

TOWN OF EASTHAM

FINANCIAL MANAGEMENT REVIEW

MAY 2020



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

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DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

May 22, 2020

Board of Selectmen
Town of Eastham
2500 State Highway
Eastham, MA 02642

Dear Board Members,

I am pleased to present the enclosed financial management review for the Town of Eastham as requested by the Board of Selectmen. 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.

If you have any questions regarding this report, please contact Zack Blake, Technical Assistance Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the request of the board of selectmen, the Department of Revenue's Division of Local Services (DLS) completed this financial management review for the Town of Eastham. This review is one of several board and administration initiatives to ensure the town's fiscal sustainability and effective financial management practices. It also coincides with a report by the special Charter Review Committee (CRC), which is required every 10 years under the provisions of the Town Charter.

The scope of our review, as defined in discussions with the town administrator, assistant town administrator/finance director, and the chair of the board of selectmen, focuses on enhancing the town's overall efficiency and effectiveness of financial management practices and procedures. Our team interviewed senior managers and department staff, reviewed the town charter, bylaws, associated governing documents, and examined historical financial data. This analysis led to recommendations designed to strengthen governmental operations and to enhance town efficiencies and effectiveness through training, software enhancements, and formal policies.

As this report was being finalized, the town, state, and country entered into uncharted territory due to COVID-19, which is forcing all levels of government to address significant changes in financial conditions due to closing the economy and uncertainty about how long it will last. It is now more important than ever for leaders to plan for this new fiscal reality, as unknown as it is, and to focus on maintaining fundamental governmental services. We see the three main elements of financial policies, capital planning, and forecasting as the cornerstone of effective municipal finance and critical to navigating the financial stress facing communities. Prior to this crisis, the board of selectmen addressed the need to strengthen all three areas. We offer this report to assist with that endeavor.

COMMUNITY PROFILE

A coastal resort community and tourist destination known for its beautiful beaches, recreational opportunities, and endless open space, Eastham is located on the forearm of lower Cape Cod bordered by the Atlantic Ocean on the east and Cape Cod Bay on the west. It is primarily a residential community with a year-round population of close to 5,100, which balloons to a summer population that reportedly exceeds 30,000. Known as the "Gateway to the National Seashore", about 25% of Eastham's 14-square mile land area is federally controlled.

Eastham's Home Rule Charter, effective January 1992, along with subsequent amending special acts, and town bylaws, provides for Eastham's executive governing branch to be an elected, five-member board of selectmen¹ with an open town meeting functioning as the legislature. A finance committee, consisting of nine volunteers, advises town meeting voters on all finance-related warrant articles.

The select board appoints a town administrator, who is charged with overseeing the town's day-to-day functions, as well as planning and coordinating its long-range goals. The charter empowers the town administrator with appointing authority over town department heads and staff, other than school and library employees. Employees of the police and fire departments are appointed by their respective chief and are subject to approval by the town administrator. Specific duties, typical for a town administrator, include preparing and presenting the annual operating budget and capital outlay program, procurement, and personnel administration.

The town operating budget funds the full range of municipal services customary for communities of Eastham's size, including police, fire, and public works departments, a town library, senior center, and public education. Eastham is part of the of Nauset Public Schools and provides prekindergarten through fifth grade education at the Eastham Elementary School. Students in grades sixth through twelve attend Nauset Regional for middle and high school or can elect to attend the Cape Cod Regional Technical High School (Cape Cod Tech).

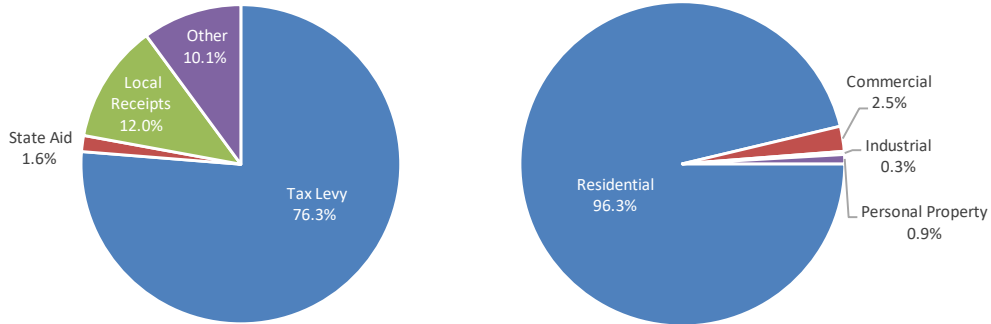
The town is constructing a municipal public water supply system, which began in 2016 to provide a water connection for every parcel by 2024. To date, over 1,200 households have been connected. This construction has led to increased development, including new restaurants and a \$23 million, 65-unit housing development with much needed affordable housing.

Of Eastham's \$34.7 million FY2020 operating budget, \$26.5 million is funded from the tax levy, \$4.2 million from local receipts, which include motor vehicle, meals, and room excise taxes, and \$3.5 million from other available funds, including \$1.5 million in community preservation funds (CPF). State aid is the smallest funding source of just under \$565,000, due to the bulk of educational aid going directly to the regional school district. As with most communities, the majority of Eastham's tax levy (96.3%) is attributable to residential properties. Regarding local receipts, through December, the town realized significant increases in both meals and room taxes, exceeding the amount estimated in the FY2020 budget. Unfortunately, with the COVID19-related shutdown of local

¹ The charter defines the executive branch as the board of selectmen. In mid-2019, the board began referring to themselves as the select board. This name change, which must be reflected in the charter to become official, is included as a CRC recommendation to be presented at the next town meeting.

businesses this spring and a potential slow reopening of the hospitality industry in general, this trend is unlikely to continue in the foreseeable future. Additionally, the two expected cannabis retail shops have yet to open.

FY2020 Operating Revenues by Source



Eastham’s main reserves consist of free cash and a general stabilization fund. Other reserves include an other post-employment benefits (OPEB) trust fund and amounts reserved for abatements and exemptions, commonly referred to as overlay, which is available when declared as surplus by the board of assessors.

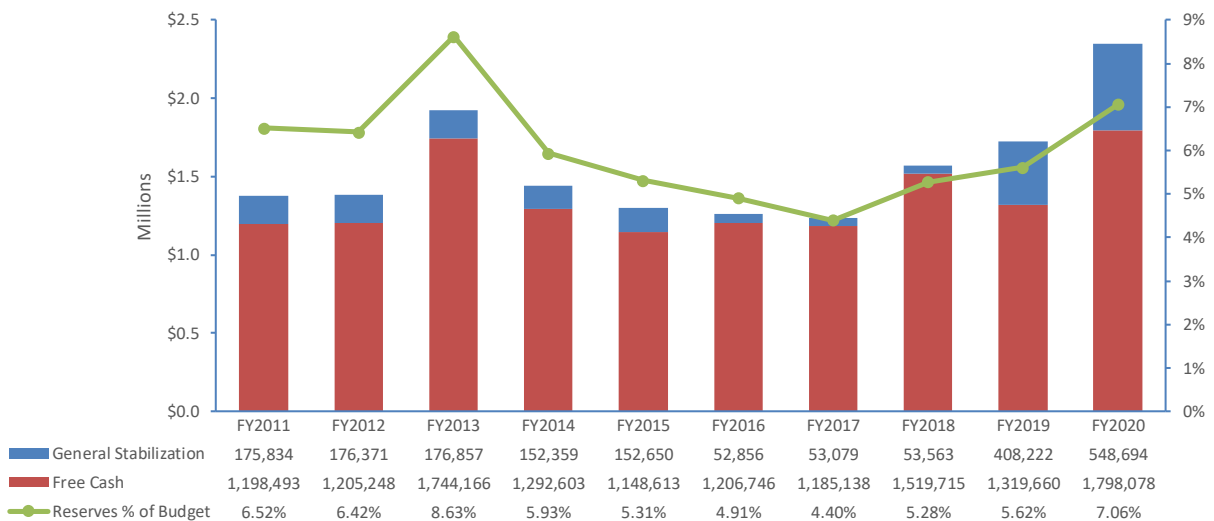
Eastham’s effort to present a balanced budget within the levy limit is evidenced by the diminished amount of free cash appropriated to fund the ensuing fiscal year’s operating budget. Free cash, however, is still consistently appropriated to supplement the current operating expenses. The chart on the following page details the annual use, total certified amount, and percentage appropriated. The Town of Eastham has consistently used free cash for its annual capital plan while retaining a portion to serve as a base for the ensuing free cash certification.

Free Cash Appropriations

Free Cash Appropriations	FY2016	FY2017	FY2018	FY2019	FY2020
Current Year Budget	238,898	402,500	2,500	66,865	-
Prior Year Budget	100,000	145,538	150,000	150,000	149,416
Tri-Town Septage Treatment Facilities	30,000	70,000	-	-	-
Capital Plan	426,300	421,500	635,000	583,000	742,500
Stabilization	-	-	-	300,000	-
OPEB	20,000	-	50,000	50,000	-
Visitor Services	10,000	10,000	12,000	12,000	12,000
Chamber of Commerce	14,000	16,000	16,000	16,000	18,000
Eastham 400 Commemoration	-	-	-	10,000	25,000
Snow & Ice Deficit	35,000	-	-	-	-
Prior Year Unpaid Bills	-	-	11,453	-	43,389
Other	5,000	-	-	-	50,000
Free Cash Appropriations Total	879,198	1,065,538	876,953	1,187,865	1,040,305
Certified Free Cash	1,148,613	1,206,746	1,185,138	1,519,715	1,319,660
Percentage Appropriated	76.5%	88.3%	74.0%	78.2%	78.8%

Over the last several years, Eastham’s available free cash has remained somewhat consistent, while recent efforts have resulted in a significant increase in the stabilization fund balance. Annual free cash has averaged just over 5% of the general fund budget, and despite an historical lack of investment, by the close of FY2019, the stabilization fund balance was almost \$550,000 or 1.8% of the general fund budget. The chart below details the last 10 years of free cash and stabilization reserves.

Free Cash and General Stabilization Fund as a Percentage of General Fund Budget



Recently, Eastham passed the meals and marijuana local option taxes for the express purpose of directing more funds into other postemployment benefit (OPEB) liability and needed capital investment. Along with these new revenue sources, the town also intends to reserve a portion of the recently enacted local option room tax for short-term rentals for those purposes as part of a long-term reserves strategy.

Eastham’s financial characteristics are like many of the other 14 Barnstable County communities, but the county itself is very different than the rest of the state. This is primarily due to the Cape’s many seasonal property owners (with over 54% of Eastham’s residential properties being second homes) and permanent resident population’s demographics.

As shown below, Eastham’s FY2020 average single family tax bill of \$4,462 is slightly below the county average of \$4,764² and well below the state average of \$6,176³. At the same time, Eastham’s average single family value is lower than the county, but still higher than the statewide average. Consistent with the rest of the Cape, the low tax bill and high value returns a very favorable average percentage of tax bill to value.

Reflective of the Cape overall, Eastham’s per capita income of \$35,959 is amongst the lowest of all other county communities and 27% lower than the statewide average of \$45,800. This makes comparing the ratio of tax bill to income much less favorable. The town’s per capita equalized valuation (EQV), which represents the full and fair cash value of all taxable property, of \$611,145 is higher than the Cape Cod average, but lower than its outer Cape neighbors of Wellfleet, Truro and Provincetown. EQV is used to calculate various state aid allocations (e.g., Chapter 70) and assessments (e.g., county tax, mosquito control) and the Town’s debt limit.

	Average Single Family Tax Bill	Average Single Family Value	Average Tax Bill as a % of Value	DOR Income Per Capita	Average Tax Bill as a % of Income	EQV
Eastham	4,462	511,743	0.87%	35,959	12.41%	611,145
Barnstable County	4,764	552,985	0.86%	40,930	11.64%	411,362
Statewide	6,176	453,168	1.36%	45,800	13.48%	181,056

Close to half of Eastham’s residents are over 65. To provide tax relief for eligible seniors, the town offers a work-off program plus additional abatements and exemptions. The town is also considering

² The average single family tax bill for Barnstable, Truro, Provincetown, and Wellfleet are approximations because these towns grant a residential tax exemption. This provides an exemption for homeowners who occupy their property as their principal residence, thereby shifting the tax burden to other residential class owners.

³ Does not include the 15 communities granting the residential tax exemption and the six communities granting the senior means tested exemption.

a residential tax exemption⁴ that would shift some of the tax burden to nonresident property owners, with part of the intent being to reduce the cost of living in town for senior residents.

Standard & Poor's Global Inc. (S&P) evaluates ongoing management practices and policies when reviewing a town's credit quality. In October 2018, S&P reaffirmed Eastham's bond rating of AA+ with a stable outlook, which the town has held since 2010. This rating reflects the town's strong economy, financial management practices, and budgetary performance. Nonetheless, one criterion holding Eastham back from the coveted AAA⁵ rating is the overall level of reserves, which as noted, the town is actively addressing.

OVERALL FINANCIAL MANAGEMENT

In late 2016, Eastham bid farewell to the town's first town administrator after 25 years of service and devotion to the community. After extensive interviews, Eastham appointed its former assistant town administrator. This new administrator recognized the need to strengthen the financial team, prepare for possible departures of finance personal, and develop a vision for consolidating the finance department.

In implementing the town administrator-select board's vision, Eastham has transitioned from an assistant town administrator to an assistant town administrator/finance director. As anticipated, Eastham's long-time treasurer/collector and accountant retired. The town once again tapped local talent by promoting the assistant town accountant to town accountant and after a difficult search hired an experienced treasurer from a local fire district as treasurer/collector.

Eastham's charter provides for a centralized government structure with clear lines of authority led by a strong town administrator. We consistently endorse this structure because it enables better oversight and accountability. Although the difference between a town administrator and town manager can be purely semantic, the duties prescribed to the town administrator in Eastham's charter are generally associated with those of a town manager. We agree with the CRC's

⁴ The board of assessors unanimously rejected the residential tax exemption in late 2019 wanting to maintain the same tax rate for all, as the select board keeps it as an option that could affect approximately 90% of the residents. The intent of the exemption is to promote owner occupancy and is designed to provide a proportionately greater benefit to lower valued homes.

⁵ AAA is the highest possible rating. The higher the credit rating, the lower the cost of borrowing and easier access to credit.

recommendation to recognize the breadth of assigned responsibilities and retitle the position to town manager.

Adding finance director duties, including supervising and coordinating the offices of the accountant, assessor, and treasurer/collector and developing the annual budget, to the already established duties of the assistant town administrator was done outside of the current charter and bylaws. To remedy this, the CRC is proposing establishing a department of municipal finance under the direction of the town administrator to be led by a director of municipal finance. The director of municipal finance, referred to throughout as the finance director, as outlined by the CRC recommendation will continue with these responsibilities, along with other duties regarding the town's financial operations as directed by the town administrator.

The finance director's office is supported by an administrative assistant who has a human resources background. With this experience, she assists in administering the town's human resource functions as well as the hiring process for student internships and coordinating the cooperative education programs with Cape Cod Tech and Cape Cod Community College. She assists with preparing the budget, assisting the finance committee, and supporting projects as they arise, including developing financial policies.

The accountant's office has a legal obligation to review Eastham's financial books and ensure that proper procedures are maintained. In doing so, the department plays a critical role in the system of internal controls and statutory checks and balances established to safeguard local assets through the maintenance of independent records and by following well-defined procedures. To fulfill these responsibilities, the staff prepare payroll and vendor warrants, maintain a general ledger (in which receipts, expenditures, and other town financial activity are recorded), and reconcile cash, receivables, and debt with the treasurer/collector.

The town accountant coordinates the preparation of the annual tax recapitulation sheet (tax recap) and produces the annual Schedule A and year-end balance sheet submittals required for free cash certification. The assistant town accountant's primary responsibilities include preparing the weekly accounts payable warrant, monitoring compliance with procurement procedures, processing departmental receipt turnovers, and verifying payroll file transmissions.

As the town's cash manager, the treasurer has custody of all municipal funds, issues debt, posts and deposits town receipts into appropriate bank accounts, and monitors balances to ensure that funds are available to cover obligations. Additionally, the treasurer maintains the cash book, debt schedules, check registers, and tax title and foreclosure accounts. As a financial control, the treasurer

is obligated to reconcile cash balances, debt, and payroll deductions on a regular basis both internally and with the accounting office. Eastham's payroll and employee insurance benefits are also handled through this department.

The collector issues bills for real and personal property taxes, motor vehicle excise and boat excise, betterments, and makes certain that collections are properly received, counted, and posted to payer accounts. The collector maintains a receivable control that should be reconciled regularly with the accountant's records. Looking out for the town's best interest and fairness to all taxpayers, the collector pursues delinquent accounts and places them into tax title and eventually into foreclosure.

In Eastham, treasury and collection functions are combined into one office led by a full-time treasurer/collector. An experienced treasurer, she is a certified treasurer by the Massachusetts Collectors and Treasurers Association (MCTA) and has one more year in the office prior to taking the collector's certification examination. She supervises a staff of two: an assistant treasurer/collector and a payroll and benefits coordinator.

Eastham issues property taxes semiannually with due dates November 1 and May 1. For the last few years, the treasurer/collector has maintained a collection rate of over 98%. The treasurer/collector's outstanding collection rate and carefully monitored cash flow provide enough liquidity for payroll and vendor obligations and investment of the town's funds.

The assessing office is responsible for valuing all real and personal property in town and generating the commitments authorizing the treasurer/collector to collect real estate taxes, betterments, and motor vehicle and boat excises. The assessors annually review property assessments to ensure they reflect full and fair cash value, so residents are taxed equitably and accurately. Subject to the approval of the board of assessors, the principal assessor sets the annual overlay amount, provides information for tax classification hearings and the tax recap, and makes recommendations on all abatement applications and property tax exemptions. Other duties of the assessors' office include updating tax maps and deed transfer information and responding to public inquiries.

The full-time principal assessor was appointed in 2015, returning to Eastham after briefly working for another Cape community. She also serves on the board of assessors for a neighboring town and is accredited by the Massachusetts Association of Assessing Officers (MAAO). The full-time assistant assessor, working closely with the principal assessor and nearing completion of his certification by the MAAO, handles data, cyclical and permit inspections, new growth, and customer service issues. The appointed three-member board of assessors, whose chair does double duty as the assistant to the assessing director, perform the required statutory duties.

Eastham contracts with PK Valuation Group to maintain the computer assisted mass appraisal system (CAMA), perform cyclical revaluations, and determine personal and commercial property valuations. Using tablets in the field, permit information between the building department and assessing office is automatically linked to the town database, allowing for real time updates, while cutting out redundant data entry. Challenging the assessing team is valuing the 120 homes in the Cape Cod National Seashore, where erosion takes over 3 feet of shoreline annually. Over time, houses close to the edge lose value as the property disappears.

The three finance departments use Tyler Technologies Munis Financial Management software application (Munis), which integrates the treasurer/collector and assessing functions. Munis is used to maintain the general and subsidiary ledgers, the receivable controls for taxes, excise and utilities, and to generate the billing files for all committed receivables. The treasurer/collector maintains the cash book in Excel and uses Invoice Cloud for online payments. Harpers Payroll Services provides biweekly payroll services which is integrated with Munis to update the general ledger with detailed payroll information. Water is billed and collected by the Pennichuck Corporation in coordination with the town's water department.

In the retired town administrator's final annual town report, she described the incredible culture in Eastham of collaboration, ethics, and community. The good news is this culture continues to thrive as dedicated individuals carry on the mission. Town officials enjoy strong working relationships with their respective boards as the town moves forward. Annually the town administrator and the select board, as the chief policy and goal-setting body of the town, identify goals for the ensuing fiscal year and beyond and review accomplishments of the past. The financial team displayed this cooperative culture as Eastham was the first community in the Commonwealth with a FY2020 approved tax rate.

We provide our observations, analyses, and the following recommendations divided into the three areas of financial management: operations, policies and procedures, and software and technology. Many of these recommendations support the work done by the CRC and are meant to assist the select board in implementing financial management practices for future success. As such, many coincide with the board's financial operational goals. The recommendations are policy driven, procedural and financial in nature, and almost all impact multiple departments. It is important for Eastham's local officials to work together, communicate, and agree on an implementation strategy that will increase the likelihood of the desired outcomes.

FINANCIAL MANAGEMENT OPERATIONS

Perform a Comprehensive Review of the Bylaws

The purpose of a charter is to lay out a community's governmental configuration through broad statements of roles, relationships and policies, the details of which are expounded on in bylaws. The charter and bylaws should be companion documents that provide the foundation for long-term stability with the flexibility to adapt as circumstances warrant. As the CRC concludes their charge by delivering their report to this year's town meeting, we recommend the town perform a comprehensive review of its bylaws.

Currently, Eastham's bylaws offer only scant information on the town's financial operations, duties, and budget process. Strong bylaws help define the expectations placed on town government as well as residents' rights and obligations when interacting with it. The bylaws should identify and describe the role and responsibilities of appointed and elected officials, departments, and committees. A review also would determine whether any new bylaws are warranted, including the bylaws we recommend in this report. The process of establishing or amending bylaws requires only a majority vote of town meeting (and subsequent submission to the Attorney General's office), which is substantially less cumbersome than revising the charter.

For example, by codifying the key elements of the budget process as detailed in a budget policy, including roles and responsibilities, data collection procedures, and required approvals, the town can promote year-to-year consistency and inspire confidence among local officials and residents that decisions are made pursuant to a thoughtful process that endures even as elected and appointed officeholders change.

Adopt an Enterprise Fund for the Water Activities

We concur with the select board's recommendation on the upcoming town meeting warrant to establish a self-sufficient enterprise fund under [M.G.L. c 53 § F½](#) for Eastham's municipal water system operations. Enterprise fund accounting enables a community to identify the total cost of providing a service and determine if the rates charged are adequate to cover the cost, providing useful management information and data tracking for more informative decision making. It allows payments for indirect costs to flow from the enterprise to the general fund to reimburse the town for the associated costs of town employees working on enterprise activities. Surpluses remain in the fund and may be used to pay operating, capital, or debt service costs associated with the operation. Additionally, investment income earned by the particular enterprise fund is retained to finance anticipated projects. Officials should also note that it can be particularly helpful during times of fiscal

stress for fee-for-service operations such as water to recover their full cost through user fees in order to reduce the town's reliance on the tax levy.

As noted by the town administrator in her annual budget presentation, we agree that it is appropriate for the existing water infrastructure construction debt to remain in the general fund. Although all future water revenues will be recorded in the enterprise fund, transitioning all costs from the general fund to the enterprise fund may require a subsidy from the general fund until the enterprise is self-sufficient.

Conduct Financial Management Team Meetings

We recommend that the financial management team meet on a regular basis. Financial management team meetings provide the opportunity to discuss the town's fiscal issues and review progress toward financial goals and objectives. For example, meetings would be an opportunity to review upcoming deadlines and responsibilities surrounding town meeting, financial forecasting, revenue and expenditure monitoring and adjustments, capital financing, free cash certification, and year-end closing. These meetings enhance lines of communication and provide a forum to raise and resolve interdepartmental issues while underscoring how each office is dependent on the performance of the others.

Although the finance team currently interacts as needed, there is a sense that a general lack of communication exists. With the new finance director starting soon, team meetings will provide the opportunity to formally establish open communication, outline expectations, and set team goals. Led by the finance director, meeting participants typically include the town accountant, treasurer/collector, principal assessor, and a representative from the school business office. These meetings should be held at least monthly, with a set agenda and supporting materials sent in advance to all participants. Occasions may arise in which additional managerial, analytical, or administrative support is necessary and might include the town administrator, chief technology officer, or department heads as needed.

Formalize Human Resources

We recommend that the town administrator consider how human resource responsibilities could be organized or deployed more effectively. The management of human resources is often one of the more neglected aspects of local government administration. Citing limited resources, small communities like Eastham are generally unable to employ a full-time human resource professional. As a result, human resource-related responsibilities are often left to staff in the finance office or with the town administrator. When cobbled together this way, the town is ill-equipped to deal with ever-changing rules and regulations or other technical aspects of the job. This approach presents risks that

can potentially expose the town to costly lawsuits or penalties. Currently, the town administrator, finance director, payroll/benefits coordinator, assistant to the finance director, and other local officials all devote considerable time to administering and addressing human resource concerns.

The town's labor force, including the costs of compensation, fringe benefits, professional development, and other related expenses, is easily its largest annual expenditure. Employees constitute an active investment, and when properly trained, managed, and deployed, can provide efficient and cost-effective services to residents, businesses, and visitors. Looking ahead, the town administrator should strive to consolidate human resources. Although this might be difficult, given how tight budgets are, a town like Eastham should have a designated human resource individual with applicable experience and broad knowledge of all local, state, and federal compliance requirements, even on a part-time schedule. As workplace requirements, collective bargaining agreements, and benefit programs grow in complexity, the town bears an increasing responsibility to provide proper working conditions, ensure consistent personnel policies, and meet minimum compliance standards.

Update Job Descriptions and Develop Annual Employee Performance Reviews

We recommend a systematic review of all staff responsibilities in order to develop accurate, up-to-date job descriptions for each employee. Job descriptions, when well thought out, not only define the experience, qualifications, and skills necessary for each position, but help articulate management's performance expectations for employees. In updating job descriptions, we recommend that employees document their responsibilities. These descriptions would then be reviewed by the department head and the town's human resource person for consistency and form, with final signoff by the town administrator. The Baker-Polito Administration's Community Compact Best Practice program is a potential funding source for this.

Once job descriptions have been finalized and/or successfully bargained, the administrator should use them as the basis for developing performance goals for both departmental staff and managers. Initiating a meaningful employee performance evaluation program is often a difficult task. Managers can be reluctant to embrace the program and staff can be less than enthusiastic. However, when constructed effectively, the program can be a communication tool that supports organizational objectives by developing employee abilities and proactively improving their talents. Programs we find most effective focus less on rating achievements against job-specific competencies, but rather on the department head's communication with their staff. Designed this way, the program is more constructive and can help to maximize employees' capabilities.

Seek Municipal Finance Professional Development and Training

We recommend that Eastham develop a proactive and systematic approach to professional development and training for the finance team and finance-related boards and committees. By investing time, energy, and funds into employee development, the finance team can improve customer service, create efficiencies through appropriate delegation, and as Eastham has already experienced, provide for smooth succession. Expanding training to related boards and committees fosters the team approach with the various offices by developing an understanding of their responsibilities and interrelationships.

Department heads should meet with employees individually to discuss the breadth of their skills and identify any gaps in the employee's knowledge. These meetings can then be used as a basis to develop a roadmap for scheduling training that will serve as a career ladder to mark progress through an employee's continuing educational development. The departments should also dedicate time to hands-on cross-training, especially in critical areas like payroll processing and interdepartmental reconciliations.

Besides in-house training, we recommend the town continue to support attendance at conferences and trainings provided by the associated professional organizations (i.e., Massachusetts Collectors and Treasurers Association, Massachusetts Accountants and Auditors Association, Massachusetts Association of Assessing Officers, and their regional counterparts). Likewise, we encourage attendance at trainings sponsored by the Massachusetts Municipal Association and its organizations in general and those specifically offered for select boards, town managers and administrators, and finance committees. Training provided by DLS, online in the [Municipal Finance Training and Resource Center](#) and in-person at events like the New Officials Finance Forum and Municipal Law Seminars, are a valuable resource for all finance officials. By attending the meetings and trainings of these groups, officials can gain concrete, functional information, hear about new practices developing in their fields, and interact with peers to exchange practical tips.

To further supplement training, we suggest the finance director coordinate with the professional associations to develop a mentoring program. Using a peer for the accounting or treasurer/collector offices to survey current management and operations, provide training and helpful tools to meet the legal obligations of the office, and help streamline and automate current activities has been successful in other communities.

Conduct a Workflow Analysis and Create a Procedures Manual

We recommend the finance director conduct a workflow analysis of all finance department procedures, with a focus on using available technology to maximize efficiencies and reduce

duplicative tasks. Processes worthy of review include payroll, beginning with time and attendance input to verification and finalization in the treasurer/collector's and accountant's offices, accounts payable warrant processing, online payment collection and reconciliation, and reliance on Excel spreadsheets for financial data and reporting.

Complementing the workflow review should be the creation of a manual encompassing all the key procedures of the finance department. As initial efforts are being made to standardize various policies, documenting a detailed list of responsibilities that each staff member completes on an ongoing basis is the next step. Effort should be made to include the specific steps required to accomplish objectives defined in accompanying policies. The process of creating manuals can help discover redundant controls and to make risk assessment decisions on the cost of sustaining particular controls or adding new ones.

This task will take considerable effort and should be approached in stages, beginning with the department's most high-risk activities. The manual should be designed to maintain services when there are unexpected employee absences and so that any new staff who start working in the department can quickly learn the job requirements. As important, the manual should explicitly highlight internal controls and how they are expected to function. These controls, which can be preventative or detective, include examples such as segregation of duties, approvals, authorizations, verifications, physical asset security, reconciliations, inventories, as well as policies and procedures themselves.

A comprehensive manual should contain a combination of the pertinent policies, statements of objectives, step-by-step instructions, and related software application screenshots. Once developed, these manuals should be stored electronically on shared drives for easy access so that procedures that apply across many departments such as turnovers or purchasing are widely available. Tasks specifically referencing Munis should be reviewed and revised by the responsible department with each Munis update.

Develop a Five-Year Financial Forecast

We recommend that under the direction of the town administrator, the finance director develop a multiyear forecast to guide a forward-looking budget process. A forecast will enable Eastham to avert potential deficits, promote long-term financial health, and strategize for capital investment and community development by allowing for various budget scenarios based on assumptions to evaluate the impact of budget choices. A well-developed forecast is even more important in times of economic uncertainty such as we are now experiencing.

As a living document, a forecast includes reasonable assumptions that must be continually evaluated and updated to reflect changing circumstances and events. By doing so, the forecast provides a fair representation of the community's fiscal future to help guide the budget and strategic planning process. DLS offers a [financial forecasting template](#) (Excel) and instructions in the [Municipal Finance Training and Resource Center](#) for communities to use.

Prioritize Reconciling Cash and Receivables Monthly

We recommend that the town accountant and treasurer/collector make reconciling cash and receivables on a monthly basis a priority. Reconciling FY2019 accounts was delayed and required the assistance of a consultant. At the time of our visit, only the first month of FY2020 was reconciled. As reported in the town's independent auditor's management letter, a lack of up-to-date reconciliations undermines the credibility and integrity of the town's financial position and could lead to a delay in closing the financial records.

Once current, we recommend the town administrator and finance director work with the accountant and treasurer/collector to setup internal control policies and written procedures to be adopted. The policy would establish a date by which the treasurer/collector must submit her internally reconciled records of cash and receivables to the accountant and assign mutual responsibility to them for resolving any variances. Each month, the accountant should detail the reconciliation on a worksheet for submission to the finance director for review and sign off by a certain date of the following month.

Develop a Plan for Tax Takings and Aging Tax Titles

We recommend that the treasurer/collector develop a schedule for initial tax takings and recording subsequent taxes for accounts already in tax title then publish and follow it⁶. Moving delinquent accounts into tax title status is an essential step towards securing the town's liens on properties. The prior treasurer/collector's process was to wait at least two years before completing the taking process. The current treasurer/collector is working on accelerating the schedule by completing the FY2018 takings this February and working on FY2019. To be equitable to all taxpayers, the town should pursue all legal methods to collect taxes from delinquent property owners. Additionally, the treasurer/collector should transfer subsequent taxes into tax title accounts once the demand bill due date passes and before the close of the fiscal year.

The town's tax title receivable currently is slightly more than \$267,000, or approximately 1% of the current levy. While this is a small amount, the treasurer/collector should at least annually analyze the parcels held in tax title, identify any land of low value properties that may be addressed swiftly, and

⁶ A tax delinquency is defined as a bill outstanding at least one year and one day after its final due date.

then focus on delinquencies that do not have payment agreements or bankruptcy recordings. From these, the treasurer/collector should identify all properties of significant value to process for potential foreclosure in Land Court.

Retain Copies of all Contracts and Grants

We recommend that the town administrator direct all departments, boards, and commissions to conduct an inventory of all vendor contracts and executed grant documents and provide copies to the town accountant in accordance with [M.G.L.c. 41 § 57](#). To execute her statutory oversight duties, the town accountant is required to keep copies of all contracts and grants on file, complete with expenditure requirements and limits. Without the ability to refer to the source document, the town accountant is unable to verify that the terms of the contract or grant are met when reviewing payment requests, presenting a risk of fraud or misappropriation. If a bill is submitted for payment and the contract or grant that contains information relating to payment terms is not on file, the accounting office must delay processing the payment request until said contract or grant is presented.

Implement Records Retention and Disposition Schedule

The administration of municipal government is largely a paper driven process. While current technology has enabled local officials to move to electronic recordkeeping, hardcopy records still accumulate, and organization and storage becomes an issue. To alleviate storage limitations, we recommend that local officials implement a record disposal and storage campaign throughout town offices. This process should produce a neat and organized workplace, which reflects positively upon town government when residents visit town hall to conduct business.

As a starting point, the town administrator, or her designee, should review public records laws and the municipal disposal schedules for the treasurer/collector, accountant and assessors located on the Secretary of State's website, under the [Records Management Unit](#). Once complete, the town administrator would be in a good position to develop timetables and coordinate the disposal of unnecessary records with department heads. Community Preservation Act (CPA) funds can be used to survey and preserve historic records, including voter registers, maps, and other recordings.

Cease Appropriating Funds to a Private Enterprise

Under the Massachusetts Constitution Anti-Aid Amendment, municipalities may not grant public funds to private charitable, educational, religious or other organizations, no matter how worthy or time-honored, for supporting or assisting their operations. For the last several years, Eastham town meeting authorized an appropriation to the Eastham Chamber of Commerce to support operations of the Information Booth. This appears to be in direct contrast to the anti-aid amendment. However,

the anti-aid amendment does not preclude a city or town from purchasing specific services from a non-profit organization in the same way it purchases services from any other private organization to carry out a public purpose.

Abate Older Motor Vehicle and Boat Excise Charges

We recommend that the treasurer/collector work with the assessing office to abate motor vehicle and boat excise determined to be uncollectible. On the town's June 30, 2019 balance sheet, more than 30% of the \$96,800 outstanding motor vehicle excise is from the period 2001 through 2016 and 87% of the \$4,400 outstanding boat excise is from 1995 through 2016. Abating the older amounts will clean up and reduce the town's receivables on its balance sheet. Outstanding amounts previously committed to the deputy collector that eventually may be collected and turned over to the town may be easily recommitted by the assessors on a special warrant so the treasurer/collector may accept the payment. Additional information on abating uncollectible excises can be found in [Informational Guideline Release \(IGR\) No. 04-209](#).

FINANCIAL POLICIES AND PROCEDURES

Adopt Formal Financial Policies

Based on conversations with local officials, financial planning in Eastham is guided by informal policies and practices such as directing certain revenues to reserves and using free cash to fund the capital budget. In recognition of the need to document financial practices and to help guide staff, improve clarity, and eliminate risks, the finance director made developing financial policies and procedures a FY2020 goal, and the assistant to the finance director started the process by collecting samples from other communities and DLS best practice documents.

A well-written policy promotes accountability, consistency, and transparency and provides instructive guidance for the accomplishment of specific goals. Beyond doing all of this, a strong financial policy provides its greatest value as a foundational component of the town's system of internal controls for risk management. Furthermore, adoption of formal policies not only promotes good stewardship of town resources and are viewed favorably by credit rating agencies, they are a requirement for the AAA rating. Formal adoption of financial policies should begin with the following core areas:

Annual Budget Process: An Annual Budget policy should define an integrated framework for developing the total operating budget, including the general fund, water enterprise fund (if adopted), and capital budgets but excluding the CPA, which is the sole purview of the Community Preservation Committee. Because the budget lays out the community's prioritization of annual and longer-range, objectives, the policy should explain how recurring funds are to be raised and allocated for the full costs of delivery of services.

The annual budget policy should include:

- Budget goals for the general fund, capital investment, reserves, and enterprise or business-type activities.
- Principles for balanced and sustainable budgets including funding levels and sources and circumstances for considering any Proposition 2½ referendums.
- A budget calendar that specifies dates for initial revenue projections and updates, departmental appropriation guidelines and request returns, capital improvement plan, working budget, and the final budget, allowing for hearings, reviews and approvals at different levels, and accounts for the time needed to print and distribute the warrant. The calendar should include meetings with the Nauset Public Schools Regional School Committee and the region's select and finance boards.
- Requirements for the budget document include the budget's short- and long-term strategic goals, narrative information on departmental and organizational goals and the resources needed to meet those goals, and graphical information on revenues, expenditures, reserves, and other financial data. A list of standards laid out by the Government Finance Officers Association (GFOA) in its Distinguished Budget Presentation Award program is included in the appendix.
- Budget monitoring guidelines for requiring a review of revenue and expenditure reports by the select board and finance committee during the year to provide the opportunity to make plans for any necessary corrective actions and to consider advance forecasting into the next year.

Financial Reserves: The purpose of a reserve policy is designed, in part, to maintain a reasonable level of reserves on hand, but also to develop a reliable financing source for smaller, one-time capital or equipment related needs and help stabilize finances and maintain operations during difficult economic periods. Reserves include free cash, stabilization funds, and enterprise fund retained earnings. The policy should identify reserve target levels, define acceptable and prohibited uses, and any course of action when a reserve falls below or exceeds the desired target.

Free Cash – Free cash is the most widely recognized reserve and is available for appropriation upon certification from the Division of Local Services. Certified annually, free cash is a revenue source resulting from the calculation of a town’s remaining, unrestricted funds from the previous fiscal year’s operations based on the balance sheet as of June 30. Key factors that contribute to the amount of free cash include prior year unappropriated free cash, unexpended appropriations, and local receipts in excess of budgeted amounts. Free cash is offset by property tax receivables and certain deficits or overdrawn accounts, and as a result, can be a negative amount.

Eastham should define a policy identifying a sufficient level of free cash to meet its liquidity needs.

- Set an annual free cash target of the total general fund budget to be realized through conservative revenue projections and careful management of departmental budgets. A generally accepted target range is equal to 3 to 5% of the general fund budget.
- Reserve a percentage of free cash as unappropriated to provide a basis for the subsequent year’s certification.
- Define acceptable and prohibited uses, along with any course of action for when free cash falls below or exceeds the desired target.
- Limit the use of free cash to one-time expenditures unless extenuating circumstances exist.

Stabilization Funds – A general stabilization fund allows a community to set aside money for future or unforeseen purposes, whereas a special purpose stabilization fund is intended to be used as a planning tool for saving money for a designated purpose. Eastham currently has one general stabilization and no special purpose stabilization funds.

In establishing the stabilization fund portion of the financial reserves policy, the town should:

- Establish target balances either as a total dollar amount or as a percentage of the general fund budget. A generally accepted target range for the general stabilization fund is equal to 5 to 7% of the general fund budget.
- Restrict the use of the general stabilization fund to unforeseen and extraordinary expenses.
- Determine an annual appropriation to support the funds.
- Define a plan for replenishing the funds which should include establishing indicators for when to appropriate into the funds, such as a percentage of new growth or free cash above a policy target.
- Define the special purpose, funding source and level, and use of each stabilization fund.

Capital Planning: The capital planning policy should provide a framework for planning, reviewing, and coordinating capital purchases. The policy should include:

- Definition of a capital project and what can be funded through the capital improvement plan
- Criteria used to evaluate, rank, and prioritize submitted projects
- Financing strategy such as the balance of debt versus cash capital spending, and how much to spend on capital annually, expressed as a percentage of revenue with a statement expressing the community's preference for borrowing terms, such as 10, 15, or 20 years (limited by useful life)

Debt Management: The debt management policy should provide for the appropriate issuance and responsible use of debt. Good debt management practices protect the town's investment in capital and result in lower borrowing costs by structuring multiple projects together to reduce the frequency of issues, lower issuance costs, and access more competitive interest rates. The policy should also define debt capacity safeguards to protect the community from excessive debt levels that cannot be supported by existing and projected revenues.

- Identify a target for within-levy debt service as a percentage of annual general fund revenue. As debt retires and the balance falls below the target benchmark, the town should identify debt-funded capital projects to fill in the investment gap to ensure it continually reinvests in its capital assets at a steady, predictable rate.
- Monitor excluded debt service to replace maturing obligations timely and thereby mitigate against tax rate spikes that would result from waiting to fully retire debt before issuing a new obligation.

Cash and Receivable Reconciliations: A reconciliation policy provides a framework to ensure transactions are in balance, mitigate fraud, safeguard general ledger accuracy, and maximize certifications of free cash. Financial officers must conduct and document regular reconciliations of their internal accounting records, and these must be reconciled to the general ledger. Source documentation that must be reconciled with the town accountant's records includes the treasurer's cashbook, collector's control book, payroll withholdings, and special revenue accounts (e.g. federal, state, and local grants, gifts).

Tax Enforcement: The tax enforcement policy should detail expectations for the town and the taxpayers of how and when the town will transition unpaid property taxes from tax title through foreclosure. It is in the best interest of the town and its residents that property taxes be paid when due.

Reflect the Full Cost of Services in the Original Annual Operating Budget

We recommend the operating budget presented at the annual town meeting cover the full cost of services for all departments. For the past several years, town meeting appropriated free cash to supplement the current year budget for both salaries and expenses in several departments. In fact, the warrant for this year's annual town meeting lists that article under the heading of Annual Housekeeping. When developing the annual budget, every effort should be made that all departmental budgets reflect the full costs of providing the services.

Establish a Recurring Funding Source for Capital Improvements

We recommend that the town establish a recurring funding source for capital improvements. An effective capital improvement plan should be consistently funded from year to year, backed by policies that guide the use of debt, direct dollar outlays, and capital exclusions⁷ as funding mechanisms. Among the options the town should consider are:

- Identify a percentage of free cash to use for direct capital outlays or capital stabilization appropriation.
- Explore overlay surplus as a potential capital funding source.
- Establish guidelines to determine when a capital improvement qualifies for funding through a capital exclusion.
- Define capital needs as functions of the annual asset depreciations calculated under the requirements of GASB 34.
- Dedicate special assessment or betterment revenues to support long-term debt.

Create a Special Purpose Stabilization Fund or Funds

Separate from the town's general stabilization fund and concurrent with the previous recommendation, we recommend establishing a special purpose stabilization fund for capital projects under [M.G.L. c. 40, § 5B](#). Similar to Eastham's special act authorizing the town to establish the promotions fund⁸, this statute permits the town to designate certain types of revenues, including those from specified fees and charges such as short-term rental excises, to the fund. This is consistent with the town's goal of increasing financial sustainability by directing the newly passed local option meals and marijuana taxes to reserves and the town's OPEB liability. Creating a special purpose fund and dedicating a revenue stream to it both require two-thirds votes at town meeting. A sample dedication article and motion are included in the appendix.

⁷ In a Proposition 2½ capital exclusion, the full cost of a capital purchase is raised through taxes in one year only.

⁸ Effective January 1, 1999, \$10,000 from local room occupancy excise is to be deposited in the Eastham Promotions Fund. This amount is to be deposited each year unless increased by a vote of the select board.

Clearly Define the Capital Plan and Capital Items

Eastham's charter defines a five-year capital improvements plan and the capital improvements plan to be submitted with the budget. After much discussion regarding the confusing language, the CRC recommended slight changes. For simplicity, however, we suggest keeping the five-year capital improvement plan and referring to the capital items presented to town meeting in the current year as simply the capital budget.

More importantly, what constitutes a capital item in Eastham is not defined. The FY2021 capital budget approved by the select board for town meeting has items ranging in cost from as little as \$1,400 (floor machine/snow blower) up to \$400,000 (police radios and consoles). A total of 14 items cost less than \$10,000 and another 10 items less than \$25,000. We suggest the select board consider establishing cost and useful life capital thresholds, with a minimum amount of at least \$10,000, as part of the capital planning policy. The town's goal to develop a sound capital plan to maintain and upgrade municipal buildings and address infrastructure is more fitting with these criteria. Whatever amount is finalized, the policy should state that any expenditure that does not meet both thresholds should be budgeted within the departmental capital line item.

Develop a Capital Asset Inventory

We recommend that the finance director develop and actively maintain schedules of the town's assets. An effective capital improvement plan requires the implementation of an asset management program, including a detailed inventory of all town-owned structures, fleet, and other large, durable equipment. Without a proper record of what is on hand, it is difficult to develop a strategy for current and future capital needs. The most valuable asset management schedules include dates of acquisition or last improvement, current conditions, and estimated dates for replacement or expansion. When inventory schedules and capital requests are viewed together, local officials can address both the maintenance and care of existing assets as well as the replacement or purchase of new ones.

Updating these documents should become part of the annual capital budget process and should include cross-referencing these schedules against the accountant's fixed asset records and the town's property and casualty insurance policies for completeness. The schedules should also reflect planned road improvements and master plan initiatives. Updating these documents should be part of the annual capital budget process.

Change the Capital Projects Committee to a Permanent Building Committee

The current charter provides that a capital projects committee be established when a bond is authorized for at least \$500,000, which leads to multiple committees operating simultaneously. The CRC is recommending a single standing committee and increasing the threshold for direct

consideration to \$1 million. While we agree that a single committee is more efficient as it provides continuity, financial expertise, and a comprehensive overview of all current projects, and the increased minimum project amount is more realistic with current costs, the role of the committee is still unclear. Since CRC's discussions regarding this committee center around building construction, we recommend renaming the committee to a permanent building committee and defining the roles and responsibilities in bylaw. We also suggest the project dollar threshold be determined by bylaw (instead of by charter) so that it can be easily changed by town meeting if desired. Consistent with the town's goal for proper capital project oversight, the bylaw should include the following specifics:

Purpose: Outline the committee's purpose, such as to oversee and direct the design and construction, reconstruction, and major alteration of town building projects by providing technical, project management and cost and schedule expertise.

Additional membership: Define when and what expertise is required for additional members. This could also include how members are selected, appointed, and when their services are no longer needed.

Duties: Clearly outline the responsibilities of the committee including their role in procurement, supervision, ongoing compliance, awarding contracts, approval of expenditures and invoices, and project reporting.

Projects: State the dollar amount and type of projects the committee will oversee.

FINANCIAL MANAGEMENT SOFTWARE AND TECHNOLOGY

As technology continues to advance, so does the investment in both time and financial resources necessary to manage and maintain computer systems. Today, as technology managers move away from the various hardware components forming the infrastructure backbone to more cloud computing software to distribute work virtually, ensuring that back up, disaster recovery, and virus protections are all up to date and reliable is vital.

Eastham's management information systems (MIS) department is responsible for maintaining and monitoring network performance throughout town government, excluding the elementary school. The department also investigates, purchases, and installs new software and/or upgrades to existing

applications. Additional responsibilities include providing helpdesk support for general technology-related issues or problems, acting as a liaison between vendors and town officials, supporting the town's website, and coordinating the development of town-wide technology related policies and procedures.

The department staff consists of one part-time chief technology officer (CTO) under the direction of the town administrator. As a retired county employee receiving pension benefits, his annual total hours and compensation are limited. The department's desktop services are supported by two students through a Cape Cod Tech cooperative. Additionally, the town contracts with AltTech Group for infrastructure, security, and other network services.

The current initiative is to complete the connection to the fiber optic OpenCape⁹ network for all town buildings, allowing for reliable high-speed access, public safety redundancies, and centralized management. It will enable all town departments to fully utilize the Munis financial management software which will lead to streamlined financial processes. Tablets used in the field by assessing, building, fire, and police departments to access and record data are also supported.

In the spring of 2019, Eastham updated to the latest version of Munis (v. 2018). While keeping software up to date allows communities to evolve as technology becomes obsolete, this update was premature from both Munis' and the town's readiness. Ideally an update provides staff with the newest modules enabling the opportunity to work more efficiently and effectively. This did not happen, but instead highlighted many issues the financial offices were experiencing with the software, internal support, training, and communication.

Develop a Technology Plan

We recommend that the town administrator develop, with input from the CTO, senior managers, and other stakeholders, a comprehensive technology plan for municipal departments. Limited MIS staffing, rapidly changing technology, and cybersecurity concerns all create the need to be prepared to deter fraud, safeguard data integrity, and ensure employee accountability. To aid in this process, the administrator could appoint select senior managers to a technology working group. This working group may be charged with helping the town better define its capabilities, limitations, and challenges regarding technology. Its first task should be to perform a basic needs assessment for town hall departments. This includes:

⁹ OpenCape is a non-profit organization located on Cape Cod that constructed a comprehensive middle mile communications network to expand broadband access throughout Cape Cod, the Islands and the South Coast.

- An inventory of hardware and software
- An evaluation of troubleshooting capabilities
- A replacement and upgrade schedule, with a financing plan
- An analysis of system capacity to handle current and future demands
- A survey of employees to assess training needs
- The level of support available to and needed by personnel
- A disaster recovery plan for important data
- A cohesive social media approach

Again, the Baker-Polito Administration’s Community Compact Best Practice program is a potential funding source for this.

Further, the technology plan should focus on maximizing the town’s investment in Munis. Implementation-related issues, limited training, and software updates are undermining the program’s effectiveness and any data processing efficiencies it could otherwise provide. Areas to prioritize include managing upgrades, activating remote access for departmental receipts and vendor bills, and implementing the purchase order and cash management modules. However, to successfully utilize Munis, the plan must also include training for all users. Although possibly incurring an associated cost, training of the various modules from an expert, as opposed to employees learning it on their own or by repeating other employee’s methods, will save the town in the long run with procedural efficiencies. Having staff with limited training and access to the program naturally leads to underutilization of the software application.

Verify Compliance with Procurement Requirements

We recommend the town accountant institute procedures to verify all procurement complies with the state’s procurement laws and the provisions of [M.G.L. c. 30B](#). It is often the local vendors and service suppliers that exceed the \$10,000 required contract threshold because smaller individual invoices processed throughout the fiscal year accumulate unnoticed. Instituting the purchase order system will help ensure compliance for the larger items, but a process to mitigate noncompliance of lesser cost goods and services is needed.

Implement a Human Resource Information System

As part of a complete review for consolidating human resources, we recommend that the town explore and implement the use of the human resource information system (HRIS). A comprehensive system will help manage and report the complex data required by federal, state, and local agencies and mitigate the risks presented by incomplete recordkeeping. To lessen various risks and avoid significant penalties, personnel management not only requires highly trained staff but also adequate

employee tracking systems to maintain complete and accurate personnel records, develop and implement consistent employee policies, and report required data to regulatory agencies.

The town may consider the possibility of fully utilizing the HR capabilities in the current payroll system or potentially the HR management module within Munis. In either case, direct input by employees for time and attendance tracking should be a minimum requirement. Using either system, payroll processing in the treasurer/collector's office becomes much more efficient and the employees have the benefit of current accumulated leave balances, benefit information, and other personnel data.

Explore Using OpenGov

We recommend Eastham explore the opportunity to use OpenGov. Eastham is a member of the Cape Cod Commission, which has partnered with Cape communities to launch OpenGov, a cloud-based platform to increase government accountability and transparency by providing access to public information. Currently operational in Provincetown, Falmouth and Sandwich, this tool is gaining acceptance throughout Massachusetts as an effective way to bring increased efficiency and transparency to community finances. Notwithstanding the commitment required of the finance staff to translate financial data, Eastham officials may determine the benefit provided to the town's residents and businesses is well worth the effort.

Provide Consistent Town Email Addresses

We recommend that all town email addresses for employees and permanent board and commission members be assigned a distinct email address using the same configuration. In Eastham, some email addresses are assigned to the office or the position, others to the individual. Consistent email identifiers are necessary for ease of electronic communication and public access. While less a priority, email accounts should be assigned to ad hoc committee members for the duration of their active status. When residents can communicate directly with those in government with whom they have business, efficiency and responsiveness are enhanced.

APPENDIX

Sample: Dedication of Revenues to a Stabilization Fund Acceptance Legislative Body Vote

ARTICLE. To see if the town will vote to accept the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which allows the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, _____, or take any other action relative thereto.

MOTION. Moved that the town accept the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which provides for the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, _____.

Budget Document Framework

GFOA Essential Criteria:

1. Table of contents
2. Budget message stating priorities and issues for the upcoming year
3. Budget overview expanding on the budget message
4. Town-wide organization chart
5. Adopted financial planning policies
6. Description of the process for developing the town's initial budget proposal
7. Summary of major revenues, expenditures, and other financing sources and uses to provide an overview of the town's total budgeted resources
8. Summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year
9. Projected changes in fund balances for appropriated governmental funds included in the budget presentation
10. Description of major revenue sources explaining the underlying assumptions for the revenue estimates and discussing significant revenue trends
11. Budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget
12. Financial data on current debt obligations, describing the relationship between current debt levels and legal debt limits and explaining the effects of existing debt levels on current operations
13. Summary table of personnel or position counts for prior, current and budgeted years
14. Description of activities, services or functions carried out by individual departments

Supplemental Information:

- Statement of town-wide strategic goals and strategies that address long-term concerns and issues
- Description of short-term factors influencing the decisions made in the developing the forthcoming year's budget.
- Description of all funds that are subject to appropriation
- Narrative and graphics showing the relationship between departments and funds
- Explanation of the basis of budgeting for all funds
- Long-range financial forecast

- Description of the extent to which significant nonrecurring capital expenditures will impact the town's current and future operating budget
- Department goals and objectives
- Performance measures evaluating departmental goals and objectives
- Community profiles providing statistical and supplemental information describing the town and community
- Glossary of all terminology, abbreviations, and acronyms not readily understandable
- Charts and graphs highlighting financial and statistical information

For more information, see the [Government Financial Officers Association](#) and the [Distinguished Budget Presentation Award](#) program.

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Karen Erdos, Administrative Assistant
Teena Tilton, Town Accountant
Cassidy Weeks, Assistant Town Accountant
Susan Laak, Treasurer/Collector
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