TOWN OF OAK BLUFFS

FINANCIAL MANAGEMENT REVIEW

FEBRUARY 2025

DLS

DIVISION OF LOCAL SERVICES

MA DEPARTMENT OF REVENUE

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MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

February 28, 2025

Select Board
Town of Oak Bluffs
P.O. Box 1327
Oak Bluffs, MA 02557

Dear Board Members,

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

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

Sincerely,



Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the select board's request, a team from the Division of Local Services (DLS) Financial Management Resource Bureau (FMRB) completed a financial management review (FMR) for the Town of Oak Bluffs. The review encompassed government structure, fiscal planning, ongoing financial procedures, and information technology use. The observations and recommendations presented here are based on interviews with town employees and officials, reviews of various town documents and financial reports, data from the DLS Databank, and comparisons with similar communities.

Though it remains a small town, Oak Bluffs has had an extended period of steady population growth. As the community contends with the increasing complexities of the 21st century that test service provision in all municipalities, it also faces the more unique challenges that come from being an island resort, including a constrained pool of candidates for key town positions. In this context, the town has been working through recent and upcoming personnel changes in key finance office positions. This presents a fitting time to review the roles, responsibilities, and routines of the employees and officials who are most called upon to assure the town's fiscal health and effectiveness of financial operations.

Although, like so many small towns, there can be in Oak Bluffs a tide of resistance to changes perceived as threatening to the community's character or traditions, that has not stopped the town from adopting numerous modern structures, procedures, and best practices to date. This report presents further opportunities for the town to improve its financial management. Overall, we found the local officials and employees who participated in the review to be savvy, committed, and hard-working. This report offers recommendations designed to help them make the most of town resources, guide future planning efforts, and promote prudent financial practices.

COMMUNITY PROFILE

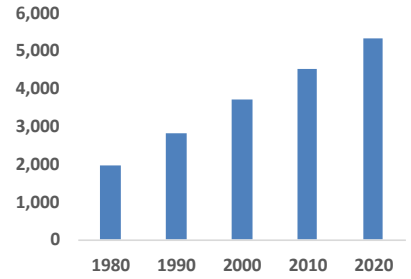
Oak Bluffs is a vibrant, historic, and picturesque community, whose gingerbread houses in the old Campground have become iconic symbols of Martha's Vineyard, rivaling the light at Aquinnah's Gay Head. With the Steamship Authority's ferries making multiple daily stops throughout the year, it is one of the two primary gateways to the island, along with Vineyard Haven in Tisbury, a sister town to Oak Bluffs in many ways. In part because of their greater accessibility to the mainland, these two towns developed denser housing stock, both full-time and seasonal, than other Vineyard towns, and they are also the communities with the highest concentrations of year-round, active working populace.

Covering an area of seven square miles, Oak Bluffs is home to 5,379 full-time residents, though it is estimated to accommodate a summertime population of around 24,000.[1] Its year-round population

[1] Martha's Vineyard Commission Seasonal Population Estimate 2024

has been steadily mushrooming since at least 1980, adding 800 to 900 new residents in each decade to the present. In fact, since the turn of the last century, all the towns in Dukes and Nantucket Counties, except Gosnold, have been experiencing population growth at rates far exceeding the 7% average increase for Massachusetts communities in that same period.

Oak Bluffs Population 1980-2020



Year	1980	1990	2000	2010	2020
Population	1,984	2,804	3,713	4,527	5,341
# Increase		820	909	814	814
% Change		41%	32%	22%	18%

Dukes & Nantucket Counties: 20-Year Population Growth

Town	2002	2022	# Change	% Change
Gosnold	87	64	-23	-26%
Aquinnah	353	444	91	26%
Tisbury	3,833	4,886	1,053	27%
Edgartown	3,881	5,266	1,385	36%
Nantucket	10,416	14,421	4,005	38%
West Tisbury	2,591	3,594	1,003	39%
Chilmark	889	1,235	346	39%
Oak Bluffs	**3,797**	**5,379**	**1,582**	**42%**
Total	25,847	35,289	9,442	37%

As has been widely reported, the Covid-19 pandemic motivated increasing numbers of people to purchase property on the Cape and Islands, steeply driving up values in the region. From FY2020 to FY2024, the average increase in total property valuation among Barnstable County's communities was 57%, Nantucket 54%, and Dukes 47%. Among all of them, property values in Oak Bluffs increased the most, at a 74% overall increase, as detailed below,

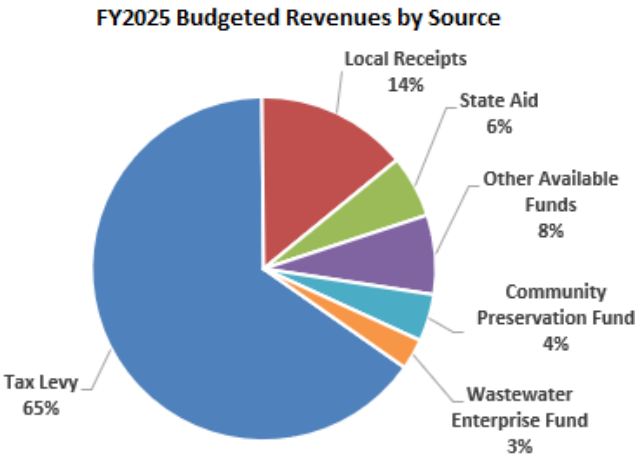
Change in Assessed Property Values by Class in Oak Bluffs, FY2020 to FY2024

FY	Residential	Open Space	Commercial	Industrial	Personal	Total Prop. Valuation
2020	$3,183,487,285	$1,867,900	$168,254,467	$5,653,068	$58,256,800	$3,417,519,520
2024	$5,618,588,257	$0	$253,695,192	$6,767,451	$55,004,330	$5,934,055,230
% Change	**76%**	**-100%**	**51%**	**20%**	**-6%**	**74%**

In terms of per capita equalized valuation (EQV), all seven towns in Dukes and Nantucket Counties rank within the top 20 communities in the state, even claiming the top five spots. This has intensified concerns about affordable housing, especially in light of the relatively low average earnings in many of these towns, including Oak Bluffs, whose per capita income of $27,860 is only about half the state's average of $53,161.

Town	2024 DOR PCI	Statewide Rank	2024 PC EQV	Statewide Rank
Gosnold	$1,229	351	$3,406,727	1
Chilmark	$104,706	23	$3,199,774	2
Edgartown	$67,275	67	$2,142,539	3
Aquinnah	$50,593	123	$1,960,784	4
Nantucket	$70,084	62	$1,845,844	5
West Tisbury	$41,587	184	$925,655	10
Oak Bluffs	**$27,860**	**302**	**$813,241**	**12**
Tisbury	$26,541	309	$761,759	14

Along with the plus/minus impacts of escalating property values, Oak Bluffs derives a mixed blessing from its popularity as a vacation destination. On the one hand, the large numbers of visitors and part-time residents contribute to the health of the commercial economy and also expand town revenues from local fees, and residential and personal property taxes. On the other, the town's budget and service capacity must account for the additional strains on infrastructure, environment, public safety services, and so on.



Under the town's omnibus budget, which totals $57M for FY2025, Oak Bluffs employs about 300 people year-round and 60 seasonally. Among the wide array of services supported by the town are a full-time police force, on-call fire department, ambulance, highway, library, health services, and council on aging. The town also runs a wastewater utility as a user-supported enterprise fund. Within the Martha's Vineyard Superintendency Union, the town owns and operates its own, pre-K to eighth grade elementary school and pays the Union an annual assessment for pupils enrolled at the Martha's Vineyard Regional High School.

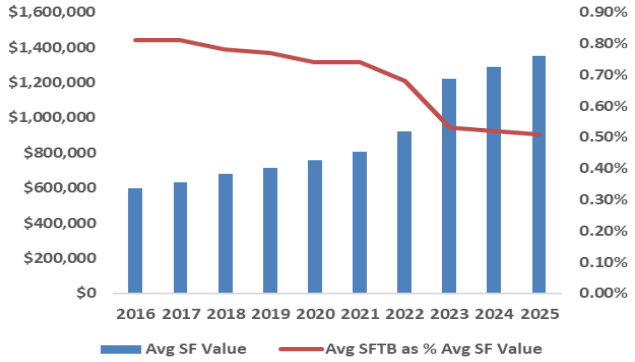
Two-thirds of budgeted FY2025 revenues come from the property tax levy, which derives from a total valuation that is 95% residential. Within that property class are a high proportion of second homes, with about 50% of the town's total housing units being seasonal.[2] To provide a small measure of tax relief to full-time residents, the select board elected for the first time in FY2022 to allow a residential exemption for taxpayers who occupy their Oak Bluffs property as their principal residence. For eligible properties in that first year, 4% of the average assessed value was exempted, and for FY2025, the percentage is 15%.

One common gauge for assessing the burden of a municipal budget on residential property owners is the average single-family tax bill. The divergence between property values and per capita incomes that exists in Oak Bluffs is reflected in analyses that compare the average tax bill to these two metrics. These comparisons are illustrated in charts on the next page.

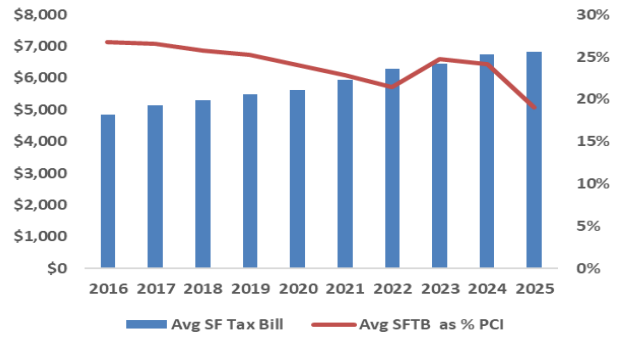
[2] Martha's Vineyard Commission Seasonal Housing Unit Estimate 2024

Average Single-Family Tax Bill Trend Analysis, FY2016 – FY2025:

As % of Average SF Value



As % of Per Capita Income



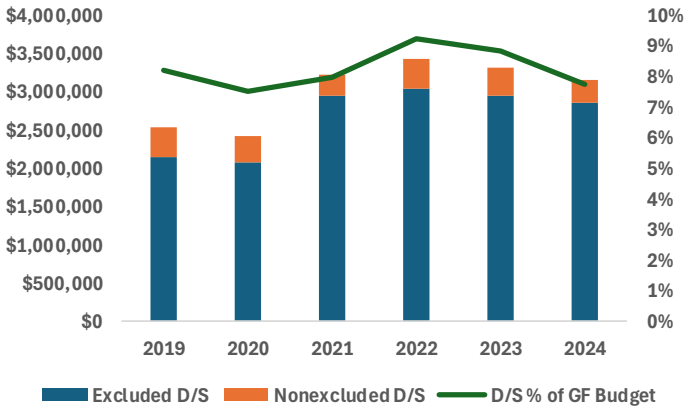
On an annual basis, local decision makers determine whether and how much to increase the tax levy within the levy limit, which increases automatically each year by 2.5%, plus an allowance for new growth or other additions to the tax rolls. The difference between the levied amount and levy limit is known as excess levy capacity, i.e., the amount of taxes the town opted not to levy. For many years, Oak Bluffs has levied almost to the maximum limit, and therefore its excess levy capacity is basically nil. This means that any significant expansion in the town budget would require an override of the Proposition 2½ levy limit.

Excess Levy Capacity FY2016 - FY2025

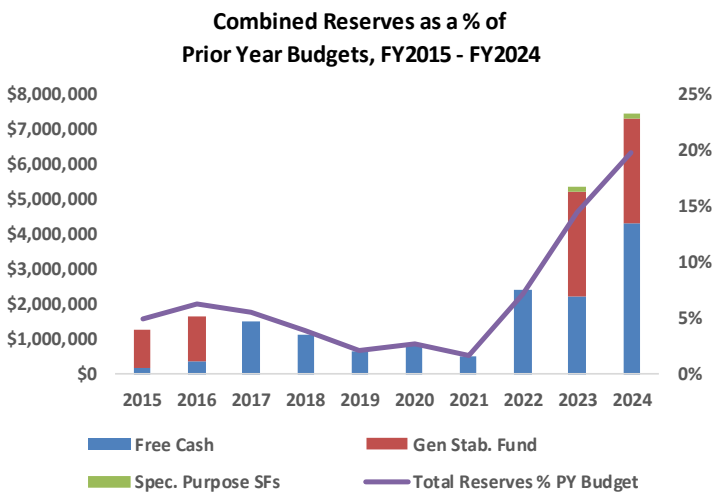
Fiscal Year	Excess Levy Capacity	Excess as % of Max Levy
2016	$85,343	0.39%
2017	$5,620	0.02%
2018	$23,512	0.10%
2019	$29,930	0.12%
2020	$32,078	0.13%
2021	$25,240	0.09%
2022	$6,921	0.02%
2023	$55,145	0.19%
2024	$35,262	0.12%
2025	$19,162	0.06%

A town can enact a debt exclusion to temporarily add to its budget beyond the Prop 2½ levy limit to pay for capital projects with multiyear debt service obligations. Although some communities strive to maintain consistent funding capacity in their within-levy annual budgets to borrow for capital projects, Oak Bluffs has typically pursued debt exclusions for its more expensive capital projects, generally those with a cost threshold of $1M or greater. In the last five years, the total combined excluded and nonexcluded debt service has averaged 8% of the town's annual general fund budget. The largest recent debt exclusion, approved in FY2020 for $13M, was for a complete renovation of town hall, with a debt service schedule extending to FY2041.There are three more approved exclusions, whose debt service obligations are anticipated to begin FY2026 or FY2027 (depending on the project): wastewater

General Fund Debt Service FY2019 - FY2024



infrastructure improvement, repair of town jetties, and restoration of the bluffs on East Chop. In addition, all six Vineyard towns are expected to vote within the year on exclusions for the cost of renovating or rebuilding the high school, a project eligible for partial reimbursement from the Massachusetts School Building Authority.



Until quite recently, the town's budget flexibility to pay for smaller capital projects or provide a hedge against economic downturns was very much compromised by a negligibly low level of financial reserves. As this chart shows, from FY2017 to FY2022, the town had no money in any stabilization funds and had very low amounts of certified free cash as well. Free cash is the amount of unrestricted funds from the previous year's fiscal operations, which DLS must certify each year before the town may appropriate from it.

Free cash has been rebounding since FY2021 thanks in part to smart, conservative budgeting by the town administrator, whose proposals also successfully incorporated substantial appropriations to the general stabilization fund to bring it to healthy levels. Besides the general stabilization fund, there is also a capital stabilization fund, created in November 2022, but so far, the town has only appropriated $50,000 to it. Investing in the capital stabilization fund is a prudent course because it will enable the town to tap a reserve for the many capital plan items whose low-to-moderate cost do not justify borrowing, with its added expenses, time, and effort. As part of a long-term funding plan, the town should consider options for dedicating certain revenue streams to building up this reserve. An example might be a consistent, annual percentage of the certified free cash amount.

In October of 2023, S&P Global reaffirmed the town's bond rating of AA+ stable, citing its "very strong management practices," along with formal policies, long-term capital planning, financial forecasting, and improved operational position resulting from its increased reserve levels. The firm also noted outside forces that will constrain the town's ability to achieve a rating of AAA, primarily concerning its remote location, which can limit economic growth, and the lack of a surrounding regional economy that would help improve incomes levels.

To make comparisons within this report, we assembled a group of towns that could be considered the closest municipal peers of Oak Bluffs based on similar characteristics related to size, economic, and

socioeconomic factors, including population, budget composition, per capita income and EQV, and the balance of properties classes within the total valuation. The resulting nine communities are displayed with Oak Bluffs below. Even though there are factors that make Edgartown more a stretch for inclusion with this group, we have included it here because, along with Tisbury and Oak Bluffs, it rounds out the three "big" towns on the Vineyard.

Peer Communities

Town	County	2023 Pop.	Pop. Density	Ratio of Resid./CIP Values	2024 PCI	2024 PC EQV	FY2025 Avg SFTB	FY2025 Omnibus Budget	S&P Rating
Eastham	Barnstable	5,803	418	97% / 3%	$39,014	$616,859	$6,473	$54,771,758	AA+
Edgartown	Dukes	5,268	198	93% / 7%	$67,275	$2,088,390	$6,633	$63,105,377	AAA
Marion	Plymouth	5,292	381	94% / 6 %	$74,538	$379,304	$8,733	$39,835,847	AAA
Mattapoisett	Plymouth	6,652	379	94% / 6%	$70,199	$336,890	$8,012	$41,269,732	AAA
Orleans	Barnstable	6,385	454	93% /7 %	$58,150	$758,871	$8,448	$67,940,858	AAA
Provincetown	Barnstable	3,709	383	86% / 14%	$70,869	$1,090,217	$9,837	$56,592,941	AA+
Rockport	Essex	6,988	996	95% / 5%	$55,748	$389,555	$8,389	$50,164,090	AA+
Tisbury	Dukes	4,865	752	91% / 9%	$26,541	$745,502	$12,358	$52,653,233	AA+
Wellfleet	Barnstable	3,627	184	96% / 4%	$52,453	$814,897	$7,261	$40,067,130	AA+
Oak Bluffs	**Dukes**	**5,355**	**749**	**95% / 5%**	**$27,860**	**$793,772**	**$6,824**	**$47,287,402**	**AA+**

The next section of this report provides our observations and recommendations related to the town's overall financial management, covering a range that includes policy, structure, and budgeting matters of a global nature, while the second section focuses on the activities of the town's core financial offices.

Overall Financial Management

In the absence of a town charter, government structure and certain procedures in Oak Bluffs are organized pursuant to state statutes, special acts, and town bylaws. The town's executive body is an elected, five-member select board, and an open town meeting constitutes its legislature. The finance and advisory committee, also called the finance committee, considers and makes recommendations on all town meeting warrant articles, and a capital program committee (CPC) reviews and recommends projects submitted for the town's capital budget and multiyear capital plan.

To act on its behalf as chief administrative officer, the select board appoints a town administrator. The current officeholder was appointed in July 2021 after working for Oak Bluffs as its town accountant since 2017. There is also an assistant town administrator, who is responsible for managing procurement and personnel matters, along with some special projects, like grant writing. Much of the town's information technology (IT) management, such as network maintenance, security, and data backups, are managed by a contactor, RDAsoft.net, and the rest by a 20-hour-per-week, in-house IT manager.

The leaders of Oak Bluffs have actively pursued the examination and implementation of numerous financial and administrative best practices in the last few years. On an annual basis, the select board holds a session dedicated to setting goals for the town and specific objectives for the town administrator. The most recent was held this past December and facilitated by the Collins Center of UMass Boston. This year, the town also appropriated money to fund an IT risk assessment. Other initiatives have included three projects obtained through the state's Community Compact Cabinet grant program: a budget document based on the Government Finance Officers Association's model; a study on prospective shared services with Tisbury; and a classification and compensation analysis.

The town administrator develops annual budgets within the context of a multiyear financial forecast and capital improvement plan, which she also creates. Annually, she assembles a highly informative budget document that, in addition to financial data, includes narratives that explain financial conditions and goals, as well as department-by-department summaries of objectives and accomplishments. As a new practice under her tenure, the town administrator holds monthly department head meetings, which have improved communication and cooperation among town departments.

Also, the town administrator created a financial policy manual that covers 24 topics, some of which were adopted in 2019 and others in 2023. However, awareness of the policies was low to nonexistent among those we talked to, which obviously impedes their effectiveness as tools for educating new

officials, directing the achievement of fiscal goals, and promoting compliance with operational guidelines. We therefore recommend they be refreshed and redistributed.

To help make the town administrator's workload more manageable town officials should consider moving toward a more vertical government structure that involves consolidating some departments and thereby reducing the position's direct reports. In the age before town administrators, towns only had select boards to manage and coordinate municipal government. For Oak Bluffs to evolve to a more modernized governance will entail a willingness by the select board members to shift away from any managerial functions to be the town's policymakers, who direct and oversee the full-time professional they have empowered to carry out their plans, much like a board of directors does for a business.

As officials seek a future in which Oak Bluffs can maximize the efficiency, coordination, and accountability of its financial practices and overall management operations, we hope that they consider the advice provided here as a guide.

Overall Financial Management Recommendations

1. Adopt a Bylaw for the Town Administrator Position

We recommend the town adopt a bylaw to codify the town administrator role, which is presently not well defined in Oak Bluffs. The 2002 town meeting warrant article to create the position listed duties that read like a job description. However, it was not put forth as a vote for a bylaw, and therefore the details of the described role do not have a lasting effect. Furthermore, as a succession of incumbents have taken up the office, the position has informally evolved, including some expanded responsibilities, but we were told that the basic job description has never been reassessed in 23 years.

Without a bylaw the administrator's powers and responsibilities are subject to arbitrary revision at times of changeover in the office or select board, which can undermine procedural and structural continuities. It can also hamper the appointee's effectiveness by allowing for confusion among employees and residents about the extent of the office's duties, authority, and reporting lines of accountability. Moreover, it puts the town at a disadvantage when recruiting for a future vacancy, since experienced, highly qualified candidates are most attracted to openings in which the administrator role is unambiguous and well established.

The town administrator bylaw should specify the position's various functions in the town's overall administration and financial management. In practice, the Oak Bluffs town administrator has been responsible for developing the annual operating and capital budget proposals, and we would expect those duties to be solidified in the bylaw. Other areas of authority to consider would be supervision of department heads, policy research and analysis, personnel administration, contract negotiations, and procurement. Bylaws from other town could provide models, and some samples are these from Barre, Hadley, and Millville.

Based on the drafted bylaw, the town should also review the CPC bylaw to align it with duties assigned to the town administrator or potentially rescind it. Capital committees are most common, and provide the most value, in small towns that lack an empowered town administrator. This is likely why DLS recommended that Oak Bluffs establish a CPC in an FMR report completed in 1991, at a time when the town did not even have an executive secretary. In many towns where the town administrator has responsibility for developing the capital budget, the local capital committee is disbanded for having less utility. When towns decide to retain a CPC, its function is often reduced to only providing a sounding board to aid in evaluating capital project submissions.

2. Modify the Annual Budget Process and Adopt a Revised Policy

We recommend that Oak Bluffs officials reexamine the town's annual budget process and subsequently adopt a revised policy. The Budget Process policy adopted in 2022 provides only some very high-level guidelines for annual budgets, such as the requirement that they be balanced and the goal to avoid using nonrecurring revenues for recurring expenditures. Although it also incorporates a reference to the bylaws that outline the functions of the finance and capital committees, those bylaws provide scant information on how the budget process unfolds during the year and how the different responsible parties interact.

In Oak Bluffs, the chief players in framing the annual budget are the select board, town administrator, and finance committee. The annual budget also incorporates a capital budget, whose development involves some work by the CPC. In general, the overall process has run relatively smoothly in recent years; however, there were varying kinds and degrees of dissatisfaction expressed during our conversations with the people involved. Cited were inefficient redundancies that can happen as overlapping parties drill into same line-item details when greater value might arise from focused evaluations of the rationale behind or impacts of budget decisions or their adherence with fiscal policies and strategic goals. The select board has the essential role of setting the course for the town's near- and long-term plans, and there is a sense that its engagement in assessing the budget proposal's alignment with the board's goals has been somewhat diluted. Finally, it is important that the budget development timeline allow adequate space for the involved policy boards to evaluate proposals, consider evolving circumstances, make informed decisions, and develop consensus.

As a potential budget process model, we offer the following:

- Early start with joint kick-off meeting - Early in the fall, the town administrator initiates the budget process by providing projections of revenues and fixed costs to a joint meeting of the select board and finance committee. The meeting concludes with the recording of a consensus on the projections and unified budget guidelines. After this meeting, the town administrator creates and disseminates a calendar that includes dates for all milestone deadlines in the process.

- Department requests - The town administrator emails guidelines to department heads and solicits their budget requests. In addition to a spreadsheet showing the department's last three years of actual expenditures grouped by line-item categories and a blank column to input requests, the package would include forms for requesting capital projects.

- Preliminary Budget Assembly - The town accountant assists the town administrator in assembling the returned requests into a working, omnibus budget. The town administrator provides the CPC with the capital budget requests from departments, attends its meetings along with the town accountant, and takes its recommendations into consideration when formulating the capital budget proposal. The town administrator meets with department heads to discuss their needs. Upon updating revenue estimates and making any changes to departmental requests, the town

administrator prepares and presents a preliminary balanced budget proposal to the select board for its review. The draft budget then passes to the finance committee.

- Finance Committee Review. Objectively considering town finances, the finance committee reviews the budget proposal and meets with department heads as appropriate. Adjustments are made in response to state budget proposals and other forecast updates received from the town administrator. The finance committee discusses its budget recommendations with the town administrator.

- Finalization - The town administrator makes further budget adjustments as warranted, including in response to state budget proposals and the regional school district's assessment, and shares revisions with the boards. By mid-February, the town administrator presents a final budget for the select board's approval and subsequent submission to the finance committee to solicit its final recommendations to include with the posted town meeting warrant. The town administrator posts the town meeting warrant in mid-March.

Having a budget process policy that is reviewed and mutually adopted by the select board and finance committee promotes many goals, including serving as an educational tool for new participants, establishing agreed-upon protocols for a smooth process, ensuring adequate time is allotted for each step along the way to town meeting, and promoting basic continuity from year to year. By detailing the process in a policy rather than a bylaw, town officials can plan to review it annually at the joint kick-off meeting and can more readily revise and readopt it when warranted based on experience from the year just past. We have provided a sample budget process bylaw in the appendix.

3. Consider Changing the Size and Composition of the Finance Committee

We recommend the town consider reducing the finance committee's size, which, at nine members, is uncommonly large for a small town. We were told there is typically little to no competition for a seat, resulting in one or more vacancies being the norm. Furthermore, with the town's small population, there is always a risk of depleting the total pool of volunteers needed for various municipal boards and committees. Many similar-sized towns have found a finance committee of seven, or even five, members to be adequate to provide representative points of view and efficiently share the committee's workload. As the chart here shows, the majority of Massachusetts finance committees have seven or fewer members (176 out of 292 towns, 60%), and five is the most common membership size among the towns closest in population to Oak Bluffs.

Finance Committees Statewide

# of Members	Total # of Towns	% of All 292 Towns	Avg. Pop. Size
3	10	3%	934
5	75	26%	4,294
6	11	4%	5,126
7	81	28%	10,284
9	85	29%	14,195
11	9	3%	13,595
13	2	1%	12,480
15	16	5%	27,091
17	1	< 1%	28,950
21	1	< 1%	45,624
20-30	1	< 1%	59,310

The town might also want to consider whether the finance committee should remain elected or become appointed. As codified in the bylaw, the committee's primary function is to make recommendations on all town meeting warrant articles and all levy limit referendums. In this context, its mission is to be an advocate for the interests of town meeting voters and for town residents more broadly. This aligns somewhat with the town moderator's charge, which is to protect the integrity and protocols of town meeting, and this might be a reason that 57% of towns in the state invest the moderator with the sole authority to appoint the finance committee.

Elected finance committees are found in only a small fraction of towns (16%), likely because this structure has some drawbacks. If only one or two people run for a vacant seat, there may be increased odds of the elected person being motivated by a narrow agenda. There is also a lost opportunity for an informed party, like potentially the moderator, to assess the current committee for the professional qualities or divergent perspectives it may lack, and with that knowledge, pursue volunteers to help balance it out or add relevant value. It is possibly this recruitment angle that leads some communities to use a mixed appointing committee, which might consist of, for example, the moderator, a select board member, and an existing finance committee member.

Finance Committees: Elected vs. Appointed

Who elects / appoints?	Moderator	Voters Only	Select Board	Combination of Appointers	Hybrid elect / appoint	Town Admin.
Total # of Towns	166	47	38	36	4	1
% of 292 Towns	57%	16%	13%	12%	1%	< 1%

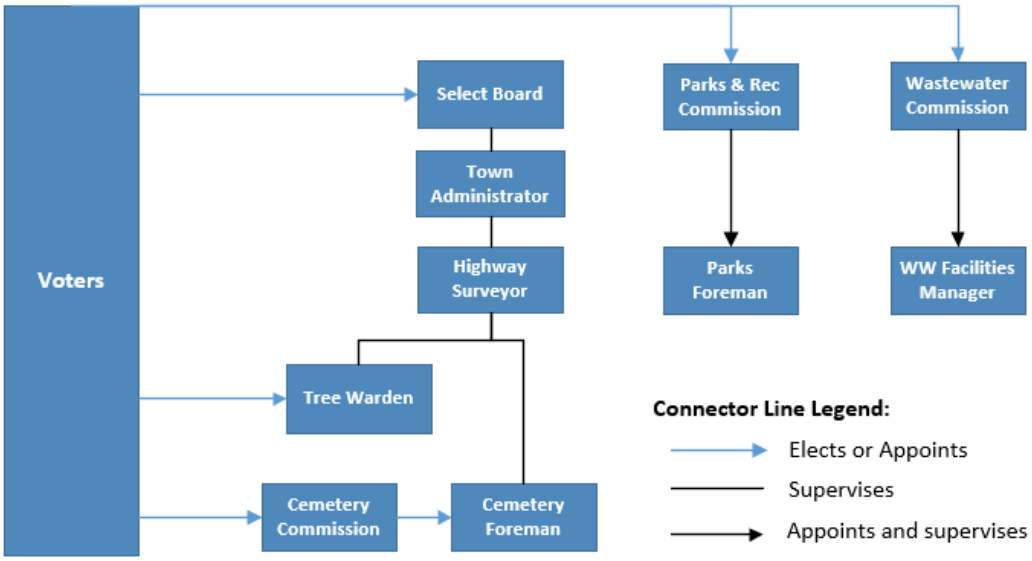
4. Move to a Consolidated Department of Public Works

We recommend the town consider consolidating its various public works functions into a single department. Most communities in the state have abandoned the flat, less organized, and more costly model of having several independent departments managing their fixed assets, with 71% of cities and towns in Massachusetts now having a department of public works (DPW). Among the nine peer towns of Oak Bluffs, seven have DPWs (78%).

A prime reason for the prevalence of DPWs is the governance trend in favor of vertically aligned structures, in which department heads report to a chief administrative officer rather than a range of separately elected or appointed boards. Establishing a DPW in Oak Bluffs would reduce the total number of department heads the town administrator must supervise or coordinate activities with, when those individuals report under separately elected boards. More importantly, by consolidating personnel, equipment, and resources, the town can expect the related services to be better coordinated, efficient, and cost-effective. In contrast to this desirable model, the chart below illustrates the siloed arrangement in Oak Bluffs. An elected employee and four separately elected

boards have oversight for functions that otherwise have the shared mission to maximize the continued usefulness, safety, and value of the town's major assets.

Public-Works-Related Departments in Oak Bluffs



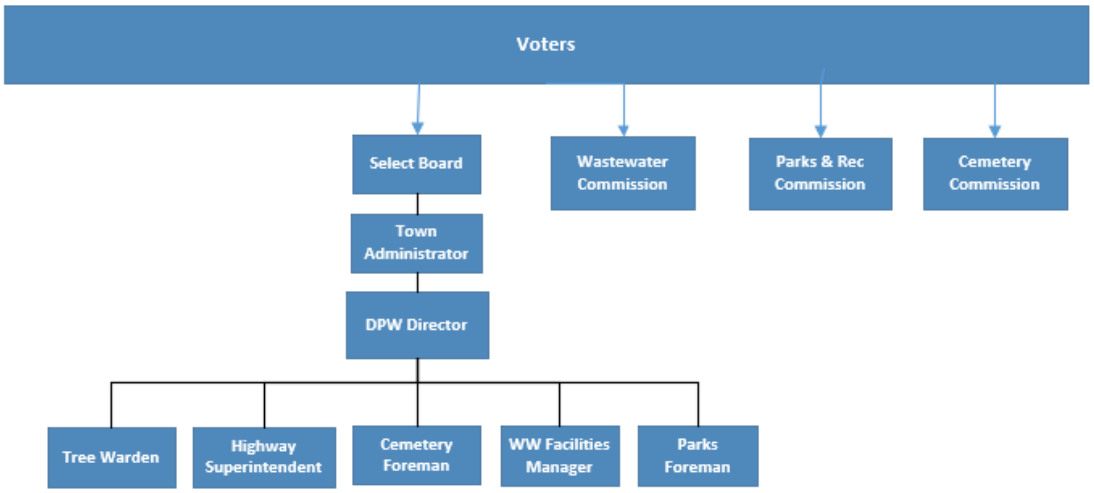
Merging staff and equipment will provide greater service coverage and operational flexibility, as well as to cost-savings from the reduction of duplicative resources and efforts. The maintenance for all town buildings and public grounds could be assigned to this department, for example. In addition, every road project could be synchronized to include all potential improvements across wastewater and highway divisions to potentially avoid wasting taxpayer dollars by ripping up freshly paved roadways. Making this change would not necessarily mean hiring a new manager, since the director could be an expanded role for an existing department head. Also, the elevated status and responsibilities of a DPW director help to attract qualified candidates when a vacancy occurs.

Given the elected bodies currently in charge of the various subject functions, the creation of a DPW would require a special act. The town can opt to dissolve the related, elected boards and fold their missions into the responsibilities of the select board. Alternatively, any elected board that is retained would continue to make policy-related decisions but hand off supervisory duties to the public works director. Also, the town does not have to exclude the wastewater department from this consolidation merely because it operates under enterprise fund accounting. DPWs in many communities incorporate one or more enterprise-fund-operated divisions. For example, Tyngsborough included the sewer enterprise fund in its DPW when the department was established by a 2024 special act, which also provided for a continued role for the elected sewer commission.[3]

[3] See https://malegislature.gov/Laws/SessionLaws/Acts/2024/Chapter85

Depending on which elected policy boards Oak Bluffs choses to retain, the new structure would look like the chart below.

Potential Structure after DPW Consolidation



5. Convert the Town Clerk and Tree Warden to Appointed Positions

We recommend that Oak Bluffs convert its two remaining elected employee positions, the town clerk and tree warden, to appointed status. This can be accomplished through majority votes of town meeting and town-wide ballot, M.G. L. c. 41, § 1B. In recent times, more and more communities have done these types of conversions throughout the state. Among factors driving the trend are the greater oversight and accountability to be gained when all of a community's department heads are appointed positions answerable to a common executive. Furthermore, there is no real policy aspect to these positions to justify their election, since their procedures ought to adhere to well-established professional standards and to various state statutes, especially in relation to the town clerk role.

Perhaps most importantly, whenever appointed positions become vacant, the town may seek the most qualified job applicants available regardless of where they reside. This benefit has added weight for Oak Bluffs, given its small population and the local housing pressures that often force islanders to move residence among the Vineyard towns or even commute from the Cape. Among the town's nine peers, five of them have appointed town clerks (56%) and seven (78%) have appointed tree wardens. Once a tree warden position is converted to appointed, it is common for the head of a public works or highway department to receive the appointment, as is the case with many in the group of peer towns.

6. Reassess the Role of the Personnel Board

We recommend the town reassess the personnel board's role. The increasing presence of HR departments in town governments has prompted many communities to reconsider their personnel

boards. Some have disbanded them, while others only diminished their size and duties. The logic for this contraction trend is plain, since towns with HR directors have less need to recruit knowledgeable volunteers to research or administer personnel affairs on an ongoing basis. When a community decides to retain a personnel board, a popular rationale is the desire for an available entity to hear grievances independently from town management. Officials in Oak Bluffs should consider whether the personnel board as presently charged provides a superfluous function to responsibilities carried out by the tandem of the assistant town administrator/HR coordinator and town administrator. If the board is retained with reduced duties, its meeting schedule could potentially shift from monthly to quarterly and ad hoc.

If the board is continued, we recommend that the town revise the personnel bylaws to change the way it is appointed. Per the current bylaws, the board exists "*for the administration of the classification and compensation plans, grievance procedures and other personnel functions assigned by Town Meeting vote*." This charge may be best achieved by focusing only on personnel-administration-related considerations without mixing in budgetary analysis. With two of the five members presently appointed by the finance committee,[4] that would tend to push discussions into the broader range of fiscal matters, which could be considered redundant to the finance committee's mission.

7. Appoint a Bylaw Review Committee

We recommend that Oak Bluffs conduct a comprehensive review of its general bylaws. Currently, they provide quite insubstantial and sometimes inconsistent information about the town's governing structure, key fiscal procedures, expectations placed on town government, and residents' rights and obligations when interacting with it. In our view, the present set of bylaws represents a neglected opportunity to define the rules befitting the town's character and preferences, promote governmental continuity, and inspire confidence in the community that decisions are made pursuant to a thoughtful process that endures even as elected and appointed officeholders change.

To remedy the situation, we recommend the select board appoint a bylaw committee to conduct a substantive review. Three to five members comprising a mix of residents and town officials would work best, and a one-year timetable should be anticipated for completion of the committee's work. One advantage for committee volunteers is the bylaw recodification completed by the town administrator in 2023. This involved assigning sequential section and subsection numbers to all existing bylaws along with placeholder sections reserved for future use. With this logical sequence and order for the bylaws, the committee members have a good starting framework from which to work. All new and revised bylaws must be submitted to the Attorney General's office for validation. Once

[4] Along with two members appointed by the select board and one by the moderator

finalized, Oak Bluffs might consider contracting with one of the vendors that specializes in creating online, digital versions of bylaws with hyperlinks to each topic and section.

Our review also revealed that Oak Bluffs does not have a document that lists all of the optional state statutes the town has adopted and its special acts. This is a significant information void for tracking and verifying the historical record of impactful administrative and operational decisions the town has made. It also points up an elevated risk that towns with elected town clerks face. The position's standing outside of any administrative reporting structure compromises accountability and impedes internal controls for documentary and procedural continuity. Separate from the bylaw committee, we also recommend the select board set a goal for the town administrator to conduct a research project that will determine and compile the town's specials acts and locally adopted statutes. Such a project would also likely involve the town's legal counsel.

8. Take Steps to Bolster the Town's IT Management and Cybersecurity Posture

Despite limited resources, we believe there are important steps the town can take to maximize technological efficiencies while also strengthening the community's IT risk management. As mentioned previously, the town has only a half-time IT manager and otherwise relies heavily on an outside contractor to keep its networked servers running effectively and securely. But the exponential pace of technological advancements means that cyberthreats are continually evolving. Furthermore, there are exploit threats that are more social than technical, such as pretexting, and these cannot be thwarted by antimalware programs. On the other hand, town leaders also want to make sure that Oak Bluffs can adroitly take advantage of emerging technologies that could increase service efficiency or effectiveness at reasonable costs, and that takes some proactive diligence as well.

To enhance the town's overall IT effectiveness and resiliency, we therefore suggest the following:

Create a Municipal Technology Committee

By offering a particular level of IT understanding, a small, standing committee composed of volunteers recruited for their IT-related knowledge and experience can support the IT manager by providing meaningful analyses and insights. The IT manager's authority, in areas such as purchase decision making, would remain unchanged, however. The committee would exist to provide a supplemental source of ideas, analysis, and research work. Committee members could be tapped to assist in drafting IT policies, suggesting potential IT solutions, considering cyber risks and control options, developing requests for proposals, evaluating product options, completing cost-benefit analyses, and conducting other types of work. Other towns with active technology committees, which could be consulted for their experiences include Southborough, Belmont, and Pepperell.

Adopt a set of IT policies

IT policies are critical for the town to protect itself from a wide range of risks, and all employees and officials using the town's tech need to know what is expected and required of them. Core IT policy topics that are widely recommended include: password protection, acceptable use, data management, security awareness and training, incident response, vulnerability management, and disaster recovery. The town might also develop policies on social media and hybrid/remote access. Unless applicable users are aware of them though, policies are worthless. Therefore, the town must ensure that users sign acknowledgment forms attesting they have read all the policies relevant to them, and those forms should be maintained in personnel folders.

Plan for periodic IT risk assessments

For FY2025, the town has appropriated funds to have the vendor, Arctic Wolf Networks Inc., conduct a once-off, comprehensive, cybersecurity audit. This project should provide Oak Bluffs with a blueprint for managing its vulnerabilities to service disruption or data loss from cyberattacks or other causes. Such an assessment provides a valuable snapshot, but over time, new challenges or threats arise, and new solutions are identified as well. For this reason, ISACA, the leading information technology professional group, recommends organizations conduct biennial risk assessments.[5]

The town could develop in-house capacity to do for the next risk assessment, but another option might be the MA Office of Municipal and School Technology's Cybersecurity Health Check, which connects towns with vendors for a free assessment. In any case, local leaders should understand the importance of repeating these comprehensive assessments at least every few years and the potential need for associated expenditures in the event that grant programs for them may not be available then.

Take advantage of offerings from state and federal agencies.

We recommend the IT manager and other town officials regularly review the following sites for their available guidance, trainings, and potential grant opportunities:

- MA Office of Municipal and School Technology: Municipal Cybersecurity Awareness grant program for employee training
- MassCyberCenter: Municipal Cybersecurity Toolkit, Minimum Baseline of Cybersecurity for Municipalities guidance, and list of agencies and resources that can help improve cyber resiliency
- US Cybersecurity & Infrastructure Security Agency: CISA.gov for many training and guidance materials

[5] For further guidance, see Performing a Security Risk Assessment (isaca.org)

- MA Office of the Inspector General: Off-Boarding and Banking Controls Protect Public Funds from Fraud guidance related to social engineering threats to treasury and other operations

9. Improve Efficiency of Select Board Meetings

Our review identified some opportunities to improve the efficiency of select board meetings, which tend to run rather long for a town the size of Oak Bluffs. Over the past year, they averaged two-and-a half hours, with a quarter of them exceeding three hours. Long-drawn-out meetings can be taxing on participants and dampen the interest of candidates for board seats in the future. As suggestions for improvement, we offer the following.

Refine the agendas

In Oak Bluffs, the town administrator assembles potential items for meeting agendas and reviews them with the select board chair. Together, they should work to condense each agenda to just those items appropriate for select board deliberation and pare away any operational matters that lack policy or larger strategy implications or a select board statutory mandate. The chair should direct the town administrator to handle these other matters independently and report on them to the board.

Incorporate time estimates

Once the agenda items are determined, the select board chair and town administrator should order them in a logical flow and assign each a reasonable time estimate. In the meetings, it is then incumbent on the chair to steer discussions to stay within the scheduled times to the degree possible. Should an item require more time, board members can vote to adjust the agenda, continue the matter to another meeting, or call for a special meeting in an interim week. To minimize deviations, there is an onus of professional courtesy on each board member to thoroughly review in advance the agenda and informational materials provided by the town administrator.

Include a consent agenda

A consent agenda groups together multiple decisions that are not expected to prompt discussion and would otherwise be acted on in separate, perfunctory votes. Grouped into a consent agenda, they can all be approved in a single vote. At any time, however, a select board member may request an item be set apart for individual consideration and vote.

Approval of warrants payable

Before the treasurer/collector may disburse funds to payees listed in vendor and payroll warrants, the warrants must be approved by the town accountant (M.G.L. c. 41, § 56) and select board (c. 41, § 52). A disapproval in either case should be based on either the item being unlawful (i.e., it disagrees with the purpose of the appropriation, or it contravenes one or more statutory provisions, such as those in the Uniform Procurement Act, for example) or excessive (i.e., the item exceeds the amount appropriated or terms of a contract), or because there is an indication of fraud.

For the select board's part, warrant approval is effected by an affirmative vote of a majority of a quorum of the board members at a duly posted open meeting. Following that vote, the select board members should sign the warrant as back-up documentation. As a matter of course, warrant approvals are often included in consent agendas because the limited scope of disapproval circumstances makes it rare to have discussions on them.

Electronic signature option

To be part of a quorum, select board members do not need to be physically present for the meeting; they may use technology to participate remotely. As long as the necessary votes to approve a warrant have been taken, electronic signatures may be used to validate the board's approval (M.G.L. c. 110G, § 7). To implement this change within the Munis system, the town should work with Tyler Technologies Inc. to ensure the warrant signature page includes text such as "under the pains and penalties of perjury" or a similar oath.

Option to assign warrant approval to one board member

Because the town's payroll and vendor warrants are done on a biweekly schedule but the select board meetings occur semimonthly, the meetings do not always align with the warrant weeks. To obtain the select board's warrant approval on an off week therefore requires the scheduling of an open meeting just for that purpose. As an alternative to the warrants being approved by a select board quorum, c. 41, § 52 provides that the board may vote to assign this duty to one of its members. The member so designated must subsequently report his or her warrant actions to the full board at the next meeting. It is our understanding that this designation of a sole (and alternate) approver of payroll warrants was voted by the board at the end of 2024. We also note here that there has been a markedly growing trend in the state for towns to obtain a special act that enables the town administrator to approve warrants, and this is something that Oak Bluffs could consider as well.

10. Pursue Opportunities to Share Municipal Services

Despite momentum that has sputtered in the past, we encourage local officials to continue to be proactive in exploring opportunities to regionalize services with other towns on the island. For six small

towns coexisting on a 96-square-mile land mass, there have not been many determined attempts to regionalize services, apart from the regional school district and a few agreements among the three very small, up-island towns. All the same, Oak Bluffs has various leaders who deserve credit for promoting a break from that history and pushing for dialogue with neighbors in the interest of finding creative, progressive solutions to the challenges of providing required services economically and sustainably.

Under a 2019 CCC grant, the town commissioned a study to assess potential shared service agreements with Tisbury. Among options considered were Eastville Beach co-management, Lagoon Pond shellfish patrols, restaurant inspector, grant writer, animal control officer, affordable housing coordinator, and IT services. One outcome of the study was a draft memorandum of understanding to share a building inspector; however, the towns did not go forward with it. Beyond this study, the prospect of sharing fire or other public safety services with Tisbury or other towns has also been a recurring topic in town.

Sharing services can enable communities to manage rising costs, enhance efficiencies, assure long-term effectiveness, or comply with mandates better than they could on their own. Towns on the Vineyard should be extra-motivated, given the increasing difficulty of recruiting and retaining qualified employees. Oak Bluffs officials should continue to engage with their neighbors about mutually identified needs and stay apprised of any state funds that may be available to offset some start-up costs as well. To these ends, perhaps the town administrator can pursue setting up a schedule of quarterly meetings with her counterparts in the other island towns.

FINANCIAL MANAGEMENT OPERATIONS

Our review also examined the structure and practices of the central departments involved in the town's day-to-day finance operations. Below we provide brief summaries of the current staffing in the town's three core finance offices.

Town Accountant Office**:** An acting town accountant presently heads up the office, and Oak Bluffs has not had a permanent appointee in the role for more than three-and-a-half years. When the current town administrator was elevated to that job from the town accountant post in July 2021, there were no town employees with substantial, related experience to fill the vacancy, only an assistant town accountant, who has just been appointed. Instead of posting the position, the decision was made to have the new town administrator provide the assistant with on-the-job training in town accountant duties while also continuing to play an active hand in the office's activities. In July 2022, the assistant accountant was promoted to acting accountant. More than two years on from that change, "acting" is still part of her job title although the town administrator has almost entirely stepped back from any accounting activities.

In the budget for FY2025, the town added funding for a full-time assistant accountant. Since August 2024, a person who was already working limited hours as a contractor in the town's community preservation committee office has been working about 15 hours a week assisting the accountant with vendor warrant data entry and payroll reconciliation tasks.

Treasurer/Collector Office: The treasurer/collector started her Oak Bluffs career as the town's elected collector in 2004. She was continually reelected to that position up through 2018, when the town voted to convert it to elected status. At that point, she became the appointed treasurer/collector. Although her retirement is not imminent, she anticipates making that transition within the next few years. She supervises two full-time positions, an assistant treasurer/collector, hired in 2022, and a tax administrative assistant of 18 years tenure.

Assessing Office**:** An appointed, three-member board of assessors meets monthly to perform approval-decision-making duties called for in statute. The office's daily activities are overseen by an experienced principal assessor, who was hired in July 2022. Because of transitions that are happening this fiscal year, she currently supervises a staff of three full-time employees (FTEs), but the long-term plan is for only two subordinate FTEs. The assistant assessor has worked for the town since 2012. In anticipation of retiring, he has spent significant time training an administrative assistant, who was hired in 2020 with no prior assessing experience. With the assistant assessor's retirement date approaching this spring, the administrative assistant was recently promoted to the position he will be vacating. In December 2024, the office probationally backfilled the administrative assistant's newly vacated role with a new town employee, who has appraiser experience.

The town's financial activities are managed and recorded using a collection of proprietary software systems. However, the primary, town-wide system is Munis, provided under contract with Tyler Technologies, Inc. The various financial software applications in use are summarized below:

- The town accountant uses the Munis general ledger and warrants payable modules.
- The treasurer/collector uses the Munis accounts receivable, general revenues, and cashbook modules.
- All department heads have Munis user profiles, which enable them to monitor the status of their budgets in real time. Also, the initial entries in Munis of departmental receipts and accounts payable submissions are done by departmental staff and approved by department heads, who then submit supporting documents to the treasurer/collector's and town accountant's offices, respectively.
- The assistant treasurer/collector has primary responsibility for payroll processing, and for this she uses the PayrollForward application provided by Harpers Payroll Services, Inc.
- For its computer-assisted mass appraisal (CAMA) database of real and personal property valuation information, the assessing office staff use PK, provided by the PK Valuation Group.
- There is no data integration at all between PK or PayrollForward and Munis.

As part of the town's recent $13M redevelopment of town hall, the assessing and treasurer/collector departments were relocated into one, large work area behind a single customer service counter. At the center of the room are adjoining cubicles for personnel from both departments, a set-up that can be detrimental to focused work. There is also a lack of office space for private conversations. Although the town increased the height of the cubicle walls to lessen distraction levels, management should consider whether there might be any other creative and affordable changes that could be made to help ensure overall employee productivity and morale.

Overall, we found the department personnel operate on a professional level and in accordance with sound practices and procedures. The offices fulfill fundamental responsibilities and also comply with various reporting requirements. Nonetheless, we found significant room for improving some processes, reducing inefficiencies, and enhancing the effectiveness of everyday financial management. The recommendations on the following pages are intended to present a path forward toward a stronger and more effective financial management team.

FINANCE OPERATIONS RECOMMENDATIONS

11. Appoint a Permanent Town Accountant

We recommend the town appoint a permanent town accountant with exclusive authority to perform, or delegate and supervise, all the duties associated with the office. What began as an understandable arrangement of temporary expediency has now stretched into four fiscal years. At this point, either the acting accountant has acquired the requisite knowledge and skills to fulfill the role or not. We acknowledge that a motivating factor in the path that was chosen included the commendable desire to develop in-house talent, combined with a pessimism about the potential availability of strong job seekers for the position. Regardless, we feel it is time for a permanent solution, whether that might be formally appointing the acting accountant, advertising the position, or seeking to outsource the role to a contractor if no job candidates deemed viable are available.

It is our understanding that, within the last few months, the town administrator has essentially relinquished any remaining connections with routine town accountant activities. For the first time, the acting town accountant submitted all the required year-end reports to DLS (for FY2024) and the tax recap (for FY2025). As part of completing the divorce of the two offices, the IT manager should work with Munis to update the town administrator's user profile to remove any edit access to the general ledger (GL), warrants payable, and any other functions under the town accountant's exclusive purview.

12. Create a Consolidated Finance Department

We recommend the town consolidate the accounting, treasury/collections, and assessing offices into a single department led by a finance director. Towns that have implemented this structure have seen improved coordination of the many activities that intersect among financial offices, such as the processing of tax commitments, abatements, and refunds; assembling warrants payable and disbursing funds; analyses of debt, new growth, and other factors used in long-range forecasts; and periodic reconciliations of various kinds. A supervising finance director helps ensure key tasks get done on schedule, appropriate checks and balances and other internal controls function properly within and among divisional offices, and common resources are used efficiently. Furthermore, the heightened perspective on financial matters that derives from the director's scope of responsibilities means that town officials can expect added value when seeking financial advice and analysis for decision making.

Broadly speaking, a finance director would have four main areas of responsibility: coordinating the activities of the finance offices, monitoring the town's fiscal condition, analyzing data for long-range planning, and keeping policymakers and administration appraised on any emerging budgetary concerns. Specific duties of the position commonly include:

- Supervise the divisional finance officers
- Develop policies and procedures for the finance department
- Prepare multiyear revenue and expenditure forecasts
- Assist the town administrator with developing the annual operating and capital budgets
- Maintain a long-term capital plan and monitor progress of capital projects
- Participate in collective bargaining
- Oversee the procurement process
- Ensure timely compliance with internal and external reporting
- Develop corrective action plans for management letter citations

Establishing this position would heighten accountability and tighten oversight of finances, while at the same time lightening some of the town administrator's workload through delegation. As the table below shows, six of the town's nine peer communities have consolidated finance departments.

Peer Communities – Finance Office Staffing

Town	Work Volume Factors			Finance Director?	Finance Office FTEs			
	RE & PP Parcels/ Accts	Local School System	Enterprise Funds		Acct	T/C	Assr	Total
Eastham	9,580	K-05	water	FD-ATM[+]	2	3	2	9
Edgartown	9,658	K-08	none, but town runs a water utility	no	2	4	3	9
Marion	3,721	K-06	water, sewer	FD-Acct	2	4	2	8
Mattapoisett	5,069	K-06	water, sewer, transfer station, harbor	no	1	3	3	7
Oak Bluffs^	6,907	K-08	wastewater	no	2	3	3	8
Orleans	8,456	K-05	sewer, transfer station, harbor (2), beaches	FD-Acct	2	3.5	2	7.5
Provincetown	7,755	K-12	water, sewer, marina	no	2	4	2.5	8.5
Rockport	4,936	K-12	water, sewer	FD-T/C	2	4	2	8
Tisbury	4,973	K-08	water, sewer	FD-T/C	2	3	2	7
Wellfleet	6,904	K-05	water, harbor	FD-Acct or -T/C[*]	2	3	2	7
					Average:			7.9

[+] Eastham has a finance director/assistant town manager and a finance administrative assistant, who are additional employees to the 7 FTEs in the three divisional offices, making 9 FTEs total.

^ Oak Bluffs has budgeted for 2 FTEs in accounting but currently employs less than 1.5 and budgeted for 3 FTEs in assessing but transitionally is employing 4.

** Wellfleet has posted for a finance director position, but it is currently vacant.*

The simplest way for Oak Bluffs to establish this department is by adopting a bylaw pursuant to M.G.L. c 43C, § 11. To provide the town with the greatest degree of flexibility as future officeholders enter and leave municipal service, we recommend the bylaw include phrasing to say that any person appointed as finance director can also serve as either the assistant town administrator, town accountant, treasurer/collector, or principal assessor.

13. Hold Regular Meetings of the Financial Management Team

To enhance everyday financial operations as well as overall fiscal planning, we recommend that the town's financial management team meet on a regular basis, at least monthly or more frequently when needed. In the absence of a finance director, the meetings would be chaired by the town administrator or assistant town administrator, and the rest of the team would include the accountant, treasurer/collector, and principal assessor. At times, it may also make sense to include the IT manager or school business manager in the meetings as well.

In many communities, financial team meetings have proved helpful in coordinating the activities necessary to meet interdepartmental objectives. They are useful in identifying critical junctures and gaining early input on strategies to deal with anticipated fiscal events. The meetings work best when consistently scheduled for a convenient monthly date and when agendas for the next meeting are circulated in advance. Besides providing a consistent, open forum to raise and resolve interdepartmental issues, these meetings can help reinforce institutional continuity during times of turnover in finance managers. Below is a list of topics we would expect the team to discuss regularly or at particularly relevant times of the year:

- Status of due dates related to cyclical procedures and any special projects
- Cash flow analysis based on year-to-date revenue and expenditure reports
- Review of internal controls, including monthly reconciliations
- Status of corrective actions for citations in the independent auditor's management letters
- Proposals for internal audits
- Professional development and training opportunities
- Developments in the annual budget process, including financial forecasting, projections of new growth, status of the overlay, and capital funding analysis
- Status of the tax rate recap, year-end balance sheet for free cash certification, and other annual report submissions to DLS

14. Reconcile Cash and Receivables Monthly

We recommend the finance team complete reconciliations of cash and receivables on a monthly basis. Our conversations revealed that, during the course of the year, there is no routine practice of comparing the treasurer/collector's independent books of record (i.e., the cashbook and control tables for various accounts receivable) with the town accountant's GL. On a monthly basis, the town accountant attempts to validate all of the GL's balances for cash and various receivables, including wastewater, school activity, payroll, tax, and excise receivables accounts, but she does so without receiving any of the treasurer/collector's reconciled records. Ultimately, the balances of tax and excise

accounts, most notably, only get trued-up once a year, in a complicated set of reconciliation activities at fiscal year-end.

The effectiveness of reconciliations as a detective internal control is substantially weakened if they are not done regularly during the year, and inefficiencies compound as longer times elapse between them because there are more transactions to trace back the cause of variances. Additionally, a year-long, unexamined period increases the risk that any fraudulent activity may go undetected since it allows more opportunities for someone to cover their tracks.

Early in each new month, the treasurer/collector should internally reconcile her cashbook and receivable controls to their source documents, and the accountant should prepare balance reports for all funds as of the new month-end. On a specific day each month, the two should then meet to compare their books and identify any variance and its root cause. By meeting and comparing entries, the parties will gain a clearer understanding of which adjustments tend to be systemic, where timing issues arise, and how the process can be further improved. To ensure adherence to the monthly schedule, the assistants in each office should be also trained to handle these reconciliations. We also recommend the town administrator sign off on the process to confirm its regular completion.

These changes would require an update to the Reconciliations policy the town adopted in 2019. It calls for the cashbook-general ledger reconciliation to occur no less than quarterly, but given the volume of transactions, we believe this provision should be revised to monthly. Also, the treasurer/collector need not wait for mailed bank statement to do her cashbook reconciliations, as stated in the policy, given the bank account information available to her online. Hard-copy bank statements must still be downloaded and retained for annual audit oversight, however.

15. Insist that Departments Turn Over Receipts Weekly

To safeguard town revenues, maximize cash flow, and reduce inefficiencies, we recommend the treasurer/collector insist that all departments turn over their receipts to the treasury at least weekly. Although we were told that many departments are consistent in turning over their revenues shortly after receipt, we learned that it is not unusual for some departments that regularly take in large amounts of money to hold onto their receipts for many weeks at a time, or even months.

These delayed turnover amounts can run into thousands of dollars, sums that would be useful for cash flow purposes. Besides that, these practices elevate the risks for potential loss of funds from errors or theft and also create follow-on inefficiencies. Banks may dishonor stale-dated checks. When that happens, the treasurer/collector must make cashbook adjustments and send notifications to the department, whose staff must then spend time pursuing payees for replacement payments – to say

nothing of bounced check fees that will also be incurred. Whenever a department delays a turnover report for a credit card or other electronic payment, the treasurer/collector will not have that activity recorded in her cashbook when she attempts to reconcile it with her bank statements and can spend fruitless efforts looking for what might be assumed to be mishandled turnovers.

To remedy this trend, we advise the town administrator and treasurer/collector to issue a memo presenting the directive for weekly turnovers. Until compliance becomes uniform, the town administrator should address the issue periodically in department head meetings.

16. Implement Enhancements in Payroll Management

Our review revealed opportunities to make payroll processing more efficient. The current process involves much duplicative data entry, which is not only inefficient but also increases opportunities for human errors. Without sacrificing control oversight, the town could take greater advantage of technology to streamline these otherwise very time-consuming procedures.

Currently, department heads submit summary payroll reports to the treasurer/collector's office and retain on file their employees' individually completed and approved biweekly time sheets. The assistant treasurer/collector reviews the summary sheet data for account coding accuracy and then, for every submitted employee, data enters their hours worked and/or leave time used for the period in the PayrollForward application. When all her data entry is complete, she prints out a preprocess file report and sends it along with the department submissions to the acting town accountant. The accountant reviews the submissions and preprocess report and contacts the assistant treasurer/collector, and possibly the department head, about any questions or discrepancies. When the accountant is satisfied, she data enters all of the same information again into a Munis payroll warrant. We were told that, in combination, the process between the treasurer/collector's office and accountant typically takes one-and-a-half to two days.

We recommend the town work with Harpers to implement the following procedural changes.

Expand the Remote Entry of Employee Time Sheet Data:

It is our understanding that, presently, only the staff in the police department enter their own hours in PayrollForward time sheets. The town should embark on a project to expand the remote data entry of employee time and attendance (T&A) to other town departments, gradually rolling out the change one after the other. To comply with M.G.L. c. 41, department heads would still be responsible for reviewing and approving each employee's online time sheet, and legally, this can be accomplished by an electronic signature within PayrollForward. However, for ease of review by the finance officers, the

department heads could also continue to forward printed summary reports to the treasurer/collector's office and put their wet signatures on these documents. The assistant treasurer/collector will continue to review the submitted information for accuracy and compliance, but she will be relieved of hours- or days-long data entry tasks, which time could be directed to other duties.

At some point since our last FMR report for Oak Bluffs in 2002, the town implemented our recommendation to decentralize the data entry in Munis of accounts payable and revenue turnover submissions to the departmental level. No doubt this transition involved some learning curve frustrations at the time, but the town now benefits from what have become routine procedures. We would expect a similar scenario to unfold in this roll-out.

Upload Biweekly Payroll to Munis.

Harpers can design a PayrollForward export file that the town accountant could directly load into a Munis payroll warrant and has done this for many client towns. The necessary advance work would entail discussions and information exchanges between a Harpers representative and the town accountant to ensure the individual payroll accounts in the company's system precisely match with the Munis chart of accounts. Whatever effort is involved to do this will be worth it for the efficiency and accuracy gains attained from having only one data entry routine.

17. Adjust the Schedule and Contents of Financial Reports to Departments and Policy Boards

For each semimonthly select board meeting, the town administrator collaborates with the assistant town administrator and town accountant to create a Town Administrator's Report for distribution to board members. Besides updates on special projects and activities of departments, it always includes a financial reporting section that has a short narrative, along with pie charts of year-to-date (YTD) revenues and expenditures, and Munis detail reports for the same. Although we commend the effort to keep the select board informed on the budget's progress, we believe the report intervals could be extended without significantly compromising effective oversight and the content could be refined for greater utility. As alternative procedures we recommend the following.

Revise monthly expenditure reports

In compliance with M.G.L. c. 41, § 58A, the town accountant must send to each department, board, and committee with spending authority regular reports of its year-to-date (YTD) expenditures. Although § 58A states this should happen *at least* monthly, in most small towns it is done *only* monthly. The report functions as an internal control to help the recipients and town accountant monitor

budgets for any impending overexpenditures. Each recipient should be instructed to review the provided expenditure balances against their own records and to notify the town accountant of any discrepancies within a set period, like two weeks.

For those recipients with Munis access (i.e., the majority of department heads), the town accountant can simply email monthly reminders to review their expenditures as recorded in the system's general ledger for the past month instead of creating and sending them hard-copy or downloaded, electronic reports. For the others, the accountant should create individual, tailored reports as opposed to providing a town-wide, YTD report sorted and subtitled by department.

For the select board and finance committee, we suggest that the town accountant supplement their offices' expenditure data with those of the few departments with the largest budgets. Also included could be the YTD summary of all capital project accounts. With this more delimited data, board members can focus their attention on areas of greatest significance to strategic plans or budgetary risk. As she currently does, the town administrator should include a brief narrative with these reports.

Issue Quarterly Budget Reports with YTD Revenues

Quarterly budget reports that benchmark YTD income and spending against adopted budgets are a valuable means of apprising decisionmakers of evolving financial challenges or positive developments warranting their attention. These reports create opportunities to adjust spending behavior if revenues are not hitting expectations or if departments are spending more than expected. The finance team should collaborate to create the reports each October, January, and April using the latest quarter-end Munis data and any pertinent operational information from departments heads as well. The report should present:

- Expenditures: Departmental budgets by line-item juxtaposed with YTD expenditures and projections of positive or negative year-end balances.
- Revenues: YTD receipts by revenue category juxtaposed with budgeted estimates, actuals from the prior year through that quarter, and refreshed projections through year-end.

To be most effective, the report should include projections for each type of fund (i.e., general, capital, enterprise, revolving, grant, trust, and special revenue). With each data table should be narrative text explaining the fiscal picture, including any issues that could cause a budget deviance. Instead of pie charts for YTD revenues and for YTD expenditures, which illustrate different categories by their relative proportions, bar charts with paired columns of YTD estimated and actual amounts for revenues and expenditures by category will show progress through the year and highlight any potential impending issues.

18. Improve Collaboration in Handling Taxpayer Address Updates

In Oak Bluffs, there has been debate among treasurer/collector and assessing personnel about procedures for updating taxpayer addresses and which office should do them. The two offices truly have a shared responsibility to ensure these addresses are kept up to date, but many communities also struggle with these same questions. Under M.G.L. c. 60, § 3, the collector is responsible for mailing property tax bills to the "*the assessed person at the person's residential address on January 1 if known*" unless the taxpayer provides the collector with a different address before the mailing date. Even so, local assessors must maintain accurate taxpayer data for all assessments, and it is on them to gather addresses from primary sources for property taxes (deed records; personal property forms of list) and boat excise (MA Environmental Police list; returns from boat owners). The source of motor vehicle excise addresses is an electronic file received directly from the Registry of Motor Vehicles.

Based on our experience working with cities and towns, the assessing office in most communities typically bears the brunt of the work related to updating taxpayer addresses, and it is telling that in most communities, you will find the taxpayer change-of-address form on the assessing department webpage. In Oak Bluffs, as in most towns in the state, there is no live data integration between the CAMA system and the collector's receivable database. Thus, when the principal assessor uploads a second-half commitment from PK to Munis, the file will overwrite any changes that may have been made in Munis. Therefore, any updates must be done timely in both systems, yet only the assessor staff have user licenses for both.

Having said all this, in every community there needs to be good communication and collaboration to minimize any inefficiencies and maximize the utility of new address information when received. For example, in the case of mail that gets sent back by the post office, there may be some research involved that both departments can help each other with. The RPO (returned by post office) workload in Oak Bluffs is bigger and more complicated than in other towns because of the high number of seasonal homes. If mail RPO's with a forwarding address, staff have to make sure an owner's mailing address has actually changed before making any system updates, or bills can alternatively RPO from first and second home addresses for the same owner. To manage this, we suggest implementing a shared Excel spreadsheet for the two departments to mutually track patterns and develop a standard policy and procedure for when it is valid to update an address.

Ultimately, when managing taxpayer address changes, each community needs to look at its unique challenges, as well as its available personnel resources and technology tools, and establish the procedures that work best locally.

19. Put the Independent Audit Contract Out to Bid

We recommend the town conduct a procurement for its independent audit. For more than a decade, Oak Bluffs has been using the same accounting firm to conduct its annual audits, Powers & Sullivan, which now operates under by CBIZ, Inc. after a 2024 acquisition. Although staying with one auditor over a multiyear period provides continuity and minimizes disruption of activities, we agree with the Government Finance Officers Association's advice that communities should change outside auditors every five to eight years.[6] Cycling new auditors provides fresh perspectives and fosters greater independence. We therefore advise Oak Bluffs to solicit proposals from multiple firms for the next fiscal year. In the event that after the bid process the town chooses the same firm again, the firm should be required to assign a new principal auditor.

[6] Found here: https://www.gfoa.org/materials/audit-procurement

ACKNOWLEDGMENTS

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APPENDIX: SAMPLE POLICY FOR ANNUAL BUDGET PROCESS

ANNUAL BUDGET PROCESS	
Applies to:	▪ Select Board, Financial & Advisory Committee, and Capital Program Committee (CPC) in their budget decision-making roles ▪ Town Administrator, Town Accountant, and Board of Assessors job duties ▪ All department heads and the boards and committees that have spending authority (all referred to here as "department heads") in their budget planning duties
Scope:	Annual budget development, documentation, and adoption processes
Date:	Adopted by the Select Board on [Date]

PURPOSE

To promote transparency, procedural consistency, and fiscal sustainability, this policy establishes guidelines for developing, documenting, and adopting the annual budget.

POLICY

The creation of the budget will be guided by and reflect all the other financial planning policies adopted by the Town and contained in its policy manual. Town officials will work together to prepare a balanced budget for the approval of voters at annual town meeting, and it is the goal of all parties to work in a cooperative manner to present a consensus budget to voters.

- The Town Administrator develops the annual budget and does so according to the vision, goals, and strategic plans laid out by the Select Board.
    - To ensure early knowledge of the elementary school's expenditure projections and smoothly integrate its budget, the Town Administrator will cultivate a strong, communicative relationship with the Oak Bluffs School Committee.
    - Substantial annual appropriations in the budget arise from obligations to regional shared service partners, most prominently, the Martha's Vineyard Regional High School (MVRHS), but also Dukes County and others. The Town Administrator must therefore work to stay timely apprised of the budget projections of these partners.

- As the advisor for the interests of town meeting voters, the Financial & Advisory Committee makes recommendations on all warrant articles.

- The Capital Program Committee and Town Administrator analyze departmental submissions for the annual capital budget, as described in the Capital Planning policy.

- All parties applicable under this policy are expected to comply with the milestone deadlines set out in the budget calendar each year. As part of this, department heads will timely provide the Town Administrator with all information needed for the creation of an informative budget document, which will be made available to voters in advance of town meeting.

Town meeting has sole authority to appropriate funds for the budget, except for specific instances where appropriation is not required by statute (such as grants, gifts, and offset receipts). Furthermore, only a subsequent annual or special town meeting vote can amend any previously approved appropriation.

A. Budget Goals

At minimum each year, the Town's budget goals will include the following:

General fund – The goals for the general fund budget include preserving core services, fulfilling required mandates, and maintaining or enhancing the local quality of life, while also ensuring reserve levels that will allow flexibility to respond to changes in the economy and other unanticipated issues that could potentially affect the Town's fiscal health.

Wastewater enterprise fund— The Town Administrator will seek to ensure that the enterprise fund budget remains self-supporting. In other words, the goal is to avoid or minimize any subsidy from the general fund by raising the revenue necessary to support all the direct, indirect, and capital-related costs to run the wastewater operation through user fees only.

B. Principles for Balanced, Sustainable Budgets

The Town Administrator prepares an annual budget proposal for the approvals of the Select Board and Finance & Advisory Committee and eventual inclusion in the annual town meeting warrant. Along with the proposal, the Town Administrator also reports to these boards on the Town's methods of operation, program service delivery, resource expenditures, and manpower allocations.

To assure the creation of a budget that is both balanced and sustainable for future years, the following principles will apply:

1. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual allocations of full-time-equivalent employees.
2. Recurring revenues (e.g., property taxes, vehicle and boat excises, service fees and charges, interest earnings, state aid) will be sufficient to support recurring expenditures (e.g., employee wages and benefits, materials, supplies, contracted costs, debt service).
3. The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances, and any such usage will require the Town Administrator to document a plan to replace this source in future years.
4. The Town Administrator will review fee schedules every year and propose increases when necessary to ensure coverage of service costs.
5. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual allocations of full-time-equivalent employees.
6. The Town will avoid any practices that balance the current budget at the expense of meeting future year costs, such as delaying expenditures until the next fiscal year or rolling over short-term debt.
7. The Town will not underfund any fixed, recurring costs in the annual town meeting budget with the expectation that budget supplements will be available during the year but will instead fund them at the realistic amount necessary to complete the year.
8. The Board of Assessors will vote to authorize a contribution to the overlay account to offset the Town's liability for unpaid property taxes caused by abatements and exemptions. This amount shall be based on:
    - Current balance in the overlay account

- Three-year average of granted abatements and exemptions
- Cases pending before, or on appeal from, the Appellate Tax Board
- Timing of the next five-year certification review by the Division of Local Services

C. Budget Calendar

The annual budget process begins in early November with the Town Administrator's forecast presentation to a joint meeting of the Select Board and Finance & Advisory Committee, and it ends with annual town meeting in April. The Town Administrator will coordinate a budget process that enables early identification and review of major policy issues and allows adequate time for public input and analysis of options, leading to the timely publication of the annual town meeting warrant.

At the start of the process each year, the Town Administrator will create a budget calendar listing the specific due dates for all process milestones, submit it for the approvals of the Select Board and Finance & Advisory Committee, and distribute the approved calendar to all the parties subject to this policy.

D. Budget Document

The Town Administrator will produce a transparent and reader-friendly budget document that presents short- and long-term strategic objectives and explains fiscal challenges. It will incorporate narrative information on departmental and organizational goals, the plans and resource allocations needed to meet them, graphical information about available finances, analyses of revenues and expenses, and outstanding debt, and summary of the Town's capital plan. As a model for the budget document, the Town Administrator will use standards established by the Government Finance Officers Association (GFOA).

REFERENCES

M.G.L. c. 39, §§ 10, 16 M.G.L. c. 40 § 6 M.G.L. c. 41, §§ 59, 60 M.G.L. c. 44, §§ 33A, 33B
M.G.L. c. 59, § 21C M.G.L. c. 71, §§ 16B, 16B½

Town policies: Capital Planning, Contingent Liabilities, Debt Management, Financial Reserves & Liquidity, Forecasting, and Indirect Cost Allocation

Town bylaws:
- Sec 102: Town Meetings
- Sec 304: Finance & Advisory Committee
- Sec 302: Capital Program Committee

GFOA Best Practices: *Achieving a Structurally Balanced Budget*, *Working Capital Targets for Enterprise Funds* and *Distinguished Budget Presentation webpage*