

*Massachusetts Department of Revenue Division of Local Services*  
*Alan LeBovidge, Commissioner Joseph J. Chessey, Jr., Deputy Commissioner*



# *Town of West Tisbury*

## *Financial Management Review*

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### *January 2003*

## INTRODUCTION

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At the request of the West Tisbury Board of Selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this financial management review for the town.

We have based our findings and recommendations on site visits by a technical assistance team consisting of staff from the Division's Bureau of Accounts and Municipal Data Management & Technical Assistance Bureau (MDM/TAB) and in consultation with the field representative of the Bureau of Local Assessment. During these visits, the team interviewed members of the board of selectmen, the chair of the finance committee, the town's executive secretary, accountant, assessor, treasurer and collector.

DLS examined such documents as the tax rate recapitulation sheet, town reports and warrants, balance sheets, cash reconciliation reports, various job descriptions as well as other assorted financial documents.

In reviewing the town's financial management practices, we have focused on: (1) town government structure in the context of the duties and responsibilities of financial officers; (2) the degree of communication and coordination among relevant boards and officials; (3) the performance of operations in such a way as to maximize resources and minimize costs.

We encourage the Board of Selectmen, when formulating overall strategies for improving the town's financial management, to consider the observations, analyses and recommendations contained in this report. These are recommendations only and can be implemented, at the town's option, provided there is sufficient cooperation among the various town boards and officials.

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## EXECUTIVE SUMMARY

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The town of West Tisbury is one of six towns located on the island of Martha's Vineyard. Ferry and aircraft services are the necessary means of transportation to and from the island. The town of West Tisbury has a land area of about 25 square miles bordered by Tisbury on the northeast, Edgartown on the east, the Atlantic Ocean on the south, Chilmark on the west and Vineyard Sound on the northwest. The estimated population is about 2,500 but during the peak summer months, the population may triple in size.

West Tisbury takes great pride in its rural charm, a factor that has served to make the town one of the fastest growing communities in Massachusetts during the 1980's. The population increased from 1,010 in 1980 to 1,704 in 1990 or 68.7 percent. In 2000, the population was 2,467, a 44.8 percent increase from 1990. During the past decade (FY92 – FY02), the number of residential parcels increased by 30 percent to a total of 1,591. Single family parcels increased by 324 during this same time period. Property values have skyrocketed in West Tisbury over the past few years due to both general market conditions and the desirability of properties on or near the ocean. Every three years, the town is required to update and recertify its property values to the Department of Revenue. FY02 was a recertification year for the town and total single family assessed values increased by 86 percent from \$482.6 billion in FY01 to \$896.6 billion in FY02. Similarly, the average single-family value increased from \$365,885 in FY01 to \$666,133 in FY02, or 82 percent.

The town has experienced stability in its financial offices over the years with skilled and dedicated staff members. Departments accomplish their goals even with most being one person offices. The town hall is an antiquated building that formerly was a schoolhouse and the offices occupy what once were classrooms. Staff members generally work in a shared, open area. The building is not handicap accessible, there is no counter space to separate the public from office staff, and adequate storage space is lacking. However, town officials are addressing these issues and organizing a town hall renovation project. A feasibility study was conducted and the project is estimated to cost between \$1.5 and \$2 million.

The town has been able to fund the annual budget despite the challenges West Tisbury, like many other communities, faces in meeting the demand for services with available resources. Annually, the budget is funded through a combination of property taxes, state aid, local receipts and available reserves. The FY02 budget consisted of 78.8 percent property tax levy, 8.0 percent state aid, 6.6 percent local receipts and 6.6 percent free cash and other available funds for a total of \$9.4 million. Over the past ten years, the budget has increased by \$4.6 million or 95.5 percent.

In anticipation of using reserves to aid in balancing the budget, the town conservatively estimates its revenues, encourages departmental turnbacks and consistently makes contributions to its reserve funds. As of June 30, 2002, the stabilization fund has a balance of \$375,713 and the town's FY03 free cash was recently certified by DOR at \$268,334.

Under Proposition 2½, the tax levy increases annually due to an automatic 2½ percent increase and new growth due to construction and property improvements. Because new growth can fluctuate

annually and the total increase can be relatively small, the town has been very successful in getting voter approval on overrides and capital and debt exclusions. Between FY84 and FY02 (with the exception of FY00), at least one override question and as many as eight override questions on very specific issues have been proposed to the voters to help fund the operating budget. Consequently, the town has overridden Proposition 2½ for as little as \$1,800 for an educational program to as much as \$597,000 to fund the general operating budget. Similarly, because of the limited availability of funds, the town has periodically proposed debt exclusion votes for larger construction projects and annually proposed capital exclusions to purchase new equipment or other one-time expenditures. This approach to fund the budget gives residents a menu of options where they can vote in favor of particular services and/or acquisitions. Without the addition of these temporary increases in the tax levy, the community would be hard pressed to fund increases in services and capital requests within its recurring revenues.

An ongoing concern for the town is the rising cost of education; its education expenditures (FY02) comprise approximately 65 percent of the town's total expenditures. There are currently two regional school districts on the island: the Up-Island Regional School District (UIRSD) which is pre-K through grade eight and serves the towns of Aquinnah, Chilmark and West Tisbury, and the Martha's Vineyard Regional High School (MVRHS) which serves all six towns on the island. West Tisbury is a member of both regional districts<sup>1</sup> and because of this, the town's educational aid is paid directly to the districts and used to offset its operational assessments. Education costs have increased from approximately \$2.3 million in FY92 to \$5.6 million in FY02, or 146 percent. This is due in part to the Education Reform Act of 1993 which imposed mandatory spending requirements on school districts. In addition, school enrollment impacts the town's share of operating and capital expenses.

During the early to mid-1990's the town of West Tisbury experienced high growth in total school age population. Between FY93 – FY99, the town's foundation enrollment<sup>2</sup> grew from 362 to 507, an increase of over 40 percent. According to the Massachusetts Department of Education, only 11 percent of school districts statewide experienced foundation enrollment growth of more than 30 percent during this period. Since FY99, West Tisbury's total school age population has remained stable at about 500 students.

Despite the stability of its student population, educational costs continue to grow yet not as rapidly as they did in the 1990s. Of particular note is the annually proposed increase in the UIRSD assessment. As the majority member of the UIRSD, the increases tend to be greater and as a result more difficult to manage given the community's limited resources. According to the UIRSD regional agreement, operating costs are apportioned to each member town based on student enrollment at each facility. The district has two buildings, one in West Tisbury and one in Chilmark, and it is parental choice as to which building a child attends school. Capital assessments are allocated in a similar method; however, the minimum contribution is ten percent. Currently, West Tisbury students make up about seven percent of the population at the Chilmark School and the community is paying ten percent of

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<sup>1</sup> West Tisbury students represent about 74 percent of the total UIRSD enrollment and about 20 percent of the MVRHS enrollment.

<sup>2</sup> Foundation enrollment is reported in October of the prior fiscal year. Under the Education Reform Act of 1993, foundation enrollment is a component in determining the town's annual education spending requirements.

the capital charges associated with that building. A matter that complicates this issue is that the West Tisbury School was built with a 52 percent school construction subsidy from the state whereas the Chilmark School was recently constructed without any state assistance. Consequently, the full debt service costs are passed onto the three towns.

Some West Tisbury town officials are displeased with the assessments resulting from the apportionment of costs and assembled a regional agreement task force to examine the agreement. At the 2002 annual town meeting, West Tisbury took a voice vote on an article to withdraw from UIRSD but failed to get a majority vote. Consequently, the town remains a member of two districts and it continues to struggle to fund its regional assessments. To meet its FY03 school assessment increases without cutting the limited town services, West Tisbury once again sought and received voter approval for two overrides in FY03: \$335,568 to meet the UIRSD assessment increase and \$75,215 to meet the MVRHS increase.

In addition to the rising costs of education, West Tisbury's other expenditures have grown. As the town's population increased so too has the demand for additional services. Consequently, this small local government has become increasingly complex, requiring many of the one-person offices to expand budgets and/or office hours to meet public demands. The town is also confronted with certain administrative changes that are about to occur over the next few years. The executive secretary retired at the end 2002, the treasurer has stated that she will not run for re-election in the spring of 2003, and the accountant is also approaching retirement. The town hasn't experienced turnover in these positions in many years. Given the growing complexity of the town and the challenges that lie ahead, the West Tisbury Board of Selectmen contacted the Division of Local Services to perform this management review to assist the community.

A summary of our findings and recommendations begins below, followed by a more detailed discussion.

*Overall Financial Management and Budgeting* (page 6) – Overall, we found West Tisbury to be a well-managed community with dedicated and skilled personnel. We recommend that the town enhance the role of the executive secretary to include budget oversight and to serve as chairperson of the financial team. We also suggest that the board of selectmen and finance committee send out their joint letter to departments regarding budgetary guidelines in the fall to commence the budget process. Multi-year revenue projections should be used to make informed decisions on budget guidelines. The capital improvement planning committee has never met as a formal group and therefore we suggest the committee be activated. We also recommend, as the community continues to grow and the budget increases, the town considers combining the elected treasurer and collector offices into one appointed office with a single department head responsible for both operations.

*Technology* (page 11) – The technology department is co-managed by the principal assessor and the treasurer. The town is moving forward with its technology by eliminating an old Digital Equipment Corporation (DEC) system and replacing it with a windows-based system. The town's computer needs are expanding and serving as the data processing department heads often takes the principal

assessor and treasurer away from their primary responsibilities. Consequently, we recommend that the town consider other options for technology support.

*Accountant* (page 13) – The town accountant has served the town well for many years. Our recommendation at this time is that she receives further training on the Information Opportunities (I.O.) system in order to automate the town's records and enable her to discontinue keeping a manual ledger. We also recommend that someone in town hall be appointed and trained to serve as the accountant's backup so that payments can be initiated in the event of any unforeseen absences.

*Assessing Office* (page 15) –The town's assessing office functions well, with staff responsibilities clearly delineated. However, we do suggest that the assessing office consistently perform interim year adjustments to better reflect market conditions. Because the town has experienced impediments with the current vendor in revaluing its personal property, we recommend that the town consider other options to revalue personal property. We also recommend that the principal assessor spend less of her time data entering information collected from fieldwork and devote more time to data review and analysis.

*Tax Collector* (page 18) – The tax collector is a part-time, elected official who has continuously served in this position for 25 years. She collects all property tax, motor vehicle excise and boat excise bills due the town. She engages outside services to aid in the collection process such as a lockbox service, a deputy collector to pursue past due motor vehicle excise bills, and an outside vendor to pursue past due property tax bills. During our review, we found that the tax collector reconciles receivables with the accountant only twice per year. We recommend that the collector reconcile receivables with the accountant at least quarterly. We also recommend that she receive formal training in Excel so that she may prepare her reports on spreadsheets rather than manually.

*Treasurer* (page 20) – The West Tisbury treasurer is a full-time, elective office that has been continuously occupied by the same person for the past 16 years. The current treasurer has served the town well and our only recommendation at this time is that she initiate tax foreclosure proceedings. The treasurer's office has 95 tax title accounts on file as of November 2002, consisting of over \$200,000 in outstanding real property taxes owed the town. Several of these accounts in tax title status date back to the 1970's and 1980's and have growing balances. Therefore, we recommend that the treasurer seek assistance to initiate foreclosure proceedings in an aggressive effort to collect overdue taxes.

## SUMMARY OF REPORT FINDINGS AND RECOMMENDATIONS

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1. Overall Financial Management and Budgeting– Strengthen the executive secretary’s role in financial management
2. Overall Financial Management and Budgeting– Budget process
3. Overall Financial Management and Budgeting – Multi-year forecasting
4. Overall Financial Management and Budgeting– Activate capital planning
5. Overall Financial Management and Budgeting – Combining the treasurer and collector offices
6. Technology– Consider engaging additional consulting services for technology support
7. Accountant’s Office– Automation and training
8. Accountant’s Office– Appoint a backup to the accountant
9. Assessing Office – Consistently perform interim year adjustments
10. Assessing Office – Consider other ways to revalue the town’s personal property
11. Assessing Office– Train data collector or clerk to data-enter
12. Tax Collector’s Office– Reconcile receivables with the accountant more frequently
13. Tax Collector’s Office– Training and use of excel spreadsheets
14. Treasurer’s Office– Initiate foreclosure proceedings

## OVERALL FINANCIAL MANAGEMENT AND BUDGETING

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The town of West Tisbury operates under a combination of state statutes and local by-laws. The town organized its current selectmen/executive secretary form of government in 1975 through the adoption of MGL Chapter 41 §23A. The board of selectmen consists of three, part-time members that serve as the chief policy making body of the town.

Because the selectmen are a part-time board, a full-time executive secretary is appointed to supervise and administer day-to-day operations of town hall. According to the job description, she is responsible for monitoring townwide activities and keeping the selectmen fully informed. The executive secretary also serves as the liaison officer between the selectmen and other boards, commissions, committees, and other departments in town that do not report to the selectmen.

The board of selectmen also appoints a five-member finance committee. The finance committee considers and makes recommendations on all warrant articles presented to town meeting. The most important of these articles is the annual town budget. As the two primary policymaking boards, the board of selectmen and the finance committee meet jointly at the beginning of the budget process and periodically throughout the year on school-related issues.

When making financial decisions, the selectmen and finance committee rely on the advice of the town's financial officers, the accountant, principal assessor, treasurer and tax collector. Currently, the financial officers act as an informal financial team. Due in part to the open environment of the town's financial offices, two or more of these financial officials generally discuss an issue as it arises rather than meeting formally as a group.

### FINDING 1: STRENGTHEN THE EXECUTIVE SECRETARY'S ROLE IN FINANCIAL MANAGEMENT

For many years, the town had one full-time position responsible for both day-to-day oversight and performing accounting functions. The town had a combined executive secretary/accountant position to fulfill this role. However, this changed about 15 years ago. As the town grew in size, budget and complexity, the residents decided it was necessary to divide this office in two. Now, the town has a full-time, professional, executive secretary responsible for administering day-to-day operations of town hall and a full-time accountant responsible for maintaining the town's general ledger and performing other accounting functions.

The current executive secretary has served the town admirably for 15 years. The executive secretary is knowledgeable and responsible for a variety of administrative functions as assigned by the selectmen. Specifically, the executive secretary oversees the selectmen's office and carries out their policies. In addition, she coordinates town business and keeps the selectmen fully informed of all town matters, yet she does not participate in the town's financial team. Overall, her responsibilities are primarily administrative and her role in the financial management of the town is minor.

The executive secretary does not have a significant role in the budget process either. She attends the finance committee's budgetary meetings, but generally only to take notes and to keep the selectmen informed. Instead, the accountant is responsible for assisting the finance committee during the



budget process. The current accountant served as the combined executive secretary/town accountant until the position was separated. When the positions separated, the accountant continued to participate in the budget process.

In many communities with a selectmen/executive secretary form of government, the professional manager is responsible for or plays a significant role in general financial management and budget preparation duties. In this role, the professional typically serves as liaison between policymakers and other elected and appointed officials. This individual is responsible for facilitating communication and fostering cooperation among various town departments with the goal of providing efficient financial operations and assisting policymakers in developing financial policies.

We have designed the recommendations that follow to strengthen the important role we believe the executive secretary should play in the town's financial management.

#### RECOMMENDATION 1: STRENGTHEN THE EXECUTIVE SECRETARY'S ROLE IN FINANCIAL MANAGEMENT

We recommend that the town adopt a by-law formally establishing the executive secretary's role in coordinating the town's financial management. This bylaw should specifically enumerate the financial management responsibilities of the position. The duties of the executive secretary should include, but not be limited to, the following:

- Through regular meetings of the financial team (see Financial Team Recommendation below), coordinate financial operations by facilitating communication and ensuring that adequate resources are in place to accomplish important financial goals.
- Conduct financial analyses and develop plans/recommendations for the selectmen in important policy areas.
- Manage the town's budget process, including coordinating annual revenue and expenditure estimates, analyzing operating budget requests, and recommending financial strategies to the selectmen and finance committee (see Budget Process recommendation).

To facilitate the coordination of financial management by the executive secretary, we recommend that the town formalize its financial team in a by-law. We recommend that the financial team include all the financial officers and be chaired by the executive secretary. The group should meet at least monthly and more often as necessary throughout the year.

The proposed by-law should also describe the role of these town officials in assisting the executive secretary in fulfilling the position's financial management duties through participation in this group. Rather than just discussing issues as they arise, the financial team should compile financial information to assist West Tisbury's policymakers in their decision-making process. The availability of comprehensive financial information is critical to the development of sound financial policy. It should be the role of the executive secretary, with the support of the other financial team members, to combine financial information from a variety of sources (i.e., the accountant, assessors, treasurer and

tax collector) and to analyze various issues affecting the town. This information would provide a comprehensive picture of the town's financial health at any point in time.

We want to emphasize that our recommendations are not intended to place the executive secretary or finance officers in a policymaking role. Their roles should be advisory and administrative: collecting information used in policy development by boards and committees and assisting in the coordinated implementation of those policies. This recommendation is not intended as a fundamental organizational change with all department heads reporting to the executive secretary. Rather, it is intended to provide formal channels of communication and a vehicle for coordinating financial management.

## FINDING 2: BUDGET PROCESS

Town officials conduct a pre-budget meeting in the fall. At about the same time, the accountant sends out budget request forms with instructions and requests that the submissions be made generally a week before Christmas. Department heads are required to provide a reason for any increases or decreases from the prior year's budget. Shortly after the forms are distributed, the personnel board independently sends out a memo to departments recommending any salary adjustments, as there aren't any town employee unions. Finally, in December well after the budget forms are distributed, the selectmen and finance committee send out a joint letter to all town departments, boards and committees. The letter generally identifies issues that may affect the proposed budget and it has budgetary guidelines which all must adhere to in compiling their requests.

## RECOMMENDATION 2: BUDGET PROCESS

We recommend that the policymakers of the town jointly issue a cover letter at the beginning of the annual budget process. At a pre-budget meeting prior to December 1st, the policymakers (i.e., selectmen, finance committee and personnel board) should review the prior year's actual figures and year-to-date revenue and expenditure budget information, and discuss the preliminary revenue and expenditure figures for the ensuing year. The source of much of this information should be a financial forecast prepared and presented by the executive secretary and financial team (See next recommendation). Based on this information, the policymakers should jointly issue a cover letter indicating the fiscal issues affecting the community and all guidelines department heads should consider when making requests. Sending this letter in December shortly before the submission deadline defeats its purpose. This letter should accompany budget request forms, providing a framework for departments to put together their requests.

We further recommend that the executive secretary coordinate the budget process. As the full-time professional staff member with overall financial management responsibilities, the executive secretary should be the person responsible for managing the budget process. The executive secretary should seek the assistance of the financial team to gather financial information, analyze budget requests and prepare the budget materials. In addition, the executive secretary should communicate to the policymakers any information provided by the financial team.

### FINDING 3: MULTI-YEAR FORECASTING

The town accountant prepares revenue and expenditure reports monthly. However, she does not prepare a multi-year revenue and expenditure forecast. A forecast is a financial planning tool that can be useful in revealing budget problems and formulating long-range financial plans including capital improvements.

### RECOMMENDATION 3: MULTI-YEAR FORECASTING

We recommend that the town develop a multi-year forecast of revenues and expenditures. The executive secretary, with assistance from the financial team, should produce this forecast. This forecast should be between three and five years and will help the selectmen and finance committee to evaluate budget requests and to develop long-range financial plans. Used in conjunction with a well-developed capital plan (See Capital Planning recommendation), a multi-year forecast will also assist in capital funding decisions.

### FINDING 4: ACTIVATE CAPITAL PLANNING

There is a by-law that establishes a capital improvement planning (CIP) committee to study proposed capital outlays, projects and improvements. The members of the CIP committee are: one member each from the board of selectmen, finance committee, planning board and assessors; the treasurer; and the accountant (ex-officio). However, this committee has never met as a formal group. As a result, departments make capital requests to the finance committee as part of their budgetary requests and capital items are financed from available funds, or through a capital or debt exclusion.

Despite being a defunct committee, the CIP committee report appears in the annual town report. Prepared by the treasurer, the annual report only lists the long-term debt schedules for the town. It does not show future needs.

### RECOMMENDATION 4: ACTIVATE CAPITAL PLANNING

We recommend that the CIP committee be activated. The CIP committee should be activated, meet regularly and require that all departments submit capital requests for the current year along with a projection of needs over the next five years. These requests should be reviewed, prioritized and published in the annual capital improvement report.

The CIP committee should also develop a multi-year capital plan and annual budget for all town departments to be submitted to town meeting and included in the town report. These documents should: (1) prioritize the various proposed capital projects; (2) estimate project costs; and (3) list the proposed method of payment (current revenue, debt or debt excluded from the limits of Proposition 2½) for each project. Regardless of funding ability, annual presentation of a capital budget to town meeting has merit. It serves to inform citizens of the community's capital needs and makes them aware of essential capital needs that may be deferred due to financial constraints.

This report will also assist the accountant with the upcoming implementation of Governmental Accounting Standards Board (GASB) Statement 34. For further information, the town can refer to the

Department of Revenue's workbook: "Developing a Capital Improvement Program" which can be found on the DLS website at [www.dls.state.ma.us/publics](http://www.dls.state.ma.us/publics).

#### FINDING 5: COMBINE THE TREASURER AND COLLECTOR OFFICES

The treasurer's and collector's offices are both one person operations. Each is filled with an elected official who has served the town for many years. Because of the staffing situation and the need for coverage periodically, the treasurer and collector currently appoint one another as their assistant or backup, and recently the collector increased her hours as the demands of the office have increased.

At this time, the treasurer and collector offices function well independently. In many ways, the responsibilities of these offices overlap. Both offices have revenue collection responsibilities and both play a role in the pursuit of delinquent property tax accounts. Given the limited resources of the town, the need to provide both office operations consistently, and the fact that the current treasurer does not plan to run again, the town may want to consider combining the resources and staff of these offices.

#### RECOMMENDATION 5: COMBINE THE TREASURER AND COLLECTOR OFFICES

We recommend that the town consider combining the treasurer and collector offices into a single appointed office. As the community continues to grow and the budget increases, the town may want to consider an increasing trend among Massachusetts' communities, which is to create a combined, appointed treasurer/collector's office. This change allows the town to create one professional, two-person department with all of the responsibilities of both offices rather than having one-person offices working independently. In addition, it will enable the office to shift personnel based on service demand (i.e., payroll and quarterly tax collections). Also, with a combined office and cross training among staff members, there will be consistent coverage if a staff member is out for a brief or extended period.

Perhaps the most compelling reason for appointing a combined treasurer/collector is that it creates clear lines of accountability between the town's chief executive officers and this critical financial position. As an appointed office, the town can draw the most qualified candidates for the position rather than hoping that a qualified town resident decides to run for office. As an appointed position, the town can also establish minimum qualifications for the job and select the applicant that best suits the demands of the office. Clearly, the town should be able to hire a full-time, professional department head with a part-time assistant (about 20 to 30 hours per week) for an amount similar to the cost of the two separate offices.

We suggest implementation of this recommendation over the long term. The process to combine the offices of the treasurer and collector and to make the positions appointed can be extensive. First, the town of West Tisbury must present an article at town meeting for a home-rule petition to the legislature that seeks to establish a single treasurer-collector office with an appointed treasurer-collector. If town meeting approves the petition, then it can be filed with the legislature for approval as a special act.

## TECHNOLOGY

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Since 1987, the principal assessor and the treasurer have co-managed the town's computer services. They are responsible for the oversight of the various software applications and operating systems, provide in-house support, and communicate with hardware and software vendors on all matters. There are 14 personal computers (PCs) connected to the network in town hall and all staff have e-mail and Internet access. There is a website that is run by a town resident and is not directly affiliated with the town hall. As the town's computer needs expanded, the town engaged the services of a vendor (Educomp) for assistance with computer support. Educomp currently provides hardware repair or replacement services to the town at a cost of approximately \$3,800 per year.

The financial offices of West Tisbury utilize a financial accounting system and a municipal billing and collections system, both provided by Information Design and Management, Inc./Information Opportunities, Inc. (I.O.) of Shrewsbury, MA who also provide software support services. All offices also use Microsoft office. The assessing office has the Vision Appraisal System, and the building inspector, board of health, conservation commission and the zoning board of appeals currently use the Geographic Town Management System (GeoTMS).

Most of the town's software applications reside on a windows-based network server. The exception is the I.O. system, which resides on a PDP-11 minicomputer by Compaq. The current version of the I.O. system is written in an old Digital Equipment Corporation (DEC) language, but the I.O. vendor recently released a windows-based version. Beginning in January 2003, the town is planning to convert from the DEC to the windows-based version and phase out the minicomputer shortly afterwards. Because the I.O. vendor is eager to provide the new system and discontinue support of the DEC version, the vendor will provide the installation, conversion and training to West Tisbury at no cost.

### FINDING 1: CONSIDER ENGAGING ADDITIONAL CONSULTING SERVICES FOR TECHNOLOGY SUPPORT

Serving as the data processing department heads often takes the principal assessor and treasurer away from their primary responsibilities. Now, with the treasurer's intentions of not running for re-election in the spring, the town will be faced with not only filling the void she will leave as treasurer, but also as one of the data processing department heads. Her successor may not have the expertise to handle serving as one of the data processing department heads in addition to the treasurer duties.

### RECOMMENDATION 1: CONSIDER ENGAGING ADDITIONAL CONSULTING SERVICES FOR TECHNOLOGY SUPPORT

We recommend that the town consider engaging additional consulting services to fulfill the town's computer support needs. The town's computer systems are a vital part of the financial offices. Over the years, these systems have become more complicated and required the assistance of an outside vendor. If the treasurer's successor or another town hall employee is unable to assist the principal assessor in the management of the town's computer system, the town may have to seek additional outside support services. The town's current outside vendor, Educomp, does provide set-up, installation, consulting and management services for local and wide-area networks. This would

enable the principal assessor to manage the day-to-day computer activities in town hall (i.e., providing user support, performing backups and determining if a problem requires the vendor's assistance) without interfering with her primary responsibilities.

## ACCOUNTANT

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The town accountant has worked in town hall for 33 years. She was the tax collector for eight years and then served as the town accountant/executive secretary until the position was separated. The accountant is the sole person in this office and does not have a back up person to act in her absence. She is appointed by the board of selectmen and works 35 hours per week.

The accountant's responsibilities include maintaining the general ledger, preparing payroll and expense warrants twice per month and reconciling cash and receivables with the tax collector and treasurer. She prepares and submits the various required reports to the Department of Revenue such as the town's balance sheet, Schedule A and tax recapitulation sheet. The accountant prepares monthly expenditure reports. Revenue reports are prepared upon request and distributed to the selectmen and finance committee during the budget process. The accountant also participates in the annual budget process.

The Governmental Accounting Standards Board (GASB) Statement 34 is a new accounting and reporting standard that requires all governments to maintain a capital asset and infrastructure inventory which is reported on the entity's financial statements. Because West Tisbury has under \$10 million in annual revenues, the town is a "tier-three" community and is required to implement this reporting standard in FY04. The accountant is working with other town officials and has already begun collecting data for the community's assets and infrastructure. It appears that the accountant will have this project completed ahead of schedule.

### FINDING 1: AUTOMATION AND TRAINING

The accountant uses Excel spreadsheets to prepare revenue and expenditure reports, payroll and the budget, and uses the I.O. system to prepare the warrant. Despite the functions and availability of the automated I.O. system, the accountant continues to maintain the general ledger manually. According to the accountant, when the I.O. system was installed, she kept dual books to make sure everything was working well. At the close of the year, she attempted to generate a balance sheet and was unsuccessful. The I.O. vendor identified and fixed some errors in the program. The accountant hasn't made any further attempts to create a balance sheet on the I.O. system and only utilizes the system for the warrant process.

### RECOMMENDATION 1: AUTOMATION AND TRAINING

We recommend that the accountant maintain the town's records on the I.O. system and discontinue keeping a manual ledger. Financial management software is intended to more efficiently track and confirm the financial activities of town departments. The I.O. system is fully integrated and complete use of the system will automate tasks and free up valuable staff time. Information is entered into the system once and transferred to various other files as required, therefore the need to keep manual documents will be eliminated.

We recommend that the accountant receive further training on the I.O. system. With additional training, the accountant may learn more about the I.O. system, gaining confidence in its performance

in order to discontinue maintaining her manual records. Additionally, she may learn new uses within the system and acquire time saving techniques.

#### FINDING 2: APPOINT A BACKUP TO THE ACCOUNTANT

The accountant does not have a backup person to act in her absence. She has been fortunate because the warrant is only prepared twice per month and thus far she hasn't had the need for a backup. However, there may be a time when the accountant must be out due to unforeseen circumstances.

#### RECOMMENDATION 2: APPOINT A BACKUP TO THE ACCOUNTANT

We recommend that someone in town hall be appointed and trained to act in the accountant's absence. We are not suggesting that someone be trained to perform all the intricate tasks of the accountant's office. However, someone should be able to prepare the warrant in the event the accountant is out. Because the executive secretary oversees the accountant, one suggestion would be that the executive secretary be appointed and trained as a backup to the accountant.



## ASSESSING OFFICE

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A full-time principal assessor, a part-time data collector and a part-time clerk staff the town assessing office. The principal assessor was hired in 1985 as a full-time clerk and shortly thereafter became the professional staff member. She reports to an elected, three-member, part-time board. The principal assessor is responsible for all aspects of property appraisal and the maintenance of complete assessment records. She regularly inspects all sale properties and does the data entry of information collected from fieldwork. She also works with the accountant to prepare the tax rate recapitulation sheet. As department head, she has complete supervisory responsibility for the department.

The administrative assistant works 25 hours per week providing technical and clerical support to the principal assessor and the board of assessors. She assists the general public, maintains records such as real and personal property ownership cards, prepares various reports including monthly sales data reports and assists the public with tax exemption applications. She is also responsible for the administration of motor vehicle and boat excise records and processes excise abatements.

The data collector works 12 hours per week and is responsible for collecting all information necessary for the proper valuation and assessment of property. She measures and lists new and improved properties. The data collector also performs re-inspections of properties necessary to maintain the cyclical re-inspection program. The principal assessor set up a schedule to inspect 200 properties per year with the intention that all properties town-wide be inspected by FY09. This project began at the end of FY99 and as of FY02, the data collector has re-inspected 33 percent of properties. The data collector is also responsible for taking digital photographs of all new construction.

The assessing office maintains assessment data on approximately 2,600 real property parcels, 1,000 personal property accounts, 3,600 motor vehicle excise accounts and 50 boat excise accounts. In addition, the office processes approximately ten abatements in a typical year but may increase to 35 in a revaluation year. The office handles 200 deed changes, 170 building permits and 15 exemptions annually.

The town uses a computer assisted mass appraisal (CAMA) system to manage its real and personal property databases. There are three computer terminals in the assessing office; one of which is for public viewing. From the CAMA system, a billable file is generated and sent electronically to the Information Opportunities (I.O.) vendor to create a collection file for the town to upload into its I.O system. I.O. also electronically sends a file to Vista, the town's outside vendor, to print, stuff and mail the bills. The assessing office verifies the information contained in the electronic files received from the I.O. vendor is accurate before Vista is instructed to produce the bills.

The town engages the services of Vision Appraisal Systems for revaluation of all commercial, industrial and exempt properties and also engages the services of a separate vendor for revaluation of its personal property.

## FINDING 1: CONSISTENTLY PERFORM INTERIM YEAR ADJUSTMENTS

MGL Chapter 59, § 2A requires that all properties be at full and fair cash value as of January 1 of each year. The Bureau of Local Assessment (BLA) certifies that a community's property valuations are at full and fair cash value every three years. The assessors may undertake and complete a valuation adjustment program based on a detailed analysis of sales data and income and expense statements in the years between the required triennial recertification. This is called an interim year adjustment. Failure to make interim year adjustments that reflect changes in the market may cause inequities among property classes. When values are not annually updated and there is an appreciating real estate market, taxpayers are often shocked when their community is recertified in the third year. Interim year adjustments are also important when there is a depreciating market with sales prices declining. Communities could potentially lose property tax revenue due to abatements.

Interim year adjustments were not completed in West Tisbury in FY00 and a rather conservative ten percent adjustment was done in FY01. Consequently, the town's FY02 certification values increased dramatically. The total single family assessed value increased from \$482.6 billion in FY01 to \$896.6 billion in FY02, an 86 percent increase. Similarly, the average single-family value increased from \$365,885 in FY01 to \$666,133 in FY02, or 82 percent.

## RECOMMENDATION 1: CONSISTENTLY PERFORM INTERIM YEAR ADJUSTMENTS

We recommend that the assessing office make interim year adjustments every year between certification years to better reflect market conditions. The town of West Tisbury should make valuation changes more frequently than once every three years in order to ensure tax equity and to possibly reduce the number of abatements.

## FINDING 2: CONSIDER OTHER WAYS TO REVALUE THE TOWN'S PERSONAL PROPERTY

The town has expressed concerns about the cost and aggravation of maintaining current personal property accounts. Approximately 85 percent of the 1,000 personal property accounts are furnishings for second homes. In compliance with DOR guidelines, the valuation of the second-home furnishing accounts is based on six percent of the building value. The remaining 15 percent of the personal property accounts are from commercial and industrial businesses. In non-recertification years, the assessing office reviews forms of lists submitted by businesses to add or delete accounts. The town also periodically hires a contractor to update the personal property database, verifying the contents and updating computerized cost and depreciation tables. Because the community is located on an island and has a lengthy tourist season (May-October), the timing and cost of obtaining these contractual services are generally more difficult and pricier than for other Massachusetts communities.

## RECOMMENDATION 2: CONSIDER OTHER WAYS TO REVALUE THE TOWN'S PERSONAL PROPERTY

We recommend that the assessing office explore other options to revalue the town's personal property. One consideration may be to increase the hours of the data collector and provide her with training to revalue the personal property using updated cost and depreciation tables from a vendor.

Other options include contacting other communities to obtain copies of their cost and depreciation tables, or consider creating tables in-house using cost and other manuals.

**FINDING 3: TRAIN DATA COLLECTOR OR CLERK TO DATA-ENTER**

According to the principal assessor, she is data entering the information collected by the data collector in order to maintain data consistency and quality as well as familiarity with the properties. As the professional administrator, the principal assessor's time would be better spent reviewing and analyzing data. The data collector or clerk should be doing the data entry and preparing reports.

**RECOMMENDATION 3: TRAIN DATA COLLECTOR OR CLERK TO DATA-ENTER**

We recommend the data collector and/or clerk do all of the data entry. The data collector and/or clerk should be trained to enter into the computer all of the data collected from fieldwork. This may require increasing the hours of the data collector and/or clerk but will allow the principal assessor to do more analytical work with the data rather than having to spend time entering it herself.

## TAX COLLECTOR

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The West Tisbury tax collector position is a part-time (27 hours per week), elective office that has been continuously occupied by the same person since 1977. The tax collector is the sole person in this office and is also appointed by the treasurer as the assistant treasurer.

The tax collector is responsible for collecting approximately 3,600 property tax bills quarterly; 3,600 motor vehicle excise bills and 50 boat excise bills annually. All bills are printed, stuffed and mailed by an outside vendor. To help aid in the collection of the bills, the town uses the services of a lockbox. The collector receives a fax report daily of all deposits received by lockbox. The hard copies of all bills are sent to the town so the collector may key the payments into the Information Opportunities (I.O.) billing and collection system. The collector reconciles receipts daily, reconciles bank statements monthly and manually prepares about 150 municipal lien certificates per year.

In addition to the lockbox service, the collector utilizes other outside services. The collector has a deputy collector who pursues past due motor vehicle excise bills. The deputy marks the motor vehicle delinquent's license and registration for non-renewal status at the Registry of Motor Vehicles, deposits receipts into a town account and provides the collector with a detailed report monthly. The town also engages the services of Municipal Management Associates, Inc. (MMA) of Marlborough, MA for the collection of its delinquent real estate taxes and the initiation of tax title takings. MMA sends delinquency letters on behalf of the town to taxpayers and other notices regarding advertising and initiation of tax taking.

In order for the tax collector to close her books at the end of each month, all payments must be entered into the I.O. computer system. Currently, the only way this can be done is manually. Entering the payments manually is time consuming and can often be delayed because the collector works only part-time and is the only person in this office to answer taxpayer inquiries. Because her priority is to key the payments into the system, the collector is often taken away from her other duties such as sending out motor vehicle excise demand notices. However, it has been reported to us that in the spring, when the town undergoes the scheduled computer conversion, the collector will no longer have to manually enter the payments. She will be able to receive a disk from the lockbox service and electronically load the data into the computer system, review it and post.

### FINDING 1: RECONCILE RECEIVABLES WITH THE ACCOUNTANT MORE FREQUENTLY

The tax collector reconciles receivables with the accountant only twice per year. Regular reconciliations are essential to the system of checks and balances because receivables, along with cash, are major components of a community's assets. Without regular reconciliations between the offices of the tax collector and town accountant, mispostings and errors can occur and the town loses an important financial control, running the risk that its financial statements do not accurately reflect the town's financial position. In addition, reconciling more frequently makes it easier to locate and correct any errors promptly.

**RECOMMENDATION 1: RECONCILE RECEIVABLES WITH THE ACCOUNTANT MORE FREQUENTLY**

We recommend that the collector and the accountant conduct prompt, quarterly reconciliations of receivables. With more frequent reconciliation of receivables, the town will have a more precise picture of its financial condition and will be better prepared to finalize and close its books at the end of the fiscal year.

**FINDING 2: TRAINING AND USE OF EXCEL SPREADSHEETS**

The tax collector has not received formal training on Excel spreadsheets; therefore she prepares various reports manually. Preparing manual reports is time consuming; the use of spreadsheets may enable the tax collector to streamline the town's collection records.

**RECOMMENDATION 2: TRAINING AND USE OF EXCEL SPREADSHEETS**

We recommend that the collector receive formal training on Excel and prepare her reports on spreadsheets. Once more familiar with the uses of Excel, the collector could organize her data and records on spreadsheets and discontinue preparing reports manually. By transferring collection information to an Excel spreadsheet, data would be keyed in rather than hand written, and simple arithmetic functions could be incorporated. As a result, data can be more clearly displayed, totals can be automatically calculated, subtotals can be quickly tested and potential errors can be avoided. The utilization of spreadsheets represents a step toward the automation of certain tasks.

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## TREASURER

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The West Tisbury treasurer is a full-time (35 hours/week) elective office that has been continuously occupied by the same person for the past 16 years. The treasurer is the sole person in this office and she is also appointed to serve as the tax collector's back up. The treasurer is responsible for the payroll and cash management, including the investment, disbursement and borrowing of cash. She also administers health and life insurance benefits for town employees.

The treasurer uses the Information Opportunities (I.O.) system for most tasks. She enters payroll information into the I.O. system for the accountant to prepare the warrant. She also records all town receipts on the I.O. revenue ledger module and prepares a schedule of monthly receipts for the accountant. The treasurer effectively uses excel spreadsheets for maintaining the cashbook, reflecting the breakdown of all receipts, disbursements, and cash balances. She also uses spreadsheets to prepare monthly cash reconciliations and for maintaining the town's debt schedule.

### FINDING 1: INITIATE FORECLOSURE PROCEEDINGS

The treasurer's office has 95 tax title accounts on file as of November 2002, consisting of over \$200,000 in outstanding real estate property taxes owed the town. Several of these accounts in tax title status date back to the 1970's and 1980's and have growing balances. While the town engages the service of Municipal Management Associates, Inc. (MMA) for tax title work, West Tisbury has not consulted them about foreclosure activities. To encourage payments on these long-standing tax title accounts, the treasurer should engage MMA or legal assistance to initiate foreclosure proceedings.

### RECOMMENDATION 1: INITIATE FORECLOSURE PROCEEDINGS

We recommend that the treasurer make aggressive efforts to collect outstanding tax title amounts by using all available methods (e.g., Land Court and land of low value foreclosure). By initiating foreclosure proceedings, especially on properties of high value, the town will convey the message to taxpayers that the town is serious about collecting overdue taxes. For any properties with a current value of \$15,000 or less, the treasurer may work with the assessors to pursue land of low value foreclosure through DOR. Both processes allow the town to take possession of a parcel, which can then be auctioned to recover the taxes and interest owed, or preserved, as town-owned land. The treasurer should identify the 10 largest tax title accounts ripe for foreclosure and proceed in Land Court in an aggressive fashion. The goal should be to move into the foreclosure phase of the collection process promptly each year for newly created tax titles and not have them languish for years.

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## ACKNOWLEDGEMENTS

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