

FINANCIAL POLICY MANUAL | TOWN OF GREAT BARRINGTON

A COMMUNITY COMPACT CABINET INITIATIVE

JUNE 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

June 30, 2020

Selectboard
Town of Great Barrington
334 Main Street
Great Barrington, MA 01230

Dear Board Members,

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

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

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

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INTRODUCTION

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

The manual is divided into two parts, the first containing policies concerned with financial planning and the second with day-to-day operations. All of them have been developed based on researched best practices tailored to the specific conditions of Great Barrington. Each individual draft is presented for local officials to review, discuss, revise as needed, and adopt formally. Three of the operational policies also include step-by-step procedures: (1) Disbursements: Accounts Payable, (2) Disbursements: Payroll, and (3) Revenue Receipt and Turnover. The town uses Munis financial management software but has not yet exploited it to its fullest efficiency capabilities, such as allowing departments to remotely enter their own accounts payable data or implementing the available purchase order program. If these or other relevant system capabilities are implemented in the future, the procedures should be revised to reflect any manual steps that have consequently been reduced or eliminated.

Also, note that there are two policies that require specific town meeting actions before they may be adopted in the entirety of their presented text, as explained below.

Tax Enforcement: This policy has a section on tax title payment agreements, which require a bylaw for implementation per [M.G.L. c. 60, § 62A](#). The following text may serve as a template:

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/Collector will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").
- 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.

OPEB Liability: Great Barrington has had no prior formal or informal policy regarding its other postemployment benefits (OPEB) liability, which was actuarially calculated to be \$17.5 million as of July 2019. One way to plan for its funding is by creating and investing in an irrevocable trust fund, as allowed under [M.G.L. c. 32B, § 20](#). Some provisions of the manual's OPEB Liability policy are predicated on establishing this fund by town meeting vote. If the selectboard wishes to adopt those policy provisions and take advantage of this funding option, we advise it to sponsor a warrant article that proposes the following:

1. Accept the statute to establish an OPEB trust fund.
2. Authorize the prudent investor rule as detailed in [M.G.L. c. 203C](#) to make available the options required to meet the investment goals of the new fund.
3. Designate as the fund's trustee either the treasurer/collector or the Berkshire County Retirement Board or opt to establish a separate board of trustees. By statute, such a board must have between five and 13 members and minimally include a person with investment experience, citizen at-large, employee, retiree, and local official.

GREAT BARRINGTON MASSACHUSETTS

FINANCIAL POLICIES MANUAL



PREFACE

The Town of Great Barrington 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 Great Barrington, through its Selectboard, Town Manager, Finance 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

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**FINANCIAL PLANNING
POLICIES**

ANNUAL BUDGET

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

This policy pertains to the Town's annual budget development, documentation, and adoption processes, and encompasses the general fund, enterprise fund, and capital budgets. It applies to the statutory budget roles of the Selectboard and Finance Committee, as well as to specific related job duties of the Town Manager and Finance Director. Additionally, it applies to the budget planning duties of all department heads and the boards and committees that have spending authority (all referred to here as "department heads").

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 Manager is responsible for developing the annual budget and will do so according to the vision, goals, and strategic plans laid out by the Selectboard. As the advisor for the interests of town meeting voters, the Finance Committee will make recommendations on all finance-related warrant articles, including the annual budget article. It is the goal of these parties to work in a collaborative manner to present voters with a consensus budget. Furthermore, the Town Manager and Finance Director will cultivate strong, communicative relationships with the Berkshire Hills Regional School District's (BHRSD) Superintendent and School Committee, and with any other regional service partners, to ensure early notifications of their budget projections.

All parties applicable under this policy are expected to comply with the annual budget calendar's milestone deadlines when they are set each year. As part of this, department heads will timely provide the Town Manager 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.

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

B. Principles for Balanced, Sustainable Budgets

To ensure maximum efficiencies, the Town Manager will review and report to the Selectboard and Finance Committee on the Town's methods of operation, program service delivery, resource expenditures, and manpower allocations. Within the budget, the Town Manager may propose to significantly reorganize reporting structures, change modes of service delivery, eliminate services deemed to be not necessary or cost-effective, or propose new or expanded services. For any such proposal, the Town Manager will provide a justification and cost-benefit analysis.

The Finance Director will assist the Town Manager to prepare an annual budget proposal. To assure a budget that is both balanced and sustainable for future years, the following principles will apply:

1. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual allocations of full-time-equivalent employees.
2. Current revenues will be sufficient to support current expenditures.
3. 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. The Town Manager will work to gradually shift the Town away from this longtime practice.
4. The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances. Any such usage will require the Town Manager to document a plan for replacing this revenue source in future years.
5. The Town will avoid any practices that balance the current budget at the expense of meeting future year costs, such as delaying expenditures until the next fiscal year or rolling over short-term debt.
6. The Board of Assessors will vote to authorize a contribution to the overlay account to offset the Town's liability for unpaid property taxes caused by abatements and exemptions. This amount shall be based on:
 - Current balance in the overlay account
 - Three-year average of granted abatements and exemptions
 - Cases pending before, or on appeal from, the Appellate Tax Board
 - Timing of the next five-year certification review by the Division of Local Services

C. Tax Levy Considerations

The Town Manager 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 Manager will provide this analysis to the Selectboard and Finance Committee when presenting them with the proposed budget.

To finance the most expensive capital projects, the Town Manager may propose a debt exclusion, which is a temporary increase in the levy limit that lasts as many years as is necessary to pay off the given project's debt service. To do this, however, the proposed capital project must meet all three of the following criteria: (1) useful life of 20 years or more; (2) the expenditure is either for town-owned land, buildings, or infrastructure, or for a BHRSD capital assessment; and (3) the estimated cost of the principal payment in the first year of the debt issuance is greater than one percent of the prior year's general fund revenue.

Debt exclusions to finance capital projects for the wastewater treatment plant will be avoided in favor of raising the necessary revenue through user fees in furtherance of the budget goal to keep this enterprise fund self-supporting.

D. Budget Calendar

The annual budget process begins in November with the Finance Director's forecast presentation to a joint meeting of the Selectboard and Finance Committee, and it ends with annual town meeting in May. The Town Manager 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 Manager will create a budget calendar listing the specific due dates for all process milestones, submit it for the approval of the Selectboard and Finance Committee, and distribute the approved calendar to all the parties subject to this policy.

E. Budget Document

The Town Manager 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, and graphical information about available finances.

REFERENCES

[M.G.L. c. 39, §§ 10, 16](#)

[M.G.L. c. 41, §§ 15A, 59, 60](#)

[M.G.L. c. 44, §§ 33A, 33B, 53F½](#)

[M.G.L. c. 58, §§ 25, 25A](#)

[M.G.L. c. 59, § 21C](#)

[M.G.L. c. 71, §§ 16B, 16B½](#)

Great Barrington Charter Section 3 Responsibilities and Powers of the Selectboard and Section 6 Powers and Duties of the Town Manager; and Bylaws Chapter 7 Article II Finance Committee and Chapter 41 Town Meetings

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

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

This policy applies to all current and proposed capital projects in the Town except for those that come under the authority of the Community Preservation Committee. It establishes a framework for long-term capital improvements, sets guidelines and expectations for all Town departments in planning for and requesting capital projects, and outlines consensus budgetary goals for the Selectboard and Finance Committee. It also applies to related job duties of the Town Manager and Finance Director.

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 Manager is charged to oversee the capital improvement program. This involves identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations. Throughout the year, the Finance Director will monitor active capital projects to ensure they remain properly funded and report any issues to the Town Manager.

A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over \$20,000 and to have or to extend five¹ 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 \$20,000

B. Inventory

To support a systematic acquisition and replacement schedule, the Town Manager, with the assistance of the Finance Director, will annually update and maintain a detailed inventory of all capital

¹ These thresholds are increased from the Town's existing capital criteria of \$10,000 and two years.

assets, which shall include dates built, acquired or last improved, original costs, current conditions, expected and remaining useful lifespans, depreciated values, extent of use, and any scheduled replacement or expansion dates.

C. Evaluation of Capital Projects

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

1. Eliminates a hazard to public health and safety
2. Required by state or federal laws or regulations
3. 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 Town Manager, with the Finance Director's assistance, will annually update and propose to the Finance Committee and Selectboard a five-year capital improvement plan (CIP), including 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

Each year, the Town will strive to appropriate two to three percent of the annual general fund budget, 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.
- 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.
- Infrastructure or facility maintenance budgets built into the general operating budget will not be reduced to fund other departmental expenses.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through debt exclusions compliant with the Annual Budget policy.

- 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, 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 Manager will present the following to town meeting:

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

REFERENCES

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

Great Barrington Charter Section 6 Powers and Duties of the Town Manager

Great Barrington policies on Annual Budget, Debt Management, 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, sustain capital investment capacity, and maintain its AAA bond rating so as to ensure long-term interest savings.

APPLICABILITY

This policy applies to the budget decision-making duties of the Selectboard, Town Manager, and Finance Committee. Further, it applies to the Treasurer/Collector's debt management responsibilities and Finance Director's budget analysis and reporting duties. It pertains to all long-term debt obligations permitted to be issued under Massachusetts law, such as general obligation bonds, revenue bonds, bond anticipation notes, and lease/purchase agreements. Excluded are short-term borrowings done as revenue anticipation notes.

POLICY

Under the requirements of federal and state laws, the Town may periodically issue debt obligations to finance the construction, reconstruction, or acquisition of infrastructure, buildings, and other assets and may refinance existing debt. The Town will issue and manage debt obligations in such a manner as to obtain the best long-term financial advantage and will limit the amount of debt to minimize the impact on taxpayers. The Town will only issue debt obligations to construct, reconstruct, or purchase capital assets that cannot be acquired with current revenues.

A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for purposes that are authorized by state law and qualify for tax-exempt bonds and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital 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.

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 five to seven 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/Collector will report to the Selectboard and Town Manager on the Town's debt status at least annually.
2. The Finance Director will include an indebtedness summary as part of a report on receipts and expenditures in the Annual Town Report.
3. The Finance Director, 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](#)

Great Barrington policies on Annual Budget and Capital Planning

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

DLS Guidelines: [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, Great Barrington can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town's credit rating and consequently its long-term cost to fund major projects.

APPLICABILITY

This policy applies to the short- and long-range budget decision-making duties of the Selectboard, Town Manager, and Finance Committee. It also applies to the related job duties of the Finance Director and Board of Assessors. It pertains to free cash, stabilization funds, enterprise fund retained earnings, 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 in the level of 12 to 15 percent of the annual operating budget. This target refers to free cash and stabilization funds combined.

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 five to seven percent of the annual general fund budget. To achieve this, the Town Manager 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. Avoided will be the application of free cash to reduce the tax rate on the annual tax recapitalization sheet, since this is the same as using it to fund recurring costs.

If the Town generates free cash consistently higher than seven percent of the budget, the Town Manager will closely examine future budget proposals to determine if revenue projections should more closely align with historical trends and make adjustments.

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 achieve and maintain a minimum balance of five percent of the current operating budget in its general stabilization fund. To gradually build this fund toward the target balance, the Town will annually appropriate to it an amount equivalent to one percent of net operating revenues, sourced either directly from the levy or by transfers from excess free cash. 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 Manager will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

Capital Investment Stabilization: The minimum target level for this fund 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 costs.

C. Retained Earnings

The Wastewater Division's finances are managed under an enterprise fund, separately from the general fund, which allows the Town to effectively identify the utility's true delivery costs—direct, indirect, and capital—and set user fees at a level sufficient to recover them. Under this accounting, the Town may reserve the wastewater operation's generated surplus (referred to as retained earnings) rather than closing the amount to the general fund at year-end.

For the wastewater enterprise fund, the Town will maintain a minimum reserve amount of 25 percent of the operation's total budget and may set a significantly higher target amount if major infrastructure improvements are anticipated. The Town will use this reserve to provide rate stabilization and to fund major capital projects.

D. Overlay Surplus

At the conclusion of each fiscal year, the Board of Assessors will submit to the Town Manager and Finance Director 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 Selectboard 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. 44 § 53F½](#)

[M.G.L. c. 59 § 25](#)

Great Barrington's policies on 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

This policy applies to the Selectboard, Town Manager, and Finance Committee in their budget analysis and decision-making responsibilities. It also applies to the Finance Director's and Principal Assessor's job duties. It pertains to the revenue and expenditure assumptions that form the basis for projections within a multiyear forecast.

POLICY

To determine the Town's operating capacity for future fiscal years, the Finance Director, under the Town Manager's direction, will annually create a detailed forecast with five-year projections of revenues and expenditures. The Town Manager, Selectboard, and Finance 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 Finance Director 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.

Early in the annual budget process, the Town Manager will present the initial forecast to a joint meeting of Selectboard and Finance Committee. Throughout the budget process, these boards will use the forecast to inform their decision making. In addition, the Finance Director will promptly revise the forecast projections whenever circumstances change and provide updates to the Town Manager, who will subsequently share them with Finance Committee and Selectboard.

Before creating the initial forecast for a new fiscal year budget process, the Town Manager and Finance Director 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 Manager 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.
- 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 Manager will direct the Finance Director 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.
- Trends in regional school enrollments, school choice, tuition, and charter assessments will be factored.
- The projections of wages, salaries and the Town's health insurance contributions will be based on current or already approved collective bargaining agreements for union staff and based on compensations authorized by the Town Manager for nonunion personnel.
- The Town will pay its annual pension contributions and make appropriations to amortize its other postemployment benefits (OPEB) 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](#)

Great Barrington policies on Annual Budget, Capital Planning, Debt Management, Financial Reserves, Grants Management, and OPEB Liability

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

EFFECTIVE DATE

This policy was adopted on [date].

INDIRECT COST ALLOCATION

PURPOSE

To reimburse the general fund for all expenditures incurred on behalf of the wastewater enterprise fund, this policy provides guidelines for equitably calculating and allocating those indirect costs.

APPLICABILITY

This policy applies to the budgetary responsibilities of the Town Manager, Finance Director, and Wastewater Superintendent. In addition, it relates to the utility-related administrative functions of the Finance Director, Treasurer/Collector, and Town Manager Departments. It encompasses the analysis, calculation, and accounting of the Wastewater Division's indirect costs.

BACKGROUND

The accounting for the Wastewater Division is managed as an enterprise fund, which is separate from the general fund and has its own financial statements. Consolidating this utility's direct and indirect costs, debt service, and capital expenditures into a fund segregated from the general fund allows the Town to demonstrate to the public the true, total cost of providing of this service.

POLICY

As part of the annual budget process, the Finance Director will calculate the indirect costs to the general fund of the Wastewater Division and review them with the Town Manger and Wastewater Superintendent. Based on the results, the Finance Director will record transfers between the relevant funds by June 15 each year. The Finance Director will maintain written procedures detailing the costs and their calculation methodologies.

A. Cost Categories

The indirect cost calculations will take into account the following enterprise-related expenditures budgeted in the general fund:

- Wastewater Division **personnel costs** for active and retired employees, including pensions, insurances, Medicare taxes, unemployment, and workers' compensation.
- **Administrative services** performed on behalf of the Wastewater Division by other departments, such as:
 - Accounts payable, payroll, and general ledger services provided by the Accounting Department
 - Collections, banking, investment, tax title, benefits, and payroll services provided by the Treasurer/Collector Department
 - Personnel administration services provided by the Town Manager Department
- The following **expenses**:
 - Information technology costs
 - Vehicle and property insurances
 - Legal services
 - Independent audit services
 - Actuarial services related to other postemployment benefits (OPEB)
 - Other costs that may be agreed to

The Finance Director will calculate indirect costs based on the most recent fiscal year’s appropriations and using either the actual, proportional, estimated support, or transactional methodology (described in Section B below) as appropriate for the particular cost category.

B. Explanation of Calculation Methodologies

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

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

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

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

C. Calculations by Cost Category

This text in this section provides sample calculations for discussion purposes. Before adopting this policy, Section C should be reviewed and updated as necessary, and it should be expanded for any other costs that may be agreed to, such as information technology, legal services, etc.

1. Health and Life Insurances

Indirect costs for health and life insurances will be calculated using the actual cost method by adding up the actual amounts paid by the Town for the participating Wastewater Division employees during the current fiscal year.

2. Medicare

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

3. Retirement

Indirect pension costs will be calculated using the proportional method. The total annual contributory retirement expenditures assessed to the Town by the Berkshire County Retirement System will be multiplied by the proportion of eligible personnel attributable to the Wastewater Division.

4. Independent Audit

The costs for independent audits will be based on the proportional method. The proportion of the Wastewater Division's annual net-of-debt budget within the Town's total net-of-debt operating budget shall be multiplied against the annual cost of the audit contract.

5. Administrative Services

The indirect costs for utility-related administrative services performed by the Accounting and Town Manager Departments will be calculated using the estimate of support method. The amounts will be based on each department's annual estimate of the time required to perform the services for the utility.

For the Treasurer/Collector Department's services, the transaction-based calculation method will be used for all wastewater-associated billing, collection, and biweekly payroll services, and the estimated support method will be used for all other utility-related services performed by that Department, such as banking and investment.

REFERENCES

[M.G.L. c. 44 § 53F½](#)

Division of Local Services Informational Guideline Release 08-101: [Enterprise Funds](#)

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

EFFECTIVE DATE

This policy was adopted on [date].

INVESTMENTS

PURPOSE

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

APPLICABILITY

This policy applies to the Treasurer/Collector's duties to manage and invest Town funds. If the Town contracts with any investment advisor(s), the Treasurer/Collector will provide this policy to them and verify compliance. The policy's scope pertains to all short-term operating funds and to all long-term reserve, investment, and trust funds, with the exception of the Town's retirement fund, which is managed and invested by the Berkshire County Retirement Board.

POLICY

The Treasurer/Collector 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/Collector 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/Collector's investment objectives shall be:

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

B. Conflict of Interest

The Treasurer/Collector 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/Collector 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/Collector will disclose to the Selectboard 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/Collector 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.

Instrument Type	Short-term Funds	Long-term Funds
Money market mutual funds	<ul style="list-style-type: none"> ▪ Must be registered with the Securities and Exchange Commission (SEC) ▪ Must have the highest possible rating from at least one rating organization ▪ These are liquid investments, so maturity term is not applicable. 	<ul style="list-style-type: none"> ▪ Must be registered with the SEC ▪ Must have the highest possible rating from at least one rating organization
Common and preferred stock, investment funds, and any other type of investment instrument specified in the List of Legal Investments	Not allowed	<ul style="list-style-type: none"> ▪ The Town’s aggregate amount of long-term funds must exceed \$250,000 to invest in these. ▪ Investment in mortgages, collateral loans, and international obligations is prohibited. ▪ Cannot invest more than 1.5% of a particular fund in the stock of any single banking or insurance company ▪ Cannot invest more than 15% of total aggregated funds in banking or insurance company stocks

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

D. Risk Tolerance Guidelines

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

Type of Risk	Mitigation Strategy
<p>Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.</p>	<ul style="list-style-type: none"> ▪ Investments in any of the following are safe from credit risk: state-chartered banks' depository accounts (including CDs), obligations backed by the U.S. Treasury or other U.S. government agency, and the MMDT. ▪ For any other investments, the Treasurer/Collector will only purchase investment grade securities highly concentrated in those rated A or better.
<p>Concentration of credit risk is the risk arising from all funds being invested in a single issuer.</p>	<p>The Treasurer/Collector will diversify the portfolio among multiple issuers/institutions (see Section E).</p>
<p>Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover deposits or to recover collateral securities in the possession of an outside party.</p>	<p>The Treasurer/Collector will negate this risk by only making deposits at MA-chartered banks.</p>
<p>Custodial risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Town would not be able to recover the value of an investment or to recover collateral securities in the possession of an outside party.</p>	<ul style="list-style-type: none"> ▪ The Treasurer/Collector 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/Collector 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/Collector 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/Collector will negate this risk by not investing in any instruments with foreign currency exposures.</p>

E. Diversification

The Treasurer/Collector 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/Collector will invest no more than 25 percent of the Town's

long-term funds with a single financial institution. In addition, the Treasurer/Collector 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/Collector will consider their fee structures, service efficiencies, and account management control features. For investing long-term funds, the Treasurer/Collector 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/Collector 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/Collector will also consult the [Veribanc](#) rating service to select and monitor financial institutions. The Treasurer/Collector 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/Collector 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/Collector will consider liquidating all funds that are uninsured or uncollateralized. If any rating becomes red, the Treasurer/Collector will remove the money from the banking institution.

The Treasurer/Collector 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/Collector 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/Collector and no outside entities.

G. Standards of Care

The Treasurer/Collector must review, understand and comply with the state's Prudent Investor Act ([M.G.L. c. 203C](#)). The Treasurer/Collector 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/Collector will assess investment activity and keep the Selectboard 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](#)

Great Barrington 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](#)

Massachusetts Depositors Insurance Fund [FAQs](#)

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

SEC webpage [Form ADV Information](#)

EFFECTIVE DATE

This policy was adopted on [date].

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

This policy encompasses OPEB-related budget decisions, accounting, financial reporting, and investment. It applies to the Selectboard, Town Manager, and Finance Committee in their budget decision-making duties, and it also applies to the OPEB-related job duties of the Treasurer/Collector and Finance Director.

BACKGROUND

In addition to salaries, the Town compensates employees in a variety of other forms. Many earn benefits over their years of service that they will not receive until after retirement. A pension is one such earned benefit. Another is a set of retirement insurance plans for health, dental, and life. These are collectively referred to as other postemployment benefits, or OPEBs. OPEBs represent a significant liability for the Town that must be properly measured, reported, and planned for financially.

POLICY

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

A. Accounting for and Reporting the OPEB Liability

The Finance Director will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board (GASB). The Town Manager will ensure the Town's independent audit firm reviews compliance with this policy section as part of its annual audits and reports the results to the Selectboard.

B. Mitigation

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

The remaining sections of this policy are subject to town meeting's acceptance of [M.G.L. c. 32B, § 20](#) to establish an OPEB Trust Fund.

C. Trust Management and Investment

The Town has established an OPEB Trust Fund and designated as its trustee [Either: the Treasurer/Collector Or: Berkshire County Retirement Board Or: Great Barrington Board of OPEB Trustees]. As fund custodian, the Treasurer/Collector will manage the OPEB Trust Fund in conformance with the Town's Investments policy and the state's prudent investor laws [and the directives of the Great Barrington Board of OPEB Trustees (< If this is the trustee)].

On an annual basis, the Town will analyze its option to invest the OPEB Trust Fund with the [State Retiree Benefits Trust Fund](#).

D. OPEB Funding Strategies

To address the OPEB liability, decision makers will analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town will derive funding for the OPEB Trust Fund from taxation, free cash, and any other legal form. To ensure that the Wastewater Division remains self-supporting, the Town Manager will factor its proportional OPEB contributions into the setting of user fees.

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

- Determine specific percentages of free cash and retained earnings to appropriate annually.
- Appropriate a percentage of ongoing revenues that is increased incrementally 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, §§ 20, 20A](#)

[M.G.L. c. 44, §§ 54, 55](#)

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

Great Barrington policies on Annual Budget Process and Investments

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

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

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

EFFECTIVE DATE

This policy was adopted on [date].

FINANCIAL OPERATIONS POLICIES

ANTIFRAUD

PURPOSE

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

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

APPLICABILITY

This policy pertains to any suspected fraud, abuse, or similar irregularity against the Town. It applies to all elected and appointed Town officials and employees and to any other persons acting on behalf of the Town, such as vendors, contractors, volunteers, casual employees, and grant subrecipients.

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. All Town officials, employees, and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. A "person acting on behalf of the Town" refers to any individual responsible for or to Great Barrington'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 systems 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 Manager 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 Manager, who will duly post the matter for discussion in an executive session of the Select Board. If the suspected fraud involves the Town Manager, 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 Manager 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 Manager at mpruhenski@townofgb.org.

D. Security of Evidence

Upon receipt of a report of suspected fraud, the Town Manager 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 Manager 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 Manager or Selectboard.

F. Investigation

As soon as possible after receipt of a report of potential fraud or abuse, the Town Manager will schedule a Selectboard 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 Selectboard and Town Manager 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 Selectboard 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 potential negative impact to the Town)
- Sufficiency of details provided to enable an investigation

To begin the formal investigation, the Town Manager will consult with the Town Counsel to obtain guidance on next steps. From there, the Town Manager may also seek the involvement of the Finance Director, Police Chief, and other personnel as needed. The Town Manager may also recommend to the Selectboard 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 Manager or other assigned investigator will provide a written report of findings to the Selectboard. 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 Selectboard may also report the violation(s) to the local district attorney's office to pursue appropriate legal actions.

Additionally, the Town Manager, 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 Manager 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 Manager 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 Manager 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 Manager 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 Manager 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].

DISBURSEMENTS: ACCOUNTS PAYABLE

PURPOSE

To mitigate the risks of errors or fraud and ensure the Town expends funds only for legally valid liabilities, this set of policy and procedures establishes the guidelines and required steps for paying the Town's bills.

APPLICABILITY

This set of policy and procedures pertains to the settling of accounts payable (AP) liabilities incurred by the Town. It applies to the Finance Director's and Treasurer/Collector's job duties and the Selectboard's warrant approval responsibilities. It further applies to all employees who receive invoices or other bills and to all department heads and elected or appointed officials who approve and submit requests for AP disbursements (all referred to here as "department heads").

POLICY

All AP expenditures must be based on original invoices, issued only to entities with valid W-9 forms on file, and charged to the proper fiscal year. Each AP submission must be authorized by the associated department head. Any elected or appointed board serving as a department head may vote to delegate the authority for approving AP submissions to one of its members, but no board can assign this responsibility to a non-board member. No disbursement may occur without first receiving the Finance Director's review and the Selectboard's approval. Additionally, payment for any bills payable for a prior fiscal year must be approved by town meeting vote. All disbursement activity is subject to audit by Great Barrington's independent auditor.

A. 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 and the Town's Purchasing policy
- Verifying that adequate funds exist in the department's budget for every AP submission, attesting to the accuracy of each submission via signature, and submitting timely AP requests to the Finance Director

The Finance Director is responsible for:

- Including each requested expense on the AP warrant after completing the validations required by statute and this policy
- Preparing and approving AP warrants prior to the Selectboard's authorization
- Updating the general ledger with all AP warrant expenditures

The Treasurer/Collector is responsible for:

- Disbursing payments from the appropriate Town bank account after receiving AP warrants signed by the Selectboard members
- Sending payments to vendors via mail or electronic funds transfer
- Updating the cashbook to document disbursement activity

The Selectboard members are responsible for approving all AP warrants.

B. Emergency Disbursements

If there is an emergency or other imperative circumstance where payment must be made to a vendor outside of the normal warrant process, the Treasurer/Collector may issue a manual check with written authorizations by the Town Manager and Finance Director. In any such case, the relevant department head will submit the expense to be processed as a no-check on the next accounts payable warrant.

PROCEDURES

A. Departments Submit Invoices for Payment

The AP warrant process occurs weekly, and payments are disbursed every Wednesday. Departments must submit their requests for payment one full week in advance and include with each AP submission the original document(s) provided by the vendor. These could include an invoice, remittance stub, or another type of document, or a combination of these documents. To prevent duplicate payments, departments must not submit any follow-up bills for outstanding amounts. These are not considered to be originals. Instead, the department should email the Finance Director to inquire about the status of the prior submission.

For each purchase or service invoice, departmental staff will take the following steps.

Objectives	Steps
A-1) Validate that charges are appropriate	<ul style="list-style-type: none"> ▪ Ensure the correctness of the invoice's rates and calculated total. ▪ Verify goods received correspond to the itemized invoice or packing slip. ▪ Verify that charges for services accurately reflect the work performed. ▪ To document this validation review, sign or stamp each original invoice or other originating document.
A-2) Demonstrate compliance with Purchasing policy	If the Purchasing policy applies to the expenditure, make copies of the relevant documents to submit with the invoice (e.g., blanket purchase order, bid document(s) showing the Town Manager's approval, etc.).
A-3) Complete an AP Schedule	<ul style="list-style-type: none"> ▪ Invoices may be batched and recorded together on a single Schedule of Department Bills Payable ("Schedule"), which will act as a coversheet for the individual back-up documents being submitted. ▪ On the Schedule, list the invoice(s), filling in the blanks at the top of the sheet as well as all the columns in the table for each invoice with its identifying information. ▪ Ensure the Schedule's total amount balances with the set of invoices being attached. ▪ If the invoice included sales tax, only input the cost of the item <u>without any sales tax</u> on the Schedule. The Finance Director will follow up with the vendor (see C-3 below). ▪ Make a photocopy of each invoice, retain the copy in the department files, and attach the original to the Schedule. ▪ Also attach the appropriate Purchasing policy document(s) (from A-2). ▪ Present the Schedule and invoices to your department head for approval.

Objectives	Steps
A-4) Approve and submit the Schedule	<ul style="list-style-type: none"> ▪ Department head reviews the Schedule and the back-up document(s) for accuracy and appropriateness, and then signs the Schedule to approve it or follows up on issues. ▪ Deliver signed Schedule and attachments to the Finance Director's office.
A-5) Segregate duties	<p>To the greatest extent practical by department, separate individuals will be tasked with:</p> <ul style="list-style-type: none"> ○ Ordering a purchase, receiving it, and creating the Schedule ○ Authorizing the purchase and approving the Schedule

B. Accounting Clerk Processes AP Submissions

The Accounting Clerk in the Finance Director's office will take the following steps to add items to the AP warrant.

Objectives	Steps
B-1) Review accuracy of Schedule	<ul style="list-style-type: none"> ▪ Review the received Schedule and supporting documents to ensure correctness in the following: <ul style="list-style-type: none"> ○ The listed amounts correspond accurately to the invoices. ○ Subtotal is correctly calculated. ○ Accounts being charged are correct. ○ Purchasing forms demonstrate compliance with Town policy. ○ Sales tax is not included. ○ Appropriate fiscal year ○ Appropriate authorizing signature ▪ If any of the above is missing or incorrect, contact the department for more information or documentation.
B-2) Enter each AP submission in Munis	<ul style="list-style-type: none"> ▪ Enter the invoice data from the Schedule into the Munis AP program. ▪ Reconcile the total amount for all Schedules to the Munis total. ▪ Verify check and non-check totals.
B-3) Forward for additional review	Give the Finance Director all the paperwork for the entered AP submissions.

C. Finance Director Finalizes AP Warrant

The Finance Director takes the following steps to finalize the AP warrant.

Objectives	Steps
C-1) Review the Clerk's work	<ul style="list-style-type: none"> ▪ Verify the accuracy of the work done by the Clerk in section B above. ▪ Follow up with the Clerk or submitting department if any correction or additional information is needed.

Objectives	Steps
C-2) Review for appropriateness of expenditure ¹	<ul style="list-style-type: none"> ▪ For each AP request entered in Munis, verify the following: <ul style="list-style-type: none"> ○ The expense is for a legal purpose. ○ There is no evidence of fraud. ▪ If any of the conditions above cannot be verified, call the department head for more information. If that does not resolve the issue, send an email to the department head, Town Manager, and Treasurer/Collector with the reason for rejecting the AP request. ▪ If fraud is suspected, follow the Town’s Antifraud procedures.
C-3) Reject any charged taxes	Send letter to any vendors that charged taxes stating that the Town is exempt and taxes will not be paid.
C-4) Post AP data to the general ledger and generate warrant	<ul style="list-style-type: none"> ▪ Validate and post the Clerk’s entries into the Munis general ledger. ▪ Print a preliminary warrant and give it to the Treasurer/Collector to review for vendors owing monies to the Town (see E-1).
C-5) Approve final warrant	<ul style="list-style-type: none"> ▪ After receiving the warrant back from the Treasurer/Collector (E-1), make any necessary payee adjustments to it in Munis. ▪ Generate and print two copies of the final warrant. ▪ Sign the warrants and deliver them to the Selectboard Office.
C-6) Print checks	<ul style="list-style-type: none"> ▪ Imprint AP information on blank checks received from the Treasurer/Collector via the Munis Print Checks program. ▪ Print a Munis Check Register report of the check run information. ▪ Deliver the printed checks and Check Register report to the Treasurer/Collector.

D. Selectboard Authorizes Warrant

Every week, at least three of the five Selectboard members must review and subsequently authorize a new AP warrant according to the following steps.

Objectives	Steps
D-1) Authorize warrant	<ul style="list-style-type: none"> ▪ Review the warrant for appropriateness by examining its listings and back-up documents. Direct any inquiries to the Finance Director. ▪ If no questions exist, sign both warrant copies.
D-2) Notify Finance Director and Treasurer/Collector	Deliver the signed warrants to the Treasurer/Collector and Finance Director.

E. Treasurer/Collector Disburses Funds for AP Expenditures

The Treasurer/Collector will take the following steps to disburse funds to AP accounts.

¹ [M.G.L. c. 41, § 52](#) requires the Finance Director to review every presented AP submission to determine whether it should be disallowed because it is either illegal, fraudulent, or excessive. “Excessive” means that it exceeds the budgeted appropriation. To assure this last determination, Munis is programmed to prevent any account from being overdisbursed.

Objectives	Steps
E-1) Withhold funds from delinquent payees	<ul style="list-style-type: none"> ▪ Review the preliminary warrant for any payees owing money to the Town (see C-4). ▪ For any payee with a Town liability, notify the Finance Director to adjust the warrant to pay to the Town the amount owed and pay to the vendor any remaining balance.
E-2) Fund the warrant	<ul style="list-style-type: none"> ▪ On the bank’s website, transfer funds from the general depository (or other funding) account to the appropriate checking or Automated Clearing House (ACH) AP accounts in the applicable amounts. ▪ Print the bank’s transfer report, attach it to the warrant, and retain them on file.
E-3) Disburse funds	<ul style="list-style-type: none"> ▪ For check payments, remove the correct number of checks from the safe, note them in the check log, and deliver them to the Finance Director. ▪ Initiate wire payments and ACH electronic payments. ▪ When the Finance Director returns the printed checks, mail them to the vendors along with any received remittance stubs. ▪ Send the Munis Check Register report to the bank to identify the payees.

REFERENCES

[M.G.L. c. 30B](#) [M.G.L. c. 41, §§ 52, 56](#) [M.G.L. c. 44, §§ 56, 58, 64](#) [M.G.L. c. 64H § 6\(d\)](#)

Great Barrington policies on Procurement, Purchasing, and Antifraud

EFFECTIVE DATE

This policy was adopted on [date].

DISBURSEMENTS: PAYROLL

PURPOSE

To mitigate the risks of errors or fraud while ensuring that the Town disburses salary and wage compensation to employees in valid amounts, this combination of policy and procedures establishes guidelines for payroll expenditures and the steps required to process them.

APPLICABILITY

This set of policy and procedures pertains to the biweekly processing of payroll, including employee compensation, withholdings, and leave time management. It applies to the Finance Director's and Treasurer/Collector's job duties and to the Selectboard's warrant approval responsibilities. It also applies to all employees in reporting their time and attendance and to all the department heads and elected or appointed officials who submit requests for payroll disbursements (all referred to here as "department heads").

POLICY

All regular employees must complete biweekly time sheets, which form the basis for their compensation. Department heads must review and approve the payroll reports of their employees, and the department heads' own payroll reports must be approved by whomever appointed them. Any elected or appointed board serving as a department head may vote to delegate the authority for approving payroll submissions to one of its members, but no board can assign this responsibility to a non-board member.

No payroll expenditure shall occur without the prior review and approval of the Finance Director and Selectboard. All payroll expenditures must be consistent with applicable collective bargaining agreements or personal service contracts. All disbursement activity is subject to audit by the independent auditor.

A. Ongoing Maintenance of Payroll and Leave Time Data

The Treasurer/Collector Department is responsible for maintaining the Munis database of all active Town employees, including their salaries, pay rates, stipends, biweekly work hours, benefit options, withholdings, leave time accumulations, and leave time usage. Any change to an employee's employment status, work hours, pay rate, or leave time accrual rate can only be made by Treasurer/Collector staff based on a personnel action form signed by the appropriate department head and the Town Manager.

B. Responsibilities Related to Payroll Processing

Every employee is responsible for:

- Documenting on a biweekly time sheet the hours worked or leave time used by specific date

Each department head is responsible for:

- Verifying that adequate funds exist in the department's budget for every payroll submission
- Attesting to the accuracy of each submission via signature
- Timely submitting the payroll requests to the Treasurer/Collector

The Treasurer/Collector (and/or any delegated staff) is responsible for:

- Maintaining and updating employee leave time balances in Munis on both biweekly and annual accrual bases
- Processing biweekly payroll data in Munis and initiating the payroll warrant
- Disbursing payroll payments from the appropriate Town bank account
- Updating the cashbook to document the disbursement activity

The Finance Director is responsible for:

- Ensuring each requested payroll expenditure complies with statute and this policy
- Preparing and approving payroll warrants prior to the Selectboard’s authorization
- Including payroll withholdings on the subsequent accounts payable warrant
- Updating the general ledger with all payroll warrant expenditures

The Selectboard is responsible for approving payroll warrants.

C. Payroll Disbursement Exceptions

On an exception basis caused by imperative circumstances, the Town Manager and Finance Director may together authorize a payroll disbursement outside of the normal payroll process. After receiving this authorization, the Treasurer/Collector will issue a manual check, and the amount of this check must be processed in the next payroll warrant as a no-check.

PROCEDURES

A. Departmental Payroll Submissions

The Town’s two-week pay cycle runs from Sunday to Saturday with payroll disbursements occurring every other Wednesday. To allow sufficient time for processing, departments are expected to submit their payroll reports to the Treasurer/Collector’s office the Friday before disbursement Wednesday. Any department that has exceptions related to the next day (Saturday) must submit an updated report to the Treasurer/Collector’s office by noon on Monday. 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.

Employees will take the following steps to report work and leave hours.

Objectives	Steps
A-1) Record hours worked and/or leave time used	On a time sheet, fill in by specific date: <ul style="list-style-type: none"> ○ Daily hours worked for the two-week period, ○ Preapproved overtime or detail hours worked, and/or ○ Leave time used, by type of leave (e.g., vacation, sick, etc.).
A-2) Submit time sheet	Sign the time sheet and give it to the department head.

Department heads will take the following steps to approve employee compensation.

Objectives	Steps
A-3) Review time sheet	<ul style="list-style-type: none"> ▪ Review time sheets for accuracy and appropriateness. ▪ If any information needs correction, meet with the employee to discuss, make the changes on the time sheet, and both people initial the changes on the sheet. Alternatively, instruct the employee to create a new time sheet with the correct information. ▪ Each department head must also create and sign a time sheet for his or her self.
A-4) Create a payroll summary report	Fill out a payroll summary report with the following information: <ul style="list-style-type: none"> ○ Compiled work and leave hours and pay rates for each department employee ○ Account number(s) to be charged
A-5) Submit payroll summary report	Sign the summary report and deliver it to the Treasurer/Collector.

B. Treasurer/Collector: Payroll Data Processing

Treasurer/Collector staff will take the following steps to create a payroll warrant in Munis.

Objectives	Who	Steps
B-1) Enter payroll data	Assistant Treasurer/Collector	<ul style="list-style-type: none"> ▪ Review the accuracy and completeness of submitted payroll reports and contact department heads with any inquiries. ▪ Data enter payroll information in Munis only for employees who have exceptions in that pay period (e.g., overtime hours worked, leave hours used, etc.).
B-2) Create a preliminary warrant	Treasurer/Collector	<ul style="list-style-type: none"> ▪ Review the accuracy of the Assistant Treasurer/Collector's entries by comparing them to the submitted reports and to the Treasurer/Collector's own master Excel file of employees and pay rates. Make any necessary inquiries or corrections. ▪ Print a preliminary detailed payroll warrant send it with the departmental reports to the Finance Director for review (C-1).
B-3) Finalize payroll	Assistant Treasurer/Collector	<ul style="list-style-type: none"> ▪ After receiving the preliminary payroll warrant back from the Finance Director, make any necessary changes in Munis. ▪ Print the following: <ul style="list-style-type: none"> ○ Payroll register: Send to the Finance Director for inclusion with the final warrant ○ Check register: Send to the bank to identify payees ○ Withholdings reports: Use for reconciliation purposes
B-4) Submit AP expenses	Treasurer/Collector	Create the following Schedule(s) of Department Bills Payable: <ul style="list-style-type: none"> ▪ Every pay cycle: for all withholdings payable biweekly (e.g., child support, etc.) except the Town's share of Medicaid ▪ Every pay cycle, a no-check Schedule for the Town's share of Medicaid ▪ Every month-end: for all monthly payables (e.g., health insurance, retirement deductions). ▪ Forward Schedule(s) to Finance Director for inclusion in the next AP warrant.

C. Finance Director: Warrant Approval

The Finance Director takes the following steps to approve the payroll warrant.

Objectives	Steps
C-1) Review the preliminary warrant ¹	<ul style="list-style-type: none"> ▪ Review the payroll listings in the preliminary detail warrant against the departments' payroll summary reports, and for each listing verify that: <ul style="list-style-type: none"> ○ The expense is legal. ○ There is no evidence of fraud. ▪ If any of four conditions above cannot be verified, call the department head for more information. ▪ If fraud is suspected, follow the Antifraud policy. ▪ When satisfied with the preliminary warrant, sign it, and return it to the Treasurer/Collector's office along with the departmental payroll reports.
C-2) Post to the general ledger	<ul style="list-style-type: none"> ▪ After receiving notice from the Treasurer/Collector that the warrant is ready, review and validate the Assistant Treasurer/Collector's entries in Munis and post them to the general ledger. ▪ Data enter and post all applicable withholding amounts for the pay cycle based on the Schedule(s) received from the Treasurer/Collector (see B-4 and the Disbursements: AP policy).
C-3) Approve the finalized warrant	<ul style="list-style-type: none"> ▪ Generate the warrant and print two copies of it. ▪ Sign the warrants and deliver them to the Selectboard office.
C-4) Print checks	<ul style="list-style-type: none"> ▪ Imprint payroll information on blank checks received from the Treasurer/Collector via the Munis Print Checks program. ▪ Print the Munis Check Register report for the check-run. ▪ Deliver the printed checks and Check Register report to the Treasurer/Collector.

D. Selectboard: Payroll Expenditure Authorization

Every two weeks, at least three of the five Selectboard members must review and subsequently authorize a new payroll warrant according to the following steps.

Objectives	Steps
D-1) Review warrant	<ul style="list-style-type: none"> ▪ Review the warrant for appropriateness and direct any inquiries to the Finance Director. ▪ If no questions exist, sign the two warrant copies.
D-2) Notify Treasurer/Collector and Finance Director	Deliver the signed warrants to the Treasurer/Collector and Finance Director.

¹ [M.G.L. c. 41, § 52](#) requires the Finance Director to review every presented payroll submission to determine whether it should be disallowed because it is either illegal, fraudulent, or excessive. "Excessive" means that it exceeds the budgeted appropriation. To assure this last determination, Munis is programmed to prevent any account from being overdisbursed.

E. Treasurer/Collector: Payroll Disbursement

Upon receiving the signed warrant, the Treasurer/Collector will take the following steps to disburse payroll to Town employees.

Objectives	Steps
E-1) Fund the payroll bank account	<ul style="list-style-type: none"> ▪ Prepare a funding report for net payroll, taxes, and all applicable withholdings. If there was a payroll exception payment for the period, also prepare a separate funding report ▪ Reconcile the funding report(s) and withholdings schedule with the warrant. ▪ By 3:00 Tuesday, on the bank’s website, transfer funds from the general depository (or other funding) account to the payroll account in the total amount of the funding report(s). ▪ Print the bank’s transfer report, attach it to the funding report(s), and retain them on file. ▪ Transmit the check register to bank.
E-2) Update cashbook	Record the disbursement activity in the cashbook the same day as the bank transfer.
E-3) Disburse funds	<ul style="list-style-type: none"> ▪ For check payments, remove the correct number of checks from the safe, note them in the check log, and deliver them to the Finance Director. ▪ Initiate Automated Clearing House electronic payments for direct deposit disbursements. ▪ Wednesday morning, email department heads notifying them to pick up the checks or mail them to employees as instructed. ▪ Mail the withholding checks to vendors.

REFERENCES

[M.G.L. c. 41, §§ 41, 41A, 41B, 41C, 42, 43, 52, 56](#)

[M.G.L. c. 44, §§ 56, 58, 64](#)

Great Barrington’s collective bargaining agreements, classification tables, and personal service contracts

Great Barrington Antifraud policy

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

This policy sets a framework for evaluating grant opportunities, tracking grant activity, and processing grant revenues and expenditures. It applies to the grant project managers in each department applying for or receiving grant funding. It further applies to the grant-related responsibilities of the Selectboard, Town Manager, Finance Director, and Treasurer/Collector.

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 Selectboard. 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 Selectboard. 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 Finance Director 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 Finance Director 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 Manager and Finance Director. 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 Selectboard with a report summarizing the grant and how it complies with this policy. The Town Manager 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 Finance Director.

When a project manager receives notice of any grant award, he or she will submit it as a meeting agenda item for the Selectboard 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 Finance Director.

Upon receiving the new grant documents, the Finance Director 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 Finance Director, 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 Finance Director 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: Accounts Payable 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/Collector as part the regular payroll process.

Because required retirement system remittances and/or general fund benefit reimbursements vary by grant, the Finance Director 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 Finance Director and Treasurer/Collector.

The Finance Director 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/Collector 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 Finance Director 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 Finance Director 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 Finance Director 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 Finance Director 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 Finance Director, and Great Barrington's independent auditor. The Finance Director 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](#)

Great Barrington policies on Antifraud, Disbursements: Accounts Payable, Disbursements: Payroll, 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

The policy pertains to all the Town's procurement and contract processes governed under the provisions of the state's Uniform Procurement Act associated with, but not limited to: specification development, preparation and issuance of solicitations, evaluation of solicitations and submissions, and other evaluations that lead to Town contract awards. The policy applies to the job responsibilities of the Town Manager (as Great Barrington's chief procurement officer) or his designee and to the related duties of the Finance Director. It further applies to all Town employees, officials, and others working on the Town's behalf who are involved with any procurement and contract process and to the prospective contractors.

POLICY

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

A. Confidentiality during the Bid Evaluation Process

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

The departmental purchasing employee will:

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

The Town Manager will:

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

B. Conflict of Interest in Procurement

To ensure decisions are made independently and impartially, Town employees and officials are expected to avoid any conflicts of interest and also avoid the appearance of conflicts of interest. A conflict of interest, or the appearance of one, must be disclosed whenever a vendor, employee, or

officer has, or can reasonably anticipate having, an ownership interest, a significant executive position, or other remunerative relationship with a prospective supplier of goods or services to the Town or knows that a family member or other person with whom they have a personal or financial relationship has such an interest.

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

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

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

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

C. Disclosure and Review

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

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

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

3. If a possible conflict of interest is identified, it must be documented and reviewed with Town Counsel.

The departmental purchasing employee will:

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

The Town Manager 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 Selectboard with the documented result.
4. If a conflict or the appearance of one exists, take appropriate actions, including but not limited to, removal of the employee, consultant, or outside uncompensated party from the procurement activity or cancelation of the solicitation.

D. Compliance Reviews

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

REFERENCES

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

[M.G.L. c. 41, § 57](#)

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

Great Barrington Charter C, Powers and Duties of the Town Manager, Section 6(d) 11 and 12

Great Barrington policies on Antifraud and Purchasing

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

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

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

EFFECTIVE DATE

This policy was adopted on [date].

PURCHASING

PURPOSE

To optimize the value received for Town expenditures, assure employees comply with the state's procurement laws, avoid exposure to any bid disputes, and ensure serial purchases do not exceed budget allocations, this policy establishes standards and practices for the purchasing of materials, supplies, and services.

APPLICABILITY

This policy applies to all employees and officials involved in procurement or purchasing, and its scope spells out specific responsibilities by position.

POLICY

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

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

Beyond the statutory purchasing requirements, the Town requires department heads to submit a "blanket" purchase order to the Finance Director prior to the first of a series of purchases from a single vendor that, in total for the fiscal year, will cost \$2,500 or more. The department head will provide the estimated total cost for the year, which the Finance Director will then encumber in Munis.

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

A. Quotation and Bidding Requirements

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

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

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

B. Sole Source Procurements

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

C. Purchasing Employee/Department Head Responsibilities

Department heads will ensure that their purchases do not exceed the departments' allocated budgets and that they comply with the following provisions.

All serial purchases from the same vendor that are anticipated to aggregate to a total cost of \$2,500 or more within the fiscal year (such as monthly utility bills):

- Submit a blanket purchase order to the Finance Director

Purchase costing less than \$10,000:

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

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

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

Purchase costing \$50,000 and over:

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

D. Town Manager or designee Responsibilities

As CPO, the Town Manager/designee's responsibilities include the following.

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

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

Purchase costing \$50,000 and over:

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

E. Selectboard Responsibilities

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

F. Finance Director Responsibilities

The Finance Director will:

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

REFERENCES

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

[M.G.L. c. 44, § 31C](#)

Great Barrington Charter C, Powers and Duties of the Town Manager, Section 6(d) 11

Great Barrington's policies on Antifraud, Disbursements: Accounts Payable, and Procurement Conflict of Interest

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

EFFECTIVE DATE

This policy was adopted on [date].

RECONCILIATIONS

PURPOSE

To ensure transactions are in balance, 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

This policy pertains to the performance of regular, periodic reconciliations of all cash, receivable, and special revenue records, both within departments and between departmental records and the general ledger. It applies to the Finance Director, Treasurer/Collector, and any personnel within other departments who have responsibility for managing a receivable account or special revenue fund. 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 the Town's financial records.

POLICY

The Treasurer/Collector and all department heads who manage accounts receivable and/or special revenue funds will internally reconcile their respective accounting records and subsequently reconcile them with the Finance Director according to the guidelines and periodic time frames outlined in this policy.

A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue and expenditure activity, the Treasurer/Collector will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Treasurer/Collector 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/Collector 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/Collector 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/Collector will then forward the reconciled cashbook balances in an Excel report to the Finance Director 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/Collector will forward a summary report of withholdings subject to vendor invoices (i.e., insurances) to the Finance Director 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 Finance Director 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/Collector to make any necessary payroll changes or adjustments. The Treasurer/Collector 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., Recreation programs). To ensure these assets are accounted for and balanced, the Treasurer/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/Collector
- 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 Finance Director. For the Treasurer/Collector, this is the Schedule of Outstanding Receivables.

D. Special Revenue Reconciliation

Governed by various state statutes, special revenue funds are earmarked monies segregated from the general fund for specific purposes and 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 them will verify that all revenues turned over to the Treasurer/Collector, expenditures authorized for payment by the Finance Director, and properly authorized transfers are recorded for the period. These department heads will subsequently provide the Finance Director with reconciliation reports on the funds.

E. General Ledger Reconciliation

To achieve the core objective of maintaining the general ledger’s integrity, the Finance Director must regularly reconcile it with the separately maintained accounting records outlined in Sections A – D

above. In addition, it is the Finance Director'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 Finance Director by the Treasurer/Collector, 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 Finance Director identifies a discrepancy between the general ledger and the cashbook, the following steps must be taken in conjunction with the Treasurer/Collector 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/Collector must verify that the monthly Treasurer/Collector'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/Collector and Finance Director must trace each entry to the ledger until the variance is determined.

All receivable records must also be reconciled to the Finance Director's general ledger. If a given receivable control has been internally reconciled, any discrepancy must be in the general ledger, so the Finance Director 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 Finance Director'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 Finance Director must trace each ledger entry until they determine the reason for variance.

The Finance Director will verify that all special revenue fund reconciliations match the general ledger. The responsible department head and Finance Director 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 Finance Director 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 Finance Director will submit the collective set of reconciliation worksheets to the Town Manager at each month's end.

G. Audit

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

REFERENCES

Great Barrington policies on Antifraud, Disbursements: Accounts Payable, Disbursements: Payroll, and Revenue Turnover

Division of Local Services 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 RECEIPT AND TURNOVER

PURPOSE

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

APPLICABILITY

This set of policy and procedures pertains to all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excises, fees, charges, and intergovernmental receipts. It applies to the Treasurer/Collector, as the Town’s cash manager, and to all the individuals within each department assigned responsibility for handling payments. It further applies to the Finance Director’s duty to keep the general ledger up to date and to train applicable personnel.

POLICY

The head of each department that receives payments is responsible for instituting and employing the internal controls detailed here to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. All departments will turn over receipts to the Treasurer/Collector at least weekly and do so the same day whenever the total amount exceeds \$500.

To indemnify the Town from potential revenue losses, the Town Manager will ensure that surety bonds are maintained for all individuals responsible for handling payments. The Finance Director is responsible for training all applicable Town personnel on this policy. All cash management activity is subject to review by the Finance Director and Great Barrington’s independent auditor.

PROCEDURES

Every check received at the intake department level will be immediately endorsed by the receiver with “For deposit only, Town of Great Barrington” using a rubber stamp or by handwriting. Overpayments may only be accepted by Treasurer/Collector staff.

A. Departmental Staff Receive and Turn Over Revenues

Departmental employees must remit every receipt intact to the Treasurer/Collector; no disbursement may ever be made from any departmental receipt.

Except for Treasurer/Collector staff, the following procedural steps apply to all employees of other Town departments who are authorized to receive payments as part of their job descriptions.

Objectives	Steps
A-1) Receive a payment	<ul style="list-style-type: none"> ▪ Use prenumbered receipt books to issue receipts to all individuals paying in person, even when they attempt to refuse them. In the receipt book, note the amount, receipt type, and form of payment (i.e., cash or check). ▪ For all receipts, note the following in the departmental receipt log: <ul style="list-style-type: none"> ○ date ○ payer

Objectives	Steps
	<ul style="list-style-type: none"> ○ amount ○ type of receipt ○ license/permit number, if applicable ○ form of payment
A-2) Secure receipts	Secure all receipts in a locked cash drawer, cashbox, or safe until they are delivered as a turnover to the Treasurer/Collector.
A-3) Create a turnover	<ul style="list-style-type: none"> ▪ List the receipt(s) in the Schedule of Department Payments to the Treasurer (“Schedule”), filling in all identifying information in the appropriate boxes. ▪ Ensure that all receipts in the Schedule tie back to the receipts log and that no logged receipts are unaccounted for in the Schedule. ▪ Present the Schedule and receipts to your department head. ▪ Department head reviews, and if necessary corrects, the information on the Schedule and signs to approve it.
A-4) Turn over receipts	Hand-deliver the Schedule and receipts to the Treasurer/Collector’s office. At no time may a turnover package be left unattended in the Treasurer/Collector’s office or elsewhere in Town Hall.
A-5) Notify the Finance Director	<ul style="list-style-type: none"> ▪ Deliver a copy of the accepted Schedule signed by the receiving Treasurer/Collector employee to the Finance Director. ▪ Retain the other signed copy for department records.
A-6) Segregate duties	To the fullest extent practical by department, separate individuals shall be tasked with: <ol style="list-style-type: none"> 1) receiving payments and issuing receipts; 2) recording payments in the departmental log; and 3) approving turnover Schedules for submission to the Treasurer/Collector.

B. Treasurer/Collector Staff Process Committed Receivable Payments

Note: The Town currently contracts with deputy collector firm, Arthur P. Jones & Assoc. (AP Jones) to collect motor vehicle excises and with Unibank to process online payments for various committed receivables through its UniPay application. Both vendors deposit collections into a bank account under the Treasurer/Collector’s control and submit reports of their collection and deposit activity.

Treasurer/Collector staff will take the following steps to process all tax, excise, and utility payments.

Objectives	Steps
B-1) Receive payments by mail or over the counter	<ul style="list-style-type: none"> ▪ If no remittance stub was included, print one from Munis. ▪ Verify whether the amount received equals the amount due on the remittance stub. If it does not, write the actual amount paid on the stub. ▪ For in-person, cash payments (only), use a prenumbered receipt book to issue receipts regardless of whether the payers attempt to refuse them. In the cash receipt book, note: <ul style="list-style-type: none"> ○ date ○ payer ○ amount ○ receivable type (property tax, excise, etc.) and fiscal year ○ bill number

Objectives	Steps
	<ul style="list-style-type: none"> ▪ When cash is received for a payment, stamp "CASH" on the remittance stub. ▪ Create a deposit slip for each day's cash receipts.
B-2) Secure receipts	Secure all cash receipts and any checks that have not yet been scan-deposited in a locked cash drawer or safe (overnight) until they are deposited in the bank.
B-3) Receive deputy collector report	Receive weekly report of excise collections from AP Jones.
B-4) Recognize e-payments	<ul style="list-style-type: none"> ▪ Download electronic funds transfer (EFT) files from escrow companies and verify that each file equals its supporting documentation. ▪ Download lockbox files from UniPay by date and type to create text files, repeating until all receivable types have been downloaded, and verify the file batch totals equals UniPay reports. ▪ Research any differences prior to upload to Munis. ▪ Upload the EFT and lockbox text files to a Munis processing folder.
B-5) Post payments	<p>The same day as receipt:</p> <ul style="list-style-type: none"> ○ Use the remittance stubs to enter payments in small Munis batch files. ○ Manually calculate the total batch and verify it with the Munis total. When equal, post the batch. ○ Post each EFT report and lockbox text file to a Munis batch file. ○ Enter the collection information from AP Jones excise report. ○ Print each batch report and file them with their remittance stubs or electronic reports in order of posting.
B-6) Deposit receipts and reconcile them with Munis postings	<ul style="list-style-type: none"> ▪ The Treasurer/Collector will ensure any received cash is delivered to the bank within 24 hours. ▪ Verify the bank deposit slip for the cash equals the total posted in the Munis batch. ▪ Scan the checks corresponding to each posted Munis batch on the remote deposit capture (RDC) scanner. ▪ Verify each RDC batch's check total equals its posted Munis batch. ▪ Retain the scanned checks in packages under the cover of the RDC's batch deposit report.
B-7) Conduct a check-and-balance with control book	<ul style="list-style-type: none"> ▪ In an Excel Daily Collections report, enter each remittance, EFT, and online payment amount to calculate totals received by pay and receivable types. ▪ Verify the totals equal the Munis Collector's receivable control book totals and resolve any discrepancies.
B-8) Complete a turnover	<ul style="list-style-type: none"> ▪ On the last workday each week, print a summary Munis Collector's receivable control report for the week. ▪ Review the Treasurer/Collector's bank accounts online to reconcile the Munis report with the deposit activity for that week. Research and resolve any discrepancies and note any in-transit deposits for UniPay payments. ▪ Attach a Schedule of Department Payments to the Treasurer to the Munis report, sign the Schedule, and make one copy to retain on file.
B-9) Notify the Finance Director	Immediately after completing the weekly turnover, deliver the signed Schedule to the Finance Director.
B-10) Segregate duties	<p>Separate Treasurer/Collector employees shall be tasked with:</p> <ol style="list-style-type: none"> 1) Receiving payments and posting them in Munis 2) Depositing receipts 3) Completing a turnover

C. Treasurer/Collector Staff Process Direct Treasury Receipts and Turned-over Revenues

Note: The Town currently contracts with AP Jones to collect delinquent parking tickets. AP Jones deposits these receipts into a bank account under the Treasurer/Collector's control and submits reports of its collection and deposit activity.

Treasurer/Collector staff will take the following steps to process all turnovers from departments, in addition to direct treasury receipts.

Objectives	Steps
C-1) Receive turnovers from departments	<ul style="list-style-type: none"> ▪ Add up the presented checks and/or cash. ▪ Correct any errors directly on the Schedule copies and initial them along with the departmental employee. ▪ When the Schedule is correct, sign it, make two copies of the signed form, return the two copies, and retain the original.
C-2) Secure receipts	Secure all cash receipts and any checks that have not yet been scan-deposited in a locked cash drawer or safe (overnight) until bank deposit.
C-3) Deposit receipts	<ul style="list-style-type: none"> ▪ Create a deposit slip for each day's cash receipts. The Treasurer/Collector will ensure any received cash is delivered to the bank within 24 hours. ▪ As the departmental turnovers are received, scan the checks on the remote scanner to deposit them in the bank. ▪ Verify the scanned check total equals the check total on the turnover. ▪ Retain the scanned checks in packages under the cover of the scanner's batch deposit report. ▪ Verify the cash deposits and scanned checks equal the total Schedules for the period.
C-4) Recognize direct Treasury revenues	<ul style="list-style-type: none"> ▪ Review daily EFT reports on VendorWeb to identify state aid, grant funds, and other revenue, and notify applicable departments of receipt. ▪ Review banking activity to identify earned interest when doing monthly bank reconciliations.
C-5) Receive turnover reports from vendor	Receive reports of parking collections from AP Jones.
C-6) Complete a turnover	When the Treasury receipts in C-4 and C-5 above are recognized, include them in a Schedule of Departmental Payments to the Treasurer, sign this Schedule, and make a copy.
C-7) Notify Finance Director of turnover	Immediately after completing the turnover (C-6), send the signed Schedule to the Finance Director
C-8) Data enter revenues	<ul style="list-style-type: none"> ▪ Enter the data from each Schedule into Munis. These Schedules include all those turned over internally from Collections to Treasury and from Treasury to Treasury, as well as those received from other Town departments. ▪ This data entry will be done the same day that the Treasurer/Collector staff received the departmental Schedule or created the internal Schedule.
C-9) Update the cashbook	Within 24 hours of the revenues being entered in Munis, the Treasurer/Collector will record them in the Excel cashbook by noting the banks, deposit amounts, and deposit receipt numbers.

Objectives	Steps
C-10) Notify Finance Director of revenues	<ul style="list-style-type: none"> ▪ On the last workday each week, print a Munis Schedule of Treasurer’s Receipts for the week. ▪ Reconcile the Schedule with online banking activity showing the deposits for the same period and resolve any discrepancies. ▪ Also compare the Schedule to the cashbook and resolve any discrepancies. ▪ Sign the Schedule, make one copy to retain on file, and send the original to the Finance Director. ▪ If necessary, prepare a final Schedule of Treasurer’s Receipts to record interest or any other month-end receipts and provide it to the Finance Director.
C-11) Ensure timely recognition of Town revenues	<ul style="list-style-type: none"> ▪ Every other Monday, print a Munis report of the Schedules of Treasurer’s Receipts for last two weeks sorted by department ▪ Review the report against a checklist of all revenue-processing departments. ▪ Email the Finance Director a biweekly turnover status report either stating that all departments have made turnovers or listing any department(s) that did not make a turnover within the last two weeks.
C-12) Segregate duties	<p>Separate Treasurer/Collector employees shall be tasked with:</p> <ol style="list-style-type: none"> 1) Receiving turnovers and scan-depositing the checks 2) Delivering cash turnovers to the bank 3) Posting receipts in Munis 4) Reconciling the Munis weekly report of revenues with online banking activity and sending the Schedule of Treasurer’s Receipts to the Finance Director

D. Finance Director Office Staff

The Finance Director’s office shall have an inbox for receiving Schedules from departmental employees and Treasurer/Collector staff.

Objectives	Steps
D-1) Receive a turnover report	<p>Verify that each Schedule of Departmental Payments or Schedule of Treasurer’s Receipts has been signed by a Treasurer/Collector staff member. When it is not, call the person who provided the report to investigate why.</p>
D-2) Conduct a check-and-balance on the Schedules	<ul style="list-style-type: none"> ▪ Within one week of receiving each Schedule of Departmental Payments to the Treasurer, match its data with the Treasurer’s Schedule of Receipts. ▪ Verify the general ledger (GL) account numbers for all receipts. ▪ Investigate any discrepancies with the department head or Treasurer/Collector.
D-3) Update the GL	<p>Validate the receipts packet in Munis and post the data into the GL.</p>
D-4) Ensure Town revenues are accounted for timely	<ul style="list-style-type: none"> ▪ Review the Treasurer/Collector’s biweekly turnover status report (see C-12). ▪ Email any department head who has not made a turnover within the last two weeks requesting the status of receipts and cc. the Town Manager.
D-5) Audit receipt processing	<ul style="list-style-type: none"> ▪ At least once a year, make site visits to departments to audit their receipt processing, including tracing samples of receipt log listings to their deposits. ▪ Submit a written audit report to the Town Manager with any necessary recommendations for improving procedures.

REFERENCES

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

Great Barrington policies on Antifraud and Reconciliations

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

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

This policy pertains to the enforcement of all delinquent property tax liens. It applies to the job duties of the Treasurer/Collector, including the responsibility for managing services contracted through the Town's tax title attorney. It further applies to all Great Barrington real estate property owners whose Town taxes, fire district taxes, and wastewater charges are not exempt.

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

The Treasurer/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 Treasurer/Collector will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places. The Treasurer/Collector customarily publishes notices in in *The Berkshire Eagle* newspaper and posts them on bulletin boards at the two

local post offices, town hall, and the Mason library. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

The Treasurer/Collector will work with delinquent taxpayers to suspend the tax taking process, and potentially avoid the Tax Taking advertisement, if they make partial payments of least 10 percent of the outstanding tax on a regular basis. However, the Treasurer/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 Treasurer/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 Treasurer/Collector will notify the affected property owners of the liens by sending each of them a letter and a copy of the Instrument. The Treasurer/Collector will provide copies of the List of Recorded Takings to the Finance Director and Town Manager.

C. Subsequent Taxes

After the demand bill and before June 15 each year, the Treasurer/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 Treasurer/Collector will provide copies of the report to the Finance Director and Town Manager and retain one on file.

D. Interest, Fees, and License Revocation

All delinquent taxpayers are subject to charges, which the Treasurer/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 Treasurer/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/Collector 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/Collector will actively monitor compliance with all such agreements, which will have the following features in common:

- *Signed agreement between the Treasurer/Collector 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/Collector 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/Collector 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/Collector will identify all properties of significant value to process for potential foreclosure in Land Court. To do this, the Treasurer/Collector 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/Collector will ensure the tax title attorney complies with the objectives laid out in this policy section. The Treasurer/Collector 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/Collector 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/Collector 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](#)

Great Barrington Bylaws, Chapter 49 Section 1: Denial of Licenses to Delinquent Taxpayers, and policies on Antifraud and Reconciliations

DLS Best Practice: [Enforcing Collections](#) and 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].

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. It also provides guidelines for determining reasonable travel-related expenses and details the procedures, forms and documentation required for reimbursement.

APPLICABILITY

This policy applies to all elected and appointed officials and employees of the Town (all referred to here as “employees”), and it pertains to the process for reimbursing them for costs incurred during authorized travel on Town business.

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

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 in the employee's union contract. The maximum per diem for any nonunion employee will equate to the amount established in the [insert applicable union here] contract.

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 Finance Director 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\(d\)](#)

Great Barrington's policies on Antifraud and Disbursements: Accounts Payable

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

This policy pertains to the tasks necessary to close the fiscal year's books and complete required annual reports. It applies to the responsibilities of all department heads in managing and reporting on their budgets and assets. It further applies to the related year-end compilation, reconciliation, and/or oversight duties of the Town Manager, Finance Director, and Treasurer/Collector. Additionally, it pertains to the budget transfer authority of the Selectboard and Finance Committee.

POLICY

The Town Manager will hold the Finance Director and 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 Finance Director 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 Finance Director 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 Finance Director 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 Finance Director 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 Finance Director in writing, provide funding source(s), and state when it will be resolved so that she can plan for closing the account.

The Finance Director 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 Finance Director 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 Finance Director will notify the Treasurer/Collector 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 Finance Director will refer the shortfall to the Town Manager to either submit it for either a debt authorization, an appropriation from available funds by town meeting, or a line-item transfer by the Selectboard and Finance Committee (see section D below).

By June 15, the Finance Director 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 Finance Director an asset update report with notes confirming the existing data, making additions, and/or noting appropriate deletions, along with narrative explanations. The Finance Director will update the Town's capital asset inventory based on the returned information.

D. Year-end Transfers

The Finance Director will pay close attention to any appropriation deficits that may be rectified through line-item transfers and notify the Town Manager. No earlier than May 1 and no later than July 15, the Town Manager will put any necessary transfer request on the Finance Committee's meeting agenda, followed by the Selectboard's meeting agenda, for their authorizations.

E. Closing the Books

No later than August 31, the Finance Director 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.

Finance Director:

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

Finance Director and Treasurer/Collector:

- | | |
|--|--------------|
| ▪ Statement of indebtedness | September 30 |
| ▪ Treasurer/Collector'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](#)

Great Barrington policies on Antifraud, Capital Planning, 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].

POLICY LOG

BUDGETING & FINANCIAL PLANNING

Policy	Adopted	Last Reviewed	Amended
Annual Budget Process			
Capital Planning			
Debt Management			
Financial Reserves			
Forecasting			
Indirect Cost Allocation			
Investments			
OPEB Liability			

FINANCIAL OPERATIONS

Policy	Adopted	Last Reviewed	Amended
Antifraud			
Disbursements: Accounts Payable			
Disbursements: Payroll			
Grants Management			
Procurement Conflict of Interest			
Purchasing			
Reconciliations			
Revenue Receipt and Turnover			
Tax Enforcement			
Travel Reimbursement			
Year-end Closing			