15,923,010</b>  |
|   | <b>(\$1,379,345)</b> |

*revised was \$1.5m*

## Financial Coordination - Proposed Timeline

### **April - May 2012**

Present Department of Revenue Financial Management Review and its findings to Town Meeting.

### **June - August 2012**

Hold Meeting of the following stakeholders:

Board of Selectmen Designee  
Board of Assessors Designee  
Treasurer/Collector  
Town Manager  
Comptroller  
Director of Assessments  
Deputy Town Manager  
Payroll Director

This meeting will begin a discussion that will be aimed at addressing the concerns (see attached document for recommendations included within report) raised in the DOR Report. This group will meet biweekly in June, July, and August in order to develop a menu of options for addressing the concerns raised in the DOR Report.

Procedural concerns that can be remedied quickly via consensus will be implemented immediately.

### **September 2012**

A series of public meetings will be held in which a menu of options is presented and feedback is solicited.

Stakeholder group will continue to meet as necessary in follow up to public meetings.

### **November 2012**

Options are reduced to single recommended solutions and once again presented publicly.

Stakeholder group will continue to meet as necessary in follow up to public meetings.

### **January 2013**

Any necessary warrant articles are filed.

### **2013 ATM**

Action is taken on necessary warrant articles.



## Recommendations

In the section that follows, we outline our recommendations to move forward with the restructuring of town and school finance operations. As mentioned earlier in the report, the initial thrust of town action should be to centralize financial management responsibilities under the town manager. We strongly believe that government finance is more complex and challenging than ever, and that municipalities like Arlington that have significant revenue constraints, can ill afford to have its finance officers operating autonomously. With the fifth largest population among Massachusetts towns and a total FY2012 budget of more than \$135 million, we find it surprising that Arlington has no formal means to coordinate complex financial operations that cross departments. This is not intended as a criticism of the performance of incumbent finance officials or the town manager, but rather speaks more broadly to the hurdles that the town's structure poses to coordinated and effective management.

1. We recommend that the town pursue an amendment to its "Town Manager Act" to create a consolidated finance department where appointed finance officers report to a finance director or the deputy town manager. Since the deputy town manager has historically played a significant role in town finance, this may be a natural role for this position. In other comparable communities such as Lexington and Needham, the assistant or deputy town managers serve as the finance director. In other communities such as Barnstable or Brookline, there is a separate finance director responsible for directing the consolidated department, but the director reports to the town administrator or manager. In Appendix 4, we summarize the financial structures of three comparable communities with AAA bond ratings (Needham, Lexington and Brookline) that we believe would serve as effective models for Arlington.
2. We recommend that the town convert the elected treasurer/collector's position to a position appointed by the manager. A clear trend has emerged among Massachusetts communities in favor of appointed positions for a number of compelling reasons. Most relate to ensuring that office holders possess the experience and qualifications for the position and to expanding the pool of potential candidates for the job. Often mentioned is the prevailing theory of government practice that policy makers should be elected, but operational positions, where a certain skill set is required, such as the accountant, assessor, collector and treasurer, etc., should be appointed. Some municipalities see value in placing all town hall positions on equal footing and subject to the same review structure.

Given the size and complexity of the town's budget, there is added value to delineating clear lines of authority and accountability around critical financial management functions. While Arlington is fortunate to have able department heads that care about the town and doing a good job, there is no guarantee that similarly qualified individuals will step forward when the incumbent resigns or chooses not to pursue reelection. To ease the transition to an appointed treasurer/collector, the

town could insert language in the special act to the effect that the incumbent treasurer will be appointed to the position for the first three-year term.

3. We recommend that the town make the director of assessing an appointment of the town manager. This change will require additional amendments to the town manager act. If the town chooses to retain an elected board of assessors, however, this arrangement can be awkward. Other towns have addressed this problem by creating a dual reporting relationship where the elected board provides the director with general direction, but the director receives direct, day-to-day supervision from the manager. In other cases, towns have established an appointment process where the assessors screen and check the credentials of potential applicants and recommend one or more choices to the manager.
4. We recommend that the town consider making the board of assessors appointed as well. Today, the role of the board of assessors is largely dictated by state law, computer assisted mass appraisal techniques and the procedural and reporting requirements enforced by the Department of Revenue. Even with regard to abatements and exemptions, the assessors have very little policy discretion. Abatements should be determined based on the relevant facts at hand and, if new information comes to light, new values should be determined using consistent mass appraisal methods to ensure equity when compared to similar properties. Strict statutory eligibility criteria also severely limit any discretion assessors may have in granting property tax exemptions. Only with the hardship exemption under MGL Ch. 59, Section 5, Clause 18, do the assessors have some discretion in determining eligibility. The assessors granted only two of these exemptions in FY2010.
5. We recommend that the comptroller be included in the consolidated finance department, but in order to preserve some independence for this critical position, that the position remain subject to appointment and removal by the selectmen. To realize the full benefit of this consolidation, however, it is important that the comptroller report directly to and be evaluated by the finance director or deputy town manager. We further suggest that the town evaluate possible ways to accommodate the comptroller's office in the town hall with the rest of the finance offices. Responsibility for the telephone system also should be moved to the information technology department.
6. We recommend that the town explore using the MUNIS budget module for departmental budget submissions and as a central database to store and track changes during the budget process. The current process involves numerous different spreadsheets stored on various personal computers that are often formatted or constructed differently making it difficult to manage the budget as assumptions change. A central database should mitigate these issues and allows for the approved budget to be loaded directly into the accounting records.

7. We recommend that the payroll and purchasing functions be included in the consolidated finance department. Although the current consolidated payroll department is performing well and by all accounts has been successful, payroll is a core finance function that belongs organizationally in the finance department. The purchasing department operates under the authority of the town manager's office and works closely with the comptroller's office in overseeing all town and large school purchases. We suggest that when the town drafts special legislation to amend the town manager act, that it consider including these functions in the finance department. Once the department is established and running well, these functions should be moved into the consolidated department.
8. While the town moves forward on the town-side restructuring of the finance offices, the town manager and school superintendent should work to address some of the outstanding issues with previous town-school consolidations. Though the issues are not insurmountable, working cooperatively to solve them will demonstrate the good faith necessary for a successful finance consolidation. Remaining issues include the different job classifications, salaries and union representation in the merged information technology department and the fact that the merged payroll and facilities department budgets are funded entirely in the school budget. The second issue warrants attention as these expenditures may artificially inflate school spending and should not be reported to DESE as net school spending eligible expenditures.

To address the above issues, and to establish a firm foundation for future collaboration, the town manager and school superintendent should commit to meet regularly. Establishing a clear process to air potential grievances or problems and formulate solutions is important to successful collaboration and ensuring that the needs of both parties are met. Success in this regard is important to ensure that the school committee is satisfied with existing shared services and that they are open to moving forward with a finance merger.

9. We recommend that the school department purchase and implement an automated system for recording school staff absences and hiring of substitutes. Currently, the school budget analyst spends as many as three hours per day to complete these tasks using a manual system. We don't believe that these responsibilities represent the best use of time for the second highest paid and longest serving person in the school business office. Many other school districts have moved to automated systems that allow school personnel to report an absence on-line, designate specific substitutes to be called to fill the absence and interface with the time and attendance records.
10. We recommend that the school administration work to improve the administrative capacity at the building or cost center level. Administrative resources available at the individual school building level have dwindled over time after years of tight budgets. Key people we interviewed felt that there was not sufficient administrative capability to implement the decentralized purchasing, payroll and budget monitoring processes recommended in the MASBO report. We advise that the

school administration initiate a program to enhance this capability through additional training, and perhaps even limited hiring, so that the district can move to the same decentralized processes used by town departments.

As a first step, the information technology department should install MUNIS terminals in each school building or cost center. Training on the use of requisite MUNIS modules should follow so that administrative staff can become familiar with how to initiate electronic purchase orders, input payroll data and monitor budgets in real time. Implementation need not be simultaneous, but can begin slowly by bringing on schools or cost centers where administrative staff has demonstrated the necessary proficiency. Others can be brought on later after additional training is provided.

11. We recommend that the town wait until the town finance departments reorganize and issues with other shared services are resolved before the town proceeds with the merger of school and town finance functions. As stated earlier, it is important that the town has a clear process and open channels of communication to raise and address any problems as they occur. We think that this is also an essential element to building good will and fostering the trust that is necessary for the school committee to agree to a merged financial operation as required by state law (MGL c.71, §37M).
12. In planning the merged department, we recommend that the superintendent and school committee have access to a dedicated staff member with the required school business manager certification. The school committee and superintendent rely on the chief financial officer or business manager in a number of important ways (see Appendix 5 for business manager responsibilities and licensure requirements) and this confidential, trusted relationship must be preserved in the merger. Barnstable handled this issue by establishing an assistant finance director's position devoted exclusively to school finance issues. We have included a proposed organizational chart that reflects these recommended changes on page 28.
13. We recommend that once the merged finance department is running smoothly that it conduct a complete review of the town's budget format, chart of accounts and financial reporting. Over time, the town's budget and, in turn, the underlying accounting and financial reporting, has become overly complex and difficult for interested officials and citizens to follow. We suggest a complete review of the level of detail that is necessary and appropriate for management purposes, as well as what is required for reporting to the state.
14. We recommend that the town and school work to develop a written agreement concerning the allocation of municipal costs eligible to be included as "net school spending." Development of this agreement can be a topic of discussion in meetings between the superintendent and manager.

15. We recommend that the school committee chair review and sign the school payroll warrant only after it has been completed and gross salary information by employee is available for review.

Though some may argue that the school committee review is superfluous after the superintendent has signed off on the payroll warrant, we believe that school committee review and sign-off on salary payments is an important, and legally required, financial control.

We suggest and summarize an implementation timeline on the next page. We assume in this timeline that the town manager and town counsel will draft proposed special act language to submit to the 2012 annual town meeting.



RECEIVED  
TOWN MANAGER  
ARLINGTON, MA.  
2012 FEB 21 PM 2:37

*Office of the Treasurer & Collector of Taxes*

*Town of Arlington, Massachusetts  
730 Massachusetts Avenue  
Arlington, MA 02476*

*Telephone Number: 781-316-3031  
Facsimile Telephone: 781-316-3039*

Stephen J. Gilligan  
Treasurer & Collector of Taxes

COPY

**MEMORANDUM**

To: Brian F. Sullivan, Town Manager  
Adam Chapdelaine, Deputy Town Manager

From: Stephen J. Gilligan, Treasurer & Collector Of Taxes *Stephen J. Gilligan*

Date: February 21, 2012

Re: Response To Request For Written Comment Regarding Dept. of Revenue Report On Consolidated Finance Department

I am responding to your invitation to make comments on the Department of Revenue's report on the proposed consolidated finance department for the Town of Arlington. My comments are divided into 2 areas; the first are those processes that can be worked on immediately whether or not Town Meeting approves the anticipated warrant article, and second, specific recommendations and or criticisms in the DOR report that need a more detailed explanation from the Town Manager, or DOR, or both.

The goal of my comments is not to convince Arlington's citizens and Town Meeting members to oppose this proposed consolidation, but rather to urge that a detailed analysis of the perceived problems be initiated prior to Town Meeting, that the costs of these problems and their proposed solutions be fully documented prior to Town Meeting, so as to reduce the inevitable prolonged question and answer exchanges at Town Meeting. Town Meeting and Arlington's citizens will greatly benefit from having these issues clarified prior to the debate at the Annual Town Meeting.



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Treasurer & Collector of Taxes

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**February 21, 2012**

**Written Comments to Town Manager**  
**DOR Report - Consolidated Finance Department**

**Part 1- Town Treasurer's Recommendations**

1. **Financial Applications Review** -Form action team comprising Town Manager, Town Comptroller, Director of Assessments, Town Treasurer and IT Director to do the following:
  - a. Identify technical capabilities of each current financial application in relation to its ability to be integrated with other applications.
  - b. Determine if operational and technical capabilities of each financial application are in synch.
  - c. Form consensus as to what is the best approach for modifying or replacing the current financial software
  - d. Based on **1c**, develop cost estimate for modifying or replacing software of one (1) or more of the three (3) financial applications utilized within the Town (MUNIS, ICS, and Patriot).
2. **Budget Process** - Form action team comprising of: Town Manager, Town Treasurer, Town Comptroller, School CFO and Finance Committee chairman to review existing budget process(es), identify area(s) for improvement and propose recommendations for new procedures or purchase of new equipment or new software
3. **Administrative Review** -Form action team comprising of: Town Manager, Town Comptroller, Town Treasurer and School CFO to determine what if any financial processes and procedures should be codified in Town by-laws or Memorandum of Understandings.
4. **Personnel** -Request Town Manager and Director of Human Resources to develop an organizational chart of the proposed consolidated finance department that includes every position, complete new job descriptions, training requirements for the new positions, and any state regulations concerning potential termination of existing employees.

**Part 2- Requested Clarification On DOR Statements, Criticisms,  
And Or Recommendations**

1. Please cite specific instances where the current financial structure has contributed to the complexity and/or lack of transparency regarding the budget? Page 10.
2. How has the Town's collaborative efforts in the IT and Human Resource departments been marred by a lack of clear job descriptions, clear budgeting and union issues? Page 14.
3. Offsets from the Water and Sewer, Cemetery Trust Fund and Building Insurance Fund have been used for decades in the Town Managers budget submission and the Finance Committee's budget. Does the Town Manager intend to eliminate the use of offsets and what will be the impact on Town budgets? Page 15.
4. What are the specific instances or processes that demonstrate that the current budget process is disjointed and convoluted? What level of authority or control is missing that causes these problems? Page 6.
5. The Assessors department, the Comptroller, and the Treasurer, are all involved with preparing the data for submitting the Town of Arlington's tax rate data to the DOR. What is the expected input that the Town Manager will add to the current process? Page 15.
6. The DOR report states that an unspecified number of departments do not use MUNIS to input budget data. Can the Town Manager explain whether these departments report to him, or whether they are appointing authorities such as Town Clerk's, Assessor's, Comptroller's, Selectmen's and/or Treasurer's? Page 15.
7. The DOR report states that a usual benefit of a consolidated finance department is that regular reconciliation of cash receivables, debt, and overlay is achieved. Clarification is needed where this is not happening, how it is not being done, and the impact on the overall financial operation. Page 17
8. The DOR report also states that the regular assessment of financial risk is an essential activity of a consolidated finance department. What financial risk is being referred to? Page 17