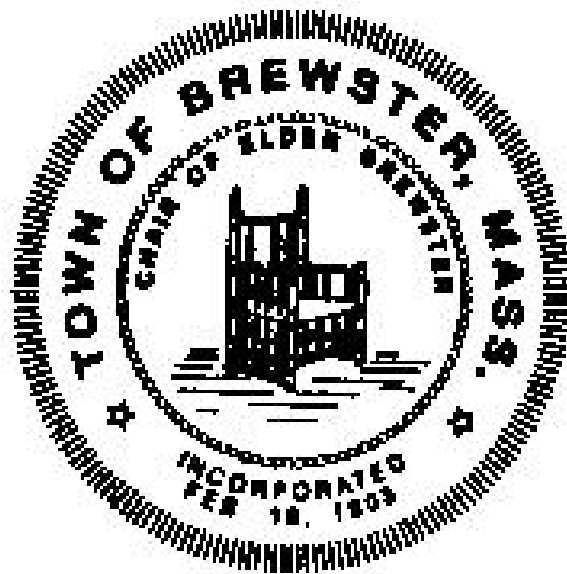


# BREWSTER MASSACHUSETTS

## FINANCIAL POLICIES MANUAL





## **PREFACE**

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

With these policies, the Town of Brewster, through its Select Board, Town Administrator, Finance Committee, and employees, commits to the following objectives:

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



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## ANTIFRAUD

### PURPOSE

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

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

### APPLICABILITY

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

### POLICY

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

#### A. Definitions

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

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

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

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

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account

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

#### B. Antifraud Responsibilities

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

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

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

#### C. Disclosure

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

### **PROCEDURES**

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

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



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

**REFERENCES**

[M.G.L. c. 149 § 185](#)

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

**EFFECTIVE DATE**

This policy was adopted on [date].

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## CAPITAL PLANNING

### PURPOSE

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

### APPLICABILITY

This policy applies to all current and proposed capital projects in the Town except for those that come under the authority of the Community Preservation Committee. It establishes a framework for long-term capital improvements, sets guidelines and expectations for all Town departments in planning for and requesting capital projects, and outlines consensus budgetary goals for the Select Board and Finance Committee. It also applies to related job duties of the Town Administrator, Finance Director, and Treasurer/Collector.

### POLICY

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

The Town Administrator is charged to oversee Brewster's capital improvement program.<sup>1</sup> This involves identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations.

#### A. Definition of a Capital Improvement

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

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

#### B. Capital Asset Inventory

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<sup>1</sup> Chapter 12, Article XI of the Town's general bylaws establishes a Capital Planning Committee. The bylaw will need to be amended to adopt this policy as written.

To support a systematic acquisition and replacement schedule, the Town Administrator, with the assistance of the 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.

#### C. Evaluation of Capital Projects

As part of the annual budget process, the Town Administrator will solicit capital project requests from department heads and then evaluate and 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
10. Increases operational or personnel costs

#### D. Multiyear Capital Expenditures Plan

Annually by January 31, the Town Administrator will update and propose to the Select Board a five-year capital expenditures plan (CEP), including the upcoming fiscal year's capital budget and a four-year projection of capital needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources. Within 30 days the Select Board shall act on the CEP and submit it to the Finance Committee who shall issue its recommendations at the Annual Town Meeting.

Throughout the year, the Finance Director will monitor active capital projects to ensure they remain properly funded and will report any issues to the Town Administrator.

#### E. Capital Financing

As a reserve for the CEP, the Town will maintain a capital investment [stabilization] fund<sup>2</sup> to provide the flexibility to pay outright for moderate-range capital expenditures while preserving debt capacity for major, higher-dollar purchases or projects. In accordance with the Town's Financial Reserves policy, the target maintenance level for this reserve shall be [two to four] percent of the Town's annual operating budget.

Annually, the Town will strive to maintain [three to five] percent of the general fund operating budget, net of debt, on capital investment allocations. Funding shall be derived from a combination

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<sup>2</sup>A Capital Investment Fund was established by Chapter 210 of the Acts of 2002. There is no recorded activity in this fund. The town should consider establishing a special purpose stabilization fund under [M.G.L. c 40, § 5B](#).

of property taxes and the general and capital improvement stabilization funds. Long-term debt is an appropriate funding source for certain types of projects, while short-term debt and current revenues should be used for assets with short useful lifespans.

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

- Special revenue sources (e.g., grants, revolving funds) shall be evaluated as funding options whenever practical.
- The annual operating costs of each proposed capital project, as well its debt service costs, shall be identified before any long-term, bonded capital project is recommended.
- Short-term debt may be used to fully finance purchases with useful lifespans of less than 10 years.
- Major capital projects, such as new construction or major renovations to existing facilities, may be accomplished through capital or debt exclusions.
- Infrastructure or facility maintenance budgets built into the general operating budget will not be reduced to fund other departmental budgets.
- To the extent feasible, all capital projects associated with the Town's two business-type operations (i.e., Water and Golf) shall be financed from user fees.

#### F. Capital Project Closeouts

The Town will endeavor to close out all capital projects within six months of completion or discontinuation. When closing out any project with a residual balance, the Finance Director will work with the Treasurer/Collector to do one of the following:

- If the project was funded by available revenue (tax levy or reserves), reallocate the balance to another capital project(s) or close it to the appropriate fund surplus.
- If the project was bond-funded and has a balance under \$50,000, propose that the Select Board apply the balance to debt service.
- If the project was bond-funded and has a balance over \$50,000, propose that the Select Board apply the balance to another capital project(s) for which the Town may borrow for an equal or greater term than the originally issued loan.

#### REFERENCES

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 33B](#)

Brewster policies on Debt Management and Financial Reserves

Brewster Bylaws: [Article XI – Capital Planning Committee](#)

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

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

#### EFFECTIVE DATE

This policy was adopted on [date].

## DEBT MANAGEMENT

### PURPOSE

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

### APPLICABILITY

This policy applies to the budget decision-making duties of the Select Board, Town Administrator, Finance Committee, and Water Commission. Further, it applies to the Treasurer/Collector's debt management responsibilities and Finance Director's budget analysis and reporting duties.

### POLICY

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

#### A. Debt Financing

In financing with debt, the Town will:

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

#### B. Debt Limits

The Town will adhere to these debt parameters:

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

C. Structure and Terms of Debt

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

1. The Town will attempt to maintain a long-term debt schedule such that at least [50] percent of outstanding principal will be paid within 10 years.
2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than [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).

D. Debt Issued through the Bond Market

In addition to all the provisions detailed in the policy thus far, the Town will also adhere to the following provisions if it obtains debt funding through the issuance of bonds.

1. Any vote to authorize a borrowing by bond issuance will include an authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
2. 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.
3. To achieve potential debt service savings on long-term, tax-exempt debt through bond refunding the Town will:
  - a) Issue debt with optional call dates no later than 10 years from issue.
  - b) Analyze potential refunding opportunities on outstanding debt as interest rates change.
  - c) Use any net premium and accrued interest to reduce the amount of the refunding.
  - d) Work with the Town's financial advisor to determine the optimal time and structure for bond refunding.
4. To obtain and maintain a favorable bond rating, the Town will:
  - a) Maintain good communications with bond rating agencies, bond counsel, banks, financial advisors, and others involved in debt issuance and management.
  - b) 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.
  - c) Strive to implement and maintain strong management practices and debt ratios favored by rating agencies.

## E. Reporting

1. The Treasurer/Collector will report to the Select Board and Town Administrator on the Town's debt status by [September 30] each year.
2. The Finance Director will include an indebtedness summary as part of a report on receipts and expenditures in Brewster's Annual Town Report.
3. The Finance Director, with the Town's financial advisor, will file the annual audit and official disclosure statement within 270 days of the end of the fiscal year (March 31).

### REFERENCES

[M.G.L. c. 41, § 59](#)

[M.G.L. c. 41, § 61](#)

[M.G.L. c. 44, § 4](#)

[M.G.L. c. 44, § 6](#)

[M.G.L. c. 44, § 6A](#)

[M.G.L. c. 44, § 7](#)

[M.G.L. c. 44, § 8](#)

[M.G.L. c. 44, § 17](#)

[M.G.L. c. 44, § 19](#)

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 21A](#)

[26 USC § 148](#)

Brewster Capital Planning policy

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

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

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

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

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

### EFFECTIVE DATE

This policy was adopted on [date].

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## 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

This policy applies to the Finance Director's, Treasurer/Collector's, and their designees' job duties and to the Select Board's warrant approval responsibilities. It further applies to all department heads and elected or appointed officials who submit requests for expense and payroll disbursements (all referred to here as "department heads"). Note that any elected or appointed board serving as a department head may vote to delegate the authority for approving payroll and expense submissions to one of its members, but no board can assign this responsibility to a non-board member.

### POLICY

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

All payroll expenditures must be based on approved time and attendance records and consistent with collective bargaining agreements, personal service contracts, or Brewster personnel bylaw. All vendor payments must be based on original invoices and issued only to entities with valid form W-9s on file. 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](#).

Printed on the face of every disbursed check will be: "Void if not cashed within one year of issuance." The Treasurer/Collector will secure all checks in a safe until distributed. As a tax-exempt organization, the Town will not pay sales tax on any expense, including those associated with any employee personal reimbursements.

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

The Treasurer/Collector is responsible for maintaining a database all active town employees including their salaries, pay rates, stipends, weekly work hours, earned leave time, benefit options, and withholdings. Any change to an employee's employment status, work hours, or pay rate can only be made by the Treasurer/Collector based on a personnel action form signed by the appropriate department head, Finance Director, and Town Administrator.

The Finance Director is responsible for maintaining and updating weekly an Excel database of employee leave time accumulations and usage. Any change the Finance Director makes to any employee's rate of accumulation must be supported by one of the following documents: collective bargaining agreement, classification and compensation schedule, or personal services contract. Deductions to leave time will be based on data reported on weekly time sheets.



**B. Weekly Responsibilities Related to Disbursement Processing**

Each **department head** is responsible for:

- Assuring that all purchases of goods and services conform to the state's procurement laws
- Verifying that adequate funds exist in the department's budget for every AP and payroll submission, attesting to the accuracy of each submission via signature, and timely submitting the disbursement requests to the Finance Director
- Distributing paychecks to employees upon receipt from the Treasurer/Collector

The **Finance Director** (and/or any delegated staff) is responsible for:

- 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 and payroll warrants and submitting them to the Select Board for approval
- Ensuring the payroll warrant balances with the Treasurer/Collector's payroll preliminary report before providing it to the Select Board and subsequently notifying the Treasurer/Collector to finalize the payroll
- Updating the general ledger with all AP and payroll warrant expenditures
- Receiving blank checks from the Treasurer/Collector, imprinting them with the disbursement data using the office printer, and returning them to the Treasurer/Collector

The **Treasurer/Collector** (and/or any delegated staff) is responsible for:

- Entering payroll data in the Abra database based on time sheets received from the Finance Director and transmitting the finalized electronic file when notified to do so by the Finance Director
- 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 associated bank accounts in the gross amount of each warrant
- Providing the Finance Director with the appropriate number of sequential blank checks for printing
- Mailing out all AP checks to the vendors. The Treasurer/Collector will not give any vendor checks to department heads or other employees to mail.
- Notifying department heads to pick up paychecks on pay day.
- Updating the cashbook to document the disbursement activity

The **Select Board** members are responsible for:

- Reviewing each warrant for appropriateness by examining the invoices, back-up documents, and payroll detail, and directing any inquiries to the Finance Director
- Approving the warrants by signing them

**C. Emergency Disbursements**

If there is an emergency or extenuating circumstance where payment must be made to a vendor outside of the normal warrant process, the Treasurer/Collector may issue a manual check with written authorizations by the Town Administrator and Finance Director. In any such case, the department head will submit the expense to be processed as a no-check on the next accounts payable warrant.

**D. Petty Cash**

To mitigate the risks of illegal expenditures, procurement law violations, or instances of expenses exceeding appropriations, no petty cash accounts are authorized.

**E. Audit**

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

**REFERENCES**

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

[M.G.L. c. 44, §§ 56, 58, 64](#)

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

Brewster's collective bargaining agreements, classification and compensation plan, and personal service contracts

**EFFECTIVE DATE**

This policy was adopted on [date].

## EMPLOYEE REIMBURSEMENT

### PURPOSE

To mitigate opportunities for fraud, waste and abuse, the Town must properly monitor and control reimbursements to employees and officials. 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 reasonable travel-related and other expenses and details the procedures, forms and documentation necessary to receive reimbursement.

### APPLICABILITY

This policy applies to all elected and appointed officials and employees (all referred to here as “employees”).

### POLICY

The Town will reimburse employees for reasonable expenses incurred on the Town’s behalf as authorized by their department heads, boards, or committees.

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 will travel using government and group rates when available. The Town will not reimburse or pay sales tax but will, however, pay meals and room excise taxes.

Business-related expenses, such as office supplies, should be procured through the Town’s vendors and billed directly to the Town as much as feasible. Whenever this is not possible, the purchase must be made with the department head’s approval.

When this policy is not followed, there is no guarantee that all expenditures will be reimbursed. Employees should determine estimates for their travel costs, discuss any extraordinary circumstances and expenses with their department heads, and obtain their authorizations in advance.

#### A. Unauthorized Expenses

The following expenditures will not be reimbursed:

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

- 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 Finance Director may refuse to approve for payment any claim deemed to be fraudulent, unlawful, or excessive. In that instance, the Finance Director will file a written statement of the reason for refusal with the Treasurer/Collector 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

##### **Transportation**

- Employees authorized to travel using their personal vehicle will be reimbursed at the mileage reimbursement rate established yearly by the Internal Revenue Service (IRS) or, for union employees, the rate established in their particular contractual agreement.
- Mileage will be calculated starting from the employee's office location or residence to the destination point, whichever distance is shorter.
- Employees must present receipts to be reimbursed for parking, tolls, airfares, taxi fares, and, when using a Town-owned vehicle, fuel charges.

##### **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 home for more than 24 hours, he or she will be reimbursed for reasonable charges for meal expenses.
- Meal costs, including tips and taxes, incurred during the course of approved travel will be reimbursed only upon presentation of itemized receipts. If the receipt is for multiple employees, they should be listed on the back of the receipt.
- Meals included in registration costs cannot be claimed for reimbursement or advance.
- Under no circumstance will the total meals reimbursement exceed the Town's per diem rate of [\$40].

##### **Registrations**

- Whenever possible, registration fees for any conference, training, or workshop should be paid in advance through the Town's accounts payable warrant process. To pay advance registrations timely, the registration bill must be received in the Finance Director no later than [two full weeks] prior to the registration deadline.

- If registration is not paid in advance, the employee must pay out-of-pocket and then submit for reimbursement.

### **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.
- Business-related special postal services or delivery services that are not available through the Town will be reimbursed.

### **C. Reimbursement Submission**

Every claim for reimbursement must be documented using an [Expense Reimbursement Form] signed by the employee and the authorizing department head. Required information on the form includes: the travel or purchase date(s), purpose, amount(s), and total business-related mileage (as applicable). Except for mileage, the employee must attach to the form a receipt or other valid proof of payment for each reimbursement claim.

Employees should submit for reimbursement 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 [Expense Reimbursement Form] 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, §58](#)

[M.G.L. c. 268A, § 3](#)

IRS webpage, [Standard Mileage Rates](#)

### **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.

Team meetings help the Town's finance officers to maintain open lines of communication and reinforce awareness of their interdependence. In this forum, team members can identify critical junctures, consider strategies to deal with anticipated areas of concern, and establish agreement about goals, deadlines, and each individual's role in meeting common objectives. A formal financial management team approach also fosters institutional continuity during times of turnover in financial offices.

### APPLICABILITY

This policy applies to the Town Administrator, Finance Director, Treasurer/Collector, and Deputy Assessor.<sup>3</sup>

### POLICY

The Town establishes a financial management team consisting of the Town Administrator, Finance Director, Treasurer/Collector, and Deputy Assessor. Meetings of the team will be scheduled at a consistent time each month and more frequently when necessary.

Agenda topics will include:

- Updating the status of assigned responsibilities and due dates related to cyclical procedures, such as tax takings, tax recaps, year-end closings, and others
- Monitoring monthly revenue and expenditure reports and analyzing cash flow
- Reviewing the effectiveness of internal controls, including the status of reconciliations
- Coordinating submissions to the Division of Local Services
- Assessing special projects assigned by the Select Board or Town Administrator
- Pursuing professional development and training opportunities

### REFERENCES

Brewster policies on Forecasting, Reconciliations, Tax Enforcement, and Tax Recapitulation

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

### EFFECTIVE DATE

This policy was adopted on [date].

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<sup>3</sup> This policy could also apply to a representative from the school business office.

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## FINANCIAL RESERVES

### PURPOSE

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

### APPLICABILITY

This policy pertains to the short- and long-range budget decision-making duties of the Select Board, Town Administrator, Finance Committee, and Water Commission. It also applies to the related job duties of the Finance Director and Board of Assessors.

### POLICY

The Town is committed to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain overall general fund reserves in the level of [8 to 14] percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, retained earnings, and overlay surplus.

#### A. Free Cash

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

To generate free cash, 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. As much as practicable, the Town will limit its use of free cash to funding one-time expenditures (such as capital projects, snow and ice deficits, or emergencies).

The Town shall set a goal of maintaining its year-end unappropriated free cash balance in the range of [three to five] percent of the annual general fund budget. The Town will appropriate the excess above this target range to build reserves or to offset unfunded liabilities.

#### B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. As detailed below, the Town has established [two] stabilization funds, each of which is accounted for and reported as a trust fund, regardless of authorized use.

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

**Capital Investment [Stabilization]<sup>4</sup>:** The Town will annually appropriate [one] percent of general fund operating revenues [and dedicate [25] percent of [local option room occupancy excise] revenues to this fund]<sup>5</sup> to this fund until it minimally achieves a balance equal to the total amount of asset depreciation that the Finance Director calculates yearly per the Government Accounting Standards Board's Statement 34. Subsequently, the ongoing fund balance target shall be [two to four] percent of the general fund operating budget. By sustaining funding in this reserve, the Town can balance debt with pay-as-you-go practices and protect against unforeseen costs.

### C. Retained Earnings

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

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

### Business-Type Operations Surplus

Revenues in excess of estimated water receipts or unspent water appropriations closeout to a water surplus account at the fiscal year end. Water surplus must first be applied to indirect costs and then may be appropriated to fund water-related general and capital expenses or to reduce water rates. The Town will maintain a water surplus amount at [20] percent of the operation's total budget, at minimum, but any surplus may be significantly higher if major infrastructure improvements are necessary. These surpluses shall be used to provide rate stabilization and to fund major, future capital projects.

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<sup>4</sup> Requires the town to adopt a fund under [M.G.L. c 40, § 5B](#).

<sup>5</sup> Revenues can only be dedicated to a special purpose stabilization fund established under M.G.L. c 40, § 5B, not the current fund established by special act. Dedication requires town meeting action. See DLS publication on [Stabilization Funds](#)



#### D. Overlay Surplus

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

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

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

#### **REFERENCES**

[M.G.L. c. 40 §5B](#)

[M.G.L. c. 59 §25](#)

[M.G.L. c. 44 §53F½](#)

Brewster Capital Planning policy

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

DLS Form: [Dedication of Revenue to Stabilization Fund](#)

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].

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## FORECASTING

### PURPOSE

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

### APPLICABILITY

This policy applies to the Select Board, Town Administrator, and Finance Committee in their budget analysis and decision-making responsibilities. It also applies to the job duties of the Finance Director and to the managers of all revenue-generating departments, including the Water and Golf Departments.

### POLICY

To determine the Town's operating capacity for future fiscal years, the Town Administrator, with the Finance Director, will annually create a detailed forecast containing five-year projections of revenues and expenditures for all operating funds. The Town Administrator and Select Board 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 expenditure plan. As a general rule, the Town Administrator 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.

The Town Administrator will provide the forecast to the Select Board and Finance Committee for their review and comment no later than [the third week of January]. In addition, the Town Administrator will promptly revise the forecast projections whenever circumstances change and provide updated forecasts to the Select Board and Finance Committee.

On an annual basis, the Town Administrator will review the performance accuracy of the prior-year forecast 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 take into account the Town's three-, five- and 10-year averages by property class and advice from the Deputy 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.
- Chapter 70 educational aid will reflect trends in school choice, enrollments, tuition, and charter assessments.
- Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.
- The Water and Golf Departments will reimburse the general fund for indirect costs.
- One-time revenues will not be used in the projections to fund ongoing or recurring operating expenditures.
- Revenues from grant programs will be reviewed annually to determine their sustainability.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.

#### B. Guidelines for Expenditure Assumptions

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

The following principles shall guide the formulation of expenditure assumptions:

- The Town's current level of services will provide the baseline for projections.
- Historical trends in the growth of operating expenses and employee benefits will prevail.
- Projections will factor cost-of-living adjustments for the salaries/wages of regular employees.
- Potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases will be calculated.
- The Select Board will cultivate a strong relationship with the Nauset Public School's Regional School Committee to receive timely, long-term estimates of district assessments.
- The Town will pay its annual pension contributions and appropriations to amortize other postemployment benefit liabilities.
- The Town will pay all existing debt service obligations and adhere to its Capital Planning and Debt Management policies.

#### **REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].

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## GRANTS MANAGEMENT

### PURPOSE

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

### APPLICABILITY

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

### POLICY

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

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

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

#### A. Grant Opportunity Assessment

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

#### Programmatic:

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

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

Financial:

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

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

B. Grant Application and Award Acceptance

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

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

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

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

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

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

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

#### D. Grant Closeout

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

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

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

#### E. Audit

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

Brewster Disbursements policy

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].



## INDIRECT COST ALLOCATION

### PURPOSE

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

For purposes of the Town's annual basic financial statements, the Water and Golf Departments are accounted for separately from the general fund, each with its own financial statements. Consolidating these programs' direct and indirect costs, debt service, and capital expenditures into segregated funds allows the Town to demonstrate to the public the true, total cost of providing these operations.

The Water Department as established under [M.G.L. c. 41 §69B](#) shall reimburse the Town for expenses incurred by the department from any net surplus after providing for all operating expenses and charges. The Golf Department authorized under [M.G.L. c. 40 § 5F](#) has no such provision, however will endeavor to reimburse the general fund for associated operating costs.<sup>6</sup>

### APPLICABILITY

This policy applies to the budgetary functions of the Finance Director, Water Department Superintendent, and Director of Golf Operations. Further, it encompasses the related administrative functions of the Finance Director, Treasurer/Collector, and Town Administrator Departments.

### POLICY

As part of the annual budget process, the Finance Director will calculate the indirect costs to the general fund of the two operations and review the calculations with the Water Department Superintendent and Director of Golf Operations. Based on the results, the Finance Director will record transfers between the relevant funds by [June 15] each year. The Finance Director will maintain written procedures detailing the costs and their calculation methodologies.

#### A. Cost Categories

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

- Accounts payable, payroll, and general ledger services provided by the Accounting Department
- Turnover processing, [billing and collecting], banking, investment, tax title, benefits, and payroll services provided by the Treasurer/Collector Department
- Personnel administration services provided by the Town Administrator Department

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<sup>6</sup> Update citations to in [M.G.L. c. 44 § 53F½](#) if enterprise funds are adopted.

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

- Benefits for active and retired employees, including insurances, Medicare tax, unemployment, workers’ compensation
- Pensions
- OPEB
- Vehicle insurance
- Property insurance
- Independent audit services
- Actuarial services
- Legal services
- Information technology expenses
- Other costs that may be considered and agreed to and documented

B. Explanation of Calculation Methodologies

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

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

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 Water Department’s total number of turnovers to the Treasurer/Collector as a percentage of the total number of town-wide turnovers received by the Treasurer/Collector’s office. This percentage is applied against the Treasurer/Collector’s total budget, including health and life insurance, Medicare, retirement, and any workers’ compensation attributable to the department.

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

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

**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 business-type [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 each eligible Water and Golf employee during the preceding calendar (not fiscal) year.

**3. Retirement**

Indirect pension costs will be calculated using the proportional method. The Town’s total annual contributory retirement assessment payable to the Barnstable County Retirement Board is multiplied by the respective proportion of each of the total Water Department and Golf Department employee’s compensation to the total employee compensation as reported to the Public Employee Retirement Administration Commission (PERAC).

**4. Audit**

External audit costs will be based on the proportional method. The Water Department and Golf Department shall each 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 business-type [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 particular department.

**REFERENCES**

[M.G.L. c. 41 §69B](#)

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].

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## INVESTMENTS

### PURPOSE

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

### APPLICABILITY

This policy applies to the Treasurer's duties to manage and invest Town funds. If the Town contracts with any investment advisor(s), the Treasurer will provide this policy to them and verify compliance. The policy's scope pertains to all short-term operating funds and to all long-term reserve, investment, and trust funds, with the exception of the Town's retirement fund, which is managed and invested by the Barnstable County Retirement System.

### POLICY

The Treasurer will invest funds in a manner that meets the Town's daily operating cash flow requirements and conforms to state statutes governing public funds while also adhering to prudent investment standards. The Treasurer will manage all investments 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 so as to allow for the proper proportioning of interest and any realized and unrealized gains or losses. All trust funds are under the Treasurer'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 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.

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

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

**Note:** This policy confines the allowed depository accounts only to those offered by Massachusetts state-chartered banks, a provision that is more restrictive than state statutes and the Massachusetts Collectors & 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
<p><b>Credit risk</b> is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.</p>	<ul style="list-style-type: none"> <li>▪ Investments in any of the following are safe from credit risk: state-chartered banks' depository accounts (including CDs), obligations backed by the U.S. Treasury or other U.S. government agency, and the MMDT.</li> <li>▪ For any other investments, the Treasurer will only purchase investment grade securities highly concentrated in those rated A or better.</li> </ul>
<p><b>Concentration of credit risk</b> is the risk arising from all funds being invested in a single issuer.</p>	<p>The Treasurer will diversify the portfolio among multiple issuers/institutions (see Section E).</p>
<p><b>Custodial risk for deposits</b> is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover deposits or to recover collateral securities in the possession of an outside party.</p>	<p>The Treasurer will negate this risk by only making deposits at MA-chartered banks.</p>
<p><b>Custodial risk for investments</b> is the risk that, in the event of a failure of the counterparty to a transaction, the Town would not be able to recover the value of an investment or to recover collateral securities in the possession of an outside party.</p>	<ul style="list-style-type: none"> <li>▪ The Treasurer 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>
<p><b>Interest rate risk</b> is the risk that interest rate changes will adversely affect an investment's fair market value.</p>	<p>The Treasurer will negotiate for competitive interest rates that are locked in for long terms.</p>
<p><b>Foreign currency risk</b> is the risk that an investment will lose value as the result of an unfavorable exchange rate.</p>	<p>The Treasurer will negate this risk by not investing in any instruments with foreign currency exposures.</p>

#### 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 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

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

[M.G.L. c. 29, § 38A](#)

[M.G.L. c. 44, § 54](#)

[M.G.L. c. 44, § 55](#)

[M.G.L. c. 44, § 55A](#)

[M.G.L. c. 44, § 55B](#)

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

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

Brewster Procurement Conflict of Interest policy

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

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

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

Massachusetts Depositors Insurance Fund [FAQs](#)

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

SEC webpage: [Form ADV Information](#)

#### EFFECTIVE DATE

This policy was adopted on [date].

## 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 for eligible current and future retirees. It is designed to achieve generational equity among those called upon to fund this liability and thereby avoid transferring costs into the future.

### APPLICABILITY

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

### BACKGROUND

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

### POLICY

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

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

The 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 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 audits and reports on these to the Select Board.

#### B. Trust Management and Investment

The Town has established an OPEB Trust Fund and designated Health Care Security Trust (HCST) as its trustee with the Treasurer/Collector as custodian. Further, the Select Board directed the HCST to invest the OPEB trust with the [State Retiree Benefits Trust Fund](#) (SRBTF). Annually the Finance Director will review the trust for performance and conformance with the Town's investment policy and the state's prudent investor laws and report to the Town Administrator and Select Board.

### 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/Collector will regularly audit the group insurance and retiree rolls and terminate any participants found to be ineligible based on work hours, active Medicare status, or other factors.

### D. OPEB Funding Strategies

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

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

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

### **REFERENCES**

[M.G.L. c. 32B, § 20](#) and [20A](#)

[M.G.L. c. 44, § 54](#) and [55](#)

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

SRBTF: [\*Investment Agreement Among The SRBT Fund Board and the OPEB Fund Trustees and the Governmental Unit\*](#)

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

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

### **EFFECTIVE DATE**

This policy was adopted on [date].

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## PROCUREMENT CONFLICT OF INTEREST

### PURPOSE

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

### APPLICABILITY

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

### POLICY

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

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

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

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

The departmental purchasing employee must:

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

The Town Administrator must:

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

#### B. Conflict of Interest in Procurement

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

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

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

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

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

#### C. Disclosure and Review

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

notify the Finance Director, who will verify the availability of funds before any order is placed with a vendor.

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

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

The departmental purchasing employee must:

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

The Town Administrator must:

1. Review the submitted forms for potential conflicts of interest.
2. Discuss any potential conflicts of interest with 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.
5. Notify the Finance Director of the review results.

#### D. Compliance Reviews

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

#### **REFERENCES**

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

[M.G.L. c. 41, § 57](#)

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

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].



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## 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 Brewster's financial records.

### APPLICABILITY

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

### POLICY

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

### POLICY

On a monthly basis, the Treasurer/Collector and department heads who manage special revenue funds will internally reconcile their respective accounting records and subsequently reconcile them with the Finance Director.

#### A. Cashbook Reconciliation

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

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

#### B. Payroll Withholdings Reconciliation

Payroll withholdings include federal and state taxes, child support and other wage assignments for legal obligations, deferred compensation, optional insurances, association dues, and other employer-sponsored options, which are all itemized in separate general ledger accounts. At the

conclusion of each pay cycle, the Treasurer/Collector forwards a summary report of employee and employer withholdings to the Finance Director to be recorded in the general ledger.

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

#### C. Accounts Receivable Reconciliation

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

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

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

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

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

#### D. Special Revenue Reconciliation

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

#### E. General Ledger Reconciliation

To achieve the core objective of maintaining the general ledger's integrity, the Finance Director must regularly reconcile it with the separately maintained accounting records outlined in Sections A – D above. In addition, it is the Finance Director'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 Finance Director by the Treasurer/Collector, so that in theory, the general ledger should be in balance with the cashbook. However, errors may occur due to omitting transfers or transactions or applying them in the wrong amounts or to the wrong accounts. Whenever the Finance Director identifies a discrepancy between the general ledger and the cashbook, the following steps must be taken in conjunction with the Treasurer/Collector to determine the cause:

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

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

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

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

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

#### F. Time frames and Documentation

Employees subject to this policy will complete reconciliations of their internal accounting records early each month so that subsequent reconciliations to the general ledger take place no later than

[the 15<sup>th</sup>] of the month following the one being reconciled. At each quarter-ending month, the Finance Director will extend the cash reconciliation process to individually reconcile every general ledger account that directly corresponds to a specific bank account (e.g., stabilization funds, trust funds, guarantee bond deposits).

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

#### G. Audit

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

#### **REFERENCES**

Brewster Revenue Turnover policy

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

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

#### **EFFECTIVE DATE**

This policy was adopted on [date].

## REVENUE TURNOVER

### PURPOSE

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

### APPLICABILITY

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

### POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. The Town Administrator will ensure that surety bonds are maintained for all individuals responsible for handling payments to indemnify the Town from potential loss or theft. Each department will turn over at least weekly and must do so by the end of the day when receipts total [\$200] or more. At month-end, departmental staff will turn over all revenues no later than [11:00 am] on the last business day of the month. All cash management activity is subject to review by the Finance Director and independent auditor.

#### A. Receiving Payments

The Treasurer/Collector staff and all employees in other departments who are authorized to receive payments will use prenumbered receipt books to issue receipts to all individuals making payments in person, regardless of whether the payers attempt to refuse them. They will also identify the forms of payment (check, cash or credit card) in the receipt books and immediately endorse every check with "For Deposit Only" using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cashbox or safe until completing a turnover to the Treasurer/Collector.

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

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

#### B. Turning Over Revenues

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

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

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

The head of every department that receives payments will review the Finance Director'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 Finance Director.

#### C. Receiving Turnovers

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

Within 24 hours of receiving the turnover, Treasurer/Collector staff will record the deposit in the Excel log. At the close of business each day, the Treasurer/Collector will review the log, turnover documents, and receipts, update the cashbook, and create a deposit package. No less than [daily] the revenues will be deposited at the bank. Until the deposit is completed, Treasurer/Collector staff will ensure that all receipts are secured at all times, either in a cash drawer, or, if being held overnight, in a safe.

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

#### D. Insufficient Funds

Upon notification from the bank of an insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT), the Treasurer/Collector will enter a negative deposit to the original revenue

account and notify the department responsible for the turnover. The Treasurer/Collector will also make a reversal entry in the cashbook, assigning it to the appropriate bank account.

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

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

#### E. Reconciliation

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

#### F. Audit

All cash management activity is subject to review by the Finance Director and the Town's independent auditor.

#### **REFERENCES**

[M.G.L. c. 41, § 35](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 44, § 69](#)

[M.G.L. c. 60, § 57A](#)

Brewster Reconciliations policy

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 liability posed by uncashed checks and its negative impact on cash position certainty, this policy sets guidelines for the timely resolution of tailings.

A tailing refers to a disbursed but uncashed check, which 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. Tailings constitute unclaimed property under M.G.L. c. 200A. Having accepted M.G.L. c. 200A § 9A, the Town can expedite the tailing resolution process and prevent the eventual escheatment of the funds to the State Treasurer, as otherwise required. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

### APPLICABILITY

This policy applies to the Treasurer/Collector, Finance Director, and all department heads.

### POLICY

In accordance with § 9A and the Town's Disbursements policy, every check issued by the Treasurer/Collector will have imprinted on its face: "Void if not cashed within one year of issuance." On a monthly basis, the Treasurer/Collector will identify all uncashed checks older than 30 days and attempt to resolve them using the procedures outlined below. Furthermore, at the start of each calendar year, the Treasurer/Collector and Finance Director will work together to resolve accumulated tailings, either by prompting the actual pay out or through escheatment to the Town.

### PROCEDURES

#### A. Monthly Review

Once a month, as part of the bank reconciliation, the Treasurer/Collector will identify all the uncashed checks in the bank statements and enter them into a log of outstanding checks. The Treasurer/Collector will then determine which checks in the cumulative log are outstanding 30 days or more after issuance. The Treasurer/Collector will email the department head associated with each such check to follow up with the employee or vendor 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 notifying the departments, the Treasurer/Collector will send an uncashed check notice to each payee at his or her last known address.

Also once a month, the Treasurer/Collector will identify all checks that are uncashed more than one year after issuance and notify the bank to stop payment on them. After this point, the checks may still be claimed by the payees but will require reissuance. The Treasurer/Collector will provide a report of the stop-paid checks to the Finance Director, who will then record the funds as abandoned property liability in the general ledger.

#### B. Yearly Review



In the month of [January] each year, the Treasurer/Collector will review the accumulated inventory of stop-paid tailings and do the following:

1. List the unclaimed checks 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 and deemed abandoned." Along with payee names, this notice will detail the process to claim funds and set a deadline for making a claim 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 a notice of the checks in the [Cape Codder] newspaper. This notice will be in the same form as the website posting and state a new claim deadline not less than 60 days after the publication date.
3. After 60 days lapse from the newspaper publication, send a notice of all unclaimed funds under \$100 to the Finance Director. For those \$100 or greater, publish a second notice in the [newspaper] with the same language as the previous except that it provides 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 the checks and notify the Finance Director of all those that are still unclaimed at that time.

C. Escheatment

Upon receipt of either notice from the Treasurer/Collector described in Section B above, the Finance Director will escheat the listed funds. This involves reversing the abandoned property liability and recognizing the funds as revenue.

D. Check Claiming

At any point prior to escheatment, if a payee contacts the Treasurer/Collector to claim a check, the Treasurer/Collector will review the claim for validity and timeliness. If deemed appropriate, the Treasurer/Collector shall submit the claimed amount to the Finance Director for inclusion on the next disbursement warrant.

E. Audit

All activity related to tailings is subject to audit by the Finance Director and independent auditor.

**REFERENCES**

[M.G.L. c. 200A, § 9A](#)

Brewster policies on Disbursements and Reconciliations

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

**EFFECTIVE DATE**

This policy was adopted on [date].

## TAX ENFORCEMENT

### PURPOSE

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

### APPLICABILITY

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

### POLICY

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

#### A. Demands

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

#### B. Tax Taking

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

The Treasurer/Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by [September 1] the Treasurer/Collector will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places. The Treasurer/Collector will publish

notices in the Cape Codder newspaper and post the newspaper notice on bulletin boards at town hall, the library, and the post office. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

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

#### C. Subsequent Taxes

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

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

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

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

#### E. Tax Title Payment Agreements

***This section is subject to the adoption of a tax title payment agreement bylaw, [M.G.L. c. 60, § 62A](#).***<sup>7</sup>

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

- *Signed agreement between the Treasurer/Collector and taxpayer*
- *Upfront payment of at least 25 percent of the full balance owed*
- *Specific amount to be paid each month*
- *Incorporation of payments for the current tax bill*

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<sup>7</sup> Specific town meeting action will be required before Brewster may adopt the Tax Enforcement policy as it is presented because it refers to tax title payment agreements, which per [M.G.L. c. 60, § 62A](#) require a bylaw for implementation.

- *Agreement term not exceeding five years*
- *Statement that defaulting on the agreement will immediately trigger foreclosure action by the Town*

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

#### F. Redemption or Foreclosure

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

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

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

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

#### **REFERENCES**

[M.G.L. c. 60, § 6](#)

[M.G.L. c. 60, § 16](#)

[M.G.L. c. 60, § 50](#)

[M.G.L. c. 60, § 53](#)

[M.G.L. c. 60, § 54](#)

[M.G.L. c. 40, § 57](#)

[M.G.L. c. 60, § 61](#)

[M.G.L. c. 60, § 62](#)

[M.G.L. c. 60, § 62A](#)

[M.G.L. c. 60, § 63](#)

[M.G.L. c. 60, § 76](#)

[M.G.L. c. 60, § 77](#)

[M.G.L. c. 60, § 79](#)

[M.G.L. c. 60, § 80](#)

Brewster Bylaws: [Chapter 122 Licenses and Permits: Article I Denial, Revocation and Suspension](#)

DLS Best Practice: [Enforcing Collections](#)

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

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

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

**EFFECTIVE DATE**

This policy was adopted on [date].

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## TAX RECAPITULATION

### PURPOSE

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

### APPLICABILITY

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

### BACKGROUND

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

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

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

### POLICY

At the Town Administrator’s direction, Brewster’s financial team will annually complete the tax recap process no later than [September 1]. The Treasurer/Collector will provide the tax bill file to the print vendor by [September 10] and mail the first half tax bills by October 31. The Town Administrator will develop a realistic plan and timetable to meet these deadlines and keep the Select Board apprised of progress.

#### A. Preparation and Town Meeting

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

- The Select Board, 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).

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

Whereas the budget is typically adopted at the spring town meeting, all appropriations and borrowings approved at this and any other town meetings 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 Finance Director 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 Finance Director are in agreement on the summarized appropriation totals by revenue category, the Town Clerk will enter the amounts into the DLS Gateway system (page 4 of the tax recap).
- From the certified town meeting authorizations, the Finance Director will complete the following Gateway forms:
  - community preservation fund estimated revenues and appropriations (Form A-4)
  - free cash used (Form B-1)
  - available funds used (Form B-2)
- When applicable, the Treasurer/Collector will prepare the debt exclusion report, including any use of reserved bond premiums (Form DE-1), and report any reserved bond premium amounts used as funding sources (Form B-2).

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

Within [two weeks] of closing the books for the fiscal year, the Finance Director 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)
- Enter the actual community preservation fund revenues for the prior fiscal year (Form A-4)

#### D. Property Value Certification

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

- Complete the property sales report (Form LA-3) for all sales over \$1,000 and submit it to DLS for approval.
- Analyze market conditions and set final property values in compliance with DLS certification standards.
- Report the total assessed 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).
- Update any prior-year omitted and revised assessments that included growth (Form LA-13A, which is transferred to the Levy Limit Worksheet).

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

#### E. Tax Rate Setting

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

- The Deputy Assessor and Finance Director 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 through the Deputy Assessor, is responsible for submitting all forms and supporting documents to DLS for tax rate approval. To do this:

- The Deputy Assessor and Finance Director will review all schedules, verify signatures, and verify that all proper documents are attached.



- The Finance Director will ensure that all budget authorizations are represented and clearly reconcile to the amounts reported in the tax recap schedules.

**REFERENCES**

[M.G.L. c. 40, § 56](#)

[M.G.L. c 40A, § 11](#)

[M.G.L. c 41, § 115A](#)

[M.G.L. c. 59 § 5C](#)

[M.G.L. c. 59, § 21C](#)

[M.G.L. c. 59, § 25](#)

Brewster policies on Forecasting, Indirect Cost Allocation, and Year-end Closing

DLS Informational Guideline Release 2018-01: [Fiscal Year 2019 Tax Semi-annual 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].

## YEAR-END CLOSING

### PURPOSE

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

### APPLICABILITY

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

### POLICY

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

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

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

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

#### B. Year-end Encumbrances

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

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

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

As of March 1, the Finance Director 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 Finance Director will notify the Treasurer/Collector to initiate a short-term borrowing in an amount sufficient to cover the deficit no later than June 30.
- If debt had not been authorized, the Finance Director will refer the shortfall to the Town Administrator to either submit it for a debt authorization or appropriation from available funds by town meeting or for a line-item transfer by the Select Board and Finance Committee (see section D below).

By June 15, the Finance Director 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 Finance Director an asset update report with notes confirming the existing data, making additions, and/or noting appropriate deletions, along with narrative explanations. The Finance Director will update the Town's capital asset inventory based on the returned information.

D. Year-end Transfers

The Finance Director 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 by majority votes.

E. Closing the Books

No later than August 31, the Finance Director will do the following to close the books:

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

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

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

## Finance Director:

- |  |              |
|--|--------------|
| ▪ Snow and ice data sheet  | September 15 |
| ▪ Community preservation surcharge report (CP-1)<br>(with the Deputy Assessor) | September 15 |
| ▪ Combined balance sheet and supporting documents                              | September 30 |
| ▪ Schedule A   | October 31   |
| ▪ Community preservation fund report (CP-2)                                    | October 31   |

## Finance Director and Treasurer/Collector:

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

**REFERENCES**

[M.G.L. c. 44, § 33B](#)

[M.G.L. c. 64, § 64](#)

[M.G.L. c. 59, § 5](#)

Brewster policies on Tax Enforcement, Grants Management, and Reconciliations

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

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

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

**EFFECTIVE DATE**

The policy was adopted on [date].

# APPENDIX



## POLICY LOG

Policy	Adopted	Last Reviewed	Amended
Antifraud			
Capital Planning			
Debt Management			
Disbursements			
Employee Reimbursement			
Financial Management Team			
Financial Reserves			
Forecasting			
Grants Management			
Indirect Cost Allocation			
Investments			
OPEB Liability			
Procurement Conflict of Interest			
Reconciliations			
Revenue Turnover			
Tailings			
Tax Enforcement			
Tax Recapitulation			
Year-end Closing			

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## MUNICIPAL CALENDAR

### Abbreviations Defined

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<b>DLS</b>	Division of Local Services
<b>BLA</b>	DLS Bureau of Local Assessment
<b>BOA</b>	DLS Bureau of Accounts
<b>CPA</b>	Community Preservation Act
<b>DESE</b>	Department of Elementary and Secondary Education
<b>EQV</b>	Equalized Valuation
<b>NSS</b>	Net School Spending

### July

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1	Assessors and Accountant	<b>Begin Compiling Data for the Tax Rate Recapitulation Sheet (the recap)</b>
15	Accountant and Treasurer	<b>Deadline to Process all Prior-Year Unencumbered Expenditures</b> Per <a href="#">M.G.L. c. 44, § 56</a> , this is the deadline to record and pay all unencumbered expenditures incurred as of June 30.
15	Pipeline Company; Telephone / Telegraph Co.	<b>Deadline for a Pipeline Company or a Telephone/Telegraph Company to Appeal the Commissioner's Valuations</b>
20	BLA	<b>Notification of Changes in Proposed EQVs (even years only)</b>

### August

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1	Taxpayer	<b>Deadline for Submitting Annual Boat Excise Return</b>
10	Assessors	<b>Deadline for Appealing EQVs to the Appellate Tax Board (even years only)</b>
31	Accountant	<b>Close Prior-Year Books by this Date</b>

### September

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1	Accountant	<b>Submit CPA Fund Balance Report (recommended date)</b> After closing the fiscal year and before the October 31 deadline, the Accountant submits this report (Form CP-2) in Gateway and notifies the Community Preservation Committee. CPA fund balances may be appropriated any time after this submittal until the close of the fiscal year.
1	Select Board and Assessors	<b>Hold Classification Hearing (recommended date)</b> At this public hearing, the Select Board decides whether to apply uniform or different tax rates to the various classes of real and personal property



after considering information presented by the Assessors.

- |    |  |   |
|----|--|---|
| 10 | Assessors                              | <b>Submit Tax Recap and all Schedules to BOA</b>  |
| 15 | Accountant                             | <b>Submit Snow &amp; Ice Data Sheet</b>   |
| 15 | Assessors                              | <b>Submit Property Sales Report (recommended date)</b>  |
| 15 | Accountant and Assessors               | <b>Jointly Submit CPA Surcharge Report (CP-1)</b><br>This is the deadline to submit the CP-1 Form in Gateway in order to receive matching funds from the State Treasurer's distribution on November 15.   |
| 15 | CPA Committee                          | <b>Submit CPA Projects Report (CP-3)</b><br>This is the deadline to enter new CPA projects and update existing ones in the MassGIS CPA projects database in order to receive matching funds from the State Treasurer's distribution on November 15.   |
| 30 | Accountant and Treasurer/<br>Collector | <b>Submit Balance Sheet and other Reports for Free Cash Certification</b><br>The Accountant and Treasurer/Collector coordinate to submit a balance sheet to BOA, along with: <ul style="list-style-type: none"> <li>▪ Statement of Indebtedness</li> <li>▪ Treasurer's Year-end Cash Report</li> <li>▪ Cash Reconciliation Form</li> <li>▪ Schedule of Outstanding Receivables</li> </ul> |

## October

- |    |                         |   |
|----|-------------------------|---|
| 1  | Treasurer/<br>Collector | <b>Mail 1<sup>st</sup> Half Semiannual Tax Bills</b><br>The Treasurer/Collector mails actual bills for the first half of the fiscal year by this date.  |
| 1  | Taxpayer                | <b>Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land</b><br>Under <a href="#">M.G.L. c. 61A, §§ 6 and 8</a> and <a href="#">c. 61B, §§ 3 and 5</a> , this is the deadline to apply to the Assessors to have land valued, taxed, and classified as agricultural/horticultural or recreational land in the next fiscal year. Taxpayers who miss this deadline have until 30 days after the mailing of the actual tax bills to apply to the Assessors. |
| 1  | Taxpayer                | <b>Deadline for Submitting Forest Land Certification and Management Plan</b><br>As set by <a href="#">M.G.L. c. 61, § 2</a> , this is the deadline to submit to the Assessors the State Forester's certification and approved management plan to have land classified as forest land for 10 years beginning in the next fiscal year.  |
| 15 | Assessors               | <b>Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA (recommended date)</b>  |

- |    |            |   |
|----|------------|---|
| 31 | Accountant | <b>Deadline to Submit the CPA Fund Balance Report (Form CP-2)</b><br>[See September 1.] |
|----|------------|---|

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## November

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|----|------------|---|
| 1  | Taxpayer   | <b>Semiannual Tax Bills - Deadline for First Payment</b><br>Per <a href="#">M.G.L. c. 59, §§ 23D and 57</a> , this is the deadline to pay the first tax payment tax payment without interest for tax bills mailed by October 1. If the bills were mailed after October 1, the deadline is 30 days after the mailing date. |
| 1  | Taxpayer   | <b>Semiannual Tax Bills – Deadline for Property Tax Abatement Application</b><br>Per <a href="#">M.G.L. c. 59, § 59</a> , applications for abatement are due on the same date as the first tax installment for the year.  |
| 30 | Accountant | <b>Submit Schedule A to BOA</b><br>Failure to file Schedule A by this date may result in the withholding or forfeiture of state aid.  |

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## December

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| 31 | Water Commissioners | <b>Deadline for Betterments to be included on Next Year’s Tax Bill</b> ( <a href="#">M.G.L. c. 80, § 13</a> and <a href="#">c. 40, § 42I</a> ) |
| 31 | Assessors           | <b>Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners</b>   |

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## January

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| 31 | Pipeline Company | <b>Deadline for Pipeline Company to File Form of List with BLA</b> |
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## February

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## March

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|---|---------------------------|---|
| 1 | Personal Property Owner   | <b>Deadline to Submit Personal Property Form of List</b><br>The Assessors may extend this deadline to a date no later than the date abatement applications are due.                 |
| 1 | Telephone / Telegraph Co. | <b>Deadline for Telephone / Telegraph Company to File Form of List</b><br>BLA may extend this deadline to a date no later than April 1.   |
| 1 | Charitable Organization   | <b>Deadline to Apply for Property Tax Exemption using Form 3ABC</b><br>The Assessors may extend this deadline to a date no later than the date that abatement applications are due. |

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| 1 | Select Board | <p><b>Request Determination of Overlay Surplus (recommended date)</b><br/>         Within 10 days of this request, the Assessors must determine if a surplus exists, and if so, vote to certify the surplus amount and notify the Accountant of the vote so that the amount can be transferred to the overlay surplus account.</p> |
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## April

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| 1 | Treasurer/<br>Collector | <p><b>Mail 2<sup>nd</sup> Half Semiannual Tax Bills</b><br/>         The Treasurer/Collector mails the 2<sup>nd</sup> half tax bills by this date.</p>   |
| 1 | Taxpayer                | <p><b>Deadline to Apply for Property Tax Exemptions for Persons, Residential Exemptions, and Small Commercial Exemptions</b><br/>         This is the deadline to apply to the Assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have three months from the mailing date to file exemption applications.</p> |
|   | Constable               | <p><b>Post Warrants for Annual Town Meeting</b><br/>         Per Town bylaws, Chapter 48, Article II, the Town posts the warrant in at least five public places in different parts of Town.</p>  |

## May

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| First<br>Monday  | Town Meeting                             | <p><b>Annual Town Meeting</b><br/>         Per Town bylaws, Chapter 48, Article I, Brewster holds its annual town meeting on the first Monday in May.</p>  |
| 1                | Taxpayer                                 | <p><b>Deadline to pay 2<sup>nd</sup> Half Tax Bill without Interest</b></p>  |
| 1                | Accountant or<br>Treasurer/<br>Collector | <p><b>Notification of Amount of Debt Due in Next Fiscal Year</b><br/>         As required by <a href="#">M.G.L. c. 44, § 16</a>, the Accountant or Treasurer/Collector must notify the Assessors of all debt due in the next fiscal year.</p>  |
| 15               | Town Clerk                               | <p><b>Certify Appropriations</b><br/>         The Town Clerk should certify appropriations as soon as possible after town meeting (and no later than July 1, <a href="#">M.G.L. c. 41, § 15A</a>) so that the Finance Director can set up accounts for every department for the forthcoming fiscal year.</p>                 |
| Third<br>Tuesday | Town Clerk and<br>Registered Voters      | <p><b>Annual Town Election</b><br/>         Per Town bylaws, Chapter 48, Article I, Brewster holds its annual election of town officers on the third Tuesday in May, unless the third Tuesday is less than 2 weeks after the first Monday (annual town meeting), then the election is held on the fourth Tuesday in May.</p> |

## June

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| 1 | Assessors | <p><b>Notification of State-owned Land Valuations (even years only)</b></p> |
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| 1  | Assessors | <p><b>Determine Valuation of Other Municipal or District Land and Notify Owner(s)</b></p> <p>In any community where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send the property owner a notice of the valuation in the year following a revaluation year.</p>   |
| 1  | BLA       | <p><b>Notification of Proposed EQVs (even years only)</b></p>  |
| 10 | BLA       | <p><b>Conclude Public Hearings on Proposed EQVs (even years only)</b></p>  |
| 15 | BLA       | <p><b>Determine and Certify Pipeline and Telephone/Telegraph Valuations</b></p>  |
| 20 | Assessors | <p><b>Final Date to Make Omitted or Revised Assessments</b></p> <p>As required by <a href="#">M.G.L. c. 59, §§ 75</a> and <a href="#">76</a>, if any property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's duty to fix the mistake and assess the property correctly. The new assessment must be made by June 20 of the taxable year or by the 90th day after the date the tax bills are mailed, whichever is later.</p>           |
| 30 | Assessors | <p><b>Submit Annual Report of Omitted or Revised Assessments to BLA</b></p>  |
| 30 | Taxpayer  | <p><b>Deadline to Apply to Have Land Classified as Forest Land</b></p> <p>Per <a href="#">M.G.L. c. 61, § 2</a>, this is the deadline to apply to the State Forester to have land certified as forest land.</p>  |
| 30 | Assessors | <p><b>Deadline to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of <a href="#">M.G.L. c. 59, § 5</a></b></p> <p>Assessors have until this date to submit a request to the DLS Databank for state reimbursement to offset the tax revenue lost from granted statutory exemptions. The state partially reimburses for these via the cherry sheet. If actual tax bills were mailed late, the submission deadline is extended to August 20.</p> |

## Additional Information

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<b>Cherry Sheet Estimates</b>	Beginning with the Governor’s budget proposal in January and at subsequent stages in the state’s budget development, the DLS Databank posts on its <a href="#">website</a> estimates of 1) local reimbursement and assistance program appropriations and 2) state and county assessments and charges for the forthcoming year.
<b>Estimated and Finalized NSS Requirements</b>	In January, DESE notifies school districts of NSS estimates for the forthcoming year based on the Governor’s budget proposal. DESE notifies districts of the final NSS requirements in July. Both notices are posted on DESE’s <a href="#">website</a> .
<b>Local Aid Distributions</b>	The Office of the State Treasurer distributes local aid to communities on the last calendar day each month and posts the data on its <a href="#">website</a> .
<b>Due Date Exceptions</b>	<p>According to <a href="#">M.G.L. c. 4, § 9</a>, if the date for any statutory action or payment falls on a Sunday or legal holiday, that action may be performed or payment made on the next business day. This rule also applies to any actions required by or payments due on a Saturday in communities that accepted <a href="#">M.G.L. c. 41, § 110A</a> permitting public offices to remain closed on that day.</p> <p>The due dates for any local property tax payment, abatement application, or exemption application are also extended to the next business day by <a href="#">M.G.L. c. 59, §§ 57, 57C</a>, and <a href="#">59</a> when municipal offices are closed due to a weather-related or other public safety emergency.</p>

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