



NATICK SELECT BOARD

AGENDA

Edward H. Dlott Meeting Room, Natick Town Hall,
13 East Central Street, Natick, MA 01760 and via
Zoom

Tuesday, March 11, 2025
6:00 PM

<https://zoom.us/j/91200224901?pwd=N1B1NVFjRUJxNUtuZkVyRkVJUSltZ09>
Meeting ID: 912 0022 4901 Passcode: 920750 Mobile: 301-715-8592

Agenda Posted Friday March 7, 2025, at 9:30 AM
(The times listed are approximate. Agenda items will be addressed in an order
determined by the Chair.)

1. **6:00PM OPEN SESSION AND CALL TO ORDER**

2. **PUBLIC SPEAK**

Any individual may raise an issue that is not included on tonight's agenda, and it will be taken under advisement by the Board. There will be no opportunity for debate during this portion of the meeting due to the requirements of Open Meeting Law. This section of the agenda is limited to ten minutes, and any individual addressing the Board during this section of the agenda shall be limited to three minutes. While the Select Board endeavors to ensure that all interested persons have the opportunity to address the Select Board, due to time constraints, that may not be possible. In cases where there is intense public interest in a particular topic, the Board may schedule a future meeting to allow for further public input.

3. **6:05PM DISCUSSION AND DECISION**

A. **Discussion of Potential Commitments from the Select Board to Residents in the Context of the Override**

B. **Financial Policies and Procedures Review**

Financial Planning Policies

1. Annual Budget
2. Capital Planning
3. Debt Management
4. Enterprise Fund Policies
5. Forecasting
6. Investments

Financial Operations Policies

1. Fraud Risk Assessment Policy
2. Procurement Conflict of Interest
3. Tailings
4. Purchasing
5. Debarment and Suspension
6. Accounts Payable
7. Allowance for Doubtful Accounts
8. Tax Enforcement
9. Travel Reimbursements
10. Credit Card Policy and Procedures

4. 9:00PM ADJOURNMENT

Agenda posted in accordance with Provisions of M.G.L. Chapter 30, Sections 18-25.

Meeting Recorded by Natick Pegasus



DATE: March 11, 2025
ITEM TYPE: Recommendation
MEETING BODY: Select Board

ITEM 3.A

Discussion of Potential Commitments from the Select Board to Residents in the Context of the Override

ITEM SUMMARY:

BACKGROUND INFORMATION:

RECOMMENDATION:

ATTACHMENTS:

[Sample_Tax_Recap_Policy \(1\).pdf](#)
[Frank_Foss_letter_of_1.12.2025 \(1\).pdf](#)
[Arlington_Override_Commitment_Letter \(1\).pdf](#)
[DLS_Report_2023 \(1\).pdf](#)
[Tax_Recap_Policy_2 \(1\).pdf](#)
[Financial Management Principles - 2016.pdf](#)



TAX RECAPITULATION POLICY

PURPOSE

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

APPLICABILITY

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

BACKGROUND

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

The tax recap forms and schedules represent the Town’s annual budget plan for the fiscal year. They summarize all appropriations made by town meeting since the previous year's tax rate was set and identify all non-property-tax revenue sources, such as state aid, local receipts, and reserves. The difference between these sources and the total budgeted appropriations must be raised through the property tax levy. By completing the tax recap and submitting it to the Division of Local Services (DLS) for approval, the Town establishes its property tax levy and sets the tax rate for the year. The Town may issue actual tax bills only after DLS reviews the recap and approves the tax rate.

POLICY

At the Town Administrator’s direction, Hubbardston’s financial team will annually complete the tax recap process no later than December 15. The Treasurer/Collector will print and mail the actual tax bills no later than December 31. The Town Administrator will develop a realistic plan and timetable to meet these deadlines and keep the Board of Selectmen apprised of progress.

A. Preparation and Town Meeting

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

The Board of Selectmen, through the Town Administrator and Town Counsel, will assure the production of a properly written town meeting warrant and motions, such that town meeting voters, under the Town Moderator's oversight, can properly authorize annual budget appropriations that are funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization). The Board of Selectmen will ensure that any annual increase in the tax levy does not exceed the maximum amount allowed under Proposition 2½.

The Town Accountant, Town Administrator, and Board of Selectmen will verify that the proposed budget is balanced. The Town Accountant will prepare a schedule of funds available for appropriation by town meeting. The Treasurer/Collector, Town Counsel and Bond Counsel will ensure any debt issuance authorizations are proper. The Board of Selectmen will ensure that any proposal for a general override, debt exclusion, or capital exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum. The Town Administrator, in consultation with Town Counsel and Bond Counsel, will ensure properly written motions for use at Town Meeting.

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

B. Recording Legislative Actions

To allow time for any required corrective measures, the following tasks will be completed within 30 days of Town Meeting:

The Town Clerk will certify all appropriations approved since the last tax rate was set. The Town Accountant will reconcile all votes and authorized amounts. The Town Clerk will enter town meeting appropriations into the DLS Gateway system (page 4 of the tax recap). From the certified town meeting authorizations, the Town Accountant will complete the following Gateway forms as applicable:

Revolving funds (Form A-3)

Free cash used (Form B-1)

Available funds used (Form B-2)

If applicable, the Town Accountant or Treasurer/Collector will prepare the Debt exclusion report, including any use of reserved bond premiums (Form DE-1), and report any reserved bond premium amounts used as funding sources (Form B-2).

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

The Town Accountant will continue completing the tax recap by:

Reporting and documenting all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap)

Recording the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap)

Entering estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the tax recap)

D. Property Value Certification

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

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

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

E. Tax Rate Setting

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

The Assessor and Town Accountant prepare an overlay analysis (Form OL-1). The Assessor prepares a financial analysis of the various tax alternatives. The Board of Selectmen votes on residential, small commercial, and open space exemptions. The Board of Selectmen acknowledges excess levy capacity (Form LA-5). The Town Clerk attests to notice having been given to taxpayers regarding the public hearing (Form LA-5).

F. Review and Submittal to DLS

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

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

G. Tax Commitment Creation

After DLS notifies the Town that the tax rate has been approved, the Assessor will create a tax commitment list and warrant duly signed by the Board of Assessors and refer it to the Treasurer/Collector to generate the actual tax bills.

REFERENCES DLS Training Publications: New Officials Financial Handbook and Assessors Course 101 Handbook Chapter 5: Setting the Tax Rate

Hubbardston's policies on Forecasting and Year-end Closing

EFFECTIVE DATE: This policy was adopted February 2019.

**Frank W. Foss
8 Merifield Lane
Natick, MA 01760**

January 12, 2025

Chair Kathryn Coughlin and Board Members
Natick Select Board
13 East Central Street
Natick Town Hall
Natick, MA 01760

RE: Fiscal Policy Suggestions & 2025 Proposition 2 ½ - Property Tax Levy Override

Honorable Chair Coughlin and Select Board Members,

I write to share my thoughts regarding the Natick Select Board (Board) current consideration of the above captioned matters, specifically to offer 1) immediate and future policy guideline suggestions (Exhibit B) and 2) a high level 5-year fiscal course correction of the Town of Natick Town Budget strategy (Exhibit B). A numerical analysis of Items 1 & 2 will be forthcoming. In preparing my suggestions in writing, I believe it best to share my thought process and premises, which lead me to the conclusions listed in Exhibit B.

First, I focused on the Natick Home Rule Charter (Charter) sections that guide the Board in considering policymaking (Exhibit A). Salient points from the Charter state that the Board neither can make, rescind nor amend any law(s). Natick Home Rule Charter Article 1-3 (Exhibit A) provides clarity toward the separation of powers of the Board and the participating legislative entities of the Town (Finance Committee and Representative Town Meeting). The Board has correctly indicated during recent proceedings that, following Finance Committee (Fin Com) review, Town Meeting makes, rescinds, or amends local law, specifically local laws known as Natick General Bylaws and Natick Zoning Bylaws. In addition, the Fin Com also suggests amendments regarding the Town Administrator Preliminary Budget (Budget) and may propose amendments to the Budget for consideration at Town Meeting (Natick Town Bylaws, Article 23). Further, the Charter is a special law, voted by the Representative Town Meeting, Natick voters and General Court of the Commonwealth of Massachusetts; the Board must follow the Charter provisions.

Second, most of the commentary in the public domain seems to believe, as I do, that the Board has the power and authority to promulgate policy. I do however disagree that the Select Board has unfettered and open-ended authority to promulgate such policies. Therefore, I submit that any fiscal policy promulgated by the Board must be within its authority given in the Charter. I highlight certain passages in Exhibit A to illuminate and focus on the following.

- 1) The Board is given the authority to “act only through the adoption of broad policy guidelines which are to be implemented by officers and employees appointed by or under its authority” (emphasis added). For this writing, the term “broad policy guidelines refer to overarching principles or frameworks established by the Board to guide the actions and decisions of various town agencies and officials. These guidelines are not meant to dictate specific actions or daily operations but rather to provide a general direction and strategic objectives that align with the town's goals.
- 2) Further, the term “board policy guidelines” and the voters’ intentions under Charter Section 3-1(b) is likely explained further by the passage: “nothing in this section shall be construed to authorize any member of the Select Board, nor a majority of them, to become involved in the “day-to-day administration of any town agency” (emphasis added).
- 3) Finally, for this writing the term “day-to-day administration of any town agency” refers to the routine operations, management, and decision-making activities that are necessary for the functioning of a town agency daily. Generally, this includes tasks such as:
 1. ****Operational Management****: Overseeing the daily activities and processes that keep the agency running smoothly.
 2. ****Staff Supervision****: Managing employees, including hiring, training, scheduling, and evaluating performance.
 3. ****Budget Management****: Handling the agency's budget, including expenditures and financial reporting.
 4. ****Implementation of Policies****: Carrying out the specific policies and procedures established by the Select Board or other governing entities.
 5. ****Service Delivery****: Ensuring that the agency provides services effectively to the community and addresses the needs of residents.
 6. ****Problem-Solving****: Addressing immediate issues and challenges that arise in the course of daily operations.

Third, the Board has appointed well-seasoned experienced professionals for positions in our Town administration, of whom I respect and believe have the best interest in mind for the citizenry and taxpayers - your entire constituents. I believe these administrators are the appropriate decisionmakers to promulgate departmental budgets once approved by Town Meeting. Beginning with the Town Administrator - Charter Article 4, Section 4-2, the Town Administrator - Powers and Duties are clear and guide all departments of the Town and maintain for the Board the harmony of all agencies of the Town.

- Therefore, the Town Administrators and their subordinates, and the NPS District Superintendent as directed by the NPS District School Committee (School Committee)

should have the leeway and professional ability to have their respective Town staff perform their day-to-day duties without Board intervention.

Fourth, Town-wide (including NPS District) fiscal revenue and some expense planning, policies, and strategies direly need more careful examination, rewrite and/or amendment. In support of such, Town fiscal policies, strategies, and practices since the early 1990s have been out of synchronization and not harmonized, leading the Town to the current fiscal cliff. The time this took has been prolonged by the great efforts by all administrators, and availability of granted funds. However, political decisions have been unwisely made causing a state of unsustainability, especially when for decades administrators and Fin Com members have warned policymakers (Board and School Committee) and Town Meeting Members that the fiscal cliff was eminent.

- Therefore, it is evident that the Town strategically and policy-wise needs a course correction.

Without getting “into the weeds” three major policies, strategies, and practices are prominent in reaching such fiscal cliff and unsustainability. They are 1) use of one-time funding for reoccurring expenditures (Free Cash, Stabilization Funds, operational budget prepaids, Education Circuit Break Surplus funds and Town Meeting General Appropriation Carryovers, and Overlay Surplus), 2) lack of synchronization of Collective Bargaining Agreements (CBA) with revenue increases and expenditure increases such as shared service line items – benefits and insurances, and 3) capital equipment and improvement appropriations excessive use of borrowing appropriations. In short, in my opinion, the past use of these budget practices, along with other decisions, starve other sub-budgets. Specifically, availability of property tax levy, local receipts and state aid has been repositioned in previous fiscal years by use in the three influences above, while trying to level fund and implement nominal increases in services, salaries, and benefits.

- In sum, we’ve spent beyond our means – expenses vs. revenues.

Fifth, coupled with the forementioned consequential activities is the effects of Proposition 2 ½ (Prop. 2 ½), uncertainty of maintaining uber conservative assessments, and continuing current levels of local receipt revenues in inflationary times. The town administrations have aptly examined over time the effects of Prop. 2 ½. I, however, disagree with the confidence that has been stated by them to date regarding any future need for Prop. 2 ½ overrides beyond that which is proposed for FY2026, embedded in the fiscal plan provided at you December 16, 2024, meeting.

- The practices summarized in my Fourth and Fifth paragraphs cannot continue, especially given the forecasts for the next four to five fiscal year cycles.

Sixth, I mentioned other subordinate, yet substantive concerns and considerations, during your January 08, 2025, meeting. Please consider the public meeting record and that commentary as part of this document.

Finally, the above points are but a summary of the things I've contemplated to reach the conclusions in Exhibit B. Also, I realize that I do not have the breadth of information available to the town administrators, the Board, and other Town officials. To the extent that such information has not been made available I may revise and extend my remarks and further work on a quantitative analysis of the proposed policies in Exhibit B.

- However, certain information (EG, 2023 Annual Report, Clear Gov data, among other things) desperately needs to be available to me, the public and interested parties so that we can make informed decisions on all the alternative strategies and proposed overrides and appropriations.

Moreover, I stand by my previous comments before the Board and suggestions above, especially that the Board should place a question for a Prop. 2 ½ override vote on the Town Election Ballot. Obviously, I prefer and urge that the ballot question be multi-year questions, as delineated in Exhibit B. However, I realize your position (political and administrative), along with (and especially considering) the well thought out and heart-felt positions of my neighbors. To those ends, I respectfully submit Exhibit B, which I believe offers up thoughtful alternatives, as broadly written set of policies, for your consideration.

Thank you for your consideration. I am always at the ready to discuss this matter.

Respectfully Submitted,



Frank W. Foss

Cc: Town Administrator
Natick Public School District Superintendent
Natick Public School District School Committee
Town Clerk

Sources:

Natick Home Rule Charter, <https://www.natickma.gov/1059/Town-Charter>, Article 1, Sections 1-3 and 3-2 (b); Article 4, Section 4-2.

Natick Town Bylaws, Article 23;

<https://www.natickma.gov/DocumentCenter/View/15736/Article-23---Finance-Committee>

Section 4, Report, Recommendations

Town of Natick - Natickma.org - Web Site, Select Board Agenda, dated December 18, 2024,

<https://naticktown.novusagenda.com/agendapublic/AttachmentViewer.ashx?AttachmentID=29958&ItemID=14663>

FY 2026 approved Debt Schedule as of January 9, 2025,

https://drive.google.com/file/d/1x_q_vENxMMtb1Jsawikv13gieNqBGXZs/view?usp=share_link

Exhibit A

Natick Home Rule Charter Sections

Section 1-3 Division of Powers

The administration of all the fiscal, prudential and municipal affairs of the town shall be vested in an executive branch headed by a Select Board. The legislative powers of the town shall be exercised by a representative town meeting.

Section 3-2 Select Board

(b) Powers and Duties - The executive powers of the town shall be vested in the Select Board which shall be deemed to be the chief executive office in the town. The Select Board shall have all of the executive powers it is possible for a Select Board to have and to exercise. The Select Board shall serve as the **chief policy making agency of the town.** It shall be responsible for the issuance of policy directives and guidelines to be followed by all town agencies serving under it and, in conjunction with other elected town officers, to develop and to promulgate policy guidelines designed to bring all agencies of the town into harmony. Provided, however, **nothing in this section shall be construed to authorize any member of the Select Board, nor a majority of them, to become involved in the day-to- day administration of any town agency.** It is the intention of this provision that the Select Board shall **act only through the adoption of broad policy guidelines which are to be implemented by officers and employees appointed by or under its authority.**

The Select Board shall cause a record of all its official acts to be kept. To aid it to perform its duties, the Select Board shall appoint a town administrator as provided in Article 4.

(emphasis added)

Exhibit B

Suggested Fiscal Policies

Regarding FY 2026 and Future Fiscal Years (FY 2027-2030)

Preamble. In order to ensure that the residents, taxpayers, interested parties and officials of the Town of Natick (Town) are aware and aligned with Select Board (Board) Fiscal Policies Regarding Fiscal Year 2026 and Future Fiscal Years (FY) Budgets plans, The Board hereby adopts the following Policies:

1. The Town Administrator (TA) and Natick Public School (NPS) District Superintendent shall forgo all new hires during FY 2026 that fill administrative, managerial, supervisory, and departmental staff positions not already approved and funded in the FY 2025 TM Town Budget as approved by Town Meeting.
2. The TA and NPS District Superintendent (Superintendent) shall not consider Item#1. above to have any effect on current (FY 2025) or future (FY 2026 thru FY 2028) grant or special fund (SF) staff positions, provided, however, that such positions shall not transition from funded by grant or special funds to being funded within departmental/operational budgets funded through Town Meeting appropriations until after FY 2028.
3. The Town Administrator, Town Department Heads, and the Superintendent and NPS Principals and/or Department Heads shall examine their respective departmental budget(s) current staff vacancies and propose to forgo funding such vacant positions which can be left unfilled at the end of FY 2026, and during FY 2027 and/or FY 2028.
4. The Board, the TA, the Natick Public School Committee and the NPS District Superintendent (Superintendent) shall consider continuing all existing Collective Bargaining Agreements (CBA) obligations, provided, however as CBAs begin to expire and enter into negotiations that the parties shall effort to agree through good faith negotiations a pause in COLA increases until the close of FY 2028 (June 30, 2028); and that any agreement shall include a provision that such paused COLAs shall be trued up through a FY 2028 Proposition 2 ½ Override funding, which is voted along with the proposed override vote described in Item 8 below.
5. During the FY 2026 through FY 2030 period, the TA, Natick Public School Committee and NPS District Superintendent (Superintendent) shall 1) defer and/or make no recommendation for Capital Expense (CapX) appropriation or expenditure funded by property tax levy, local receipts or State Aid, except for emergency equipment replacement or repair appropriations and further; 2) ensure that any CapX requests, appropriations, and future expenditures including CapX items appropriated at previous TMs shall only be funded with Certified Free Cash or Stabilization Funds.
6. The TA shall not propose, the Fin Com shall effort to not recommend, and Town Meeting shall effort to not appropriate using more than \$100,000 of Certified Free Cash in any FY Town Operational Budget filling any budget deficit for the period of FY 2027 thru FY 2030, excluding

uses for unforeseen, or government declared emergencies, Budget deficits. Regarding FY 2026 Budget, the TA shall not propose using more than \$4M of General and Operation Stabilization Funds and \$2.5M of Certified Free Cash, except to satisfy unavoidable debt obligations listed in the FY 2025 Debt Schedule - debt currently authorized for FY 2026

(https://drive.google.com/file/d/1x_q_vENxMMtb1Jsawikv13gieNqBGXZs/view?usp=share_link).

7. SB recommends that Town and NPS fees, including NPS bus fees, Town trash and recycling fees, Recreation and Parks program fees be increased to eliminate, or greatly diminish, the need for using any non-reoccurring or one-time funds for FY 2026 through FY 2030 Budgets.

8. SB recommends a multi-year override scenario like the following: 1) FY 2026 \$4M (at a minimum targeting the NPS structural purported FY 2026 deficit - caused by use of Circuit Breaker funds for FY 2025 operation budget purposes and FY 2025 increases in Town and NPS CBA obligations, and shared services increases); 2) FY 2027 \$4M (replacing the use of Stabilization Funds during FY 2026); and 3) FY 2028 \$2M (expressly set aside to wholly or partially true up any CBA pause agreement, among other related CBA operational expenses).

9. The Board sponsor and place on the 2025 SATM Warrant an article proposing that Town Meeting accept to a Resolution the 1) acknowledges the above Board, NPS School Committee (SC) and TA policies and strategies, including but not limited to the above eight (8) items; 2) specifically, such Resolution should frame intent of SB, SC and TA proposed, good faith appropriation guidelines, goals, and objectives, recognizing that unforeseen future fiscal challenges and political changes that may arise affecting any Town fiscal policies, principles and strategies; and 3) that the Resolution include a provision that nothing in the Resolution shall prevent any officer, employee or department head of the Town or NPS from lawfully discharging responsibilities and duties in compliance with any law, the Charter or Town Bylaw.

Natick Select Board

[Signature Page to Follow]

Arlington Select Board

Override Commitments

For the November 7, 2023 Override Election

Reaffirmed October 17, 2023

1. Exercise fiscal discipline and provide quality municipal services.

- a. Commit to no Proposition 2 1/2 Overrides prior to Fiscal Year 2027.
- b. Continue to increase general education operating budgets by 3.5% annually.
- c. Continue to increase general government operating budgets by 3.25% annually.
- d. Fund special education cost growth at a rate of 6.5% per year.

2. Respond to ongoing school enrollment fluctuations.

Fund future enrollment increases or decreases at a rate of 50% of per pupil expenditures.

3. Invest for Arlington's future.

- a. Phase in funding of the School Committee's Strategic Plan to: ensure cohesive and consistent excellent instruction for all students, provide adequate staffing and service provision to meet all students' needs, close achievement and opportunity gaps, recruit and retain a diverse workforce, ensure safe and modern schools and operations, and build and sustain two-way partnerships with families. Adopt the following schedule of increases to base operating budgets: **FY24** - \$1,000,000; **FY25** - \$3,100,000; **FY26** - \$1,700,000; **FY27** - \$600,000; **FY28** - \$300,000. FY24 increase will replace current FY24 one time increase of \$600,000, and FY25 increase will replace current FY25 one time increase of \$300,000.
- b. Improve mobility for all residents by adding \$200,000 to the base budget for pedestrian infrastructure, including road and sidewalk repair. Add \$250,000 to the Public Works Department to cover the costs of the upcoming new trash collection and disposal contract. Add \$150,000 to the annual contribution to the OPEB fund to cover retiree health insurance costs.

4. Minimize impact on taxpayers, particularly seniors and others with income challenges.

- a. Continue new tax relief programs, including a municipal circuit breaker and increased eligibility for property tax deferral options, and publicize existing relief programs.

- b. Pursue new revenue sources.
- c. Work with financial leadership to develop bonding schedules that will minimize single-year tax increases and debt service costs related to the Arlington High School rebuild.
- d. Direct the Town Manager to continually look for budget efficiencies that can produce cost savings in each department.

5. Protect against future fiscal shocks and maintain the Town's strong bond rating.

Maintain financial reserves at 5% or better for the duration of the three-year plan.

FINANCIAL MANAGEMENT REVIEW

TOWN OF NATICK

FEBRUARY 2023



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Financial Management Resource Bureau

www.mass.gov/dls

Kasey Bik, Project Manager

Marcia Bohinc, Senior Project Manager



February 10, 2023

Select Board
Town Hall
13 E Central Street
Natick, MA 01760

Dear Board Members,

I am pleased to present the enclosed financial management review report for the Town of Natick. It is my hope that our guidance provides direction and serves as a resource for local officials as we work together to build better government for our citizens.

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resources Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

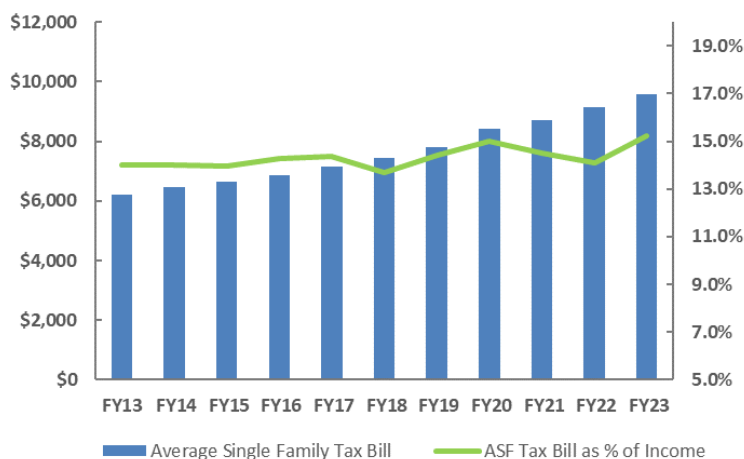
At the request of the select board, the Division of Local Services (DLS) Financial Management Resource Bureau completed this financial management review for the Town of Natick.

Our review focused on the town's organizational structure, financial practices, and operations. We interviewed elected and appointed officials, department heads, and office staff. We examined town documents and financial data, including the town charter, general bylaws, warrant articles, annual budgets, tax recapitulations, debt service schedules, revenues and expenditures, and independent audit reports. We believe this report will support Natick's efforts to improve communication, streamline internal procedures, and strengthen town finances through policy and best practices. Opportunities for expanded or enhanced use of technology are echoed throughout the report. We also comment on the effectiveness of internal communications and financial oversight.

COMMUNITY PROFILE

Incorporated in 1781, Natick is a suburban community located in the Metro West region of Middlesex County with a 2020 census population of 37,006. Running through the town's 14.96 square miles is a network of major roadways, including I-90 and Routes 9, 16, 27, and 135. The town also has a commuter rail stop along the Framingham/Worcester line for easy access to Boston. A popular retail presence in town is the Natick Mall which anchors the Route 9 commercial district. Natick's prime location coupled with its diverse local economy make for a uniquely blended community with both residential and commercial appeal. Natick continually strives for a balance between economic development and preservation of natural and historic attractions. This is demonstrated by the town center, where residents can enjoy beautiful town commons, independently owned shops and restaurants, art installments, and monuments commemorating veteran history.

The town's per capita income of \$63K is 31% higher than the state's at \$48K. Natick's EQV per capita of \$257K ranks as the 77th highest within Massachusetts. The town's 4.3% poverty rate is lower than Middlesex County's (7.7%) and the Commonwealth's (10.4%). Single family property values continue to rise, increasing over 75% in the last decade. The average single family tax bill has grown to \$9.6K, equivalent to 15.2% of per capita income as of FY2023.



Administrative Structure

The organization of town operations are defined through a combination of a home rule charter, locally adopted bylaws, and state statutes. Natick is governed by a representative town meeting and an elected five-member select board. The select board serves as the chief policymaking body for the town. The finance committee, consisting of fifteen members appointed by the moderator, functions as the town's fiscal watchdog and publishes a comprehensive recommendation book providing information and opinions on all warrant articles. Natick holds two town meetings per year, one in the spring and one in the fall. The spring annual town meeting is primarily centered on the annual operating budget, as well as capital equipment and improvements. Fall town meeting typically

focuses on non-budgetary matters, although they periodically appear in these sessions, including additional capital articles.

The select board appoints the town administrator, who is defined through charter as the town's chief administrative officer and is charged with the supervision of departments and day-to-day operations. Natick's town administrator was appointed in 2021 after having previously served as the director of community and economic development and then as its deputy town administrator of operations.

The town administrator is supported by two deputy town administrators with one overseeing town operations and the other serving as the finance director. The current deputy for operations was promoted into the role after it was vacated by the now town administrator and previously worked as the director of parks and recreation for Natick. The finance deputy, who was appointed in 2016, leads Natick's finance operations that include the assessing, comptroller, and collector/treasurer offices.

Natick's charter outlines the town administrator duties and responsibilities, many of which mirror the authorities usually vested in a town manager. These include the power to appoint and supervise department heads, negotiation of collective bargaining agreements, and preparation and submission of the annual budget and capital planning. Massachusetts General Law lacks a fixed definition distinguishing a town administrator from a town manager; however, a manager is generally thought of as functioning more like a chief executive than an administrator. This is reflected in tasks related to planning and implementing long-range goals, and financial management responsibilities including the coordination and submission of the operating budget, managing procurement, holding department heads accountable, and keeping the select board informed.

In 2022, Natick's select board formed a town governance study committee to review the efficiency of Natick's organizational structure, bylaws, and form of government. We understand that as part of their broad organizational study, the town governance study committee will address the topic of elevating the title of Natick's town administrator to town manager. At the most recent town meeting, the town voted to establish a charter and bylaw review committee (CBRC) providing the town many opportunities to study its operations.

We offer the following list of communities we consider comparable to Natick. Based on population, budget, and portion of tax levy attributable to real estate, the comparable group is a mix of cities and towns.

Natick Comparable Communities

Municipality	County	City/ Town	Form of Government	CEO	Population	Single Family Tax Bill	DOR Income Per Capita	EQV Per Capita	Total Budget	R/O % of Total Value	CIP % of Total Value	Tax Rate
Andover	ESSEX	T	Open Town Meeting	Manager	36,569	11,734	87,282	279,435	228,469,299	70.9%	29.1%	Split
Arlington	MIDDLESEX	T	Representative Town Meeting	Manager	46,308	10,228	65,927	296,713	229,911,145	94.5%	5.5%	Single
Beverly	ESSEX	C	Council	Mayor	42,670	7,693	50,335	211,352	179,859,383	78.1%	21.9%	Split
Billerica	MIDDLESEX	T	Representative Town Meeting	Manager	42,119	6,520	42,563	218,234	214,120,587	61.0%	39.0%	Split
Braintree	NORFOLK	C	Council	Mayor	39,143	5,992	44,498	229,892	184,092,281	64.5%	35.5%	Split
Burlington	MIDDLESEX	T	Representative Town Meeting	Administrator	26,377	6,197	53,983	346,629	179,914,109	37.5%	62.5%	Split
Chelmsford	MIDDLESEX	T	Representative Town Meeting	Manager	36,392	8,235	56,760	200,214	164,381,136	81.4%	18.6%	Split
Dedham	NORFOLK	T	Representative Town Meeting	Manager	25,364	8,581	60,879	261,246	136,771,745	70.3%	29.7%	Split
Framingham	MIDDLESEX	C	Council	Mayor	72,362	7,113	38,375	177,369	386,989,581	64.6%	35.4%	Split
Franklin	NORFOLK	T	Council	Administrator	33,261	7,470	54,471	204,003	161,971,951	81.2%	18.8%	Single
Marlborough	MIDDLESEX	C	Council	Mayor	41,793	5,856	36,482	182,318	206,728,874	95.2%	4.8%	Split
Natick	MIDDLESEX	T	Representative Town Meeting	Administrator	37,006	9,597	62,985	288,698	199,526,436	81.5%	18.5%	Single
Norwood	NORFOLK	T	Representative Town Meeting	Manager	31,611	6,223	43,885	224,612	176,593,610	57.5%	42.5%	Split
Shrewsbury	WORCESTER	T	Representative Town Meeting	Manager	38,325	7,797	59,686	185,007	167,715,339	88.9%	11.1%	Single
Stoughton	NORFOLK	T	Representative Town Meeting	Manager	29,281	6,430	35,657	178,071	144,900,055	71.6%	28.4%	Split
Tewksbury	MIDDLESEX	T	Open Town Meeting	Manager	31,342	779	43,650	202,408	162,552,115	74.5%	25.5%	Split
Watertown	MIDDLESEX	C	Council	Manager	35,329	7,528	53,770	316,734	212,706,355	61.0%	39.0%	Split
Woburn	MIDDLESEX	C	Council	Mayor	40,876	5,320	44,751	247,361	204,536,156	52.4%	47.6%	Split

Finance Department

The finance department is overseen by the deputy town administrator and finance director, who has served in this combined role since 2016. Additionally, there are three fulltime staff that support the finance department, which include an assistant finance director, a budget analyst, and an executive assistant. The primary functions of the finance department include financial reporting, budget preparation and analysis, debt management, and attending various committee and board meetings. Recent changes to the department's staffing include an expansion from two to four staff members in 2020. There has also been some recent turnover. While we were conducting our financial management review, both the assistant finance director and the budget analyst left Natick to accept other employment opportunities.

Natick uses multiple software systems and online applications for financial operations and community engagement. For example, the town uses the Tyler Technologies Munis Enterprise ERP (Munis) for their financial management software, which includes modules for accounts payable and receivables, cash management, general ledger, purchase orders, tax billing and collections, and payroll. A recent effort to integrate operations into Munis includes converting the utility billing from Point software to Munis. Further improvements are pending, such as upgrading to a cloud-based Munis server. Many departments use additional applications for recordkeeping, resident information resources, and electronic payment processing. Digitizing paper-based operations is a priority along with the ongoing endeavor to streamline Natick's multiple software systems.

Assessors

The assessing office is responsible for valuing all real and personal property in town and generating the commitments authorizing the collector/treasurer to collect real estate taxes, betterments, and motor vehicle and boat excises. Subject to the approval of the board of assessors, assessing staff set the annual overlay amount, provide information and analysis for tax classification hearings and the tax recap, and make recommendations on all abatement applications and property tax exemptions. Other duties of the assessors' office include updating tax maps and deed transfer information and responding to public inquiries.

Natick's assessing office is directed by an elected three-member board of assessors. Day-to-day operations are managed by a full-time director of assessing, who supervises four fulltime staff, including an assistant director of assessing, two assistant assessors, and an executive assistant. The director, assistant director, and one assistant assessor are fully certified as Massachusetts Accredited Assessors (MAA) by the Massachusetts Association of Assessing Officers (MAAO), and the other assistant assessor is currently pursuing certification. Natick is fortunate to have a knowledgeable and well-trained staff that perform a variety of in-house operations, including data collection, sales analysis, real estate valuation, exemption and abatements processing, and supplemental billing. Personal property data collection is done in-house, but Patriot Properties is contracted for revaluation services.

The assessing office should be commended for their incorporation of technology into daily operations. The Tyler Technology software, IAS World System, is a CAMA system for real estate valuation, which is integrated with the town's online GIS mapping system, AppGeo. Patriot Properties' AssessPro is the CAMA system used for personal property valuation. Staff use technology resources for data collection efforts including NearMap, a drone-based technology company, for aerial imagery and property inspections. The office also collaborates with the building department to use OpenGov software for permitting. These additional technologies support the impressive office operations for in-house valuations and supplemental billing.

Comptroller & Payroll

The office of the comptroller has a legal obligation for all accounting records and procedures. These include, but are not limited to, maintaining a general ledger, drafting payroll and vendor payment warrants, revenue and expense reporting, and payroll processing. In doing so, the department plays a critical role in the system of internal controls and statutory checks and balances established to

safeguard local assets through the maintenance of independent records and by following well-defined procedures.

Natick's comptroller was appointed by the select board in June 2021. She brings several years of municipal accounting experience and is certified by the Massachusetts Municipal Auditors and Accountants Association (MMAAA). She oversees a fulltime staff of an assistant comptroller, two staff accountants, and a payroll manager, all of whom have multi-year backgrounds in accounting and municipal finances.

Collector/Treasurer

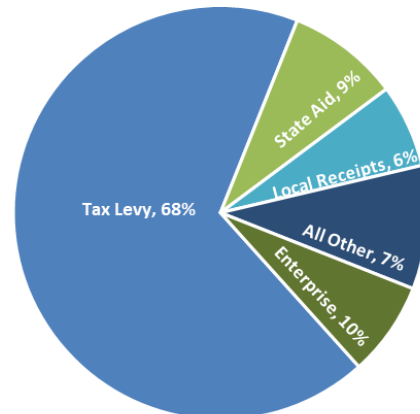
Natick has a combined collector/treasurer office. The collector's primary role is to issue bills for real estate, personal property and excise taxes, as well as betterments, and to make certain that other collections are properly received, counted, and posted to payer accounts. The collector maintains a receivable control that should be reconciled regularly with the accountant's general ledger. The treasurer serves as the town's cash manager, and as such has custody of all municipal funds and investments, manages issued debt, posts and deposits town receipts into appropriate bank accounts, and monitors balances to ensure that funds are available to cover obligations. Natick's collector/treasurer is appointed by the town administrator and has been with the town for over twenty years, beginning as the assistant collector/treasurer before moving to her current role in July 2019. The collector/treasurer supervises five fulltime employees with varying levels of experience, including an assistant collector/treasurer, an executive assistant, and three administrative assistants.

Despite a great deal of care and passion for the job, the overall scale of Natick's financial operations results in a high volume of work for the collector/treasurer office that is heavily impacted by redundancies and other procedural inefficiencies. Our recommendations focus on several opportunities for efficiency, which in turn support additional recommendations regarding financial reconciliation and management to reduce these bottlenecks.

Financial Condition

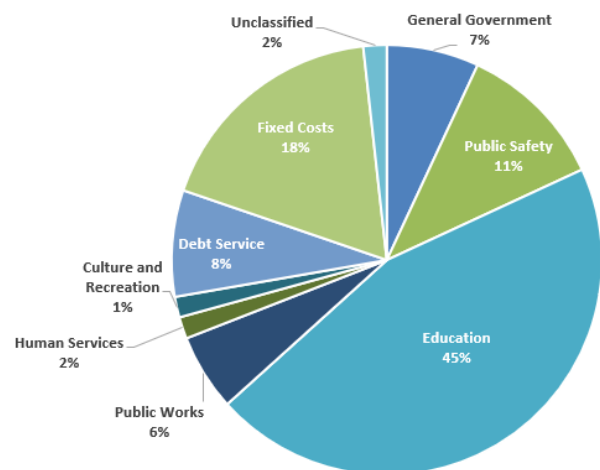
Natick's FY2023 total operating budget is \$199,526,436. At \$135M, or 68%, the tax levy is the largest source of revenue. The other sources include \$17.5M from state aid, \$13M from local receipts, \$19.2M from enterprise funds, and \$14.7M from all other funds, which includes Federal American Rescue Plan Act (ARPA) funds and other reserves and reappropriation of unexpended capital funds. Of Natick's tax levy, 81.5% comes from the residential property class. Commercial, industrial, and personal property classes (CIP), account for the remaining 18.5%. The select board continues to maintain a single tax rate, meaning all Natick's property holders share equally in the tax burden based on the property's value.

FY2023 Revenues

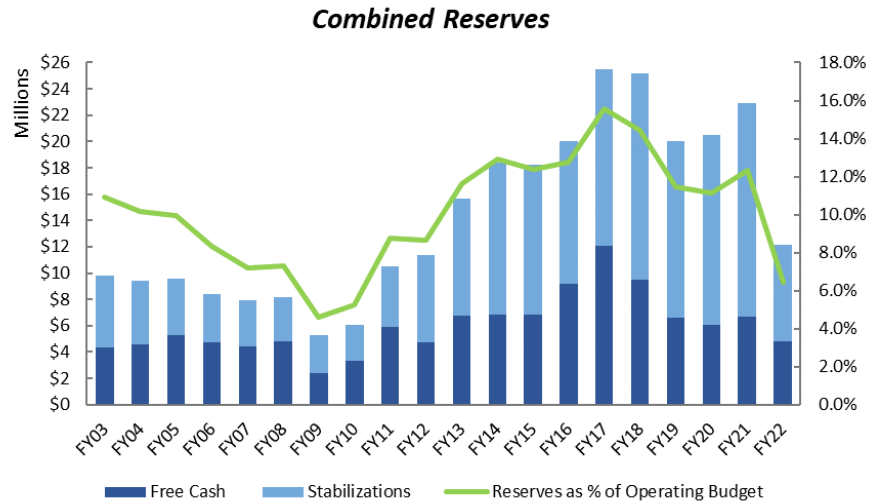


Customary to its size, Natick's operating budget funds an extensive range of services including fulltime public safety departments, a large Pre-K – 12th grade public school system, library, senior and veteran services, and active volunteer boards and committees. Natick appropriated \$178.2M in general fund expenditures, exclusive of the self-supporting water/sewer, golf, and public access cable operations. Public education, an area of resident priority and investment, represents the single largest portion of the budget at \$80.6M or 45%, followed by shared/fixed costs (e.g., employee benefits and insurance) at \$32.1M, then debt service at \$14.3M and public safety at \$19.9M. The remaining \$31.3M is split between administrative support services, public works, health, culture, and recreation, and assessments. The annual capital plan was funded with a combination of new debt authorizations and \$3.7M in appropriations.

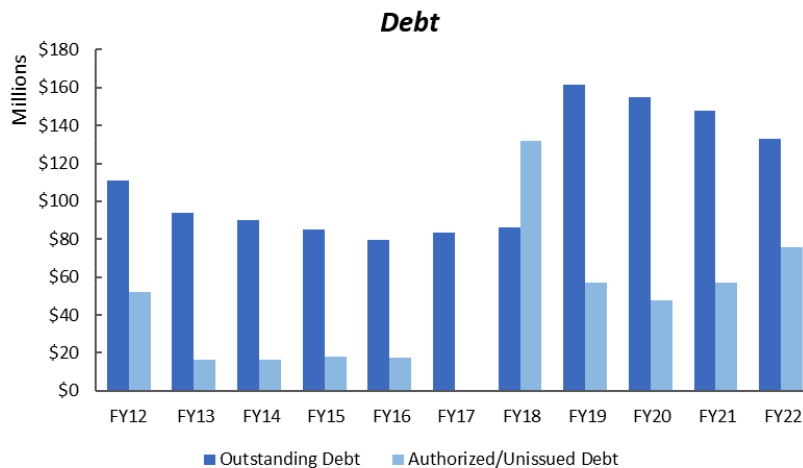
FY2023 General Fund Expenditures
(excludes Enterprise Funds)



Combined with free cash, Natick's reserves include a general, operational, and a capital stabilization fund. Natick's reserves reached a peak in FY2017 of \$25M, or 15.6% of operational costs, but have since been in a general decline. However, the town's reserves remained within the recommended level of 10-13% of the operating budget until just recently.



Natick has maintained a relatively consistent level of debt to fund capital improvement and equipment. The most significant increase in the town’s debt obligation occurred in FY2019 after voters authorized \$105M in borrowing for the construction of the John F. Kennedy Middle School at a 2018 Special Town Meeting. The town maintains the AAA bond rating it received from Standard & Poor’s in 2008.



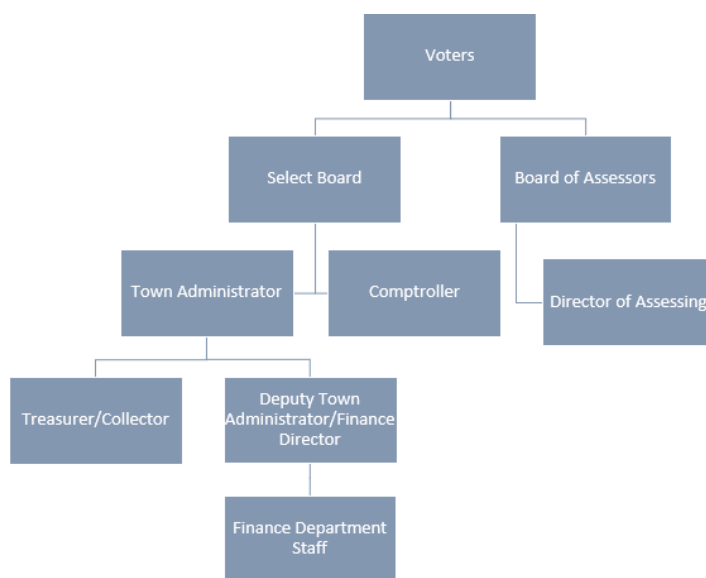
The report that follows details our observations, analyses, and best practices behind the recommendations we offer to the town. These recommendations are divided into three sections: structure and organization, financial management, and financial operations—which is further segmented by individual financial offices. Many of our recommendations align with the needs and objectives expressed by staff and town policymakers. Natick’s size and operational scale necessitates productive communication and collaboration within town operations. Our report emphasizes policy-driven decisions, consistency in implementation, and effective financial management.

A. STRUCTURE & ORGANIZATION

A.1. Review the Consolidated Finance Department Structure and Reassess Responsibilities

We recommend that Natick review the reporting structure of its consolidated finance department. At the 2012 Spring Annual Town Meeting, the town authorized a reorganization of the assessing, comptroller, and collector/treasurer offices under one consolidated finance department. To a degree, Natick operates under this structure, with the finance director managing the assessing, comptroller, and collector/treasurer offices, as well as a stand-alone finance department of three staff. However, the finance department organization has not been codified through town bylaws or charter, leaving inconsistencies between recorded structure and actual operations. Additionally, to the outside observer, the combination of a named finance department operating within a consolidated finance department is confusing.

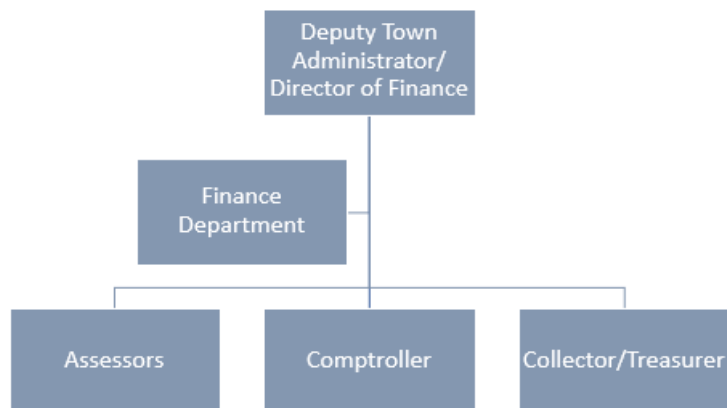
The following diagram outlines the current structure based on the community's governing documents:



Town bylaws and charter do not define the finance director position or its managerial responsibilities to the financial offices. They are also contradictory to the desired structure. The point of a consolidated finance department is to concentrate responsibility, management, and execution of the town's interconnected financial activities and to streamline communications between and among the town administration and the assessing, comptroller, and collector/treasurer offices.

Additionally, it was through our discussions with staff members and our review of current job descriptions, that we found the finance department to be siloed with an emphasis on external meetings, presentations, and future fiscal planning, while integration with the other finance offices and attention to current operations is lacking. This was echoed in staff job descriptions that list redundant responsibilities, reframe similar tasks as separate duties, and lack supervisory responsibilities over the financial offices. Additionally, we found procedural inconsistencies that should have been identified as part of routine oversight and quickly resolved by the finance director. Once such example is prior year high-risk audit findings not being addressed, with offices continuing to currently use some of the same practices that created these findings.

Natick should therefore review its bylaws and charter and make revisions that formally define and codify the department and clarifies appointing and supervising authorities for each of the financial officials to create a true consolidated finance department as proposed in the diagram below:



As part of this structural assessment, the town should review job descriptions and current assignments, identify areas of overlapping responsibilities and redundant workflows, and separate duties by staff positions in order to reassess finance department staff responsibilities. The current vacancies in the finance department give Natick the opportunity to reevaluate the four offices in the consolidated department to appropriately optimize resources. Finally, as part of this, the town should create policies outlining expectations for timely financial reconciliations, reporting financial condition to town administration, and communication frequency within the consolidated finance department.

A.2. Create a Business Applications Manager Position

We recommend that Natick create a new business applications manager position. The town continues to expand the use of its Munis financial software application, including plans to take advantage of a pending system upgrade to further streamline paper-based processes. Additionally, both the town and school departments have implemented several new software applications for financial reporting, human resources, and online license and fee payments.

While we applaud Natick's effort to explore technology solutions, the town lacks a centralized person or process dedicated to this aspect of town operations. There is little coordination regarding the selection, setup, or management of these various applications and systems, leaving departments to choose program vendors at their own discretion. This has resulted in disjointed communication between departments, inconsistencies in data formats and reporting, and convoluted financial reconciliations.

A business applications manager can provide consistency to Natick's technology operations, data processes, and interdepartmental communications. Among others, this position would be chiefly responsible for the following:

- Creating standardized processes for implementation, administration, and maintenance for all town software and applications
- Managing the integration of new platforms into existing technologies and town operations
- Controlling maintenance and upgrade of town technologies and software
- Serving as the liaison between departments and software vendors
- Developing and coordinating software training for employees
- Working with department officials to identify technological areas of need or improvement
- Researching software for improved capabilities and application to town operations

By centralizing these responsibilities through one person, the town may be able to reduce the number of separate applications being used by focusing on expanding and integrating a select few of the current applications. For example, if a department communicates a need for an online payment system, the business applications manager can review the systems already being used by other departments and identify the platform that is best suited to the request. Moreover, when new software applications are implemented, this individual can ensure that the platform is supported and set up consistent with town policies. This can include appropriate user permissions, accurate report generations, convenience fee structures, etc. Based on our discussions with town administration and

staff, we view this position as reporting directly to the town administrator directly to facilitate engagement across all town departments.

A.3. Convert to an Appointed Board of Assessors

We recommend that Natick convert its elected board of assessors to appointed. A clear trend has emerged among Massachusetts communities in favor of appointed positions. Most act under a prevailing theory of government practice that policymaker should be elected, while operational positions like the assessors, where certain skill sets are required, should be appointed. Natick is fortunate to have experienced board members; however, the elected nature of the positions risks future members not having the same level of expertise needed to support current office operations.

A suggested structure is one that several comparably sized municipalities have adopted in which the assessing staff, principal and assistant assessors, serve as board members. We believe Natick could benefit from similar reorganization where two board positions are held by the director of assessing and an assistant assessor, with the third board position be appointed by the select board. During our interviews, assessing staff were supportive of such a board structure. If the town wishes to make the board appointed, it could do so through town meeting acceptance of [M.G.L. c. 41, §25](#) followed by a subsequently approved town-wide referendum.

A.4. Begin Succession Planning for Assessing Staff

We recommend that the town develop a long-term strategy to address anticipated retirements of its assessing personnel. Natick's assessing department relies on the dedication and skills of staff that perform a number of valuation services inhouse. Assessing, like other areas of municipal finance, is facing a shortage of qualified personnel. While no one in the office has mentioned any immediate plans to leave, when the time comes, the town may experience trouble attracting qualified and experienced candidates. With so much of the department's required activities handled by internal personnel, inadequate succession planning could severely impact office operations.

A.5. Establish Employee Trainings and Professional Development

We recommend that the town encourage employee trainings and professional development. By investing time, energy and funds into employee development, the town can streamline customer service, create efficiencies through appropriate task delegation, and support cross-training within departments. Town administration should work with department heads to identify any skill gaps in

departmental operations and individual employee knowledge. This analysis can then be used as a roadmap for organizing and prioritizing professional development opportunities.

Natick should include a particular focus on software training as part of its professional development effort. For example, last year, the town converted its collections and receivables software from Point to Munis. This was a difficult process as staff were unfamiliar with the new software and received minimal training before the conversion. An internal training program will prepare employees for changes and prevent similar issues from arising in the future.

A.6. Conduct a Workflow Analysis and Create a Procedures Manual

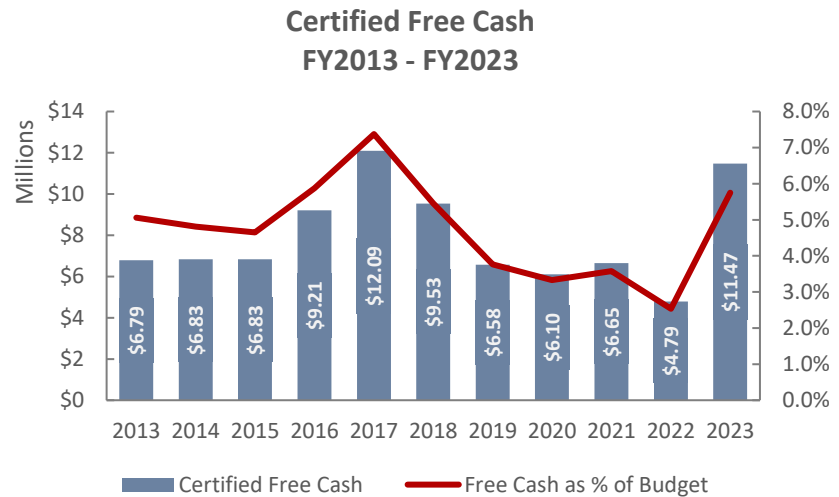
In conjunction with our recommendation for employee training, we suggest that the finance director work with the finance department heads to conduct a workflow analysis of all finance department procedures. With a focus on leveraging available technology to maximize efficiencies and reduce duplicative tasks, this process would serve as the basis for creating a procedure manual. Such a manual would in turn unearth previously unknown redundant controls and inform new risk assessment decisions based on the cost of sustaining particular controls or adding new ones. The manual should explicitly highlight internal controls and their function. These controls, which can be preventative or detective, include segregation of duties, approvals, authorizations, verifications, physical asset security, reconciliations, inventories, as well as policies and procedures themselves.

A well-conceived procedures manual provides guidance to financial management activities, serves as a reliable reference tool for staff, helps maintain services when there are employee absences, facilitates employee time-off, and supports the training of new hires. The manual should contain a combination of pertinent policies, statements of objectives, step-by-step instructions, and related software application screenshots. Once developed, these manuals should be stored electronically on shared drives for easy access so that procedures are consistent across departments for shared operations such as turnovers and purchasing. Tasks specifically referencing Munis should be reviewed and revised by the responsible department with each Munis update.

B. FINANCIAL MANAGEMENT

B.1. Reduce Reliance on One-Time Revenue for Operational Funding

We recommend the town reduce its reliance on one-time revenues to fund ongoing operational-related cost. Natick's historical reliance on non-recurring revenues to support operations creates a structural deficit that risks the town's ability to fund its omnibus budget without cuts to costs or services at



some point in the future. These financial risks are echoed in the town administrator's FY2023 budget message, which acknowledges the reliance on one-time revenues for a balanced budget and the impending discussions of potential solutions, such as an operational override. We encourage the town to actively engage in these financial discussions and formulate a corrective plan to reduce, and eventually eliminate, its operational dependency on one-time revenue sources.

Non-recurring revenue sources, like overlay surplus, stabilization funds, and free cash should only be used to cover unanticipated costs, building reserves, or funding one-time expenditures. The chart below shows the history of these appropriations from FY2013 through FY2023, as reported on the annual tax recapitulation.



While these one-time revenues include sources like overlay surplus, stabilization funds, and ARPA monies in FY2023, free cash continues to be the largest source appropriated to the operating budget. As free cash apportionment to operating costs increases, the amount of certified free cash has been trending downward with a peak balance of \$12.09M in FY2017 reaching a ten-year low of \$4.79M in FY2022. Due to conservative budgeting and unexpectedly high local receipts in motor vehicle, meals, and room taxes, FY2023 resulted in the first significant increase of certified free cash in the last seven years. With \$11.5M available, the town should seize this recent opportunity for non-operational free cash uses such as capital expenditures or building reserve fund balances.

B.2. Incorporate Financial Policies into the Budget Process

We recommend that Natick incorporate financial policies into the budget process. Several years ago, the town adopted a three-page document on financial management principles that provide a broad framework for financial planning, capital budgeting, debt issuance, and investment and reserve funds maintenance. More recently, the financial team drafted a comprehensive set of financial planning and operational policies, but it has yet to be reviewed by the select board for approval. Once the financial policy manual is adopted, the town should ensure that the applicable policies are included in budget discussions and used to support prudent decision-making on funding and expenditures.

Financial policies can provide guidance during budget planning and fiscal decision-making. However, these policies must be adhered to in order to maintain consistent financial management and proper internal controls. A comprehensive policy manual should be detailed enough to provide specific guidance, such as target debt service or reserve fund levels, while also being easily understood by internal and external stakeholders alike. The town administrator, deputy town administrator for finance, and select board should periodically review the town's financial policies for compliance, clarity, and progress on and appropriateness of target objectives, and make updates as necessary.

B.3. Standardize Fee Structures for Third-Party Credit Card Processing

We recommend that the finance director review its relationships with third-party credit card processors in order to standardize the fee structures. Ideally, the town should structure all third-party vendor engagements so that the convenience fee absorption is a cost to the payee, not the town.

Many of Natick's departments accept credit card payments through vendor services, which charge convenience fees for processing. In many ways, this arrangement creates efficiencies for the customer, department, and treasury. However, our review of different vendor engagements found inconsistencies in the cost absorption of the fees thereby creating a new set of processing problems.

In some cases, the convenience fee is an additional cost to the payee, with the town receiving the total amount of service or item being sold.

For example, if the cost of a license is \$50 and the convenience fee is an additional \$1.50, the payee is charged \$51.50 with the town receiving the full \$50 cost of the license and the processing fee being retained by the vendor. In other instances, departments only charge the payee the cost of the service or item, which forces the town to absorb the convenience fee, thus reducing the town's portion of revenue.

The town's payment of these fees varies from paying an invoice amount to a net deposit in the bank account. Structuring vendor convenience fees as a cost to the payee will ensure the town receives the full revenue it is due and standardize revenue processing and reconciliation for the financial offices.

B.4. Implement Corrective Action Plan Following Annual Audit

We recommend that the town develop and implement a corrective action plan following the annual independent audit. Our review of Natick's recent management letters found multiple recurring findings. Management responses state the corrective actions or policies that will be implemented. However, the annual reappearance of identical findings makes it clear that these issues have not been resolved. To avoid repeat findings and recommendations, town administration should formulate an action plan to address the weaknesses, findings, and recommendations identified within the independent auditor's management letter. Further, a corrective action plan should be implemented with a sense of urgency anytime high-level issues in departmental operations are identified. In July 2021, CliftonLarsonAllen issued a memo detailing issues in cashbook methodology and reconciliations, which we also address in this report.

An effective corrective plan indicates what remedial steps will be taken, who will be responsible for them, and when the action will be completed. The finance director should be responsible for managing the action plan, and periodically report his progress to the town administrator and audit advisory committee. The audit advisory committee, in accordance with its charge, can review independent audit reports and make recommendations to the scope and prioritization of corrective actions.

B.5. Procure New Auditing Services

Independent audits are critical to sound financial management by providing a measure of assurance that town assets are safe and handled responsibly. Natick contracted with Sullivan, Rogers, & Co. to examine its financial statements for FY2008. This firm folded into CliftonLarsonAllen (CLA) in FY2013 and continues to conduct Natick's annual audits. Periodically, putting this service out for competitive bidding is a sound procedural control to mitigate the risk of complacency that can develop with such a long engagement. It is good practice for municipalities to seek a fresh look at the town's bookkeeping and financial procedures by qualified outside experts.

Therefore, we echo the Government Finance Officers Association (GFOA) and Massachusetts Office of Inspector General¹ recommendation that municipalities change external auditing firms every five to eight years. At the direction of the select board, the town administrator should engage in a full competitive selection process to provide fresh perspective on bookkeeping and financial procedures and mitigate the risk of complacency.

¹ For guidance, see the Inspector General publication [A Local Official's Guide to Procuring and Administering Audit Services](#)

C. FINANCIAL OPERATIONS

C.1. Hold Monthly Financial Team Meetings

We recommend the finance director hold regularly scheduled team meetings with the department heads from the consolidated finance department. Current finance department meetings are inconsistently scheduled, are prone to cancellation, and do not include key finance department personnel.

Led by the finance director, financial management team meetings institute oversight by providing the opportunity to discuss the town's fiscal issues and review progress toward financial goals and objectives. For example, meetings would be an opportunity to review upcoming deadlines and responsibilities surrounding town meetings, financial forecasting, revenue and expenditure monitoring and adjustments, capital financing, free cash certification, and year-end closing. These meetings enhance lines of communication and provide a forum to raise and resolve interdepartmental issues while underscoring how each office is dependent on the performance of the others. They would also bring the four units of the consolidated department together to function as one, rather than the current three on one current condition.

Meeting participants should include the assistant finance director, comptroller, collector/treasurer, director of assessing, and a representative from the school business office. Occasions may arise in which additional managerial, analytical, or administrative support is necessary and might include the town administrator, chief technology officer, or other department heads as needed. Scheduled meetings provide for streamlined dialog, thereby reducing miscommunications and unnecessary back-and-forth exchanges. Meetings should be held on a regular, at least monthly, basis with additional meetings scheduled as needed. They should have a set agenda and supporting materials sent in advance to all participants.

C.2. Involve Finance Team in Capital Planning

Natick prepares and publishes a comprehensive capital improvement program and annual capital budget. The deputy town administrator of operations is responsible for soliciting and compiling capital requests, planning, and creating the plan, with the finance director involved only in the funding discussions. Although logical because of finance staff turnover and the operations deputy's expertise, current oversight of capital planning does not involve the finance team.

Moving forward, we recommend that the town devise a capital planning process that includes the finance director, comptroller, director of assessing, and collector/treasurer. Co-led by the finance director and operations deputy, this team is better equipped to discuss project timing and funding requirements beyond available funds, such as borrowing and grants. Natick's FY2022 statement of indebtedness lists \$9.3 million of unissued debt that was authorized by town meeting in October 2020. Some of these projects started prior to securing proper funding. Without effective communication and collaboration, the town may incur capital expenses before project funds are borrowed, which not only risks a capital projects budget deficit that will directly impact free cash, but also asks the comptroller to potentially expend funds in violation of state statute.

C.3. Overhaul Departmental Turnover Processes

We recommend the town overhaul its departmental turnover processes. Our review of sample turnovers found inconsistencies in formatting, financial reconciliations, submission methods, and a lack of signatures. Turnovers with electronic payments were particularly confusing as they often lacked clear supporting documentation. The irregularities within departmental turnovers, coupled with Natick's large volume of financial activity, has resulted in a convoluted reconciliation process that overburdens the financial offices. Going forward, town administration should ensure all departments follow protocol and are appropriately trained on new procedures. This will strengthen the internal reconciliations of the user department as well as streamline reconciliation and reporting inefficiencies that overburden the treasurer's office. We identified the following improvements that should be made to current internal procedures.

Reinforce Departmental Responsibilities for Turnovers – Departments need to institute an appropriate turnover submission process that includes proper documentation, verification, and reconciliation, prior to delivering the funds to the collector/treasurer. Departments with electronic deposits are responsible for timely turnover submissions detailing the transactions with appropriate supporting documentation. Treasury responsibilities for turnovers revolve around the review, certification, and deposit of reported funds. Inconsistencies in turnover procedures have shifted internal recordkeeping of other departments receipts onto the collector/treasurer's office, including creating turnovers, gathering supporting documentation, and notifying departments of negative fund transactions like returned checks.

Standardize Turnover Submissions - The town should standardize the data entry and submission of turnovers by departments directly using Munis. By shifting responsibility for data entry from the treasurer/collector's office to one shared across all departments, the town will strengthen financial controls and enable independent verification. Treasury staff would match departments electronic

submissions against the revenue and submitted back-up documentation before accepting the turnover. The comptroller would then verify the information from the treasurer before posting to the general ledger.

The town can reduce data entry and paper by having department staff (1) enter revenue information in turnover batches, (2) scan any applicable payment receipt or supporting documentation, and (3) electronically sign and transmit the turnover batch to the collector/treasurer's office. This increases efficiency by reducing two points of data entry to one and eliminating the department's need to create and file paper.

Allow Dual Access for Online Reports - Some of the confusion around electronic payments stems from department officials' inability to view financial transactions. To eliminate this issue, all online payment systems should be set up to provide transactional report access to both the treasurer and user departments so they can view fund activity and submit system reports as supporting documentation with the turnovers. Conversely, treasury staff will have access to the same reports to research and reconcile any variances.

Use Separate Turnover Forms for Electronic Payments - Current departmental turnovers include cash, check, and electronic payment sources on a single form. While cash and check payments can be deposited the same day the funds are received, electronic payments such as credit cards and e-checks can take multiple days to settle to a bank account. Submitting cash, check, and electronic payments on the same turnover poses a reconciliation issue, because treasury staff cannot verify all deposits the day the turnover is received. We recommend all departments enter payments separately by type: cash/check and electronic payments. Further, turnovers for electronic funds should be submitted according to the bank settlement date, rather than the date of payment transaction.

C.4. Assign Internal Audit Responsibilities for Digitized Procedures

With Natick's embrace of technology, it is imperative to redesign traditional internal control points to be compatible with computerized procedures. Therefore, we recommend the town assign internal audit responsibilities for digitized departmental processes. As the town considers a paperless invoice process that would involve departments electronically submitting their vouchers, it would be sensible to assign finance personnel to do quarterly, randomized inspections of departments' original invoices and compare them to the electronically submitted counterparts. This would provide a necessary level of internal control for electronic submission procedures. This control procedure could also be employed for other digitized operation such as payroll and turnover submissions.

C.5. Reinstate Legal Services for Assessing Operations

We recommend that the town reinstate legal services specializing in assessment valuation and appeals for property abatements appealed through the appellate tax board (ATB). While the current staff have the knowledge and technical skill to support their valuations, preparing for and attending a single appellate hearing involves a tremendous amount of time. With the majority of Natick's assessing operations performed inhouse, including the supplemental billing, diverting staff away from their daily responsibilities impacts operations. Likewise, not being able to fully prepare for the ATB leaves the town at a disadvantage when faced with appellate hearings. A recent valuation of a commercial property was appealed and settled at the cost of \$120,000. Engaging the services of outside legal counsel allows the town to contest abatement appeals, potentially resulting in a better financial outcome than settling, without significant impacts to assessing operations.

C.6. Process Tax Work-Off Program Abatements Through Payroll

Natick offers a tax work-off program to eligible senior and veteran property owners who volunteer in exchange for an abatement on their real estate tax bill. The assessing office currently processes these abatements by applying the gross amount earned directly to the real estate bill. However, IRS regulations deem these as wages subject to federal taxation. Therefore, the hours worked must be submitted through payroll, so tax withholdings can be appropriately applied in compliance with IRS guidelines. The net pay is applied to the taxpayer's actual real estate tax bill as an abatement, while the withholdings are remitted to the appropriate agency by the town. Participants in the work-off program receive a Form W-2 for the earned wages at year end. For additional guidance on tax work-off abatement processing, please refer to [Informational Guideline Release \(IGR\) No 2021-20](#).

C.7. Abate Uncollectible Excise and Personal Property Tax

We recommend that the assessing office work with the collector/treasurer to examine outstanding excise and personal property taxes to determine if they are uncollectible and therefore eligible for abatement. On the FY2022 balance sheet, levy years prior to 2019 account for 74.5% of the total outstanding personal property taxes and 35.6% of outstanding motor vehicle excise. While the \$3,788 of outstanding boat excise seems too small for significance, this amount is equivalent to 98.2% of the total \$3,859 boat excise committed for 2022.

Abating older charges will reduce the town's receivables on its balance sheet and serve to clean up outstanding amounts that would otherwise remain uncollected. At the 2022 Fall Annual Town Meeting, the town adopted a small personal property exemption setting the minimum fair cash value

for personal property taxation at less than \$10K. This exemption will reduce the work needed to assess and collect on insignificant personal property tax values. Additional information on abating uncollectible excises can be found in [Informational Guideline Release \(IGR\) No. 04-209](#). Additional information on abating uncollectible personal property tax can be found in [Informational Guideline Release \(IGR\) No. 2020-10](#).

C.8. Assign Additional Staff to Payroll

Natick processes town and school payroll on an alternating bi-weekly cycle. Although the school department is responsible for entering and balancing their payroll, the payroll manager is ultimately responsible for preparing and reconciling payroll. With Natick's nearly two thousand full- and part-time employees², the dependency on one staff person to complete the payroll process puts the town at risk. Therefore, we recommend that town formally assign additional staff to payroll. Other comptroller staff have assisted in payroll processing when needed. However, there is no trained assistant or backup assigned to payroll responsibilities.

Additional payroll staff would also support long-term project goals. The current payroll system has over three hundred computer codes for insurance deductions, most of them redundant or no longer in use. Position and pay tables in Munis also need reorganization and updating. While the payroll manager expressed a desire to resolve these issues, there is no staff to whom she can delegate the payroll processing in order to complete these time-consuming tasks.

C.9. Take Full Advantage of Munis Payroll Module

We recommend that Natick centralize payroll processing through Munis. Inconsistencies in the Munis setup requires manual data entry and correction for the majority of payroll to be processed. Departmental payroll submissions vary in method and format, from paper forms to excel spreadsheets to software generated reports. This lack of uniformity is cumbersome, slows down the process, and risks errors as information must be gathered and transposed from different sources. For example, department heads submit spreadsheets detailing pay adjustments (i.e., parttime employee wages, overtime, stipends, etc.) that force redundant, inefficient data entry that puts additional work on the one-person payroll staff. Additional areas to review include Munis roles workflow, audit and update of deduction codes, streamlining salary tables, use of personnel actions, and coordination of Employee Self Service with human resources.

² FY2021 Annual Report

Various software for payroll and employee information is used through the operations, such as TalentEd in the school department. As the town expands its use of the Munis system, it may find some software systems redundant in their capabilities. Regardless, if departments chose to use additional or ancillary software, the town should ensure the program is properly integrated with Munis and does not change or create additional payroll procedures.

C.10. Modify Cashbook and Correct Methodology Errors

The treasurer's cashbook is a log of original entry for recording all receipts, deposits, transfers, and disbursements necessary for tracking the total cash position of the town. The cashbook is legally considered a permanent record and is a critical component of financial management. The absence of a complete and accurate cashbook and timely cash reconciliations creates a serious and immediate risk to the community with potentially dire consequences.

The treasurer currently maintains an Excel cashbook that meets basic requirements for recording activity, but it is difficult to read, confusing in how it is organized, and ineffectively formatted. We therefore recommend that the collector/treasurer convert the cashbook to a format that is easily updated, verifiable, and regularly reconciled. We have identified the following changes necessary to ensure accurate recordkeeping:

- Record all electronic payments and wire transfers
- Record issued, cleared, outstanding, reissued, and voided checks
- Record bounced checks with negative turnovers
- Match interest amounts to bank statements and list in cashbook
- Identify and label all adjustments listed in the cashbook
- Process credit card fee payments through a warrant

Although this commentary was reflected in the cashbook memo issued by CliftonLarsonAllen in July 2021, we are unaware of any plan by either the collector/treasurer or the finance director to rectify these issues. Town administration should coordinate with the finance department to implement a corrective plan and provide any staff training or outside services necessary to permanently resolve this matter.

C.11. Reconcile Cashbook and Receivables Monthly

We recommend that the collector/treasurer reconcile the cashbook and receivables with the comptroller monthly. The final reconciliation of the FY2019 and FY2020 cashbooks was delayed until

2021 and required assistance from a consulting service. At the time of our review in the fall, the FY2022 cashbook and general ledger were not reconciled through the end of the fiscal year³. We further recommend implementing policies and procedures to provide for formalized reconciliation of outstanding receivable balances between balances maintained by the collector/treasurer and other departments as may be applicable (e.g., police details and ambulance receipts) on a monthly basis. Frequent reconciliations are essential to financial controls and mandatory reporting. As such, bank transactions should be reconciled on a daily basis and reconciliations to the collector's control book should occur weekly at minimum.

At the conclusion of its work, the consulting service found the FY2020 cashbook to be \$6.7 million less than the FY2020 general ledger balance⁴. The multitude and variety of errors contributing to this discrepancy make it clear that reconciliations were not being performed in a timely manner. Regular reconciliation of the cashbook will ensure variances are promptly identified and resolved. Monthly reconciliations between the collector/treasurer and the comptroller should be formally documented, attested to by both officials, and maintained on file. As the head of the consolidated finance department, the finance director should be responsible for ensuring this process is completed each month.

C.12. Consolidate Responsibilities within Office Staff

We recommend the collector/treasurer consolidate office staff responsibilities. Currently, collector/treasurer staff are not permitted to execute certain tasks from start to finish without a supervisor intervening in part of the process as a form of internal control. These oversight procedures are redundant to the point of delaying completion. Because staff are not permitted to take total ownership of daily responsibilities, they have a limited understanding of overall financial operations.

The summary below details the current process for payments at the customer counter:

- A cash and a check payment are accepted and input into Munis by an administrative assistant (copies, baskets, etc.)
- At business day-end, the administrative assistant prints a Munis payment report, and gives the report, cash drawer, check, and bill stubs to the collector/treasurer.
- The collector/treasurer counts the cash drawer, verifies cash and check payment against the Munis report, and enters payment information into an additional, separate excel spreadsheet.

³ FY2022 books were closed in October with free cash certified on November 9, 2022

⁴ This was caused by cashbook methodology errors. See recommendation C.10.

- If payments and report match, the payment batch is released, the collector/treasurer writes the cash deposit slip, checks are given to a second administrative assistant to scan into bank.
- Proof of completed payment batch is given to the assistant collector/treasurer, who inputs the payment batch into the cashbook and transmits a summary copy to the comptroller office.

Current procedures involve a minimum of four office staff to process a single bill payment. While our example highlights one internal workflow, we found the majority of daily office tasks to be similarly convoluted. The office can maintain strong internal controls when clerical responsibilities are fully completed by individual administrative staff, then shifted to higher-level staff for recordkeeping and monthly reconciliation.

Another inefficiency is administrative assistants not being allowed to count their own cash drawers at the close of business each day. Instead, supervising staff are tasked to count the drawer and identify and resolve discrepancies. This extreme division in responsibilities does not provide any additional internal control and rather inhibits the financial education and cross-training of support staff while disproportionately impacting the workload of supervising staff members. The collector/treasurer has become overly burdened with low-level administrative tasks, to the point where personal time away from the office is either not achieved or taken at the expense of delays in day-to-day office tasks.

Consolidating routine tasks and appropriately delegating responsibilities will support expanded staff capability, improve cumbersome workflows, and relieve the collector/treasurer of unnecessary administrative burdens. This recommendation can be supported by providing additional training to office staff and encouraging attendance to educational conferences when possible.

C.13. Make Disbursement After Approval of the Warrant

We recommend that the collector/treasurer disburse funds only after approval of the accounts payable or payroll warrants in compliance with [M.G.L c.41 §56](#). This statute prohibits the treasurer from disbursing funds until authorized by the select board. As noted in the cashbook memo by Clifton Larson Associates, multiple instances have been identified of wire disbursements occurring without or before the approval of a warrant. Additionally, payment on town credit cards is routinely made outside of the warrant process. Payment outside of the approved warrant process is a serious breach of internal controls and puts the town's finances at risk.

C.14. Shift Responsibility for Water Billing to Water Department

We recommend that the town shift the full responsibility for water billing to the water department. Currently, the water department is responsible for collecting and importing usage data into Munis. The remaining steps in the process are completed in the collector/treasurer office, including entering rate information, verifying data, and generating and printing bills. The collector/treasurer's office is also responsible for producing final bills for property transfers. Billing inquiries are directed to the collector/treasurer office, necessitating back-and-forth communication between the collector/treasurer staff and the water department that delays the process and often extends the task over multiple days.

Furthermore, the separation of billing and collection responsibilities is a fundamental practice that supports internal controls between departments. For example, the assessing office generates the real estate tax commitment, which is then transmitted to the collector/treasurer office for payment collections. Water billing should be managed similarly. The water department should be responsible for (1) importing meter data into Munis, (2) reconciling data and generating the bill commitment, (3) transferring the final commitment to the collector/treasurer's office, (4) providing the commitment warrant to the comptroller and collector/treasurer. By shifting billing responsibilities to the water department, this will create operational efficiencies and support segregation of duties between departments.

C.15. Move Responsibility for Police Detail Billing to the Police Department

We recommend that the police department manage detail billing through Munis. The police department currently remits detail slips to an administrative assistant in the collector/treasurer office, who generates the bills, collects payment, and marks bills paid in QuickBooks. Any billing inquiries are directed to the police department for assistance. Moving billing responsibilities to the police department will reinforce procedural checks and balances by separating invoice generation from billing collection. Additionally, the town should consider using Munis to streamline the billing, collecting, and reporting of police details instead of QuickBooks.

ACKNOWLEDGEMENTS

The following individuals were interviewed in preparation for this review.

Paul Joseph, Select Board Chair
Linda Wollschlager, Finance Committee Chair
Carol Gloff, Town Governance Study Committee Chair
Jonathan Freedman, (Former) Audit Advisory Committee Chair
James Errickson, Town Administrator
Jon Marshall, Deputy Town Administrator of Operations
John Townsend, Deputy Town Administrator/ Finance Director
Dorothy Blondiet, Human Resources Director
Juiling De Los Reyes, Assistant Finance Director
Abdul Rauf, Budget Analyst
Michelle Laramee, Comptroller
Francesse Dorval, Assistant Comptroller
Donna Rozon, Payroll Manager
Eric Henderson, Director of Assessing
Ann Hansberry, Assistant Director of Assessing
Debbie Sherman, Collector/Treasurer
Sarah Nyugen, Assistant Collector/Treasurer
Cathy Philipson, Collector/Treasurer Department Executive Assistant
Meghan Hennigan, Collector/Treasurer Department Administrative Assistant
Regina Hewitt, Collector/Treasurer Department Administrative Assistant
Tracy Quintanilla, Collector/Treasurer Department Administrative Assistant
Peter Gray, School Department, Assistant Superintendent of Finance
Suzanne Kenny, School Department, Director of Human Resources
Julie Skipper, School Department, Assistant Director of Human Resources



TAX RECAPITULATION

PURPOSE

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

APPLICABILITY

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

BACKGROUND

The property tax levy is Carlisle’s largest source of revenue, which therefore makes the tax recap a vital component of the Town’s fiscal operations. The Assessing Department oversees two (2) core phases: property valuation and tax rate setting. However, the full process begins with Town Meeting, involves many other local officials, and requires careful management, teamwork, and cooperation.

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

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

POLICY

At the Town Administrator’s direction, Carlisle’s financial team will annually complete the tax recap process no later than November 30th. The Treasurer/Collector will print and mail the actual tax bills no later than December 31st. The Town Administrator will develop a realistic plan and timetable to meet these deadlines and keep the Select Board apprised of progress.

A. Preparation and Town Meeting

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

- The Select Board, through the Town Administrator and Town Counsel, will assure the production of a properly written town meeting warrant that will allow town meeting voters, under the Town Moderator's oversight, to properly authorize annual budget appropriations funded by specific revenue sources (e.g., raise and appropriate, free cash, stabilization).
- The Select Board will ensure that the proposed tax levy does not exceed the Maximum Allowable Levy (calculated annually by the D.O.R).
- The Town Accountant, Town Administrator, and Select Board will verify that the proposed budget is balanced.
- The Town Accountant will prepare a schedule of funds available for appropriation by town meeting.
- The Treasurer/Collector and Town Counsel or Bond Counsel will ensure any debt issuance authorizations are proper.
- The Select Board will ensure that any proposal for a general override, debt exclusion, or capital exclusion is properly presented in the town meeting warrant and, if passed, put to a town-wide referendum.

Whereas the budget is typically adopted at the spring town meeting, all appropriations and borrowings approved at this or additional future town meetings prior to the be included in the current tax recap process.

All Town Meeting approved appropriations and borrowings shall be included within the D.O.R. tax recap prior to the annual Tax Classification Hearing

B. Recording Legislative Actions

To allow time for any required corrective measures, the following tasks will be completed within two (2) weeks after town meeting:

- The Town Clerk will certify all appropriations approved since the last tax rate was set.
- The Town Accountant will reconcile all votes and authorized amounts.
- The Town Clerk, with the Town Accountant's assistance, will enter all town meeting appropriation votes by article into the DLS Gateway system (page 4 of the tax recap).
- From the certified town meeting authorizations, the Town Accountant will complete the following Gateway forms:
 - enterprise estimated revenues and appropriations (Schedule A-2)
 - enterprise receipts and appropriations (Schedule A-2)
 - free cash used (Form B-1)
 - available funds used (Form B-2)
- When applicable, the Treasurer/Collector will prepare the debt exclusion report, including any use of reserved bond premiums (Form DE-1), and report any reserved bond premium amounts used as funding sources (Form B-2).
- When applicable, the Town Accountant will include free cash voted to reduce the current tax rate on page 2 of the tax recap.

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

Within two (2) weeks of closing the books for the fiscal year, the Town Accountant will do the following to complete the tax recap:

- Document and report all deficits or other expenditures that must be funded, including debt and snow and ice (page 2 of the tax recap)
- Record the actual amounts received for each type of local receipt (page 3, column (a) of the tax recap and column (a) section 1 on Schedule A-2)
- Enter estimated local receipts using the revenue projections from the final budget approved at town meeting (page 3, column (b) of the recap and column (b) section 1 on Schedule A-2)
- Enter the actual community preservation fund revenues for the prior fiscal year (Form A-4)

D. Property Value Certification

Assessors must value all taxable real and personal property and must classify each property into one (1) of four (4) classes (residential, open space, commercial/industrial, or personal) based on use as of January 1. To do this, the Principal Assessor will:

- Complete both the Omitted & Revised Assessment Report & the LA-13A prior to the submission of the LA-13 as omitted & revised assessments from the previous fiscal year will impact the final New Growth figure for the current fiscal year
- Complete the property sales report (Form LA-3) for all sales over \$1,000 and submit it to DLS for approval.
- Analyze market conditions and set final property values in compliance with DLS certification standards.
- Report the total assessed valuation for real and personal property by class (Form LA-4, which is transferred to page 1 of the tax recap).
- Report fiscal year tax base growth used to determine the levy limit under Proposition 2½ (Form LA-13, which is transferred to the Levy Limit Worksheet).

The Director of Assessing will submit the above forms to DLS for review and certification.

E. Tax Classification Hearing

After DLS has certified property values, the Select Board will hold a public hearing to decide tax policy. At the Tax Classification hearing, the Select Board will vote on four tax options that will determine the distribution of the local tax levy between property classes.

Prior to this hearing, the following must be done:

- Principal Assessor will analyze the Overlay Account balance with the Board of Assessors and recommend the additional allocation necessary for the current fiscal year.
- The Principal Assessor and Town Accountant will complete the Overlay Form (OL-1).
- Principal Assessor will prepare and present the financial analysis of the various tax classification options to the Select Board at the hearing.

The Select Board will vote on the four tax classification options. These options are:

- Selection of a Minimum Residential Factor
- Granting of an Open Space Discount
- Granting of a Residential Exemption
- Granting of a Small Business Exemption

The Select Board will also acknowledge excess levy capacity (Form LA-5) prior to the conclusion of the Tax Classification Hearing.

The Town Clerk attests to notice having been given to taxpayers regarding the public hearing (Form LA-5).

F. Review and Submittal to DLS

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

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

G. Tax Commitment Creation

After DLS notifies the Town that the tax rate has been approved, the Principal Assessor will create a tax commitment list and warrant duly signed by the Board of Assessors and refer it to the Treasurer/Collector to generate the tax bills.

EFFECTIVE DATE

This policy was adopted in June 2024

Financial Management Principles - Amended October 17, 2016

PART 1: GENERAL

To protect the town's financial stability, to ensure the availability of adequate financial resources in times of emergency, to capitalize on high bond ratings (and thus low interest rates), it is essential that policies regarding the town's financial management be adopted and adhered to in the preparation and implementation of the town's operating and capital budgets. These policies shall be reviewed no less than annually and may be, but are not required to be, revised as a result.

PART 2: PRINCIPLES

Reserves: Use and Recommended Balances

- The Town shall appropriate reserve funds in accordance with M.G.L. C40 Section 6 for extraordinary and unforeseen expenditures. The reserve amount may not exceed three per cent of the tax levy for the fiscal year. No direct drafts against this fund shall be made, but transfers from the fund may from time-to-time be voted by the Finance Committee and the Town Comptroller shall make such transfers accordingly. The Board of Selectmen, in the case of the Water/Sewer Enterprise Fund vote transfers from the water/sewer reserve fund and the Town Comptroller makes such transfers accordingly.
- Reserves and one-time revenues should be used only for capital or other non-recurring expenses, except as noted below.
- The Town will strive to maintain unappropriated free cash at a minimum of 1% of revenues, and unappropriated free cash should never be less than ½ % of revenues.
- Encumbrances shall be reviewed annually and released as deemed appropriate by the Town Administration.

Stabilization Funds:

- The Town will maintain a diversified series of permanent reserves in the form of stabilization funds. These stabilization funds will consist of six types:
 1. A General Stabilization Fund should be maintained for the purpose of unforeseen and catastrophic emergencies. It should, at a minimum, be at a level equal to 2% of revenues, with the target being 5% of revenues. This fund was adopted in accordance with M.G.L. C40, Section 5B at the Annual Town Meeting in 1961.
 2. An Operational Stabilization Fund should be maintained for the purpose of augmenting operations in case of sustained economic downturn and associated loss of revenues in support of operations. Sustained economic downturn will be any situation whereby State Aid and/or local receipts are significantly reduced from one-year to the next. ("Significantly" being defined as more than 5% of the total for the respective revenue category.) The target amount of money in the Operational Stabilization Fund should be sufficient to sustain operations through a three-year period of economic downturn. This shall be equivalent to 10% of State Aid Revenues and 5% of Estimated Receipts cumulative for a three-year period. This fund was adopted in accordance with M.G.L. C40, Section 5B at the 2011 Spring Annual Town Meeting.
 3. A Capital Stabilization Fund should be maintained for the purpose of funding any capital related project, or pieces of capital equipment, or debt-service payment related thereto. It shall be funded primarily through local option taxes though other funding sources as may be available from time to time are not precluded. This fund was adopted in accordance with M.G.L. C40, Section 5B at the 2010 Fall Annual Town Meeting.
 4. An Inflow & Infiltration Stabilization Fund should be maintained for the purpose of funding repairs to and replacement of sewer lines to reduce inflow and infiltration into the Town's sewer system. It can also be used to pay debt service related to this purpose. Sewer connection fees will be the primary source of funding although other funding sources as may be available from time to time are not precluded. This fund was adopted in accordance with M.G.L. C40, Section 5B at the 2014 Spring Annual Town Meeting.
 5. A One-to-One Technology Stabilization Fund should be maintained for the purpose of funding the one-to-one technology program for Natick High School Students. This fund was adopted in accordance with M.G.L. C40, Section 5B at the 2014 Spring Annual Town Meeting.
 6. A FAR Bonus Stabilization Fund should be maintained for the purpose of the creation of additional open space and public parks. More specifically, FAR Bonus monies are to be used for "Open Space Public

Benefit Amenities” which are defined as either parks or excess pervious landscaping available for the active or passive recreation, or leisure use, by the public. This fund was adopted in accordance with M. G.L. C40, Section 5B at the 2015 Fall Annual Town Meeting.

- Stabilization Funds should be enhanced whenever possible in order to meet and/or maintain the desired target levels.

Capital Planning and Budgeting

- A 5-Year capital plan should be developed and updated annually, per Section 5-7 of the Town’s Charter.
- Funding for capital projects shall be timed to maximize efficiency, cost-effectiveness and return on investment
- A minimum of 6-7% of net general fund revenues (i.e. within-levy) should be set aside annually to fund capital needs, inclusive of cash appropriations and the subject year’s debt budget. Not included in this target are those capital improvements and equipment purchases funded through Debt Exclusions, Enterprise Funds, Intergovernmental Funds, Grants, Mitigation Funds, Chapter 90 Funds, etc. This goal should be revisited regularly to ensure that the Town is investing adequately in its capital needs.
- All capital needs of all Town Departments, including the School Department shall be included within the capital plan.
- Credit rating agency guidelines recommend that a town maintain a general fund debt service payment burden ratio, as a percentage of available revenue or expenditures, between 8% and 12%. The Town shall strive to maintain its burden ratio below 10%. Affordability analysis as determined by this measure will be undertaken prior to General Fund debt being authorized by Town Meeting.

Debt Issuance and Management

- Capital projects should be carefully scheduled and monitored to minimize borrowing costs while optimizing investment opportunities.
- Large capital projects, generally costing over \$1 million and having a useful life of ten years or more, are typically funded with debt to spread the cost out over many years.
- The Town will strive to issue debt on a level principal payment basis in order to reduce the total amount of interest that is paid on the issuance.
- Refinancing existing debt to reduce interest rates and costs will be reviewed annually.
- Projects with balances remaining after project completion shall be reviewed annually and excess balances shall be closed to free cash or appropriated for other projects of similar nature.
- Authorized unissued debt remaining after a capital project has been completed shall be presented to Town Meeting for rescission.

Financial Planning and Forecasting

- Revenue estimates should be realistic, yet conservative, to minimize the potential of shortfalls in the subsequent year’s operating budgets and corresponding impacts on free cash.
- Three year revenue and expenditure forecasts should be reviewed and updated no less than annually.

Cash/Investments Management

- Fees and charges will be reviewed regularly to ensure that – where appropriate – they cover direct and indirect costs associated with the related service and/or that they fulfill a policy objective or other purpose of the Town.
- The Town’s Investment Policy shall be reviewed annually by Board of Selectmen and Town Administrator.
- The Treasurer shall report the cash and investments balances of the Town, as of June 30 each year, to the Board of Selectmen and Town Administrator and provide a report of the safety, liquidity, investment earnings and the amount of insurance/collateralization for all funds.

Retirement System Funding

- The Town will use an actuarially accepted method of funding its pension system to achieve a fully-funded position. The Town’s contribution to employee retirement costs will be adjusted annually as necessary to maintain the funding schedule. If the Town reaches its actuarial-required contribution (defined as Town and employee contributions that when expressed as a percent of annual covered payroll are sufficient to accumulate assets to pay benefits when due), the Town may reduce its contribution provided that the amount reduced from the

annual actuarial requirement will only be used to fund other unfunded liabilities (i.e. OPEB liability), for one-time, non-recurring expenses, and/or to enhance the Town's Stabilization Funds in order to provide the ability to increase contributions as may be required by future market conditions.

Other Post-Employment Benefits (OPEB) Funding

- The Town will develop an actuarially accepted method of funding its Other Post-Employment Benefits to achieve a fully-funded position. The Town will strive to get its contributions to the level required by such a plan. The Town's contribution to Other Post-Employment Benefit costs will be funded into the OPEB Trust Fund established for this purpose using one-time funds (free cash) or annual appropriation in the future. After (1) setting aside a free cash amount equal to 1/2% of gross revenues and (2) funding the Capital Stabilization Fund at the Fall Annual Town Meeting with free cash in an amount equal to the 2% local option hotel tax plus the local option meals tax collected during the previous fiscal year, the Town should appropriate at least 10% of the remaining free cash to the OPEB Trust Fund at the Fall Annual Town Meeting prior to appropriating any other amounts from free cash for any other purpose. If the Town reaches its actuarial-required contribution (defined as Town and employee contributions that when expressed as a percent of annual covered payroll are sufficient to accumulate assets to pay benefits when due), the Town may reduce its contribution provided that the amount reduced from the annual actuarial requirement will only be used to fund other unfunded liabilities, for one-time, non-recurring expenses, and/or to enhance the Town's Stabilization Funds in order to provide the ability to increase contributions as may be required by future market conditions.

NATICK BOARD OF SELECTMEN

Richard P. Jennett, Chair

Nicholas S. Mabardy, Vice Chair

Jonathan Freedman, Clerk

Susan G. Salamoff, Member

John Connolly, Member

Adopted by Board of Selectmen March 2011
Revised by Board of Selectmen February 6, 2012
Revised by Board of Selectmen March 10, 2014
Revised by Board of Selectmen November 23, 2015
Revised by Board of Selectmen October 17, 2016



DATE: March 11, 2025
ITEM TYPE: Recommendation
MEETING BODY: Select Board

ITEM 3.B

Financial Policies and Procedures Review

ITEM SUMMARY:

BACKGROUND INFORMATION:

RECOMMENDATION:

ATTACHMENTS:

[Memo_-_Financial_Policies___Procedures.pdf](#)
[Natick_Financial_Policy_and_Procedure_3.0.pdf](#)
[I._FINNANCIAL_PLANNING_-_1._ANNUAL_BUDGET_\(1\).pdf](#)
[I._FINNANCIAL_PLANNING_-_2._CAPITAL_PLANNING_\(1\).pdf](#)
[I._FINNANCIAL_PLANNING_-_3._DEBT_MANAGEMENT_\(1\).pdf](#)
[I._FINNANCIAL_PLANNING_-_4._ENTERPRISE_FUND_POLICIES_\(1\).pdf](#)
[I._FINNANCIAL_PLANNING_-_5._FORECASTING_\(1\).pdf](#)
[I._FINNANCIAL_PLANNING_-_6._INVESTMENTS_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_1._FRAUD_RISK_ASSESSMENT_POLICY_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_2._PROCUREMENT_CONFLICT_OF_INTEREST_\(2\).pdf](#)
[II._FINANCIAL_OPERATION_-_3._TAILINGS_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_4._PURCHASING_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_5._DEBARMENT_and_SUSPENSION_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_6._ACCOUNTS_PAYABLE_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_7._ALLOWANCE_FOR_DOUBTFUL_ACCOUNTS_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_8._TAX_ENFORCEMENT_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_9._TRAVEL_REIMBURSEMENT_\(1\).pdf](#)
[II._FINANCIAL_OPERATION_-_10._CREDIT_CARD_POLICY_AND_PROCEDURES_\(1\)\(1\).pdf](#)



FINANCE DEPARTMENT

JOHN TOWNSEND ♦ Deputy TA/Director of Finance

jtownsend@natickma.org ♦ (508) 647-6416

13 East Central St. Natick, MA 01760 ♦ www.natickma.gov

October 28, 2024

RE: Financial Policies and Procedures

Dear Members of the Select Board,

Implementation of Financial Policies and Procedures is one of our Office's priorities. As a result of the collective teamwork, the following Finance Policies and Procedures are ready for your review and approval. The Finance Team is available to present the policies, at the Board's convenience.

I. Financial Planning Policies

1. Annual Budget
2. Capital Planning
3. Debt Management
4. Enterprise Fund Policies
5. Forecasting
6. Investments

II. Financial Operations Policies

1. Fraud Risk Assessment Policy
2. Procurement Conflict of Interest
3. Tailings
4. Purchasing
5. Debarment and Suspension
6. Accounts Payable
7. Allowance for Doubtful Accounts
8. Tax Enforcement
9. Travel Reimbursement
10. Credit Card Policy and Procedures

While the above-mentioned policies are completed, our team continues working on the following Policies and Procedures, which will be presented for review and approval once they are finalized in the near future.

I. Financial Planning Policies

1. Financial Reserves
2. Other Post-Employment Benefits Liability (OPEB)

II. Financial Operations Policies

1. Grants Management
2. Revenue Receipt and Turnover
3. Cash Handling
4. Reconciliations
5. Payroll
6. Year-End Closing
7. Encumbrance Policy

As always, we thank you for your support and look forward to discussing these policies with you.

Sincerely,

John M. Townsend

John M. Townsend
Deputy Town Administrator/Director of Finance



Natick Financial Policy Manual

2024 Roll-out

Presented by: Natick Finance Department



Wednesday 11/20/24

Agenda



DLS Report

Action plans
accomplishments that
respond to DLS Report.

— 02



System

Evolution and Highlights
of System

— 04



Policy Summary

Commence the roll-out of
Natick Financial Policies

— 03



Workflows

Visualize the flows and
Detail steps

— 01

| Recap: DLS Report



A. Structure & Organization

- Structure Reassessment
- Business Application Manager
- Appointed Board of Assessors
- Succession Planning
- Trainings & Development
- Workflow



B. Financial Management

- One-time Fund
- Financial Policies
- Credit-card
- Auditing



C. Financial Operations

- Communications
- Capital Planning
- Payroll
- Cashbook
- Police Detail
- Water Billing

| What Accomplished so far...



A.6. Finance Manual Update



- Organize Workflows and Make Recommendations for all Finance teams
- Separate Procedures & Workflows from Policy Manual
- Update Finance Manual
- Establish MUNIS/Software Library

B.2. Financial Policies into Budget Process



- Incorporate Forecasting into Budgeting
- Incorporate Financial Policies in budget creation & Strategic planning

B.1. One-time Funding Management



- Limit the Operational Use of one-time fund
- Utilize for Capital Spending
- Replenish Stabilizations

C.1. Finance Team Meeting



- Maintain the Bi-weekly Finance Team Meeting
- Adequate & Efficient Communications on Daily Basis

| Continued...



Debt Management



- 2023 S&P Credit Rating Affirmed at AAA
- 2024 Fitch Credit Rating Affirmed at AAA
- On-going Collaboration between Deputy TA Operations, Department Heads and Finance Team
- Real-time Financing of Capital Projects
- Flexibility and Efficiency in choosing financing sources
- Implementation of DebtBook
- Closely Monitor Debt Limit and Debt Ratio

C.2. Finance & Capital Planning



- Internal Control over Capital Accounts
- Debt Projection incorporated into Capital Planning
- Prudent in selecting financing sources
- Project Accounting MUNIS Module

Customer Services



- Improved External & Internal Communications
- Transparency – Provide Financial & Budgetary Information in more accessible formats and update on regular basis
- Created Q&A Pages to reduce the traffic and wait time at the physical windows

C.8. & C.9. HR & Payroll



- Add Payroll Coordinator in 2022
- Review & Audit Payroll Process
- Maximize the use of ESS (Employee Self Services)
- Position Control MUNIS Module

System Evolution



Enhancement in **accountability, transparency and internal control.**

2019

→ **IAS Real Estate Conversion**
Univers to IAS

2021

→ **Full Conversion to MUNIS**
Accounts Receivables
Utility Billing

2023

→ **MUNIS Cloud Migration**
Cloud-Based
Version Upgrade

2024

→ **Position Control (Developing)**
Manage positions, both filled and vacant

1997

→ **MUNIS**
General Ledger
Payroll
Accounts Payable

2020

→ **ClearGov**
Cloud-based
Digitized Budgeting

2022

→ **DebtBook**
Debt Management
GASB 87
GASB 96

2024

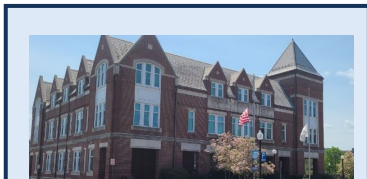
→ **Project Accounting**
Accounting for Grants
Projects, e.g., DOE

→ **Better Management, Visualization, Accuracy & Transparency**

Development of Policy



To ensure the use of **best practices** and to accurately reflect **the operations** of the department and Town as whole



Follow Town Charter and By-law provisions.



- Workflows diagrammed & adjusted
- Policy workshopped with appropriate staff
- Test and Train responsible staff

Best Practices

Town Charter and By-law provisions

Compliance with State and professional standards

Department Workflow; Staff Input; Development of Training for staff

Implementation of the systems

ICMA & GFOA

Research of other Town's and Institutions policies and procedures to identify common practices

MGL, DOR & IGR

- Massachusetts General Law, Massachusetts Department of Revenue, Informational Guideline Release and other materials along with external auditor recommendations

MUNIS

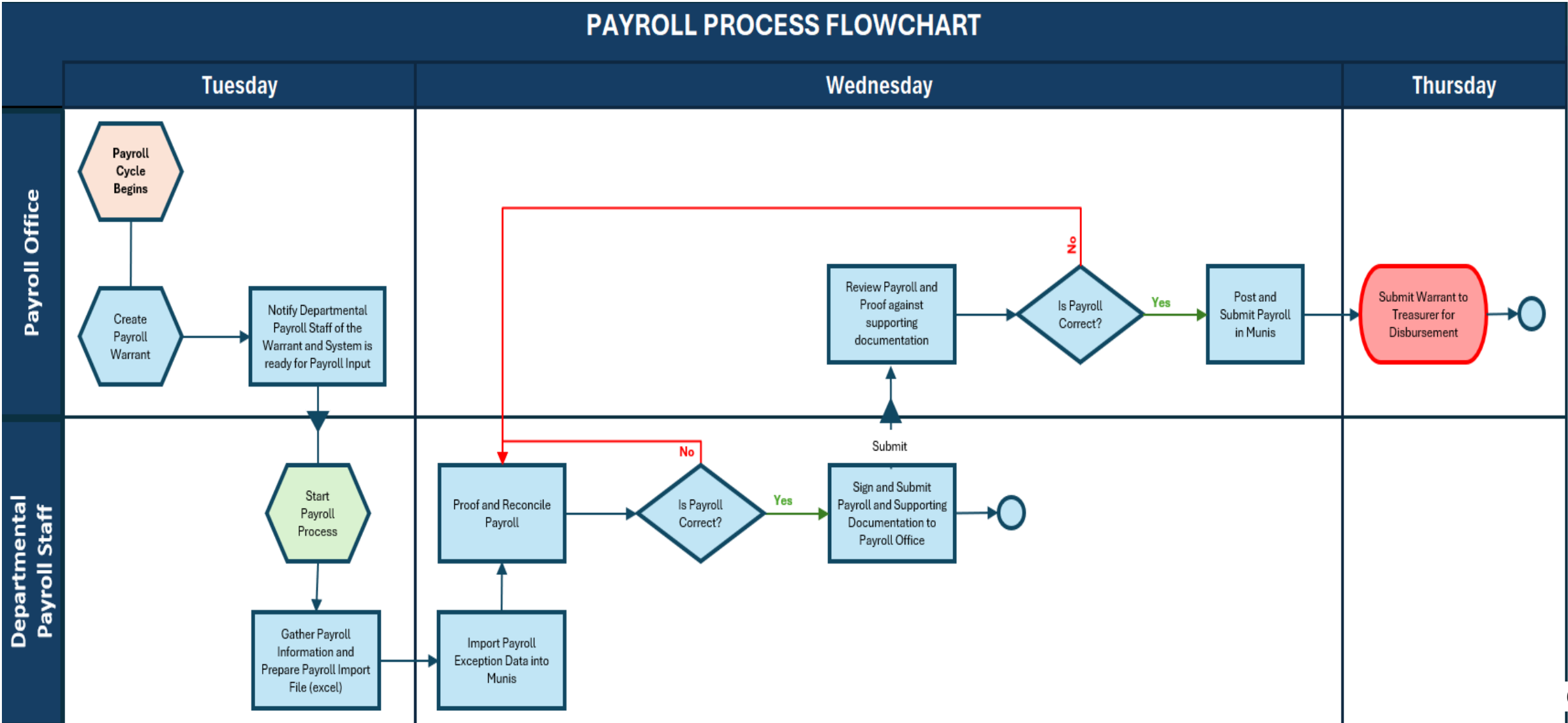
- Implementation of related system to accommodate policies and procedures, as well as improving efficiency

Example: Payroll Workflow



Similar workflows established for all other policies individually.

PAYROLL PROCESS FLOWCHART



Example: Accounts Payable



The manual incorporates a new format for both the department's policy and procedures to facilitate ease of use by the staff. Each policy covers:

- ❖ The basic policy
- ❖ Staff and departments covered by the policy
- ❖ Separate step-by-step procedural instructions
- ❖ Citation to governing authorities
- ❖ Policy's effective date and/or last updated date

ACCOUNTS PAYABLE

PURPOSE

To mitigate the risks of errors or fraud and ensure the Town's expenses funds only for legally valid liabilities, this set of policy and procedures establishes the guidelines and required steps for paying the Town's bills.

APPLICABILITY

This set of policy and procedures pertains to the settling of Accounts Payable (AP) liabilities incurred by the Town. It applies to the Comptroller and Treasurer/Collector's job duties and the Select Board's warrant approval responsibilities. It further applies to all employees who receive invoices or other bills and to all department heads who approve and submit requests for AP disbursements.

POLICY

All AP expenditures must be based on original invoices, issued only to entities with valid W-9 forms on file, and charged to the proper fiscal year. Each AP submission must be authorized by the associated department head. No disbursement may occur without first receiving the Comptroller's review and the Select Board's approval. Additionally, payment for any bills payable for a prior fiscal year must be approved by the town meeting vote. All disbursement activity is subject to audit by the Town's independent auditor.

A. Responsibilities Related to Disbursement Processing

PROCEDURES

A. Departments Submit Invoices for Payment

The AP warrant process occurs weekly, and payments are disbursed every Tuesday. Departments are responsible for entering invoices into MUNIS and must have all batches completed at least one week in advance.

To prevent duplicate payments only original invoice numbers should be used when entering into MUNIS.

Furthermore, segregate duties shall be practiced by department, separate individuals will be tasked with:

- Ordering a purchase, receiving it, and processing the invoice.
- Authorizing the purchase and approving AP batch.

For each purchase or service invoice, departmental staff will take the following steps.

	Objectives	Steps
A-1	Validate that Charges are Appropriate	• Ensure the correctness of the invoice's rates and calculated total. • Verify goods received correspond to the itemized invoice or packing slip.

REFERENCES

[M.G.L. c. 30B](#) : Uniform Procurement Act
[M.G.L. c. 41, § 52, § 56](#): Officers and Employees of Cities, Towns and Districts
[M.G.L. c. 44, § 56, § 58, § 64](#): Municipal Finance
[M.G.L. c. 64H § 6\(d\)](#): Exemptions

Natick Policies: Procurement and Purchasing, and Fraud Risk Assessment

EFFECTIVE DATE

This policy is effective July 1st, 2024.

Formalization & Updating of Policies



Update existing policies, **document** current procedures and **establish** new practices.

Policies Completed

Update

I.1 Annual Budget

I.6 Investments

II.1 Fraud Risk Assessment Policy

II.9 Travel Reimbursement

II.10 Credit Card Policy & Procedures

Update & Formalize

I.2 Capital Planning

I.4 Enterprise Fund Policies

II.2 Procurement Conflict of Interest

II.3 Tailings

II.5 Debarment and Suspension

Formalize

I.3 Debt Management

I.5 Forecasting

II.4 Purchasing

II.6 Accounts Payable

II.7 Allowance for Doubtful Accounts

II.8 Tax Enforcement

Pending Policy



DLS Report Updates

Policies & Procedures



Revenue Receipts & Turnover

Draft	✓	02-24-24
Test	✓	03-04-24
Train	📅	02-15-25
Implement	📅	03-15-25



Payroll

Draft	✓	12-21-23
Test	✓	01-15-24
Train	📅	02-01-25
Implement	📅	03-01-25



Grants Management

Draft	✓	10-07-24
Test	📅	01-15-25
Train	🕒	03-01-25
Implement	🕒	04-15-25



Encumbrance Policy

Draft	✓	10-07-24
Test	📅	01-15-25
Train	🕒	03-01-25
Implement	🕒	04-15-25



Cash Management

Draft	✓	07-25-23
Test	✓	08-01-24
Train	📅	01-15-25
Implement	🕒	03-01-25



Year-end Closing

Draft	✓	10-07-24
Test	📅	01-15-25
Train	🕒	03-01-25
Implement	🕒	04-15-25

ANNUAL BUDGET

PURPOSE

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

APPLICABILITY

This policy pertains to the Town's annual budget development and documentation and encompasses the general fund, enterprise fund, and capital budgets. The development of the School Department budget, adoption processes of the Town Meeting and the Finance Committee are covered by the Town Charter and By-laws and are outside the scope of this policy. This policy applies to the budget roles of Finance Department, as well as the budget planning duties of all the Select Board, Town Administrator, department heads and the boards and committees that have spending authority (all referred to here as "department heads").

POLICY

The Finance Department will work together with the Town Administrator and all Town Officials to prepare a balanced budget for the approval of the Town Meeting. The creation of the budget will be guided by and reflect all the other financial planning policies adopted by the Town and those contained in this policy manual.

The annual budget and financial plan for the Town will be developed in accordance with the parameters set forth in Article 5 of the Town Charter and reflect the vision, goals, and strategic plans laid out by the Select Board and Town Administrator. It is the goal of the Town Administration to work in a collaborative manner with all parties involved with the budget process, including residents, to present a consensus budget for the Town Meeting consideration. Furthermore, the Town Administrator and Deputy Town Administrator/Finance Director will cultivate

strong, communicative relationships with the Natick Public Schools and the School Committee, and with any other regional service partners, to ensure active collaboration on School budget projections.

All parties applicable under this policy are expected to comply with the annual budget calendar's milestone deadlines when they are set each year. As part of this, department heads will timely provide the Deputy Town Administrator/Finance Director with all the information needed for the creation of an informative budget document.

A. Budget Goals

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

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

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

Enterprise funds: Enterprise fund budgets should remain self-supporting in order to avoid or minimize any subsidy from the general fund by maintaining sufficient revenues to support all the direct, indirect, and capital-related costs to run the enterprise funds operations through user fees only.

B. Principles for Balanced Sustainable Budgets

The Finance Department will assist the Town Administrator to prepare an annual budget proposal. To ensure a budget that is both balanced and sustainable for future years, the following principles will apply:

1. All departmental budgets will be prepared to reflect the full costs of providing the services and list the previous year's actual and budgeted revenues and expenditures, current year budget and ensuing fiscal year budget and shall indicate, in separate sections.

2. Revenue estimates will be moderately conservative and conform with the historical trends. Current expenditure should align with current revenue projections.
3. The budget will avoid using an excessive amount of one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances.
4. Budgets will avoid any practices that balance the current budget at the expense of meeting future year costs, such as delaying expenditures until the next fiscal year or rolling over short-term debt unless necessitated by exceptional circumstances.
5. In order to maximize efficiency, the budget may propose significantly reorganized reporting structures, change modes of service delivery, eliminate services deemed to be unnecessary or cost-effective, or propose new or expanded services. The budget will include any major changes to the department's methods of operation, program service delivery, resource expenditures, and manpower allocations that directly affect the budget. For any such proposal, the budget will provide justification and cost-benefit analysis.

C. Budget Calendar

The preparation of the annual budget for the Town is governed by the provisions of Chapter 44 of the Massachusetts General Laws. The budget cycle is initiated in August, when the Finance Department meets with the Select Board to update the Town's Financial Analysis and Five-year Financial Forecast in order to establish general budgetary guidelines and limitations for the coming year. At the start of the process, the Deputy Town Administrator/Finance Director will create a budget calendar listing the specific due dates for all process milestones and distribute the approved calendar to all the parties subject to this policy. The Town Administrator will coordinate a budget process that enables early identification and review of major policy issues and allows adequate time for public input and analysis of options. As required by the Town's Charter and Bylaws, the Finance Department will ensure the timely publication of the proposed budget on the first day of business in February. The Town Meeting adopts the budget at the Spring Town Meeting in April. The annual budget becomes effective July 1st.

D. Budget Amendment Process

During the course of the year, upon requests from department heads, discussion with the Finance Department and approval by the Town Administrator, the Town Meeting may, by majority vote, transfer any amount of appropriations to increase the total appropriation in any departments.

E. Budget Document

The Finance Department, under the direction of the Deputy Town Administrator/Finance Director, will produce a transparent and reader-friendly budget document that presents the Town's short-term and long-term strategic objectives and explains fiscal challenges. It will describe and explain all funds that are subject to appropriation, regarding revenues and expenditures, as well as other financing sources and uses to show the total resources budgeted by the Town. It will incorporate narrative information on departmental and organizational goals, the plans and resource allocations needed to meet them, and graphical information about available finances. In September of each year the Finance Department shall issue a Budget Manual, outlining the process for developing the Town Budget, and entry of the budget in the Town's budgeting software.

F. Budget Monitoring

The Comptroller's Office, on a monthly basis, shall provide department heads with a budget/expenditure report, detailing the department monthly and YTD expenditures.

REFERENCES

M.G.L. c. 39, § 10, § 16: Municipal Government

M.G.L. c. 41, § 15A, § 59, § 60: Officers and Employees of Cities, Towns and Districts

M.G.L. c. 44, § 31, § 33A, § 33B, § 53F½: Municipal Finance

M.G.L. c. 58, § 25, § 25A: General Provisions Relative to Taxation

M.G.L. c. 59, § 21C: Limitations on total taxes assessed; determination by voters

M.G.L. c. 71, § 16B, § 16B½: Public Schools

Natick Charter:

Article 4, Section 4-2(8) - Powers and Duties of the Town Administrator

Article 5, Section 5-3 - Submission of Preliminary Budget

Section 5-4 - Budget Message

Section 5-5 - The Preliminary Budget
Section 5-6 - Action on the Town Administrator's Preliminary Budget
Section 5-7 - Capital Improvement Program

Natick Bylaws:

Article 20, Section 2 - Dates of Submission of Fiscal Documents

Article 23, Section 4 - Report, Recommendations

Natick policies on Capital Planning, Debt Management, Financial Reserves, Forecasting, Indirect Cost Allocation, and Other Postemployment Benefits Liability.

EFFECTIVE DATE

This policy is effective July 1st, 2024.

CAPITAL PLANNING

PURPOSE

To effectively maintain the Town's infrastructure and protect the value of its capital assets, this policy outlines guidance for planning, reviewing, and coordinating capital improvements.

APPLICABILITY

This policy applies to all current and proposed capital projects. It establishes a framework for long-term capital improvements, sets guidelines and expectations for all Town departments in planning for and requesting capital projects. It also applies to related job duties of the Town Administrator and Comptroller.

POLICY

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

The Town Administrator is charged with preparing the capital improvement program. This involves identifying and prioritizing projects, analyzing funding, and creating a long-term financial plan achievable within the Town's budget limitations. Throughout the year, the Comptroller will monitor active capital projects to ensure they remain properly funded and report any issues to the Town Administrator.

A. Definition of a Capital Improvement

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

- Real property acquisitions, construction, and long-life capital equipment.

- Major improvements to physical infrastructure, including streets, sidewalks, storm water drains, and Water & Sewer treatment systems.
- Major renovations of existing capital items that extend their useful lifespans, as distinguished from normal operating expenditures.
- Planning, feasibility studies, and designs for potential capital projects.
- Items obtained under long-term capital leases.
- Bulk purchases of similar items, like software or furniture, with expected useful lifespans of five or more years that, when aggregated, have total costs in excess of \$10,000.

B. Inventory

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

C. Evaluation of Capital Projects

As part of the annual budget process, the Deputy Town Administrator – Operations will solicit capital project requests from department heads and then evaluate and prioritize them using the criteria below:

- Imminent threat to the health and safety of citizens or property;
- Requirement of state and federal law or regulation;
- Timely improvement/replacement to avoid future costs incurred by deferment;
- Improvement of infrastructure; and
- Improvement of productivity/efficiency.

D. Multi-Year Capital Improvement Plan

The Deputy Town Administrator – Operations, with the Comptroller's assistance, will annually update and submit to the Finance Committee and Select Board a five-year capital improvement plan (CIP), including the upcoming fiscal year's capital budget and a four-year projection of needs and expenditures that details their estimated costs, descriptions, and anticipated funding sources.

E. Capital Financing

Each year, the Town will strive to appropriate 5-7% of its general fund operating budget, excluding exempt and enterprise debt service, to capital investment allocations, through funding derived from a combination of property taxes, free cash, and stabilization funds. This cash capital funding target is a complement to the debt service maintenance goal defined in the Debt Management policy.

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

- **Tax Levy** – Cash from standard general fund revenues including property taxes, state aid, and local receipts.
- **General/Capital/Other Stabilization** – Appropriation from either the general stabilization or a special purpose stabilization fund.
- **Free Cash** – Appropriation from certified free cash.
- **Non-Excluded Debt** – Issuance of general obligation bonds, with debt service included in the operating budget within the levy limit.
- **Excluded Debt** – Issuance of general obligation bonds with annual debt service added to the tax levy limit until the debt is satisfied.
- **Capital Exclusion** – A one year addition to the tax levy for a specific capital acquisition.
- **Enterprise Receipts** – Receipts, either user charges or the appropriation of certified retained earnings.
- **Revolving Fund** – Revolving fund receipts authorized for capital expenditure through bylaw or ordinance.
- **Grants** – Partial or full funding for eligible projects. Note that grant funds may require a community match or additional funding.
- **Community Preservation Act** – Available to communities that adopted the CPA, projects may qualify for allowable usage of the restricted funds.

F. Betterment Assessment

When a capital project provides a measurable financial benefit to property owners in a limited, determinable area, as opposed to the community as a whole, the Town will assess betterments that do not exceed the value of the private benefit. The betterment payments will then be reserved for appropriation to pay the project's debt service. For any public improvement being proposed for betterment funding, the Town Administrator will present the following to town meeting:

- List of impacted property owners.

- Factors used to calculate the betterments.
- Estimated betterment assessments and revenue to be derived.

REFERENCES

[M.G.L. c. 44, § 53J](#): Reservation of revenues from betterments or special assessments to repay debt issued in connection to such improvements

[M.G.L. c. 80, § 13](#): Apportionment and reapportionment

DLS: Capital Process Manual

Natick Charter:

Article 4 - Town Administrator, Section 4-2 Powers and Duties (8), (9), (13)

Article 5 - Fiscal Procedures, Section 5-7

Natick By-laws: Article 20 – Town Administrator, Section 2 – Dates of Submission of Fiscal Documents

EFFECTIVE DATE

This policy is effective July 1st, 2024.

DEBT MANAGEMENT

PURPOSE

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

APPLICABILITY

This policy provides guidelines for the development of the Operational and Capital budgets. Further, it applies to the Treasurer/Collector's debt management responsibilities and Comptroller's budget analysis and reporting duties. It pertains to all long-term debt obligations permitted to be issued under Massachusetts law, such as general obligation bonds, revenue bonds, bond anticipation notes, and lease/purchase agreements. Excluded are short-term borrowings done as revenue anticipation notes. It should be read in conjunction with and supplements the Select Board's Financial Management Principles.

POLICY

Under the requirements of federal and state laws, the Town may periodically issue debt obligations to finance the construction, reconstruction, or acquisition of infrastructure, buildings, and other assets and may refinance existing debt. The Town will issue and manage debt obligations in such a manner as to obtain the best long-term financial advantage and will limit the amount of debt to minimize the impact on taxpayers. The Town will only issue debt obligations to construct, reconstruct, or purchase capital assets that cannot be acquired with current revenues.

A. Debt Financing

In financing with debt, the Town will:

1. Issue long-term debt only for purposes that are authorized by state law and qualify for tax-exempt bonds and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital projects that have at least ten (10) years of useful life or whose useful lifespans will be prolonged by at least ten (10) years, the term of borrowing for a capital project shall not exceed its estimated useful life.
4. Refrain from using debt to fund any recurring purpose, such as current operating and maintenance expenditures.
5. Consider using revenue bonds, special assessment bonds, or other types of self-supporting bonds instead of general obligation bonds whenever possible.
6. Use special assessments, betterment assessments, and similar dedicated revenues to fund long-term debt.

B. Debt Limits

The Town will adhere to these debt parameters:

1. As a control for maintaining consistent capital investment, the Town will seek to replace maturing debt obligations with new issuances so that year-to-year debt service is maintained at a target level representing five (5) to seven (7) percent of general fund revenues.
2. General Fund Debt Service as % of General Fund Budget – The annual Debt Service requirement should not exceed 10% of the Town's general fund annual revenues (excluding exempt debt and enterprise fund debt).
3. As dictated by state statute, the Town's debt limit shall be five (5) percent of its most recent equalized valuation.

C. Structure and Term of Debt

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

1. The Town will attempt to maintain a long-term debt schedule such that at least 50 percent of outstanding principal will be paid within 10 years.

2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than 10 years, except for major buildings, land acquisitions, and other purposes in accordance with the useful life borrowing limit guidelines published by the Division of Local Services (DLS).
4. The Town will seek to maintain an average maturity of the Town's total outstanding long-term debt at less than 10 years.
5. For new long-term debt, the Town will pursue net direct debt service schedules with annual principal and interest payments (net of any reimbursements or dedicated revenue sources) that are sustainable using recurring revenues.
6. Any vote to authorize borrowing will include authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
7. The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines and penalties to the federal government, and jeopardizing any debt issuance's tax-exempt status.

D. Bond Refunding

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

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

E. Protection of Bond Rating

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

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

F. Reporting

1. The Deputy Town Administrator/Finance Director will report to the Select Board and Town Administrator on the Town's debt status at least annually.
2. The Comptroller will include an indebtedness summary as part of a report on receipts and expenditures in the Annual Town Report.
3. The Comptroller will file the annual audit and official disclosure statement within 270 days of the end of the fiscal year.

REFERENCES

[M.G.L. c. 41, § 59, § 61](#): Officers and Employees of Cities, Towns and Districts
[M.G.L. c. 44, § 4, § 6, § 6A, § 7, § 8, § 17, § 19, § 20, § 21A, § 53J](#): Municipal Finance
[26 USC § 148](#): Arbitrage

Natick policies – Select Board's Financial Management Principles.

DLS Practice – January 2020: [Understanding Municipal Debt](#)

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

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

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

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

EFFECTIVE DATE

This policy is effective July 1st, 2024.

ENTERPRISE FUND POLICIES

PURPOSE

To reimburse the general fund for all expenditures incurred on behalf of the Sassamon Golf Course and Water & Sewer Enterprise Fund, this policy provides guidelines for equitably calculating and allocating those indirect costs.

APPLICABILITY

This policy applies to the budgetary responsibilities of the Comptroller, Sassamon Golf Course Superintendent and Water & Sewer Superintendent. In addition, it relates to the utility-related administrative functions of the Treasurer/Collector Office and Department of Public Works. It encompasses the analysis, calculation, and accounting of the Sassamon Golf Course and Water & Sewer Division's indirect costs.

BACKGROUND

The bookkeeping for the Sassamon Golf Course and the Water & Sewer Division are managed as enterprise funds, which are separate from the general fund and have their own financial statements. Consolidating this utility's direct and indirect costs, debt service, and capital expenditures into a fund segregated from the general fund allows the Town to demonstrate to the public the true, total cost of providing this service.

POLICY

As part of the annual budget process, the Comptroller will calculate the indirect costs to the general fund of Enterprise Funds and review them with the Deputy Town Administrator/Finance Director and Superintendents. Based on the results, the Comptroller will record transfers between the relevant funds by June 15 each year. The methodology for calculating indirect costs shall be explicitly documented and agreed upon by the Town Administrator, Comptroller, Treasurer, and Enterprise Department heads.

A. Cost Categories

The indirect cost calculations will take into account the following enterprise-related expenditures budgeted in the general fund:

1. Sassamon Golf Course and Water & Sewer Division **personnel costs** for active and retired employees, including pensions, insurances, Medicare taxes, unemployment, and workers' compensation.
2. **Administrative services** performed on behalf of the Water & Sewer Division by other departments, such as:
 - Finance
 - Comptroller's Office -Accounts payable, payroll, and general ledger services.
 - Treasurer/Collector's Office - Banking, investment, tax title, benefits, and debt.
 - Finance Office – Budget services, water rate calculations, debt management.
 - Human Resources services provided by Human Resources
 - Police and Fire – Emergency response
 - Town Administration
 - DPW Administration
 - Community Development
 - Facilities
 - Procurement
3. The following **expenses**:
 - Information technology costs
 - Vehicle and property insurances
 - Equipment Maintenance and fuel – DPW
 - Highway, Sanitation and Recycling - DPW
 - Utilities
 - Legal services
 - Independent audit services
 - Actuarial services related to other postemployment benefits (OPEB)
 - Other costs that may be agreed to

The Comptroller will calculate indirect costs based on the most recent fiscal year's appropriations and using either the actual, proportional, estimated

support, or transactional methodology (described in Section B below) as appropriate for the particular cost category.

B. Explanation of Calculation Methodologies

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

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

4. The **transaction-based** method is calculated based on the number of transactions attributed to a service as a percentage of the whole. An example would be the total number of Water & Sewer bills the Treasurer/Collector collects as a percentage of the total number of all bill types processed by that office. This percentage is applied against the Treasurer/Collector's total budget, including health and life insurance, Medicare, retirement, and any workers' compensation attributable to the department.

$$\begin{array}{lcl} \text{Number of utility transactions} & & \text{Total budget plus} \\ \text{Total number of all similar} & \times & \text{benefits of the} \\ \text{transactions processed by the} & & \text{department processing} \\ \text{non-utility department} & & \text{the utility transactions} \end{array} = \text{Indirect Departmental Salaries}$$

C. Calculations by Cost Category

This text in this section provides sample calculations for discussion purposes. Before adopting this policy, Section C should be reviewed and updated as necessary, and it should be expanded for any other costs that may be agreed to, such as information technology, legal services, etc.

- **Health and Life Insurances**

Indirect costs for health and life insurance will be calculated using the actual cost method by adding up the actual amounts paid by the Town for the participating Water & Sewer Division employees during the current fiscal year.

- **Medicare**

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

- **Retirement**

Indirect pension costs will be calculated using the proportional method. The total annual contributory retirement expenditures assessed to the Town by the Berkshire County Retirement System will be multiplied by the proportion of eligible personnel attributable to the Water & Sewer Division.

- **Independent Audit**

The costs for independent audits will be based on the proportional method. The proportion of the Water & Sewer Division's annual net-of-debt budget within the Town's total net-of-debt operating budget shall be multiplied against the annual cost of the audit contract.

- **Administrative Services**

The indirect costs for utility-related administrative services performed by the Accounting and Town Administrator Departments will be calculated using the estimate of support method. The amounts will be based on each department's annual estimate of the time required to perform the services for the utility.

For the Treasurer/Collector Department's services, the transaction-based calculation method will be used for all Water & Sewer-associated billing, collection, and biweekly payroll services, and the estimated support method will be used for all other utility-related services performed by that Department, such as banking and investment.

REFERENCES

[M.G.L. c. 44 § 53F½](#): Enterprise funds

Division of Local Services Informational Guideline Release 08-101: [Enterprise Funds](#)

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

EFFECTIVE DATE

This policy is effective July 1st, 2024.

FORECASTING

PURPOSE

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

APPLICABILITY

This policy applies to the Finance Department in their budget creation and analysis responsibilities. It pertains to the revenue and expenditure assumptions that form the basis for projections within a multi-year forecast.

POLICY

Each year, the Finance Department shall prepare and maintain a five-year Financial Forecast for General Fund and Enterprise Fund operations, based on current service levels and current funding sources. The Town Administrator, Select Board, and Finance Committee will use the forecast to support their decision making for the upcoming year's operating and capital budgets and for the Town's multi-year capital improvement plan. The Finance Department will create conservative forecasts. In basic terms, this entails reviewing historical revenue and expenditure trends, anticipating factors that may impact those trends going forward, analytically developing assumptions, and then formulating projections that, within a reasonable percentage range, underestimate revenues and overestimate expenditures.

Early in the annual budget process, the Deputy Town Administrator/Finance Director will present the initial forecast to the Town Administrator and the Select Board. Throughout the budget process, Town Officials will use the forecast to inform their decision making. In addition, the Deputy Town Administrator/Finance Director will promptly revise the forecast projections whenever circumstances change and provide updates to the Town Administrator, who will subsequently share them with the Select Board.

Before creating the initial forecast for a new fiscal year budget process, the Deputy Town Administrator/Finance Director will review the performance accuracy of prior-year forecasts and any evolving factors in the underlying assumptions to consider how the new forecast's projections may need to be adjusted. Factors to consider include changes in laws, regulations, inflation rate, interest rate, Town goals, and policy decisions.

A. Guidelines for Revenue Assumptions

The following principles shall guide the formulation of revenue assumptions:

1. Projections of the property tax levy will be confined by the limits of Proposition 2 1/2 (absent any overrides) and take into consideration consensus decisions regarding the Town's level of excess levy capacity.
2. New growth projections will take into account the Town's three (3), five (5) and 10-year averages by property class and advice from the Director of Assessing.
3. The Deputy Town Administrator/Finance Director will annually review the levy limit's relationship to the levy ceiling (which is 2.5 percent of the Town's real and personal property total value) to identify potential override capacity and to guard against the levy limit approaching or hitting the ceiling, which would impact future levy growth.
4. Local aid projections will correspond with economic cycles, while Chapter 70 educational aid will reflect trends in school choice, enrollments, tuition, and charter assessments.
5. Estimates for local receipts (e.g., motor vehicle excise, inspection fees, etc.) will not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.
6. Revenues from grant programs will be reviewed annually to determine their sustainability.
7. The Town will build and maintain reserves in compliance with its Financial Management Principles.

B. Guidelines for Expenditure Assumptions

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

In addition, the following principles shall guide the formulation of expenditure assumptions:

1. The Town's current level of services will provide the baseline for projections.
2. Historical trends in the growth of operating expenses and employee benefits will prevail.
3. Trends in regional school enrollments, school choice, tuition, and charter assessments will be factored.
4. The projections of wages, salaries and the Town's health insurance contributions will be based on current or already approved collective bargaining agreements for union staff and based on compensations authorized by the Town Administrator for nonunion personnel.
5. The Town will pay its annual pension contributions and make appropriations to amortize its other postemployment benefits (OPEB) liability.
6. The Town will pay all existing debt service obligations and adhere to its Capital Planning and Debt Management policies.

REFERENCES

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

Natick Policies: Annual Budget, Capital Planning, Debt Management, Financial Reserves, Grants Management, and OPEB Liability



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

EFFECTIVE DATE

This policy is effective July 1st, 2024.

INVESTMENTS

PURPOSE

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

APPLICABILITY

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

POLICY

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

A. Investment Objectives

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

- **Safety:** Safety of principal is foremost, and the Treasurer/Collector will adhere to these policy's risk mitigation strategies for the purpose of preserving capital in the overall portfolio.
- **Liquidity:** The investment portfolio must remain sufficiently liquid to enable it to meet all reasonably anticipated operating requirements.

- **Yield:** The investment portfolio will be designed with the objective of attaining a fair market average rate of return throughout budgetary and economic cycles, in accordance with the Town's investment risk constraints and the portfolio's cash flow characteristics.

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

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

B. Conflict of Interest

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

C. Investment Instruments

To ensure compliance with state statutes, the table below defines allowable investment instruments and guidelines.

Instrument Type	Short-term Funds	Long-term Funds
Depository accounts in banks, including savings, checking and NOW accounts, and money market deposit accounts	No limitations	No limitations
Certificates of deposit (CDs)	Unlimited amounts and maturity up to three years	No limits on amounts or maturity dates
The <u>Massachusetts Municipal Depository Trust (MMDT)</u> , the State Treasurer's investment pool for public entities.	No limitations and the pool is liquid	No limitations
U.S. Treasury or other U.S. government agency obligations	Unlimited amounts and up to one year from date of maturity	No limitations
Bank-issued repurchase agreements ("repos") secured by U.S. Treasury or other U.S. government agency	Maximum maturity of 90 days	Repos are by their nature short-term and therefore not appropriate for the growth objective of long-term funds.
Money market mutual funds	• Must be registered with the Securities and Exchange Commission (SEC) • Must have the highest possible rating from at least one rating organization • These are liquid investments, so maturity term is not applicable	• Must be registered with the SEC • Must have the highest possible rating from at least one rating organization
Common and preferred stock, investment funds, and	Not allowed	• The Town's aggregate amount of long-term funds must

Instrument Type	Short-term Funds	Long-term Funds
any other type of investment instrument specified in the List of Legal Investments		exceed \$250,000 to invest in these. • Investment in mortgages, collateral loans, and international obligations is prohibited. • Cannot invest more than 1.5% of a particular fund in the stock of any single banking or insurance company • Cannot invest more than 15% of total aggregated funds in banking or insurance company stocks

D. Risk Tolerance Guidelines

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

Type of Risk	Mitigation Strategy
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.	• Investments in any of the following are safe from credit risk: banks' depository accounts (including CDs), obligations backed by the U.S. Treasury or other U.S. government agency, and the MMDT. • For any other investments, the Treasurer/Collector will only purchase investment grade securities highly concentrated in those rated A or better.
Concentration of credit risk is the risk arising from all funds being invested in a single issuer.	The Treasurer/Collector will diversify the portfolio among multiple issuers/institutions (see

Type of Risk	Mitigation Strategy
	Section E).
Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover deposits or to recover collateral securities in the possession of an outside party.	The Treasurer/Collector will negate this risk by only making deposits at banks.
Custodial risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Town would not be able to recover the value of an investment or to recover collateral securities in the possession of an outside party.	• The Treasurer/Collector will review the financial institution's financial statements and its advisor's background to ensure it has proven financial strength, capital adequacy, and an overall positive reputation in the municipal investment industry (see Section F) • If a security is to be held by a third-party custodian, the Treasurer/Collector must approve that party and verify that the security is held in the Town's name and tax ID number, as evidenced by its CUSIP (Committee on Uniform Security Identification Procedures) code.
Interest rate risk is the risk that interest rate changes will adversely affect an investment's fair market value.	The Treasurer/Collector will negotiate for competitive interest rates that are locked in for long terms.
Foreign currency risk is the risk that an investment will lose value as the result of an unfavorable exchange rate.	The Treasurer/Collector will negate this risk by not investing in any instruments with foreign currency exposures.

E. Diversification

The Treasurer/Collector will invest in a diverse portfolio to prevent overconcentration in any institution, issuer, or maturity type. Apart from money placed in the MMDT or obligations backed by U.S. government

agencies, the Treasurer/Collector will invest no more than 25 percent of the Town's long-term funds with a single financial institution. In addition, the Treasurer/Collector will ensure compliance with the various allowable percentage thresholds for specific investment instruments and issuers set forth in the List of Legal Investments.

F. Selection of and Relationship with Financial Institutions

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

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

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

The Treasurer/Collector will review all banking and financial services at least annually to ensure their quality and the competitiveness of their fee

structure and interest rates. On an annual basis, the Treasurer/Collector will also send letters to banks in the local region requesting them to report all usage of the Town's tax identification number as a means to ensure the number is used only by the Treasurer/Collector and no outside entities.

G. Standards of Care

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

H. Reporting Requirements

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

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

REFERENCES

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

[M.G.L. c. 29, § 38A](#)

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

[M.G.L. c. 110A, § 201](#)

[M.G.L. c. 167, § 15A](#)

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

Natick Policy: Fraud Risk Assessment Policy

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

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

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

Massachusetts Depositors Insurance Fund [FAQs](#)

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

SEC webpage [Form ADV Information](#)

EFFECTIVE DATE

This policy is effective July 1st, 2024.

FRAUD RISK ASSESSMENT POLICY

PURPOSE

The purpose of this policy is to prevent fraud through reasonable internal controls and foster a work environment based on fairness, ethics and honesty. To maintain such an environment requires the active assistance of every employee and manager every day. The Town is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a solid foundation for the protection of all employees, citizens, vendors, and anyone else with whom the Town has a relationship.

APPLICABILITY

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

POLICY

Theft, fraud, and misappropriation of Town assets represent a threat to the Town's financial well-being and are not consistent with the principles of the Town of Natick. Illegal conduct damages the reputation of the Town and its employees, leading to a loss of public confidence. In order to prevent theft, fraud and misappropriation reasonable internal controls must be implemented and followed in all Town departments in order to safeguard Town assets. The Town's Enterprise Risk Management System (ERM) is established by this policy to facilitate the development of controls that will aid in the prevention and detection of fraud against the Town. It is the intent of the Town to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

A. Risk Assessment and Monitoring Program

In order to assess the risks and monitor the Town's internal controls to address the risks, the Town Administrator or his/her designee shall institute

an ERM system. The ERM shall cover all Town departments, enterprise funds, committees that have over \$50,000 worth of assets, or any of the above that handle cash on a regular basis.

The ERM shall contain the following elements:

- Holds all employees to the highest standards of integrity and ethical values.
- Identifies specific fraud schemes and risks, assess their likelihood and significance, evaluates existing fraud control activities, and implements actions to mitigate residual fraud risks.
- Ensures that Town Departments and Committees select, develop, and deploy preventive and detective fraud control activities to mitigate the risk of fraud events occurring or not being detected in a timely manner.
- Establishes a communication process to obtain information about potential fraud and deploys a coordinated approach to investigation and corrective action to address fraud appropriately and in a timely manner; and,
- Development and performance of ongoing evaluations and monitoring to ascertain whether there are adequate internal controls and that any deficiencies are communicated in a timely manner to parties responsible for taking corrective action, including Department heads, the Town Administrator, and the Select Board.

The results of the ERM assessments shall be provided to the Town Administrator and the Audit Advisory Committee. An annual report regarding risk assessment activities shall be provided to the Select Board.

B. Standard of Conduct

The following will be considered a violation of this policy:

- Any dishonest or fraudulent act.
- Forgery or intentional and inappropriate alteration of any document or account of the Town or its affiliates.
- Forgery, alteration or unauthorized negotiation or presentment of a check, warrant, bank draft, or any other financial document of the Town or its affiliates, including electronic transfer of funds.

- Disclosing to other parties the confidential activities engaged in or contemplated by the Town.
- Accepting or seeking anything of material value from vendors, contractors, or other parties in exchange for or to induce favorable consideration concerning services, materials, supplies, equipment, or other work provided to the Town.
- Destruction or removal of records, furniture, fixtures, or equipment.
- Any act of embezzlement, theft, misappropriation or fiscal irregularities.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes or misappropriation of Town-owned software, and,
- Violation of the Ethics laws of the Commonwealth of Massachusetts M.G.L c. 268A.

The Town strictly prohibits these and any other illegal activities in the actions of its employees, managers, administrators and others responsible for carrying out the Town's activities.

C. Ethics Code of Conduct

All employees of the Town of Natick have a responsibility to conduct themselves at all times with the highest levels of integrity: Integrity and a strong commitment to customer service helps Natick maintain its established reputation as an excellent place to live, work and conduct business. All employees elected representatives and volunteers of the Town of Natick are held to the highest standard of not just meeting but exceeding all laws and regulations of the Commonwealth of Massachusetts.

All employees must participate in regular training in the ethical standards of the Commonwealth of Massachusetts and customer service. Integrity, honesty, and a commitment to excellence is an integral element of the Town of Natick and Town administration must take appropriate measures to ensure continued adherence to these principles including but not limited to the following key elements:

- Training for all supervisory personnel in non-discrimination, conflicts of interest, anti-fraud, risk assessment and controls and the highest standards of excellence in customer service.

- Thorough reviews of purchasing, contracts, hiring and all other transactions to ensure they meet every legal and ethical standard. Significant focus to ensure compliance with antifraud policies, laws and potential risks of non-compliance including regular monitoring procedures that address fraud risks.
- Thorough, internal reviews as part of the ERM and audits of financial systems.
- Robust on-boarding processes for all new employees to help them understand and comply with all town policies and procedures.

The Town does not tolerate retaliation against anyone asking questions or raising concerns in good faith. All employees, residents, vendors, or visitors should always feel comfortable coming forward or immediately reporting anyone not observing this policy.

D. Hiring Standards

The hiring of employees who share the Town's commitment to integrity and ethical conduct is crucial to maintaining and promoting Natick's commitment to excellence. The Town administration shall ensure that the hiring process presents the issues of integrity and ethics to all job candidates and that all candidates are aware that integrity, honesty, and a commitment to excellence is an integral part of working for the Town of Natick. All finalists for a job with the Town of Natick shall undergo a background review, as specified by the Town Administrator, to ensure the candidate's commitment to integrity and ethical conduct.

E. Control Measures

The Town Administration shall ensure that all town departments develop and deploy preventive and detective fraud control measures to mitigate the risk of fraud events occurring or not being detected in a timely manner.

F. Reporting

It is the responsibility of every employee, supervisor, and manager to immediately report suspected misconduct or dishonesty to their supervisor or Department Head. Department Heads, when made aware of such potential acts by subordinates, must immediately report such acts to the Town Administrator or his/her designee.

Any reprisal against any employee or other individual making a report in good faith pursuant to this policy is strictly forbidden. Due to the important yet sensitive nature of the suspected violations, effective follow up is critical. Employees should not investigate or otherwise follow up on their own. All relevant matters, including suspected but unproved matters, should be immediately reported to the direct supervisor or department head.

G. Supervisor Reporting Responsibilities

All employees have a responsibility to report suspected violations; however, personnel with supervisory authorities have three additional deterrence and detection responsibilities:

- All supervisors must be aware of what can go wrong in their area of authority.
- Department heads must put into place and maintain effective monitoring, review and control procedures which will prevent acts of wrongdoing; and,
- Monitoring, review and control procedures must not only deter wrongdoing but also promptly detect acts of wrongdoing should prevention efforts fail.

Authority to carry out these additional responsibilities may not be delegated to subordinates. Assistance in effectively carrying out these responsibilities is available upon request through the Deputy Town Administrator/Finance Director.

H. Follow up and Investigation

The Town Administrator or his/her designee shall have the primary responsibility for all investigations. All reports filed pursuant to this policy shall be reviewed. If there is reasonable cause to believe that an incident of fraud or other conduct prohibited by this policy exists an investigation must be conducted.

An investigation shall include but is not limited to:

- Interview of relevant witnesses to the alleged conduct.
- Inspection of any town or department records and premises.
- Examination or inspection of any portion of the contents of files and records (whether in electronic or other form), desks, cabinets, and

other storage facilities without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures; and,

- A written report summarizing the investigation with recommendations to Town Administration.

All investigations of alleged wrongdoing will be conducted in accordance with all applicable laws and Town procedures. To the extent possible allowed by law, the investigation will be conducted in such a manner to protect the confidentiality of all parties. However, the Town has an obligation to address all violations of this policy and, in order to conduct an effective investigation, complete confidentiality cannot be guaranteed.

REFERENCES

[M.G.L. c. 12, § 5A, § 5B, § 5C, § 5D, § 5E, § 5F, § 5J](#): Department of The Attorney General, and The District Attorney's

[M.G.L. c. 268A](#): Conduct of Public Officials and Employees

U.S. Office of Management and Budget, December 2013: Omni Circular

MA Office of the Inspector General webpage: What is Fraud?

MA Ethics Commission webpage Summary of the Conflict of Interest Law for Municipal Employees and training module [Conflict of Interest Law](#)

EFFECTIVE DATE

This policy is effective July 1st, 2024.

PROCUREMENT CONFLICT OF INTEREST

PURPOSE

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

APPLICABILITY

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

POLICY

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

A. Confidentiality during the Bid Evaluation Process

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

The departmental purchasing employee will:

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

The Town Administrator will:

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

B. Conflict of Interest in Procurement

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

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

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

The Omni Circular further requires that for any federal grant involving a parent, affiliate, or subsidiary organization that is not a state or local government, the Town must also maintain written standards of

conduct covering organizational conflicts of interest. An organizational conflict of interest means that due to a relationship with a parent company, affiliate, or subsidiary organization, the Town is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization.

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

C. Disclosure and Review

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

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

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

The departmental purchasing employee will:

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

The Town Administrator will:

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

D. Compliance Reviews

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

REFERENCES

[M.G.L. c. 30B](#): Uniform Procurement Act

[M.G.L. c. 41, § 57](#): Books of account and financial records

[M.G.L. c. 268A](#): Conduct of Public Officials and Employees

Natick Charter - Powers and Duties of the Town Administrator, Section 6(d) 11 and 12 Natick policies on Antifraud and Purchasing

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

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

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

EFFECTIVE DATE

This policy is effective July 1st, 2024.

TAILINGS

This policy is subject to town meeting's acceptance of [M.G.L. c. 200A, § 9A](#).

PURPOSE

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

A tailing refers to a disbursed but uncashed check, which represents a debit liability on the Town's books. It can arise from any treasury check issued to pay an employee or vendor, refund a municipal tax or charge, or pay any other municipal obligation. Tailings constitute unclaimed property under M.G.L. c. 200A. Accepting § 9A of that chapter enables the Town to expedite the tailing resolution process and prevent the eventual escheatment of the funds to the State Treasurer, as otherwise required. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

APPLICABILITY

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

POLICY

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

PROCEDURES

A. Monthly Review

Once a month, as part of the bank reconciliation, the Treasurer/Collector will review the outstanding check log to ascertain all outstanding checks 30 days or more after issuance. The Treasurer/Collector will email the department head associated with each check to follow up with the employee or vendor "Payee". The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notices to departments, the Treasurer/Collector will send an uncashed check notice to the payee at their last known addresses.

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

B. Yearly Review

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

- List the unclaimed checks on the Town's website for a minimum of 60 days under the heading: "Notice of names of persons appearing to be owners of funds held by the Town and deemed abandoned." Along with payee names, the notice will detail the process to claim funds and set a deadline for making a claim not less than 60 days after the initial posting date of the notice on the website.
- For all checks still unclaimed after the website deadline, publish a notice of the checks in the Metro West Daily News. This notice will be in the same form as the website posting and state a new claim deadline not less than 60 days after the publication date.
- After 60 days' lapse from the newspaper publication, send a notice of all unclaimed funds under \$100 to the Comptroller. For those \$100 or greater, publish a second notice in the Metro West Daily News with the same language as the previous except that it provides a deadline for claiming funds at least one year after the new publication date.

- Schedule a calendar prompt one year after the second publication to review the checks and notify the Comptroller of all that are still unclaimed at that time.

C. Escheatment

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

D. Check Claiming

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

E. Audit

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

At 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 activities shall be forwarded to the Comptroller's office and compared to the general ledger records. If differences are determined, the Treasurer/Collector and Comptroller shall reconcile the variances (e.g., missing information, errors, and timing differences).

REFERENCES

[M.G.L. c. 200A, § 9A - Accepted 2021 FATM Article 9](#)

Natick's policies on Disbursements and Reconciliations

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

EFFECTIVE DATE

This policy is effective July 1st, 2024.

PURCHASING

PURPOSE

To optimize the value received for Town expenditures, to ensure that goods and services are obtained at the lowest price, to assure compliance with all applicable federal, state, and local procurement laws, rules, and regulations, to avoid exposure to any bid disputes and/or legal challenges, to ensure that serial purchases do not exceed budget allocations, and to ensure that all parties participating in the public procurement process remain on an equal footing, this policy establishes standards and practices for the purchasing of materials, supplies, and services.

APPLICABILITY

This policy applies to all employees and officials involved in procurement or purchasing, and its scope spells out specific responsibilities by position.

POLICY

The Director of Procurement, appointed by the Town Administrator, has been designated by the Select Board as Natick's Chief Procurement Officer (CPO) pursuant to [M.G.L. c. 30B, § 2](#), and is responsible for ensuring that all purchasing adheres to the competitive quotation and bidding procedures required by state law. To effectively fulfill this role, the Director of Procurement will achieve and maintain a designation of Massachusetts Certified Public Purchasing Official through the Office of the Inspector General (IG). In compliance with statute, the Town, for sealed bids under [M.G.L. c. 30B, § 5](#), will award a contract, if at all, to the lowest responsible and eligible bidder. Where a sealed proposal process is used pursuant to [M.G.L. c. 30B, § 6](#), the Town will award a contract, if at all to the most advantageous proposer, taking into account price and all other non-price criteria. For procurements between \$10,000 and \$50,000, the Town will award a contract, if at all, to the responsible and responsive party submitting the lowest quote. For purchases less than \$10,000, the Town will award a contract, if at all, in accordance with "sound business practices," as that term has been defined by Massachusetts General Laws Chapter 30B.

All department heads are accountable for the purchases made within their departments. Accordingly, all department heads and any designated purchasing employees must read and adhere to the provisions of M.G.L. c. 30B and must

follow the procurement procedures detailed in the IG's guide, [*The Chapter 30B Manual: Procuring Supplies, Services, and Real Property*](#) or any successor publication issued by the Office of the Inspector General. In addition, every department head will make all efforts to combine purchasing needs with other departments to avoid waste and seek bulk purchase discounts. The Director of Procurement will coordinate with department heads to identify group purchasing opportunities.

Beyond the statutory purchasing requirements, the Town requires department heads to submit a "blanket" purchase order to the Comptroller prior to the first of a series of purchases from a single vendor that, in total for the fiscal year, will cost \$2,500 or more. The department head will provide the estimated total cost for the year, which the Comptroller will then encumber in Munis.

All practices associated with procurement and purchasing are subject to audit by the Town's independent auditor.

A. Quotation and Bidding Requirements

Apart from the 34 specific types of exceptions listed under [M.G.L. c. 30B § 1](#), **any emergency procurements** under [M.G.L. c. 30B, § 8](#), any sole source procurements under [M.G.L. c. 30B, § 7](#), any cooperative procurements under [M.G.L. c. 30B, § 22](#) and [§ 23](#), and any state OSD Contract or federal GSA contract for which compliance with [M.G.L. c. 30B](#) is deemed, all other purchases for goods or services must comply with the following:

Dollar Thresholds	Statutory Requirements
< \$10,000.00	Sound business practices Ensuring the receipt of a favorable price by periodically soliciting price lists or quotes
\$10,000 - \$50,000	Requires the following: - Through departments, requiring the development of a scope of services/written purchase description - Soliciting 3 quotes from responsible firms/individuals typically providing the goods/services. - Award to lowest responsible and responsive party that meets quality requirements - Written Contract (A purchase order with all statutory elements will be acceptable for such purposes).
> \$50,000	Requires the following: - Advertisement/Public Notice (Town Hall, Town Website, Newspaper Publication Serving the Town, COMMBUYS, <u>Goods and Services Bulletin</u>) - Formal competitive bidding, IFB = Invitation for bid or RFP = Request for Proposals (upon prior justification by the CPO that the RFP process serves the Town's needs) - Award to responsive and responsible bidder (under section 5) or to the most advantageous proposer. Taking into account price and all other non-price criteria (under section 6), - Written Contract

Every department head must assess his or her department's full fiscal year operational needs when considering purchases. No Town department may split up several small purchases of the same product to, in effect, conceal the cost threshold for soliciting bids.

B. Sole Source Procurements

Competitive bids may be waived in instances where the Chief Procurement Officer specifically determines in writing that there is only one (1) practicable source for the relevant equipment, materials, or services. Any department head intending to make a sole source procurement ([M.G.L c. 30B § 7](#)) must first submit supporting documents to the Director of Procurement, as CPO for preapproval.

C. Special Purchase Order Types

Blanket Purchase Orders

A blanket order is a Purchase Order where goods and services may be purchased over a given period of time or where materials or supplies require numerous shipments and/or payments.

Blanket Purchase Orders may be used for frequently purchased low-cost miscellaneous items or supplies and/or services that are on contract.

The Blanket Purchase Order permits departments to place orders for items or services on an “as needed” basis without having to submit additional requisitions.

A Blanket Purchase Order must contain the required information for all POs including but not limited to the following:

1. Description of goods/services: Detailed listings of items being purchased, including product codes, descriptions, quantities, and unit prices.
2. Total amount: The cumulative cost of all items/services, often broken down into subtotals, shipping fees, and the grand total.
3. Payment terms: Specifies conditions for payment.
4. Shipping details: Information about the delivery method, shipping address, any associated costs, and expected delivery dates.
5. Terms and conditions: Any specific terms or conditions related to the purchase, including return policies, warranties, or other stipulations.

Blanket Purchase Orders should not be used:

1. As means to provide an open line of credit with a vendor.
2. When prices are unknown at the time of ordering or subject to change later without notice. There are certain exceptions when small-item purchases are being made locally.
3. When the quality of vendor’s product and/or services is questionable.
4. When control over the department’s expenditures would be weakened significantly.

Open Blanket Purchase Orders should be reviewed periodically and closed if no longer needed during the fiscal year and followed the Year-End Preparation section in the Year-End Closing policy for the timeline and instructions to close out the Purchase Orders.

D. Purchasing Employee/Department Head Responsibilities

Department heads will ensure that their purchases do not exceed the departments' allocated budgets and that they comply with the following provisions.

All serial purchases from the same vendor that are anticipated to aggregate to a total cost of \$2,500 or more within the fiscal year (such as monthly utility bills):

- Submit a blanket purchase order to the Comptroller

All other purchases, follow the thresholds below:

Dollar Thresholds	Statutory Requirements
< \$10,000.00	Ensure compliance with sound business practices. • Periodically soliciting price lists or quotes in pursuit of favorable prices.
\$10,000 - \$50,000	• Create a written purchase description that includes the following (as applicable): ○ Detailed description of the product or services required ○ Schedule of performance ○ Quantities required ○ Delivery terms ○ Payment terms ○ Insurance or other special requirements • Solicit at least three (3) written quotes from responsible and responsive vendors customarily providing the desired goods services according to procedures outlined in the IG's Chapter 30B Manual. • Submit the purchase description, quotes, and recommended vendor to the Director of Procurement for review. • After the vendor has been selected and purchase made, include a copy of the Director of Procurement's notice of the approved bidder when submitting the invoice for payment to the Comptroller.
> \$50,000	Work with the Director of Procurement toward the creation of an invitation for bid (IFB) or request for proposal (RFP).

E. Director of Procurement Responsibilities

As CPO, the Director of Procurement responsibilities include the following.

Dollar Thresholds	Statutory Requirements
\$10,000 - \$50,000	Review the quotes, determine the identity of the lowest responsible and responsive quoting party, and notify the department head of the selection
> \$50,000	• Prepare an IFB or RFP in accordance with guidelines in the IG's manual and in accordance with templates approved by the Office of the Town Counsel. • Follow the IG's guidelines for advertising the IFB/RFP and for receiving, reviewing and awarding contracts pursuant to the submission of sealed bids or proposals. • Maintain a log of all contracts greater than \$50,000.00, including the number of them received and their dollar values. • Work with department heads to prepare the contract for the awarded vendor and refer proposed contracts for the Town Counsel's review. • Ensure every finalized contract is signed by the vendor and Town contracting authority for the particular department. Construction contracts must also be signed by the Comptroller, per M.G.L. c. 44, § 31 or M.G.L. c. 44, § 31C, as appropriate. • Retain originals of all bid documents, including specifications, vendor responses, evaluations, and award determinations, for six (6) years after final payment under any contract. • Provide the Comptroller with copies of all executed contracts.

F. Town Administrator Responsibilities

The Town Administrator will review all proposed contracts and direct any inquiries to the Director of Procurement and relevant department head. The Town Administrator will sign the contract to approve it when satisfied with the terms and with the terms of the procurement, as completed.

G. Comptroller Responsibilities

The Comptroller will:

- Refer to contract terms when reviewing invoices submitted for payment.
- Conduct random audits of compliance with this policy.

REFERENCES

[M.G.L. c. 30B](#): Uniform Procurement Act

[M.G.L. c. 44, § 31](#): Liabilities in excess of appropriations forbidden; exceptions

[M.G.L. c. 44, § 31C](#): Construction contracts; certificate as to availability of funds; effect of certificate upon defense of insufficiency of appropriations

Natick Charter: Powers and Duties of the Town Administrator, Section 4-2

Natick Policies: Fraud Risk Assessment, Accounts Payable, and Procurement Conflict of Interest

MA Inspector General manuals: [The Chapter 30B Manual: Procuring Supplies, Services and Real Property - Legal Requirements, Recommended Practices and Sources of Assistance, 8th Edition](#) and [Designing and Constructing Public Facilities](#)

EFFECTIVE DATE

This policy is effective July 1st, 2024.

DEBARMENT AND SUSPENSION

PURPOSE

To ensure compliance with Federal Suspension and Debarment Regulations 2 CFR 200.214 and 2 CFR 180 regarding the expenditure of Federal funds.

APPLICABILITY

These procedures address how to check for Debarment or Suspension for an entity or agency that subawards or contracts for goods and/or services with the Town of Natick, that involve the expenditure of federal funding.

POLICY

The Federal Government prohibits expending federal funds on goods and/or services from any entity Suspended or Debarred from doing business with the federal government. Procurement of goods and/or services with federal funds from a supplier or contractor should be checked for Debarment before purchasing and/or awarding a contract or subaward. This policy will ensure that contracts or purchases to an entity or agency are not made if they have been Debarred or Suspended by the federal government.

PROCEDURES

Debarment must be checked prior to purchasing or contracting with any entity or agency, with federal funding, to ensure the entity or agency has not been Debarred or Suspended by the federal government at the System for Award Management (SAM.gov) website (<http://www.sam.gov/>). All checks must be documented with a screen print of the Exclusions search, dated and signed, in the contract or subaward file.

If the entity or agency is on the list, contracts cannot be approved until the entity or agency is removed from the Exclusions listing.

Each Department is responsible to ensure that all procurement contracts and agreements for both goods and services must have the following language must be included in the documentation and signed:

“Debarment and Suspension Certification - The contractor (or vendor, or consultant, depending on the transaction) certifies to the best of its knowledge and belief that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency in accordance with 2 CFR 200.213 and 2 CFR 180.”

If at any time the SAM.gov website indicates the subrecipient has active exclusions, no invoices will be paid until the entity or agency is removed from the exclusion listing.

REFERENCES

2 CFR 180

2 CFR 200.206 (d)

2 CFR 200 Appendix II (H)

EFFECTIVE DATE

This policy is effective July 1st, 2024.

ACCOUNTS PAYABLE

PURPOSE

To mitigate the risks of errors or fraud and ensure the Town's expenses funds only for legally valid liabilities, this set of policy and procedures establishes the guidelines and required steps for paying the Town's bills.

APPLICABILITY

This set of policy and procedures pertains to the settling of Accounts Payable (AP) liabilities incurred by the Town. It applies to the Comptroller and Treasurer/Collector's job duties and the Select Board's warrant approval responsibilities. It further applies to all employees who receive invoices or other bills and to all department heads who approve and submit requests for AP disbursements.

POLICY

All AP expenditures must be based on original invoices, issued only to entities with valid W-9 forms on file, and charged to the proper fiscal year. Each AP submission must be authorized by the associated department head. No disbursement may occur without first receiving the Comptroller's review and the Select Board's approval. Additionally, payment for any bills payable for a prior fiscal year must be approved by the town meeting vote. All disbursement activity is subject to audit by the Town's independent auditor.

A. Responsibilities Related to Disbursement Processing

Each department head is responsible for:

- Assuring that all purchases of goods and services conform to the state's procurement laws and the Town's Purchasing policy.
- Verifying that adequate funds exist in the department's budget for every AP submission, attesting to the accuracy of each submission via signature.
- Entering the invoices into Munis via Accounts Payable Module. Scan and attach invoice to each posting.

The Comptroller is responsible for:

- Including each requested expense on the AP warrant after

- completing the validations required by statute and this policy.
- Approving AP warrants prior to the Select Board's authorization.
- Updating the general ledger with all AP warrant expenditures.

The Treasurer/Collector is responsible for:

- Disbursing payments from the appropriate Town's bank account after receiving AP warrants approved by the Select Board.
- Sending payments to vendors via mail or electronic funds transfer.
- Updating the cashbook to document disbursement activity.

The Select Board members or designated member are/is responsible for approving all AP warrants.

B. Emergency Disbursements

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

PROCEDURES

A. Departments Submit Invoices for Payment

The AP warrant process occurs weekly, and payments are disbursed every Tuesday. Departments are responsible for entering invoices into MUNIS and must have all batches completed at least one week in advance.

To prevent duplicate payments only original invoice numbers should be used when entering into MUNIS.

Furthermore, segregate duties shall be practiced by department, separate individuals will be tasked with:

- Ordering a purchase, receiving it, and processing the invoice.
- Authorizing the purchase and approving AP batch.

For each purchase or service invoice, departmental staff will take the following steps.

	Objectives	Steps
A-1	Validate that Charges are Appropriate	• Ensure the correctness of the invoice's rates and calculated total. • Verify goods received correspond to the itemized invoice or packing slip. • Verify that charges for services accurately reflect the work performed. • To document this validation review, sign or stamp each original invoice or other originating document.
A-2	Demonstrate Compliance with Purchasing Policy	• All invoices must include a Purchase Order number. • Any invoice that does not have a Purchase Order will be rejected.
A-3	Enter AP Invoices into Munis	• Enter the invoice into the Munis AP program. • Scan and attach invoice and/or other supporting documentation to each appropriate invoice posting in Munis. • Reconcile the total amount of all invoices to the Munis batch total. • Submit Munis batch to department head for approval.
A-4	Approve and Submit the Schedule	• Department head reviews AP batch and the invoice back-up document(s) for accuracy and appropriateness, and then approves the Munis batch to approve it or follows up on issues. • Retain the AP package for records until completion of annual audit.

B. Staff Accountant Processes AP Submissions

The Staff Accountant will take the following steps to add and/or post items to the AP warrant.

	Objectives	Steps
B-1	Review Accuracy of AP Batch	• Review the AP batch in Munis and supporting documents to ensure correctness in the following: ○ The listed amounts correspond accurately to the invoices. ○ Subtotal is correctly calculated. ○ General Ledger Accounts being charged are correct. ○ Purchasing forms demonstrate compliance with Town policy. ○ Sales tax is not included.

	Objectives	Steps
		○ Appropriate fiscal year. ○ Appropriate authorizing signature. ● If any of the above is missing or incorrect, contact the department for more information or documentation. ● Review the invoice amount is equal to the entry in Munis ● Verify check totals to ensure the correctness.
B-2	Approve the AP Batch	● Submit the AP batch in Munis workflow for the Comptroller's final review and approval.

C. Comptroller Finalizes AP Warrant

The **Comptroller** takes the following steps to finalize the AP warrant.

	Objectives	Steps
C-1	Review the Staff Accountant's Work	● Verify the accuracy of the AP batch reviewed and verified by the Staff Accountant in section B above. ● Follow up with the Staff Accountant or submitting department if any correction or additional information is required.
C-2	Review for Appropriateness of Expenditure	● For each AP request entered in Munis, verify the following: ○ The expense is for a legal purpose. ○ There is no evidence of fraud. ● If any of the conditions above cannot be verified, call the department head for more information. If fraud is suspected, follow the Town's Antifraud Policy and procedures.
C-3	Post AP Journal Entries in Munis	● Validate and post the AP batch into the Munis general ledger.
C-4	Approve Final Warrant	● Generate final warrant and cash disbursements journal ● Electronically sign the warrants and upload them to the Google Drive, notify the Select Board for their review and approval.
C-5	Print Checks	● Imprint AP information on blank checks received from the Treasurer/ Collector via the Munis Print Checks program. ● Print a Munis Check Register report of the check run information. ● Submit the printed checks and Check Register report to the Treasurer/ Collector.

D. Select Board Authorizes Warrant

Every week, the designated **Select Board** member must review and authorize a new AP warrant according to the following steps.

	Objectives	Steps
D-1	Authorize Warrant	- Review the warrant for appropriateness by examining its listings and back-up documents. Direct any inquiries to the Comptroller. - If no questions exist, sign (<i>or electronically sign</i>) both warrant copies.
D-2	Notify Comptroller and Treasurer/Collector	Submit the signed warrants to the Treasurer/Collector and Comptroller via e-mail.

E. Treasurer/Collector Disburses Funds for AP Expenditures

The **Treasurer/Collector** will take the following steps to disburse funds to AP accounts after receiving the signed warrants from the Select Board.

	Objectives	Steps
E-1	Fund the Warrant	- On the bank's website, transfer funds from the general depository (or other funding) account to the appropriate checking or Automated Clearing House (ACH) AP accounts in the applicable amounts. - Print the bank's transfer report, attach it to the warrant, and retain it on file. - Upload positive pay report to the bank portal.

REFERENCES

[M.G.L. c. 30B](#) : Uniform Procurement Act

[M.G.L. c. 41, § 52, § 56](#): Officers and Employees of Cities, Towns and Districts

[M.G.L. c. 44, § 56, § 58, § 64](#): Municipal Finance

[M.G.L. c. 64H § 6\(d\)](#): Exemptions

Natick Policies: Procurement and Purchasing, and Fraud Risk Assessment

EFFECTIVE DATE

This policy is effective July 1st, 2024.

APPENDIX B

Schedule of Department Bills Payable

[illegible]

ALLOWANCE FOR DOUBTFUL ACCOUNTS

PURPOSE

Proper internal controls over financial reporting require accounts receivable balances to be reported in the general ledger and that an allowance for uncollectible accounts be calculated and reported. This policy provides for the calculation of an allowance for uncollectible accounts and follow up on collection of the aged accounts.

APPLICABILITY

This policy applies to the recording of revenue from police details, fire details, ambulance fees, parking tickets and such other revenues as determined by the Comptroller.

POLICY

In order to accurately recognize revenues, the Town must provide for the possibility that some present and future revenues may not be collectible. This policy will facilitate an accurate forecast of this allowance based on actual experience and relevant data. This policy sets forth the procedures for establishing an allowance to handle removing uncollectable debts from Town accounts.

Definitions

- a. **“Doubtful Accounts”** are defined as monies owed to the Town with low probability of repayment. This category may include, but is not limited to detail fees, ambulance fees and unpaid parking tickets.
- b. The **“Allowance”** is a budgeted operating expense created by the department with the expectation that some doubtful accounts exist. The required threshold for establishing an allowance is documented below.

PROCEDURE

- A. At the end of each fiscal year, the Comptroller will analyze all outstanding general accounts receivable covered by this policy and establish the allowance for doubtful accounts for each Department using reserve percentages. These reserve percentages are determined based on historic collection trends, current conditions, and input from the departments that hold the receivables. The Director of Finance on an annual basis will review the reserve percentages prior to calculation of the allowance for doubtful accounts to ensure the reserve percentages remain appropriate.
- B. Accounts receivable covered by this policy, which are \$3,000 or less may be written off after due diligence collection efforts and 180 days with no productive activity on the account. Other factors that may be considered are; size of payments received vs the size of outstanding balance and input from the Department regarding collectability. Write-offs will occur once per year, in June.
- C. The deadline for posting all write-offs is June 30 of each year. All Departmental requests for write-offs must be submitted to the Comptroller at least 10 days prior to the deadline. The calendar for write-offs, as well as any other instructions, will be communicated by the Comptroller to all applicable Departments. The Deputy Town Administrator/Director Finance has final approval for reserves and write-offs.

REFERENCES

CliftonLarsonAllen LLP – External Auditor: FY 2022 Audit

EFFECTIVE DATE

The policy is effective March 7th, 2023

TAX ENFORCEMENT

PURPOSE

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

APPLICABILITY

This policy pertains to the enforcement of all delinquent property tax liens. It applies to the job duties of the Treasurer/Collector, including the responsibility for managing services contracted through the Town's tax title attorney. It further applies to all Natick real estate property owners whose Town taxes and Water & Sewer charges are not exempt.

POLICY

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

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

A. Demands

Final taxes are due to be paid as of May 1 each year (the due date for the second, semiannual tax bill). No later than June 1, the Treasurer/Collector

will issue demand notices to all assessed property owners who have failed to pay in full, have not been granted full exemptions, and do not have automatic stays on record due to bankruptcy filings.

B. Tax Taking

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

The Treasurer/Collector will send at least one enforcement letter to delinquent property owners as a courtesy to potentially avoid a tax taking advertisement. If this does not result in full remittance by September 1, the Treasurer/Collector will publish a Notice of Tax Taking in a local newspaper and post the notice in two or more convenient, public places. The Treasurer/Collector customarily publishes notices in MetroWest Daily News newspaper, the Town's Website and posts them on bulletin boards at town hall, and the Morse library. From this point forward only cash, certified check, or cashier's check are acceptable forms of payment.

The Treasurer/Collector will work with delinquent taxpayers to suspend the tax taking process, and potentially avoid the Tax Taking advertisement. The Treasurer/Collector shall offer and provide information to the taxpayer regarding the payment plan available pursuant to Town of Natick By-Law Article 43A.

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

C. Subsequent Taxes

After the demand bill and before June 15th each year, the Treasurer/Collector will certify all unpaid taxes for parcels of real estate

taken into tax title for nonpayment of taxes in prior years and not yet redeemed and put them in a Subsequent Tax Takings report. The Treasurer/Collector will provide copies of the report to the Comptroller and Deputy Town Administrator/Finance Director and retain one on file.

D. Interest, Fees, and License Revocation

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

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

E. Tax Title Payment Agreements

Pursuant to Town of Natick By-law Article 43A and [M.G.L. c. 60, § 62A](#), a delinquent taxpayer may enter into a tax title payment agreement.

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

- *Signed agreement between the Treasurer/Collector and taxpayer.*
- *Upfront payment of at least 10 percent of the full balance owed.*
- *Specific amount to be paid each month.*
- *Incorporation of payments for the current tax bill.*
- *Agreement for a term of ten years.*
- *Statement that defaulting on the agreement will immediately trigger foreclosure action by the Town.*

For taxpayers who fully comply with their payment agreements, the Treasurer/Collector will waive the interest accrued on their tax title accounts.

F. Redemption or Foreclosure

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

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

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

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

REFERENCES

[M.G.L. c. 40, §§ 57, 42A, 42B, 42C, 42D, 42E, 42F](#)

[M.G.L. c. 60, §§ 6, 16, 22, 37, 40, 50, 53, 54, 57, 61, 62, 62A, 63, 76, 77, 79, 80](#)

Natick Bylaws, DLS Best Practice: [Enforcing Collections](#) and Guidance: [Local Tax Collection FAQs](#), and Informational Guideline Releases 03-210: [Collection Costs and Procedures](#), 05-208: [Payment Agreements and Tax Receivable Assignments](#) and (annually updated): [Land of Low Value Foreclosure Valuation Limit](#)

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

EFFECTIVE DATE

This policy is effective November 1st, 2024.

TRAVEL REIMBURSEMENT

PURPOSE

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

APPLICABILITY

This policy applies to all elected and appointed officials and employees of the Town (all referred to here as “employees”), and it pertains to the process for reimbursing them for costs incurred during authorized travel on Town business.

POLICY

Travel is restricted to necessary and critical activities that provide a direct public benefit to the Town of Natick. Employees will be reimbursed for reasonable expenses which they incur as a result of attending in-state or out-of-state conferences, meetings or other work-related activities on behalf of the Town. All requests for reimbursement must be accompanied by the appropriate documentation pursuant to this policy. Reimbursement for alcoholic beverages is prohibited by M.G.L. c. 44 Section 58.

A. Travel Procedures

Employees will be reimbursed only when travel has been approved in advance by the Department Head. All out of state travel (except for travel in other New England states) and travel for a conference or seminar must be approved in advance by the Town Administrator. Travel reimbursements may include reasonable cost of transportation, meals, lodgings and incidental expenses as provided for in this policy.

B. Conferences and Seminars

The Town will pay for approved conferences and seminars. Employees should submit, at least thirty (30) days in advance, a completed and

approved Conference and Seminar Travel Approval Request form along with an invoice or registration form and the conference or seminar program information listing the topics and any meals or other expenses covered by the registration fee to the Comptroller's Officer for payment. Employees will not be reimbursed for social events at conferences (such as golf tournaments or recreational tours). The Comptroller's Office will notify the employee once payment has been made. If the employee cannot complete the Conference and Seminar Travel Approval Request form thirty (30) days prior to the conference or seminar, the employee may, with approval of the Department Head, submit for reimbursement of the cost under Section C of this policy.

C. Procedures to Request Reimbursement

Reimbursement requests shall be made via a timely submitted and signed Conference and Seminar Approval Request form and/or a Travel Expense Report, authorized by a Department Head and submitted to the Comptroller's Office within ten business days of the last day of travel.

Conference and seminar attendees are strongly encouraged to pay their fees in advance in order to obtain any early registration discounts and to allow time to have the cost paid directly via the Town's regular accounts payable process or with the Town credit card.

The Town will not reimburse or pay Massachusetts sales tax. It can, however, pay/reimburse meals and hotel/motel excise taxes.

D. Receipts

An original itemized receipt, invoice or bill is required for all reimbursements unless otherwise provided for by this policy.

In the event that a receipt is not provided or the employee loses the receipt, a Missing Receipt Affidavit must be provided. Reimbursements which are not validated with a receipt will be paid only if deemed reasonable by the Town Comptroller, as per M.G.L. Ch. 41, Section 56, based upon the timing, reasonableness and setting of the requested reimbursement.

If it is not clear from the receipt/invoice documentation who actually paid the bill, additional documentation, such as a charge card statement, will be required.

E. Credit Cards

When a credit card payment is being reimbursed:

- If the receipt displays the last 4 digits of the card used, then submit a legible copy of the credit card showing the name and matching last 4 digits;
- If the receipt does not display the credit card number, then submit a copy of the credit card statement showing the charge to be reimbursed.

The Town can only reimburse the individual that actually incurred the expense, i.e., the individual associated with the charge card used. The item or service being reimbursed must be clearly listed on the statement.

F. Mileage reimbursement

For use of private vehicles, reimbursement will be made at the current IRS Standard Mileage Rate, or, for union employees, the rate established in their particular contractual agreement.

Mileage shall be calculated from the employee's office location to the destination points. Mileage to or from an employee's place of residence is not reimbursable. The starting and ending point for each trip should be included on the Travel Expense Report form. For all trips for which the accrued mileage exceeds 100 miles, a trip itinerary from Google Maps, showing the route taken and total miles for each trip must be attached to the Travel Expense Report.

Expenses for tolls and parking are not included in the mileage rate, but may be submitted for reimbursement as separate items (with receipts) on the Travel Expense Report form.

A completed and authorized Travel Expense Report form that only requests reimbursement for mileage, tolls and/or parking may be submitted up to 30 days from the first day of travel listed on the form.

G. Meals and Lodging reimbursements

If travel requires an employee to be away from home for more than 24 hours, the employee will be reimbursed for reasonable charges for lodging expenses. Lodging expenses must not exceed the group rate published by the conference or activity sponsor. If the sponsor's group rate is not available when booking, the Town will reimburse for reasonable lodging and meal costs. Meals, Lodgings and Incidental Expenses reimbursements cannot exceed the United States General Services Administration (GSA)

daily per diem guidelines (M&IE Rate) for the selected (nearest) county or city in which the expense was incurred.

Any meal that was included as part of a training, conference or seminar will not be reimbursed.

Lodgings, including those that are included as part of a conference or seminar registration, or “package” are only reimbursed up to the GSA Lodging rate. Lodging reimbursement is available only for out of state travel that, due to the scheduling or nature of the event require an overnight stay, unless otherwise authorized in advance by the Town Administrator. The Town will reimburse for only one night preceding any conference. Stays in private residences will not be reimbursed.

GSA per diem rates can be found at <http://www.gsa.gov/portal/content/104877>. Please note the lower reimbursement allowances for the first and last days of travel as well as individual meal allowances. Only expenses included in the GSA rates will be reimbursed.

H. Air travel

Travelers are expected to book the lowest-priced airfare rates unless scheduling or a medical condition necessitates other arrangements. The Town will not reimburse any type of upgrades including but not limited to: Business and First-Class service, any type of preferred seating, seating selection or early boarding.

Only airfare that is necessary to conduct Town business is reimbursable. This includes incurring no higher expense than the rate for the most direct and logical traveled route. Personal side airfares should be purchased separately and are not reimbursable. Since cancellation fees can be substantial once bookings are made, employees are encouraged to book as far ahead of the departure date as possible once travel plans are firm.

The Town will not reimburse an employee for the value of the ticket acquired with airline vouchers/frequent flyer miles/gift certificates. Airfare is generally not reimbursable for travel within New England. The use of private aircraft or charter services will not be reimbursed.

The Town will reimburse the cost of one piece of checked luggage for any travel that includes an overnight stay.

If it is necessary to cancel a trip the employee should ask the airline about the terms and conditions that apply for future trips. Personal use of any portion of a Town purchased/reimbursed ticket is not allowed. Penalties imposed as a result of canceling a ticket or fees assessed for reissuing a non-refundable ticket may be reimbursed to the traveler if:

- Extenuating circumstances are documented in writing; and,
- Approved by the Comptroller.

I. Unauthorized Expenses

The following expenditures will not be reimbursed:

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

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

J. Violations

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

K. Audit

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

REFERENCES

[M.G.L. c. 41, § 52](#): Approval of bills

[M.G.L. c. 44, § 58](#): Prohibits purchase of wines, liquors or tobacco

[M.G.L. c. 64H, § 6\(d\)](#): Exemptions

[DLS Municipal Expenditures: Proper Public Purposes](#)

Natick Policies: Antifraud and Disbursements, Purchasing and Procurement, Accounts Payable and Credit Card

IRS webpage [Standard Mileage Rates](#)

[Town of Natick Conference & Seminar Travel Approval Request](#)

[Town of Natick Missing Receipt Affidavit](#)

[Town of Natick Travel Expense Report](#)

EFFECTIVE DATE

This policy is effective July 1st, 2024.

EXPENSE REIMBURSEMENT POLICY ACKNOWLEDGEMENT

I have read and been informed about the content, requirements, and expectations of the Expense Reimbursement Policy (the "Policy") for employees and elected officials of the Town of Natick. I have received a copy of the Policy, or I have been told where I can access the Policy. I understand that the Policy may be updated from time to time for business reasons and that I will be informed of changes to the Policy.

I agree to abide by the Policy guidelines as a condition of my employment and my continuing employment with the Town of Natick. I understand that I may be subject to discipline for violations of the Policy.

If I have questions, at any time, regarding the Policy, I will consult with my immediate supervisor, the Comptroller and/or Deputy Town Administrator/Finance Director, or another member of the Finance Department.

By signing below, I acknowledge that I understand and agree with the above representations.

Please read the Policy carefully to ensure that you understand the Policy before signing this acknowledgment.

Signature: _____

Printed Name: _____

Date: _____

CREDIT CARD POLICY AND PROCEDURES

PURPOSE

Town employees travel, make small dollar purchases and procure goods and services on-line in the normal course of performing their duties. The standard purchasing procedures do not work or can be burdensome for these types of transactions. The Town recognizes this burden and has established an authorized credit card program to provide employees with an efficient, cost-effective method for purchasing these goods and services. A credit card should not be used to circumvent or otherwise avoid any other Town Policy or Procedures and should be used only when it is not possible to use the normal Purchasing and Procurement process.

APPLICABILITY

This policy covers the issuance and use of credit cards for Town of Natick employees. Its terms shall apply to the Treasurer/Collector and all employees using a Town credit card.

POLICY

The purpose of these guidelines and procedures are to provide Town employees with information about the credit card program and guide employees in the use of their Town issued credit cards in a manner that is consistent and fair to each employee while managing costs and ensuring compliance with the Town policies.

A. How to request a card

- To request a card, obtain and complete an application from Collector/Treasurer's Office. Employees who are issued Town credit cards have a responsibility to use Town funds only in the furtherance of Town business.
- All transactions using a credit card must conform to all Town Purchasing and Procurement policies and procedures.
- All applications for a credit card must be signed-off by a Department Head and approved by the Town Administrator or Deputy Town Administrator/Finance Director.
- All departments and staff are expressly forbidden from opening any form

of credit card account from a bank, credit union or any other financial institution or retail establishment or other commercial vendor, using the Town of Natick's tax identification number or otherwise in the name of the "Town of Natick". The Town will not pay any charges on an unauthorized account.

- Any Town employee, who does not have a credit card, may apply to use the Town credit card for a transaction by completing the Credit Card purchase application form available in the Collector/Treasurer's office or Town website. See **Section C below** for details.

B. How the credit card program works

- Cards are issued in the employee's name but are paid each month by the Town.
- Cards are issued with up to \$5,000 monthly and \$1,000 individual transaction limits. These amounts may be lower. The limits are designed to provide sufficient funds for most employees' needs. If a Cardholder requires higher limits to support Town activities, credit card limits can be adjusted by the Treasurer/Collector with approval of the Deputy Town Administrator/Finance Director.
- Cardholders must retain an itemized receipt for each purchase. Receipts are necessary to confirm the legitimate of the transactions and support the Town to be compliant with the Audit requirements. Cardholders should be especially mindful of this when purchasing meals, as some restaurants will only return the summary receipt with the total and the tip. In this case, a detailed receipt which lists the items purchased must be requested and retained.
- Each month, Cardholders need to reconcile their credit card statement with their original receipts on the Credit Card Reconciliation Sheet. This will ensure that appropriate documentation is available for review and that there aren't incorrect or fraudulent charges on the account. If a purchase receipt is missing, Cardholders should fill out the Missing Receipt Affidavit.
- All fields on the Credit Card Reconciliation Sheet are required to be filled and completed. The required fields are:
 - Credit Card Account Number
 - Cardholder Name
 - Department
 - Statement Period
 - Date Submitted

- Transaction Date
 - Description of Goods/Services
 - Amount
 - Merchant Name
 - Transaction Fees
 - Munis Account Number to be Charged
 - Receipt Number
 - Credit Balance (this field will automatically calculate)
- Cardholders must include the appropriate Munis account number for each transaction in order to properly allocate expenses and track and report each purchase by category. The Comptroller's Office can aid with looking up the appropriate Munis Account Number if assistance is needed.
 - Once the credit card statement and receipts are reconciled, Cardholders must review their charges and receipts with their Department Head. The Cardholder and Department Head both must sign and date the Credit Card Reconciliation Sheet as documentation of the review and approval of the purchases.
 - The statement with supporting **original** receipts and Credit Card Reconciliation Sheet must be submitted to the Comptroller's office for payment within ten (10) days of receipt of the statement.
 - **In the event that the reconciliation documentation is not completed and submitted within 10 days of receipt of the credit card statement, the Comptroller's Office will automatically credit the Department's accounts for the amounts due on the statement and the credit card will be turned off. Departments are responsible for all late fees and interest charges.**
 - Transactions without the receipts will be disputed and it is Cardholder's responsibility to work with the vendors to resolve the matter.
 - A copy of the reconciled statements and receipts must be kept by the department for records at least 2 years until the completion of the audit referenced below.
 - The Comptroller's Office will conduct random audits of transactions and records to ensure compliance with Town policies and Audit requirements. All Cardholders will be audited at least once every other year. Once notified of being selected for an audit, Cardholders are required to provide copies of their records within two (2) weeks.

C. Town Credit Card



- Employees who do not have a credit card may, with Department Head approval, use a Town Credit card maintained by the Treasurer/Collector's Office ("Town Credit Card") to make a non-recurring purchase up to \$1,000.
- Purchases using the town credit card are restricted to those types of transactions that cannot be completed within the normal Purchasing and Procurement process.
- All purchases using the Town credit card must comply with the provision of Section D below of this policy.
- In order to use the Town credit card, the employee making the purchase must complete the Town Credit Card purchase form and submit it to the Collector/Treasurer.
- Upon completion of the form and approval of the request by the Department Head and Collector/Treasurer, the employee will be provided with the card. All purchases using the Town credit card must be completed the same day the card is provided, and the card must be returned to the Collector/Treasurer's Office prior to the end of the workday along with the receipts of the transaction.
- Failure to return the card by the end of the workday will result in the employee's loss of charging privileges and may result in personal liability for the purchase.

D. Purchasing Guidelines

- Employees using a town credit card are still required to abide by all town purchasing and procurement policies and procedures.
- The credit card program is intended for Town of Natick business only. Cardholders may not use their Town credit card for personal expenses. A credit card is issued in the Cardholder's name and is the responsibility of the Cardholder. In general, cards should not be shared with others. An exception to this would be an assistant making travel arrangements for the Cardholder. However, Cardholders may make authorized purchases for other Town employees using their Town credit card. The Cardholder must retain the receipt(s) for the purchase and include it on the Credit Card Reconciliation Sheet like any other purchase.
- The Town is exempt from Massachusetts sales taxes as a governmental entity. When making purchases in Massachusetts, the Cardholder should inform the vendor that the Town is tax exempt and request sales tax to be removed from the bill. Cardholder must obtain the Town's

tax-exempt ID number from the Collector/Treasurer before making the purchase.

- Town Credit Card may only be used for purchases of goods or services which cannot be purchased through the Accounts payable system or in the event of an emergency situation.
- Town issued credit card SHALL NOT BE USED for the following:
 - Cash Advances (ATMs)
 - Weapons
 - Gift Cards
 - Gifts for colleagues
 - Alcohol purchases
 - Tobacco products
 - Clothing
 - Utilities
 - Personal expenses of the Cardholder including spousal or companion traveler expenses
 - Gasoline for personal vehicle
 - Galas or other after-hours events
 - Legal services, consulting or personal services
 - Medical services, drugs or medications of any kind
 - Charitable or Political Contributions
 - Hazardous chemicals and radioactive materials.
 - Capital equipment
 - Fines, penalties or similar fees including parking and moving violations
 - Leases except rental cars provided prior Department Head or Deputy Town Administrator/Finance is approval is obtained
 - Recreational or social memberships
 - Entertainment or other related expenses including movies, streaming audio or video services
 - Maintenance agreements
 - IT Hardware and Software without prior approval of the Deputy Town Administrator/Operations
 - Cost of meals, snacks, or coffee (For purchases while traveling please consult the Town Travel Policy).
- Any exception to these prohibitions requires the advance approval of the Deputy Town Administrator/Finance. Contact the Collector/Treasurer if you have any questions about using the Town credit card or to see if a purchase meets the credit card purchasing guidelines.

REFERENCES

[M.G.L c. 40, § 5](#): Town's authority to spend money

[M.G.L. c. 266, § 37A – § 37D](#): Misuse of Credit Card

[M.G.L c. 41, § 56](#): Warrants for payment of bills

[M.G.L c. 44, § 58](#): Prohibits purchase of wines, liquors or tobacco

[M.G.L c. 71, § 47](#): Student awards – also applies to employee awards – Eisenstadt v. County of Suffolk, 331 Mass. 570 (1954)

Town Policies: Travel Reimbursement, Purchasing and Procurement

EFFECTIVE DATE

The policy is effective July 1st, 2024.