DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

October 4, 2016

Board of Selectmen
Town Hall
435 Main Road
Monterey, MA 01245

Dear Board Members,

I am pleased to present the enclosed financial management structure review for the Town of Monterey as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

Sincerely,

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the request of the board of selectmen, a team from the Division of Local Services (DLS) Technical Assistance Bureau reviewed the Town of Monterey's financial management structure. This project was sponsored through the Community Compact Cabinet, whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government. As a best practice, a well-organized financial management operation reinforces policymaking efforts, strengthens internal controls, enhances service delivery, and streamlines reporting relationships through a cohesive team with defined roles and responsibilities.

Our report begins with a brief profile of Monterey and its current financial management operations. We then offer a framework to strengthen the management structure by proposing to reorganize operations. The intent is to create daily reporting relationships that improve the process by which finances are managed, including the budgeting, financial reporting, and tax rate setting processes. We also offer additional recommendations to promote improved fiscal management based on our observations of town operations and interviews with local officials.

COMMUNITY PROFILE

The town of Monterey is a picturesque southern Berkshire county community encompassing just over 26 square miles and home to less than 1,000 full-time residents. Almost equidistant from Boston and New York City, the town contains a section of the Appalachian Trail, large parcels of state-owned land, and multiple lakes and ponds, all of which make it a haven for many vacation homeowners. Along with beautiful, tranquil surroundings, residents and visitors enjoy many outdoor recreational activities, such as boating, swimming, fishing, hiking, and cross-country skiing. The town, centered along state Route 23, or Main Road, has a quaint business district hosting the town hall, police and fire departments, library, post office and general store. Two-acre zoning and a preponderance of open space allow the town to retain much of its bucolic character.

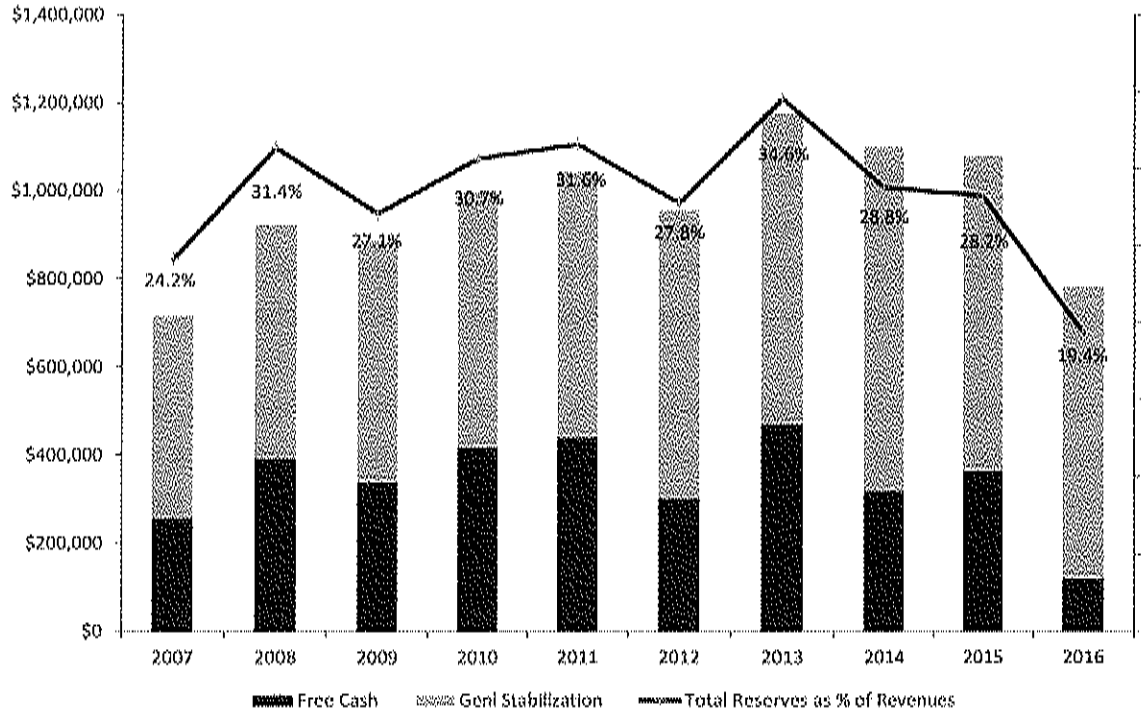
Typical of communities this size, legislative power is vested in open town meeting, while executive authority falls to the elected, three-member board of selectmen. The selectmen are responsible for setting town goals, establishing policy, and managing the day-to-day affairs of the town. The select board appoints the town accountant, part-time police force, on-call fire department and highway department. The treasurer, tax collector, assessing, public library, and health departments are overseen by elected officers or directed by elected boards. Public education is provided through the

five-member Southern Berkshire Regional School District, with one elected board member representing Monterey. The town's elected, three-member finance committee coordinates the budget process, proposes capital spending, and advocates on residents' behalf at town meeting as a fiscal watchdog.

Because the town lacks any significant commercial or industrial enterprises, over 96 percent of the tax burden is borne by the residents, with close to 50 percent of the 1,110 residential parcels being second homes. Statewide, only 15 communities have higher residential tax burdens, and only by a margin of two percent. The total $4 million fiscal 2016 budget was funded 78.2 percent through the tax levy, 8.1 percent from local receipts, 7.2 percent from state aid, and 6.5 percent from all other available funds. These percentages have remained consistent over the last 10 years. Approximately 80 percent of Monterey's state aid ($290,062 total state aid in FY2016) is tax reimbursement for state-owned land.

Other funds available to Monterey, generally referred to as reserves, include free cash and a general stabilization fund. With the exception of July 2015, Monterey's certified free cash over the previous 10 years has been between 8.3 and 13.8 percent of its total budget. During the same 10 years, the town's general stabilization fund ranged from 15.5 to 20.8 percent of the total budget. Difficulty in closing FY2015 due to the resignations of the treasurer and town accountant resulted in unreconciled cash and a subsequent reduction of free cash, certified at just 3 percent of the total budget.

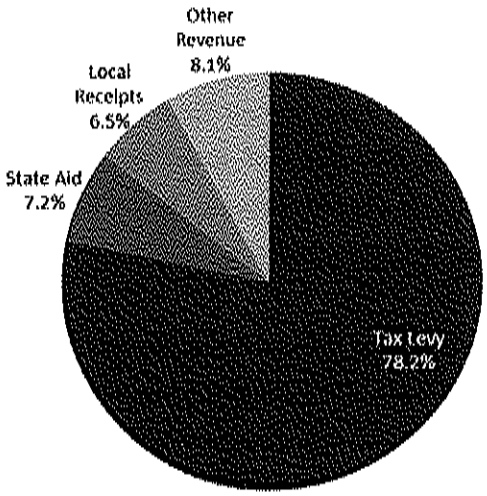
Historical Reserves – Fiscal 2007 through Fiscal 2016



Recognizing the importance of well-funded reserves and respecting the finance committee's recommendation, town meeting voted in May 2016 to appropriate $150,000 to the general stabilization fund (an increase of $100,000 over the FY2016 appropriation) and to establish a new stabilization fund for bridges, roads and culverts with an initial investment of $30,000. The finance committee recommends annually appropriating to the two stabilization funds at this level. Monterey has shown discipline in restricting its reserves usage to capital expenditures (e.g., fire and highway equipment), unpredictable winter expenses, and tax rate reductions.

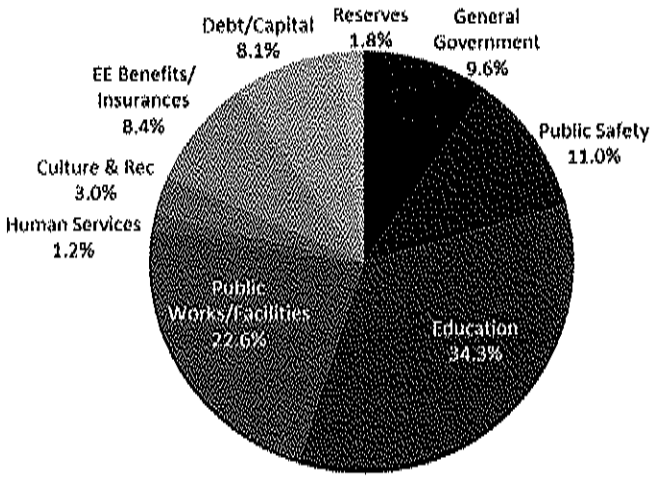
The general fund operating budget is divided into eight major components. For FY2016, the largest portion, 34.3 percent, was for education-related costs, followed at 22.6 percent for public works and facilities, 11 percent for public safety, and 9.6 percent for general government. An additional 12.6 percent is split between fixed costs (such as insurances and employee benefits), and human services, culture and recreation, which includes the library. The remaining 9.9 percent is appropriated to debt, capital, and reserves.

Fiscal 2016 Revenue Sources



TOTAL FY2016 REVENUE
$4,030,316

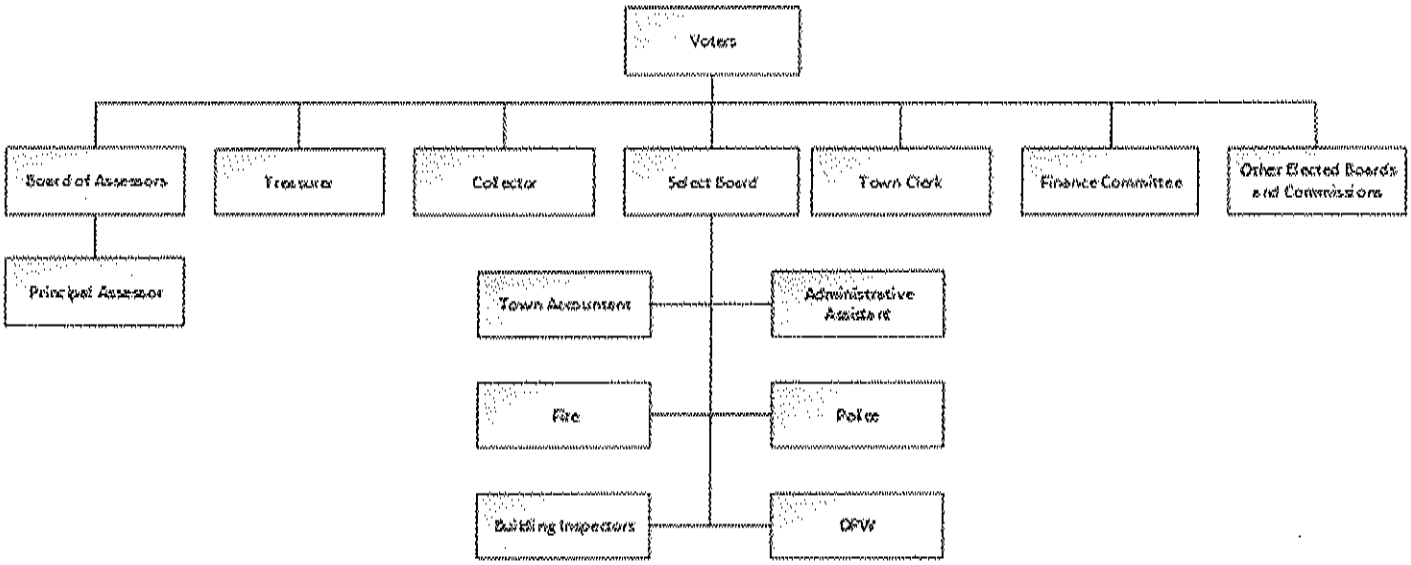
Fiscal 2016 General Fund Operating Budget



GENERAL FUND OPERATING BUDGET
$3,930,776

CURRENT FINANCIAL MANAGEMENT STRUCTURE

Current Organizational Structure



Monterey's organizational structure is characteristic of smaller communities with limited resources and small workforces. Consequently, the selectmen, all of whom are in their first terms, must devote considerable amounts of time and attention to the daily affairs of town government, including personnel matters, evaluating policy options, and generally moving town business forward, while routine financial responsibilities fall to part-time department staff.

Administrative Assistant: An administrative assistant appointed by the selectmen staffs the board's town hall office five days a week and attends weekly board meetings. With a lengthy job description supporting not only the select board but also the building commissioner, police and fire departments, conservation commission, board of health, and zoning board of appeals, the administrative assistant has become interwoven with many departments. Having served in this office for over 12 years and working full time, she has assumed many responsibilities, often exceeding her job description and without clear authority.

Within the financial structure, the town operates four individual offices: accounting, collecting, treasury, and assessing as outlined below.

Town Accountant: The town accountant has a legal obligation to oversee all financial activity of the municipality. Through the maintenance of independent records and by following well-defined procedures, the office documents the flow of money into and out of municipal accounts, and plays a role in the system of checks and balances established by statute to monitor and protect local assets. Key responsibilities include maintaining a general ledger where receipts, expenditures and all other town financial activity are recorded and reconciling cash and debt with the treasurer and receivables with the collector. Annual duties include producing the town's annual Schedule A and year-end balance sheet for free cash certification and working with the board of assessors and town clerk in the preparation of the town's Tax Recapitulation Sheet.

Completing his first full year in Monterey, the town accountant encountered several obstacles, including coordination of the FY2015 closing with the newly appointed treasurer, unreconciled cash, and several overdrawn appropriation accounts. In this time, he clarified the town accountant's duties with the select board, finance committee and department heads, rebuilt the chart of accounts, instituted procedures for departments to effectively control their budgets, and offered workshops for personnel to more fully understand financial processes and reports. Also working in financial positions for the towns of Egremont, Windsor, and Richmond, the accountant generally works eight hours a week between Monday and Friday evenings. He is responsive when needed, but as with many small towns, his schedule allows for little personal interaction with the other departments.

Tax Collector: The tax collector possesses the authority to receive all property taxes, betterments, special assessments and certain other charges, added to and committed as taxes. The collector has the responsibility to make certain that collections are properly counted, posted to taxpayer accounts, and either turned over to the treasurer or deposited daily, and to pursue delinquent taxes using various methods and services. Critical to the position is maintenance of an up-to-date receivable control that is reconciled internally and then externally with the accountant on a monthly basis.

Monterey's tax collector, elected to her fourth consecutive three-year term this year, regards being the elected collector as a great honor as she serves in the same position her father held for the previous 33 years. The town benefits from a well-qualified professional with strong ties to the community. Collections on the quarterly tax bill are strong, with less than three percent real and personal property tax outstanding, which is significant for Monterey given that 78 percent of the total budget is funded from the tax levy. The tax collector also works part-time as the town administrator in New Marlborough.

Treasurer: The treasurer, as the community's cash manager, has custody of all municipal money. Included is the responsibility to post and deposit town receipts into appropriate bank accounts and to monitor balances to ensure that sufficient funds are available to cover town obligations. Maintaining a cashbook, debt schedule, check registers and various logs to track balances for grants, trusts, revolving funds and special revenue funds are essential functions of the treasurer, along with investing town funds to maximize investment income and meet cash flow needs. As a financial control, the treasurer is obligated to reconcile cash balances and debt, both internally, and with the accountant on a regular basis.

The treasurer is an elected position in Monterey. However, the last two individuals to gain the post (both in unopposed contests) abruptly left the position, the first in September 2015 and the other in August 2016. In each instance, the selectmen had to appoint an interim treasurer, hiring the sitting treasurer/collector for the Town of Egremont. The abortive work of the elected treasurers resulted in cash variances with the town accountant and delays in closing out the fiscal year and certifying free cash. In this vacuum, the accountant has, for the time being, taken on the treasurer's payroll and benefit administration responsibilities. While Monterey currently benefits from the experienced skill set of Egremont's treasurer, it is only a temporary solution until the next election. Also, the incumbent's full-time work in another community means that she has limited availability to interact with other Monterey departments.

Assessors: The assessors' office is responsible for valuing all real and personal property in town and generating the commitment that authorizes the tax collector to collect real estate tax, personal property, and motor vehicle excise payments. Work is generally performed through a combination of office staff and professional appraisal firms. DLS annually reviews town assessments to ensure that they reflect full and fair cash value, and conducts a certification of values every fifth year (Chapter 218 of the Acts of 2016 changed from every third year to every fifth year as of November 7, 2016). In addition, the assessors calculate annual new growth increases in the community's levy limit, participate in setting the annual tax rate by submitting the Tax Recapitulation Sheet for approval by DLS, and prepare the annual property tax commitment for the collector.

The principal assessor, appointed by the town's elected, three-member board of assessors, is primarily responsible for managing the office. With over 11 years' experience, consistent dedication, and despite working part time, he personally inspects all properties in town, capturing docks, views, and beach rights, and all sale, building permit, and abatement inspections for valuation and cyclical reinspection purposes. Additionally, two of the three board members have over 20 years' of experience on the board, while the third member, who was elected in May 2015, resigned this past June to accept a full-time position in another town.

Absent today is a professional town administrator to provide oversight, analytical support, and assist the select board in coordinating the town's financial management. This lack of a central administrative authority, combined with an inexperienced select board and turnover in various positions in town hall, has accorded the administrative assistant an extraordinary amount of authority.

In November 2014, in response to this and other management issues, the select board created a nine- member, ad hoc restructuring committee with a mission to study the structure and dynamics of town hall and to make recommendations for improving the administration of government and town hall work environment. After several months of interviewing selectmen and employees, the committee published its findings, including a recommendation to adopt a town administrator form of government. Following that recommendation, annual town meeting in May 2015 voted 66 to 10 for the selectmen to appoint a town administrator pursuant to M.G.L. c. 41, §23A. Subsequently, in mid-2016, the select board developed a town administrator job description, advertised for the position, and appointed a resumé review committee. This process is expected to be ongoing through the fall of 2016, culminating with the appointment of Monterey's first town administrator.

PROPOSED FINANCIAL MANAGEMENT STRUCTURE

The progressive step of Monterey's local leaders and citizens to approve the adoption of a town administrator position will establish a central management presence capable of building stronger fiscal controls and more effective and accountable management. Below we provide advice to guide officials through a successful transition to this form of government. Additionally, we propose a series of structural and programmatic changes to the town's financial operations framework designed to optimize coordination, minimize the risk of control failures, maximize resources and efficiencies, and provide long-term service continuity.

Town Administrator: As Monterey endeavors to appoint its inaugural town administrator, we recommend the selectmen establish a clear understanding about the nonpolitical nature of this role and sufficiently empower the positon to hold town employees accountable. Once in place, the board members and the administrator should institute goals and objectives that clearly define their relationship, day-to-day performance expectations, and long- and short-term priorities. Importantly, the selectmen need to resist the urge to micromanage and allow the town administrator space to develop the position and be the managerial presence in town hall.

To effectively do this, we recommend that Monterey codify the position's authority and primary duties in bylaw to truly empower the officeholder and to strengthen the town's structure by ensuring the most efficient administration of its operational and financial management objectives. In considering this bylaw, the town has the opportunity to create an effective and accountable structure by granting the town administrator the authority necessary to hold departments accountable under the select board. Defining the position in such a way eliminates confusion for both employees and residents as to the extent of the town administrator's responsibilities, authority, and legal authorizations.

At the same time the town administrator's authority and responsibilities are being defined, so too must those of the administrative assistant. Moving forward, we recommend that the administrative assistant report to the town administrator who is in a better position to direct her day-to-day activities. Under this arrangement, she would benefit by having a single set of priorities while still completing board-related responsibilities, such as the agenda, minutes and correspondence. As in other communities, this structure establishes a clear management hierarchy whereby the select board works and communicates directives through the town administrator.

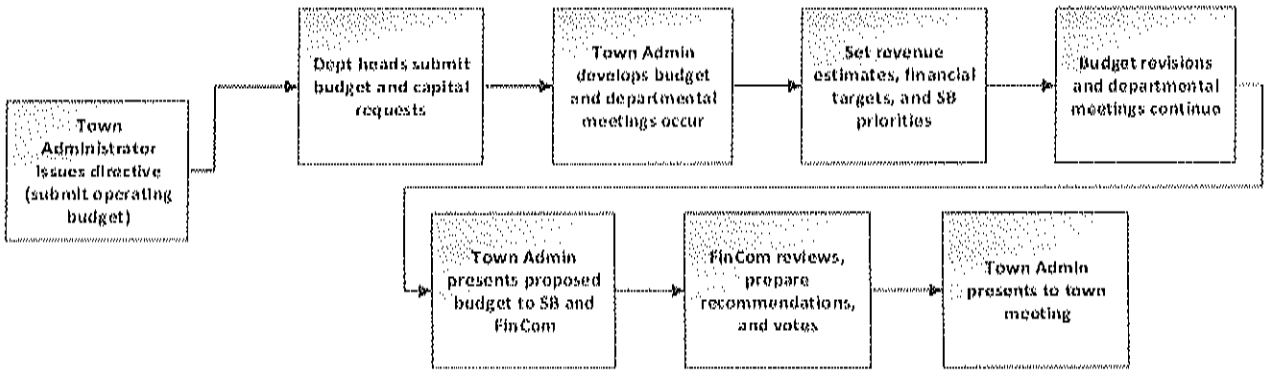
When searching for the town's first administrator, the select board should consider hiring a retired town administrator interested in a brief assignment. Working short term with the selectmen to more clearly define and establish the foundation for a permanent position, this person will have the experience to manage daily activities, supervise staff, and coordinate the budget process. If so directed or encouraged, he or she could recommend or make changes to improve procurement, staffing or general operations, and assist in the process of hiring a permanent replacement.

Among the assigned responsibilities, the town should also consider the following in its job description for the town administrator:

- Prepare and monitor the operating and capital budgets
- Oversee day-to-day operations and coordinate interdepartmental activities
- Facilitate the flow of information between elected officials, employees, and citizens
- Develop and present financial policy recommendations to the select board for adoption
- Administer the town's personnel policies and negotiate contracts
- Oversee information technology operations
- Prepare all town meeting warrants
- Enact the goals and policies set forth by the select board

The responsibility of orchestrating the annual operating and capital budget processes, for instance, demands a managerial presence that regularly interacts with town departments. So too is the need to pursue collective annual goals and policies in the most cost-effective manner. In our opinion, the town administrator is best suited for this, having the perspective to understand the needs of departments in context with long-range, town-wide goals. This does not eliminate the finance committee's traditional role in the budget and capital planning process, rather it identifies a more effective approach whereby the committee serves the important advisory role for review and recommendation, followed by select board and town meeting adoption.

Sample Budget Process



<u>Elected to Appointed Positions:</u> We recognize that the articles proposing to change the collector and treasurer positions to appointed were rejected at the February 2016 special town meeting. These rejections do not, however, make the reasons for the change less compelling. Under a prevailing theory of government practice that policymakers should be elected, but operational positions that require a certain skill set, should be appointed, a clear trend has emerged among Massachusetts' communities. Currently, over 75 percent of them appoint the treasurer and over 73 percent appoint the collector. Wise for a small town, an appointment process expands the pool of potential candidates with the experience and qualifications critical to the position. By requiring potential candidates to go through background checks and extensive interviews, the town can appoint those with the strongest credentials. As appointed positions in town hall, the treasurer and collector would be placed on equal footing with the other finance officers and department managers who have similar levels of responsibility. Each would become more directly accountable, report to the town administrator, work hours as dictated by the select board, and be subject to annual performance reviews.

Judging this to be the appropriate direction for Monterey, the select board has put forth another article for the October 2016 special town meeting to change the treasurer to appointed. Under the provisions of M.G.L. c. 41, §1B, an affirmative vote for this article would cause the question to appear on the May 2017 town election ballot. Because this position is currently filled by a temporary appointment, the town would also elect a treasurer on the same ballot. If the ballot vote to appoint the treasurer prevails, the elected individual would perform the treasurer duties only until the select board makes a formal appointment.

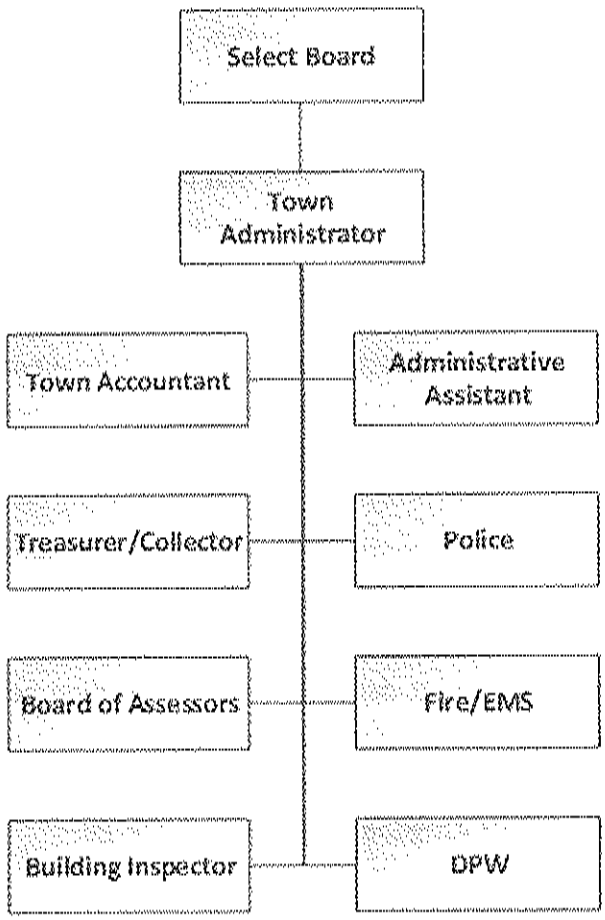
Looking long term, and by no means a reflection on the performance or dedication of the current collector, we recommend Monterey also consider trying again to appoint the collector position. A capable and committed person now occupies this office, but in the future, this may not always be the case. As Monterey has experienced, an election can result in an unprepared officeholder for the mere reason that competition fails to materialize.

The elected board of assessors currently has only two members due to the resignation of its newest member, another unchallenged candidate. We also suggest the town consider a new structure for the office, one in which a nonsalaried board is appointed under the provisions of M.G.L. c. 41, §25 for the purpose of holding formal meetings to render decisions on exemption and abatement applications, budgets and department purchases.

Combining Offices: With appointed positions, the town also has the option to combine the offices of treasurer and collector. Chapter 218 of the Acts of 2016, known as the Municipal Modernization Act, streamlines the process to involve only a majority vote of town meeting and acceptance by the voters at the annual election. Because of the parallels in the responsibilities of each of these offices, over 61 percent of communities have adopted this structure, anticipating efficiencies and long-term cost savings by having all receipts collected, counted, posted, deposited and managed in the same office by a qualified professional. The new position creates a more substantive presence, which benefits those in town hall as well as the residents who may expect business to be conducted on more regular hours. It also provides greater assurance that any new officeholders will have the same skills, technical knowledge and experience necessary to carry out their responsibilities. This does not reduce staff from two to one, as there remains the need for a support staff member to meet fluctuating office demands, especially during tax time, though the requirements of the position would not be that of either the appointed treasurer or collector. With proper training, this change may also provide a natural successor for the treasurer/collector.

Financial Management Team: Notwithstanding appointed or elected officeholders, regularly scheduled meetings of the town's financial management team, led by the town administrator and including the town accountant, treasurer, collector, and assessors, are vital to address the ongoing concerns of the financial staff's communications and interactions. These sessions should help resolve issues by keeping everyone on task to meet critical milestones, adhere to key procedures, and maintain internal controls. Team updates from the town administrator to the selectmen should present them with a better understanding of ongoing financial operations. Critical to the team's success and effectiveness is the active participation of all financial officers.

Proposed Organizational Structure



Shared Services: Beyond these structural changes, we encourage local officials to expand their existing cooperative services and explore sharing functions with neighboring towns as provided by M.G.L. c. 40, §4A, which authorizes cities and towns to enter into intermunicipal agreements (IMA). Today, communities across the state are actively pursuing merging services to combat operating cost increases. No stranger to collaboration, Monterey enjoys services from various Berkshire County organizations (e.g., sheriff's department, elderly transport), is one of five members of the Southern Berkshire Regional School District, is part of a 12-town veterans' services district, succeeded in obtaining a multitown Community Innovation Challenge grant, and employs personnel who also work in many surrounding communities.

To the extent that additional opportunities exist to share services, we recommend that the select board reach out to nearby communities to establish a strategic planning committee comprised of a limited number of members, representing a cross-section of municipal officials. The committee would begin a process to frame common goals among towns and develop objectives. This process would not only take into consideration the extent of opportunities available but also outline the best organizational structure to carry them out. Offices that require very specific skills but are part-time often do not attract highly proficient staff, but when combined with other opportunities, they can present a better lure for talented personnel.

An agreement for assembling a group of municipal officials to identify services to be shared by and between any member towns is included in the Appendix, along with the requirements for a formal IMA. Assistance is available from DLS if the town were to pursue this.

Succession Planning: Given their experience with vacancies and concurrent with exploring regionalized service opportunities, town officials should develop a plan for smooth and thoughtful personnel transitions. As possible, we suggest that when town officials become aware of any impending vacancy, they establish a target date for when the position needs be filled and allow time to gather information about core functions and legal responsibilities of the office or position. Included should be a job description, with provisions of the personnel policies or bylaws identified, position classification and grade, hours assigned, and benefits package.

Helpful to the process is surveying salaries of neighboring towns to determine whether Monterey is sufficiently competitive to attract qualified job candidates, or if formed, working with the strategic planning committee for opportunities to distribute resources. Through interviews with departing employees and remaining staff it can be determined whether changes in job duties or office functions should take place. The skill sets, experience and qualifications necessary to fulfill the resulting job should also be defined and incorporated into an updated job description.

In particular, town officials should note that, without good preparation, Monterey may have considerable difficulty replacing the dedicated and skilled principal assessor. The duties of the office will not diminish, and it is likely that a new incumbent will lack intimate knowledge of the town's properties. It seems appropriate to plan ahead for the eventual transition to assure continuing operations.

OTHER OBSERVATIONS

During our interviews, we noted how various responsibilities and job functions are performed across town hall. Based on these observations, we believe there are other opportunities to enhance financial operations and overall performance, apart from structural modifications.

Meeting Minutes: Published minutes from the select board meetings are extremely detailed, contain specific personnel matters, and include information that can be construed as inflammatory or as serving no practical purpose. Understanding that Monterey wishes to capture the entire meeting, a distinction should be made between a transcript of the proceedings and a summary of the discussions. To provide a thorough record of the meeting and comply with state law, the following should be included:

- date, place, time convened, and time adjourned
- names of all board or committee members present, absent, or participating remotely
- decisions made, actions taken, and votes taken, including noting any members who did not participate in votes
- summary of the discussions on each subject
- list of all documents and exhibits used at the meeting
- assignments to members
- exact wording of all motions, including who made the motion and who seconded

The minutes, all documents, and exhibits are public records, collectively forming the official record of the meeting, and they must be filed with the town clerk's office. For guidance, the Attorney General's Open Meeting guide details the legal requirements for public meeting minutes (http://www.mass.gov/ago/government-resources/open-meeting-law/attorney-generals-open-meeting-law-guide.html).

Financial Policies: Monterey does not maintain a complete set of documented policies and procedures to provide important guidance and consistency around local fiscal policy decisions. We recommend that the town develop policies on:

- financial planning and forecasting
- reconciliation of cash and accounts receivable
- reserves including use of free cash
- capital planning and financing, including debt management
- tax enforcement
- fraud mitigation

Capital Improvement Plan: The finance committee reviews and makes recommendation on individual town meeting articles for capital expenditures rather than following a specific plan for the maintenance and improvement of capital assets and infrastructure. Capital planning requires a detailed, well-structured process for determining capital needs and organizing projects, and it must be supported by careful budgeting practices and debt management, reserve, and revenue policies. We recommend Monterey create a five-year plan for capital improvements, to be updated annually, emphasizing preventive maintenance as a cost-effective approach to capital reinvestment and replacing exhausted goods as necessary.

Fiscal Year-end Audit: Despite significant deficiencies identified in its June 30, 2012 financial audit, Monterey waited until May 2015 to appropriate funds for an independent auditor to resolve cash variances and other issues to close the books for fiscal 2015. This year, the town wisely appropriated for a FY2016 audit and should continue to do so annually for the foreseeable future, at least until all deficiencies are resolved. Infrequent audits likely will not reveal the underlying causes of financial problems, which can result in decisions being based on inaccurate understanding of town finances. Checks and balances could be weakened and public assets left at risk. Regular external audits can also provide a powerful tool by which the town can build taxpayer confidence in government operations.

Town Meeting Warrant: The annual town meeting warrant has separate articles to appropriate funding to pay existing lease agreements and debt service. When the debt was authorized, the town created a multiyear obligation. The DLS opinion on lease purchases is consistent with debt issuances; they require a two-thirds vote at town meeting for multiyear authorizations. Both of these payments should be appropriated as a line item (or items) within the annual budget.

APPENDIX

Community Benchmarking Data

DLS often sorts comparative data from the Municipal Databank by population, total budget and per capita equalized valuation (EQV) to determine which communities fall into peer groups. Although Monterey's EQV per capita wealth factor is on par with some of state's most exclusive communities, its income, population, and budget fall to the lower end. As a result, Monterey's community data does not correlate well with many towns that might otherwise be used as benchmarks. Therefore, to more accurately model Monterey against peer communities across Massachusetts, we provide a comparative data set using population, average single family tax bill, budget, and income per capita.

Municipality	County	Mgt Type	Population	Treasurer Appointed/ Elected	Collector Appointed/ Elected	Combined T/C	BOA Appointed/ Elected	Average Single Family Tax Bill	DOR Income Per Capita	EQV Per Capita	Land Area	Total Budget	Total Assessed Value	R/O % of Total Value
Monterey	BERKSHIRE	Admin Asst	957	E	E	No	E	3,342	23,534	494,849	26.5	4,030,316	504,273,397	96.2
Alford	BERKSHIRE	---	491	E	E	Yes	E	3,293	35,038	572,843	11.6	1,516,597	273,428,704	97.8
Ashfield	FRANKLIN	Exec Admin	1,733	A	A	Yes	E	3,929	24,386	133,255	40.3	4,790,087	225,114,616	90.9
Blandford	HAMPDEN	---	1,246	A	A	No	E	3,476	27,427	138,458	51.7	4,735,888	171,908,687	80.0
Conway	FRANKLIN	Town Admin	1,902	A	A	No	E	4,719	29,359	132,069	37.7	6,041,342	245,647,098	91.1
Egremont	BERKSHIRE	Office Admin	1,224	A	A	Yes	E	3,449	21,701	334,777	18.8	5,017,554	384,010,808	94.5
Hinsdale	BERKSHIRE	Admin Asst	1,994	A	A	No	E	3,146	27,657	153,054	20.8	5,753,895	295,023,940	82.1
New Marlborough	BERKSHIRE	Town Admin	1,497	A	A	No	E	3,745	21,387	341,942	47.2	5,432,005	485,264,620	94.5
Otis	BERKSHIRE	Town Admin	1,595	E	A	No	E	2,491	24,341	411,315	35.8	5,890,628	608,324,038	93.2
Richmond	BERKSHIRE	Town Admin	1,453	A	A	No	A	4,659	46,152	324,708	19.0	6,620,826	409,000,588	93.7
Sandisfield	BERKSHIRE	Town Admin	920	E	E	No	E	3,253	16,267	245,692	52.3	3,395,169	216,332,965	89.8
Shelburne	FRANKLIN	Town Admin	1,893	A	A	Yes	E	3,494	17,813	126,231	23.3	4,353,522	234,246,585	77.5
Shutesbury	FRANKLIN	Town Admin	1,773	A	A	No	A	5,415	21,565	121,957	26.6	6,580,395	212,263,400	97.0
Stockbridge	BERKSHIRE	Town Admin	1,963	E	E	No	E	4,834	29,771	421,686	22.9	11,637,764	849,885,678	89.8
West Stockbridge	BERKSHIRE	Admin Asst	1,288	A	E	No	E	5,087	29,574	295,738	18.5	5,465,732	371,379,468	93.3
Whately	FRANKLIN	Town Admin	1,505	A	A	Yes	E	4,263	20,664	173,195	20.2	5,681,901	262,014,034	75.2
Worthington	HAMPSHIRE	Admin Asst	1,167	A	A	No	E	3,781	27,350	140,879	32.1	4,187,794	166,713,849	93.0

Sample Agreement

AGREEMENT BY AND BETWEEN
THE SELECT BOARDS IN THE TOWNS OF BLANDFORD, CHESTER, HUNTINGTON, MIDDLEFIELD, MONTGOMERY AND RUSSELL

The Blandford Select Board (hereinafter referred to as "Blandford"), the Chester Select Board (hereinafter referred to as "Chester"), the Huntington Select Board (hereinafter referred to as "Huntington"), the Middlefield Select Board (hereinafter referred to as "Middlefield"), the Montgomery Select Board (hereinafter referred to as "Montgomery"), and the Russell Select Board (hereinafter referred to as "Russell") hereby agree to the following terms, conditions, and understandings:

1. Blandford, Chester, Huntington, Middlefield, Montgomery and Russell recognize and are concerned that:
   a. New growth is stagnant (residential and business).
   b. Property values are declining while tax rates are increasing.
   c. Tax bases are receding.
   d. Costs to maintain adequate municipal services are increasing.

2. Blandford, Chester, Huntington, Middlefield, Montgomery and Russell agree to:
   a. Explore to improve service efficiency and achieve economies of scale through cross jurisdictional of sharing municipal services.
   b. Develop recommendations of municipal best practices that promote good governance.
   c. Investigate Economic Development opportunities beneficial to all six towns.
   d. Plan for a future economic growth and stability.

3. Blandford, Chester, Huntington, Middlefield, Montgomery and Russell agree to create a "Hilltown Collaborative".

4. The "Hilltown Collaborative" shall be composed of two members from each town as designated by their respective select boards.

5. The Chair, Vice Chair and Secretary of the "Hilltown Collaborative" shall be elected at the first meeting of the Collaborative from the members of the Collaborative by a majority vote.
   a. All meetings will be posted and open to the public.

6. The "Hilltown Collaborative" shall coordinate with Division of Local Services (MA Department of Revenue), MassDevelopment, and the Pioneer Valley Planning Commission to secure evaluation assistance and funding for this project.

7. The "Hilltown Collaborative" shall make advisory recommendations to the towns. Related to the goals listed in items 1 and 2

8. Each town shall vote separately on each Collaborative recommendation. The select board of an individual town must vote affirmatively on a recommendation in order to participate in advancing each specific proposal forward for their town.

9. The cost sharing of services where two or more towns have voted to share a service shall be determined on a case-by-case basis as recommended by the Collaborative and approved by the respective towns.

10. This Agreement may be terminated at any time by any town by a majority vote of its select board.

For the Town of Blandford

_____ _____
Chair Date

For the Town of Chester

_____ _____
Chair Date

For the Town of Huntington

_____ _____
Chair Date

For the Town of Middlefield

_____ _____
Chair Date

For the Town of Montgomery

_____ _____
Chair Date

For the Town of Russell

_____ _____
Chair Date

SAMPLE AGREEMENT TO ESTABLISH A SHARED SERVICES COMMITTEE
Source: Division of Local Services

Intermunicipal Agreement (IMA) Requirements

M.G.L. c. 40, §4A requires that every IMA include the following:

- Effective date of the IMA
- A maximum term of 25 years or less
- Designation of a lead town, which must do the following:
    - maintain accurate and comprehensive records of services performed, costs incurred, and reimbursements and contributions received
    - arrange for the performance of annual audits of such records, which audits can be part of the lead town's annual, independent audit of its financial statements
    - ensure that all officers or staff responsible for carrying out terms and conditions of the IMA give appropriate performance bonds
    - provide the parties with monthly expenditure reports, quarterly revenue reports, and any other information reasonably requested by a member town to present a complete picture of the financial condition of the shared department, function, or position
- Statement of how municipalities may terminate participation
- Specification of insurance and indemnification requirements
- Acknowledgment by the parties of acceptance of liability under the agreement

The following are additional terms to consider including in IMAs:

- Statement that costs will be shared and the methodology for assessing costs
- Statement of how the agreement may be amended
- A severability clause
- Identification of applicable laws
- Addresses for official notices
- Operational terms and conditions
- Identification of personnel or department to perform services
- Establishment of the reporting relationship and successorship in shared department
- Establishment of lines of communication among participating municipalities
- Description of dispute resolution process
- Finance terms and conditions:
    - Identification of salaries, wages and benefits to be shared
    - Identification of operating expenses to be shared
    - Address sharing of capital cost incurred prior to and after agreement date
    - Description of how each participant approves the shared budget
    - Description of how shared costs will be allocated
    - Description of payment methodology
- Lines for signatures, titles, and dates of the respective approving authorities for each member town

INTERMUNICIPAL AGREEMENT REQUIREMENTS
Source: Division of Local Services, Bureau of Municipal Finance Law