

Town of Braintree Finance Division

My first accounting professor defined three basic financial operations that all business are run on. They are:

- 1) Cash receipts
- 2) Cash disbursements
- 3) Payroll

The Finance Division of the Town of Braintree is responsible for those operations and our three major customers are 1) the public 2) the employees and 3) the other departments.

Below is a list of the eleven programs that make up the Finance Division. A summary of the departments can be found after a review of the FY22 budget.

	Department/Programs	FY 2021 Current	FY 2022 Proposal	Difference 2022- 2021
133	Finance Programs			
1	Administration	263,234	453,611	190,377
4	Accounting	289,490	278,773	(10,717)
7	Assessing	296,877	305,152	8,275
8	Information Technology	652,782	687,344	34,562
9	General Insurances	899,248	875,881	(23,367)
10	Treasurer/Collector	597,738	989,807	392,069
50	Principal on debt	3,831,733	4,777,533	945,800
51	Interest on debt	1,290,338	2,865,123	1,574,785
339-				
52	Lease payments	56,640	56,640	-
53	Capital BSBA	2,768,868	-	(2,768,868)
54	Excluded Debt	<u>-</u>	<u>2,659,954</u>	<u>2,659,954</u>
133	Department total	10,946,948	13,949,818	3,002,870

Major Changes in Finance FY 2022 budget

There were no changes to the number of staff in the Finance division.

Salary increases include the year three cost of living adjustments (COLA) and contractual changes, including any step increases per the various union contracts.

Finance

The salary lines reflect a two percent COLA increase and a step increase in the grant writer line. We are required to conduct an Other Post Employment Benefit (OPEB) valuation every two years to update the information for the Town's annual audit report. As a result, the "Revaluation" line (01-13301-576001) has been increased from \$0 in FY21 to \$10,000 in FY22. The line will be reduced to \$0 again in FY23 and subsequently increased in FY24.

The program also includes the reactivation of "9C Cut Reserve," (01-13301-578050). Understanding that other programs may incur a deficit later in the fiscal year, and in order to reduce the amount of free cash required for supplemental appropriations, this line has been created to provide a source of reserve funding.

Other reductions in the program include:

- Consultant—Reduced 8.57%
- Advertising—Reduced 50%
- Postage—Reduced 50%
- Printing—Reduced 50%
- Office Supplies—Reduced 50%
- Mileage—Reduced 50%
- Dues/Memberships/Subscriptions—Reduced 50%

Accounting

The salary lines reflect a two percent COLA increase and step increases for the administrative clerical line.

Other reductions in the program include:

- Inservice Training—Reduced by 100%
- Photocopy Rental—Reduced by 42.86%
- Data Processing Costs—Reduced by 100%
- Office Supplies—Reduced by 22.22%
- Copy/Photo Supplies—Reduced by 11.11%

Assessing

The salary lines reflect a two percent COLA increase and step increases for the administrative clerical line.

The Clothing Allowance was increased as required by the collective bargaining agreement.

Mileage was eliminated.

Information Technology

This program funds the Town's financial softright, including implementation, maintenance and training, as well as existing technology town wide, including Microsoft 365 and Microsoft Office.

Equipment Maintenance is increased to support continued support of Softright as we continue the transition to MUNIS.

Consultant covers the Town's annual support contract with BELD for IT support and service. This payment is part of a 3 year contract and reflects a \$10,000 increase over FY21.

Website Expenses has been reduced by 48.84%.

Office 365 Upgrade supports a town wide upgrade to Office 365 E-Mail and Applications to ensure current licensing and protect against technology vulnerabilities.

MUNIS Annual Maintenance has been reduced by 10.91% as a result of BELD taking over some system updates and an annual maintenance fee increase.

Other Equipment funding was added to support the replacement of equipment town wide.

General Insurance

Treasurer

The salary lines reflect a two percent COLA increase and step increases for the administrative clerical line.

OPEB Liability – The Town did not fund this line in FY21 and has increased the line to \$377,500. This amount will continue to increase as operations stabilize.

Reductions in the program include:

- Data Processing Costs—Reduced by 50%
- Consultants—Reduced by 33.33%
- Office Supplies—Reduced by 55.56%
- Prescription Glasses—Eliminated
- Meetings/Seminars—Reduced by 50%
- Recordings/Takings—Reduced by 20%

Debt Principal

Bond Principal- this increase of \$945,800 is the projection of the FY 2022 general fund principal debt service for the new debt to be issued in June. This also includes moving the East Middle School debt principal from program 53 to this line.

Debt interest

Bond interest - this increase of \$,1,574,785 is the projection of the FY 2022 general fund interest on debt service for the new debt to be issued in June. This also includes moving the East Middle School debt interest from program 53 to this line.

Reserve for Capital Projects

Reserve – this program was accounting for the debt service for the middle school projects. As noted above, East Middle School debt service has moved to the debt principal and debt interest lines.

Debt Exclusion

This program has been added to pay the new debt service costs for the \$50,000,000 debt issued for the new South Middle School that was issued last November for a net interest cost of 1.99%

Finance Department overviews

Contract Administrator/Grant Writer

Under the guidance of the Finance Director and Town Solicitor, the Contract Administrator/Grant Writer manages the procurement process for all Town departments. The Administrator provides technical support to departments for issues relating to compliance with Massachusetts procurement laws and best practices for drafting contracts.

The Administrator ensures the smooth management of both the large and small procurement projects performed by the departments by setting reasonable and attainable procurement schedules, producing the procurement documents in a timely manner, publishing all required legal notices, conducting the bids and evaluations, preparing contract documents for signature, and maintaining complete procurement records.

Additionally the Administrator researches grant programs and writes funding applications. Serving as a liaison between Town departments and funding agencies, the Administrator assists project managers in writing grant applications, editing drafts for accuracy, completeness, clarity, and compliance with grant requirements. Upon award, the Administrator manages the grant procurement process and reviews expenditures and project status to ensure proper expenditures are made.

A list of recent grants awarded to the Town of Braintree is below:

Grant or Program	Award Amount	Department	Awarding Authority
Emergency Management Performance Grant Program COVID-19 Supplemental (EMPG-S)	\$9,500	BEMA	Massachusetts Emergency Management Agency (MEMA)
Assistance to Firefighters Grant - PPE and Decontamination Equipment	\$33,840	Fire	Federal Emergency Management Agency (FEMA)
Firefighter Safety Equipment Grant	\$19,772.00	Fire	Department of Fire Services (DFS)
Municipal Preparedness Vulnerability Program	\$750,000	Planning	Executive Office of Energy and Environmental Affairs (EOEEA)
Historic Building Survey	\$15,000	Planning	Massachusetts Historical Commission (MHC)
Rapid Recovery Plan Program - Small Business Technical Assistance	\$60,000	Planning	Mass Downtown Initiative (MDI)
Traffic Safety Equipment and Enforcement	\$25,000	Police	National Highway Traffic Safety Administration

Edward J. Byrne Memorial Justice Assistance Grant - Covert Operations Equipment	\$40,000	Police	Executive Office of Public Safety and Security (EOPSS)
Flu Vaccine Clinics	\$3,631.28	Public Health	Department of Public Health (DPH)
Watson Park Shoreline Erosion Mitigation and Coastal Resiliency Improvement	\$102,329	Public Works	Massachusetts Office of Coastal Zone Management (CZM)
Shared Streets and Spaces Program - School Crosswalk Improvements	\$291,237.50	Public Works	Massachusetts Department of Transportation (MassDOT)
Sustainable Materials Recovery Program (SMRP)	\$19,800	Recycling	Massachusetts Department of Environmental Protection (DEP)
Food Security Infrastructure Grant (FSIG) - Meal Distribution System	\$42,614.82	Schools	Executive Office of Energy and Environmental Affairs (EEA)
IT Security Risk Assessment	\$10,000	Schools	Massachusetts Interlocal Insurance Association (MIIA)
Accelerating Climate Resiliency Winter Program	\$12,000	Stormwater	Metropolitan Area Planning Council (MAPC)
Election Administration Equipment	\$13,465	Town Clerk	Center for Tech and Civic Life
Cybersecurity Training Licenses	N/A	Town Wide	Executive Office of Technology Services and Security (EOTSS)
Green Communities Designation	\$202,590	Town Wide	Department of Energy Resources Commissioner (DOER)
Reimbursement for Direct COVID Costs – Emergency Protective Measures	\$88,501.84	Town Wide	Federal Emergency Management Agency (FEMA)
Reimbursement for Direct COVID Costs – Emergency Protective Measures	\$64,087.16	Town Wide	Federal Emergency Management Agency (FEMA)
Reimbursement for Direct COVID Costs – Emergency Protective Measures	\$86,406.30	Town Wide	Federal Emergency Management Agency (FEMA)

Assessors

The Board of Assessors and the Assessors Department's primary responsibility is to annually determine the valuations for all real and personal property in the Town of Braintree according to Chapter 59 of Massachusetts General Laws under the oversight of the Massachusetts Department of Revenue (DOR). This is accomplished each year after full review of all property sales, analysis of income and expense data from commercial property owners as well as cyclical property inspections. Deeds are reviewed and entered into the database to update ownership as well as qualify sales for the analysis.

After valuations have been certified by the DOR, New Growth is then submitted for approval. New Growth is new construction and other improvements/additions, subdivisions and condo conversions subject to taxation for the first time that are added to the Tax Levy outside of Proposition 2 ½. This New Growth is collected based on property inspections from building permits and subdivision plans.

Under Proposition 2 1/2, the Tax Levy or amount to be raised through local taxation cannot exceed 2½% from the prior Fiscal Year plus New Growth (plus any override or debt exclusion) passed by the Town. This calculation is known as the Levy Limit. Once the values and New Growth have been approved by DOR, it is merged on their Gateway system with other reports completed by the Director of Municipal Finance and Town Accountant to determine a proposed tax rate to be voted on by the Town Council at the Annual Classification hearing. Once the Town Council votes at Classification all reports are then submitted to DOR for final tax rate approval.

Property inspections are completed of all businesses in Town for Personal Property tax purposes. Forms of Lists are sent out and reviewed for these valuations.

The Assessor's Office also handles any abatements, exemptions and deferrals related to property tax bills. Exemptions are available to qualifying Senior/ Widow, Veteran, and Blind persons under locally adopted DOR guidelines. Appeals are reviewed and decided by the Board of Assessors. Further appeals are defended at the Appellate Tax Board in Boston.

The Assessor's Office is also responsible for submitting all motor vehicle and boat excise tax bills to the Treasurer Collector's office and handling any abatements or exemption applications associated with those bills.

The Assessors also maintain the historical Assessor Maps for all parcels in Town and help coordinate those maps and related data with the Engineering Department to provide the Town's GIS Mapping System.

Certified Abutters Lists are completed by the Assessor's office to assist other departments, residents and property owners with permits, licenses, and hearings.

Accounting

The mission of the Accounting office of the Department of Municipal Finance is to protect the fiduciary interests of the Town by providing independent, timely oversight of the Town's finances and to ensure that financial transactions are executed legally, efficiently, and effectively in accordance with Massachusetts General Laws.

The Accounting Office is headed by the Town Accountant. The Accounting Office is responsible for the following general duties:

1. Examination of all books and accounts of those Town agencies charged with the responsibility of the custody or authority to expend Town funds
2. Preparation and processing vendor and payroll warrants to the general ledger
3. Reviews and posts cash receipts in general ledger as received. Monitors expenditures of all town funds; examines all department bills schedules and payrolls for appropriateness of expenditure and for accuracy and availability of funds before payment by Treasurer
4. Maintains a complete set of financial records for all town accounts, appropriations, debts, and contracts; maintains a general ledger and journal for the recording of all transactions. Reconciles Treasurer's cash balance and receivables with General Ledger.

At the close of the fiscal year the Town Accountant is responsible for the submittal of the combined balance sheet to the Department of Revenue (DOR). The balance sheet is the report that shows the town's financial position at the end of the fiscal year. It summarizes account balances of assets, liabilities, and fund equity and is used by DOR in calculating free cash.

Subsequent to free cash certification, the Schedule A is completed. The Schedule A is a statement of revenues, expenditures, fund balances and other financing sources and uses. This report, prepared at the end of the year for the recently past fiscal year, is sent to DOR.

The Town Accountant also provides financial data for the School Department's End of Year Financial Report.

The Town Accountant also provides the financial data needed for the competition of the Annual Town Audit and the preparation of the annual Comprehensive Annual Financial Report (CAFR) and reporting to Federal, State, Local governments, bonding and banking markets.

Treasurer/Collector

The Treasurer's Office employs 3 employees, 2 clerks are responsible for processing/maintaining the Town's Payroll for approximately 1,600 employees (2,000 + in summer) on a Bi-Weekly schedule. The office verifies all departmental revenue turnovers submitted, manages the "Direct Pay" health insurance for employees & retirees and collects and issues "One Load Permits" for the Recycling Center.

The 3rd employee is the Treasury Accountant who balances all bank accounts each month based on the turnovers submitted by each department. After balancing all accounts, submits the monthly revenue to the Town Accountant to post to the General Ledger.

We process tax titles for those that have a lien on property for non- payment of taxes, have tax lien sales, handle unclaimed checks, NSF checks, and pay Federal and State taxes on payroll. The office also files 941 & 945 paperwork for the Town and Braintree Retirement.

We also monitor bank stability and rating and move money to maximize safety, liquidity, and yield at all times.

The Collector's Office has an office of 3 clerks and the Assistant Treasurer/Collector. We mail out Real Estate (12,000 plus 2 x a year), Personal Property (1,200 2 x a year), Excise (40,000 plus throughout the year) and Trash bills (12,000 once a year) for the Town and collect those payments. When received, the payments are turned over to the Treasurer on a weekly basis. We help residents with questions on bills and forms that are required to get an excise abated and with Tax Services, Attorneys, and Mortgage companies so they have correct information for payments. We also process MLC's for sales/refinances and help Police department with parking tickets (moved to them in 2021)

We work closely with the Recycling department regarding Trash Cart delivery/pick up and with the Building department on various permits requested by tax payers.

The Collector starts the process of a Tax Taking on those properties that have not paid their taxes and when filed give to Treasurer for either foreclosure or lien sale.

Questions from Ways & Means

Administration (13301):

- Does the \$10K for revaluation (0113301-576001) represent Assessing reval work? If so, should this be placed under the 13307 Assessing department (does it matter)?

No, this is a valuation of the Town' OPEB liability, which must be completed every two years and is separate from the Assessing Department.

- What specifically does the 9C cut reserve represent (0113301-578050)? Is this for a particular bargaining unit or units? Is this expected to cover all increases or is this just a piece of the pie if you will?
- Addition of 9C Cut Reserve

Understanding that other programs may incur a deficit later in the fiscal year, and in order to reduce the amount of free cash required for supplemental appropriations, this line has been reactivated to provide a source of reserve funding.

Accounting (13304):

- Why the cut in photocopy rental (0113304-527002)? Was this simply to remove some of the budgetary surplus?

The Town has entered into a new state copier contract with savings and the requested amount in sufficient to cover the cost of the new contract.

Information Technology (13308):

- Why the almost 50% cut in website expenses (0113308-530021)?

Several adjustments have been made to the website contract that have resulted in reduced expenses. Additionally, the Town previously paid several up front costs for the build out of the website that are no longer required, leaving only support/maintenance costs for the website. Finally, the Town previously supported the School Department website, but they have switched to a new host and the costs incurred by the Town have been removed from the budget.

For information purpose, there were 490,000 website visits from 2020 to 2021, a 56% increase over the prior year. The average visit is 2 minutes and 55 seconds, which is a good indicator, with 47% of the traffic coming from a desktop and 53% from a mobile device. In total , there have been 50,934 downloads from the website this past year.

General Insurance (13309):

- Insurance premiums (0113309-574005) actuals have increased greatly year over year from 2019 to 2021, but there appears to be a projected slow down on this for FY22. What assumptions or information changed?

The Town has incurred several major losses that remain part of the look back period for our policy renewal including, for example, the two school roof losses. These claims have affected our rate and

caused increases over the last few years. The increase in the premium line is the result of increases in certain deductibles and a MIAA rewards credit of \$29,000.

Treasurer/Collector (13310):

- How was the \$377,500 OPEB liability insurance amount arrived at (0113310-578010)? A percentage of the projected OPEB actuarial valuation contribution?
- Is there a plan to increase OPEB Liability to prior year levels?

This amount is half of the funding from FY2020 (\$755,000). As businesses continue to reopen and revenues improve, the Plan is to bring the balance up over time.

Finance

- What programs and/or expenses are accounting for the large increase over prior years in Debt Interest?

The increase relates in large part to the two middle school projects. South MS was moved from within the tax levy to being funded from the debt exclusion and the existing debt service for East MS was moved from program 53 (Capital Braintree School Building Authority) to the Treasurer’s regular principal on debt (program 50) and interest on debt (program 51). The chart below shows the East MS totals:

Issue Date	Project		FY21	FY22	FY23
6/14/2018	East Middle School (O)	Principal	370,000	385,000	400,000
		Interest	739,806	728,706	709,456
6/12/2019	East Middle School Renovations (O)	Principal	560,000	590,000	620,000
		Interest	644,650	616,650	587,150
6/12/2020	East Middle School Renovations (O)	Principal	173,000	180,000	185,000
		Interest	173,215	170,025	161,025

The following chart shows the values in each line from FY21 to FY22:

	Program	FY21	FY22	Difference
50	Principal on debt	3,831,733	4,777,533	945,800
51	Interest on debt	1,290,338	2,865,123	1,574,785
339-52	Lease payments	56,640	56,640	-
53	Capital BSBA	2,768,868	-	(2,768,868)

The total in the 3 debt service lines reflects an overall decrease due to old debt being paid off in FY21 and reduced debt service in FY22.

- Do we have to pay the OPEB liability? What are the consequences if we pay none or if we pay less? Is \$377.5K the minimum?

Currently there is no statutory requirement to fund OPEB. The following are the payments previously made from the general fund:

- FY21--\$0
- FY20--\$755,000
- FY19--\$1,305,000
- FY18--\$1,160,000
- FY17--\$1,015,00

Funding in FY20 was reduced by half and then eliminated in FY21 in order to allocate the funding to other areas.

Every dollar paid into the OPEB liability is invested and increases our assets and investment income to help reduce our unfunded OPEB liability.

The OPEB liability at 6/30/2020 was 155 million dollars and we have accumulated 10 million in assets.

- How does the 9C cut reserve work? If used is that an appropriation that has to come through the Council? How is it determined if it gets spent and on what?

The town had established this line to hedge against potential mid-year state aid cuts that occurred several years ago. The funds can help cover unexpected costs that come up from year to year and help to reduce the need to use our Free Cash reserves. Transfer of the funds to cover a deficit will require council approval similar to the process required for a supplemental appropriation.

- What is falling under "other equipment" that is budgeted for \$10K?

This line is for the Replacement of computers in the town inventory. This line covers Town Hall, DPW, Fire and Elder Affairs. BELD maintains a list of town inventory and equipment and age and recommends replacement when appropriate.