

FINANCIAL POLICY MANUAL | TOWN OF EDGARTOWN

SEPTEMBER 2020



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

September 25, 2020

Board of Selectmen
Town of Edgartown
70 Main Street
Edgartown, MA 02539

Dear Board Members,

I am pleased to present the enclosed financial policy manual for the Town of South Hadley. 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 manual, 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 created a financial policy manual for the Town of Edgartown. It is divided into two parts, the first containing policies concerned with financial planning and the second with day-to-day operations. All have been developed based on researched best practices tailored to the specific conditions of Edgartown. The manual is provided as a draft in Microsoft Word so that town officials can further adjust individual policies as needed based on local decisions and add an effective date to each when adopted. As time passes, changes in circumstances, conditions, or guidance may warrant policy revisions, and we therefore recommend the Town conduct policy reviews at least every few years.

Some of the operational policies refer to software applications currently being used by town departments, such as Munis and Quicken. If new systems are implemented, those policies should be revised accordingly. In addition, please note that, within the Tax Enforcement policy there is a section on tax title payment agreements, which requires town meeting to adopt a related bylaw before its provisions may be implemented, per [M.G.L. c. 60, § 62A](#). The following text may serve as a template:

Chapter X: Payment Agreements for Properties in Tax Title

- X.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer 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").
- X.1.2 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*].
- X.1.3 At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- X.1.4 The agreement's maximum term shall be five years.
- X.1.5 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.

EDGARTOWN MASSACHUSETTS

FINANCIAL POLICIES MANUAL



PREFACE

The Town of Edgartown 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 Edgartown, through its Board of Selectmen, Town Administrator, Financial Advisory Committee, 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
- Ensuring the quality and maintenance of capital assets
- Conforming to general law, uniform professional standards, and municipal best practices
- Protecting and enhancing the Town's credit rating
- Promoting transparency and public disclosure
- Assuring accurate and timely reporting

For definitions of terms used in this policy manual, refer to the [Municipal Finance Glossary](#) published by the Division of Local Services.

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**FINANCIAL
PLANNING
POLICIES**

ANNUAL BUDGET PROCESS

PURPOSE

To promote transparency, procedural consistency, and fiscal sustainability, this policy establishes guidelines for developing, documenting, and adopting the annual budget. As the Town’s central policy document, the budget prioritizes annual and longer-range objectives and is the means for turning strategic plans into fiscal reality. It constitutes a contract between the Town and its residents, explaining how funds are to be raised and allocated for the delivery of services.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Board of Selectmen, Financial Advisory Committee, Edgartown School Committee, and Capital Programs Committee in their budget decision-making roles▪ Town Administrator, Town Accountant, and Board of Assessors job duties▪ All department heads and the boards and committees that have spending authority (all referred to here as “department heads”) in their budget planning duties
Scope:	<ul style="list-style-type: none">▪ Annual budget development, documentation, and adoption processes

POLICY

Town officials will work together to prepare a balanced budget for the approval of voters at annual town meeting. The creation of the budget will be guided by and reflect all the other financial planning policies adopted by the Town and contained in its policy manual. Town meeting has the sole authority to appropriate funds for the budget, except for specific instances where appropriation is not required by statute (such as grants, gifts, and offset receipts). Furthermore, only a subsequent annual or special town meeting vote can amend any previously approved appropriation.

The Town Administrator is responsible for developing the annual budget and will do so according to the vision, goals, and strategic plans laid out by the Board of Selectmen. As the advisor for the interests of town meeting voters, the Financial Advisory Committee (FAC) will make recommendations on all finance-related warrant articles, including the annual budget article. The Capital Programs Committee will work in close collaboration with the Town Administrator in analyzing departmental submissions for the annual capital budget. To ensure early knowledge of the elementary school’s expenditure projections and smoothly integrate its budget, the Town Administrator will cultivate a strong, communicative relationship with the Edgartown School Committee. It is the goal of all these parties to work in a cooperative manner to present voters with a consensus budget.

Substantial annual appropriations in the budget arise from obligations to regional shared service partners, most prominently, the Martha’s Vineyard Regional High School (MVRHS), but also Dukes County and others. The Town Administrator must therefore work to stay timely apprised of the budget projections of these partners.

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

A. Budget Goals

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

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

Capital investment — To pay for items in the capital plan, the Town will strive to achieve and maintain the annual capital funding levels spelled out in the Capital Planning and Debt Management policies. Additionally, the Town will plan to regularly fund, within departmental operating budgets, the maintenance costs for equipment, facilities, infrastructure, and other capital assets to maximize their useful lifespans.

B. Tax Levy Considerations

Levy growth — Edgartown has had a longstanding practice of asking voters nearly every year to approve permanent (override) and/or temporary (capital and debt exclusion) increases to the levy limit, as allowed under the Proposition 2½ statute. Going forward, the Town will seek to shift its strategy toward leveraging excess levy capacity rather than pursuing overrides or exclusions. This does not mean levying to max every year; the Town should intend to leave a prudent percentage of available levy limit unused. The purpose of this policy shift is to steer the Town away from a practice that sometimes seeks an override while a significant percentage of excess levy capacity is untapped. This change is also necessary to help ensure capital needs are not treated only as accessory budget priorities. Instead, the Town's budget makers will strive toward a consensus, targeted level of funding being gradually built up within the base levy budget as a necessary objective to provide consistent support for the capital plan.

Tax rate analysis — The Town Administrator will evaluate the estimated tax rate for the forthcoming year based on level of affordability, including the estimated average single-family tax bill as a percentage of the Town's per capita income. The Town Administrator will provide this analysis to the Board of Selectmen and FAC when presenting them with the proposed budget.

C. Principles for Balanced, Sustainable Budgets

The Town Administrator, with the Town Accountant's assistance, will prepare an annual budget proposal for the approval of the Board of Selectmen and FAC and eventual inclusion in the annual town meeting warrant. Along with the proposal, the Town Administrator will also report to these boards on the Town's methods of operation, program service delivery, resource expenditures, and manpower allocations. To assure the creation of a budget that is both balanced and sustainable for future years, the following principles will apply:

1. Recurring revenues (e.g., property taxes, vehicle and boat excises, service fees and charges, interest earnings, state aid) will be sufficient to support recurring expenditures (e.g., employee wages and benefits, materials, supplies, contracted costs, debt service).
2. Because free cash is not a current or recurring revenue source, it should not be relied on to balance the operating budget, which is, in effect, what happens when it is applied to reduce the tax rate on the tax recapitulation sheet.

3. The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances, and any such usage will require the Town Administrator to document a plan to replace this source in future years.
4. The Town Administrator will review fee schedules every year and propose increases when necessary to ensure coverage of service costs. This pertains not only to fees for casual services, such as building permits, marriage licenses, etc. but also to the amounts charged for the Town’s water and wastewater utilities. Although neither utility is run as an enterprise fund, the goal is to minimize the general fund’s support of each.
5. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual allocations of full-time-equivalent employees.
6. The Town will not underfund any fixed, recurring costs in the annual town meeting budget with the expectation that budget supplements will be available during the year but will instead fund them at the realistic amount necessary to complete the year.
7. When a forecast predicts annual revenues to exceed annual expenditures, the following options should be considered for the excess revenue:
 - building up reserve fund target levels
 - reducing debt
 - advancing deferred capital expenditures
 - funding the other postemployment benefits liability
 - accelerating payments on other long-term obligations
 - restoring services reduced from prior years
 - new initiatives
 - tax relief
8. The Board of Assessors will vote to authorize a contribution to the overlay account to offset the Town’s liability for unpaid property taxes caused by abatements and exemptions. This amount shall be based on:
 - Current balance in the overlay account
 - Three-year average of granted abatements and exemptions
 - Cases pending before, or on appeal from, the Appellate Tax Board
 - Timing of the next five-year certification review by the Division of Local Services

D. Budget Calendar

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

At the start of the process each year, the Town Administrator will establish specific calendar due dates for each of the sequential tasks listed in the table below, at minimum, and distribute the updated calendar to all applicable parties.

Month	Date	Milestones
October		<ul style="list-style-type: none"> ▪ Budget schedule to departments ▪ Capital Programs Committee (CPC) first meeting ▪ Capital project requests due from departments

Month	Date	Milestones
November		<ul style="list-style-type: none"> ▪ Cost-of-living adjustment (COLA) set by Personnel Board ▪ Town Administrator and Town Accountant meet with the Edgartown School Committee and Superintendent ▪ Board of Selectmen (BOS) and FAC hold first budget meeting and review Town Administrator’s forecast ▪ Distribute budget instructions to departments
December		<ul style="list-style-type: none"> ▪ Town Administrator and Town Accountant meet with the MVRHS School Committee and Superintendent ▪ All money articles due (hard copy to Town Clerk and electronic to Town Administrator) ▪ Departments enter their budget requests in Munis ▪ CPC report of capital project recommendations due ▪ Town Administrator forwards department budgets and CPC report to FAC
January		<ul style="list-style-type: none"> ▪ BOS and FAC hold joint budget review workshop ▪ Departments’ annual reports due ▪ Annual town meeting (ATM) warrant closed
February		<ul style="list-style-type: none"> ▪ FAC budget recommendations due ▪ Distribute personnel spreadsheets with next-year COLAs to departments ▪ Departments return COLA spreadsheets to Town Administrator ▪ Special town meeting (STM) warrant closed
March		<ul style="list-style-type: none"> ▪ Last day for ballot questions ▪ BOS sign ATM & STM warrants ▪ ATM and STM warrants to the printer ▪ Annual town report to the printer ▪ Last day to post STM warrant (14 days before)
April		<ul style="list-style-type: none"> ▪ Last day to post ATM warrant (7 days before) ▪ Warrant booklets and annual town report available for voters ▪ Hold annual and special town meetings ▪ Hold annual town elections
May		<ul style="list-style-type: none"> ▪ Town Clerk send any certified bylaw votes to Attorney General and any override or exclusion referendum voting results to DLS

E. Budget Document

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

REFERENCES

[M.G.L. c. 39, §§ 10, 16](#) [M.G.L. c. 40 § 6](#) [M.G.L. c. 41, §§ 15A, 59, 60](#) [M.G.L. c. 44, §§ 33A, 33B](#)
[M.G.L. c. 58, §§ 25, 25A](#) [M.G.L. c. 59, § 21C](#) [M.G.L. c. 71, §§ 16B, 16B½](#)

Edgartown Bylaws Chapter 23 Financial Advisory Committee, Chapter 8 Capital Programs Committee and Chapter 55 Town Meetings

Edgartown policies on Capital Planning, Debt Management, Financial Management Team, Financial Reserves, Forecasting, Indirect Cost Allocation, and Other Postemployment Benefits Liability

Division of Local Services Best Practice: [Annual Budget Process in Towns](#)

Government Finance Officers Association Best Practices: [Achieving a Structurally Balanced Budget](#), [Working Capital Targets for Enterprise Funds](#), and [Distinguished Budget Presentation Criteria](#)

EFFECTIVE DATE

This policy was adopted on [date].

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 meet its capital needs despite limited resources.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Board of Selectmen, Financial Advisory Committee, and Capital Programs 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▪ Included are projects for which the Town may seek Community Preservation Act (CPA) financing. However, this policy does not govern the procedures and decision making of the CPA Committee, which has sole budget-making authority for CPA funds.

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 a comprehensive capital improvement program, which involves maintaining a capital asset inventory, prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations. When evaluating projects, the Town Administrator will consider the recommendations of the Capital Programs Committee (CPC), whose membership consists of one Financial Advisory Committee (FAC) member, one Planning Board member, five members appointed by the Board of Selectmen, and the Town Accountant, who serves in an ex officio, nonvoting capacity.

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 three or more years of useful life. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Major improvements to physical infrastructure, including streets, sidewalks, stormwater drains, and wastewater treatment 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 long-term capital leases
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years that, when aggregated, have total costs exceed \$25,000

B. Inventory

To support a systematic acquisition and replacement schedule, the Town Administrator, with the Town Accountant's assistance, 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

The CPC will review capital project requests submitted by department heads as part of the annual budget process and may hold meetings with the Town Administrator and with individual department heads to discuss them. At the end of its work, the CPC will present its analysis, recommendations, and proposed funding sources to a joint meeting of the Board of Selectmen and FAC. The CPC will also provide a report of its recommendations to the FAC for incorporation in the FAC's report published in advance of annual town meeting each year.

When evaluating and deciding on project proposals, the CPC will consult the ordered priority list below:

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

D. Multiyear Capital Improvement Plan

The CPC and Town Administrator will work together to create, annually update, and propose to the FAC and Board of Selectmen a five-year capital improvement plan that includes the upcoming fiscal year's capital budget and a four-year projection of needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources.

E. Capital Financing

Annually, the Town will strive to appropriate three percent of annual general fund budgets, net of debt, to capital investment allocations, through funding derived from a combination of property taxes, free cash, and stabilization funds. This cash capital funding target is a complement to the debt service maintenance goal defined in the Debt Management policy.

The CIP shall be prepared and financed in accordance with the following principles:

- Available funds (e.g., free cash, specialized stabilization funds) will provide funding sources for capital projects as much as practical.

- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- The Town Administrator will proactively work with the CPA Committee on strategies to finance projects that may be eligible for funding under the CPA statute.
- Before any long-term, bonded capital project is recommended, the project’s annual operating costs and debt service costs shall be identified.
- Short-term debt may be used to fully finance purchases with useful lifespans of less than 10 years.
- 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 expenses.
- To the extent feasible, all capital projects associated with the Wastewater Division shall be financed from user fees.

F. Betterment Assessment

When a capital project provides a measurable financial benefit to property owners in a limited and determinable area, as opposed to the community as a whole, the Town will assess betterments that do not exceed the value of the private benefit. The betterment payments will then be reserved for appropriation to pay the project’s debt service. For any public improvement being proposed for betterment funding, the Town Administrator will present the following to town meeting:

- List of impacted property owners
- Factors used when calculating the betterments
- Estimated betterment assessments and revenue to be derived

REFERENCES

[M.G.L. c. 44, § 53J](#) [M.G.L. c. 44B](#) [M.G.L. c. 80, § 13](#)

Edgartown bylaw Chapter 8 Capital Programs Committee

Edgartown policies on Annual Budget, Debt Management, Financial Management Team, and Financial Reserves

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

Government Finance Officers Association Best Practice [Working Capital Targets for Enterprise Funds](#)

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, Financial Advisory Committee, and Capital Programs 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 short- and long-term debt obligations as permitted to be issued under state law, including general obligation bonds, revenue bonds, bond anticipation notes (BANs), revenue anticipation notes (RANs), grant anticipation notes (GANs), and lease/purchase agreements

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 meet short-term cash flow needs. The Town may also refinance existing debt. The Town will issue and manage debt obligations so as to obtain the best long-term financial advantage and will limit the amount of debt to minimize the impact on taxpayers. The Town will not issue debt obligations to construct, reconstruct, or purchase capital assets that can be acquired with current revenues.

The Town may issue short-term debt (by a BAN, RAN or GAN) when it is necessary to fund immediate cash requirements, as bridge financing in advance of receiving the anticipated funding. Short-term financing also makes sense when it allows the Town to take advantage of a lower interest rate, when savings are to be had from aggregating issuances, or when market conditions are such that postponing the issuance of long-term debt for the greater portion of a project's cost may be a prudent option.

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 projects that cost at least \$100,000 and 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. Use special assessments, betterment assessments, and similar dedicated revenues to fund long-term debt.
7. Retire any debt obtained through a BAN no later than six months after the date that its associated capital project is completed. If there is a financial advantage to deferring the issuance of permanent debt, the Town will make annual reductions to the outstanding principal as if the permanent debt had been issued. This will prevent the Town from carrying any BAN beyond the period in which it is necessary, reduce the interest rate risk the Town will face, and help ensure the timely close out of capital projects.

B. Debt Limits

The Town will adhere to these debt parameters:

1. As a control for maintaining consistent capital investment, the Town will seek to replace maturing debt obligations with new issuances so that year-to-year debt service is maintained at a target level representing four to six percent of general fund revenues. The Town will also seek to fund a greater proportion of its debt obligations from within the base annual tax levy, as opposed to using debt exclusions, with the goal of eventually achieving a consistent level of annual, nonexcluded debt service equivalent to three percent of general fund revenues.
2. Total debt service, including debt exclusions and any self-supporting debt, shall be limited to 10 percent of general fund revenues.
3. 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. The Town will seek to maintain an average maturity of Town's total outstanding long-term debt at less than 10 years.
5. For new long-term debt, the Town will pursue net direct debt service schedules with annual principal and interest payments (net of any reimbursements or dedicated revenue sources) that are sustainable using recurring revenues.
6. 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.
7. 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 savings on long-term, tax-exempt debt service 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 Treasurer will report to the Board of Selectmen and Town Administrator on the Town's debt status at least annually.
2. The Treasurer will include an indebtedness summary as part of a report on receipts and expenditures in the Annual Town Report.
3. The Town Accountant, with the Town's financial advisor, will file the annual audit and official disclosure statement within 270 days of the end of the fiscal year.

REFERENCES

[M.G.L. c. 41, §§ 59, 61](#) [M.G.L. c. 44, §§ 4, 6, 6A, 7, 8, 17, 19, 20, 21A, 53J](#) [26 USC § 148](#)

Edgartown policies on Annual Budget, Capital Planning, and Financial Management Team

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

DLS guidelines matrix: [Asset Useful Life Schedules and Maximum Borrowing Terms](#)

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

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

Government Finance Officers Association Best Practice: [Refunding Municipal 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, the Town 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 borrowing costs.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">Board of Selectmen, Town Administrator, and Financial Advisory Committee in their budget decision-making rolesTown Accountant and Board of Assessors job duties
Scope:	<ul style="list-style-type: none">Goals for and appropriate use of general fund 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. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. The Town will strive to maintain overall general fund reserves (i.e., free cash and stabilization funds combined) in the level of 10 to 15 percent of the annual operating budget.

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.

The Town will strive to realize year-to-year free cash certifications equal to three to five percent of the annual general fund budget. To achieve this, 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 building reserves, funding nonrecurring costs (i.e., one-time expenditures, such as capital projects, snow and ice deficits, and emergencies), and offsetting the Town's 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. The Town has established two stabilization funds, as detailed below.

General stabilization: The Town will endeavor to maintain a minimum balance of five to seven percent of the current operating budget in its general stabilization fund. Withdrawals from the fund should only be used to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the five percent minimum target. If any necessary withdrawal drives the balance below this minimum, the withdrawal should be limited to one-third of the fund's balance, and the Town Administrator will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

Fire truck stabilization: The target level for this fund shall be \$250,000. Its purpose is to provide a funding source for replacing fire trucks that have reached the end of their useful lifespans.

[The Town has not established the following fund but should consider doing so to provide a prudent planning tool for financing the capital plan. Once the fund is established, the Town might also consider an article to transfer the balance in the fire truck fund to the capital stabilization fund.]

Capital stabilization: *This fund's minimum target level shall be two percent of the general fund budget. By sustaining funding in this reserve, the Town can balance debt with pay-as-you-go practices and protect against unforeseen capital costs.*

C. Overlay Surplus

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 balance exceeds the amount of potential liabilities, the Board of Selectmen may request that the Board of Assessors vote to declare those balances surplus and available for use in the Town's capital improvement plan or for any other one-time expense.

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 the other two types of general fund reserves, this policy does not set a funding target for the overlay.

REFERENCES

[M.G.L. c. 40 § 5B](#) [M.G.L. c. 59 § 25](#) [M.G.L. c. 44 § 53F½](#)

Edgartown's policies of Annual Budget and Capital Planning

DLS Best Practices: [Free Cash](#), [Reserve Policies](#), 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 projections of revenues and expenditures as part of the annual budget process and multiyear fiscal planning. By presenting the future implications of current budget scenarios, forecasting helps local officials to make strategic plans for lasting fiscal sustainability and future investment.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Town Administrator, Town Accountant and Principal Assessor job duties▪ Board of Selectmen, Financial Advisory Committee, and Capital Projects 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 Accountant, under the Town Administrator's direction, will annually create a detailed forecast with five-year projections of revenues and expenditures. The Town Administrator, Board of Selectmen, Financial Advisory Committee (FAC), and Capital Projects Committee 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 improvement plan.

The Town Accountant 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 projections that, within a reasonable percentage range, underestimate revenues and overestimate expenditures. Overly optimistic estimates can increase the risk of a revenue deficit, which would necessitate a reduction to the subsequent year's revenue to offset it. On the other hand, inordinately underestimated projections result in excess revenue that is unavailable to benefit the public in the same year as accrued and can be perceived as overtaxation.

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

Before creating the initial forecast for a new fiscal year budget process, the Town Administrator and Town Accountant will review the performance accuracy of prior-year forecasts and any evolving factors in the underlying assumptions to consider how the new forecast's projections 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, while Chapter 70 educational aid will reflect trends in school choice, enrollments, tuition, and charter assessments.
- 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.
- 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 direct the Town Accountant to apply a particular 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.

In addition, 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.
- The Town will annually meet or exceed the state's net school spending requirements.
- Trends in enrollments, school choice, tuition, and charter assessments will be factored.
- Only currently known increases in employee compensation plans will be factored into the projections, leaving any potential, future cost-of-living adjustments to be calculated independently of the forecast.
- 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, 53A, 53A½, 63, 63A](#)

Edgartown policies on Annual Budget Process, Capital Planning, Compensation Management, Debt Management, and Financial Management Team, Financial Reserves, Grants Management, and Indirect Cost Allocation

Division of Local Services Best Practice: [*Revenue and Expenditure Forecasting*](#)

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 Treasurer in the statutory duty to invest Town funds▪ Any investment advisor(s) with whom the 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▪ Excluded are Town funds invested by the Dukes County Retirement Board and the Dukes County Pooled Other Postemployment Benefits (OPEB) Trust Board

POLICY

The 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 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 Treasurer's investment objectives shall be:

- **Safety:** Safety of principal is foremost, and the 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 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 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 Treasurer's control unless otherwise directed by their particular donor(s).

B. Conflict of Interest

The 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 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 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 Treasurer will adhere to requirements under [M.G.L. c. 30B](#) and the Town’s Procurement Conflict of Interest policy.

C. Investment Instruments

To ensure 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
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

Instrument Type	Short-term Funds	Long-term Funds
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 bank 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 Treasurer must manage those and any other type of investments in accordance with other applicable provisions of this policy.

D. Risk Tolerance Guidelines

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

Type of Risk	Mitigation Strategy
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.	<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 Treasurer will only purchase investment grade securities highly concentrated in those rated A or better.
Concentration of credit risk is the risk arising from all funds being invested in a single issuer.	The Treasurer will diversify the portfolio among multiple issuers/institutions (see Section E).
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.	The Treasurer will negate this risk by only making deposits at MA-chartered banks.

Type of Risk	Mitigation Strategy
<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 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 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 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 Treasurer will negate this risk by not investing in any instruments with foreign currency exposures.</p>

E. Diversification

The 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 Treasurer will invest no more than 25 percent of the Town's long-term funds with a single financial institution. In addition, the 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 Treasurer will consider their fee structures, service efficiencies, and account management control features. For investing long-term funds, the 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 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 Treasurer will also consult the [Veribanc](#) rating service to select and monitor financial institutions. The 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 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 Treasurer will consider liquidating all funds that are uninsured or

uncollateralized. If any rating becomes red, the Treasurer will remove the money from the banking institution.

The 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 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 Treasurer and no outside entities.

G. Standards of Care

The Treasurer must review, understand and comply with the state's Prudent Investor Act ([M.G.L. c. 203C](#)). The 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 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 of 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, 55, 55A, 55B](#)

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

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

Edgartown policies on Antifraud and Procurement Conflict of Interest

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

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

MA Division of Banks [List of Legal Investments](#) and database of [MA-chartered banks](#) and MA Secretary of State webpage [Registration Inspections, Compliance and Examinations Section](#)

Depositors Insurance Fund [FAQs](#)

SEC webpage [Form ADV Information](#)

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 (OPEB) 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 Financial Advisory Committee in their budget decision-making duties▪ Treasurer job duties▪ Financial Management Team analytical coordination
Scope	<ul style="list-style-type: none">▪ Budget decisions related to the Town's OPEB liability▪ Management of the Town's relationship to the Dukes County Pooled OPEB Trust▪ 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.

By a special act in 2010, the Town joined with the 14 other municipal employers that compose the membership of the Dukes County Retirement System to create a pooled OPEB trust fund. Under the terms of the trust joinder agreement, the fund's Board of Trustees is responsible for:

- obtaining biennial actuary reports for each member that include its calculated liability and actuarially determined contribution;
- investing the members' funds;
- preparing annual financial statements and biennial financial reports of trust activity; and
- contracting with an accounting firm to conduct internal reviews of the trust annually and full audits biennially.

POLICY

To represent the Town on the Dukes County Pooled OPEB Trust's Board of Trustees, the Board of Selectmen has appointed the Town Administrator as the primary board member and the Treasurer as an alternate member, who will attend Board meetings when the Town Administrator is unavailable.

The Town's Financial Management Team will monitor proposed laws affecting OPEBs and Medicare, analyze their impacts, and periodically assess strategies to mitigate the OPEB liability. The Team will annually evaluate the structure of offered benefits and their cost drivers and consider any potential benefit changes while also ensuring that the Town can remain a competitive employer. The Town Administrator will advise the Board of Selectmen and Financial Advisory Committee about the Team's analysis.

To fulfill its commitment to provide the benefits promised its employees, the Town will endeavor to ensure that every annual budget includes an appropriation to be invested in the Dukes County Pooled OPEB Trust Fund with the goal of working towards full funding of the OPEB obligation. To accomplish this, budget decision makers will consider employing the following strategies:

- Determine a specific percentage of free cash to appropriate annually.
- Appropriate an incrementally increasing percentage of ongoing revenues each year.
- Transfer unexpended funds from insurance line items.
- Appropriate amounts equal to the Town’s Medicare Part D reimbursements.
- Once the pension system’s accrued liability has been fully funded, on a subsequent annual basis, appropriate to the OPEB Trust Fund an amount equivalent to the former unfunded liability expense (i.e., separate from the normal cost).

REFERENCES

[M.G.L. c. 32B, § 20A](#)

[Chapter 149 of the Acts of 2010](#)

Dukes County [webpage for the Pooled OPEB Trust Fund](#)

Edgartown’s policies on Annual Budget and Financial Management Team

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 Practice: [Ensuring Other Postemployment Benefits \(OPEB\) Sustainability](#)

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 and any appearances thereof. The policy's 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 and appointed Town officials and employees▪ All other persons acting on behalf of the Town, such as 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, consultants, 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. "Person acting on behalf of the Town" refers to any individual responsible for or to Edgartown's government placed in that position by some official relationship with the Town.

The Town will not condone any violation of law or ethical business practices and will not permit any activity that fails to withstand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any 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. Actions Constituting Fraud or Abuse

Fraud and abuse can take many forms, all of which are covered by this policy and described in examples below.

Abuse of authority 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

Fraudulent activity includes, but is not limited to, the following:

- 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
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

B. Antifraud Responsibilities

Every employee has a duty to report any suspected fraudulent activity. Department heads are responsible for instituting and maintaining a system of internal controls to reasonably ensure the prevention and detection of fraud. All Town officials, department heads, and supervisory staff must familiarize themselves with the types of fraud that could occur within their areas of responsibility and be alert for any indications of such conduct. The Town Administrator has primary responsibility for coordinating all fraud investigations.

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 Select Board. If the suspected fraud involves the Town Administrator, the employee/official will report it to the Select Board 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, 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 jhagerty@edgartown-ma.us.

D. Security of Evidence

Upon receipt of a report of suspected fraud, 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
- Relocating the records and assets to a secure location

E. Confidentiality and Media Relations

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.

F. 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. 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 negative impact to the Town)
- 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 Town Accountant, Police Chief, and other personnel as needed. The Town Administrator may also recommend to the Board of Selectmen the employment of an outside consultant to lead the investigation, such as an independent auditor.

G. Conclusion of Investigation, Corrective Actions, and Disclosures

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, 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 local district attorney's office to pursue appropriate legal actions.

Additionally, the Town Administrator, in consultation with the assigned investigator if any, will determine the corrective actions needed to implement new or enhanced internal controls, in the subject department and potentially Town-wide, to mitigate the risk of future fraudulent activity. 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.

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 findings of bond offering information falsification, the Town Administrator will disclose this in writing to the bondholders.

H. Whistleblower Protection

Regardless of an investigation’s outcome, no employee who makes a good faith report pursuant to this policy shall be subject to retaliatory actions by Town management, such as:

- Dismissal or threat of dismissal
- Discipline, suspension, or threat of these actions
- Intimidation or coercion
- Any other form of penalization or 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.

I. Ethics Training and Annual Acknowledgments

In July every year, the Town Administrator will distribute this policy to all employees and officials along with a copy of the state’s conflict of interest law, and each recipient is required to acknowledge receipt. In addition, every two years, all Town employees must complete the state’s conflict of interest training. Further, any Town employee responsible for managing a vendor contract will ensure the vendor receives a copy of this policy and returns a signed acknowledgment. The Town Administrator or his designee will maintain a database to track the status of all acknowledgments and employee trainings and will follow up with those who are noncompliant with either requirement.

REFERENCES

[M.G.L. c. 12, §§ 5A, 5B, 5C, 5D, 5E, 5F, 5J](#) [M.G.L. c. 268A](#)

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

MA Office of the Inspector General webpage: [What is Fraud?](#)

MA Ethics Commission webpage [Summary of the Conflict of Interest Law for Municipal Employees](#) and training module [Conflict of Interest Law](#)

EFFECTIVE DATE

This policy was adopted on [date].

COMPENSATION MANAGEMENT

PURPOSE

To ensure the ability to accurately calculate the Town's liability to pay wages, salaries, group insurance, compensated absences, other postemployment benefits, and pensions, this policy establishes guidelines for managing employee compensation.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Human Resources (HR) Director, Treasurer, Assistant Treasurer, Town Accountant, Town Administrator, and IT Manager job duties▪ All department heads in their supervisory duties▪ All employees and retirees of the Town, including The Edgartown School
Scope:	<ul style="list-style-type: none">▪ This policy covers responsibilities for the following functions:<ul style="list-style-type: none">○ Creating new employees in the Munis system, including establishing compensation rates and benefit deductions○ Updating rates of pay and benefit changes○ Reporting and tracking leave time usage and balances○ Notifying appropriate parties of changes that impact compensation○ Transitioning eligible employees to retirement▪ Compensation here refers only to ongoing payroll and benefits (i.e., it excludes workers' compensation)▪ The disbursing of payroll each pay period is not covered here but rather in the Disbursements policy

POLICY

All employees of the Town receive monetary compensation in the form of wages or salaries, and certain employees also qualify for stipends and/or other types of bonus pay. All employees who work 20 hours or more per week are eligible to receive optional health, dental and life insurance benefits. Most employees who work 20 hours or more weekly must also be enrolled in the Dukes County Retirement System (see the System's link in the References section for further enrollment criteria). Town retirees are eligible to receive other postemployment benefits (OPEBs), which correspond to the insurance benefit plans the Town provides to active employees. All employees who are not required to join the Dukes County Retirement System must enroll in the Omnibus Budget Reconciliation Act (OBRA) program.

It is crucial to tightly control the management of employee compensation, given its quite large proportionate cost within the Town's overall budget, as well as the high level of risk for human errors and fraud associated with its complex procedures. Further, any ongoing ineffectiveness by Town managers in handling compensations can damage the Town's reputation as a competitive employer. This policy lays out the responsibilities and approval controls associated with employee compensation, as defined in the Scope statements above, but it is not to be read as a detailed procedures manual on how to accomplish all related goals and objectives.

A. Basis of Compensation

The HR Director is responsible for maintaining the records that provide the various bases for employee compensations, which include:

- Personal service contracts – restricted to the Town Administrator, Police Chief, and Fire Chief (with the Town Accountant also being legally eligible)
- Specific town meeting appropriations – applies to certain elected and appointed officials
- Town-side collective bargaining agreement – applies to Police Department employees only
- Pay rates received from the Martha’s Vineyard Superintendency Union – for teachers and administrative staff of The Edgartown School
- Classification tables set by the Personnel Board and approved by the Board of Selectmen – applies to all other employees, composing the vast majority of Town-side employees
- Individual employee insurance enrollment/change forms for insurance benefits

B. Personnel Action Form

The Town has implemented a personnel action form (PAF) to ensure that every action and update impacting an individual employee’s employment status or monetary compensation is documented and properly authorized. The rules for its use are as follows:

- Only the HR Director needs to sign the PAF when the change is either nonfinancial (address change, emergency contact, etc.) or documents a pay rate change arising from an annual step increase or other cost-of-living adjustment (COLA) under the compensation documents detailed in Section A.
- For all non-COLA actions with a financial impact (new hires, promotions, terminations, new stipend earned, etc.), the PAF must be signed and dated by the HR Director, Town Administrator, and relevant department head before any corresponding action may be taken in the Munis system.
- Once any finance-related PAF has been signed by the appropriate people, the HR Director will email a copy of it to the Town Administrator, department head, Town Accountant, and Treasurer.
- The HR Director will maintain all original, signed versions of PAFs in the individual employees’ personnel folders.

Apart from the PAF, the HR Director will document all enrollments and any subsequent changes related to employee insurance benefits, retirement, or OBRA status on forms dedicated to each of those benefits. Only the HR Director needs to sign those forms and will send copies of them to the Treasurer and Town Accountant.

C. Segregation of Duties

A strong deterrent of fraud, the principle of segregation of duties prescribes that the department responsible for dispensing payroll (Treasury) should be barred from creating employees in the payroll system and from making any changes to employee rates of pay or other compensation. Accordingly, all creations of and changes to employees and their compensation rates will be the responsibility of the HR Department. To use the preventive and detective controls available within Munis to provide this, the IT Manager will work with the vendor to configure system user rights as follows:

- Only the HR Director (and any potential HR Department support staff) will have rights to create an employee, to make any changes to pay rates (including any bonus, stipend, longevity, etc. pay), to create and change benefit deductions, and to terminate an employee’s compensation.

[to be added to this bullet after implementing the Munis HR program: to create the initial leave time balance, and make changes to leave time accrual rates]

- Only the Treasurer and Assistant Treasurer will have user rights to data enter employee time and attendance and payroll exception data each pay period.
- Only the IT Manager and Town Accountant will have user rights to view the systemic audit logs of any Munis programs for audit purposes.

D. Establishing and Updating Employees in Munis

The responsibilities listed in this section are in addition to any already referenced above (e.g., creating/approving PAFs, etc.).

HR Director's responsibilities are:

- Create employee accounts in Munis, including setting pay rates and any stipend or bonus amounts, and deductions for insurance plans and either retirement or OBRA. [to be added to this bullet after implementing the Munis HR program: create initial leave time balances]
- Update any of the above in Munis.
- Meet with every new hire on his or her first day to:
 - Complete a mandatory direct deposit form.
 - If the employee is eligible and interested, select insurance plans and complete enrollment forms.
 - When any eligible employee declines health, life or dental insurance, maintain a copy of a document signed by the employee indicating this.
 - Complete either a retirement enrollment form and send it to the Dukes County Retirement Board or an OBRA form and send it the state's SMART Plan provider.
 - Forward copies of the above forms to the Treasurer.
- Handle all changes in employee insurance benefits:
 - In May of each year, email all employees about their options during the Town's open enrollment period and provide insurance change forms.
 - Based on forms received from employees, data enter insurance enrollment/change/update information in Munis and send copies of the change forms to the Treasurer.
- At least once a year, audit the employee and retiree health insurance rolls, and terminate any participants found to be ineligible.
- Provide accurate employee and retiree data to the Dukes County Pooled OPEB Trust, upon request, to enable the Trust's vendor to perform actuarial analyses of the Town's OPEB liability.

Treasurer's responsibilities are:

- Validate the payee data entered into Munis based on forms received from the HR Director, and then return the forms to HR.

Employee responsibilities are:

- Meet with the HR Director on the first day of employment and complete required forms.
- Once enrolled in insurance plan(s), notify the HR Director timely about any qualifying events (e.g., new dependent etc.) that impact insurance plans. (applies to retirees also)
- Notify the HR Director timely of any change in home address, phone number, or emergency contact information. (applies to retirees also)

Department head responsibilities are:

- For every new hire, schedule an orientation meeting with the HR Director for the first day to be worked, at least a week in advance.
- Notify HR Director on a PAF, also signed by the Town Administrator, of any promotion, demotion, new stipend, or other compensation change in employee status as far in advance of the effective date as possible.

E. Leave time maintenance (*for the current, Excel-based system*)

Employee responsibilities are:

- Input hours worked or leave time used on a time sheet daily and sign at the end of the biweekly pay period.

Department head responsibilities are:

- Review and approve employee time sheets or correct them with the employees.
- Transmit a monthly Excel file of departmental time and attendance (T&A) to the HR Director.

HR Director responsibilities are:

- Create a new record in the Excel leave time database for every new employee upon hire with the starting leave time balance and accrual rate.
- Update leave time accrual rates for individual employees (e.g., annual step increases based on classification tables, new union contracts, anniversary dates, promotions, etc.).
- Update the leave time database monthly based on department head T&A reports.
- At year-end, report the Town's compensated absence liability to the Town Accountant.

F. Employee Separation

Employee responsibility is:

- Provide the HR Director with a written notice of a planned retirement date, or other planned separation from Town service, at least 14 days in advance.

Department head responsibility is:

- Notify the HR Director and Town Administrator of the last working day of any employee leaving the Town's service within 24 hours of knowing the date.

HR Director responsibilities are:

- Update Munis to terminate employee pay and benefits effective as of the last day worked.
- Send Notice of Retirement form to the Dukes County Retirement Board upon notice of an enrolled employee leaving town service.
- When applicable, calculate sick leave buyback amount, transmit it in a notice to the Treasurer, and mail a copy to the new retiree.

G. Audit

All compensation management activity is subject to audit by Town's independent auditor and the Town Accountant.

FORMS

In the Appendix:

- Personnel Action Form

On the web:

- Administrative forms from the Public Employees Retirement Administration Commission at: <https://www.mass.gov/lists/perac-general-membership-forms#member-benefit-forms>
- SMART Plan OBRA forms at: <https://mass-smart.empower-retirement.com/participant/#/articles/Massachusetts/OBRAforms>

REFERENCES

Edgartown's Town and School collective bargaining agreements and compensation plans, personal service contracts, and town meeting appropriation minutes

Edgartown Personnel Bylaws

Edgartown policies on Antifraud, Disbursements, Financial Management Team, and OPEB Liability

PERAC website homepage: <https://www.mass.gov/orgs/public-employee-retirement-administration-commission>

PERAC's summary of Dukes County Retirement System's membership requirements and other supplementary regulations: <https://www.mass.gov/service-details/dukes-county-retirement-board-supplemental-regulations>

Duke County Retirement System website: <https://dukesretirement.com/>

EFFECTIVE DATE

This policy was adopted on [date].

DISBURSEMENTS

PURPOSE

To mitigate the risk of fraud and ensure the Town disburses cash only for legally valid liabilities, this policy establishes guidelines for the expenditure of Town funds.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Town Accountant and Treasurer job duties▪ Board of Selectmen’s warrant approval responsibilities▪ All department heads and the elected or appointed officials with spending authority (all referred to here as “department heads”) in submitting their requests for expense and payroll disbursements
Scope:	<ul style="list-style-type: none">▪ Guidelines for managing requests for and disbursements of Town funds to pay accounts payable liabilities and to compensate employees through payroll.

POLICY

No disbursement for any payroll or accounts payable (AP) expense shall occur without the prior review of the Town Accountant and approval Board of Selectmen, evidenced by their signatures on the warrant.

Every AP disbursement must be based on an original invoice and valid form W-9 for the payee. As a tax-exempt organization, the Town will not pay sales tax on any expense. All invoices must be charged to the proper fiscal year. Payment for any bills payable for a prior fiscal year must be approved by vote of town meeting in accordance with [M.G.L. c. 44, § 64](#).

All payroll disbursements must be based on approved time and attendance (T&A) reports and consistent with personal service contracts or data in union and nonunion classification tables, as maintained by the Human Resources Department under the Town’s Compensation Management policy. No employee may submit overtime hours (i.e., hours exceeding 40 hours in a week) or hours for any special detail work without the supervisor’s advanced approval.

H. Responsibilities Related to Disbursement Processing

Each **department head** is responsible for:

- Assuring that all purchases of goods and services conform to the state’s procurement laws
- Verifying that adequate funds exist in the department’s budget for every AP and payroll submission, attesting to the accuracy of each AP submission via signature on the coversheet of the invoice(s) and for payroll submissions by electronic email signature accompanying emailed Excel reports.
- Timely submitting AP disbursement requests and T&A reports to the Town Accountant, and also emailing T&A reports to the HR Director

The **Town Accountant** is responsible for:

- Reviewing T&A reports and AP submissions and including each requested expense on the AP/payroll warrant only after validating:
 - Procurement laws were adhered to.
 - The submission is legal.

- No fraud is evident.
- Adequate funds exist.
- Preparing the AP and payroll warrants and submitting them to the Board of Selectmen for approval
- Ensuring the payroll warrant balances with the Treasurer’s payroll preliminary report before providing it to the Board of Selectmen and subsequently notifying the Treasurer to initiate bank transactions to disburse payroll
- Updating the general ledger with all AP and payroll warrant expenditures

The **Treasurer**, or **Assistant Treasurer** when delegated, is responsible for:

- Entering payroll data in Munis on an exception basis based on departmental T&A reports
- Reviewing the AP warrant and withholding from disbursement any amounts owed to the Town by listed payees
- Upon receipt of payroll and AP warrants signed by the Board of Selectmen, funding the gross payroll warrant, the Town’s portion of Medicare tax, and the gross AP warrant in the associated bank accounts
- For the vendors and employee who receive disbursements electronically, initiating the ACH through the bank.
- Ensuring that every issued check is imprinted with the accurate disbursement data and “Void if not cashed within one year of issuance” on their fronts
- Mailing out all AP checks to the vendors
- Updating the cashbook to document the disbursement activity

The **Board of Selectmen** members are responsible for:

- Reviewing each warrant for appropriateness by examining the invoices, back-up documents, and payroll detail, and directing any inquiries to the Town Accountant
- Approving the warrants by signing them

I. Manual Disbursements in Exceptional Circumstances

An emergency or other imperative circumstance may compel an allowable exception to the usual disbursement process. In such a rare case, the Treasurer may issue a manual check for an AP or payroll liability upon receipt of written authorizations from the Town Administrator and Town Accountant. For the next AP/payroll warrant, the department head will then submit the amount to the Town Accountant as a no-check transaction.

J. Petty Cash

To mitigate any risks of illegal expenditures, violations of procurement laws, or instances of expenses exceeding appropriations, petty cash accounts are not authorized.

K. Audit

All disbursement activity is subject to audit by Edgartown’s independent auditor.

REFERENCES

M.G.L. c. 30B	M.G.L. c. 41, §§ 41, 41A, 41B, 41C, 42, 43, 52, 56
M.G.L. c. 44, §§ 56, 58, 64	M.G.L. c. 200A, § 9A

Edgartown policies on Antifraud and Compensation Management

EFFECTIVE DATE

This policy was adopted on [date].

FINANCIAL MANAGEMENT TEAM

PURPOSE

To maximize the effectiveness of financial practices by optimizing the coordination of interdepartmental activities and long-range plans, this policy establishes a financial management team that will meet regularly to discuss common goals and objectives. A formal financial management team also fosters institutional continuity during times of turnover in financial offices.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Town Administrator, Town Accountant, Treasurer, Collector, and Principal Assessor as team members▪ Human Resources Director and Information Technology (IT) Manager as auxiliary members
Scope:	<ul style="list-style-type: none">▪ Enhanced coordination of ongoing financial operations through regular meetings of a financial management team

POLICY

The Town establishes a financial management team consisting of the Town Administrator, Town Accountant, Treasurer, Collector, and Principal Assessor. The Town Administrator, or his designee, will schedule meetings of team at a consistent time each month, and more frequently when necessary, email agendas to the team in advance of the meetings, and act as meeting chair. The Human Resources Director and IT Manager may also be called upon to participate in certain meetings during the year when appropriate for the agenda.

Team members will use this regular forum to identify critical junctures, consider strategies to deal with anticipated areas of concern, and establish agreement about goals, deadlines, and everyone's role in meeting common objectives. Appropriate agenda topics include, but are not limited to:

- Updating the status of assigned responsibilities and due dates related to cyclical procedures
- Reviewing budget preparation, including financial forecasting and capital funding analysis
- Monitoring monthly revenue and expenditure reports and analyzing cash flow
- Developing corrective action plans for citations in the external auditor's management letters
- Reviewing the effectiveness of internal controls, including monthly reconciliations
- Proposing internal audits
- Coordinating submissions to the Division of Local Services
- Review the status of special projects assigned by the Board of Selectmen or others
- Pursuing professional development and training opportunities

REFERENCES

Edgartown polices on Annual Budget Process, Capital Planning, Compensation Management, Forecasting, Reconciliations, Tax Recapitulation, and Year-end Closing

Division of Local Services Best Practice: [Financial Management Team](#)

EFFECTIVE DATE

This policy was adopted on [date].

GRANTS MANAGEMENT

PURPOSE

To help the Town take advantage of external funding sources, ensure all grant applications align with the Town's best interests, optimize cash flow from reimbursements, and deter year-end account deficits, this policy sets guidelines for pursuing and managing grants.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Project managers within Town departments applying for or managing grant funds▪ Board of Selectmen, Edgartown School Committee, Town Administrator, Town Accountant, and Treasurer job duties
Scope:	<ul style="list-style-type: none">▪ Evaluating the grant opportunities▪ Tracking grant activity▪ Processing revenues and expenditures

POLICY

All departments are encouraged to solicit grant funding for projects and programs consistent with the Town's goals. All municipal applications for grants exceeding \$5,000 must receive preapproval by the Board of Selectmen and all educational applications by the Edgartown School Committee. To be eligible for preapproval, there must be sufficient staff available to effectively administer the grant program and perform its required work scope, along with adequate matching requirements (both cash and in-kind).

As a legal contract, every grant agreement must be fulfilled in accordance with its prescribed terms and conditions, as well as all applicable federal, state, and local regulations. Failure in this regard exposes the Town to legal and financial liabilities and compromises future grant funding. No department shall expend grant funds until a fully executed grant agreement has been accepted and approved for expenditure by the Board of Selectmen (or the School Committee, when applicable). Further, no grant funds shall be used to supplant an existing expense for the purpose of diverting current funds to another use.

Operating departments through their designated grant project manager(s) have primary responsibility for seeking grant opportunities, preparing applications, and managing awarded programs. The Town Accountant is responsible for consulting with project managers on grant budgetary matters, accounting for grants in the general ledger, monitoring grant expenditures for consistency with award requirements, tracking the timeliness of reimbursement requests, and distributing monthly reports of grant expenditures to departments. The Town Accountant will also maintain a database of all grants and grant activity from inception to closure.

A. Grant Opportunity Assessment

Well in advance of a grant application's due date, the departmental project manager will assess the opportunity in consultation with the Town Administrator and Town Accountant, and the Superintendent (or designee). Below are the factors to be considered, at minimum.

Programmatic:

- Alignment of the grant's purpose with the Town's and department's strategic priorities
- Department's capacity to administer the grant through to closeout
- Office space, facilities, supplies, or equipment required
- Ongoing impact of the grant program after it is completed
- Compliance and audit requirements, particularly as they may differ from the Town's

Financial:

- Total anticipated project cost
- Expenditure requirements and anticipated cash flow schedule
- Required cost matching shares and sources, including cash and in-kind
- Staffing requirements, including salary and benefit increases for multiyear grants
- Administration and indirect recapture amounts
- Program income potential

In this stage, the project manager will also develop a continuation plan to address the potential future loss of grant funding, which may include alternative funding proposals or plans for reducing or terminating program positions or components after grant closeout.

B. Grant Application and Award Acceptance

Prior to filing any grant application greater than \$5,000, the project manager will submit a meeting agenda item requesting preapproval from the Board of Selectmen (or the Edgartown School Committee, when applicable) with a report summarizing the grant and how it complies with this policy. The Town Administrator will then make a determination as to whether any preapproved application should be submitted to the Town Counsel for a legal review. Following this, the project manager will submit the grant application to the grantor and forward a copy to the Town Accountant.

When a project manager receives notice of any grant award, he or she will submit it as a meeting agenda item for the Board of Selectmen (or the School Committee) to formally accept by signatures and thereby approve the expending of grant funds. The project manager will then send copies of the signed agreement to the grantor and the Town Accountant.

Upon receiving the new grant documents, the Town Accountant will create new a general ledger account to record the grant activity separately from regular expenses. When notified of any amendment or adjustment by the grantor, the project manager will immediately forward the information to the Town Accountant, who will make adjustment(s) to the grant's budget in the general ledger.

C. Grant Financial Management

At the start of a new grant, the Town Accountant and project manager will discuss its requirements and the timing of reimbursement requests (e.g., at the time of expenditure, monthly or quarterly), when applicable.

The project manager will ensure all expenditures made are allowable and consistent with each grant award's requirements. The project manager will submit project invoices to the Accounting Department consistent with the Town's Disbursements policy. The project manager will also ensure the proper payroll account codes for grant-funded employees are reported on the department's submission to the Treasurer as part the regular payroll process.

Because required retirement system remittances and/or general fund benefit reimbursements vary by grant, the Town Accountant will calculate these for each grant and notify project managers of the resulting amounts to include on the accounts payable submissions.

To minimize the use of advance Town funds, every project manager will request reimbursements as often as the grant's guidelines allow and always no later than June 30. In doing so, the project manager will prepare all required reports and requests as detailed in the agreement and submit these to the grantor. Immediately following each submittal, the project manager will send an email notification of the reimbursement request to the Town Accountant and Treasurer.

The Town Accountant will monitor each grant's deficit balance to assure it is temporary and receives reimbursement within the grant's allowable timeline and always prior to year-end. The Treasurer will match reimbursements received electronically or by check with their requests and credit the proper revenue lines.

D. Grant Closeout

Upon completion of the project work or grant period, whichever comes first, the project manager will verify that all grant requirements have been met and will send to the Town Accountant a grant closeout package that includes a final report and either a final reimbursement request or notification of the amount to be refunded to the grantor.

Upon receipt of the closeout package, the Town Accountant will put the general ledger's grant account into inactive status and will reconcile the project manager's report with the general ledger's record of grant activity. The project manager will subsequently submit the final reimbursement request to the grantor or, if a refund is due, the Town Accountant will add the refund amount to the accounts payable warrant.

Within 30 days of any grant closeout or the year-end closure, whichever is earlier, the Town Accountant will determine if the grant account has been overexpended and will either apply the expense to the operating budget or propose an appropriation from other available funds.

E. Audit

All grant activities are subject to audit by the particular grantors, the Town Accountant, and the Town's independent auditor. The Town Accountant will maintain all grant documents and financial records for seven years after their closeouts or for the lengths of time specified by the grantors, whichever period is longer.

REFERENCES

[M.G.L. c. 40, § 5D](#) [M.G.L. c. 41, § 57](#) [M.G.L. c. 44, § 53A](#)

Egartown policies on Antifraud, Disbursements, and Reconciliations

Public Employee Retirement Administration Commission: [Memo #12/2003](#)

Mass.gov webpage: [Community Grant Finder](#)

US grant search website: [grants.gov](#)

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▪ 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">▪ Guidelines for vetting conflicts of interest related to all procurements of the Town, inclusive of the Edgartown School, and for assuring compliance with the conflict of interest standards required of federal grantees under the Omni Circular

POLICY

The Town is committed to ethical business practices, professional integrity, and compliance with all procurement laws and regulations. Edgartown 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 procurement misconduct brought to the attention of Town staff.

A. Confidentiality during the Bid Evaluation Process

All Town staff, consultants, and outside evaluators who participate in any bid evaluations are required to sign confidentiality agreements, which bind them not to share any information about responses received and the evaluation process prior to the Town issuing a Notice of Intent to Award.

The departmental purchasing employee will:

1. Identify all participants of a bid evaluation process who receive proposals or other documents used in the 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. Conflict 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, a commitment made, or an order placed.

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

REFERENCES

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

[M.G.L. c. 41, § 57](#)

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

Edgartown Antifraud 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].

RECONCILIATIONS

PURPOSE

To ensure transactions are in balance, to mitigate fraud, and to safeguard general ledger accuracy, financial officers must conduct regular reconciliations of their accounting records, and these must be reconciled to the general ledger. This policy sets guidelines for the various types of necessary reconciliations.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Town Accountant in keeping the general ledger up to date▪ Treasurer in maintaining a cash book and managing payroll withholdings▪ Collector and all other personnel working in the Town or School, 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 Treasurer, Collector, and all other department heads with responsibility either for managing a receivable account and/or a special revenue fund will internally reconcile their respective accounting records and subsequently reconcile them with the Town Accountant according to the guidelines and periodic time frames outlined in this policy. 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 Edgartown's financial records.

A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue and expenditure activity, the Treasurer will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Treasurer will make certain that every cash receipt, disbursement, transfer, and interest accrual is recorded in the cashbook within two business days of each transaction. The Treasurer will reconcile cashbook accounts to their corresponding bank accounts weekly and will complete full-month bank reconciliations within five days of month-end. These will include zero-balance vendor and payroll bank accounts, whose balances must equal the outstanding checks at the end of any month.

The 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 Treasurer will then forward the reconciled cashbook balances in an Excel report to the Town Accountant and, when needed, an additional 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. At the conclusion of each pay cycle, the Treasurer will forward a summary report

of withholdings subject to vendor invoices (i.e., insurances) to the Town Accountant to be recorded in separate general ledger agency accounts and disbursed through the accounts payable process.

To reduce the risk to the Town for liabilities in excess of withholdings, the Town Accountant will conduct monthly reconciliations of these payroll withholdings to their corresponding accounts payable, identify any discrepancies, and provide the results of these activities to the Treasurer to make any necessary payroll changes or adjustments. The Treasurer will verify and reconcile payments for all other withholdings and deductions that are automatically issued through the payroll system via electronic funds transfer or check to the actual disbursements.

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, ambulance, student activities, etc.). To ensure these assets are accounted for and balanced, the Collector and any department head with accounts receivable duties (each referred to here as “record-keeper”) will ensure 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 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, 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 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 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 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 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 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 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.

G. Audit

All reconciliation activities are subject to audit by the Town's independent auditor.

REFERENCES

Edgartown policies on Antifraud, Disbursements, Financial Management Team, and Revenue Turnover

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 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">▪ Treasurer, as the Town's cash manager, and Treasury Department staff▪ Collections 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">▪ Guidelines for managing all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excises, fees, charges, and intergovernmental receipts, from the departmental level through Treasury and Accounting duties

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 Treasurer. Each department will turn over at least weekly and must do so by the end of the day when receipts total \$300 or more. At each month-end, departmental staff will turn over all revenues no later than 11:00 am on the last business day of the month.

To indemnify the Town from potential loss or theft of receipts, the Town Administrator will ensure that surety bonds are maintained for all individuals responsible for handling payments.

A. Receiving Payments

Using prenumbered receipt books, assigned departmental staff must issue 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. As the exception, employees in the Collector'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 Treasurer.

Every department that receives payments will maintain a log of the receipts. For Collections, the Munis Receivables program provides this function. There are three departments, Collections, Water, and Harbormaster, that enter their receipts into the Munis Treasury Receipts program and also deposit their payments into a Treasurer-controlled bank account.

Each department head is responsible for overseeing the processing, recording, records retention, and turning over of receipts to the Treasurer. To the extent practicable, separate individuals should be tasked with: 1) receiving and endorsing payments, 2) recording payments in the departmental log, 3)

depositing receipts in the bank (if applicable for the department), and 4) turning receipts over to the Treasurer.

B. Turning Over Revenues

Departmental staff will fill out a Schedule of Departmental Payments to the Treasurer (i.e., the turnover form), obtain the department head's signature on it, and make two copies of it. Every listed receipt should tie back to a receipt book entry and to the receipt logs maintained by the department head. The Collections, Water, and Harbormaster Departments will also include in the turnover package a Munis Treasury Receipts report of the turnover batch and a report(s) of the bank deposit(s), all of which must be in balance with the turnover form. Additionally, the Collector's turnover will include a Munis report of all collections processed during that period for taxes and other committed receivables summarized by receipt type.

Departmental staff will deliver the turnover package in person and at no time may leave any unattended turnovers in the Treasurer's office or elsewhere in Town Hall. When the Treasurer's office has accepted the turnover, the department employee will receive two copies of the turnover form signed and dated by a Treasurer staff member. The department employee will retain one copy on file and will deliver the other to the Town Accountant. The Town Accountant will refuse to accept any turnover that is not signed by a Treasury 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, Treasurer staff will count the receipts in the presence of the departmental employee and will return the form to the employee if any inaccuracies must be corrected and the form resubmitted. When an accurate turnover is accepted, the Treasurer staff member will then sign all three copies of the form and return two of them to the departmental employee.

By the close of business each day, Treasury staff will review the turnover documents, review and validate within Munis the payments posted by the Collector, Harbormaster and Water Departments, post into Munis the payments received from other departments, create a deposit package, and deposit the revenues at the bank. Until the deposit is completed, Treasury staff will ensure that all receipts are secured at all times, either in a cash drawer or, if being held overnight, in a safe. Separate Treasury employees shall be tasked with (1) Receiving turnovers and posting them in Munis and (2) depositing receipts in the bank. The Treasurer will also update the Quicken cashbook with the turnover data daily.

The Treasurer will forward a Munis Schedule of Treasury Receipts to the Town Accountant each week. The Town Accountant will compare this report with the turnover documents received directly from departments and contact the Treasurer about any discrepancies. The Town Accountant will then accept the verified receipt batches in Munis, which posts them to the general ledger.

D. Audit

All cash management activity is subject to review by the Town Accountant and the Town's independent auditor.

REFERENCES

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

Edgartown 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 negative impact of uncashed checks on cash position certainty, to provide appropriate opportunities for payees to claim uncashed checks, and to properly recover unclaimed funds for the Town's general fund, this policy sets guidelines for the resolution of tailings.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ Treasurer, Town Accountant, and all department heads▪ Payees of Town disbursements
Scope:	<ul style="list-style-type: none">▪ Managing uncashed checks, including notifying payees, handling claims, and escheating unclaimed funds to the general fund

BACKGROUND

A tailing is a form of unclaimed property that results from a disbursed but uncashed check, and it 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. Having accepted M.G.L. c. 200A § 9A, the Town can expedite tailing resolutions and escheat to the Town's general fund the funds that remain unclaimed at the completion of the process rather than surrendering the money to the state, as would be required otherwise. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

POLICY

Periodically throughout the year, the Treasurer, relevant department heads, and the Town Accountant will work together to resolve accumulated tailings, either by prompting actual pay outs or through escheatment to the Town.

A. Monthly Management of Tailings

As part of the monthly cash reconciliation, the Treasurer will review the accounts payable bank accounts online to determine which checks have been cashed by recipients and update their status in Munis. The Treasurer will then run a Munis report of all checks outstanding 30 days or more after issuance and email the department head associated with each of them to follow up with the 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 notices to departments, the Treasurer will send an uncashed check notice to the payees at their last known addresses.

Every month, the Treasurer will also identify all checks that are uncashed one year after being issued and notify the bank to stop payment. At this point, the checks may still be claimed by the payees but will require reissuance. The 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

At least once a year, the Treasurer will review the accumulated inventory of stop-paid tailings and do the following:

1. List the payee names 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 of Edgartown and deemed abandoned.” This posted notice will detail the process to claim funds and state a deadline for making a claim that is 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 in *The Martha’s Vineyard Times* and *Vineyard Gazette* a notice in the same form as the website posting but stating a new claim deadline not less than 60 days after the publication date.
3. For checks of \$100 or greater that remain uncashed after the publication deadline, publish a second notice in the same two newspapers with the same language as the previous except with 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 all the published checks again. When the prompted date occurs, notify the Town Accountant of all those that are still unclaimed at that time.

C. Check Claiming

If a payee submits a claim to the Treasurer within the given deadline, or at any time before the funds are escheated, the Treasurer will review the claim and make a determination as to its validity.

- If the claim is deemed valid, the Treasurer will submit the amount to the Town Accountant for inclusion on the next disbursement warrant.
- If the claim is deemed invalid, the Treasurer will segregate the funds into a separate, interest-bearing account and notify the claimant of this action within 10 days. Within 20 days after receiving this notice, the claimant may file an appeal at Edgartown District Court (or at Superior Court if the amount is \$50,000 or more).
- If the court rules for the claimant, the Treasurer will submit the tailing amount, along with any interest, to the Town Accountant for inclusion on the next disbursement warrant after receiving the court order.
- If the court rules against the claimant, or if the Treasurer receives no notice of any court appeal being filed within one year of the Treasurer’s notice to the claimant that the funds were being withheld, the Treasurer will notify the Town Accountant to escheat the total tailing and interest amount.

D. Escheatment

Upon receipt of a notice from the Treasurer as described in Sections B and C above, the Town Accountant will escheat the listed funds. This involves reversing the abandoned property liability and recognizing the funds as revenue in the general fund to be available for future appropriation by town meeting for any public purpose.

REFERENCES

[M.G.L. c. 200A, § 9A](#)

Edgartown policies on Disbursements and Reconciliations

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 and Treasurer job duties▪ Town’s contracted tax title attorney▪ All Edgartown real estate property owners whose taxes or charges for water or wastewater services 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 target 98 percent property tax collection rate 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 second, semiannual tax bill). No later than June 1, the Collector 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

The Collector will begin the tax taking process within 60 days of the demand notice. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Collector 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 shall carefully document the taking process to preserve the Town’s rights for future actions.

The Collector 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 will publish a Notice of Tax Taking in *The Martha's Vineyard Times* and *Vineyard Gazette* newspapers and post the notice 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.

The Collector will work with delinquent taxpayers to suspend the tax taking process, and potentially avoid the Tax Taking advertisement, if they comply with making regular payments of at least 10 percent of the outstanding tax. However, the Collector will proceed to publish the Notice if there is a lapse of more than 30 days from the last partial payment.

Within 60 days of the tax taking announcements, the Collector 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 will notify the affected property owners of the liens by sending each of them a letter and a copy of the Instrument. The Collector will provide copies of the List of Recorded Takings to the Treasurer, Town Accountant, and Town Administrator.

C. Subsequent Taxes

After the demand bill and before June 15 each year, the Collector 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 will provide copies of the report to the Treasurer, 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 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 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 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 Treasurer will actively monitor compliance with all such agreements, which will have the following features in common:

- *Signed agreement between the 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 Treasurer will waive [state the bylaw's waived percentage here] 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 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 Treasurer will identify all properties of significant value to process for potential foreclosure in Land Court. To do this, the 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 Treasurer will ensure the tax title attorney complies with the objectives laid out in this policy section. The Treasurer will work with the tax title attorney to prepare parcels in tax title status for foreclosure, beginning by providing each Instrument of Taking. The tax title attorney will research the tax title properties and also mail new collection enforcement letters to the taxpayers telling them of the importance of redeeming the property and warning of potential foreclosure action.

If a taxpayer or other party pays the outstanding amount on a tax title property, the Treasurer will prepare an Instrument of Redemption and file it at the Registry of Deeds, which removes the lien. Redemption can only be done prior to the property being foreclosed. 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 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. 40, §§ 57, 42A, 42B, 42C, 42D, 42E, 42F](#)

[M.G.L. c. 60, §§ 6, 16, 22, 37, 40, 50, 53, 54, 57, 61, 62, 62A, 63, 76, 77, 79, 80](#)

Edgartown bylaws, Chapter 118 Section 2: Denial, Revocation or Suspension of License or Permit

Edgartown policies on Antifraud, Financial Management Team, and Reconciliations

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

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 responsibilitiesTown Accountant, Principal Assessor, Treasurer, and Town Clerk job duties
Scope:	<ul style="list-style-type: none">Guidelines and responsibilities involved with setting an annual property tax rate and reporting it to the Division of Local Services (DLS)

BACKGROUND

The property tax levy is Edgartown’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 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, Edgartown’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, etc.).
- 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 Administrator and Board of Selectmen will verify 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 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 agree 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:
 - free cash used (Form B-1)
 - available funds used (Form B-2)
- When applicable, the 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)

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, 21C, 25](#)

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

EFFECTIVE DATE

This policy was adopted on [date].

TRAVEL REIMBURSEMENT

PURPOSE

To mitigate opportunities for fraud, waste and abuse, the Town must properly monitor and control travel costs. This policy establishes rules governing reimbursements to Town officials and employees for necessary travel expenses incurred in performing official duties.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">▪ All Town employees and elected or appointed officials (all referred to here as “employees”)
Scope:	<ul style="list-style-type: none">▪ Guidelines for determining reasonable travel-related expenses▪ Procedures, forms and documentation required for reimbursement

POLICY

The Town will reimburse employees and officials (all referred to here as “employees”) for reasonable expenses incurred for travel on the Town’s behalf as authorized by their Department Heads, the Board of Selectmen, or the Town Administrator. Travel shall be restricted to necessary activities that provide a public benefit, such as training, professional conferences, and other municipal-related activities. All travel on Town business shall be planned for using the most economical mode and class of transportation reasonably available and the most direct and time-efficient route. Officials and employees will travel using government and group rates when available. The Town will not reimburse or pay sales tax but will, however, pay meals and room excise taxes.

When this travel policy is not followed, there is no guarantee that all expenditures will be reimbursed. Employees should determine estimates for their travel costs, discuss any extraordinary travel circumstances and expenses with their Department Heads, and obtain their authorizations in advance of travel.

A. Unauthorized Expenses

The following expenditures will not be reimbursed:

- Alcoholic beverages and tobacco
- Costs associated with any political or charitable event
- Expenses incurred by or on behalf of any person who is not a Town employee who accompanies the employee on official business
- Expenses incurred for the sole benefit of the traveler, such as valet service, entertainment, laundry services, etc.
- Theft, loss, or damage to personal property while on Town business
- Non-mileage-related personal automobile expenses, including repairs, insurance, gasoline, and traffic citations

The Town Accountant may refuse to approve for payment any claim deemed to be fraudulent, unlawful, or excessive. In that instance, the Town Accountant will file a written statement of the reason for refusal with the Treasurer and forward copies to the Town Administrator and the originating department head. Resolution of all disputes shall reside with the Town Administrator.

B. Travel Expense Categories

Transportation

- Employees authorized to travel using their personal vehicle will be reimbursed at the mileage reimbursement rate established yearly by the Internal Revenue Service (IRS) or, for union employees, the rate established in their particular contractual agreement.
- Mileage will be calculated starting from the employee's office location or residence to the destination point, whichever distance is shorter.
- Employees must present receipts to be reimbursed for parking, tolls, airfares, taxi fares, and, when using a Town-owned vehicle, fuel charges.

Lodging

- If travel requires an employee to be away from home for more than 24 hours, he or she will be reimbursed for reasonable charges for lodging expenses.
- Lodging expenses must not exceed the group rate published by the conference or activity sponsor. If the sponsor's group rate is not available when booking, the Town will reimburse for lodging costs comparable in location and quality and reserved at the lodging's government or group rate, whenever that is available.
- The Town will reimburse for only one night preceding any conference.

Meals

- If travel requires an employee to be away from home for more than 24 hours, he or she will be reimbursed for reasonable charges for meal expenses.
- Meal costs, including tips and taxes, incurred during the course of approved travel will be reimbursed only upon presentation of itemized receipts. If the receipt is for multiple employees, they should be listed on the back of the receipt.
- Meals included in registration costs cannot be claimed for reimbursement or advance.
- Under no circumstance will the total meals reimbursement exceed the per diem rate set in the employee's union contract or by the Personnel Board, whichever applies.

Registrations

- Whenever possible, registration fees for any conference, training, or workshop should be paid in advance through the Town's accounts payable warrant process. To pay advance registrations timely, the registration bill must be received by the Town Accountant no later than two full weeks prior to the registration deadline.
- If registration is not paid in advance, the employee must pay out-of-pocket and then submit for reimbursement.

Incidentals

- Incidentals must be paid by the traveler and submitted for reimbursement when finalizing the Travel Expense Reimbursement Sheet. Receipts are required for all miscellaneous, unanticipated expenses.

C. Reimbursement Submission

Every claim for reimbursement must be documented using a Travel Reimbursement Form signed by the employee and his or her department head. Required information includes (as applicable): travel or purchase date(s), purpose, amount(s), and total business-related mileage. Except for mileage, the

employee must attach to the form a receipt or other valid proof of payment for each reimbursement claim.

Employees should submit for reimbursement as soon as the travel concludes, and at maximum, no later than 30 days after the expenses being incurred. If an employee does not submit the Travel Reimbursement Form with the related receipts or other documentation within that time, he or she may be personally responsible for the expenses.

D. Violations

Employees who violate this policy will be held directly responsible for their actions. Consequences may include revocation of travel privileges, reparatory payments, suspension, or termination. Improper documentation of otherwise valid travel expenditures creates the appearance of fraud, waste, or abuse and may result in similar consequences. Moreover, misrepresenting expenses and intentionally submitting false claims are fraudulent and could result in criminal penalties.

E. Audit

All expenses are subject to verification that they comply with this policy and to audit by the Town's independent auditor.

REFERENCES

[M.G.L. c. 41, § 52](#)

[M.G.L. c. 44, § 58](#)

[M.G.L. c. 64H § 6\(d\)](#)

Edgartown's policies on Antifraud and Disbursements

IRS webpage, [Standard Mileage Rates](#)

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 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 Financial Advisory Committee (FAC) in their budget transfer authority▪ Town Administrator, Town Accountant, and 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 all department heads accountable for timely and accurately completing the year-end tasks applicable to them as outlined in this policy. All facets of the year-end closing will be accomplished no later than September 30.

Annually no later than May 15, the Town Accountant will transmit year-end instructions to department heads and provide them with the following submission deadlines:

- June 1: Status reports or updates on capital projects, capital assets, and borrowings
- June 15: Requests for encumbrances
- June 30: All available invoices
- July 15: Status reports on the balances of grants, other special appropriations, and special revenue accounts

A. Year-end Encumbrances

In response to notices from department heads of pending expense obligations from the fiscal year, the Town Accountant will encumber funds for them only if proper documentation shows the funds have been committed to specific purchases (by purchase orders), services (by service agreements), or projects (by contracts).

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 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 either a debt authorization, an appropriation from available funds by town meeting, or a line-item transfer by the Board of Selectmen and FAC (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 FAC's meeting agenda, followed by the Board of Selectmen's meeting agenda, for their authorizations.

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 September 15
- Community preservation surcharge report (CP-1) September 15
(with the Principal Assessor)
- Combined balance sheet and supporting documents September 30
- Community preservation fund report (CP-2) October 31
- Schedule A October 31

Town Accountant and Treasurer:

- Statement of indebtedness September 30
- Treasurer’s year-end cash report September 30
- Cash reconciliation September 30
- Schedule of outstanding receivables September 30

REFERENCES

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 59, § 5](#)

[M.G.L. c. 64, § 64](#)

Edgartown policies on Antifraud, Capital Planning, Financial Management Team, Grants Management, Purchasing, and Reconciliations

DLS Informational Guideline Release 17-13: [Appropriation Transfers](#) and other guidance: [Annual Year-End Letters](#) and [Municipal Calendar](#)

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
Annual Budget Process			
Capital Planning			
Debt Management			
Financial Reserves			
Forecasting			
Investments			
OPEB Liability			

FINANCIAL OPERATIONS

Policy	Adopted	Last Reviewed	Amended
Antifraud			
Compensation Management			
Disbursements			
Financial Management Team			
Grants Management			
Procurement Conflict of Interest			
Reconciliations			
Revenue Turnover			
Tailings			
Tax Enforcement			
Travel Reimbursement			
Year-end Closing			

MUNICIPAL CALENDAR

Abbreviations Defined

DLS	Division of Local Services	CPA	Community Preservation Act
BLA	DLS Bureau of Local Assessment	EQV	Equalized Valuation
BOA	DLS Bureau of Accounts		

July

1	Collector	Mail Annual Preliminary Tax Bills The Collector may include the 1 st and 2 nd quarter bills in a single mailing.
1	Assessors and Accountant	Begin Compiling Data for the Tax Rate Recapitulation Sheet (the recap)
15	Accountant and Treasurer	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.
15	Pipeline Company; Telephone/ Telegraph Co.	Deadline for a Pipeline Company or Telephone/Telegraph Company to Appeal the Commissioner's Valuations
20	BLA	Notification of Changes in Proposed EQVs (even years only)

August

1	Taxpayer	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.
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

1	Accountant	Submit CPA Fund Balance Report (recommended date) After closing the fiscal year and before the October 31 deadline, the Accountant submits this report (Form CP-2) in Gateway and notifies the
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	Community Preservation Committee. CPA fund balances may be appropriated any time after this submittal until the close of the fiscal year.
15 Accountant	Submit Snow & Ice Data Sheet
15 Assessors	Submit Property Sales Report (recommended date)
15 Accountant and Assessors	Jointly Submit CPA Surcharge Report (CP-1) This is the deadline to submit the CP-1 Form in Gateway in order to receive matching funds from the State Treasurer’s distribution on November 15.
15 CPA Committee	Submit CPA Projects Report (CP-3) This is the deadline to enter new CPA projects and update existing ones in the MassGIS CPA projects database in order to receive matching funds from the State Treasurer’s distribution on November 15.
30 Accountant, Treasurer, Collector	Submit Balance Sheet and other Reports for Free Cash Certification The Accountant, Treasurer, and Collector coordinate to submit a balance sheet to BOA, along with: <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	Mail Preliminary Tax Bills for 2nd Quarter The Collector mails these bills if the 2 nd quarter bills were not included in the July 1 mailings.
1 Taxpayer	Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land 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.
1 Taxpayer	Deadline for Submitting Forest Land Certification and Management Plan 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.
15 Assessors	Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)
31 Accountant	Deadline to Submit the CPA Fund Balance Report (Form CP-2) [See September 1.]

November

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|----|-------------------------|--|
| 1 | Taxpayer | 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. |
| 1 | Selectmen and Assessors | 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. |
| 30 | Assessors | Submit Tax Recap and all Schedules to BOA |
| 30 | Accountant | Submit Schedule A to BOA
Failure to file Schedule A by this date may result in the withholding or forfeiture of state aid. |

December

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|----|---------------------|--|
| 31 | Water Commissioners | 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) |
| 31 | Assessors | Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners |
| 31 | Collector | Deadline for Mailing Actual Tax Bills
The Collector may include the 3 rd and 4 th quarter bills in a single mailing. |

January

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|----|------------------|--|
| 31 | Pipeline Company | Deadline for Pipeline Company to File Form of List with BLA |
|----|------------------|--|

February

- | | | |
|---|----------|--|
| 1 | Taxpayer | 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. |
| 1 | Taxpayer | Deadline to Apply for Property Tax Abatement
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 | 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. |
| 1 | Telephone/ Telegraph Co. | Deadline for Telephone/Telegraph Company to File Form of List
BLA may extend this deadline to a date no later than April 1. |

1 Charitable Organization **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.

1 Board of Selectmen **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.

April

1 Collector **Mail 4th Quarter Tax Bills**
The Collector mails these bills if the 4th quarter bills were not included in the December mailings.

1 Taxpayer **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.

May

1 Taxpayer **Deadline to pay 4th Quarter Tax Bill without Interest**

1 Accountant or Treasurer **Notification of Amount of Debt Due in Next Fiscal Year**
As required by [M.G.L. c. 44, § 16](#), the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year.

June

1 Town Clerk **Update the Local Officials Directory (LOD) in Gateway**
The Town Clerk annually updates the LOD with the names, position titles, and email addresses of local officials.

1 Assessors **Notification of State-owned Land Valuations (even years only)**

1 Assessors **Determine Valuation of Other Municipal or District Land and Notify Owner(s)**
In any community where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send the property owner a notice of the valuation in the year following a revaluation year.

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.

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 if the Town accepted [M.G.L. c. 41, § 110A](#) permitting public offices to remain closed on that day. The due date for any local property tax payment, abatement application, or exemption application is 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.

Personnel Action Form

CHECK ALL THAT APPLY

<input type="checkbox"/>	Employment:
<input type="checkbox"/>	New <input type="checkbox"/> Rehire <input type="checkbox"/>
<input type="checkbox"/>	Wage-Salary Adjustment
<input type="checkbox"/>	Separation
<input type="checkbox"/>	Other

Complete ONE form per individual transaction.
Forms must be filled in on computer or typed.
Name, Department, & Org and Object must be completed for all transactions.

1. EMPLOYMENT/PERSONAL DATA

Name: Last	First	Middle	Department	Org and Object
Employee #	Marital Status	<input type="checkbox"/> Permanent <input type="checkbox"/> Temporary	Effective Date	Union /Level / Step
Date of Birth	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	Race	Position Title
Address: Street	City	State	Zip Code	Home Phone #
Emergency Contact: Name	Address	Relationship	Phone #	

2. WAGE/SALARY ADJUSTMENT (Give explanation in Section 4)

Date Hired	Date of Last Increase & Reason	Present Level/Step	Present Rate
Effective Date	Reason	Proposed Level/Step	Proposed Rate

3. SEPARATION (Give explanation in Section 4)

Last Day Worked	Effective Date	Date Hired	Recommended for re-employment
Reason:	<input type="checkbox"/> Resigned	<input type="checkbox"/> Leave of Absence	<input type="checkbox"/> Fired
	<input type="checkbox"/> Laid Off	<input type="checkbox"/> Retired	<input type="checkbox"/> Other

4. EXPLANATION

Detailed Source of Funds for this transaction:

Other:

5. SIGNATURES*

HR Director	Date	Town Administrator	Date	Department Head	Date
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*Only the HR Director's signature is required for a wage classification COLA increase and for any change with no financial impact (e.g., change of address).

DO NOT WRITE BELOW THIS LINE – FOR ACCOUNT USE ONLY

Employee #	Job Class	EEOC	Position #	Pay Cycle	Salary	Pay Code	SWT Exempt	SWT
SWT Exempt	SWT	Tax Stat	Shift Diff	I-9	Def Contr Ret	Completed by & Date		

cc. Town Accountant and Treasurer on all finance-related PAFs, including COLAs.

This is a sample PAF, adapted from the City of Brockton. Fillable form version transmitted separately.