



Town of Westport

# Financial Management Review

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Division of Local Services / Technical Assistance Section

March 2011



March 24, 2011

Board of Selectmen  
Town Hall  
816 Main Road  
Westport, MA 02790

Dear Board Members:

It is with pleasure that I transmit to you the enclosed Financial Management Review completed by the Division of Local Services for the Town of Westport. It is our hope that the information presented in this report will assist the town in improving its financial management practices, addressing areas of concern and meeting long-term planning needs.

As a routine practice, we will post the completed report on-line at the DLS website within a week or two. Also, we will forward a copy of the report to the town's state senator and representative.

If you have any questions or comments regarding our findings and recommendations, please feel free to contact Rick Kingsley, Bureau Chief of the DLS Municipal Data Management and Technical Assistance Bureau at (617) 626-2376 or at [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink that reads "Robert G. Nunes".

Robert G. Nunes  
Deputy Commissioner and  
Director of Municipal Affairs

RGN:mjo  
Enclosure

cc: Senator Michael J. Rodrigues  
Representative Paul A. Schmid  
Michael Coughlin, Town Administrator

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## INTRODUCTION

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

We have based our findings and recommendations on site visits and telephone conversations by Municipal Data Management & Technical Assistance Bureau (MDM/TAB) and Bureau of Accounts (BOA) staff members and consultations with the Bureau of Local Assessment (BLA). The staff interviewed the town administrator, town accountant, treasurer, collector, an assessor and other municipal office staff.

DLS staff examined such documents as the tax rate recapitulation sheet, annual budgets, cash and receivables reconciliation reports, and statements of indebtedness. The town also provided us with warrants, debt schedules, town by-laws and other assorted financial documents.

The purpose of this review is to assist Westport officials as they evaluate the town's financial management. In reviewing the existing financial management, we have focused on: (1) the town government structure in the context of the duties and responsibilities of financial officers; (2) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

We encourage the 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 boards, committees, and officials.

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## EXECUTIVE SUMMARY

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Westport is a coastal community located in southeastern Massachusetts on the Rhode Island border. It has a year-round population of 15,504 persons (2009 US Census), which nearly doubles during the summer months due to seasonal homes and beach rentals. Incorporated in 1787, the town occupies a land area of 50.05 square miles, making Westport the ninth largest community in the Commonwealth. The town has a fair amount of land that is open and undeveloped with about 304 parcels classified as chapter land (e.g., M.G.L. c. 61 forestry, c. 61A agriculture/horticulture, or c. 61B recreation). In addition, there are over 1,400 vacant parcels (more than 5,700 acres) of which about 60 percent is potentially developable and another one square mile is state-owned beach and recreational properties.

The town has its own school system, full-time police, fire and highway departments, a library and senior center as well as an active harbor and wharf area. To support these and other services, since 2000, Westport's budget has increased from \$21.25 million (FY2000) to over \$31.58 million (FY2010). This is an increase of over \$10.3 million or 48.6 percent and is just short of the statewide increase in municipal budgets of about 52 percent. The town's largest area of expenditure is education costs, which total over \$15.7 million, or 52.47 percent, of FY2010 general fund expenditures. Within the town's general fund budget, the fastest growing spending category is fixed costs, including retirement, insurances, employee benefits and Medicare. The town's year-end Schedule A report shows that fixed costs have increased from about \$1.8 million (FY2000) to over \$4.57 million (FY2010) or an increase of 131.7 percent.

Of particular interest within the town's reported expenditures is its debt service. Westport is very conservative about issuing debt, which is not to suggest that the town does not have capital needs. Since FY2010, the town's debt service budget has included funding for three purposes: an open space acquisition, a school remodeling project and the construction of a new fire station, all of which are debt excluded on the property tax. In FY2010, Westport's debt service costs were over \$737,000 or 2.3 percent of its budget. Due to the temporary borrowing for the new fire station debt, this is about \$162,000 more than what the town spent in FY2009 (\$575,890) or 1.82 percent of the prior fiscal year's budget. Westport's debt service expense is less than a quarter of the average of 7.71 percent among cities and town statewide in FY2009 (latest complete data for all cities and towns). In surveying FY2009 debt service costs reported, we found that 78 communities spent less than four percent of their budgets on debt. Within this grouping, the vast majority are members of full and partial school districts. As a member of a region, the debt service costs are distributed among the member communities and not reported as debt while Westport pays for all of its own school-related debt. Of the surveyed communities with low debt as a percentage of the budget, only two, Carver and Swansea, have their own school systems and comparable budgets (\$26.5-\$36 million) to Westport.

At the December 2010 special town meeting, two additional projects were proposed, \$100,000 for repairs to the highway department building and \$2.5 million for roof repairs and installation of

energy efficient windows at three schools. Both were contingent upon Proposition 2½ debt exclusion votes, and the school project is eligible for an estimated 46 percent reimbursement from the Massachusetts School Building Authority. Only the school proposal was sent to the voters and was approved in March 2011.

Westport's budget is funded by four general sources of revenue—tax levy, state aid, local receipts, and reserves. The town receives state school aid (Chapter 70, charter and choice tuition and school lunch offset receipts), and non-education state funding (unrestricted general government aid, police career incentive, property tax exemption reimbursements, veterans benefits, state owned land, and library aid). In total, these accounted for about 19 percent of Westport's FY2011 estimated revenues. Westport's local estimated receipts are a combination of general fund revenues (e.g., motor vehicle, boat and hotel motel excises, departmental fees and licenses, fines, payments in-lieu of taxes, investment income), harbor and water enterprise funds and M.G.L. c. 44B community preservation funds. These combined receipts are almost \$5 million or about 15.4 percent of the budget in FY2011.

The town annually appropriates from its cemetery funds to offset the operating costs of the cemetery department and periodically uses landfill and waterways receipts reserved for appropriation to fund those respective departments. The stabilization fund (\$905,503 balance 7/1/10) and overlay surplus have been used for both operating and one-time expenditures as the need arises. The town also has a retirement/pension trust fund (M.G.L. c. 40, §5D), but it may only be used with the permission of the Public Employee Retirement Administration Commission (PERAC) for retirement costs. In the FY2011 budget, Westport used one-time revenue sources that accounted for almost three percent. The remaining budget, about 62.5 percent, is funded by property taxes.

Like many communities, Westport has limited choices to address large or unanticipated cost increases as well as state aid cuts. In FY2009 when state aid was reduced at mid-year, Westport used over \$230,000 in free cash, \$23,000 from water retained earnings and over \$45,000 from the finance committee's reserve to fund operations through the end of the fiscal year and cover its snow and ice deficit. According to officials, there was unprecedented team work and cooperation among the town and school departments to balance FY2009 as well as draft the FY2010 budget in the spring. For FY2010, most department budgets were level-funded at FY2009 amounts and the town had to use one-time revenues, including \$661,000 of free cash and \$50,000 of overlay surplus, for recurring expenditures. However, early in the fiscal year, it was clear that the FY2010 budget also needed revisions. Because the town had a negative free cash certification (-\$39,045 as of 7/1/2009), town departments had to accept another \$340,000 in cuts.

For the FY2011 budget process, the town administrator and school superintendent made a joint presentation of the budget. After two years of cuts, they proposed restoring services to their prior levels. To fund this, a \$1.5 million general operating override was considered, but it was defeated in April 2010 by about a 3-to-2 margin. To help negotiate a balanced plan for annual town meeting in June, Westport formed a budget subcommittee made up of policymakers (two selectmen, two finance committee members, and two school committee members), the administrator, the accountant and the school superintendent. The budget approved by town meeting was balanced through a combination of

more cuts in services, reduction in staff hours, and the adoption of the local meals tax (M.G.L. c. 64L, §2A) option.

By July 2010, Westport's fiscal picture worsened. It had lost a roughly \$73,000 Appellate Tax Board case and the town would be receiving less state aid than anticipated. In addition, Westport's actual FY2010 general fund local receipts were about \$82,000 less than estimated, thereby necessitating a reduction in the FY2011 estimate from \$3.96 million to about \$3.785 million. Fortunately, Westport returned to positive free cash (\$329,538 as of 7/1/2010), using \$265,000 (along with another \$92,000 in overlay surplus funds) to shore-up the FY2011 operating budget and a little over \$31,000 to fund non-recurring expenditures. Because FY2011 is not a revaluation year, Westport was required to balance its budget before setting the property tax rate and issuing the actual tax bills; estimated third quarter tax bills would not have been an option. However, officials continue to monitor revenues and expenditures, and particularly the growing snow and ice deficit, to make sure the year ends on a positive note.

In the wake of recent fiscal turbulence and with pressure on departments to provide services with fewer resources, town officials realized that the time had come for a meaningful discussion of Westport's management structure. A seven-member ad-hoc government study committee was formed to review previously commissioned reports on Westport's government and operations. This committee also investigated other communities' structures, budget processes, and charters, as well as functions and roles of the selectmen and administrator. To date, the committee has drafted three by-laws for town meeting consideration. The first by-law is regarding the board of selectmen. It clearly states the membership, term, powers and authority of the board. The second by-law would codify the professional qualifications, duties and responsibilities and removal procedure for the town administrator's position. The third by-law looks to formalize the town's financial management team. It identifies the membership, frequency of meetings and the advisory role it would play in the budget and financial planning.

In July 2005, the University of Massachusetts Dartmouth's Center for Policy Analysis conducted a review of Westport's municipal management and published a report. The consultant characterized Westport as, "a highly decentralized and fragmented form of municipal management that was literally designed for small rural communities ... in New England from the late 1700s to the mid-nineteenth century." The report concluded that Westport could benefit from a stronger management model and improved fiscal practices. The report also advocated for a town charter, incorporating the administrator's role as defined in the by-laws that included budget, capital improvement planning and personnel oversight. It also urged changing elected department heads to appointed.

More recently, the firm of Roselli, Clark & Associates, CPAs conducted two operational reviews in 2009. One was a study of the town's transfer station and the other on the highway department. In the transfer station review, the consultant found that less than 20 percent of Westport's households use the facility and the rest of town uses the services of a private hauler. The transfer station accepts trash, recycling and bulk items and handles rubbish produced through town operations. Between FY2006-FY2008, the transfer station had an annual operating budget of about \$327,000

which was offset by \$224,000 on average in revenues collected from the sale of stickers, punch cards, and temporary passes for trash and bulk items as well as the resale of recycling items. At the time of the study, the town charged \$3 per 33 gallon bag of trash while the private hauler's service cost \$8 per week for up to a maximum of five bags. Roselli, Clark & Associates, CPAs concluded that residents producing more than two bags of trash per week would be more likely to use the curbside services of the private hauler. In the conclusion, recommendations (e.g., security cameras to deter dumping after hours and pre-numbered tickets) were made to direct the operation towards being self-supporting, but none have been adopted.

In the highway review, the consultant found that funding for annual operations was low and the department did not perform at an optimum level. The department maintained manual recordkeeping systems and did not enter into formal contracts when engaging snow plowing services. Proper bidding procedures were not consistently followed and there was no capital planning or replacement schedule. The report also noted that responsibility for highway department personnel hiring and firing was transferred from the elected highway surveyor to the selectmen as a result of a Superior Court decision. In the end, the report proposed the creation of a public works department and an appointed director, though the town has not acted on this.

To help evaluate the town operations and explore potential savings and improvements, the selectmen also requested that the Division of Local Services (DLS) conduct a review of the town's financial offices. However, it should be noted that a similar review was conducted in 1991. At that time, we found that the town's organizational structure to be decentralized with a number of elected officers, who acted independently. The elected officials included the town clerk, the moderator, the treasurer, the collector, the assessors, the board of health, the school committee, the highway surveyor, the fish commissioners, the library trustees, the landing commissioners, the housing authority, the planning board and the trust fund commissioners. While they often have worked cooperatively on financial activities, as elected officials, there is no accountability to the selectmen, who are ultimately responsible for the fiscal well-being of the town. In 1991, it was found that the lack of accountability impacted financial management coordination, communication and development of sound financial practices. While the town implemented some of the recommendations in the 1991 report, the primary need to address Westport's lack of financial coordination and accountability remains today.

The recommendations in this report are based on sound management practices that comply with state laws and regulations. They are designed to further improve communication and establish fiscal planning and coordination. Chief among these recommendations is creating a strong administrator position and combining and appointing the treasurer's and collector's positions. Westport should consider adopting a charter and conducting a comprehensive review of the town's by-laws. We also recommend that the town make changes in the personnel practices and make greater use of technology. With good financial practices in place, Westport will be better able to plan for the future and position itself for whatever lies ahead.

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## OVERALL MANAGEMENT AND BUDGET

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During the course of our review, we looked at the overall financial management in the town, its governmental structure, by-laws, the budget and financial practices, and personnel functions. We also reviewed the financial department operations. What follows is a summary of our observations and recommendations.

### GOVERNMENT STRUCTURE AND BY-LAWS

Westport does not have a charter. It has a town meeting-selectmen-town administrator form of government organized under a combination of state statutes, special acts, and local by-laws. State statutes generally provide allowable methods of governance and often offer guidance on minimum requirements, while special acts and by-laws enable a community to establish specific authority and procedures by which it operates.

The five-member board of selectmen is the chief executive office. They appoint a town administrator, who acts on behalf of the board in the management of town affairs. According to the job description, he supervises department heads appointed by the selectmen, administers personnel, human resources and collective bargaining matters, manages procurement, and prepares the budgets under the selectmen's jurisdiction. The town administrator oversees the town's daily administration, serves as a liaison with independently elected officials and their departments, holds periodic department meetings and keeps the selectmen informed. However, because of the decentralized form of government, there is no coordination of financial activities and no system of accountability.

In reviewing Westport's by-laws, we found that they are sparse, not all inclusive and contain outdated items. Some town boards/officials and their basic duties, membership and terms are included in the by-laws while others are not. For example, the town administrator's position and its responsibilities have not been codified in a by-law. Instead, his duties exist by virtue of a job description and personal services contract, so the ad-hoc government study committee has prepared a by-law to correct this. In another example, the town adopted a by-law (Article IV, section 404) that created the position of town collector, who is responsible for the collection of all amounts due the town, but did not uniformly update the title throughout the by-laws. Similarly, the town adopted another by-law (Article XXVIII) that directed the collector and town clerk to turnover fees collected by virtue of their offices to the town treasurer. However, the collector's compliance was conditional upon the position's salary being raised to at least the same amount earned by the treasurer. According to officials, the salaries of these positions have been the same for many years, but this by-law was never updated.

Of particular interest during our review, we found a couple of by-laws with notations that they were not by-laws or had not been approved by the Attorney General. Whenever a town adopts or amends its general or zoning by-laws, within 30 days of adjournment of town meeting, the town clerk is required to submit them to the Attorney General for review and approval (M.G.L c. 40, §32 and

additionally M.G.L. c. 40A, §5 for zoning amendments). Only after they are approved should the articles be codified in the town by-laws.

## RECOMMENDATION 1: CREATE A STRONG ADMINISTRATOR POSITION

We recommend that the town establish a strong administrator position. Many communities have had success in providing coordinated financial management with this structure. We encourage the creation of a strong central leadership position and applaud the efforts of the ad-hoc government study committee in proposing its by-law. We concur that the administrator should be responsible for coordinating financial management and overseeing municipal operations to insure that they are performed in an efficient manner. However, we believe that the administrator should be responsible for appointing department heads subject to the selectmen's approval. The administrator's role should include, but not be limited to, the following:

- Municipal operations – The administrator would oversee operations to ensure all services are provided in a coordinated manner and are as cost effective as possible. The administrator should be responsible for appointing, supervising, and evaluating all department heads to create a more accountable government. The administrator should convene monthly department head meetings to ensure communication on ongoing activities, future planning, or other matters as they occur.
- Budget process – The administrator should manage the budget process. The administrator should prepare a balanced budget proposal, for all town and school departments, and present it to policymakers. The administrator should provide updated revenue and budgetary information as it becomes available, providing it to the finance committee so they may review proposals and focus on decisions and planning that will impact future budgets. The finance committee would continue to make budget recommendations to town meeting.
- Revenue and expenditure forecast and capital planning – The administrator, with input from financial officials, should prepare multi-year forecasts and direct the capital planning process. Commonly used in many communities, a multi-year forecast generally spans between three and five years and is updated routinely as new information becomes available. It is a financial planning tool that can be useful in revealing budget problems and formulating long-range plans such as capital funding decisions.
- Financial policies – The administrator should be responsible for developing and recommending cohesive fiscal planning, revenue and expenditure policies to be adopted by the selectmen. These policies should be reviewed annually as a part of the budget proposal.

## RECOMMENDATION 2: COMBINE AND APPOINT THE COLLECTOR AND TREASURER POSITIONS

We recommend that the collector and treasurer positions be combined and appointed. Because there are so many parallels in responsibilities (e.g., collecting, counting, posting, depositing, and reconciling receipts) of these offices, increasingly communities are combining the collector's and treasurer's operations to improve cash management and to gain efficiencies. 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. For Westport, this consolidation of responsibilities and staff could be accomplished through a special act of the legislature or the adoption of a charter.

This recommendation reflects our opinion that consolidating these offices would provide better coverage based on service demand (i.e., payroll, employee benefits, quarterly property tax and other collections) in the event staff is out for a brief or extended period. Given the time sensitive responsibilities of these offices and reductions in staff over the past couple years, combining these office makes organizational sense for this community. This may be something the town wants to consider for the long term as turnover in these positions occurs.

### RECOMMENDATION 3: ADOPT A TOWN CHARTER

We recommend that Westport pursue a charter. A charter would clearly define the government structure under which the town operates. It would document all positions, boards, and committees, establish the distribution of power, and provide lines of authority. A charter would enable the town to institute structural changes, which would help meet the town's long-term goal of improved management and efficient operations.

There are two methods (MGL Chapter 43B or a special act) to create a charter. Seeing that Westport already has an ad-hoc government study committee that has investigated and reviewed other communities' charters and organizational structures, this committee should prepare a charter proposal for the residents' consideration. The resulting proposal would require town meeting action to submit it to the state legislature for review and approval as a special act. Adoption usually requires voters' approval as well.

### RECOMMENDATION 4: CONDUCT FULL REVIEW OF BY-LAWS

We recommend that Westport perform a comprehensive review of its by-laws. As a part of its charge, the ad-hoc government study committee has reviewed the town's by-laws and proposed three new ones that will codify the responsibilities of the selectmen, town administrator and financial management team. While this is a good start, the entire contents should be reviewed to include any missing board or committee and be reorganized under topic areas rather than chronologically in order of adoption.

A strong set of by-laws establishes a formal framework of codes, polices, and procedures under which town government operates. These by-laws should identify and describe the role and responsibilities of appointed and elected officials, departments, and committees. When a community has a charter, it is complemented by a series of by-laws that fill in the details and are revised as circumstances warrant. If however, a community does not have a charter, the by-laws should be better developed, more comprehensive and informative than they currently are.

## BUDGET AND FINANCIAL PRACTICES

The nine-member finance committee is a part-time board responsible for reviewing and making recommendations on all town meeting articles. Typically, the annual budget process begins in December when the finance committee reviews the town's year-to-date revenues provided by the accountant. Based on this information and a preliminary estimate of new growth from the assessors, the finance committee provides guidance to departments preparing their budget request. Using long standing forms, each department prepares its budget request that may not conform to the finance committee's guidelines. The school department and independently elected departments submit their request to the finance committee by January 20 (Article III, section 303.1). For departments under the selectmen's oversight, these budgets are coordinated by the town administrator and approved by the selectmen before submission to the finance committee. The remainder of the annual town meeting warrant is supplied by the selectmen to the finance committee by February 10. Historically, because there has been no central coordination, a complete, balanced budget proposal, including preliminary revenue projections and all departmental requests, has not been presented to the finance committee as is done commonly in other communities.

The finance committee then proceeds to review the budget requests (as well as all other warrant articles) and holds hearings. As each department's budget hearing is held, a finance committee liaison, who has worked with the department head, makes a presentation to the finance committee. The accountant and town administrator attend the finance committee's hearings/meetings and provide updated revenue and other information as it becomes available. The minutes and records of this volunteer committee are kept by a part-time clerk, who is the assistant accountant.

At least one week before annual town meeting, the finance committee prepares and distributes to the voters the detailed budget and warrant article recommendations. In order to balance the budget, department requests may have been reduced and separate articles on the warrant petitioned for independently may not have been approved. Despite the efforts of the finance committee, it is not uncommon for an advocate for a department to argue on town meeting floor to fund items not recommended.

Over the last few years, the administrator, in cooperation with the school superintendent, has presented a draft budget proposal to the selectmen in early February. The budget includes a balanced proposal with projected revenue and proposed spending for the ensuing year as well as a narrative on the assumptions used or any potential shortfalls. However, these presentations have been received with mixed reviews and the finance committee has chosen to continue to develop its own budget.

Budget planning is done on a one-year basis. There is no multi-year forecasting of town revenues and expenditures. In the most recent Moody's rating report (July 2010) for Westport, town management reported it was considering the adoption of financial management policies. Though samples have been reviewed, nothing formal has been adopted by the town.

Within the annual budget, Westport appropriates funding so the treasurer, collector and town clerk are bonded for the performance of the duties (in an amount determined by the Commissioner of

Revenue). We found none of their assistants is individually bonded, which is a requirement in M.G.L. c 41, §39A, §39C and §49A, nor is there a town fidelity bond for general employees that may handle cash or other payments in town.

Established through a by-law, Westport has a ten-member capital improvement planning committee (CIPC). The membership is comprised of a selectman, a finance committee member, a school committee representative, an assessor, the town administrator, the accountant, and the treasurer. The last three CIPC members include a representative of the business community, a person knowledgeable and experienced in banking, finance or investment matters, and a person with experience in the management of construction activities.

All proposed capital acquisitions and projects for the ensuing six years that have a useful life of at least five years and cost over \$10,000 are required to be submitted to the CIPC by November 1 annually. The CIPC reviews all requests while taking into consideration the need and impact on the town's financial position. By February 1<sup>st</sup>, the committee should prepare a capital budget for the ensuing year and a five-year plan that is submitted to the selectmen and finance committee for consideration and recommendation. Because of limited town resources in recent years, the CIPC does not prepare a capital budget and five-year plan. Capital requests are evaluated on a case-by-case basis with no formal planning process or multi-year projections. Despite the by-law, some requests (e.g., library addition, new fire station and harbor dredging project) are never reviewed by the CIPC. As a result of deferred maintenance, the town's aging vehicle fleet and some of its buildings, including the town hall, highway department and police station, are in need of replacement or costly improvements.

Complying with Governmental Accounting Standards Board (GASB) Statement 34, the town inventoried and valued its fixed assets and infrastructure. This information is updated annually, reflecting new purchases, dispositions and depreciation. In reviewing the most recent schedule of assets, we noted that not all roads accepted as public ways by town meeting had been included. Upon further investigation, we found that the total public road miles has not changed since 1987 when Westport last submitted its road inventory files (RIF) report to the Massachusetts Department of Transportation's Office of Transportation Planning. The RIF report is used to calculate state Chapter 90 road funding that is allocation to each community. We advised the highway department of our discovery in hopes that the current information would be submitted to DOT immediately. It was updated and the town will begin to receive highway funds it has lost out on for more than a decade.

Furthermore, only the treasurer, collector and town clerk are bonded for the performance of the duties (in an amount determined by the Commissioner of Revenue). In Westport, none of the assistants is individually bonded, which is a requirement in M.G.L. c 41, §39A, §39C and §49A, nor is there a town fidelity bond for general employees that may handle cash or other payments in town.

#### RECOMMENDATION 5: MAKE JOINT BUDGET POLICY COMMITTEE PERMANENT

We recommend that the town establish a permanent joint budget policy committee through the adoption of a by-law. Westport's budget subcommittee was created to bring representatives of the

town's policymaking boards—selectmen, finance committee and school committee—together to address its budget dilemma through improved communication, coordination and cooperation. As an ad-hoc committee, when the problem passes, this board will probably cease to exist. However, this board could have great value to the community in both good and bad times.

The joint budget policy committee would meet periodically throughout the year. At its meetings, the town administrator, along with other financial officials, would provide briefings on the community's fiscal picture. At the beginning of the budget process, preliminary revenue estimates would be presented and discussed, leading to written guidelines for all departments to follow in the preparation of budget requests. As new information becomes available, the joint budget policy committee would again be briefed so it understands any changes in course that the finance committee may have to consider prior to making its recommendations to town meeting. In the long run, this committee will ensure consistent communication among the town's policymakers on the town's fiscal situation and provide a forum for long-term planning endeavors.

#### RECOMMENDATION 6: OBTAIN FIDELITY BOND FOR GENERAL EMPLOYEES

We recommend that the town obtain a fidelity bond to cover all employees in the various departments that may handle cash or accept other forms of payment. While state statutes dictate that treasurers, collectors, and city/town clerks and their assistants be bonded, there is no requirement for other municipal employees. However, it is common business practice in the private and public sectors to purchase a general fidelity bond, a form of insurance protection that protects the employer against fraud or losses, to cover all other employees who handle smaller amounts of cash.

#### RECOMMENDATION 7: MAINTAIN ROAD INVENTORY FILES

We recommend that the highway department continue to maintain the road inventory files (RIF). Maintaining current road data and annually reporting this information to the Massachusetts Department of Transportation will ensure that Westport's road mileage inventory is accurately recorded and that the town will receive its fair share of highway funding. A copy of the RIF also should be provided to the accountant, who will be able to revise the town's infrastructure data and include these values in Westport's audited statements.

#### RECOMMENDATION 8: PREPARE COMPREHENSIVE CAPITAL PLAN & MULTI-YEAR FORECAST

We recommend that the capital improvement planning committee (CIPC) develop a comprehensive capital plan and submit an annual capital budget to town meeting. The CIPC should develop a multi-year capital plan and annual capital budget for the schools and all town departments. These documents should: (1) prioritize the various proposed capital projects and purchases based on objective criteria; (2) estimate costs; and (3) list the proposed method of payment (direct dollar outlay, debt, or Proposition 2½ debt or capital exclusion) for each proposal. 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 those essential requests that may be deferred due to financial constraints. DOR has developed and made available on its website a capital improvement program planning manual (see Publications and Other Useful Links under Financial Management Assistance at [www.mass.gov/dls](http://www.mass.gov/dls)) to help municipalities.

We recommend that the town administrator develop a multi-year revenue and expenditure forecast. The town administrator, with input from the financial team, should prepare the forecast, updating it as new information becomes available. Forecasting used in conjunction with the town's capital plan will enable officials to evaluate multi-year impacts of budget requests. It would help identify programs that may not be funded, highlight capital requests that will be deferred, and assist in the development of long-range financial plans.

## RECOMMENDATION 9: DEVELOP FINANCIAL POLICIES

We recommend that the town adopt formal financial policies. The Government Finance Officers Association recommends that, at a minimum, municipalities adopt fiscal planning, revenue, and expenditure policies. These should be developed by the town administrator, with input from the financial officers, and adopted by the town's policymakers, including the selectmen, finance committee, and capital planning committee.

1. Fiscal Planning Policies – These policies should guide budget development and long-term planning.
  - Balanced Budget – This policy should identify the participants' roles and responsibilities, the budget process and timeframe, and provide for the disclosure of unique fiscal issues in the budget message.
  - Long-Range Financial Planning – The town should adopt a policy that looks towards the future because today's decisions have long-term impacts. The policy should include multi-year revenue and expenditure forecasting, capital outlay planning, and cash management and investment goals.
2. Revenue Policies – Because budgeting is revenue driven, it is essential that all revenue sources be identified and properly administered.
  - Fees and Charges – These policies should identify the legal basis for assessing a fee or charge, the method by which they are set, and the extent to which costs are recovered. As a part of the budget process, these fees and charges should be reviewed annually through a [costing study](#).
  - Use of One-Time Revenues – This policy should discourage the use of a non-recurring revenue source to fund recurring expenditures.
3. Expenditure Policies – Given limited resources versus the potential needs of a community, prudent expenditure planning will help fiscal stability.

- Debt Capacity, Issuance, and Management – This policy should specify appropriate uses for debt, role of a financial advisor, the amount or percentage of debt outstanding at any time and debt service payable in any fiscal year.
- Reserves and Stabilization Funds – A formal reserve policy should establish a practice of appropriating money annually to reserves for future needs, identify prudent levels of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unforeseen one-time expenditures, and identify extenuating circumstances where reserves may be used.

We encourage the town to seek guidance or sample products from other communities. Officials should review each policy received to determine what would work best for them.

#### PERSONNEL PROCEDURES AND POLICIES

All town and school employees are paid biweekly. The school department processes its own payroll, which is approved by the school committee prior to being submitted to the accountant for review and then placed on the selectmen's warrant. The work week for non-school departments ends on Saturday and completed time sheets are submitted to the treasurer's office by Monday. Using the Harpers Payroll Services, the treasurer's staff enters information on an exception basis and then balances the totals with the accountant's office. About 70 percent of the town and school employees have direct deposit and the rest receive paper checks, which are distributed on Friday. The employee payroll statement/stub has the available personal leave (e.g., vacation, personal and sick) balances, which are reconciled between each department and the accountant's office periodically during the year.

While not mentioned anywhere in the town's by-laws, all regular employees (working more than 20 hours), elected department heads (e.g., collector, highway surveyor, town clerk and treasurer) and qualifying retirees may choose to receive health and life insurance benefits through the town. Historically, part-time elected board members receiving a stipend also could get health and life insurance through the town. However, by vote of the selectmen, health insurance is no longer offered to part-time board members, who are newly elected beginning in the spring of 2010. Previously qualifying board members, who are re-elected, were grandfathered to participate in the town's plan.

Currently, the town covers about 60 percent of health insurance costs and it has an employee coalition bargaining committee (M.G.L. c. 32B, §19) that periodically discusses health insurance options, including the state's Group Insurance Commission (GIC) plan, for active and retired employees. Yet, town meeting has not accepted section 18 of M.G.L. c. 32B that would require retired employees and their spouses, who are eligible for Medicare, to join at age 65. Generally, this lowers municipal health costs by shifting them to the federal government.

The town has a personnel by-law (Article XXI) that applies to a few dozen employees, who are not elected, covered by union contracts, or under the oversight of the school committee. An appointed five-member personnel board implements and enforces the by-law. It is responsible for establishing administrative procedures, maintaining personnel records, developing/updating job descriptions and salary/wage plans, proposing amendments to town meeting and handling grievances. At the present



time, the committee is reviewing job descriptions to make sure the inventory is complete and current. For new employees, an introductory letter was developed though the committee hopes to create an employee handbook that details town policies and procedures.

Westport's personnel by-law contains both classification (Section 3) and compensation (Section 5) plans. In section five, there is a listing (Appendix A) of all authorized position titles (excluding school department and elected officials), what group (e.g., administrative or applicable union) each is a part of and, whether full or part-time and the number of hours worked weekly. Three positions included in Appendix A, which are covered by the Town Hall union agreement, are the assistant accountant, assistant treasurer and assistant collector. According to the job descriptions, each position has the authority to sign documents and/or warrants and essentially performs all duties of the office in the absence of the department head. However, Westport town meeting never accepted M.G.L. c. 41, §39A (assistant treasurer), 39C (assistant collector), or 49A (assistant accountant) and the current incumbents have not taken the oath of office, swearing to the faithful performance of their respective duties.

According to the town's personnel by-law, employees are subject to annual job performance evaluations. After the six month probationary period, a satisfactory performance review is required to be filed with the selectmen's office prior to granting an individual a step increase in pay. The by-law also requires that appointments, promotions, and other actions shall be based on qualifications, performance and evaluation. However, Westport does not have a performance evaluation process. Officials informed DOR staff that the selectmen will be conducting a performance evaluation for the town administrator in hopes of beginning a process.

Westport also has a residency requirement and preference by-law (Article XXXI). The by-law requires that police, fire and highway staff be Westport residents at the time of application (or become a resident within six months of appointment) and maintain residency during their tenure. For all other full-time town positions, preference is given to residents, providing an applicant possesses qualifications for a particular position.

## RECOMMENDATION 10: CONSIDER CHANGES TO THE PERSONNEL SYSTEM

We recommend that the town develop a detailed personnel evaluation program and conduct annual performance reviews for all employees. Increasingly, government is placing greater attention on written job descriptions with goals, performance expectations, and provisions for annual employee evaluations. The town should develop evaluation criteria that will provide uniform standards and guidance as well as benchmarks by which each employee's job performance may be measured.

At the start of the fiscal year supervisors meet with staff to confirm job responsibilities and document expectations (goals and objectives) for the ensuing year. Then, sometime in January, supervisors would meet with employees to review their performance to date and, if necessary, discuss any necessary steps for improvement for individuals determined to be underperforming. Lastly, at the close of the fiscal year, supervisors meet with all staff to conclude the evaluation process. At this final

stage, supervisors evaluate progress over the previous twelve months and rank the employee's performance (e.g., meets, exceeds or below expectations). It is at this time that the ensuing year's goals and objectives also should be agreed upon.

If there are funds available or a contract permits, an employee may be granted an annual salary step increase for a job well done. If the employee fails to meet expectations, a salary increase can be withheld. If an employee receives a below expectations rating, the supervisor should create a remedial plan so that the employee has the opportunity to improve his/her rating. If the employee continues to fall below acceptable standards, he or she could be subject to progressive disciplinary action. In any event, the employee's performance should be the focus of this process not the potential reward.

While the implementation of performance evaluations would be subject to labor negotiations for employees in unions, in the meantime an evaluation program could be developed for those employees covered under the town personnel by-law.

We recommend that the town rescind its employment residency requirement. The town's interests are best served when it has the ability to hire and retain employees that have strongest credentials and the most relevant professional experience. This is achieved by expanding, to the extent possible, the pool from which a prospective candidate is likely to emerge. A residency requirement generally limits the field of candidates that may have the necessary skills required to perform in a job successfully and may present a hardship to a strong candidate if the individual has to relocate.

We recommend that the personnel committee work with the town administrator to make it a priority to develop an employees' handbook. An employee handbook describes employee rights and obligations. It provides detailed information on benefits, policies, procedures and resources. Each employee should be given the handbook upon being hired and acknowledge receipt of it by signature. Annually, continued recognition of the town's policies and procedures should be acknowledged by all employees. These policies should include, but not be limited to, issues of sexual harassment, Whistleblower Act, conflict of interest, ethics, and acceptable Internet and e-mail use.

We recommend that town meeting accept M.G.L. c. 41, §§ 39A, 39C and 49A. Once locally accepted, the assistant accountant, assistant collector and assistant treasurer will have the legal authority to act in the absence of each of the respective department heads. Each assistant should take the oath of office and the assistant collector and assistant treasurer should be bonded in compliance with the statutes.

## RECOMMENDATION 11: RECONSIDER HEALTH CARE COVERAGE POLICIES

We recommend that the town accept M.G.L. c. 32B, §18 that requires retired employees and their spouses, who are eligible for Medicare, to join at age 65. Once accepted, the town would continue to provide the same level of health care services, but shift a portion of the cost to the Federal Medicare

program. This should reduce the town's share of total employee health insurance costs. The community would be responsible for all financial penalties that arise due to qualifying individuals that did not enroll when initially eligible.

We recommend that the town consider re-evaluating the policy to cover costs of health care benefits for members of part-time boards and committees. Under According to M.G.L. c. 32B, §2(d), an employee must work a minimum of least 20 hours per week to qualify for health benefits. However, the clause also states that an elected official, regardless of the number of hours of service, who receives compensation (in any amount), is eligible to receive benefits under a municipality's health care plan. Once "vested" in the retirement system, that employee is eligible for retirement benefits, including health care, at a significant cost to the municipality. Therefore, the town should consider the potential liability and the long-term impact of providing health insurance to elected board members. Currently, elected board members enrolled in the health and life insurance plans will cost the town almost \$50,000 in FY2011.

As communities throughout Massachusetts grapple with on-going budget constraints, discussions have inevitably focused on steps to combine and increase workloads, to limit town hall hours or eliminate positions and generally reduce services. Debates on how to save money have also expanded naturally to include reconsideration of stipends and health care benefits for part-time members of volunteer boards and committees. Regardless of the outcome, the town of Westport should enter the same analysis to determine whether these are benefits it wishes to provide and are reasonable expenses, or whether they are legitimate areas of cost reduction.

If the town chooses not to follow this recommendation, the selectmen's should reconsider their decision to grandfather pre-2010 elected board members to receive health and life insurance benefits. The board of selectmen clearly has the discretion to eliminate coverage for part-time elected officials (*Shea v. Board of Selectmen of Ware*, 34 Mass. App. Ct. 333 (1993)). However, DOR does not believe the selectmen may authorize the benefit for some, but not all such part-time, elected officials. DOR has consistently issued opinions to communities that a city or town has no authority to grandfather existing elected officials beyond their existing terms, while excluding those newly elected.

We recommend that officials formulate a policy to manage the town's other post-employment benefits (OPEB) liability. To comply with GASB Statement 45, Westport should make a commitment to update its actuarial analysis biannually. Additionally, while there currently is no state mandated requirement to fund the OPEB liability, Westport also should consider establishing and annually appropriating funds into an OPEB liability reserve (M.G.L. c. 32B, §20) as other communities have begun doing. For additional information regarding OPEB, and steps to reduce the size of the liability, see resources available on the Division of Local Services' ([www.mass.gov/dls](http://www.mass.gov/dls)) and the Government Finance Officers Association's ([www.gfoa.org](http://www.gfoa.org)) websites.

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## INFORMATION TECHNOLOGY

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Westport has a part-time data processing coordinator for all non-school departments. He began as a volunteer helping the police department then the job evolved into a paid position about five years ago. Because the data coordinator is employed full-time elsewhere, he tends to the town's hardware, software and system related issues at night and on weekends, but is available by telephone and e-mail during the day.

When the data coordinator began, he found that the town's computerized systems had been purchased independently by departments. There was no plan or coordination among the software applications. Many of the computers were at least ten years old and generally beyond repair. Over the years as funding became available, the data coordinator replaced hardware and built a network. Fiber optic lines were installed for town and school buildings for remote access and sharing capabilities. A backup generator was purchased for town hall because of an ongoing power surge problem that the utility company has yet to resolve. He even began an extensive program to modernize the town's telephone system that would reduce annual costs in four to five years after all the old landlines were turned off. Unfortunately, limited funding has been appropriated for this project, which is about a third complete, thus anticipated savings have yet to be realized.

The financial offices have Microsoft Office and specialized software applications. The accountant, treasurer, and collector use the SoftRight financial application, but not all modules have been activated so some functions (e.g., utility billing, tax title accounts and tax possessions) are managed manually or off-line using Microsoft Office software. The treasurer also uses the Harper payroll system to prepare biweekly payroll. The assessing office uses the PK Valuation Group computer assisted mass appraisal system. Training on the specialized software applications is provided by the individual vendors, and generally the staff learn other programs on their own because there is no training at the town level. The staff has access to the Internet and e-mail service for which the town has user policies. To protect the systems, the town has virus protection, a firewall and has instituted security that prevents users from downloading or installing applications unless the data coordinator has granted permission. Backups of all systems are done daily and stored off-site.

The town has a website ([www.westport-ma.com](http://www.westport-ma.com)). Each department has a webpage and is responsible for posting its own materials, agendas and minutes. Currently, the site has contact information, the majority of the town's by-laws, on-line bill payment options, links to the regional and local schools' websites, town reports, and some committees' agendas and minutes. Some departments provide useful information and materials, hours of operation, regular meeting time and a statement of an office's responsibilities. However, much of the content is dated and few forms are found on the website. Consequently, town hall staff has to field questions and respond to inquiries by telephone and at the counter.

Because the town's data processing coordinator is a one-person department, it has been suggested that a study about sharing and/or merging the town and school technology departments be

completed. The school department is strongly in favor of such a merger, but nothing has been pursued officially with regard to this matter.

#### RECOMMENDATION 12: ACTIVATE ALL SOFTRIGHT SYSTEM APPLICATIONS

We recommend that the town use the SoftRight system to prepare, collect and track the water, boat excise and harbor-related charges. In the SoftRight system, the town has the option to use modules for the billing and collection of these charges rather than running them off system as is the current practice. To use the system for these billable amounts will require staff time to set up accounts and load existing balances, but once activated it will eliminate the need for staff to manually key data and monitor non-integrated systems separately. An added advantage of bringing the water charges on-line would be the ability to electronically import outstanding balances to municipal lien certificates.

We further recommend that the SoftRight tax title management application be activated. The SoftRight system has a module that enables the town to manage and track parcels placed in tax title, tax deferral and foreclosure. It is integrated so when a tax taking occurs, the cumulative receivable balance (and subsequent taxes) are transferred electronically to the module, avoiding the need to key or maintain separate, off-line system.

#### RECOMMENDATION 13: EXPAND THE CONTENT ON THE TOWN WEBSITE

We recommend that Westport populate its website with additional data and useful information. Financial and other helpful information often posted on a municipal website include, but is not limited to, the town's budget and monthly expenditure reports, audit results, and all board and town meeting minutes. In addition, each department and board should post any reports, forms, applications and frequently asked questions. For example, assessing-related forms for abatement and exemption applications should be added to the assessors' webpage. Rather than creating these forms locally, the assessors' webpage could display a link to DOR's website (under [Forms and Brochures](#) in the Municipal Finance Law Bureau), which would enable a user to select the appropriate form, complete it on-line and print out for submission to the assessors. Overall, a comprehensive and up-to-date website would help generate public awareness and confidence in government. In other communities, user-friendly and informative websites have proven successful in reducing the amount of time that town employees spend fielding questions in person or on the telephone.

#### RECOMMENDATION 14: EXPLORE INFORMATION TECHNOLOGY OPTIONS

We recommend that the town explore all potential options relative to sharing or merging town and school technology departments. The maintenance of technology systems is a critical function. In addition, there are training and user support needs that would help staff automate or streamline operations and improve their use of available computer applications.

Currently, the town departments rely on one individual who is willing and able to support and maintain hardware and software applications. This can be a challenge given the limited resources allocated to operate and secure systems and the lack of funding to schedule the replacement of aging computer equipment. Given his existing duties, the data processing coordinator does not have scheduled daytime hours or funding to survey staff and/or conduct training, which could save time and money for the town. The school department, on the other hand, is larger in size and has the potential to provide user support and training during normal business hours. Understandably, the schools and town have their own operating systems and concerns about the security of their respective data. However, given Westport's scarce dollars, exploring all potential options should be a priority.

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## ACCOUNTANT'S OFFICE

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Appointed by the selectmen, the town accountant is a full-time position and has served the town since July 2005. She has a full-time assistant accountant, who is trained to perform most duties of the office and to sign warrants in the accountant's absence.

The accountant oversees financial activity of the municipality and maintains the town's general ledger. She reviews weekly invoices and biweekly payroll; prepares warrants; produces trial balances and maintains information on town debt. Monthly, she distributes revenue and expenditure reports and reconciles cash and receivables with the treasurer and the collector as well as all accounts with the school department. At the close of each fiscal year, the accountant prepares and submits the balance sheet and year-end report of revenues, expenditures and fund balances (commonly referred to as the Schedule A) to DOR and prepares schedules for the town's annual outside audit.

Generally, the accountant receives copies of all contracts and grants entered into by the town. These enable her to see the terms of a purchase or service, making sure proposed spending does not exceed the available appropriation. To further control spending, the school department centrally bids many items and uses purchase orders for everything while town departments do not.

The uniform procurement law (M.G.L. c. 30B) established the legal framework for the purchases of town supplies and services as well as any contract for the disposition of surplus items. Purchases under \$5,000 should be handled using best business practices, ensuring that the town gets the best price and value given the set specifications. A department must get at least three verbal (or written) quotes for purchases between \$5,000 and \$10,000 and three formal written quotes for purchases between \$10,000 and \$25,000. Similarly, the disposition of surplus supplies with a resale or salvage value of \$5,000 or more requires an advertised public bid, auction or sale through an established market.

At least twice, M.G.L. c. 30B was not followed in Westport. The State Inspection General's Office conducted a review, found the town in violation and issued an opinion. In one instance, a Westport department head entered into a contract for repair work and to purchase a vehicle in violation of the procurement law. The State Inspection General's Office determined that the contract was invalid and that no payment could be made even if the goods had been delivered or services rendered. Despite this opinion, the claim was placed on the warrant and approved by town meeting, but still may not be paid. In a second case, it was determined that the town sold surplus vehicles, equipment and scrap metal to an outside party without a competitive process, violating M.G.L. c. 30B and a town by-law that requires a vote of town meeting if the value is more than \$1,000. The State Inspection General's Office's recommended that officials be educated on the requirements of M.G.L. c. 30B to avoid these problems in the future.

In reviewing sample warrants, it was discovered that some vendor warrants were actually signed by the selectmen while others and the payroll warrants had some stamped signatures.

According to officials, some selectmen have given their secretary the authority to use the stamp, if they would not be able to get into town hall before the warrant was released.

In 2008, the town had an actuarial analysis completed of its other post employment benefits (OPEB) liability in compliance with GASB Statement 45. Based on an actuarial valuation (as of July 2007), Westport had an accrued liability of as much as \$27.5 million (pay-as-you-go). Annual required contribution (ARC) payments range between \$1 million and \$1.7 million, depending on the investment return assumptions. Currently, there is no requirement to fund this in Massachusetts and the town has not established an OPEB Trust Fund through the local adoption of M.G.L. c. 32B, §20. According to GASB Statement 45, this actuarial analysis should be updated biannually, which has not happened in Westport due to a lack of available funding resources.

#### RECOMMENDATION 15: AVOID FACSIMILE SIGNATURES ON WARRANTS

We recommend that the selectmen actually sign all warrants authorizing payment. The general laws contain several provisions permitting facsimile signatures of municipal officials for specific purposes. However, authorizing payments on a warrant is not among these. The Department of Revenue has long taken the position that in the absence of express statutory provision, actual signatures of the selectmen must appear on warrants rather than facsimiles.

#### RECOMMENDATION 16: IMPLEMENT PURCHASE ORDER SYSTEM FOR TOWN DEPARTMENTS

We recommend that Westport consider implementing the purchase order (PO) system to track and control town spending. A PO system would require that departments submit a requisition to the accounting officer, who would encumber the funds and issue a purchase order prior to purchasing items or entering into service agreements. Requests subject to the procurement laws would be forwarded to the town administrator for review and approval. This formal process would enable the town to oversee spending, to encumber funds as they are committed, and to verify compliance with procurement laws prior to expenditure.

If a purchase order system is implemented, we further recommend that a minimum purchase order amount be adopted. Requiring a purchase order for all expenditures could become burdensome on the town administrator and the accounting office and not be cost effective. Communities of similar budget levels have minimum purchase order amounts of \$500.



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## ASSESSORS' OFFICE

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The assessing office maintains assessment data on approximately 9,650 real and personal properties, 20,900 motor vehicle excise accounts, 1,200 boat excise accounts, and 20 farm excise accounts. The office processes approximately 400 building permits, 500 deed transfers, 260 exemptions and 100 abatements annually.

The assessing department is guided by an elected, three-member board of assessors. The board members meet monthly and more often when abatement applications are filed. The board determines the full and fair cash valuations and classification of all property, assigns tax payments to owners, generates the property tax and excise commitments for the collector and acts on all abatement and exemption applications. In addition, the members conduct building and occupancy permit inspections as their schedules allow.

The assessing office has a staff of four, a part-time assistant assessor, a full-time office manager and two full-time clerks. The staff hours of operation are Monday–Friday 8:30 am to 4 pm, but the office is closed to the public on Thursdays so the staff may work without interruptions.

The part-time assistant assessor is responsible for maintaining the assessment records, determining new growth and interim year value adjustments, and conducting in-house residential, commercial and industrial property revaluations. As abatement and exemption applications are submitted, the assistant assessor reviews them, conducts an inspection if necessary and recommends action to the assessors. The assistant assessor conducts some building and occupancy permit inspections, but generally does not inspect sale properties. The assistant assessor oversees the office staff and manages outside consulting services, including the personal property data collection/valuation vendor and two fee appraisers that conduct cyclical inspections.

The clerks are relatively new; one has worked for the town for three years while the other was hired a couple of months ago. They enter legal changes into the PK Valuation Group computer assisted mass appraisal system, maintain the town's assessment records and maps, and note building permit information in the PK system as well as on the property record card. They handle the motor vehicle and boat excise accounts, prepare abutters' lists and respond to public inquiries. When abatement and exemptions are acted on by the board, they generate approval certificates or denial letters on the computer. Granted exemption and abatements are reported to the collector upon approval and then reconciled monthly with the collector.

The office manager supervises the clerks while performing similar tasks much of the time. While the office manager is entering all data and property sketches into the PK system at the present time, she will be training the clerks to perform these tasks. The office manager has worked for the assessors for 38 years and is very knowledgeable. While she has not indicated plans of retiring, the board is concerned about the future of the office in the event she does leave town service.

During the summer of 2010, the assistant assessor retired. The assistant assessor's position was budgeted at about \$30,000 in FY2010, but as a result of the town's fiscal issues, the salary was reduced

to a little over \$24,000 in FY2011. Given this reduced funding, the board delayed filling the vacancy until midyear, posting the position at a salary range of \$25,000 - \$29,000 in January. The current available salary appropriation is sufficient to pay the proposed salary range for the remainder of FY2011. The town administrator's FY2012 proposal level-funded the assessors' budget, which is about \$7,000 less than requested by the board. If approved at the lower figure, the assessors may be hard pressed to make cuts in other line-items to accommodate the assistant assessor's salary at the higher range. The assessors explored outsourcing the assistant assessor's work to a contractor, but found it would be more costly.

Currently, the assessors' page on the town website contains a link to the town's geographical information system (GIS), which allows the user to search property record information by owner, address or map and lot property identification. They can also use an interactive mapping tool to prepare an abutters list. The GIS provides 15 selected fields of information from the assessors' property records, including dimensions, description, a sketch and photo of the property. Full property record cards may be viewed and printed for a fee from a counter terminal in the assessing office when it is open to the public.

Annually, the assessors request income and expense information on rental properties, which helps them determine equitable values for assessment purposes. Through annual forms of list, the assessors identify the taxable contents of commercial, industrial, residential apartments and second-home properties. Reportedly, the responses to these annual requests have been fair. As a part of the FY2009 recertification of values by DOR, the Bureau of Local Assessment (BLA) recommended that the assessors implement a program to ensure a better return of income and expense data and that a new analysis of second home personal property be conducted. Normally, Westport's next triennial revaluation would have been FY2012; however, it has been postponed one year to FY2013 as a result of the FY2010 Municipal Relief Act (Chapter 188 of the Acts of 2010). This delay will afford the assessors the time to hire a new assistant assessor, who will be responsible for completing the necessary work to comply with BLA's recommendations.

In 2008, the Bureau of Local Assessment (BLA) changed the statewide property classification codes to comply with the Government Accounting Standards Board Statement 34. Specifically, the municipally owned parcel code 903 was replaced with ten more specific codes. In reviewing the town's database, the assessors have not updated the class codes as of this writing.

## RECOMMENDATION 17: COORDINATE INSPECTIONAL DEPARTMENT VISITS

We recommend that the assessing department work with the fire department and the building inspector to accompany them on their respective inspections. Teaming up with the fire department when it schedules a smoke/CO2 inspection because of a pending sale would ensure timely, interior information for the assessing database as well as for analyzing sales. Similarly working separately with the building inspector to be present at the final scheduled inspection for occupancy also will help ensure timely review of improvements. Furthermore, combining visits with another department would

reduce the number of scheduled town trips to the same properties and would assist the assessors in fulfilling its cyclical inspection program.

#### RECOMMENDATION 18: RECODE EXEMPT PARCELS

We recommend that the assistant assessor review all tax exempt parcels to make sure each property type classification code is in compliance with BLA guidelines. The assistant assessor should refer to BLA's booklet, *Property Type Classification Codes Property Sales Report: Non-Arms Length Codes and Sales Report Spreadsheet Specifications*, for coding instructions. This will be a required correction for the FY2013 revaluation.

#### RECOMMENDATION 19: PLACE FULL PROPERTY RECORD CARD ON WEBSITE

We recommend that the town consider placing the full property record card on-line. Placing the entire property record card on-line provides complete information relating to each parcel and generally reduces the counter traffic and telephone calls that interrupt the staff. According to Westport's vendor, PK Valuation Group provides this service for an initial set-up fee of \$1,000 and an annual maintenance fee of \$2,500.

#### RECOMMENDATION 20: PLANNING FOR SUCCESSION IN THE ASSESSING OFFICE

We recommend that the town develop a succession plan for the assessing office. Succession planning is an approach or plan that provides for a smooth and thoughtful transition for filling future staff vacancies. It also presents an opportunity to rethink individual roles (board members and staff), reporting relationships and office functions with an eye toward creating greater efficiencies and possible cost savings. It should be simple and easy to implement.

As an initial step, when town officials become aware of an impending vacancy, they should establish a target date when the position will be filled and, if necessary, provide for a transition plan in case there is a period of time between the former employee and the new hire. Town officials should allow time to document information about core functions and legal responsibilities of the office and/or the position. Included would be any job description, position classification and grade, hours assigned and benefits package, if any. Applicable provisions of the personnel policies or by-laws should be identified.

Before advertising the position, a salary survey of similar or neighboring communities should be completed to determine whether the town is sufficiently competitive to attract qualified job candidates. Through interviews with the departing employee, remaining staff and others, discussion of whether changes in the job duties or office functions are warranted should take place. The skill sets, experience and qualifications necessary to fulfill the resulting job responsibilities should be defined and incorporated into an updated job description.

An impending vacancy also presents an opportunity to explore whether options exist to convert positions from elected to appointed, merge positions internally or to share costs with other towns. Contracting out for a particular service might also be an efficient alternative.

In Westport, as the assessors went through the process of hiring a new part-time assistant assessor, they took many of the steps outlined above. The assessors explored the possibility of hiring a consultant to perform the assessing related tasks and revaluations, but found the estimated costs in excess of the available resources. Consequently, the board determined a timeframe in which a replacement should be hired and reviewed the job description and classification with the town personnel committee. The board members selected an individual who has assessing experience and knowledge and hope he will serve the board as well as the previous assistant assessor.

Another factor that contributed to the assessors' decision to maintain the current office structure is the office manager's assessing knowledge and years of experience. Because the office manager handles the administrative and most routine functions of the department, the assistant assessor has been able to focus on value-related work. If the office manager were to depart, the assessors are concerned as to whether they would be able to find a replacement with equal experience and knowledge to complement the assistant assessor thus enabling the assistant assessor to work on a part-time basis.

Because of the board's concern, it should consider the costs and benefits of moving to a full-time assistant assessor's position going forward. Westport is a large land area with nearly 9,700 parcels that is still experiencing growth. In 30 communities with 8,500 to 10,700 total properties, all but Westport have a full-time professional position in the assessing office. With a full-time professional position, Westport's assessing department would be the individual's primary responsibility not a second job. A full-time salaried person would be present during normal business hours to manage value-related work, supervise staff, perform inspections in conjunction with the fire and building departments, respond to customer inquiries and participate in town department or financial planning meetings.

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## COLLECTOR'S OFFICE

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The collector is an elected official, who has worked for the town 36 years and held this position for 12 years. Prior to FY2003, the office had two full-time staff members, an assistant collector and a clerk. Due to budget cuts, the assistant has been reduced to 32 hours per week and the clerk is now part-time (20 hours per week). The office also has a budget of \$2,000 to hire a seasonal clerk to assist during heavy collection periods or when the staff is out of the office during the year. The office has public hours 8:30 am to 4 pm Monday through Thursday and is open until 6 pm the first Monday of the month. On Fridays, the office is closed to the public so the staff is able to work without interruptions but, due to the furlough days in FY2011, the office was closed on Fridays during the summer.

The office processes property tax bills quarterly while the motor vehicle, boat and farm excise is issued annually. They also prepare about 600 municipal lien certificates. Using the SoftRight system, the collector prints and then mails the property tax bills. Her staff also prepares the boat excise and farm excise bills using Microsoft Office applications and collects the payments as miscellaneous receipts because these billings have never been set up in the financial system. For a fee, the motor vehicle excise bills are printed by a deputy collector, Kelly and Ryan, but the bills are stuffed and mailed by the collector's office to minimize the cost.

The collector receives more than one-quarter of the property tax payments on-line ([eBill](#) by Metropolitan Communications, LLC) through the town's website and from escrow (real estate taxes via mortgage companies) collection services and about five percent of the motor vehicle excise payments on-line. The remaining bills are taken in by mail or at the counter. All payments are posted upon receipt and deposits are made daily at the bank. Weekly, the collector prepares a turnover for the treasurer that includes a report with receipt details.

Once a real estate tax bill becomes past due, the collector issues a demand notice. If the demand notice does not result in payment, the collector contacts the property owner, which generally results in payments or agreement to a payment plan. For the remaining outstanding parcels, she does a tax taking and turns the accounts over to the treasurer. As of June 30, 2010, the collector had over \$770,000 in receivables, some dating back a few years. These include real estate (2008), personal property (2004), motor vehicle excise (1990) and boat excise (2003).

The collector uses one deputy collector, Dale Clark, to pursue delinquent motor vehicle and boat excise and a second deputy collector, Kelly and Ryan, to mark delinquent motor vehicle excise. Delinquent collections are brought to the collector's office for the staff to post the payments and then deposit the funds in the bank. A portion of the fees (warrant fee is retained by the town) for the outside service is paid to the deputy collector through the vendor warrant. The collector also uses the small claims court process to aid in the collection of returned checks and other delinquent accounts.

With the reduction in staff hours, the collector's office only bills and takes in payments for tax and excise accounts. The City of Fall River provides water service to 160 account users in Westport. Using Microsoft Office applications, the quarterly water bills are produced by the assistant accountant and the payments are collected and posted by the selectmen's staff. Similarly, the slip, mooring and

ramp access fees and commercial fishing boat wharf fees were once billed and collected by the collector but are now handled independently by the harbormaster and wharfing departments.

## RECOMMENDATION 21: CENTRALIZE ALL COLLECTIONS

Complying with Article IV, Section 404 of the town by-laws, we recommend that the collector be responsible for billing and collecting all committed amounts, including water, wharf and mooring fees. These charges should be committed to the town collector for collection. The collector is bonded and the office is established to receive volume collections. It also should be the collector's responsibility, not a department's, to pursue any past due amounts.

We recommend that the collector consider a lock box service to assist in the collection of all billable amounts. A number of financial institutions offer lock box services to collect tax or other payments by mail and process the payments through their collection system on a rate per piece basis. The service deposits payments into a municipal bank account and returns daily electronic receipt reports to the client community. To post the payments, the collector's staff reviews the file and, if it reconciles to the deposit, uploads the information to the accounts receivable software. A contract between the town and a lock box service would specify the scope of services to be provided and how costs would be calculated.

As a major benefit, these services free-up staff time by reducing mail payments at the collector's office. The process makes posting automatic, accelerates deposits, makes funds available sooner, and improves investment earnings. Additional interest earned and efficiencies gained help offset the cost to the town for the service. However, a successful lockbox program also relies on a certain amount of public relations. The town should seek ways to inform the public and encourage their use of these services in returning tax and other payments.

## RECOMMENDATION 22: PURSUE COLLECTION REMEDIES

We recommend that the collector use the services of a deputy collector to pursue outstanding personal property tax accounts. A deputy collector may be able to obtain money owed the town or provide evidence (e.g., death, absence, poverty, insolvency, or other inability of the person assessed to pay) that the accounts are uncollectible. Once the collector is reasonably sure that the accounts are uncollectible, she should work with the assessing office, and file appropriate forms with the Commissioner of Revenue, to have them abated and cleared off the town's books.

We recommend the collector contact the assessors about abating motor vehicle and boat excise determined to be uncollectible. Abating the older amounts will help clean up and reduce the town's receivables on its balance sheet. If an older outstanding amount is eventually collected and turned over by the deputy collector, the assessors would have to recommit the bill on a special warrant to the collector. This will enable the collector to accept the payment and post it in the SoftRight system.

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## TREASURER'S OFFICE

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The treasurer is also a separately elected official, who has held office for 21 years. He has a full-time assistant treasurer, who performs the duties of the office in the absence of the treasurer, and a full-time clerk. The office is open five days a week, but is closed on Fridays during the summer.

The treasurer is responsible for cash management (including the investment, disbursement and borrowing of cash), preparation the town's biweekly payroll, and administration of employee benefits. Departments turn over revenues at least monthly, which are then counted, deposited in the bank and entered into the SoftRight system. These turnovers also are posted in the cash book, which is a hardcopy ledger that is manually kept. It is the source of original entry for recording receipts and deposits, disbursements summarized by warrant, and the total cash position of the town. A cashbook is a financial control that enables the treasurer to reconcile with bank statements, cash on hand, and the general ledger balance on a regular basis. Monthly, the treasurer submits a statement of receipts to the accountant and reconciles his cash with the accountant's general ledger.

In addition, the treasurer's office uses Excel spreadsheets to reconcile cash with the accountant and to manage and track the town's annual debt budgets and long-term schedules. Tax title, deferred taxes, and foreclosure account balances, which are maintained on spreadsheets because the office has never activated the SoftRight modules, are also reconciled monthly.

### RECOMMENDATION 23: AUTOMATE THE CASH BOOK

We recommend that the treasurer create and maintain a comprehensive cash book in an automated application (e.g., electronic spreadsheet, Quicken, Quick Books or SoftRight). The town's current cash book is hand written and cannot summarize the total cash position without the use of an adding machine. Creating an automated cash book, which has subsidiary ledgers to record activity in all town bank accounts including special revenue funds, will provide useful management information and free up the time of the assistant treasurer. A cash book also is a useful tool when the treasurer reconciles balances with bank statements and the accountant's general ledger.

## ACKNOWLEDGEMENTS

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