

# **FINANCIAL POLICY MANUAL | TOWN OF PLAINFIELD**

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A COMMUNITY COMPACT CABINET INITIATIVE

APRIL 2019



# **DLS**

**DIVISION OF LOCAL SERVICES**  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

100 Cambridge Street, Boston, MA 02114

[www.mass.gov/dls](http://www.mass.gov/dls)

Zack Blake, Bureau Chief

Tara Lynch, Senior Project Manager



# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Christopher C. Harding  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

April 1, 2019

Board of Selectmen  
Town of Plainfield  
304 Main St. (Rte. 116)  
Plainfield, MA 01070

Dear Board Members,

I am pleased to present the enclosed set of financial policies for the Town of Plainfield 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](mailto:blakez@dor.state.ma.us).

Sincerely,

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

Sean R. Cronin  
Senior Deputy Commissioner



## INTRODUCTION

At the board of selectmen's request, the Division of Local Services Technical Assistance Bureau (TAB) created a financial policy manual for the Town of Plainfield. This project was a result of the Community Compact Cabinet initiative ([www.mass.gov/cc](http://www.mass.gov/cc)), whose goal is to encourage best practices in municipal government efficiency, accountability, and transparency.

Among the policies in the manual are some that incorporate certain provisions for local leaders to make decisions on. An example taken from the Debt Management policy is: "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." In each case, the draft policy has brackets around the decision point with the word(s) in the brackets representing TAB's suggestion based on researched best practices. In these cases, local officials should finalize the decisions and remove the brackets prior to adopting the policies. In addition, there are also some policies that make reference to currently contracted service providers (such as SoftRight), and these should be updated whenever the town changes vendors.

Please note that specific town meeting action will be required before Plainfield may adopt the Tax Enforcement policy as it is presented here. This is because it refers to tax title payment agreements, which require a bylaw for implementation per [M.G.L. c. 60, § 62A](#). The text below may serve as a template:

### **Article XX: Payment Agreements for Properties in Tax Title**

- XX.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").
- XX.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*].
- XX.1.3 At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- XX.1.4 The agreement's maximum term shall be five years.
- XX.1.5 Full compliance with agreement terms will result in a waiver of [*local decision: choose a percentage up to 50%*] of the tax title account's accrued interest.



# PLAINFIELD MASSACHUSETTS

## FINANCIAL POLICIES MANUAL







## **PREFACE**

The Town of Plainfield 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 Plainfield, through its Board of Selectmen, 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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## ANTIFRAUD

### PURPOSE

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

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

### APPLICABILITY

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

#### A. Definitions

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

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

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

**Fraud or other irregularity** refers but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets

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

#### B. Antifraud Responsibilities

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

The Board of Selectmen is collectively responsible for overseeing the investigation of all reports of fraudulent or abusive activity. To coordinate efforts to investigate such reports, the Board will designate one of its members to be the Town's Fraud Response Coordinator (FRC).

#### C. Reporting Suspicion of Fraud

Any Town employee or official who suspects fraud or abuse has occurred will promptly report it to the FRC, who will duly post the matter for discussion in an executive session of the Select Board. If the suspected fraud or abuse involves the FRC, the employee/official will report it to one of the other two Selectmen. Whoever receives the initial report will document it in writing and include sufficient details to ensure a clear understanding of the issues raised.

The Board of Selectmen is accountable for maintaining the confidentiality of all information related to a report of potential fraud or abuse, and the person making the report is protected from retaliation under the provision of Section G below. The Town therefore strongly encourages individuals to put their names to reports; however, an anonymous report can be emailed to [*FRC's Plainfield email address here*].

#### D. Security of Evidence

Upon receipt of a report of suspected fraud or abuse, the FRC 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 any access by the individual or individuals suspected of committing fraud or abuse
- Relocating the records and assets to a secure location

### E. Investigation

As soon as possible after receipt of a report of potential fraud or abuse, the Board of Selectmen will meet in executive session and consider the following:

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

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

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

To begin the formal investigation, the Board of Selectmen will consult with the Town's contracted legal counsel to obtain guidance on next steps. From there, the Board may also seek the involvement of the Police Chief, Town Accountant, and other personnel as needed and may choose to employ an outside consultant to lead the investigation, such as an independent auditor.

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

Additionally, the Board of Selectmen will consult with the investigator to determine the corrective actions needed to implement or enhance internal controls designed to mitigate the risk of future fraudulent activity in the subject department and potentially town-wide. The subject department head(s) will subsequently provide the Board with monthly updates on the status of the corrective action(s) until the Board is satisfied that the controls are functioning properly.

### F. Confidentiality

All participants involved in a fraud investigation will keep its details and results confidential so as not to violate any individual's expectation of privacy, and the FRC 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 the Board of Selectmen's explicit authorization.

### G. Protections, Prohibitions and Penalties

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

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

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

Any employee who knowingly makes a false report, provides evidence they know to be false, or provides information without a reasonable belief in its truth and accuracy may be subject to disciplinary action. Evidence of false allegations made with malicious intent will result in disciplinary action, up to and including termination.

### H. Disclosure

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

### **REFERENCES**

[M.G.L. c. 149 § 185](#)

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

### **EFFECTIVE DATE**

This policy was adopted on [date]



## 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 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 Board of Selectmen and Finance Committee. It also applies to related job duties of the Town Accountant.

### 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 Finance Committee is charged to oversee the Town's 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.

#### A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over \$5,000 and to have or to extend five or more years of useful life. These include:

- Real property acquisitions and construction
- Long-life capital equipment
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Major improvements to physical infrastructure, including streets, sidewalks, and stormwater drains
- 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 and aggregated cost exceeding the \$5,000 capital threshold.

#### B. Capital Asset Inventory

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

### C. Evaluation of Capital Project Requests

The Finance Committee Chair will solicit capital project requests from all department heads as part of the annual budget process. In response, department heads will email their detailed requests to the Town Accountant. The Town Accountant will then compile the requests and forward them to the Finance Committee Chair along with an up-to-date capital asset inventory.

The Finance Committee will evaluate and prioritize capital project requests using the criteria below:

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

### D. Multiyear Capital Improvement Plan

The Finance Committee will annually update a capital improvement plan (CIP), including the upcoming fiscal year's capital budget and a four-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources. The Finance Committee will present a summary draft report of the plan to the Board of Selectmen for discussion. Subsequently, and no less than seven days before annual town meeting, the Finance Committee will publish a final capital plan in the budget recommendations report required under Article XI of the Town's bylaws.

### E. Capital Financing

On an annual basis, the Town will gradually increase the portion of the budget allocated to capital investments with the ultimate goal of achieving and maintaining a funding level of [three to five] percent of the general fund operating budget, net of debt.

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

- Short-term debt may be used to fully finance purchases with useful lifespans of less than 10 years.
- In accordance with Plainfield's Debt Management policy, the Town will restrict long-term debt funding to projects with lifespans greater than 10 years and costs exceeding \$100,000.
- Before any long-term, bonded capital project is recommended, the project's annual operating costs and debt service costs shall be identified.
- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through capital or debt exclusions.

- Infrastructure or facility maintenance budgets built into the general operating budget will not be reduced to fund other departmental budgets.

**REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 33B](#)

Plainfield policies on Financial Reserves, Forecasting, and Debt Management

Plainfield bylaws, Article XI Finance Committee, Sections B and C

Division of Local Services (DLS) Best Practices: [Presenting and Funding Major Capital Projects](#) and [Special Purpose Stabilization Funds](#)

DLS Financial Management Guidance: [Capital Improvement Planning Manual](#) and [Capital Improvement Planning Guide – Developing a Comprehensive Community Program](#)

**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 obtain a favorable bond rating so as to achieve long-term interest savings.

### APPLICABILITY

This policy applies to the budget decision-making duties of the Board of Selectmen and Finance Committee. It also applies to the Treasurer's debt management responsibilities and Town Accountant's budget analysis and reporting duties.

### POLICY

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

#### A. Debt Financing

In financing with debt, the Town will:

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

#### B. Debt Limits

The Town will adhere to these debt parameters:

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

### C. Structure and Terms of Debt

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

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).

### D. Debt Issued through the Bond Market

In addition to all the provisions detailed in the policy thus far, the Town will also adhere to the following provisions if it obtains debt funding through the issuance of bonds.

1. Any vote to authorize a borrowing by bond issuance will include an authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
2. 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.
3. To achieve potential debt service savings on long-term, tax-exempt debt through bond refunding the Town will:
  - a) Issue debt with optional call dates no later than 10 years from issue.
  - b) Analyze potential refunding opportunities on outstanding debt as interest rates change.
  - c) Use any net premium and accrued interest to reduce the amount of the refunding.
  - d) Work with the Town's financial advisor to determine the optimal time and structure for bond refunding.
4. To obtain and maintain a favorable bond rating, the Town will:
  - a) Maintain good communications with bond rating agencies, bond counsel, banks, financial advisors, and others involved in debt issuance and management.
  - b) 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.
  - c) Strive to implement and maintain strong management practices and debt ratios favored by rating agencies.

### E. Reporting

1. The Treasurer will report to the Board of Selectmen on the Town's debt status at least annually.
2. The Town Accountant will include an indebtedness summary as part of a report on receipts and expenditures in Plainfield's Annual Town Report.

3. If any debt has been bond-funded, the Town Accountant, with the Town's financial advisor, will annually file independent audit reports and official disclosure statements within 270 days of each fiscal year-end.

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

Plainfield Capital Planning policy

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

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

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].

## FINANCIAL MANAGEMENT TEAM

### PURPOSE

To maximize the effectiveness of financial practices by optimizing the coordination of interdepartmental activities and long-range plans, this policy establishes a financial management team that will meet regularly to discuss common goals and objectives.

Team meetings help the Town's finance officers to maintain open lines of communication and reinforce awareness of their interdependence. In this forum, team members can identify critical junctures, consider strategies to deal with anticipated areas of concern, and establish agreement about goals, deadlines, and each individual's role in meeting common objectives. A formal financial management team approach also fosters institutional continuity during times of turnover in financial offices.

### APPLICABILITY

This policy applies to the Town Accountant, Treasurer, Collector, and Assistant Assessor.

### POLICY

The Town establishes a financial management team consisting of the Town Accountant, Treasurer, Collector, and Assistant Assessor. In her dual role as the Town's Administrative Secretary, the Town Accountant will chair the meetings, schedule them at a consistent time each month, and email agendas to the other team members in advance.

Agenda topics will include:

- Updating the status of assigned responsibilities and due dates related to cyclical procedures, such as tax takings, tax recaps, year-end closings, and others
- Monitoring monthly revenue and expenditure reports and analyzing cash flow
- Reviewing the effectiveness of internal controls, including the status of reconciliations
- Coordinating submissions to the Division of Local Services
- Assessing special projects assigned by the Board of Selectmen or Finance Committee
- Pursuing professional development and training opportunities

### REFERENCES

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

Plainfield policies on Forecasting, Reconciliations, Tax Enforcement, and Tax Recapitulation

### 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, Plainfield 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 pertains to the short- and long-range budget decision-making duties of the Board of Selectmen and Finance Committee. It also applies to the related job duties of the Town Accountant and Board of Assessors.

### POLICY

The Town is committed to building and maintaining its reserves so as 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.

In total for the reserves under this policy, the Town will strive to maintain a minimum funding level of 25 percent of the annual operating budget. This is the equivalent to three months' worth of operating expenditures. As a generally accepted best practice, every municipality should seek to maintain reserves equating to at least two months' worth of expenditures and a higher amount when justified by local circumstances. This policy sets the higher target level because of Plainfield's relatively small overall budget size and the community's constrained options for financing capital projects given its low potential for accessing the bond market.

#### A. Free Cash

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

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

The Town shall set a goal of maintaining its year-end unappropriated free cash balance in the range of five to seven percent of the annual general fund budget. The Town will appropriate any excess above this target range to build reserves or offset unfunded liabilities. If the Town generates free cash consistently higher than 10 percent of the budget, the Finance Committee will closely examine its future budget proposals to determine if revenue projections should more closely align with



historical trends and make adjustments. Further, the Town will avoid annually using free cash “to reduce the tax rate,” since this is the same as using it to fund current operations.

#### 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. Although [M.G.L. c. 40, § 5B](#) allows a community to establish one or more stabilization fund to accumulate funds for specific purposes, Plainfield currently has only a single general stabilization fund.

The Town will endeavor to maintain a minimum balance of 20 percent of the current operating budget in the general stabilization fund. Withdrawals from the fund should only be used to pay for capital expenditures or to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. Whenever possible, withdrawals of funds should be limited to the amount available above the 20 percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the withdrawal should be limited to one-third of the general stabilization fund balance. Further, the Finance Committee will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

#### C. Overlay Surplus

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

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

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

#### **REFERENCES**

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

Plainfield policies on Capital Planning, Forecasting, and Tax Recapitulation

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

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

Government Finance Officers Association Best Practices: [Fund Balance Guidelines for the General Fund](#)

**EFFECTIVE DATE**

This policy was adopted on [date].

## FORECASTING

### PURPOSE

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

### APPLICABILITY

This policy applies to the Finance Committee and Board of Selectmen in their budget analysis and decision-making responsibilities. It also applies to the Town Accountant's and Assistant Assessor's job duties.

### POLICY

To determine the Town's operating capacity for future fiscal years, the Finance Committee Chair, with the Town Accountant's assistance, will annually create a detailed forecast containing five-year projections of revenues and expenditures. The Finance Committee and Board of Selectmen will use the forecast to support their decision making for the upcoming year's operating and capital budgets and for the Town's multiyear capital improvement plan. As a general rule, the Finance Committee Chair 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 at least slightly underestimate revenues and overestimate expenditures.

Once the Finance Committee has reviewed the initial forecast, the Finance Chair will provide it to the Board of Selectmen for its review and comment. In addition, the Finance Chair will promptly revise the forecast projections whenever circumstances change and provide updated forecasts to the Finance Committee and Board of Selectmen.

Before the Finance Chair creates an initial forecast as part of a new budget process year, the Finance Committee will review the performance accuracy of prior-year forecasts and any evolving factors related to the underlying assumptions to consider how projections in the new forecast may need to be adjusted. Factors to consider include changes in laws, regulations, inflation rate, interest rate, town goals, and policy decisions.

#### A. Guidelines for Revenue Assumptions

The following principles shall guide the formulation of revenue assumptions:

- Projections of the property tax levy will be confined by the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
- New growth projections will take into account the Town's three-, five- and 10-year averages by property class and advice from the Assistant Assessor.

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

The following principles shall guide the formulation of expenditure assumptions:

- The Town's current level of services will provide the baseline for projections.
- Historical trends in the growth of operating expenses and employee benefits will prevail.
- Projections will factor cost-of-living adjustments for the salaries/wages of regular employees.
- The Finance Committee will cultivate a strong relationship with the Mohawk Trail Regional School District's School Committee to receive timely, long-term estimates of district assessments.
- The Town will pay its annual pension contributions.
- The Town will pay all existing debt service obligations and adhere to its Capital Planning and Debt Management policies.

#### REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63A](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 63](#)

Plainfield policies on Capital Planning, Debt Management, and Financial Reserves

DLS Best Practice: [Revenue and Expenditure Forecasting](#)

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

#### 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's duties to manage and invest Town funds. If the Town contracts with any investment advisor(s), the Treasurer 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 Hampshire Regional Retirement System.

### POLICY

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

#### A. Investment Objectives

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

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

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

For **trusts and other long-term funds** (e.g., stabilization funds, cemetery perpetual care, and any similar funds set aside for long-term use), liquidity is less important than growth. The Treasurer will pool any individual funds that are invested in the same institution while also maintaining each fund in its own account so as to allow for the proper proportioning of interest and any realized and unrealized gains or losses. All trust funds are under the Treasurer's control unless otherwise directed by their particular donor(s).

### B. Conflict of Interest

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

### C. Investment Instruments

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

<b>Instrument Type</b>	<b>Short-term Funds</b>	<b>Long-term Funds</b>
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 <a href="#">Massachusetts Municipal Depository Trust (MMDT)</a> , 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"> <li>▪ Must be registered with the Securities and Exchange Commission (SEC)</li> <li>▪ Must have the highest possible rating from at least one rating organization</li> <li>▪ These are liquid investments, so maturity term is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Must be registered with the SEC</li> <li>▪ Must have the highest possible rating from at least one rating organization</li> </ul>
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"> <li>▪ The Town’s aggregate amount of long-term funds must exceed \$250,000 to invest in these.</li> <li>▪ Investment in mortgages, collateral loans, and international obligations is prohibited.</li> <li>▪ Cannot invest more than 1.5% of a particular fund in the stock of any single banking or insurance company</li> <li>▪ Cannot invest more than 15% of total aggregated funds in banking or insurance company stocks</li> </ul>

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

D. Risk Tolerance Guidelines

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

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

E. Diversification

The Treasurer will invest in a diverse portfolio to prevent overconcentration in any institution, issuer, or maturity type. Apart from money placed in the MMDT or obligations backed by U.S. government agencies, the Treasurer will invest no more than 25 percent the Town's long-term funds with a single financial institution. In addition, the Treasurer will ensure compliance with the



various allowable percentage thresholds for specific investment instruments and issuers set forth in the List of Legal Investments.

#### F. Selection of and Relationship with Financial Institutions

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

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

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

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

#### G. Standards of Care

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

#### H. Reporting Requirements

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

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

**REFERENCES**

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

[M.G.L. c. 29, § 38A](#)

[M.G.L. c. 44, § 54](#)

[M.G.L. c. 44, § 55](#)

[M.G.L. c. 44, § 55A](#)

[M.G.L. c. 44, § 55B](#)

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

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

Plainfield Procurement Conflict of Interest policy

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

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

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

Massachusetts Depositors Insurance Fund [FAQs](#)

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

SEC webpage [Form ADV Information](#)

**EFFECTIVE DATE**

This policy was adopted on [date].

## ONE-TIME REVENUES

### PURPOSE

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

### APPLICABILITY

This policy applies to the Finance Committee and Board of Selectmen in their budget analysis and decision-making responsibilities. It pertains to any source of revenue that occurs in isolation in a given year (i.e., not repetitively, either year after year or over a limited period of years). These sources can include, but are not limited to, free cash, overlay surplus, sale of municipal assets, tax lien sales, insurance proceeds, and gifts.

### POLICY

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. Instead, the Town will use the revenue to finance capital improvements, pay one-time expenditures, or meet reserve level goals before considering using any portion for operational needs. Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenues. In such cases, the Finance Committee may recommend their use for operational appropriations and will develop an action plan to avoid continued reliance on one-time revenues.

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

1. Cash capital budget
2. General stabilization fund
3. [Other]

State laws impose specific restrictions on how certain types of one-time revenues may be used. Whenever revenue derives from a gift or grant (c. 44, §53A), proceeds from bonds (c. 44, 20), or sale of real estate (c. 44, § 63), the Town will consult the applicable General Law in the References section below.

### REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

[M.G.L. c. 44, § 53](#)

[M.G.L. c. 44, § 53A](#)

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

### EFFECTIVE DATE

This policy was adopted on [date].

## PROCUREMENT CONFLICT OF INTEREST

### PURPOSE

To ensure integrity in the procurement and contract processes, to educate Town employees, consultants, uncompensated outside parties, and any other person involved in decisions to award contracts about potential conflicts of interests, and to establish a process for the screening of 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 relevant duties of the Selectman designated by the Select Board as the Town's chief procurement officer ("the CPO"), as well as to the Town Accountant's job duties. 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. Plainfield 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.

To comply with the state's [Uniform Procurement Act](#), any purchase for supplies or services ([with certain exceptions](#)) costing more than \$10,000 requires solicitation of three written quotes for contracts and those over \$50,000 require competitive sealed bids or proposals for contracts. No quote or bid process is required when procuring supplies or services from vendors that are under state contracts or involved in regional cooperative purchasing agreements.

#### 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 must:

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 CPO.

The CPO must:

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. Conflicts of Interest Defined

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.

In reference to any federal grants, the Office of Management and Budget's Omni Circular states that 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."*

It further 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 CPO any potential conflict of interest affecting procurement transactions before any contract is signed, commitment made, or order placed. 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, personal 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 must:

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 CPO prior to commencing any procurement or contract activity.

The CPO must:

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

#### D. Compliance Reviews

The Town Accountant will conduct random reviews of compliance with this policy.

#### **REFERENCES**

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

[M.G.L. c. 41, § 57](#)

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

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

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## RECONCILIATIONS

### PURPOSE

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

### APPLICABILITY

This policy applies to the Town Accountant, Treasurer, and Collector, and all department heads who manage special revenue funds.

### POLICY

At minimum on a quarterly basis, the Treasurer, Collector, and department heads who manage special revenue funds will internally reconcile their respective accounting records and subsequently reconcile them with the Town Accountant.

#### A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue activity, the Treasurer will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Treasurer will make certain that all cash receipts, disbursements, transfers, and interest are recorded in the cashbook within one week of each transaction. The Treasurer will reconcile cashbook accounts to their corresponding bank accounts within one week of receiving monthly bank statements. These will include zero-balance vendor and payroll bank accounts, whose balances must equal the outstanding checks at the end of any month.

The Treasurer will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cashbook and financial institutions, and will correct them when appropriate. The Treasurer will then forward the reconciled cashbook balances in an Excel report to the Town Accountant and, when necessary, forward 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, which are all itemized in separate general ledger accounts. The Treasurer must verify and reconcile all withholdings recorded in SoftRight's payroll module to the actual disbursements.

The Treasurer will report specific payroll deductions subject to vendor invoices, such as health insurance, to the Town Accountant for recording in the general ledger. To reduce the risk to the Town for liabilities in excess of deductions, the Treasurer will conduct quarterly reconciliations of those deductions and identify any discrepancies prior to remitting invoices for payment. The Treasurer will make any necessary payroll changes or adjustments and provide the details of these activities to the Town Accountant.

### C. Accounts Receivable Reconciliation

The Collector's accounts receivable are the outstanding monies owed to the Town from committed bills (i.e., taxes, excises). To ensure these assets are accounted for and balanced, the Collector will make certain that all cash receipts are recorded timely, maintain a control record for each receivable type and levy year, and verify the detail balance agrees with the receivable control.

The receivable control is a record of original entry in which the Collector reduces a commitment according to processed collections, abatements, and exemptions and increases it by issued refunds. To maintain accuracy, the Collector 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 Collector must determine the discrepancy by:

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

The Collector will forward to the Town Accountant a Schedule of Outstanding Receivables report showing the internally reconciled accounts receivable balances.

### D. Special Revenue Reconciliation

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

### E. General Ledger Reconciliation

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

The general ledger's cash accounts should reflect only those transactions reported to the Town Accountant by the Treasurer, so that in theory, the general ledger should be in balance with the cashbook. However, errors may occur due to omitting transfers or transactions or applying them in the wrong amounts or to the wrong accounts. Whenever the Town Accountant identifies a



discrepancy between the general ledger and the cashbook, the following steps must be taken in conjunction with the Treasurer to determine the cause:

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

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

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

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

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

#### F. Time frames and Documentation

On the first business day of each month that follows a quarter-end, the Town Accountant will request that the Treasurer, Collector and department heads in charge of special revenue funds send their reconciling documents to her no later than the 15<sup>th</sup> calendar day of the same month. If the Town Accountant cannot subsequently reconcile the received documents with the general ledger, she will schedule meetings with relevant employees to work on resolving the discrepancies together. Employees subject to this policy will complete reconciliations of their internal accounting records monthly so that the subsequent quarterly reconciliations to the general ledger take place no later than the 30<sup>th</sup> of the month after each quarter's end. On this same quarterly basis, the Town Accountant will extend the cash reconciliation process to individually reconcile every general ledger account that directly corresponds to a specific bank account (e.g., stabilization funds, trust funds, guarantee bond deposits).

Each general ledger reconciliation will be documented by a worksheet cosigned by the two parties. If, at that time, any variance has not yet been fully resolved, this must be noted, along with a work

plan and timetable for resolution. The Town Accountant will submit the collective set of reconciliation worksheets to the Board of Selectmen quarterly.

**REFERENCES**

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

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

Plainfield Revenue Turnover policy

**EFFECTIVE DATE**

This policy was adopted on [date].

## REVENUE TURNOVER

### PURPOSE

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

### APPLICABILITY

This policy applies to the Treasurer, as the Town's cash manager, as well as to all individuals within each department assigned responsibility for handling payments. It further applies to the Town Accountant's duty to keep the general ledger up to date. It 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.

### POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer. The Board of Selectmen will ensure that surety bonds are maintained for all individuals responsible for handling payments to indemnify the Town from potential lost revenue. Each department will turn over at least weekly and sooner than that when receipts total \$300 or more. All cash management activity is subject to review by the Town Accountant.

The Treasurer's posted office hours are Wednesdays from 9:00am to 12:30pm. All turnovers must be given to the Treasurer only, in person, during these hours or at other unposted times that the Treasurer may be working at Town Hall.

#### A. Receiving Payments

The Collector and all employees in other departments who are authorized to receive payments will use prenumbered receipt books to issue receipts to all individuals making payments in person, regardless of whether the payers attempt to refuse them. They will also identify the forms of payment (check, cash or credit card) in the receipt books and immediately endorse every check with "For Deposit Only" using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cashbox or safe until completing a turnover to the Treasurer.

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

#### B. Turning Over Revenues

Departmental staff will fill out a Payments to the Treasurer form (i.e., the turnover form) and obtain the department head's signature on it. Every listed receipt should tie back to a receipt book entry and to the receipt summary reports maintained by the department head. Departmental staff will

deliver the turnover package in person and at no time may leave any unattended turnovers in the Treasurer's office or elsewhere in Town Hall.

When the Treasurer has accepted the turnover, the department employee will receive two turnover copies with the Treasurer's signature. The employee will retain one copy on file and deliver the other to the Town Accountant. The Town Accountant will refuse to accept any turnover that does not have the Treasurer's signature.

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

### C. Receiving Turnovers

When presented with the turnover, the Treasurer will count the receipts in the presence of the employee doing the turnover. Any inaccuracies will be corrected on the form at that time and initialed by both parties. The Treasurer will then sign the form, make two copies, retain the original, and return the copies to the departmental employee.

Within one week of accepting a turnover, the Treasurer will post the receipt data in SoftRight's Treasury Receipts module and deposit the checks using a remote scanner. Cash payments will be maintained in a safe until the Treasurer takes them to the bank for deposit, which will take place no less than weekly. Until either type of deposit is made, the Treasurer will ensure that all receipts are secured at all times in a safe.

Monthly, the Treasurer will submit a SoftRight Schedule of Receipts report to the Town Accountant. Within two weeks of receiving this report, the Town Accountant will compare the turnover forms received from departments with the receipt data posted by the Treasurer in SoftRight and contact the Treasurer or appropriate departmental employee about any discrepancies. After verifying the information by this process, the Town Accountant then post the receipt data to the general ledger.

### **REFERENCES**

[M.G.L. c. 41, § 35](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 44, § 69](#)

[M.G.L. c. 60, § 57A](#)

Plainfield Reconciliations policy

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 local taxpayers and applicable Town employees, 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 applies to the Collector's and Treasurer's relevant job duties, including the Treasurer's responsibility for managing services contracted through the Town's tax title attorney. Tax enforcement applies to all Plainfield real estate property owners whose taxes 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 property tax collection rate of [98] percent by fiscal year-end. A tax delinquency is defined as a bill outstanding at least one year and one day after its final due date, and it represents a lien on property that remains in effect until all taxes, interest, and fees have been paid in full. The costs of all collection methods are added to the real estate tax bill and property lien. The Town will also periodically pursue foreclosure actions with the primary objective of receiving all monies due.

#### A. Demands

Final taxes are due to be paid as of May 1 each year (the due date for the second, semiannual tax bill). No later than June 1, the Collector will issue demand notices to all assessed property owners who have failed to pay in full, have not been granted full exemptions, and do not have automatic stays on record due to bankruptcy filings. Taxpayers are responsible for notifying the Town in writing of any mailing address changes.

#### B. Tax Taking

The Collector will begin the tax taking process within 60 days of the demand notice. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Collector must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed to secure, or perfect, the tax liens. The Collector shall carefully document the taking process to preserve the Town's rights for future actions.

The Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by September 1, the Collector will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places. The Collector will publish notices in the Daily Hampshire Gazette and post them on bulletin boards at town hall and the local post office. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

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

C. Subsequent Taxes

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

D. Interest, Fees, and License Revocation

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

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

E. Tax Title Payment Agreements

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

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

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

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

## F. Redemption or Foreclosure

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

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

If a taxpayer or other party pays the outstanding amount on a tax title property, the Treasurer will prepare an Instrument of Redemption and file it at the Registry of Deeds, which removes the lien. Redemption can only be done prior to the property being foreclosed. If the obligation remains unpaid, the tax title attorney will proceed with foreclosure action in Land Court, possibly resulting in auctioning of the property.

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

### REFERENCES

<a href="#">M.G.L. c. 60, § 6</a>	<a href="#">M.G.L. c. 60, § 16</a>	<a href="#">M.G.L. c. 60, § 50</a>	<a href="#">M.G.L. c. 60, § 53</a>
<a href="#">M.G.L. c. 60, § 54</a>	<a href="#">M.G.L. c. 40, § 57</a>	<a href="#">M.G.L. c. 60, § 61</a>	<a href="#">M.G.L. c. 60, § 62</a>
<a href="#">M.G.L. c. 60, § 62A</a>	<a href="#">M.G.L. c. 60, § 63</a>	<a href="#">M.G.L. c. 60, § 76</a>	<a href="#">M.G.L. c. 60, § 77</a>
<a href="#">M.G.L. c. 60, § 79</a>	<a href="#">M.G.L. c. 60, § 80</a>		

Plainfield Bylaws, Article XVI: Denial, Revocation, Suspension of Local Licenses and Permits

DLS Best Practice: [Enforcing Collections](#)

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

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

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

### EFFECTIVE DATE

This policy was adopted on [date].

## TAX RECAPITULATION

### PURPOSE

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

### APPLICABILITY

This policy applies to the Board of Selectmen in its policymaking and management responsibilities and to the Board of Assessors in its role as principal overseer of the tax recap process. It also applies to the related job duties of the Town Accountant, Assistant Assessor, Treasurer, and Town Clerk.

### BACKGROUND

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

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

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

### POLICY

The employees subject to this policy will coordinate to annually complete the tax recap process no later than December 15. The Town Accountant, acting as the Town’s Administrative Secretary and chair of its Financial Management Team, will develop a realistic plan and timetable to meet these deadlines and keep the Board of Selectmen apprised of progress.

#### A. Preparation and Town Meeting

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

- The Board of Selectmen, in coordination with Town Counsel, will assure the production of a properly written town meeting warrant that will allow town meeting voters, under the Town Moderator’s oversight, to properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization, etc.).



- The Board of Selectmen will ensure that any annual increase in the tax levy does not exceed the maximum allowed under Proposition 2½.
- The Town Accountant and Board of Selectmen will verify that the proposed budget is balanced.
- The Town Accountant will prepare a schedule of funds available for appropriation by town meeting.
- The Treasurer and Town Counsel will ensure any debt issuance authorizations are proper.
- The Board of Selectmen will ensure that any proposal for a general override or a debt, capital, or special purpose stabilization fund exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum.

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

#### B. Recording Legislative Actions

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

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

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

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

- Report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap).
- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap).

- Enter estimated local receipts using the revenue projections from the budget approved at annual town meeting (page 3, column (b) of the recap).

#### D. Property Value Certification

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

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

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

#### E. Tax Rate Setting

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

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

#### F. Review and Submittal to DLS

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

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

**REFERENCES**

[M.G.L. c. 40, § 56](#)

[M.G.L. c 40A, § 11](#)

[M.G.L. c 41, § 115A](#)

[M.G.L. c. 59 § 5C](#)

[M.G.L. c. 59, § 21C](#)

[M.G.L. c. 59, § 25](#)

DLS Training Publication [Assessors Course 101 Handbook Chapter 5: Setting the Tax Rate](#)

**EFFECTIVE DATE**

This policy was adopted on [date].



**APPENDIX**



**POLICY LOG**

<b>Policy</b>	<b>Adopted</b>	<b>Last Reviewed</b>	<b>Amended</b>
Antifraud			
Capital Planning			
Debt Management			
Financial Management Team			
Financial Reserves			
Forecasting			
Investments			
One-time Revenues			
Procurement Conflict of Interest			
Reconciliations			
Revenue Turnover			
Tax Enforcement			
Tax Recapitulation			





## MUNICIPAL CALENDAR

### Abbreviations Defined

<b>DLS</b>	Division of Local Services
<b>BLA</b>	DLS Bureau of Local Assessment
<b>BOA</b>	DLS Bureau of Accounts
<b>EQV</b>	Equalized Valuation

### July

1	Assessors and Accountant	<b>Begin Compiling Data for the Tax Rate Recapitulation Sheet (the recap)</b>
15	Accountant and Treasurer	<b>Deadline to Process all Prior-Year Unencumbered Expenditures</b> Per <a href="#">M.G.L. c. 44, § 56</a> , this is the deadline to record and pay all unencumbered expenditures incurred as of June 30.
15	Pipeline Company; Telephone/Telegraph Co.	<b>Deadline for a Pipeline Company or a Telephone/Telegraph Company to Appeal the Commissioner's Valuations</b>
20	BLA	<b>Notification of Changes in Proposed EQVs (even years only)</b>

### August

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

### September

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

### October

1	Collector	<b>Mail First-half Property Tax Bills</b>
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|----|-----------|---|
| 1  | Taxpayer  | <p><b>Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land</b></p> <p>Under <a href="#">M.G.L. c. 61A, §§ 6 and 8</a> and <a href="#">c. 61B, §§ 3 and 5</a>, this is the deadline to apply to the Assessors to have land valued, taxed, and classified as agricultural/horticultural or recreational land in the next fiscal year. Taxpayers who miss this deadline have until 30 days after the mailing of the actual tax bills to apply to the Assessors.</p> |
| 1  | Taxpayer  | <p><b>Deadline for Submitting Forest Land Certification and Management Plan</b></p> <p>As set by <a href="#">M.G.L. c. 61, § 2</a>, this is the deadline to submit to the Assessors the State Forester's certification and approved management plan to have land classified as forest land for 10 years beginning in the next fiscal year.</p>  |
| 15 | Assessors | <p><b>Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)</b></p>   |

## November

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|----|-------------------------------|---|
| 1  | Taxpayer                      | <p><b>Deadline to Pay First-half Tax Bill without Interest</b></p> <p>This is the deadline to pay the first tax payment without interest when the tax bills were mailed by October 1. If the bills were mailed after October 1, the deadline is 30 days after the mailing date.</p>       |
| 1  | Taxpayer                      | <p><b>Deadline for Property Tax Abatement Application</b></p> <p>Per <a href="#">M.G.L. c. 59, § 59</a>, applications for abatement are due on the same date as the first actual tax installment for the year.</p>  |
| 1  | Selectmen<br>and<br>Assessors | <p><b>Hold Classification Hearing (recommended date)</b></p> <p>At this public hearing, the Board of Selectmen decides whether to apply uniform or different tax rates to the various classes of real and personal property after considering information presented by the Assessors.</p> |
| 30 | Assessors                     | <p><b>Submit Tax Recap and all Schedules to BOA</b></p>   |
| 30 | Accountant                    | <p><b>Submit Schedule A to BOA</b></p> <p>Failure to file Schedule A by this date may result in the delay or forfeiture of state aid.</p>   |

## December

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|----|-----------|---|
| 31 | Assessors | <p><b>Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners</b></p> |
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## January

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

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|---|-----------------------------|--|
| 1 | Telephone/<br>Telegraph Co. | <p><b>Deadline for Telephone/Telegraph Company to File Form of List</b></p> <p>BLA may extend this deadline to a date no later than April 1.</p> |
|---|-----------------------------|--|

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

## April

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|---|-----------|--|
| 1 | Collector | <p><b>Mail Second-half Property Tax Bills</b></p>  |
| 1 | Taxpayer  | <p><b>Deadline to Apply for Property Tax Exemptions</b><br/>This is the deadline to apply to the Assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have three months from the mailing date to file exemption applications.</p> |

## May

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|---|-------------------------|--|
| 1 | Taxpayer                | <p><b>Deadline to Pay 2<sup>nd</sup> half Tax Bill without Interest</b></p>  |
| 1 | Accountant<br>Treasurer | <p><b>Notification of Amount of Debt Due in Next Fiscal Year</b><br/>As required by <a href="#">M.G.L. c. 44, § 16</a>, the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year.</p> |

## June

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|---|------------|--|
| 1 | Town Clerk | <p><b>Certify Appropriations</b><br/>The Town Clerk should certify appropriations immediately after town meeting so that the Accountant can set up accounts for every department for the next fiscal year.</p>   |
| 1 | Town Clerk | <p><b>Update the Local Officials Directory (LOD) in Gateway</b><br/>The Town Clerk annually updates the LOD with the names, position titles, and email addresses of local officials.</p>   |
| 1 | Assessors  | <p><b>Determine Valuation of Other Municipal or District Land</b><br/>In any town where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send the property owner a notice of the valuation in the year following a revaluation year.</p> |
| 1 | BLA        | <p><b>Notifications of State-owned Land Valuations (even years only)</b></p>   |
| 1 | BLA        | <p><b>Notification of Proposed EQVs (even years only)</b></p>  |

- 10 BLA **Conclude Public Hearings on Proposed EQVs (even years only)**
- 15 BLA **Determine and Certify Pipeline and Telephone/Telegraph Valuations**
- 20 Assessors **Final Date to Make Omitted or Revised Assessments**  
As required by [M.G.L. c. 59, §§ 75](#) and [76](#), if any property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's duty to fix the mistake and assess the property correctly. The new assessment must be made by June 20 of the taxable year or by the 90th day after the date the tax bills are mailed, whichever is later.
- 30 Assessors **Submit Annual Report of Omitted or Revised Assessments to BLA**
- 30 Taxpayer **Deadline to Apply to Have Land Classified as Forest Land**  
Per [M.G.L. c. 61, § 2](#), this is the deadline to apply to the State Forester to have land certified as forest land.
- 30 Assessors **Deadline to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of [M.G.L. c. 59, § 5](#)**  
Assessors have until this date to submit a request to the DLS Databank for state reimbursement to offset the tax revenue lost from granted statutory exemptions. The state partially reimburses for these via the cherry sheet. If actual tax bills were mailed late, the submission deadline is extended to August 20.

## Due Date Exceptions

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According to [M.G.L. c. 4, § 9](#), if the date for any statutory action or payment falls on a Sunday or legal holiday, that action may be performed or payment made on the next business day. This rule also applies to any actions required by or payments due on a Saturday if the Town accepted [M.G.L. c. 41, § 110A](#) permitting public offices to remain closed on that day. The due date for any local property tax payment, abatement application, or exemption application is also extended to the next business day by [M.G.L. c. 59, §§ 57, 57C](#), and [59](#) when municipal offices are closed due to a weather-related or other public safety emergency.