

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

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A COMMUNITY COMPACT CABINET INITIATIVE

AUGUST 2017



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

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

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# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Christopher C. Harding  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

August 21, 2017

Board of Selectmen  
Town Hall  
66 Sandisfield Road  
Sandisfield, MA 01255

Dear Board Members,

I am pleased to present the enclosed set of financial policies for the Town of Sandisfield 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 set of financial policies for the Town of Sandisfield. This project was a result of the Community Compact Cabinet (CCC) initiative ([www.mass.gov/ccc](http://www.mass.gov/ccc)), whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government.

The presentation of these policy drafts comes at a particularly fitting time for Sandisfield, whose local officials and residents have recently been examining the town's budgetary roles and responsibilities. At a special town meeting in June 2017, voters approved a bylaw that more squarely places the budget development process under the board of selectmen and town administrator, as opposed to the finance committee, which will continue to play an important advisory role. At the annual town meeting in the same month, voters approved an appropriation for fiscal year 2018 to expand the town administrator position to full-time hours. At present, the select board is actively conducting a search to replace the last officeholder, who resigned effective the close of fiscal year 2017.

Over the past year, there has also been a major evolution within the town's central financial offices. Formerly, the treasurer and collector were separate and elected positions, but in June 2016, town meeting voted to convert the positions to appointed. In July 2016, the board of selectmen appointed a treasurer to replace the retiring incumbent. Then, when the last elected collector left town service in May 2017, the select board combined the two operations and expanded the treasurer's appointment into a treasurer/collector title.

The adoption of formal financial policies can help a community ensure consistency during times of changeover in personnel. By laying out objectives, roles, and responsibilities, operational policies promote accountability, foster efficient coordination, and highlight the activities needing adequate oversight and functional controls to safeguard against deficiencies. From a broader perspective, policies related to fiscal planning support stability and continuity by providing reasoned, consensus parameters to shape short- and long-term budget decisions. Together, they mitigate the risk of developing structural imbalances and other negative trends while also providing a framework for sustaining and enhancing services.

The choice of topics for the attached manual was based, in part, on a slate TAB considers to be core to providing essential guidance for local officials and staff. Examples of these include forecasting, reserves, and revenue turnover. Other inclusions, such as credit card usage, were proposed by town

personnel during interviews. All of them are presented for the review and approval of the board of selectmen and other applicable local officials. It should be noted, however, that the tax enforcement policy requires specific action by town meeting to be adopted as presented here since it refers to tax title payment agreements, which require a bylaw for implementation. As sample language, we suggest:

#### **Chapter X: Payment Agreements for Properties in Tax Title**

- X.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer/Collector will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").
- X.1.2 Tax title categories eligible for payment agreements include [specify criteria here, based on amount owed, assessed property value, length of delinquency, and/or any other criteria].
- X.1.3 At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- X.1.4 The agreement's maximum term shall be five years.
- X.1.5 Full compliance with agreement terms will result in a waiver of [local decision: choose a percent up to 50 percent] of the tax title account's accrued interest.

To support local officials' desire to strengthen and formalize Sandisfield's capital planning, we offer a related policy and also refer them to additional materials available on this TAB webpage: <http://www.mass.gov/dor/local-officials/technical-assistance-bureau/tools.html>. It has a guidebook for developing a capital improvement program, as well as a procedural manual with forms and instructions. Although the select board did not choose forecasting as a CCC best practice, the forecast materials TAB has created for other communities can provide models and be found here: <http://www.mass.gov/dor/local-officials/technical-assistance-bureau/news-and-updates.html>.

All the policies presented in the manual should be considered living documents to be periodically reassessed and modified as conditions change. Incorporated in them are specific provisions local leaders need to consider and decide upon. An example taken from the capital planning policy is: "A capital improvement is a tangible asset or project estimated to cost over [\$25,000] and to have or extend [five] or more years of useful life." In each case, the draft policy has brackets around the decision point with the word(s) in the bracket representing TAB's suggestion based on researched best practices. In these cases, local officials should finalize the decisions and remove the brackets prior to adopting the policies.

# **SANDISFIELD MASSACHUSETTS**

## **FINANCIAL POLICIES MANUAL**





## **INTRODUCTION**

The Town of Sandisfield 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 Sandisfield, through its Board of Selectmen, Finance Committee, Town Administrator, 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 and any appearance thereof. Policy objectives include:

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

### APPLICABILITY

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

### POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, consultants, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. 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 law or ethical business practices and will not permit any activity that fails to withstand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject of such investigation.

#### A. Definitions

**Any person acting on behalf of the Town** will mean any person responsible for or to Sandisfield's government 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
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

#### B. Antifraud Responsibilities

Every employee has the responsibility to assist the Town in complying with policies and laws and in reporting violations. The Town encourages the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Town officials and department heads are responsible for instituting and maintaining a system of internal controls to reasonably ensure the prevention and detection of fraud, misappropriations, and similar irregularities. Management should be familiar with the types of improprieties that could occur within their areas of responsibility and be alert for any indications of such conduct.

The Town Administrator has primary responsibility for investigating all activity defined in this policy and will, to the extent practical, notify the Board of Selectmen of reported allegations of fraudulent or irregular conduct upon commencing the investigation. In all circumstances where there are reasonable grounds to indicate fraud may have occurred, the Town Administrator, subject to the advice of Town Counsel, will contact the Sandisfield Police Department and/or the District Attorney's office. Upon concluding the investigation, the Town Administrator will report results to the Selectmen and others as determined necessary.

#### C. Disclosure

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

### **PROCEDURES**

The Town Administrator will create a set of procedures to be appended to this policy or incorporated by reference. The procedures should cover all of the following at minimum:

1. Procedure and methods for reporting suspicions of fraud, abuse and other irregularities

2. Assignment of responsibilities in response to reported suspicions
3. Employee protections from retaliation
4. Security of investigation documents
5. Treatment of anonymous allegations and false allegations (intentional and unintentional)
6. Personnel disciplinary actions
7. Responsibilities around media contact
8. Training, education and awareness
9. Disclosure requirements and protocols

**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.

### POLICY

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

The Town Administrator is charged to oversee Sandisfield's capital improvement program (CIP). 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 [\$25,000] and to have or extend [five] or more years of useful life. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Major improvements to physical infrastructure, including streets, sidewalks, stormwater drains, water distribution systems, and sanitary sewer systems
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Planning, feasibility studies, and designs for potential capital projects
- Items obtained under a long-term capital lease
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years that, when aggregated, have total costs exceeding the capital threshold

#### B. Inventory

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



### C. Evaluation of Capital Projects

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

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

### D. Multiyear Capital Plan

The Town Administrator will annually update and propose for adoption by the Finance Committee a five-year capital improvement plan, including the upcoming fiscal year's capital improvement budget and a four-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources.

Throughout the year, the Town Administrator will monitor active capital projects to ensure they remain properly funded and will report any capital plan amendments to the Board of Selectmen.

### E. Capital Financing

To provide reserve monies for the CIP, the Town will maintain a capital improvement special purpose stabilization fund. Doing so enables Sandisfield to pay outright for moderate-range capital and other maintenance expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs. The target maintenance level for this reserve shall be [15 to 25] percent of the Town's annual operating budget.

Options to finance projects with short useful lifespans shall include current revenues, the capital stabilization fund, and short-term debt. Long-term debt is an appropriate funding source for projects with very high dollar amounts and lifespans of 10 years or more.

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

- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.

- The annual operating costs of each proposed capital project, as well its debt service costs, shall be identified before any long-term, bonded capital project is recommended.
- Short-term debt may be used to fully finance purchases with useful lifespans under 10 years.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through capital or debt exclusions.

F. Capital Project Closeouts

The Town will endeavor to close out all capital projects within six months of completion or discontinuation. As they are closed out, the Town Accountant will do the following:

- For bonded projects with residual balances, the Town Accountant and Treasurer/Collector will propose reallocating any balances for other applicable capital projects.
- For projects funded with available revenue (tax levy or reserves) having residual balances, the Town Accountant will propose reallocating the balances for other capital projects or will close the balances to the appropriate fund surplus.

**REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 33B](#)

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

**EFFECTIVE DATE**

This policy was adopted on [date].

## CREDIT CARD USAGE

### PURPOSE

To establish standards for proper credit card use when conducting Town business.

### APPLICABILITY

This policy applies to the job responsibilities of the Treasurer/Collector and Town Accountant. It also applies to all Town department heads, officials, and employees with spending authority (all referred to below as “employees”).

### POLICY

The Town shall have only one credit card account with just one physical credit card, both under the custody and control of the Treasurer/Collector. Exceptions to any provisions in this policy must be approved in advance by the Town Administrator and Town Accountant.

#### A. Allowable Use

Town employees may request to make a purchase using the Treasurer/Collector’s credit card on a limited, exceptional basis. The credit card is intended for transactions that are only possible by, or are most cost-effective by, credit card. Use of the Treasurer/Collector’s credit card to make payments shall not be a routine alternative to payment under the normal warrant approval procedures.

The following are prohibited uses of the credit card:

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

Prior to making a purchase, an employee must fill out a credit card requisition form (included in the appendix). The department head must sign the form to attest that the purchase is being made within the proper appropriation. Because payment in this circumstance is effectively made in advance of a warrant, the Town Accountant must also sign the form, permitting the exercise of that position’s statutory duty to verify that the purchase is consistent with the appropriation’s intent, sufficient funds are available to cover the cost, and no fraud is evident.

The purchaser will inform the vendor that the Town is a tax exempt entity and instruct the vendor to charge no taxes on the purchase.

#### B. Administration

The Treasurer/Collector is responsible for administration of the credit card, including but not limited to: selecting the card issuer, setting the total purchase limit, ensuring proper use, paying the credit card bill timely, and disputing any false charges. The credit card issuer's terms must not include any incentive programs.

The Treasurer/Collector will keep a separate log of credit card purchases in Excel to reconcile with the credit card bills. Possession of the credit card will always remain with the Treasurer/Collector. If a purchase must be made at a brick-and-mortar merchant, the Treasurer/Collector will travel with the requesting employee to make the purchase.

#### C. Warrant Process

The Treasurer/Collector will provide two copies of the credit card statement to the purchasing employee. The employee will retain one copy and submit the other to the Town Accountant along with a detailed vendor receipt and a copy of the credit card requisition form as part of the accounts payable warrant submissions.

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

#### D. Audit

The Town Accountant will conduct random audits of the credit card activity, receipt retention, and statements. The activity is also subject to review by the Town's independent auditing firm.

### **PROCEDURES**

In accordance with this policy, the Treasurer/Collector and Town Administrator will create a detailed set of procedures for its use, stipulating each step in the process and all required documentation. The State Comptroller's Office has good guidance for this (see References below). Important details to include are:

- Step-by-step description of the purchase, approval, and reconciliation processes
- Guidelines for appropriate use
- Dollar limits per transaction and month
- Description of required documents and their necessary details
- Procedures for dispute resolution
- Segregation of duties
- Audits

### **REFERENCES**

New Hampshire Municipal Association Guidance: [Credit Card and Purchasing Card Policies](#)  
Massachusetts Comptroller's Office Policy: [Commonwealth Procurement Card 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, and maintain capital investment capacity. This policy is also intended to obtain and maintain a favorable bond rating so as to achieve long-term interest savings.

### APPLICABILITY

This policy applies to the Board of Selectmen, Town Administrator, and Finance Committee in their budget decision-making duties, and to the Treasurer/Collector's debt management responsibilities, and the Town Accountant's reporting and budget analysis 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 useful lifespans of at least [10] years or whose 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, with a target balance of [five to seven] percent.

2. As dictated by state statute, the Town's debt limit shall be five percent of its most recent equalized valuation.

C. Structure and Term of Debt

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

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

D. Bond Refunding

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

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

E. Protection of Bond Rating

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

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

F. Reporting

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

**REFERENCES**

<a href="#">M.G.L. c. 44, § 4</a>	<a href="#">M.G.L. c. 44, § 6</a>	<a href="#">M.G.L. c. 44, § 6A</a>	<a href="#">M.G.L. c. 44, § 7</a>
<a href="#">M.G.L. c. 44, § 8</a>	<a href="#">M.G.L. c. 44, § 17</a>	<a href="#">M.G.L. c. 44, § 19</a>	<a href="#">M.G.L. c. 44, § 20</a>
<a href="#">M.G.L. c. 44, § 21A</a>	<a href="#">M.G.L. c. 41, § 59</a>	<a href="#">M.G.L. c. 41, § 61</a>	<a href="#">26 USC § 148</a>

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

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

DLS Guidance: [Understanding Municipal Debt](#)

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

**EFFECTIVE DATE**

This policy was adopted on [date].

## **FINANCE COMMITTEE RESERVE FUND NEW POLICY**

### **PURPOSE**

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

### **APPLICABILITY**

Applicable to the Finance Committee, Town Administrator, and Town Accountant, as well as to all town officials and employees with spending authority (referred to here as "department heads"), this policy pertains to all aspects of managing the Finance Committee's reserve fund.

### **POLICY**

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

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

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

#### **A. Appropriation to the Reserve**

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

#### **B. Transfer Requests**

Department heads must manage operations without the expectation of receiving reserve transfers to fill shortfalls and will therefore request realistic appropriations for each upcoming year. During



the fiscal year, department heads will take any and all available action to stay within their budgets and employ their line-item transfer authority to avoid the need for any town meeting or Finance Committee action.

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

#### C. Finance Committee Decision

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

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

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

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

#### D. Disposition of Residual Balances

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

#### **REFERENCES**

[M.G.L. c. 40, § 6](#)      [M.G.L. c. 30A, § 20](#)      [M.G.L. c. 44, § 33B](#)

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## **FINANCIAL MANAGEMENT TEAM**

### **PURPOSE**

To maximize the effectiveness of financial practices by promoting optimal coordination of interdepartmental activities and long-term planning, 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 Administrator, Town Accountant, Treasurer/Collector, and Principal Assessor.

### **POLICY**

The Town establishes a financial management team consisting of the Town Administrator, Town Accountant, Treasurer/Collector, and Principal Assessor. Meetings of the team will be scheduled at a consistent time each month and more frequently when necessary. Agenda topics will include:

- a. Reviewing budget preparation, including financial forecasting and capital funding analysis
- b. Monitoring monthly revenue and expenditure reports and analyzing cash flow
- c. Developing corrective action plans to management letter citations by the independent auditor
- d. Reviewing the effectiveness of internal controls and proposing internal audits
- e. Analyzing collective bargaining negotiations
- f. Coordinating submissions to the Division of Local Services
- g. Assessing special projects assigned by the Board of Selectmen or others

### **REFERENCES**

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

### **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, Sandisfield 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 short- and long-range budget decision making and applies to the Board of Selectmen, Town Administrator, and Finance Committee in those duties. It also applies to the related job duties of the Town Accountant and Board of Assessors. This policy regards Sandisfield's three main reserves: free cash, the general stabilization fund, and overlay surplus. Guidance related to the Town's capital improvement special purpose stabilization fund is contained in the Capital Planning policy.

### POLICY

The Town of Sandisfield commits 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 three reserves under this policy, the Town will strive to maintain a target funding level of [13 to 19] percent of the annual operating budget.

#### A. Free Cash

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

The Town shall set a year-to-year goal of maintaining its free cash in the range of [five to seven] percent of the annual budget. To achieve this, the Town Administrator will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs. Further, budget decision makers will avoid fully depleting the Town's free cash in any year, so that the succeeding year's calculation can begin with a positive balance. Moreover, as much 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) and will appropriate any excess to reserves or to offset unfunded liabilities.

#### B. General Stabilization Fund

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. The Town will endeavor to maintain a minimum balance of

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

#### C. Overlay Surplus

The overlay is a reserve the Town uses to offset uncollected property taxes and other unrealized revenue resulting from property tax abatements and exemptions. The Town shall set a year-to-year goal of maintaining its overlay surplus in the range of [one to two] percent of the annual budget. At the conclusion of each fiscal year, the Board of Assessors will submit to the Town Administrator and Town Accountant an update of the overlay reserve with data that includes, but is not limited to, the gross balance, potential abatement liabilities, and any transfers to surplus. If the balance exceeds the amount of potential liabilities, the Board of Selectmen may request the Board of Assessors vote to declare those balances surplus and available for use in the Town's capital improvement plan or any other one-time expense.

#### REFERENCES

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

Sandisfield policy on Capital Planning

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

DLS Informational Guideline Releases [Overlay and Overlay Surplus](#) and 04-201: [Creation of Multiple Stabilization Funds](#)

Government Finance Officers Association Best Practice: [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 evaluating revenue sources and the requirement to determine an expenditure strategy as part of the annual budget process and longer range fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions.

### APPLICABILITY

This policy applies to the Board of Selectmen, Town Administrator, and Finance Committee in their budget analysis and decision-making responsibilities. It also applies to the job responsibilities of the Town Accountant and the managers of all revenue-generating departments.

### POLICY

#### A. Revenue Guidelines

The Town will continuously seek to diversify its revenue to improve the equity and stability of sources. Each year and whenever appropriate, the Town will reexamine existing revenues and explore potential new sources. A balance will be sought between elastic and inelastic revenues to minimize any adverse effects caused by inflation or other economic changes. Additionally, intergovernmental revenues (e.g., local aid, grants) will be reviewed annually to determine their short- and long-term stability in order to minimize detrimental impacts.

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. These one-time revenue sources include, but are not limited to, free cash, overlay surplus, sale of municipal assets, legal settlements, insurance proceeds, and gifts. Additionally, the Town hereby establishes the following priority order when appropriating one-time revenues:

- [Snow and ice deficit]
- [General stabilization fund]
- [Capital stabilization fund]
- [Cash capital budget]
- [Other]

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenue. In such cases, the Town Administrator, in consultation with the Town Accountant, can recommend to the Board of Selectmen its use for operational appropriations. Such use will trigger the Town Administrator to develop an action plan with the Town Accountant to avoid continued reliance on one-time revenues.

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

- Sale of real estate: [M.G.L. c. 44, § 63](#) and [M.G.L. c. 44, § 63A](#)

- Gifts and grants: M.G.L. c. 44, § 53A and M.G.L. c. 44, § 53A½

This policy further entails the following expectations regarding revenues:

- The Assessing Department will maintain property assessments for the purpose of taxation at full and fair cash value as prescribed by state law.
- Town departments that charge fees will annually review their fee schedules and propose adjustments when needed to ensure coverage of service costs.
- The Building Department will notify the Board of Selectmen of any moderate-to-large developments that could impact building permit volume.
- Department heads will strive to seek out all available grants and other aid and will carefully consider any related restrictive covenants or matching requirements (both dollar and level-of-effort) to determine the cost-benefit of pursuing them.
- Revenue estimates will be adjusted throughout the budget cycle as more information becomes available.

#### B. Expenditure Guidelines

Annually, the Town 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.

Under any chosen approach, expenditure projections will include potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases.

#### C. Financial Forecast Guidelines

To determine the Town's operating capacity for each forthcoming fiscal year, the Town Accountant will annually create a detailed budget forecast and provide it the Town Administrator and Board of Selectmen. The Town Accountant will also annually prepare a [five]-year financial projection of revenues and expenditures for all operating funds. These forecasts will be used as planning tools in developing the following year's operating budget as well as the five-year capital improvement plan.

To ensure the Town's revenues are balanced and capable of supporting desired levels of services, forecasts for property taxes, local receipts, and state aid will be conservatively based on historical trend analyses and will use generally accepted forecasting techniques and appropriate data. To avoid potential revenue deficits, estimates for local receipts (e.g., inspection fees, investment income, license fees) should generally not exceed [90] percent of the prior year's actual collections without firm evidence that higher revenues are achievable.

Additionally, the Town's forecast model should assume that:

- The Town's current level of services will provide the baseline for projections.
- Property taxes (absent overrides) will grow at the limits of Proposition 2½.
- New growth will be projected conservatively, taking into account the Town's three- to five-year average by property class.
- Regional school district assessments will reflect recent trends.
- Local receipts and state aid will reflect economic cycles.
- Historical trends in the growth of specific operating expenses and employee benefits will prevail.
- Debt service on existing debt will be paid, and the Town's Capital Planning and Debt Management policies will be followed.
- The Town will make its annual pension contributions.
- Reserves will be maintained in compliance with the Town's Financial Reserves policy.

#### **REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

Town of Sandisfield policies on Capital Planning, Debt Management, and Financial Reserves

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

DLS Bulletin 2013-01B: [\*Bond Premiums and Debt Exclusions\*](#)

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## GRANT MANAGEMENT

### PURPOSE

To ensure Sandisfield efficiently and appropriately manages its grant-funded programs, this policy sets a framework for evaluating grant opportunities, tracking grant activity, and processing grant revenues and expenditures. Effective grant management helps promote the pursuit of grants that are in the Town's best interest and assure timely reimbursements to optimize cash flow, and to guard against year-end account deficits. As a legal contract, every grant agreement must be fulfilled in accordance with its prescribed terms and conditions, as well as all applicable federal, state, and local regulations. Failure in this regard exposes the Town to legal and financial liabilities and compromises future grant funding.

### APPLICABILITY

This town-wide policy applies to the grant project managers in each department applying for or receiving grant funding. It further applies to the grant-related responsibilities of the Board of Selectmen, Town Administrator, Town Accountant, and Treasurer/Collector.

### POLICY

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

No department will expend grant funds until after a fully executed grant agreement has been accepted and approved for expenditure by the Board of Selectmen. Further, no grant funds will be used to supplant an existing expense for the purpose of diverting current funds to another use.

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

#### A. Grant Opportunity Assessment

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

##### Programmatic:

- Alignment of the grant's purpose with the Town's and department's strategic priorities
- Department's capacity to administer the grant through to closeout
- Office space, facilities, supplies, or equipment required



- Ongoing impact of the grant program after it is completed
- Compliance and audit requirements, particularly as they may differ from the Town's

Financial:

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

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

B. Grant Application and Award Acceptance

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

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

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

C. Grant Financial Management

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

The project manager will ensure all expenditures made are allowable and consistent with each grant award's requirements. The project manager will submit project invoices to the Town Accountant with an accounts payable (AP) cover sheet that has accurate general ledger expense codes for the grant and the department head's signature. The project manager will also ensure the proper payroll account codes for grant-funded employees are included on the department's payroll report to the Town Accountant and Treasurer/Collector as part the regular payroll process.

Because required retirement system remittances and/or general fund benefit reimbursements vary by grant, the Finance Director will calculate these for each grant and notify project managers of the resulting amounts to include on the AP warrants.

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

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

#### D. Grant Closeout

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

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

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

#### E. Audit

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

#### REFERENCES

[M.G.L. c. 44, § 53A](#)

Mass.gov webpage: [Municipal Grant Finder](#) US grant search website: [grants.gov](#)

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

#### 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 the job responsibilities of the Town Administrator serving as the Town's procurement officer and to related functions of the Board of Selectmen and Town Accountant. 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. Sandisfield 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 employee procuring goods and services must:

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

The Town Administrator 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. Conflict of Interest in Procurement

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

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

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

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

Any person with a conflict as described above will 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.

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

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

1. Employees, officials, and others who regularly participate in contract activities on behalf of the Town must disclose relevant financial interests as required by state and federal laws and to annually review the 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 will 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 employee procuring goods and services 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 Town Administrator prior to commencing any procurement or contract activity.

The Town Administrator must:

1. Review the submitted forms for potential conflicts of interest.
2. Discuss any potential conflicts of interest with Town Counsel and document the resulting determinations.
3. 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.

#### C. Audit

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

#### REFERENCES

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

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

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

#### EFFECTIVE DATE

This policy was adopted on [date].

## RECONCILIATIONS

### PURPOSE

To ensure transactions are in balance, to mitigate fraud, and to safeguard general ledger accuracy, financial officers must conduct regular reconciliations of their accounting records, and these must be reconciled to the general ledger. 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 Sandisfield's financial records. Failure to reconcile cash, receivables, and withholdings hampers the Town's ability to produce reliable reports, close its books, make timely submissions to the Division of Local Services (DLS), and complete audits. In addition, unresolved variances reduce the amount of certified free cash and may result in significant deficiency findings by the independent auditor.

### APPLICABILITY

This policy applies to the Town Accountant, Treasurer/Collector, their designees, and all departments that have accounts receivable responsibilities [(e.g., Police)].

### POLICY

The Treasurer/Collector and all department heads with accounts receivable duties will internally reconcile their respective accounting records and subsequently reconcile them with the Town Accountant according to the guidelines and periodic time frames outlined in this policy.

#### A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue activity, the Treasurer/Collector will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Treasurer/Collector will make certain that all cash receipts, disbursements, transfers, and interest are recorded in the cashbook within [two business days] of each transaction and will reconcile cashbook accounts to their corresponding bank accounts within [five days] of receiving 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/Collector will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cashbook and financial institutions, and will correct them when appropriate. The Treasurer/Collector will then forward to the Town Accountant a summary of the reconciled cashbook balances and, when needed, an additional Schedule of Receipts for any adjustments made.

#### B. Payroll Withholdings Reconciliation

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

To reduce the risk to the Town for liabilities in excess of withholdings, the Treasurer/Collector will conduct a monthly reconciliation of the payroll withholdings to their corresponding accounts payable and identify any discrepancies. The Treasurer/Collector will provide the results of these activities to the Town Accountant to make any necessary changes or adjustments.

#### C. Accounts Receivable Reconciliation

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

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

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

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

The record-keeper will forward a copy of the internally reconciled accounts receivable balances to the Town Accountant.

#### D. 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 – C 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/Collector, so that in theory, the general ledger should be in balance with the cashbook. However, errors may occur due to omitting transfers or transactions or applying them in the wrong amounts or to the wrong accounts. Whenever the Town Accountant identifies a discrepancy between the general ledger and the cashbook, the following steps must be taken in conjunction with the Treasurer/Collector to determine the cause:

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

The Town Accountant will review the payroll withholdings reconciliation report provided by the Treasurer/Collector against the general ledger and make corrections to the ledger as needed.

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

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

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

#### E. Time frames and Documentation

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

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

#### F. Audit

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

#### REFERENCES

DLS Best Practices, [\*Reconciling Cash and Receivables\*](#)



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

**EFFECTIVE DATE**

This policy was adopted on [date].

## REVENUE TURNOVER

### PURPOSE

To safeguard Town assets and maximize cash flow, this policy provides guidelines for departments to turn over receipts to the Treasurer/Collector. 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 pertains to all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excise, fees, federal and state government receipts, and charges. It applies to all individuals within each department assigned responsibility for handling payments.

### POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. Every individual responsible for handling payments will be bonded in sufficient amounts to indemnify the Town from potential lost revenue. Each department must turn over at least weekly and must do so immediately whenever receipts total [\$100] or more. At month-end, departmental staff will turn over all revenues no later than [11:00 am] on the last business day of the month.

### PROCEDURES

#### A. Receiving Payments

Using prenumbered receipt books supplied by the Treasurer/Collector, departmental staff must issue a receipt for every collection received, even when the payer attempts to refuse it. Employees in the Treasurer/Collector's office receiving taxes and other collections from the public need only issue receipts for cash payments. However, all departmental staff without exception must identify cash payments as such in their receipt books. All staff must immediately endorse each check "For Deposit Only" using a stamp or by handwriting. Every department receiving payments will secure them in a locked cashbox or safe until completing a turnover to the Treasurer/Collector.

Each department head is responsible for overseeing the processing, recording, record retention, and turning over of collected receipts to the Treasurer/Collector. To the extent practicable, separate individuals should be tasked with receiving payments and turning receipts over to the Treasurer/Collector.

#### B. Turning Over Revenues

Departmental staff will create a turnover package by filling out a standard three-part Schedule of Departmental Payments (i.e., the turnover form), making three copies of the turnover form, and obtaining signatures of the department head on each of them. All receipts should correlate to the numbered receipt book and to the turnover form. At no time will a department leave a turnover in the Treasurer/Collector's office unattended.

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

When the Treasurer/Collector's office has accepted the turnover, the department employee will receive two copies of the turnover form signed and dated by a Treasurer/Collector employee. The department employee will retain one turnover copy on file and is responsible for delivering the other to the Town Accountant. The Town Accountant will refuse to accept any turnover form that is not signed the Treasurer/Collector.

All departments that receive payments will review their monthly revenue reports against their turnover copies to verify that all receipts turned over to the Treasurer/Collector's office are accurately recorded in the appropriate general ledger accounts. Any discrepancy must be reported to the Town Accountant immediately.

#### C. Receiving Turnovers

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

Immediately after accepting the turnover, Treasurer/Collector staff will post the receipt data in SoftRight. No less than [weekly], the Treasurer/Collector will review the turnover documents and receipts, enter the data in an Excel cashbook, reconcile the cashbook amounts with the SoftRight postings, and create a bank deposit package. The Treasurer/Collector will ensure that all receipts are deposited to the bank by the close of the business week. Until the deposit is completed, the Treasurer/Collector must ensure that all receipts are secured at all times, either in a cash drawer, or if being held overnight, in a safe.

To the extent practicable, separate individuals should be tasked with 1) receiving the turnovers, 2) recording the receipts in SoftRight, 3) recording the revenues in the cashbook, and 4) depositing the money in the bank.

The Treasurer/Collector will provide the Town Accountant with a weekly report of all turnovers processed (i.e., the Schedule of Receipts report).

#### D. Reconciliation

Prior to reporting the weekly turnovers to the Finance Director, the Treasurer/Collector will reconcile the cashbook with the SoftRight revenue report. In accordance with the Town's Reconciliation policy, the Treasurer/Collector will reconcile the cashbook with bank statements and provide a summary of cashbook balances to the Town Accountant monthly.

**E. Audit**

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

**REFERENCES**

[M.G.L. c. 41, § 35](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 60, § 57A](#)

Town of Sandisfield 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 both the Town and taxpayers, this policy clearly defines when and how the Town will transition unpaid property taxes from tax title through to foreclosure. It is in the best interest of the Town of Sandisfield 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 job duties of the Treasurer/Collector, including the Treasurer/Collector's responsibility for managing the Town's service contract with a tax title attorney. Tax enforcement applies to all Town of Sandisfield real estate property owners whose taxes are not exempt.

### POLICY

The Town of Sandisfield intends to timely pursue all legal methods to collect taxes from delinquent property owners with the goal of achieving a target [98 percent] property tax collection rate by fiscal year-end. The Town will also periodically pursue foreclosure actions with the primary objective of receiving all monies due. Any costs for collection accrue against the taxpayer and may add to the property lien. Delinquent taxes represent a lien on property and remain in effect until all taxes, interest, and fees have been paid in full.

#### A. Demands

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

#### B. Tax Taking

The Treasurer/Collector will begin the tax taking process within [60 days] of the demand notice. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Treasurer/Collector must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed to secure, or perfect, the tax liens.

The Treasurer/Collector 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<sup>st</sup>], the Treasurer/Collector will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places. The Town customarily publishes in [The Berkshire Eagle] and posts notices at the [Sandisfield Public Library and Town Hall]. From this point onward only cash, certified check, or cashier's check are acceptable forms of payment.

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

C. Subsequent Taxes

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

D. Interest, Fees, and License Revocation

All delinquent taxpayers are subject to charges, which are added to their accounts by the Treasurer/Collector. These charges include interest accrued to the date of taking, advertising fees, certified mailing costs, legal fees, and Instrument of Taking recording fees.

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

E. Tax Title Payment Agreements

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

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

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

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

F. Redemption or Foreclosure

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

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

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

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

#### REFERENCES

<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>		

Town of Sandisfield Bylaws, Chapter VIII, Section 13: *Local Licenses and Permits; Denial, Revocation or Suspension for Failure to Pay Municipal Taxes or Charges*

DLS Best Practice: [Enforcing Collections](#)

DLS Informational Guideline Release 05-208: [Payment Agreements and Tax Receivable Assignments](#)

DLS IGR on Land of Low Value Foreclosure Valuation Limit updated annually and posted on this [DLS webpage](#).

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 and Town Administrator in their 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 job responsibilities of the Principal Assessor, Town Accountant, Treasurer/Collector, and Town Clerk.

### BACKGROUND

The property tax levy is Sandisfield'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 revenue 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 tax recap and approves the tax rate.

### POLICY

At the Town Administrator's direction, Hardwick's financial team will annually complete the tax recap process no later than [September 1]. The Collector will provide the tax bill file to the print vendor by [September 10] and mail the actual tax bills by October 1. The Town Administrator 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, through the Town Administrator and Town Counsel, will assure the production of a properly written town meeting warrant, such that town meeting voters, under



the Town Moderator's oversight, may properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization).

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

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

#### B. Recording Legislative Actions

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

- The Town Clerk will certify all appropriations approved since the last tax rate was set.
- The Town Accountant will reconcile all votes and authorized amounts.
- The Town Clerk, with the Town Accountant's assistance, will enter all town meeting appropriation votes by article 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:
  - enterprise receipts and appropriations (Form A-2)
  - revolving funds (Form A-3)
  - free cash used (Form B-1)
  - available funds used (Form B-2)
- If applicable, the Treasurer/Collector 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 continue completing the tax recap by:

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

- Entering estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the tax recap)

#### D. Property Value Certification

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

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

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

#### E. Tax Rate Setting

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

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

#### F. Review and Submittal to DLS

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

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

**G. Tax Commitment Creation**

After DLS notifies the Town that the tax rate has been approved, the Principal Assessor will create a tax commitment list and warrant duly signed by the Assessing Board members and refer it to Treasurer/Collector to generate the tax bills.

**REFERENCES**

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

Town of Sandisfield policies on Forecasting and Year-end Closing

**EFFECTIVE DATE**

This policy was adopted on [date].

## YEAR-END CLOSING

### PURPOSE

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

### APPLICABILITY

This town-wide policy applies to the responsibilities of all department heads in managing and reporting on their budgets and assets. It further applies to the related year-end compilation, reconciliation, and/or oversight duties of the Town Administrator, Town Accountant, and Treasurer/Collector. Additionally, it pertains to the budget transfer authority of the Board of Selectmen and Finance Committee.

### POLICY

The Town Administrator will hold every department head accountable for timely and accurately completing the year-end tasks applicable to each as outlined in this policy. Annually no later than May 15, the Town Administrator will email this policy to all department heads as a reminder of year-end expectations. All facets of the Town's year-end closing detailed here will be accomplished no later than October 31 each year.

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

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

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

#### B. Year-end Encumbrances

By June 1, the Town Accountant will email all department heads advising them to submit all available invoices by June 30 and to provide notification of any pending obligations remaining from the fiscal year. With proper documentation, the Town Accountant will only encumber funds that have been committed to specific purchases (by purchase orders), services (by service agreements), projects (by contracts), or to salary as of June 30.

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

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

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

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

### D. Year-end Transfers

The Town Administrator, in consultation with the Town Accountant, will pay close attention to any appropriation deficits that may be rectified through line-item transfers. No earlier than May 1 and no later than July 15, the Town Administrator will put any necessary transfer request on the Finance Committee's meeting agenda(s), followed by the Board of Selectmen's meeting agenda(s), for their authorizations by majority votes.

### E. Closing the Books

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

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

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

Submissions to DLS will comply with the following time frames:

## Town Accountant:

- |  |              |
|--|--------------|
| ▪ Snow and ice data sheet                            | September 15 |
| ▪ Combined balance sheet and supporting documents    | September 30 |
| ▪ Schedule A (the statutory deadline in November 30) | October 31   |

## Treasurer/Collector:

- |                                    |              |
|------------------------------------|--------------|
| ▪ Statement of indebtedness        | August 31    |
| ▪ Treasurer's year-end cash report | September 30 |

## Town Accountant and Treasurer/Collector:

- |                                       |              |
|---------------------------------------|--------------|
| ▪ Cash reconciliation                 | September 30 |
| ▪ Schedule of outstanding receivables | September 30 |

**REFERENCES**

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 64, § 64](#)

Town of Sandisfield policies on Tax Enforcement, Grants Management, and Reconciliations

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

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

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

**EFFECTIVE DATE**

The policy was adopted on [date].

**POLICY ADOPTION AND REVISION LOG**

<b>Policy</b>	<b>Adopted</b>	<b>Last reviewed</b>	<b>Amended</b>
Antifraud			
Capital Planning			
Credit Card Usage			
Debt Management			
Finance Committee Reserve Fund			
Financial Reserves			
Financial Management Team			
Forecasting			
Grant Management			
Procurement Conflict of Interest			
Reconciliations			
Revenue Turnover			
Tax Enforcement			
Tax Recapitulation			
Year-end Closing			

# Sandisfield Credit Card Purchase Requisition

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Date: \_\_\_\_\_

Amount:     \$ \_\_\_\_\_

Account #:     \_\_\_\_\_

Purpose of Expenditure:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attached documentation:

\_\_\_\_\_

Requester Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Town Accountant: \_\_\_\_\_ Date: \_\_\_\_\_

Treasurer/Collector: \_\_\_\_\_ Date: \_\_\_\_\_



## REQUEST FOR TRANSFER FROM THE RESERVE FUND

Town of Sandisfield, MA

The undersigned requests a transfer from the reserve fund in accordance with M.G.L. c 40, § 6.

Amount requested: \_\_\_\_\_

Name of appropriation to receive the transfer: \_\_\_\_\_

Appropriation account number: \_\_\_\_\_ Appropriation current balance: \_\_\_\_\_

Specific purpose of the transfer: \_\_\_\_\_

This expenditure is unforeseen or extraordinary for the following reason(s):

\_\_\_\_\_  
\_\_\_\_\_

_____	_____	_____
Date	Requester Signature	Requester Title

---

Town Administrator's recommended action: \_\_\_\_\_

_____	_____
Date	Town Administrator Signature

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### Action of the Finance Committee

Date of meeting: \_\_\_\_\_ Vote tally: Yes \_\_\_\_\_ No \_\_\_\_\_ Abstained \_\_\_\_\_

Approved transfer amount: \_\_\_\_\_

\_\_\_\_\_  
Finance Committee Chair Signature

# MUNICIPAL CALENDAR

## Abbreviations Defined

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<b>ATB</b>	Appellate Tax Board
<b>BLA</b>	DLS Bureau of Local Assessment
<b>BOA</b>	DLS Bureau of Accounts
<b>DLS</b>	Division of Local Services
<b>EQV</b>	Equalized valuation
<b>MDM</b>	DLS Municipal Data Management

## July

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15	Accountant and Treasurer	<b>Deadline to Process all Prior-Year Unencumbered Expenditures</b> Under <a href="#">M.G.L. c. 44, § 56</a> , all unencumbered expenses incurred as of June 30 must be recorded and paid as of this date.
15	Pipeline Company	<b>Deadline for Appealing Commissioner's Pipeline Company Valuations to the ATB</b>
15	Telephone and Telegraph Company	<b>Deadline for Appealing Commissioner's Telephone and Telegraph Company Valuations to the ATB</b>
20	BLA	<b>Notification of Changes in Proposed EQVs (even-numbered years only)</b>

## August

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1	Taxpayer	<b>Deadline for Submitting Annual Boat Excise Return</b>
10	Assessors	<b>Deadline for Appealing EQVs to the ATB (even-numbered years only)</b>
31	Assessors and Accountant	<b>Begin Working on the Tax Rate Recapitulation Sheet (the tax recap)</b>
31	Accountant	<b>Close Prior-Year Books by this Date</b>

## September

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15	Assessors	<b>Submit Property Sales Report (recommended date)</b>
15	Accountant	<b>Submit Snow &amp; Ice Report</b>
30	Accountant and Treasurer	<b>Submit Balance Sheet and other Documents for Free Cash Certification</b> The Accountant and Treasurer 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></ul>

- Schedule of Outstanding Receivables

## October

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1	Collector	<b>Mail First-half Semiannual Tax Bills</b>
1	Taxpayer	<b>Deadline for Applying to Have Land Classified as Agricultural/ Horticultural Land or Recreational Land</b> 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.
1	Taxpayer	<b>Deadline for Submitting Forest Land Certification and Management Plan</b> 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.
15	Assessors	<b>Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)</b>
31	Assessors	<b>Submit Tax Recap and all Schedules to BOA</b>

## November

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1	Taxpayer	<b>Deadline for First Payment of First-half Tax Bill</b> 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.
1	Taxpayer	<b>Deadline for Property Tax Abatement Application</b> 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.
1	Selectmen and Assessors	<b>Hold Classification Hearing (recommended date)</b> The Board of Selectmen holds a public hearing at which the Assessors present information to assist it in determining whether to apply uniform or different tax rates to the various classes of real and personal property.
30	Accountant	<b>Deadline to Submit Schedule A</b> Schedule A reports the town's revenues received, expenditures made, and all other financial transactions done in the previous fiscal year. Failure to file Schedule A to BOA by November 30 may result in the withholding or forfeiture of state aid.

## December

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31	Water/Sewer Commissioners	<b>Deadline for Betterments to be included on Next Year's Tax Bill (<a href="#">M.G.L. c. 80, § 13</a>; <a href="#">c. 40, § 42I</a> and <a href="#">c. 83, § 27</a>)</b>
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31 Assessors

**Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners**

## January

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31 Pipeline Company

**Deadline for Pipeline Company to File Form of List with BLA**

## March

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1 MDM

**Notification of Cherry Sheet Estimates for the Following Year  
(pending action taken by the Legislature)**

The cherry sheet is an estimate of 1) receipts: local reimbursement and assistance programs as authorized by law and appropriated by the General Court and 2) assessments: state and county assessments and charges to local governments. MDM posts cherry sheet estimates on the DLS website and updates them at every stage of the state budget process.

1 Personal Property  
Owner

**Submit Form of List to Assessors**

This return is due on or before March 1, but the Assessors may extend the deadline to a date no later than the date abatement applications are due.

1 Charitable  
Organization

**Submit 3ABC Forms**

To be eligible for exemption from taxation for the next fiscal year, a charitable organization must file this form with the Assessors detailing the property held for charitable purposes. It is due on or before March 1, but the Assessors may extend the deadline to a date no later than the date that abatement applications are due.

1 Telephone and  
Telegraph Company

**Deadline for Telephone and Telegraph Company to File Form of List**

BLA may extend the deadline to a date no later than April 1.

## April

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1 Collector

**Mail Second-half Semiannual Tax Bills**

1 Taxpayer

**Deadline to Apply for Property Tax Exemptions for Persons, Residential Exemptions, and Small Commercial Exemptions**

This is the deadline to apply to the assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have 3 months from the mailing date to file exemption applications.

## May

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1 Taxpayer

**Deadline to Pay 2<sup>nd</sup> half Tax Bill without Interest**

1 Accountant or  
Treasurer

**Notification of Amount of Debt Due in Next Fiscal Year**

As required by [M.G.L. c. 44, § 16](#), the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year. The town is required to

pay its debts, appropriated or not. Any debt service not covered by appropriations is added to the "Other Local Expenditures" category found on page 2 of the recap. It is important the Assessors have this information to avoid setting a tax rate that will raise insufficient revenue to cover the town's expenditures.

## June

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|----|------------|---|
| 1  | Town Clerk | <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.  |
| 1  | Town Clerk | <b>Update the Local Officials Directory (LOD) in Gateway</b><br>The Town Clerk annually updates the LOD with the names and email addresses of any new local officials and with any changes to position titles.  |
| 1  | Assessors  | <b>Determine Valuation of Other Municipal or District Land</b><br>In any community where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send a notice of the new valuation in the year following a revaluation year.  |
| 1  | BLA        | <b>Notification of Proposed EQVs (even-numbered years only)</b>   |
| 1  | BLA        | <b>Notification of State-owned Land Valuations (even-numbered years only)</b>   |
| 10 | BLA        | <b>Conclude Public Hearings on Proposed EQVs (even-numbered years only)</b>   |
| 15 | BLA        | <b>Determine and Certify Pipeline Valuations</b>  |
| 15 | BLA        | <b>Determine and Certify Telephone and Telegraph Company Valuations</b>   |
| 20 | Assessors  | <b>Final Date to Make Omitted or Revised Assessments</b><br>As required by <a href="#">M.G.L. c. 59, §§ 75</a> and <a href="#">76</a> , if a property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's role to fix the mistake and assess the property correctly. The assessment may not be made later than June 20 of the taxable year or 90 days after the date the tax bills are mailed, whichever is later. |
| 30 | Taxpayer   | <b>Deadline to Apply to Have Land Classified as Forest Land</b><br>Per <a href="#">M.G.L. c. 61, § 2</a> , this is the deadline to apply to the State Forester to have land certified as forest land.   |
| 30 | Assessors  | <b>Submit Annual Report of Omitted or Revised Assessments to BLA</b>  |
| 30 | Assessors  | <b>Close Overlay Surplus to Surplus Revenue</b><br>The transfer from overlay to the overlay surplus account is done on the Assessors' initiative or within 10 days of a written request by the  |

Selectmen.

## 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 MDM 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 reimbursement request deadline is extended to August 20.

## Additional Information

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### **Local Aid Distributions**

The State Treasurer's office distributes local aid to communities on the last calendar day of every month. The monthly distribution breakdown by community can be viewed on the Treasurer's [website](#) by clicking on the local aid payments report listed under News and Updates.

### **Due Date Exceptions**

According to [M.G.L. c. 4, § 9](#), if the date for any statutory action or payment falls on a Sunday or legal holiday, that action may be performed or payment made on the next succeeding business day. This rule also applies to any actions required by or payments due on a Saturday in communities that accepted [M.G.L. c. 41, § 110A](#) permitting public offices to remain closed on that day.

The due dates for any local property tax payment, abatement application, or exemption application are also extended 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.