

Financial Management Policies for the Town of Templeton

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INTRODUCTION

In accordance with its role as the executive body, the Select Board (the “Board”) has the authority to adopt statements of policy to order its affairs and guide the administrative functions of the corporate body politic of the Town of Templeton (the “Town”).

These policies are adopted to guide the Town in ensuring the growing and continued financial health of the Town, provide the public with confidence that Town officials seriously respect their responsibility for fiscal stewardship, and to demonstrate to bond rating agencies that the Town has thoughtfully prepared for its future. They are intended to be a living tool and shall be reviewed by the Town Administrator and designated staff on an annual basis and updated as necessary. Suggested revisions shall be submitted to the Select Board for consideration and adoption with the annual budget message submitted by the Town Administrator or as needed by changes in statute or regulation.

Objectives:

The objectives of the Financial Management Policies are as follows:

- A. To guide the Town in evaluating and implementing decisions that have significant financial impact.*
- B. To set forth planning and operating principles which require that the cost of government be clearly identified, and that financial risk be minimized.*
- C. To employ balanced and fair fee and user revenue policies that provide funding for programs and services being provided - or to be provided - by the Town.*
- D. To regularly evaluate the Town’s financial capacity to meet present and future needs.*
- E. To promote credible and sound financial management by providing accurate and timely information on the Town’s financial condition to the Board and elected officials, staff, the public, and external interests.*
- F. To ensure that current and future capital needs are addressed in a comprehensive and financially-sound manner.*
- G. To promote improvement in the Town’s credit rating and provide financial resources sufficient to meet the Town’s obligations on all municipal debt and other long-term obligations.*
- H. To establish an effective system of internal controls that ensures the legal use of financial resources.*
- I. To promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.*

A. GENERAL BUDGET POLICIES

A-1 Balanced Budget

Background:

All Massachusetts municipalities are required by state law to prepare balanced annual budgets. The Government Finance Officers Association (GFOA) notes a true structurally balanced budget is one that supports financial sustainability for multiple years into the future.

Policy:

*The Select Board and the Town Administrator shall present to the Advisory Committee, for their review and recommendation(s) to Town Meeting, a balanced budget in which revenues equal or exceed expenditures. *The service offerings contained within this budget shall be proposed with sufficient and appropriate staffing, professional development, material, and equipment and facilities that are well maintained and operating within their useful life spans as is deemed necessary for a quality offering of the service addressing statutory, regulatory, safety and community expectations.* Expenditures shall be realistically budgeted and estimated revenues shall be conservatively budgeted to allow for unanticipated events. The ***balanced budget*** presented ***shall include the*** estimates and assumptions behind ***the*** revenue estimates ***utilized in preparing the proposal.***

The Town will not use budgetary procedures that balance the budget at the expense of future years, such as postponing or deferring payment of expenses already incurred, accruing future year revenues, or rolling over short-term debt to avoid making principal payments.

The Town will not balance the budget by using one-time or other nonrecurring revenues to fund ongoing expenditures, except in the event of an emergency or extraordinary or unforeseen events. If extraordinary or unforeseen events necessitate a budget in which current revenues are less than current expenditures, and which thus relies one-time revenues to balance, the Board and the Town Administrator shall provide along with the budget a plan to return to a structurally balanced budget in no more than three years.

The Town budget shall also reasonably support a financially-sound operating position by maintaining reserves for emergencies and providing sufficient liquidity to pay bills on time and avoid revenue anticipation borrowing. (See also C. Reserve Funds/Fund Balance Policies.)

References:

Massachusetts General Laws, Chapter 44, Section 31 (M.G.L. c.44, §31)

Achieving a Structurally Balanced Budget, Government Finance Officers Association Best Practice, February 2012

A-2 Submission of Budget and Budget Message

Background:

Two important principles of public budgeting are clarity and publicity. The GFOA considers it of great importance for a budget explanation to be included as a part of the legislative discussion, highlighting the key issues of importance included in the document. It is equally important to distribute this information to the general public to give them a greater understanding of the issues confronting the community.

Policy:

In presenting a proposed budget to the Select Board for their review and consideration, he shall prepare revenue projections for the upcoming fiscal year, together with the history of revenues for the past five completed fiscal years the recommended operating and capital budget for all Town departments and enterprise funds. This budget shall be presented to the Select Board in a formal public meeting for their review and consideration. The Town Administrator shall provide written documentation of budget assumptions, including a 10-year history of free cash certification, stabilization fund balance, and overlay surplus.

In accordance with the Town Bylaw (Article III, Section 4), the Town Administrator in conjunction with the Select Board shall prepare the budget proposal, which shall provide a complete financial plan of all general and enterprise funds and activities for the ensuing fiscal year, an accompanying budget message, and supporting documents. The budget message from the Town Administrator in conjunction with the Select Board shall explain the proposed budget for all Town agencies in fiscal terms and in terms of work programs. It shall outline the proposed financial policies for the Town for the ensuing fiscal year, describe the important features of the budget, indicate any major differences from the current fiscal year in financial policies, expenditures, and revenues, together with the reason(s) for such changes, summarize the Town's debt position, and include such other material as deemed desirable. The document shall:

- enumerate the Town's/BOS' goals and how the budget supports progress toward them;
- discuss short term internal/external factors impacting the budget; and
- identify mid and long-term opportunities and threats facing Town.

The Select Board shall invite the attendance of the Advisory Committee to all such presentations and workshops during which it is to give the budget proposal consideration and review.

The Town shall work toward the implementation of a budget document that meets the high standards of the Government Finance Officers Association "Distinguished Budget Presentation Award Program."

A-3 Revenue and Expenditure Forecast

Background:

The purpose of this policy is to establish a means by which the Town will forecast revenues and expenditures in accordance with established best practices. A forecast will provide decision-makers with an indication of the long-term fiscal impact of current policies and budget decisions and will allow staff, the Advisory Committee, and the Select Board to test various “what-if” scenarios and examine the fiscal impact on future budgets. Long-term financial planning, including revenue and expenditure forecasting, is one of the local government financial practices that credit rating agencies evaluate when assessing municipalities for credit quality.

Policy:

The Town shall subscribe to the following practices and procedures in implementing its Revenue and Expenditure Forecasting Policy:

a) Overview

- i. Each year the Town Administrator shall prepare and maintain a 5-year Financial Forecast for General Fund and Enterprise Fund operations.
- ii. The forecast shall include 5 years of historical data for trend analysis purposes. Conservative methods of estimation shall be used.
- iii. The Town Administrator, in cooperation with other Town departments, will review fiscal assumptions every year when the forecast is updated and will input data that is timely and accurate in preparation of the forecast.
- iv. Throughout the budget cycle, revenue and expenditure forecasts may be revisited as up-to-date information becomes available.

b) Assumptions

The forecast shall assume that:

- i. Current service levels will be maintained or adjusted to reflect the adopted policy goals of the Select Board. Any adjustments will be clearly articulated in the forecast.
- ii. There will be no changes in State or Federal law, unless those changes are already known and confirmed.
- iii. All Town policies will be followed.
- iv. Property taxes will grow at the limits of Proposition 2 ½, unless there are extraordinary circumstances.
- v. Assessments for each School District that the Town is a member of shall increase by an amount equal to the amount the Minimum Local Contributions is anticipated to increase if it were to increase by the average percentage it has increased over the past five years.
- vi. Local receipts and state aid will reflect larger economic trends.

- vii. Historical trends in the growth of specific operating expenses and employee benefits will likely continue.
- viii. Cost-of-living adjustments and compensation increases projected to be included in future contract settlements should be included.
- ix. New growth will be projected conservatively, taking into account the Town's three-year average by property class.

c) Use of the Forecast

- i. The forecast shall be used as a financial management tool to enable Town officials to review operating needs, identify fiscal challenges and opportunities, and develop long-term budgeting policies as part of an overall strategic plan. The forecast shall be designed to provide an outlook on the implications of changes in revenues and expenditures and allow for analyzing multiple scenarios. The forecast will: 1) provide insight into whether the current mix and level of resources in the General Fund are likely to continue to be sufficient to cover current service levels and capital projects; and 2) identify the resources needed to maintain required enterprise fund operations and 3) estimate the impact on rate payers. It shall also be used to demonstrate the impact of goals and objectives set by the Select Board in their annual retreat.
- ii. A preliminary forecast of revenues, including any new or increased revenue streams proposed to be adopted for the coming fiscal year and the associated assumptions, shall be made available to the Select Board by the end of October for their review, consideration and - after consultation with the Advisory Committee - action. The forecast will be updated at the time of the budget submission to reflect any substantial changes in the information available.
- iii. Unless otherwise established in the annual budget guidance sent to all Departments by the Town Administrator, after consultation with the Select Board, or unless the actual amount of the education assessment is known at the time of presenting the budget to the Select Board and Advisory Committee for their consideration, the Town Administrator shall project the education assessments in keeping with the escalator established in b. v. above.
- iv. The Select Board and the Advisory Committee shall take into consideration the results of the revenue and expenditure forecast when undertaking their budgeting duties and making decisions on long-term contracts or financial commitments.
- v. Throughout the budget cycle, revenue and expenditure forecasts may be revisited as more up-to-date information becomes available.

References:

Revenue and Expenditure Forecasting, MA DOR Division of Local Services Best Practice.

Financial Forecasting in the Budget Preparation Process, Government Finance Officers Association Best Practice, February 2014.

Financial Management Assessment, Standard and Poor's, June 2006.

A-4 Position Control/Vacancies

Background:

The largest segment of a town's budget is its personnel costs. Failure to accurately monitor the approved personnel budget can lead to errors in budgeting, over- or under-staffing, incorrect grading, and other increased personnel costs.

Policy:

The Town shall maintain a personnel system that accurately tracks authorized, filled, and unfilled positions as well as their funding source. Annual budgets shall be prepared that account for all the costs necessary to cover positions that the Town intends to have during that budget period. Prior to filling any vacancy, department heads shall review with their appointing authority the services provided by the vacant position, the continued need for such services, and possible alternative service delivery methods.

A-5 Year End Transfers

Background:

In order to provide a balanced budget towards the end of the fiscal year, the legislature has provided that the Town may transfer a sum of money from one department to another department. The intent of this policy is to have a joint meeting with the Select Board and Advisory Committee for consistency and efficiency on year end transfers.

Policy:

Massachusetts General Laws allows town transfers between departments to occur during the last two months of any fiscal year or during the first 15 days of the fiscal year to apply to the previous fiscal year, with a majority vote of the Select Board and Advisory Committee. As both bodies desire scrutiny and accountability that comes in reviewing the transfer request, it shall be the policy that these be reviewed at a joint Select Board and Advisory Committee meeting for transfers in lieu of Reserve Fund transfers during the aforementioned time period, assuming sufficient funds exists in the budget to be transferred. The Chair of the Select Board will invite the Advisory Committee to meet before the July 15th cutoff for a joint meeting of the Select Board and Advisory Committee to act upon such transfers. While there is no requirement that the transfer be unforeseen nor extraordinary, transfers like Reserve Fund transfers should not be done as replacement for Town Meeting or to "override" Town Meeting.

References:

M.G.L. c. 44 §33B

B. RESERVE FUNDS/FUND BALANCE POLICIES

Background:

Formal written policies that establish guidelines for funding and maintaining reserves can help a community sustain operations during difficult economic periods. Reserves can be used to finance unforeseen or emergency needs, to hold money for specific future purposes, or in limited instances, to serve as a revenue source for the annual budget. Reserve balances and policies can also positively impact a community's credit rating and, as a consequence, the long-term cost to fund major projects. The discussion of reserves, and the attention of credit rating agencies, is generally focused on free cash, stabilization funds, and, sometimes, overlay surplus.

B-1 Free Cash

Background:

The Division of Local Service's *Municipal Finance Glossary (May 2008)* defines Free Cash as follows:

Free Cash (Also Budgetary Fund Balance) – Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the prior year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts.

Free Cash provides a financial cushion against events such as a sudden loss of a revenue source, an economic downturn, an emergency or other unanticipated expenditure, non-recurring capital expenditures, and uneven cash flow. Free cash can serve as a source for funding capital needs or replenish other reserves. GFOA notes it is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures). The Division of Local Services (DLS) recommends that a municipality strive to generate free cash in an amount equal to 3 to 5% of its annual budget.

Policy:

The Town of Templeton will continue to avoid using free cash to fund the operating budget, except in the event of an emergency or extraordinary or unforeseen events as described in A-1 above.

The Town will endeavor to annually generate free cash of 5 percent of the prior year's omnibus operating budget.

The Town will strive to have its free cash certified in time for use at its Fall Town Meeting. Free Cash may be used for certain one-time expenditures, such as major capital projects, emergencies,

other unanticipated expenditures and deficits (i.e., snow & ice) or to replenish other reserves. Free cash shall not be depleted in any year, so that the following year's calculation will begin with a positive balance.

Upon certification of the Town's free cash, the Town Administrator shall prepare a plan of its use to guide the expenditure of free cash. The Town Administrator shall make contributions to the following funds by the percentages indicated, after subtracting unanticipated expenditures and deficits (i.e. snow & ice), subject to rounding factors, used for contributions to reserves as well as working capital and other town needs for the balance of the fiscal year, provided that it shall be available for appropriation for capital needs at the annual town meeting, as follows:

67%	Reserved for Working Capital and other town needs
10%	Transferred to the Capital Stabilization Fund
10%	Transferred to the Infrastructure Stabilization Fund
8%	Transferred to the General Stabilization Fund
5%	Transferred to the OPEB reserve.

References:

Free Cash, MA DOR Division of Local Services Best Practice.

Appropriate Level of Unrestricted Fund Balance in the General Fund, Government Finance Officers Association Best Practice, September 2015.

Reserve Policies, MA DOR Division of Local Services Best Practice.

B-2 Stabilization Funds

Background:

Under Massachusetts General Law Chapter 40 Section 5B, a municipality may establish one or more stabilization funds for different purposes and may appropriate into them in any year. Generally, a two-thirds vote of town meeting is required to establish, amend the purpose of, or appropriate money out of a stabilization fund, and a majority vote is required to appropriate money into a stabilization fund. Any interest generated by a fund must be added to and become a part of the fund.

A stabilization fund is designed to accumulate amounts for capital and other future spending purposes, although spending purposes must comply with the purpose specified in the vote to establish a special purpose stabilization fund. A general stabilization fund may be spent for any lawful purpose. The purpose of this policy is to define the parameters by which the Town funds and draws from its General and Capital Stabilization Funds. Healthy reserve balances, including stabilization fund balances, are viewed positively by credit rating agencies.

Policy:

This policy shall be administered by the Town Administrator, with the advice and input of the Town Treasurer. The Town Administrator may delegate to and seek assistance from other Town staff as needed. The Town Treasurer may invest the proceeds in accordance with State law.

B-2a General Stabilization Policy:

- i. The Town shall target a General Stabilization Fund balance of not less than eight percent (8%) of the prior year's omnibus operating budget. The Town will strive to appropriate 0.5% of the prior year's omnibus operating budget, toward the General Stabilization Fund each year until the target is reached.
- ii. The Town will endeavor to leave this balance unspent, except in the event of an emergency or extraordinary event. If it is necessary to draw down from the General Stabilization Fund, the Town shall endeavor to replenish the fund to the targeted policy goal through the appropriation of revenues such as free cash and/or one-time revenues.
- iii. The funds shall be used for lawful purposes.

B-2b Capital Stabilization Policy:

- i. The Town shall maintain a special purpose Capital Stabilization Fund that shall serve as a funding source for the Town's capital improvement plan.
- ii. The Town shall have a goal to maintain a Capital Stabilization Fund equal to two percent (2%) of the prior year's omnibus operating budget.
- iii. Each year, as pay-as-you-go capital is expended from the Fund, the Town shall endeavor to replenish the fund to the targeted policy goal. Withdrawals from the Fund will be made in accordance with any capital-related policies established by the Town.
- iv. The funds shall be used for lawful purposes.

B-2c Infrastructure Stabilization Policy:

- i. The Town shall maintain a special purpose Infrastructure Stabilization Fund that shall serve as a funding source for the Town's road improvement plan and other related infrastructure improvements including appraisals, title work, etc. for road improvements.
- ii. The Town shall have a goal to maintain an Infrastructure Stabilization Fund equal to two percent (2%) of the prior year's omnibus operating budget.
- iii. The funds shall be used for lawful purposes to improve our infrastructure.

References:

M.G.L. c. 40 §5B

M.G.L. c. 59 §21C (g)

Special Purpose Stabilization Funds, MA DOR Division of Local Services Best Practice.

B-3 Retained Earnings

Background:

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

Policy:

The Town will strive to have its retained earnings certified in time for its Fall Town Meeting. Retained earnings may be used for certain one-time expenditures, such as major capital projects, emergencies, other unanticipated expenditures, and deficits (i.e., snow & ice) or to replenish other reserves. Retained earnings shall not be depleted in any year, so that a reserve amount of at least 20% percent of the operation’s total budget, at minimum, is rolled into the next fiscal year provided however that this reserve may be significantly higher if major infrastructure improvements are necessary.

The Sewer Commission shall periodically review and, when necessary, adjust user rates to maintain the target reserve levels for the enterprise fund. The department shall report the fund balance as a percentage of its budget to the Town Administrator as a part of the annual budget request process.

References:

M.G.L. c. 44, §53F½

DLS Informational Guideline Release 08-101: *Enterprise Funds*

B-4 Overlay Estimation & Uses

Background:

To ensure the proper treatment of the overlay account, this policy sets guidelines for determining the annual overlay amount in the Town's budget and for deciding whether any overlay balance can be certified as surplus. The allowance for abatements and exemptions, commonly referred to as the overlay, is an account to offset anticipated abatements and exemptions of committed real and personal property taxes.

The Town is required to refund to the taxpayers those amounts which, after payment, are abated by application of the taxpayer or order of the Appellate Tax Board or a court of competent jurisdiction. Annually, the Town must set aside, within its levy limit, an amount to cover such anticipated refunds. As part of the annual budget and tax rate process, the assessors must analyze the balance in the overlay account and determine whether it is adequate to fund anticipated property tax abatements, exemptions, and receivables during the upcoming fiscal year, in addition to existing abatement, exemption, and receivable exposure for all previous fiscal years.

Depending upon how much was set aside and how much was paid out, there may be – from time to time – a surplus in this account which, after certification by the Board of Assessors, is available to be used by the Town for any purpose for which a town may expend funds. At the close of the fiscal year, any balance in the overlay surplus account becomes part of the free cash calculation on July 1 of the following fiscal year.

Effective November 7, 2016, the Municipal Modernization Act (Chapter 218 of the Acts of 2016) provides for a single overlay account. Previously, a municipality had to maintain separate overlay reserves for each fiscal year and could not use the surplus from one year to cover another year's deficit without a multistep process involving the assessors, accounting officer, and local legislative body. However, the Act allows all existing overlay balances to be transferred to a single account. Although this policy treats overlay as a single account, to continue historical information and facilitate reconciliations, the Town shall maintain subsidiary ledgers by levy year for overlay balances.

Policy:

The Town shall subscribe to the following practices and procedures in establishment of an amount to be set aside, the annually seeking of a certification of any surplus in the account, and the use such surplus.

If the Town receives more aid than planned, the Town shall sweep it into the overlay reserve at the time of setting the tax rate or allow it to flow into free cash at the end of the fiscal year. If the Town receives less state aid than projected at the time of setting the budget, planned, the Town shall reduce the projected overlay reserve. With proper planning, the variance is rarely dramatic.

a) Establishing an Amount to Be Set Aside

- i. The Town Administrator shall prepare the annual budget recommendation using an allowance of two and one-half percent (2.5%) of the anticipated base levy limit for the coming year and new growth revenues.
- ii. During the budget review process, this may be reduced to account for minor variations in initial budget estimates, provided that it shall not be reduced below one and one-half percent (1.5%) of the items upon which it was based at the time the budget goes to the Town Meeting for action.
- iii. At the time of submitting the Re-Cap Sheet, so-called, to the Department of Revenue for tax rate setting, the amount set aside during the final budget process shall be supplemented by any increase in state aid or other revenues substantially beyond those anticipated or decreased by reductions in such revenues.

b) Declaration of Surplus and the Use Thereof

- v. At the time of preparing the annual budget recommendation, the Town Administrator shall inquire of the Board of Assessors of the potential total surplus in the overlay account.
- vi. In submitting the recommended budget, the Town Administrator may use up to one-third ($1/3$) of said amount toward capital or similar one-time expenses.
- vii. After initial review of the recommended budget by the Select Board, and determining the Board is receptive to such expenditures, the Town Administrator shall submit a formal request to the Board of Assessors to certify such an amount rounded up to the nearest increment of \$1,000.

- viii. Upon certification such an amount will be moved to a sub-account titled Overlay Surplus and await appropriation by the Town Meeting.
- ix. At the end of the fiscal year, any amount remaining in the Overlay Surplus shall be rolled into the receipts of the general fund and become part of the application for certification of free cash.
- x. Notwithstanding the foregoing, the Select Board may, at any time, seek a certification by the Board of Assessors of the entire amount of the surplus in the overlay account.

References:

M.G.L. c. 59 §25

DLS Informational Guideline Release 16-104: Overlay and Overlay Surplus
Chapter 218 of the Acts of 2016

B-5 Advisory Committee Reserve Estimation & Uses

Background:

In order to provide flexibility to meet extraordinary or unforeseen expenditures that arise during the course of the fiscal year, the legislature has provided that the Town may appropriate a sum of money into a reserve fund. The reserve is re-established with the commencement of each fiscal year. The Town may appropriate up to five per cent of the levy of the fiscal year preceding the fiscal year for which the fund is established. The fund shall be under the care and custody of the Advisory Committee which may vote transfers from the fund to a Department budget or special item article (e.g. capital).

Policy:

The Town has made varying appropriations to the reserve fund over the course of each fiscal year. This policy is to codify what the target amount of such a fund shall be established and how that amount shall be provided for in the annual operating budget proposed to the Town Meeting. As of the date of adoption of this policy, the FY '19 reserve fund of \$35,750 admittedly falls below the target level it proposes to establish. Reaching the target level must therefore be viewed as aspirational with success measured by closing the gap over time.

a) Establishing an Amount to Be Set Aside

- i. The Town Administrator shall prepare the recommended target budget for the reserve for the upcoming year by multiplying the total general fund operating budget for the current fiscal year, exclusive of the amounts budgeted for debt, payments to the Worcester Regional Retirement System, and the reserve itself, by a minimum of .75%. That amount will then be reduced to the next lower increment of \$2,500.
- ii. The budget shall include a historic comparison of the amount appropriated by fiscal year and the amount transferred to meet extraordinary or unforeseen expenditures such that trends and the need to make any adjustment to the foregoing target are more readily apparent

References:

MGL Ch. 40 §6

C. CAPITAL IMPROVEMENT PLAN AND POLICIES**Background:**

Planning, budgeting, and financing for the replacement, repair, and acquisition of capital assets is a critical component of any municipality's budget and operation. Prudent planning and funding of capital assets ensures that a municipality can provide quality public services in a financially-sound manner. It is recognized that a balance must be maintained between operating and capital budgets so as to meet the needs of both to the maximum extent possible. A Capital Improvement Program (CIP) is the mechanism that a municipality uses to identify projects, prioritize funding, and create a long-term financial plan that can be achieved within the limitations of the budget environment.

Long-term capital planning is one of the local government financial practices that credit rating agencies evaluate when assessing municipalities for credit quality.

References:

Financial Management Assessment, Standard and Poor's, June 2006.

C-1 Capital Improvement Plan Budget**Policy:**

The Town shall comply with Article XLII of the Town's Bylaws as it relates to the capital planning process.

C-2 Capital Improvement Financing**Policy:**

The Templeton capital improvement program shall be prepared and financed in accordance with the following policies:

- Outside Funding – State, federal, or private grant funding shall be pursued and used to finance the capital budget wherever possible. (See Section D. Grants Management Policies.)
- Local Funding – The first source of capital investment shall be the Capital Stabilization Fund. Even when a significant balance exists in this account, the Town will be conservative about the amount of borrowing to be done with the capital stabilization fund as the funding source so as not to over-leverage the fund. The Town will then use modest amounts from the capital stabilization or other reserves such as free cash above target levels to fund pay-as-you go capital needs.

- Debt-Financing/Borrowing -

- The term of borrowing for a capital project shall not exceed the asset's estimated useful life.
- The Town will attempt to maintain a long-term debt schedule such that at least 50% of its outstanding principal will be paid within 10 years.
- The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines, and penalties to the federal government, and jeopardizing the debt issuance's tax-exempt status.
- The Town will maintain good communications with bond rating agencies, bond counsel, banks, financial advisors, and others involved in debt issuance and management.
- The Town will 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.

References:

M.G.L. c. 44 §7 and 8

C-3 Capital Improvement Planning Process

Background:

Article XLII of the Town's Bylaws guides the Town's capital improvement planning process. The below policy reiterates the guidelines established in the Bylaw and provides additional detail for participants in the planning process. Where conflicts may exist, Article XLII shall govern.

Policy C-3:

The Bylaw defines capital expenditures as those where proposed asset or project has a useful life of 5 years or more and exceeds \$10,000 in cost. Items which may have a lower cost but - when bought in bulk as part of a program – are considered a capital expenditure if the cost is to be more than \$10,000. Further, by this policy, if a capital asset or project is typically purchased or undertaken on an ongoing basis (such as the replacement of cruisers, fire safety gear, or technology) the Town may include such expenditures in the operating budget provided the expenditure is reflected in the Capital Plan itself.

In accordance with the Town Bylaw, a Capital Planning Committee (CPC) shall be formed to accomplish the capital planning process. All officers, boards, commissions, and committees shall, during the capital planning review process, submit to the CPC information concerning all anticipated capital projects and purchases, on forms designed by the CPC for that purpose. By this policy, the CPC shall provide said forms to all officers, boards, commissions, committees, department directors, and other involved staff no later than September 30th of each year. The CPC shall meet with department directors, officers, boards, commissions, committees, and other involved staff regarding their capital requests during the departments' budget development meetings.

Per Town Bylaw, with the information it receives, the CPC shall prepare a five-year Capital Improvement Plan (CIP). By this policy, capital projects and purchases shall be prioritized based upon importance in terms of (a) public safety, code compliance and worker safety, (b) preservation of property and programs and avoidance of deferred maintenance costs, (c) reduction in operational costs, and (d) offering of new programs all with an eye toward maximizing grant opportunities and minimizing the use of local tax levy. The CPC shall prepare an annual capital plan, including the costs thereof, and make recommendations to the Select Board on capital items which should be funded. The capital budget shall be included on the Annual Town Meeting warrant, per Town Bylaw. By this policy, the Town Administrator will include a funding plan of the capital improvement budget with development of the operating budget, taking into account the projected impacts of capital projects and purchases on the operating budget.

Per Town Bylaw, the Committee's report and the Select Board's recommended capital budget shall be made available to the Advisory Board for review and inclusion in the annual recommendations of the Advisory Board.

Except as required by extraordinary circumstances or an unforeseen opportunity, all approved capital projects must be part of the annual adopted Capital Improvement Plan as required by the Town Bylaw.

Additional capital-related policies are identified below:

- Federal, state, or private grants or loans shall be used to finance only those capital improvements that are consistent with the Town's capital improvement plan and priorities, and for which operating, and maintenance costs have been included in operating budget forecasts.
- All capital assets shall be maintained at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs.
- Equipment replacement and building repair needs shall be projected for the next 5 years and will be updated each year. From this projection, a maintenance and replacement schedule will be developed and followed.
- As appropriate, the Town Administrator shall also incorporate the CIP's projected operating budget impacts into the Town's revenue and expenditure forecasts.

References:

Town of Templeton Bylaw (Article XLII)

D. POLICIES REGARDING GRANTS & GIFTS OF FUNDS OR TANGIBLE PROPERTY

Background:

Grants can be a useful tool for municipalities as they seek to deliver necessary services in a fiscally responsible manner. However, grant awards may raise policy questions and impose administrative requirements that should be fully understood.

DLS recommends analyzing current and future impact of grants on operating budget, capital improvement program, and debt management.

The Government Finance Officers Association recommends that governments establish processes to promote awareness throughout the government that grants normally come with significant requirements.

D-1 Grant Application & Acceptance**Policy:**

The Town shall consistently seek to maximize the benefits of grants while minimizing their risks. Prior to acceptance of a grant award, the Town shall consider any specialized requirement(s) that apply to the general operations of the grant, specific compliance rules, monitoring of other parties (e.g., sub-grantees) that may receive resources from the grant, specialized reporting requirements, and any long-term commitments required by the grant, such as the requirement - either as a condition of the grant itself or politically - to financially maintain a program or asset after the expiration of the grant, among other considerations. All Town officials applying for grants shall inform the Town Administrator of applications in progress. Submitting an application for a grant less than \$5,000 shall require the approval of the Town Administrator. Submitting an application for a grant greater than \$5,000 shall require the approval of the Select Board. All Town officials receiving grants shall inform the Town Administrator of grants awarded to the Town. The Town Administrator shall keep the Select Board informed regarding grant applications in progress and grants awarded to the Town.

The Town shall ensure that it appropriately administers grants after their acceptance, as inappropriate administration can result in the failure to meet all grant requirements, potentially resulting in the need to return some or all of the resources to the grantor.

D-2 Impact on Operating Budget**Policy:**

When positions are funded by grants, the current and future impact on the operating budget shall be analyzed. When allowable, the cost for providing benefits, such as health insurance, should be included in the grant budget to cover the Town's cost for providing that benefit.

In all cases where some costs are not covered (e.g., personnel-related benefit costs or indirect costs), those costs should be clearly disclosed prior to the determination to accept the grant. With

such disclosure, a proposed plan to cover such unreimbursed costs shall also be presented at the same time for concurrent approval.

D-3 Impact on Capital Improvement Program and Debt Management

Policy:

When grants are accepted for capital purposes, the Town shall include in its capital improvement program any share of costs associated with the grant and project the Town's share of debt service in its debt management plan. Any future increase or decrease in operating costs associated with the grant should be identified in the Town's revenue and expenditure forecast.

References:

Administering Grants Effectively, Government Finance Officers Association Best Practice, May 2013.

E. POLICIES REGARDING ESTABLISHMENT OF FEES

E-1 Fees and Charges

Background:

The Government Finance Officers Association recommends that when certain services provided especially benefit a particular group (e.g., an individual seeking a permit or license), governments should consider imposing charges and fees on the service recipients. Well-designed charges and fees not only reduce the need for additional revenue sources but promote service efficiency. Regular and consistent review of all fees is necessary to ensure the costs associated with the delivery of specific services have been appropriately identified and that a municipality is collecting reasonable charges.

The Division of Local Services recommends communities adopt written policies for setting charges and fees. A policy should identify what factors are to be taken into account when pricing services. It should also state whether the community intends to recover the full cost of providing the service or benefit and under what circumstances a charge or fee is set at less-than-full recovery (e.g., debt exclusion or other subsidy). Such a policy and the fee structure should be reviewed at least once every five years and whenever relevant statutes change to ensure they remain current, and both should be communicated with the public clearly and openly. These reviews shall be done on a rolling basis to be established by the Town Administrator and generally submitted to the Board for review and consideration as part of the annual budget process.

Policy:

Town fees and charges shall be reviewed at least every five years in relation to the cost of providing the service. The Town Administrator or designated staff will compare rates with nearby and/or comparable communities to determine if the fees established are competitive. The Town may

decide against full cost recovery where greater public benefit is demonstrated. Exceptions to full recovery costs include cases where the fee maximums are established by the General Laws of Massachusetts (MGL) or where a policy decision has been made otherwise.

In such cases when fees do not cover costs and fees cannot be reasonably raised, the Town may explore other options for the delivery of the services.

References:

M.G.L. c.140

Emerson College v. Boston, 391 Mass. 415 (1984).

Costing Municipal Services: Workbook and Case Study, MA DOR Division of Local Services' workbook.

Establishing Government Charges and Fees, Government Finance Officers Association Best Practice, February 2014

Division of Local Services, A Guide to Financial Management for Town Officials, p. 20-21.

F. UNFUNDED LIABILITIES POLICIES

Background:

Defined as “the actuarial calculation of the value of future benefits payable less the net assets of the fund at a given balance date,” unfunded liabilities represent a significant financial obligation for all levels of government across the country. In Templeton and other Massachusetts municipalities, the two primary unfunded liabilities are for Pensions and Other Post-Employment Benefits (OPEB).

F-1 Pensions/Retirement

Background:

The Contributory Retirement System is a defined benefit program that is governed by Massachusetts General Laws, Ch.32 and is regulated by the Public Employee Retirement Administration Commission (PERAC), a state entity responsible for the oversight, guidance, monitoring, and regulation of Massachusetts' 105 public pension systems. Funding for this system covers the costs of employees who are part of the Town's retirement system, which does not include teachers, as their pensions are funded by the State. The Town of Templeton is a member of the Worcester County Retirement System and pays an annual pension assessment to the County. Pursuant to current state law, the Worcester County Retirement System has established a funding schedule to fully-fund its liability by 2035.

Policy:

In accordance with state law, PERAC regulations, and government accounting standards, the Town shall continue to fund this liability in the most fiscally-prudent manner, recognizing the fact that the adoption of a funding schedule is, by law, the responsibility of the County retirement board.

References:

M.G.L. c.32

F-2 Other Post- Employment Benefits (OPEB)**Background:**

OPEB consists primarily of the costs associated with providing health insurance for retirees and their dependents. The Government Accounting Standards Board (GASB) issued Statements No. 43 and No. 45 in 2004 to address the OPEB issue. GASB 43 required the accrual of liabilities of OPEB generally over the working career of plan members rather than the recognition of pay-as-you-go contributions, while GASB 45 required the accrual of the OPEB expense over the same period of time. The reporting requirements of GASB 43 and 45 include disclosures and schedules providing actuarially determined values related to the funded status of OPEB. This requires that the accrued liabilities be determined by a qualified actuary using acceptable actuarial methods. Templeton has not yet appropriated any money into an OPEB trust.

Policy:

While there is currently no legal requirement to fund OPEB, the Town recognizes the importance and financial advantage of initiating early and regular funding for these long-term obligations. The Town will endeavor to appropriate funding from a mix of ongoing and one-time revenues, free cash, and unexpended health insurance budget into an irrevocable trust established under MGL c. 32B, §20.

In order to determine the funding schedule, the Town shall commence the preparation of an independent actuarial assessment of its liability no later than Fiscal Year 2019 which is compliant with GASB's requirement. Careful consideration shall be given to identifying the investment vehicle that offers the best rate of return in the safest possible environment, which could include investment in the Massachusetts Pension Reserves Investment Trust (PRIT).

References:

Statement No. 43, Reporting for Postemployment Benefit Plans Other Than Pension Plans, Governmental Accounting Standards Board, April 2004.

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, Governmental Accounting Standards Board, June 2004.

GASB Statements 43 and 45 on Other Postemployment Benefits, Governmental Accounting Standards Board.

G. RISK MANAGEMENT POLICIES

G-1 Risk Management Program

Background:

In recognition that during daily operations, a municipality is constantly exposed to potential impact of property loss, personal injury, and other liability, the Government Financial Officers Association recommends that governments develop a comprehensive risk management program that identifies, reduces, or minimizes risk to its property, interests, and employees. Costs and consequences of harmful or damaging incidents arising from those risks should be contained.

Policy:

The Town's insurance programs shall be aimed at covering the potential impact of the types of property loss, personal injury, and liability the Town is exposed to on a regular basis. If a Town board, commission, or other multiple-member body wishes to add item(s) to the Town's insurance policy, said board, commission, or other multiple-member body must get approval from the Select Board, unless the Board chooses to delegate this authority to the Town Administrator.

The Town shall develop and maintain a risk management program to protect the Town against the financial consequences of accidental loss of property, liability, and personal injury to the extent possible through effective prevention and loss-control policies and practices.

References:

Creating a Comprehensive Risk Management Program, Government Finance Officers Association Best Practice, March 2009.

H. ACCOUNTING/AUDITING/FINANCIAL REPORTING POLICIES

H-1 Annual Audit

Background:

The objective of an audit is to obtain independent assurance that a community's year-end financial statements are reliable, accurate, and complete. An audit also helps to ensure that financial checks and balances are in place to protect public assets. Consequently, it can be a powerful tool by which a community can build taxpayer confidence in government operations.

The Government Finance Officers Association (GFOA) recommends that communities engage the same auditor by entering into multiyear agreements, or a series of one-year contracts, for a term of

at least five years. A multiyear agreement allows for greater continuity and enables a new auditor to spread initial start-up costs over multiple years, potentially reducing costs in the initial years.

However, after this term, the GFOA recommends a full, competitive selection process and a rotation of auditors after each multiyear agreement, provided there is adequate competition among qualified auditors. Contracting with a new audit firm not only brings a fresh perspective, but it also reflects good practice.

Where competition is limited, or the performance of the current auditors is satisfactory, participation of the current auditors is acceptable, provided its services have and will, conform to industry standards. In the event the Town chooses to remain with an audit firm, it is advisable to rotate the audit manager on a regular basis.

Policy:

The Town shall have an independent outside audit performed by a certified audit firm each year. The Town shall endeavor to have the audit completed prior to January 1 of each year. The Board shall provide for such an audit by an accountant or a firm of accountants, who have no personal interests, direct or indirect, in the fiscal affairs of the Town government or of any of its officers or employees. The Board shall require a public presentation of the audit and management letter once it is finalized

The Town will either re-advertise for auditing services every 5 to 8 years or ensure that there is a regular rotation of audit managers within a particular firm if it elects to stay with a given audit firm. The Town will strive to have the annual audit completed by January 1 of the following year.

References:

Annual Audits, MA DOR Division of Local Services Best Practice.

H-2 Comprehensive Annual Financial Report

Background:

A Comprehensive Annual Financial Report (CAFR) is a set of government financial statements comprising the financial report of the municipal entity that complies with the accounting requirements promulgated by the General Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annual updated publication *Codification of Government Accounting and Financial Reporting Standards*. A CAFR is compiled by the municipal accounting staff and audited by an external Certified Public Accounting firm utilizing GASB requirements. It is comprised of three sections: Introductory, Financial, and Statistical. It combines the financial information of fund accounting and enterprise authorities accounting.

Policy:

The Town shall work towards the preparation of a Comprehensive Annual Financial Report (CAFR) that meets the criteria established by the GFOA's Certificate of Achievement in Financial

Reporting Program. This program encourages the preparation of a comprehensive report that goes beyond the annual audit report and presents information that enhances government transparency and disclosure.

H-3 Monthly & Quarterly Reporting

Background:

Monthly reporting helps a community to determine whether sufficient funds are available to cover current obligations, any surplus can be invested, or shortfall exists requiring temporary borrowing.

Policy:

The Town Accountant shall produce and distribute monthly budget-to-actual reporting to evaluate the Town's financial position per Massachusetts state law. These reports shall be submitted to the Board, user agencies, Town Administrator, and Advisory Committee, among others. This will enable the Town to take prompt management action in the event that fiscal problems are indicated or adjust spending behavior to meet financial challenges.

The Town's Financial Team (Accountant, Treasurer/Collector, Principal Assessor) shall make a formal public presentation to the Board and the status of accounts, their activities, and concerns over negative trends each month following the ending of a fiscal year quarter together with any steps recommended by the Town Administrator to deal with such negative trends.

H-4 Cash Collections

Background:

One of a government's functions is to collect taxes and other revenues. The process involves many officials and entities, including the Treasurer/Collector's office, accounting office, legal counsel, tax assessor, other departments or agencies, other governments at the state and/or local level, commercial banks, and private collection agencies.

Policy:

The Town shall collect all revenue using fair and consistent methods, exercising all powers provided to it under law.

On or before September 1, the Town shall commence tax title proceedings against all properties that owe property taxes to the Town.

The Treasurer/Collector shall aggressively pursue the collection of delinquent accounts and with assistance from the Deputy Collector and other Town officials to pursue collection of outstanding real estate taxes, personal property taxes, excise taxes, fines, and other owed monies. The execution of a systematic and deliberate program to collect monies owed is intended not only to capture revenue, but also to establish a clear policy that tax delinquents will be aggressively pursued. The Treasurer/Collector shall execute in a timely manner collection remedies such as

issuance of demands immediately after bills become past due and initiate tax taking shortly afterwards to increase the rate of collection of municipal monies, thereby assisting in the financial stability of the Town. The Town may employ a private collections agency if it is deemed necessary and prudent by the Select Board

The Treasurer/Collector shall establish and maintain reliable recordkeeping systems and enforce a timely collections process. All amounts committed must be supported with a warrant and a detailed listing of all amounts due. All monies received by any department or Town office should be turned over to the Treasurer/Collector's office at least weekly, on a uniform date and time to be established by the Treasurer/Collector, so they may be deposited in the bank in a timely manner.

References:

Revenue Collection, Government Finance Officers Association Best Practice.

H-5 Ambulance Service Collection Policy

1.0 Policy Statement

The Town of Templeton Fire Department provides emergency medical services including Basic Life Support (BLS), Advanced Life Support (ALS) and Emergency Medical Transportation to patients.

The Town shall issue bills and collect payments for all ambulance services performed directly by the Fire Department. The Town may engage a third-party administrator ("Billing Agency") to administer billing and collections in accordance with a defined scope and contract. This policy establishes the procedures for collection of ambulance services, write-offs of uncollectable accounts, and "hardship" write-offs.

2.0 Reason for the Policy

The Policy is established to ensure that fees for emergency medical services are collected, and costs are recouped from individuals and/or their insurer(s) for such medical services being provided.

3.0 Scope of Policy

This Policy covers all ambulance relating billing done by the Town of Templeton, whether directly or through a third-party collector.

4.0 Who does this policy apply to?

This policy applies to all Town Employees who are responsible for government administration and similarly applies to all individuals who receive ambulance/medical service by the Town of Templeton Fire Department.

5.0 Who is responsible for enforcing this policy?

The Fire Chief and the Town Administrator are jointly responsible for enforcing this policy.

6.0 Definitions

None

7.0 Policy

7.1 Billing Rates.

Billing rates for BLS, ALS mileage and other charges as may be appropriate are set by the Town Administrator or his/her designee. The rates shall be reviewed at least annually.

The Town shall bill the patient for any portion of the total cost of services not covered by medical insurance. The Town will ONLY seek payment for services provided when transportation is required. No bill shall be issued if the patient refused treatment and did not require services.

7.2 Collection for Services

7.2.1 Accounts aged less than 150 days.

The Billing Agency will send a series of bills to all patients and/or patients' applicable insurance including Medicare and Medicaid within throughout the first 150 days of service being rendered.

7.2.2 Accounts aged more than 150 days.

Every January and June the Town shall request from the Billing Agency a complete list of unpaid bills that are over 150 days or more outstanding. At that time, the Billing Agency shall be instructed to complete one final mailing to all patients with an outstanding bill exceeding 150 days, that includes the following:

1. Letter. A letter drafted by the Town explaining to the patient that their bill is 150 days past due and that they have a final opportunity to submit payment or request for a hardship prior to their bill being transmitted to a collection agency (Attachment 8.1).
2. Payment Stub/Final Bill. The patient may submit the attached bill stub along with payment to the Billing Agency within 30 days of the date of the letter.

3. Hardship Form. The patient may complete the hardship application and return it to the Billing Agency, which will forward it to the Fire Chief, with supporting documentation within 30 days of the date of the letter (Attachment 8.2).

After 45 days of the final mailing, if the account is not paid in full the Billing Agency shall be instructed by the Town to transfer the account to its Collection Service or a third- party collection service approved by the Town. The Billing Agency shall update the Town in March and August of all accounts that are turned over for collection and shall be notified of actions taken against accounts submitted to Collection Services no less than monthly.

7.3 Hardship/Write-off's

7.3.1 Eligibility

A patient may apply for abatement of any unpaid amounts due to financial hardship using a Hardship Form (Attachment 8.2). The Town will consider use of a combination of the applicant's income compared to the current year's federal poverty guidelines along with any unusual circumstances to determine if the applicant qualifies for a hardship waiver.

7.3.2 Approval of Hardship/Write-off Request less than \$2000

For requests under \$2000 the Town Administrator shall determine whether to abate an account in part or in whole. On a monthly basis, the Town Administrator shall report all abatements along with amounts and reasons to the Select Board no later than the 1st of the following month.

7.3.3 Approval of Hardship Write-off Request more than \$2000

For requests over \$2000, the Select Board shall determine whether to abate an account in part or in whole.

7.3.4 Any Town resident 70 years or older with a balance of less than \$300.00 will be written off and not be sent to collections.

7.4 Write-off of Aged Accounts

In November of each year, the Town Administrator along with the Fire Chief and the Town Accountant will review all unpaid accounts over 150 days due and determine which if any should be recommended to the Select Board to write-off.

In December of each year, all recommendations for write-off's shall be submitted to the Selectboard for approval. The Fire Chief shall promptly notify the Billing Agency of any bills that should be written-off.

7.5 Record Storage.

All records relative to this policy shall be maintained in a secure location by the Fire Chief.

8.0 Attachments (see after last page)

8.1 Final Billing Letter

8.2 Hardship Application

H-6 Reconciling Cash and Receivables

Background:

Two of the largest assets for a community are cash and receivables. Information pertaining to these is kept by the Treasurer/Collector and the Accountant. A Treasurer is the custodian of the community's revenues, tax titles, and tax possessions, while a Collector keeps listings of outstanding receivables due to the community, and an Accountant is responsible for maintaining the accounting records. Prompt and frequent reconciliations between these offices are essential in order to maintain control and ensure checks and balances are in place.

Policy:

Within thirty calendar days after the end of each month, the Treasurer/Collector shall internally reconcile the cashbook to all bank statements and the Treasurer/Collector shall internally reconcile all receivable balances with the receivable control. The results of these reconciliations shall be forwarded to the Accountant's office and compared to the general ledger records. If differences are determined, the Treasurer/Collector and Accountant shall reconcile the variances (e.g., missing information, errors, and timing differences). The Town Administrator shall ensure compliance with the timeliness and completion of this process.

The Town shall reconcile revenues and expenditures for each fiscal year within two months of the end of the fiscal year.

References:

Reconciling Cash and Receivables, MA DOR Division of Local Services Best Practice.

H-7 Cash Flow Forecasting and Budgeting

Background:

The purpose of cash flow forecasting is to determine whether sufficient funds are available to cover current obligations, any surplus can be invested, or if any cash shortfall exists which may require temporary borrowing.

The Division of Local Services recommends maintaining a cash flow budget to forecast investment opportunities or borrowing needs. Major revenue sources like property taxes and state aid are

generally received in large lump sums at specific points in the fiscal year and do not necessarily coincide with expense patterns, which often results in cash surpluses or shortfall during certain periods of the year.

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

Policy:

Beginning in FY2019, the Accountant and Treasurer/Collector will develop a cash flow forecast for the upcoming fiscal year after approval of the annual budget and before July 1 each year.

References:

Cash Flow Forecast in Treasury Operations, Government Finance Officers Association Best Practice, February 2011.

I. PROCUREMENT AND PURCHASING POLICIES

I-1 Procurement and Purchasing Policy

Background:

The Commonwealth of Massachusetts establishes municipal purchasing regulations under M.G.L. Chapter 30B and other related regulations. The State Inspector General's office has oversight of public purchasing laws and has published a comprehensive guide to Chapter 30B requirements.

Policy:

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

The Town shall follow the guidance contained in the Inspector General's "*The Chapter 30B Manual: Procuring Supplies, Services and Real Property*" in order to comply with the requirements of M.G.L. Ch. 30B.

I-2~Disposition of Surplus Items Policy

I. Purpose

From time to time, the Town of Templeton finds it necessary to dispose of materials, equipment, etc. that are no longer needed or useful. The following policy outlines the process to be followed

in the disposition of surplus items. It is the intent of this policy to require the establishment of reasonable control over usage, surplus and obsolete material generation, handling, sale, and disposal. This policy applies to all items having resale or salvage value regardless of dollar amount. This policy does not apply to the disposal of real property.

II. Statutory Authority

Massachusetts General Laws c30B, §15 provides for a governmental body to dispose of a tangible supply, no longer useful to the governmental body but having resale or salvage value. These rules apply to all tangible surplus supplies including, but not limited to, motor vehicles, machinery, computer equipment, furniture, and other materials and items.

III. Administration

This policy shall be implemented through the Town Administrator, serving as Chief Procurement Officer, or his/her designee.

IV. Policy

A. Designation and Approval of Surplus Items having resale or salvage value regardless of dollar amount.

1. No tangible surplus items owned by the Town of Templeton having resale or salvage value shall be sold or otherwise disposed of except upon the authorization of the Town Administrator. The written recommendation shall include a specific description (as possible) of the item to be disposed of including relevant make, model number, serial number, vehicle identification number, etc. The written recommendation is also to include justification/reason for the request.
2. The Town Administrator shall review the written recommendation from the respective Department Head and make a final determination of its merits. A list of approved items shall be submitted to the Select Board for final authorization.
3. Upon the Select Board's approval, the Department Head or his/her designee shall work with the Town Administrator to coordinate the sale or disposal.

B. Disposal of Surplus Items having resale or salvage value estimated at \$10,000 or more

1. The governmental body shall offer such supply through competitive sealed bids, public auction, or established markets in accordance with Massachusetts General Laws c30B.
2. Notice of sale by bid or auction shall conform to the procedures set forth in Massachusetts General Laws c30B. The notice shall indicate the supply offered for sale, designate the location and method for inspection of such supply, state the terms and conditions of sale including the place, date and time for the bid opening or auction, and state that the governmental body retains the right to reject any and all bids.
3. If the governmental body rejects the bid of the highest responsive bidder, the governmental body may:

a. Negotiate a sale of such supply so long as the negotiated sale price is higher than the bid price; or

b. Re-solicit bids.

4. The acceptance or rejection of any bid will be reviewed by the Chief Procurement Officer or his/her designee.

5. The Chief Procurement Officer, or his/her designee, may trade in a supply if it is clearly listed for trade-in in an invitation for bids or request for proposals in accordance with Massachusetts General Laws c30B.

C. Disposal of Surplus Items having resale or salvage value estimated at less than \$10,000

1. Sealed bids, public auction, or online auctions are strongly encouraged for items with an estimated value over \$1000

2. Items should be first made available to other Town Departments (via an email with items and pictures attached if appropriate).

3. If there is no interest items should then be offered to other municipalities, school districts or nonprofit organizations via a 'listserve' (or via an email, blog, or town website, with items and pictures attached if appropriate) if the Department Head deems it is appropriate.

4. If no interest is shown, the item(s) may be junked, scrapped, or disposed of.

5. Items shall be disposed of using 'sound business practices' trying to get the highest value for the Town but also taking into consideration the cost and time associated with the disposition.

D. Disposal of Surplus Items having no resale or salvage value

1. If the surplus goods or equipment has no resale or salvage value, the Town Administrator shall instruct the Department Head to dispose of such property at the least cost to the town with approval of the Select Board.

2. The item(s) may be junked, scrapped, or disposed of, at the Department Heads discretion.

3. As a Green Community reuse and recycling is strongly encouraged.

E. Charitable Donations

1. Surplus items may be disposed of at less than fair market value to another governmental agency or any organization that has an IRS tax exempt status by reason of its charitable nature with approval of the Town Administrator.

F. Additional information

1. Surplus items may now be disposed of using an online auction service in accordance with MGL c30B requirements.
2. The surplus item will be awarded to the responsive bidder offering the highest price in conformity with all the terms and conditions outlined in the notice of sale.
3. All payments shall be by cash, money order, or certified bank check payable to the Town of Templeton. Personal and/or company (business) checks will not be accepted.
4. Under no circumstances shall an employee take an item or offer it for sale without following this policy. Removal of surplus materials without approval may be considered theft and result in disciplinary action.

J. INVESTMENT POLICIES

J-1 Investment Policy

Background:

A local government's investment policy establishes guidelines and responsibilities in accordance with state law for managing and investing municipal funds.

The Governmental Accounting Standards Board recommends the disclosure of key policies affecting cash deposits and other long-term investments to ensure they are managed prudently or are not subject to extraordinary risks.

When assessing municipalities for credit quality, credit rating agencies look for investment management policies that address selection of financial institutions for services and transactions, risk assessment, investment objectives, investment maturities and volatility, portfolio diversification, safekeeping and custody, and investment performance reporting, benchmarking, and disclosure.

Policy:

The Treasurer/Collector is responsible for investing Town funds and will make all decisions regarding their management. The Treasurer/Collector shall invest Town funds in a manner that meets daily operating cash flow requirements and conforms to state statutes governing public funds, while adhering to generally accepted diversification, collateralization, and the prudent investment principles of safety, liquidity, and yield. The Treasurer/Collector will also regularly monitor statutory changes governing investments and offer any policy amendments to the Town Administrator. The Treasurer/Collector will submit a report of investments on a quarterly basis to the Town Administrator.

References:

[M.G.L. c. 44, §54, §55, §55A, and §55B](#)

[*Deposit and Investment Risk Disclosures*](#), Governmental Accounting Standards Board Statement No. 40, as amended by Statement No. 3, March 2003.

[*Creating an Investment Policy*](#), Government Finance Officers Association Best Practice, October 2010.

Financial Management Assessment, Standard and Poor's, June 2006.

J-2 Post-Issuance Tax Compliance Procedure for Tax-Exempt Debt Obligations and Other Tax-Benefited Obligations**Background:**

Post-issuance compliance procedures are designed to provide for the effective management of a municipality's post-bond or note issuance compliance program for tax-exempt and other tax-benefited bonds in a manner consistent with state and federal laws applicable to such obligations.

Policy:

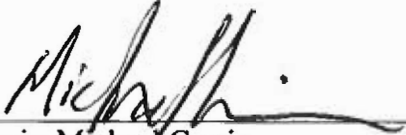
The Treasurer/Collector shall review post-issuance compliance procedures at least annually and implement revisions or updates as deemed appropriate, in consultation with the Town's bond counsel and/or financial advisor.

SUPREMACY & AUTHORIZATION

The policies contained herein shall take supremacy over any policy adopted, or practice followed, prior to the date of these Templeton Financial Policies.

Adopted this 10th day of February, 2021.

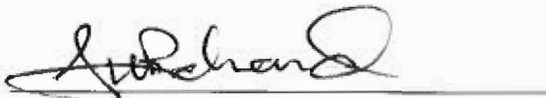
Select Board



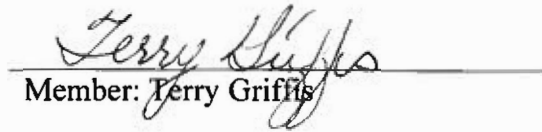
Chair: Michael Currie



Vice Chair: Jeff Bennett



Clerk: Julie Richard



Member: Terry Griffiths



Member: Timothy Toth

Amendments

1. Amendment #1: approved 7/28/2021, amended to add Section I-2~Disposition of Surplus Items Policy;
2. Amendment #2: approved 11/10/2021, amended Section B-1 Free Cash to change language regarding how contributions are made;
3. Amendment #3: approved on 7/13/2022, amended section B-1 Free Cash to change Percentages.
4. Amendment #4: approved 9/27/2023, amended to add a portion of a sentence to B1 Free Cash Policy section, paragraph 4, third line “after submitting unanticipated expenditures and deficits “i.e. snow & ice); to update percentages for Reserved Working Capital and Transfer to General Stabilization Fund; and to add section B-2c.

Attachment #1:

8.1 Final Billing Letter

RE: Outstanding Emergency Medical Services Bill

Dear:

The Town of Templeton records indicate that Emergency Medical Services were rendered by the Templeton Fire Department or affiliate on a prior date for you or a loved one. According to our billing company, Coastal Medical Billing, they have been unable to secure payment within 150-day window after first billing the insurance company (ies) of record and then the patient themselves for any remainder/balance due.

We would like to take this opportunity to remind you that there is an outstanding bill remaining on our books for the services rendered and we would like to work with you to resolve this matter. If you believe this letter is being sent in error, please contact Coastal Medical Billing at 1-866-268-5200/ and or your insurance company immediately.

We would like to remind you that if you have come upon a hardship and would like to set up a payment plan or if you are unable to pay the remaining balance, as listed in the attached final invoice, please consider requesting a hardship application and returning it to Coastal Medical Billing within 28 days of this letter along with any/all supporting documentation of the hardship.

If you can pay the enclosed final bill, please do so within the next 30 days. All outstanding amounts after that time may be sent to a collection Agency for further handling.

Thank you for your immediate attention to this matter.

Town of Templeton

8.2 Hardship Application

Hardship Application Form

Patient Name: _____ Tel#: _____

Address: _____ City/Town: _____ Zip: _____

This application is to request to have the above patients' ambulance charges cancelled. To apply, please complete the questions below, sign and return in the enclosed envelop within 28 days.

If your income, based on family size, is less than those listed below, charges may be cancelled, add an additional \$4,540 for each person making family size over and above 8 people.

Proof of income MUST be attached to the completed form.

Family size	Annual Income
1	\$12,880
2	\$17,420
3	\$21,960
4	\$26,500
5	\$31,040
6	\$35,580
7	\$40,120
8	\$44,660

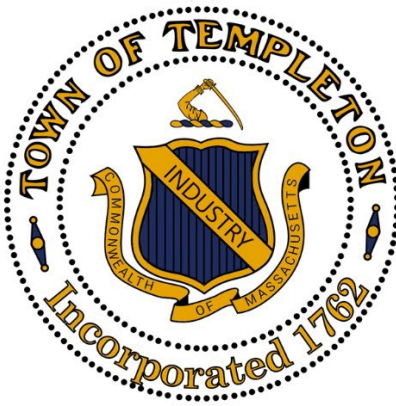
1. What size is your family (How many people live in your household?) _____
2. What is your total annual family income? (When you add up all money everyone in the household makes per year?) _____
3. Are there any other unusual circumstances that you believe would justify a hardship waiver?

I certify under the pains and penalties of perjury that the above information is true and correct to the best of my knowledge.

Signature: _____ Phone #: _____

Printed Name: _____

This application will be forwarded to the Town of Templeton for their review and determination.



FEDERAL GRANT POLICY & PROCEDURES

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Federal Cash Management

The grant administrators will request reimbursements for actual expenditures incurred under federal grants in accordance with the requirements of each grant (timing of requests, basis of accounting, use of standard forms and/or web portal, etc.). Consistent with state and federal requirements the Town will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.).

When the Town receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the Town and the expenditure of those funds on allowable costs of the applicable federal program. The Town will attempt to expend all advances of federal funds within 30 days of receipt.

When applicable, the Town shall use existing resources available within a program before requesting additional advances. Such resources include program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds. The Town shall hold federal advance payments in insured, interest-bearing accounts.

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are received from the granting agency until the date on which those funds are disbursed by the Town. Remittance of interest earnings, if applicable, shall be the responsibility of the grant administrator.

The Town maintains the following procedures for cash management:

All federal contracts the Town enters into (directly or indirectly) must include the following and be retained in the contract files in the Town Accountant's office:

1. Requirements for subawards if allowed;
2. Requirements for cost analysis, match requirements, record keeping and billing procedures;
3. Specifics for suspension or extension options of contract; and
4. Any and all appropriate federal requirements and regulations that pertain to the award.

Documentation must also include:

- CFDA title and number
- Federal award identification number and year
- Name of Federal Agency
- Name of pass-through entity, if any

All federal requirements pertaining to the specific contract and award shall be followed. Reimbursement request for costs previously incurred shall follow stated guidelines and rules within the contract or award. The grant administrators shall monitor each contract's costs and expenditures closely to ensure that they do not go over budget and that the cash is available for

spending. All efforts shall be taken to avoid spending monies that are unavailable or incurring costs not expected to be reimbursed.

Responsibility for determining how required match amounts or limits for matching, levels of effort, or earmarking will be secured, are those of the grant administrators and accomplished in the preparation and collaboration of contract proposal and preparation with said federal agency or agencies.

Methods of valuing matching requirements and in-kind contributions of property and/or services, calculations of effort, etc. are maintained by the grant administrators and overseen by the Town Accountant in the management of the contract over the duration of the contract. These methods are to be based on federal requirements specific to that award as stated in the award contract, or based on accepted federal policies for that program. Day to day accounting of match, level of effort, or earmarking are monitored and documented by the Town Accountant during the course of the awarded contract.

Subcontracts between the Town and another entity will be established consistent with federal requirements governing the award. Unless explicitly forbidden by the granting agency the Town is not obliged to make a payment disbursement under a sub-agreement for grant funds which are not first made available by the federal granting agency.

The Town uses the following federal requirements in establishing its procedures for administering all awards for federally funded program agreements:

- OMB Uniform Guidance, Subpart E (Cost Principles)

Additionally, the allowability of costs is further determined by any additional federal requirements pertaining to the specific contract and award.

Subsequent to the identification of any instances of non-compliance, the Town shall take prompt action to remedy the situation. All such action shall be documented in writing.

Equipment Purchase and Disposition

The Town Accountant shall maintain all records for acquisitions and disposition of property acquired with federal awards by retaining purchase receipts and confirmation of purchase and attaching them to expense vouchers for review and approval. Such documentation is to be maintained for equipment with a useful life greater than one-year and acquisition cost equal to or greater than \$5,000.

Backup documentation will be retained in an inventory folder in the locked file cabinet.

The Town Accountant will maintain and record equipment purchases in a software system showing date of purchase, model, department, and price.

All equipment purchased with Federal funds shall be marked as such on the physical asset.

Physical inventories of equipment are performed once every two years.

Upon receipt, all inadequate or broken equipment received shall be returned to the vendor with a request for full refund or replacement. If refund is given, the federal award shall be credited for the refund amount that was originally requested of the contract.

There are risks from vendor inadequacy, quality of goods, or services and delivery, warranty assurances, user support, etc. The Town shall scrutinize each situation and purchase choice and attempt to make intelligent and responsible choices. Some monetary risks may be avoided by using known previously reliable vendors.

Disposition instructions from the federal awarding agency will be requested if required by the terms and condition of the award.

Equipment items with a FMV of \$5,000 or less will be retained, sold or otherwise disposed of with no further obligation of the Federal awarding agency.

Reference Quick Links for More Information:

- 2 CFR §200.303 Internal Controls
- 2 CFR §200.327 Financial reporting
- 2 CFR §200.328 Monitoring and reporting program performance
- 2 CFR §200.305 Payment
- 2 CFR §200.313 and §200.33 Equipment
- Subpart E—Cost Principles of 2 CFR §200

Procedures for Determining Allowable Costs

All costs incurred are reviewed monthly to determine that the cost is an allowable cost under the federal award. (200.403)

All costs must:

- Be necessary and reasonable
- Conform to limitation or exclusions regarding type or cost
- Be consistent with policies and procedures that apply to both federal and nonfederal funding
- Be treated consistently with other comparable costs
- Be determined in accordance with US generally accepted accounting principles except otherwise provided in CFR 200
- Be adequately documented
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period

<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Allowable/Unallowable</i>
Advertising and public relations costs	§200.421	Allowable with restrictions
Advisory councils	§200.422	Allowable with restrictions
Alcoholic beverages	§200.423	Unallowable
Audit services	§200.425	Allowable with restrictions
Compensation – fringe benefits	§200.431	Allowable with restrictions
Conferences	§200.432	Allowable with restrictions
Depreciation	§200.436	Allowable with qualifications
Employee health and welfare costs	§200.437	Allowable with restrictions
Entertainment costs	§200.438	Unallowable with exceptions
Equipment and other capital expenditures	§200.439	based on specific requirements
Fines, penalties, damages and other settlements	§200.441	Unallowable with exception

<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Allowable/Unallowable</i>
Gains and losses on disposition of depreciable assets	§200.443	Allowable with restrictions
Goods or services for personal use	§200.445	Unallowable (goods/services); allowable (housing) with restrictions
Insurance and indemnification	§200.447	Allowable with restrictions
Interest	§200.449	Allowable with restrictions
Lobbying	§200.450	Unallowable
Losses on other awards or contracts	§200.451	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)
Maintenance and repair costs	§200.452	Allowable with restrictions
Materials and supplies costs, including computing devices	§200.453	Allowable with restrictions
Memberships, subscriptions, and professional activity costs	§200.454	Allowable with restrictions; unallowable for lobbying organizations.
Organization costs	§200.455	Unallowable except Federal prior approval
Plant and security costs	§200.457	Allowable ; capital expenditures are subject to §200.439
Professional service costs	§200.459	Allowable with restrictions
Proposal costs	§200.460	Allowable with restrictions
Publication and printing costs	§200.461	Allowable with restrictions
Recruiting costs	§200.463	Allowable with restrictions
Rental costs of real property and equipment	§200.465	Allowable with restrictions
Selling and marketing costs	§200.467	Unallowable with exceptions
Training and education costs	§200.472	Allowable for employee development
Transportation costs	§200.473	Allowable with restrictions
Travel costs	§200.474	Allowable with restrictions

Subrecipient Monitoring and Management

The Town must determine whether the recipient of each sub-agreement it makes is a “contractor” or “subrecipient” for the disbursement of Federal funds. In making such a determination, the Town will utilize the following definitions: §200.23 Contractor and §200.93 Subrecipient along with the guidance found in §200.330. Generally, “subrecipients” are instrumental in implementing the applicable work program whereas a “contractor” provides goods and services for the Town’s own use. Contractors will be subject to the Town’s Procurement Policies. Subrecipients are subject to the Town’s Subrecipient Monitoring and Management Policies.

The Town in its administration of Federal funds will monitor any subrecipients in accordance with 2 CFR §200.330 to §200.332 Subrecipient Monitoring and Management.

The Town is considered a "pass-through entity" in relation to its subrecipients, and as such requires that its consultants and subrecipients comply with applicable terms and conditions (flow-down provisions). All subrecipients of Federal or State funds received through the Town are subject to the same Federal and State statutes, regulations, and award terms and conditions as the Town.

Subaward Contents and Communication

In the execution of every subaward, the Town will communicate the following information to the subrecipient and include the same information in the subaward agreement.

1. Every subaward will be clearly identified and include the following Federal award identification:
 - a. Subrecipient name
 - b. Subrecipient’s unique ID number (DUNS)
 - c. Federal Award ID Number (FAIN)
 - d. Federal award date
 - e. Period of performance start and end date
 - f. Amount of federal funds obligated
 - g. Amount of federal funds obligated to the subrecipient
 - h. Total amount of Federal award
 - i. Total approved cost sharing or match required where applicable
 - j. Project description responsive to FFATA
 - k. Name of Federal awarding agency, pass through entity and contact information
 - l. CFDA number and name
 - m. Identification if the award is R&D
 - n. Indirect cost rate for the Federal award
2. Requirements imposed by the Town including statutes, regulations, and the terms and conditions of the Federal award.
3. Any additional requirements the Town deems necessary for financial or performance reporting of subrecipients as necessary.

4. An approved indirect cost rate negotiated between subrecipient and the Federal government or between the pass-through entity and subrecipient.
5. Requirements that the Town and its auditors have access to the subrecipient records and financial statements.
6. Terms and conditions for closeout of the subaward.

Subrecipient Monitoring Procedures

The individual grant administrators are responsible for subrecipient monitoring and will monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes. The frequency of monitoring review will be specified in the subaward and conducted concurrently with all invoice submission.

Subrecipient monitoring procedures include:

- At the time of proposal, assess the potential of the subrecipient for programmatic, financial, and administrative suitability.
- Evaluate each subrecipient's risk of noncompliance prior to executing a subaward. In doing so, the Town will assess the subrecipient's:
 - Prior experience with the same or similar subawards.
 - Results of previous audits and single audit (if applicable).
 - New personnel or new or substantially changed systems.
 - The extent and results of Federal awarding agency monitoring.
- Confirm the statement of work and review any non-standard terms and conditions of the subaward during the negotiation process.
- Monitor financial and programmatic progress and ability of the subrecipient to meet objectives of the subaward. To facilitate this review, subrecipients are required to submit sufficient invoice detail and a progress report. The grant administrators will encourage subrecipients to submit regular invoices.
- Invoices and progress reports will be date stamped upon receipt if received in hard copy. A record of the date of receipt will be maintained for those invoices sent electronically.
- In conducting regular oversight and monitoring, grant administrators will:
 - Verify invoices include progress reports.
 - Review progress reports to ensure project is progressing appropriately and on schedule.
 - Compare invoice to agreement budget to ensure eligibility of costs and that costs do not exceed budget.
 - Review invoice to ensure supporting documentation is included and invoices costs are within the scope of work for the projects being invoiced.
 - Obtain report, certification and supporting documentation of local (non-federal)/in-kind match work from the subrecipient.

- Review subrecipient match tasks for eligibility.
- Initial the progress report and invoice confirming review and approval prior to payments.
- The grant administrators will approve invoice payment and will initial invoices confirming review and approval prior to payment.
- Payments will be withheld from subrecipients for the following reasons:
 - Insufficient detail to support the costs billed;
 - Unallowable costs;
 - Ineligible costs; and/or
 - Incomplete work or work not completed in accordance with required specifications.
- Verify every subrecipient is audited in accordance with 2 CFR §200 Subpart F – Audit Requirements

Subrecipient project files will contain, at a minimum, the following:

- Project proposal
- Project scope
- Progress reports
- Interim and final products
- Copies of other applicable project documents as required, such as copies of contracts or MOUs

Audit Requirements

It is the policy of the Town of Templeton to meet the basic federal audit requirements for all federal assistance awards administered or expended by agencies of the Town. To ensure same the Town shall cause a Single Audit to be performed in any fiscal year where federal funds expenditures total \$750,000 or more.

All subrecipients are required to annually submit their audit and Single Audit report to the Town for review to ensure the subrecipient has complied with good accounting practices and federal regulations. If a deficiency is identified, the Town will:

- Issue a management decision on audit findings pertaining to the Federal award
- Consider whether the results of audits or reviews indicate conditions that necessitate adjustments to pass through entity's own records

Methodology for Resolving Findings

The Town will work with subrecipients to resolve any findings and deficiencies. To do so, the Town may follow up on deficiencies identified through on-site reviews, provision of basic technical assistance, and other means of assistance as appropriate.

The Town will only consider taking enforcement action against noncompliant subrecipients in accordance with 2 CFR 200.338 when noncompliance cannot be remedied. Enforcement may include taking any of the following actions as appropriate:

- Temporarily withhold cash payments pending correction of the deficiency
- Disallow all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspend or terminate the subaward.
- Initiate suspension or debarment proceedings.
- Withhold further Federal awards for the project or program.
- Take other remedies that may be legally available.

Procurement Policies

The following Procurement Policies shall apply to all Contracts for and Purchases of goods and services.

All procurements made with Federal funds will be consistent with 2 CFR §200.317 through §200.326 Procurement Standards. These policies are to ensure that goods and services are procured at the best available price consistent with high quality, that sound business and ethical practices are adhered to in all Town business transactions and that all transactions are completed in a manner that provides for open and free competition.

The Chief Procurement Officer has primary responsibility and oversight for purchasing activities of the Town and has the authority to delegate purchasing responsibilities as appropriate. The Chief Procurement Officer will periodically review and evaluate these procedures to ensure the best internal controls possible.

All purchases shall comply with appropriate and relevant federal, state and local laws as well as with the Town's policies. In the event that federal, state or local laws, regulations, grants or requirements are more restrictive than this policy, such laws, regulations, grants or requirements shall be followed.

Procurement Standards

To ensure open and free competition:

- Unreasonable requirements shall not be placed on firms and/or individuals in order for them to qualify to do business.
- No geographical preferences shall be used in the evaluation of bids or proposals unless State/Federal statutes expressly mandate or encourage a geographic preference.
- Contract specifications or statements of work may not unduly restrict competition and must identify the requirements that proposing firms or individuals must fulfill and the factors to be used in evaluating bids or proposals.
- Splitting purchases or contracts to avoid competition is prohibited.

Purchase Types and Proposal Evaluation Requirements:

- Micro Purchase (under \$10,000): competition is not required, however, a good faith effort should be made to compare prices with comparable suppliers.
- Small Purchase (\$10,001-\$250,000): competition is required to establish a competitive price. Preferably, price or rate quotes from at least three qualified sources must be documented. If three price or rate quotes are not possible, document attempts. For recurring expenses, price or rate quotes may be obtained and documented every two to three years. This can be through a formal RFP process or requesting quotes from potential vendors. When a competitive proposal method is not feasible for a small purchase, a sole source purchase may be made. This would require either the item or

service is only available from a single source, an emergency situation that does not allow additional time for a competitive process, the granting agency authorizes noncompetitive negotiations, or competition is deemed inadequate after solicitation of a number of sources.

- Competitive Proposals (all purchases over \$250,000): Competitive proposals are required through a sealed bid process. All qualified sources must submit formal written bids, proposals or qualifications. RFPs or RFQs may be used. If only one proposal is received, the procurement may qualify as a single source and would require review by the Chief Procurement Officer.

Documentation must include:

- Formal written bids, proposals, or qualifications from all qualified sources.
- The method of procurement.
- The evaluation and selection process.
- The basis for the contract price.
- Final labor, overhead rates.

If State procurement laws are more stringent than those noted above, the applicable State law shall be followed.

Requirements for Requests for Proposals/Qualifications

- Request for Proposals (RFP) are used when the specific requirements and/or technical specifications of a project are unclear and criteria in addition to pricing are needed. The proposal is a solution which typically includes a scope of project and/or service, approach, technical capabilities, financial information and references.
- Request for Qualifications (RFQ) are used to evaluate the qualifications of firms and/or consultants to determine which are most qualified to provide the service needed. RFQs are evaluated on technical factors and qualifications including education, experience, management and other applicable criteria. RFQs may be used in conjunction with RFPs.
- The following requirements apply to RFPs and RFQs:
 - All RFP/Qs must be reviewed and approved by the Town Administrator before being issued;
 - The RFP/Q must be publicized and identify the evaluation factors and their relative importance, and state that all complete and timely submittals will be considered;
 - All RFP responses must contain cost or price estimates;
 - The primary selection criterion will be the ability of the firm/consultant to understand the issues and accomplish the tasks described in the RFP/Q;
 - For RFPs, the proposal most advantageous to the program will be selected, even when the preferred proposal is not the lowest priced; and
 - For RFQs, competitors' qualifications will be evaluated and the most qualified competitor will be selected, subject to negotiation of fair and reasonable compensation.

Procurement Process

1. Determine the applicable purchase type and requirements based upon the anticipated total cost. Costs shall not be divided in an attempt to create a lower total cost to avoid a procurement method or competition requirements. If one item being purchased requires another item to be complete or make a whole, the total cost of the two items together should be considered to determine the procurement method, unless the two items cannot be acquired from a single supplier. Total quantity, taxes, freight, and installation costs, as well as the total costs expected for all phases of a multi-phase project are to be included when estimating the anticipated total costs.
2. Complete and document all requirements for the applicable purchase type.
3. Have materials reviewed and approved by the Chief Procurement Officer. No payments may be made prior to receipt of goods or services unless approval is obtained from the Chief Procurement Officer.
4. After steps 1-3 are complete, purchase or execute the contract for the goods and/or services.
5. Promptly submit all purchase requests and other commitment documentation to the Town Accountant.

Contracts

Contracts funded directly under State/Federal grants shall adhere to State/Federal statutory and regulatory requirements. The Chief Procurement Officer shall sign all contracts and contract amendments. Documentation in the contract file must include:

- The method of purchase or procurement.
- The evaluation and selection process.
- The basis for the contract price.
- Final labor, overhead rates.

Regarding contract texts, all contracts shall include:

- Termination clause for cause or convenience if over \$10,000
- Remedies for breach of contract if over \$50,000
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) certification for contracts exceeding \$100,000

Legal counsel review may be required for contracts not using the Town's boiler plate contract template.

All contracts over \$10,000 must be procured competitively and the terms documented in writing.

A contract will not be executed with parties listed on the government wide exclusions in the System for Award Management (SAM) as suspended or debarred. The vendor will certify suspension and debarment compliance through clauses in the written contract. In lieu of this certification, a check of the SAM database shall be documented for all applicable contracts and vendors by the grant administrators prior to the signing of the vendor contract.

For applicable contracts under MGL Chapter 149, 149A and/or 25A, the Massachusetts Department of Capital Asset Management and Maintenance (DCAMM) listing of debarred, suspended or decertified contractors shall also be checked and any vendor on the list shall not be awarded a contract.

Protest Procedure

Unsuccessful proposers will be afforded the opportunity of a debriefing conference if they so request. The request for a debriefing conference must be made within three days of receipt of the notification indicating that their proposal was not selected. Discussions will be informal and limited to a critique of the requesting consultant's proposal. The Town's representatives will explain the scoring of a consultant's proposal. Debriefings may be conducted in person or by telephone and may be limited to a specific period of time.

Records of the RFP/Q solicitation, evaluation, scoring, and selection process shall be kept on file for the life of the project.

Contract Oversight

The grant administrators will be responsible for day to day contract administration and will report any aberrations to the Chief Procurement Officer.

The Town will ensure that contractors meet their responsibilities by making certain that contracts:

- know and understand applicable federal requirements.
- have adequate project delivery systems.
- have sufficient accounting controls to manage Federal funds properly.

The Town will provide adequate monitoring of the contracts administrative actions to assure compliance with Federal and/or agreement requirements.

In the event that a contractor is unable to satisfactorily complete the work, and after unsuccessful attempts to remedy the situation, a contract may be terminated. The Town will reimburse the contractor for all costs incurred, but not those in excess of the contract, in the performance of the project up to and including the effective date of termination.

Conflicts of Interest

No employee, commissioner or agent of the Town shall participate in the selection, award or administration of a contract or authorization of a purchase if a conflict of interest, real or perceived, would be involved.

Such a conflict could arise 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 above

...has:

- a financial or other interest in the firm selected for award,
- directly or indirectly given his/her opinion on the matter,

- has formed an opinion on the matter, or
- has prejudged the matter to any degree.

Massachusetts General Law, Chapter 268A, governs the state's conflict of interest law. The Massachusetts State Ethics Commission interprets the conflict of interest law and publishes advisories. Violators are subject to civil fines by the State Ethics Commission and may be subject to further discipline by the Town.

Time and Effort

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the Town on an integrated basis;
- Comply with the established accounting policies and practices of the Town and
- Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

Time and Effort Procedures

For employees who have a single costs objective (dedicated to a singular purpose) funded through a federal grant, the business office generates a semi- annual time and effort certification report. The report includes:

1. Employer’s name;
2. Employee’s position;
3. Federal grant;
4. Certification period;
5. 100% of work activities; and
6. Supervisor’s and/or employee’s signature and date.

For employees who do not have a single cost objective funded through a federal grant, the business office generates a monthly time and effort certification report. The report includes:

1. Employer’s name;
2. Employee’s position;
3. Federal grant;
4. Certification period;
5. % of work activities allocated to the federal grant; and
6. Supervisor’s and/or employee’s signature and date.

The time and effort after-the-fact certification statement is included on the report. The certification must be signed and dated by the employee or supervisor with first-hand knowledge of the employee's work after the work has been completed.

Period of Performance

The Town may charge to the federal award only allowable costs incurred during the period of performance and any costs incurred before the federal awarding agency or passthrough entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR section 200.309).

To ensure compliance with these requirements the Town shall:

- Charge costs, including payroll, to an award only if the underlying dates of service were incurred during the funding period;
- Review all manual journal entries charged to federal awards to ensure that all underlying dates of service were incurred during the funding period;
- Liquidate all obligations and purchase orders no later than 90 days after the end of the funding period; and
- Assign compliance with period of performance requirements to the individual grant administrators. All AP and Payroll disbursements are subject to the review of the accounts payable and payroll staff and the approval of the Select Board as part of the payment process.

Employee Travel Costs

Employee travel costs charged to grants must comply with the Vehicle Policy and Procedures subject to the additional restrictions outlined in the Uniform

Guidance (§200.473 and §200.474).