

FINANCIAL POLICY MANUAL | TOWN OF CLINTON

A COMMUNITY COMPACT CABINET INITIATIVE

SEPTEMBER 2020



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

September 2, 2020

Board of Selectmen
Town of Clinton
240 Springfield Street
Clinton, MA 01095

Dear Board Members,

I am pleased to present the enclosed set of financial policies for the Town of Clinton as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

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

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

INTRODUCTION

At the board of selectmen's request, the Division of Local Services Technical Assistance Bureau (TAB) created a financial policy manual for the Town of Clinton. This project was a result of the Community Compact Cabinet (CCC) initiative (www.mass.gov/ccc), whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government.

In requesting this CCC project, the board of selectmen sought guidance in formalizing the town's existing financial processes and adopting best practices to better govern town operations. By laying out objectives, roles, and responsibilities, operational policies promote accountability, foster efficient coordination, and highlight the oversight and functional controls necessary to safeguard against deficiencies. The adoption of formal financial policies can also help a community ensure consistency during times of changeover in personnel. From a broader perspective, policies related to fiscal planning support stability and continuity by providing reasoned, consensus parameters to shape short- and long-term budget decisions. Together, they mitigate the risk of developing structural imbalances and other negative trends while also providing a framework for sustaining and enhancing services. The attached policy manual will complement and incorporate Clinton's existing financial practices.

Please note that specific town meeting action will be required before Clinton may adopt certain policies:

OPEB: According to the Governmental Accounting Standards Board (GASB) Statement 75, an OPEB trust fund must comply with the following criteria: 1) the fund's contributions and earnings are irrevocably committed to OPEB use; 2) the OPEB plan's assets are dedicated exclusively to providing benefits to plan members; and 3) the OPEB plan's assets are legally protected against creditors. In light of Statement 75, the Massachusetts legislature modified [M.G.L. c. 32B, § 20](#) to meet the new guidelines. Consequently, we advise the Board of Selectmen to take up articles that propose the following:

1. Reaccept M.G.L. c. 32B, § 20 to establish a GASB-compliant OPEB trust fund.
2. Authorize the prudent investor rule as detailed in [M.G.L. c. 203C](#) to make available the options required to meet the investment goals of the OPEB trust.

Tax Enforcement: Tax Enforcement policy with the full text provided in the manual. This policy refers to tax title payment agreements, which require a bylaw for implementation per [M.G.L. c. 60, § 62A](#). The following text may serve as a template:

Article X, Section XXX: Payment Agreements for Properties in Tax Title

- XXX a.) Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer/Collector will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").
- XXX b.) Tax title categories eligible for payment agreements include [*specify criteria here, based on amount owed, assessed property value, length of delinquency, and/or any other criteria*].
- XXX c.) At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- XXX d.) The agreement's maximum term shall be five years.
- XXX e.) Full compliance with agreement terms will result in a waiver of [*local decision: choose a percent up to 50 percent*] of the tax title account's accrued interest.

Tailings: The tailings policy includes expedited procedures for managing uncashed checks as allowed under [M.G.L. c. 200A, § 9A](#). Accordingly, it can only be adopted after town meeting's acceptance of this statute.

All the policies presented here should be periodically reassessed and modified as conditions change. Incorporated in them are specific provisions local leaders need to consider and decide upon. An example taken from the reserves policy is: "The Town shall set a goal of maintaining its year-end unappropriated free cash balance in the range of [three to five] percent of the annual general fund budget." In each case, the draft policy has brackets around the decision point with the word(s) in the bracket representing TAB's suggestion based on researched best practices. In these cases, local officials should finalize the decisions and remove the brackets prior to adopting the policies.

**CLINTON
MASSACHUSETTS**

**FINANCIAL POLICIES
MANUAL**

PREFACE

The Town of Clinton is committed to safeguarding public funds, protecting local assets, and complying with financial standards and regulations. To that end, this manual of financial policies provides guidance for local planning and decision making. The policies as a whole are intended to outline objectives, provide direction, and define authority to help ensure sound fiscal stewardship and management practices. Each should be periodically reviewed and updated as necessary.

With these policies, the Town of Clinton, through its Board of Selectmen, Town Administrator, Finance Committee, Capital Planning Committee, Board of Assessors, and employees, commits to the following objectives:

- Sustaining a consistent level of service and value for residents and businesses
- Safeguarding financial integrity and minimizing risk through a system of internal controls
- Promoting the maintenance and improvement of physical infrastructure and capital equipment
- Conforming to general law, uniform professional standards, and municipal best practices
- Protecting and enhancing the town's bond rating
- Promoting transparency and public disclosure
- Assuring accurate and timely reporting

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**FINANCIAL
PLANNING
POLICIES**

CAPITAL PLANNING

PURPOSE

To effectively maintain the Town’s infrastructure and protect the value of its capital assets, this policy outlines guidance for planning, reviewing, and coordinating capital improvements. Adherence to this policy will help the Town meets its capital needs despite limited resources.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen and Finance Committee, Committee in their budget decision-making roles. ▪ Town Administrator and Town Accountant job duties. ▪ All department heads in planning for and requesting capital projects.
Scope:	<ul style="list-style-type: none"> ▪ All current and proposed capital projects for assets owned by the Town.

POLICY

The Town will maintain its physical assets by providing funding in the operating budget to protect its capital investments and minimize future maintenance and replacement costs. To provide and preserve the infrastructure needed for achieving the highest levels of public services and quality of life possible within available financial resources, the Town will maintain an annually updated, five-year plan for capital improvements. The Town will emphasize preventive maintenance as a cost-effective approach to capital reinvestment and replace exhausted goods as necessary.

The Town Administrator is charged to oversee Clinton’s capital improvement program. This involves maintaining a capital asset inventory, identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town’s budget limitations. On an annual basis, the Town Administrator will solicit and receive capital project requests from department heads to develop a capital plan and submit it to the Board of Selectmen and Finance Committee. After reviewing the capital plan and making any changes, the Board of Selectmen and Finance Committee will hold a joint, public meeting to reconcile their alterations and approve it in advance of Town Meeting.

A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over [\$25,000] and to have or to extend [five] or more years of useful life. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Major improvements to physical infrastructure, such as streets, sidewalks, stormwater drains, and water distribution systems
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Planning, feasibility studies, and designs for potential capital projects

- Items obtained under a long-term capital lease
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years that, when aggregated, have total costs exceeding the capital threshold

B. Capital Asset Inventory

To support a systematic acquisition and replacement schedule the Town Accountant will annually update and maintain a detailed inventory of all capital assets, which shall include dates built, acquired or last improved, original costs, current conditions, expected and remaining useful lifespans, depreciated values, extent of use, and any scheduled replacement or expansion dates.

C. Evaluation of Capital Projects

As part of the annual budget process, the Town Administrator will solicit capital project requests from department heads and then evaluate and prioritize them using the criteria below:

1. [Eliminates a hazard to public health and safety]
2. [Required by state or federal laws or regulations]
3. [Supports adopted plans, goals, objectives, and policies]
4. [Stabilizes or reduces operating costs]
5. [Uses outside financing sources, such as grants]
6. [Makes better use of a facility or replaces a clearly obsolete one]
7. [Maintains or improves productivity or existing standards of service]
8. [Directly benefits the Town's economic base by increasing property values]
9. [Provides new programs having social, cultural, historic, economic, or aesthetic value]

D. Multiyear Capital Improvement Plan

The Town Administrator will annually update and propose to the Finance Committee and Board of Selectmen a five-year capital improvement plan (CIP), including the upcoming fiscal year's capital budget and a four-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources. Only projects that have gone through the evaluation process will be included in the CIP unless required by an emergency. In this case, a written report explaining the emergency must be provided to the Board of Selectmen.

E. Capital Financing

Annually, the Town will strive to maintain [three percent] of the general fund operating budget, net of debt, on capital investment allocations. The CIP shall be prepared and financed in accordance with the following principles:

- In accordance with Clinton's Financial Reserves Policy, appropriations from the Capital Projects and Infrastructure Improvements Stabilization will be the primary revenue source for one-time capital purchases and projects.
- Available funds (e.g., free cash) will be another funding source for capital projects when practical.

- Short-term debt may be used to fully finance purchases with useful lifespans of less than 10 years.
- In accordance with Clinton’s Debt Management policy, the Town will restrict long-term debt funding to projects with lifespans greater than 10 years and costs exceeding \$100,000.
- Before any long-term, bonded capital project is recommended, the project’s annual operating costs and debt service costs shall be identified.
- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through capital or debt exclusions.
- Infrastructure or facility maintenance budgets built into the general operating budget will not be reduced to fund other departmental budgets.
- To the extent feasible, all capital projects associated with the Town’s enterprise operations shall be financed from user fees or retained earnings.

F. Capital Project Closeouts

The Town will endeavor to close out all capital projects within six months of completion or discontinuation. When closing out any project with a residual balance, the Town Accountant will work with the Collector/Treasurer to do one of the following:

- If the project was funded by available revenue (tax levy or reserves), reallocate the balance to another capital project(s) or close it to the appropriate fund surplus.
- If the project was bond-funded and has a balance under \$50,000, propose that the Board of Selectmen apply the balance to debt service.
- If the project was bond-funded and has a balance over \$50,000, propose that the Board of Selectmen apply the balance to another capital project(s) for which the Town may borrow for an equal or greater term than the originally issued loan.

REFERENCES

[M.G.L. c. 44, § 20](#)

Clinton policies on Debt Management and Financial Reserves

Division of Local Services (DLS) Best Practice: [Presenting and Funding Major Capital Projects](#)

DLS Financial Management Guidance: [Capital Improvement Planning Manual](#)

EFFECTIVE DATE

This policy was adopted on [date].

DEBT MANAGEMENT

PURPOSE

To provide for the appropriate issuance and responsible use of debt, this policy defines the parameters and provisions governing debt management. Policy adherence will help the Town to responsibly address capital needs, provide flexibility in current and future operating budgets, control borrowing, and sustain capital investment capacity. It can also help the Town to maintain or enhance a favorable bond rating so as to achieve long-term interest savings.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen, Town Administrator, and Finance Committee in their budget decision-making roles ▪ Treasurer's debt management responsibilities ▪ Town Accountant's budget analysis and reporting duties
Scope:	<ul style="list-style-type: none"> ▪ All long-term debt obligations permitted to be issued under state law, including general obligation bonds, revenue bonds, bond anticipation notes, and lease/purchase agreements ▪ Excludes short-term borrowings done as revenue anticipation notes

POLICY

Under the requirements of federal and state laws, the Town may periodically issue debt obligations to finance the construction, reconstruction, or acquisition of infrastructure and other assets or to refinance existing debt. The Town will issue and manage debt obligations in such a manner as to obtain the best long-term financial advantage and will limit the amount of debt to minimize the impact on taxpayers. Debt obligations, which include general obligation bonds, revenue bonds, bond anticipation notes, lease/purchase agreements, and any other debt obligations permitted to be issued under Massachusetts law, will only be issued to construct, reconstruct, or purchase capital assets that cannot be acquired with current revenues.

A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for purposes that are authorized by state law and qualify for tax-exempt bonds and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital improvements and projects that cost at least [\$100,000] and that have at least [10] years of useful life or whose useful lifespans will be prolonged by at least [10] years.
4. Refrain from using debt to fund any recurring purpose, such as current operating and maintenance expenditures.

5. Consider using revenue bonds, special assessment bonds, or other types of self-supporting bonds instead of general obligation bonds whenever possible.
6. Set user fees to cover capital costs for the water, sewer, and solid waste enterprise operations to the extent practicable.

B. Debt Limits

The Town will adhere to these debt parameters:

1. Total debt service, including debt exclusions and any self-supporting debt, shall be limited to [10] percent of general fund revenues, with a target balance of [five to seven] percent.
2. As dictated by state statute, the Town's debt limit shall be five percent of its most recent equalized valuation.

C. Structure and Term of Debt

The following shall be the Town's guidelines on debt terms and structure:

1. The Town will attempt to maintain a long-term debt schedule such that at least 50 percent of outstanding principal will be paid within 10 years.
2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than [10] years, except for major buildings, land acquisitions, and other purposes in accordance with the useful life borrowing limit guidelines published by the Division of Local Services (DLS).
4. Any vote to authorize borrowing will include authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
5. The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines and penalties to the federal government, and jeopardizing any debt issuance's tax-exempt status.

D. Bond Refunding

To achieve potential debt service savings on long-term, tax-exempt debt through bond refunding the Town will:

1. Issue debt with optional call dates no later than 10 years from issue.
2. Analyze potential refunding opportunities on outstanding debt as interest rates change.
3. Use any net premium and accrued interest to reduce the amount of the refunding.
4. Work with the Town's financial advisor to determine the optimal time and structure for bond refunding.

E. Protection of Bond Rating

To obtain and maintain a favorable bond rating, the Town will:

1. Maintain good communications with bond rating agencies, bond counsel, banks, financial advisors, and others involved in debt issuance and management.
2. Follow a policy of full disclosure on every financial report and bond prospectus, including data on total outstanding debt per capita, as a percentage of per capita personal income, and as a percentage of total assessed property value.

F. Reporting

1. The Collector/Treasurer will report to the Board of Selectmen and Town Administrator on the Town's debt status at least annually.
2. The Town Accountant will include an indebtedness summary as part of a report on receipts and expenditures in Clinton's Annual Town Report.
3. The Town Accountant, with the Town's financial advisor, will file an annual audit report and official disclosure statement within 270 days of the end of the fiscal year.

REFERENCES		
M.G.L. c. 41, § 59	M.G.L. c. 41, § 61	M.G.L. c. 44, § 4
M.G.L. c. 44, § 6	M.G.L. c. 44, § 6A	M.G.L. c. 44, § 7
M.G.L. c. 44, § 8	M.G.L. c. 44, § 17	M.G.L. c. 44, § 19
M.G.L. c. 44, § 20	M.G.L. c. 44, § 21A	26 USC § 148

Clinton Capital Planning policy

DLS Best Practice: [Understanding Municipal Debt](#)

DLS Borrowing Guidelines: [Asset Useful Life - Borrowing Limits](#)

DLS Informational Guideline Releases 17-21: [Borrowing](#) and 17-22: [Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt](#)

Government Finance Officers Association Best Practice: [Refunding Municipal Bonds](#)

Internal Revenue Service Guidance: [Arbitrage Guidance for Tax-Exempt Bonds](#)

EFFECTIVE DATE
This policy was adopted on [date].

FINANCIAL RESERVES

PURPOSE

To help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to and expending reserve funds. With well-planned sustainability, Clinton can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town’s credit rating and consequently its long-term cost to fund major projects.

APPLICABILITY

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen, Town Administrator, and Finance Committee in their budget decision-making roles ▪ Town Accountant and Board of Assessors job duties
Scope:	<ul style="list-style-type: none"> ▪ Goals for and appropriate use of general reserves, including free cash, stabilization funds, and overlay surplus

POLICY

The Town is committed to building and maintaining its reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain a combined free cash and stabilization fund balance of [six to ten] percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, retained earnings, and overlay surplus.

A. Free Cash

The Division of Local Services (DLS) defines free cash as “the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year.” DLS must certify free cash before the Town can appropriate it.

To generate free cash, the Town Administrator will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs. As much as practicable, the Town will limit its use of free cash to funding one-time expenditures (such as capital projects, snow and ice deficits, or emergencies).

The Town shall set a goal of maintaining its year-end unappropriated free cash balance in the range of [three to five] percent of the annual general fund budget. The Town will appropriate the excess above this target range to build reserves or to offset unfunded liabilities.

B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. Under M.G.L. c. 40 § 5B, a community may create separate stabilization funds for specific purposes.

General Stabilization: The Town will endeavor to maintain a minimum balance of [three to five] percent of the current operating budget in its general stabilization fund. Withdrawals from general stabilization should only be used as a last resort to avoid serious disruption of Town services or to mitigate emergencies that cannot be supported by current general fund appropriations. Use of general stabilization for recurring costs is permitted only if no other funding is available and may only be used as a revenue source for the present fiscal year. Further, to use general stabilization fund, the official requesting funds must present a plan to the Town Administrator and Finance Committee detailing how the recurring expense will be met in subsequent years. When possible, withdrawals of funds should be limited to the amount available above the [five] percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the withdrawal should be limited to one-third of the general stabilization fund balance. Further, the Town Administrator will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

Capital Projects and Infrastructure Improvements Stabilization Fund: To achieve and maintain target balances sufficient to cover the Town's cash outlay for capital, the town will make annual appropriations to the Capital Projects and Infrastructure Improvements Stabilization fund. The Town Administrator will make an annual recommendation to the Board of Selectmen and Finance Committee regarding the amount of this appropriation after taking into account the needs outlined in the Town's Capital Improvement Plan and the status of available revenues. Appropriating annually to this fund enables Clinton to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs. Sources of revenue for capitalizing this fund may include free cash, available funds, and transfers of retained earnings from the Landfill Enterprise Fund, detailed below.

Transfers from the Landfill Enterprise Fund: According to Chapter 164 of the Acts of 2018 Clinton may appropriate the retained earnings of its capped Landfill Enterprise Fund and transfer them into the Capital Projects & Infrastructure Improvements Stabilization Fund. In accordance with the Act, Clinton amended its bylaws with Article 31 of the 2019 annual town meeting to allow the Board of Selectmen to recommend at Town Meeting that such a transfer take place.

C. Retained Earnings

The Trash Disposal, combined Water and Sewer department, as well as Ambulance services, are managed under enterprise funds, separately from the general fund. Enterprise fund accounting allows the Town to effectively identify these operations' true delivery costs—direct, indirect, and capital—and set user fees at levels sufficient to recover them. Under this accounting, the Town may reserve each operation's generated surplus (referred to as retained earnings) rather than closing the amount to the general fund at year-end. Each enterprise reserve will be used to provide rate stabilization and fund major capital projects.

For each enterprise fund, the Town will maintain a minimum reserve amount of [15-20] percent of the operation's total budget, representing three months' worth of expenditures. These reserves shall be used to provide rate stabilization and to fund major, future capital projects, but whenever any major infrastructure improvements are being planned for any enterprise operation, its minimum target should be revised upward. To maintain the target reserve level for any fund requires the Board of Selectmen periodically review, and when necessary, adjust user rates.

D. Overlay Surplus

The purpose of the overlay reserve is to offset unrealized revenue resulting from uncollected property taxes, abatements, and exemptions. It can be used for other purposes only after it is determined to have a surplus. Therefore, unlike for free cash, the stabilization fund, and retained earnings this policy does not set a consistent, specific funding target for the overlay. Rather, each year as part of the budget process, the Board of Assessors will vote to raise an overlay amount on the annual tax recapitulation sheet based on the following:

- Current balance in the overlay account
- Three-year average of granted abatements and exemptions
- Potential abatement liability of cases pending before, or on appeal from, the Appellate Tax Board (ATB)
- Timing of the next DLS certification review (scheduled every five years)

At the conclusion of each fiscal year, the Board of Assessors will submit to the Town Administrator and Town Accountant an update of the overlay reserve with data that includes, but is not limited to, the gross balance, potential abatement liabilities, and any transfers to surplus. If the overlay balance exceeds the amount of potential liabilities, the Board of Selectmen may request that the Board of Assessors vote to declare it as surplus and available for use in the Town's capital improvement plan or for any other one-time expense.

REFERENCES

[M.G.L. c. 40 § 5B](#)

[M.G.L. c. 59 § 25](#)

[M.G.L. c. 44 § 53F½](#)

Clinton policies on Capital Planning and Forecasting

DLS Best Practices: [Free Cash](#) and [Special Purpose Stabilization Funds](#)

DLS Informational Guideline Releases 08-101: [Enterprise Funds](#), 17-20: [Stabilization Funds](#) and 17-23: [Overlay and Overlay Surplus](#)

Government Finance Officers Association Best Practices: [Fund Balance Guidelines for the General Fund](#) and [Working Capital Targets for Enterprise Funds](#)

EFFECTIVE DATE

This policy was adopted on [date].

FORECASTING

PURPOSE

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for creating multiyear projections of revenues and expenditures as part of the annual budget process and long-term fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions. In so doing, a multiyear forecast helps guide forward-looking budget processes that enable the community to avert potential deficits, promote long-term financial health, and strategize for capital investment and community development.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Administrator, Town Accountant and Principal Assessor job duties ▪ Board of Selectmen, Finance Committee in their budget analysis and decision-making responsibilities
Scope:	<ul style="list-style-type: none"> ▪ Creation, revision, and year-to-year conversion of a multiyear forecast of revenues and expenditures as part of the annual budget process ▪ Guidelines for formulating the assumptions that form the basis for forecast projections

POLICY

To determine the Town's operating capacity for future fiscal years, the Town Administrator will annually create a detailed forecast containing five-year projections of revenues and expenditures for all operating funds. The Town Administrator and Board of Selectmen will use the forecast to support their decision making for the upcoming year's operating and capital budgets and for the Town's multiyear capital expenditure plan. As a general rule, the Town Administrator will create conservative forecasts. In basic terms, this entails reviewing historical revenue and expenditure trends, anticipating factors that may impact those trends going forward, analytically developing assumptions, and then formulating reasonable revenue and realistic expenditure projections.

Early in the annual budget process, the Town Administrator will present the initial forecast to a joint meeting of Board of Selectmen and Finance Committee. Throughout the budget process, these boards will use the forecast to inform their decision making. In addition, the Town Administrator will promptly revise the forecast projections whenever circumstances change and provide updates to the Finance Committee and Board of Selectmen.

On an annual basis, the Town Administrator will review the performance accuracy of the prior-year forecast and any evolving factors related to the underlying assumptions to consider how projections in the new forecast may need to be adjusted. Factors to consider include changes in laws, regulations, inflation rate, interest rate, town goals, and policy decisions.

A. Guidelines for Revenue Assumptions

The following principles shall guide the formulation of revenue assumptions:

- Projections of the property tax levy will be confined by the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
- New growth projections will take into account the Town's three-, five- and 10-year averages by property class and advice from the Principal Assessor.
- The Town Administrator will annually review the levy limit's relationship to the levy ceiling (which is 2.5 percent of the Town's real and personal property total value) to identify potential override capacity and to guard against the levy limit approaching or hitting the ceiling, which would impact future levy growth.
- Local aid projections will correspond with economic cycles.
- Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.
- One-time revenues will not be used in the projections to fund ongoing or recurring operating expenditures.
- Rates for the Town's water, sewer, and solid waste enterprise operations will be set at levels sufficient to cover all operating and capital costs so as to minimize any general fund subsidies.
- The water, sewer, and solid waste enterprise funds will reimburse the general fund for indirect costs.
- Revenues from grant programs will be reviewed annually to determine their sustainability.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.

B. Guidelines for Expenditure Assumptions

Annually, the Town Administrator will determine a particular budget approach for forecasting expenditures, either maintenance (level service), level funded, or one that adjusts expenditures by specified increase or decrease percentages (either across the board or by department). A maintenance budget projects the costs needed to maintain the current staffing level and mix of services into the future. A level-funded budget appropriates the same amount of money to each municipal department as in the prior year and is tantamount to a budget cut because inflation in mandated costs and other fixed expenses still must be covered.

The following principles shall guide the formulation of expenditure assumptions:

- The Town's current level of services will provide the baseline for projections.
- Historical trends in the growth of operating expenses and employee benefits will prevail.
- Only known increases due to a compensation plan or schedule for the salaries/wages of regular employees will be factored in the projections.
- Potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases will be calculated independent of the forecast.
- The Town will cultivate a strong relationship with the Hampden-Clinton Regional School District's School Committee to receive timely, long-term estimates of district assessments.
- The Town will pay its annual pension contributions and make appropriations to amortize its other postemployment benefits liability.

- The Town will pay all existing debt service obligations and adhere to its Capital Planning and Debt Management policies.

REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

Clinton policies on Capital Planning, Debt Management, Financial Reserves, Grants Management, Indirect Cost Allocation, and One-Time Revenues

DLS Informational Guideline Release 17-21: [Borrowing](#) and Best Practice: [Revenue and Expenditure Forecasting](#)

Government Finance Officers Association article: [Structuring the Revenue Forecasting Process](#)

EFFECTIVE DATE

This policy was adopted on [date].

INDIRECT COST ALLOCATION

PURPOSE

To apportion all the indirect costs associated with the Town’s three enterprise operations in an equitable manner that reflects their true shared costs, this policy provides guidelines for calculating and allocating those costs.

Under authority established in [M.G.L. c. 44 § 53F½](#), the water, sewer, solid waste and ambulance operations’ accounting transactions are recorded and managed separately from the general fund. Their revenues and expenses are not commingled with those of any other governmental activity, and consequently there are separate financial statements for each. Consolidating each enterprise program’s direct and indirect costs, debt service, and capital expenditures into its own distinct, segregated fund allows the Town to demonstrate to the public the true, total cost of providing the particular service.

APPLICABILITY

Applies to:	<ul style="list-style-type: none"> ▪ Town Administrator, Town Accountant, Public Works Director, and Fire Chief ▪ Town Accountant, Collector/Treasurer in their related administrative functions ▪ Board of Selectmen in their budget analysis and decision-making responsibilities, and capacity as water and sewer commissioners
Scope:	<ul style="list-style-type: none"> ▪ Identifying cost categories and methodologies for determining indirect cost payments from enterprise fund utility departments to the general fund

POLICY

As part of the annual budget process, the Town Accountant will calculate the indirect costs to the general fund of the four enterprise operations and review the calculations with the Town Administrator, Public Works Director, and Fire Chief. Based on the results, the Town Accountant will record transfers between the relevant funds by [June 15] each year. The Town Accountant will maintain written procedures detailing the costs and their calculation methodologies.

A. Cost Categories

The calculation of indirect costs will take into account each utility’s personnel expenses budgeted in the general fund. Also accounted for will be certain administrative services performed on behalf of the enterprise departments by other departments, namely:

- Accounts payable, payroll, and general ledger services provided by the Accounting Department
- Collections, banking, investment, tax title, benefits, and payroll services provided by the Collector/Treasurer Department
- Personnel administration services provided by the Town Administrator Department

For these expenses and those listed below, the Town Accountant will calculate indirect costs based on the most recent fiscal year's appropriations and using either the actual, proportional, estimated support, or transactional methodology, as each is outlined in Section B.

The following expenses will be included in the calculations for the Water and Sewer, Rubbish, Landfill, and Ambulance departments:

- Benefits for active and retired employees, including insurances, Medicare tax, unemployment, and workers' compensation
- Pensions
- Vehicle insurance
- Property insurance
- Independent audit services
- Actuarial services
- Legal services
- Information technology services and expenses
- Other costs that may be agreed to and documented

B. Explanation of Calculation Methodologies

1. **Actual cost**, as the term implies, involves the identification of specific costs attributable to the enterprise based on documented schedules or bills payable, including debt service and insurance premiums.
2. The **proportional** method is a straightforward calculation of each operation department's net-of-debt budget as percentage of the total combined net-of-debt budget of that operation and the general fund. The resulting percentage is then applied against the total budget (including employee benefits) of each town department that provides support to that given operation or against the total cost of the specific type of expenditure.
3. A department or official may be able to provide a reasonable **estimate of support** (i.e., an estimate of the average time spent to support a particular service). For example, the Town Accountant estimates she spends an average of two hours weekly, or 10 percent of her time, on Water-related activities (e.g., creating warrants, bookkeeping). This percentage is applied against the department's or official's salary and benefits, including health and life insurance, Medicare, retirement and any workers' compensation.

$$\frac{\text{Hours worked on enterprise activities per year by individual(s)}}{\text{Total hours worked per year by individual(s)}} \times \text{Salary and benefits of individual(s) working on enterprise activities} = \text{Indirect Departmental Salaries}$$

Any department's or official's expenses related to enterprise activities are charged directly to the respective budgets.

4. The **transaction-based** method is calculated based on the number of transactions attributed to a service as a percentage of the whole. An example would be the total water bill collections processed by the Collector/Treasurer’s Office as a percentage of the total number of collections of all types processed by that office. This percentage is applied against the Collector/Treasurer’s total budget, including health and life insurance, Medicare, retirement, and any workers’ compensation attributable to the department.

$$\frac{\text{Number of enterprise-related transactions}}{\text{Total number of all like transactions processed by the non-enterprise department}} \times \text{Total budget plus benefits of the department processing the enterprise transactions} = \text{Indirect Departmental Salaries}$$

C. Calculations by Cost Category

[This section should be reviewed and updated when calculation methodologies are established for all categories.]

1. Health and Life Insurances

Costs for health and life insurances will be calculated using the actual method by adding up the actual amounts paid by the Town for the participating enterprise employees during the current fiscal year.

2. Medicare

The Town’s Medicare cost represents the employer match of the Medicare tax charged to employees hired after April 1, 1986. Using the actual cost method and based on employee W-2s, the costs will be calculated as 1.45 percent of the total gross wages paid by the Town on behalf of each eligible enterprise fund employee during the preceding calendar (not fiscal) year.

3. Retirement

Indirect pension costs will be calculated using the proportional method. The Town’s total annual contributory retirement assessment is multiplied by the respective proportion of each of the total enterprise fund department employee’s compensation to the total employee compensation as reported to the Public Employee Retirement Administration Commission (PERAC).

4. Audit

External audit costs will be based on the proportional method. The enterprise fund departments shall each pay the proportion of the cost of the Town’s annual independent audit based on effort of the Town’s independent auditor.

5. Administrative Services

The indirect costs for enterprise-related administrative services performed by the Accounting, Collector/Treasurer, and Town Administrator Departments will be calculated using the estimate of support method. It will be based on each department's annual estimate of the time required to perform the services for the particular department.

REFERENCES

DLS Informational Guideline Release 08-101: [Enterprise Funds](#)

Government Finance Officers Association Best Practices: [Indirect Cost Allocation](#) and [Full Cost Accounting for Government Services](#)

EFFECTIVE DATE

This policy was adopted on [date].

INVESTMENTS

PURPOSE

To ensure the Town's public funds achieve the highest possible rates of return that are reasonably available while following prudent standards associated with safety, liquidity and yield, this policy establishes investment guidelines and responsibilities. In addition, the policy has been designed to comply with the Governmental Accounting Standards Board's requirement that every community define and disclose its investment risk management strategy.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ The Collector/Treasurer in the statutory duty to invest Town funds ▪ Any investment advisor(s) with whom the Collector/Treasurer contracts
Scope:	<ul style="list-style-type: none"> ▪ Goals, objectives, and allowable practices related to all of the Town's short-term operating funds and its long-term reserve, investment, and trust funds.

POLICY

The Collector/Treasurer will invest funds in a manner that meets the Town's daily operating cash flow requirements and conforms to state statutes governing public funds while also adhering to prudent investment standards. The Collector/Treasurer will manage all investments so as to achieve a fair market average rate of return within the context of all relevant statutory, safety, and liquidity constraints.

A. Investment Objectives

In priority order, the Collector/Treasurer's investment objectives shall be:

- **Safety:** Safety of principal is foremost, and the Collector/Treasurer will adhere to this policy's risk mitigation strategies for the purpose of preserving capital in the overall portfolio.
- **Liquidity:** The investment portfolio must remain sufficiently liquid to enable it to meet all reasonably anticipated operating requirements.
- **Yield:** The investment portfolio will be designed with the objective of attaining a fair market average rate of return throughout budgetary and economic cycles, in accordance with the Town's investment risk constraints and the portfolio's cash flow characteristics.

The Collector/Treasurer will ensure that all **short-term operating funds**, such as general funds, special revenue funds, bond proceeds, and capital project funds remain sufficiently liquid to pay all reasonably anticipated operating requirements and debt service.

For **trusts and other long-term funds** (e.g., stabilization funds, cemetery perpetual care, and any similar funds set aside for long-term use), liquidity is less important than growth. The

Collector/Treasurer will pool any individual funds that are invested in the same institution while also maintaining each fund in its own account so as to allow for the proper proportioning of interest and any realized and unrealized gains or losses. All trust funds are under the Collector/Treasurer's control unless otherwise directed by their particular donor(s).

B. Conflict of Interest

The Collector/Treasurer is prohibited from making a deposit in any bank, trust company, or banking company for which he or she is or has been an officer or employee at any time in the last three years. The Collector/Treasurer will refrain from any personal activity that may conflict with the proper execution of the investment program or that could impair or appear to impair the ability to make impartial investment decisions. The Collector/Treasurer will disclose to the Board of Selectmen any large personal financial investment positions or loans that could be related to the performance of the Town's investments. Further, when contracting for any investment services, the Collector/Treasurer will adhere to requirements under [M.G.L. c. 30B](#) and the Town's Procurement Conflict of Interest policy.

C. Investment Instruments

Under this policy, and in compliance with state statutes, the table below defines allowable investment instruments and guidelines.

INSTRUMENT TYPE	SHORT-TERM FUNDS	LONG-TERM FUNDS
Depository accounts in Massachusetts state-chartered banks, including savings, checking and NOW accounts, and money market deposit accounts	No limitations	No limitations
Certificates of deposit (CDs) in Massachusetts state-chartered banks only	Unlimited amounts and maturity up to three years	No limits on amounts or maturity dates
The Massachusetts Municipal Depository Trust (MMDT) , the State Treasurer's investment pool for public entities.	No limitations and the pool is liquid	No limitations
U.S. Treasury or other U.S. government agency obligations	Unlimited amounts and up to one year from date of maturity	No limitations

INSTRUMENT TYPE	SHORT-TERM FUNDS	LONG-TERM FUNDS
Bank-issued repurchase agreements (“repos”) secured by U.S. Treasury or other U.S. government agency	Maximum maturity of 90 days	Repos are by their nature short-term and therefore not appropriate for the growth objective of long-term funds.
Money market mutual funds	<ul style="list-style-type: none"> ▪ Must be registered with the Securities and Exchange Commission (SEC) ▪ Must have the highest possible rating from at least one rating organization ▪ These are liquid investments, so maturity term is not applicable 	<ul style="list-style-type: none"> ▪ Must be registered with the SEC ▪ Must have the highest possible rating from at least one rating organization
Common and preferred stock, investment funds, and any other type of investment instrument specified in the List of Legal Investments	Not allowed	<ul style="list-style-type: none"> ▪ The Town’s aggregate amount of long-term funds must exceed \$250,000 to invest in these. ▪ Investment in mortgages, collateral loans, and international obligations is prohibited. ▪ Cannot invest more than 1.5% of a particular fund in the stock of any single banking or insurance company ▪ Cannot invest more than 15% of total aggregated funds in banking or insurance company stocks

Note: This policy confines the allowed depository accounts only to those offered by Massachusetts state-chartered banks, a provision that is more restrictive than state statutes and the Massachusetts Collectors & Treasurers Association’s sample investment policy statement. The reason is that the MA-chartered banks’ depository accounts are fully insured through a combination of the Federal Deposit Insurance Corporation and the state’s Depositors Insurance Fund. However, funds placed in these banks’ mutual funds or annuity products are not covered by either insurance, and the Collector/Treasurer must manage those and any other type of investments in accordance with other applicable provisions of this policy.

D. Risk Tolerance Guidelines

The Collector/Treasurer will employ the following strategies to mitigate the range of investment risks:

TYPE OF RISK	MITIGATION STRATEGY
<p>Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.</p>	<ul style="list-style-type: none"> ▪ Investments in any of the following are safe from credit risk: state-chartered banks' depository accounts (including CDs), obligations backed by the U.S. Treasury or other U.S. government agency, and the MMDT. ▪ For any other investments, the Collector/Treasurer will only purchase investment grade securities highly concentrated in those rated A or better.
<p>Concentration of credit risk is the risk arising from all funds being invested in a single issuer.</p>	<p>The Collector/Treasurer will diversify the portfolio among multiple issuers/institutions (see Section E).</p>
<p>Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover deposits or to recover collateral securities in the possession of an outside party.</p>	<p>The Collector/Treasurer will negate this risk by only making deposits at MA-chartered banks.</p>
<p>Custodial risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Town would not be able to recover the value of an investment or to recover collateral securities in the possession of an outside party.</p>	<ul style="list-style-type: none"> ▪ The Collector/Treasurer will review the financial institution's financial statements and its advisor's background to ensure it has proven financial strength, capital adequacy, and an overall positive reputation in the municipal investment industry (see Section F). ▪ If a security is to be held by a third-party custodian, the Collector/Treasurer must approve that party and verify that the security is held in the Town's name and tax ID number, as evidenced by its CUSIP (Committee on Uniform Security Identification Procedures) code.
<p>Interest rate risk is the risk that interest rate changes will adversely affect an investment's fair market value.</p>	<p>The Collector/Treasurer will negotiate for competitive interest rates that are locked in for long terms.</p>
<p>Foreign currency risk is the risk that an investment will lose value as the result of an unfavorable exchange rate.</p>	<p>The Collector/Treasurer will negate this risk by not investing in any instruments with foreign currency exposures.</p>

E. Diversification

The Collector/Treasurer will invest in a diverse portfolio to prevent overconcentration in any institution, issuer, or maturity type. Apart from money placed in the MMDT or obligations backed by U.S. government agencies, the Collector/Treasurer will invest no more than 25 percent the Town's long-term funds with a single financial institution. In addition, the Collector/Treasurer will ensure compliance with the various allowable percentage thresholds for specific investment instruments and issuers set forth in the List of Legal Investments.

F. Selection of and Relationship with Financial Institutions

When selecting from among MA-chartered banks to hold short-term funds, the Collector/Treasurer will consider their fee structure, service efficiencies, and account management control features. For investing long-term funds, the Collector/Treasurer will also assess the soundness, stability and reputation of prospective financial institutions and dealers/brokers. Brokers must be recognized, reputable dealers and members of the Financial Industry Regulatory Authority. The Collector/Treasurer will require any brokerage houses and brokers/dealers wishing to do business with the Town to provide the following:

- Audited financial statements
- Form ADV Part 2 showing the broker/dealer to be actively registered with both the SEC and Massachusetts Secretary of State's Office and providing information on the types of services offered, fee schedule, disciplinary information, conflicts of interest, and the educational and business background of management and key advisory personnel
- Statement that the broker/dealer has read and will comply with this policy

The Collector/Treasurer will also consult the [Veribanc](#) rating service to select and monitor financial institutions. The Collector/Treasurer may invest in institutions rated green by Veribanc and will continue to review their ratings quarterly. If a bank's rating turns yellow, the Collector/Treasurer will request the bank provide a written explanation with an expected timetable for changing back to green. If the rating remains yellow for a second quarter, the Collector/Treasurer will consider liquidating all funds that are uninsured or uncollateralized. If any rating becomes red, the Collector/Treasurer will remove the money from the banking institution.

The Collector/Treasurer will review all banking and financial services at least annually to ensure their quality and the competitiveness of their fee structure and interest rates. On an annual basis, the Collector/Treasurer will also send letters to banks in the local region requesting them to report all usage of the Town's tax identification number as a means to ensure the number is used only by the Collector/Treasurer and no outside entities.

G. Standards of Care

The Collector/Treasurer must review, understand and comply with the state's Prudent Investor Act ([M.G.L. c. 203C](#)). The Collector/Treasurer shall be relieved of personal responsibility for any individual security's credit risk or market price changes, provided that its purchase and sale have been carried out in accordance with the Act and the provisions of this policy.

H. Reporting Requirements

The Collector/Treasurer will assess investment activity and keep the Board of Selectmen apprised of any major changes by providing a report of investment activity annually or more often as needed. The investment activity report shall incorporate all the Town's investment funds and include the following information at minimum:

- List of all the individual accounts and securities held at the end of the period
- List of short-term investment portfolios by security type and maturity to ensure compliance with the diversification and maturity guidelines
- Summary of income earned on monthly and year-to-date bases
- Disclosure of the fees associated with managing each fund
- Brief statement of general market and economic conditions and other factors that may affect the Town's cash position
- Statements on the degree of compliance with the provisions of this policy

REFERENCES

[M.G.L. c. 30B](#)

[M.G.L. c. 29, § 38A](#)

[M.G.L. c. 44, § 54](#)

[M.G.L. c. 44, § 55](#)

[M.G.L. c. 44, § 55A](#)

[M.G.L. c. 44, § 55B](#)

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

[M.G.L. c. 203C](#)

Clinton Procurement Conflict of Interest policy

Governmental Accounting Standards Board Statement 40: [Deposit and Investment Risk Disclosures](#)

Massachusetts Collectors & Treasurers Association: [Treasurer's Manual](#)

MA Division of Banks [List of Legal Investments](#) and database of [MA-chartered banks](#)

Massachusetts Depositors Insurance Fund [FAQs](#)

MA Secretary of State webpage, [Registration Inspections, Compliance and Examinations Section](#)

SEC webpage [Form ADV Information](#)

EFFECTIVE DATE

This policy was adopted on [date].

ONE-TIME REVENUES

PURPOSE

To promote structurally balanced budgets by ensuring that operational expenses are supported by recurring revenue sources, this policy sets guidelines for the use of one-time revenues. It is fiscally prudent to avoid using any one-time revenue source to finance any ongoing operations since that funding source, by definition, cannot be expected to reoccur. Doing this without identifying future available offsets effectively postpones difficult decisions necessary to achieve structurally sound and sustainable spending plans.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Administrator, Board of Selectmen, and Finance Committee in their budget analysis and decision-making responsibilities.
Scope:	<ul style="list-style-type: none"> ▪ Any source of revenue that is used once in a given year and the source for which does not recur annually. These sources can include, but are not limited to, free cash, overlay surplus, sale of municipal assets, tax lien sales, insurance proceeds, and gifts.

POLICY

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. Instead, the Town will use the revenue to finance approved capital improvements, pay one-time expenditures, help reduce unfunded liabilities, or meet stated reserve goals before considering using any portion for operational needs. The Town Accountant will inform the Town Administrator of an anticipated receipt of any sizable or extraordinary one-time revenues and will thoroughly analyze them before proposing appropriation.

In addition, the following shall be the Town's priority order for appropriating one-time revenues:

1. Cash capital budget
2. General stabilization fund
3. OPEB trust fund
4. [Other Stabilization (capital) or reserve fund]

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenues. In such cases, the Town Administrator may recommend their use for operational appropriations and will develop an action plan to avoid continued reliance on one-time revenues.

State laws impose further restrictions on how certain types of one-time revenues may be used. The Town will consult the following General Laws when the revenue source is:

- Sale of real estate: [M.G.L. c. 44, § 63](#) and [M.G.L. c. 44, § 63A](#)
- Gifts and grants: [M.G.L. c. 44, § 53A](#) and [M.G.L. c. 44, § 53A½](#)
- Bond proceeds: [M.G.L. c. 44, § 20](#)

REFERENCES

- [M.G.L. c. 44, § 20](#)
- [M.G.L. c. 44, § 63](#)
- [M.G.L. c. 44, § 63A](#)
- [M.G.L. c. 44, § 53](#)
- [M.G.L. c. 44, § 53A](#)

Clinton Forecasting policy

[*Bond Premiums and Debt Exclusions*](#), Division of Local Services Bulletin 2013-01B

EFFECTIVE DATE

This policy was adopted on [date].

OTHER POSTEMPLOYMENT BENEFITS LIABILITY

PURPOSE

To ensure fiscal sustainability, this policy sets guidelines for a responsible plan to meet the Town's obligation to provide other postemployment benefits for eligible current and future retirees. It is designed to achieve generational equity among those called upon to fund this liability and thereby avoid transferring costs into the future.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen, Town Administrator, and Finance Committee in their budget decision-making duties ▪ Collector/Treasurer job duties
Scope	<ul style="list-style-type: none"> ▪ Budget decisions related to the Town's OPEB liability ▪ Liability mitigation

BACKGROUND

In addition to salaries, the Town compensates employees with benefits earned during years of service to be received upon retirement. One such benefit is a pension, and another is a set of retirement insurance plans for health, dental, and life, which are collectively referred to as other postemployment benefits, or OPEBs. OPEBs represent a significant liability for the Town that must be properly measured, reported, and planned for financially.

POLICY

The Town is committed to funding the long-term cost of the benefits promised its employees. To do so, the Town will accumulate resources for future benefit payments in a disciplined, methodical manner during the active service life of employees. The Town will also periodically assess strategies to mitigate its OPEB liability. This involves evaluating the structure of offered benefits and their cost drivers while at the same time avoiding benefit reductions that would place undue burdens on employees or risk making the Town an uncompetitive employer.

A. Accounting for and Reporting the OPEB Liability

The Town Accountant will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board. The Town Administrator will ensure that the Town's independent audit firm reviews compliance with the accounting and reporting provisions of this policy as part of its annual audits and reports on these to the Board of Selectmen.

B. Trust Management and Investment

The Town has established an OPEB Trust Fund and designated as its trustee the Collector/Treasurer. As fund custodian, the Collector/Treasurer will manage the OPEB Trust Fund in conformance with the

Town's investment policy and the state's prudent investor laws. On an annual basis, the Town will analyze its option to invest the OPEB trust with the [State Retiree Benefits Trust Fund](#).

C. Mitigation

On an ongoing basis, the Town will assess healthcare cost containment measures and evaluate strategies to mitigate its OPEB liability. The Town Accountant will monitor proposed laws affecting OPEBs and Medicare and analyze their impacts. The Collector/Treasurer will regularly audit the group insurance and retiree rolls and terminate any participants found to be ineligible based on work hours, active Medicare status, or other factors.

D. OPEB Funding Strategies

To address the OPEB liability, decision makers will analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town will derive funding for the OPEB Trust Fund from taxation, free cash, and any other legal form. To ensure that the Town's enterprise operations remain self-supporting, the Board of Selectmen for sewer and solid waste and the Water Commissioners for water will factor their proportional OPEB contributions into the setting of user fees.

Achieving full funding of the liability requires the Town to commit to funding its actuarially determined contribution (ADC) each year. Among strategies to consider for funding the ADC:

- Appropriate an annually increasing dollar amount or percentage of yearly revenues for the general fund and three enterprise fund operations.
- Determine and commit to appropriating an annual portion of free cash.
- Transfer unexpended funds from insurance line items to the OPEB Trust Fund.
- Appropriate amounts equal to the Town's Medicare Part D reimbursements.
- Once the pension system is fully funded, on a subsequent annual basis, appropriate to the OPEB Trust Fund the amount equivalent to the former pension-funding payment or the ADC, whichever is less.

REFERENCES

[M.G.L. c. 32B, § 20](#) and [20A](#)

[M.G.L. c. 44, § 54](#) and [55](#)

[M.G.L. c. 203C](#)

Clinton Investments policy

Division of Local Services Information Guideline Release 19-10 [Other Postemployment Benefits Liability Trust Fund](#)

GASB Statements 75: [Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions](#) and 74: [Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans](#)

Government Finance Officers Association Best Practices: [*Ensuring Other Postemployment Benefits \(OPEB\) Sustainability*](#) and [*Sustainable Funding Practices for Defined Benefit Pensions and Other Postemployment Benefits \(OPEB\)*](#)

EFFECTIVE DATE

This policy was adopted on [date].

**FINANCIAL OPERATIONS
POLICIES**

ANTIFRAUD

PURPOSE

To protect the Town's assets and reputation from misappropriation and abuse, this policy provides guidelines to safeguard against fraudulent activities or any appearance thereof. Policy objectives include:

- To create an environment in which employees and citizens can report any suspicion of fraud
- To communicate the Town's intent to prevent, report, investigate, and disclose to proper authorities suspected fraud, abuse, and similar irregularities
- To provide management with guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ All elected or appointed Town officials and employees ▪ Any other persons acting on behalf of the town, including vendors, contractors, volunteers, casual employees, and grant subrecipients.
Scope:	<ul style="list-style-type: none"> ▪ Any suspected fraud, abuse, or similar irregularity against the Town

POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. Town officials, employees and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. The Town will not condone any violation of laws or ethical business practices and will not permit any activity that fails to stand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject of such investigation.

A. Definitions

Any person acting on behalf of the Town shall mean any person responsible for or to Clinton's government and placed in that position by some official relationship with the Town.

Abuse can occur in financial or nonfinancial settings and refers to, but is not limited to:

- Improper use or misuse of authority
- Improper use or misuse of Town property, equipment, materials, records, or other resources
- Waste of public funds

Fraud or other irregularity refers but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of Town activities
- Disclosing confidential or proprietary information to outside parties
- Accepting or seeking anything of material value from consultants, contractors, vendors, or persons providing services or materials to the Town
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any claim for reimbursement of expenses not made for the exclusive benefit of the Town
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes

B. Antifraud Responsibilities

All department heads and local officials are responsible for instituting and maintaining systems of internal controls to aid in preventing and detecting instances of abuse, fraud, and other improprieties. They are expected to recognize risks and exposures inherent in their areas of responsibility and be alert for any irregularities. In addition, all Town employees and officials are obliged to report suspected instances of misconduct and are subject to disciplinary action for any failure to report.

The Board of Selectmen delegates to the Town Administrator primary responsibility for overseeing the investigation of all reports of fraudulent or abusive activity.

C. Reporting Suspicion of Fraud

Any Town employee or official who suspects fraud or abuse has occurred will promptly report it to the Town Administrator, who will duly post the matter for discussion in an executive session of the Board of Selectmen. If the suspected fraud or abuse involves the Town Administrator, the employee/official will report it to the Board of Selectmen Chair or to a different member of the Board if the Chair is suspected to be involved. Whoever receives the initial report will document it in writing and include sufficient details to ensure a clear understanding of the issues raised.

The Town Administrator is accountable for maintaining the confidentiality of all information related to a report of potential fraud or abuse, and the person making the report is protected from retaliation under the provisions of Section G below. The Town therefore strongly encourages individuals to put their names to reports; however, an anonymous report can be emailed to the Town Administrator at mward@clintonma.gov.

D. Security of Evidence

Upon receipt of a report of suspected fraud or abuse, the Town Administrator will take immediate actions to prevent the alteration, theft, or destruction of relevant records and assets. Such actions may include, but are not limited to:

- Limiting access to the location where the records and assets exist
- Preventing access by the individual or individuals suspected of committing fraud or abuse
- Relocating the records and assets to a secure location

E. Investigation

As soon as possible after receipt of a report of potential fraud or abuse, the Town Administrator will schedule a Board of Selectmen executive session to consider the following:

- Is a formal investigation necessary, and if so, who will lead it?
- Is there an immediate need for legal assistance or advice?
- Is police involvement immediately necessary?
- Is there a need for any external support (e.g., forensic accountants, technology professionals)?
- Should the Board of Selectmen and Town Administrator devise a media strategy on the issue?
- Is there a need to report the issue to any external parties?

The Town will investigate every nonanonymous report of suspected fraud or abuse. For any anonymous report, the Board of Selectmen will decide whether or not a formal investigation is justified based on the following:

- Credibility of the concern
- Seriousness of the issue (i.e., magnitude of exposure)
- Sufficiency of details provided to enable an investigation

To begin the formal investigation, the Town Administrator will consult with the Town Counsel to obtain guidance on next steps. From there, the Town Administrator may also seek the involvement of the Police Chief, Town Accountant, and other personnel as needed and may recommend to the Board of Selectmen the employment an outside consultant to lead the investigation, such as an independent auditor.

At the investigation's conclusion, the Town Administrator or other assigned investigator will provide a written report of findings to the Board of Selectmen. If it supports a finding of fraud or abuse, the Town will pursue disciplinary actions against any individual(s) involved and make every reasonable effort to recover any lost assets. On the advice of Town Counsel, the Board of Selectmen may also report the violation(s) to the proper authorities to pursue appropriate legal actions.

Additionally, the Town Administrator in consultation with the assigned investigator, if any, will determine corrective actions needed to implement or enhance internal controls necessary to mitigate the risk of future fraudulent activity in the subject department and potentially Town-wide. The subject department head(s) will subsequently provide the Town Administrator with updates on the status of the corrective action(s) monthly or upon request.

F. Confidentiality

All participants involved in a fraud investigation will keep its details and results confidential so as not to violate any individual's expectation of privacy, and the Town Administrator will ensure that all related documents are securely stored. No investigation-related verbal information or documents may be shared with anyone not formally assigned to the investigation. No person employed by or otherwise acting on behalf of the Town may make any comment to the media or any other party without explicit authorization from the Town Administrator or Board of Selectmen.

G. Protections, Prohibitions and Penalties

In addition to the whistleblower protections provided by federal and state laws, this policy prohibits retaliation of any kind against any employee who makes a good faith report pursuant to this policy, regardless of the investigation's outcome. No Town employee or person acting on behalf of the Town, in attempting to comply with this policy shall be:

- Dismissed or threatened with dismissal
- Disciplined, suspended, or threatened with discipline or suspension
- Intimidated or coerced
- Penalized or otherwise subjected to any other form of retaliation

Any party found to have retaliated against an employee for making a report pursuant to this policy will be subject to disciplinary action, up to and including termination.

If an allegation is made in good faith but not confirmed after the investigation concludes, no action will be taken against the originator. Any employee who knowingly makes a false report, provides evidence they know to be false, or provides information without a reasonable belief in its truth and accuracy may be subject to disciplinary action. Evidence of false allegations made with malicious intent will result in disciplinary action, up to and including termination.

H. Disclosure

If the Town's investigation concludes that there was a violation of any federal criminal law involving fraud, bribery, or gratuity potentially affecting a federal award, the Town Administrator will disclose such in writing to the federal awarding agency in compliance with the Office of Management and Budget's Omni Circular. Similarly, if there are any findings of bond offering information falsification, the Town Administrator will disclose this in writing to the bondholders.

REFERENCES

[M.G.L. c. 149 § 185](#)

U.S. Office of Management and Budget, December 2013 [Omni Circular](#)

EFFECTIVE DATE

This policy was adopted on [date].

DEBIT/CREDIT CARD USAGE

PURPOSE

To ensure all debit and credit card purchases comply with the Town's Disbursements policy, this policy establishes standards for proper card use when conducting Town business.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Collector/Treasurer and Town Accountant job duties. ▪ Department heads, town officials, any town employees with spending authority (referred to as "employees" below)
Scope:	<ul style="list-style-type: none"> ▪ Allowable uses, administrative control, and warrant process for paying bills incurred through use of the town's debit/credit card

POLICY

The Town shall have [one debit card account with one physical debit card, both under the custody and control of the Collector/Treasurer and with a maximum spending limit of \$3,000]. Also under the custody and control of the Collector/Treasurer, the Town may have credit cards for specific retail outlets as approved by the Town Administrator. Exceptions to any provisions in this policy must be approved in advance by the Town Administrator and Town Accountant.

A. Allowable Use

Town employees may request to make a purchase using the Town's debit card on a limited, exceptional basis. Its usage shall not be a routine alternative to payment under the normal warrant approval procedures but is intended for transactions that are only possible by, or are most cost-effective by, debit card, including those connected to public safety emergencies. Similarly, usage of the Town's credit cards is to be on a limited basis with prior approval of the department head. The Town is a tax-exempt entity; therefore, sales tax shall not be included with the cost of any card purchases.

The following are prohibited uses of the debit or credit cards:

1. Personal expenses
2. Cash advances
3. Gift cards
4. Services (e.g., consultant fees, repair work, temporary help, etc.)
5. Use for paying other invoices
6. Alcoholic beverages and tobacco

Prior to making a debit card purchase, an employee must complete a debit card requisition form (included in the appendix). The department head must sign the form to attest that the purchase is being made within the proper appropriation. Because payment in this circumstance is effectively made in advance of a warrant, the Town Accountant must also sign the form, verifying that the purchase is consistent with the appropriation's intent, sufficient funds are available to cover the cost,

and no fraud is evident. The Town Accountant will maintain a record approved requisition forms for audit purposes.

Possession of the debit card and as much as practical the credit cards will remain with the Collector/Treasurer. For purchases required with the credit card at a brick-and-mortar merchant, the employee making the purchase must return the credit card to the Collector/Treasurer within no more than 24 hours. Any employee in custody of the card must immediately report to the Collector/Treasurer if it is lost or stolen.

If a return or exchange is necessary, the employee will coordinate the return with the Collector/Treasurer to ensure that proper credit is received for returned merchandise, following the same warrant process for the purchase.

B. Administration

The Collector/Treasurer is responsible for administration of the debit and credit cards, including but not limited to selecting the card issuers, setting the total purchase limits, ensuring proper use, replenishing the bank account (debit card), paying credit card bills timely, and disputing any false charges. Any incentive program benefits derived by the use of Town credit cards will be the property of the Town. The Collector/Treasurer will determine the use of such incentive program benefits.

In accordance with the Reconciliations policy, the Collector/Treasurer will reconcile the debit card bank account monthly and verify that all outstanding invoices (thereby creating an account balance of less than \$3,000) are being processed on the next accounts payable warrant.

C. Warrant Process

The department head will complete and sign a Schedule of Bills Payable and attach either documentation of the debit card purchase and debit card requisition form, or a detailed vendor receipt for the credit card purchase as part of the normal accounts payable warrant submissions. The Department Head will provide a copy of the documentation or receipt to the Collector/Treasurer. The Collector/Treasurer will reconcile this information with the bank account or the credit card statement to ensure full payment is made.

All items purchased with the credit card must be received by the department prior to the end of the credit card's monthly billing cycle and never delivered later than June 30th of any fiscal year for payments to be made for that fiscal year. No backordering of merchandise is allowed.

D. Audit

The Town Accountant will conduct random audits of the debit and credit card activity, receipt retention, and statements. All debit and credit card activity is subject to audit by Clinton's independent auditor.

PROCEDURES

In accordance with this policy, the Collector/Treasurer and Town Administrator will create a detailed set of procedures for both the debit and credit card use, stipulating each step in the process and all required documentation. Important details to include are:

- Step-by-step description of the purchase, approval, and reconciliation processes
- Guidelines for appropriate use
- Description of required documents and their necessary details
- Procedures for resolving disputed charges
- Audits

FORMS

Debit Card Purchase Requisition

REFERENCES

[M.G.L. c. 44, § 58](#)

[M.G.L. c. 44, § 64](#)

Town of Clinton Disbursements Policy

EFFECTIVE DATE

This policy was adopted on [date.]

FINANCE COMMITTEE RESERVE FUND

PURPOSE

To ensure the Finance Committee’s reserve fund is restricted to its appropriate purpose, this policy sets guidelines for requesting and making transfers from the fund.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Finance Committee, Board of Selectmen ▪ Town Administrator, Town Accountant ▪ Department heads
Scope:	<ul style="list-style-type: none"> ▪ All requests for disbursements of the Finance Committee’s reserve fund ▪ Managing the balance of the fund, protocol for requests, limitations on use, and approval qualifications.

POLICY

In accordance with state law, funds from the Finance Committee’s reserve may be transferred to a departmental account for extraordinary or unforeseen expenditures. Generally, if a cost could have been anticipated through a diligent budget process, it does not qualify as unforeseen. Notwithstanding this, budgets established by town meeting action sometimes contain mistakes, omissions, or uncertainties. Use of the reserve to address these occurrences may be approved if the amounts involved are small or if the problem at issue would cause significant disruption in the provision of Town services. The Finance Committee will consider transfer requests before any scheduled special town meeting only if urgent action is required to maintain a town service or function.

Whenever reasonable, it is preferable to authorize changes to existing budgets through actions at regularly scheduled town meetings or via the Board of Selectmen’s and Finance Committee’s authority to approve line-item transfers at fiscal year-end under M.G.L. c. 44, § 33B. In no case will reserve transfers be used to void or bypass legitimate town meeting decisions. No transfer request will receive approval after July 15 for a prior fiscal year. Further, no direct expenditures may be made from the reserve fund at any time. Monies may only be transferred from the reserve fund to other operating accounts.

Although the finance committee has ultimate authority for determining the qualifying circumstances for a transfer, all department heads will submit requests first to the Town Administrator so that officeholder can monitor the Town’s overall budget status and potentially offer alternative solutions.

A. Appropriation to the Reserve

The Town will annually appropriate a sum to the reserve to cover extraordinary or unforeseen expenditures arising during the year that cannot be absorbed within departmental budget appropriations. The target appropriation range shall be between [0.5 and 1] percent of the general fund operating budget.

B. Transfer Requests

Department heads must manage operations without the expectation of receiving reserve transfers to fill shortfalls and will therefore request realistic appropriations for each upcoming year. During the fiscal year, department heads will take any and all available action to stay within their budgets and employ their line-item transfer authority to avoid the need for any town meeting or Finance Committee action.

If, after consulting with the Town Accountant, a department head determines that a reserve transfer is needed, he or she will make the request by completing the form included in this manual's appendix and submitting it to the Town Administrator, along with any relevant supporting documents. Acting as point-person for the reserve requests, the Town Administrator will review and monitor their frequency and legitimacy. If a practical alternative solution for the request is not available, the Town Administrator will forward the request document(s) to the Finance Committee along with an action recommendation. The Town Administrator will also forward the request to the Board of Selectmen for a proforma review and recommendation.

C. Finance Committee Decision

Upon receiving a transfer request from the Town Administrator and the Board of Selectmen recommendation, the Finance Committee Chair will include it as an agenda item for a posted legal meeting of the committee. The relevant department head should attend the meeting to explain and defend the request. This will ensure the Committee's questions can be answered and prevent any delay of action.

Approval or denial will be decided by a majority vote of Finance Committee members. To qualify for a reserve fund transfer, the following requirements must be met:

- The expense is legal
- No other departmental funds are available
- The purpose is not to augment salaries
- A regularly scheduled town meeting is not forthcoming
- Repetitive, year-to-year reserve fund transfer requests for the same line item will not be considered either extraordinary or unforeseen
- The Committee's consensus is that town meeting would approve the request

The Finance Committee Chair will note the result of the decision on the request form, sign it, and provide copies to the Town Administrator, Town Accountant, and requesting department head.

D. Disposition of Residual Balances

Any unexpended balance of a reserve fund transfer remains earmarked and shall not be used for another purpose. The remaining reserve fund balance closes to free cash at fiscal year-end.

REFERENCES

[M.G.L. c. 40, § 6](#)

[M.G.L. c. 30A, § 20](#)

[M.G.L. c. 44, § 33B](#)

Division of Local Services (DLS) Guidance: [Guide to Financial Management for Town Officials \(p.30\)](#)
and [City, Town and District Reserves](#)

EFFECTIVE DATE

This policy was adopted on [date].

OVERLAY

PURPOSE

To ensure the Town can adequately offset all unrealized tax levy revenues, this policy sets guidelines for determining the annual overlay amount in the Town’s budget and for deciding whether any overlay balance can be certified as surplus. The allowance for abatements and exemptions, commonly referred to as the overlay, is an account to offset anticipated abatements and exemptions of committed real and personal property taxes. The account may also be charged in the event property taxes are deemed to be uncollectable.

Effective November 7, 2016, [M.G.L. c. 59, §25](#) was modified to allow the maintenance of a single overlay account, as opposed to the separate overlay reserves accounts that were previously required for each fiscal year. Although this policy treats overlay as a single account, to continue historical information and facilitate reconciliations, the Town Accountant may elect to maintain subsidiary ledgers by levy year for overlay balances.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Assessors ▪ Board of Selectmen, Finance Committee as budget decision makers ▪ Town Administrator, Town Accountant ▪ Department heads
Scope:	<ul style="list-style-type: none"> ▪ Protocols for authorizing the annual overlay, determining excess overlay, and voting on, certifying, and appropriating the overlay surplus.

POLICY

A. Annual Overlay

Each year, the Board of Assessors will vote in an open meeting to authorize a contribution to the overlay account as part of the budget process and to raise it without appropriation on the Town’s tax recapitulation sheet. The Principal Assessor will determine and propose to the Board the amount to be added to the overlay account based on the following:

- Current balance in the overlay account
- Three-year average of granted abatements and exemptions
- Potential abatement liability in cases pending before, or on appeal from, the Appellate Tax Board (ATB)
- Timing of the next certification review by the Division of Local Services (scheduled every five years)

The Board of Assessors shall notify the Town Administrator and the Town Accountant of the amount of overlay voted.

B. Excess Overlay

Annually, the Principal Assessor and Town Accountant will conduct an analysis to see if there is any excess in the overlay account balance by factoring the following:

- Current balance in the overlay account after reconciling with the Town Accountant’s records
- Balance of the property tax receivables, which represents the total real and personal property taxes still outstanding for all levy years
- Estimated amount of potential abatements, including any cases subject to ATB hearings or other litigation

Upon determining any excess in the overlay account, the Principal Assessor will present the analysis to the Board of Assessors for its review and also notify the Town Administrator.

C. Overlay Surplus

If there is an excess balance in the overlay account, the Board of Assessors will formally vote in an open meeting to certify an amount to transfer to overlay surplus and will notify the Board of Selectmen, Town Administrator, and Town Accountant in writing of its vote. If the Board of Selectmen makes a written request for a determination of overlay surplus, the Board of Assessors will vote on the matter within the next 10 days and notify the Board of Selectmen of the result in writing.

After being certified, Town Meeting may appropriate overlay surplus for any lawful purpose until the end of the fiscal year. However, the appropriation should be as prescribed in the Town’s Forecasting policy (re: treatment of one-time revenues) and its Financial Reserves policy (re: overlay surplus). Overlay surplus not appropriated by year-end closes to the general fund’s undesignated fund balance.

REFERENCES

[M.G.L. c. 59, §25](#)

DLS Informational Guideline Release 17-23: [Overlay and Overlay Surplus](#)

Clinton Financial Reserves policy

EFFECTIVE DATE

This policy was adopted on [date].

PROCUREMENT CONFLICT OF INTEREST

PURPOSE

To ensure integrity in the procurement process, this policy sets guidelines for vetting potential conflicts of interest.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Administrator, serving as the Town’s chief procurement officer ▪ Town Accountant job duties related to contacts ▪ All Town employees, officials, and others working on the Town’s behalf who are involved with any procurement and contract process ▪ Prospective contractors
Scope:	<ul style="list-style-type: none"> ▪ Procurement and contract processes, including specification development, preparation and issuance of solicitations, evaluation of solicitations and submissions, and other evaluations that lead to Town contract awards

POLICY

The Town is committed to ethical business practices, professional integrity, and compliance with all procurement laws and regulations. Clinton will provide fair opportunities to participants in competitive processes for the award of Town contracts. Process integrity will be reinforced by the practices outlined here to ensure confidentiality during the bid evaluation process and to assess and address conflicts of interest in all competitive solicitations. The Town will investigate all allegations of conflict of interest or misconduct brought to the attention of Town staff.

A. Confidentiality during the Bid Evaluation Process

Town staff, consultants, and outside evaluators who are participants in a bid evaluation process are required to sign confidentiality agreements, which bind them not to share any information about responses received and the evaluation process until the Town issues a Notice of Intended Award.

The departmental purchasing employee will:

1. Identify all participants of an evaluation process who receive proposals or other documents used in the evaluation process, including any nonevaluating observers.
2. Ensure that these participants sign confidentiality agreements.
3. Submit the confidentiality agreements to the Town Administrator.

The Town Administrator will:

1. Verify that signed confidentiality agreements for all participants in the evaluation process, including nonevaluating observers, are submitted.
2. Maintain signed confidentiality agreements on file

B. Conflict of Interest in Procurement

To ensure decisions are made independently and impartially, Town employees and officials are expected to avoid any conflicts of interest and also avoid the appearance of conflicts of interest. A conflict of interest, or the appearance of one, must be disclosed whenever a vendor, employee, or officer has, or can reasonably anticipate having, an ownership interest, a significant executive position, or other remunerative relationship with a prospective supplier of goods or services to the Town or knows that a family member or other person with whom they have a personal or financial relationship has such an interest.

According to the federal Office of Management and Budget's Omni Circular, a conflict of interest arises when: *"the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract."*

And it states that: *"The officers, employees, and agents of the non-federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts."*

The Omni Circular further requires that for any federal grant involving a parent, affiliate, or subsidiary organization that is not a state or local government, the Town must also maintain written standards of conduct covering organizational conflicts of interest. An organizational conflict of interest means that due to a relationship with a parent company, affiliate, or subsidiary organization, the Town is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization.

Any person with a conflict as described above shall not participate in the preparing of specifications, qualifying vendors, selecting successful bidders on products or services in which they have an interest, or approving payment to those interests. The only exception to this arises if the person makes full disclosure of a potential conflict and receives an advance, written determination from the [State Ethics Commission](#) that the interest is not so substantial as to be deemed likely to affect the integrity of the services the Town may expect from that individual.

C. Disclosure and Review

Department heads and other officials are required to ascertain and disclose to the Town Administrator any potential conflict of interest affecting procurement transactions before a contract is signed, commitment made, or order placed. The Town Administrator will then notify the Town Accountant, who will verify the availability of funds before any order is placed with a vendor.

The following measures will be taken to ensure the Town avoids any conflicts of interest in procuring Town contracts:

1. Employees, officials, and others who regularly participate in contract activities on behalf of the Town must disclose relevant financial interests as required by state and federal laws and to annually review those statements in conjunction with this policy and other ethical standards.
2. Other persons involved in procurements must review this policy and other ethical standards and provide information in order to determine if there is a conflict of interest. Such persons shall include, but are not limited to, authors of specifications; paid and unpaid evaluators; and paid and unpaid consultants who assist in the procurement process.
3. If a possible conflict of interest is identified, it must be documented and reviewed with Town Counsel.

The departmental purchasing employee will:

1. Identify employees, consultants, outside uncompensated parties, and any other persons who will be involved in a procurement or contract activity, such as specification development, preparation and issuance of solicitations, evaluation of solicitations or submissions, or other evaluations, that will lead to an award of contract.
2. Provide conflict of interest forms to the identified participants.
3. Submit the completed forms to the Town Administrator prior to commencing any procurement or contract activity.

The Town Administrator will:

1. Review the submitted forms for potential conflicts of interest.
2. Discuss any potential conflicts of interest with the Town Counsel and document the resulting determinations.
3. Provide the Board of Selectmen with the documented result.
4. If a conflict or the appearance of one exists, take appropriate actions, including but not limited to, removal of the employee, consultant, or outside uncompensated party from the procurement activity or cancelation of the solicitation.

D. Compliance Reviews

The Town Accountant will conduct random reviews of compliance with this policy. All procurement activities are also subject to audit by the Town's independent Auditor.

REFERENCES

[M.G.L. c. 30B](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 268A](#)

Clinton Purchasing policy

State Ethics Commission's webpage [Disclosure Forms for Municipal Employees](#)

Inspector General's webpage [Procurement Assistance](#)

U.S. Office of Management and Budget, December 2013 [Omni Circular](#)

EFFECTIVE DATE

This policy was adopted on [date].

PURCHASING

PURPOSE

To optimize the value received for Town expenditures, assure employees comply with the state's procurement laws, and avoid exposure to any bid disputes, this policy establishes standards and practices for the purchasing of materials, supplies, and services.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Administrator, serving as the Town's chief procurement officer ▪ Town Accountant job duties related to contacts ▪ All Town employees, officials, and others working on the Town's behalf who are involved with any procurement and contract process ▪ Prospective contractors
Scope:	<ul style="list-style-type: none"> ▪ Procurement and contract processes, including developing bid requirements, and all purchasing-related responsibilities of town administration and departmental staff.

POLICY

The Town Administrator, as Clinton's chief procurement officer (CPO), is responsible for ensuring that all purchasing adheres to the competitive quotation and bidding procedures required by state law. To effectively fulfill this role, the Town Administrator will achieve and maintain a designation of Massachusetts Certified Public Purchasing Official through the Office of the Inspector General (IG). In compliance with statute, the Town Administrator will award contracts to the lowest bids received from responsive and responsible vendors.

All department heads are accountable for the purchases made within their departments. Accordingly, all department heads and any designated purchasing employees must read and adhere to the provisions of M.G.L. c. 30B and follow the procurement procedures detailed in the IG's guide, [The Chapter 30B Manual: Procuring Supplies, Services, and Real Property](#). In addition, every department head will make all efforts to combine purchasing needs with other departments to avoid waste and seek bulk purchase discounts. The Town Administrator will coordinate with department heads to identify group purchasing opportunities.

All practices associated with procurement and purchasing are subject to audit by the Town's independent auditor.

A. Quotation and Bidding Requirements

Apart from the 34 specific types of exceptions listed under [M.G.L. c. 30B § 1](#), all purchases for goods or services must comply with the following:

- Under \$10,000 requires the use of sound business practices.
- Between \$10,000 and \$49,999 requires solicitation of at least three written quotes.
- \$50,000 or more requires competitive sealed bids or proposals for contracts.

Every department head must assess his or her department's full fiscal year operational needs when considering purchases. No Town department may split up several small purchases of the same product to, in effect, conceal the cost threshold for soliciting bids.

B. Sole Source Procurements

Competitive bids may be waived in instances where there is only one vendor that can provide the relevant equipment, materials, or services. Any department head intending to make a sole source procurement must first submit supporting documents to the Town Administrator for preapproval.

C. Purchasing Employee/Department Head Responsibilities

Department heads will ensure their purchasing complies with the following provisions.

Purchase costing less than \$10,000:

- Ensure compliance with sound business practices by periodically soliciting price lists or quotes in pursuit of favorable prices.

Purchase costing between \$10,000 and \$49,999:

- Create a purchase description that includes the following (as applicable):
 - Detailed description of the product or services required
 - Schedule of performance
 - Quantities required
 - Delivery terms
 - Payment terms
 - Insurance or other special requirements
- Solicit at least three written quotes from vendors according to procedures outlined in the IG's Chapter 30B Manual.
- Submit the purchase description, quotes, and recommended vendor to the Town Administrator for review.
- After the vendor has been selected and purchase made, include a copy of the Town Administrator's notice of the approved bidder when submitting the invoice for payment to the Town Accountant.

Purchase costing \$50,000 and over:

- Work with the Town Administrator on the creation of an invitation for bid (IFB) or request for proposal (RFP).

D. Town Administrator Responsibilities

As CPO, the Town Administrator's responsibilities include the following.

Purchase costing between \$10,000 and \$49,999:

- Review the bids, select the vendor, and notify the department head of the selection.

Purchase costing \$50,000 and over:

- Write an IFB or RFP in accordance with guidelines in the IG’s manual.
- Follow the IG’s guidelines for advertising the IFB/RFP and for receiving, reviewing and awarding bids.
- Maintain a log of all bids, including the number of them received and their dollar values.
- Work with department heads to write the contract for the awarded vendor and refer proposed contracts for the Town Counsel’s review.
- Ensure every finalized contract is signed by the vendor and Board of Selectmen and/or other Town board with statutory responsibility for the particular department. Construction contracts must also be signed by the Town Accountant, per M.G.L. c. 44, § 31C.
- Retain originals of all bid documents, including specifications, vendor responses, evaluations, and award determinations, for six years after the bid due dates.
- Provide the Town Accountant with copies of all executed contracts.

E. Board of Selectmen Responsibilities

The Board of Selectmen will review all proposed contracts and direct any inquires to the Town Administrator and relevant department head. The Board of Selectmen members will sign the contract to approve it when satisfied with the terms and with the procurement process that was done.

F. Town Accountant Responsibilities

The Town Accountant will:

- Refer to contract terms when reviewing invoices submitted for payment.
- Conduct random audits of compliance with this policy.

REFERENCES

[M.G.L. c. 30B](#)

[M.G.L. c. 44, § 31C](#)

Clinton’s policies on Procurement Conflict of Interest and Disbursements

MA Inspector General manuals: [The Chapter 30B Manual: Procuring Supplies, Services and Real Property - Legal Requirements, Recommended Practices and Sources of Assistance, 8th Edition](#) and [Designing and Constructing Public Facilities](#)

EFFECTIVE DATE

This policy was adopted on [date].

RECONCILIATIONS

PURPOSE

To ensure transactions are in balance, mitigate fraud, safeguard general ledger accuracy, and maximize certifications of free cash, financial officers must conduct regular reconciliations of their accounting records, and these must be reconciled to the general ledger. Although each financial officer is responsible for maintaining independent records of his or her office’s transactions, they are also collectively accountable for the overall accuracy of Clinton’s financial records.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Accountant in keeping the general ledger up to date ▪ Collector/Treasurer in maintaining a cash book and managing payroll withholdings and all other personnel within the Town who have responsibility either for managing a receivable account and/or a special revenue fund
Scope:	<ul style="list-style-type: none"> ▪ The periodic reconciliations of cash, receivable, and special revenue fund records within departments and of those departmental records with the general ledger

POLICY

The Collector/Treasurer and the department heads who manage special revenue funds will internally reconcile their accounting records and then reconcile them with the Town Accountant at the periodic intervals outlined in this policy.

On a monthly basis, the Collector/Treasurer and department heads who manage special revenue funds will internally reconcile their respective accounting records and subsequently reconcile them with the Town Accountant.

A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue activity, the Collector/Treasurer will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Collector/Treasurer will make certain that every cash receipt, disbursement, transfer, and interest accrual is recorded in the cashbook either upon receipt or at least daily, and will frequently [no less than weekly] reconcile the bank accounts to the cash book via online banking. This will ensure that bank balances tie to the cash book and are up to date, increasing the accuracy of cashflow reporting. Bank accounts will include zero-balance vendor and payroll, whose balances must equal the outstanding checks at the end of any month. The Collector/Treasurer will finalize the monthly reconciliation within [five days] of month-end.

The Collector/Treasurer will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cashbook and financial institutions, and will correct them when appropriate. The Collector/Treasurer will then forward the reconciled cashbook balances and any supporting reports to the Town Accountant and, when necessary, forward an additional receipt report or Schedule of Receipts for any adjustments made.

B. Payroll Withholdings Reconciliation

Payroll withholdings include federal and state taxes, child support and other wage assignments for legal obligations, deferred compensation, optional insurances, association dues, and other employer-sponsored options, which are all itemized in separate general ledger liability accounts. At the conclusion of each pay cycle, the Collector/Treasurer forwards a summary report of employee and employer withholdings to the Town Accountant to be recorded in the general ledger and disbursed through the accounts payable process.

To reduce the risk to the Town for liabilities in excess of withholdings, the Accounting Department will conduct a monthly reconciliation of the payroll withholdings to their corresponding accounts payable and identify any discrepancies. To ensure accuracy in the health insurance account, Accounting will use the services of the Town's insurance consultant to assist with the reconciliation. The Town Accountant will provide the results of these activities to the Collector/Treasurer to make any necessary payroll changes or adjustments.

C. Accounts Receivable Reconciliation

Accounts receivable are outstanding monies owed to the Town, whether from committed bills (i.e., taxes, excises, water charges) or from uncommitted department invoices (e.g., police details). To ensure these assets are accounted for and balanced, the Collector/Treasurer and any department head with accounts receivable duties (each referred to here as "record-keeper") will make certain that all cash receipts are recorded timely, maintain a control record for each receivable type and levy year if applicable, and verify the detail balance agrees with the receivable control.

The receivable control is a record of original entry in which the record-keeper reduces a commitment according to processed collections, abatements, and exemptions and increases it by issued refunds. To maintain accuracy, the record-keeper must review the detailed list of receivables, identify credit balances as prepaid amounts or investigate them for possible correction, and reconcile the control balance to the detail.

Whenever these records do not agree, the record-keeper must determine the discrepancy by:

- Verifying the various transactions (commitments, abatements, refunds, chargebacks) against their supporting documents
- Comparing the total amount of posted payments to the turnovers accepted by the Collector/Treasurer
- Determining whether any revenues were incorrectly recorded as payments to the commitment, such as interest and fees

The record-keeper will forward a copy of the internally reconciled accounts receivable balances to the Town Accountant. For the Collector/Treasurer, this is the Schedule of Outstanding Receivables.

D. Special Revenue Reconciliation

Governed by various state statutes, special revenue funds are specific revenues segregated from the general fund and earmarked for specific purposes. They include gifts and grants from governmental entities, individuals, and organizations; revolving funds; and receipts reserved for appropriation. To ensure these funds are balanced, department heads with responsibility for special revenue funds will verify that all revenues turned over to the Collector/Treasurer, expenditures authorized for payment by the Town Accountant, and properly authorized transfers are recorded for the period. These department heads will subsequently provide the Town Accountant with quarterly reconciliation reports on the funds.

E. General Ledger Reconciliation

To achieve the core objective of maintaining the general ledger's integrity, the Town Accountant must regularly reconcile it with the separately maintained accounting records outlined in Sections A – D above. In addition, it is the Town Accountant's responsibility to review all accounts analytically from time to time for reasonableness and to identify unusual activity.

The general ledger's cash accounts should reflect only those transactions reported to the Town Accountant by the Collector/Treasurer, so that in theory, the general ledger should be in balance with the cashbook. However, errors may occur due to omitting transfers or transactions or applying them in the wrong amounts or to the wrong accounts. Whenever the Town Accountant identifies a discrepancy between the general ledger and the cashbook, the following steps must be taken in conjunction with the Collector/Treasurer to determine the cause:

- If the total amount of revenue reported in the cashbook does not agree with the amount recorded in the ledger for that month, the Collector/Treasurer must verify that the monthly Treasurer's Schedule of Receipts agrees by detailed amount and classification with the cashbook and correct any errors.
- Compare the total amount of warrants paid during the month as recorded in the cashbook with the total recorded in the ledger for the same period. The last warrant paid must be the last one recorded; otherwise, a timing problem will create a discrepancy.
- If the records still do not agree, the Collector/Treasurer and Town Accountant must trace each entry to the ledger until the variance is determined.

All receivable records must also be reconciled to the Town Accountant's general ledger. If a given receivable control has been internally reconciled, any discrepancy must be in the general ledger, so the Town Accountant must:

- Review the commitments, charges, payments, abatements, refunds, reclassifications, and adjustments in the general ledger, as appropriate for the particular control.
- Verify whether receipts are recorded to the correct type and levy year.
- Verify the dates that activities were recorded.

The Town Accountant's receivable accounts in the general ledger should reflect the transactions provided by each particular record-keeper. Therefore, the above steps must resolve any discrepancies between the receivable control and the ledger. If they do not, the record-keeper and Town Accountant must trace each ledger entry until they determine the reason for variance.

The Town Accountant will verify that all special revenue fund reconciliations match the general ledger. The responsible department head and Town Accountant must research any discrepancy and correct the record(s) as appropriate.

F. Time frames and Documentation

Employees subject to this policy will complete reconciliations of their internal accounting records early each month so that subsequent reconciliations to the general ledger take place no later than the [15th] of the month following the one being reconciled. At each quarter-ending month, the Town Accountant will extend the cash reconciliation process to individually reconcile every general ledger account that directly corresponds to a specific bank account (e.g., stabilization funds, trust funds, guarantee bond deposits).

Each general ledger reconciliation will be documented by a worksheet cosigned by the two parties. If, at that time, any variance has not yet been fully resolved, this must be noted, along with a work plan and timetable for resolution. The Town Accountant will submit the collective set of reconciliation worksheets to the Town Administrator at each month's end.

REFERENCES

Clinton Revenue Receipt and Turnover policy

DLS Best Practice: [Reconciling Cash and Receivables](#)

Massachusetts Collectors & Treasurers Association: [Treasurer's Manual](#) and [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted on [date].

REVENUE TURNOVER

PURPOSE

To safeguard Town assets and maximize cash flow, this policy provides guidelines for departments to turn over receipts to the Collector/Treasurer. Included are details of internal controls designed to provide reasonable assurance that the Town’s revenues are properly and timely secured, recorded, and deposited in Town bank accounts.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Collector/Treasurer, as the Town’s cash manager ▪ Collector/Treasurer office staff, and all the individuals and department heads of other departments with responsibility for handling payments ▪ Town Accountant in the duty to keep the general ledger up to date
Scope:	<ul style="list-style-type: none"> ▪ All cash, check, credit card, and other forms of payment received by all Town departments for taxes, excises, fees, charges, and intergovernmental receipts

POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Collector/Treasurer. All employees who handle the receipt of money must be trained in this policy by a representative of the Accounting and Collector/Treasurer’s offices. The Town Administrator will ensure that surety bonds are maintained for all individuals responsible for handling payments to indemnify the Town from potential loss or theft. Each department will turn over at least weekly and must do so by the end of the day when receipts total [\$200] or more. At month-end, departmental staff will turn over all revenues no later than [11:00 am] on the last business day of the month.

A. Receiving Payments

Using three-part prenumbered receipt books, assigned departmental staff must issue the first (original) copy as a receipt for every payment received, even when the payer attempts to refuse it. These departmental staff must identify the forms of payment (check, cash, or credit card) in their receipt books, and if payment is for a permit, the permit number. Checks received by mail will be recorded in the receipt book noted “received by mail”. As the exception, employees in the Collector/Treasurer’s office receiving taxes and other collections from the public need only issue receipts for cash payments. Every staff person who receives any check will immediately endorse it “For Deposit Only” using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cash box or safe until completing a turnover to the Collector/Treasurer. Each department head is responsible for overseeing the processing, recording, record retention, and turning over of receipts to the Collector/Treasurer. To the extent practicable, separate individuals should be tasked with: 1) receiving and endorsing payments, 2) recording payments in the departmental log, and 3) turning receipts over to the Collector/Treasurer.

B. Turning Over Revenues

Departmental staff will fill out triplicate [Schedule of Departmental Payments] to the Collector/Treasurer form (i.e., the turnover form) and obtain the department head's signature on it. Every listed receipt should tie back to a receipt book entry and to the receipt summary reports maintained by the department head. Departmental staff will deliver the turnover package in person and at no time may leave any unattended turnovers in the Collector/Treasurer's office or elsewhere in Town Hall.

No less than weekly and at month-end, the Collector/Treasurer will complete an internal turnover of all collections processed during that period for taxes and other committed receivables. This shall consist of a turnover report listing of all processed collections summarized by receipt type, which must reconcile to the bank deposits made for the same period.

When the Collector/Treasurer's office has accepted the turnover and keeping the original (white) copy, the department employee will receive back the pink and yellow pages of the turnover form signed and dated by a Collector/Treasurer staff member. The department employee will retain the pink turnover on file and is responsible for delivering the yellow one to the Town Accountant. The Town Accountant will refuse to accept any turnover that is not signed by a Collector/Treasurer staff member.

The head of every department that receives payments will review the Town Accountant's monthly revenue reports to verify all turned over receipts have been accurately recorded in the appropriate general ledger accounts and report any discrepancies to the Town Accountant.

C. Receiving Turnovers

When presented with the turnover, Collector/Treasurer staff will count the receipts in the presence of the employee doing the turnover. Any inaccuracies on the turnover forms will be corrected on them at that time and initialed by both parties. The Collector/Treasurer staff member will then sign the turnover copies and return two of them to the departmental employee.

Within 24 hours of receiving the turnover, Collector/Treasurer staff will record the receipts in the appropriate [BMSI] module. At the close of business each day, the Collector/Treasurer will review the posted revenue activity, turnover documents, and receipts, update the cash book, and create a deposit package. Revenues will be deposited at the bank at least daily. Until the deposit is completed, Collector/Treasurer staff will ensure that all receipts are secured at all times, either in a cash drawer or, if being held overnight, in a safe.

[Weekly], the Collector/Treasurer will produce a receipts report from BMSI as the Schedule of Receipts for the Town Accountant. The Town Accountant will compare the turnovers received from departments with the Schedule of Receipts received from the Collector/Treasurer and contact the Collector/Treasurer or appropriate departmental employee about any discrepancies. The Town Accountant will then enter the receipt data to the general ledger.

D. Insufficient Funds

Upon notification from the bank of an insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT), the Collector/Treasurer will make a reversal entry in the cashbook receipts and assign it to the appropriate bank account. The Collector/Treasurer will notify the department responsible for the turnover and the Town Accountant.

The Collector/Treasurer will notify the issuer in writing of the bounced check or rejected EFT. Payment of the original amount plus a [\$25.00] penalty is due in [10] days and must be in the form of cash, money order, or certified check.

It is the department head's (or designee's) responsibility to follow up on collecting the amounts owed. If the payment was for a license or permit, the department will suspend the license or permit until the original amount and penalty have been paid. If it was for a committed receipt (e.g., tax bill), the committed amount will be reinstated by the appropriate official and the usual collection procedures followed.

E. Reconciliation

In accordance with the Town's Reconciliations policy, the Collector/Treasurer will reconcile the cashbook with bank statements and provide a summary of cashbook balances to the Town Accountant monthly.

F. Audit

All cash management activity is subject to review by the Town Accountant and the Town's independent auditor. Further, the Accounting office will conduct random, periodic audits of departments revenue turnover procedures to ensure adherence to the policy.

FORMS

Departmental Receipt Internal Control Questionnaire
Departmental Receipt Audit Procedures

REFERENCES

[M.G.L. c. 41, § 35](#) [M.G.L. c. 41, § 57](#) [M.G.L. c. 44, § 69](#) [M.G.L. c. 60, § 57A](#)

Clinton Reconciliations policy
Massachusetts Collectors & Treasurers Association's [Treasurer's Manual](#) and [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted on [date].

TAILINGS

PURPOSE

To minimize the liability posed by uncashed checks and its negative impact on cash position certainty, this policy sets guidelines for the timely resolution of tailings.

A tailing refers to a disbursed but uncashed check, which represents a debit liability on the Town's books. It can arise from any treasury check issued to pay an employee or vendor, refund a municipal tax or charge, or pay any other municipal obligation. Tailings constitute unclaimed property under M.G.L. c. 200A. Having accepted M.G.L. c. 200A § 9A, the Town can expedite the tailing resolution process and prevent the eventual escheatment of the funds to the State Treasurer, as otherwise required. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Collector/Treasurer, Town Accountant ▪ All department heads
Scope:	<ul style="list-style-type: none"> ▪ Processes for the Collector/Treasurer, Town Accountant, and all department heads to identify uncashed checks, take appropriate action, and reconcile financial records.

POLICY

Every check issued by the Collector/Treasurer will have imprinted on its face: "Void if not cashed within one year of issuance." On a monthly basis, the Collector/Treasurer will identify all uncashed checks older than 30 days and attempt to resolve them using the procedures outlined below. Furthermore, at the start of each calendar year, the Collector/Treasurer and Town Accountant will work together to resolve accumulated tailings, either by prompting the actual pay out or through escheatment to the Town.

PROCEDURES

A. Monthly Review

Once a month, as part of the bank reconciliation, the Collector/Treasurer will identify all the uncashed checks in the bank statements and enter them into an Excel spreadsheet log of outstanding checks. The Collector/Treasurer will then determine which checks in the cumulative log are outstanding 30 days or more after issuance. The Collector/Treasurer will email the department head associated with each such check to follow up with the employee or vendor payee. The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notifying the departments, the Collector/Treasurer will send an uncashed check notice to each payee at his or her last known address.

Also once a month, the Collector/Treasurer will identify all checks that are uncashed more than one year after issuance and notify the bank to stop payment on them. After this point, the checks may still be claimed by the payees but will require reissuance. The Collector/Treasurer will provide a

report of the stop-paid checks to the Town Accountant, who will then record the funds as abandoned property liability in the general ledger.

B. Yearly Review

In the month of January each year, the Collector/Treasurer will review the accumulated inventory of stop-paid tailings and do the following:

1. List the unclaimed checks on the Town's website for a minimum of 60 days under the heading: "Notice of names of persons appearing to be owners of funds held by the Town and deemed abandoned." Along with payee names, this notice will detail the process to claim funds and set a deadline for making a claim not less than 60 days after the initial posting date of the notice on the website.
2. For all checks still unclaimed after the website deadline, publish a notice of the checks in the local newspaper of record. This notice will be in the same form as the website posting and state a new claim deadline not less than 60 days after the publication date.
3. After 60 days lapse from the newspaper publication, send a notice of all unclaimed funds under \$100 to the Town Accountant. For those \$100 or greater, publish a second notice in the Times with the same language as the previous except that it provides a deadline for claiming the funds at least one year after the new publication date.
4. Schedule a calendar prompt one year after the second publication date to review the checks and notify the Town Accountant of all those that are still unclaimed at that time.

C. Escheatment

Upon receipt of either notice from the Collector/Treasurer described in Section B above, the Town Accountant will escheat the listed funds. This involves reversing the abandoned property liability and recognizing the funds as revenue.

D. Check Claiming

At any point prior to escheatment, if a payee contacts the Collector/Treasurer to claim a check, the Collector/Treasurer will review the claim for validity and timeliness. If deemed appropriate, the Collector/Treasurer shall submit the claimed amount to the Town Accountant for inclusion on the next disbursement warrant.

E. Audit

All activity related to tailings is subject to audit by the Town Accountant and Clinton's independent auditor.

REFERENCES

[M.G.L. c. 200A, § 9A](#)

EFFECTIVE DATE

This policy was adopted on [date].

TAX ENFORCEMENT

PURPOSE

To provide guidance for equitably enforcing tax obligations and set expectations for both the Town and taxpayers, this policy clearly defines when and how the Town will transition unpaid property taxes from tax title through to foreclosure. It is in the best interest of the Town and its residents that property taxes be paid when due. The Town budget is set in anticipation of the collection of taxes, and taxes not paid by some property owners shift the cost burden onto others. The Town recognizes that individuals may go through periods of financial difficulty, but any taxpayer who becomes delinquent will be encouraged to find alternative resources to pay in full as soon as possible.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Collector/Treasurer job duties ▪ Town’s contracted tax title attorney ▪ All Clinton real estate property owners whose taxes, water, or wastewater charges are not exempt
Scope:	<ul style="list-style-type: none"> ▪ Enforcement of delinquent property tax liens ▪ Resolution of tax title accounts

POLICY

The Town intends to timely pursue all legal methods to collect taxes from delinquent property owners with the aim of achieving a minimum collection rate target of [98] percent by fiscal year-end. A tax delinquency is defined as a bill outstanding at least one year and one day after its final due date, and it represents a lien on property that remains in effect until all taxes, interest, and fees have been paid in full. The costs of all collection methods are added to the real estate tax bill and property lien. The Town will also periodically pursue foreclosure actions with the primary objective of receiving all monies due. Taxpayers are responsible for notifying the Town in writing of any mailing address changes.

A. Demands

Final taxes are due to be paid as of May 1 each year (the due date for the fourth quarter tax bill). No later than June 1, the Collector/Treasurer will issue demand notices to all assessed property owners who have failed to pay in full, have not been granted full exemptions, and do not have automatic stays on record due to bankruptcy filings.

B. Tax Taking

State law allows the tax taking process to begin as soon as 15 days after the demand, but, in every case, the Collector/Treasurer must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed to secure, or perfect, the tax liens. The Collector/Treasurer will work with delinquent taxpayers to delay the tax taking process as long as the taxpayer is making scheduled payments of at least 10% of the outstanding tax.

The Collector/Treasurer will establish an annual tax taking schedule for all delinquent taxpayers who have failed to respond to the demand notices or meet their partial payment requirements. The Collector/Treasurer will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by [September 1], the Collector/Treasurer will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places, such as on bulletin boards at Town Hall and the library. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

Within 60 days of the tax taking announcements, the Collector/Treasurer will prepare an Instrument of Taking form for each delinquent property and record them at the Registry of Deeds to perfect the tax liens. After receiving the recorded Instruments back from the Registry, the Collector/Treasurer will notify the affected property owners of the liens by sending each of them a letter and a copy of the Instrument. The Collector/Treasurer will provide copies of the List of Recorded Takings to the Town Accountant and Town Administrator.

The Collector/Treasurer shall carefully document the taking process to preserve the Town's rights for future actions.

C. Subsequent Taxes

After the demand bill and before June 15 each year, the Collector/Treasurer will certify all unpaid taxes for parcels of real estate taken into tax title for nonpayment of taxes in prior years and not yet redeemed and put them in a Subsequent Tax Takings report. The Collector/Treasurer will provide copies of the report to the Town Accountant and Town Administrator and retain one on file.

D. Interest, Fees, and License Revocation

All delinquent taxpayers are subject to charges, which the Collector/Treasurer will add to their accounts and tax bills. These include interest accrued to the date of tax taking, advertising fees, certified mailing costs, legal fees, and all recording fees.

The Collector/Treasurer will create a list of all the individuals who are delinquent in paying taxes or other charges and provide it to the Town departments, boards, and committees that issue licenses and permits. These authorities will review the list to deny, suspend, or revoke delinquent taxpayers' licenses and permits.

E. Tax Title Payment Agreements

This section is subject to the adoption of a tax title payment agreement bylaw, [M.G.L. c. 60, § 62A](#).

The Collector/Treasurer will pursue and establish payment agreements for parcels in tax title to allow delinquent taxpayers to pay off their tax liens over time. The Collector/Treasurer will actively monitor compliance with all such agreements, which will have the following features in common:

- *Signed agreement between the Collector/Treasurer and taxpayer*

- *Upfront payment of at least 25 percent of the full balance owed*
- *Specific amount to be paid each month*
- *Incorporation of payments for the current tax bill*
- *Agreement term not exceeding five years*
- *Statement that defaulting on the agreement will immediately trigger foreclosure action by the Town*

For taxpayers who fully comply with their payment agreements, the Collector/Treasurer will waive [50 percent] of the interest accrued on their tax title accounts.

F. Redemption or Foreclosure

The primary policy goal of the foreclosure process is to receive the outstanding amounts owed. At least once every year, the Collector/Treasurer will review all tax title properties that are older than 180 days and do not have payment agreements or bankruptcy recordings. From these, the Collector/Treasurer will identify all properties of significant value to process for potential foreclosure in Land Court. To do this, the Collector/Treasurer will thoroughly verify the properties' enforcement histories before referring them to the tax title attorney, beginning with those having the largest dollar value of taxes owed.

As manager of the service contract, the Collector/Treasurer will ensure the tax title attorney complies with the objectives laid out in this policy section. The Collector/Treasurer will work with the tax title attorney to prepare parcels in tax title status for foreclosure, beginning by providing each Instrument of Taking and notification and payment history. The tax title attorney will research the tax title properties and mail new collection enforcement letters to the taxpayers informing them of the importance of redeeming the property and warning of potential foreclosure action.

Prior to the property being foreclosed, if a taxpayer or other party pays the outstanding amount on a tax title property, the Collector/Treasurer will prepare an Instrument of Redemption and file it at the Registry of Deeds to remove the lien. If the obligation remains unpaid, the tax title attorney will proceed with foreclosure action in Land Court, possibly resulting in auctioning of the property.

In addition to Land Court foreclosure referrals, the Collector/Treasurer is responsible for completing foreclosures on any properties below the "Land of Low Value" threshold, which is annually updated each spring by the Division of Local Services (DLS).

REFERENCES

[M.G.L. c. 60, § 6](#)

[M.G.L. c. 60, § 16](#)

[MGL c. 60, § 22](#)

[M.G.L. c. 60, § 37](#)

[M.G.L. c. 60, § 40](#)

[M.G.L. c. 60, § 50](#)

[M.G.L. c. 60, § 53](#)

[M.G.L. c. 60, § 54](#)

[M.G.L. c. 40, § 57](#)

[M.G.L. c. 60, § 61](#)

[M.G.L. c. 60, § 62](#)

[M.G.L. c. 60, § 62A](#)

[M.G.L. c. 60, § 63](#)

[M.G.L. c. 60, § 76](#)

[M.G.L. c. 60, § 77](#)

[M.G.L. c. 60, § 79](#)

[M.G.L. c. 60, § 80](#)

Clinton bylaw Article 1, Section 110: Grant or Renewal of Licenses as Affected by Nonpayment of Local Taxes, Fees, Etc.

DLS Best Practice: [Enforcing Collections](#)

DLS Guidance: [Local Tax Collection FAQs](#)

DLS Informational Guideline Releases 03-210: [Collection Costs and Procedures](#), 05-208: [Payment Agreements and Tax Receivable Assignments](#) and [Land of Low Value Foreclosure Valuation Limit](#) (updated annually)

Massachusetts Collectors & Treasurers Association: [Treasurer's Manual](#) and [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted on [date].

TAX RECAPITULATION

PURPOSE

To ensure the Town timely and appropriately charges taxes to property owners in support of the annual budget, this policy sets forth the roles, responsibilities, and deadlines associated with the tax recapitulation (“tax recap”) process. A timely and accurate annual tax recap helps ensure the Town complies with state statutes, prevents workflow disruptions in its financial offices, and avoids any temporary borrowing costs associated with cash shortfalls.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen and Town Administrator in their policymaking and management responsibilities ▪ Town Accountant, Principal Assessor, Collector/Treasurer, and Town Clerk job duties
Scope:	<ul style="list-style-type: none"> ▪ Guidelines and responsibilities for the various processes supporting the tax rate recapitulation and year-end reporting to DLS

BACKGROUND

The property tax levy is Clinton’s largest source of revenue, which therefore makes the tax recap a vital component of the Town’s fiscal operations. The Assessing Department oversees two core phases: property valuation and tax rate setting. However, the full process begins with town meeting, involves many other local officials, and requires careful management, teamwork, and cooperation.

The tax recap forms and schedules present the Town’s annual budget plan for the fiscal year. They summarize all appropriations made by town meeting since the previous year's tax rate was set and identify all non-property-tax revenue sources, such as state aid, local receipts, and reserves. The difference between these sources and the total budgeted appropriations must be raised through the property tax levy.

By completing the tax recap and submitting it to the Division of Local Services (DLS) for approval, the Town establishes its property tax levy and sets the tax rate for the year. The Town may issue actual tax bills only after DLS reviews the recap and approves the tax rate.

POLICY

At the Town Administrator’s direction, Clinton’s financial team will annually complete the tax recap process no later than [November 15]. The Town Administrator will develop a realistic plan and timetable to meet this deadline and keep the Board of Selectmen apprised of progress.

A. Preparation and Town Meeting

A successful tax recap process starts with a balanced annual budget, valid funding sources, and proper town meeting actions, which will be accomplished as follows:

- The Board of Selectmen, through the Town Administrator and Town Counsel, will assure the production of a properly written town meeting warrant that will allow town meeting voters, under the Town Moderator's oversight, to properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization).
- The Board of Selectmen will ensure that any annual increase in the tax levy does not exceed the maximum allowed under Proposition 2½.
- The Town Accountant, Town Administrator, and Board of Selectmen will verify that the proposed budget is balanced.
- The Town Accountant will prepare a schedule of sources and uses to monitor the impacts of appropriation of available funds at town meeting.
- The Collector/Treasurer and Town Counsel will ensure any debt issuance authorizations are proper.
- The Board of Selectmen will ensure that any proposal for a general override, debt exclusion, or capital exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum.

Whereas the budget is typically adopted at the spring town meeting, all appropriations and borrowings approved at this and any other town meetings not recorded in the previous tax rate must be included in the current tax recap process.

B. Recording Legislative Actions

To allow time for any required corrective measures, the following tasks will be completed within [two weeks] after town meeting:

- The Town Clerk will record and certify the voting minutes of all town meetings held since the last tax rate was set.
- The Town Accountant will review the Town Clerk's certified town meeting minutes to ascertain all the voter-authorized appropriation amounts for the tax recap period.
- When the Town Clerk and Town Accountant are in agreement on the individual appropriations by revenue category, the Town Clerk will enter the amounts into the DLS Gateway system (by article on page 4 of the tax recap).
- From the certified town meeting authorizations, the Town Accountant will complete the following Gateway forms:
 - enterprise estimated revenues and appropriations (Schedule A-2)
 - community preservation fund estimated revenues and appropriations (Form A-4)
 - free cash used (Form B-1)
 - available funds used (Form B-2)
- When applicable, the Collector/Treasurer will prepare the debt exclusion report, including any use of reserved bond premiums (Form DE-1), and report any reserved bond premium amounts used as funding sources (Form B-2).

C. Tax Recap Entries done after the Fiscal Year-end Closing

Within [two weeks] of closing the books for the fiscal year, the Town Accountant will do the following to complete the tax recap:

- Document and report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap)
- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap)
- Enter estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the recap)
- Enter the actual community preservation fund revenues for the prior fiscal year (Form A-4)

D. Property Value Certification

Assessors must value all taxable real and personal properties and classify them into one of four classes (residential, open space, commercial/industrial, or personal) based on their use as of January 1. To do this, the Principal Assessor will:

- Complete the property sales report (Form LA-3) for all sales over \$1,000 and submit it to DLS for approval.
- Analyze market conditions and set final property values in compliance with DLS certification standards.
- Report the total assessed valuation for real and personal property by class (Form LA-4, which is transferred to page 1 of the tax recap).
- Report fiscal year tax base growth used to determine the levy limit under Proposition 2½ (Form LA-13, which is transferred to the Levy Limit Worksheet).
- Update any prior-year omitted and revised assessments that included growth (Form LA-13A, which is transferred to the Levy Limit Worksheet).

The Principal Assessor will submit the above forms to DLS for review and certification.

E. Tax Rate Setting

After DLS has certified property values, the Board of Selectmen will hold a public hearing to decide tax policy. At this classification hearing, the Board of Selectmen may vote for a single tax rate, which thereby allocates the tax levy proportionately across all property classes, or for a shift of the tax burden between the four classes. Leading to this hearing, the following must be done:

- The Principal Assessor and Town Accountant prepare an overlay analysis (Form OL-1).
- The Board of Assessors estimates and votes the amount of overlay to raise.
- The Board of Assessors prepares a financial analysis of the various tax alternatives.
- The Town Clerk publishes an advance notice of the hearing and reports this on Form LA-5.
- The Board of Selectmen votes on residential, small commercial, and open space exemptions.
- The Board of Selectmen acknowledges excess levy capacity (Form LA-5).

F. Review and Submittal to DLS

The Board of Assessors, working through the Principal Assessor, is responsible for submitting all forms and supporting documents to DLS for tax rate approval. To do this:

- The Principal Assessor and Town Accountant will review all schedules, verify signatures, and verify that all proper documents are attached.
- The Town Accountant will ensure that all budget authorizations are represented and clearly reconcile to the amounts reported in the tax recap schedules.

REFERENCES

[M.G.L. c. 40, § 56](#)

[M.G.L. c 40A, § 11](#)

[M.G.L. c 41, § 115A](#)

[M.G.L. c. 59 § 5C](#)

[M.G.L. c. 59, § 21C](#)

[M.G.L. c. 59, § 25](#)

DLS Informational Guideline Release 2019-04: [Fiscal Year 2020 Tax Bills Quarterly Payment System](#)
(updated annually)

DLS Training Publications: [New Officials Financial Handbook](#) and [Assessors Course 101 Handbook Chapter 5: Setting the Tax Rate](#)

EFFECTIVE DATE

This policy was adopted on [date].

YEAR-END CLOSING

PURPOSE

To ensure local officials have accurate financial data in adequate time to make necessary budgetary decisions, the Town must properly close its books promptly after the fiscal year ends. Failure to adhere to a timely schedule delays the completion of closing entries, trial balances, reconciliations, account analyses, and financial reporting. As an important reserve, the Town's annual free cash cannot be certified expeditiously and accurately unless applicable employees adhere to best practice year-end schedules and procedures. To meet these objectives, this policy specifies the year-end tasks that must be completed, their associated deadlines, and the parties responsible.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Selectmen and Finance Committee in their budget transfer authority ▪ Town Administrator, Town Accountant, and Collector/Treasurer job duties ▪ All department heads in managing and reporting on their budgets and assets
Scope:	<ul style="list-style-type: none"> ▪ Tasks necessary to close the fiscal year's books and complete required annual reports ▪ Protocol for year-end appropriation transfers

POLICY

The Town Administrator will hold every department head accountable for timely and accurately completing the year-end tasks applicable to each as outlined in this policy. This additionally requires the Town Administrator to ensure that the Town Accountant and Collector/Treasurer comply with the Reconciliations policy throughout the year to enable year-end cash and receivable balances to be reconciled with the general ledger no later than July 30.

Annually no later than May 15, the Town Administrator will email this policy to all department heads as a reminder of year-end expectations. The Town Administrator will subsequently oversee the coordination of the various year-end task components under the time frames and procedures outlined in this policy.

By June 1, the Town Accountant will transmit year-end instructions to department heads and provide them with the following submission deadlines:

- A. Requests for encumbrances by [June 15]
- B. All available invoices by [June 30]
- C. Status reports on the balances of grants, other special appropriations and special revenue accounts by [July 15]
- D. Status reports or updates on capital projects, capital assets, and borrowings by [August 1]

All facets of the year-end closing will be accomplished no later than [September 30].

A. Year-end Encumbrances

With proper documentation, the Town Accountant will encumber funds that have been committed to specific purchases (by purchase orders), services (by service agreements), or projects (by contracts) as of June 30.

B. Review of Grant Balances, Other Special Appropriations, and Special Revenue Accounts

By May 15, the Town Accountant will distribute management reports of all grant, special appropriation, and special revenue accounts to the responsible department heads to solicit status updates on them. Each such department head will notify the Town Accountant in writing of any completed project with an unexpended balance so that she may close its account to fund balance (or to a special revenue source, if appropriate). Alternatively, if any completed project's account is in deficit, the department head will notify the Town Accountant in writing, provide funding source(s), and state when it will be resolved so that she can plan for closing the account.

The Town Accountant will carefully review any special appropriation account remaining open but inactive in the general ledger for more than two fiscal years to ensure it does not serve as an unauthorized special revenue funding source.

C. Capital Project Reviews, Capital Asset Updates, and Borrowings

As of March 1, the Town Accountant will review all capital project accounts to ensure that any internal borrowings done in anticipation of short- or long-term debt issuances have been covered. For any identified deficits:

- If debt had been authorized, the Town Accountant will notify the Collector/Treasurer to initiate a short-term borrowing in an amount sufficient to cover the deficit no later than June 30.
- If debt had not been authorized, the Town Accountant will refer the shortfall to the Town Administrator to either submit it for a debt authorization or appropriation from available funds by town meeting or for a line-item transfer by the Board of Selectmen and Finance Committee (see section D below).

By June 15, the Town Accountant will distribute via email a capital asset list to department heads along with next-step instructions. By no later than August 1, each department head with capital assets will respond by forwarding to the Town Accountant an asset update report with notes confirming the existing data, making additions, and/or noting appropriate deletions, along with narrative explanations. The Town Accountant will update the Town's capital asset inventory based on the returned information.

D. Year-end Transfers

The Town Accountant will pay close attention to any appropriation deficits that may be rectified through line-item transfers and notify the Town Administrator. No earlier than May 1 and no later than July 15, the Town Administrator will put any necessary transfer request on the Finance

Committee's meeting agenda, followed by the Board of Selectmen's meeting agenda, for their authorizations by majority votes.

E. Closing the Books

No later than August 31, the Town Accountant will do the following to close the books:

- Conduct a reconciliation of each fund type in turn (including transfers between funds) and, when completed, close each fund in the general ledger.
- Zero out all open encumbrances from the prior fiscal year.
- Verify the new opening balances of all special revenue funds.
- Calculate the general fund's unreserved fund balance.

F. Submissions to the Division of Local Services (DLS)

Submissions to DLS will comply with the time frames listed below.

Town Accountant:

- | | |
|---|--------------|
| ▪ Snow and ice data sheet | August 15 |
| ▪ Combined balance sheet and supporting documents | September 15 |
| ▪ Schedule A | October 31 |

Town Accountant and Collector/Treasurer:

- | | |
|--|-------------|
| ▪ Statement of indebtedness | August 15 |
| ▪ Collector/Treasurer's year-end cash report | September 1 |
| ▪ Cash reconciliation | September 1 |
| ▪ Schedule of outstanding receivables | September 1 |

FORMS

Encumbrance request

REFERENCES

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 64, § 64](#)

[M.G.L. c. 59, § 5](#)

Clinton policies on Tax Enforcement, Grants Management, and Reconciliations

DLS Informational Guideline Release 17-13: [Appropriation Transfers](#)

Governmental Accounting Standards Board Statement 1: [Objectives of Financial Reporting](#)

Government Finance Officers Association Guidance: [Timely Financial Reporting](#)

EFFECTIVE DATE

The policy was adopted on [date].

APPENDIX

POLICY LOG

Financial Planning Policy	Adopted	Last Reviewed	Amended
Capital Planning			
Debt Management			
Financial Reserves			
Forecasting			
Indirect Cost Allocation			
Investments			
One-Time Revenues			
OPEB Liability			
Financial Operations Policy	Adopted	Last Reviewed	Amended
Antifraud			
Debit/Credit Card Usage			
Finance Committee Reserve Fund			
Overlay			
Procurement Conflict of Interest			
Purchasing			
Reconciliations			
Revenue Turnover			
Tailings			
Tax Enforcement			
Tax Recapitulation			
Year-end Closing			

DEPARTMENT RECEIPT INTERNAL CONTROL QUESTIONNAIRE

Town:

Department:

Date:

A. Background

Document types of receipts collected at the department.

<u>Type of Receipt</u>	<u>Approximate Amount of Annual Receipts</u>
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____

- | | | | |
|---|-----|----|-----|
| If total receipts are in excess of \$ 50,000, is a cash register used? | YES | NO | N/A |
| Do written policies and procedures exist for the proper maintenance of departmental receipts? | YES | NO | N/A |

- If so, provide auditors with a copy.

B. Audit Trail

- | | | | |
|--|-----|----|-----|
| 1. Are receipts summarized in a receipt log which documents date, customer, receipt type, receipt number, amount, and breakdown of cash (currency) and checks? | YES | NO | N/A |
| 2. Is the receipt log subtotaled whenever turnovers are made to the Treasurer? | YES | NO | N/A |
| 3. Are licenses, permits, etc. prenumbered? | YES | NO | N/A |
| 4. Are all numbers accounted for? | YES | NO | N/A |
| 5. Are prenumbered receipt forms issued to customers? | YES | NO | N/A |

C. Security

- | | | | |
|---|-----|----|-----|
| 1. Are cash receipts held in a secure location during working hours, with no access of other employees or the public? | | | |
| Document where: _____ | | | |
| _____ | | | |
| _____ | | | |
| 2. Are cash receipts held in a secure location overnight? | | | |
| Document where: _____ | | | |
| _____ | | | |
| _____ | | | |
| 3. Are employees prohibited from co-mingling cash receipts with personal funds? | YES | NO | N/A |
| 4. Is the department prohibited from using departmental receipts to cash checks for employees or others? | YES | NO | N/A |

Department Receipt Internal Control Questionnaire (continued)

- | | | | | |
|----|--|-----|----|-----|
| 5. | Is the department prohibited from using departmental receipts to make purchases? | YES | NO | N/A |
| 6. | Are unused stocks of licenses and permits held in a secure location? | YES | NO | N/A |
| 7. | Are checks stamped "for deposit only - Town of _____" immediately upon receipt? | YES | NO | N/A |

D. Turnovers

- | | | | | |
|----|---|-----|----|-----|
| 1. | Is the turnover form precoded with general ledger revenue account names and numbers? | YES | NO | N/A |
| 2. | Are turnovers to the Treasurer made at least monthly? | YES | NO | N/A |
| 3. | Does the turnover form provide a breakdown of cash (currency) and checks? | YES | NO | N/A |
| 4. | Is a turnover receipt obtained from the Treasurer and retained? | YES | NO | N/A |
| 5. | Are copies of the turnover forms retained by the department? | YES | NO | N/A |
| 6. | Are copies of receipt logs, customer receipt books, duplicate copies of licenses and permits, and turnover forms retained for at least three years? | YES | NO | N/A |
| 7. | Are copies of the turnover forms provided directly to the Town Accountant? | YES | NO | N/A |

E. Reconciliations

- | | | | | |
|----|--|-----|----|-----|
| 1. | Does the City/Town/District Accountant provide a monthly revenue report to the department? | YES | NO | N/A |
| 2. | Is the Accountant's revenue report reconciled to departmental records? | YES | NO | N/A |

F. Segregation of Duties

- | | | | | |
|----|---|-----|----|-----|
| 1. | Is the individual responsible for counting and reconciling cash/checks to the receipt log and preparing turnovers someone that is not involved in the receipt process? | YES | NO | N/A |
| 2. | Does another individual that is not involved in the receipt process (i.e., department head, supervisor) provide oversight and review of the departmental receipt records? | YES | NO | N/A |
| 3. | Is that oversight documented? | YES | NO | N/A |

Signature of department employee

Date

Signature of employee conducting review

Date

DEPARTMENT RECEIPT AUDIT PROCEDURES

Town:

Department:

Date:

_____ 1. Review responses on the completed Internal Control Questionnaire.

_____ 2. Review receipt log to be sure it provides proper documentation:

- date
- customer
- receipt type
- receipt (or license/permit) number
- amount
- breakdown of cash (currency) and checks

Results: _____

_____ 3. Test foot receipt log to assure audit trail of turnover amounts.

Results: _____

_____ 4. Trace turnovers to Treasurer's cash book (including breakdown of cash [currency] and checks).

Results: _____

_____ 5. Test to assure prenumbered licenses, permits, or receipts are accounted for.

Results: _____

_____ 6. Review frequency of turnovers to assure done regularly and timely.

Results: _____

_____ 7. Test that cash on hand agrees with receipt log and/or other records.

Results: _____

DEFINITIONS: RECURRING AND NONRECURRING REVENUES AND EXPENSES

The Town makes a distinction between recurring and nonrecurring revenues and expenses. In any given year's budget, recurring expenses should be supported only from recurring revenues. As a best practice, nonrecurring revenues should only be used in support of nonrecurring expenses or to build reserves.

1. Recurring Revenue Sources

Recurring revenue sources are those which can reasonably be expected to continue from year to year even though with moderate increases to decreases. These include the real estate tax levy; state revenue sharing; local receipts, including motor vehicle excise, penalties and interest on taxes, payments in lieu of taxes, rentals, departmental revenue, licenses and permits, special assessments, investment income, and municipal liens; and water, sewer, and solid waste fees.

2. Nonrecurring Revenue Sources

Nonrecurring revenue sources include income which is available on a one-time basis or cannot be reasonably expected to continue at any given level from year to year. These include free cash, overlay surplus, insurance proceeds, and proceeds from the sale of municipal property.

3. Recurring Expenses

Recurring expenses are those which must be met every year in order to meet legal obligations or avoid disruption of public services or general administration of municipal government. These include permanent salaries and related personnel expenses, general departmental supplies, insurance, routine facility and grounds maintenance, debt service, program operations, payments to other jurisdictions for services, snow removal and sanding, and a limited number of capital purchases which must be made on an ongoing basis in order to avoid service disruption.

4. Nonrecurrent Expenses

Nonrecurring expenses are those which in no way obligate the Town to continue payment after the initial expenditure, and do not result in a disruption of services or administration if payments do not continue. These include one-time capital expenditures, certain temporary salaries for employees with fixed tenures, engineering studies related to capital projects, consultants and studies related to specific projects, court judgments, and special projects with clearly defined termination dates.

MUNICIPAL CALENDAR

Abbreviations Defined

DLS	Division of Local Services
BLA	DLS Bureau of Local Assessment
BOA	DLS Bureau of Accounts
CPA	Community Preservation Act
DESE	Department of Elementary and Secondary Education
EQV	Equalized Valuation
NSS	Net School Spending

July

- | | | |
|----|---|---|
| 1 | Collector/Treasurer | <p>Mail Annual Preliminary Tax Bills
Per M.G.L. c. 59, § 57C, mail annual preliminary tax bills by this date. The Collector/Treasurer may include the 1st and 2nd quarter bills in a single mailing.</p> |
| 1 | Assessors and Accountant | <p>Begin Compiling Data for the Tax Rate Recapitulation Sheet (the recap)</p> |
| 15 | Accountant and Treasurer | <p>Deadline to Process all Prior-Year Unencumbered Expenditures
Per M.G.L. c. 44, § 56, this is the deadline to record and pay all unencumbered expenditures incurred as of June 30.</p> |
| 15 | Pipeline Company; Telephone / Telegraph Co. | <p>Deadline for a Pipeline Company or a Telephone/Telegraph Company to Appeal the Commissioner's Valuations</p> |
| 20 | BLA | <p>Notification of Changes in Proposed EQVs (even years only)</p> |

August

- | | | |
|---|----------|---|
| 1 | Taxpayer | <p>Deadline for Paying 1st Quarter Tax Bill
Per M.G.L. c. 59, § 57C, this is the deadline to pay the 1st quarter preliminary tax payment without interest for bills that were mailed by July 1. If the bills were mailed between July 2 and August 1, this payment is due 30 days after the mailing date, and the 2nd quarter payment is due November 1. If the bills were mailed after August 1, the preliminary tax is due as a single installment on November 1 or 30 days after the bills were mailed, whichever is later.</p> |
|---|----------|---|

1	Taxpayer	Deadline for Submitting Annual Boat Excise Return
10	Assessors	Deadline for Appealing EQVs to the Appellate Tax Board (even years only)
31	Accountant	Close Prior-Year Books by this Date

September

15	Accountant	Submit Snow & Ice Data Sheet
15	Assessors	Submit Property Sales Report (recommended date)
30	Accountant and Collector/Treasurer	<p>Submit Balance Sheet and other Reports for Free Cash Certification</p> <p>The Accountant and Collector/Treasurer coordinate to submit a balance sheet to BOA, along with:</p> <ul style="list-style-type: none"> ▪ Statement of Indebtedness ▪ Treasurer’s Year-end Cash Report ▪ Cash Reconciliation Form ▪ Schedule of Outstanding Receivables

October

1	Collector/Treasurer	<p>Mail Preliminary Tax Bills for 2nd Quarter</p> <p>The Collector/Treasurer mails these bills if the 2nd quarter bills were not included in the July 1 mailings.</p>
1	Taxpayer	<p>Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land</p> <p>Under M.G.L. c. 61A, §§ 6 and 8 and c. 61B, §§ 3 and 5, this is the deadline to apply to the Assessors to have land valued, taxed, and classified as agricultural/horticultural or recreational land in the next fiscal year. Taxpayers who miss this deadline have until 30 days after the mailing of the actual tax bills to apply to the Assessors.</p>
1	Taxpayer	<p>Deadline for Submitting Forest Land Certification and Management Plan</p> <p>As set by M.G.L. c. 61, § 2, this is the deadline to submit to the Assessors the State Forester’s certification and approved management plan to have land classified as forest land for 10 years beginning in the next fiscal year.</p>
15	Assessors	Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)

November

- | | | |
|----|-------------------------|--|
| 1 | Taxpayer | <p>Deadline for Paying 2nd Quarter Tax Bill
Per M.G.L. c. 59, § 57C, this is the deadline to pay the 2nd quarter tax payment without interest.</p> |
| 1 | Selectmen and Assessors | <p>Hold Classification Hearing (recommended date)
At this public hearing, the Board of Selectmen decides whether to apply uniform or different tax rates to the various classes of real and personal property after considering information presented by the Assessors.</p> |
| 15 | Assessors | <p>Submit Tax Recap and all Schedules to BOA</p> |
| 30 | Accountant | <p>Submit Schedule A to BOA
Failure to file Schedule A by this date may result in the withholding or forfeiture of state aid.</p> |

December

- | | | |
|----|---|--|
| 31 | Board of Selectmen (as Water Commissioners) | <p>Deadline for Betterments to be included on Next Year's Tax Bill
(M.G.L. c. 80, § 13, c. 40, § 42I and c. 83, § 27)</p> |
| 31 | Assessors | <p>Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners</p> |
| 31 | Collector/Treasurer | <p>Deadline for Mailing Actual Tax Bills
Mail actual tax bills by this date. The Collector/Treasurer may include the 3rd and 4th quarter bills in a single mailing.</p> |

January

- | | | |
|----|------------------|---|
| 31 | Pipeline Company | <p>Deadline for Pipeline Company to File Form of List with BLA</p> |
|----|------------------|---|

February

- | | | |
|---|----------|---|
| 1 | Taxpayer | <p>Deadline to Pay 3rd Quarter Tax Bill
Per M.G.L. c. 59, § 57C, this is the deadline to pay the 3rd quarter actual tax bill without interest unless the bills were mailed after December 31. If mailed after December 31, the actual tax is due as a single installment on May 1 or 30 days after the bills were mailed, whichever is later.</p> |
| 1 | Taxpayer | <p>Deadline to Apply for Property Tax Abatement</p> |

According to [M.G.L. c. 59, § 59](#), abatement applications are due on February 1 unless actual tax bills were mailed after December 31. In that case, they are due May 1 or 30 days after mailing, whichever is later.

March

- | | | |
|---|---------------------------|---|
| 1 | Personal Property Owner | <p>Deadline to Submit Personal Property Form of List
The Assessors may extend this deadline to a date no later than the date abatement applications are due.</p> |
| 1 | Telephone / Telegraph Co. | <p>Deadline for Telephone / Telegraph Company to File Form of List
BLA may extend this deadline to a date no later than April 1.</p> |
| 1 | Charitable Organization | <p>Deadline to Apply for Property Tax Exemption using Form 3ABC
The Assessors may extend this deadline to a date no later than the date that abatement applications are due.</p> |
| 1 | Board of Selectmen | <p>Request Determination of Overlay Surplus (recommended date)
Within 10 days of this request, the Assessors must determine if a surplus exists, and if so, vote to certify the surplus amount and notify the Accountant of the vote so that the amount can be transferred to the overlay surplus account.</p> |

April

- | | | |
|---|---------------------|---|
| 1 | Collector/Treasurer | <p>Mail 4th Quarter Tax Bills
The Collector/Treasurer mails these bills if the 4th quarter bills were not included in the December mailings.</p> |
| 1 | Taxpayer | <p>Deadline to Apply for Property Tax Exemptions for Persons, Residential Exemptions, and Small Commercial Exemptions
This is the deadline to apply to the Assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have three months from the mailing date to file exemption applications.</p> |

May

- | | | |
|---|-----------------------------------|--|
| 1 | Taxpayer | <p>Deadline to pay 4th Quarter Tax Bill without Interest</p> |
| 1 | Accountant or Collector/Treasurer | <p>Notification of Amount of Debt Due in Next Fiscal Year
As required by M.G.L. c. 44, § 16, the Accountant or Collector/Treasurer must notify the Assessors of all debt due in the next fiscal year.</p> |

7 Days before Town Meeting	Constable	Post Warrants for Annual Town Meeting Per Town administrative bylaws, Article I, Section 2, the Town gives notice of town meeting via publication in at least one local newspaper at least seven days prior to each annual town meeting. According to Article I, Section 5, printed copies of the warrant shall be made available to voters at town meeting.
----------------------------------	------------------	--

June

First Monday	Town Meeting	Annual Town Meeting Per Town administrative bylaws, Article I, Section 1, the annual town meeting shall be held on the first Monday in June.
	Town Clerk	Certify Appropriations The Town Clerk should certify appropriations as soon as possible after town meeting (and no later than July 1, M.G.L. c. 41, § 15A) so that the Accountant can set up accounts for every department for the forthcoming fiscal year.
Second Monday	Town Clerk and Registered Voters	Annual Town Election Per Town administrative bylaws, Article I, Section 1, Clinton holds its annual election of town officers on the Second Monday in June.
1	BLA	Notification of Proposed EQVs (even years only)
10	BLA	Conclude Public Hearings on Proposed EQVs (even years only)
15	BLA	Determine and Certify Pipeline and Telephone/Telegraph Valuations
15	Assessors	Make Annual Preliminary Tax Commitment Assessors should make the annual preliminary tax commitment by this date to ensure the ability to mail tax bills by July 1.
20	Assessors	Final Date to Make Omitted or Revised Assessments As required by M.G.L. c. 59, §§ 75 and 76 , if any property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's duty to fix the mistake and assess the property correctly. The new assessment must be made by June 20 of the taxable year or by the 90th day after the date the tax bills are mailed, whichever is later.
30	Assessors	Submit Annual Report of Omitted or Revised Assessments to BLA

- 30 Taxpayer **Deadline to Apply to Have Land Classified as Forest Land**
Per [M.G.L. c. 61, § 2](#), this is the deadline to apply to the State Forester to have land certified as forest land.
- 30 Assessors **Deadline to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of [M.G.L. c. 59, § 5](#)**
Assessors have until this date to submit a request to the DLS Databank for state reimbursement to offset the tax revenue lost from granted statutory exemptions. The state partially reimburses for these via the cherry sheet. If actual tax bills were mailed late, the submission deadline is extended to August 20.

Additional Information

- Cherry Sheet Estimates** Beginning with the Governor’s budget proposal in January and at subsequent stages in the state’s budget development, the DLS Databank posts on its [website](#) estimates of 1) local reimbursement and assistance program appropriations and 2) state and county assessments and charges for the forthcoming year.
- Estimated and Finalized NSS Requirements** In January, DESE notifies school districts of NSS estimates for the forthcoming year based on the Governor’s budget proposal. DESE notifies districts of the final NSS requirements in July. Both notices are posted on DESE’s [website](#).
- Local Aid Distributions** The Office of the State Treasurer distributes local aid to communities on the last calendar day each month and posts the data on its [website](#).
- Due Date Exceptions** According to [M.G.L. c. 4, § 9](#), if the date for any statutory action or payment falls on a Sunday or legal holiday, that action may be performed or payment made on the next business day. This rule also applies to any actions required by or payments due on a Saturday in communities that accepted [M.G.L. c. 41, § 110A](#) permitting public offices to remain closed on that day.
- The due dates for any local property tax payment, abatement application, or exemption application are also extended to the next business day by [M.G.L. c. 59, §§ 57, 57C](#), and [59](#) when municipal offices are closed due to a weather-related or other public safety emergency.
-

REQUEST FOR TRANSFER FROM THE RESERVE FUND

Date _____

Finance Committee
Clinton, MA

Dear Town of Clinton Finance Committee Members:

Request is hereby made for the following transfer from the Reserve Fund in accordance with Chapter 40, Section 6, of the Massachusetts General Laws:

- 1. Amount requested: \$ _____
- 2. To be transferred to account: _____
- 3. Present balance in appropriation: \$ _____
- 4. The amount requested will be used for: (specify purpose) _____

- 5. This expenditure is extraordinary and unforeseen for the following reasons: _____

Department Head Signature _____

Request must be made and transfer approved before any expenditure in excess of appropriation is incurred.

TOWN ADMINISTRATOR Recommended Action

- Recommended
- Not Recommended

Town Administrator Signature

BOARD OF SELECTMEN Review

- Recommended
- Not Recommended

Date of Meeting

FINANCE COMMITTEE Action

Date of Meeting _____

Number present and voting _____

- Approved in the sum of \$ _____
- Disapproved

Finance Committee Chair Signature _____

TOWN ACCOUNTANT Action

Date of Transfer _____

Transfer Amount: \$ _____

Remaining RESERVE FUND Balance \$ _____

DEBIT CARD PURCHASE REQUISITION

Date: _____

Amount: \$ _____

Account Name _____

Account Number: _____

Purpose of Expenditure:

Attached documentation:

Requester: _____ Date: _____

Department Head: _____ Date: _____

Town Accountant: _____ Date: _____

Town Administrator: _____ Date: _____