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Select Board  
Belmont Town Hall  
455 Concord Ave  
Belmont, MA 02478

June 14, 2022

Honorable Members of the Select Board:

The Town of Belmont retained the Edward J. Collins, Jr. Center for Public Management (Collins Center) to review its financial organizational structure and offer recommendations for an improved structure for financial management. The Collins Center accepted this assignment, fully aware from prior work that the Town will be facing several serious financial difficulties, including a growing structural deficit (potentially \$6 million in FY2023), the tenth highest single-family tax bill in FY2022, a recently-failed general override, and resident discontent with the financial decision-making process of the Town.

The Collins Center only rarely provides transmittal letters for our reports. When we do so, it is because we hope to bring extra focus from municipal leaders and residents to the issues we are raising. In this particular case, we are taking that step because we believe the challenges facing the Town are significant and because they go beyond the nominal scope of our work and the report submitted by our Project Team.

In short, we are concerned that underpinning the current financial challenges is an overall organizational structure that may be unable to meet these difficulties. We believe that the Town's executive branch is not configured in a way that aligns authority, responsibility, and accountability. Although none of the following features is individually unique to Belmont, it is unusual for a town of Belmont's size and complexity to have all of them:

- A Select Board that is **not** declared the head of the executive branch anywhere in the Town's statutory construction (e.g., bylaws, special acts, etc.);
- A Select Board with only three members;
- A weak Town Administrator position with very limited appointing authority;
- An elected Treasurer/Collector and an elected Town Clerk; and
- Five additional elected boards and committees.

Individually, none of these is necessarily unusual or problematic. All of them together, however, creates a significant diffusion of responsibility and authority across the executive branch, both in practice and in perception, particularly in a large town like Belmont. This structure is more common in towns with populations below 10,000 residents and much smaller budgets. Although it is beyond the scope of our report, we recommend that the Town consider creating an ad hoc Town Government Study Committee, composed of residents with a range of experience in and with municipal government and a diversity of viewpoints, and that the Committee be given a mandate to review all aspects of at least the executive branch of Town government. We would be happy to discuss this further with the Board.

The Collins Center Project Team would like to express appreciation to the many elected and appointed officials and residents who contributed to the attached report. Our Project Team is prepared to discuss it with you at your convenience. Please let us know if you have any comments, questions, or concerns.

Sincerely,  
Michael Ward  
Director

# FINANCIAL ORGANIZATION STRUCTURE REVIEW

## TOWN OF BELMONT, MASSACHUSETTS

EDWARD J. COLLINS, JR. CENTER FOR PUBLIC MANAGEMENT

JUNE 2022

**Edward J. Collins, Jr. Center for Public Management**

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McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES

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## Executive Summary

The Town of Belmont (the Town) retained, under a grant provided by the Commonwealth of Massachusetts Community Compact Program, the Edward J. Collins, Jr. Center for Public Management (Collins Center) to review its finance organizational structure and offer recommendations as to the ideal structure for its financial officers.

As part of the parameters of the project scope, the Collins Center Project Team (Project Team) examined the roles and responsibilities of elected and appointed finance staff, boards, and committees, as well as their respective relationships established by Town bylaws, job descriptions, and past practice. The Project Team met initially with the Town Administrator to review the stated objectives, discussed the process, identified document and data needs, and developed a plan for interviews. The Project Team then worked with Town staff to collect all relevant data and documents, ranging from Town bylaws, capital plans and requests, various collective bargaining agreements, the Massachusetts Department of Revenue's Division of Local Services (DLS) 2011 Financial Management Review (DLS Review) for the Town of Belmont, local election results, financial management statements, several years' worth of budget documents, OPEB actuarial reviews, the Town's most recent classification compensation plan, relevant staff personnel and job descriptions, and the Town organizational chart. Additionally, the Project Team also conducted interviews with a range of staff and elected/appointed officials most intimately involved in the financial management of the Town and developed a set of comparable peer municipalities using criteria described in this report. Finally, the Project Team compared the Town's practices with generally accepted Best Practices as published by professional organizations, such as the Massachusetts Municipal Association (MMA) and the Government Finance Officers Association (GFOA).

Belmont has a roster of well-qualified officials, employees, and interested citizens who are dedicated to the financial well-being of the town. Belmont benefits from their involvement in the Town's governance and management. None-the-less, the Town is facing significant financial challenges, including a structural deficit, and the organizational structure impedes the ability of the town to address these challenges. The Town has been able to, thus far, stave off difficult choices by using non-recurring revenues to fund the operating budget. It was primarily the receipt of emergency federal funding due to the ongoing COVID-19 pandemic that mitigated the effects of a failed Proposition 2 ½ override. The Town cannot continue to manage its finances in such a way if it hopes to avoid, in the near future, a "fiscal cliff" – a moment where non-recurring revenues can no longer cover operating expenses – and the resulting reductions in educational, public safety, and public works services. The Town has a chance to reduce the negative impacts by implementing the recommendations laid out in this report, as well as several reports cited within this report that have also identified the Town's financial management shortcomings.

Ultimately, the Select Board should be considered the head of the executive branch in the Town of Belmont and, as such, responsible for the successful implementation of these recommendations. The Select Board, working through an empowered Town Administrator, can only then seize the opportunity to meet all of the significant financial challenges which lie ahead.

The Project Team's assessment produced several findings and recommendations. All findings and recommendations are summarized and are outlined in detail beginning on page 8 of this report. Among the Project Team recommendations are the following:

- Follow DLS guidelines and established best practices during the annual budget process, which includes reaching consensus on all financial forecasts;
- Create an organization that is more centralized through Select Board policy, bylaws, special legislation, and Massachusetts General Law;
- Formalize a Financial Management Team in accordance with best practices established by DLS;
- Appoint a Finance Director to lead the Financial Management Team;
- Seek special legislation to replace relevant elected non-policymaking boards, committees, and positions with appointed ones, including the Treasurer/Collector and Board of Assessors;
- Transition to an appointed Treasurer/Collector who is an integral member of the Financial Management Team;
- Clearly define and strength the powers and duties of the Select Board and Town Administrator through Select Board policy, bylaws, and/or special legislation;
- The Moderator should appoint the Audit Committee in order to provide a check on the finance officers;
- The Select Board should appoint the Capital Committee and it should be charged with working alongside the Financial Management Team;
- Conduct a classification and compensation study to ensure all relevant positions are up-to-date;
- Appoint the Board of Assessors and have the full-time Assessing Administrator fill one of the seats;
- Significantly reduce or eliminate its reliance on free cash and other non-recurring revenues to balance the operating budget and eliminate the structural deficit;
- Develop other sources of revenue, including PILOT agreements, user fees, and local receipts;
- Develop a comprehensive strategy to restructure departments, services, employee benefits, fixed and variable expenses, and wages;
- Develop a strategy to build permanent reserves;
- The capital plan should be developed by the Town Administrator in conjunction with department leaders and be vetted by the Capital Committee before submission to the Select Board and Warrant Committee;
- Refocus on planning and economic development in order to attract an appropriate level of commercial and/or industrial activity in order to expand levy capacity and relieve the tax burden on residential taxpayers;
- Coordinate training programs across finance-related departments and, where relevant, boards and committees; and
- Invest in upgrading its computer-assisted mass appraisal (CAMA) system.

The Project Team has included an Appendix containing noteworthy research and several documents ranging from a sample financial planning cycle, an analysis of comparable municipalities, a competitiveness analysis of elected positions in the Town, and a framework for considering elected and appointed positions for reference.

## Background

Belmont, Massachusetts is a town of 26,116 people (as of FY2022) located in Middlesex County, approximately 10 miles northwest of Boston. The Town enjoys ready access to Greater Boston via MA Route 2 (also known as the Concord Turnpike) as well as Belmont and Waverly Stations on the Fitchburg Line of the MBTA Commuter Rail.

Belmont began history as an English settlement founded by Sir Richard Saltonstall in 1630 called Pequossette, named for the Pequossette tribe of Native Americans who previously made the land their home. Soon after, the name of the settlement was changed to Watertown. The settlement grew to encompass modern-day Watertown, Waltham, Weston, Lincoln, and parts of Cambridge. By 1738, Waltham seceded from the settlement.<sup>1</sup>

After the construction of rail running from Charlestown to nearby Fresh Pond in 1843, the residents of Waltham village successfully petitioned to have the line extended. This extension is known today as the MBTA Commuter Rail's Fitchburg Line, which runs through Belmont. The railroad facilitated Belmont's growth from a purely agricultural settlement to its transformation into a suburb for the more affluent living in the Boston area. In the early 1850s, a group of residents began organizing to carve out the emerging settlements in the Wellington Station (now Belmont Station), Waverley Station, and Hill's Crossing Station as their own town. One of the cause's more significant supporters, John Perkins Cushing, gave generously to the expenses of the incorporation process on the condition that the new town be named after his estate "Bellmont." In 1859, Belmont was officially incorporated as a town.<sup>2</sup>

At the outset, the Town of Belmont was known for its farms and market gardens, with "Belmont" becoming a term of distinction for high-quality farm goods such as celery, tomatoes, cucumbers, berries, and other small fruits. In 1880, Belmont's claim of part of Fresh Pond were ceded to Cambridge over concerns of a slaughterhouse erected nearby, leaving the Town with a total square mileage of 4.68. After MA Route 2 widenings, the modern-day total area became approximately 4.66 square miles. As time went on, farming disappeared as the Town grew throughout the 20<sup>th</sup> century to accommodate "artists, authors, educators, physicians, and scientists." Today, Belmont is a residential suburb known as the "Town of Homes."<sup>3</sup>

Belmont has approximately 9,819 total households. Approximately 60% of all households were family households and 18% of households were seniors living alone, which is 27% and 8% higher than the state average, respectively. Median household income is \$129,380, which is 59% higher than the state average. About 31% of households had an income higher than \$200,000, which is 137% higher than the state average. The homeownership rate in Belmont closely mirrors the state average, with 65% of Belmont residents owning their own home versus 62% of Massachusetts residents. The 2019 median home value in Belmont was \$859,600.<sup>4</sup>

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<sup>1</sup> *History & Facts*. Belmont, MA Website. Accessed December 17, 2021.  
<https://www.belmont-ma.gov/home/pages/history-facts>.

<sup>2</sup> *History & Facts*. Belmont, MA Website. Accessed December 17, 2021.  
<https://www.belmont-ma.gov/home/pages/history-facts>.

<sup>3</sup> *History & Facts*. Belmont, MA Website. Accessed December 17, 2021.  
<https://www.belmont-ma.gov/home/pages/history-facts>.

<sup>4</sup> *Belmont, Massachusetts*. ClearGov Profile. Accessed December 17, 2021.  
<https://cleargov.com/massachusetts/middlesex/town/belmont>.

Belmont, as a “Town of Homes,” is also notable for its largely residential character: between FY2018 and FY2022, residential properties made up somewhere between 94.07% and 95.07% of all land assessments. As a result, the Town’s finances are largely dependent on residential taxpayers. In FY2022, the tax levy in total represented approximately seven out of ten revenue dollars – and approximately 94.76% of that tax levy was made up of the residential levy: that translates to over \$105.8 million out of approximately \$160.9 million in total revenue during that year. The heavy reliance on residential tax levy, coupled with Belmont’s small commercial and industrial base, is significant. The Town’s flexibility in responding to an economic downturn, particularly one which impacts housing prices, is very limited. This underscores the need for well-organized and highly attuned financial management and organization structure.<sup>5,6</sup>

Belmont provides a suite of services to its residents ranging from public schools, public safety, public works with divisions focused on highways, water, parks, facilities, and cemeteries maintenance, community development, a council on aging, health and recreation departments, a housing authority, a public library, and a decentralized finance structure encompassing accounting, assessing, and a treasurer/collector. In FY2021, Belmont employed approximately 1,395 full and part-time employees, with total salaries and wages amounting to approximately \$63.5 million.<sup>7</sup>

**Table 1: Comparable Municipalities Data Points<sup>8</sup>**

Municipality	2022 Population	FY2022 DOR Income Per Capita	CY2020 EQV Per Capita	FY2020 Revenues	FY2020 Expenditures
Acton	23,662	70,004	208,812	96,549,965	95,579,208
Belmont	26,116	98,942	376,814	126,400,040	103,738,073
Hingham	24,679	121,098	321,823	107,951,542	105,313,158
Hopkinton	18,470	85,045	241,190	88,500,611	86,096,712
Milton	27,593	75,560	247,068	108,209,998	96,287,043
Sudbury	19,655	120,476	261,099	104,210,391	100,908,174
Winchester	22,799	127,272	380,747	129,734,203	113,515,542

Belmont’s status as a well-off community is supported by the data. Resident income levels as measured by the MA Department of Revenue in FY2022 show that Belmont’s income per capita was \$98,942. This is quite close to the average of the listed comparable municipalities at \$99,909, and significantly higher than the Massachusetts per capita income of \$46,062. However, in that same year the Town was the 10<sup>th</sup> most expensive place in Massachusetts to own a home – while per capita incomes ranked only 22<sup>nd</sup> by comparison. The sum total of single family home values topped \$6.1 billion, with the median home worth approximately \$1 million.<sup>9</sup> The average homeowner could be expected to pay \$15,568 annually in property taxes, or approximately 15.73% of their income.

<sup>5</sup> Belmont, MA. DLS Municipal Databank. Accessed December 20, 2021. <https://www.mass.gov/municipal-databank-data-analytics-including-cherry-sheets>.

<sup>6</sup> Belmont. Tax Rate Recapitulation FY2022. MA Department of Revenue Division of Local Services Bureau of Accounts. Accessed December 15, 2021.

<sup>7</sup> Belmont, MA. DLS Municipal Databank. Accessed December 20, 2021. <https://www.mass.gov/municipal-databank-data-analytics-including-cherry-sheets>.

<sup>8</sup> See Methodology section for description of comparable municipalities selection.

<sup>9</sup> According to the Town of Belmont’s Board of Assessors.

Table 2: FY2022 Highest Single Family Tax Bills in the Commonwealth of Massachusetts					
Municipality	Average Single Family Value	Single Family Tax Bill	DOR Income Per Capita	Average Tax Bill as a % of Income	Rank
Weston	1,777,218	22,766	354,387	6.42	1
Brookline	2,011,023	20,492	95,466	21.47	2
Lincoln	1,246,944	18,617	155,262	11.99	3
Wellesley	1,445,944	16,889	220,432	7.66	4
Sherborn	880,707	16,760	212,856	7.87	5
Lexington	1,203,847	16,613	196,680	8.45	6
Concord	1,125,397	16,611	154,426	10.76	7
Winchester	1,264,001	15,813	127,272	12.42	8
Dover	1,265,303	15,715	240,778	6.53	9
Belmont	1,346,737	15,568	98,942	15.73	10
Carlisle	935,664	15,438	155,314	9.94	11
Wayland	838,491	15,386	150,253	10.24	12

Aside from Belmont, only 11 other municipalities listed above in Massachusetts have a single family tax bill which averages above \$15,000 in FY2022, with Belmont being in the top ten for single family tax bills in overall. Out of these 11 municipalities, only one had per capita income levels lower than Belmont (Brookline, at \$95,466). The others had per capita incomes higher than \$127,000 – roughly \$30,000 more than Belmont’s per capita incomes. The average per capita incomes of these ten municipalities is approximately \$196,766 – nearly \$100,000 more than Belmont’s per capita income. The average of their single family tax bills is approximately \$17,060 – nearly \$1,500 higher than Belmont’s single family tax bill. When housing costs and property tax levels are considered in conjunction with Belmont’s per capita incomes, it becomes clearer that the Town is asking far more of its residential taxpayers than its comparable peers.

Table 3: FY2022 Comparable Municipalities Single Family Tax Bill							
Municipality	Population	Single Family Values	Single Family Parcels	Average Single Family Tax Bill	Average Single Family Value	Average Tax Bill as % of Income	Rank
Acton	23,662	3,325,605,600	4,995	12,950	665,787	18.5%	19
Belmont	26,116	6,107,452,000	4,535	15,568	1,346,737	15.73%	10
Hingham	24,679	5,784,654,400	6,236	10,723	927,623	8.85%	35
Hopkinton	18,470	3,045,920,126	4,473	11,597	680,957	13.64%	26
Milton	27,593	5,940,994,100	7,206	10,281	824,451	13.61%	39
Sudbury	19,655	4,339,227,738	5,441	14,395	797,508	11.95%	13
Winchester	22,799	7,177,000,496	5,678	15,813	1,264,001	12.42%	8

Financial indicators suggest the Town has strong creditworthiness. Moody’s and Standard & Poor’s, two of the major rating agencies in the United States, rate Belmont as Aaa and AAA, respectively. Belmont has maintained an Aaa from Moody’s since at least FY2009. Certified free cash as of FY2022 amounted to



about \$15 million, or approximately 10.66% of the budget. However, it is important to note several factors which could jeopardize Belmont’s creditworthiness in the future. In credit opinions issued as recently in 2019 and 2020, Moody’s has explicitly stated “failure to maintain financially balanced operations as debt service increases” as a major factor which could lead to a downgrade. In the course of this review, the Project Team also noted Belmont’s continuous reliance of free cash to pay recurring costs in recent budget years. As free cash is nonrecurring revenue, the Town is engaged in a poor financial practice and is functionally accommodating and ignoring a structural deficit. The practice, over time, all but ensures a downgrade.<sup>10,11</sup>

## Methodology

Throughout the analysis of Belmont’s financial organization, the Project Team requested and received several documents relating to the financial operation of the Town. The Project Team also conducted formal interviews with Town officials and employees responsible for various aspects of financial management. The formal interviews were conducted between December 2021 and February 2022.

The Project Team collected examples of various financial management procedures and policies used in other municipalities throughout Massachusetts, focusing on municipalities that were designated by the Project Team as appropriate to use as peers based on a series of appropriate indicators. The Project Team utilized data available from the Massachusetts Department of Revenue and compared the following measures to create a list of peer municipalities: population, income per capita, equalized valuation (EQV) per capita, and total budget. Additionally, each peer municipality has a tax levy as a percentage of the overall budget above 75%. Towns with tax bills over \$15,000 were not included as peers for one simple reason: each one which was considered had significantly higher per capita incomes than the Town of Belmont, as cited above. There are also instances in this report where comparisons to direct neighbors Arlington, Lexington, and Watertown are made, despite these municipalities not being included in the Project Team’s determination of the previously listed comparable peers.

Municipalities selected include Acton, Hingham, Hopkinton, Milton, Sudbury, and Winchester. These municipalities were cross-referenced against the differing comparison points outlined above and also represent a cross-section of municipalities that have embraced various best practices in financial management. Municipalities were assessed based on criteria ranging from the election or appointment of key financial officers, whether Chief Financial Officers held any other positions or performed additional duties, how their role was outlined, what other financial officers reported to Chief Financial Officers, and how centralized or diffuse responsibility was for financial management.

Tables comparing the municipalities with Belmont can be found in Appendix A.

Additionally, the last several years have seen a renewed emphasis on the creation and adoption of municipal best practices. Professional membership groups such as the Massachusetts Municipal Association (MMA) and the Government Finance Officers Association (GFOA) have made great strides in developing a robust set of practices and in encouraging their membership to utilize them. The

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<sup>10</sup> *Belmont (Town of) MA: Credit Opinion*. Moody’s Investors Service. Issued February 28, 2019.

<sup>11</sup> *Rating Action: Moody's assigns Aaa to Belmont, MA GOs*. Moody’s Investors Service. Published May 21, 2020. [https://www.moodys.com/research/Moodys-assigns-Aaa-to-Belmont-MA-GOs--PR\\_906346357?msclkid=6e446f77aa1411ecb8573829e8f73dba](https://www.moodys.com/research/Moodys-assigns-Aaa-to-Belmont-MA-GOs--PR_906346357?msclkid=6e446f77aa1411ecb8573829e8f73dba).

Commonwealth of Massachusetts, through the Department of Revenue Division of Local Services (DLS), has published several best practices, particularly around financial management.

For this project, the Project Team reviewed best practices developed by these entities to ensure that its recommendations reflect the current state of municipal practice.

## Summary of Findings and Recommendations

Table 4: Summary of Findings and Recommendations		
Page	Finding	Recommendation
<b>1.0 Financial Structure Findings and Recommendations</b>		
<b>Page 12</b>	<b>Finding 1.1</b> While the annual budget process includes an annual joint meeting of the Select Board, Warrant Committee, and School Committee, it does not conform with the established best practices as outlined by the MA Department of Revenue Division of Local Services (DLS).	<b>Recommendation 1.1</b> Follow DLS guidelines and established best practices during the annual budget process, which includes reaching consensus on all financial forecasts.
<b>Page 13</b>	<b>Finding 1.2</b> The Town’s overall financial organization is flat and hindered by divided appointment and reporting responsibilities, as well as the election of certain positions and committees.	<b>Recommendation 1.2</b> The Town should create an organization that is more centralized through Select Board policy, bylaws, special legislation, or Massachusetts General Law.
<b>Page 14</b>	<b>Finding 1.3</b> The Town does not have a Financial Management Team.	<p><b>Recommendation 1.3.1</b> The Town should formalize a Financial Management Team in accordance with best practices established by DLS.</p> <p><b>Recommendation 1.3.2</b> The Town should appoint a Finance Director to lead the Financial Management Team.</p>
<b>Page 16</b>	<b>Finding 1.4</b> The appointment of municipal finance officers – particularly treasurer/collectors – has become a standard practice in Massachusetts.	<p><b>Recommendation 1.4.1</b> The Town should seek special legislation to replace all relevant elected non-policymaking boards, committees, and positions with appointed ones, including the Treasurer/Collector and Board of Assessors.</p> <p><b>Recommendation 1.4.2</b> The Town should transition to an appointed Treasurer/Collector who is an integral member of the Financial Management Team.</p>

<p><b>Page 18</b></p>	<p><b>Finding 1.5</b> The powers and duties of the Select Board and Town Administrator with regard to financial management and the annual budget process are not well defined.</p>	<p><b>Recommendation 1.5</b> <i>The Town should clearly define and strengthen the powers and duties of the Select Board and Town Administrator through Select Board policy, bylaws, and/or special legislation.</i></p>
<p><b>Page 20</b></p>	<p><b>Finding 1.6</b> The Audit Committee lacks an appropriate level of independence, while the Capital Committees have too much autonomy.</p>	<p><b>Recommendation 1.6.1</b> <i>The Audit Committee should be appointed by the Moderator to provide a check on the finance officers.</i></p> <p><b>Recommendation 1.6.2</b> <i>The Capital Committee should be appointed by the Select Board and be charged with working alongside the Financial Management Team.</i></p>
<p><b>Page 20</b></p>	<p><b>Finding 1.7</b> Key positions involved in the Town’s financial management have outdated job descriptions.</p>	<p><b>Recommendation 1.7</b> <i>The Town should conduct a classification and compensation study to ensure all relevant positions are up-to-date.</i></p>
<p><b>Page 21</b></p>	<p><b>Finding 1.8</b> The current Board of Assessors, while qualified, will face challenges in the future due to a lack of qualified assessing professionals entering the field.</p>	<p><b>Recommendation 1.8</b> <i>The Board of Assessors should be appointed and the full-time Assessing Administrator should fill a Board seat.</i></p>

**2.0 Financial Operations Findings and Recommendations**

<p><b>Page 22</b></p>	<p><b>Finding 2.1</b> The Town’s reliance on unsustainable sources of revenue has led to a structural deficit.</p>	<p><b>Recommendation 2.1.1</b> <i>The Town should significantly reduce or otherwise end its reliance on free cash and other non-recurring revenues to balance the operating budget and eliminate its structural deficit.</i></p> <p><b>Recommendation 2.1.2</b> <i>The Town should develop other sources of revenue, including PILOT agreements and a comprehensive review of municipal fees and local receipts.</i></p>
<p><b>Page 23</b></p>	<p><b>Finding 2.2</b> The Town lacks a comprehensive strategy for reducing overall expenses.</p>	<p><b>Recommendation 2.2</b> <i>The Town should develop a comprehensive strategy to restructure departments, services, employee benefits, fixed and variable expenses, and wages.</i></p>
<p><b>Page 24</b></p>	<p><b>Finding 2.3</b> The Town does not prioritize having adequate cash reserves.</p>	<p><b>Recommendation 2.3</b> <i>The Town should develop a strategy to build permanent reserves.</i></p>

<p><b>Page 24</b></p>	<p><b>Finding 2.4</b> The capital planning process is not comprehensive and does not conform with best practices.</p>	<p><b>Recommendation 2.4</b> <i>The capital plan should be developed by the Town Administrator in conjunction with department leaders and be vetted by the Capital Committee before submission to the Select Board and Warrant Committee.</i></p>
<p><b>Page 25</b></p>	<p><b>Finding 2.5</b> The Town does not have a diversified tax base.</p>	<p><b>Recommendation 2.5</b> <i>The Town should refocus on planning and economic development in order to attract an appropriate level of commercial and/or industrial activity in order to expand levy capacity and relieve the tax burden on residential taxpayers.</i></p>
<p><b>Page 27</b></p>	<p><b>Finding 2.6</b> Finance-related officials are concerned with both the loss of institutional knowledge through turnover as well as a lack of new, specialized knowledge in areas such as the utilization of financial software among current personnel.</p>	<p><b>Recommendation 2.6</b> <i>The Town should coordinate training programs across finance-related departments and, where relevant, boards and committees.</i></p>
<p><b>Page 28</b></p>	<p><b>Finding 2.7</b> The Town struggles with its computer assisted mass appraisal (CAMA) system, which has been noted as deficient since at least 2011.</p>	<p><b>Recommendation 2.7</b> <i>The Town should invest in upgrading its CAMA system.</i></p>

## Findings and Recommendations

### 1.0 Financial Structure Findings and Recommendations

The financial organizational structure of the Town of Belmont reflects a highly decentralized approach to governance, both indicative of the Town's history and still common in many smaller communities throughout the Commonwealth. Various components of the organization, through past practice or historic distrust of central administration, have established an independence from central administrative authority. In addition to the School Committee, the Treasurer/Collector, Board of Assessors, and several other positions and boards operate outside the administrative authority of the Town Administrator. This form of municipal organization is a vestige of the past and is becoming increasingly rare due to the increased complexity of municipal finance and other reasons outlined in this report. Each of these autonomous boards and positions may direct policy separate from the Select Board and Town Administrator.

The Project Team noticed there seems to be an unwritten precedent that the Town's various elected and appointed boards and officials are often allowed greater authority in their individual budget proposals in comparison to the budget processes of other towns. The end result of this precedent is a package of poorly coordinated policies and proposals submitted to Town Meeting. Additionally, the Project Team concurs with the 2011 DLS Review in that the complexity of managing a contemporary municipality has grown significantly over time. Such complexity demands professionalization and the implementation of best practices.

The Select Board can and should be the body in Town that sets policy and strategic direction, coordinates the activities of other boards, and hears appeals and resolves problems that have not been settled at lower levels. The Select Board should be the head of the executive branch in the Town of Belmont.<sup>12</sup> Without a Select Board that is willing and able to exercise leadership at this level, the requirements of financial management cannot be met.

Municipal financial management requires the development of a two-way pattern of responsibility derived, ultimately, from the Select Board and their appointed Town Administrator. Financial management flows from their decision-making and expertise. The first line of responsibility runs from the Town Administrator to municipal departments. The Town Administrator is charged with the general supervision of administrative affairs and must be able to manage administration: only then is it possible to execute plans that have been adopted by Town Meeting. The second line of responsibility runs between the Town Administrator and Town Meeting. In every democratic government, the Town Meeting may approve or reject the proposals of the Town Administrator. In the exercise of this authority, Town Meeting members must be able to hold the Town Administrator accountable both for the execution of the last year's financial plan and for the comprehensiveness of the next year's financial plan. Meanwhile, the Town Administrator is always accountable and reporting to the Select Board and acting on the behalf of a reasonably empowered executive branch. Only when this baseline model is adopted can stronger financial management take root.<sup>13</sup>

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<sup>12</sup> *Handbook for Massachusetts Selectmen*. Massachusetts Municipal Association. Published 2014. [https://www.pembroke-ma.gov/sites/g/files/vyhlf3666/f/uploads/mma\\_bos.pdf](https://www.pembroke-ma.gov/sites/g/files/vyhlf3666/f/uploads/mma_bos.pdf).

<sup>13</sup> *Government Budgeting*. Jesse Burkhead. Published by John Wiley and Sons, Inc., January 1, 1956.

The recommendations included in this report are intended to establish a financial organization and financial process that conform to established and increasingly standard best practices. In addition to making recommendations in relation to financial structure and operations, the Project Team has provided a series of tools ranging from data regarding comparable municipalities, a competitiveness analysis of Belmont's elections, a framework for considering elected and appointed officials, and a sample financial planning cycle document. These items will help place the recommendations in context.

**Finding 1.1** While the annual budget process includes an annual joint meeting of the Select Board, Warrant Committee, and School Committee, it does not conform with the established best practices as outlined by the MA Department of Revenue Division of Local Services (DLS).

Belmont does follow a standard practice in municipal financial management: key financial policymaking boards meet to discuss the annual budget as part of the process. The Select Board, Warrant Committee, and School Committee meet jointly at the beginning of the process during the fall to discuss and shape the upcoming fiscal year. However, the Town falls short of meeting all best practices in this regard by routinely ending committee meetings as well as meetings among finance officers without a clear, concise, and agreed-upon budget picture. As a consequence of each board and committee essentially operating in silos and remaining unchallenged, each draws their own budget conclusion and makes budget decisions without a unified notion of what the upcoming fiscal year budget will look like.

**Recommendation 1.1** Follow DLS guidelines and established best practices during the annual budget process, which includes reaching consensus on all financial forecasts.

DLS has outlined a series of best practices around financial management. In particular, DLS has developed a white paper on the annual budget process in municipalities. Where Belmont has fallen short in meeting best practices, DLS recommends that towns conduct a joint meeting of their Select Board, Warrant Committee, and School Committee that not only reviews revenue projections, but also reaches "consensus on overall expenditure levels, use of reserves, and allocation of resources generally." The reaching of a consensus on financial forecasting is a critical component of strong financial management. It is not possible as long as individual committees, boards, and positions are arriving at different budgetary conclusions while simultaneously shaping a shared budget document.<sup>14</sup>

A typical financial planning cycle has an established timeline and typically has five components completed in sequential order: (1) capital budget development, (2) revenue and expenditure forecasting, (3) budget development and submission, (4) legislative review and approval, and (5) auditing. Adopting a timeline and including these components are recommended best practices recognized by DLS and industry professional organizations, such as the Government Finance Officers Association (GFOA). The Project Team drafted a detailed financial planning cycle which follows established best practices, which can be found in Appendix A of this report.<sup>15</sup>

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<sup>14</sup> *Annual Budget Process in Towns*. MA Department of Revenue Division of Local Services. January 2020. <https://www.mass.gov/doc/annual-budget-process-in-towns/download>.

<sup>15</sup> *Best Practices: Adopting Financial Policies*. Government Finance Officers Association (GFOA). Accessed February 14<sup>th</sup>, 2022. <https://www.gfoa.org/materials/adopting-financial-policies>.

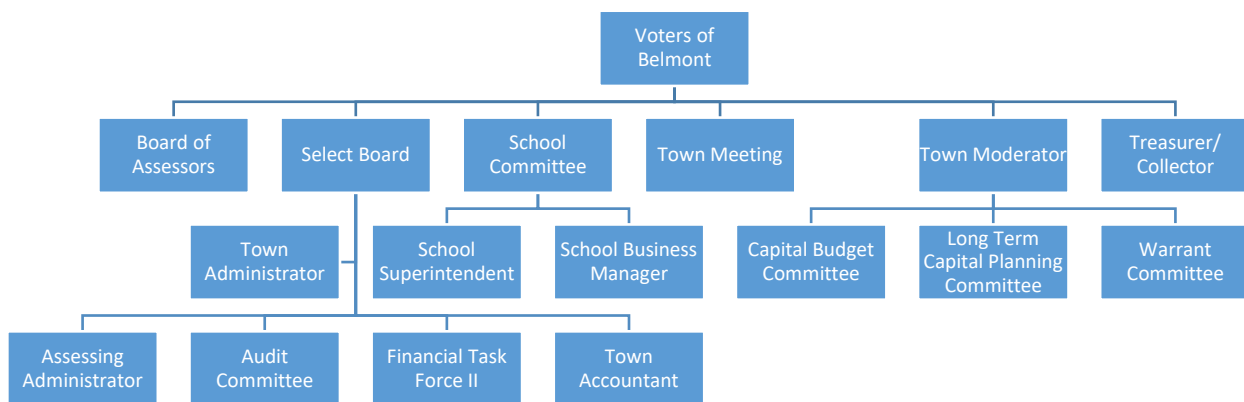
**Finding 1.2** The Town’s overall financial organization is flat and hindered by divided appointment and reporting responsibilities, as well as the election of certain positions and committees.

In Belmont, six key financial management team members are appointed (or elected) by five different authorities. This is not a best practice and routinely hinders financial management. To quote directly from the DLS 2011 Financial Management Review (DLS Review):

*“[Town government] 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 [T]own, 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.”*

Very little has changed since the writing of this report more than ten years ago. Belmont still embraces a decentralized model for financial organization, with an elected Treasurer/Collector and elected Board of Assessors, two committees dealing with capital planning, and a Warrant Committee<sup>16</sup> all involved in the varying pieces of financial management. This does not include the various appointed and/or temporary committees dealing with specific, highly individualized spending pieces like municipal buildings. Each position, board, and committee effectively deals with parts, but not all, of the picture in an inherently uncoordinated fashion. Without the capacity for managing the process, the Town Administrator and the Select Board lack the ability to steer the fiscal ship or build consensus in a way that modern financial management demands. Each is accountable in varying degrees to reporting structures and each may have different goals, objectives, and directives. Cooperation and accountability are hampered by the existing structure and divided appointing authorities, as well as an unspoken rule in Belmont of boards, committees, and officials generally not challenging each other’s positions or conclusions on given issues. In sum, the organizational structure leads to financial disarray.

**Current Belmont Financial Organization Structure<sup>17</sup>**



<sup>16</sup> The Warrant Committee fulfills the duties of a Finance Committee.

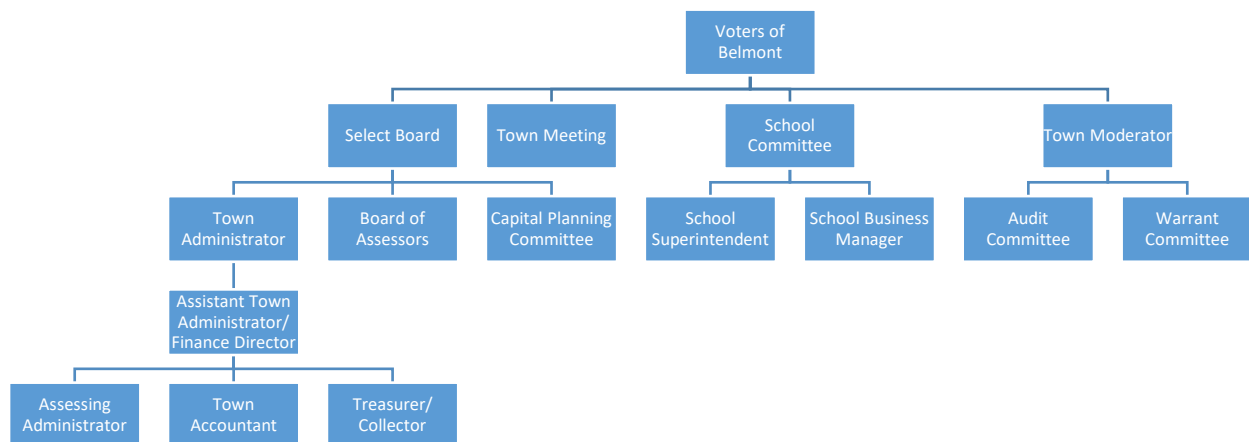
<sup>17</sup> This chart does not include individual committees involved with specific building projects, or committees involved in other areas of municipal governance such as the Board of Library Trustees, Housing Authority, etc.

**Recommendation 1.2** *The Town should create an organization that is more centralized through Select Board policy, bylaws, special legislation, or Massachusetts General Law.*

The Project Team proposes the reorganization of the Town’s financial organization in order to create clear lines of authority and responsibility in financial management. Belmont should consider a more centralized structure, where financial authority is derived from the Town Administrator or their designee, with Assessing, Accounting, and the Treasurer/Collector reporting directly to the Town Administrator or their designee who, in turn, is held accountable by the Select Board. Capital planning would be downsized to a single Capital Planning Committee. The Select Board would appoint both the Capital Committee and the Board of Assessors. The Town Moderator would appoint the Audit and Warrant Committees as a more appropriate check on the Town’s executive branch.<sup>18</sup>

The Project Team also recommends empowering the Assistant Town Administrator as the Finance Director, to be filled by a candidate with a strong financial acumen ready to take on the necessary work of managing the Town’s financial management team. This would be a strong signal to the Town’s residents that financial management is being taken seriously and is no longer spread across various appointed and elected positions, boards, and committees. The Project Team has developed sample legislation for the purposes of implementing these changes available in Appendix E of this report.

**Proposed Belmont Financial Organization Structure**



**Finding 1.3** The Town does not have a Financial Management Team.

The Town appears to have developed over time an informal process of financial management, where the entirety of financial operations are never assessed by every finance officer all at once. Financial management teams generally enable and empower financial officers to create a clearer budget picture and build consensus, which further empowers boards, committees, and policymakers to make better financial decisions. Although the Project Team heard claims that Belmont did have a Financial Management Team, it does not appear that the team is formalized, and it does not appear that it is led by a finance director. Meetings are called on an ad hoc basis with no requirements of all relevant financial

<sup>18</sup> See Finding 1.6 and corresponding recommendations of this report for more detail.



officers to attend (if they were called at all) and with no real consensus built around a common budget picture.

**Recommendation 1.3.1** *The Town should formalize a Financial Management Team in accordance with best practices established by DLS.*

According to DLS' white paper on financial management teams released in January 2020, the formalization of a municipal financial management team involves the inclusion of the Town Administrator, Finance Director, School Business Manager, Town Accountant, Treasurer/Collector, Assessing Administrator, designated purchasing officer, and Information Technology Director. They also involve the designation of an appropriate chair of the team who establishes regularly scheduled (usually monthly) meetings, as opposed to calling meetings on an ad hoc basis. Sending agendas to team members before meetings detailing relevant matters is also suggested, which may include "the status of submissions to DLS, budget tracking analysis, discussion of technology issues, and updates on projects request by the...[Select Board], [Warrant Committee], or [S]chool [C]ommittee."

The DLS white paper described the benefits of formalized financial management teams succinctly, and the Project Team concurs:

*"Regular meetings of the financial management team create opportunities to develop new ideas and analyze the impact of upcoming fiscal events. Working together, team members can identify critical junctures and offer early strategies to deal with anticipated areas of concern. Finance officers can thereby ensure they are in agreement about goals, deadlines, and each individual's role in the process.*

*In opening the lines of communication among finance officers, team meetings allow for discussion of overall operations and provide a forum to raise and resolve interdepartmental issues. Regular meetings also help assure attendees that valuable information is imparted to all at the same time. As important, they become more aware of how each office depends on the performance of the others to accomplish mission critical objectives. A financial management team is not intended to function in a policymaking role. However, it can be advisory to boards and committees in a way that provides information for use in policy development and implementation."<sup>19</sup>*

**Recommendation 1.3.2** *The Town should appoint a Finance Director to lead the Financial Management Team.*

As stated previously, the Town should appoint a Finance Director to generally guide financial management on behalf of the Town Administrator: either an Assistant Town Administrator who also serves as the Finance Director or, barring such an arrangement, one of the existing financial officers, such as an appointed Treasurer/Collector. Leadership of the team will help keep financial management on track and consistently meeting deadlines and accomplishing tasks.

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<sup>19</sup> *Financial Management Team*. MA DOR Division of Local Services. January 2020.  
<https://www.mass.gov/doc/financial-team/download>.

**Finding 1.4** The appointment of municipal finance officers – particularly treasurer/collectors – has become a standard practice in Massachusetts.

When considering applicants for appointed positions, relevant experience, education, certification, and other criteria are used to scrutinize candidate qualifications. In an elected system, the choice is limited to the names appearing on the ballot. As a result, scrutinizing the qualifications of a candidate is difficult and sometimes (particularly when there is only one candidate) not done at all. A review of elections for many elected positions in Belmont shows that, historically, they have not been competitive. While Belmont routinely has competitive elections for its Select Board (with seven competitive elections in the last ten years), it rarely has the same level of competitiveness in elections for its Treasurer/Collector. Since 2005, there has been exactly one competitive election for this position – an unbroken, uncompetitive streak for over 16 years. Additionally, there have been no competitive elections for the Board of Assessors since 2012. While neither system can guarantee that qualified and competent candidates will be selected, there is no way to prevent unqualified or ill-prepared candidates from being elected if they are the only choice presented to voters.

Any meaningful vetting of skilled candidates requires an applicant pool of sufficient size. Limiting the size of the pool by confining it to the population of a particular jurisdiction creates a competitive disadvantage. When recruiting for a position that requires specific and technical expertise, such as any financial officer, the disadvantage becomes more acute. When a position is elected, the pool is limited to the voting age population of a given municipality. According to American Community Survey (ACS) data, Belmont alone had a “civilian labor force” of 13,815 in 2019. Theoretically, this approximates the maximum potential pool of candidates for any elected position in the Town. Should the applicant pool be expanded to just Middlesex County (let alone the full Greater Boston area), the civilian employed population aged 16 and over contains approximately 888,780. As obvious as it seems, Belmont’s pool of financial managers is significantly smaller than the Middlesex County pool by comparison. ACS estimates Belmont’s pool of those currently serving in “finance and insurance” occupations (NAICS Codes 52) amounts to just 821. The same talent pool of such occupations in Middlesex County is approximately 48,008. By expanding the eligibility of these positions to those within commuting distance, the potential pool of candidates expands dramatically and can ensure a sufficient number of applicants to be properly vetted.<sup>20</sup>

It is a widely accepted practice to appoint municipal financial officers. As of 2018 and according to DLS, 77% of all collectors and 79% of all treasurers are appointed in the Commonwealth’s 351 cities and towns. In municipalities with populations greater than 1,500, over 80% of Treasurers and Collectors are appointed. A review of six comparable municipalities reflects the state-wide norm: all but one of Belmont’s comparable municipalities appoint their Treasurer/Collector.

The DLS Review for the Town of Belmont recommended that the appointment power be assigned to the Town Administrator. The report cited a “Department of Revenue opinion favoring a more centralized organizational structure, a point of view derived from observing the collective experience of Massachusetts municipalities.” This is a position, based on the Project Team’s review of more recent DLS reports, that DLS has consistently maintained in the ensuing years. In March 2018, the DLS recommended

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<sup>20</sup> *Belmont, MA & Middlesex County Economic Data*. American Community Survey. Accessed February 15, 2022. [data.census.gov](https://data.census.gov).

a Town Administrator with such powers in the much smaller town of Phillipston, with a population at the time of just 1,746.<sup>21</sup>

The Collins Center has published a framework for considering elected versus appointed officials which is included in Appendix D. Based on this framework, it is clear that these positions ought to be appointed in that they are not policymakers, handle matters of considerable complexity, they are critical to the effective and efficient functioning of government, and there is a lack of any real competition for the positions. It takes strong leadership, clear accountability standards, and an overarching sense of purpose to manage successfully at the municipal level. This is true of meeting regulatory compliance standards and mandates, service delivery, or marshalling limited financial resources and leading staff. Success must be clearly defined and measurable – otherwise it cannot be defined as success. This process begins with the establishment of a unified appointment authority that utilizes best practices in recruitment and selection, clearly articulated reporting responsibilities, and a well-defined relationship with other departments and managers.<sup>22</sup>

***Recommendation 1.4.1*** *The Town should seek special legislation to replace all relevant elected non-policymaking boards, committees, and positions with appointed ones, including the Treasurer/Collector and Board of Assessors.*

The Project Team conducted a competitive elections analysis (which can be found in Appendix C of this report). The Treasurer/Collector and the Board of Assessors have had, in the past 17 years and 10 years, respectively, exactly one competitive election each. The other, non-finance related positions were similarly non-competitive. These positions are largely statutory with minimal policymaking responsibility and that are complex and require significant training and certification. Additionally, these are positions where efficiency and effectiveness rely on routinized cooperation with other officials and, due to their technical and complicated nature, make it difficult for the public to evaluate their performance. The positions are not necessarily a check or a balance against another power in the community and, historically, have produced little to no competition. The Project Team recommends that, aside from the Select Board and School Committee, the Town appoint all positions and boards relevant to financial management and further consider appointing its other currently elected positions, boards, and committees. For guidance, the Project Team has included a framework on how to best determine positions in municipal government which should be elected and which should be appointed, available in Appendix D of this report. Additionally, the Project Team has developed sample legislation for the purposes of implementing these changes available in Appendix E of this report.

***Recommendation 1.4.2*** *The Town should transition to an appointed Treasurer/Collector who is an integral member of the Financial Management Team.*

The Project Team recommends the Town appoint its Treasurer/Collector. As stated previously in the DLS Review:

*“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*

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<sup>21</sup> *Financial Management Structure Report, Town of Phillipston.* MA Department of Revenue Division of Local Services. March 2018.

<sup>22</sup> Town of Belmont election results as published by the Town Clerk.

*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.”*

The Project Team concurs with the recommendation made in the DLS Review: while the current, long-serving Treasurer/Collector has performed well in the position and could be “grandfathered in” as the first appointed Treasurer/Collector, there are no guarantees that a resident of the Town with the level of competence and skill required to serve as the custodian of all funds and the collector of taxes will run in the future after the current Treasurer/Collector is no longer serving in that position. It is critical – and best practice supports – that the Town make the Treasurer/Collector an appointed position which reports to the Town Administrator or their designee and serves as a vital part of the Financial Management Team.

**Finding 1.5** The powers and duties of the Select Board and Town Administrator with regard to financial management and the annual budget process are not well defined.

The Project Team concurs with the DLS Review recommendation for the Town of Belmont that the role of the Town Administrator is ill-defined with regard to financial management and the annual budget process, and further notes that little has been done to make improvements since its writing over ten years ago.

The first recommendation of the DLS Review was to strengthen the position of Town Administrator through “...appointing authority and budget control...” In response, Chapter 17 of the Acts of 2014, also known as An Act Establishing the Position of Town Administrator in the Town of Belmont (the Act), was adopted by the Massachusetts Legislature at the behest of the Town. The Act only partially addresses the appointment powers of the Town Administrator and leaves control of the budget unsettled. The appointment powers exclude nearly all of the positions relating to financial management. As part of its collection of best practices, DLS identifies the following positions as important members of any financial management team:

- Town Administrator;
- Finance Director;
- School Business Manager;
- Town Accountant;
- Treasurer/Collector;
- Assessing Administrator;
- Purchasing Officer; and
- Information Technology (IT) Director.<sup>23</sup>

The Act excludes all but the Assessing Administrator and IT Director from the Town Administrator’s appointment authority, and even these appointments require Select Board confirmation and in the case of the Assessing Administrator, with the “advice and consent” of the Board of Assessors.<sup>24</sup>

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<sup>23</sup> Belmont does not currently have a Finance Director or Purchasing Officer.

<sup>24</sup> *Financial Management Team*. MA Department of Revenue Division of Local Services (DLS). January 2020. <https://www.mass.gov/doc/financial-team/download>.

Table 5: Comparable Municipalities Appointment Authority for Financial Officers							
Municipality	Chief Assessor	Capital Cmtee(s)	Finance/Warrant Cmtee	Finance Director	School Business Manager	Treasurer/Collector	Town Accountant
Acton	Town Manager	N/A	Moderator	Town Manager	School Committee	Town Manager	Select Board
Belmont	Town Admin <sup>25</sup>	Moderator	Moderator	N/A	School Committee	Elected	Select Board
Hingham	Town Admin	Moderator	Moderator	Selectmen	School Committee	Selectmen	Selectmen
Hopkinton <sup>26</sup>	Town Manager	Select Board/ Town Moderator	Select Board	Town Manager	School Committee	Town Manager	Town Manager
Milton	Board of Assessors	Selectmen	Moderator	Selectmen	School Committee	Elected	Selectmen
Sudbury	Town Manager	Selectmen	Moderator	Town Manager	School Committee	Town Manager	Selectmen
Winchester	Board of Assessors	Divided <sup>27</sup>	Divided <sup>28</sup>	N/A	School Committee	Town Manager	Selectmen

The Act also limits the Town Administrator’s supervisory responsibility to those departments and employees under the jurisdiction of the Select Board which, in Belmont, is very limited. This eliminates key financial officers from the supervisory authority of the Town Administrator.

**Recommendation 1.5** *The Town should clearly define and strengthen the powers and duties of the Select Board and Town Administrator through Select Board policy, bylaws, and/or special legislation.*

The existing Act allows the Town to grant the Town Administrator greater authority. It states, in part, that the Town Administrator shall “...perform all functions for which the town administrator is given responsibility, authority, or control by this act, bylaw, or vote of the Board of Selectmen(sic).” The Project Team recommends that the Town draft, with advice from counsel, a bylaw that confers responsibility for overall financial management and control to the Town Administrator. The bylaw should be based on the following principles:

- The Town Administrator or their designee (preferably the Assistant Town Administrator/Finance Director) leads a Financial Management Team, as envisioned in DLS best practice;
- Notwithstanding the method of appointment, all members of the Finance Team shall report to and take direction from the Town Administrator on matters related to the annual capital and operating budget processes;

<sup>25</sup> With “advice and consent” of the Board of Assessors.

<sup>26</sup> Technically, the Town Manager appoints and the Select Board confirms appointments in the Town of Hopkinton.

<sup>27</sup> In Winchester, the Capital Planning Committee consists of seven members and serve three-year terms. Members are appointed as follows: one appointed by the Planning Board from among its members, one appointed by the School Committee, two appointed by the Finance Committee (at least one of whom is from among its members), and three appointed by the Select Board.

<sup>28</sup> In Winchester, the Finance Committee is comprised of 15 residents appointed by the chair of the Select Board, the chair of the Finance Committee, and the Town Moderator for three-year terms.

- The budget process shall begin with a consensus around revenue and expense forecasts;
- There shall be frequent updates provided to the Select Board, Warrant Committee, and School Committee; and
- The Town Administrator shall manage all aspects of the budget process up to the submission of the budget to the Select Board and Warrant Committee.

**Finding 1.6** The Audit Committee lacks an appropriate level of independence, while the Capital Committees have too much autonomy.

The Select Board appoints members of the Audit Committee, and the Moderator appoints members of both capital committees. Transparency is always a concern when a position has power of appointment, and when appointment powers are allocated in an inappropriate fashion, it can further hinder good financial management practices and organization.

Given that the Select Board is charged with overall control of the financial condition of the Town and is meant to have a central role in shaping budgets and capital planning, it is highly unusual that they would appoint members of the Audit Committee. The Audit Committee, with its charge to offer an independent and impartial review of the financial condition and financial controls of the Town, is reviewing the work of the people who control whether or not they serve on the Audit Committee. The Town Moderator, who is charged with organizing and conducting Town Meeting and ensuring a fair, open, and transparent process, appoints members of committees concerned with capital planning and budgeting.

This current arrangement creates confused financial organization and could lead residents to believe the financial operations of the Town are not a transparent or open process. A more appropriate system for checks and balances would be to reverse the process: the Audit Committee should be appointed by the Moderator and members of the capital committee(s) should be appointed by the Select Board.

**Recommendation 1.6.1** *The Audit Committee should be appointed by the Moderator to provide a check on the finance officers.*

It would be much more appropriate for members of the Audit Committee – whose work includes impartially reviewing the Town’s financial condition – to be appointed by the Town Moderator, whose charge is to ensure a transparent process. The current structure hinders openness and accountability.

**Recommendation 1.6.2** *The Capital Committee should be appointed by the Select Board and be charged with working alongside the Financial Management Team.*

Additionally, the committees concerned with capital planning would be more appropriately appointed by members of the Select Board – the executive body of the Town which holds overall accountability and financial control of the Town. Fundamentally, capital planning is necessary both to the success of day-to-day operations of the Town and to implementing long-range plans. It is imperative that both these short and long-term goals are driven by the Town’s executive branch – namely the Select Board.

**Finding 1.7** Key positions involved in the Town’s financial management have outdated job descriptions.

The Project Team notes that the Town has not updated its job descriptions – particularly for its financial officers and related personnel – for some time now. These descriptions should be routinely updated in

order to account for changes in position duties and responsibilities and, generally speaking, so that positions are appropriately advertised.

**Recommendation 1.7** *The Town should conduct a classification and compensation study to ensure all relevant positions are up-to-date.*

A wage and classification study would afford the Town the ability to develop new job descriptions which include clear definitions of essential functions and requirements, evaluate and assign positions to appropriate classifications to assure internal equity, and help to determine the relative marketplace for studied positions in order to help create an equitable, competitive compensation structure. In doing so, the Town would be able to further understand these factors in order to enhance morale among personnel and potentially freeze future growth in compensation for positions which may be out of step with the marketplace.

**Finding 1.8** The current Board of Assessors, while qualified, will face challenges in the future due to a lack of qualified assessing professionals entering the field.

The Assessing Department is currently staffed with a full-time Assessing Administrator, a full-time Assistant Assessing Administrator, and a part-time Clerk. The appointed assessor is responsible for the fieldwork and annual updating of data used to support new growth, annual sales review, and permits. The current three member Board of Assessors is elected and well-qualified, with two members holding appraisal designations. However, the field of assessing is facing a drought of qualified professionals – particularly in municipalities east of I-495 in what would generally be considered Greater Boston. This drought of qualified assessors will have an outsized impact on the Town if it continues to have an elected Board of Assessors. As indicated in the table below, most of the municipalities adjacent to Belmont have appointed boards.

County	Municipality	Board of Assessors
Middlesex	Arlington	Elected
Middlesex	Belmont	Elected
Middlesex	Cambridge	Appointed
Middlesex	Lexington	Appointed
Middlesex	Waltham	Appointed
Middlesex	Watertown	Appointed

**Recommendation 1.8** *The Board of Assessors should be appointed and the full-time Assessing Administrator should fill a Board seat.*

The Project Team recommends moving to an appointed board in the future, with the full-time Assessing Administrator serving in one of the three appointed seats. This would ensure the efficiency of appointing professionals with significant experience, as well as having a board member close to day-to-day departmental operations while maintaining board independence by having two members remaining outside working as a full-time assessor. This would require a change in the Town bylaws or the passage of some form of special legislation. Despite this, the Project Team maintains that the current Assessing

Administrator’s experience would be a valuable addition to the Board of Assessors and could be “grandfathered” in as an appointed member of the board, along with the other current members. The Project Team has developed sample legislation for the purposes of implementing these changes available in Appendix E of this report.

## 2.0 Financial Operations Findings and Recommendations

The findings and recommendations of this section are secondary to the recommendations made in the prior section. While this section seeks to enhance financial operations in myriad ways – ranging from the implementation of best practices in regards to the use of non-recurring revenues, implementing cost controls, expanding revenue opportunities in the form of PILOT agreements and economic development, and other various measures, the ability of the Town to effectively deal with its structural deficit is rooted in the structure of its financial organization. All recommendations made in this section will bear little fruit should the recommendations in the first section not be heeded.

**Finding 2.1** The Town’s reliance on unsustainable sources of revenue has led to a structural deficit.

In recent years, Belmont has struggled with a structural deficit exacerbated by its annual use of free cash for recurring expenses and to balance the operating budget. As free cash is not a guaranteed source of revenue, its usage to pay routine and predictable expenses is an unsustainable practice guaranteed to cause financial havoc at some point in the future. The Collins Center, in a prior report for the Town issued late in 2018, proposed the following policy regarding the use of free cash:

*“The Town will seek to maintain Free Cash of 3-5% of the current fiscal year’s General Fund Revenue Budget, with the understanding that the goal will be to maintain Free Cash of approximately 4%. Excess Free Cash may be used to support...**non-recurring or emergency expenditures**<sup>29</sup>, to replenish funds used in calculating reserve requirements, to fund unfunded liabilities (such as OPEB), to appropriate to stabilization funds, for non-recurring one time capital needs and for other uses as appropriated by Town Meeting.”<sup>30</sup>*

The Town of Belmont has not followed this recommended policy and continues to use free cash as a means to support recurring costs, doing so at the peril of potentially experiencing a massive shortfall in the ability to meet expenses in years to come – at which point draconian cuts to the budget will have to be considered.

Town officials have also expressed interest in establishing other sources of revenue to ameliorate the structural deficit, given the limited recognition that the use of free cash for recurring expenses is not ideal and will lead to significant consequences in the future. For instance, the Project Team learned of some officials’ interest in implementing a payment in lieu of taxes, or PILOT, program in order to gain revenue from active nonprofit organizations in the community. This has remained a conceptual exercise for financial officers interviewed by the Project Team.

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<sup>29</sup> Emphasis added.

<sup>30</sup> *Comprehensive Financial Management Polices for Belmont, MA*. Edward J. Collins, Jr. Center for Public Management. October 2018.



**Recommendation 2.1.1** *The Town should significantly reduce or otherwise end its reliance on free cash and other non-recurring revenues to balance the operating budget and eliminate its structural deficit.*

As recommended by the Collins Center in its prior financial forecast and financial policies, the use of free cash should be tied exclusively to non-recurring expenses. As stated previously by the Collins Center, free cash should be phased out in years to come and be matched against expenses that are explicitly non-recurring, such as snow deficits, capital spending, and other post-employment benefits, or OPEB.<sup>31</sup>

**Recommendation 2.1.2** *The Town should develop other sources of revenue, including PILOT agreements and a comprehensive review of municipal fees and local receipts.*

Given its reliance on property taxes to finance the vast majority of operations, the Town should be actively exploring and implementing ways to diversify sources of revenue in order to relieve taxpayers and increase the size of the “revenue pie.” As mentioned previously, PILOT programs are a viable way to help broaden revenues, but they require a strong partnership between the Town and its nonprofit organizations. In order to implement a PILOT program, the Town should consider establishing a task force chaired by either the Town Administrator or the Finance Director to guide implementation and recommend further action. Establishing guidelines will ensure that the process is consistent and that results for nonprofit organizations are equitable, as well as take time, effort, and commitment to build. The Town should also look to its user fees and various local receipts in order to help offset direct costs associated with certain expenses. The Project Team recommends a comprehensive review of municipal fees in order to determine where revenue could be captured by various departments.

**Finding 2.2** The Town lacks a comprehensive strategy for reducing overall expenses.

Despite prior reports and significant evidence, the Town has not moved in the direction in any substantial way of controlling costs or the growth of future spending. Despite this, there are significant examples throughout operations of areas where costs could be controlled and, at the very least, future growth could be contained. For example, the Belmont School District offers a higher percentage for the employer share of health insurance costs than the Town of Belmont, at 80% (compared to the Town’s 75%/25% split between the municipality and employees). Energy consumption is another factor – despite significant efforts to “green” the Town’s energy consumption and reduce its carbon footprint, the footprint of newer, more energy-conscious buildings is larger and can not only increase energy expenses but can also increase carbon outputs due to the larger physical space which must be heated and cooled throughout the year. When the prospect of cost control measures are brought up – however mild – they are met with significant opposition.

**Recommendation 2.2** *The Town should develop a comprehensive strategy to restructure departments, services, employee benefits, fixed and variable expenses, and wages.*

While such a strategy, when implemented, will not eliminate the structural deficit, it can provide needed relief. It should begin with a detailed analysis of service delivery methods, opportunities for changes in technology, overall energy consumption, and employee benefit costs. It should also include a town-wide collective bargaining strategy to be uniformly implemented in every Town and School union negotiation.

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<sup>31</sup> *Belmont Financial Forecast: User Guide and Assumptions*. Edward J. Collins, Jr. Center for Public Management. May 2018.

Giving this effort, a high level of priority at the executive level will demonstrate to taxpayers that the Town is doing all it can to reduce costs before seeking additional tax revenue.

**Finding 2.3** The Town does not prioritize having adequate cash reserves.

The Town's policy since 2015 has been to create free cash or general stabilization fund revenue and use it to support the operating budget in order to prevent future overrides. This is not a good financial practice: using non-recurring funds to support recurring expenses will ultimately create a structural deficit. It can create a situation where no reserves exist to be used in the event they become necessary. Using free cash or general stabilization funds to support the operating budget leaves the Town with no reserve capacity and also leaves it operating a continuous structural deficit.

**Recommendation 2.3** *The Town should develop a strategy to build permanent reserves.*

The Project Team recommends the development of permanent reserve capacity over the course of several budget cycles. It is a widely accepted practice for municipalities in the Commonwealth to work toward a target of 10% liquidity or higher, made up of money from their general stabilization funds and any appropriated free cash. The Collins Center has produced several reports recommending as much to municipalities across Massachusetts – Belmont included. It was recommended several years ago in the Collins Center's Comprehensive Financial Management Policies report in late 2018. Regarding reserve funds/fund balance policies:

*"No interim or annual budget decision shall be made which would place the town at material risk of ending the fiscal year with an Adjusted Reserve Ratio under five percent...The only exceptions to this policy shall be considered in catastrophic circumstances, such as the sudden creation of an environmental liability...It is further resolved that maintaining an [Adjusted Reserve Ratio] of 10% is prudent to help the town avoid hardship resulting from the 5% floor in the face of cyclical revenue reductions and long-term cost increases."<sup>32</sup>*

The Town should phase out the practice of using these reserves as recurring appropriations in order to stave off overrides. This should be accomplished as soon as possible. However, due to the extent of the problem, it will likely take at least five or six years. The Town should set a goal of having accomplished this no later than FY2030.

**Finding 2.4** The capital planning process is not comprehensive and does not conform with best practices.

The Town currently has two committees focused on capital needs: the Capital Budget Committee and the Long Term Capital Planning Committee. As the result of two successful general overrides, proceeds from additional property tax levy have been designated for capital improvements. The annual capital contribution, with a 2.5% annual increase, has been distributed to a non-discretionary capital account for the repair of streets and sidewalks and to a discretionary capital fund for all other capital needs. The Capital Budget Committee has taken charge of these two funds and recommends to the Town Meeting annual appropriations from these funds. The Capital Budget Committee places emphasis on the distribution of "Pay-As-You-Go" (PayGo) funds from the General Fund, while not emphasizing other funding sources (such as General Fund debt, Enterprise Fund PayGo, Enterprise Fund debt, state or federal

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<sup>32</sup> *Comprehensive Financial Management Policies for Belmont, MA*. Edward J. Collins, Jr. Center for Public Management. October 2018.

grants, etc.). The Capital Budget Committee definition of capital improvements is therefore limited to PayGo from the General Fund. The Long Term Capital Planning Committee was created to fill the void between the annual funding and the long-range plan for capital needs. It emphasizes larger projects within the General Fund, requiring debt financing.

Additionally, the Town does not have a formal policy that commits a percentage of the General Fund annual revenue for capital improvement purposes. The Town expends General Fund revenue for capital improvements from three sources: the Non-Discretionary Capital Fund, the Discretionary Capital Fund, and from non-excluded debt. Free Cash is used to support the General Fund budget and delay future overrides rather than to support capital improvements. This violates Generally Accepted Accounting Practices of matching recurring revenue to recurring expenditures and non-recurring revenue to non-recurring expenditures, as already discussed in 2.1.

***Recommendation 2.4*** *The capital plan should be developed by the Town Administrator in conjunction with department leaders and be vetted by the Capital Committee before submission to the Select Board and Warrant Committee.*

Given that Belmont relies on two separate capital planning committees (in addition to a third, less active committee and myriad temporary ad-hoc committees dealing with individual capital projects), the capital planning process begins at a disadvantage. While both capital committees look at either annual or long-range appropriations, neither has a complete understanding of the total amount of funds available for capital appropriations over a period of time. The Town Administrator has the annual responsibility to develop a long-range revenue and expenditure forecasts. The data generated from this annual report also identifies funds available for capital expenditures. Investment in capital assets should not be viewed as discretionary: well-run organizations commit to a consistent level of capital replacement each year. The Town should begin reserving non-recurring sources of revenue to meet capital needs and to build permanent reserves.

**Finding 2.5** The Town does not have a diversified tax base.

According to data gathered from DLS, the Town of Belmont has a tax base reliant almost exclusively on residential property taxes: in FY2022, Belmont's percentage of residential levy as a percentage of its total was approximately 94.76%. As stated previously in this report, approximately seven out of ten revenue dollars come from the Town's property taxes. Commercial and industrial levies as a percentage of the total made up the remaining 5.24%. This represents a serious challenge to financial management: Belmont's ability to weather an event which causes home values to decline is functionally nonexistent. While economic downturns are a given, Belmont has an extraordinarily limited way in which it can deal with one without significantly impacting municipal services or raising taxes in a municipality which had the seventh-highest single family tax bill in the Commonwealth of Massachusetts in FY2021.

The Project Team notes that in August 2019, an in-depth report was completed by the Metropolitan Area Planning Council (MAPC), in conjunction with the Town, the Belmont Business Study Group, and the Vision 21 Committee. Titled Economic Development Strategy for Belmont, the report identified 12

recommendations to improve economic growth. While this report's recommendations were noteworthy, most have not been pursued.<sup>33</sup>

**Recommendation 2.5** *The Town should refocus on planning and economic development in order to attract an appropriate level of commercial and/or industrial activity in order to expand levy capacity and relieve the tax burden on residential taxpayers.*

An important – and often overlooked – part of instituting strong financial management practices includes ensuring a strong and diversified tax base. Belmont has traditionally struggled with concerted, meaningful economic development efforts. While its commercial and industrial footprint may seem limited, Belmont does have areas which could be developed for commercial purposes. During the Project Team's interviews with Belmont officials, several noted the idea of developing land in and around one of Belmont's Commuter Rail stations as a hotel or mixed-use property. This is just one anecdotal opportunity which could be further explored or otherwise acted upon with a meaningful economic development program.

Beyond anecdotal propositions and ideas, Belmont has a reservoir of best practices from established organizations to draw from to assist in efforts to expand the tax base, strengthen financial management, and potentially offer property owners tax relief. In addition to the more tailored and achievable recommendations laid out in the previously mentioned MAPC report, the Massachusetts Municipal Association (MMA) has put out best practices and recommendations surrounding economic development, highlighting some of the following areas as important to the process:

- Developing a municipal identity/brand that can be used as part of a marketing plan for a given municipality;
- Improve the municipal website to boost economic development marketing and attract developers;
- Participation in state and regional marketing programs;
- Improving the local permitting process to ensure efficiency and ease, including the provision of an online application process for permitting (if feasible);
- Develop and use incentives when consistent with local planning and financial goals;
- Identify sites for economic development and make information on them available to prospective developers;
- Zone identified sites to encourage development; and
- Highlight site amenities, such as access to public transportation, on-site parking, nearby educational facilities, etc.<sup>34,35</sup>

MMA has also offered best practices around the highly specific and emerging type of economic development in relation to the cannabis industry, with separate best practices regarding recreational

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<sup>33</sup> *Town of Belmont Economic Development Strategy Presentation*. Metropolitan Area Planning Council (MAPC). August 26<sup>th</sup>, 2019. [https://www.belmont-ma.gov/sites/g/files/vyhlif6831/f/uploads/bos\\_economic\\_development\\_strategies\\_report.pdf](https://www.belmont-ma.gov/sites/g/files/vyhlif6831/f/uploads/bos_economic_development_strategies_report.pdf).

<sup>34</sup> *Best Practice Recommendation: Economic Development Strategies*. MMA Best Practices Series. Massachusetts Municipal Association. January 2016. [https://41g41s33vxdd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2018/07/mma\\_best\\_practices\\_vol1no10\\_jan2016.pdf](https://41g41s33vxdd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2018/07/mma_best_practices_vol1no10_jan2016.pdf).

<sup>35</sup> *Best Practice Recommendation: Economic Development Factors Within Municipal Control*. MMA Best Practices Series. Massachusetts Municipal Association. January 2020. [https://41g41s33vxdd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2019/12/MMA\\_Best\\_Practices\\_vol5no6\\_2020.pdf](https://41g41s33vxdd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2019/12/MMA_Best_Practices_vol5no6_2020.pdf).

cannabis strategies and creating policies surrounding the review and negotiation of cannabis industry applicants and host community agreements. The Town has already passed the 3% cannabis tax rate in 2018, but has yet to attract a retail business which could provide a welcome revenue stream.<sup>36,37</sup> Two cannabis applications are currently before the Planning Board. Additional local option taxes to consider include a rooms tax, as well as community impact fees for short-term rentals (STRs) for residents and property owners who list their rooms on short-term rental sites such as Airbnb and Vrbo. Considering that the Town has already brought in \$167,219 for FY2022 in meals tax revenue according to DLS (and consistently brought in more than \$200,000 in this type of revenue before the COVID-19 pandemic), a strategy for the expansion of businesses which produce local options revenue should be on the table.

The Town could also consider adopting the small personal property exemption program for smaller businesses as a strong signal to the business community that economic development is a priority – although this would sacrifice the possibility of this form of revenue. Given the size of the Town’s business community, the Project Team maintains that this will likely have little impact on revenues and could grow revenue potential in the future.

Additionally, the Government Finance Officers Association (GFOA) have developed a suite of best practices around the intersection of economic development and financial management, with best practices concerning the establishment of an economic development incentive policy, coordinating economic development and capital planning, tax increment financing, and the role of the finance officer in economic development generally.<sup>38</sup>

Finally, in 2004, Northeastern University’s Kitty and Michael Dukakis Center for Urban & Regional Center (Dukakis Center) developed an economic development self-assessment tool (known as EDSAT) “to assist municipal leaders in attracting business investment and jobs.” EDSAT entails a comparative analysis of responses to a 200-plus questions comprising a questionnaire detailing strengths and weaknesses (“deal-makers” and “deal-breakers”) in order to offer relevant Town officials actionable feedback in tailoring economic development to fit a given community.<sup>39</sup>

**Finding 2.6** Finance-related officials are concerned with both the loss of institutional knowledge through turnover as well as a lack of new, specialized knowledge in areas such as the utilization of financial software among current personnel.

The Project Team noted that several finance officers had two specific, but related, concerns regarding finance personnel: (a) the loss of institutional knowledge that comes from the inevitable turnover in positions, and (b) current personnel lacking knowledge in emerging areas of expertise, such as the full

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<sup>36</sup> *Best Practice Recommendation: Recreational Marijuana Strategy*. MMA Best Practices Series. Massachusetts Municipal Association. January 2018.

[https://41g41s33vxddd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2018/07/mma\\_best\\_practices\\_vol3no2\\_jan2018.pdf](https://41g41s33vxddd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2018/07/mma_best_practices_vol3no2_jan2018.pdf).

<sup>37</sup> *Best Practice Recommendation: Create a Policy Surrounding the Review and Negotiation of Applicants and Host Community Agreements*. MMA Best Practices Series. Massachusetts Municipal Association. January 2019.

[https://41g41s33vxddd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2019/10/mma\\_best\\_practices\\_vol4no6\\_jan2019.pdf](https://41g41s33vxddd2vc05w415s1e-wpengine.netdna-ssl.com/wp-content/uploads/2019/10/mma_best_practices_vol4no6_jan2019.pdf).

<sup>38</sup> *Economic Development Best Practices*. Government Finance Officers Association (GFOA). Accessed February 15, 2022. <https://www.gfoa.org/best-practices/economic-development>.

<sup>39</sup> *Kitty & Michael Dukakis Center for Urban & Regional Policy*. Northeastern University. Accessed March 28, 2022. <https://cssh.northeastern.edu/dukakiscenter/about/>.

utilization of financial software like MUNIS. For instance, the Town's longtime Clerk in the Assessing Department retired after over 25 years of service in 2020. While the Town has since hired a new Clerk who is performing well in the position, the prior Clerk had a wealth of information that was a loss for the office generally. As a result, the Assessing Administrator has had to assist with training the new Clerk to replicate the abilities of the person who served previously. Additionally, several finance officers are concerned with usage of the Town's MUNIS software, with some officers mastering use of the software, while others were not as proficient in its utilization.

**Recommendation 2.6** *The Town should coordinate training programs across finance-related departments and, where relevant, boards and committees.*

After interviewing other financial officers in Belmont, it is clear the Town would benefit from having a coordinated, structured effort with training programs where all finance-related personnel and board and committee members (where it makes sense) participated all at once. This way, personnel can know they are operating from a standard knowledge base and can further cross-train one another to maximize their effectiveness in the MUNIS software.

**Finding 2.7** The Town struggles with its computer assisted mass appraisal (CAMA) system, which has been noted as deficient since at least 2011.

The Town's CAMA system has been inefficient since at least 2011, when the DLS Review issued its recommendation to upgrade the current system or implement a new one. To quote directly from the DLS Review:

*"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.'"*

This is another instance in the history of Belmont's where a strong recommendation was made to improve financial operations and was not heeded more than a decade ago. In the course of the Project Team's research, it became clear that the Town's CAMA software has reached the end of its life: the Assessing Administrator routinely does work that should be possible using modern CAMA software outside of the Town's system to comply with reporting standards, particularly for DLS certification. In the Town's last Community Certification Report (CCR) in FY2020, DLS noted that the Town had not updated their CAMA system:

*"It is recommended that your community upgrade the existing computer assisted mass appraisal (CAMA) system to facilitate your analysis and report production for certification review purposes. The goal is to produce clear documentation that will support proposed and final assessments. The community did not upgrade their CAMA system. Required reports for certification review were produced from the assessors ability to construct custom spreadsheets with content and format as detailed in the Certification Standards."*

***Recommendation 2.7*** *The Town should invest in upgrading its CAMA system.*

It cannot be more emphatically stated: the Town needs to update its existing CAMA system or purchase a new CAMA system. It has been recognized repeatedly, and for more than ten years, that this needs to happen for the Town's assessments to meet all necessary requirements laid out by DLS, as well as to benefit from what modern CAMA software can deliver in terms of producing documentaiton which supports proposed and final assessments. The Project Team notes that the Town's CAMA vendor is receptive to the customization of current software. It is also entirely possible to convert the software to something else if customization of the original software becomes unfeasible. If this recommendation is not taken seriously, the Town will continue to experience increasing inefficiencies in its appraisal process.

## Appendices

### Appendix A Sample Financial Planning Cycle

#### *Introduction*

A typical financial planning cycle has an established timeline and typically has five components completed in sequential order:

- 1) Capital Budget Development;
- 2) Revenue & Expenditure Forecasting;
- 3) Budget Development & Submission;
- 4) Legislative Review & Approval; and
- 5) Audit

Adopting a timeline and including these components are recommended best practices recognized by the Massachusetts Department of Revenue Division of Local Services (DLS)<sup>40</sup> and the Government Finance Officers Association (GFOA).<sup>41</sup>

The financial planning cycle requires the development of a two-way pattern of responsibility centered in the Town Administrator's office. One line of responsibility runs from the Town Administrator to departments. The Town Administrator is charged with the general supervision of administrative affairs and must be charged with administration. Only then is it possible to execute plans that have been adopted by Town Meeting.

The second line of responsibility runs between the Town Administrator/Select Board and Town Meeting. In every democratic local government, the legislative body may approve or reject the proposals of the executive body. In Belmont, the executive authority of the Select Board is exercised through the Town Administrator.<sup>42</sup> In the exercise of this authority the Town Administrator and the Select Board are responsible for the execution of the Town Meeting-approved fiscal plan and for the comprehensiveness of the next year's fiscal plan.

#### *Capital Budget Process*

On or before **September 15**, the Town Administrator will request that the heads of all departments begin to develop requests for capital improvements. Capital project proposals, complete with descriptions, cost, source of funding, and timetable for completion, shall be submitted to the Town Administrator on or before **October 15**. Concurrently, the Town Administrator shall analyze and determine sources and levels of revenue that would be allocated to support capital projects. Sources typically include General Fund Pay-as-You-Go (PayGo), General Fund non-excluded debt service, Enterprise Fund PayGo, Enterprise Fund

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<sup>40</sup> *Annual Budget Process in Towns*. MA Department of Revenue Division of Local Services. January 2020. <https://www.mass.gov/doc/annual-budget-process-in-towns/download>.

<sup>41</sup> *Best Practices: Adopting Financial Policies*. Government Finance Officers Association (GFOA). Accessed February 14<sup>th</sup>, 2022. <https://www.gfoa.org/materials/adopting-financial-policies>.

<sup>42</sup> *An Act Establishing the Position of Town Administrator in the Town of Belmont*. Chapter 17 of the Acts of 2014. MA General Court. January 2014. <https://malegislature.gov/Laws/SessionLaws/Acts/2014/Chapter17>.



debt service, state and federal grants, and other sources. Many Massachusetts communities establish a percentage of the net General Fund budget that shall be dedicated to capital financing. Net General Fund revenue is equal to the gross General Fund budget revenue, minus non-recurring revenue sources such as debt exclusions and free cash. The Town Administrator shall develop a capital budget recommendation based upon capital priorities matched against the annual availability of dedicated capital funding. In this way, a proposed long-term capital plan can be developed including the project, its cost, its source of funding, and the fiscal year of the project start date.

The Town Administrator shall complete both the proposed capital budget (for next year's budget) and the long-term capital plan (for budget years two through six) and submit the proposal to the Town's Capital Committee on or before **November 30**. The Capital Committee, appointed by the Select Board, shall review the capital priorities included in the Town Administrator's proposal. The Capital Committee shall review capital priorities and the sequencing of which projects receive funding in each fiscal year. The Capital Committee shall not assume a different availability of capital funding in any fiscal year other than what the Town Administrator has projected. In the event that the Town Administrator's projected capital funding availability changes from the original estimate, the Capital Committee shall be immediately informed of such change. The Capital Committee shall complete its review of the Town Administrator's proposed capital budget and long-term capital plan no later than **February 1**. In the event that there are differences between the Town Administrator's proposal and that of the Capital Committee, the two sides shall meet to attempt to reconcile any difference.

The Town Administrator and Capital Committee's recommended capital budgets and long-term capital plans shall be submitted to the Select Board and to the Warrant Committee no later than **February 15**. The Select Board and Warrant Committee shall separately review both capital priorities and fund availability, and **formally approve** a capital budget proposal for the next fiscal year as part of the overall financial plan review. These capital budget proposals shall be completed no later than **April 1**. In the event that there are differences between the Select Board capital budget proposal and that of the Warrant Committee, a meeting shall be held to attempt reconciliation of any differences. The Warrant Committee, representing the Town Meeting, shall submit its capital plan to the Town Meeting. If differences of position persist, the Select Board and/or the Capital Committee may propose a "motion to amend" the Warrant Committee's proposed capital budget. The Town Meeting shall make the final determination of capital priorities and funding.

### *Revenue & Expenditure Forecast*

It is the primary function of a five-year revenue and expenditure forecast to summarize a community's projected budgetary position over a period of time, based upon the most accurate and reliable information available at the time of preparation.

Long-range forecasting is the essential first step in the annual budget process, determining whether a community should reduce, level fund or expand services. It is critical that the report be used as a starting point in a long-term planning process. Ultimately, as the law requires, towns and cities will authorize a budget for the next fiscal year that has its revenues and expenditures in balance. If a long-range forecast identifies any anticipated budget gaps, the forecast sets the parameters of the policy decisions that will be made in order to produce future balanced budgets.

The forecast acts as a bridge between a municipality's capital improvement program and its annual operating budget, bringing all of the fiscal policy and economic variables together to establish concise managerial direction. It also allows decision makers to understand the long-term ramifications of short-

term decisions. Capital planning, debt management, and revenue and expenditure forecasting are the key ingredients in developing a strong fiscal position and are crucial to avoiding the program reductions which would result without the use of such techniques.

The Town Administrator, along with the Financial Management Team (usually encompassing a Finance Director, Treasurer/Collector, Town Accountant, School Business Manager, Assessing Department Manager, Purchasing Officer, and Information Technology Director) are responsible for the development of an annual, long-range revenue and expenditure forecast.<sup>43</sup> This responsibility should not rest with the Warrant Committee. The Town's Financial Management Team begins the process of developing a long-term forecast in mid-October. At the same time, the Town Administrator begins to develop capital priorities. It is essential that capital projects that are anticipated to be financed via debt service be included in the revenue and expenditure forecast. Debt service interest rates can be estimated based upon the current rates at the time of the forecast submission. Options for debt service term length can be examined and determined based upon both the budgetary and financial condition of the Town.

A preliminary revenue and expenditure forecast should be completed no later than **November 15** and distributed internally to all policymaking boards and committees. The forecast will continue to be updated monthly through the entire budget development process. In the event that the Town Administrator's projected forecast changes from the original estimate, all policymakers (Select Board, School Committee, Warrant Committee, and Capital Committee) shall be immediately informed of such change.

A Budget Advisory Committee<sup>44</sup> comprised of a representative from each of the primary budgetary boards and committees of the Town (Select Board, School Committee, Warrant Committee and Capital Committee) shall meet no later than **December 1**. The Town Administrator and Superintendent of Schools shall participate in Budget Advisory Committee deliberations. The Town Administrator shall present the preliminary forecast to the Budget Advisory Committee for review. The goal of the Budget Advisory Committee shall be to reach consensus on likely General Fund revenue and expenditures. The review shall determine the probable gap between revenues and expenditures. Larger issues, such as the level of future cost of living adjustments (COLA), possible efforts to enhance revenue, and the distribution of surpluses or deficits between municipal government and the school district should be part of the overall agenda. The policymakers shall report back to their respective boards and committees regarding the consensus reached by the Budget Advisory Committee. If the Budget Advisory Committee fails to reach consensus, then the Town Administrator and the Finance Team shall move forward with their financial forecast. The information developed by the Budget Advisory Committee, the Select Board will draft and submit a set of annual budget guidelines for all department leaders.

### *Budget Development & Submission*

Once the preliminary long-term revenue and expenditure forecast is completed and distributed to policymakers (**no later than November 15**), the Town Administrator will request that all departments, including the School Department, begin to develop the next fiscal year's departmental budget requests. All departments shall submit their budget requests to the Town Administrator **no later than December 20**. The School Department shall submit its request to the Town Administrator no later than **January 20**.

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<sup>43</sup> *Financial Management Team*. MA Department of Revenue Division of Local Services. January 2020. <https://www.mass.gov/doc/financial-team/download>.

<sup>44</sup> The Fiscal Advisory Committee may be established by the agreement of the represented boards and committees or codified in a bylaw.

The Town Administrator shall meet with each department to discuss the budget requests. Utilizing the consensus budgetary strategy developed by the Fiscal Advisory Committee, the Town Administrator shall develop a recommended budget based upon recurring revenue. Once the School Department has completed its budget request and submitted it, the Town Administrator will update the revenue and expenditure forecast before completing the recommended budget. The Town Administrator's budget recommendation shall be submitted to the Select Board and Warrant Committee **no later than February 15**.

#### *Legislative Review & Approval*

The Town Administrator shall submit the recommended budget to the Select Board and the Warrant Committee **no later than February 15** and shall present to both committees a summary of revenue and expenditure assumptions included in the budget recommendation. The Select Board and Warrant Committee shall independently meet with all departments (including the School Department) and compare the departmental priorities to that which is included in the Town Administrator's proposed departmental budgets. Both committees shall also review the Town Administrator's proposed capital budget. Upon completing the operating and capital budget proposals of the Town Administrator, the Select Board and the Warrant Committee shall independently adopt formal operating and capital budget positions **no later than April 1**. In the event that there is a difference of budgetary and capital positions, the committees will attempt to reconcile **no later than April 15**. Each committee's budgetary and capital positions shall be included in the warrant material made available for public consumption.

The Warrant Committee, representing the Town Meeting, shall present its budgetary and capital positions to the Town Meeting. The Select Board and School Committee shall have the ability to "move to amend" the Warrant Committee motion if they so desire.

#### *Annual Year-End Audit*

Upon completion of the fiscal year activity, the Town Accountant and Treasurer/Collector shall reconcile all cash and accounts receivable accounts and prepare materials which shall be given to the external independent auditor **no later than August 31**. The Town's Audit Committee, appointed by the Town Moderator, shall review proposals for audit services and select an independent auditor or firm. In the event that a contract for multi-year audit services exists, the Audit Committee may require a periodic change of lead auditor (partner) to encourage review with fresh perspective.

The independent audit firm shall draft financial statements, any relevant federal single audit and management letter, and submit it to the Town's Financial Management Team (Town Administrator, Town Accountant, Treasurer/Collector, etc.) for review and comment. The independent audit firm shall submit and present the draft financial statements to the Audit Committee **no later than November 15**. The Audit Committee shall review the material submitted by the audit firm and measure the financial condition of the Town. Upon completion of the review, the Audit Committee shall accept the report of the audit firm.

The Audit Committee and audit firm shall submit and present the findings of the year-end audit to the Select Board **no later than January 15**.

## Appendix B Comparable Municipalities Analysis

Municipality	Director of Finance/ CFO?	Elected or Appointed Treasurer/ Collector?	Elected or Appointed Board of Assessors?	Finance Director charged with high-level responsibilities? <sup>45</sup>	Finance Department plays a major role in shaping budget and capital plan?	Who serves as the Director of Finance?	Departments/ Divisions under Director of Finance authority?	Organizational Structure
Acton	Yes	Appointed	Appointed	Yes	Yes	Treasurer/ Collector	Accounting, Assessing, Treasurer/ Collector, Town Clerk	Centralized
Belmont	No	Elected	Elected	N/A	N/A	N/A	N/A	Diffuse
Hingham	Yes	Appointed	Elected	Yes	Yes	Town Administrator	Accounting, Assessing, Retirement Board, Treasurer/ Collector	Centralized
Hopkinton	Yes	Appointed	Elected	Yes	Yes	Director of Finance (CFO)	Accounting, Assessing, Procurement, Treasurer/Coll ector	Centralized
Milton	Yes	Elected	Elected	Yes	Yes	Town Accountant	Accounting	Centralizing
Sudbury	Yes	Appointed	Elected	Yes	Yes	Treasurer/ Collector	Accounting, Treasurer/ Collector	Centralized
Winchester	No	Appointed	Elected	N/A	N/A	N/A	N/A	Diffuse

<sup>45</sup> “High-level responsibilities” include duties such as financial forecasting, shaping financial policy, and long-term planning.

Appendix C Competitiveness Analysis of Select Recent Elections in Belmont

Select Board			
Year	Candidates	Positions	Comp?
2012	2	1	Yes
2013	1	1	No
2014	2	1	Yes
2015	2	1	Yes
2016	2	1	Yes
2017	2	1	Yes
2018	2	1	Yes
2019	3	1	Yes
2020	1	1	No
2021	1	1	No
<b>Competitive Races:</b>			<b>7</b>

School Committee			
Year	Candidates	Positions	Comp?
2012	3	2	Yes
2013	3	2	Yes
2014	3	3	No
2015	3	3	No
2016	5	3	Yes
2017	2	2	No
2018	4	3	Yes
2019	4	3	Yes
2020	2	2	No
2021	5	2	Yes
<b>Competitive Races:</b>			<b>6</b>

Treasurer/Collector			
Year	Candidates	Positions	Comp?
2005	2	1	Yes
2008	1	1	No
2011	1	1	No
2014	1	1	No
2017	1	1	No
2020	1	1	No
<b>Competitive Races:</b>			<b>1</b>

Town Clerk			
Year	Candidates	Positions	Comp?
2007	1	1	No
2010	3	1	Yes
2013	1	1	No
2016	1	1	No
2019	1	1	No
<b>Competitive Races:</b>			<b>1</b>

Board of Assessors			
Year	Candidates	Positions	Comp?
2012	2	1	Yes
2013	1	1	No
2014	1	1	No
2015	1	1	No
2016	1	1	No
2017	1	1	No
2018	1	1	No
2019	1	1	No
2020	1	1	No
2021	1	1	No
<b>Competitive Races:</b>			<b>1</b>

Board of Cemetery Commissioners			
Year	Candidates	Positions	Comp?
2012	1	1	No
2013	1	1	No
2014	1	1	No
2015	1	1	No
2016	1	1	No
2017	1	1	No
2018	1	1	No
2019	1	1	No
2020	1	1	No
2021	1	1	No
<b># of competitive races:</b>			<b>0</b>

Board of Health			
Year	Candidates	Positions	Comp?
2012	1	1	No
2013	1	1	No
2014	1	1	No
2015	1	1	No
2016	1	1	No
2017	1	1	No
2018	1	1	No
2019	1	1	No
2020	1	1	No
2021	2	1	Yes
<b>Competitive Races:</b>			<b>1</b>

Housing Authority			
Year	Candidates	Positions	Comp?
2012	N/A	N/A	No
2013	1	1	No
2014	1	1	No
2015	1	1	No
2016	4	2	Yes
2017	N/A	N/A	No
2018	1	1	No
2019	2	1	Yes
2020	1	1	No
2021	3	2	Yes
<b>Competitive Races:</b>			<b>3</b>

Board of Library Trustees			
Year	Candidates	Positions	Comp?
2012	2	2	No
2013	2	2	No
2014	3	2	Yes
2015	2	2	No
2016	2	2	No
2017	1	1	No
2018	2	2	No
2019	2	2	No
2020	2	2	No
2021	2	2	No
<b>Competitive Races:</b>			<b>1</b>

Appendix D Framework for Considering Elected & Appointed Officials

Below are eight criteria supporting a position or board being elected and eight criteria supporting one being appointed, as developed by the Edward J. Collins, Jr. Center for Public Management. The criteria are essentially opposites of each other. Where one increases, the other decreases, and vice-versa.

Note that few if any positions or boards will fall entirely in one column or another, and most will fall in the middle on some criteria. The general purpose of this list is to provide a framework for discussing each position or board on its own terms and deciding what is the best fit for the community.

Criteria supporting a position or board as ***ELECTED***	Criteria supporting a position or board as ***APPOINTED***
1. It has <b>significant</b> policy-making responsibility.	1. It has <b>minimal</b> policy-making responsibility.
2. It has <b>few</b> ministerial responsibilities and tasks whose performance is guided almost entirely by statute.	2. It has <b>many</b> ministerial responsibilities and tasks whose performance is guided almost entirely by statute.
3. Someone with little training or expertise in its area of work could <b>quickly and easily become effective</b> in the work.	3. Someone with little training or expertise in its area of work would <b>have significant difficulty in performing the work effectively, potentially creating significant risks for the community.</b>
4. Its role and tasks are <b>easily and widely</b> understood by the public.	4. Its role and tasks are <b>complicated and NOT easily and widely</b> understood by the public.
5. The nature of the position or board’s role makes it <b>relatively simple</b> for the public to evaluate the performance of its non-policy-making duties (for example, efficient use of resources, etc.).	5. The nature of the position or board’s role makes it <b>relatively difficult</b> for the public to evaluate the performance of its non-policy-making duties (for example, efficient use of resources, etc.).
6. The position or board is <b>helpful as a check or balance</b> against another center of power in the community.	6. The position or board is <b>not needed as a check or balance</b> against another center of power in the community.
7. It is <b>not critical</b> to the effective and efficient functioning of the government for this position or board to cooperate regularly with other officials.	7. It is <b>critical</b> to the effective and efficient functioning of the government for this position or board to cooperate regularly with other officials.
8. In the particular community in question, election for the position historically produces a <b>very competitive race between highly- qualified</b> candidates.	8. In the community in question, election for the position historically produces <b>little or no competition and few or no highly- qualified</b> candidates.



## Appendix E Sample Special Legislation for Proposed Consolidated Finance Department and Appointed Finance Officers<sup>46</sup>

SECTION 1. Notwithstanding the provisions of any bylaw, rule, or regulation to the contrary, the town of Belmont hereby establishes a consolidated municipal finance department.

SECTION 2. The finance department will include the functions and statutory duties of the town accountant, treasurer-collector, and principal assessor, which will become divisions of the department. Department operations will include, but not be limited to, the following:

- (1) Coordination of all financial services and activities of the town
- (2) Maintenance of all account records and other financial statements for the town
- (3) Payment of all financial obligations on behalf of the town
- (4) Investment of town funds and management of debt
- (5) Receipt of all funds due the town from any source
- (6) Maintenance of a system of property valuation
- (7) Rendering of advice, guidance and recommendations to town departments, offices and boards in matters related to their financial or fiscal affairs
- (8) Routine monitoring and reporting of revenues and expenditures by town departments, offices, and boards

SECTION 3. The department will be managed by a finance director, who will report to the town administrator. The finance director will be appointed by the town administrator subject to approval by the select board. The director will be a person especially fitted by education, training, and experience to perform the duties of the position, and will serve at-will for a term established by contract.

SECTION 4. The director will exercise administrative oversight and direction of the department. The director may be appointed to hold either the position of assistant town administrator or another financial positions identified in this special act, provided that no person will hold any combination of assistant town administrator, town accountant, or treasurer-collector positions at the same time.

SECTION 5. The finance director will be responsible for the effective administration and coordination of operations within the department, including the accounting, treasury-collection, and assessing functions. The director will manage all fiscal and financial affairs of the town in accordance with policies adopted by the select board, generally accepted governmental financial practices, and all laws, bylaws, rules, and regulations. The director will be knowledgeable of the statutory responsibilities of all department officers and will consult with such officers to ensure that these duties and responsibilities are properly exercised

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<sup>46</sup> This sample is subject to further development and refinement in consultation with the Select Board and Town Counsel.

and carried out. Additionally, the director, acting in an ex-officio capacity, will coordinate and assist the warrant committee and relevant capital planning committee(s).

SECTION 6. In addition to the powers and duties outlined above, the director will have the following responsibilities:

(1) To assist the town administrator in the preparation of a six-year financial forecast of town revenues, expenditures, and general financial condition.

(2) To assist the town administration in the preparation of the annual operating budget including revenue, expenditure, and tax rate projections for the upcoming fiscal year and the proposed capital budget.

(3) To report monthly to the town administrator and quarterly to the select board a report of all financial matters affecting town government.

(4) To create and implement written policies and procedures and be responsible for the collection and deposit of all monies received by various town departments, offices, and boards.

(5) To coordinate and act as the town's chief liaison with the state Division of Local Services pertaining to all financial matters.

SECTION 7. In the town of Belmont, there shall be, reporting to the finance director, a treasurer-collector appointed by the town administrator subject to approval by the select board. The treasurer-collector will be a person especially fitted by education, training, and experience to perform the duties of the position, and will serve at-will for a term, not to exceed five years, established by contract. Said appointment to take place at the conclusion of the terms of the elected treasurer-collector following the adoption of this act.

SECTION 8. In the town of Belmont, there shall be a three member board of assessors appointed by the select board, as afforded by Massachusetts General Law. The board of assessors will be especially fitted by education, training, and experience to perform the duties of their position. The principal assessor shall also serve as one of the three members of the board of assessors.

SECTION 9. In the town of Belmont, there shall be one consolidated capital planning committee appointed by the select board. The capital planning committee will be especially fitted by education, training, and experience to perform the duties of their position, and will serve at-will for a term, not to exceed five years, established by the select board.

SECTION 10. In the town of Belmont, there shall be an audit committee appointed by the moderator. The audit committee will be especially fitted by education, training, and experience to perform the duties of their position, and will serve at-will for a term, not to exceed five years, established by the moderator.

SECTION 11. In the town of Belmont, there shall be a warrant committee appointed by the moderator. The warrant committee will be especially fitted by education, training, and experience to perform the duties of their position, and will serve at-will for a term, not to exceed five years, established by the moderator.