

TOWN OF WASHINGTON

FINANCIAL POLICY MANUAL

MAY 2021



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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May 20, 2021

Board of Selectmen
Town of Washington
8 Summit Hill Road
Washington, MA 01223

Dear Board Members,

I am pleased to present the enclosed financial policy manual for the Town of Washington. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

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

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

INTRODUCTION

At the board of selectmen's request, the Division of Local Services Technical Assistance Bureau created a financial policy manual for the Town of Washington. In requesting this project, Washington's leaders sought guidance for formalizing sound budgetary and planning practices, as well as strengthening ongoing operations. Accordingly, the first section of the manual contains policies concerned with financial planning, while those in the second half relate to day-to-day operations. All have been developed based on researched best practices tailored to the specific conditions of Washington. The manual is provided as a draft in Microsoft Word so that town officials can further adjust individual policies as needed based on local decisions and add an effective date to each when adopted. As time passes, changes in circumstances, conditions, or guidance may warrant policy revisions. We recommend the town annually review its policies for any needed updates. The forms and tools referenced in specific policies and listed in the Appendix are provided as separate documents, either as Adobe PDF forms or Excel worksheets.

Some policies refer to currently used software applications provided by vendors, such as VADAR Systems and Quality Data Service Inc. If the town implements new systems in the future, those policies should be revised accordingly. In addition, we offer further guidance for the three following policies, two that require specific town meeting action before it can be adopted as presented here.

Debt Affordability Analysis: In this policy, the town accountant is tasked with benchmarking the town in comparison to peer communities. As a starting point, we suggest Charlemont, Cummington, Hawley, Leyden, Middlefield, New Braintree, New Salem, Plainfield, Sandisfield, and Wendell. A comparison chart with these communities is included in the Appendix

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

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

Chapter X, Section X: Payment Agreements for Properties in Tax Title

- X.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the 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.

One last comment regarding the policy manual: Recently, the board of selectmen began informally referring to themselves as the select board. Although the name change does not affect the powers and authority of the board, to become official, the change must be adopted at town meeting as an amendment to the bylaws. Anticipating this change and at the direction of town officials, all further references to the board is as the select board.

WASHINGTON MASSACHUSETTS

FINANCIAL POLICIES MANUAL



PREFACE

The Town of Washington 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 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 Washington, through its Select Board, Finance Committee, and employees, commits to the following objectives:

- Sustaining a consistent level of service and value for residents and businesses
- Safeguarding financial integrity and minimizing risk through a system of internal controls
- Ensuring the quality and maintenance of capital assets
- Conforming to general law, uniform professional standards, and municipal best practices
- Establishing a credit rating for the town
- Promoting transparency and public disclosure
- Assuring accurate and timely reporting

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FINANCIAL PLANNING POLICIES

ANNUAL BUDGET

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Select Board and Finance Committee in their policy, budget, and statutory roles ▪ Town Accountant and Board of Assessors job duties ▪ All department heads, boards and committees with spending authority
Scope:	<ul style="list-style-type: none"> ▪ Annual budget development, documentation, and adoption processes ▪ Ongoing budget monitoring processes

POLICY

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

The Finance Committee is responsible for developing the annual budget and will do so according to the vision, goals, and strategic plans laid out by the Select Board. As the advisor for the interests of town meeting voters, the Finance Committee will also make recommendations on all finance-related warrant articles, including the annual budget article. It is the goal of these two boards to work in a cooperative manner to present voters with a consensus budget.

Substantial annual appropriations in the budget arise from obligations to regional shared service partners, most prominently, the Central Berkshire Regional School District (CBRSD). The chairs of the Select Board and Finance Committee will cultivate strong, communicative relationships with CBRSD's Superintendent and School Committee, along with other community partners to stay timely apprised of their budget projections.

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

A. Budget Goals

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

- General fund – The goals for the general fund budget include preserving core services, fulfilling required mandates, and maintaining or enhancing the local quality of life, while also ensuring reserve levels that will allow flexibility to respond to changes in the economy and other unanticipated issues that could potentially affect the Town's fiscal health.
- Capital investment — To pay for items in the capital plan, the Town will strive to achieve and maintain the annual capital funding levels spelled out in the Capital Planning and Debt Management policies. Additionally, the Town will plan to regularly fund, within departmental operating budgets, the maintenance costs for equipment, facilities, infrastructure, and other capital assets to maximize their useful lifespans.

B. Principles for Balanced and Sustainable Budgets

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

1. Recurring revenues (e.g., property taxes, vehicle excises, service fees and charges, interest earnings, state aid) will be sufficient to support recurring expenditures (e.g., employee wages and benefits, materials, supplies, contracted costs, debt service).
2. Because free cash is not a current or recurring revenue source, it should not be relied on to balance the operating budget, which is, in effect, what happens when it is applied to reduce the tax rate on the tax recapitulation sheet.
3. The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances, and any such usage will require the Town Accountant to document a plan to replace this source in future years.
4. The Finance Committee will review fee schedules every year and propose increases when necessary to ensure coverage of service costs.
5. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual employee allocations.
6. Commitments to new wage increases and service enhancements can be considered after core services have been secured with recurring revenue.
7. The Town will not underfund any fixed, recurring costs in the annual town meeting budget with the expectation that budget supplements will be available during the year but will instead fund them at the realistic amount necessary to complete the year.
8. When a forecast predicts annual revenues to exceed annual expenditures, the following options should be considered for the excess revenue:
 - building up reserve fund target levels
 - reducing debt
 - advancing deferred capital expenditures
 - restoring services reduced from prior years

- new initiatives
 - tax relief
9. The Board of Assessors will vote to authorize a contribution to the overlay account to offset the Town's liability for unpaid property taxes caused by abatements and exemptions as specified in the Overlay policy.

C. Budget Calendar

The annual budget process begins in the fall with the Finance Committee's forecast presentation to the Select Board, and it ends with annual town meeting in May. The Finance Committee will coordinate a budget process that enables early identification and review of major policy issues and allows adequate time for public input and analysis of options, leading to the timely publication of the annual town meeting warrant.

At the start of the process each year, the Finance Committee will establish specific calendar due dates for each of the sequential tasks, from estimating initial revenue projections, sending out appropriation guidelines and returning departmental requests, updating the capital improvement plan, compiling a working budget, and completing the finalized budget proposal, holding hearings, reviews and approvals at different levels, to printing and distributing the warrant. The Finance Committee will distribute the calendar to all applicable parties.

D. Budget Document

The Finance Committee will produce a transparent and reader-friendly budget document that presents short- and long-term strategic objectives and explains fiscal challenges. It will incorporate narrative information on departmental and organizational goals, the plans and resource allocations needed to meet them, graphical information about available finances, analyses of revenues and expenses, and outstanding debt, and summary of the Town's capital plan. As a guide for valuable information to include in the document, the Finance Committee will refer to the standards laid out by the [Government Financial Officers Association](#) (GFOA) in its Distinguished Budget Presentation Award program.

E. Budget Monitoring

The Town Accountant will continually monitor the budget and provide regular formal reports to the Select Board and Finance Committee. Budget-to-actual revenues will be reported at least quarterly to ensure timely budget adjustments, if needed, and thereby prevent any potential revenue deficit. Budget-to-actual expenditure balances will be reported monthly to ensure that the total of expenditures and purchase commitments in any account does not exceed the authorized budget for that account.

The Town will take immediate corrective actions if at any time during the fiscal year expenditure or revenue estimates indicate a projected operating deficit by year-end. Corrective actions can include, but are not limited to, hiring freezes, expenditure reductions, layoffs, or use of contingency funds.

REFERENCES

[M.G.L. c. 39, § 16](#)
[M.G.L. c. 41, §§ 15A, 57, 58, 59, 60](#)
[M.G.L. c.44, §§31, 33A, 33B, 53A](#)
[M.G.L. c. 58, §§ 25, 25A](#)
[M.G.L. c. 59, § 21C](#)
[M.G.L. c. 69, §1B](#)
[M.G.L. c. 70](#)
[M.G.L. c. 78, §19A-19B](#)

Washington policies on Capital Planning, Debt Affordability Analysis, Debt Management, Financial Management Team, Financial Reserves, Forecasting, One-Time Revenues, Overlay, and Year-End Closing

Division of Local Services (DLS) Best Practices: [The Annual Budget Process Specific to Towns](#)
DLS Informational Guideline Releases [17-13: Appropriation Transfers](#)
DLS [Municipal Calendar](#)

Association of Town Finance Committees [Finance Committee Handbook](#)

Government Finance Officers Association Best Practices [Achieving a Structurally Balanced Budget](#) and [Financial Forecasting in the Budget Preparation Process](#)

FORMS

Departmental Budget Request

EFFECTIVE DATE

This policy was adopted on [date].

CAPITAL PLANNING

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

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

The Finance Committee is charged to oversee Washington's capital improvement program. This involves maintaining a capital asset inventory, identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations.

A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over \$10,000 and to have or to extend three or more years of useful life. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Major improvements to physical infrastructure, including streets, sidewalks, and stormwater drains
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Planning, feasibility studies, and designs for potential capital projects
- Items obtained under long-term capital leases
- Bulk purchases of similar items, like software, furniture, or radios with expected useful lifespans of five or more years that, when aggregated, have total costs exceeding \$10,000

B. Inventory

To support a systematic acquisition and replacement schedule, the Town Accountant will maintain and annually update a detailed inventory of all capital assets, which shall include dates built, acquired or last improved, original costs, current conditions, expected and remaining useful lifespans, depreciated values, extent of use, and any scheduled replacement or expansion dates. The Town Accountant will provide the capital asset inventory to the Finance Committee when requested as part of the annual budget process.

C. Evaluation of Capital Projects

The Finance Committee, with the assistance of the Town Accountant, will review capital project requests submitted by department heads as part of the annual budget process and may hold meetings with individual department heads to discuss them.

When evaluating and deciding on project proposals, the Finance Committee will consult the criteria below:

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

D. Multiyear Capital Improvement Plan

At the end of its work, the Finance Committee will present its analysis with estimated costs, recommendations, and proposed funding sources to the Select Board within an updated five-year capital improvement plan (CIP) that includes the upcoming fiscal year's capital budget and a four-year projection of need. The Finance Committee's report and the Select Board's recommended capital improvement budget shall be published each year in advance of town meeting.

E. Capital Financing

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

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

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

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

REFERENCES

[M.G.L. c. 44, § 20](#)

Washington policies on Debt Affordability Analysis, Debt Management, Financial Management Team, and Financial Reserves

Division of Local Services (DLS) Best Practices: [Presenting and Funding Major Capital Projects](#)
DLS Financial Management Guidance: [Capital Improvement Planning Manual](#) and [Capital Improvement Planning Guide – Developing a Comprehensive Community Program](#)

FORMS

Capital Project Request
Assets and Fleet Inventory
Facilities Inventory
Capital Improvement Plan

EFFECTIVE DATE

This policy was adopted on [date].

DEBT AFFORDABILITY ANALYSIS

PURPOSE

To ensure any debt the Town may issue will not adversely affect its long-term fiscal health and stability, this policy provides guidelines for assessing the affordability of potential borrowings.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Select Board and Finance Committee in their budget decision-making duties ▪ Town Accountant's financial analysis responsibilities
Scope:	<ul style="list-style-type: none"> ▪ Methodology for analyzing capital project affordability

BACKGROUND

For any given, highly expensive capital project, a debt issuance may present the most appropriate financing strategy. Not only does it provide funds not otherwise available upfront, but the amortizing of the debt over multiple years equitably distributes the project's cost among taxpayers who may settle in or move out of town over time. Particularly in a small town with a small annual budget and modest local wealth, any decisions around the use of debt must be made in the context of affordability relative to long-term revenue and expenditure forecasts. The [Municipal Databank](#) of the Division of Local Services (DLS) provides the data needed for the analyses outlined in this policy.

POLICY

Under state and federal legal provisions, the officials subject to this policy may propose that town meeting vote to authorize a debt issuance to finance the construction, reconstruction, or acquisition of any asset with a minimum cost of \$100,000 and minimum useful lifespan of 10 years. Any such proposal will be founded on a favorable analysis of the project's affordability as outlined in this policy. Further, the officials will manage any authorized debt obligation in such a manner as to obtain the best long-term financial advantage and will limit the amount of debt issued 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 Affordability Factors

When an expensive capital improvement is under consideration, the Town Accountant, at the direction of the Select Board, will calculate a series of ratios. Taking the total of the project's estimated principal and interest costs (i.e., its projected annual debt service), the Town Accountant will combine it with any existing debt and then calculate:

- Total debt service as a percentage of annual Town revenue
- Total debt service per capita population

- Total debt service as a percentage of per capita personal income
- Total debt service as a percentage of total assessed property value

The Town Accountant will review historical, multiyear trends in the above variables to make projections against the proposed length of the debt service term.

B. Benchmarking and Reporting

The Town Accountant will use the debt ratio data to benchmark Washington in comparison to peer communities. Using the DLS Databank's [Community Comparison](#) report, the Town Accountant will first determine Washington's peers based on factors such as population, general fund budget, equalized valuation per capita, income per capita, average single-family tax bill, geographic region, and population density. Using the Community Comparison and other Databank reports, the Town Accountant will then calculate the current debt ratios listed in Section A for each community in the peer group. The Town Accountant will then write a debt affordability report with an analysis summary and provide it to the Select Board and Finance Committee.

C. Reporting and Decision Making

The Finance Committee will review the Town Accountant's report and make a recommendation to the Select Board. The Select Board will review the information along with the Finance Committee's recommendation and consider the feasibility of financing projects through the State House Note Program or general obligation bonds. Factors to assess include the Town's ability to pay for legal services, annual audits, and other necessary related financial costs.

The Select Board will then determine whether to include an article for a debt authorization in a town meeting warrant. Both boards will review and comply with the separately adopted Debt Management policy before recommending or rejecting any debt authorization proposal.

REFERENCES

[M.G.L. c. 44, § 4](#)

[M.G.L. c. 44, § 6A](#)

[M.G.L. c. 44, § 7](#)

[M.G.L. c. 44, § 8](#)

[M.G.L. c. 44, § 17](#)

[M.G.L. c. 44, § 19](#)

[M.G.L. c. 44, § 20](#)

Washington policies on Debt Management and Capital Planning

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

Government Finance Officers Association Best Practices: [Benchmarking and Measuring Debt Capacity](#)

EFFECTIVE DATE

This policy was adopted on [date].

DEBT MANAGEMENT

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

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

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

A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for purposes that are authorized by state law and qualify for tax-exempt bonds and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital projects that cost at least \$100,000 and have a minimum 10 years of useful life or whose useful lifespan will be prolonged by 10 years.

4. Refrain from using debt to fund any recurring purpose, such as current operating and maintenance expenditures.
5. Use the Division of Local Services (DLS) [State House Note Program](#) for bond anticipation notes and serial loans as much as possible.
6. Consider using revenue bonds, special assessment bonds, or other types of self-supporting bonds instead of general obligation bonds whenever possible.
7. Retire any debt obtained through a BAN no later than six months after the date that its associated capital project is completed. If there is a financial advantage to deferring the issuance of permanent debt, the Town will make annual reductions in the outstanding principal as if the permanent debt had been issued. This will prevent the Town from carrying any BAN beyond the period in which it is necessary, reduce the interest rate risk the Town will face, and help ensure the timely close out of capital projects.

B. Debt Limits

The Town will adhere to these debt parameters:

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

C. Structure and 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 DLS.
4. The Town will seek to maintain an average maturity of Town's total outstanding long-term debt at less than 10 years.
5. For new long-term debt, the Town will pursue net direct debt service schedules with annual principal and interest payments (net of any reimbursements or dedicated revenue sources) that are sustainable using recurring revenues.
6. Any vote to authorize borrowing will include authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
7. The Town will work within the DLS State House Note Program or with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines and penalties to the federal government, and jeopardizing any debt issuance's tax-exempt status.

D. Bond Refunding

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

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

E. Protection of Bond Rating

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

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

F. Reporting

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

REFERENCES

[M.G.L. c. 44, § 4](#)

[M.G.L. c. 44, § 6](#)

[M.G.L. c. 44, § 6A](#)

[M.G.L. c. 44, § 7](#)

[M.G.L. c. 44, § 8](#)

[M.G.L. c. 44, § 17](#)

[M.G.L. c. 44, § 19](#)

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 21A](#)

[26 USC § 148](#)

Washington policies on Annual Budget, Capital Planning, Debt Affordability Analysis, and Financial Management Team

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

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

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

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

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

EFFECTIVE DATE

This policy was adopted on [date].

FINANCIAL RESERVES

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

The Town is committed to building and maintaining its reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. The Town will strive to maintain overall general fund reserves (i.e., free cash and general stabilization fund combined) at a minimum funding level of 17 percent of its annual operating budget. Equating to two months' worth of operating expenditures, this is a generally accepted reserve target for small communities with modest budgets and limited access to the bond market.

A. Free Cash

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

The Town will strive to realize year-to-year free cash certifications equal to seven to ten percent of the annual general fund budget. To achieve this, the Finance Committee will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs. As much as practicable, the Town will limit its use of free cash to funding one-time expenditures (such as capital projects, snow and ice deficits, or emergencies). Furthermore, the Town will strive to keep its year-end unappropriated free cash balance at a minimum of 25 percent of the annual certification.

B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. The Town has established one stabilization fund, as detailed below.

General Stabilization: The Town will endeavor to achieve and maintain a minimum balance of 10 to 12 percent of the current operating budget in its general stabilization fund. Withdrawals from the fund should only be used to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the 10 percent minimum target. If any necessary withdrawal drives the balance below this minimum, the withdrawal should be limited to one-third of the fund's balance, and the Town Accountant and Finance Committee will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

Special Purpose Stabilization Funds:

[Washington has not established the following fund but should consider doing so to provide a prudent planning tool for financing the capital plan. Once the fund is established, the Town should consider an annual article to appropriate funds as part of the budget to the capital stabilization fund.]

Capital Stabilization: *This fund's minimum target level shall be 10 to 12 percent of the general fund budget. By sustaining funding in this type of reserve, the Town can balance debt with pay-as-you-go practices and protect against unforeseen capital costs.*

C. Overlay Surplus

At the conclusion of each fiscal year, the Board of Assessors will submit to the Select Board, Finance Committee, 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 Select Board may request that the Board of Assessors vote to declare those balances surplus and available for use in the Town's capital improvement plan or for any other one-time expense.

The purpose of the overlay reserve is to offset unrealized revenue resulting from uncollected property taxes, abatements, and exemptions. It can be used for other purposes only after it is determined to have a surplus. Therefore, unlike the other two types of general fund reserves, this policy does not set a funding target for the overlay.

REFERENCES

[M.G.L. c. 40 § 5B](#)

[M.G.L. c. 59 § 25](#)

Washington policies on Annual Budget, Capital Planning, Forecasting, and Overlay

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

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

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

EFFECTIVE DATE

This policy was adopted on [date].

FORECASTING

PURPOSE

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for creating projections of revenues and expenditures as part of the annual budget process and multiyear fiscal planning. By presenting the future implications of current budget scenarios, forecasting helps local officials to make strategic plans for lasting fiscal sustainability and future investment.

APPLICABILITY AND SCOPE

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

POLICY

To determine the Town's operating capacity for future fiscal years, the Town Accountant, under the direction of the Finance Committee Chair, will annually create a detailed forecast with five-year projections of revenues and expenditures. The Select Board and Finance Committee will use the forecast to support their decision making for the upcoming year's operating and capital budgets and for the Town's multiyear capital improvement plan.

The Town Accountant will create conservative forecasts. In basic terms, this entails reviewing historical revenue and expenditure trends, anticipating factors that may impact those trends going forward, analytically developing assumptions, and then formulating reasonable revenue and realistic expenditure projections. Overly optimistic estimates can increase the risk of a revenue deficit, which would necessitate a reduction to the subsequent year's revenue to offset it. On the other hand, inordinately underestimated projections result in excess revenue that is unavailable to benefit the public in the same year as accrued and can be perceived as overtaxation.

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

Before creating the initial forecast for a new fiscal year budget process, the Town Accountant and Finance Committee Chair will review the performance accuracy of prior-year forecasts and any evolving factors in the underlying assumptions to consider how the new forecast's projections may need to be adjusted. Factors to consider include changes in laws, regulations, inflation rate, interest rate, Town goals, and policy decisions.

A. Guidelines for Revenue Assumptions

The following principles shall guide the formulation of revenue assumptions:

- Projections of the property tax levy will be confined by the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
- New growth projections will consider the Town's three-, five- and 10-year averages by property class and advice from the Board of Assessors.
- The Finance Committee will annually review the levy limit's relationship to the levy ceiling (which is 2.5% of the Town's real and personal property total value) to identify potential override capacity and to guard against the levy limit approaching or hitting the ceiling, which would impact future levy growth.
- Local aid projections will correspond with economic cycles.
- Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.
- One-time revenues will not be used in the projections to fund ongoing or recurring operating expenditures.
- Revenues from grant programs will be reviewed annually to determine their sustainability.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.

B. Guidelines for Expenditure Assumptions

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

In addition, the following principles shall guide the formulation of expenditure assumptions:

- The Town's current level of services will provide the baseline for projections.
- Historical trends in the growth of operating expenses and employee benefits will prevail.
- Trends in regional and vocational-technical school enrollments, tuition assessments, capital project assessments, and capital improvement plans will be factored.
- Only currently known increases in employee compensation plans will be factored into the projections, leaving any potential, future cost-of-living adjustments to be calculated independently of the forecast.
- The projections of the Town's health insurance contributions will be based on current enrollment.
- The Town will pay its annual pension contributions.

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

REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

Washington policies on Annual Budget, Capital Planning, Debt Affordability Analysis, Debt Management, Financial Management Team, Financial Reserves, Grants Management, One-Time Revenues, and Overlay

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

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

EFFECTIVE DATE

This policy was adopted on [date].

INVESTMENTS

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ The Treasurer in the statutory duty to invest Town funds ▪ Any investment advisor(s) with whom the Treasurer contracts with
Scope:	<ul style="list-style-type: none"> ▪ Goals, objectives, and allowable practices related to the Town's short-term operating funds and its long-term reserve, investment, and trust funds ▪ Excluded are Town funds invested by the Berkshire County Retirement System

POLICY

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

A. Investment Objectives

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

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

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

For **trusts and other long-term funds** (e.g., stabilization funds, cemetery perpetual care, and any similar funds set aside for long-term use), liquidity is less important than growth. The Treasurer will pool any individual funds that are invested in the same institution while also maintaining each fund

in its own account to allow for the proper proportioning of interest and any realized and unrealized gains or losses. All trust funds are under the Treasurer's control unless otherwise directed by their donor(s).

B. Conflict of Interest

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

C. Investment Instruments

To ensure compliance with state statutes, the table below defines allowable investment instruments and guidelines.

Instrument Type	Short-term Funds	Long-term Funds
Depository accounts in Massachusetts state-chartered banks, including savings, checking and NOW accounts, and money market deposit accounts	No limitations	No limitations
Certificates of deposit (CDs) in Massachusetts state-chartered banks only	Unlimited amounts and maturity up to three years	No limits on amounts or maturity dates
The Massachusetts Municipal Depository Trust (MMDT) , the State Treasurer's investment pool for public entities.	No limitations and the pool is liquid	No limitations
U.S. Treasury or other U.S. government agency obligations	Unlimited amounts and up to one year from date of maturity	No limitations
Bank-issued repurchase agreements ("repos") secured by U.S. Treasury or other U.S. government agency	Maximum maturity of 90 days	Repos are by their nature short-term and therefore not appropriate for the growth objective of long-term funds.

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

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

D. Risk Tolerance Guidelines

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

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

E. Diversification

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

F. Selection of and Relationship with Financial Institutions

When selecting among MA-chartered banks to hold short-term funds, the Treasurer will consider their fee structures, service efficiencies, and account management control features. For investing

long-term funds, the Treasurer will also assess the soundness, stability and reputation of prospective financial institutions and dealers/brokers. Brokers must be recognized, reputable dealers and members of the Financial Industry Regulatory Authority. The Treasurer will require any brokerage houses and brokers/dealers wishing to do business with the Town to provide the following:

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

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

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

G. Standards of Care

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

H. Reporting Requirements

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

- List of all the individual accounts and securities held at the end of the period
- List of short-term investment portfolios by security type and maturity to ensure compliance with the diversification and maturity guidelines
- Summary of income earned on monthly and year-to-date bases
- Disclosure of the fees associated with managing each fund

- Statement of market and economic conditions and other factors affecting the Town's cash position
- Statements on the degree of compliance with the provisions of this policy

REFERENCES[M.G.L. c. 30B](#)[M.G.L. c. 29, § 38A](#)[M.G.L. c. 44, § 54](#)[M.G.L. c. 44, § 55](#)[M.G.L. c. 44, § 55A](#)[M.G.L. c. 44, § 55B](#)[M.G.L. c. 110A, § 201](#)[M.G.L. c. 167, § 15A](#)[M.G.L. c. 203C](#)

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

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

Massachusetts Depositors Insurance Fund [FAQs](#)

MA Secretary of State webpage, [Registration Inspections, Compliance and Examinations Section](#)
Governmental Accounting Standards Board Statement 40: [Deposit and Investment Risk Disclosures](#)
SEC webpage [Form ADV Information](#)

Depositors Insurance Fund [FAQs](#)

EFFECTIVE DATE

This policy was adopted on [date].

ONE-TIME REVENUES

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> Select Board, Finance Committee, and Town Accountant in their budget analysis and decision-making duties
Scope	<ul style="list-style-type: none"> Any source of revenue that occurs in isolation each year, including but not limited to, free cash, overlay surplus, sale of municipal assets, tax lien sales, insurance proceeds, and gifts

POLICY

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

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

1. Cash capital budget
2. General stabilization fund
3. Other stabilization funds

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

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

- Bond proceeds: [M.G.L c. 44, § 20](#)
- Gifts and grants: [M.G.L c. 44, § 53A](#) and [M.G.L c. 44, § 53A^{1/2}](#)
- Sale of real estate: [M.G.L c. 44, § 63](#) and [M.G.L c. 44, § 63A](#)

REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

[M.G.L. c. 44, § 53](#)

[M.G.L. c. 44, § 53A](#)

Washington policies on Annual Budget, Financial Reserves, and Forecasting

Division of Local Services Informational Guideline Release 17-22: [Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt](#)

EFFECTIVE DATE

This policy was adopted on [date].

OVERLAY

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Board of Assessors, Assessor, and Town Accountant job duties ▪ Select Board and Finance Committee in their budget analysis and decision-making responsibilities
Scope:	<ul style="list-style-type: none"> ▪ Funding and maintaining the account for abatements and exemptions (overlay)

BACKGROUND

State statute allows overlay to be maintained in a single account, so that any levy deficit for a particular year need not be subsequently raised on the tax recapitulation sheet, provided that the total overlay account balance is greater than zero.

POLICY

The Board of Assessors is responsible for proposing an annual overlay amount for the Town budget sufficient to offset potentially unrealized revenue from that year's tax levy. The Select Board may propose for appropriation any overlay surplus subsequently determined by the Board of Assessors, for purposes consistent with the Town's Financial Reserves and One-Time Revenues policies.

Although Sections A - C below refer to the overlay as a single account, to better record historical information and facilitate reconciliations, the Town Accountant will maintain overlay balances by levy year in subsidiary ledgers of the general ledger.

A. Annual Overlay

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

- Current balance in the overlay account
- Three-year average of granted abatements and exemptions
- Potential abatement liability in cases pending before, or on appeal from, the Appellate Tax Board (ATB)

- Timing of the next certification review by the Division of Local Services (scheduled every five years)

The Board of Assessors shall notify the Town Accountant and Finance Committee Chair of the amount of overlay voted.

B. Excess Overlay

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

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

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

C. Overlay Surplus

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

After being certified, town meeting may appropriate overlay surplus for any lawful purpose until the end of the fiscal year. The appropriation should be as prescribed in the Town's Financial Reserves and One-Time Revenues policies. Overlay surplus not appropriated by year-end closes to the general fund's undesignated fund balance.

REFERENCES

[M.G.L. c. 59, §25](#)

Division of Local Services Informational Guideline Release 17-23: [Overlay and Overlay Surplus](#)

Washington policies on Annual Budget, Financial Management Team, Financial Reserves, and One-Time Revenues

EFFECTIVE DATE

This policy was adopted on [date].

FINANCIAL OPERATIONS POLICIES

ANTIFRAUD

PURPOSE

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

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

APPLICABILITY AND SCOPE

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

POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, consultants, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. Town officials, employees and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. A "Person acting on behalf of the Town" refers to any individual responsible for or to Washington's government placed in that position by some official relationship with the Town.

The Town will not condone any violation of law or ethical business practices and will not permit any activity that fails to withstand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject to such investigation.

A. Actions Constituting Fraud or Abuse

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

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

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

- Waste of public funds

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

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

B. Antifraud Responsibilities

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

C. Reporting Suspicion of Fraud

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

The Chair is accountable for maintaining the confidentiality of all information related to a report of potential fraud, and the person making the report is protected from retaliation under the provisions of Section H below. Therefore, the Town strongly encourages individuals to put their names to reports; however, an anonymous report can be emailed to the Select Board at washingtonboardofselectmen@gmail.com.

D. Security of Evidence

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

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

E. Confidentiality and Media Relations

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

F. Investigation

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

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

The Town will investigate every nonanonymous report of suspected fraud. For any anonymous report, the Select Board will decide whether a formal investigation is justified based on the following:

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

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

G. Conclusion of Investigation, Corrective Actions, and Disclosures

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

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

If the Town's investigation concludes that there was a violation of any federal criminal law involving fraud, bribery or gratuity potentially affecting a federal award, the Chair 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 Chair will disclose this in writing to the bondholders.

H. Whistleblower Protection

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

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

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

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

I. Ethics Training and Annual Acknowledgments

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

REFERENCES

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

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

MA Ethics Commission summary of the conflict of interest statute: <https://www.mass.gov/service-details/summary-of-the-conflict-of-interest-law-for-municipal-employees>

MA Ethics Commission training webpage: <https://www.mass.gov/how-to/complete-the-online-training-program-for-municipal-employees>

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

EFFECTIVE DATE

This policy was adopted on [date].

CASH FLOW ANALYSIS

PURPOSE

To assess the sufficiency of funds to cover current obligations, determine when surplus funds may be invested, and plan for borrowings as necessary to cover any temporary shortfalls, this policy provides guidelines to create and maintain a cash flow analysis.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Treasurer and Town Accountant job duties ▪ Select Board and Finance Committee in their oversight duties
Scope:	<ul style="list-style-type: none"> ▪ Methodology for analyzing cash inflows and outflows ▪ Strategies for addressing insufficient liquidity

BACKGROUND

A cash flow analysis is an essential treasury tool to enable informed decisions regarding cash position and investments. The Treasurer uses it to estimate available cash deposits, expected inflows, and disbursement obligations during a given period to ensure continuously sufficient liquidity. Inflows include revenue from property taxes, state aid, grants, fees, and penalties. Outflows represent anticipated disbursements for payroll, benefits, purchases of goods and services, and scheduled debt service. Some inflows and outflows are nonrepetitive transactions tied to one-time activity, such as capital financing and expenditures.

This analysis is intended to monitor and measure the Town's ability to meet its needs; to reduce the need for short-term borrowing or liquidation of long-term investments; and to identify any funds available for investment. It is also used to recognize issues that might have negative impacts on the Town's cash position and to coordinate spending patterns to mitigate against any potential shortfalls.

POLICY

Prior to each July 1, the Treasurer will prepare an initial cash flow analysis for the fiscal year. During the fiscal year, the Treasurer will update the analysis with actual inflows and outflows monthly and more frequently whenever sufficient liquidity is at risk.

A. Guidelines for Inflows (Revenue) and Outflows (Disbursements)

- Identify the receipts and expenses that reoccur on a scheduled basis and can be regularly anticipated (e.g., property taxes, state aid, payroll expenses, contractual obligations).
- Use revenue and expenditure data from the previous three to five years to identify the recurring expense and disbursement patterns, being careful to recognize when certain historical data is unusual.
- Analyze the Town's current operating budget for increases in payroll and other expenditures, changes in seasonal spending patterns, and variations related to new or concluded programs.
- Work with department heads to identify nonrecurring programs or items, such as grants (including reimbursable grants) and capital expenditures.

- Incorporate current and future debt payments based on amortization schedules.
- Without significantly jeopardizing accuracy, be conservative in estimating anticipated revenues and generous with disbursement estimates.
- Evaluate the accuracy of the cash flow analysis by comparing actual results with projections and determine the reasons for any significant variances.
- Keep the analysis as simple as possible while still maintaining reliable and precise information needed for making appropriate management decisions.

B. Providing for Insufficient Liquidity

If the cash flow analysis projects insufficient liquidity, the Treasurer and Town Accountant will determine the amount required to provide funding for expenses until adequate revenues are realized. The Treasurer will secure funding as follows:

1. Liquidate general operating cash investments. Prior to liquidation, the Treasurer will analyze the investment for any redemption fees, penalties, or income loss that would make another option more beneficial to the Town.
2. Borrow internally from the stabilization fund. The Treasurer will only pursue this option if:
 - a. The balance in the fund is equal to or exceeds the required amount.
 - b. There are no restrictions on the fund from which the advance is to be made.
 - c. Withdrawal from the investment fund does not have severe fees, penalties, or loss of income.
3. Finance using a Revenue Anticipation Note (RAN). The Treasurer will obtain a RAN through the [State House Note Program](#). (Note that this requires a cash flow analysis for the term of the borrowing.)

The Treasurer shall ensure that all borrowed funds (options 2 and 3) are repaid by the close of the fiscal year, June 30.

C. Time Frames and Documentation

The Treasurer will submit the cash flow analysis monthly to the Town Accountant, Select Board, and Finance Committee for review and discussion.

FORMS

Cash Flow Analysis (Excel)

Division of Local Services (DLS) Form: [Advance of Funds in Lieu of Borrowing Report](#)

REFERENCES

Washington Financial Management Team policy

DLS Informational Guideline Releases 17-20: [Stabilization Funds](#) and 17-21: [Borrowing](#)

Massachusetts State House Note Program: [State House Note Forms, Letter and Other Resources](#)

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

Government Finance Officers Association Best Practice: [*Cash Forecasts for Treasury and Operations Liquidity*](#)

EFFECTIVE DATE

This policy was adopted on [date].

CREDIT CARD USAGE

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Treasurer and Town Accountant job duties. ▪ Department heads, town officials, and any town employees with spending authority (all referred to as "employees" below)
Scope:	<ul style="list-style-type: none"> ▪ Guidelines for purchases by credit card ▪ Administration of the credit card account ▪ Process for including credit card purchases in the accounts payable warrant

POLICY

The Town shall have only one credit card account with one physical credit card, both under the custody and control of the Treasurer¹. Exceptions to any provisions in this policy must be approved in advance by the Select Board and Town Accountant.

A. Allowable Use

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

The following are prohibited uses of the credit card:

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

Prior to making a purchase, an employee must complete a credit card requisition form. 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 an accounts

¹ Due to limited Town Hall hours, the Treasurer may designate a responsible party to hold, dispense, or receive the credit card.

payable warrant, the Town Accountant must also sign the form, verifying that the purchase is consistent with the appropriation's intent, sufficient funds are available to cover the cost, and no fraud is evident. The Town Accountant will maintain a folder of the approved requisition forms for audit purposes.

As much as practical, possession of the credit card will remain with the Treasurer. If the purchase must be made at a brick-and-mortar merchant, the employee making the purchase must return the credit card to the Treasurer within no more than 24 hours. Any employee in custody of the card must immediately report to the Treasurer if it is lost or stolen.

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

B. Administration

The Treasurer is responsible for administration of the credit card, including but not limited to selecting the card issuers, setting the total purchase limits, 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 other than cash back via paper check. Any cash received back is general fund revenue that the Treasurer must report to the Town Accountant on a Schedule of Departmental Payments to the Treasurer, record in the VADAR Treasurer's Receipts module and cashbook, and deposit in the bank.

C. Warrant Process

The Treasurer will provide two copies of the credit card statement to the purchasing employee(s). The employee will retain one copy and submit the other to the Town Accountant with a Schedule of Departmental Bills Payable, detailed vendor receipt, and 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. All credit card activity is subject to audit by Washington's independent auditor.

PROCEDURES

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

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

FORMS

Credit Card Purchase Request

REFERENCES

[M.G.L. c. 44, § 58](#)

[M.G.L. c. 44, § 64](#)

Washington policies on Antifraud and Disbursements: Accounts Payable

EFFECTIVE DATE

This policy was adopted on [date.]

DISBURSEMENTS: ACCOUNTS PAYABLE

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

No disbursement for any accounts payable (AP) expense shall occur without the prior review of the Town Accountant and approval by the Select Board. Accordingly, the Town Accountant is responsible for finalizing every AP warrant and the Select Board for approving each by majority signatures. Any elected or appointed board serving as a department head may vote to delegate the authority for approving AP submissions to one of its members, but no board can assign this responsibility to a non-board member.

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

To allow for the expedited processing of any checks that may go unclaimed (as permitted under [M.G.L. c. 200A, § 9A](#)), printed on the face of every disbursed check will be: "Void if not cashed within one year of issuance." The Treasurer will secure all checks in a safe until distributed.

All disbursement activity is subject to audit Washington's independent auditor.

A. Responsibilities Related to Disbursement Processing

Each **department head** is responsible for:

- Assuring that all purchases of goods and services conform to the state's procurement laws
- Verifying that adequate funds exist in the department's budget for every AP submission, attesting to the accuracy of each AP submission via signature on the Schedule of Departmental Bills Payable.

- Submitting timely AP disbursement requests to the Town Accountant

The **Town Accountant** is responsible for:

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

The **Treasurer** is responsible for:

- Reviewing the AP warrant and withholding from disbursement any amounts owed to the town by listed payees
- Upon receipt of AP warrants signed by the Select Board, funding the AP checking bank account in the appropriate amount
- Disbursing payments to vendors via mail or electronic funds transfer
 - The Treasurer will not give any vendor checks directly to department heads or other employees
- Updating the cashbook to document the disbursement activity

The **Select Board** members are responsible for approving all AP warrants.

B. Manual Disbursements in Exceptional Circumstances

An emergency or other imperative circumstance may compel an allowable exception to the usual disbursement schedule. In such rare cases, the Treasurer may issue a manual check upon receipt of written authorizations from the Select Board Chair and Town Accountant. In any such case, the relevant department head will submit a Schedule of Departmental Bills Payable for the expense to be processed as a no-check on the next accounts payable warrant.

PROCEDURES

A. Departments Submit Invoices for Payment

The AP warrant process occurs biweekly, with the warrant finalized every other Monday and payments disbursed by Thursday of that week. Departments must submit their requests for payment no later than the Thursday before the warrant week and include with each AP submission the original document(s) provided by the vendor. These could include an invoice, remittance stub, or another type of document, or a combination of these documents. To prevent duplicate payments, departments must not submit any follow-up bills for outstanding amounts. These are not considered to be originals. Instead, the department should email the Town Accountant to inquire about the status of the prior submission.

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

Objectives	Steps
A-1) Validate that charges are appropriate	<ul style="list-style-type: none"> ▪ Ensure the correctness of the invoice's rates and calculated total. ▪ Verify goods received correspond to the itemized invoice or packing slip. ▪ Verify that charges for services accurately reflect the work performed. ▪ To document this validation review, sign or stamp each original invoice or other originating document.
A-2) Complete an AP Schedule	<ul style="list-style-type: none"> ▪ Invoices may be batched and recorded together on a single Schedule of Department Bills Payable ("Schedule"), which will act as a coversheet for the individual back-up documents being submitted. ▪ On the Schedule, list the invoice(s), filling in the blanks at the top of the sheet as well as all the columns in the table for each invoice with its identifying information. ▪ Ensure the Schedule's total amount balances with the total invoices being attached. ▪ If the invoice included sales tax, only input the cost of the item <u>without any sales tax</u> on the Schedule. The Town Accountant will follow up with the vendor (see B-4 below). ▪ Make a photocopy of each invoice, retain the copy in the department files, and attach the original to the Schedule. ▪ Present the Schedule and invoices to your department head for approval.
A-3) Approve and submit the Schedule	<ul style="list-style-type: none"> ▪ Department head reviews the Schedule and the back-up document(s) for accuracy and appropriateness, and then signs the Schedule to approve it or follows up on issues. ▪ Deliver signed Schedule and attachments to the Town Accountant's office.
A-4) Segregate duties	<p>To the greatest extent practical by department, separate individuals will be tasked with:</p> <ul style="list-style-type: none"> ○ Ordering a purchase, receiving it, and creating the Schedule ○ Authorizing the purchase and approving the Schedule

B. Town Accountant Reviews AP Submissions and Finalizes the Warrant

The Town Accountant will take the following steps to review and finalize the AP warrant.

Objectives	Steps
B-1) Review accuracy of Schedule	<ul style="list-style-type: none"> ▪ Review the received Schedule and supporting documents to ensure correctness in the following: <ul style="list-style-type: none"> ○ The listed amounts correspond accurately to the invoices. ○ Subtotal is correctly calculated. ○ Accounts being charged are correct. ○ Sales tax is not included. ○ Expense is in the appropriate fiscal year. ○ Authorizing signature is appropriate. ▪ If any of the above is missing or incorrect, contact the person authorizing the expense for more information or documentation.

Objectives	Steps
B-2) Review for appropriateness of expenditure ¹	<ul style="list-style-type: none"> ▪ For each AP request, verify the following: <ul style="list-style-type: none"> ○ The expense is legal (i.e., it is consistent with the intent of the appropriation). ○ Sufficient funds exist in the appropriation account. ○ There is no evidence of fraud. ▪ If any of the conditions above cannot be verified, call the department head for more information. If that does not resolve the issue, send an email to the department head and Treasurer with the reason for rejecting the AP request. ▪ If fraud is suspected, follow the Town's Antifraud procedures.
B-3) Enter each AP submission in VADAR	<ul style="list-style-type: none"> ▪ Enter the invoice data from the Schedule into a VADAR AP batch. ▪ Validate and reconcile the total amount for all Schedules to the VADAR batch total. ▪ Verify check and non-check totals.
B-4) Print preliminary warrant	Print a preliminary warrant and give it to the Treasurer to review (see D-1).
B-5) Reject any charged taxes	Send letter to any vendors that charged taxes stating that the Town is exempt, and taxes will not be paid.
B-6) Post AP data to the general ledger	<ul style="list-style-type: none"> ▪ After receiving the warrant back from the Treasurer (see D-2), make any necessary adjustments to it in the VADAR batch. ▪ Validate and reconcile the total amount of the revised Schedules to the updated VADAR batch total. ▪ Post the batch the VADAR general ledger.
B-7) Generate and approve final warrant	<ul style="list-style-type: none"> ▪ Generate the final warrant and print two copies. ▪ Sign the warrants and deliver them to the Select Board's Office.
B-8) Print checks	<ul style="list-style-type: none"> ▪ Assign the check numbers based on blank checks received from the Treasurer, verifying the first check is the next in order from the previous check run. ▪ If the checks are not in order, investigate why. ▪ If fraud is suspected, follow the town's Antifraud policy and report to the Select Board Chair. ▪ Using VADAR's Print Checks program, imprint AP information on blank checks received from the Treasurer (see D-4). ▪ Print a VADAR Check Register report of the check run information. ▪ Deliver the signed warrant, printed checks, and Check Register report to the Treasurer.

C. Select Board Authorizes Warrant

At least two of the three Select Board members must review and subsequently authorize the AP warrant according to the following steps.

¹ [M.G.L. c. 41, § 52](#) requires the Town Accountant to review every presented AP submission to determine whether it should be disallowed because it is either illegal, fraudulent, or excessive. "Excessive" means that it exceeds the budgeted appropriation.

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

D. Treasurer Disburses Funds for AP Expenditures

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

Objectives	Steps
D-1) Review warrant	<ul style="list-style-type: none"> Review the preliminary warrant from the Town Accountant to: <ul style="list-style-type: none"> Ensure all data is entered correctly. Ascertain if any payees owe money to the Town. Determine required funding amount.
D-2) Notify Town Accountant of any changes	<ul style="list-style-type: none"> Notify the Town Accountant to review and possibly adjust the warrant for: <ul style="list-style-type: none"> Any warrant entry inconsistent with the submitted documentation. Any payee with a Town liability to pay to the Town the amount owed and pay to the vendor any remaining balance (see B-6).
D-3) Prepare the checks	<ul style="list-style-type: none"> For check payments, remove the correct number of checks from the safe, note them in the check log, and deliver them to the Town Accountant. Verify the first check is the next in order from the previous check run. Investigate checks not in sequence.
D-4) Fund the warrant	<ul style="list-style-type: none"> Prepare an AP Warrant Funding Schedule to document: <ul style="list-style-type: none"> Check transfer amount Check numbers Total checks Wire funding account Wire funding amounts No check amounts and reasons Verify total bank activity equals total AP warrant. On the bank's website, transfer funds from the general depository (or other funding) account to the appropriate checking or Automated Clearing House (ACH) AP accounts in the exact amounts. Print the bank's transfer report, attach it to the warrant, and retain them on file.
D-5) Disburse funds	<ul style="list-style-type: none"> Verify check numbers are documented on AP Warrant Funding Schedule. Initiate wire payments and ACH electronic payments. When the Town Accountant returns the printed checks (see B-8), mail them to the vendors along with any received remittance stubs. From VADAR, create an electronic Check Register and transmit it to the bank to identify the payees.

REFERENCES

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

[M.G.L. c. 44, §§ 56, 58, 64](#)

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

Washington Antifraud policy

EFFECTIVE DATE

This policy was adopted on [date].

DISBURSEMENTS: PAYROLL

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Accountant and Treasurer job duties ▪ Select Board's warrant approval responsibilities ▪ All employees in reporting their time and attendance and to all the department heads and elected or appointed officials who submit requests for payroll disbursements (all referred to here as "department heads")
Scope:	<ul style="list-style-type: none"> ▪ Monthly, biweekly, and other periodic processing of payroll, including employee compensation, withholdings, and leave time management

POLICY

To comply with [MGL c. 41 §41](#), which requires municipal payroll to be "sworn to by" department heads, all employees must complete time sheets to document the basis for their compensation. Although the gross amounts paid to salaried employees do not change with each specific pay cycle irrespective of hours worked, time sheets signed by the employees serve as confirmations of time, attendance, and payroll amounts. Department heads must review and approve the payroll reports of their employees, and the department heads' own payroll reports must be approved by whomever appointed them. Any elected or appointed board serving as a department head, including the Select Board, may vote to delegate the authority for approving payroll submissions to one of its members, but no board can assign this responsibility to a non-board member.

No payroll expenditure shall occur without the prior review and approval of the Town Accountant and Select Board. All payroll expenditures must be consistent with compensation rates defined in the Town's Personnel Policies manual and as further authorized by town meeting. All disbursement activity is subject to audit by the independent auditor.

A. Ongoing Maintenance of Payroll and Leave Time Data

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

B. Responsibilities Related to Payroll Processing

Every **employee** is responsible for:

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

Each **department head** is responsible for:

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

The **Treasurer** is responsible for:

- Maintaining and updating employee leave time balances on both pay period and annual accrual bases
- Consolidating biweekly, monthly, and stipend payroll data in Excel and remitting data to Universal Payroll Associates ("Universal Payroll")
- Verifying the payroll funding calculation and initiating a bank transfer
- Updating the cashbook to document the disbursement activity

The **Town Accountant** is responsible for:

- Ensuring each requested payroll expenditure complies with statute and this policy
- Verifying and approving payroll warrants prior to the Select Board's authorization
- Recording payroll withholdings in the general ledger and subsequently including them on the next accounts payable warrant
- Updating the general ledger with all payroll warrant expenditures

The **Select Board** is responsible for approving payroll warrants.

C. Payroll Disbursement Exceptions

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

PROCEDURES

A. Departmental Payroll Submissions

The Town's two-week pay cycle runs from Saturday to Friday with payroll disbursements occurring every other Friday. To allow sufficient time for processing and proper authorization, departments are expected to submit their payroll reports to the Treasurer's office the Friday before disbursement Friday. Any department that has exceptions related to the next day must submit an updated report to the Treasurer's office by noon on Monday. No employee may submit overtime hours (i.e., hours exceeding 40 hours in a week) or hours for any special detail work without the supervisor's advanced approval.

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

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

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

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

B. Treasurer: Payroll Data Processing

The Treasurer will take the following steps to prepare the payroll for Universal Payroll.

Objectives	Steps
B-1) Enter payroll data	<ul style="list-style-type: none"> ▪ In the current fiscal year payroll spreadsheet, copy the last pay period sheet to create one for the current pay date. ▪ Verify all columns and rows are visible to begin current period entry. ▪ From the time sheets, enter hours worked for each pay type: <ul style="list-style-type: none"> ○ Regular ○ Overtime ○ Holiday ○ Sick ○ Personal ▪ For the month-end pay period, include salary employees.

B-2) Verify payroll totals	<ul style="list-style-type: none"> Using time sheets, compensation data for salary employees, and payment requests, calculate a pay control total for the period. Verify that the balances in revolving accounts for employees receiving stipends, permitting fees, or other payments based on activity (e.g., police details) are sufficient for the payroll requested. If not, change the pay amount to the balance in the account. Review the spreadsheet input against the calculated control total. Reconcile and correct any differences.
B-3) Create preliminary pay reports	<ul style="list-style-type: none"> Print a preliminary detailed payroll. Send it with time sheets and departmental reports to the Select Board for approval and copy the Town Accountant to review (see C-1 and D-1).
B-4) Finalize payroll	<ul style="list-style-type: none"> After receiving the approval of time sheets from the Select Board (see D-1) and the preliminary payroll back from Town Accountant (see C-1), make any necessary changes. Send the final payroll spreadsheet to Universal Payroll for processing.
B-5) Create payroll warrant for posting	<ul style="list-style-type: none"> Using Universal Payroll reports, create the warrant in Excel for the gross pay plus the town's share of Medicare and associated Universal Payroll processing fees. Print two copies of the final warrant and deliver them to the Town Accountant.
B-6) Submit withholdings	<ul style="list-style-type: none"> Create a Schedule(s) of Departmental Receipts every pay cycle for employee withholdings that are not directly remitted by Universal Payroll (e.g., health insurance). Forward the Schedule(s) to Town Accountant to record in general ledger.

C. Town Accountant: Warrant Approval and Post Payroll Processing

The Town Accountant takes the following steps to approve the payroll warrant.

Objectives	Steps
C-1) Review the preliminary payroll ¹	<ul style="list-style-type: none"> Review the payroll listings in the preliminary detail against the departments' payroll summary reports, and for each listing verify that: <ul style="list-style-type: none"> The expense is legal (i.e., it is consistent with the intent of the appropriation). Sufficient funds exist in the appropriation account. There is no evidence of fraud. If any of three conditions above cannot be verified, call the department head for more information. If any of three conditions above cannot be verified, call the department head for more information. If fraud is suspected, follow the Antifraud policy.

¹ [M.G.L. c. 41, § 52](#) requires the Town Accountant to review every presented payroll submission to determine whether it should be disallowed because it is either illegal, fraudulent, or excessive. "Excessive" means that it exceeds the budgeted appropriation.

	<ul style="list-style-type: none"> When satisfied with the preliminary warrant, sign it, and return it to the Treasurer's office along with the departmental payroll reports.
C-2) Approve the finalized warrant	<ul style="list-style-type: none"> Review the final warrant from the Treasurer. Sign both warrant copies and deliver them to the Select Board's Office.
C-3) Post to the general ledger	<ul style="list-style-type: none"> After receiving the signed, authorized warrant from the Select Board, enter and post the expense data in VADAR general ledger. Enter and post all applicable withholding amounts for the pay cycle based on the Schedule(s) received from the Treasurer (see B-6).

D. Select Board: Payroll Expenditure Authorization

Every two weeks, at least one Select Board member must review and approve time sheets for personnel who report directly to them and at least two of the three members must subsequently authorize the corresponding payroll warrant according to the following steps.

Objectives	Steps
D-1) Review time sheets for personnel who report directly to the Select Board	<ul style="list-style-type: none"> Review time sheets for accuracy and appropriateness. If any information needs correction, meet with the employee to discuss, make the changes on the time sheet, and both people initial the changes on the sheet.
D-2) Review final warrant	<ul style="list-style-type: none"> Review the final warrant for appropriateness and direct any inquiries to the Town Accountant. If no questions exist, sign both warrant copies.
D-3) Notify Town Accountant	Deliver the signed warrants to the Town Accountant.

E. Treasurer: Payroll Disbursement

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

Objectives	Steps
E-1) Fund the payroll bank account	<ul style="list-style-type: none"> Prepare a funding schedule for net payroll, taxes, and all applicable withholdings. If there was a payroll exception payment for the period, also prepare a separate funding report. Reconcile the funding report(s) and withholdings schedule with the Universal Payroll Summary. If any information needs correction, immediately notify Universal Payroll. By 3:00 p.m. Thursday, on the bank's website, initiate the fund transfer from the general depository (or other funding) account to the designated payroll account in the total amount of the funding report(s). Print the bank's transfer report, attach it to the funding report(s), and retain them on file.

E-2) Update cashbook	Record the disbursement activity in the cashbook the same day as the bank transfer.
E-3) Verify funds disbursements	<ul style="list-style-type: none">▪ Verify all federal, state, and vendor payments were made by Universal Payroll in the amounts on the funding schedule.▪ Investigate and correct any amounts or payments not processed properly.▪ Verify “live” checks issued by Universal Payroll.
E-4) Verify cashed checks	<ul style="list-style-type: none">▪ Maintain an uncashed check list of “live” checks issued by Universal Payroll.▪ Follow the Town’s Tailing policy for any uncashed checks funded by the Town.

REFERENCES

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

[M.G.L. c. 44, §§ 56, 58, 64](#)

Washington policies on Antifraud, Reconciliations, and Tailings

EFFECTIVE DATE

This policy was adopted on [date.]

FINANCIAL MANAGEMENT TEAM

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Town Accountant, Treasurer, Collector, and Assessor Consultant ▪ Select Board Chair and Finance Committee Chair ▪ Town Clerk as auxiliary member
Scope:	<ul style="list-style-type: none"> ▪ Enhanced coordination of ongoing financial operations through regular meetings of a financial management team

POLICY

The Town establishes a financial management team consisting of the Select Board and Finance Committee Chairs, Town Accountant, Treasurer, Collector, and Assessor Consultant. The Select Board Chair or designee will schedule team meetings at a consistent time each month, and more frequently when necessary, email agendas to the team in advance of the meetings, and act as meeting chair. The Town Clerk may also be called upon to participate in certain meetings during the year when appropriate for the agenda.

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

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

REFERENCES

Washington polices on Annual Budget, Capital Planning, Cash Flow Analysis, Debt Affordability Analysis, Forecasting, Grants Management, Overlay, Reconciliations, Tax Recapitulation, and Year-End Closing

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

EFFECTIVE DATE

This policy was adopted on [date].

GRANTS MANAGEMENT

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

All departments are encouraged to solicit grant funding for projects and programs consistent with the Town's goals. The Select Board will review all municipal applications for grants for preapproval. To be eligible for preapproval, there must be sufficient staff available to effectively administer the grant program and perform its required work scope, along with adequate matching requirements (both cash and in-kind).

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

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

A. Grant Opportunity Assessment

Well in advance of a grant application's due date, the departmental project manager will assess the opportunity in consultation with the Finance Committee Chair 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, the project manager will submit a meeting agenda item requesting preapproval from the Select Board with a report summarizing the grant and how it complies with this policy. The Board will then decide 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 Select Board to formally accept by signatures and thereby approve the expending of grant funds. The project manager will then send copies of the signed agreement to the grantor and the Town Accountant.

Upon receiving the new grant's documents, the Town Accountant will create new general ledger account to record the grant activity separately from regular expenses. Federal grants will be identified by including the CFDA (catalogue of federal domestic assistance) number. 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 expenditure requirements, penalties, 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

consistent with the Town's Disbursement policy. The project manager will ensure the proper payroll account codes for grant-funded employees are reported on the department's submission to the Treasurer as part of the regular payroll process.

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

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

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

D. Grant Closeout

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

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

Within 30 days of any grant closeout or 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 grantors, the Town Accountant, and the Washington's independent auditor. The Town Accountant will maintain all grant documents and financial records for seven years after their closeouts or for the lengths of time specified by the grantors, whichever period is longer.

REFERENCES

[M.G.L. c. 40, § 5D](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 44, § 53A](#)

Washington policies on Antifraud, Disbursements: Accounts Payable, and Reconciliations

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

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

COA Administrator/Councils on Aging in Massachusetts: [Annual Reporting Requirements](#)

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

EFFECTIVE DATE

This policy was adopted on [date].

RECONCILIATIONS

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

The Treasurer, Collector, and all other department heads with responsibility for managing a receivable account and/or a special revenue fund will internally reconcile their respective accounting records and subsequently reconcile them with the Town Accountant according to the guidelines and periodic time frames outlined in this policy. Although each financial officer is responsible for maintaining independent records of his or her office's transactions, they are also collectively accountable for the overall accuracy of Washington's financial records.

A. Cashbook Reconciliation

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

The Treasurer will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cashbook and financial institutions, and will either document or correct them as appropriate. The Treasurer will then forward an Excel report of the cashbook reconciling detail and balances to the Town Accountant and, when needed, an additional Schedule of Treasurer's Receipts for any adjustments or further revenue for the period.

B. Payroll Withholdings Reconciliation

Payroll withholdings include federal and state taxes, child support and other wage assignments for legal obligations, deferred compensation, optional insurances, association dues, and other employer-sponsored options. At the conclusion of each pay cycle, the Treasurer will forward a Schedule of Department Payments to the Treasurer (turnover form) and Universal Payroll Associates Deduction Report of withholdings subject to vendor invoices (i.e., insurances) to the Town Accountant to be recorded in separate general ledger agency accounts and disbursed through the accounts payable process.

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

C. Accounts Receivable Reconciliation

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

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

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

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

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

D. Special Revenue Reconciliation

Governed by various state statutes, special revenue funds are specific revenues segregated from the general fund and earmarked for specific purposes. They include gifts and grants from governmental entities, individuals, and organizations; revolving funds; and receipts reserved for appropriation. To

ensure these funds are balanced, department heads with responsibility for special revenue funds will verify that all revenues turned over to the Treasurer, expenditures authorized for payment by the Town Accountant, and properly authorized transfers are recorded for the period. These department heads will subsequently provide the Town Accountant with reconciliation reports on the funds.

E. General Ledger Reconciliation

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

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

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

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

- Review the commitments, charges, payments, abatements, refunds, reclassifications, and adjustments in the general ledger, as appropriate for each 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 record-keeper. Therefore, the above steps must resolve any discrepancies between the receivable control and the ledger. If they do not, the record-keeper and Town Accountant must trace each ledger entry until they determine the reason for variance.

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

F. Time frames and Documentation

Employees subject to this policy will complete reconciliations of their internal accounting records early each month so that subsequent reconciliations to the general ledger take place no later than the 20th of the month following the one being reconciled. At each quarter-ending month, the Town Accountant will extend the cash reconciliation process to individually reconcile every general ledger account that directly corresponds to a specific bank account (e.g., stabilization funds, trust funds, guarantee bond deposits).

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

G. Audit

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

REFERENCES

Washington policies on Antifraud, Disbursements: Accounts Payable, Disbursements: Payroll, Financial Management Team, Grants Management, and Revenue Receipt and Turnover

Division of Local Services Best Practice: [Reconciling Cash and Receivables](#)

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

EFFECTIVE DATE

This policy was adopted on [date].

REVENUE RECEIPT AND TURNOVER

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Treasurer, as the Town's cash manager ▪ All other individuals and department heads with responsibility for handling payments ▪ Town Accountant in the duty to keep the general ledger up to date
Scope:	<ul style="list-style-type: none"> ▪ Guidelines for managing all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excises, fees, charges, and intergovernmental receipts, from the departmental level through Treasury and Accounting duties

POLICY

By [M.G.L. c. 41, § 35](#), the Treasurer is given charge of all revenue receipts of the Town. To minimize the risk of any revenue lags or losses, every department that receives payments must accurately account for the funds and turn them over to the Treasurer according to the timing and protocols outlined in this policy. As called for here, the departmental staff and Treasurer will separately notify the Town Accountant of the money turned over and accepted, respectively. This check-and-balance control enables the Town Accountant to effectively track receipts within the general ledger per [M.G.L. c. 41, § 57](#), while also maintaining complete separation from any cash handling functions in compliance with [M.G.L. c. 41, § 55](#).

The head of each department that receives payments is responsible for instituting and employing the internal controls detailed here to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer. Each department will turn over receipts to the Treasurer no less frequently than biweekly and must do so immediately when total receipts exceed \$200. At month-end, all departments will report to the Treasurer, either to turn over all remaining revenues received for the month or to report they have no revenue, no later than 11:00 am on the last business day of the month.

To indemnify the Town from potential revenue losses, the Select Board Chair will ensure that surety bonds are maintained for all individuals responsible for handling payments. The Treasurer is responsible for training all applicable Town personnel on this policy.

A. Monthly Reporting

The Town Accountant will distribute a revenue report for each department after all receipts are posted to the general ledger on a monthly basis. Each department is responsible to verify all turned over

receipts have been accurately recorded in the general ledger accounts for which they are responsible. Discrepancies will be immediately investigated and corrected. If the department head and town accountant cannot resolve the issue, the Select Board Chair shall be notified.

B. Cash Drawer

On a limited basis, the Town Accountant may authorize funds for a department cash drawer for the exclusive purpose of making change. The department head must complete a Cash Drawer Authorization Form to request this funding. The Town Accountant will maintain records of cash drawer balances in the general ledger as cash accounts.

Use of these cash drawers shall be restricted only to departmental staff whose job duty assignments specify cashier functions. The department head is responsible for ensuring that each cash drawer is counted daily and will immediately investigate and correct any discrepancies. Cash drawers shall be stored in locked cabinets or safes.

C. Audit

All cash management activity is subject to review by the Town Accountant, Treasurer, and Washington's independent auditor. At least once a year, the Town Accountant will make site visits to departments to audit their receipt processing, including tracing samples of receipt log listings to their deposits, along with cash drawer procedures and verification of cash balance amounts, if applicable. The Town Accountant and Treasurer will jointly submit a written audit report to the Select Board with any necessary recommendations for improving procedures.

PROCEDURES

Every check received at the intake department level will be immediately endorsed by the receiver with "For deposit only, Town of Washington" using a rubber stamp or by handwriting.

A. Departmental Staff Receive and Turn Over Revenues

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

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

Objectives	Steps
A-1) Receive a payment	<ul style="list-style-type: none"> ▪ Use prenumbered receipt books to issue receipts to all individuals paying in person, even when they attempt to refuse them. ▪ In the receipt book, note the amount, receipt type, and form of payment (i.e., cash or check). ▪ For all receipts, note the following in the departmental receipt log: <ul style="list-style-type: none"> ○ date ○ payer ○ amount ○ type of receipt ○ license/permit number, if applicable ○ form of payment
A-2) Secure receipts	Secure all receipts in a locked cash drawer, cashbox, or safe until they are delivered as a turnover to the Treasurer.
A-3) Create a turnover	<ul style="list-style-type: none"> ▪ In Excel, list the receipt(s) in the Schedule of Department Payments to the Treasurer ("Schedule"), filling in all identifying information in the appropriate cells. ▪ Ensure that all receipts in the Schedule tie back to the receipts log and that no logged receipts are unaccounted for in the Schedule. ▪ Present the Schedule and receipts to your department head. ▪ Department head reviews, and if necessary, corrects the information on the Schedule and signs to approve it.
A-4) Turn over receipts	<ul style="list-style-type: none"> ▪ Hand-deliver the original Schedule and receipts to the Treasurer's office. If the Treasurer is not in the office, the turnover may be deposited through the slot in the Treasurer's locked door. ▪ At no time may a turnover package be left unattended in the open Treasurer's office or elsewhere in Town Hall.
A-5) Notify the Town Accountant	<ul style="list-style-type: none"> ▪ Deliver a copy of the accepted Schedule signed by the receiving Treasurer employee to the Town Accountant. ▪ If the turnover was deposited through the Treasurer's locked door, note this on the Schedule to explain to the Town Accountant why there is no Treasurer's signature. ▪ Retain the other signed copy for department records.
A-6) Segregate duties	<p>To the fullest extent practical by department, separate individuals shall be tasked with:</p> <ol style="list-style-type: none"> 1) receiving payments and issuing receipts; 2) recording payments in the departmental log; and 3) approving turnover Schedules for submission to the Treasurer.
A-7) Collect for insufficient funds	<ul style="list-style-type: none"> ▪ Upon notification by the Treasurer, follow up on collecting the amounts owed due to an insufficient check or invalid or otherwise unpaid electronic funds transfer (EFT). ▪ If the payment was for a license or permit, suspend the license or permit until the original amount and penalty have been paid.

B. Collector Processes Committed Receivable Payments

To maintain data on tax and other committed receivables, the Town currently uses software applications provided by Quality Data Service Inc. (QDS). The Town also has a contract with deputy collector firm, Arthur P. Jones & Associates (AP Jones) to collect motor vehicle excises through its UniPay application. Both AP Jones (through UniPay) and QDS deposit collections into bank accounts under the Treasurer's control and submit reports of their collection and deposit activity.

The Collector will take the following steps to process all tax and excise payments.

Objectives	Steps
B-1) Receive payments by mail or over the counter	<ul style="list-style-type: none"> ▪ If no remittance stub was included, print one from QDS. ▪ Verify whether the amount received equals the amount due on the remittance stub. If it does not, write the actual amount paid on the stub. ▪ For check payments, write the check number on the remittance stub. ▪ For in-person, cash payments (only), use a prenumbered receipt book to issue receipts regardless of whether the payers attempt to refuse them. In the cash receipt book, note: <ul style="list-style-type: none"> ○ date ○ payer ○ amount ○ receivable type (property tax, excise, etc.) and fiscal year ○ bill number ▪ When cash is received for a payment, stamp "CASH" on the remittance stub. ▪ Create a deposit slip for each day's cash receipts.
B-2) Secure receipts	Secure all cash receipts and any checks that have not yet been scan-deposited in a locked cash drawer or safe (overnight) until they are deposited in the bank.
B-3) Receive deputy collector report	<ul style="list-style-type: none"> ▪ Receive the monthly report of excise collections from AP Jones. ▪ Verify the report totals equal the UniPay deposit and reconciliation reports.
B-4) Recognize e-payments	<ul style="list-style-type: none"> ▪ Download electronic funds transfer (EFT) files from escrow companies and verify that each file equals its supporting documentation and bank deposit. ▪ Download online payment files from QDS by date to create text files, repeating until all receivable types have been downloaded. Verify the file batch totals equals the QDS reports, UniBank deposit, and reconciliation reports. ▪ Research any differences prior to upload to QDS. ▪ Upload the EFT and online payment text files to a QDS processing folder.
B-5) Post payments	<p>The same day as receipt:</p> <ul style="list-style-type: none"> ○ Use the remittance stubs to enter payments in small QDS batch files. ○ Manually calculate the total batch and verify it with the QDS total. When equal, post the batch. ○ Post each EFT report and online payment text file to a QDS batch file. ○ Enter the deputy collector information from the UniPay excise report. ○ Print each batch report and file them with their remittance stubs or electronic reports in order of posting.

Objectives	Steps
B-6) Deposit receipts and reconcile them with QDS postings	<ul style="list-style-type: none"> Ensure any received cash is delivered to the bank within 24 hours. Verify the bank deposit slip for the cash equals the total posted in the QDS batch. Scan the checks corresponding to each posted QDS batch on the remote deposit capture (RDC) scanner. Verify each RDC batch's check total equals its posted QDS batch. Retain the scanned checks in packages under the cover of the RDC's batch deposit report.
B-7) Conduct a check-and-balance with control book	<ul style="list-style-type: none"> In an Excel spreadsheet, enter each remittance, EFT, and online payment amount to calculate totals received by pay and receivable types. Verify the spreadsheet totals equal the QDS Collector's receivable control book totals and resolve any discrepancies.
B-8) Complete a turnover	<ul style="list-style-type: none"> On the last workday each week, print a summary QDS Collector's receivable control report for the week. Review the Collector's bank accounts online to reconcile the QDS report with the deposit activity for that week. Research and resolve any discrepancies and note any in-transit deposits for online payments. Sign the Schedule of Department Payments to the Treasurer (QDS Turnover Report), attach bank information, and deliver to the Treasurer. Retain one copy of the Schedule on file.
B-9) Notify the Town Accountant	Immediately after completing the weekly turnover, deliver the signed Schedule to the Town Accountant
B-10) Collect for insufficient funds	<ul style="list-style-type: none"> Follow up on collecting the amounts owed due to insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT). Reinstate the committed amount (e.g., tax bill) with the \$25.00 penalty fee.

C. Treasurer Processes Direct Treasury Receipts and Turned-over Revenues

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

Objectives	Steps
C-1) Receive turnovers from departments	<ul style="list-style-type: none"> Add up the presented checks and/or cash. Correct any errors directly on the Schedule copies and initial them along with the departmental employee. When the Schedule is correct, sign it, make two copies of the signed form, return the two copies, and retain the original.
C-2) Confirm unattended receipts	<ul style="list-style-type: none"> Confirm turnover amount and Schedule information for departments using the locked door slot. Immediately notify the department head and Town Accountant of any discrepancies. With the department head, agree to any corrections, sign the amended Schedule, make two copies, provide one copy to the department head, and retain the original.

Objectives	Steps
C-3) Secure receipts	Secure all cash receipts and any checks that have not yet been scan-deposited in a locked cash drawer or safe (overnight) until bank deposit.
C-4) Deposit receipts	<ul style="list-style-type: none"> ▪ Create a deposit slip for each day's cash receipts, ensuring any received cash is delivered to the bank within 24 hours. ▪ As the departmental turnovers are received, scan the checks on the remote scanner to deposit them in the bank. ▪ Verify the scanned check total equals the check total on the turnover. ▪ Retain the scanned checks in packages under the cover of the scanner's batch deposit report. ▪ Verify the cash deposits and scanned checks equal the total Schedules for the period.
C-5) Recognize direct Treasury revenues	<ul style="list-style-type: none"> ▪ Weekly, review VendorWeb to identify state aid, grant funds, and other revenue, and notify applicable departments of the receipts. ▪ At month-end, review each bank account to identify earned interest.
C-6) Complete a turnover	When the Treasury receipts in C-5 above are recognized, include them in a Schedule of Departmental Payments to the Treasurer, sign this Schedule, and make a copy.
C-7) Notify Town Accountant of turnover	Immediately after completing the turnover (see C-6), send the signed Schedule to the Town Accountant.
C-8) Data enter revenues	Within one week, enter the data from each Schedule into VADAR Treasury Receipts module. These Schedules include all those turned over internally from Collections to Treasury and from Treasury to Treasury, as well as those received from other Town departments.
C-9) Update the cashbook	The same day the revenues being entered in VADAR, record them in the Excel cashbook by noting the banks, deposit amounts, and deposit receipt numbers.
C-10) Notify Town Accountant of revenues	<ul style="list-style-type: none"> ▪ On the last workday each week, print a VADAR Schedule of Treasurer's Receipts for the week. ▪ Reconcile the Schedule with online banking activity showing the deposits for the same period and resolve any discrepancies. ▪ Compare the Schedule to the cashbook and resolve any discrepancies. ▪ Sign the Schedule, make one copy to retain on file, and send the original to the Town Accountant as notification that the VADAR batch(es) are ready to post. ▪ If necessary, at month-end, prepare a final VADAR batch and corresponding Schedule of Treasurer's Receipts to record interest or any other trailing receipts and provide it to the Town Accountant.
C-11) Ensure timely recognition of Town revenues	<ul style="list-style-type: none"> ▪ At month end, print a VADAR report of the Schedules of Treasurer's Receipts for the period sorted by department. ▪ Review the report against a checklist of all revenue-processing departments. ▪ Email the Town Accountant a monthly turnover status report either stating that all departments have made turnovers or listing any department(s) that did not make a turnover within the period.

Objectives	Steps
C-12) Reconcile cashbook to bank statements	In accordance with the Town's Reconciliation policy, reconcile the cashbook with bank statements, and provide a summary of cashbook balances and reconciling items to the Town Accountant monthly.
C-13) Record insufficient funds transactions	<ul style="list-style-type: none"> ▪ Upon notification from the bank of an insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT), reverse the original revenue entry in VADAR and update the cashbook ▪ Notify the department responsible for the turnover and the Town Accountant. ▪ Notify the issuer in writing of the bounced check or rejected EFT for payment in 10 days, and: <ul style="list-style-type: none"> ○ Assess a \$25.00 penalty. ○ Accept payment only in the form of cash, money order, or certified check.

D. Town Accountant Records Revenue

The Town Accountant shall have an inbox for receiving Schedules from departmental employees and the Collector.

Objectives	Steps
D-1) Receive a turnover report	Verify that each Schedule of Departmental Payments to the Treasurer and Schedule of Treasurer's Receipts has been signed by a Treasurer or has a note that it was dropped through the locked door slot. If neither is present, call the person who provided the report to investigate why.
D-2) Conduct a check-and-balance on the Schedules	<ul style="list-style-type: none"> ▪ Within one week of receiving each Schedule of Departmental Payments to the Treasurer, match its data with the Treasurer's Schedule of Receipts. ▪ Verify the general ledger (GL) account numbers for all receipts. ▪ Investigate any discrepancies with the department head or Treasurer.
D-3) Update the GL	Validate the VADAR receipts batch(es) and post the data into the GL.
D-4) Ensure Town revenues are accounted for timely	<ul style="list-style-type: none"> ▪ Review the Treasurer's monthly turnover status report (see C-11). ▪ Email any department head who has not made a turnover within the last month requesting the status of receipts and cc. the Select Board Chair.

FORMS

Cash Drawer Authorization
Schedule of Department Payments to the Treasurer

REFERENCES

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

Washington policies on Antifraud and Reconciliations

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

EFFECTIVE DATE

This policy was adopted on [date].

TAILINGS

PURPOSE

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

APPLICABILITY AND SCOPE

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

BACKGROUND

A tailing is a form of unclaimed property that results from a disbursed but uncashed check, and it represents a debit liability on the Town's books. It can arise from any treasury check issued to pay an employee or vendor, refund a municipal tax or charge, or pay any other municipal obligation. Having accepted [M.G.L. c. 200A § 9A](#), the Town can expedite tailing resolutions and escheat to the Town's general fund the funds that remain unclaimed at the completion of the process rather than surrendering the money to the state, as would be required otherwise. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

POLICY

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

A. Monthly Management of Tailings

As part of the monthly cash reconciliation, the Treasurer will review the outstanding check lists from the vendor and payroll bank accounts online and enter them into an Excel outstanding checks log. The Treasurer will then email the department head associated with any check outstanding 30 days or more after issuance to follow up with the payee. The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notices to departments, the Treasurer will send an uncashed check notice to the payees at their last known addresses.

Every month, the Treasurer will also identify all checks that are uncashed one year after being issued and notify the bank to stop payment. At this point, the checks may still be claimed by the payees but will require reissuance. The Treasurer will provide a report of the stop-paid checks to the Town Accountant, who will then record the funds as abandoned property liability in the general ledger.

B. Yearly Review

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

1. List the payee names on the Town's website for a minimum of 60 days under the heading: "Notice of names of persons appearing to be owners of funds held by the Town of Washington and deemed abandoned." This posted notice will detail the process to claim funds and state a deadline for making a claim that is not less than 60 days after the initial posting date of the notice on the website.
2. For all checks still unclaimed after the website deadline, publish in *The Berkshire Eagle* a notice in the same form as the website posting but stating a new claim deadline not less than 60 days after the publication date.
3. For checks of \$100 or greater that remain uncashed after the publication deadline, publish a second notice in the same newspaper with the same language as the previous except with a deadline for claiming the funds at least one year after the new publication date.
4. Schedule a calendar prompt one year after the second publication date to review all the published checks again. When the prompted date occurs, notify the Town Accountant of all those that are still unclaimed at that time.

C. Check Claiming

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

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

D. Escheatment

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

FORMS

Abandoned and Unclaimed Property Claim Form

REFERENCES

[M.G.L. c. 200A, § 9A](#)

Washington policies on Disbursements: Accounts Payable, Disbursements: Payroll. and Reconciliations

EFFECTIVE DATE

This policy was adopted on [date].

TAX ENFORCEMENT

PURPOSE

To provide guidance for equitably enforcing tax obligations and set expectations for both the Town and taxpayers, this policy clearly defines when and how the Town will transition unpaid property taxes from tax title through to foreclosure. It is in the best interest of the Town and its residents that property taxes be paid when due. The Town budget is set in anticipation of 100% collection of taxes, and taxes not paid by some property owners shift the cost burden onto others. The Town recognizes that individuals may go through periods of financial difficulty, but any taxpayer who becomes delinquent will be encouraged to find alternative resources to pay in full as soon as possible.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Collector and Treasurer job duties ▪ Town's contracted tax title attorney ▪ All Washington real estate property owners whose taxes are not exempt
Scope:	<ul style="list-style-type: none"> ▪ Enforcement of delinquent property tax ▪ Resolution of tax title accounts

POLICY

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

Taxpayers are responsible for notifying the Town in writing of any mailing address changes.

A. Demands

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

B. Tax Taking

The Collector will establish an annual schedule to begin the formal the tax taking process within 90 days of the demand notice for all delinquent taxpayers who have failed to respond. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Collector must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed

to secure, or perfect, the tax liens. The Collector shall carefully document the taking process to preserve the Town's rights for future actions.

The Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by November 1, the Collector will publish a Notice of Tax Taking in *The Berkshire Eagle* and post the notice on bulletin boards at town hall and the Becket Athenaeum. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

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

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

C. Subsequent Taxes

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

D. Interest, Fees, and License Revocation

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

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

E. Tax Title Payment Agreements

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

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

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

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

F. Redemption or Foreclosure

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

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

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

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

REFERENCES

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

Washington policies on Antifraud, Financial Management Team, and Reconciliations

DLS Best Practice: [Enforcing Collections](#)

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

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

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

EFFECTIVE DATE

This policy was adopted on [date].

TAX RECAPITULATION

PURPOSE

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

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> ▪ Select Board in its policymaking and management responsibilities ▪ Finance Committee in its annual budget responsibilities ▪ Board of Assessors in its role as principal overseer of the tax recap process ▪ Town Accountant, Assessor Consultant, Treasurer, and Town Clerk job duties
Scope:	<ul style="list-style-type: none"> ▪ Guidelines and responsibilities involved with setting an annual property tax rate and reporting it to the Division of Local Services (DLS)

BACKGROUND

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

The tax recap forms and schedules present the Town’s annual budget plan for the fiscal year. They summarize all appropriations made by town meeting since the previous year's tax rate was set and identify all non-property-tax revenue sources, such as state aid, local receipts, and reserves. The difference between these sources and the total budgeted appropriations must be raised through the property tax levy. By completing the tax recap and submitting it to the DLS for approval, the Town establishes its property tax levy and sets the tax rate for the fiscal year. The Town of Washington issues property tax bills under a semi-annual tax payment system, which requires the Town to generate two tax bills each fiscal year based on the assessed values as of the previous January 1. This can only be done after DLS reviews the recap and approves the tax rate.

POLICY

At the Select Board’s direction, the Washington’s financial team will annually complete the tax recap process no later than September 15. The Town Accountant and Assessor Consultant will develop a realistic plan and timetable to meet this deadline and keep the Select Board 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 Select Board and Finance Committee, with Town Counsel as needed, will assure the production of a properly written town meeting warrant that will allow town meeting voters, under the Town Moderator's oversight, to properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization, etc.).
- The Select Board will ensure that any annual increase in the tax levy does not exceed the maximum allowed under Proposition 2½.
- The Town Accountant, Finance Committee, and Select Board will verify that the proposed budget is balanced.
- The Town Accountant will prepare a schedule of sources and uses to monitor the impact of funds available for appropriation by town meeting.
- The Treasurer and Town Counsel will ensure any debt issuance authorizations are proper.
- The Select Board will ensure that any proposal for a general override, debt exclusion, or capital exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum.

Whereas the budget is typically adopted at the spring town meeting, all appropriations and borrowings approved at this and any other town meetings following the approval of the previous tax rate must be included in the current tax recap process.

B. Recording Legislative Actions

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

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

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

Within two weeks of closing the books for the fiscal year, or by August 31, whichever is earlier, the Town Accountant will do the following to complete the tax recap:

- Document and report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap)

- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap)
- Enter estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the recap)

D. Property Value Certification

Assessors must value all taxable real and personal properties and classify them into one of five classes (residential, open space, commercial, industrial, or personal) based on their use as of January 1. To do this, the Assessor Consultant will analyze market conditions and set final property values in compliance with DLS certification standards and submit the following reports in the DLS Gateway:

- Omitted and Revised Assessments to report any prior-year parcels not previously or incorrectly assessed and any rollback taxes.
- Amended New Growth Form LA13-A to report the previously unassessed value to calculate the levy growth based on previous year tax rates. This is transferred to the Levy Limit Worksheet as amended new growth, prior to the statutory Proposition 2½ increase.
- Sales Report Form LA-3 to report all valid, arms-length property sales over \$1,000 (and the LA-15 Interim Year Adjustment Form for non-certification years).
- Property Class Values Form LA-4 to report the total assessed valuation for real and personal property by class.
- New Growth Form LA-13 to report current fiscal year tax base growth. This is transferred to the Levy Limit Worksheet as new growth after the statutory Proposition 2½ increase.

The Assessor Consultant will annually develop an action plan to complete and submit the above forms by August 20 for DLS review and approval.

E. Tax Rate Setting

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

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

F. Review and Submittal to DLS

The Board of Assessors, working through the Assessor Consultant with the assistance of the Town Accountant, are responsible for submitting all forms and supporting documents to DLS for tax rate approval. To do this:

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

REFERENCES

[M.G.L. c. 40, § 56](#)

[M.G.L. c 40A, § 11](#)

[M.G.L. c 41, § 115A](#)

[M.G.L. c. 59 § 5C](#)

[M.G.L. c. 59, § 21C](#)

[M.G.L. c. 59, § 25](#)

DLS Informational Guideline Releases 2021-03: [Fiscal Year 2022 Tax Bills – Semi-annual Payment System](#) (updated annually), 2017-10: [Omitted and Revised Property Tax Assessments](#); 2021-10 [Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth](#) (updated annually)

DLS Booklet: [Property Type Classification Codes](#)

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

EFFECTIVE DATE

This policy was adopted on [date].

YEAR-END CLOSING

PURPOSE

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

APPLICABILITY AND SCOPE

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

POLICY

The Select Board Chair will hold all department heads accountable for timely and accurately completing the year-end tasks applicable to them as outlined in this policy. All facets of the year-end closing will be accomplished no later than September 30. This additionally requires the Select Board to ensure that the Town Accountant, Treasurer, and Collector comply with the Reconciliations policy throughout the year to enable year-end cash and receivable balances to be reconciled with the general ledger no later than July 30.

Annually no later than June 1, the Town Accountant will transmit year-end instructions to department heads and provide them with the following submission deadlines:

- June 10: Status reports or updates on capital projects, capital assets, and borrowings
- June 20: Requests for encumbrances
- June 25: Status reports on the balances of grants, other special appropriations and special revenue accounts
- June 30: All available invoices

A. Year-end Encumbrances

In response to notices from department heads of pending expense obligations from the fiscal year, the Town Accountant will encumber funds for them only if proper documentation shows the funds have been committed to specific purchases (by purchase orders), services (by service agreements), or projects (by contracts) as of June 30.

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

By June 1, the Town Accountant will distribute management reports of all grant, special appropriation, and special revenue accounts to the responsible department heads to solicit status updates on them. Each such department head will notify the Town Accountant in writing of any completed project with an unexpended balance so that he/she may close its account to fund balance (or to a special revenue source, if appropriate). Alternatively, if any completed project's account is in deficit, the department head will notify the Town Accountant in writing, provide funding source(s), and state when it will be resolved so that she can plan for closing the account.

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

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

As of March 1, the Town Accountant will review that all internal borrowings, due to either short-term revenue needs or capital projects in anticipation of short- or long-term debt issuances, have been repaid or provided for.

For any identified deficits:

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

By July 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 15, each department head with capital assets will respond by forwarding to the Town Accountant an asset update report with notes confirming the existing data, making additions, and/or noting appropriate deletions, along with narrative explanations. The Town Accountant will update the Town's capital asset inventory based on the returned information.

D. Year-end Transfers

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

E. Closing the Books

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

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

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

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

Town Accountant:

- | | |
|---|--------------|
| ▪ Snow and ice data sheet | September 15 |
| ▪ Balance sheet checklist | September 30 |
| ▪ Combined balance sheet and supporting documents | September 30 |
| ▪ Schedule A | October 31 |

Town Accountant and Treasurer:

- | | |
|----------------------------------|--------------|
| ▪ Statement of indebtedness | September 1 |
| ▪ Treasurer year-end cash report | September 30 |
| ▪ Cash reconciliation | September 30 |

Town Accountant and Collector:

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

G. Independent Audit Preparation

By August 31, for fiscal years the Select Board requests an independent audit of the financial statements, the Town Accountant will communicate with the auditor to establish an audit schedule and begin gathering accounting records, written procedures, internal control criteria, and other required documents. The Town Accountant will then coordinate with department heads, officials, and finance team members to respond to all requests, including those for external documentation (e.g., debt amortization schedules, tax title registry information) in order to meet the schedule and not delay the audit.

REFERENCES

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 59, § 5](#)

[M.G.L. c. 64, § 64](#)

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

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

DLS Guidance [Annual Year-End Letters](#) and [Municipal Calendar](#)

Governmental Accounting Standards Board Statement 1: [*Objectives of Financial Reporting*](#)
Government Finance Officers Association Guidance: [*Timely Financial Reporting*](#)

EFFECTIVE DATE

The policy was adopted on [date].

APPENDIX

POLICY LOG

FINANCIAL PLANNING

Policy	Adopted	Last Reviewed	Amended
Annual Budget			
Capital Planning			
Debt Affordability Analysis			
Debt Management			
Financial Reserves			
Forecasting			
Investments			
One-time Revenues			
Overlay			

FINANCIAL OPERATIONS

Policy	Adopted	Last Reviewed	Amended
Antifraud			
Cash Flow Analysis			
Credit Card Usage			
Disbursements: Accounts Payable			
Disbursements: Payroll			
Financial Management Team			
Grants Management			
Reconciliations			
Revenue Receipt and Turnover			
Tailings			
Tax Enforcement			
Tax Recapitulation			
Year-End Closing			

FORMS AND TOOLS

Adobe PDF

- Abandoned and Unclaimed Property Claim Form
- Capital Project Request Form
- Cash Drawer Authorization Form
- Credit Card Purchase Request Form
- DLS Advance Funds in Lieu of Borrowing Form

Excel

- Cashflow Analysis
- Capital Planning:
 - Assets and Fleet Inventory
 - Facilities Inventory
 - Capital Improvement Plan
- Planning Tools:
 - Annual Budget Calendar
 - Year-End Schedule

COMPARABLE COMMUNITIES

Municipality	County	2018 Population	FY 2021 Single Family Tax Bill	FY 2016 DOR Income Per Capita	FY 2018 EQV Per Capita	Population Density	Tax Levy	Total Budget	Free Cash Amount as of FY 7/1/2019	FY 2019 Stabilization Fund	Total Assessed Value
Washington	BERKSHIRE	541	4,029	28,333	157,307	14	1,399,767	1,917,182	117,959	162,350	83,868,593
Charlemont	FRANKLIN	1,245	4,501	21,116	114,608	48	3,066,471	3,942,203	202,279	120,160	149,730,039
Cummington	HAMPSHIRE	878	3,681	26,637	148,340	38	2,007,642	3,117,365	251,590	899,881	131,735,024
Hawley	FRANKLIN	336	4,057	17,583	145,965	11	914,099	1,232,292	153,975	298,796	51,124,103
Leyden	FRANKLIN	724	4,218	35,268	127,304	40	1,620,448	2,234,547	99,534	293,059	97,090,973
Middlefield	HAMPSHIRE	530	3,693	19,188	138,523	22	1,250,187	1,663,273	197,547	298,276	70,632,041
New Braintree	WORCESTER	1,029	4,747	36,550	111,217	49	2,096,520	2,643,901	94,149	248,952	120,006,854
New Salem	FRANKLIN	1,020	4,282	24,467	111,571	23	2,290,666	3,570,378	887,270	758,679	116,692,100
Plainfield	HAMPSHIRE	664	3,874	21,429	141,745	31	2,013,054	2,727,468	168,182	548,580	104,628,580
Sandisfield	BERKSHIRE	895	3,603	19,531	257,342	17	3,215,216	3,730,355	657,090	906,796	240,840,182
Wendell	FRANKLIN	886	4,288	21,108	108,062	28	2,536,222	3,991,247	255,452	219,855	103,350,514