

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

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AUGUST 2019



# **DLS**

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

100 Cambridge Street, Boston, MA 02114

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# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Christopher C. Harding  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

August 20<sup>th</sup>, 2019

Council President  
C/O Town Manager  
Town of Winthrop  
1 Metcalf Square  
Winthrop, MA 02152

Dear Council President,

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

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

Sincerely,

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

Sean R. Cronin  
Senior Deputy Commissioner

*Supporting a Commonwealth of Communities*

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## INTRODUCTION

At the Town Manager's request, the Division of Local Services Technical Assistance Bureau (TAB) created a financial policy manual for the Town of Winthrop. Among the policies in the manual are some that incorporate certain provisions for local leaders to make decisions on. An example taken from the Debt Management policy is: "The Town will attempt to maintain a long-term debt schedule such that at least [50] percent of outstanding principal will be paid within 10 years." In each case, the draft policy has brackets around the decision point with the word(s) in the brackets representing TAB's suggestion based on researched best practices. In these cases, local officials should finalize the decisions and remove the brackets prior to adopting the policies. In addition, there are also some policies that make reference to currently contracted service providers (such as SoftRight), and these should be updated whenever the town changes vendors. Once any given policy is adopted, Winthrop's local officials should consider it a living document to be periodically reassessed and modified when conditions change.

Please note that specific town council action will be required before Winthrop may adopt certain policies:

OPEB: According to the Governmental Accounting Standards Board (GASB) Statement 75, an OPEB trust fund must comply with the following criteria: 1) the fund's contributions and earnings are irrevocably committed to OPEB use; 2) the OPEB plan's assets are dedicated exclusively to providing benefits to plan members; and 3) the OPEB plan's assets are legally protected against creditors. In light of Statement 75, the Massachusetts legislature modified [M.G.L. c. 32B, § 20](#) to meet the new guidelines. Consequently, we advise the Town Council to take up articles that propose the following:

1. Reaccept M.G.L. c. 32B, § 20 to establish a GASB-compliant OPEB trust fund.
2. Authorize the prudent investor rule as detailed in [M.G.L. c. 203C](#) to make available the options required to meet the investment goals of the OPEB trust.

Tax Enforcement: The tax enforcement policy presented here refers to tax title payment agreements, which require an ordinance for implementation per [M.G.L. c. 60, § 62A](#). The following may serve as a template:

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

- XX.1.1 Pursuant to the provisions of M.G.L. c. 60, sec. 62A, the Treasurer will pursue and establish a written payment agreement with any person(s) entitled to redeem ownership of parcels taken by the Town for nonpayment of real estate taxes ("redeemer").

- XX.1.2 Tax title categories eligible for payment agreements include [*specify criteria here, based on amount owed, assessed property value, length of delinquency, and/or any other criteria*].
- XX.1.3 At the start of the agreement, the redeemer shall pay 25 percent of the total amount due.
- XX.1.4 The agreement's maximum term shall be five years.
- XX.1.5 Full compliance with agreement terms will result in a waiver of [*local decision: choose a percentage up to 50%*] of the tax title account's accrued interest.

**TOWN OF WINTHROP  
MASSACHUSETTS**

FINANCIAL POLICIES  
MANUAL





## **PREFACE**

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

With these policies, the Town of Winthrop, through its Town Council, Citizen's Advisory Committee on Finance, and employees, commits to the following objectives:

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



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## ANTIFRAUD

### PURPOSE

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

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

### APPLICABILITY

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

### POLICY

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

#### A. Definitions

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

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

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

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

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of Town activities

- Disclosing confidential or proprietary information to outside parties
- Accepting or seeking anything of material value from consultants, contractors, vendors, or persons providing services or materials to the Town
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any claim for reimbursement of expenses not made for the exclusive benefit of the Town
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

#### B. Antifraud Responsibilities

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

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

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

#### C. Disclosure

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

#### **PROCEDURES**

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

1. Procedure and methods for reporting suspicions of fraud, abuse and other irregularities
2. Assignment of responsibilities in response to reported suspicions
3. Employee protections from retaliation
4. Security of investigation documents
5. Treatment of anonymous allegations and false allegations (intentional and unintentional)
6. Personnel disciplinary actions
7. Responsibilities around media contact

8. Training, education and awareness
9. Disclosure requirements and protocols

**REFERENCES**

[M.G.L. c. 149 § 185](#)

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

**EFFECTIVE DATE**

This policy was adopted on [date]

## CAPITAL PLANNING

### PURPOSE

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

### APPLICABILITY

This policy establishes a framework for long-term capital improvements, sets guidelines and expectations for all Town departments in planning for and requesting capital projects, and outlines consensus budgetary goals for the Town Council, Town Manager, and Citizen's Advisory Committee on Finance. It also applies to related job duties of the Comptroller.

### 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.

In accordance with the town's ordinances, the Town Manager is charged with submitting a five year capital plan to the town council. This involves identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations.

#### A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over \$20,000 and to have or to extend five or more years of useful life. These include:

- Real property acquisitions and construction
- Long-life capital equipment
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Major improvements to physical infrastructure, including streets, sidewalks, and stormwater drains
- Planning, feasibility studies, and designs for potential capital projects
- Items obtained under long-term capital leases
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years and aggregated cost exceeding the \$20,000 capital threshold

#### B. Capital Asset Inventory

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



### C. Evaluation of Annual Capital Project Requests

The Town Manager will solicit capital project requests from all department heads as part of the annual budget process, and department heads will submit their detailed request forms to the Finance Director, who will compile and submit them to the Town Manager for evaluation.

The Town Manager will evaluate and prioritize the project requests using the criteria below:

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

### D. Multiyear Capital Improvement Plan

The Town Manager will annually update a capital improvement plan (CIP), including the upcoming fiscal year's capital budget and a five-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources. The format of the CIP will conform to the guidelines laid out in Section 7-11 of the Town Charter, and will include:

1. A clear and concise general summary of its contents;
2. A list of all capital improvements proposed to be undertaken during the next ensuing five years, with supporting information as to the need for each capital improvement; cost estimates, methods of financing and recommended time schedules for each improvement; and
3. The estimated annual cost of operating and maintaining each facility and piece of major equipment involved.

The Town Manager will submit the CIP to the Town Council at least 120 days prior to the start of the ensuing fiscal year and will provide a copy to the Citizen's Advisory Committee on Finance.

### E. Capital Financing

To provide reserve monies for the CIP, the Town has established the Town Council Capital Stabilization Fund. Doing this enables the Town to pay outright for low to moderate-range cash capital purchases 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. In accordance with the Town's Financial Reserves policy, the target maintenance level for the Town Council Capital Stabilization Fund will be [3 to 5] percent of the Town's annual operating budget.

On an annual basis, the Town will strive to maintain the portion of the budget allocated to capital investments at a funding level of [3] percent of annual general fund revenues.

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

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

#### **REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 33B](#)

Winthrop policies on Financial Reserves, Forecasting, and Debt Management

Winthrop Charter, Section 7-11: Capital Improvement Program

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## DEBT MANAGEMENT

### PURPOSE

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

### APPLICABILITY

This policy applies to the budget decision-making duties of the Council President, Town Manager, and Citizen's Advisory Committee on Finance. Further, it applies to the Treasurer/Collector's debt management responsibilities and Comptroller's budget analysis and reporting duties.

### POLICY

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

#### A. Debt Financing

In financing with debt, the Town will:

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

#### B. Debt Limits

The Town will adhere to these debt parameters:

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

### C. Structure and Terms of Debt

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

1. The Town will attempt to maintain a long-term debt schedule such that at least [50] percent of outstanding principal will be paid within 10 years.
2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than [15] years, except for major buildings, land acquisitions, and other purposes in accordance with the useful life borrowing limit guidelines published by the Division of Local Services (DLS).

### D. Bond Refunding

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

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

### E. Protection of Bond Rating

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

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

### F. Reporting

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

### REFERENCES

[M.G.L. c. 41, § 59](#)

[M.G.L. c. 44, § 6](#)

[M.G.L. c. 44, § 8](#)

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 41, § 61](#)

[M.G.L. c. 44, § 6A](#)

[M.G.L. c. 44, § 17](#)

[M.G.L. c. 44, § 21A](#)

[M.G.L. c. 44, § 4](#)

[M.G.L. c. 44, § 7](#)

[M.G.L. c. 44, § 19](#)

[26 USC § 148](#)

Winthrop Capital Planning policy

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

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

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].

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

### APPLICABILITY

This policy pertains to the short- and long-range budget decision-making duties of the Town Manager and Town Council. It also applies to the related job duties of the Finance Director, Comptroller, Treasurer/Collector, and Deputy Assessor.

### POLICY

The Town is committed to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues.

In total for general fund categories of reserves under this policy, the Town will strive to maintain a minimum funding level of [6 to 10] percent of the annual operating budget.

#### A. Free Cash

The Division of Local Services (DLS) defines free cash as the remaining, unrestricted funds from operations of the previous fiscal year, including any unexpended free cash. DLS must certify free cash before the Town can appropriate it, and it must be appropriated before June 30.

The Town will set a goal of maintaining its year-end unappropriated free cash balance in the range of [3 to 5] percent of the annual general fund budget and will appropriate it according to the following percentages:

- General Stabilization Fund: 30 percent
- Town Council Capital Stabilization Fund: 40 percent
- Building Maintenance Stabilization Fund: 10 percent
- The remaining 20 percent will be unreserved

Whenever possible, the Town will limit its use of unreserved free cash to funding one-time expenditures (such as capital projects, snow and ice deficits, or emergencies), as opposed to recurrent operating costs, or to leaving all or some of it unexpended for inclusion in the subsequent year's certification. In addition, the Town will avoid annually using free cash as a revenue source "to reduce the tax rate," since this is equivalent to funding current operations with it.

## 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. In accordance with [M.G.L. c. 40, § 5B](#), Winthrop has established a Capital Investment Stabilization Fund (the Town Council Capital Stabilization Fund) in addition to its General Stabilization Fund.

**General Stabilization:** The Town will endeavor to maintain a minimum balance of [3 to 5] percent of the current operating budget in the general stabilization fund. To achieve this balance the town will appropriate an amount equal to [30] percent of its annual certification of free cash into the fund. Withdrawals from this fund should only be used to mitigate emergencies or for other unanticipated events that cannot be supported by current general fund appropriations. Whenever possible, withdrawals of funds should be limited to the amount available above the 3 percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the Town Manager and Finance Director will develop a plan to replenish the fund to the minimum level.

**Town Council Capital Stabilization Fund:** The Town will endeavor to maintain a minimum balance of [3] percent of the current operating budget in the Town Council Capital Stabilization Fund. To achieve this balance, the Town will annually appropriate an amount equal to [40] percent of annual certified free cash to this fund. By sustaining funding in this reserve, the Town can balance debt with pay-as-you-go practices and protect against unforeseen costs. Appropriations from this reserve should be used as a funding source either for capital purchases or major improvements to capital assets and infrastructure as laid out in the town's Capital Improvement Plan (CIP) and conforming to its Capital Planning Policy. As such, the Capital Stabilization Fund is not a funding source for small-scale, routine maintenance projects.

**Building Maintenance Stabilization Fund:** The Town will establish a target balance of [\$300,000] for this fund and set an annual appropriation of up to [10] percent of the town's certified free cash as the method for reaching this balance. If the [\$300,000] target balance has been met, up to [10] percent of the annual free cash certification may instead be appropriated into the Town Council Capital Stabilization Fund, over and above the amount laid out in the preceding paragraph. Recognizing the need to continually update and maintain the Town's buildings and infrastructure, this fund should be considered as a revenue source for maintenance, repair, and upkeep of Town buildings and infrastructure that does not fit the scope of a capital project. This fund should not be considered a revenue source for capital projects.

## C. Retained Earnings

The Ferry, Harbormaster, Skating Rink, Recreation, and combined Water and Sewer Department's finances are managed under enterprise funds. Accounting for the revenues and expenditures of these operations separately from the general fund allows the Town to effectively identify each operation's true service delivery costs—direct, indirect, and capital— and set user fees at a level sufficient to recover them. Under this accounting, the Town may reserve each department's generated surplus (referred to as retained earnings).

Recognizing the capital-intensive nature of the combined Water and Sewer Department, the Town will maintain retained earnings at [20] percent of the operation's total budget, at minimum, but any reserve may be significantly higher if major infrastructure improvements are necessary. The Ferry,

Harbormaster, Skating Rink, and Recreation enterprise funds will strive to maintain retained earnings at [5] percent of the respective department's annual budget.

Retained earnings will be dedicated to funding major capital projects. The town will avoid appropriating retained earnings for the purpose of rate reduction, since doing so would be equivalent to funding operating expenses with non-recurring revenues. To maintain the target reserve levels for each enterprise fund, the Town Manager will periodically review, and when necessary, adjust user rates.

#### D. Overlay Surplus

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

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

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

#### **REFERENCES**

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

Winthrop policies on Capital Planning, Forecasting, and Tax Recapitulation

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

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].



## FORECASTING

### PURPOSE

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

### APPLICABILITY

This policy applies to the Town Manager, Town Council, and Citizen's Advisory Committee on Finance in their budget analysis and decision-making responsibilities. It also applies to the Finance Director's job duties.

### POLICY

To determine the Town's operating capacity for future fiscal years, the Finance Director will annually create a detailed forecast with five-year projections of revenues and expenditures. The Town Manager and Town Council will use the forecast to support their decision making, both for the upcoming year's operating and capital budgets and for the Town's multiyear capital improvement plan. When preparing forecasts, the Finance Director will analyze historical revenue and expenditure trends, develop a set of assumptions tailored to each revenue and expense category, and then use those assumptions to formulate the projections.

Once the Finance Director and Town Manager have reviewed the initial forecast, the Town Manager will provide it to Town Council and the Citizen's Advisory Committee on Finance for their review and comment. In addition, the Finance Director will promptly revise the forecast projections whenever circumstances change and provide updated forecasts to the Town Manager, Town Council, and the Citizen's Advisory Committee on Finance.

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

#### A. Guidelines for Revenue Assumptions

The following principles will guide the formulation of revenue assumptions:

- Projections of the property tax levy will be confined by the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
- New growth projections will take into account the Town's three-, five- and 10-year averages by property class.
- The Town Manager will annually review the levy limit's relationship to the levy ceiling (which is 2.5 percent of the Town's real and personal property total value) to identify potential

override capacity and to guard against the levy limit approaching or hitting the ceiling, which would impact future levy growth.

- Local aid will correspond with economic cycles.
- Chapter 70 educational aid will reflect trends in school choice, enrollments, tuition, and charter assessments.
- Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.
- Grant revenues will be reviewed annually to determine their sustainability.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.
- Budget decision makers will adhere to the provisions of Section B in regards to one-time revenues.

#### B. Guidelines for Expenditure Assumptions

Annually, the Town Manager 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 of inflationary pressure on prices as well as increases in mandated costs and other fixed expenses.

The following principles shall guide the formulation of expenditure assumptions:

- The Town's current level of services will provide the baseline for projections.
- Historical trends in the growth of operating expenses and employee benefits will prevail.
- Projections will factor cost-of-living adjustments for the salaries/wages of regular employees.
- Potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases will be calculated.
- The Town will annually meet or exceed the Department of Elementary and Secondary Education's net school spending requirements.
- The Town will pay its annual pension contributions and appropriations to amortize other postemployment benefit liabilities.
- 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](#)

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

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## GRANTS MANAGEMENT

### PURPOSE

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

### APPLICABILITY

This town-wide policy applies to the grant project managers in each department applying for or receiving grant funding. It further applies to the grant-related responsibilities of the Town Council and Council President, Town Manager, Finance Director, Comptroller, Treasurer/Collector, School Committee, and School Superintendent or designee.

### POLICY

All departments are encouraged to solicit grant funding for projects and programs consistent with the Town's goals. All municipal applications for grants exceeding \$5,000 must receive preapproval by the Town Manager (School Superintendent if related to educational applications), with the exception of grants involving matching funds, which must also be approved by the Town Council or School Committee, if relating to educational applications. To be eligible for preapproval, there must be sufficient staff available to effectively administer the grant program and perform its required work scope, along with adequate matching requirements (both cash and in-kind).

No department shall expend grant funds until a fully executed grant agreement has been accepted and approved for expenditure by the Town Manager or School Superintendent. 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 Comptroller 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 Comptroller will also maintain a database of all grants and grant activity from inception to closure.

#### A. Grant Opportunity Assessment

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

##### Programmatic:

- Alignment of the grant's purpose with the Town's and department's strategic priorities

- Department's capacity to administer the grant through to closeout
- Office space, facilities, supplies, or equipment required
- Ongoing impact of the grant program after it is completed
- Compliance and audit requirements, particularly as they may differ from the Town's

Financial:

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

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

B. Grant Application and Award Acceptance

Prior to filing any grant application greater than \$5,000, the project manager will submit a meeting agenda item requesting preapproval from the Town Manager (or School Superintendent if for educational purposes) with a report summarizing the grant and how it complies with this policy. The Town Manager will then make a determination as to whether any preapproved application should be submitted to the Town Attorney for a legal review. Following this, the project manager will submit the grant application to the grantor and forward a copy to the Finance Director.

When a project manager receives notice of any grant award, he or she will submit it as a meeting agenda item for the Town Council (or School Committee if for educational purposes) to formally accept by signatures and thereby approve the expending of grant funds. The project manager will then send copies of the signed agreement to the grantor and the Finance Director.

Upon receiving the new grant's documents, the Finance Director will direct the Comptroller to create a new general ledger account to record the grant activity separately from regular expenses. When notified of any amendment or adjustment by the grantor, the project manager will immediately forward the information to the Comptroller, 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 Comptroller and project manager will discuss its requirements and the timing of reimbursement requests (e.g., at the time of expenditure, monthly or quarterly), when applicable.

The project manager will ensure all expenditures made are allowable and consistent with each grant award's requirements. The project manager will submit project invoices to the Finance Department. The project manager will also ensure the proper payroll account codes for grant-funded employees are reported on the department's submission to the Treasurer/Collector as part the regular payroll process.

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

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

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

#### D. Grant Closeout

Upon completion of the project work or grant period, whichever comes first, the project manager will verify that all grant requirements have been met and will send to the Comptroller 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 Comptroller 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 Comptroller will add the refund amount to the AP warrant.

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

#### E. Audit

All grant activities are subject to audit by the particular grantors, the Finance Director, and Winthrop's independent auditor. The Comptroller 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](#)

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

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## INDIRECT COST ALLOCATION

### PURPOSE

To apportion all the indirect costs associated with the Town's business-type operations in an equitable manner that reflects their true shared costs, this policy provides guidelines for calculating and allocating those costs.

Under authority established in [M.G.L. c. 44 §53F½](#), Marina, Recreation, Skating Rink, Harbor, and combined Water and Sewer departments are managed and accounted for separately from the general fund, and each has its own financial statements. Consolidating these programs' direct and indirect costs, debt service, and capital expenditures into segregated funds allows the Town to demonstrate to the public the true, total cost of providing these utilities.

### APPLICABILITY

This policy applies to the budgetary functions of the Finance Director, Director of Public Works, Recreation Director, and Harbormaster. Further, it encompasses the enterprise fund-related administrative functions of the Comptroller, Treasurer/Collector, and Town Manager Departments.

### POLICY

As part of the annual budget process, the Finance Director will calculate the indirect costs to the general fund of the enterprise operations and review the calculations with the Town Manager for approval. Based on the results, the Comptroller will record transfers between the relevant funds by [June 15] each year and will maintain written procedure detailing the costs and their calculation methodologies.

#### A. Cost Categories

The calculation of indirect costs will take into account each utility's personnel expenses budgeted in the general fund. Also accounted for will be certain administrative services performed on behalf of the utility departments by other departments, namely:

- Accounts payable, payroll, and general ledger services provided by the Finance Department
- Turnover processing, banking, investment, tax title, benefits, and payroll services provided by the Treasurer/Collector Department
- Personnel administration services provided by the Town Manager Department

For these expenses and those listed below, the Finance Director will calculate indirect costs based on the most recent fiscal year's appropriations and using either the actual, proportional, estimated support, or transactional methodology, as each is outlined on the next page.

The following expenses will be included in the calculations: [This section to be refined per discussions between Town Manager, departments, and any relevant boards or commissions regarding the specific nature of each department's indirect costs.]

- Benefits for active and retired employees, including insurances, Medicare tax, unemployment, and workers' compensation
- Pensions

- Vehicle insurance
- Property insurance
- Independent audit services
- Actuarial services
- Legal services
- Information technology expenses
- Other costs that may be considered, agreed to, and documented

B. Explanation of Calculation Methodologies

1. **Actual cost**, as the term implies, involves the identification of specific costs attributable to the enterprise based on documented schedules or bills payable, including debt service and insurance premiums.
2. The **proportional** method is a straightforward calculation of each utility department's net-of-debt budget as percentage of the total combined net-of-debt budget of that utility and the general fund. The resulting percentage is then applied against the total budget (including employee benefits) of each town department that provides support to that given utility or against the total cost of the specific type of expenditure.
3. A department or official may be able to provide a reasonable **estimate of support** (i.e., an estimate of the average time spent to support a particular service). For example, the Comptroller estimates she spends an average of two hours weekly, or 10 percent of her time, on Water-related activities (e.g., creating warrants, bookkeeping). This percentage is applied against the department's or official's salary and benefits, including health and life insurance, Medicare, retirement and any workers' compensation.

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

Any department's or official's expenses related to Water and Light activities are charged directly to the Water and Light budgets.

4. The **transaction-based** method is calculated based on the number of transactions attributed to a service as a percentage of the whole. An example would be the Sewer Department's total number of turnovers to the Treasurer/Collector as a percentage of the total number of town-wide turnovers received by the Treasurer/Collector's office. This percentage is applied against the Treasurer/Collector's total budget, including health and life insurance, Medicare, retirement, and any workers' compensation attributable to the department.

5.

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

C. Calculations by Cost Category [This section should be expanded and revised when calculation methodologies are established for other categories.]

**1. Health and Life Insurances**

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

**2. Medicare**

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

**3. Retirement**

Indirect pension costs will be calculated using the proportional method. The Town's total annual contributory retirement assessment is multiplied by the respective proportion of actuarially determined retirement costs per each utility operation's biennially calculated valuation for the current fiscal year

**4. Audit**

External audit costs will be based on the proportional method.

**5. Administrative Services**

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

**REFERENCES**

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].



## INVESTMENTS

### PURPOSE

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

### APPLICABILITY

This policy applies to the Treasurer/Collector's duties to manage and invest Town funds. If the Town contracts with any investment advisor(s), the Treasurer/Collector will provide this policy to them and verify compliance. The policy's scope pertains to all short-term operating funds and to all long-term reserve, investment, retirement, and trust funds.

### POLICY

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

#### A. Investment Objectives

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

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

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

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

### B. Conflict of Interest

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

### C. Investment Instruments

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

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

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

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

D. Risk Tolerance Guidelines

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

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

#### E. Diversification

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

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

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

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

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

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

#### G. Standards of Care

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

## H. Reporting Requirements

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

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

### **REFERENCES**

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

[M.G.L. c. 29, § 38A](#)

[M.G.L. c. 44, § 54](#)

[M.G.L. c. 44, § 55](#)

[M.G.L. c. 44, § 55A](#)

[M.G.L. c. 44, § 55B](#)

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

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

Winthrop Procurement Conflict of Interest policy

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

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

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

Massachusetts Depositors Insurance Fund [FAQs](#)

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

SEC webpage [Form ADV Information](#)

### **EFFECTIVE DATE**

This policy was adopted on [date].

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## OTHER POST EMPLOYMENT BENEFITS LIABILITY

### PURPOSE

To ensure fiscal sustainability, this policy sets guidelines for a responsible plan to meet the Town's obligation to provide other postemployment benefits for eligible current and future retirees. It is designed to achieve generational equity among those called upon to fund this liability and thereby avoid transferring costs into the future.

### APPLICABILITY

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

### BACKGROUND

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

### POLICY

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

#### A. Accounting for and Reporting the OPEB Liability

The Comptroller 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 Town Manager will ensure that the Town's independent audit firm reviews compliance with the accounting and reporting provisions of this policy as part of its annual audits and reports on these to the Town Council.

#### B. Trust Management and Investment

The Town has established an OPEB Trust Fund and designated as its trustee the [Treasurer/Collector]. As fund custodian, the Treasurer/Collector will manage the OPEB Trust Fund in conformance with the Town's investment policy and the state's prudent investor laws.

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

### C. Mitigation

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

### D. OPEB Funding Strategies

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

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

- Transfer unexpended funds from insurance line items to the OPEB Trust Fund.
- Appropriate amounts equal to the Town's Medicare Part D reimbursements.
- Determine and commit to appropriating an annual portion of free cash.
- Appropriate an annually increasing percentage of yearly revenues.
- Once the pension system is fully funded, on a subsequent annual basis, appropriate to the OPEB Trust Fund the amount equivalent to the former pension-funding payment or the ADC, whichever is less.

### **REFERENCES**

[M.G.L. c. 32B, § 20](#) and [20A](#)

[M.G.L. c. 44, § 54](#) and [55](#)

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

Winthrop Investments policy

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

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

### **EFFECTIVE DATE**

This policy was adopted on [date].



## PROCUREMENT CONFLICT OF INTEREST

### PURPOSE

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

### APPLICABILITY

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

### POLICY

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

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

#### A. Confidentiality During the Bid Evaluation Process

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

The departmental purchasing employee must:

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

The Procurement 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. Conflicts of Interest Defined

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

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

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

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

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

#### C. Disclosure and Review

Department heads and other officials are required to ascertain and disclose to the CPO any potential conflict of interest affecting procurement transactions before any contract is signed, commitment made, or order placed. The following measures will be taken to ensure the Town avoids any conflicts of interest in procuring Town contracts:

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

The departmental purchasing employee must:

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

The Procurement Administrator must:

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

#### D. Compliance Reviews

The Finance Director will conduct random reviews of compliance with this policy.

#### **REFERENCES**

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

[M.G.L. c. 41, § 57](#)

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

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

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## RECONCILIATIONS

### PURPOSE

To ensure transactions are in balance, 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 Winthrop's financial records. Failure to reconcile cash, receivables, and withholdings hampers the Town's ability to produce reliable reports, close its books, make timely submissions to the Division of Local Services (DLS), and complete audits. In addition, unresolved variances reduce the amount of certified free cash and may result in significant deficiency findings by the independent auditor.

### APPLICABILITY

This policy applies to the Comptroller, Treasurer/Collector, their designees (if any), and all departments that use special revenue funds or have accounts receivable responsibilities (e.g., Water, Police, etc.).

### POLICY

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

#### A. Cash Book Reconciliation

To ensure an accurate accounting of all revenue activity, the Treasurer/Collector will maintain a cash book 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 cash book frequently (either upon receipt or at least daily) and will frequently [no less than weekly] reconcile the bank accounts to the cash book via online banking. This will ensure that bank balances tie to the cash book and are up to date, increasing the accuracy of cashflow reporting. Accounts reconciled will include zero-balance vendor and payroll bank accounts, whose balances must equal the outstanding checks at the end of any month.

The Treasurer/Collector will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cash book and financial institutions, and will correct them when appropriate. The Treasurer/Collector will then forward the reconciled cash book balances in an Excel report to the Comptroller and, when needed, an additional Schedule of Receipts for any adjustments made.

#### B. Payroll Withholdings Reconciliation

Payroll withholdings include federal and state taxes, child support and other wage assignments for legal obligations, deferred compensation, optional insurances, association dues, and other employer-sponsored options, which are all itemized in separate general ledger accounts. Although payments for withholdings and deductions are automatically issued through Harpers Payroll Services via electronic funds transfer or check, the Treasurer/Collector must verify and reconcile all withholdings to the actual disbursements.

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

#### C. Accounts Receivable Reconciliation

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

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

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

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

The record-keeper will forward a copy of the internally reconciled accounts receivable balances to the Comptroller. For the Treasurer/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/Collector, expenditures authorized for payment by the Comptroller, and properly authorized transfers are recorded for the period. These department heads will subsequently provide the Comptroller with reconciliation reports on the funds.

#### E. General Ledger Reconciliation

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

above. In addition, it is the Comptroller'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 Comptroller by the Treasurer/Collector, so that in theory, the general ledger should be in balance with the cash book. However, errors may occur due to omitting transfers or transactions or applying them in the wrong amounts or to the wrong accounts. Whenever the Comptroller identifies a discrepancy between the general ledger and the cash book, the following steps must be taken in conjunction with the Treasurer/Collector to determine the cause:

- If the total amount of revenue reported in the cash book does not agree with the amount recorded in the ledger for that month, the Treasurer/Collector must verify that the monthly Treasurer/Collector's Schedule of Receipts agrees by detailed amount and classification with the cash book and correct any errors.
- Compare the total amount of warrants paid during the month as recorded in the cash book 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 Comptroller must trace each entry to the ledger until the variance is determined.

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

The Comptroller will verify that all special revenue fund reconciliations match the general ledger. The responsible department head and Comptroller 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 15<sup>th</sup>] of the month following the one being reconciled. At each quarter-ending month, the Comptroller 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 Comptroller will submit the collective set of reconciliation worksheets to the Town Manager at each month's end.

G. Audit

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

**REFERENCES**

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

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

Winthrop Revenue Turnover policy

**EFFECTIVE DATE**

This policy was adopted on [date].

## REVENUE TURNOVER

### PURPOSE

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

### APPLICABILITY

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

### POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. The Town Manager will ensure that surety bonds are maintained for all individuals responsible for handling payments to indemnify the Town from potential loss or theft. Each department will turn over at least weekly and must do so by the end of the day when receipts total [\$300] or more. At month-end, departmental staff will turn over all revenues no later than [11:00 am] on the last business day of the month. All cash management activity is subject to review by the Comptroller and independent auditor.

#### A. Receiving Payments

Using prenumbered receipt books, assigned departmental staff must issue a receipt for every payment received, even when the payer attempts to refuse it. These departmental staff must also identify the forms of payment (check, cash, or credit card) in their receipt books. As the exception, employees in the Treasurer/Collector's office receiving taxes and other collections from the public need only issue receipts for cash payments. Every staff person who receives any check will immediately endorse it "For Deposit Only" using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cash box or safe until completing a turnover to the Treasurer/Collector.

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

#### B. Turning Over Revenues

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



and at no time may leave any unattended turnovers in the Treasurer/Collector's office or elsewhere in Town Hall.

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

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

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

#### C. Receiving Turnovers

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

Within 24 hours of receiving the turnover, Treasurer/Collector staff will post the receipt data in the SoftRight Treasury Receipts module. By the close of business each day, the Treasurer/Collector will review the SoftRight postings, turnover documents, and receipts, update the cash book, and create a deposit package. Revenues will be deposited at the bank at least daily. Until the deposit is completed, Treasurer/Collector staff will ensure that all receipts are secured at all times, either in a cash drawer or, if being held overnight, in a safe.

[Weekly], the Treasurer/Collector will forward a SoftRight Schedule of Receipts report to the Comptroller. The Comptroller will compare the turnovers received directly from departments with the Schedule of Receipts reports received from the Treasurer/Collector and contact the Treasurer/Collector or appropriate departmental employee about any discrepancies. The Comptroller will then post the receipt data to the general ledger.

#### D. Insufficient Funds

Upon notification from the bank of an insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT), the Treasurer/Collector will enter a negative deposit to the original revenue account in SoftRight and notify the department responsible for the turnover. The Treasurer/Collector will also make a reversal entry in the cash book, assigning it to the appropriate bank account.

The Treasurer/Collector will notify the issuer in writing of the bounced check or rejected EFT. Payment of the original amount plus a [\$25.00] penalty is due in [10] days and must be in the form of cash, money order, or certified check.

It is the department head's (or designee's) responsibility to follow up on collecting the amounts owed. If the payment was for a license or permit, the department will suspend the license or permit until the original amount and penalty have been paid. If it was for a committed receipt (e.g., tax bill), the committed amount will be reinstated by the appropriate official and the usual collection procedures followed.

E. Reconciliation

In accordance with the Town's Reconciliations policy, the Treasurer/Collector will reconcile the bank statements to the cash book and provide a summary of cash book balances to the Comptroller monthly.

F. Audit

All cash management activity is subject to review by the Comptroller and Winthrop's independent auditor.

**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](#)

Winthrop Reconciliations policy

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

**EFFECTIVE DATE**

This policy was adopted on [date].

## TAX ENFORCEMENT

### PURPOSE

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

### APPLICABILITY

This policy applies to the Treasurer/Collector's relevant job duties, including the Treasurer/Collector's responsibility for managing services contracted through the Town's tax title attorney. Tax enforcement applies to all Winthrop real estate property owners whose taxes are not exempt.

### POLICY

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

#### A. Demands

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

#### B. Tax Taking

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

The Treasurer/Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by September 1, the Treasurer/Collector will publish a Notice of Tax Taking in The Winthrop Transcript and post the notice in two or more convenient, public places. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

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

C. Subsequent Taxes

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

D. Interest, Fees, and License Revocation

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

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

E. Tax Title Payment Agreements

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

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

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

*For taxpayers who fully comply with their payment agreements, the Treasurer/Collector will waive [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/Collector will review all tax title properties that are older than 180 days and do not have payment agreements or bankruptcy recordings. From these, the Treasurer/Collector will identify all properties of significant value to process for potential foreclosure in Land Court. To do this, the Treasurer/Collector will thoroughly verify the properties' enforcement histories before referring them to the tax title attorney, beginning with those with the largest amounts of taxes owed.

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

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

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

### REFERENCES

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

Winthrop Charter, Section 6-3: Board of License Commissioners

DLS Best Practice: [Enforcing Collections](#)

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

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

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

### EFFECTIVE DATE

This policy was adopted on [date].

## TAX RECAPITULATION

### PURPOSE

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

### APPLICABILITY

This policy applies to the Town Council and Town Manager in their policymaking and management responsibilities and to the Board of Assessors in its role as principal overseer of the tax recap process. It also applies to the related job duties of the Finance Director, Comptroller, Deputy Assessor, Treasurer/Collector, and Town Clerk.

### BACKGROUND

The property tax levy is Winthrop’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 council, 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 Council since the previous year's tax rate was set and identify all non-property-tax revenue sources, such as state aid, local receipts, and reserves. The difference between these sources and the total budgeted appropriations must be raised through the property tax levy.

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

### POLICY

The employees subject to this policy will coordinate to annually complete the tax recap process no later than [December 15]. The Finance Director will develop a realistic plan and timetable to meet these deadlines and keep the Town Manager apprised of progress.

#### A. Preparation and Budget Passage

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

- The Town Manager, in coordination with Town Attorney, will assure the production of properly written articles to be taken up by Town Council to authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization, etc.).
- The Town Manager will ensure that any annual increase in the tax levy does not exceed the maximum allowed under Proposition 2½.
- The Town Manager will verify that the proposed budget is balanced.

- The Comptroller will prepare a schedule of funds available for appropriation by Town Council.
- The Treasurer/Collector and Town Attorney will ensure any debt issuance authorizations are proper.
- The Town Council will ensure that any proposal for a general override or a debt, capital, or special purpose stabilization fund exclusion is properly presented in a regular meeting and, if passed, put to a town-wide referendum.

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

#### B. Recording Legislative Actions

To allow time for any required corrective measures, the following tasks will be completed within [two weeks] after passage by Town Council:

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

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

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

- Report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap).
- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap).
- Enter estimated local receipts using the revenue projections from the budget approved by Town Council page 3, column (b) of the recap).

#### D. Property Value Certification

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

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

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

#### E. Tax Rate Setting

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

- The Deputy Assessor and Comptroller 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 Town Council votes on residential, small commercial, and open space exemptions.
- The Town Council acknowledges excess levy capacity (Form LA-5).

#### F. Review and Submittal to DLS

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

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

#### **REFERENCES**

[M.G.L. c. 40, § 56](#) [M.G.L. c 40A, § 11](#) [M.G.L. c 41, § 115A](#) [M.G.L. c. 59 § 5C](#) [M.G.L. c. 59, § 21C](#)

[M.G.L. c. 59, § 25](#)

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].



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## YEAR-END CLOSING

### PURPOSE

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

### APPLICABILITY

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

### POLICY

The Town Manager will hold every department head accountable for timely and accurately completing the year-end tasks applicable to each as outlined in this policy. Annually no later than May 15, the Town Manager will email this policy to all department heads as a reminder of year-end expectations. The Town Manager will subsequently oversee the coordination of the various year-end task components under the time frames and procedures outlined below. All facets of the year-end closing detailed here will be accomplished no later than October 31 each year.

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

By May 15, the Comptroller 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 Comptroller in writing of any completed project with an unexpended balance so that she may close its account to fund balance (or to a special revenue source, if appropriate). Alternatively, if any completed project's account is in deficit, the department head will notify the Comptroller in writing, provide funding source(s), and state when it will be resolved so that she can plan for closing the account.

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

#### B. Year-end Encumbrances

By June 1, the Comptroller will email all department heads advising them to submit all available invoices by June 30 and to provide notification of any pending obligations remaining from the fiscal year. With proper documentation, the Comptroller will only encumber funds that have been

committed to specific purchases (by purchase orders), services (by service agreements), projects (by contracts), or salary as of June 30.

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

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

- If debt had been authorized, the Comptroller will notify the Treasurer/Collector to initiate a short-term borrowing in an amount sufficient to cover the deficit no later than June 30.
- If debt had not been authorized, the Comptroller will refer the shortfall to the Town Manager to either submit it for a debt authorization or appropriation from available funds or for a line-item transfer by the Town Council (see section D below).

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

#### D. Year-end Transfers

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

#### E. Closing the Books

No later than August 31, the Comptroller 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.

Comptroller:

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

## Comptroller, Treasurer/Collector:

- |  |              |
|--|--------------|
| ▪ Statement of indebtedness                  | September 30 |
| ▪ Treasurer/Collector's year-end cash report | September 30 |
| ▪ Cash reconciliation                        | September 30 |
| ▪ Schedule of outstanding receivables        | September 30 |

**REFERENCES**

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 64, § 64](#)

[M.G.L. c. 59, § 5](#)

Winthrop policies on Tax Enforcement, Grants Management, and Reconciliations

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

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

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

**EFFECTIVE DATE**

The policy was adopted on [date].

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**APPENDIX**

**POLICY LOG**

<b>Policy</b>	<b>Adopted</b>	<b>Last Reviewed</b>	<b>Amended</b>
Antifraud			
Capital Planning			
Debt Management			
Financial Reserves			
Forecasting			
Grants Management			
Indirect Cost Allocation			
Investments			
Other Post Employment Benefits Liability			
Procurement Conflict of Interest			
Reconciliations			
Revenue Turnover			
Tax Enforcement			
Tax Recapitulation			
Year-End Closing			

## MUNICIPAL CALENDAR

### Abbreviations Defined

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

### July

1	Treasurer/Collector	<b>Mail Annual Preliminary Tax Bills</b> Per <a href="#">M.G.L. c. 59, § 57C</a> , mail annual preliminary tax bills by this date. The Treasurer/Collector may include the 1 <sup>st</sup> and 2 <sup>nd</sup> quarter bills in a single mailing.
1	Assessors and Comptroller	<b>Begin Compiling Data for the Tax Rate Recapitulation Sheet (the recap)</b>
15	Comptroller and Treasurer/Collector	<b>Deadline to Process all Prior-Year Unencumbered Expenditures</b> Per <a href="#">M.G.L. c. 44, § 56</a> , this is the deadline to record and pay all unencumbered expenditures incurred as of June 30.
15	Pipeline Company; Telephone/ Telegraph Co.	<b>Deadline for a Pipeline Company or a Telephone/Telegraph Company to Appeal the Commissioner's Valuations</b>
20	BLA	<b>Notification of Changes in Proposed EQVs (even years only)</b>

### August

1	Taxpayer	<b>Deadline for Paying 1st Quarter Tax Bill</b> Per <a href="#">M.G.L. c. 59, § 57C</a> , this is the deadline to pay the 1st quarter preliminary tax payment without interest for bills that were mailed by July 1. If the bills were mailed between July 2 and August 1, this payment is due 30 days after the mailing date, and the 2nd quarter payment is due November 1. If the bills were mailed after August 1, the preliminary tax is due as a single installment on November 1 or 30 days after the bills were mailed, whichever is later.
1	Taxpayer	<b>Deadline for Submitting Annual Boat Excise Return</b>
10	Assessors	<b>Deadline for Appealing EQVs to the Appellate Tax Board (even years only)</b>
31	Comptroller	<b>Close Prior-Year Books by this Date</b>

## September

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

## October

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- |    |                     |  |
|----|---------------------|--|
| 1  | Treasurer/Collector | <p><b>Mail Preliminary Tax Bills for 2<sup>nd</sup> Quarter</b></p> <p>The Treasurer/Collector mails these bills if the 2<sup>nd</sup> quarter bills were not included in the July 1 mailings.</p>   |
| 1  | Taxpayer            | <p><b>Deadline for Applying to Have Land Classified as Agricultural/ Horticultural Land or Recreational Land</b></p> <p>Under <a href="#">M.G.L. c. 61A, §§ 6 and 8</a> and <a href="#">c. 61B, §§ 3 and 5</a>, this is the deadline to apply to the Assessors to have land valued, taxed, and classified as agricultural/horticultural or recreational land in the next fiscal year. Taxpayers who miss this deadline have until 30 days after the mailing of the actual tax bills to apply to the Assessors.</p> |
| 1  | Taxpayer            | <p><b>Deadline for Submitting Forest Land Certification and Management Plan</b></p> <p>As set by <a href="#">M.G.L. c. 61, § 2</a>, this is the deadline to submit to the Assessors the State Forester's certification and approved management plan to have land classified as forest land for 10 years beginning in the next fiscal year.</p>   |
| 15 | Assessors           | <b>Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)</b>   |

## November

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- |   |              |  |
|---|--------------|--|
| 1 | Taxpayer     | <p><b>Deadline for Paying 2nd Quarter Tax Bill</b></p> <p>Per M.G.L. c. 59, § 57C, this is the deadline to pay the 2nd quarter tax payment without interest.</p>   |
| 1 | Taxpayer     | <p><b>Deadline for Property Tax Abatement Application</b></p> <p>Per <a href="#">M.G.L. c. 59, § 59</a>, applications for abatement are due on the same date as the first actual tax installment for the year.</p> |
| 1 | Town Council | <b>Hold Classification Hearing (recommended date)</b>  |



At this public hearing, the Town Council decides whether to apply uniform or different tax rates to the various classes of real and personal property after considering information presented by the Assessors.

- 30 Assessors **Submit Tax Recap and all Schedules to BOA**
- 30 Comptroller **Submit Schedule A to BOA**  
Failure to file Schedule A by this date may result in the delay or forfeiture of state aid.

## December

- 31 Assessors **Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners**
- 31 Treasurer/Collector **Deadline for Betterments to be included on Next Year's Tax Bill** ([M.G.L. c. 80, § 13](#), [c. 40, § 42I](#) and [c. 83, § 27](#))
- 31 Treasurer/Collector **Deadline for Mailing Actual Tax Bills**  
Mail actual tax bills by this date. This Treasurer/Collector may include the 3<sup>rd</sup> and 4<sup>th</sup> quarter bills in a single mailing.

## January

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

## March

- 1 Telephone/  
Telegraph Co. **Deadline for Telephone/Telegraph Company to File Form of List**  
BLA may extend this deadline to a date no later than April 1.
- 1 Charitable  
Organization **Deadline to Apply for Property Tax Exemption using Form 3ABC**  
The Assessors may extend this deadline to a date no later than the date abatement applications are due.
- 1 Personal Property  
Owner **Deadline to Submit Personal Property Form of List**  
The Assessors may extend this deadline to a date no later than the date abatement applications are due.
- 1 Town Manager **Request Determination of Overlay Surplus (recommended date)**  
Within 10 days of this request, the Assessors must determine if a surplus exists, and if so, vote to certify the surplus amount and notify the Comptroller of the vote so that it can be transferred to the overlay surplus account.

## April

- 1 Treasurer/Collector **Mail Second-half Property Tax Bills**

- 
- 1 Taxpayer **Deadline to Apply for Property Tax Exemptions**  
This is the deadline to apply to the Assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have three months from the mailing date to file exemption applications.

## May

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- 1 Taxpayer **Deadline to Pay 2<sup>nd</sup> half Tax Bill without Interest**
- 1 Comptroller or Treasurer/Collector **Notification of Amount of Debt Due in Next Fiscal Year**  
As required by [M.G.L. c. 44, § 16](#), the Comptroller or Treasurer/Collector must notify the Assessors of all debt due in the next fiscal year.

## June

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- 1 Town Clerk **Certify Appropriations**  
The Town Clerk should certify appropriations immediately after Town Council votes to appropriate so that the Comptroller can set up accounts for every department for the next fiscal year.
- 1 Town Clerk **Update the Local Officials Directory (LOD) in Gateway**  
The Town Clerk annually updates the LOD with the names, position titles, and email addresses of local officials.
- 1 Assessors **Determine Valuation of Other Municipal or District Land**  
In any town where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send the property owner a notice of the valuation in the year following a revaluation year.
- 1 BLA **Notifications of State-owned Land Valuations (even years only)**
- 1 BLA **Notification of Proposed EQVs (even years only)**
- 10 BLA **Conclude Public Hearings on Proposed EQVs (even years only)**
- 15 BLA **Determine and Certify Pipeline and Telephone/Telegraph Valuations**
- 20 Assessors **Final Date to Make Omitted or Revised Assessments**  
As required by [M.G.L. c. 59, §§ 75](#) and [76](#), if any property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's duty to fix the mistake and assess the property correctly. The new assessment must be made by June 20 of the taxable year or by the 90th day after the date the tax bills are mailed, whichever is later.
- 30 Assessors **Submit Annual Report of Omitted or Revised Assessments to BLA**
- 30 Taxpayer **Deadline to Apply to Have Land Classified as Forest Land**

Per [M.G.L. c. 61, § 2](#), this is the deadline to apply to the State Forester to have land certified as forest land.

30 Assessor

**Deadline to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of [M.G.L. c. 59, § 5](#)**

Assessors have until this date to submit a request to the DLS Databank for state reimbursement to offset the tax revenue lost from granted statutory exemptions. The state partially reimburses for these via the cherry sheet. If actual tax bills were mailed late, the submission deadline is extended to August 20.

## Due Date Exceptions

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