

# TOWN OF WRENTHAM

---

## FINANCIAL POLICIES MANUAL

OCTOBER 2023



# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Financial Management Resource Bureau**

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

Marcia Bohinc, Senior Project Manager

## INTRODUCTION

---

At the Select Board's request, the Division of Local Services (DLS) Financial Management Resource Bureau created a financial policy manual for the Town of Wrentham. It is divided into two parts, the first containing policies associated with financial planning and the second with day-to-day operations.

This draft policy document is provided for the review and approval of the Select Board, Town Administrator, Finance Team, and other local officials as applicable. Each policy designates the responsibilities for the actions required to achieve the purpose and comply with the parameters. We understand Wrentham currently operates with a combined Finance Director/Treasurer/Collector role; however, we present the assigned policy duties according to their statutory roles with oversight by the Finance Director. This more clearly identifies the individual responsibilities in the case of a future organizational structure change.

These policies are based on municipal best practices and tailored to the specific conditions of Wrentham, incorporating the Town's existing financial practices and policies, both formal and informal, as well as current relevant bylaws. The Town should analyze current financial operations to determine the appropriate benchmarks and metrics that are presented in the financial planning policies and in the following summary. To assist with this analysis, we include within the policies the Town's current financial positions against the recommended targets.

Policy/Section	Policy Decision	Wrentham Adopted Target %	DLS Recommendation	Usage/Source
Capital Planning: Definition	Dollar threshold, useful life		\$25,000, five years useful life	
Capital Planning: Financing	Overall general fund capital financing		4 - 7%	Cash capital investment: Funding from property taxes, free cash, and stabilization funds
	General fund cash capital financing		2-3% net of debt	Cash capital investment: Funding from property taxes, free cash, and stabilization funds
Debt Management: Limits	Total debt service (GF, CPF, Enterprise)		5-7%	All available funds Either pay or reserve
	Annual general fund debt service		2 – 4%	General fund revenues Either directly to debt service or reserve to target
Debt Management: Structure	Long-term debt amortization		50%	Paid within 10 years
Financial Reserves: Totals	General fund		11 - 16%	Prior year GF budget
	Water Enterprise		25%	Operating budget
Financial Reserves:	Target total		4 - 6%	Prior year GF budget
	Appropriation/Usage		25%	Remain unappropriated

Policy/Section	Policy Decision	Wrentham Adopted Target %	DLS Recommendation	Usage/Source
Free Cash			20%	Cash capital budget
			< 10%, \$250,000	Noncapital special appropriations
			15%	Capital stabilization
			20%	General stabilization
			10%	OPEB
Financial Reserves: Stabilization Funds	General stabilization target		6-8%	Prior year GF budget
	General stabilization – Annual appropriation		0.3%	Prior year GF budget
	Capital stabilization target		1 - 2%	Prior year GF budget
Financial Reserves: Overlay Surplus			Annual review	Use for one-time expenditures
Forecasting	Local Receipts		90%	Prior year's actual collections
OPEB	Target total		0.25%	Tax levy
			Increasing %	Water enterprise fund
				Free cash

As noted in the Tax Enforcement policy, based on a recent United States Supreme Court decision there is great uncertainty of the Town's ability to recover proceeds in excess of the recorded receivable when foreclosing on a property for unpaid taxes. At this time, DLS does not object to communities temporarily holding the surplus proceeds in a segregated account. We suggest the Town consult with local counsel before proceeding with foreclosure actions.

Last, we recommend that the Town conduct policy reviews every few years to ensure continued compliance and assess if changes in circumstances, conditions, or guidance warrant revisions or updates. During these periodic reviews, the Town should identify additional topics suitable for policies and incorporate them in the updated manual.

# WRENTHAM MASSACHUSETTS

## FINANCIAL POLICIES MANUAL





## **PREFACE**

---

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

With these policies, the Town of Wrentham, through its Select Board, Town Administrator, Finance Committee, Finance Director, 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 bond rating
- Promoting transparency and public disclosure
- Assuring accurate and timely reporting





# TABLE OF CONTENTS

---

<b>FINANCIAL PLANNING.....</b>	<b>1</b>
<b>ANNUAL BUDGET PROCESS.....</b>	<b>3</b>
<b>CAPITAL PLANNING .....</b>	<b>8</b>
<b>DEBT MANAGEMENT.....</b>	<b>12</b>
<b>FINANCIAL RESERVES.....</b>	<b>17</b>
<b>FORECASTING.....</b>	<b>21</b>
<b>INDIRECT COST ALLOCATION .....</b>	<b>24</b>
<b>INVESTMENTS .....</b>	<b>28</b>
<b>ONE-TIME REVENUES .....</b>	<b>34</b>
<b>OTHER POSTEMPLOYMENT BENEFITS LIABILITY.....</b>	<b>36</b>
<b>OVERLAY .....</b>	<b>39</b>
<b>FINANCIAL OPERATIONS.....</b>	<b>41</b>
<b>ANTIFRAUD .....</b>	<b>43</b>
<b>CASH FLOW .....</b>	<b>48</b>
<b>DISBURSEMENTS.....</b>	<b>49</b>
<b>FINANCIAL MANAGEMENT TEAM .....</b>	<b>53</b>
<b>GRANTS MANAGEMENT .....</b>	<b>55</b>
<b>PROCUREMENT CONFLICT OF INTEREST .....</b>	<b>59</b>
<b>PUBLIC SAFETY DETAILS.....</b>	<b>62</b>
<b>RECONCILIATIONS .....</b>	<b>65</b>
<b>REVENUE TURNOVER.....</b>	<b>70</b>
<b>TAILINGS.....</b>	<b>74</b>
<b>TAX ENFORCEMENT.....</b>	<b>77</b>
<b>TAX RECAPITULATION.....</b>	<b>81</b>
<b>TRAVEL/EMPLOYEE REIMBURSEMENT .....</b>	<b>85</b>
<b>YEAR-END CLOSING .....</b>	<b>90</b>
<b>POLICY LOG.....</b>	<b>93</b>
<b>APPENDIX.....</b>	<b>95</b>



# FINANCIAL PLANNING POLICIES



## ANNUAL BUDGET PROCESS

### PURPOSE

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

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Town Administrator, Select Board, Finance Committee, and School Committee budget decision-making roles</li> <li>▪ Finance Director, Town Accountant, and Board of Assessors job duties</li> <li>▪ All department heads and the boards and committees that have spending authority (all referred to here as "department heads") in their budget planning duties</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Annual budget development, documentation, adoption processes, and related activities</li> </ul>

### POLICY

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

The Town Administrator, with assistance from the Finance Director, is responsible for developing the annual budget and will do so according to the vision, goals, and strategic plans laid out in the Select Board policy statement. As the advisor for the interests of town meeting voters, the Finance Committee will make recommendations on all finance-related warrant articles, including the annual budget and present the proposed budget to town meeting. To ensure early knowledge of the elementary school's expenditure projections and smoothly integrate its budget, the Town Administrator will cultivate a strong, communicative relationship with the Wrentham Public Schools School Committee. It is the goal of all these parties to work in a cooperative manner to present voters with a consensus budget.

Substantial annual appropriations in the budget arise from obligations to regional shared service partners, most prominently, the King Philip Regional School District (KPRSD), but include Metacomet Emergency Communication Center (MECC) and others. The Town Administrator must therefore work to stay timely apprised of the budget projections of these partners.

All parties applicable under this policy are expected to comply with the milestone deadlines in the annual budget calendar when they are set each year. As part of this, department heads will timely

provide the Town Administrator with all information needed for the creation of an informative budget document, which will be made available to voters in advance of town meeting.

A. Budget Goals

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

General Fund – The goals for the general fund budget include preserving core services, fulfilling required mandates, and maintaining or enhancing the local quality of life, while also ensuring reserve levels that will allow flexibility to respond to changes in the economy and other unanticipated issues that could potentially affect the Town's fiscal health.

Capital Investment — To pay for items in the capital plan, the town will strive to achieve and maintain the annual capital funding levels spelled out in the [Capital Planning](#) and [Debt Management](#) policies. Additionally, the Town will plan to regularly fund, within departmental operating budgets, the maintenance costs for equipment, facilities, infrastructure, and other capital assets to maximize their useful lifespans.

Enterprise Fund – For the water department budget, the Town will attempt to set user charges and fees sufficient to cover all of its associated direct and indirect costs so as to avoid or minimize any general fund subsidies.

B. Principles for Balanced, Sustainable Budgets

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

1. Recurring revenues (e.g., property taxes, vehicle excises, service fees and charges, interest earnings, state aid) will be sufficient to support recurring expenditures (e.g., employee wages and benefits, materials, supplies, contracted costs, debt service).
2. The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances, and any such usage will require the Town Administrator to document a plan to replace this source in future years.
3. At the direction of the Town Administrator, each officer, elected board, committee, and department authorized to charge a fee for service will review the fee schedules every year and propose increases when necessary to ensure coverage of service costs.
4. All departmental budgets will be prepared to reflect the full costs of providing the services and list the proposed and prior-year actual allocations of full-time-equivalent employees.

5. The Town will not underfund any fixed, recurring costs in the annual operating budget with the expectation that budget supplements will be available during the year but will instead fund them at the realistic amount necessary to complete the year.
6. The Town Administrator will evaluate all contractual obligations, requests, and strategic priorities to determine annual non-collectively bargained pay increases.
7. When a forecast predicts annual revenues to exceed annual expenditures, the following options should be considered for the excess revenue:
  - Building up reserve fund target levels
  - Reducing debt
  - Advancing deferred capital expenditures
  - Funding the other postemployment benefits liability
  - Accelerating payments on other long-term obligations
  - Restoring services reduced from prior years
  - Funding new initiatives
  - Exploring tax relief
8. The Board of Assessors will vote to authorize a contribution to the overlay account to offset the Town's liability for unpaid property taxes caused by abatements and exemptions. This amount shall be based on:
  - Current balance in the overlay account
  - Three-year average of granted abatements and exemptions
  - Cases pending before, or on appeal from, the Appellate Tax Board
  - Timing of the next five-year certification review by the Division of Local Services

#### C. Tax Levy Considerations

The Town Administrator and Finance Director will work with the Planning & Community Development Department, Department of Inspections, and Board of Assessors to consider economic indicators, potential new growth, and property valuation trends to forecast anticipated tax levy growth. The Town Administrator will estimate available recurring revenue sources with the goal that the annual tax levy growth be less than the maximum amount allowed by Proposition 2½ in order to sustain or build excess capacity. Any usage of prior year excess levy capacity will be limited to no more than 25 percent.

#### D. Budget Calendar

The Town Administrator and Finance Director will coordinate a budget process that enables early identification and review of major policy issues, public input, and analysis of options, leading to the timely publication of the annual proposed working budget detail and summary.

Annual and capital budget activities, beginning with a kick-off meeting and continuing through town meeting approval, will be published in an annual budget calendar at least 150 days prior to the date of the annual town meeting, specifying dates for estimating initial revenue projections, sending out appropriation guidelines and returning departmental requests, updating the capital improvement plan, compiling a working budget, and completing the finalized budget proposal. It will allow for

hearings, reviews, and approvals at different levels. The Town Administrator will deliver the budget proposal by March 15 or sooner and the Select Board will vote to adopt the fiscal year budget within 30 days of receipt from the Town Administrator. The Select Board will then submit the budget proposal, the Wrentham public school committee budget request, and their recommendations to the Finance Committee.

In accordance with bylaw, the Finance Committee shall conduct at least one public hearing on the complete proposed budget and issue recommendations and explanations for all financial articles in an annual report prior to the annual town meeting. In preparing its recommendations, the committee may require the town administrator, department head, board, commission, or committee to appear and furnish additional financial reports and budgetary information.

#### E. Budget Document

The Town Administrator, in consultation with the finance director and the finance committee, will produce a transparent and reader-friendly budget document that presents all proposed expenditures for current operations and capital projects during the ensuing year, detailed by department, purpose, and project. It will contain a Town Administrator budget message detailing short- and long-term strategic objectives and explaining the Town's fiscal challenges. As a model for the budget document, the Town Administrator and Finance Director will use standards established by the Government Finance Officers Association (GFOA) in its Distinguished Budget Presentation program. It will incorporate narrative information on Town departmental and organizational goals, the plans and resource allocations needed to meet those goals, graphical information about available finances, analyses of revenues, expenses, and outstanding debt, and summary of the Town's five-year capital plan.

#### F. Budget Monitoring

The Town Accountant will continually monitor the budget and provide regular formal reports to the Finance Director, Town Administrator, and Select Board. The Town will take immediate corrective actions if at any time during the fiscal year expenditure or revenue estimates indicate a projected operating deficit by year-end. Corrective actions can include, but are not limited to, hiring freezes, expenditure reductions, layoffs, or use of contingency funds.

#### G. Cyclical Budget-Related Activities

Beyond the development, implementation, and monitoring of the budget, the budget cycle encompasses other events throughout the fiscal year. These include providing instructions for closing one fiscal year and opening of the new one in compliance with the [Year-End Closing](#) policy, preparing for an audit, submitting state reports and other documentation, and evaluating prior year results.

#### REFERENCES

[M.G.L. c. 39, § 10](#)

[M.G.L. c. 39, § 16](#)

[M.G.L. c. 40 § 6](#)

[M.G.L. c. 41, § 15A](#)

[M.G.L. c. 41, § 59](#)

[M.G.L. c. 41, § 60](#)

[M.G.L. c. 44, § 32](#)

[M.G.L. c. 44, § 33A](#)

[M.G.L. c. 44, § 33B](#)



[M.G.L. c. 58, § 25](#)  
[M.G.L. c. 58, § 25A](#)

[M.G.L. c. 59, § 21C](#)  
[M.G.L. c. 70](#)

[M.G.L. c. 71, §§ 16B](#)  
[M.G.L. c. 71, §§ 16B½](#)

Wrentham policies on Capital Planning, Debt Management, Financial Management Team, Financial Reserves, Forecasting, Indirect Cost Allocation, Other Postemployment Benefits Liability, Overlay, and Year-End Closing

Wrentham Town Charter Article VI, Section 6.1 [Annual Budget Development Process](#)  
Wrentham Bylaws Part I, Chapter 18-6 [Departmental fees](#)

Division of Local Services Best Practice: [Annual Budget Process in Towns](#)

Government Finance Officers Association Best Practices: [Achieving a Structurally Balanced Budget](#), [Working Capital Targets for Enterprise Funds](#), and [Distinguished Budget Presentation Criteria](#)

---

**EFFECTIVE DATE**

This policy was adopted on [date].

## CAPITAL PLANNING

### PURPOSE

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

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Select Board, Finance Committee, Town Administrator, and Finance Director budget decision-making roles</li> <li>▪ Town Administrator, Finance Director, and Town Accountant job duties</li> <li>▪ Director of Facilities &amp; Capital Planning and Permanent Building Committee</li> <li>▪ All department heads in planning for and requesting capital projects</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ All current and proposed capital projects for assets owned by the Town</li> <li>▪ Included are projects for which the Town may seek Community Preservation Act (CPA) financing. However, this policy does not govern the procedures and decision making of the CPA Committee, which has sole budget-making authority for CPA funds.</li> </ul>

### POLICY

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

The Town Administrator is charged with overseeing a comprehensive capital improvement program, which involves maintaining a capital asset inventory, prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations.

### POLICY SUMMARY

Capital Process Component	Policy Guidance
Capital Project definition	<ul style="list-style-type: none"> <li>▪ Costs \$25,000 or more, <u>and</u></li> <li>▪ Has (or extends) useful life of five (5) years</li> </ul>
Annual Capital Budget	<ul style="list-style-type: none"> <li>▪ Developed by Director of Facilities &amp; Capital Planning based on departmental submissions</li> <li>▪ Finalized by Town Administrator for proposal to Select Board</li> </ul>
Multiyear Capital Improvement Plan (CIP)	<ul style="list-style-type: none"> <li>▪ First year is the capital budget proposed for the next fiscal year</li> <li>▪ Four subsequent years of capital project projections</li> <li>▪ Updated and maintained by the Director of Facilities &amp; Capital Planning</li> </ul>

	<ul style="list-style-type: none"> <li>Finalized by Town Administrator for acceptance vote by Select Board and recommendation from Finance Committee</li> </ul>
Capital Inventory	<ul style="list-style-type: none"> <li>Assembled and updated annually</li> <li>Responsibility of the Director of Facilities &amp; Capital Planning, Finance Director, and Town Accountant</li> </ul>
Prioritization criteria	<p>In descending order:</p> <ol style="list-style-type: none"> <li>Eliminates public health or safety hazard</li> <li>Required by state or federal laws or regulations</li> <li>Supports adopted plans, goals, objectives, and policies</li> <li>Stabilizes or reduces operating costs</li> <li>Makes better use of a facility or replaces a clearly obsolete one</li> <li>Maintains or improves productivity or existing standards of service</li> <li>Uses outside financing sources, such as grants</li> <li>Directly benefits Town's economic base by increasing property values</li> <li>Provides new programs having social, cultural, historic, economic, or aesthetic value</li> </ol>

Capital Financing	Policy Guidance
Funding targets	<ul style="list-style-type: none"> <li>Overall capital spending: 4-7% of the general fund budget <ul style="list-style-type: none"> <li>Non-debt, "cash capital" spending: 2-3% of GF budget</li> <li>Annual capital debt service: 2-4% of GF budget</li> </ul> </li> </ul>
Debt usage	<ul style="list-style-type: none"> <li>Short-term debt: Useful life &lt; 10 years</li> <li>Long-term debt: Useful life &gt; 10 years and cost &gt; \$100,000</li> </ul>
Cash capital	<ul style="list-style-type: none"> <li>Appropriate funding sources: levy, free cash, capital asset and sewer stabilization funds, revolving funds, overlay surplus, certain receipts reserved funds, grants</li> </ul>

#### A. Definition of a Capital Improvement

A capital improvement is a tangible asset or project estimated to cost over \$25,000 and to have or to extend five or more years of useful life. These include:

- Real property acquisitions, construction, and long-life capital equipment
- Improvements to physical infrastructure, including streets, sidewalks, stormwater drains, and wastewater treatment systems
- Renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures
- Planning, feasibility studies, and designs for potential capital projects
- Items obtained under long-term capital leases
- Bulk purchases of similar items, like software, furniture, or radios with an expected useful life of three or more years that, when aggregated, have total costs exceeding \$25,000

## B. Capital Asset Inventory

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

The Finance Director will verify the assets identified in the inventory are properly reflected in the Town's annual property insurance policy.

## C. Evaluation of Capital Projects

The Director of Facilities & Capital Planning, under the direction of the Town Administrator and will review capital project requests submitted by department heads as part of the annual budget process. At the end of its work, the Town Administrator will present the analysis, recommendations, and proposed funding sources to the Select Board and Finance Committee at separate meetings prior to the annual town meeting. The Town Administrator will provide a copy of the recommendations to the Finance Committee for incorporation in the report published each year in advance of town meeting.

When evaluating and deciding on project proposals, the Director of Facilities & Capital Planning and Town Administrator will prioritize them 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 Administrator will annually update and propose to the Finance Committee and Select Board a five-year capital improvement plan (CIP), including the upcoming fiscal year's capital budget and a four-year projection of needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources.

## E. Capital Financing

Annually, the Town will strive to appropriate two to three percent of the annual general fund budget, net of debt, to capital investment allocations, through funding derived from a combination of

property taxes, free cash, and capital stabilization funds. This cash capital funding target is a complement to the debt service maintenance goal defined in the Debt Management policy.

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

- Available funds (e.g., free cash, capital stabilization funds, retained earnings, and community preservation funds) will provide funding sources for capital projects as much as practical.
- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- The Finance Director will proactively work with the CPA Committee on strategies to finance projects that may be eligible for funding under the CPA statute.
- Before any long-term, bonded capital project is recommended, the project's annual operating costs and debt service costs shall be identified.
- Short-term debt may be used to finance purchases with useful lifespans of less than 10 years.
- Capital or debt exclusions will be considered to accomplish major capital projects, such as new construction or major renovations to existing facilities.
- Infrastructure or facility maintenance budgets built into the general operating budget will not be reduced to fund other departmental expenses.
- To the extent feasible, all capital projects associated with the water, sewer, and trash enterprise funds will be financed from user fees or retained earnings.
- In accordance with Wrentham's [Debt Management](#) policy, the Town will restrict long-term debt funding to projects with lifespans greater than 10 years and costs exceeding \$100,000.

---

## REFERENCES

[M.G.L. c. 44, § 53J](#)

[M.G.L. c. 80, § 13](#)

Wrentham policies on Debt Management, Forecasting, and Financial Reserves

Wrentham Charter, Section 6.2 – Capital Improvements Plan

Wrentham Bylaws Part II, Chapter 195 – [Permanent Building Committee](#)

Division of Local Services (DLS) Best Practice: Presenting and Funding Major Capital Projects

DLS Financial Management Guidance: [Capital Improvement Planning Manual](#), [Capital Improvement Planning Guide](#), and [Betterments & Special Assessments – Assessment and Collection Procedures](#)

---

## 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 costs, and sustain capital investment capacity. It can also help the Town to maintain or enhance a favorable bond rating so as to achieve long-term interest savings.

### APPLICABILITY AND SCOPE

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

### POLICY

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

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

### POLICY SUMMARY

Debt Financing	Policy Guidance
Debt service targets	<ul style="list-style-type: none"> <li>▪ Total debt service: 5-7% of the total budget               <ul style="list-style-type: none"> <li>○ Within levy: 2 -4% of general fund budget</li> <li>○ Either budget for debt service or to capital reserve</li> </ul> </li> </ul>
Debt structure	<ul style="list-style-type: none"> <li>▪ At least 50% of outstanding principal paid within 10 years</li> <li>▪ Limit maturities to no more than 10 years, except for major buildings, land acquisitions, and other purposes in accordance with the useful life schedule</li> </ul>

### A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for purposes that are authorized by state law and qualify for tax-exempt bonds and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital projects that cost at least \$100,000 and have 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.
6. Use special assessments, betterment assessments, and similar dedicated revenues to fund long-term debt.
7. Retire any debt obtained through a BAN no later than six months after the date that its associated capital project is completed. If there is a financial advantage to deferring the issuance of permanent debt, the Town will make annual reductions to the outstanding principal as if the permanent debt had been issued. This will prevent the Town from carrying any BAN beyond the period in which it is necessary, reduce the interest rate risk the Town will face, and help ensure the timely close out of capital projects.

### B. Debt Limits

The Town will adhere to these debt parameters:

1. Total debt service, including debt exclusions<sup>1</sup> and any self-supporting debt, shall be limited to 10 percent of total operating revenues, with a target balance of five to seven percent.
2. As a control for maintaining consistent capital investment, the Town will seek to replace maturing debt obligations with new issuances or appropriations to the capital stabilization fund within the levy so that year-to-year debt service expenditures and savings are maintained at a target level representing two to four percent of general fund revenues.
3. As dictated by state statute, the Town's debt limit shall be five percent of its most recent equalized valuation.

	FY2021	FY2022	FY2023	FY2024
Current Year General Fund Budget	47,340,534	49,753,852	52,638,202	51,740,706
Annual Within Levy Debt Service Range:				
2%	946,811	995,077	1,052,764	1,034,814
4%	1,893,621	1,990,154	2,105,528	2,069,628
GF Debt Service Budget	667,971	546,694	529,433	309,445
Percentage within Levy to GF Budget	1.4%	1.1%	1.0%	0.6%

<sup>1</sup> Wrentham may want to establish additional policy thresholds to address regional school debt in the overall target threshold.

### C. Structure and Term of Debt

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

1. The Town will attempt to maintain a long-term debt schedule such that at least 50 percent of outstanding principal will be paid within 10 years.
2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than 10 years, except for major buildings, land acquisitions, and other purposes in accordance with the useful life borrowing limit guidelines published by the Division of Local Services (DLS).
4. The maximum term of any debt shall not exceed 20 years, unless mutually agreed to by the Select Board, Town Administrator, and Finance Director.
5. Any vote to authorize borrowing will include authorization to reduce the amount of the borrowing by the amount of the net premium (bonds) and accrued interest (notes).
6. For new long-term debt, the Town will pursue net direct debt service schedules with annual principal and interest payments (net of any reimbursements or dedicated revenue sources) that are sustainable using recurring revenues.
7. The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines, and penalties to the federal government, and jeopardizing any debt issuance's tax-exempt status. The Town must comply with certain time frames for spending borrowed funds to avoid having to pay a rebate to the federal government on investment income earned on the funds. All funds must be used according to the following schedules or sooner:

	<b>Construction debt:</b>	<b>Capital debt for non-construction projects:</b>	<b>All other municipal purpose debt:</b>
First six months	10%	15%	100%
First year	45%	60%	
18 months	75%	100%	
Two years	100%		

8. Debt associated with the expansion of water services throughout Town, will be funded by assessing betterments based on the total project cost.

### 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. Disposition of Surplus Bond Proceeds

Whenever a completed or discontinued project has a surplus balance from bond proceeds, the Finance Director will make a report of the information to the Town Administrator and Select Board with a recommendation(s) on how the money should be repurposed. The Select Board will vote to apply the surplus as follows:

- For a completed project is less than \$50,000: to transfer the funds to an outstanding debt service obligation(s)
- For a completed project with a balance of \$50,000 or greater: to appropriate the balance for another purpose(s).
- For a project that was discontinued regardless of the surplus amount: to abandon the project and to appropriate the balance for a new purpose(s).

In the latter two circumstances above, the expenditure being offset by the surplus must have a purpose for which the Town may authorize a loan for an equal or longer period of time than that for which the original loan was issued.

### F. 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.

### G. Reporting

1. The Finance Director will report to the Town Administrator and Select Board on the Town's debt status annually.
2. The Town Accountant will include an indebtedness summary as part of a report on receipts and expenditures in the 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

---

<a href="#">M.G.L. c. 41, § 59</a>	<a href="#">M.G.L. c. 44, § 8</a>	<a href="#">M.G.L. c. 44, § 21C</a>
<a href="#">M.G.L. c. 41, § 61</a>	<a href="#">M.G.L. c. 44, § 17</a>	<a href="#">M.G.L. c. 44, § 53J</a>
<a href="#">M.G.L. c. 44, § 6</a>	<a href="#">M.G.L. c. 44, § 19</a>	<a href="#">26 USC § 148</a>
<a href="#">M.G.L. c. 44, § 6A</a>	<a href="#">M.G.L. c. 44, § 20</a>	
<a href="#">M.G.L. c. 44, § 7</a>	<a href="#">M.G.L. c. 44, § 21A</a>	

Wrentham Capital Planning policy

Wrentham Bylaws Part I, Chapter 49-10 [Annual Report of Town debt and expenditures](#)

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

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

DLS Informational Guideline Releases 22-02: [Borrowing](#) and 22-01: [Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt](#)

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

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

---

**EFFECTIVE DATE**

This policy was adopted on [date].

## FINANCIAL RESERVES

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### POLICY

The Town is committed to building and maintaining its reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. For general operations, the Town will strive to maintain a minimum funding level equivalent to 11 to 16 percent of its prior year annual general fund operating budget. For the water enterprise operation, the Town will endeavor to maintain a minimum reserve amount of 25 percent of the operation's current year budget.

### POLICY SUMMARY

General Fund Reserve Name	Funding Target (% of prior year general fund budget)	Appropriate Usage
Free cash	4-6%	<ul style="list-style-type: none"> <li>▪ One-time costs only, including cash capital</li> <li>▪ Transfer annually: <ul style="list-style-type: none"> <li>– At least 20% to cash capital budget</li> <li>– Lessor of 10% or \$250,000 to noncapital one-time expenses</li> <li>– At least 15% capital stabilization fund (SF)</li> <li>– At least 20% to general SF</li> <li>– Up to 10% to OPEB trust fund</li> </ul> </li> </ul>
General Stabilization Fund	6-8%	<ul style="list-style-type: none"> <li>▪ Emergencies and unexpected events</li> <li>▪ 0.3% annual appropriation</li> </ul>

Capital Asset Stabilization Fund	1-2%	<ul style="list-style-type: none"> <li>Capital improvement projects that do not require debt</li> <li>Allocate one-time revenue from property tax enforcement</li> </ul>
Overlay	Based on annual analysis of levy shortfall risk and the cumulative balance from prior years	<ul style="list-style-type: none"> <li>Any legal purpose</li> </ul>
<b>Enterprise Fund</b>	<b>Retained Earnings Minimum Target (% prior year budget)</b>	<b>Appropriate Usage</b>
Water	25%	<ul style="list-style-type: none"> <li>Rate Stabilization</li> <li>Capital improvements</li> </ul>

#### A. Free Cash

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

The Town will strive to realize year-to-year free cash certifications equal to four to six percent of the current year annual general fund budget. To achieve this, the Finance Director with assistance from the Town Administrator will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs.

The Town will limit its use of free cash to building reserves, funding nonrecurring costs (i.e., one-time expenditures, such as capital projects and emergencies), and offsetting the Town’s unfunded liabilities. The Town will plan to appropriate free cash as follows:

- Set aside at least 25 percent of the certified free cash amount as the starting balance for the next year’s free cash certification.
- Apply at least 20 percent but no more than 30 percent to the cash capital budget.
- Use the lesser of 10 percent or \$250,000 for noncapital special articles (e.g., snow and ice deficit, building maintenance, etc.).
- Appropriate at least 15 percent to the capital stabilization fund and 20 percent to the Town’s general stabilization to achieve this policy’s target balances, with the total appropriations to the two stabilization funds capped at 10 percent of the previous year’s tax levy.
- Appropriate up to 10 percent to the Town’s other postemployment benefits (OPEB) trust fund as defined the [OPEB Liability](#) policy.

Free Cash Available for Fiscal Year	FY2021	FY2022	FY2023	FY2024
Prior Year General Fund Budget	47,148,874	47,340,534	49,753,852	52,638,202
Free Cash Target Range:				
4%	1,885,955	1,893,621	1,990,154	2,105,528
6%	2,828,932	2,840,432	2,985,231	3,158,292
Certified Free Cash	2,386,997	2,314,706	3,289,622	7,390,034
Percentage to GF Budget	5.1%	4.9%	6.6%	14.0%

## B. Stabilization Funds

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

**General Stabilization:** The Town will endeavor to achieve and maintain a minimum balance of six to eight percent of the current year annual general fund operating budget in its general stabilization fund, with an annual appropriation of 0.3 percent of the current year general fund budget. Withdrawals from the general stabilization fund should only be used to pay expenditures related to a catastrophic or emergency event(s) that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the six percent minimum target. If any necessary withdrawal drives the balance below this minimum due to extraordinary or unforeseen obligations that pose an immediate threat to the Town's financial stability that cannot be funded by other sources, the withdrawal should be limited to one-third of the fund's balance. The Town Administrator and Finance Director will develop a detailed plan to replenish the fund to the minimum level within the next two fiscal years.

**Capital Stabilization Fund:** The Capital Stabilization Fund is for the acquisition, development, or maintenance of capital assets. The Town will appropriate annually to the fund so that over time it achieves a minimum target balance in the range of one to two of the Town's current year general fund budget. Additionally, one-time revenue due to property tax collection enforcement will be allocated to this fund. By sustaining funding in this reserve, the Town can balance debt with pay-as-you-go and cash capital funding costs consistent with the [Capital Planning](#) policy.

Fiscal Year End	FY2020	FY2021	FY2022	FY2023
General Fund Budget	47,148,874	47,340,534	49,753,852	52,638,202
General Stabilization Fund Target Range:				
6%	2,828,932	2,840,432	2,985,231	3,158,292
8%	3,771,910	3,787,243	3,980,308	4,211,056
General Stabilization Fund Balance	1,861,266	1,907,797	1,862,205	1,900,232
Percentage to GF Budget	3.9%	4.0%	3.7%	3.6%
Capital Stabilization Fund Target Range:				
1%	471,489	473,405	497,539	526,382
2%	942,977	946,811	995,077	1,052,764
Capital Stabilization Fund Balance	493,635	504,532	492,597	502,926
Percentage to GF Budget	1.0%	1.1%	1.0%	1.0%

## C. Overlay Surplus

The purpose of the overlay reserve is to offset unrealized tax revenue resulting from 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 analytical factors outlined in the [Annual Budget Process](#) policy.

At the conclusion of each fiscal year, the Board of Assessors will submit to the Town Administrator, Finance Director, and Town Accountant an update of the overlay reserve with data that includes, but is not limited to, the gross balance, potential abatement liabilities, potential costs of current and future ATB cases, and any transfers to surplus. If the overlay balance exceeds the amount of potential liabilities, the Select Board may request that the Board of Assessors vote to declare it as surplus and available for to be appropriated to the General or Capital Stabilization Fund or for any other one-time expense.

#### D. Retained Earnings

The finances for the water activities are accounted for through an enterprise fund, separately from the general fund, which allows the Town to effectively identify the operation's direct, indirect, and capital, and set user fees at levels sufficient to recover them. Under this accounting, the Town may reserve the enterprise fund's generated surplus (referred to as retained earnings) rather than closing the surplus to the general fund at year-end.

The Town will endeavor to maintain a minimum reserve amount of 25 percent of the operation's total budget, which represents three months' worth of expenditures. This reserve shall be used to provide rate stabilization and to fund major, future capital projects. Whenever any major infrastructure improvement is being planned for water operations, it may be necessary to revise the minimum target upward. To maintain the target reserve levels for the enterprise fund, the Select Board must annually review, and adjust user rates as necessary.

Retained Earnings Available for Fiscal Year	FY2021	FY2022	FY2023	FY2024
Prior Year Water Fund Budget	2,810,490	2,363,950	2,844,165	3,628,863
Retained Earnings Target Minimum:				
25%	702,623	590,988	711,041	907,216
Certified Retained Earnings	2,018,242	3,174,366	3,303,072	4,559,817
Percentage to Water Budget	71.8%	134.3%	116.1%	125.7%

#### REFERENCES

[M.G.L. c. 40 § 5B](#)

[M.G.L. c. 44 § 53F½](#)

[M.G.L. c. 59 § 25](#)

Wrentham policies on Capital Planning, Forecasting, Other Postemployment Benefits Liability, Overlay, and Year-End Closing

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

DLS Informational Guideline Releases 08-101: [Enterprise Funds](#), 17-20: [Stabilization Funds](#), and 17-23: [Overlay and Overlay Surplus](#)

Government Finance Officers Association Best Practices: [Fund Balance Guidelines for the General Fund](#) and [Working Capital Targets for Enterprise Funds](#)

#### EFFECTIVE DATE

This policy was adopted on [date].

## FORECASTING

### **PURPOSE**

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

### **APPLICABILITY AND SCOPE**

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

### **POLICY**

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

To guard against potential deficits, as a general rule, the Finance Director will create conservative forecasts. In basic terms, this entails reviewing historical revenue and expenditure trends, anticipating factors that may impact those trends going forward, analytically developing assumptions, and then formulating reasonable revenue and realistic expenditure projections. Overly optimistic estimates can increase the risk of a revenue deficit, which would necessitate a reduction to the subsequent year's revenue to offset it. Conversely, underestimated projections may result in excess revenue that is unavailable to benefit the public in the same year as accrued and can be perceived as over taxation.

Early in the annual budget process, the Town Administrator will present the initial forecast to a joint meeting of the Select Board and Finance Committee. Throughout the budget development, the Finance Director will update the forecast whenever there are changes in circumstances that would materially impact forecast projections and provide the Town Administrator with these changes, who will subsequently share them with the Finance Committee and Select Board.

With each new budget 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 shall guide the formulation of revenue assumptions:

- Projections of the property tax levy will be confined by the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
- New growth projections will consider the Town's three-, five- and 10-year averages by property class and advice from the Principal Assessor.
- The Town Administrator will annually review the levy limit's relationship to the levy ceiling (which is 2.5 percent of the Town's real and personal property total value) to identify potential override capacity and to guard against the levy limit approaching or hitting the ceiling, which would impact future levy growth.
- Local aid projections will correspond with economic cycles, while Chapter 70 educational aid will reflect trends in school choice, enrollments, tuition, and charter assessments.
- Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90% of the prior year's actual collections without firm evidence that higher revenues are achievable.
- One-time revenues will not be used in the projections to fund ongoing or recurring operating expenditures.
- Revenues from grant programs will be reviewed annually to determine their sustainability.
- To the extent feasible, the Select Board will set water user fees sufficient to cover all fiscal year operating and capital improvement costs and thereby minimize any general fund subsidy.
- The Town will build and maintain reserves in compliance with its [Financial Reserves](#) policy.

#### B. Guidelines for Expenditure Assumptions

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

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.
- The Town will cultivate a strong relationship with the King Philip Regional School District's School Committee to receive timely, long-term estimates of district assessments (Grades 7 – 12).
- The Town will annually meet or exceed the state's net school spending requirements (Grades PK – 6).



- Trends in enrollment, including vocational and technical schools, and school choice, tuition, and charter assessments will be factored.
- Only currently known increases connected to compensation plans or schedule for the salaries/wages of regular employees will be factored into the projections.
- Potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases will be calculated independent of the forecast.
- The forecast will integrate projected capital expenditure data contained in the Town's five-year capital improvement plan.
- The Town will pay all existing debt service obligations and adhere to its [Capital Planning](#) and [Debt Management](#) policies.
- The Town will pay its annual pension contributions and make appropriations to amortize its other postemployment benefits (OPEB) liability.
- The water enterprise fund will reimburse the general fund for indirect costs.

---

**REFERENCES**[M.G.L. c. 44, § 20](#)[M.G.L. c. 44, § 53A½](#)[M.G.L. c. 44, § 63A](#)[M.G.L. c. 44, § 53A](#)[M.G.L. c. 44, § 63](#)

Wrentham policies on Capital Planning, Debt Management, Financial Reserves, Grants Management, and Indirect Cost Allocation

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

Government Finance Officers Association article: [Financial Forecasting in the Budget Preparation Process](#)

---

**EFFECTIVE DATE**

This policy was adopted on [date].

## INDIRECT COST ALLOCATION

### PURPOSE

To reimburse the general fund for all expenditures incurred on behalf of the water enterprise fund, this policy provides guidelines for equitably calculating and allocating those indirect costs.

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Town Administrator, Finance Director, and Town Accountant job duties</li> <li>▪ Director of Public Works budget responsibilities</li> <li>▪ Select Board, Finance Committee, and Town Administrator budget analysis and decision-making responsibilities</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Encompasses the analysis, calculation, and accounting of the water, sewer, and trash enterprise fund indirect costs</li> </ul>

### BACKGROUND

Under authority established in [M.G.L. c. 44 § 53F½](#) the accounting transactions for the water enterprise fund are recorded and managed separately from the general fund. Revenues and expenses are not commingled with those of any other governmental activity, and consequently there are separate financial statements for each. Consolidating the enterprise fund direct and indirect costs, debt service, and capital expenditures into its own distinct, segregated fund allows the Town to demonstrate to the public the true, total cost of providing the service.

### POLICY

As part of the annual budget process, the Finance Director will calculate the indirect costs of the general fund for the water enterprise and review them with the Town Administrator and Director of Public Works. The Town Administrator, Finance Director, and Director of Public Works will biennially agree in writing to the indirect cost allocation methods and amounts prior to finalizing the budget. Indirect cost expenses will be determined using the most up-to-date cost information available to the Finance Director and Town Accountant at that time. Based on the results, the Town Accountant will record transfers between the relevant funds annually by June 15 of each fiscal year. The Finance Director will maintain written procedures detailing the costs and their calculation methodologies.

#### A. Cost Categories

The indirect cost calculation will account for the following enterprise-related expenditures budgeted in the general fund:

- Water department **personnel costs** for active and retired employees, including pensions, insurances, Medicare taxes, unemployment, and workers' compensation
- **Administrative services** performed on behalf of the enterprise's department by other departments, such as:

- Accounts payable, payroll, and general ledger services provided by the Accounting Department
  - Collections, banking, investment, tax title, benefits, and payroll services provided by the Treasurer/Collector Department's
  - Hardware and software system services provided by the Information Technology Department
- The following **expenses**:
- Information technology costs
  - Vehicle and property insurances
  - Legal services
  - Independent audit services
  - Actuarial services related to other postemployment benefits (OPEB)
  - Other costs that may be agreed to and documented

The Finance Director will calculate indirect costs based on the prior fiscal year's appropriations net of capital and using either the actual, proportional, estimated support, or transactional methodology (described in Section B below) as appropriate for the particular cost category.

#### B. Explanation of Calculation Methodologies

1. **Actual cost**, involves identifying the 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 the water department's net-of-debt budget as a percentage of the total combined net-of-debt budget of the water department 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 the 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 work hours spent supporting the water department). For example, the Town Accountant estimates an average of two hours weekly, or five percent of time, on water-related activities (e.g., creating warrants, bookkeeping). This percentage would then be applied against the Town Accountant's salary and benefits, including health and life insurance, Medicare, retirement, and any workers' compensation.

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

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 total water bill collections processed by the Treasurer/Collector's Office as a percentage of the total number of collections of all types processed by that 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.

$$\frac{\text{Number of enterprise-related transactions}}{\text{Total number of all like transactions processed by the non-enterprise department}} \times \text{Total budget plus benefits of the department processing the enterprise transactions} = \text{Indirect Departmental Salaries}$$

### C. Calculations by Cost Category

*Following in this section are current as well as sample calculations for discussion purposes. Before adopting this policy, Section C should be reviewed for current practices, possible modifications, and updated as necessary, expanding for any other costs that may be agreed to.*

#### Current Calculations

Departmental Personnel and Expenses	Indirect Percentage of Prior Year Budget
Administrative Services	10%
Accounting	10%
Finance Director/Expenses*	10%
Treasury/Collecting Staff (includes Payroll)	20%
Assessing	5%
Legal Services	10%
IT Manager/Expenses	10%
Central Services	5%

Benefits and Insurances	Indirect Percentage
Retirement Assessment	% based on split reported in last financial audit
Health and Life	Prior year actual coverage and rates
Insurance Incentives	
Medicare Tax	3.68%
Workers Compensation	Prior year actual coverage and rates
Unemployment Compensation	Prior year actual coverage and rates
General Insurance	% of net capital assets

\*includes annual independent audit and actuarial expenses

#### Sample Calculations

##### 1. **Health and Life Insurances**

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 enterprise 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 costs will be calculated as 1.45 percent of the total gross wages paid by the Town on behalf of eligible enterprise fund employees 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 the total enterprise fund department employee's compensation to the total employee compensation as reported to the Public Employee Retirement Administration Commission.

**4. Audit**

External audit costs will be based on the proportional method. The water enterprise fund department shall pay the proportion of the cost of the Town's annual independent audit based on effort of the Town's independent auditor.

**5. Administrative Services**

The indirect costs for enterprise-related administrative services performed by the Accounting, Treasurer/Collector, and Town Administrator 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 water enterprise fund.

---

**REFERENCES**

[M.G.L. c. 44 § 53F½](#)

Division of Local Services Informational Guideline Release 22-16: [Enterprise Funds](#)

Government Finance Officers Association Best Practices: [Indirect Cost Allocation](#) and [Evaluating Service Delivery Alternatives](#)

---

**EFFECTIVE DATE**

This policy was adopted on [date].

## INVESTMENTS

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### POLICY

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

#### A. Investment Objectives

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

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

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

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

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

#### B. Conflict of Interest

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

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

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

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

#### D. Risk Tolerance Guidelines

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



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

#### E. Diversification

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

financial institution. In addition, the Treasurer will ensure compliance with the various allowable percentage thresholds for specific investment instruments and issuers set forth in the List of Legal Investments.

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

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

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

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

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

#### G. Standards of Care

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

#### H. Reporting Requirements

The Treasurer will assess investment activity and keep the Town Administrator and Select Board 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

---

<a href="#">M.G.L. c. 30B</a>	<a href="#">M.G.L. c. 44, § 55</a>	<a href="#">M.G.L. c. 110A, § 201</a>
<a href="#">M.G.L. c. 29, § 38A</a>	<a href="#">M.G.L. c. 44, § 55A</a>	<a href="#">M.G.L. c. 167, § 15A</a>
<a href="#">M.G.L. c. 44, § 54</a>	<a href="#">M.G.L. c. 44, § 55B</a>	<a href="#">M.G.L. c. 203C</a>

Wrentham policies on Antifraud and Procurement Conflict of Interest policy

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, [Massachusetts Securities Division](#)

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

SEC webpage [Form ADV Information](#)

#### EFFECTIVE DATE

---

This policy was adopted on [date].

## ONE-TIME REVENUES

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### POLICY

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

The town will endeavor to systematically reduce and ultimately eliminate the use of free cash to fund the general operating budget. The town will gradually decrease the operating budget funded by free cash by targeting a 0.5 percent annual reduction. In addition, free cash used for operating expenses will be limited to less than 50% of the total amount appropriated.

Fiscal Year	Free Cash Appropriated for General Fund Budget	Total General Fund Budget	Percentage of GF Budget Funded with Free Cash	Certified Free Cash Tax Recap (B-1)	Total Free Cash Appropriated For Fiscal Year	Percentage of Certified Free Cash Appropriated to GF Budget
FY2024	1,500,000	48,552,717	3.09%	3,247,094	3,224,586	46.20%
FY2023	1,700,000	46,646,050	3.64%	2,314,706	2,240,745	73.44%
FY2022	1,700,000	45,101,939	3.77%	2,386,997	2,097,026	71.22%
FY2021	1,500,000	43,174,215	3.47%	1,897,540	1,639,025	79.05%
FY2020	1,646,530	41,707,552	3.95%	2,968,589	2,720,274	55.47%

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

1. Cash capital budget
2. General stabilization fund
3. Capital stabilization fund

#### 4. OPEB trust fund

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

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

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

---

#### REFERENCES

[M.G.L c. 44, § 20](#)[M.G.L c. 44, § 53A](#)[M.G.L c. 44, § 63](#)[M.G.L c. 44, § 53](#)[M.G.L c. 44, § 53A½](#)[M.G.L c. 44, § 63A](#)

Wrentham policies on Financial Reserves and Forecasting

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

---

#### EFFECTIVE DATE

This policy was adopted on [date].

## OTHER POSTEMPLOYMENT 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 (OPEB) 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 AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Select Board, Finance Committee, Town Administrator and Finance Director budget decision-making duties</li> <li>▪ Treasurer job duties</li> </ul>
Scope	<ul style="list-style-type: none"> <li>▪ Budget decisions related to the Town's OPEB liability</li> <li>▪ Liability mitigation</li> </ul>

### BACKGROUND

In addition to salaries, the Town compensates employees with benefits earned during years of service to be received upon retirement. One such benefit is a pension, and another is a set of retirement insurance plans for health, dental, and life, which 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.

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

The Finance Director will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in the financial statements that comply with the current guidelines of the Governmental Accounting Standards Board. The Town Administrator 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 audit and reports on these to the Select Board.

## B. Trust Management and Investment

The Town will establish an OPEB Trust Fund pursuant to [M.G.L. c. 32B, § 20<sup>2</sup>](#) and designate the Treasurer as its custodian and trustee. As fund custodian, the Treasurer 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](#).

To ensure that any investment advisor chosen for the OPEB Trust Fund follows the OPEB and Investment policies, the Finance Director and Treasurer will do the following:

- Meet with the investment manager at least semiannually to monitor the performance of the fund and the compliance with the Town's policies.
- Monitor the fund's performance by comparing the investment manager's results to a blended benchmark to be determined in conjunction with the investment manager.
- Rebalance the portfolios at least annually or more frequently if appropriate.
- Review the OPEB policy every year to ensure it remains in compliance with governing regulations.

## C. Mitigation

On an ongoing basis, the Town will assess healthcare cost containment measures and evaluate strategies to mitigate its OPEB liability. The Finance Director will monitor proposed laws affecting OPEBs and Medicare and analyze their impacts. The Treasurer 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 operation remains self-supporting, the Select Board will factor the water operation's OPEB contributions into the setting of its user fees.

Achieving full funding of the liability requires the Town to commit to funding its actuarially determined contribution (ADC) each year. Among strategies to consider for funding the ADC:

---

<sup>2</sup> By reaccepting [M.G.L. c. 32B, § 20](#) assets of the Town's OPEB Fund will meet the Governmental Accounting Standards Board (GASB) Statement 75 requirements that: 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. Refer to DLS Information Guideline Release [19-10](#).

- Annually appropriate at least 0.25 percent from the levy toward the general fund OPEB liability.
- Appropriate annually increasing dollar amounts or percentages of yearly revenues for the general fund and enterprise fund operation.
- Determine and commit to appropriating an annual portion of free cash.
- Transfer unexpended funds from insurance line items to the OPEB Trust Fund.
- Appropriate amounts equal to the Town's Medicare Part D reimbursements.
- 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](#)

[M.G.L. c. 44, § 54](#)

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

[M.G.L. c. 32B, § 20A](#)

[M.G.L. c. 44, § 55](#)

Wrentham policies on Financial Reserves and Investment

Division of Local Services Information Guideline Release 19-10 [Other Postemployment Benefits Liability Trust Fund](#)

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

---

#### EFFECTIVE DATE

This policy was adopted on [date].



## OVERLAY

### PURPOSE

To ensure the Town can adequately offset all unrealized tax levy revenues, this policy sets guidelines for determining the annual overlay amount in the Town's budget and for deciding whether any overlay balance can be certified as surplus.

### APPLICABILITY AND SCOPE

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

### BACKGROUND

The allowance for abatements and exemptions, commonly referred to as the overlay, is an account to offset anticipated abatements and exemptions of committed real and personal property taxes, as well as any tax receivables deemed to be uncollectable. State statute allows overlay to be maintained in a single account, so that any levy deficit for a particular year need not be subsequently raised on the tax recapitulation sheet, provided that the total overlay account balance is greater than zero.

### POLICY

The Board of Assessors is responsible for proposing an annual overlay amount for the Town budget sufficient to offset potentially unrealized revenue from that year's tax levy. The Town Administrator may propose for appropriation by the legislative body any overlay surplus subsequently determined by the Board of Assessors, for purposes consistent with the Town's [Financial Reserves](#) policy.

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

#### A. Annual Overlay

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

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

The Board of Assessors shall notify the Town Administrator, Finance Director, and Town Accountant of the amount of overlay voted.

**B. Excess Overlay**

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

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

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

**C. Overlay Surplus**

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

After being certified, town meeting may appropriate overlay surplus for any lawful purpose until the end of the fiscal year. The appropriation should be as prescribed in the [Financial Reserves](#) policy. Overlay surplus not appropriated by year-end will close to the general fund's undesignated fund balance.

**REFERENCES**

[M.G.L. c. 59, §25](#)

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

Wrentham policies on Annual Budget Process, Financial Reserves. Forecasting, and Tax Enforcement

**EFFECTIVE DATE**

This policy was adopted on [date].

# FINANCIAL OPERATION POLICIES



## ANTIFRAUD

### PURPOSE

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

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

### APPLICABILITY AND SCOPE

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

### POLICY

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

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

#### A. Actions Constituting Fraud or Abuse

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

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

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

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

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

#### B. Antifraud Responsibilities

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

#### C. Reporting Suspicion of Fraud

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

The Town Administrator is accountable for maintaining the confidentiality of all information related to a report of potential fraud, and the person making the report is protected from retaliation under the provisions of Section H below. The Town therefore strongly encourages individuals to put their names to reports; however, an anonymous report can be emailed to the Town Administrator at [ksweet@wrentham.gov](mailto:ksweet@wrentham.gov).

#### D. Security of Evidence

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

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

#### E. Confidentiality and Media Relations

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

#### F. Investigation

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

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

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

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

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

#### G. Conclusion of Investigation, Corrective Actions, and Disclosures

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

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

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

#### H. Whistleblower Protection

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

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

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

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

#### I. Ethics Training and Annual Acknowledgments

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

#### REFERENCES

[M.G.L. c. 12, § 5A](#)

[M.G.L. c. 12, § 5B](#)

[M.G.L. c. 12, § 5C](#)

[M.G.L. c. 12, § 5D](#)

[M.G.L. c. 12, § 5E](#)

[M.G.L. c. 12, § 5F](#)

[M.G.L. c. 12, § 5J](#)

[M.G.L. c. 149 § 185](#)

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



MA Office of the Inspector General webpage: [What is Fraud?](#) and [Fraud Reporting FAQ: What to Know](#)  
MA Ethics Commission webpage [Summary of the Conflict of Interest Law for Municipal Employees](#)

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

---

**EFFECTIVE DATE**

This policy was adopted on [date].

## CASH FLOW

### PURPOSE

To determine whether sufficient funds are available to cover current obligations, any surplus can be invested, or shortfall exists requiring temporary borrowing. An initial cash flow budget is developed prior to the beginning of a fiscal year and updated regularly throughout the year.

The Division of Local Services recommends maintaining a cash flow budget to forecast investment opportunities or borrowing needs. Major revenue sources like property taxes and state aid are generally received in large, lump sums at specific points in the fiscal year and do not necessarily coincide with expense patterns, which often results in cash surpluses or shortfalls during certain periods of the year.

The Government Finance Officers Association recommends cash flow forecasting as a best practice. When used as a cash management guide, it can lead to the optimized use of funds as well as insure sufficient liquidity.

### APPLICABILITY AND SCOPE

Applies to:	▪ Treasurer, Town Accountant, and Town Administrator job duties
Scope:	▪ Managing the flow of cash to cover current obligations.

### POLICY

The Treasurer will develop a cash flow forecast for the upcoming fiscal year after approval of the annual budget and before July 1 each year. The cash flow forecast will include all major revenue and expenditure types and their expected timing throughout the fiscal year. As the year unfolds, forecast estimates will be adjusted to reflect actual monthly activity. The Treasurer will submit the initial cash flow forecast and subsequent monthly updated cash flow reports to the Town Administrator and the Town Accountant monthly for review and discussion.

### REFERENCES

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

### FORM

Division of Local Services Template: [Cash Flow Analysis](#)

### EFFECTIVE DATE

This policy was adopted on [date].

## DISBURSEMENTS

### PURPOSE

To mitigate the risk of fraud and ensure the Town disburses cash only for legally valid liabilities, this policy establishes guidelines for the expenditure of Town funds.

### APPLICABILITY AND SCOPE

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

### POLICY

No disbursement for any payroll or accounts payable (AP) expense shall occur without the prior review of the Town Accountant and approval by the Select Board. Accordingly, the Town Accountant is responsible for finalizing every AP and payroll warrant and the Select Board for approving each by majority signatures.

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

All payroll expenditures must be based on approved time and attendance (T&A) reports and be consistent with personal service contracts, classification schedules, or Wrentham personnel bylaws, as maintained by the Human Resources Department under the Town's Personnel Policies & Procedures manual. No employee may submit overtime hours (i.e., hours exceeding 40 hours in a week) or hours for any special detail work without the supervisor's advanced approval.

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

#### A. Ongoing Maintenance of Payroll and Leave Time Data

The Payroll Specialist, under the direction of the Finance Director, is responsible for maintaining the Harper's payroll database of all active town employees including their salaries, pay rates, stipends, weekly work hours, benefit options, and withholdings within the payroll module. Any change to an employee's employment status, work hours, or pay rate can only be made by the Payroll Specialist or Finance Director based on a personnel action form (PAF) and supported by a collective bargaining

agreement, classification schedule, or personal services contract. The PAF must be signed by the appropriate department head, Town Accountant, and the Town Administrator.

The Town Accountant has oversight responsibility for maintaining employee leave time accumulations and usage in UKG Time and Attendance module.

**B. Responsibilities Related to Disbursement Processing**

Every **employee** is responsible for:

- Documenting on a biweekly time sheet the hours worked or leave time used by specific date
- Reviewing each paycheck to ensure that it accurately reflects all time worked and monitoring time accrual balances in UKG EmployeeForward
- Police, fire, and school employees are responsible for monitoring their information based on the individual department's software.

Each **department head** is responsible for:

- Assuring that all purchases of goods and services conform to the state's procurement laws
- Verifying that adequate funds exist in the department's budget for every AP and payroll submission, attesting to the accuracy of each AP submission via signature on the coversheet of the invoice(s) and for payroll submissions by electronic signature (town departments) or hardcopy (Wrentham Public Schools)
- Timely submitting of AP disbursement requests and T&A updates to the Town Accountant

The **Town Accountant** is responsible for:

- Reviewing T&A approvals and AP submissions and including each requested expense on the AP/payroll warrant only after validating:
  - Procurement laws were adhered to
  - The submission is legal
  - No fraud is evident
  - Adequate funds exist
- Preparing the AP warrant and submitting it to the Select Board for approval
- Ensuring the payroll warrant from the Treasurer balances with payroll report before providing it to the Select Board for approval and subsequently notifying the Treasurer to initiate bank transactions to disburse the payroll
- Monitoring and maintaining employee accrual balances in the on both pay period and annual basis
- Updating the general ledger with all AP and payroll warrant expenditures

The **Treasurer**, or **Payroll Specialist** when delegated, is responsible for:

- Reviewing payroll data in the Harper's database based on departmental electronic time sheets and manual hard copy submissions
- Preparing the payroll warrant
- Reviewing the AP warrant and withholding from disbursement any amounts owed to the town by listed payees
- Upon receipt of payroll and AP warrants signed by the Select Board, funding the gross payroll warrant, the Town's portion of Medicare tax, and the gross AP warrant in the associated bank accounts
- Disbursing payroll by direct deposit, which is mandatory for all employees
- Mailing out all AP checks to the vendors
  - The Treasurer will not give any vendor checks to department heads or other employees to mail
- Updating the cashbook to document the disbursement activity

The **Select Board** is responsible for:

- Reviewing each warrant for appropriateness by examining the invoices, back-up documents, and payroll detail, and directing any inquiries to the Town Accountant
- Approving the warrants by a majority of the Board signing them

#### C. Off-Cycle Disbursements in Exceptional Circumstances

An emergency or other imperative circumstance may compel an allowable exception to the usual disbursement process. In such rare cases, the Town Accountant will process an off-cycle AP warrant for the Treasurer to fund and issue a check. Under no circumstances will the Treasurer issue a manual AP check outside the SoftRight system.

Additionally, due to error or omission, the Treasurer may authorize a payroll disbursement outside of the normal payroll process. This supplemental process shall follow the same procedure and approval process as a regular payroll process.

#### D. Audit

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

#### REFERENCES

---

<a href="#">M.G.L. c. 30B</a>	<a href="#">M.G.L. c. 41, § 41C</a>	<a href="#">M.G.L. c. 41, § 56</a>
<a href="#">M.G.L. c. 41, § 41</a>	<a href="#">M.G.L. c. 41, § 42</a>	<a href="#">M.G.L. c. 44, § 58</a>
<a href="#">M.G.L. c. 41, § 41A</a>	<a href="#">M.G.L. c. 41, § 43</a>	<a href="#">M.G.L. c. 44, § 64</a>
<a href="#">M.G.L. c. 41, § 41B</a>	<a href="#">M.G.L. c. 41, § 52</a>	<a href="#">M.G.L. c. 200A, § 9A</a>

Wrentham policy on Antifraud

Town of Wrentham Personnel Policies & Procedures: [Manual](#)

Massachusetts Municipal Auditor's and Accountants' Association: [\*Accounting Manual\*](#)

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

**EFFECTIVE DATE**

---

This policy was adopted on [date].

## FINANCIAL MANAGEMENT TEAM

### **PURPOSE**

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

### **APPLICABILITY AND SCOPE**

Applies to:	<ul style="list-style-type: none"> <li>▪ Town Administrator, Finance Director, Treasurer, Collector, Town Accountant, and Principal Assessor</li> <li>▪ Wrentham Public Schools Business Manager as team members</li> <li>▪ Assistant Town Administrator/Director of Human Resources and Town Clerk as auxiliary members</li> <li>▪ Department staff as necessary</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Coordination of ongoing financial operations through regular meetings of a financial management team</li> </ul>

### **POLICY**

The Town establishes a financial management team consisting of the Town Administrator, Finance Director, Treasurer, Collector, Town Accountant, Principal Assessor, and Wrentham Public Schools Business Manager. The Town Administrator, or designee, will schedule meetings of the financial management team will be scheduled at a consistent time each month and more frequently when necessary, and act as meeting chair. The Assistant Town Administrator/Director of Human Resources, Town Clerk, and other responsible department staff may also be called upon to participate in certain meetings during the year when appropriate for the agenda.

The intent of the meetings will be to help the Town's finance officers maintain open lines of communication and reinforce awareness of their interdependence. In this forum, team members can identify critical junctures, consider strategies to deal with anticipated areas of concern, and establish agreement about goals, deadlines, and each individual's role in meeting common objectives.

Appropriate agenda topics include:

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

**REFERENCES**

---

Wrentham policies on Annual Budget Process, Capital Planning, Forecasting, Reconciliations, Tax Recapitulation, and Year-End Closing

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

**EFFECTIVE DATE**

---

This policy was adopted on [date].



## GRANTS MANAGEMENT

### PURPOSE

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

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Grant administrators within Town and School departments</li> <li>▪ Town Accountant and Treasurer job duties</li> <li>▪ Town Administrator and Wrentham Public School Committee approval process</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Evaluating the grant opportunities</li> <li>▪ Tracking grant activity</li> <li>▪ Processing revenues and expenditures</li> </ul>

### BACKGROUND

[M.G.L. c. 44, § 53A](#) allows any municipal official to accept a grant from a state, federal or other grantor, which funds may then be spent without appropriation. However, the statute also requires that the expenditure of the grant funds be approved by the Select Board (or the School Committee for school grants). This approval process allows the Select Board (or the School Committee) to assess whether or not the particulars of the grant program align with Town/School goals without also creating any substantially offsetting financial or administrative burdens for the Town. Thus, for practical reasons, this policy calls for departmental grant administrators to obtain preapproval(s) before applying for any grants and then obtain expenditure approval once a grant is awarded.

As a legal contract, every grant agreement must be fulfilled in accordance with its prescribed terms and conditions, and all applicable federal, state, and local regulations. Failure in this regard exposes the Town to legal and financial liabilities and compromises future grant funding.

### POLICY

All departments are encouraged to solicit grant funding for projects and programs consistent with the Town's goals. All municipal applications for grants must receive preapproval by the Town Administrator and all educational applications by the Wrentham Public School Committee. 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 Town department shall expend grant funds until a fully executed grant agreement has been accepted and approved for expenditure by the Select Board or the School Committee for grants for educational purposes. 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 administrator(s) have primary responsibility for seeking grant opportunities, preparing applications, and managing awarded programs. The Town Accountant is responsible for consulting with grant administrators on grant budgetary matters,

accounting for grants in the general ledger, monitoring grant expenditures for consistency with award requirements, tracking the timeliness of reimbursement requests, and distributing monthly reports of grant expenditures to departments. The Town Accountant will also maintain a database of all grants and grant activity from inception to closure.

#### A. Grant Opportunity Assessment

Well in advance of a grant application's due date, the departmental grant administrator will assess the opportunity in consultation with the Town Administrator and Town Accountant or School Superintendent (or designee). 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 grant administrator will also develop a continuation plan to address the potential future loss of grant funding, which may include alternative funding proposals or plans for reducing or terminating program positions or components after grant closeout.

#### B. Grant Application and Award Acceptance

Prior to filing any grant application, the grant administrator will submit a meeting agenda item requesting preapproval from the Town Administrator (or the Wrentham School Committee, when applicable) with a report summarizing the grant and how it complies with this policy. The Town Administrator will then decide as to whether any preapproved application should be submitted to the Town Counsel for legal review. Following this, the grant administrator will submit the grant application to the grantor and forward a copy to the Town Accountant.

Upon preapproval by the Town Administrator (or School Committee), the grant administrator will submit it as a meeting agenda item for the Select Board (or the School Committee) to formally accept by signatures and thereby approve the expending of grant funds. The grant administrator will then send copies of the signed agreement to the grantor and the Town Accountant.

Upon receiving the grant documents, the Town Accountant will create the appropriate general ledger account to record the grant activity separately from regular expenses. Federal grants will be identified by including the CFDA (catalogue of federal domestic assistance) number. When notified of any amendment or adjustment by the grantor, the grant administrator will immediately forward the information to the Town Accountant, who will make adjustment(s) to the grant's budget in the general ledger.

#### C. Grant Financial Management

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

The grant administrator will ensure all expenditures made are allowable and consistent with each grant award's requirements. The grant administrator will submit project invoices to the Accounting Department consistent with the Town's Disbursements policy. The grant administrator will ensure the proper payroll account codes for grant-funded employees are reported on the department's submission to the Treasurer as part of the regular payroll process.

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

To minimize the use of advanced Town funds, every grant administrator will request reimbursements as often as the grant's guidelines allow and always no later than June 15. In doing so, the grant administrator will prepare all required reports and requests as detailed in the agreement and submit these to the grantor. Immediately following each submittal, the grant administrator will send an email notification of the reimbursement request to the Town Accountant and Treasurer. When received, the Town Accountant will reply to the email confirming receipt and recording to the general ledger.

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

#### D. Grant Closeout

Upon completion of the project work or grant period, whichever comes first, the grant administrator will verify that all grant requirements have been met and will send to the Town Accountant a grant closeout package that includes a final report and either a final reimbursement request or notification of the amount to be refunded to the grantor. The report will outline the planned outcomes with the documented actual results and provided to the Town Administrator and Select Board.

Upon receipt of the closeout package, the Town Accountant will put the general ledger's grant account into inactive status and will reconcile the grant administrator's report with the general

ledger's record of grant activity. The grant administrator will subsequently submit the final reimbursement request to the grantor or, if a refund is due, the Town Accountant will add the refund amount to the accounts payable warrant. Additionally, the Town Accountant will determine if the grant account has been over expended and will either apply the expense to the operating budget or propose an appropriation from other available funds.

#### E. Audit

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

#### **REFERENCES**

---

[M.G.L. c. 40, § 5D](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 44, § 53A](#)

Wrentham policies on Antifraud, Disbursements, and Reconciliations

Town of Wrentham *Federal Grant Policies & Procedures*

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

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

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

CFDA in Assistance Listings - System for Award Management: [SAM.gov](#)

#### **EFFECTIVE DATE**

---

This policy was adopted on [date].

## PROCUREMENT CONFLICT OF INTEREST

### PURPOSE

To ensure integrity in the procurement process, this policy sets guidelines for vetting potential conflicts of interest.

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Town Administrator, serving as the Town's chief procurement officer</li> <li>▪ All other Town employees, officials, and others working on the Town's behalf who are involved with any procurement and contract process</li> <li>▪ Prospective contractors</li> </ul>
Scope:	▪ Guidelines for vetting conflicts of interest related to all procurements of the Town

### POLICY

The Town is committed to ethical business practices, professional integrity, and compliance with all procurement laws and regulations. Wrentham 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 procurement misconduct brought to the attention of Town staff. Parties subject to this policy shall comply with [M.G.L. c. 268A](#).

#### 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 will:

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

The Town Administrator will:

1. Verify that signed confidentiality agreements for all participants in the evaluation process, including non-evaluating observers, are submitted.
2. Maintain signed confidentiality agreements on file.

#### B. Conflict of Interest in Procurement

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

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

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

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

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

### C. Conflict Disclosure and Review

Department heads and other officials are required to ascertain and disclose to the Town Administrator any potential conflict of interest affecting procurement transactions before a contract is signed, a commitment made, or an order placed.

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

1. Employees, officials, and others who regularly participate in contract activities on behalf of the Town must disclose relevant financial interests as required by state and federal laws and

to annually review 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 to determine if there is a conflict of interest. Such persons shall include, but are not limited to, authors of specifications; paid and unpaid evaluators; and paid and unpaid consultants who assist in the procurement process.
3. If a possible conflict of interest is identified, it must be documented and reviewed with Town Counsel.

The departmental purchasing employee will:

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

The Town Administrator will:

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

#### D. Compliance Reviews

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

#### REFERENCES

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

[M.G.L. c. 41, § 57](#)

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

Wrentham Antifraud policy

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].

## PUBLIC SAFETY DETAILS

### PURPOSE

To mitigate potential liabilities from uncollected accounts associated with Town's police and fire-related detail services, ensure that the Town disburses for legally valid liabilities, and mitigate the risk of fraud, this policy establishes guidelines for processing of police and fire details.

### APPLICABILITY

Applies to:	<ul style="list-style-type: none"> <li>▪ Police and Fire Chiefs (or designees) in managing the associated department's detail processing</li> <li>▪ Related job duties of the Town Administrator, Finance Director, Town Accountant, and Treasurer</li> <li>▪ All parties requesting detail services from the Town (vendors)</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Charging, collection, and enforcement of detail receivables</li> </ul>

### POLICY

The Town shall uniformly assess published detail charges to all contractors, utilities, or individuals required to engage either a police or fire detail. The Town shall pursue all reasonable measures to collect outstanding detail charges, including action in small claims court, refusal to allow the vendor to engage in future details, and the addition of accrued interest on charges unpaid after the due date<sup>3</sup>.

The Police department will manage detail process using Police Detail Tracking System (DTS) and Fire using the department's online scheduler for overtime and details. The Town Accountant will maintain an agency fund for each of the Police and Fire departments to record revenue and expenditures received and paid to department personnel for related services.

#### A. Charges and Billing

##### Police:

Using the DTS online application, police personnel working details shall verify/change the detail assignment start and end time and confirm the total number of hours to be charged to the vendor. An agent or representative of the vendor is to sign the electronic 'work slip' agreeing to the location and hours worked by the detail officer. Whenever such a signature cannot be obtained, the officer must enter a note in the application explaining why and immediately notify the on-duty supervisor. Upon submission, the detail officer must verify the system generated confirmation. The confirmation is also sent to the administrative assistant responsible for detail processing to include in the next billing cycle.

---

<sup>3</sup>Pursuant to [M.G.L C 40 § 21E](#), the town, by by-law, may establish due dates for the payment of municipal charges and bills, and may fix a rate at which interest shall accrue if such charges remain unpaid after such due dates; provided that the rate of interest shall not exceed the rate at which interest may be charged on tax bills under the provisions of [M.G.L C 59 § 57](#).



Fire:

Fire personnel working details shall complete the detail work slip to record the location, start, and end times of the assignment. An agent or representative of the vendor must sign the work slip agreeing to the hours worked by the fire personnel. If such a signature cannot be obtained, the detail personnel must provide an explanation on the slip as to why and immediately notify the on-duty supervisor. Within 24 hours of completing the detail, fire personnel must scan the completed slip to the Fire Chief, Deputy Fire Chief, and Fire Administrative Assistant. The Fire Chief will review and approve the slip for invoicing and submission to payroll for payment to fire personnel.

The Police and Fire Administrative Assistants shall create invoices for all unbilled details on at least a biweekly basis. Invoices must be verified the detail hours and rate, 10% administrative charge, equipment charges are correct. Invoices are marked "Due Upon Receipt" and can be either emailed or printed and mailed.

Billing reports shall be provided to the Town Accountant when invoices are issued.

B. Collection and Enforcement

Vendors with outstanding detail invoices after 30 days shall receive a past due notice. At the discretion of the department Chief, vendors with invoices with due dates exceeding 60 days may be suspended from engaging future invoices until such time all outstanding balances are paid.

For details involving vendors who are transient in nature (e.g., carnivals and concerts), the vendor will make payment in advance to the Wrentham Police or Fire Department. Such payment shall be in the form of a money order, cashier's or certified check, made payable to the Town of Wrentham.

All payments from vendors shall be submitted directly to the department providing the detail services (Police or Fire). The department will then turn the payments over to the Treasurer in accordance with the Town's [Revenue Turnover](#) policy. At no time may Town personnel working details accept payment for the detail. The turnover shall distinguish between the detail billing amount to be paid to the officer, equipment charges, and the administrative fee. Revenue designated for payment to Town personnel shall be recorded in the department's agency fund whereas revenue for all other charges and fees in the general fund.

C. Payroll

Police and Fire personnel will receive payment for details as part of their regular department pay. Included in the biweekly payroll, each department shall submit detail payment information based on approved work slips and corresponding invoices for that pay period. The Administrative Assistants must verify the department's detail payroll amount equals the total amount of detail billing for the period. Payment to department personnel in excess of invoice totals will create a deficit in the agency account. Any deficit must be raised as part of the year-end close process.

At the end of the municipal fiscal year (June 30th), municipal accounts must be balanced. During this time, the department may withhold pay for details for which the Town has not been paid, at the discretion of the Police Chief and the Fire Chief consistent with current bargaining agreements.

Payment for outstanding details held during this time shall be made with the first payroll of the new fiscal year (beginning July 1st).

D. Review of Receivables and Reconciliation

The Police Chief and Fire Chief (or their designees) shall review the general ledger Agency Account on a monthly basis and reconcile the monthly detail against the department's internal records to ensure that the account is correct. This will be coordinated with the Town Accountant to clear any discrepancies or issues. Outstanding receivables will be reviewed for further consideration and collection procedures.

The Finance Director will monitor these reconciliations are occurring timely and will provide the Town Administrator, Police and Fire Chiefs with quarterly activity reports, including data on collections and outstanding balances.

E. Conflict of Interest

Parties subject to this policy shall comply with [M.G.L. c. 268A § 19](#). Police and fire personnel are prohibited from accepting an assignment if, to their knowledge, any prior or existing arrangement between the employee and the vendor would impair or compromise the employee's independent judgment in the performance of their official duties. Department personnel are further prohibited from accepting an off-duty assignment if by so-doing it would seem likely, to a reasonable person, to create the impression that any person can unduly enjoy the municipal employee's favor in the performance of their official duties. Personnel or officials must notify the official making off-duty assignments if they believe that working a particular detail might involve a conflict under this statute.

F. Reporting and Audit

The Town Accountant will ensure that an annual, reconciled detail receivable balance by department is included in the Town's year-end financial reports. All Police and Fire receivable activities are subject to audit by the Town's independent auditor.

**REFERENCE**

[M.G.L. c. 268A § 19](#)

[M.G.L c 40 § 21E](#)

[M.G.L c 59 § 57](#)

Wrentham policies on Revenue Turnover, Reconciliations, and Year-End Closing

Wrentham Bylaws, Part III, Chapter 311, Article I – [Denial, Revocation or Suspension for Failure to Pay Taxes or Charges](#)

**EFFECTIVE DATE**

This policy was adopted on [date].

## RECONCILIATIONS

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### POLICY

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

### POLICY SUMMARY

Records of Account to be Reconciled	Record Keeper	Reconciliation Time Frames
Cashbook	Treasurer	<ul style="list-style-type: none"> <li>▪ With online bank data daily</li> <li>▪ Month-end close by the 10<sup>th</sup> of the following month</li> <li>▪ To the general ledger by 15<sup>th</sup> of each month</li> </ul>
Payroll withholdings	Payroll Specialist	<ul style="list-style-type: none"> <li>▪ Internally, by the 10<sup>th</sup> of the following month</li> <li>▪ To the general ledger by 15<sup>th</sup> of each month</li> </ul>
Collector's receivables	Collector	<ul style="list-style-type: none"> <li>▪ Month-end close by the 10<sup>th</sup> of the following month</li> <li>▪ To the general ledger by 15<sup>th</sup> of each month</li> </ul>
Other departments' committed receivables	Departmental record-keepers	<ul style="list-style-type: none"> <li>▪ Internally, within 10 days of the end of each fiscal year quarter</li> <li>▪ To the general ledger by the end of the month following each quarter-end</li> </ul>
Special revenue funds	Departmental record-keepers	<ul style="list-style-type: none"> <li>▪ Internally, within 10 days of the end of each fiscal year quarter</li> <li>▪ To the general ledger by the end of the month following each quarter-end</li> </ul>

#### A. Cashbook Reconciliation

To ensure an accurate accounting of all revenue activity, the Treasurer will maintain a cashbook that reflects up-to-date and accurate information for all cash and assets. To do so, the Treasurer will make certain that every cash receipt, disbursement, transfer, and interest accrual is recorded in the cashbook within two business days of each transaction. The Treasurer will reconcile cashbook accounts to their corresponding bank accounts weekly and will complete full-month bank reconciliations within 10 days after the end of the month. These will include zero-balance vendor and payroll bank accounts, whose balances must equal the outstanding checks at the end of any month.

The Treasurer will identify all reconciling items, including deposits in transit, bounced and voided checks, and discrepancies between the cashbook and financial institutions, and will document the reason for the discrepancy or correct them when appropriate. The Treasurer will then forward a cash activity summary report with the cashbook balances to the Town Accountant 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. At the conclusion of each pay cycle, the Treasurer will forward a summary report of withholdings subject to vendor invoices (i.e., insurances) to the Town Accountant to be recorded in separate general ledger agency accounts and disbursed through the accounts payable process.

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

#### C. Accounts Receivable Reconciliation

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

The receivable control is a record of original entry in which the record-keeper reduces a commitment according to processed collections, abatements, and exemptions and increases it by issued refunds. To maintain accuracy, the record-keeper must review the detailed list of receivables, identify credit

balances as prepaid amounts, or investigate them for possible correction, and reconcile the control balance to the detail.

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

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

Within 10 days after the end of the month, the record-keeper will forward a copy of the internally reconciled accounts receivable balances to the Town Accountant. The Collector will summarize the SoftRight reports of all accounts receivables by bill type and levy year and forward the summary to the Town Accountant via the Schedule of Outstanding Receivables.

#### D. Special Revenue Reconciliation

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

#### E. General Ledger Reconciliation

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

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

- If the total amount of revenue reported in the cashbook does not agree with the amount recorded in the ledger for that month, the Treasurer must verify that the monthly total Treasurer's Schedule of Receipts revenue reports agree by detailed amount and classification with the cashbook and correct any errors.

- Compare the total amount of warrants paid during the month as recorded in the cashbook with the total recorded in the ledger for the same period. The last warrant paid must be the last one recorded; otherwise, a timing problem will create a discrepancy.
- If the records still do not agree, the Treasurer and Town Accountant must trace each entry to the ledger until the variance is determined.

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

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

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

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

#### F. Time frames and Documentation

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

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

#### G. Audit

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

**REFERENCES**

---

Wrentham policies on Antifraud, Disbursements, Grants Management, and Revenue Turnover

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

Massachusetts Municipal Auditor's and Accountants' Association: [\*Accounting Manual\*](#)

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

**EFFECTIVE DATE**

---

This policy was adopted on [date].

## REVENUE TURNOVER

### PURPOSE

To safeguard Town assets and maximize cash flow, this policy provides guidelines for departments to turn over receipts to the Treasurer. 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 AND SCOPE

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

### 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. Each department will turn over at least weekly and must do so by the end of the day when cash receipts total \$500 or more. At each month-end, departmental staff will turn over all revenues no later than 11:00 am on the last business day of the month.

To indemnify the Town from potential loss or theft of receipts, the Town Administrator will ensure that surety bonds are maintained for all individuals responsible for handling payments. All employees who handle the receipt of money must be trained in this policy by the Treasurer.

#### 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 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 a 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.

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



depositing receipts in the bank (if applicable for the department), and 4) turning receipts over to the Treasurer.

#### B. Turning Over Revenues

Departmental staff will fill out a Schedule of Departmental Payments to the Treasurer (i.e., the turnover form), obtain the department head's signature on it, and make two copies of it. Every listed receipt should tie back to a receipt book entry and to the receipt logs maintained by the department head. Departmental staff will deliver the turnover package in person and at no time may leave any unattended turnovers in the Treasurer's office or elsewhere in Town Hall.

No less than weekly and at month-end, the Collector will complete an internal 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's office has accepted the turnover, the department employee will receive back two copies of the turnover form signed and dated by the Treasurer/Collector staff. The department employee will retain one turnover copy on file and is responsible for delivering the other copy to the Town Accountant. The Town Accountant will refuse to accept any turnover that is not signed by a member of the Treasurer/Collector staff.

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

#### C. Receiving Turnovers

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

Within 24 hours of receiving the turnover, Assistant Treasurer/Collector (or designee) will record the receipt data in the SoftRight Receipts module. At the close of business each day, the Treasurer will review the SoftRight postings, turnover documents, and receipts, update the cashbook, and deposit the checks using a remote scanner. The Treasurer will take cash to the bank for deposit daily. The Treasurer will ensure that all receipts are secured, either in a cash drawer or, if being held overnight, in a safe. Once receipts are entered into SoftRight, the Treasurer submits the receipts to the Town Accountant through SoftRight.

The Town Accountant will compare batches of receipts data entered in SoftRight by the Assistant Treasurer/Collector with the turnover reports received from the departments and contact the Treasurer about any discrepancies. The Town Accountant will then accept the verified receipt batches in SoftRight, which posts them 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 makes a reversal entry in the cashbook receipts and assigns it to the appropriate bank account. The Treasurer will notify the department responsible for the turnover and the Town Accountant.

The department responsible 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 five 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. Cash Drawers

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

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

#### F. Reconciliation

In accordance with the Town's [Reconciliation](#) policy, the Treasurer will reconcile the cashbook with bank statements and provide a summary of cashbook balances to the Town Accountant.

#### G. Audit

All cash management activity is subject to review by the Finance Director, Town Accountant, and the Town's independent auditor. Further, the Finance Director will conduct random, periodic audits of departments revenue turnover procedures to ensure adherence to this policy.

#### 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](#)

### Wrentham Reconciliations policy

Massachusetts Municipal Auditor's and Accountants' Association: [\*Accounting Manual\*](#)

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

### **EFFECTIVE DATE**

---

This policy was adopted on [date].

## TAILINGS

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### BACKGROUND

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

### POLICY

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

#### A. Monthly Management of Tailings

As part of the monthly cash reconciliation, the Treasurer will review the accounts payable bank accounts online to determine which checks have been cashed by recipients and update their status in bank reconciliation. Under the Finance Director's direction, the Assistant Treasurer/Collector will identify all accounts payable and payroll checks outstanding 30 days or more after issuance and email the department head associated with each of them to follow up with the payee. The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notices to departments, the Assistant Treasurer/Collector will send an uncashed check notice to the payees at their last known addresses.

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

## B. Yearly Review

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

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

## C. Check Claiming

If a payee submits a claim to the Finance Director within the given deadline, or at any time before the funds are escheated, the Finance Director will review the claim and determine its validity.

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

## D. Escheatment

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

meeting for any public purpose.

**REFERENCES**

---

[M.G.L. c. 200A, § 9A](#)

Wrentham policies on Disbursements and Reconciliations

**EFFECTIVE DATE**

---

This policy was adopted on [date].

## TAX ENFORCEMENT

### PURPOSE

To provide guidance for equitably enforcing tax obligations and set expectations for both the Town and taxpayers, this policy clearly defines when and how the Town will transition unpaid property taxes from tax title through to foreclosure. It is in the best interest of the Town and its residents that property taxes be paid when due. The Town budget is set in anticipation of 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 AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ Finance Director's oversight responsibilities</li> <li>▪ Treasurer and Collector job duties</li> <li>▪ Town's contracted tax title attorney</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Enforcement of delinquent property tax liens</li> <li>▪ Resolution of tax title accounts</li> </ul>

### POLICY

The Town intends to timely pursue all legal methods to collect taxes from delinquent property owners with the aim of achieving a target 98 percent property tax collection rate by fiscal year-end. A tax delinquency is defined as a bill outstanding at least one 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.

Fiscal Year	Outstanding Real Estate Receivables	Outstanding Personal Property Receivables	Tax Levy	Outstanding Property Receivables	Tax Title Receivables	Foreclosure Receivables
2019	805,454	49,273	33,144,236	2.6%	543,790	243,510
2020	727,716	73,213	34,808,693	2.3%	627,634	243,510
2021	357,682	68,411	36,513,295	1.2%	745,121	-
2022	364,273	96,008	38,328,500	1.2%	868,009	180,689
2023	275,876	74,034	39,963,383	0.9%	805,595	213,879

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

#### A. Demands

Final taxes are due to be paid as of May 1 each year (the due date for the fourth quarter tax bill). No later than May 15, the Collector will issue demand notices to all assessed property owners who have failed to pay in full, have not been granted full exemptions, and do not have automatic stays on record due to bankruptcy filings.

#### B. Tax Taking

The Collector will begin the tax taking process within 30 days of the demand notice by serving warrant notice of the outstanding balance. State law allows the process to begin as soon as 15 days after the demand, but, in every case, the Collector must complete the takings within 3½ years from the end of the fiscal year for which the taxes were assessed to secure, or perfect, the tax liens. The Collector will work with delinquent taxpayers to delay the tax taking process as long as the taxpayer is making scheduled payments of at least 25 percent of the outstanding tax.

The Collector will establish an annual tax taking schedule for all delinquent taxpayers who have failed to respond to the payment notices or meet their partial payment requirements. The Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance within 30 days, the Collector will publish a Notice of Tax Taking in *The Sun Chronical* and post the notice on bulletin boards at the Fiske Public Library and both Wrentham Post Offices. From this point forward until the day of the taking, only cash, certified check, or cashier's check are acceptable forms of payment.

Within 60 days of the date of the tax taking, the Collector will prepare an Instrument of Taking for each delinquent property and record them at the Norfolk County Registry of Deeds to perfect the tax liens. After receiving the recorded Instruments back from the Registry, the Collector will notify the affected property owners of the liens by sending each of them a letter and a copy of the Instrument. The Collector will certify to the Treasurer, Town Accountant, and Town Administrator the parcels and amounts of unpaid real estate has been reclassified as tax title.

The Collector shall carefully document the taking process and maintain all tax title records to determine redemption amounts and to establish a legal basis for a petition for foreclosure of the right of redemption with the Land Court.

#### C. Subsequent Taxes

After the demand bill and before June 15 each year, the Collector will certify all unpaid taxes for parcels of real estate taken into tax title for nonpayment of taxes in prior years and not yet redeemed and perform Subsequent Tax Takings. The Collector will certify to the Treasurer, Town Accountant, and Town Administrator the parcels and amounts of unpaid real estate has been reclassified as tax title.

#### D. Interest, Fees, and License Revocation

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

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



#### E. Tax Title Payments

The Treasurer will pursue and establish written payment agreements for parcels in tax title to allow delinquent taxpayers to pay off their tax liens over time in a period not to exceed 24 months. The Treasurer will actively monitor compliance with all such agreements, which will have the following features in common:

- Signed agreement between the Treasurer and taxpayer.
- Upfront payment of at least 25 percent of the full balance owed.
- Maximum payment period is 24 months.
- Acknowledgement that the agreement is contingent on monthly payments no less than the agreed upon amount.
- Requirement that the taxpayer remain current with new tax bills on the property as they are issued.
- Payments must be made within five (5) days of the due date.
- The outstanding balance may be paid at any time without penalty.
- Failure to meet the requirements of the agreement will result in default.
- Defaulting on the agreement will trigger foreclosure action by the Town.

A taxpayer seeking a modification of the payment agreement must submit documentation to demonstrate the hardship in the ability to pay. The Treasurer may alter the existing agreement; however, in all cases, the date for final payment will remain as originally stated.

#### F. Redemption

If a taxpayer or other party pays the outstanding amount on a tax title property, the Treasurer will prepare an Instrument of Redemption and file it at the Norfolk County Registry of Deeds, which removes the lien. Redemption can only be done prior to the property being foreclosed.

#### G. Foreclosure

The primary policy goal of the foreclosure process is to receive the outstanding amounts owed. At least once every year, the Treasurer will review all tax title properties for 1) default of a payment agreement and 2) unpaid balance older than six (6) months and not subject to bankruptcy recordings. From these, the Treasurer will identify all properties of significant value and thoroughly verify the properties' enforcement histories before referring them to the tax title attorney, beginning with those having the largest dollar value of taxes owed. The Treasurer will determine if there are any mortgages on the properties, and if so, notify the mortgagee of the tax title status and possible foreclosure proceedings.

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

foreclosure action. If the obligation remains unpaid, the tax title attorney will proceed with foreclosure action by filing a Petition to Foreclose Rights of Redemption in Land Court, possibly resulting in auctioning of the property.

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

Upon Land Court’s issuance of a foreclosure decree, the Treasurer will notify the Principal Assessor, Collector, Town Accountant, and Town Administrator. The Treasurer will update the tax title account to mark the property as foreclosed, the Town Accountant will reclassify the receivable, and the Principal Assessor will update the property data base reflecting the foreclosed property as Town owned.<sup>4</sup>

## REFERENCES

<a href="#">M.G.L. c. 40, § 42A</a>	<a href="#">M.G.L. c. 60, § 22</a>	<a href="#">M.G.L. c. 60, § 57</a>
<a href="#">M.G.L. c. 40, § 42B</a>	<a href="#">M.G.L. c. 60, § 35</a>	<a href="#">M.G.L. c. 60, § 61</a>
<a href="#">M.G.L. c. 40, § 42C</a>	<a href="#">M.G.L. c. 60, § 37</a>	<a href="#">M.G.L. c. 60, § 62</a>
<a href="#">M.G.L. c. 40, § 42D</a>	<a href="#">M.G.L. c. 60, § 40</a>	<a href="#">M.G.L. c. 60, § 63</a>
<a href="#">M.G.L. c. 40, § 42E</a>	<a href="#">M.G.L. c. 60, § 50</a>	<a href="#">M.G.L. c. 60, § 65</a>
<a href="#">M.G.L. c. 40, § 42F</a>	<a href="#">M.G.L. c. 60, § 53</a>	<a href="#">M.G.L. c. 60, § 76</a>
<a href="#">M.G.L. c. 40, § 57</a>	<a href="#">M.G.L. c. 60, § 54</a>	<a href="#">M.G.L. c. 60, § 77-77C</a>
<a href="#">M.G.L. c. 60, § 6</a>	<a href="#">M.G.L. c. 60, § 55</a>	<a href="#">M.G.L. c. 60, § 79</a>
<a href="#">M.G.L. c. 60, § 16</a>	<a href="#">M.G.L. c. 60, § 56</a>	<a href="#">M.G.L. c. 60, § 80</a>

Wrentham Bylaws, Part III, Chapter 311, Article I – [Denial, Revocation or Suspension for Failure to Pay Taxes or Charges](#)

Wrentham policies on Antifraud, Financial Management Team, and Reconciliations  
DLS Bulletin 2013-5: [Tax Title Foreclosure Surplus Proceeds](#)

DLS Best Practice: [Enforcing Collections](#), Guidance: [Local Tax Collection FAQs](#), and Informational Guideline Releases (annually updated): [Land of Low Value Foreclosure Valuation Limit](#)

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

## EFFECTIVE DATE

This policy was adopted on [date].

<sup>4</sup> The United States Supreme Court recently decided the case of *Tyler v. Hennepin County*, 598 U.S. 631 (2023) in favor of the taxpayer retaining surplus proceeds resulting from foreclosure. Pending additional clarification of this decision on Massachusetts foreclosure practices, DLS will not object to a community temporarily holding any such surplus proceeds in an agency account awaiting direction from the courts clarifying this matter. The treasurer should consult with their local counsel, town administrator and finance team before proceeding with any funds in excess of the recorded foreclosure receivable.

## TAX RECAPITULATION

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### BACKGROUND

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

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

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

### POLICY

At the Finance Director’s direction, Wrentham’s financial team will annually complete the tax recap process no later than November 30<sup>th</sup>. The Finance Director will develop a realistic plan and timetable to meet this deadline and keep the Town Administrator apprised of progress.

#### A. Preparation and Town Meeting

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

- The Select Board, through the Town Administrator and Town Counsel, will assure the production of a properly written town meeting warrant that will allow town meeting voters, under the Town Moderator's oversight, to properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization, etc.).
- The Town Administrator will ensure that any annual increase in the tax levy does not exceed the maximum allowed under Proposition 2½.
- The Town Administrator and Finance Director will verify that the proposed budget is balanced.
- The Town Accountant will prepare a schedule of sources and uses to monitor the impact of funds available for appropriation by town meeting.
- The Finance Director and Town Counsel will ensure any debt issuance authorizations are proper.
- The Town Administrator will ensure that any proposal for a general override, debt exclusion, or capital exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum.

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

#### B. Recording Legislative Actions

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

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

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

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

- Document and report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap)
- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap)
- Enter estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the recap)
- Record the actual amounts received for all the enterprise funds (A-2, column a)
- Record the actual amounts received for the community preservation fund (A-4, column a)

#### 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 Principal Assessor will:

- Update any prior-year omitted and revised assessments that included growth (Form LA-13A, which is transferred to the Levy Limit Worksheet) no later than June 20
- Complete the property sales report (Form LA-3) for all sales over \$1,000 and submit it to DLS for approval.
- Analyze market conditions and set final property values in compliance with DLS certification standards.
- Report the total assessed valuation for real and personal property by class (Form LA-4, which is transferred to page 1 of the tax recap).
- Report fiscal year tax base growth used to determine the levy limit under Proposition 2½ (Form LA-13, which is transferred to the Levy Limit Worksheet).

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

#### E. Tax Rate Setting

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

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

**F. Review and Submittal to DLS**

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

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

**REFERENCES**

---

[M.G.L. c. 40, § 56](#)[M.G.L. c. 41, § 54A](#)[M.G.L. c. 59 § 25](#)[M.G.L. c. 40A, § 11](#)[M.G.L. c. 59 § 5C](#)[M.G.L. c. 41, § 15A](#)[M.G.L. c. 59, § 21C](#)

DLS Informational Guideline Release 2023-1: [Fiscal Year 2024 Tax Bills Quarterly Payment System](#) (updated annually)

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

**EFFECTIVE DATE**

---

This policy was adopted on [date].

## TRAVEL/EMPLOYEE REIMBURSEMENT

### PURPOSE

To mitigate opportunities for fraud, waste, and abuse, the Town must properly monitor and control travel costs and reimbursements to employees. This policy establishes rules governing reimbursements for legitimate business-related expenses, including necessary travel expenses incurred in performing official duties. It also provides guidelines for determining reimbursable expenses and details the procedures, forms, and documents required to receive reimbursement.

### APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none"> <li>▪ All Town employees and elected or appointed officials (all referred to here as “employees”)</li> </ul>
Scope:	<ul style="list-style-type: none"> <li>▪ Guidelines for determining reasonable travel-related expenses</li> <li>▪ Procedures, forms, and documentation required for reimbursement</li> </ul>

### POLICY

The Town will reimburse employees for reasonable expenses incurred for travel on the Town’s behalf as authorized by their department heads or the Town Administrator. When this travel policy is not followed, there is no guarantee that all expenditures will be reimbursed.

Employee travel shall be restricted to necessary activities that provide a public benefit, such as training, professional conferences, and other municipal-related activities. All travel on Town business shall be planned for using the most economical mode and class of transportation reasonably available and the most direct and time-efficient route. Employees should determine estimates for their travel costs, discuss any extraordinary travel circumstances and expenses with their department heads, and obtain their authorizations in advance of travel. Employees will travel using government and group rates when available.

Employees should determine estimates for their travel costs, discuss any extraordinary travel circumstances and expenses with their department heads, and obtain their authorizations in advance of travel. All travel must be in accordance with the Travel Authorization, Advance & Expense Voucher “Travel Voucher” (included in the Appendix) signed by the employee and his or her department head for in-state events. The Town Administrator must also sign for travel out-of-state. The Town will not reimburse any sales taxes but will, however, pay meals and room excise taxes. With the department head’s preapproval, also reimbursable are non-travel-related, employee out-of-pocket expenses.

**POLICY SUMMARY**

Categories	Rules & Criteria	Required Documents
<b>Professional development</b>	<ul style="list-style-type: none"> <li>▪ Applicable only for training, workshop, or conference</li> <li>▪ May request advance payment through the AP process to meet deadlines and/or discounts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brochure (or if online info only: detailed screenshots with dates, hours, included expenses)</li> <li>▪ Proof of attendance: certificate, name badge, screenshots of virtual sessions</li> </ul>
<b>Personal car transport</b>	<ul style="list-style-type: none"> <li>▪ Destination must be outside the Town of Wrentham</li> <li>▪ Mileage calculated from employee's residence or work location, whichever is closer to the destination</li> <li>▪ Mileage reimbursed at IRS rate</li> <li>▪ May submit for parking and tolls; no receipt needed for cash parking meters</li> </ul>	
<b>Other transport</b>	<ul style="list-style-type: none"> <li>▪ Airplanes, trains, buses, ferries</li> <li>▪ Taxi fares only between home and airport/station and between airport/station and lodging</li> <li>▪ Town-owned vehicle: fuel is reimbursable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proof of travel: boarding pass or ticket</li> </ul>
<b>Lodging</b>	<ul style="list-style-type: none"> <li>▪ Travel is longer than 24 hours</li> <li>▪ One night before the event is reimbursable</li> <li>▪ Must book at govt/group rate or most comparable when not available</li> </ul>	
<b>Meals</b>	<ul style="list-style-type: none"> <li>▪ Away longer than 8 hours, or greater than 20 miles from work location</li> <li>▪ \$50 max for each 24-hour period</li> </ul>	<ul style="list-style-type: none"> <li>▪ Write each employee's name with their charges on any receipt with multiple employees</li> </ul>
<b>Incidentals</b>	<ul style="list-style-type: none"> <li>▪ Expenses paid by the travelling employee</li> <li>▪ Must be submitted with final voucher</li> </ul>	<ul style="list-style-type: none"> <li>▪ Receipts required</li> </ul>
<b>Supplies</b>	<ul style="list-style-type: none"> <li>▪ Out-of-pocket only allowed as a last resort and with the department head's approval</li> </ul>	<ul style="list-style-type: none"> <li>▪ Department head attestation that the supplies were received by the department</li> </ul>
<b>Time frames</b> <ul style="list-style-type: none"> <li>▪ All requests for reimbursement should be submitted within 15 days of incurring the expense and no later than 30 days. Submissions received by the Town Accountant beyond 30 days may not be reimbursed.</li> <li>▪ Once the request is received the estimated time to reimbursement is two weeks.</li> </ul>		

**A. Unauthorized Expenses**

The following expenditures will not be reimbursed:

- Alcoholic beverages and tobacco



- Costs associated with any political or charitable event
- Expenses incurred for the sole benefit of the traveler, such as internet access, gym fees, valet service, entertainment, laundry services, etc.
- Expenses incurred by or on behalf of any person who is not a Town employee who accompanies the employee on official business
- Theft, loss, or damage to personal property while on Town business
- Non-mileage-related personal automobile expenses, including repairs, insurance, gasoline, and traffic citations

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

#### B. Reimbursable Expense Categories

##### **Registrations**

- Registration fees for any conference or workshop should be submitted through the Accounts Payable process. If necessary, the employee may pay the training/conference fees out-of-pocket and then submit for reimbursement.
- The employee must document attendance at the training/conference, such as a certificate of completion, name badge, or screenshot of virtual trainings.

##### **Personal Car and Other Transportation**

- Employees authorized to travel using their personal vehicle will be reimbursed at the Internal Revenue Service (IRS) mileage reimbursement rate in effect on the dates the travel occurred.
- Mileage will be calculated starting from the employee's office location or residence to the destination point, whichever distance is shorter.
- Transportation costs between the employee's residence and any office or meeting location furnished within the Town are not reimbursable.
- Employees must present receipts to be reimbursed for parking, tolls, airfares, taxi fares, and, when using a Town -owned vehicle, fuel charges.
- Employees must present receipts to be reimbursed for parking, tolls, airfares, taxi fares, and, when using a Town -owned vehicle, fuel charges.
- Taxi fares may only be for routes between the employee's home and the airport/station and between the airport/station and place of lodging.
- If not traveling by car, the employee must include proof of travel, such as a train ticket or boarding pass.

##### **Lodging**

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

for lodging costs comparable in location and quality and reserved at the lodging's government or group rate, whenever that is available.

- The Town will reimburse for only one night preceding any conference.

### **Meals**

- If travel requires an employee to be away from their assigned work location on approved assignment in excess of eight consecutive hours, or to a location more than 20 miles from the employee's work location, he or she will be reimbursed for reasonable charges for meal expenses. Valid original receipts must be presented when seeking reimbursement and shall be limited to \$50.00 per day.
- Meals included in registration costs cannot be claimed for reimbursement or advance.
- Meal costs, including tips and taxes, incurred during the course of approved travel will be reimbursed only upon presentation of itemized receipts. If the receipt is for multiple employees, they should be listed on the back of the receipt.
- Under no circumstance will the total meals reimbursement exceed the daily per diem rate of \$50.00.

### **Incidentals**

- Incidentals must be paid by the traveler and submitted for reimbursement when finalizing the Travel Voucher. Receipts are required for all miscellaneous, unanticipated expenses.

### **Business and Office Supplies**

- Employees must obtain department head approval prior to incurring expenses for any business or office supplies, and all purchases made on behalf of the Town must be necessary, reasonable, and appropriate.
- The department head must verify and attest on the Business Expense Reimbursement Voucher "Expense Voucher" that the department received the supplies for which an employee requests reimbursement.
- Business-related special postal services or delivery services that are not available through the Town will be reimbursed.

### **C. Advance, Reimbursement, or Advance Reconciliation Submission**

Every claim for a cash advance prior to travel, reimbursement, or advance reconciliation must be documented on a Travel or Expense Voucher. Required information includes (as applicable): travel or purchase date(s), purpose, amount(s), and total business-related mileage. Except for mileage and cash parking meter expenses, the employee must attach to the form a receipt or other valid proof of payment for each reimbursement claim.

Employees should submit for reimbursement or reconciliation as soon as the travel has concluded or the expense has been paid, but at maximum, no later than 30 days after the expenses being incurred. If an employee does not submit the Travel or Expense Voucher and accompanying receipts or other necessary documentation within that time, he or she may be personally responsible for the expenses.

### **D. Violations**

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

#### E. Audit

All expenses are subject to verification that they comply with this policy and to audit by the Town's independent auditor.

#### **REFERENCES**

---

[M.G.L. c. 41, § 52](#)

[M. G. L c. 44 § 66](#)

[M.G.L. c. 44, § 58](#)

[M.G.L. c. 64H § 6\(d\)](#)

Wrentham policies on Antifraud and Disbursements

IRS webpage, [Standard Mileage Rates](#)

#### **FORMS**

---

Travel Authorization, Advance & Expense Voucher

Business Expense Reimbursement Voucher

#### **EFFECTIVE DATE**

---

This policy was adopted on [date].

## YEAR-END CLOSING

### PURPOSE

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

### APPLICABILITY AND SCOPE

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

### POLICY

The Town Administrator will hold all department heads accountable for timely and accurately completing the year-end tasks applicable to them as outlined in this policy. All facets of the year-end closing will be accomplished no later than September 30.

Annually no later than May 15, the Town Accountant will transmit year-end instruction memo to department heads and provide them with the following submission deadlines:

- June 1: Status reports or updates on capital projects, capital assets, and borrowings
- June 10: Requests for fiscal year budget transfers requiring Select Board and Finance Committee approval
- June 15: Status reports on the balances of grants, other special appropriations, and special revenue accounts
- June 25: Requests for encumbrances/pending obligations
- June 30: All available invoices

#### A. Year-end Encumbrances

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

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

By May 15, the Town Accountant will distribute management reports of all grant, special appropriation, and special revenue accounts to the responsible department heads to solicit status updates on each account. Each department head will confirm with the Town Accountant in writing of:

- Completed or discontinued project/purpose with an unexpended balance: either close to fund balance or reappropriate for another purpose.
- Potential funding source(s) for any account in deficit: whether revenue is anticipated to be received sufficient to cover the deficit by September 30, or if a year-end transfer (section D below) is appropriate.
- Balances for each grant, special revenue fund, and special appropriation that is to be carried forward to the next fiscal year.

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

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

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

For any identified deficits:

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

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

#### D. Year-end Transfers

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

authorizations. The Town Accountant will notify any department head whose budget is affected by the transfer.

#### E. Closing the Books

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

- Conduct a reconciliation of each fund type in turn (including transfers between funds) and, when completed, close each fund in the general ledger.
- Confirm that all encumbrances from the prior fiscal year have been closed.
- Verify the new opening balances of all carried forward accounts in the 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.

Finance Official	Schedule/Report	Date
Town Accountant	<ul style="list-style-type: none"> <li>▪ Snow and ice data sheet</li> <li>▪ Community preservation surcharge report (CP-1) (with the Chief Assessor)</li> <li>▪ Balance sheet checklist</li> <li>▪ Combined balance sheet and supporting documents</li> <li>▪ Community preservation fund report (CP-2)</li> <li>▪ Schedule A</li> </ul>	<ul style="list-style-type: none"> <li>▪ September 15</li> <li>▪ September 15</li> <li>▪ September 30</li> <li>▪ September 30</li> <li>▪ September 30</li> <li>▪ November 30</li> </ul>
Treasurer and Town Accountant	<ul style="list-style-type: none"> <li>▪ Statement of indebtedness</li> <li>▪ Treasurer's year-end cash report</li> <li>▪ Cash reconciliation</li> </ul>	<ul style="list-style-type: none"> <li>▪ September 30</li> <li>▪ September 30</li> <li>▪ September 30</li> </ul>
Town Accountant, Collector, and Treasurer	<ul style="list-style-type: none"> <li>▪ Schedule of outstanding receivables</li> </ul>	<ul style="list-style-type: none"> <li>▪ September 30</li> </ul>

#### REFERENCES

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 59, § 5](#)

[M.G.L. c. 64, § 64](#)

Wrentham policies on Antifraud, Capital Planning, Grants Management, and Reconciliations

DLS Informational Guideline Release 17-13: [Appropriation Transfers](#) and other guidance: [Annual Year-End Letters](#) and [Municipal Calendar](#)

Massachusetts Municipal Auditor's and Accountants' Association: [Accounting Manual](#)

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

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

#### EFFECTIVE DATE

The policy was adopted on [date].

## POLICY LOG

---

### FINANCIAL PLANNING

Policy	Adopted	Last Reviewed	Amended
Annual Budget Process			
Capital Planning			
Debt Management			
Financial Reserves			
Forecasting			
Indirect Cost Allocation			
Investments			
One-time Revenues			
OPEB Liability			
Overlay			

### FINANCIAL OPERATIONS

Policy	Adopted	Last Reviewed	Amended
Antifraud			
Cash Flow			
Disbursements			
Financial Management Team			
Grants Management			
Procurement Conflict of Interest			
Public Service Details			
Reconciliations			
Revenue Turnover			
Tailings			
Tax Enforcement			
Tax Recapitulation			
Travel/Employee Reimbursement			
Year-End Closing			





# APPENDIX



## FORMS

- Cash Flow Analysis – Available on the DLS website: [Cash Flow Analysis](#)
- Cash Drawer Authorization – Fillable PDF
- Travel Authorization, Advance, and Expense Voucher – Excel workbook
- Business Expense Reimbursement Voucher – Fillable PDF

### Cash Flow Analysis – Sample

	<b>Town/City</b>						<u>Preparing the Ca:</u>
	<b>Treasurer's Cash Flow Analysis</b>						- Forecast all maj
	<b>General Fund</b>						- Adjust the forec
	Fiscal 20__						
		<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
1	<b>Beginning Cash Balance</b>	-	-	-	-	-	-
	<b>RECURRING RECEIPTS</b>						
	Tax levy						
	State aid distribution						
	Motor vehicle excise						
	Other local receipts						
	Other/miscellaneous revenue						
2	<b>Total Receipts</b>	-	-	-	-	-	-
	<b>RECURRING EXPENSES</b>						
	Pay period 1						
	Pay period 2						
	Pay period 3						
3	Regional school assessment						
4	Vocational school assessment						
5	Retirement assessment						

\



## Town of Wrentham

### Cash Drawer Authorization Form

Department:

Date:

Requested By:

Amount Requested:

Reason for a cash drawer:

Department Head Signature

Town Accountant:

☐

Approved

☐

Not Approved

Date:

Amount:

Town Accountant Signature

Original: Town Accountant

Copy: Treasurer

Department Head



## Town of Wrentham

### Travel Authorization, Advance, & Expense Voucher

Name: _____ Department: _____ Period Covered: _____	Date Submitted: _____ Check one: <input type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Advance Reconciliation
Nature of official business: _____	

  

DATE	DESCRIPTION/TRAVEL ITINERARY ITEMIZE/EXPLAIN BY DAY	PRIVATE AUTOMOBILE				OTHER TRANS- PORTATION	HOTEL	MEALS	OTHER EXP AMT	TOTAL
		ODOM ON	ODOM OFF	MILES	AMOUNT*					
		0.0	0.0	-	-					-
		0.0	0.0	-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
				-	-					-
TOTALS				-	-	-	-	-	-	-

Reimbursement Summary/Advance Reconciliation

Total Expenses      \$ \_\_\_\_\_

Less Advance (if any) \$ \_\_\_\_\_

(Net Return) or

Reimbursement      \$ \_\_\_\_\_

Request for Travel Expense Advance

Est Reimbursable Cos      \$ \_\_\_\_\_

Max allowable %      \$ \_\_\_\_\_

Allowable Advance (x 50%) \_\_\_\_\_

Advance      \$ \_\_\_\_\_

Advance = 50% of est costs. If Allowable <\$50, Advance =\$0

\* IRS Milage rate reimbursement

I hereby certify, under the pains and penalties of perjury, the attached receipts and expense information are true and in accordance with the Town's policy regarding travel. These expenses have been paid by me and are solely for me as a Town of Wrentham employee or on behalf of the Town of Wrentham employee employees in my accompaniment. Credits, if any, for subsequent returns or discounts are properly reflected in this reimbursement request.

Signed \_\_\_\_\_  
Traveler

Approved \_\_\_\_\_  
Department Head or Authorized Agent



## Town of Wrentham

### Business Expense Reimbursement Voucher

Employee Name   
Department

Date

I hereby certify, under the pains and penalties of perjury, the attached receipts for which I am seeking personal reimbursement, have been paid by me and that these expenses have been incurred for a proper and approved business purpose for or on behalf of the Town of Wrentham. None of these expenses are for alcoholic beverages, tobacco products, gambling products or events, or other items considered to be of a personal or other unauthorized nature. Credits, if any, for subsequent returns or discounts have been applied and are properly reflected in this reimbursement request.

Employee signature seeking reimbursement

Total of attached receipts for requested reimbursement

---

#### Instructions:

Complete this form by entering in the appropriate areas your name, the name of your department and the date you are submitting this form. Read and understand the attestation. Attach the detailed itemized original receipts which support this request for personal reimbursement of business expenses. Sign your name and enter the total dollar amount of the attached receipts, exclusive of sales tax (sales tax is *not* reimbursable.)

Submit this completed voucher to your department head for processing in the next Accounts Payable warrant.