

# TOWN OF GOSNOLD

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FINANCIAL MANAGEMENT REVIEW

APRIL 2021



**DLS**  
DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

100 Cambridge Street, Boston, MA 02114-9569

[www.mass.gov/dls](http://www.mass.gov/dls)

Zack Blake, Bureau Chief

Tara Lynch, Senior Project Manager



# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

April 05, 2021

Board of Selectmen  
Gosnold Town House  
28 Tower Rd  
Cuttyhunk, MA 02713

Dear Board Members,

I am pleased to present the enclosed financial management review report for the Town of Gosnold. 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](mailto:blakez@dor.state.ma.us).

Sincerely,

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

Sean R. Cronin  
Senior Deputy Commissioner

*Supporting a Commonwealth of Communities*

mass.gov/orgs/division-of-local-services | P.O. Box 9569 Boston, MA 02114-9569 | (617) 626-2300

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## INTRODUCTION

At the board of selectmen's request, the Division of Local Services (DLS) completed a financial management review for the Town of Gosnold. A team from the Technical Assistance Bureau conducted the review in collaboration with staff from the Bureaus of Accounts, Local Assessment, and Municipal Finance Law. Our goal was to evaluate Gosnold's government structure and day-to-day financial operations for their effectiveness in achieving objectives, complying with statutes, employing internal controls, and utilizing best practices. This report offers guidance for making improvements in these areas based on our conclusions.

Tiny, isolated Gosnold defies any assumptions about the minimal necessities required to operate as a functioning town in the 21<sup>st</sup> century, but it has nonetheless. Properties are assessed and taxed, budgets passed and managed, safety of people and property maintained, children educated, public utilities provided, and so on. This occurs thanks to a very small group of dedicated employees and officials, who in many cases have been working without close oversight or much training in their roles. Undoubtedly due to the lack of these, we found that some routine activities fall short of best practices and some procedures deviate from statutory requirements.

From a structural perspective, furthermore, the town is hindered in its capacity to carry out initiatives, monitor progress on objectives, and generally function in a more nimble and accountable way by its overall flat structure. By eliminating elected department heads and converting some boards to be appointments or roles of the select board, the town can create a more even playing field in personnel management while also creating a leaner framework, which is particularly important given the town's very limited population. We also believe it would be worth it for Gosnold to invest in the services of a professional town accountant and assessor to ensure adequate control and oversight of the town's accounting books and property valuations and to further move the community in a modern direction.

Beyond the scope of this review, the select board has a variety of other immediate concerns it is focused on. These include road and water infrastructure projects, the recent loss of access to its usual petroleum supply, an expanded school program, and others. But there is a broader impending threat to the town's viability: its stagnant and aging population. By 2018, the U.S. Census Bureau had decreased the official total to 75 people from the 97 reported in 2000 and estimated that 70 percent are over age 60. In parallel, local leaders anticipate that a large portion of the town's employees and officials will retire or step down within the next five years. Since a significant turnaround in these demographic trends seems improbable, before too long, local leaders will have to consider bold strategies for contending with this reality. These might include a shift toward ever more regionalized or outsourced services, and perhaps even the consideration of a full merger with a neighboring community if other stopgap measures would not be sustainable.

## COMMUNITY PROFILE

Gosnold is a tiny town unlike any other in Massachusetts. Regardless of Census Bureau data, we have been told by local leaders that less than two dozen people really live in the community year-round. Although the summertime population typically swells to several hundred, the town's government operates with a bare minimum staff, only a few of whom average more than 20 hours of weekly work over the course of a year. These factors, combined with the town's archipelago geography, present myriad challenges to providing the basic services required of all municipal governments.

Having separately incorporated from the Town of Chilmark in 1864, Gosnold is the only Dukes County community not located on Martha's Vineyard. Instead, it is composed of the Elizabeth Islands, a chain that runs in a southwesterly direction starting just off Woods Hole. All but two of the islands are owned by individual family trusts. The Naushon Trust owns the eight square miles that make up the islands of Naushon, Nonamesset and Uncatena. In this report, we will use "Naushon" to refer to this collective set of islands. Not including uninhabited islets, the remaining private islands under separate trusts are Pasque (1.3 sq mi) and Nashawena (2.7 sq mi).

Other than state-owned Penikese Island, which is open just to day visitors, only diminutive Cuttyhunk (about 1 sq mi) has a variety of properties not restricted by private trusts and therefore open to visitors, vacationers, and homebuyers. It is also where the town offices are located. The primary way for the non-boat-owning public to get to the island is by a ferry out of New Bedford that makes one-hour, 12-mile runs daily in the summer months but only twice a week in winter, weather permitting. The other nearest harbor is Menemsha in Chilmark, at nine miles. The Naushon Trust runs a private ferry between its Hadley Harbor and Woods Hole every day of the year.

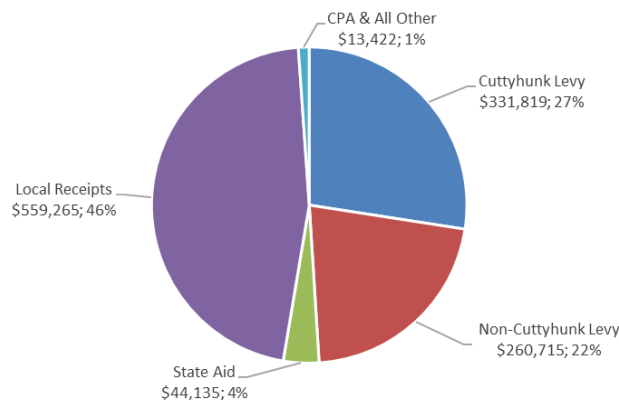


Dwelling on Pasque Island is seasonal only, and the same would be true with Nashawena but for the few farm managers who stay there to look after a cattle farm. Only a handful of Naushon’s 33 houses are occupied throughout most of the year. In some years, including as recently as FY2020, the town pays the costs of transportation and tuition to the Falmouth Public Schools District for a Naushon child or children. On Cuttyhunk, there is a one-room schoolhouse for kindergarten to eighth grade. In FY2020, it had no pupils after a lone student graduated in 2019. With the outbreak of the COVID-19 pandemic last spring, a few families decided to live full-time in their Cuttyhunk second homes, and the town found itself needing to budget for the education of eight students in its local district for FY2021. Gosnold recently hired a teacher’s aide to assist the lone teacher.

Beyond the challenge of providing for education, the remoteness of these islands complicates service provision in ways that small towns on the mainland do not have to contemplate. How will people get fuel, electricity, and access to healthcare? How will we manage solid waste when there is no landfill or room in town to create one? On the trustee islands, many of these decisions are made and paid for by trust managers without any town involvement. The property taxes from the trustee islands support a major portion of the town’s general fund budget, while those same islands receive almost no services, other than education or emergency services when called for.

Despite the seeming imbalance of funding-versus-service between Cuttyhunk and the trustee islands, 73 percent of the town’s general fund budget derives from revenues raised on Cuttyhunk from property taxes and local receipts. The pie chart below shows the proportional revenue sources that composed Gosnold’s FY2020 general fund budget of \$1,209,357.

**FY2020 Budgeted General Fund Revenues by Source**



Striking about the chart above is that nearly half of the budget is supported by local receipts. Not only that, but unlike most towns that draw a high share of local receipts from motor vehicle excise, there are typically never more than 10 nonexempt vehicles in Gosnold, all of them on Cuttyhunk. Most of the town’s local revenue instead arises from Cuttyhunk’s harbor and wharf operations. Apart from

the general fund, in FY2020, the town also budgeted \$71,975 for its water department and \$252,850 for the electric plant, which are fee-for-service operations supported by customers on Cuttyhunk.

The assessment of fair market values for the majority of property in town presents a fairly unique conundrum in this community, considering that 93 percent of its total land area is owned by the trusts (62 percent by Naushon’s), and sales of these properties simply do not happen. This complicates, but does not preclude, the ability to evaluate these properties against comparable ones, but the analyses in this case require comparisons with properties in correlative communities. The trustee land also inhibits the potential for tax levy growth from new construction. Moreover, Cuttyhunk is already quite thoroughly built out, and in July 2020, the Buzzards Bay Coalition purchased 68 acres of its undeveloped land for conservation. All this means that any levy increases from new growth are apt to be more unpredictable from year to year here than in most towns and also unlikely to be substantial at any time. The charts below show the new growth valuations experienced in the last 10 years and how they translated into additional dollars added to the levy limit.

***New Growth Trends, FY2011-FY2020***



The desirability of pristine island living is what keeps property values high though, and Gosnold’s per capita equalized property valuation of \$3,095,719 ranks it second in the state, sandwiched between the positions of its closest Dukes County neighbors, Chilmark and Aquinnah.

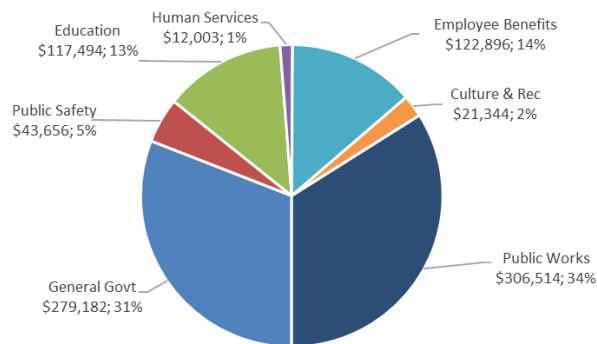
Statewide Rank	Municipality	County	2018 EQV Per Capita
1	Chilmark	Dukes	3,662,820
2	Gosnold	Dukes	3,095,719
3	Aquinnah	Dukes	2,425,723
4	Nantucket	Nantucket	2,100,878
5	Edgartown	Dukes	1,988,320
6	Chatham	Barnstable	1,197,187
7	Truro	Barnstable	1,150,375
8	Provincetown	Barnstable	1,037,179
9	Wellfleet	Barnstable	924,782
10	West Tisbury	Dukes	912,125



Not surprisingly, just 2.43 percent of the property in town is classified as commercial, industrial or personal, a ratio that is the fourth smallest in the state. Gosnold therefore finds itself, like quite a few other coastal resort towns in Massachusetts, property-rich but with a year-round population earning below-average incomes. Most locals, including those working in town government, make their annual incomes through multiple, part-time occupations. Fortunately, the town’s small budget and property tax rate (the state’s lowest, at 2.59) means that the average single-family tax bill in FY2020 was a very modest \$2,232, the sixth lowest statewide. This bill average represents just 0.26 percent of the value of the average single-family home, \$861,895, the lowest such ratio in the state.

From the levy and other revenue sources, the town’s total general fund expenditures in FY2019 amounted to \$903,089, while the spending on fee-for-service operations totaled \$67,573 and \$263,014 for water and electric, respectively. Below is a pie chart showing the purposes for which the general fund budget was expended.

***FY2019 Actual General Fund Expenditures by Purpose***



Roughly 40 percent of the \$306k public works budget was spent to manage Cuttyhunk’s solid waste. Most of this cost accumulated from paying a barge contractor \$6,500 per haul to transport the waste to New Bedford Waste Services LLC, which the town then paid to accept the load based on its weight. Finding ways to reduce solid waste costs is a chief area of local concern. The Naushon Trust made it mandatory for all its homes to install trash compactors, which at least reduces the number of barge trips the trust pays for. The town might consider the same for Cuttyhunk, particularly if a consolidated procurement could produce some cost-savings. The town already requires Cuttyhunk homeowners to pay-as-they-throw with trash bags purchased from the solid waste manager. To help offset the increasing cost of garbage left on Cuttyhunk by visiting boaters, the town plans to add a new environmental fee of \$5.00 per transient mooring rental for the summer of FY2021.

The homes on Cuttyhunk receive electricity from the municipal light plant, and although rates are comparatively expensive, higher costs are nearly always associated with the powering of remote

locations. In a successful cost-containment measure, a few years ago the town built a solar microgrid, which now provides up to 50 percent of the plant's power in summer and up to 80 percent in winter. However, the plant is still otherwise dependent on diesel fuel to run its generators. A very worrisome issue arose last year, not only for the light plant but also for cars, golf carts, home oil tanks, and local and visiting motorboats, when the town realized it would no longer get petroleum from its sole supplier due to the company being heavily fined for noncompliance with environmental regulations. The company had offloaded its fuel to underground tanks it owned on Cuttyhunk, but now those will be removed. Until a replacement solution is determined, the town can only store the fuel it receives from tanker deliveries in smaller, above-ground mobile tanks. One option being considered is the town installing and operating its own fuel station.

A question all small, rural towns face is how to find and keep individuals employed in the jobs that need to get done to keep the town running. However, Gosnold must contend with the extra hurdles of Buzzards Bay and Vineyard Sound. Consequently, the town has to either draw from its very small resident pool, find candidates who would make the journey to the Cuttyhunk somewhat regularly, or leverage remote service providers as economically as possible.

By requesting this review, the select board took another in a series of recent steps to analyze the town's practices in pursuit of greater operational sophistication. In 2019, the town commissioned a human resources review, completed by the UMass Collins Center and paid for with a Community Compact Cabinet grant from the state. One of the recommendations in the Collins Center's report was to appoint a part-time town administrator, and in August 2020, the board hired its first incumbent in that position. The town also started an engagement with a new external audit firm, Powers & Sullivan, which is nearing the completion of audits for FY2019 and FY2020. Because the firm's audit work was concurrent with our project, the scope of our review did not include any direct examination of the town's accounting books.

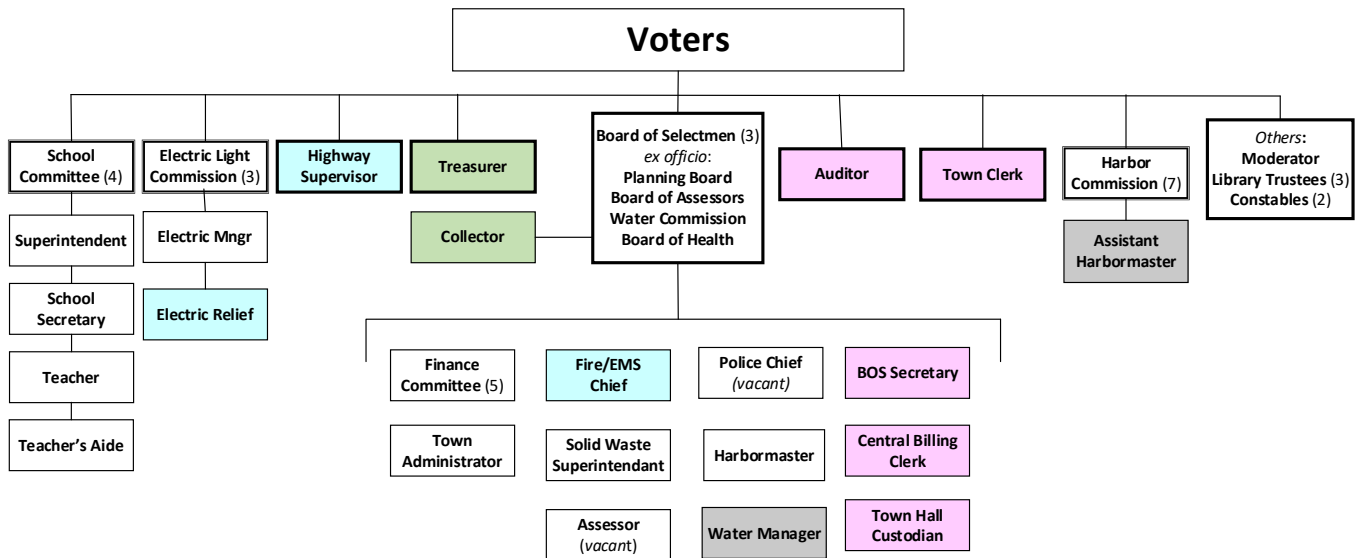
The town's personnel and officials are to be commended for the work they perform in unusual circumstances throughout the year to provide for the people who call Gosnold home. And for the purposes of this review, we especially appreciate the assistance provided by the treasurer/collector, town administrator, and select board secretary. In the next two sections of the report, we detail our observations and recommendations, relative first to government structure and to then financial management.

## GOVERNMENT STRUCTURE

Typical of a small community in Massachusetts, Gosnold has a three-member, elected board of selectmen acting as its executive authority, while an open town meeting fulfills the town’s legislative functions. Besides performing all the duties assigned to selectmen by state statutes, the select board has also been operating as Gosnold’s planning board, board of assessors, board of health, and water commission. Furthermore, the board appoints the five-member finance committee. Beyond these centralized policy bodies, however, the town’s overall government structure is rather flat, owing the elected statuses of various boards and officers.

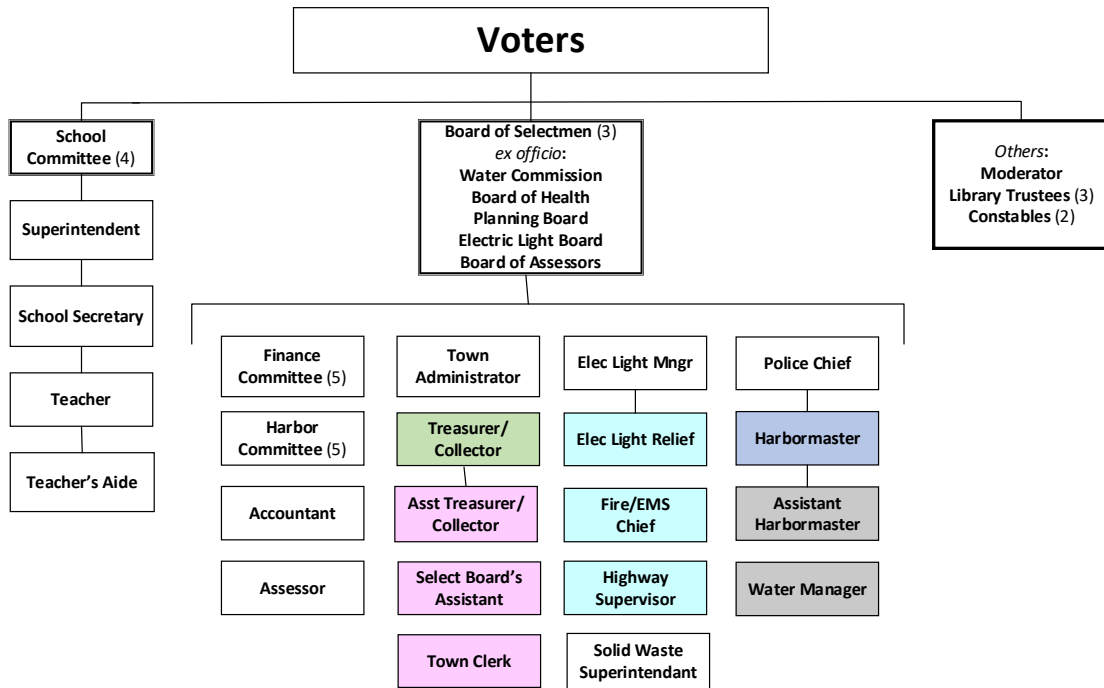
Another characteristic of the town’s governing structure are the multiple positions filled by individuals because of the town’s minute population. Although low work volumes make this a relatively manageable situation on the one hand, it also creates significant risk factors for service disruptions when any of these multirole individuals is not able to work or leaves town service. In the chart below, the boxes with thick borders indicate the town’s elected positions and boards, and the colored boxes show the multiple positions presently held by the same individuals.

### Current Organization



In this section of the report, we offer recommendations for changing Gosnold’s governing structure in ways we believe will enhance efficiencies, increase oversight and accountability, and help create a more balanced managerial structure among employees town-wide. If the town implements all of them, the new organizational chart would look like the one on the next page.

## *Proposed Organization*



In August 2020, the board of selectmen hired the town administrator on a one-day-per-week schedule. Though the board has not yet formally defined his duties in a job description, the experienced incumbent has thus far devoted much of his efforts toward gradually modernizing town operations and providing high-level analyses. No formal supervisory authority for the position has been established, but in its meetings the board has regularly charged the town administrator to help facilitate and coordinate the work of department heads in achieving town-wide objectives.

The town employs 14 personnel on a year-round basis, as well as group of summer-only employees. A total of seven people work “full-time” hours, but except for the teacher and electric light manager, all attain the hours by combining the part-time hours of multiple positions. As illustrated in the first of the two org charts, this includes one of the finance employees, who works five jobs: select board secretary, town clerk, town hall custodian, central billing clerk, and auditor.

The town’s treasury and collections functions are combined and handled by an individual who lives most of the time on Martha’s Vineyard. Gosnold has never appointed a town accountant, and in the absence of this position, the treasurer/collector performs many of the functions usually associated with that role, including keeping track of all appropriations, liaising with the external auditor and with DLS for all DLS reports, and supporting the finance committee with data for the annual budget process. She enters all accounting and cashbook activity in an online version of QuickBooks to which the central billing clerk also has access to perform her receivable duties.

Since December 2020, the town has been without an assessor after the retirement of the last officeholder. Among the recommendations below is advice for the future organization of the town's assessing department. Vision Government Solutions Inc. has been providing the town with its computer-assisted mass appraisal system, and its contract is up for potential renewal for FY2022.

To get a sense of the work volumes in town, total bills mailed out by the treasurer/collector in FY2019 included 242 for real estate and 129 for personal property taxes, as well as 50 for motor vehicle and 106 for boat excises. Each month, the central billing clerk sent out bills for 197 electric accounts, and twice yearly she mailed bills for 140 water accounts. Both payroll and accounts payable (AP) are processed semimonthly, timed to the selectmen's meetings, and their volumes range seasonally. Depending on the time of year, payroll is disbursed to 14 to 22 employees, and AP warrants include 12 to 50 invoices. Managed by the harbor department are a total of 246 annually rented moorings, pilings, slips, and wharf shacks, with a small waiting list. Harbor staff also collect for 99 slips and moorings that are available for nightly rental.

### **1. Convert Elected Positions to Appointed**

At every annual town meeting, attendees vote for residents to fill four department head positions for the forthcoming fiscal year, the town clerk, treasurer, highway supervisor, and auditor. These types of elected positions are becoming ever rarer in Massachusetts communities for a variety of good reasons. Superior oversight and accountability are achieved when all a community's department heads are appointed positions answerable to an executive body (i.e., the select board). And the notion that there is any real check-and-balance value to having these positions be independent of the select board is specious, since their duties are governed by statutes, and their procedures ought to adhere to well-established professional standards. Furthermore, voters have little way of assessing the quality of the officeholders' work.

For the highway supervisor, town clerk, and treasurer titles, we recommend the town convert them to appointed posts. This can be achieved through majority votes at annual or special town meeting and, at least 60 days later, in the town's annual election. By the same process, the town can vote to formally combine the treasurer and collector positions into a single, appointed title. In Gosnold, the same person has already been serving in both roles for many years.

### **2. Appoint a Town Accountant and Abolish the Auditor Position**

To help modernize practices, improve control oversight, and ensure the town's ability to comply with all requisite accounting statutes, we recommend Gosnold appoint a town accountant and abolish the elected auditor position. The statutory role of the auditor predates and is more narrowly delineated

than a town accountant's. Its primary charge, spelled out in [M.G.L. c. 41, § 50](#), is to examine the accounting books of all officers and committees and report audit results at least annually. In the present day, most towns, including Gosnold, hire an auditing firm to perform this function. In fact, Gosnold is one of only three towns remaining in the state that still elects an auditor.

The only audit-type activity being performed by the current auditor is the review and assembly of accounts payable and payroll submissions into warrants. However, this is specifically a statutory function of a town accountant ([M.G.L. c. 41, § 56](#)) or, in the absence of that position, of the select board. Moreover, the lack of a town accountant has allowed a situation in which there exists no general ledger separate from the treasurer/collector's cashbook. This means that there is no ongoing check-and-balance verification of the town's overall cash position, its liabilities, nor the statuses of specific appropriations.

Another reason we recommend this change has to do with incompatible duties. Gosnold's auditor also holds the job title of central billing clerk, in which role she receives payments for water and electric bills, posts them in a receivable control within QuickBooks, and deposits them in the bank. A basic internal control principle is that the same person whose job is to audit payment records should not be allowed to also handle payments. Instead, there should be a segregation of these duties between at least two people. The state legislature recognized the importance of this when it enacted [M.G.L. c. 41, § 55](#) (which bars an accountant from also holding any office that handles payments, other than town clerk) and [c. 43C, § 11](#) (which bars a finance director-auditor or finance director-accountant from also holding the position of treasurer or collector). Although these statutes do not directly parallel the situation in Gosnold, the underlying principle is the same, such that it is the opinion of the Municipal Finance Law Bureau that the town should only allow the auditor to continue as central billing clerk subsequent to a ruling from the state's Ethics Commission.

If the town decides to implement our recommendation, there is a good chance that there will be no resident available and qualified for the town accountant role, and therefore this job would likely be filled by either a vendor or an experienced town accountant living nearby. One key duty of a town accountant is the review of each payroll and invoice submission to ensure that it is lawful (i.e., consistent with the purpose of the appropriation), not excessive (i.e., adequate funds exist in the appropriation account), and no fraud is evident before including the expense on the warrant for the board of selectmen. In a very small town, where so many people are related to each other, having this function performed by an outsider can help relieve an intangible burden that is otherwise placed on a local employee, besides providing an effective way to lessen the chances of collusion fraud.

In further support of this recommendation, we offer the following advice:

- Primary duties – Based on our analysis of the town’s workload, we envision that the town accountant duties could be done in roughly two workdays a month, timed with the semimonthly warrants. In addition to creating the warrants, the other main functions of the position would include: maintain an up-to-date general ledger; distribute monthly expenditure reports; conduct quarterly reconciliations of cash and receivables with the treasurer/collector; coordinate year-end closings and close the books; create annual financial reports; participate in the submission of the tax recap, Schedule A, and other reports to DLS; and act as liaison to the external auditor.
- Start-up considerations – The new town accountant will need to coordinate with the treasurer/collector to create a general ledger and chart of accounts that will work well with the QuickBooks cashbook. Together, they will also need to develop procedures and forms for ongoing routine processes and communication protocols, such as reporting funds that departments have turned over to the treasurer/collector (i.e., Schedule of Payments to the Treasurer), coordinating payroll, conducting reconciliations, etc.
- Expense submissions – Having a town accountant working at a location other than Cuttyhunk will require the implementation of some new technology tools for expense submissions. Department heads will still need to sign invoices and employee time sheets, as usual. But they will also then need to create digital images of the documents and email them to the town accountant.

Implementing this recommendation would not necessarily result in reduced work hours for the current auditor, if she would be interested in filling the role we describe in the next recommendation.

### **3. Establish an Assistant Treasurer/Collector Position**

As was explained above, the auditor/central billing clerk performs the full range of cash management functions in processing water and electric payments. Besides that, she also receives revenue turnovers from departments at town hall, as well as mailed and walk-in property tax and excise payments, but she does not fully process any of these receipts. Instead, she puts them all in a safe for the treasurer/collector to pick up the next time she is on Cuttyhunk, which could be weeks later.

It is unfortunate that the treasurer/collector is not in a position to process payments and turnovers as they are received. Since the central billing clerk is already bonded and trained in cash management functions, we believe it makes sense to formally expand this role to full assistant treasurer/collector status, which would allow her to process every type of payment received. It also creates a two-person department in which the employees can provide back up for each other during periods when one of them is not working. At the same time, the experienced treasurer/collector will be in the supervisory position to review the correctness of the assistant’s work.

This recommendation should only be implemented if the town also appoints a town accountant to provide ongoing check-and-balance reviews of the treasurer/collector activity. There may come a day when the town has no full-time Cuttyhunk resident interested in being employed to perform treasurer/collector activities at town hall. In that case, one option to consider would be contracting with a bank to install a machine at town hall, similar to an automatic teller machine, to receive departmental turnovers on a 24/7 basis. As for tax, excise, and utility payments from property owners, the town could also institute a policy that all payments must be either electronic or mailed to a P.O. box near where the treasurer/collector lives (i.e., no over-the-counter payments).

#### **4. Take Appropriate Actions to Authorize the Board of Selectmen to Act as Other Policy Boards**

As stated earlier, the board of selectmen has been performing the functions of four other boards that would otherwise have separate authority under various state statutes. Based on our research, the town has taken the requisite actions to allow for these other roles for only two of them. The select board's charge as the water commission was made effective by the water department special act of 1917, and its role as the town's board of health is permitted to be ex officio without further action by M.G. L. c. 41, § 1. To continue to perform the functions of a planning board, however, the select board must present an article to town meeting to authorize this, in accordance with [M.G.L. c. 41, § 81A](#). The documents we reviewed did not show that this has ever happened.

As for the select board's role as the board of assessors, we found the town did not take two required steps. First, town meeting must approve this as allowed under [M.G.L. c 41, § 21](#). Second, the board members must get certified as assessors by the Bureau of Local Assessment (BLA) after passing its Course 101: Introduction to Assessment Administration ([M.G.L. c. 58, §§ 1 and 3](#) and [c. 59, § 21B](#)). Based on the information we received, there is no record that town meeting previously voted to make the select board the assessing board nor that the town ever voted to convert the assessing board to an appointed board under [M.G. L. c. 41, § 1B](#). Without one or the other having been approved, Gosnold is required to have an elected assessing board by [M.G. L. c. 41, § 1](#).

#### **5. Consider Making the Board of Selectmen the Electric Board**

The town currently has an elected, three-member electric light commission, which should rightly be called a light board because no special act exists specifically creating the commission, as required by [M.G.L. c. 164, § 56A](#). Chapter 164, which governs municipal light plants, does not require there to be a separately elected light board or commission; all related functions can be fulfilled by a board of selectmen. In a tiny town like Gosnold, there is no compelling reason for maintaining the commission, whereas there are good reasons to avoid having a superfluous administrative layer within a small



governance structure. If the select board acts as the electric board, it would put the electric light manager on the same footing as the other department heads. Furthermore, although the electric budget would stay separate from the town's, the budget process for the light plant would be enhanced by the board of selectmen's general budgetary experience and holistic perspective on residents' overall cost burdens. To accomplish this recommendation would require a special act.

## **6. Explore Options to Employ a Contract or Regional Assessor**

Gosnold's assessing department has for many years consisted of a lone assessor, who retired at the end of 2020. With this vacancy, the town is faced with the question of how to manage the assessing department into the future. The recent incumbent, a full-time Cuttyhunk resident, had been paid for hourly work, concentrated mainly on the clerical and customer service aspects of the role and amounting to about 300 hours annually. Virtually all of the departmental duties thought of as professional-level fieldwork and analyses were being performed either by employees of Vision or by other, per diem, outside inspectors and appraisers.

The volume of assessing customer service needs at town hall does not appear to be substantial enough for the town to need a week-to-week assessor presence on Cuttyhunk. And, based on conversations with the local officials of this tiny community, the higher-level analytical skills and experience necessary to fulfill all the department's functions are not likely to exist in a person already living in Gosnold. So rather than attempt to maintain the bifurcated set-up that has existed until now, we suggest that the town consider contracting with a vendor capable of providing the full complement of assessing services.

As an alternative, the town could post the position and actively recruit for a candidate pool drawn from well-qualified people who live near Gosnold and are either retired from or still work for other communities. A suitable candidate might find the relatively small time commitment to be attractive and workable. Gosnold's BLA field representative is available to discuss these options with town officials in greater detail. Whether the choice is a regional assessor or vendor, the town administrator and new assessor would have to discuss specific plans and tools to allow the assessor to provide adequate, responsive customer service in a remote way. Some of the informational aspects of the role could be fulfilled by the select board's assistant position that we propose further on.

For help and potential funding for the start-up of a regional arrangement for assessing or accounting services, the town could apply for a grant from the state's Community Compact Cabinet under its [Efficiency and Regionalization](#) program, which is receiving applications as of this month.

## **7. Define Goals and Expectations for the Town Administrator**

With Gosnold's town administrator working in the role since August 2020, we advise the board to act soon to define this new position's relationship with the selectmen and with other boards and departments and to also establish clear expectations and priorities. To do this, the selectmen must determine the duties, responsibilities, and authority they wish to assign to the role and formally set these in a written job description. The town administrator can help the process by detailing how he has been allocating his time and where the skills from his prior experience can make the most effective impact. In this way, both can come to agreement on how the town administrator's time can best be spent to advance town goals and address the selectmen's concerns.

Among the job duties the board may want to consider for the town administrator are the following:

- Assist in developing and carrying out town's priorities and goals, including those involved with the annual budget process.
- Research and advance special projects and manage them to ensure progress.
- Assemble the select board meeting agendas, attend the meetings, follow up on matters raised, and report on them at subsequent meetings.
- Prepare for town meetings, including writing warrant articles and coordinating them with the finance committee and town counsel.
- Draft proposed bylaws for select board approval and eventual inclusion as warrant articles.
- Serve as the chief procurement officer; act as town representative for all large-scale engagements; and manage all finance- and technology-related contracts.
- Prepare grant applications and administer the grants received.
- Act as the select board's representative in interactions with state, federal, and regional authorities.
- Oversee the compilation and publication of the annual town report.

Beyond the formal job description, the select board should establish specific goals and objectives for the town administrator on an annual basis. Only with these foundations can the board effectively assess the incumbent's performance at each year-end.

## **8. Create a New Select Board's Assistant Position**

We recommend the town create a new job title of select board assistant, which will encompass responsibilities that fall under the categories of customer service/public information, clerical work, and custodial services. In effect, this would be a merger of the town hall custodian and board of selectmen secretary positions already filled by one person. However, it makes sense to transfer

certain duties of the latter role to the town administrator, as we listed above. At the same time, the current select board secretary position does not adequately credit the role with key duties already being performed, such as customer service generalist, website maintenance, and other town-wide supportive functions.

If the town decides to hire a nonresident to be the new assessor, the select board assistant could be called on to answer general assessing questions and to provide and route assessing forms for customers at town hall. This aspect of the role would need to remain strictly informational with no real assessing duties, if the same person also is appointed as assistant treasurer/collector.

### **9. Realign the Harbor Department to Report under the Select Board**

We recommend the town make some revisions to the harbor management bylaw. Presently, it provides for an elected, seven-member harbor committee that, among other duties, “supervises all activities of the harbormasters, assistants and mooring collectors.” The committee also appoints all these positions except for the harbormaster, who is appointed by the select board. We suggest a revision to make the harbormaster the supervisor of all harbor employees and the appointing authority for them, subject to the select board’s approval. This administrative change would further help to create an even playing field for all employees in reporting lines of authority. In many communities, the harbor department is a division of the police department, and Gosnold could consider incorporating this into the revised bylaw too, since it would still represent a direct reporting line to the selectmen.

Given the great importance of the harbor and wharf operations to the town and its budget, as well as the local experience and expertise that can be brought to bear by committee members, the town could be well served by continuing to maintain a harbor committee. However, we recommend making it an appointed committee and possibly also reducing the size down to five members. The committee’s charge would otherwise remain the same as the existing bylaw, except for the supervisory role. It would therefore encompass the following:

1. Establish harbor use policy for the town.
2. Resolve conflicts regarding the use of town waters.
3. Establish rules and regulations, including the setting of harbor use fees.
4. Approve or deny all requests for moorings.
5. Establish the maximum number of moorings in the town.
6. Conduct open public meetings and clearly communicate harbor use policy.

## FINANCIAL MANAGEMENT

As part of our review of the town's day-to-day financial management, we had a series of conversations with the town administrator, treasurer/collector, and auditor/town clerk/central billing clerk. We also reviewed documents they provided, as well as required annual reports the town submits to DLS. On the day we visited the island, we had a forum with the select board, and information was presented to us by department heads too, all of which helped inform our analysis. Finally, we also spoke with the town's external auditor. Based on our observations, we offer the following recommendations.

### **10. Revise Budget and Accounting Practices Related to the Electric Department**

Based on interviews as well as reports submitted to DLS, there appears to be a bit of local uncertainty regarding appropriate ways to manage some accounting and budget matters associated with the electric department. A 1934 special act created the department pursuant to M.G.L. c. 164, and another act in 1941 included the unique provision that the light plant is not under the "supervision and control" of the Department of Public Utilities (DPU), as would otherwise be required. Regardless of this text in the 1941 act, the DPU is still the authoritative agency for interpreting the provisions of c. 164. With that in mind, we nonetheless offer below some guidance on areas where the light plant's accounting, reporting, and governance intersect with those of the town.

- Credit electric revenues to the appropriate funds – Chapter 164 provides that all revenue from electric user charges be directed to the electric fund, which the treasurer/collector does already. Further, any income from deposited or invested proceeds of bonds or notes of the light plant, issued under or subject to Chapter 44, is to be applied exclusively to municipal light department purposes. Every other type of electric-related revenue that may be realized, like solar tax credits, belongs to the general fund.
- Do not include the electric department's budgeted revenues in the annual tax recap – Under c. 164, a municipal light plant's annual budget is established separately from the town's and is not voted on by town meeting. The purpose of the tax recapitulation sheet (recap), on the other hand, is to summarize the total budget voted at the annual and any special town meeting(s) that have been held since the last recap was approved by DLS. Each year, Gosnold has been including estimated electric revenues on Page 3 of the recap as part of the amount entered in Line 9: Other Charges for Services. Furthermore, the budget spreadsheet presented to voters at annual town meeting contains an electric department budget line item among the list of the other town department line items.

We advise the board of selectmen to stop listing the electric department in the comprehensive budget spreadsheet presented for the vote of town meeting and to also ensure that the department's estimated revenues are not included in future recaps.

- Report electric revenues and expenditures in Part 5 of the Schedule A – After each fiscal year closes, every town is required to report its actual revenues and expenditures for the period to DLS in the Schedule A. The appropriate place to provide this information for the light plant is in the Electric column of the Part 5: Enterprise form. The form name is misleading because state laws do not allow an electric department to be set up as an enterprise fund, but this is nevertheless the place created to report the data. The town has been reporting this information in Part 1 G/F Rev (in Other Utility Charges) and Part 2: G/F Exps (in Public Works, Other).
- Consider future options for the electric operation – Although we did not conduct an audit of the town's books, we were informed that as of FY2019, all the costs of the electric plant were being covered by user charges and there was no general fund subsidy. The electric budget includes a reimbursement amount to the town for the cost of accounting activities done by town staff, but no other electric-related town expenditures are being factored in, such as the electric manager's insurance premiums and pension or proportional costs for general liability insurance, information technology, and annual audit. Although there are no statutes precluding a town from supporting its electric plant with general fund monies if it so desires, a reimbursement scheme for these other indirect costs is something local officials might want to consider in the future.

Given that the plant only provides electric services to properties on Cuttyhunk, if the town ever wanted to discontinue operating a municipal light plant, there is an option to reestablish it as a cooperative under [M.G.L. 164 § 47C](#). The governance of the plant would then resemble that of a condominium association. For more guidance on this, the town should consult the DPU.

## **11. Establish the Water Department as an Enterprise Fund Operation**

The town has provided water services on Cuttyhunk since a special act established the water department in 1917. It was not until 1986, however, that the Massachusetts legislature enacted the enterprise fund statute, [M.G.L. c. 44, § 53F½](#). Unless a town accepts 53F½ for a water department, it must treat the utility's revenues as receipts reserved for appropriation in accordance with [M.G.L. c. 41, § 69B](#). Based on our research and communication with town officials, it does not appear that Gosnold ever accepted 53F½ for the water department. However, from an ongoing accounting standpoint, the town has been treating it as though it were an enterprise fund and reporting on it as such in the tax recap, Schedule A, and audited financial statements. It makes good sense to continue to do so. We therefore advise the board of selectmen place a warrant article before town meeting to adopt the enterprise statute for the water department.

## 12. Implement Internal Controls for the AP Warrant Process and Adopt a Disbursements Policy

As described to us, the town's accounts payable (AP) warrant process is lacking in many basic, internal controls, including those related to approvals, document validation, efficiency, and asset security. Unlike the payroll warrant, which is created in QuickBooks, the AP warrant is created manually. Department heads submit their invoices to the auditor, who then writes each purchase and amount on a warrant sheet, calculates a subtotal for the items by adding machine, and then writes it on the warrant and provides it to the selectmen to approve and sign. Additionally, there are no standards for invoice submittals. Department heads do not use any invoice coversheet, nor do they typically sign their submissions. The auditor receives some invoices from vendors directly as well, with no corresponding signed documents from department heads. Thus, in the current situation, there is no documentary validations of the department heads' accountability for their purchases.

Once the selectmen sign an AP warrant, the auditor mails it with the invoices to the treasurer/collector in Tisbury. When the treasurer/collector receives this package, she creates the checks, mails them to the vendors, and attaches a check stub to each invoice. She then mails this package back to the auditor, who reviews each check to verify that it agreed with its invoice.

To institute appropriate, prudent controls for the AP process, we recommend the following:

- Set standards for invoice submissions. We encourage the board of selectmen to formally adopt a policy that requires department heads to submit signed invoice coversheets. Along with this report we are transmitting (1) a sample Disbursements policy that includes this provision and (2) a Schedule of Departmental Bills Payable Excel template could be distributed to department heads for implementation.
- Scan warrant documents. Instead of mailing a warrant package to the treasurer/collector, we recommend the auditor scan the invoices and email them to her with the Excel warrant file. Before scanning the invoices, the auditor will write a sequential number on each of them in the order they appear on the warrant. Before the treasurer/collector mails check stubs to the auditor, she will write on each stub the invoice sequence number from the AP warrant. The auditor can use the sequence number to verify each check amount matches the corresponding invoice on the warrant. If the town abolishes the auditor position in favor of a town accountant, department heads will need to scan their own invoices to the accountant, if that person lives off-island.
- Monitor check sequences. We also note that the treasurer/collector should use check stock with preprinted, sequential numbers. When the auditor reviews the set of check stubs received for the AP and payroll warrants, she should examine them to ensure they show a straight sequence

of numbers without any gaps. If a gap is detected, the auditor must then contact the treasurer/collector to determine why.

### **13. Adopt Policies on Employee Reimbursement and Credit Card Usage**

Despite the small size of town government, there are circumstance that may compel the need to do a certain amount of purchasing by credit card or employee reimbursement. Although these types of transactions must never become routine, sometimes they may be unavoidable, and It is very important to have sound policies to govern them. We encourage the select board to review the policy drafts and corresponding forms we are transmitting along with this report and consider them for formal adoption.

### **14. Submit Balance Sheet and Other Required Year-end Reports to DLS Annually**

In accordance with [M.G.L. c. § 43](#), the auditor or accountant of every community is required to submit a set of year-end reports to DLS in the formats prescribed by the Director of the Bureau of Accounts (BOA). Namely, these reports are:

1. Cash reconciliation
2. Outstanding receivables
3. Snow and ice data sheet
4. Statement of indebtedness
5. Treasurer's year-end report
6. Balance sheet checklist
7. Balance sheet
8. System generated trial balance printout for the general fund
9. System generated detail transaction report of the undesignated fund balance account

Although the statute refers only to local accounting officers, in most towns these submissions occur as a collaboration between the auditor/town accountant and treasurer. Archived records in DLS revealed that Gosnold had provided these reports annually up through FY2002. However, the town stands alone in the state in not submitting any one of the listed reports in any of the years since then.

Only by reviewing the information in a community's balance sheet may BOA determine whether or not there is a positive balance of free cash or enterprise fund retained earnings to certify, which then makes the amount(s) available for appropriation by the town. As a best practice, every municipality should attempt to set and manage budgets that allow for the attainment of these types of reserves, so as to provide a cushion against any potential revenue deficits and a revenue source for one-time

costs as needed. In the case of the water enterprise fund, the town should factor future capital needs into its rate-setting process so that the resulting revenue can produce adequate retained earnings to cover them.

Now that the town's new independent audit firm is nearing the completion of its first audit, for FY2019, Gosnold will have the benefit of a fresh review of its books of account and, with that, the ability to set a baseline going forward. With the addition of a town accountant appointee, as we recommend, there will also be greater expertise on hand to comply with this statutory provision, and we recommend the board of selectmen set this as a yearly goal starting with FY2021.

### **15. Discontinue Commission Compensation in the Harbor Department**

The town pays the harbormaster and assistant harbormaster only through commissions they earn by collecting rental fees for slips, pilings, moorings, and wharf shacks. This set-up ties their compensation to only a single aspect of their full set of responsibilities, albeit one that is extremely important for the town's overall revenues. These two positions are critical for ensuring the safety of those using the harbors, as well as managing the harbors in ways that can maximize their vitality and utility for the town. Besides revenue collection, the work entails public safety responsibilities, anticipating and attending to capital maintenance needs, and managing of a group of seasonal employees, among other practical and statutory functions. As a best practice, the harbor department has a role to play in data collection to assist the assessing office in boat valuations for excise purposes, as we discuss further in the next recommendation.

We recommend Gosnold discontinue the commissions and instead budget for the earnings of these positions in the same way done for other employees, either salaries or estimated hours. Doing this would be yet another step toward placing all department heads and assistants on parallel footing among each other. This change will also make the payroll process easier because the treasurer/collector and auditor would no longer need to tabulate commission percentages based on verified collections of various types of receipts.

### **16. Assess and Collect Excise on All Qualifying Boats in the Community**

Unless certain exemptions apply, local assessors are required to assess a valuation for excise on every boat habitually moored or docked within their municipality and determine this location based on "the place where the owner has usual mooring or dockage for the summer season" ([M.G.L. c. 60B §§ 1, 2 and 3](#)).<sup>1</sup> On Cuttyhunk, the town maintains 235 slips, moorings, and pilings that it leases to boatowners on an annual basis (i.e., non-transiently). There are also a substantial number of slips and

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<sup>1</sup> See also [IGR 88-219](#).



moorings within Hadley Harbor on Naushon Island for use by its summer residents. In light of this information, one would expect the town to have boat excise accounts numbering upwards of 235 each year, but instead we were told there are only about 75.

By not assessing boat excise, the town supports an inequitable system of taxation of boat owners and forgoes a revenue source. We therefore recommend the board of selectmen direct the new assessor to coordinate with the harbormaster to ensure there is a complete boat excise commitment next year and going forward. The list should be drawn from three sources, beginning with all 235 boatowners listed on the three Cuttyhunk annual rental lists. Next, the assessor should review the boats listed as being situated in Gosnold in the annual report by the state's Environmental Police. Finally, the commitment list should include all boats habitually moored elsewhere in Gosnold, such as Hadley Harbor. The town pays a nominal annual stipend to an assistant harbormaster working there to oversee the daily routing of its ferry. The harbormaster should direct this assistant to compile a list of all the boats moored or docked there long term and provide it to the assessor. For this added responsibility, the town should consider increasing the assistant's stipend.

#### **17. Ensure the Assessing Department has Adequate Tax Maps for Recertification**

Every five years, BLA reviews the assessing department's practices and valuations with the goal to certify that assessments reflect fair cash value. As part of the next certification year in FY2022, Gosnold's BLA field advisor will need to view the town's tax maps to determine whether they include adequate and up-to-date information to support certification. On our sole visit to the town, we did not attempt to review the condition of the town's existing maps, but based on conversations with local officials, there remains an open question about their adequacy. Therefore, this recommendation provides a reminder that the town should examine its tax maps and determine if it will be necessary to budget an appropriation for a contractor to update them in the new year. More information about map requirements can be found in BLA's *Certification Standards* handbook ([Informational Guideline Release 19-08](#)).

#### **18. Improve Town Clerk Documentation**

Our review revealed some opportunities to improve documentation in the town clerk's office. In the minutes for town meetings, the town clerk typically provides article numbers with their vote results but no content from the articles themselves. Therefore, one must separately obtain a copy of the original town meeting warrant and match up the articles to begin to get an understanding of what happened at the meeting, without being sure if the article might have changed at all based on discussions at town meeting. One of the most important town clerk functions is the certification of

all town meeting decisions based on minutes that provide certainty as to the amounts of all appropriations, their purposes, and the funding sources.

To improve the memorialization of town meeting actions, we suggest the town clerk provide the details of each article as presented and then add text about the vote directly below the article paragraph(s). If the article refers to a budget table, that should be noted as well, and the table added as an attachment to the town meeting minutes. Examples of how to do this are below.

**Article 6.** To see if the Town will vote to raise and appropriate a sum of money to defray Town charges and expenses for the fiscal year ending June 30, 2022.

*The Schedule of Appropriations was presented as a single item of Article 6 and is attached after the last page.*

**Passed unanimously.**

**Article 14:** To see if the Town will vote to appropriate \$2,980,000 or any other amount, to pay costs of designing and undertaking water system improvements, including the payment of all costs incidental and related thereto; to determine whether this appropriation shall be raised by borrowing, transfer from available funds, or otherwise provided, or take any other action relative thereto.

*Motion made to raise the funds through borrowing, which requires a two-thirds vote.*

**A paper vote was conducted. Results: 43 in favor, 18 opposed. The motion carried by greater than 2/3rds.**

We also recommend that the town administrator incorporate the town clerk's town meeting minutes into the annual town reports, rather than publish only the town meeting warrant, as is done now.

The town clerk also has the responsibility to maintain complete, permanent records of all the town's special acts, approved bylaws, and locally accepted statutes. We found differences in the sets of records supplied by the town clerk, by the town counsel (via the town administrator), and on the state legislature's website: <https://malegislature.gov/Laws/SessionLaws>. We recommend the town administrator coordinate with the town clerk and town counsel to ensure that the records of all actions are compiled and will be maintained within the clerk's office as a single, comprehensive record with digital back-up going forward.

## **19. Implement an Email Hosting Service and Adopt a Related Policy**

Gosnold currently has no government-wide email domain. Everyone from the town administrator, to finance officers, select board members, and other officials and employees uses private email accounts to correspond with the public and each other regarding town business. Some have created email accounts that incorporate the town name, such as [gosnoldtownclerk@yahoo.com](mailto:gosnoldtownclerk@yahoo.com), in an effort

to avoid mixing personal- and business-related emails. Although this is somewhat helpful, any use of private email for town business entails a high risk that messages will be lost before the retention schedule for public records expires. Per guidance from the Secretary of State's Office<sup>2</sup>, all emails that town employees and officials send or receive relating to town business are considered to be public records under the provisions of [M.G. L. c. 4, § 7 \(26\)](#). Depending on the nature of the correspondence, the required retention schedules can range from one to seven years. The Secretary's [website](#) provides a retention schedule database broken up by municipal department, and the [Retention Schedule Quick Guide](#) published by the Massachusetts Municipal Association uses information from the same database.

There is a plethora of low-cost email hosting companies that the town could research and evaluate as part of a procurement. A good contract with a hosting vendor should include terms that ensure any "deleted" messages will be automatically archived for seven years, that they can be readily retrieved from the archive by the individual employee, and that the town administrator, as contract manager, can retrieve the archived messages of any employees, when needed for justified business purposes and approved by the board of selectmen. The town should also adopt a written policy that requires employees and officials to use the town's domain for all email correspondence related to town business. Each should also sign an acknowledgment that the policy was received and understood, and these should then be kept on file with the town administrator.

## **20. Encourage Professional Development**

We recommend the board of selectmen provide the treasurer/collector, assistant treasurer/collector, and town clerk with opportunities to develop their knowledge and skills through attending trainings and other online or in-person networking events offered by their respective professional organizations (i.e., the [Massachusetts Collectors & Treasurers Association](#) and the [Massachusetts Town Clerks Association](#)). The [Massachusetts Municipal Association](#) maintains listings of workshops and other training opportunities as well. By attending continuing education courses in their fields, employees learn about key operational standards, as well as emerging best practices. They can also benefit from their colleagues' specific experiences around the state and develop relationships they can draw on to improve their own work and grow professionally. The town benefits when it encourages professional development and should therefore budget money for this purpose.

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<sup>2</sup> See [SPR Bulletin 01-99](#).

## ACKNOWLEDGMENTS

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In preparing this review, DLS spoke with or received information from the following individuals:

Name	Title(s)
Gail Blount	Board of Selectmen Chair
Sarah Berry	Board of Selectmen
G. Stewart Young	Board of Selectmen, Finance Committee Chair
Michael Milanosky	Town Administrator
Sarah Smith	Treasurer/Collector
Lisa Wright	Town Clerk, Auditor, Central Billing Clerk, Board of Selectmen Secretary, Town Hall Custodian
George Isobel	Harbormaster and former Police Chief
Seth Garfield	Fire/EMS Chief, Electric Light Relief, Highway Supervisor, Zoning Board of Appeals Chair, Finance Committee member, Shellfish Warden
Dale Lynch	Water Manager, Assistant Harbormaster, Electric Light Board member
Asa Lombard	Solid Waste Manager
Wayne Perrier	Electric Light Manager
James Powers	Auditor, Powers & Sullivan, LLC