

TOWN OF BERKLEY

FINANCIAL MANAGEMENT REVIEW

JULY 2025



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Financial Management Resource Bureau

www.mass.gov/dls

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DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

July 24, 2025

Selectboard
Berkley Town Hall
1 North Main Street
Berkley, MA 02779

Dear Board Members,

I am pleased to present the enclosed report summarizing our financial management review of the Town of Berkley. The Division of Local Services is committed to assisting municipalities in achieving effective fiscal stewardship, and it is my belief that the recommendations presented here will help the community become better positioned for the future.

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resources Bureau Chief, at blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Cronin".

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the request of the Board of Selectmen, the Financial Management Resource Bureau (FMRB) at the Division of Local Services completed this financial management review for the Town of Berkley. In this report, we provide an analysis of the town's financial position, summarize observations drawn from the review, and present a series of recommendations for improving fiscal and operational effectiveness.

This management review's scope encompasses Berkley's government structure, fiscal planning, financial policies, and the operational practices of the town's financial offices of the accountant, treasurer, collector and assessor. The observations and recommendations in the report are based on interviews with elected and appointed officials, department heads, and municipal office staff. We reviewed town documents and financial data, including town bylaws, locally accepted statutes, special acts, annual budgets, warrant articles, tax recapitulations, balance sheets, receivable reports, revenues and expenditures, and independent audit reports.

The town administrator, who was hired in 2023 and previously served as the chair of the finance committee, works under the direction of the board of selectmen and whose duties are only defined by job description. The town has had significant turnover on the select board, including several vacancies, which has presented challenges in maintaining consistent expectations for the town administrator. Berkley does, however, have some good financial management practices in place, including maintaining strong reserves, and a A1 bond rating by Moody's. Additionally, local officials are making an effort to incorporate the use of financial planning tools into the town's financial strategy.

Berkely, however, has no written processes or procedures to capture institutional knowledge or existing processes and procedures that exist among staff members. This makes any continuity in financial practices more challenging when seasoned staff members leave.

COMMUNITY PROFILE

Located in Bristol County, the Town of Berkley (population of 6,822) has an open town meeting form of government with a three-member board of selectmen and full-time town administrator that manages day-to-day operations. The town is largely residential and has a nearly \$26 million budget.

The town provides a number of 24/7 full-time emergency services including police, dispatch, fire and ambulance. A full-time highway department oversees the town's transfer station, stormwater management, snow removal, maintenance of public ways and parks and is managed by an elected highway surveyor. In town hall, the financial offices include an elected treasurer and collector alongside the appointed accountant and assessor. There is also a building inspector and veterans' agent. The Council on Aging provides services to senior citizens in the same building. The Berkley Public Library serves the community Tuesday through Saturday. Lastly, the town has a local K-8 school district with students then attending the Somerset-Berkley Regional High School.

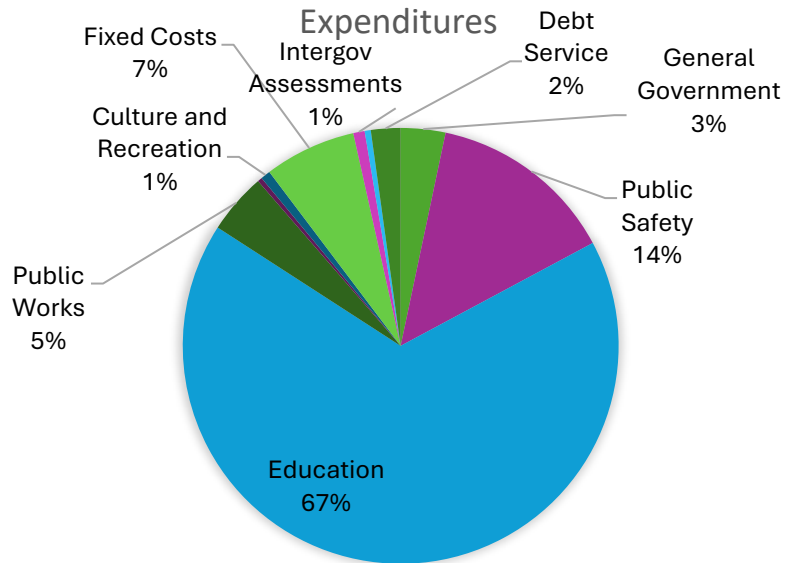
Despite being a smalltown, Berkley is one of 177 MBTA adjacent communities subject to the requirements of M.G.L Ch. 40 Sec. 3A with the commencement of South Coast Rail. This law is part of the Commonwealth's efforts to address the housing shortage by requiring a multi-family overlay district in MBTA host communities and neighboring communities. For Berkley, the requirement is for 118 multi-family units. Between the new rail service nearby and the potential for a significant number of multi-family units, Berkley has the potential to see a spike in population, which could impact services delivered by the town.

Berkley is bisected by Route 24, which connects the area to major cities such as Boston, Brockton, Fall River, and Providence. While this provides an attractive access point for residents to commute to jobs, it also presents an opportunity for people from outside of town to get to Berkley. A major route can also be a draw on local resources, as the town's fire and ambulance services are first responders when accidents occur in this jurisdiction.

As a predominantly residential community, commercial and industrial properties currently make up less than 5% of the tax levy, so there is an intentional effort by local officials to increase economic development to diversify the tax levy and grow local receipts. Although the town is favorably located on the south shore, and centrally located to Cape Cod, Boston and Providence, one of its more significant challenges to any future large-scale development is its lack of public water and sewer infrastructure.

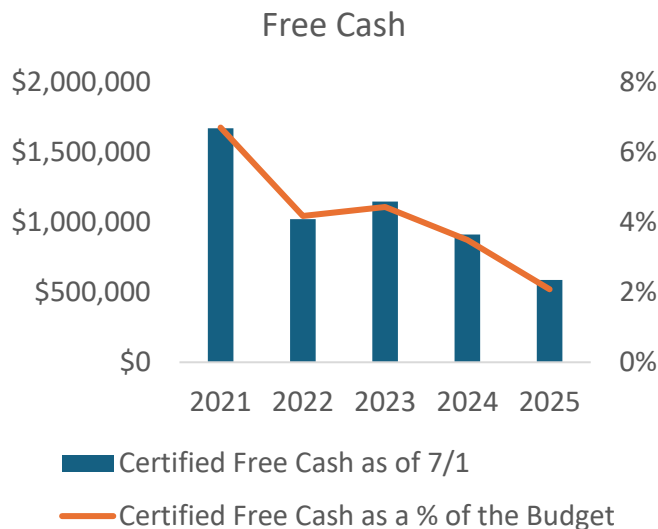
FINANCIAL CONDITION

The Town of Berkley has a nearly \$26 million operating budget, with two-thirds of the funding going to education, 9% to fund fixed costs such as health insurance and retirement, and 7% of the budget funding debt service. The remaining \$5.6 million supports other municipal functions such as police, fire, ambulance, the library, senior center and the municipal finance offices.



The tax levy represents almost 58% of the total revenues funding the town's budget. Residential property owners contribute to the bulk of the tax levy, with residential properties making up 95% of the total assessed value. The average single family tax bill in FY2025 was \$6,534. State aid, which includes Ch. 70 education funding and unrestricted general government aid as the primary drivers, is 21% of revenues. Local receipts, which include excise taxes, licenses, permits and investment income, make up less than 6% of revenues. The remaining 15% of revenue comes from other funds such as stabilization, free cash, and ambulance reserves.

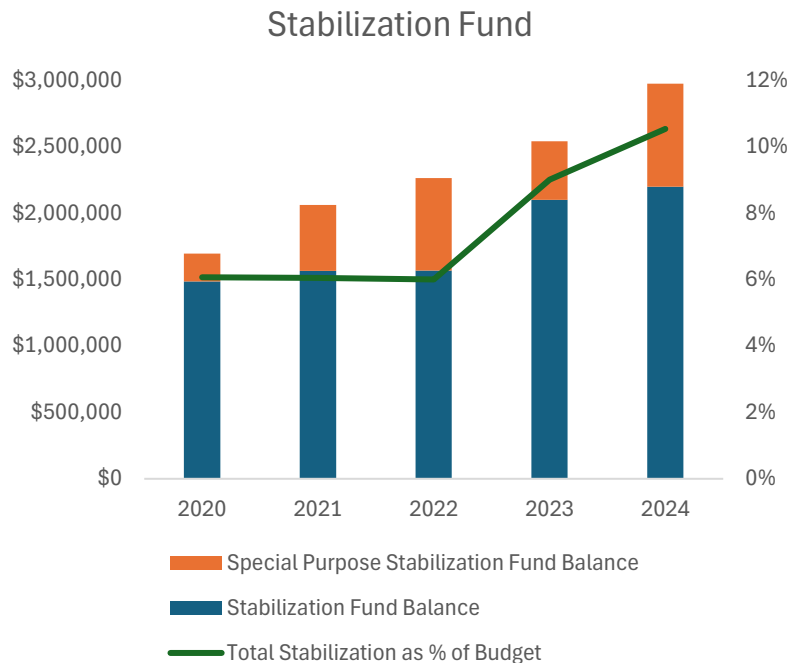
Free cash is a source of funds that results from the calculation, as of July 1, of a community's remaining,



unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It includes actual receipts in excess of revenue estimates and unspent amounts in budget line items for the year, plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits, and therefore it can be a negative number. It is highly recommended to use free cash for one-time expenses or it could create a structural deficit, meaning that the town is not bringing in enough revenue to support recurring operational expenses.

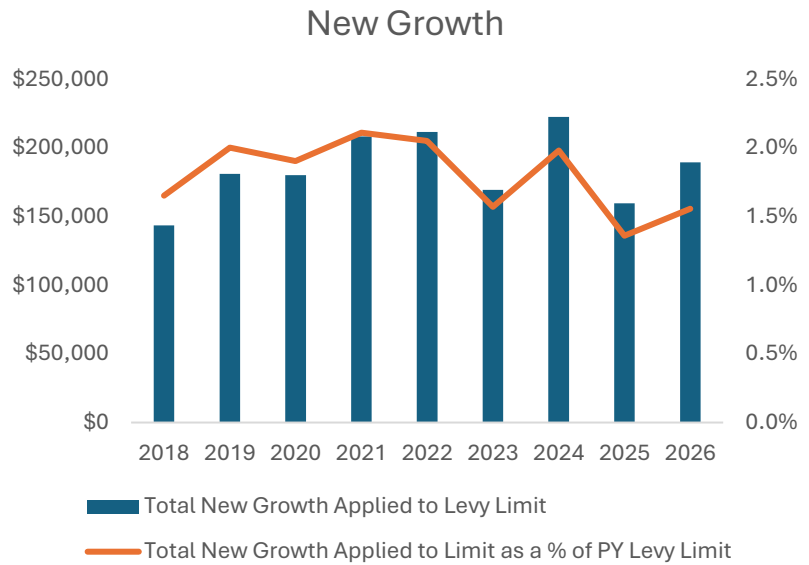
Free cash has been steadily declining over the past five years, showing trends that the town has been less conservative with local receipt estimates because of increasing costs that have impacted the amount certified for free cash. Additionally, Berkley has used general stabilization funds in FY2025 and FY2026 to balance the budget. Reserve funds, including free cash and stabilization funds, should generally only be used to fund non-recurring costs.

Berkley utilizes a special purpose stabilization to hold money raised from the override passed for FY2011 to fund the regional high school assessment. Every year, the town appropriates the assessment from the special purpose stabilization to fund the school's budget. This special purpose stabilization fund has continually carried an excess balance due to operating costs appropriated at annual town meeting being lower than what is being appropriated into the fund annually. It may be time for the town to review forecasted operating costs of the regional high school and potentially reallocate some of those additional funds to other general fund uses.

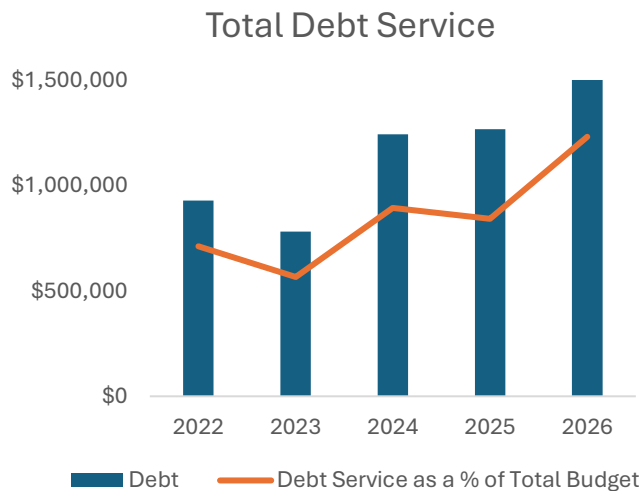


New growth in Berkley has remained relatively stagnant with a slight decline as a percentage of the prior year levy limit since 2018. However, as mentioned previously, Berkley is likely to benefit from a period of increased new growth because of the Southeastern Regional Planning & Economic Development District and the potential expanded multifamily housing construction. Given the current financial pressures on the

town, including rising fixed costs like health insurance and retirement assessments, it would be prudent for officials to put some long-range financial planning practices in place to manage any projected revenue growth against the expense of expanding services and rising fixed costs.



Berkley’s overall debt burden has steadily increased over the past five years because of two school-related capital investments, as illustrated in the graphic. For example, the town is constructing a local



“Community School” and is one of seven communities supporting the cost of construction for a Bristol-Plymouth Regional Technical School, 40% or \$305M of which is being paid by Massachusetts School Building Authority. And, while the bulk of the debt is funded through a Proposition 2 ½ exclusion, there are a significant capital needs on the horizon that could be impacted by the town’s ability to pass future debt exclusions.

New growth is the additional value added to the property tax base from new construction or property improvements and other additions to the tax rolls and can be seen as an indicator for real estate development activity in a community. When the valuations are captured by the assessing office, it provides for additional growth in the tax levy under Proposition 2½.

RECOMMENDATIONS

1. Establish a Town Charter

We recommend that Berkley adopt a charter to clearly define the government structure under which the town operates. A formal charter documents all positions, boards, and committees, establishes the distribution of power, and provides clear lines of authority. It would enable Berkley to institute structural changes, including formally incorporating the role of the town administrator, which would help meet the town's long-term goal of improved management and efficient operations.

The town has two options when considering adopting a charter, differing in timing and legal requirements. Most frequently and what we suggest is that the town form a government study committee to examine, through an open process, the structure and operation of the government. If a change is warranted and a charter is recommended, the committee drafts the proposed charter as a special act (Home Rule petition), which then requires approval at town meeting, at the ballot and the state legislature. This process allows the formation of a balanced, open-minded committee and a manageable timeframe for completion of the committee's work. Alternatively, the town's voters can elect a nine-member charter commission under M.G.L. c. 43B. This statute directs the commission to meet certain procedural requirements and to complete its final report within 18 months. Any recommendation by the commission would then be placed before the voters for final acceptance or rejection.

2. Codify the Role of the Town Administrator

We recommend that Berkley establish a strong town administrator by codifying the role and responsibilities through the town charter. Berkley operates under a weak town administrator structure, with duties and responsibilities defined by job description, and the scope of responsibilities can easily change by a vote of the selectboard. The town administrator lacks any formal authority as many oversight responsibilities are vested with part-time elected and volunteer boards and committees. As a result, the town administrator exercises no direct control and must steer government by seeking buy-in from various elected and appointed officials. Many communities recognize the benefits from a town administrator position with clear lines of authority. Through appointing authority and budget control, the town administrator can serve as the catalyst for a more responsive, effective government. Further,

in creating accountability where it previously did not exist, initiatives are better coordinated, and goals are implemented uniformly across town departments.

The administrator should be responsible for the appointment, evaluation, discipline, and removal of all non-school department heads, subject to the selectboard's approval. This would include the appointment of managers working for elected boards. (Boards and committees retain their oversight role through screening candidates or advising on selections). The town administrator, as the town's chief administrative and financial officer, should coordinate financial management activities and oversee all municipal operations. This role should include, among other responsibilities, the following:

- **Municipal Operations** – The town administrator should oversee administrative functions of town government to ensure all services are coordinated, cost effective, and consistent with long-term policy decisions. The town administrator should be responsible for appointing, supervising and evaluating all department heads in order to create a more consistent and accountable local government. The administrator should convene monthly department head meetings to ensure communication on future planning issues, ongoing activities, and other matters as they arise. Specific attention should be paid to confirming that reconciliations are completed timely, associated financial reporting is prepared, and policymakers are updated.
- **Budget and Capital Planning** – The town administrator should orchestrate the annual budget process for all departments. This includes developing revenue and expenditure assumptions, preparing multi-year forecasts, working with departments to finance major capital purchases, drafting departmental guidelines, preparing a balanced budget proposal and presenting it to policymakers. The town administrator should be updating revenue and budgetary information as it becomes available and providing managerial and analytical support to the warrant committee so they may review proposals and focus on important policy decisions within the budget process. The administrator should coordinate and maintain a five-year capital improvement plan, including proposals for financing methods, as well as present it with the budget proposal.
- **Procurement** – The town administrator should function as the chief procurement officer, coordinating the purchasing of all supplies, materials and equipment for the town and ensuring compliance with state procurement laws under M.G.L. c. 30B, as well as managing all service and construction contracts and leases.

- Human Resources – The town administrator should have oversight responsibility for human resources. This involves confirming that personnel procedures are comprehensive and conform to state and federal laws and town policies and managing personnel costs including collective bargaining agreements negotiations and proposing pay and classification and compensation schedules.

3. Convert Elected Positions to Appointed

Berkley's town clerk, treasurer, collector and highway supervisor are all elected. Many of the responsibilities in these positions are governed by statutes, and their procedures ought to adhere to well-established professional standards. By having appointed positions, potential candidates are required to go through a formal interview process and be subject to background checks, allowing the town to vet the strongest applicants who have the necessary credentials and relevant professional experience.

Communities have increasingly done away with elected town employees due to the wider recognition of the lack of any policy significance associated with these roles and the desire to open the positions to the most qualified job applicants whenever vacancies occur, regardless of their places of residence. Across the state, only 9% of communities have an elected treasurer and 8% have an elected collector, further showcasing that the appointed model is effective.

We recommend the town convert the highway supervisor, town clerk, treasurer and collector to appointed positions. This can be achieved through a majority vote at an annual or special town meeting and, at least 60 days later, confirmed through a majority vote on the ballot at an election.

4. Combine the Roles of Treasurer and Collector

We recommend that along with converting the treasurer and collector positions to appointed that the two offices be combined into one. Over 80% of communities across the Commonwealth have adopted this combined structure because of the parallel job responsibilities and efficiencies by having all receipts collected, counted, posted, deposited, and managed in one central place. A combined treasurer/collector's office helps ensure that all appropriate internal controls are being properly and consistently applied to mitigate the risk of errors or fraud. The assistant treasurer and assistant collector should be cross-trained in

responsibilities, allowing coverage during vacations or other employee absences, and with proper training, provide a natural succession plan for the treasurer/collector.

We have found that establishing the combined treasurer/collector positions generally gives a community a competitive edge in recruiting and maintaining well-qualified employees. There exist general difficulties finding candidates due to an overall state-wide shrinking pool, so it is important to make the positions more attractive

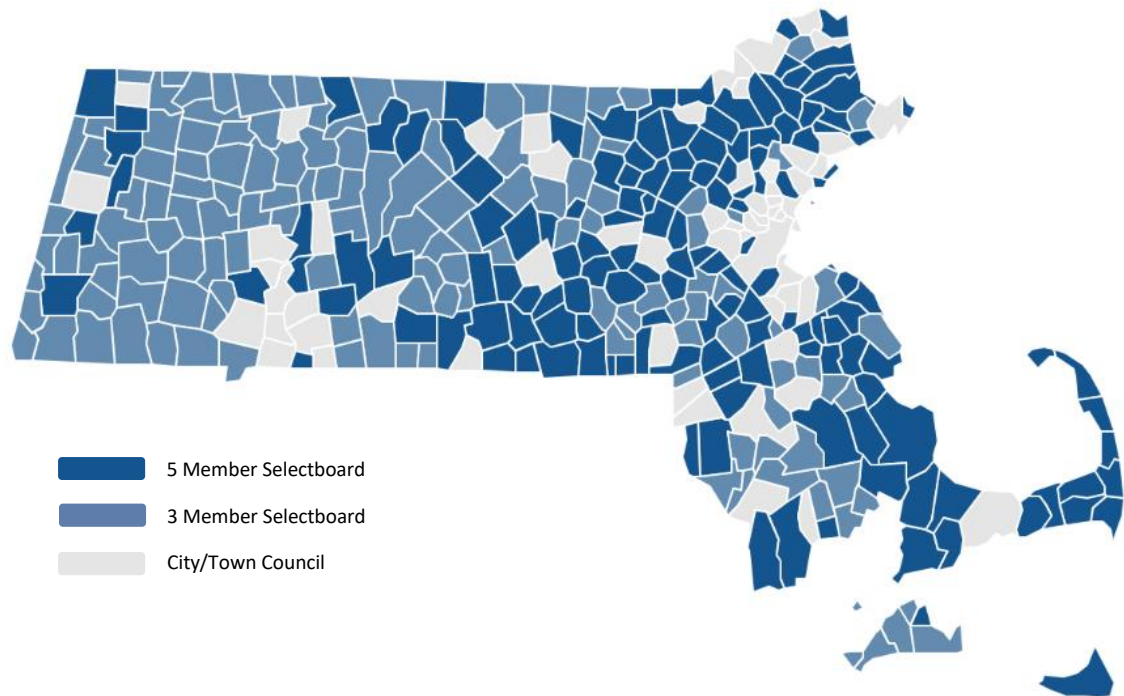
5. Expand the Selectboard from Three to Five Members

We recommend expanding the board of selectmen by increasing its membership from three to five. The last time the current board of selectmen had three members present at a meeting was in February, with the resignation of one member delivered in early March. In 2023, two members of the select board resigned at the same time. A three-member board worked well in years past when towns were smaller and the board of selectmen was more involved with administrative roles in daily municipal affairs. However, as municipal issues become more complex, budgets grow and become more challenging, and serving the needs of residents increases, it is critical to have stability on the select board. In addition to their statutory responsibilities, select board members participate on ad hoc committees, research and act upon all town meeting issues, supervise the town administrator, review capital and operating budgets, and enact local policy decisions.

Although Berkley is the smallest community in Bristol County, less than half of the towns in the county operate with a three-member board. Statewide, Berkley is in the bottom third by population of communities with a three-member board with close to 50 communities with populations under 10,000 with a five-member board.

	3 Members	5 Members
Bristol County	7	8
Statewide	140	150

Selectboard Membership Statewide



Opponents of a larger select board argue that towns are starved for candidates to run for offices, and increasing the board's size will cause seats to either go unfilled or be filled by residents with personal agendas. They further contend that the need to "share the workload" has diminished since the role of the town administrator or manager has become more common and a more professional way to run the day-to-day operations. Lastly, they insist that "if it ain't broke, don't fix it." While these may be popular reactions, they overlook the fact that a five-member board offers broader representation of viewpoints, enhances problem solving, and enables more research and analysis. It also reduces the risk of dominating biases, open meeting law violations, and conflicts of interest. With a five-member board, two selectmen may legally speak with one another (but not deliberate), and there is greater availability to attend meetings of other committees to help arrive at important town decisions.

Furthermore, because winning a majority of three votes, versus two, is more difficult, the prospects increase for greater collaboration. With no more than two members elected each year, the board will also experience greater stability and continuity. Lastly, should a board member fall ill or become otherwise unable to perform his or her duties, the town can continue to achieve quorums and operate effectively in the best interests of the residents.

State law precludes making such a change solely through a town meeting vote. Therefore, to institute the change, the town would need to gain approval by town meeting, a special act of the Massachusetts legislature, and voter approval via a referendum.

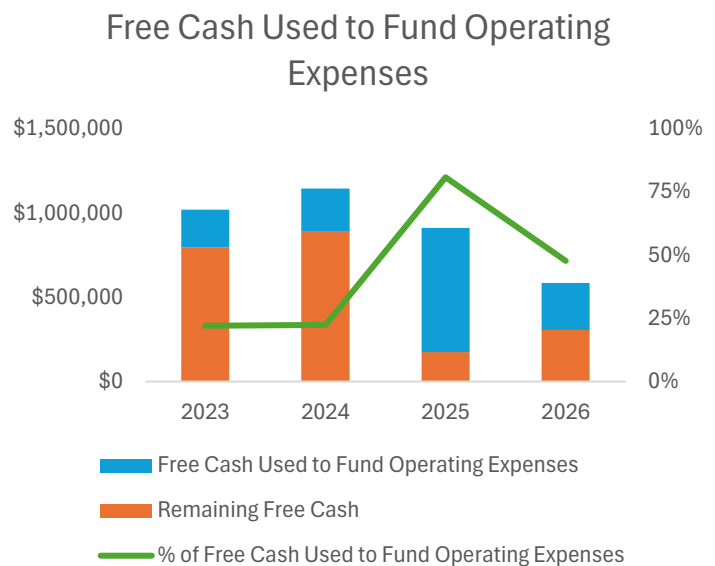
6. Limit Use of Reserves to One-Time Expenditures

We recommend that the town administrator works with the finance team, selectboard and finance committee to establish a plan and timeline to reduce and eventually eliminate the town's reliance on free cash to fund operating expenses.

In Berkley's financial policies, it is stated that free cash will not be used for personnel services or operating expenses. However, the town has continuously funded the operating budget with its free cash. As shown in the chart below, the amount of free cash certified annually is trending negatively while the reliance on it to fund recurring costs has increased. This trend was somewhat reversed for FY2026, however, free cash was also used. Additionally, the town should

consider reviewing its appropriation for snow and ice to make sure that the funding level appropriately reflects recent expenditure trends. Since 2020 the town has appropriated \$75,000 annually and regularly expends over \$100,000 every year, relying on free cash to make the account whole.

All those involved in the budget process should strive to adopt a structurally balanced budget whereby recurring operating expenses are balanced against the town's recurring revenue sources. Berkley historically appropriates a significant amount of one-time revenues to balance its annual operating budget. Continued use of free cash during periods of economic volatility can set up a fiscal cliff if it can no longer be generated or replaced. Additionally, it is noted that for FY2025, \$130,000 in stabilization funds were used to fund the budget and \$706,000 in stabilization funds are being used to fund the FY26 budget.



7. Formalize the Annual Budget Process

We recommend that Berkley adopt an annual budget process. At a minimum, the annual budget process includes a well-defined budget policy, including the roles and responsibilities of those involved, various timelines, and controls and other fiscal parameters for a balanced budget (i.e., use of one-time revenues). Such a policy should consider the following points:

- The annual budget presented at town meeting should be balanced, meaning estimated expenditures are no greater than projected recurring revenues. Recurring revenue is total revenue less capital and debt exclusions and any other specific non-recurring revenue items (e.g., free cash, stabilization).
- Revenue projections should be conservative and based on the latest available trend data. Initial state aid should be projected at no greater than the prior fiscal year allocation, property taxes should be calculated in accordance with Proposition 2½ guidelines, new growth should be estimated on the advice of the assessors and at no greater than in the prior fiscal year, and local receipts, in total, should be projected as a percentage of the prior year actuals.
- Departmental expenditure requests should fully fund operations for the entire fiscal year without supplemental funding once the fiscal year has begun, unless unforeseen, emergency, or extraordinary circumstances arise.
- Establish fiscal parameters through policy on the use of free cash, stabilization, and debt.
- Monitor the budget throughout the year to measure performance. Budget-to-actual revenues should be reported at least quarterly to ensure timely budget adjustments, if needed, and thereby prevent any potential revenue deficit. Budget-to-actual expenditure balances should be reported monthly to ensure that the total expenditure and purchase commitments in any account do not exceed the authorized budget for that account.
- The Town will take immediate corrective action if at any time during the fiscal year expenditure or revenue estimates indicate a projected operating deficit by year-end.

Corrective actions can include, but are not limited to, hiring freezes, expenditure reductions, layoffs, or the use of contingency funds.

8. Develop a Financial Plan

To establish a sustainable financial strategy, we recommend that Berkley develop an integrated multi-year financial plan. This plan should bring together formal financial policies, the analysis informed by the long-range financial forecast, and the capital improvement plan, resulting in the presentation of the annual budget. By connecting these foundational elements, the budget can adequately deliver on the town's needs and priorities and support community planning while mirroring the town's values. This effort should be driven by the town administrator with supporting efforts from the financial team.



Financial Policies: Berkley currently has financial policies that were accepted in 2023 and are reviewed by the financial advisory committee made up of the town treasurer, town accountant, finance committee chair, board of assessors chair, selectboard chair, town administrator, and an optional citizen advisor appointed by the Selectboard. These policies include: free cash, reserve fund, stabilization, capital planning, debt management, other post-employment benefits, and cash handling and turnover.

To provide instructive guidance for promoting sound, consistent fiscal planning and effective financial management, we encourage the selectboard to review the current financial policies as well as adopt additional policies. The policies we recommend Berkley explore include:

Antifraud

Overlay Tax Recapitulation

Disbursements

Procurement conflict of interest

Financial Management Team

Reconciliations

Forecasting

Tax Enforcement

Grant Management

Tax Recapitulation

Investments

Year-End Closing

These policies will strengthen the town's internal controls, provide instructive guidance, and promote consistency as local officials plan, direct, monitor, and protect municipal assets and resources.

We suggest the town administrator, along with the financial advisory committee, review [policy manuals produced by the Division of Local Services](#) or inquire about attending a future financial policy training where the Financial Management Resource Bureau will offer hands-on guidance in building effective policies. Finally, seek input from selectboard and finance committee members on specific policy decision points, such as targets for reserve and debt levels, forecasting assumptions, and other specifics. A consensus between the two groups is desirable. Currently, in the free cash policy, there are no prescribed ways that free cash will be allocated annually except for putting 10% of it into stabilization and reserving \$50,000 for unfunded liabilities. In the stabilization policy, there are no funding targets or any mention of the special purpose stabilization that is used to fund the regional school budget. The capital planning policy does not include a comprehensive funding strategy or any details on how projects will be prioritized. In the existing debt policy, there is no mention of specific debt targets.

Policies related to day-to-day operations should be discussed with professional staff from the financial management team, as well as the selectboard. Once any operational policy has been adopted, the selectboard and town administrator should ensure that it is distributed to all applicable parties, including all relevant department heads. Lastly, adopted policies should be reviewed periodically and updated as needed.

Capital Improvement Plan: The maintenance of an annual capital planning program is one of the most important responsibilities of municipal government. It is a tool for communities to cost-effectively maximize the value of their assets, maintain service continuity, protect the health and safety of employees and residents, support future development potential, and enhance the local quality of life. When making decisions on the annual budget proposal each year, the town administrator, selectboard and the finance committee should have context of Berkley's short- and longer-term capital needs. Berkley has made an effort to start the capital planning process by using the capital planning tool on the DLS website, detailing the town's existing assets and the beginning formulation of a five-year budget. To enhance these efforts, we recommend that the town embolden the capital planning policy, establish a formal process for requesting capital projects, and determine a capital financing strategy as well as revise the existing capital improvement planning committee bylaw, which will be discussed further in the next recommendation.

With a comprehensive capital planning program shaped by clear, consistent standards and spending priorities, the town can more effectively direct funds to identified needs and make strategic plans based on agreed-upon long-term goals.

Long-Range Forecast: As part of the annual budget process each year, we recommend that the town administrator work with Berkley's finance team to create a five-year financial forecast. Although Berkley's leaders have wisely built up the stabilization fund over recent years, they have otherwise typically made decisions by only looking at the year ahead. This is because the annual budget process has lacked the context of long-range revenue and expenditure projections. This situation has compromised the town's ability to plan for upcoming capital projects or to assess the risks of future-year deficits that could potentially arise from current-year decisions. There is an existing financial forecast that includes most of the revenues, but without assessing the revenues in relation to the expenditures, it is hard to make solid long-term financial decisions.

By revealing revenue trends in juxtaposition with real and hypothetical expenditure commitments, a multiyear forecast helps the town administrator formulate budgets with long-term sustainability in mind. A forecast is also a key component of a strong capital plan because it enables budget framers to build and sustain an appropriate level of capital investment in the town's long-term plans. With a well-developed forecast, the impacts of different fiscal scenarios can be analyzed, such as those related to local aid changes, increased debt service, or Proposition 2½ override. Furthermore, the use of multiyear forecasts demonstrates a level of fiscal competency to residents and can educate them about the town's current position relative to future plans.

9. Rescind the Capital Improvement Planning Committee Bylaw

We recommend that Berkley rescind the current capital improvement planning committee bylaw and transition the responsibilities to one appointed by the selectboard that clearly defines a capital budget program. Parallel with the annual budget, we suggest that the town administrator be charged with developing the capital budget and improvement plan. This involves soliciting capital project requests from department heads, and prioritizing projects using established criteria, analyzing funding, and formulating a long-term financial plan achievable within the town's budget. The capital improvement planning committee would continue to review and evaluate the town administrator's plan within the policy and budgetary guidelines and make a recommendation to town meeting. Instead of a five-member committee of residents, we recommend that the town consider a committee composed of the major

department heads, including the treasurer, accountant and a member of the selectboard and finance committee.

Along with spelling out the town administrator's capital planning oversight role, we recommend that a revised bylaw include the following:

- Clear definition of capital project based on the years of useful life and dollar cost
- Criteria for prioritizing capital project requests
- Maintenance of a capital asset inventory
- Development of multi-year capital plans
- Presentation to town meeting of a comprehensive capital budget warrant article and annual report of Berkley's capital needs

10. Seek opportunities for regionalization

Regionalization in communities with limited resources can provide an opportunity to improve service quality and operational efficiencies while reducing costs. We recommend Berkley identify service areas that can be enhanced by partnering with nearby towns. Some areas that benefit from engaging in shared services include emergency dispatch, ambulance, public health, building department, and council on aging. Most commonly, regional agreements are established through a negotiated intermunicipal agreement (IMA) that identifies roles, responsibilities, cost-sharing and dispute resolution. It would be beneficial for the town to explore regionalizing lower-risk services and monitoring the success of those before engaging in larger-scale partnerships that come with more complexities.

11. Reconcile Outstanding Receivables

Submissions to DLS show significant variances in outstanding receivables. In FY24, the variance for real estate taxes was -\$202,853.30 and the variance for tax title was -\$290,602.11. We recommend that shortly after the end of each month the collector should internally reconcile all receivable balances with the receivable control, and the treasurer should internally reconcile the cash book to all bank statements. The results of these activities should then be forwarded to the accountant's office to be compared to the general ledger records. If variances are identified between sets of records, the pertinent financial officers should meet to determine the causes (e.g., missing information, input errors, timing differences) to resolve them. The accountant should report the results of these reconciliations to the town administrator and selectboard to verify that the reconciliations took place and provide explanations for any

variances. Prompt and frequent reconciliations between these financial offices are essential to maintaining controls and ensuring checks and balances are in place. While each office is responsible for conducting its own independent operation, they share a fiduciary obligation to ensure fiscal accountability.

In the town's two most recent management letters, the town's independent auditor also commented on the infrequency of receivable reconciliations and that the issue remains unresolved. The accountant and the collector should agree on a date every month to perform this function, and a monthly update should be presented to the financial advisory committee.

12. Resolve Material Weakness

The town's two most recent audits identify a material weakness that prevented the completion of the full financial statements. Material weaknesses can cause significant deficiencies in the town's internal control system that could negatively affect the town's ability to process and report accurate financial data. In Berkley's case, the town is not maintaining fixed asset records that report both short- and long-term assets and liabilities in the town's financial statements.

We recommend that the town develop a fixed asset capitalization policy as well as invest in fixed asset software to track and manage capital assets, including conducting depreciation calculations to be compliant with the Generally Accepted Accounting Principles (GAAP) and resolve the material weakness identified by the town's auditors. While the town does have the beginning of an asset list for capital improvement planning purposes, the financial statements require a list continuously updated to reflect the accurate values of all fixed assets.