

TOWN OF WEYMOUTH

FINANCIAL POLICIES | A COMMUNITY COMPACT CABINET INITIATIVE

OCTOBER 2016



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

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DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

October 25, 2016

The Honorable Robert Hedlund
Mayor's Office
75 Middle Street
Weymouth, MA 02189

Dear Mayor Hedlund,

I am pleased to present the enclosed set of financial policies for the Town of Weymouth. As part of the Baker-Polito Administration's commitment to cities and towns, the Community Compact Cabinet initiative strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is our hope that these policies provide useful guidance and consistency in Weymouth's fiscal decisions, as together we seek to build better government for our citizens.

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

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INTRODUCTION

At the mayor's request, the Division of Local Services Technical Assistance Bureau (TAB) created a set of financial policies for the Town of Weymouth. This project was a result of the Community Compact Cabinet (CCC) initiative (www.mass.gov/ccc), whose goal is to encourage best practices that promote efficiency, accountability, and transparency in municipal government. The adoption of formal financial policies provides instructive guidance and promotes consistency as local officials plan, direct, monitor, and protect municipal assets and resources.

To develop policies for Weymouth, we interviewed local officials and examined the town's charter, ordinances, existing policies, and finance-related documents. We also surveyed comparable communities and reviewed professional association guidance to gauge standards and validate recommended practices. The policies provided here represent this cumulative effort and are presented for local review and acceptance. In addition to drafting financial policies, TAB has been conducting a review of Weymouth's financial management structure to fulfill a separate CCC request. The results of that review will be provided in a forthcoming report.

POLICY DEVELOPMENT BACKGROUND

Recognized principles of sound financial management informed the creation of the policies. The initial policy subjects in the attached manual pertain to budgetary matters and fiscal planning, while the latter convey policy objectives underpinning key, day-to-day financial management operations. In each case, the text and format were designed to foster clarity and accountability, in part by specifying the applicable parties responsible for policy adherence.

A variety of factors influenced policy selection, including a review of preexisting town policies, the vast majority of which were written in 2002, two years after the town charter established a consolidated department of municipal finance. To maintain a policy-oriented focus, we disregarded those segments that were written as step-by-step procedures. Given the passage of time and changes in management structure and systems, though, it makes sense for town officials to review and overhaul them. As for budgetary subject matter, however, TAB judiciously incorporated many local decisions and fiscally sound elements of the existing policies when creating correlative new ones for the manual.

We chose not to redo the investment policy Weymouth adopted in 2008 since it is generally apt. However, we recommend the town consider revising the section on investment risk to comply fully with the Government Accounting Standard Board's Statement 40, *Deposit and Investment Risk*

Disclosures, which calls for policy statements on custodial credit, concentration of credit, interest rate, and foreign currency risks. The current policy only covers two of these four.

Missing from the existing policies were some, like forecasting and revenue turnover, that TAB considers to be core to providing essential guidance for local officials and staff, and we have therefore included them here. Other inclusions, like travel reimbursement, were proposed by town personnel during interviews. Regrettably, we did not include a customer service policy, which a few staff had suggested, because it is not a financial policy matter, strictly speaking.

Policy selection was also influenced by certain outside agencies that can positively or negatively impact the town's future fiscal health and economic standing. In its September 2015 report assigning Weymouth a "very strong" bond rating of AA, Standard & Poor's noted that achieving a higher rating would in part depend on the town formalizing and adhering to policies on debt, reserves, and its other postemployment benefits liability. The town's external audit firm, Melanson, Heath & Co., cited concerns in its fiscal year 2015 management letter in the areas of receipt turnover, reconciliations, and tax enforcement, which are all topics in the manual. Additionally, communities that receive at least \$750,000 in federal grant money, like Weymouth, are required to comply with provisions in the Office of Management and Budget's Omni Circular. As advised by Melanson Heath, the Town's adoption of certain policies, such as conflict of interest, will help to fulfill those requirements.

The mayor is to be commended for recognizing the importance of formal, written policies and addressing this through the CCC. All the policies in this manual are presented for the review and approval of the mayor, town council, school committee, and other local officials as applicable. Each should be considered a living document to be periodically reassessed, modified, and agreed to as conditions change. As large as the manual is, it still does not cover all areas suitable for policies, and the Town should contemplate building further on this foundation.

Finally, note that many policies contain specific provisions that local leaders need to consider and decide upon. An example taken from the policy on reserves is: "The Town shall set a year-to-year goal of maintaining its free cash in the range of [three to five] percent of the annual budget." In each case, the draft policy has brackets around the decision point with the word(s) in the bracket representing TAB's suggestion based on researched best practices. In these cases, local officials should finalize the decisions and remove the brackets prior to adopting the policies.

TOWN OF WEYMOUTH

FINANCIAL POLICIES MANUAL



INTRODUCTION

The Town of Weymouth is committed to safeguarding public funds, protecting local assets, and complying with financial standards and regulations. To that end, this manual of financial policies provides guidance for local planning and decision making. The policies as a whole are intended to outline objectives, provide formal direction, and define authority to help ensure sound fiscal stewardship and management practices. Each is a living document that should be reviewed periodically and updated as necessary.

With these policies, the Town of Weymouth, through its Mayor, Town Council, and employees, commits to the following objectives:

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

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

APPLICABILITY

This policy pertains to short- and long-range budget decision making and applies to the Mayor, Town Council, and School Committee in those duties. It also applies to the related job duties of the Chief Financial Officer (CFO), the Town Accountant, the Water & Sewer Superintendent, and the Board of Assessors.

POLICY

The Town of Weymouth commits to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain overall reserves in the level of [eight to ten] percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, retained earnings, and overlay surplus.

A. Free Cash

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

By August 15th each year, the Town Accountant shall submit to DLS a year-end balance sheet, free cash checklist, and year-end reporting checklist. Once DLS certifies free cash, the Town Accountant will provide copies of the certified balance to the Mayor, Town Council, and CFO.

Each spring, the Mayor shall include the Town's free cash balance in the proposed budget submitted to the Town Council for the ensuing fiscal year along with details on the proposed uses of and/or retention level of free cash. The budget document should also provide a projection of the free cash reserves to be certified after the close of the current fiscal year. Any proposed use of free cash for capital equipment or improvements shall be consistent with needs identified in the Town's capital improvement program.

The Town shall set a year-to-year goal of maintaining its free cash in the range of [three to five] percent of the annual budget. To achieve this, the CFO shall assist the Mayor in proposing budgets with conservative revenue projections, and department heads shall carefully manage their

appropriations to produce excess income and budget turn backs. Further, budget decision makers will avoid fully depleting the Town's free cash in any year, so that the succeeding year's calculation can begin with a positive balance. Moreover, as much practicable, the Town will limit its use of free cash to funding one-time expenditures (like capital projects or emergencies and other unanticipated expenditures) and will appropriate any excess above [five] percent of the annual budget to reserves or to offset unfunded liabilities.

B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. Prior to the adoption of this policy, the Town established and appropriated to a general stabilization fund and a special purpose stabilization fund for capital projects.

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

Capital Stabilization: The Town will appropriate annually to the capital stabilization fund so that over time it achieves a target balance sufficient to cover the Town's cash outlay for capital. Doing so enables the Town to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs.

C. Retained Earnings

The Town has separate enterprise funds to provide water and sewer utilities. By accounting for each utility's revenues and expenditures in individual funds segregated from the general fund, the Town can identify the true costs of each service—direct, indirect, and capital—and recover these through user fees. Under this accounting, the Town may reserve each operation's generated surplus (referred to as retained earnings or, alternatively, as net assets unrestricted) rather than closing the amount out to the general fund at year-end.

For each enterprise fund, the Town will maintain a reserve amount at [20] percent of the utility's total budget, at minimum, but any reserve may be significantly higher if major infrastructure improvements are necessary. These reserves will be used to provide rate stabilization and to fund major, future capital projects. To maintain the target reserve levels for each enterprise requires the Water & Sewer Department to periodically review, and when necessary, adjust user rates.

D. Overlay Surplus

The overlay is a reserve the Town uses to offset unrealized revenues resulting from property tax abatements and exemptions. Weymouth officials will prudently manage the overlay in accordance with the Town's Overlay policy to avoid the need to raise overlay deficits in the tax levy.

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

REFERENCES

[M.G.L. c. 40 §5B](#)

[M.G.L. c. 59 §25](#)

[M.G.L. c. 44 §53F½](#)

Weymouth Overlay Policy

DLS Best Practice: [Free Cash](#)

DLS Best Practice: [Reserve Policies](#)

DLS Best Practice: [Special Purpose Stabilization Funds](#)

DLS Informational Guideline Release 08-101: [Enterprise Funds](#)

DLS Informational Guideline Release 11-101: [Overlay and Overlay Surplus](#)

DLS Informational Guideline Release 04-201: [Creation of Multiple Stabilization Funds](#)

Government Finance Officers Association Best Practice: [Appropriate Level of Unrestricted Fund Balance in the General Fund](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016.]

FORECASTING

PURPOSE

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for evaluating revenue sources and the requirement to determine an expenditure strategy as part of the annual budget process and longer range fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions.

APPLICABILITY

This policy applies to the Mayor and Town Council as Weymouth's budget decision makers. It also applies to the job responsibilities of the Mayor's Chief of Staff, Chief Financial Officer (CFO), School Superintendent, School Business Manager, and all the managers of revenue-generating departments, including the Water & Sewer Department.

POLICY

A. Revenue Guidelines

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

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

- [Cash capital budget]
- [Capital stabilization fund]
- [General stabilization fund]
- [OPEB trust fund]
- [Other]

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

Historically, bond premiums (net of issuance costs) have been considered general one-time revenue to be used as an available source. Chapter 218 of the Acts of 2016 amends current law by allowing

communities to either apply the proceeds to the issuance, thereby reducing the amount needed to borrow, or to place the money in a separate fund and appropriate it for a future capital project. (Note: Premiums received for excluded debt must still be used to offset the stated interest costs of financing the project.)

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

- Sale of real estate: [M.G.L. c. 44, §63](#) and [M.G.L. c. 44, §63A](#)
- Gifts and grants: [M.G.L. c. 44, §53A](#) and [M.G.L. c. 53A½](#)
- Bond proceeds: [M.G.L. c. 44, §20](#)

This policy further entails the following expectations regarding revenues:

- The Assessing Department will maintain property assessments for the purpose of taxation at full and fair market value as prescribed by state law.
- Town departments that charge fees shall annually review their fee schedules and propose adjustments when needed to ensure coverage of service costs.
- The Water & Sewer Department, which operates two enterprise funds, shall set rates for both operations sufficient to cover all their direct, indirect, and capital improvement costs on self-supporting bases.
- The Building Department will notify the CFO of any moderate-to-large developments that could impact building permit volume.
- Department heads will strive to be informed of all available grants and other aid and will carefully consider any related restrictive covenants or matching requirements (both dollar and level-of-effort) to determine the cost-benefit of pursuing them.
- Revenue estimates will be adjusted throughout the budget cycle as more information becomes available.

B. Expenditure Guidelines

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

C. Financial Forecast Guidelines

To determine the Town's operating capacity for each forthcoming fiscal year, the CFO will annually create and provide the Chief of Staff with a detailed budget forecast. The CFO shall also annually prepare a [five]-year financial projection of revenues and expenditures for all operating funds.

These forecasts shall be used as planning tools in developing the following year's operating budget as well as the five-year capital improvement plan.

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

Additionally, the forecast model should assume that:

- The Town will maintain its current level of services.
- Property taxes (absent overrides) will grow at the limits of Proposition 2½.
- New growth will be projected conservatively, taking into account the Town's three-year average by property class.
- The Town will annually meet or exceed the state's net school spending requirements.
- Local receipts and state aid will reflect economic cycles.
- Historical trends in the growth of specific operating expenses will prevail.
- The Town will pay the service on existing debt and adhere to its Debt Management policy.
- The Town will make its annual pension contributions and continue appropriating to its other postemployment benefits trust fund.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.

REFERENCES

[Chapter 218 of the Acts of 2016](#)

[M.G.L. c. 44, §63](#)

[M.G.L. c. 44, §63A](#)

[M.G.L. c. 44, §53A](#)

[M.G.L. c. 53A½](#)

[M.G.L. c. 44, §20](#)

Weymouth Debt Management Policy

Weymouth Financial Reserves Policy

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

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

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

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

OVERLAY

PURPOSE

To set 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 whose purpose is to offset anticipated abatements and exemptions of committed real and personal property taxes. Effective December 7, 2016, the Municipal Modernization Act ([Chapter 218 of the Acts of 2016](#)) provides for a single overlay account. Previously, a community had to maintain separate overlay reserves for each fiscal year and could not use the surplus from one year to cover another year's deficit without a multistep process involving the assessors, accounting officer, and local legislative body. However, the Act allows all existing overlay balances to be transferred to a single account. Although this policy treats overlay as a single account, to continue historical information and facilitate reconciliations, the Chief Financial Officer (CFO) may elect to maintain subsidiary ledgers by levy year for overlay balances.

APPLICABILITY

This policy applies to the job duties of the Board of Assessors, Principal Assessor, and CFO, as well as to the Mayor's and Town Council's responsibilities as budget decision makers.

POLICY

A. Annual Overlay

Each year, the Board of Assessors shall vote in an open meeting to authorize a supplemental contribution to the overlay account as part of the budget process and to raise it without appropriation on the Town's Tax Recap Sheet. The CFO and Principal Assessor will propose this annual overlay amount to the Board of Assessors 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 under the Municipal Modernization Act)

The Board of Assessors shall notify the Mayor and CFO of the amount of overlay voted.

B. Excess Overlay

Annually, the CFO and Principal Assessor will conduct an analysis to see if there is any excess in the overlay account 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 Principal Assessor shall present the analysis to the Board of Assessors for its review and also notify the CFO and Mayor.

C. Overlay Surplus

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

After being certified, the Mayor may request Town Council to appropriate overlay surplus for any lawful purpose until the end of the fiscal year. However, the appropriation should be as prescribed in the Town's Forecasting policy (re: treatment of one-time revenues) and its Financial Reserves policy (re: overlay surplus). Overlay surplus not appropriated by year-end closes to the general fund's undesignated fund balance.

REFERENCES

[M.G.L. c. 59, §25](#)

[Chapter 218 of the Acts of 2016](#)

Weymouth Forecasting Policy

Weymouth Financial Reserves Policy

DLS Informational Guideline Release 11-101: [Overlay and Overlay Surplus](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

DEBT MANAGEMENT

PURPOSE

To provide for the appropriate issuance and responsible use of debt, this policy defines the parameters and provisions governing debt management. Policy adherence will help the Town to responsibly address capital needs, provide flexibility in current and future operating budgets, control borrowing, and maintain capital investment capacity. This policy is also intended to maintain and enhance the town's bond rating so as to achieve long-term interest savings.

APPLICABILITY

This policy applies to the Mayor, School Committee, and Town Council in their budget decision making and in the Town Council's debt reporting. It also applies to the Treasurer/Collector's statutory responsibilities associated with debt management and to the Chief Financial Officer's budget analysis duties.

POLICY

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

A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for objects or purposes authorized by state law and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital improvements and projects that cost at least [\$25,000] and that have useful lifespans of at least [five] years or whose lifespans will be prolonged by at least [five] years.
4. Refrain from using debt to fund any recurring purpose, such as current operating and maintenance expenditures.
5. Use revenue bonds, special assessment bonds, or other types of self-supporting bonds instead of general obligation bonds whenever possible.
6. For the enterprise funds, set user fees to cover capital costs to the extent practicable.

B. Debt Limits

The Town will adhere to these debt parameters:

1. Total debt service, including debt exclusions and self-supporting debt, will be limited to [10] percent of general fund revenues, with a target balance of [5 – 7] percent.
2. By statute, a community's debt limit equals 5 percent of its most recent equalized valuation.

C. Structure and Term of Debt

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

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 30 years.
3. Except for major buildings, water and sewer projects, and land acquisitions, the Town will limit bond maturities to no more than [10] years.
4. The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines and penalties to the federal government, and jeopardizing the debt issuance's tax-exempt status.

D. Protection of Bond Rating

To protect its bond rating, the Town will:

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

E. Reporting

1. [The Treasurer/Collector or the Treasurer/Collector's financial advisor] will report to the Mayor and Town Council on the Town's debt status at least annually.
2. The Town Council will include a statement of debt in its annual report of appropriations, receipts, and expenditures.

REFERENCES

[M.G.L. c. 44 §4](#)

[M.G.L. c 44 §7](#)

[M.G.L. c. 44 §6](#)

[M.G.L. c 44 §8](#)

[M.G.L. c. 44 §6A](#)

Town of Weymouth Charter: [Article 6 Section 6-10](#)

Division of Local Services Guidance: [Understanding Municipal Debt](#)

Internal Revenue Code of 1986, as amended, [Section 148](#)

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

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

OTHER POSTEMPLOYMENT BENEFITS LIABILITY

PURPOSE

To provide the basis for a responsible plan for meeting the Town's obligation to provide other postemployment benefits (OPEBs) to eligible current and future retirees. This policy provides guidelines designed to ensure OPEB sustainability and achieve generational equity among those called upon to financially support OPEBs, thereby avoiding transferring costs into the future.

APPLICABILITY

This policy encompasses OPEB-related budget decisions, accounting, financial reporting, and investment. It applies to the Mayor and Town Council in their budget decision-making responsibilities. The policy also applies to the OPEB-related duties of the Chief Financial Officer (CFO), Town Auditor, Treasurer/Collector, and Trustees of the Town's OPEB Trust Fund.

BACKGROUND

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

OPEBs represent a significant liability for the Town that must be properly measured, reported, and planned for financially. As part of a long-range plan to fund this obligation, the Town established an OPEB Trust Fund, which allows for long-term asset investment at higher rates of return than those realized by general operating funds.

POLICY

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

A. Accounting, Reporting, and Investment

The CFO will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board.

The Trustees of the OPEB Trust Fund, as fund custodians, will delegate to the Treasurer/Collector the responsibility for investing the fund's assets and for managing its associated bank account and any subaccounts. The Treasurer/Collector will manage the OPEB Trust Fund in conformance with the Town's Investment policy and the state's prudent investor laws. The Trustees will maintain oversight of the fund by reviewing the banking and investment activity. On an annual basis, the

Town will analyze its option to invest its OPEB trust with the State Retiree Benefits Trust Fund or other alternatives.

The Town Auditor shall ensure that the Town's independent audit firm reviews compliance with the accounting, reporting, and investment provisions of this policy as part of its annual audits and will report on these to the Town Council.

B. Mitigation

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

C. Funding

To address the OPEB liability, decision makers shall analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town shall derive funding to invest in the OPEB trust from taxation, free cash, retained earnings, and any other legal form. To ensure that the Town's enterprise funds remain self-supporting, the Water & Sewer Superintendent will factor their proportional OPEB contributions into the setting of utility rates.

Achieving full funding of the liability requires the Town to commit to funding its annual required contribution (ARC) each year, which is calculated based on actuarial projections. Among strategies to consider for funding the ARC:

- Transfer unexpended funds from insurance line items to the OPEB trust.
- Appropriate amounts equal to the Town's Medicare Part D reimbursements.
- Determine and commit to appropriating annual portions of free cash and retained earnings.
- Appropriate a percentage of ongoing revenues that is increased incrementally each year.
- Once the pension system is fully funded, on a subsequent annual basis, appropriate to the OPEB trust amounts equivalent to the former pension-funding payment.

REFERENCES

[M.G.L. c. 32B, §20](#)

[M.G.L. c. 44, §55](#)

[M.G.L. c. 44, §54](#)

[M.G.L. c. 203C, §3](#)

Weymouth Investment Policy adopted March 3, 2008

GASB Statement 74: [Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans](#), July 2016.

GASB Statement 45: [Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions](#), June 2004. This statement will be replaced by Statement 75 effective July 1, 2017.

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

GFOA Best Practice: [Sustainable Funding Practices for Defined Benefit Pensions and Other Postemployment Benefits \(OPEB\)](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

INDIRECT COST ALLOCATION

PURPOSE

To ensure all indirect costs associated with the Town's water and sewer enterprise funds are allocated to each in a manner that is reasonable and equitable, reflects true shared costs, and is easily replicable from year to year, this policy provides guidelines for the calculation and allocation of those costs.

As enterprise funds, the accounting for these utilities is recorded and managed separately from the general fund. These operations have separate financial statements so that their revenues and expenses are not commingled with those of all other governmental activities. Consolidating each program's direct and indirect costs, debt service, and capital expenditures into its own distinct, segregated fund allows the Town to demonstrate to the public the true, total cost of providing the particular utility.

APPLICABILITY

This policy applies to the Mayor, Chief Financial Officer (CFO), and Water & Sewer Superintendent.

POLICY

As part of the annual budget process, the CFO will calculate the indirect costs to the general fund of the Town's two enterprise fund operations and will review the calculations with the Mayor and the Water & Sewer Superintendent until there is mutual agreement on the resultant totals. The calculation will take into account all the related expenses of the Town departments that provide administrative services to the utility departments, which include the Mayor, Town Solicitor, Information Technology, and Finance departments.

The CFO will calculate indirect costs using the most recent fiscal year's appropriations and based on one or more of the following methodologies: actual, transactional, estimated support, and proportional. The following expenses shall be included in the calculations:

- Benefits for active and retired employees, including insurances, Medicare tax, unemployment, and workers' compensation
- Pension costs
- Vehicle insurance
- Property insurance
- Administrative costs
- Other costs that may be considered and agreed to, such as: supplies, postage, software, infrastructure maintenance, and fuel

For each enterprise, the CFO will maintain written instructions detailing the calculation methodology. The CFO will also track and record operating transfers between the relevant funds.

REFERENCES

Government Finance Officers Association (GFOA) Best Practice: [Taking Advantage of Indirect Cost Allocations](#)

GFOA Best Practice: [*Measuring the Full Cost of Government Service*](#)

Division of Local Services Guidance: [*Costing Municipal Services: Workbook and Case Study*](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016.]

TAX ENFORCEMENT

PURPOSE

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

APPLICABILITY

This policy applies to the job duties of the Assistant Treasurer/Collector in the functional role as tax collector and tax title administrator, including those duties related to managing the Town's contracted services with the private deputy collector. It also applies to the Chief Financial Officer's (CFO) role overseeing the enforcement of town obligations and to the Town Solicitor in duties related to the Town's tax possessions. Tax enforcement applies to all owners of real or personal property in the Town of Weymouth whose taxes are not exempt.

POLICY

The Town of Weymouth intends to timely pursue all legal methods to collect taxes from delinquent property owners with the aim of achieving a target [97 percent] property tax collection rate by fiscal year-end. The town will also timely and annually pursue foreclosure actions with the primary objective of receiving all monies due the Town. The costs of collection methods accrue against the taxpayer and may add to the property lien. Delinquent taxes represent a lien on property and remain in effect until all taxes, interest, and fees have been paid in full.

A. Demands

Final taxes are due to be paid as of May 1st each year (the due date for the second, semiannual tax bill). Fifteen days later, the Assistant Treasurer/Collector shall issue demand notices to all assessed property owners who have failed to pay in full and who have not been granted full exemptions. Taxpayers are responsible for notifying the Town in writing of any mailing address changes.

B. Tax Taking

The Assistant Treasurer/Collector will begin the tax taking process within no more than [60] days of the demand notice. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Assistant Treasurer/Collector must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed to secure, or perfect, the tax liens.

The Assistant Treasurer/Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by [August 31st], the Assistant Treasurer/Collector will create an export file from Munis of all taxpayers who remain delinquent and send this to the Town's deputy collector with a warrant to continue the tax taking process.

As manager of the service contract, the Assistant Treasurer/Collector shall ensure the deputy collector complies with the objectives laid out in this policy section. Within one week of receiving the delinquents file, the deputy collector shall publish for each account a Notice of Tax Taking in [newspaper name], post each notice on bulletin boards in Town Hall and [the public library name(s)], and return a list of completed notices to the Assistant Treasurer/Collector. Within two days of receiving the deputy collector's list of publicized notices, the Assistant Treasurer/Collector will ensure the notices are also posted on the Town website. From this point onward only cash, certified check, or cashier's check are acceptable forms of payment.

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

C. Subsequent Taxes

Before August 31st each year, the Assistant Treasurer/Collector will certify all unpaid taxes and assessments 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 list. The Assistant Treasurer/Collector will provide copies of the list to the Town Accountant and CFO and retain one on file.

D. Interest, Fees, and License Revocation

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

The Assistant Treasurer/Collector will provide an annual listing of all individuals at least one-year delinquent in paying taxes or other charges to the Town departments, boards, and committees that issue licenses and permits. These authorities shall review the list to deny, suspend, or revoke delinquent taxpayers' licenses and permits. The Assistant Treasurer/Collector will also provide a copy of this delinquency list to the CFO and the Mayor.

E. Payment Plans

The Assistant Treasurer/Collector will consider payment plans for parcels in tax title to allow delinquents to pay off their tax liens over a specified number of months. The Assistant Treasurer/Collector will actively monitor compliance with all payment plans, which shall have the following features in common:

- Good faith payment of 25 percent of taxes owed
- Signed agreement between the Assistant Treasurer/Collector and the taxpayer
- Specific amount to be paid each month
- Incorporation of payments for the current tax bill

- Statement that defaulting on the plan will immediately trigger foreclosure action by the Town

F. Redemption or Foreclosure

The primary policy goal of the Town’s foreclosure process is getting outstanding amounts paid; however, it is also a policy goal to eventually achieve foreclosure on every persistently delinquent property on an annual basis.

On quarterly basis, the Assistant Treasurer/Collector shall identify all tax title properties older than 180 days to initiate foreclosure procedures. The Assistant Treasurer/Collector is responsible for completing foreclosure procedures for any properties meeting “Land of Low Value” criteria, which is annually updated each spring by the Division of Local Services. For all the other tax title properties, the Assistant Treasurer/Collector will meet with the CFO and Assessor to review and refer them to the Town Solicitor for foreclosure processing in Land Court, beginning with those having the largest dollar value of taxes owed.

The Assistant Treasurer/Collector will work with the Town Solicitor to prepare parcels in tax title status for foreclosure. The Town Solicitor will review and research the tax title properties and also mail new collection enforcement letters to the taxpayers telling them of the importance of redeeming the property and warning of potential foreclosure action.

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

REFERENCES

[M.G.L. c. 60 §6](#)

[M.G.L. c. 60 §54](#)

[M.G.L. c. 60 §63](#)

[M.G.L. c. 60 §80](#)

[M.G.L. c. 60 §16](#)

[M.G.L. c. 40 §57](#)

[M.G.L. c. 60 §76](#)

[M.G.L. c. 60 §50](#)

[M.G.L. c. 60 §61](#)

[M.G.L. c. 60 §77](#)

[M.G.L. c. 60 §53](#)

[M.G.L. c. 60 §62](#)

[M.G.L. c. 60 §79](#)

Town of Weymouth Ordinances: Sections [5-300](#), [5-307](#), [5-307a](#)

Division of Local Service Guidance: [Enforcing Collections](#)

Division of Local Service IGR on Land of Low Value Foreclosure Valuation Limit posted annually on this [webpage](#).

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

REVENUE TURNOVER

PURPOSE

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

APPLICABILITY

This policy pertains to all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excise, fees, federal and state government receipts, and charges. It applies to the individuals within each department assigned responsibility for handling payments.

POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. Each department must turn over at least weekly and must do so immediately whenever receipts total [\$500] or more. All current-year turnovers must be completed at fiscal year-end by no later than the [second-to-] last business day in June. Turnovers are accepted at the Assistant Treasurer/Collector's office at Town Hall and at the Treasurer/Collector's office at the John F. McCulloch Building. The employees of both offices are referred here to as "Treasurer/Collector staff."

A. Receiving Payments

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

The School Department's business office deposits its own receipts into a Town bank account. These deposits shall take place the same day as receipt whenever cash is received and whenever check receipts total \$100 or more. Copies of the bank deposit slips shall be included with the turnover to the Treasurer/Collector.

Each department head is responsible for overseeing the processing, recording, record retention, and turning over of collected receipts to the Treasurer/Collector. To the extent practicable, separate individuals should be tasked with 1) receiving payments, 2) depositing money in the bank (as applicable for the School Department) and 3) turning receipts over to the Treasurer/Collector.

B. Turning Over Revenues

Departmental staff will create a turnover package by filling out a standard Schedule of Departmental Payments (i.e., the turnover form), making three copies of the turnover form, and obtaining signatures of the department head on all of them. All receipts should correlate to the numbered receipt book and to the turnover form.

On a daily basis, the Assistant Treasurer/Collector shall complete a turnover of the collections for all taxes, utilities, and other committed receivables processed that day. This shall consist of a turnover form showing all processed collections summarized by receipt type, which must reconcile to the bank deposits made the same day.

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

All departments that receive payments should review their monthly revenue reports against their turnover copies to verify that all receipts turned over to the Treasurer/Collector are accurately recorded in the appropriate general ledger accounts and report any discrepancies to the Town Accountant.

C. Receiving Turnovers

When presented with a turnover, Treasurer/Collector staff will count the receipts in the presence of the department turning over. Any inaccuracies on the turnover form will be corrected then and initialed by both parties. The Treasurer/Collector staff member will then sign two turnover copies and give these back to the departmental employee. Immediately after accepting the turnover, Treasurer/Collector staff will post the receipt data in the Munis Cash Management module (i.e., the Treasurer/Collector's cashbook).

By close of business each day, the Treasurer/Collector will review the Munis postings, turnover documents, and receipts, and will create and complete a deposit to the bank. Until the deposit can take place, the receipts will be secured in a safe.

To the extent practicable, separate individuals should be tasked with 1) receiving the turnovers, 2) recording the revenues in the Treasurer/Collector's cashbook, and 3) depositing the money in the bank.

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

D. Reconciliation

In accordance with the Town's Reconciliation policy, the Treasurer/Collector will reconcile the cashbook with bank statements and provide a summary of cashbook balances to the Town Accountant monthly.

E. Audit

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

PROCEDURES

The Chief Financial Officer will create and disseminate procedures and forms to implement this policy. At minimum, these should include:

1. A standardized turnover form created in Excel to allow for data entry
2. Prenumbered receipt books distributed to all departments that receive money
3. Turnover timing and thresholds
4. Internal control guidance on recording and securing funds
5. Record retention schedules

REFERENCES

[M.G.L. c. 41, §35](#)

[M.G.L. c. 41, §57](#)

Weymouth Reconciliations Policy

Massachusetts Collectors and Treasurers Association, 2009: [Treasurer/Collector's Manual](#)

Massachusetts Collectors and Treasurers Association, 2008: [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016.]

RECONCILIATIONS

PURPOSE

To ensure transactions are in balance, to mitigate fraud, and to safeguard general ledger accuracy, financial officers must conduct regular reconciliations of their accounting records, and these must be reconciled to the general ledger. Although each financial officer is responsible for maintaining independent records of his or her office's transactions, they are also collectively accountable for the overall accuracy of the Town's financial records. Failure to reconcile cash, receivables, and withholdings hampers the Town's ability to produce reliable reports, close its books, make timely submissions to the Division of Local Services, and complete audits. In addition, unresolved variances reduce the amount of certified free cash and may result in significant deficiency findings by the independent auditor.

APPLICABILITY

This policy applies to the Chief Financial Officer (CFO), Town Accountant, Treasurer/Collector, and Assistant Treasurer/Collector or their designees, and to the heads of any departments with accounts receivable responsibilities (e.g., Public Works, Parks & Recreation).

POLICY

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

All data entry access to the general ledger (and all its subledgers) shall be restricted solely to Accounting office staff. This segregation is necessary to maintain the general ledger's integrity as the official record of the Town's accounting activity.

A. Cashbook Reconciliation

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

Reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the Treasurer/Collector's cashbook and financial institutions, will be identified and corrected when appropriate. The Treasurer/Collector will then forward a summary of the reconciled cashbook balances and, when needed, an additional Schedule of Receipts for any adjustments made to the Town Accountant.

B. Payroll Withholdings Reconciliation

Payroll withholdings include federal and state taxes, child support and other wage assignments for legal obligations, deferred compensation, insurances, association dues, and other employer-sponsored options, which are all maintained in separate accounts. The Treasurer/Collector will ensure that all employee and employer contribution portions of withholdings are recorded and reconciled to the general ledger monthly. To reduce the risk to the Town for liabilities in excess of payroll withholdings, the Treasurer/Collector shall identify and report any discrepancies between the general ledger withholding accounts and applicable vendor/recipient accounts payable. The Treasurer/Collector will then forward the results of these activities to the Town Accountant.

C. Accounts Receivable Reconciliation

Accounts receivable are outstanding monies owed to the Town, whether from committed records (i.e., taxes, excise, and utilities) or from uncommitted department records (e.g., interments, facility rental fees). To ensure these assets are accounted for and balance, the Assistant Treasurer/Collector and the department heads with accounts receivable duties (all referred to here as “record-keepers”) will make certain that all cash receipts are recorded timely, maintain a control record for each receivable type and year, and verify the detail balance agrees with the receivable control.

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

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

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

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

D. General Ledger Reconciliation

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

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

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

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

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

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

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

E. Time frames and Documentation

Finance Department officers shall 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.

The financial officers who jointly complete each general ledger reconciliation will sign reconciliation worksheets. In a given month, if any variance has not yet been fully resolved, this must be noted along with a work plan and timetable for resolution. The Town Accountant shall collectively submit the reconciliation worksheets to the CFO by each month's end.

F. Audit

All reconciliation documents are subject to audit by the Town Auditor and the independent auditor.

REFERENCES

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

Massachusetts Collectors Treasurers Association, 2009: [Treasurer's Manual](#)

Massachusetts Collectors Treasurers Association, 2008: [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016].

TRAVEL REIMBURSEMENT

PURPOSE

To properly monitor and control travel costs and to mitigate opportunities for fraud, waste, and abuse, this policy establishes rules governing reimbursement for necessary travel expenses incurred in performing official duties. This policy provides Town officials and employees with guidelines for determining reasonable travel-related expenses and details the procedures, forms and documentation necessary to receive reimbursement.

APPLICABILITY

This travel policy applies to all Town and School personnel.

POLICY

The Town of Weymouth will reimburse employees and officials (all referred to here as “employees”) for reasonable expenses incurred for travel on the Town’s behalf as authorized by their department heads, other appointing authorities, Town Council, or the Mayor. Travel shall be restricted to necessary activities that provide a public benefit, such as training, professional conferences, and other work-related activities.

All travel on Town business shall be planned for using the most economical mode and class of transportation reasonably available and the most direct and time-efficient route. Employees should determine estimates for their travel costs, discuss any extraordinary travel circumstances and expenses with their department heads, and obtain their authorizations in advance of travel. The Town will not reimburse or pay sales tax but will, however, pay meals and room excises. When this travel policy is not followed, there is no guarantee that all expenditures will be reimbursed.

A. Travel Forms

All travel expenditures are to be documented using the Expense Reimbursement form signed by the traveler and the authorizing department head. Separate sheets must be completed for each traveler, and the sheets must be retained by the department until the travel is finalized unless advance payments are required.

B. Unauthorized Expenses

The following expenditures will not be reimbursed:

- Alcoholic beverages and tobacco
- Costs associated with any political or charitable event
- Expenses incurred by or on behalf of any person who is not a Town employee who accompanies the employee on official business
- Expenses incurred for the sole benefit of the traveler, such as valet service, entertainment, laundry services, etc.

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

C. Travel Expense Categories

Transportation

- Employees authorized to travel using their personal vehicle will be reimbursed at the mileage rate established annually by the Mayor in accordance with Town Ordinance 5-203. For [fiscal year 2017], the rate is [\$0.45] per mile.
- Mileage shall be calculated starting from the employee's office location or residence to the destination point, whichever distance is shorter.
- Employees must present receipts to be reimbursed for parking, tolls, airfares, taxi fares, and, when using a Town-owned vehicle, fuel charges.
- An email or screenshot confirmation of an airfare purchase is not an acceptable receipt since a confirmation can be canceled with no payment ever being made. Only a valid proof of payment, such as charge card receipt or statement, will be accepted.
- The Town will only reimburse economy class airfare.

Lodging

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

Meals

- If travel requires an employee to be away from home for more than 24 hours, he or she will be reimbursed for reasonable charges for meal expenses.
- Meal costs, including tips and taxes, incurred during the course of approved travel will be reimbursed only upon presentation of itemized receipts.
- The Town will not reimburse for meals included in the registration costs for conferences, trainings, or similar events.
- Under no circumstance will the total meals reimbursement exceed the Town's per diem rate of [\$40].

Incidentals

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

D. Reimbursement Submission

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

E. Violations

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

F. Audit

All expenses are subject to verification that they comply with this policy.

REFERENCES

[M.G.L. c. 41, §52](#)

[M.G.L. c. 44, §58](#)

[M.G.L. c. 268A, sec. 3](#)

Town of Weymouth Ordinance [Section 5-203](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016.]

PROCUREMENT CONFLICT OF INTEREST

PURPOSE

To ensure integrity in the procurement and contract processes, to educate Town employees, consultants, uncompensated outside parties, and any other person involved in decisions to award contracts about potential conflicts of interests, and to establish a process for the screening of conflicts of interests.

APPLICABILITY

The policy pertains to all the Town's procurement and contract processes governed under the provisions of the state's Uniform Procurement Act associated with, but not limited to: specification development, preparation and issuance of solicitations, evaluation of solicitations and submissions, and other evaluations that lead to Town contract awards. The policy applies to the job responsibilities of the Contract Administrator and related functions of the Town Solicitor. It further applies to all Town employees, officials, and others working on the Town's behalf who are involved with any procurement and contract process and to prospective contractors.

POLICY

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

To comply with the state's [Uniform Procurement Act](#), any purchase for supplies or services ([with certain exceptions](#)) costing more than \$10,000 requires solicitation of three quotes for contracts and those over \$35,000 require competitive sealed bids or proposals for contracts.

A. Confidentiality during the Bid Evaluation Process

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

Departments must:

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

The Contract Administrator must:

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

2. Maintain signed confidentiality agreements on file.

B. Conflict of Interest in Procurement

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

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

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

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

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

Since the Contract Administrator must issue an authorizing purchase order before funds can be committed or orders placed with a vendor, department heads and other officials are required to ascertain and disclose to the Contract Administrator any potential conflict of interest affecting procurement transactions before a contract is signed, a commitment made, or an order placed.

The following measures shall be taken to ensure the Town avoids any conflict of interests in procuring Town contracts:

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

Departments must:

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

The Contract Administrator must:

1. Review the submitted forms for potential conflicts of interest.
2. Discuss any potential conflicts of interest with the Town Solicitor and document the resulting determinations.
3. If a conflict or the appearance of one exists, take appropriate actions, including but not limited to, removal of the employee, consultant, or outside uncompensated party from the procurement or contract activity or cancelation of the solicitation.

C. Audit

The Town Auditor shall conduct random audits of compliance with this policy. The Town's procurement practices are also subject to audit by its independent auditor.

REFERENCES

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

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

U.S. Office of Management and Budget's [Omni Circular](#) issued December 2013
State Ethics Commission's webpage [Disclosure Forms for Municipal Employees](#)

EFFECTIVE DATE

This policy was adopted on [December 1, 2016]

APPENDIX

As part of the annual budget process, financial officers and other personnel cited in each policy's Applicability section will review the policy to ensure it is current. If a policy needs to be updated, the Chief Financial Officer (CFO) will draft proposed edits in consultation with the Mayor's Chief of Staff, the Town Solicitor, and other responsible parties. Revised policies will then be submitted to applicable Town policymakers for adoption. The CFO will maintain an official record of the annual reviews and revision dates in the log below.

Policy	Date of Adoption	Last reviewed	Date of Amendment(s)
FINANCIAL RESERVES	XX/XX/XXXX	XX/XX/XXXX	XX/XX/XXXX
FORECASTING			
OVERLAY			
DEBT MANAGEMENT			
OPEB LIABILITY			
INDIRECT COST ALLOCATION			
TAX ENFORCEMENT			
REVENUE TURNOVER			
RECONCILIATIONS			
PROCUREMENT CONFLICT OF INTEREST			