

TOWN OF HALIFAX



FINANCIAL MANAGEMENT OBJECTIVES, POLICIES & PROCEDURES

Last Updated 2/22/2017

Contents

INTRODUCTION	3
OBJECTIVES	3
POLICIES	3
FRAUD RISK POLICY	4
WHISTLEBLOWER POLICY	8
ACCOUNTING, AUDITING, AND FINANCIAL PLANNING	10
AUDIT	10
PROCUREMENT POLICY	10
GENERAL FUND	24
CAPITAL PLANNING	26
DEBT MANAGEMENT	29
ENTERPRISE FUNDS	31
REVOLVING FUNDS	32
INVESTMENTS	32
INVESTMENT OF TOWN FUNDS	32
INVESTMENT OF TRUST FUNDS	35
OPEB	37
GENERAL PROVISIONS:	40
GENERAL PROCEDURES	43
GENERAL RECEIPTS	43
RECORDING RECEIPTS	44
ACCOUNTS PAYABLE	45
PAYROLL	47
PAYROLL PROCESSING	48
WARRANT PROCESSING	49
CHECKS RETURNED FOR INSUFFICIENT FUNDS	49
REIMBURSEMENTS	50
ACCOUNTING RECORDS	52
BILLINGS	53
BANK ACCOUNTS	56
TAX TITLE	56
RECONCILIATION	57
BUDGET PROCESS	59
FINANCIAL CYCLE	59
BUDGET DEVELOPMENT FINANCIAL PROVISIONS AND PROCEDURES	59
BUDGET TIMELINE AND RESPONSIBILITIES	61
YEAR END PROCESS	64
ENCUMBRANCES	64
DOR/FREE CASH	64
DOR/SCHEDULE A	64
ADDENDUM 1	65
ADDENDUM 2	67
ADDENDUM 3	69
ADDENDUM 4	70
GLOSSARY	72

INTRODUCTION

It is essential that the Town of Halifax articulate and disseminate financial management policies and objectives. The Town is responsible for carefully accounting for public funds, managing municipal finances wisely, and planning and providing for adequate funding of services desired by the public and required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements.

The financial management policies and objectives set forth in this document are intended to increase and sustain the financial strength and stability of the Town of Halifax. They reflect a combination of policies and practices either required by state/federal statute or regulation, the Halifax Town Government, Town bylaws, industry best practices, and local preferences. Articulation of these policies and objectives is essential to long term financial planning that sets realistic boundaries on what the Town of Halifax can accomplish and helps direct resources to the highest priorities.

OBJECTIVES

The following financial objectives are broad statements of the financial position the Town of Halifax seeks to attain:

- To provide full value to the residents and business owners of Halifax by delivering quality services efficiently and on a cost-effective basis;
- To preserve the Town's quality of life by providing and maintaining adequate financial resources essential to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being;
- To maintain a strong credit rating to minimize to taxpayers the cost of borrowing for capital needs of the Town;
- To guide Town decision makers on management and policy decisions which have substantial fiscal importance;
- To set forth operating principles that curtail the cost of governmental and financial risk;
- To employ balanced and fair revenue policies that deliver adequate funding for desired programs;
- To maintain public confidence in the Town's financial management;
- To endorse sound financial management by providing accurate and timely information on the Town's financial condition in accordance with generally accepted accounting principles;
- To ensure the legal use of financial resources through an effective system of internal controls.

POLICIES

To achieve these objectives, the Board of Selectmen and Finance Committee adopt the following policies:

FRAUD RISK POLICY

The Town of Halifax is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, vendors, agents or its own employees, to gain by deceit, financial or other benefits at the expense of the taxpayers.

Officials and employees must, always, comply with all applicable laws and regulations. The Town will not condone the activities of officials or employees who achieve results through violation of the law or unethical business dealings. *The Elementary School is required to monitor and enforce the school specific fraud policy.* The Town does not permit any activity that fails to stand the closest possible public scrutiny.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

Definitions:

Occupational **fraud** is defined by the Association of Certified Fraud Examiners as the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets. There are three major categories of occupational fraud.

1. Asset Misappropriations – Theft or misuse of an organization's assets.

- Cash

Fraudulent Disbursements – Perpetrator causes organization to disburse funds through some trick or device (e.g. submitting false invoices/time card/sheets, expense reimbursement schemes, check tampering, etc.)

Skimming – Cash is stolen from an organization before it is recorded on the organization's books and records.

Cash Larceny – Cash is stolen from an organization after it has been recorded on the organization's books and records.

- Inventory and all other assets

Misuse – Misuse of an organization's inventory or assets for personal use (e.g. town vehicles, computers, supplies, etc.)

Larceny – Inventory or other assets are stolen from an organization.

- **Corruption** – Wrongfully use influence in a business transaction to procure some benefit for themselves or another person, contrary to duty to employer or the rights of another.

Conflicts of Interest – An undisclosed economic or personal interest in a transaction that adversely affects the employer.

Bribery – The offering, giving, receiving, or soliciting of anything of value to influence an official act or business decision.

Illegal Gratuities – A party who benefits from an official act or a business decision gives a gift to a person who made the decision. An illegal gratuity does not require proof of an intent to influence.

Economic Extortion – An employee demands that a vendor/contractor/etc. pay to influence an official act or a business decision.

- **Fraudulent Statements** – Falsification of an organization’s financial statements.

Other similar irregularities are defined as any activity involving questionable behavior or business dealings by members of the public, contractors, vendors, agents or government employees, that put government revenue, property, information and other assets at risk of waste or abuse.

Massachusetts General Law (MGL) Chapter 268A conflict of interest law specifically delineates other irregularities. The Town’s employees are required to participate in training regarding this statute and document their review.

Applicability:

This policy applies to all Town Officials and employees of the Town of Halifax as well as any business or individual doing business with the government.

General Policy and Responsibility:

1. It is the government’s intent to fully investigate any suspected acts of fraud or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the government of any party who might be or becomes involved in or becomes/is the subject of such investigation.
2. Each Town Official, Administrator, Department Head and Supervisor is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
3. The Office of the Town Administrator has the primary responsibility for the investigation of all activity defined in this policy.

4. The Town Administrator will notify the Board of Selectmen of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation to the extent practical. Throughout the investigation, the Board of Selectmen will be informed of pertinent investigative findings.
5. In all circumstance where there are reasonable grounds to indicate that a fraud may have occurred, the Town Administrator, subject to the advice of the Board of Selectmen, will contact the Office of the District Attorney.
6. Upon conclusion of the investigation, the results will be reported to the members of the Board of Selectmen, and others as determined necessary.
7. The Town of Halifax will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the town's losses from the offender, or other, appropriate source.

Procedures:

1. All Employees

All employees shall participate in ethics training provided by the Commonwealth of Massachusetts. Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that the employee's supervisor may be involved or does not feel comfortable reporting the occurrence to the employee's supervisor, the employee shall immediately notify the Town Administrator.

Employees have a duty to cooperate during an investigation.

Employees who knowingly make false allegations will be subject to discipline and possible termination of employment.

2. Town Elected Officials

Upon notification from an employee of suspected fraud, or if management has reason to suspect that a fraud has occurred, the elected official or officials shall immediately notify the Town Administrator. In cases where notification of the Town Administrator is not practicable, instances of fraud shall be reported to the Board of Selectmen.

3. Contacts/Protocols

Upon notification or discovery of a suspected fraud, the Town Administrator will promptly investigate the suspected fraud. In all circumstances, where there are reasonable grounds to indicate that a fraud may have occurred, the Town Administrator will inform the Board of Selectmen. Subject to the advice of the Board of Selectmen, the Town Administrator will contact the Office of the District

Attorney. The Town Administrator will coordinate the investigation with the Board of Selectmen and appropriate law enforcement officials.

4. Security of Evidence

Once a suspected fraud is reported, the Town Administrator, in consultation with the Board of Selectmen, shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. The records must be adequately secured until the Town Administrator obtains the records to begin the audit investigation.

5. Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action shall be taken by the appropriate authority, including but not limited to the Board of Selectmen.

6. Whistleblower Protection

Under Massachusetts General Law Chapter 149, Sections 148A, 185 and 187, no employer or person acting on behalf of an employer shall:

- Dismiss or threaten to dismiss an employee
- Discipline or suspend, or threaten to discipline or suspend, an employee
- Impose any penalty upon an employee; or
- Intimidate or coerce an employee

because the employee has acted in accordance with the requirements of this policy. The violation of this section will result in discipline up to and including dismissal in accordance with the applicable federal, state, and local administrative laws.

7. Media Issues

Any town employee or elected official contacted by the media with respect to an audit investigation shall refer the media to the Town Administrator. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the through the Town Administrator.

If the Town Administrator is contacted by the media regarding an alleged fraud or audit investigation, the Town Administrator will notify the Board of Selectmen Chairman of the matters discussed.

Neither the Town Administrator nor the Board of Selectmen will discuss the details of any ongoing fraud investigation with the media that may compromise the integrity of the investigation.

8. Documentation

After the investigation, the results will be reported to the members of the Board of Selectmen, and others as determined necessary. If the report concludes that the allegations are founded, the report will be forwarded to the Office of the District Attorney.

9. Completion of the Investigation

Upon completion of the investigation, including all legal and personnel action, any records, documents and other evidentiary material will be returned by the Town Administrator to the appropriate department.

10. Advising

New employees are informed at the time of hiring about the Town's Code of Conduct and Fraud Policy. They shall participate in Ethics training provided by the Commonwealth of Massachusetts. This training explicitly covers expectations of all employees regarding:

- Their duty to communicate certain matters;
- A list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples;
- Information on how to communicate those matters.

WHISTLEBLOWER POLICY

General:

The Town of Halifax requires employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of the Town of Halifax must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility:

It is the responsibility of all employees to report violations or suspected fraud, including questionable accounting or auditing practices in accordance with this Whistleblower Policy.

No Retaliation:

No employee who in good faith reports a violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Towns prior to seeking resolution outside the Town.

Reporting Violations:

The Town of Halifax has an open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if an employee is not comfortable speaking with his or her supervisor or if an employee is not satisfied with his or her supervisor's response, the employees are encouraged to speak with someone in the Administration. Supervisors and managers are required to report suspected violations or fraud to the Town Administrator. For suspected fraud, or when an employee is not satisfied, or uncomfortable with following the Town's open door policy, employees should contact the Board of Selectmen Chairman directly.

The Town Administrator is responsible for investigating and resolving all reported complaints and allegations concerning potential instances of fraud or abuse and questionable accounting or auditing practices.

Acting in Good Faith:

Any employee filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality:

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations:

The Town Administrator will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

ACCOUNTING, AUDITING, AND FINANCIAL PLANNING

AUDIT

1. The Accounting standards should include keeping records in conformance with Uniform Municipal Accounting System for reporting of the Combined Balance Sheet and Schedule A.
2. The Town will utilize accounting practices that conform to generally accepted accounting principles as set forth by the Government Accounting Standards Board (GASB). The Town will comply with GASB Statement 34 and continue to track, report, and depreciate capital assets as required. The Town will comply with GASB Statements 45 and 76 regarding accounting for Other Post- Employment Benefits (primarily health insurance) to retired employees.
3. An annual audit will be performed by an independent public accounting firm. This will include an examination of the community's financial systems, Financial Policies & Procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating the fiscal performance of a community.
4. The Town should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Auditor rotation is recommended every 5 to 7 years, if feasible. In such cases, it is recommended that the Town actively seek the participation of all qualified firms, including the current auditors, if past performance of the current auditors has proven satisfactory.
5. The Management Letter and Basic Financial Statement, a by-product of an annual audit, shall be provided by the independent public accounting firm no later than March 1 and reviewed by the Town Administrator, Accountant and Treasurer/Collector. A report shall be made to the Board of Selectmen and Finance Committee regarding the audit findings. The final Management Letter and Basic Financial Statement is posted online for public viewing.

PROCUREMENT POLICY

It is the policy of the Town of Halifax that all procurement for services and/or materials shall be in accordance with applicable federal and Commonwealth of Massachusetts (“state”) laws, codes and regulations. This policy establishes a broad framework of policies to ensure that Town’s purchasing and contracting functions promote administrative flexibility and efficiency, while at the same time maintaining prudent internal controls and compliance with applicable statutes and regulations. Specific purposes of this policy include, but are not limited to, the following:

1. Fairness and objectivity: providing a fair, objective, and equitable selection and contracting environment for all individuals and firms seeking to do business or contracting with Town.
2. Ensuring reasonable costs: promoting competition, and negotiating (where applicable) to ensure that Town receives the most favorable prices and terms in its contracts.
3. Efficiency: ensuring that supplies and services (consultant, construction, social services, etc.) are obtained efficiently and effectively.
4. Accountability: promoting accountability of contracting actions by Town employees and encouraging employees to protect Town's financial and other interests.
5. Value-added procurement: facilitating a procurement process that provides service and value to Town in obtaining goods and services.
6. Ethical standards: ensuring that Town's procurement activities are implemented with the highest regard for integrity, avoidance of conflicts of interest, and consistent with applicable ethical standards.
7. Sustainability: Practicing Environmentally Preferable Purchasing and encouraging these practices with vendors.
8. Legal considerations: complying with all applicable federal, state and local statutes and regulations.

Scope - Funding sources: Town receives funds from federal, state, and private funding sources. As such, in its procurement activities, Town shall develop procedures designed to ensure compliance with applicable laws and regulations without necessarily imposing a higher standard than is necessary to ensure compliance.

Where a requirement in these policies is based only on federal requirements, Town Administrator may, on a case-by-case basis for non-federally funded contracts, apply a less or more stringent standard than that outlined in the federal requirements, provided, however, that it is otherwise consistent with applicable policies and that all state or other legal requirements are met.

Nothing in this policy will prevent Town from complying with the terms and conditions of any grant, contract, gift, or bequest that is otherwise consistent with law.

1. The following shall be governed by this policy:
 - A. Procuring, Purchasing, Leasing, or Renting (use of Town Property by others to fulfill their mission):
 - Goods, Supplies, Equipment, Materials and Services
 - Construction and Maintenance
 - Consultant Services

- Architectural and Engineering (A & E) Design Services
 - Other Services
- B. Selling
- Concessions
 - Disposal of Surplus Material and Equipment
2. Excluded from scope: the following shall not be governed by this policy:
- A. Loan/Grant transactions and documents.
- B. Sub-recipient or sub-grantee agreements and related change orders
- C. Employment agreements:
- Quality requirements
 - Relevant experience with providing similar goods or services
 - References
 - Examples of work
- D. Real Estate transaction are excluded as the Town will adopt policies on a project by project basis and will be in accordance with Massachusetts State Laws including but not limited the MGL, Chapter 30B.

Contracting for goods and services (Chapter 30B):

Addendum: 1

Method of Procurement:

This Policy grants the Town Administrator and/or his/her designee the authority and responsibility for the use of the methods of procurement and selection of contract types as defined in this Section.

Procurement policy threshold & Procedures:

Following Chapter 30B, the procurement law of Massachusetts covering all dollar amounts for procuring goods and services, there are four different procurement processes that the Town uses to obtain goods and services. The Town process to be used depends on the estimated amount of the contract and whether the project ends with the construction of a building or infrastructure. With each process, there are different solicitation and bidding requirements. Sole Source Procurement of contracts up to \$50,000 occurs when under thorough legal review, the Board of Selectmen determines that there is only one practicable source.

1. SOUND BUSINESS PRACTICES:

- A. Used when the value of goods and services is less than \$10,000 from one vendor by one department when not coordinating purchases with other departments nor purchasing the same types of goods and services from

that same vendor that other departments use in one fiscal year for the Town. For instance, the Town has an office supplies contract with a particular vendor covering all departments as while an individual department may purchase less than \$10,000 of office supplies, the total amount purchased by all departments in a given year or the length of the contract is more than \$10,000. Departments should contact the Town Administrator with any questions about whether a particular purchase will require certain procedures.

- B. There is no requirement for formal scope of services or quotes, but it is advisable to have a description of services; prudent cost comparison is recommended. When calls are made to potential vendors, the \$10,000 limit must be mentioned.
- C. The Town is not allowed to purchase more than \$9,999 in goods and services from a single vendor within a fiscal year using sound business practices. If multiple projects select the same vendor for services, and those jobs would reach \$10,000, then the Town must get 3 quotes under the Invitation for Bids quote process described below.
- D. There is no contract needed, however, a Service Agreement is required.
- E. The Service Agreement may be authorized by the Board of Selectmen Chair or Town Administrator with prior approval of the Board of Selectmen.
- F. No amendments are allowed; a new requisition is required.
- G. Time limits must be adhered to. It is better to be conservative and realistic about the duration of the delivery of services and goods.

2. WRITTEN QUOTES:

- A. Used when the value of services or goods between \$10,000 and \$50,000. No advertisement is required.
- B. The Town staff shall write a scope of services or product description. The Town Administrator, or designee, sends requests to potential bidders and obtains responses.
- C. Three written signed quotes must be obtained. These may include written responses from responsible firms that they will not submit bids. The lowest responsive and responsible bidder shall be selected, although bidders can be disqualified based on qualifications in scope of work. Examples of qualifications are:
 - Quality requirements
 - Relevant experience with providing similar goods or services
 - References

- Examples of work

- D. A standard contract template plus scope of services shall be prepared by the Town staff.
- E. Approval by the Board of Selectmen is required.
- F. No amendments are allowed.

3. INVITATION FOR BIDS (IFB):

- A. Used when the value of services or goods is over \$50,000, when lowest price is the primary goal.
- B. IFBs for goods or services valued at \$50,000 or more must be posted 1) at Town Hall, and, at least two weeks before bids or proposals are due, publish 2) in a newspaper, and 3) on COMMBUYS. In addition, the Town will notify all subscribers to the Town's bid list and the IFB will be posted on the Town's web site.
- C. If the procurement will exceed \$100,000, at least two weeks before bids or proposals are due, the notice of the IFB must be published in the Goods and Services Bulletin.
- D. The department writes a scope of services or product description and provides it to the Town Administrator. This information along with any other documents, will be posted on the Town's web site.
- E. Note: Generally when doing a solicitation, the lowest responsive and responsible bidder is chosen. However, you may incorporate quality requirements to discourage less qualified vendors. Bidders can be disqualified based on qualifications in scope of work.

4. REQUEST FOR PROPOSALS (RFP):

- A. IFBs for goods or services valued at \$50,000 or more must be posted 1) at Town Hall, and, at least two weeks before bids or proposals are due, publish 2) in a newspaper, and 3) on COMMBUYS. In addition, the Town will notify all subscribers to the Town's bid list and the IFB will be posted on the Town's web site.
- C. If the procurement will exceed \$100,000, at least two weeks before bids or proposals are due, the notice of the IFB must be published in the Goods and Services Bulletin.

5. ENSURING REASONABLE COSTS:

AUTHORITY AND RESPONSIBILITY

As a public agency, accountable to both public and governmental funding agencies, the Town is committed to ensuring that costs paid for obtaining necessary goods and services are reasonable and that Town's interests are adequately protected. In doing so, the Town Administrator or his/her designee will evaluate the reasonableness of costs proposed by a contractor, consultant, or vendor.

6. DISPUTES, PROTESTS AND APPEALS:

AUTHORITY AND RESPONSIBILITY

The Town Administrator shall attempt to resolve all procurement-related (solicitation, award, and contractual) disputes, protests, and appeals internally without outside review by either the Massachusetts Office of the Inspector General (OIG) or the court system.

PROTESTS

- A. The following shall apply to protests (unless otherwise specified, this section will use the term "protest" to also include disputes and appeals):
- Solicitations: Any protest to a solicitation issued by Town must be received by the Town Administrator before the bid or proposal submittal deadline, or it will not be considered.
 - Awards: Any protest to the award of a contract based on an Invitation for Bids (IFB) must be received by the Town Administrator no later than two full business days after the bid submittal deadline, or before award of the contract, whichever is earlier, or the protest will not be considered.
- B. Any appeal of a decision by Town to reject a bid submitted in response to an IFB must be received by the Town Administrator within two business days after being notified in writing of Town's decision, or the appeal will not be considered.
- C. A protest against the award of a contract based on an RFP or RFQ or appeal of a decision by Town to reject a proposal, must be received by the Town Administrator within three business days after notification to an unsuccessful proposer that they were not selected, or the protest will not be considered.
- D. A protest against the award of a contract based on an informal solicitation must be received by the Town Administrator prior to award.

- E. Employees and department heads are encouraged to use State contracts (i.e.: CommBuys) and regional procurement opportunities (i.e.: Plymouth County, multi-town department contracts).

7. MASSACHUSETTS OFFICE OF THE INSPECTOR GENERAL (OIG):

There are no statutory provisions or regulations establishing an administrative procedure for bid protests under M.G.L. c. 30b. However, in keeping with the OIG's prevention agenda, the OIG has developed an informal process to help resolve disputes efficiently and ensure compliance with the law.

8. WAIVER OF INFORMALITIES:

M.G.L. C. 30B, §5(F) provides that "[t]he procurement officer shall waive minor informalities or allow the bidder to correct them." Minor informalities are defined within M.G.L. C. 30B as "minor deviations, insignificant mistakes, and matters of form rather than substance of the bid, proposal, or contract document which can be waived or corrected without prejudice to other offerors, potential offerors, or the governmental body."

9. CANCELLATION REJECTION OF INVITATION FOR BIDS, REQUEST FOR PROPOSALS, OR OTHER SOLICITATION:

Section 9 of M.G.L. C. 30B provides that "the procurement officer may cancel an invitation for bids, a request for proposals, or other solicitation, or may reject in whole or in part all bids or proposals when the procurement officer determines that cancellation or rejection serves the best interests of the governmental body. The procurement officer is required to state, in writing, the reason for a cancellation or rejection.

10. ALTERNATIVE DISPUTE RESOLUTION:

The Town Administrator is authorized to enter agreements to submit disputes arising from contracts entered into pursuant to this policy to arbitration, mediation, and other alternative dispute resolution procedures for the Commonwealth of Massachusetts.

11. DISPOSAL OF SURPLUS PROPERTY:

AUTHORITY AND RESPONSIBILITY

The Board of Selectmen, shall be responsible for the disposition of surplus property (non-real property) no longer necessary for Town's purposes and shall establish procedures for the transfer, sale, or disposal of such property, consistent with applicable laws.

The Board of Selectmen is authorized to donate, recycle or dispose of office furniture and equipment of value of less than \$1,000 in a manner that minimizes

Town cost and maximizes potential reuse value of equipment to the Halifax Community.

12. RECORD MAINTENANCE AND PUBLIC ACCESS TO PROCUREMENT INFORMATION:

AUTHORITY AND RESPONSIBILITY

The Town Administrator or his/her designee shall maintain records sufficient to detail the significant history of each procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement; selection of contract type; contractor selection or rejection; and the basis for the contract price. All procurement records shall be maintained and disposed of in accordance with the Town records retention and disposal policy and procedure. Permission from the Secretary of State for the Commonwealth of Massachusetts must be requested prior to disposal of such records.

Procurement information shall be a matter of public record to the extent provided in applicable state law and shall be available to the public in accordance with such statutes, and the Town's Public Records Policies and Procedures.

PUBLIC RECORDS:

- A. Applicable law: Town procurement information shall be a matter of public record to the extent provided for in MGL Chapter 66, Public Records, and will be made available upon request as provided by such statute.
- B. Disclosing and obtaining contractor bid, proposal information or source selection information: a present or former board member, employee of, or person acting on behalf of or advising the Town on a procurement, who has or had access to such information, shall not disclose same before the award of the contract to which the information relates.
- C. Contractor bid or proposal information means information not made available to the public and includes:
 - Cost or pricing data;
 - Indirect costs and direct labor rates;
 - Proprietary information about processes, operations or techniques;
 - Information marked by the contractor as "contractor bid or proposal information."
- D. Source selection information means information not made available to the public and includes:
 - Bid prices;
 - Proposed costs or prices from bidders;

- Source selection and technical evaluation plans;
 - Technical evaluations, cost or price evaluations, competitive range determinations, rankings of bids, reports of source selection panels;
 - Other information marked as “source selection” based on a determination that its disclosure would jeopardize the procurement.
- E. Contractor payroll reports: payroll reports received by the Town from contractors and subcontractors on construction projects, for monitoring prevailing wage requirements, shall not be released to outside parties unless the employees’ personal identifiers (e.g., name, address, social security number) are redacted.

13. CONTRACTING FOR CONSTRUCTION CONTRACTS (MGL CHAPTER 30, S. 39M):

A. METHOD OF PROCUREMENT:

AUTHORITY AND RESPONSIBILITY

This Policy grants the Town Administrator and/or his/her designee the authority and responsibility for the use of the methods of procurement and selection of contract types as defined in this Section.

B. ENSURING REASONABLE COSTS:

AUTHORITY AND RESPONSIBILITY

As a public agency, accountable to both public and governmental funding agencies, the Town is committed to ensuring that costs paid for obtaining necessary goods and services are reasonable and that Town’s interests are adequately protected. In doing so, the Town Administrator or his/her designee will evaluate the reasonableness of costs proposed by a contractor, consultant, or vendor.

C. CONSTRUCTION MATERIALS OR NON-BUILDING CONSTRUCTION COSTS:

Depending on which option is used, MGL Chapter 30, Section 39M or MGL Chapter 30B, Section 5, requirements may include notices at Town Hall, the local newspaper, COMMBUYS, and the Central Register. Check with the Town Administrator to determine which notifications will be needed.

14. CONTRACTING FOR BUILDING CONSTRUCTION CONTRACTS (CHAPTER 149)

A. METHOD OF PROCUREMENT:

Depending on the cost of the contract, requirements may include notices at Town Hall, the local newspaper, COMMBUYS, and the Central Register. Check with the Town Administrator to determine which notifications will be needed.

B. DESIGN SOLICITATION AND OWNER'S PROJECT MANAGER:

PURCHASES AND CONTRACTS:

The Town Administrator, or a representative designated by the Board of Selectmen, shall develop and implement procedures in writing that assures compliance with the following:

Design Solicitation

Design of State-Funded Housing: Authorities must follow the procedures established by the Massachusetts Department of Housing and Community Development (DHCD) For Design of State-Funded Housing. The DHCD's procedures follow MGL Chapter 7 processes and prescribe the role of DHCD and of the Local Housing Authority in the selection process.

Owner's Project Manager: MGL Chapter 149 §44A ½, requires public awarding authorities to engage the services on an owner's project manager on a building projects estimated to cost \$1.5 million or more. The Town shall, prior to contracting for design services where the project is estimated to cost \$1.5 million or more, procure the services of project manager. At the Town Administrator's discretion, a Town employee may be selected and serve as the Owner's Project Manager, providing he or she meets the required minimum qualifications.

C. BIDDERS AND SUB-BIDDERS QUALIFICATIONS:

1. If required by the applicable procurement, each bidder and sub-bidder must provide, at the time of bid submission, an updated certification issued by the Division of Capital Asset Management and Maintenance ("DCAM"), pursuant to MGL Chapter 149, Section 44D Submission of Bid or offer; Application for Certification.
2. The Town Administrator or his/her designee may develop, as part of bidding documents, specific and objective qualification requirements for the bidder or sub bidder beyond the DCAM Certification Requirements that may be used in evaluating whether a bidder or sub bidder is responsible and capable of performing the proposed work.

D. PERFORMANCE EVALUATION PROGRAM

The Town Administrator or his/her designee shall develop and implement a performance evaluation system to evaluate the performance of contractors, consultants, and/or vendors doing business with the Town on all projects bid under MGL Chapter 149A and Chapter 149 § 44 (A-J).

Note: Under the new law, an “owner’s project manager” is defined as “an individual, corporation, partnership, sole proprietorship, joint stock company, joint venture, or other entity engaged in the practice of providing project management services for the construction and supervision of construction of buildings.”

15. OTHER PROVISIONS:

A. LAWS, REGULATIONS & QUALIFICATIONS

COMPLIANCE WITH LAWS AND REGULATIONS:

1. Applicable laws and regulations: in adopting this policy, the Town Board of Selectmen and Town Administrator, as the Town’s contracting officer, each affirm that the policies follow all applicable federal, state and local laws and regulations.
2. Applicable laws include, but are not limited to:
 - Massachusetts General Laws (“MGL”) Chapter 30B
 - MGL Chapter 30, §39M Public Works (Non-Building) Construction
 - MGL Chapter 30, §39M Proprietary Specifications in Public Construction Projects
 - MGL Chapter 7, Executive Office for Administration and Finance
 - MGL Chapter 149, Labor and Industries
 - MGL Chapter 149A Building Construction Contracts
 - MGL Chapter 149, § 44A1/2 Owner’s Project Manager (OPM)
3. Conflicts between these policies and other laws or regulations: in the event of a conflict between this policy and any applicable law or regulation, the law or regulation shall prevail.
4. Changes in laws and regulations: In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with this policy, automatically supersede this policy, and the Town Administrator or designee shall make appropriate modifications to the inconsistent policies and procedures.
5. The Town is exempt from M.G.L. Chapter 30B when engaged in the development and disposition of real property in accordance with an approved Urban Renewal Plan.

B. AUTHORITY & INTERNAL CONTROLS:

DELEGATION OF PROCUREMENT AUTHORITY:

The Board of Selectmen is hereby delegated the following procurement authority, with the authority to re-delegate as the Board of Selectmen sees fit, to implement and manage this policy. The Town Administrator is to submit any such signed contracts to the Board of Selectmen at their next scheduled meeting.

1. All contracts for goods and services, including but not limited to those with a value of more than \$10,000 require the approval of the Board of Selectmen.

C. IMPLEMENTATION OF THIS POLICY:

The Town Administrator shall develop and implement operating procedures within ninety (90) days of the approval by the Board of Selectmen for this Policy. These policies shall be listed and available for review on the Town's Web-based Intranet site.

D. INTERNAL CONTROLS:

1. The Town shall maintain a system of internal controls which shall include:
 - A. Delegation of procurement authority
 - B. Segregation of duties
 - C. Receipt of goods and services
 - D. Custody and safeguarding of the assets
 - E. Recording transactions
 - F. Recordkeeping

E. ETHICAL STANDARDS:

AUTHORITY AND RESPONSIBILITY

1. In the conduct of Town's procurement system, the Board of Selectmen and Town employees shall be aware of, and comply with, the following non-exclusive list of laws, regulations, and advice, which are hereby incorporated by reference as part of these policies:
 - MGL Chapter 268A, Conflict of Interest Law
 - MGL Chapter 121B – Massachusetts Public Housing Authorities Law
2. Contracts not funded with federal funds shall not be bound by any of the federal requirements.

F. DISCIPLINARY ACTIONS:

Breaches of the ethical standards of this chapter of the procurement policies may result in a Town employee being subject to disciplinary actions up to and including termination, consistent with Town policies and procedures.

G. CONFLICT OF INTEREST:

1. Contract selection, award, administration: No Town employee shall participate in the selection, award, or administration of a contract if a conflict of interest (direct or indirect financial interest, personal involvement, or other interest), real or apparent, would be involved. Participation shall include, but not be limited to: serving on an evaluation panel to select a firm; reviewing, endorsing, or recommending an award or selection; approving or rejecting an award of a contract or purchase order.
2. Ownership and business interests: No Town employee shall own or hold an interest in any contract or property or engage in any business, transaction, or professional or personal activity that would:
 - Be, or appear to be, in conflict with the employee's official duties, or
 - Secure, or appear to secure, an unwarranted privilege or advantage for the employee, or
 - Prejudice, or appear to prejudice, the employee's independence of judgment in the exercise of his or her official duties relating to Town.
3. Confidential information: No Town employee shall knowingly use confidential information for the employee's or another's actual or anticipated personal gain.

H. GIFTS AND GRATUITIES:

1. Prohibition: An employee may not solicit or accept gifts, entertainment, gratuities, favors, or anything of monetary value from contractors or subcontractors, or potential contractors or subcontractors that could influence, or be perceived to influence, contracting or purchasing decisions.
2. Exception: In general, a nominal gift of less than \$50.00 in value that was not solicited by an employee, and which can be and is shared with all employees and/or the public, may be considered acceptable. Employees are expected to exercise good judgment before accepting any gift, and to check with the Town Administrator or the Board of Selectmen Chair if in doubt.

I. CONTRACTING WITH FORMER TOWN EMPLOYEES:

One year probation: within one year after an employee leaves Town employment, the Town shall not contract with such employee if the employee was responsible for formulating policy or influencing decisions with respect to the project(s) being contracted for.

J. ELIGIBILITY TO CONTRACT WITH TOWN:

AUTHORITY AND RESPONSIBILITY

The Town Administrator or his/her designee shall take all actions necessary to assure that the Town award contracts only to eligible, responsible prospective contractors who can perform successfully under the terms and conditions of the proposed contract.

DETERMINATION OF RESPONSIBILITY OF PROSPECTIVE CONTRACTOR:

1. In determining the responsibility of a bidder, the Town shall consider such matters as the bidder's:
 - A. Integrity;
 - B. Compliance with public policy;
 - C. Record of past performance;
 - D. Financial and technical resources (including construction and technical equipment).
2. Before a bid or proposal is considered for award, the bidder may be requested by the Town to submit a statement or other documentation regarding any of the items in paragraph (A) above. Failure by the bidder to provide such additional information shall render the bidder non-responsive, non-responsible and ineligible for award.

DEBARMENT STATUS REVIEW:

The Town Administrator shall ensure, prior to award of a contract that the proposed business has not been debarred or otherwise declared ineligible for award by an applicable regulatory agency. The following non-exclusive list of sources shall be reviewed when required:

- A. U.S. General Services Administration's "List of Parties Excluded from Federal Procurement and Non-Procurement Programs"
- B. U.S. Department of Housing and Urban Development's "Limited Denial of Participation" List
- C. Lists of Suspended or Debarred Contractors Maintained by the Commonwealth of Massachusetts Office of the Attorney General and the Division of Capital Asset Management.

K. COMPLIANCE WITH IRS REGULATIONS:

1. Prior to making payment to a business, the Town Administrator or his/her designee shall ensure that Town receives from the business (if not already on file), a W-9 or W-9 substitute form.

2. Provision of Data Universal Numbering System (DUNS) number as issued by Dun and Bradstreet for all federal grants.

L. DIVERSITY IN CONTRACTING:

AUTHORITY AND RESPONSIBILITY

The Town is an equal opportunity employer.

GENERAL FUND

The purpose of this policy is to maintain a fiscally sound operating position for the Town by promoting Halifax's ability to balance its budget on a current basis, maintain reserves for emergencies, and have sufficient liquidity to pay bills on time to avoid short-term borrowing costs. The Town will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as delaying expenditures until the next fiscal year, or rolling over short-term debt.

1. All current operating expenditures should be paid for with current operating revenues. Debt will not be used to fund current operating expenditures.
2. Reserves: The Town maintains reserves to provide budgetary flexibility for unexpected events, to withstand financial emergencies and to protect the town from unusual unevenness in revenue and expenditure patterns. Reserves fall into three primary categories:

A. Finance Committee Reserve Fund - to be used for unforeseen events.

The Reserve Fund, managed by the Finance Committee, can only be used for extraordinary or unforeseen expenditures. State law defines these as "expenditures that could not be anticipated before setting the tax rate, or could not be determined when the budget was approved." If a diligent budget process could have anticipated the cost, then it does not qualify as unforeseen. A transfer out of the Reserve Fund requires a majority vote of the Finance Committee. Expenditures cannot be made directly from the Reserve Fund; funds must be transferred to another account.

Reserve Funds are established yearly for Water Enterprise and General Fund. Water Enterprise Reserve Fund is budgeted no less than \$25,000. General Fund Reserve Fund is budgeted no less than \$75,000.

B. Stabilization Funds – reserves dedicated for specific use at some future time.

Under state statutes, a town may appropriate up to 10% of the previous year's tax levy into the fund(s), if the balance does not exceed 10% of the town's equalized valuation (EQV). The total targeted sum of the undesignated fund balance and the stabilization fund will be between 5% and 15% of budgeted expenditures.

The Stabilization Accounts are accounts from which amounts may be appropriated for any lawful purpose. Interest earned on the fund balance is retained as part of the

fund. A two-thirds vote by Town Meeting is required to appropriate money out of these funds. A simple majority vote is required to appropriate money into these funds.

The town maintains two types of stabilization funds:

STABILIZATION FUND – The Town will endeavor to maintain a Stabilization Fund enough to buffer the General Fund from the impact of reduced state aid and/or declining local receipts. Appropriations from this fund are targeted for non-recurring expenses, which include capital purchases or catastrophic or emergency events that are more than an amount that the Finance Committee Reserve Fund can support. When the Town draws monies from the Stabilization Fund, the Town should also present a plan for replenishing the fund.

WATER SYSTEMS PROTECTION STABILIZATION FUND – The Town does not appropriate into this fund from each year's certified Free Cash. This fund is used to improve the water quality for the Town's water supply and system and/or pond improvement. The Town will not establish a plan to continue this fund as it was established specifically for limited use.

3. One-time revenues will be used for capital improvements, additions to reserves or as legally restricted to a specific purpose.

A. Free Cash (Undesignated Fund Balance) – a reserve that can be used for any purpose.

The use of Free Cash requires an appropriation at Town Meeting, once it is certified by the Department of Revenue. Free Cash will only be used for one-time or Capital expenses. This includes the funding of the stabilization fund or targeted stabilization funds.

Free Cash provides a source of funds to be used for capital investments, as well as a financial cushion against events such as a sudden loss of a revenue source after Annual Town Meeting has approved the operating budget for the next fiscal year, an economic downturn, emergency or other unanticipated expenditures, non-recurring capital expenditures, and uneven cash flow.

Free Cash more than the goal reserve amount should be used for nonrecurring emergency expenditures, or appropriated to a Stabilization Fund for future capital projects and equipment purchases, or used to provide property tax relief.

4. The year-to-year increase of actual revenue from the property tax levy shall generally not exceed 2.5% pursuant to the limitations of the State Law commonly known as Proposition 2 ½.

A. Excluding the value gained through new construction (new growth);

B. Excluding expenditure increases funded outside the tax limit cap.

- C. Per State Law, property values shall be re-appraised or re-certified annually.
- D. The Treasurer/Collector will carefully and routinely monitor all amounts due the Town. A proactive policy of collection will be followed for all receivables, including property taxes. A target of 96% property tax collection rate by fiscal year end will be achieved.
- E. The Town will strive to be informed and aware of all grants and other aid that may be available to it. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective. When positions are funded with grants, a portion of the grant funding should be allocated to recover the cost of employee benefits if allowed by the granting agency.
- F. Fees and user charges should be reviewed annually in relation to the costs of providing the service.
- G. As the state and federal governments have not provided financial assistance that has kept pace with the Town's financial requirements, the Town may increasingly need to rely on local non-property tax revenue base to provide funding for local services. These fees should be reviewed to cover, where appropriate, any cost increase or decrease associated with delivering that program or service.
- H. Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that the Town is maximizing its revenue potential.

CAPITAL PLANNING

The Capital Planning Committee includes representatives from the Board of Selectmen and the Finance Committee along with the Town Accountant plus two members who are not town officials or employees. Appointments to this Committee are by majority vote of the Board of Selectmen. No at-large member will be appointed until he/she has submitted a written request to the Board of Selectmen for appointment to the Capital Planning Committee and the Board of Selectmen has held a public interview with that individual.

The Committee reviews requests for funding for capital projects (generally, equipment and vehicles and major building repairs or projects, any of which would cost more than \$20,000 and be used for five or more years). The Committee makes recommendations to the Finance Committee as to the order in which projects should be funded.

1. The Capital Planning Committee will update and readopt annually a five-year capital improvement plan, including the upcoming annual capital improvement budget and a four-year projection of capital needs and expenditures which details the estimated cost, description and anticipated funding sources for capital projects.

2. The first year of the five-year capital improvement plan will be the basis of a formal fiscal year appropriation request during the annual budget process.
3. The criteria for determining if an item qualifies as a Capital is tangible assets and projects which (1) are purchased or undertaken at intervals of not less than three years; (2) have a useful life of at least five years; and (3) cost over twenty thousand dollars (\$20,000): Among the items properly classified as capital improvements are
 - New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
 - Major alterations, renovations, or improvements to existing buildings that extend the useful life of the existing buildings by at least ten (10) years;
 - Land acquisition and / or improvement, unrelated to a public building, but necessary for conservation or park and recreation purposes;
 - Major equipment acquisition, replacement or refurbishment, including but not limited to vehicles, furnishings, and information technology systems' hardware and software or other items that combined in purpose together qualify it as a Capital Project;
 - New construction or major improvements to Town's physical infrastructure, including streets, sidewalks, storm water drains and the water distribution system. Infrastructure improvements must extend the useful life of the infrastructure by at least ten (10) years to be appropriately classified as a capital improvement;
 - A feasibility study, engineering design services, or consultant services which are ancillary to a future capital improvement project.
4. Guidelines for prioritizing capital projects (not necessarily in priority order):
 - Imminent threat to health and safety of citizens, employees or property (e.g. police cruisers and radios, self- contained breathing apparatus for firefighters, mold abatement);
 - Requirement of state or federal law (e.g. asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc.);
 - Maintenance and improvement of capital assets (e.g. major repairs of buildings, replacement of vehicles and equipment, park and play area renovations);
 - Improvement of an overburdened situation (e.g. Town Hall renovations, cemetery expansion program);
 - Improvement of the infrastructure (e.g. streets and sidewalks, water and sewer programs);

- Improvement/maintenance of productivity (e.g. equipment replacement, computer hardware / software);
 - Newly identified need (e.g. recreation fields);
 - Priority assigned by Department (Very High, High, Medium, Low);
 - Consistency with and in furtherance of long-term planning objectives and debt policies of the Town.
5. All capital purchases are subject to the Capital Improvement Policies and Procedures regardless of their funding source. The capital program will be funded by a combination of property taxes and the special purpose Capital Stabilization fund of the Town, as well as other special purpose funds, and grant funds from the federal and state governments. The Capital Plan Committee shall determine the most advantageous financing method for all new projects. The Town will use grants and other special funds to finance only those capital improvements that are consistent with the Capital Improvement Plan and priorities.
 6. The annual budget should include a Capital Program that includes debt service obligations and cash-funded capital projects. This does not include capital projects funded via debt exclusions (debt excluded from Proposition 2 ½ limits).

Note: Much of the Town government's wealth is invested in our capital plan i.e. buildings, fields, infrastructure, equipment, and vehicles. Long-term debt is an appropriate source of funding for certain types of projects, while current revenues should be used for those assets with a short useful life. This goal will provide for a source of funding that does not compete with the operating budget, but increases or decreases in relation to growth in the tax levy and growth in the community.

7. All Town departments will maintain all their assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.
8. The annual operating cost of a proposed capital project, as well as debt service costs, will be identified before any long-term bonded capital project is recommended.

Procedure:

Adopted September 2002

1. The Committee will develop and distribute forms to every municipal and school department by September 1st each year. The forms will request information relating to all anticipated capital expenses for the prospective five years commencing July 1st of the following year. All forms must be returned by October 15th of each year. No capital expenditure which has not been submitted to the Committee on the forms provided and returned to the Committee by October 15th will be included in the Master Capital Plan for inclusion on a town meeting warrant. Any capital expenditure for which the forms have

been submitted but which is not recommended by the Committee will not be included in the Master Capital Plan for inclusion on a town meeting warrant.

2. The Capital Planning Committee will provide a report and updated Master Capital Plan to the Board of Selectmen by December 1st of each year. The Board of Selectmen and the Capital Planning Committee will hold a joint public meeting before February 1st to discuss the Master Capital Plan and report.
3. Before February 1st of each year, the Board of Selectmen will produce a recommended Master Capital Plan which will be printed in the Finance Committee Annual Town Meeting Warrant book. The Report and Master Capital Plan proposed by the Capital Planning Committee will be available for inspection during normal business hours at the Board of Selectmen Office and the Holmes Public Library.

Note: Capital projects may increase future expenses, decrease future expenses, or cost-neutral. The funding of capital projects may fall within available revenues (taxes or fees) or new revenue sources (debt or capital exclusions). It is important to project the impact that the proposed capital project has on the operating budget so that operating budget funding sources could also be identified or new funding sources recommended.

DEBT MANAGEMENT

(Treasurer/Collector)

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. For certain capital projects with a long useful life, debt financing is an equitable financing strategy that allows current and future beneficiaries of a capital investment to share in the cost of that improvement. Unlike most personal or private debt, towns have access to capital at very competitive tax exempt rates.

Properly managed debt helps to preserve the Town's credit rating, provides flexibility in current and future operating budgets, and provides the Town with long-term assets that maintain or improve our quality of life.

1. Requirements for debt financing shall be an expenditure of at least \$100,000 and should have a useful life more than five (5) years for only those projects not able to be financed from current revenues.
2. The length of debt service for any capital project shall not exceed the expected useful life of the purchase or project.
3. The Town will attempt to maintain a long-term debt schedule so that at least 50% of outstanding principal will be paid within 10 years.
4. On all debt-financed purchases or projects, debt-financing planning will include the impact/benefit of a down payment on debt to be incurred.
5. Free cash and the Town's stabilization fund will not be used to fund debt.

6. The total debt service level, current and projected, will be evaluated each year considering the Town's financial condition.
7. Long-term debt should not be incurred without a clear identification of its financing sources.
8. Total debt service for the upcoming fiscal year's general obligation debt will not exceed 3% of the total annual locally generated operating revenue for the current fiscal year. Debt above this level will be funded through debt exclusion, bond issuance or other funding sources.
9. The Town will maintain good communications with bond rating agencies about its financial condition. The Town will provide full disclosure on every financial report and bond prospectus.
10. Purchases to be made from bonded funds shall not be obligated by signing of a contract until the Treasurer/Collector has received confirmation from Bond Counsel that the vote of bonding authorization is adequate.
11. State law strictly regulates both the purposes for which cities and towns can borrow and the time periods for which these borrowings can occur. Borrowing purposes and maximum loan durations are set out in MGL Chapter 44 §§ 7 & 8.
12. MGL Chapter 44 enunciates numerous limitations and procedures that govern local debt issues. One of these limitations places a ceiling on the maximum amount of debt a town may have authorized at any one time. MGL Chapter 44 §10 sets this limit at 5% of the equalized valuation (EQV) for towns. The statute permits municipalities to exceed these limits only with the approval of the Emergency Finance Board (EFB), established under the provisions of MGL Chapter 10 §47. With EFB approval, the Town's borrowing limit may be increased by an additional 5%.
13. The credit rating agencies, such as Moody's Investor Services, consider debt service exceeding 20% of net operating revenues as a potential problem. Dramatic increases in debt service also indicate potential problems unless revenue sources increase to keep pace with these additions to fixed costs. The 10% benchmark provides a policy to apply to new projects and the growth of revenues to finance such projects.
14. Debt service costs include annual principal and interest payments. Debt service costs are also a significant portion of fixed costs. A reasonable maturity schedule not only reduces interest costs, but recognizes that capital needs will continue to be identified and recommended. Credit rating bureaus review these maturity schedules and future capital needs.
15. Post-Issuance Tax Compliance Procedures for Tax-Exempt Obligations and Other Tax-Benefited Obligations
16. The post-issuance compliance procedures of the Town of Halifax, Massachusetts are designed to provide for the effective management of the Town's post bond issuance

compliance program for tax-exempt and other tax-benefited bonds in a manner consistent with state and federal laws applicable to such obligations. The Treasurer/Collector will comply with any post issuance reporting required pursuant to current, federal, state or investor requirements.

- The Treasurer/Collector of the Town shall be the primary bond compliance officer responsible for each issuance by the Town of tax-exempt (or otherwise tax-benefited) bonds, notes, financing leases, or other obligations (herein, collectively referred to as “bonds”). All information related to each bond issue and the facilities, equipment and other assets financed by such issue shall be maintained by or on behalf of the Treasurer/Collector or such other officers or employees of the Town as appropriate, including but not limited to, the Treasurer/Collector and the Town Accountant.
- Continuing Education – The Treasurer/Collector will actively seek out advice of bond counsel on any matters that appear to raise ongoing compliance concerns and may attend or participate in seminars, teleconferences, etc. sponsored by organizations such as the Massachusetts Collectors and Treasurers Association and the Massachusetts Government Finance Officers Association that address compliance issues and developments in the public finance bond arena. In addition, national organizations such as the Securities Industry and Financial Markets Association (SIFMA) and the National Association of Bond Lawyers (NABL) offer numerous training opportunities and materials which may be useful to the Treasurer/Collector.

ENTERPRISE FUNDS

(Accountant)

Each enterprise fund should be reviewed annually to project revenues and expenditures for the next fiscal year, estimates of the current year, and projections for future years. Estimates of capital projects and debt service should be included to project the impact on rates and user fees. Any costs not supported by user revenues or betterments would place a requirement on the General Fund for financial support.

1. The Town shall establish and maintain enterprise funds pursuant to MGL Chapter 44 §53 to ensure annual operation and maintenance needs are met and services are financed in an equitable manner.
2. The Town currently administers the following enterprise funds: Water, Solid Waste, and PEG Cable Access.
3. The term of debt for enterprise funds shall not exceed the useful life of the asset and in no case, shall the term exceed 30 years, or other such limits pursuant to Massachusetts General Laws.

4. Rates for enterprise funds shall be designed to generate sufficient revenues to support the full cost (direct and indirect) of operations and debt, and to ensure appropriate levels of working capital. Fees should be reviewed annually in relation to the cost of providing the service.
5. The Town should follow the procedures outlined in the Informational Guideline Release (IGR) relative to Enterprise Funds published by the Department of Revenue – Division of Local Services

REVOLVING FUNDS

(Accountant)

A revolving fund receives its income from selling goods and services to users or participants in a program, and expends monies to cover the costs of such goods or the expenses of providing the program or service. The intent is for such activities to break even financially, and the revolving fund is a mechanism that allows for fluctuations in levels of activity.

1. Unless specified elsewhere in the state statutes, departmental revolving funds shall be authorized under MGL Chapter 44 §53E½ of the Massachusetts General Laws. Each fund must be reauthorized each year at annual town meeting and a limit on the total amount that may be spent from each fund must be established at that time or the funds can be established through by-law approval.
2. The Town currently administers the following revolving funds: Conservation Commission, Board of Health Consulting, Recycling, Earth Removal Review, Planning Board Consulting, Building Inspector Consulting, Youth and Recreation Programs, CPR Classes, ZBA Consulting, Library Computer, Printer and Copier, Selectmen Legal Advertising, COA Elder Bus, Inspector Wages, Concession Stand, Solar Projects, Library Book Replacement.

INVESTMENTS

Adopted June 2015

INVESTMENT OF TOWN FUNDS

(Treasurer/Collector)

The primary purpose of this Investment Policy Statement (IPS) is to provide a clear understanding regarding the Town of Halifax Long Term Funds and, General Fund objectives, goals, risk tolerance, and investment guidelines established for the investment of town funds.

Note: Public investments in Massachusetts are not protected through provisions in State law.

Scope - This section of the investment policy applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, and capital project funds. Section two will deal with trust funds, bond proceeds, and any other funds with special circumstances such as stabilization funds. A separate Plymouth County Retirement Board is responsible for the investment of the pension funds for retirement purposes. The Town

has established a trust fund for Other Post Employment Benefits (OPEB).

Objectives - Massachusetts General Law, Chapter 44, Section 55B requires the municipal Treasurer/Collector to invest all public funds except those required to be kept liquid for purposes of immediate distribution. Modern banking systems enable the public Treasurer/Collector to maintain even these funds in interest bearing form until the date a disbursement order clears through the banking system. The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further these objectives.

1. The Investment of General Funds, Special Revenue Funds, Enterprise Fund, and Capital Projects Funds Investment Instruments:

The Treasurer/Collector may invest in the following instruments:

- Massachusetts State pooled fund: Unlimited amounts (Pool is liquid) The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos), and U. S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the CD's up to the standard limits and takes delivery on the Repos and Treasuries. Under Government Accounting Standards Board Regulation (GASB III), it is not considered an uncollateralized product.
- U. S. Treasuries that will be held to maturity: Unlimited amounts (Up to one-year maturity from date of purchase)
- U.S. Agency obligations that will be held to maturity. Unlimited amounts (Up to one-year maturity from date of purchase)
- Bank accounts or Certificates of Deposit (“CDs”) (Up to one year) which are fully collateralized through a third-party agreement: Unlimited Amounts
- Bank accounts and CDs (Up to one year) insured by F.D.I.C. up to the coverage limit. All bank accounts and CDs in one institution are considered in the aggregate for the insurance coverage limit. In some cases, Banking Institutions carry additional insurance, Depository Insurance Fund (D.I.F.): Contact banking representative for amounts of coverage.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be comprised of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the entity soon. For example, these payments may be for such items as debt

service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CDs will be purchased for no more than one year and will be reviewed frequently.

- Money Market Mutual Funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44 Section 55.
2. Diversification should be interpreted in two ways: in terms of maturity as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution. Except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and State pools (MMDT), no more than 25% of the Community's investments shall be invested in a single financial institution.
 3. Delegation of Authority - The Treasurer/Collector has authority to invest entity funds, subject to the statutes of the Commonwealth Massachusetts General Law Chapter 44 Section 55,55A, & 55B.
 4. Restrictions – Massachusetts General Law, Chapter 44, Section 55 set forth several restrictions that the Treasurer/Collector must be aware of when making investment selections.
 - A Treasurer/Collector shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
 - The Treasurer/Collector shall not make a deposit in any bank, trust company or banking company with which he is, or for any time during the three years immediately preceding the date of any such deposit was, associated as an officer or employee.
 - All securities shall have a maturity from date of purchase of one year or less.
 - Purchases under an agreement with a trust company, national bank or Banking Company to repurchase at not less than original purchase price of said securities on a fixed date shall not exceed ninety days.
 5. Legal References: Massachusetts General Law Chapter 44, Section 55 and Massachusetts General Law Chapter 44, Section 55A and Massachusetts General Law Chapter 44; Section 55B.

INVESTMENT OF TRUST FUNDS

Adopted June 2015

(Treasurer/Collector)

Scope - This section of the Investment Policy Statement applies only to funds that are designated as long term, i.e. trust funds, stabilization funds, cemetery perpetual care, and other funds the town may have set aside for long term use. All accounts will be maintained separately receiving their proportionate interest and any realized and unrealized gains or losses. The account may be established as a pooled investment portfolio unless otherwise stated. Any additional accounts will be maintained in this same manner.

Objective - Massachusetts General Law Chapter 44, section 54 pertains to the investment of Trust Funds, Chapter 40 Section 5B pertains to the investment of Stabilization Funds. All trust funds shall fall under the control of the entity's Treasurer/Collector unless otherwise provided or directed by the donor. If the trust fund results from a gift, grant or bequest from a private donor, and the private donor specifies how the trust shall be invested; the trust fund shall be invested in accordance with the terms of the gift, grant or bequest. If there is a conflict between such donor terms and this Section II, the donor terms shall govern, subject to the general principles of prudence set forth in the Policy.

1. The Investment of General Funds, Special Revenue Funds, Enterprise Funds, and Capital Projects Funds Investment Instruments:

The Treasurer/Collector may invest in the following instruments:

- M.G.L. Chapter 44 Section 54 states that money should be deposited into savings bank, trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under section thirty-eight A of chapter twenty-nine, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the commonwealth.
- Additionally, the Community may invest such funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the commonwealth; provided, that not more than fifteen percent (15%) of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent (1 ½%) of such funds be invested in the stock of any one bank or insurance company.
- U. S. Treasuries that maybe sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase)
- U.S. Agency obligations that maybe sold prior to maturity. Unlimited amounts (With no limit to the length of maturity from date of purchase)

- Bank accounts or Certificates of Deposit (“CDs”) Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third party agreement:
- Bank accounts and CDs (With no limit to the length of maturity from date of purchase) fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.): All bank accounts and CDs in one institution are considered in the aggregate to receive the insurance coverage limit.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: These investments will be limited to no more than 5% of an institution's assets and no more than 25% of a municipality's cash. This percentage may be increase for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Community in the near future. These payments maybe for such items as debt service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CDs will be purchased with no limit to the length of maturity from the date of purchase and will be reviewed frequently.
- Common and preferred stock that are listed in the List of Legal Investments.
- Investment Funds that are listed in the List of Legal Investments.
- All other items not separately identified here that are listed in the List of Legal Investments.

2. Standards of Care

The standard of prudence to be used by the Treasurer/Collector shall be the “Prudent Person” standard and shall be applied in the context of managing an overall portfolio. The Treasurer/Collector acting in accordance with written procedures and this IPS, and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this IPS and the associated Massachusetts General Laws.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.

In addition, this section would also apply to M.G.L. Chapter 44 Section 55A which refers to the liability of the Treasurer/Collector for losses due to bankruptcy.

3. Diversification should be interpreted in two ways: in terms of maturity as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution, except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies.
4. Legal References - Massachusetts General Law Chapter 40, Section 5B, Massachusetts General Law Chapter 44, Section 54, Massachusetts General Law Chapter 44, Section 55A, Massachusetts General Law Chapter 44, Section 55B, Massachusetts General Law Chapter 44B, Section 7
6. Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts list of Legal Investments Legal issued by the Banking Commissioner each July. Each trust fund must be accounted for separately. MGL Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, MGL Chapter 167 Section 15A.

OPEB

*Adopted March 2015
(Treasurer/Collector)*

The primary purpose of this Investment Policy Statement (the “IPS”) is to provide a clear understanding regarding the Town of Halifax OPEB Trust’s investment objectives, performance goals, and risk tolerance.

Scope - This IPS applies to all funds that are separately designated as long-term OPEB funds for the Town or any of its separately identified enterprises. Any additional contributions to the Trust will be maintained in the same manner.

1. Massachusetts General Law Chapter 32B, Section 20 allows a city, town, district, county or municipal lighting plant to set up a special trust fund, the Other Post-Employment Benefits (OPEB) Liability Trust Fund. The governmental unit’s Treasurer/Collector is the custodian of the fund or in the case of a light plant, an officer designated by the board. Investment of fund monies by the custodian must be consistent with the prudent person standard set forth in Massachusetts General Law Chapter 203C for private trust funds. Interest earned on the investment of fund monies belongs to the fund.
2. Diversification - The following asset classes can be included in the Trust in order to construct a diversified investment portfolio that is both prudent and appropriate given the Town’s actuarial assumed discount rate, target rate of return, investment objective, and risk tolerance. The investment parameters and asset allocation definitions that will govern the Investment Manager of the diversified portfolio are included in the addendums to this IPS. The primary purpose of this Investment Policy Statement (the “IPS”) is to provide a clear understanding regarding the Town of Halifax (the “Town”) OPEB Trust’s (the “Trust”) investment objectives, performance goals, and risk tolerance.

3. Equities

- The primary objective of the Trust's equity allocation is to provide long-term total returns that are, at a minimum, consistent with appropriate broad market indexes through full market cycles.
- The Investment Manager of the diversified portfolio can purchase and manage the equity allocation using individual equities, such as domestic common stocks, preferred stocks, and/or American-Depository Receipts (ADRs).
- The Investment Manager can also utilize other investments such as, mutual funds, exchange traded funds, closed-end funds, etc. Total equity exposure is able to include, both domestic and international equities, both developed and emerging countries and geographic regions, as well as large-, mid-, and small-market capitalization weighted companies. Direct holdings of common stock, preferred stock, and/or ADRs in any one company should not exceed 5% of the market value of the invested portfolio.
- Investing directly in real estate, private placements, letter stock, or initial public offerings is strictly prohibited. The Investment Manager of the diversified portfolio shall not engage directly in margin transactions, short sales, or any other leveraged or inverse investment vehicles. Mutual funds, exchange-traded funds, and closed-end funds, however, may engage in margin, leverage, and/or short sales. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

4. Fixed Income

- The primary objectives of the Trust's fixed income allocation are to preserve capital and generate a reasonable level of cash flow. The secondary objective is to provide price returns that exhibit lower correlation to the broad global equity markets in order to reduce the overall risk of the portfolio.
- The Investment Manager of the diversified portfolio can purchase and manage the fixed income allocation using individual bonds that are United States Dollar denominated only. Issuer selection can include domestic corporate bonds and any obligations of the United States Government and/or its agencies.
- The Investment Manager can also utilize other investment vehicles such as, mutual funds, exchange traded funds, closed-end funds, etc. Total fixed income exposure is able to include, both domestic and international bonds, both developed and emerging countries and geographic regions. Direct holdings of individual corporate bonds in any one company should not exceed 5% of the market value of the invested portfolio; however, this is not applicable to the United States Government and/or its agencies. Lower-quality investments may only be held through diversified vehicles, such as mutual

funds or exchange-traded funds.

- Investing directly in real estate, mortgages, collateral or non-collateral loans, private placements, fixed income or interest rate futures, or any other specialized fixed income ventures is strictly prohibited. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

5. Alternative Investments

- The primary objective of the Trust's alternative allocation is to provide long-term capital appreciation that is less correlated to broad global equity and fixed income indexes.
- The Investment Manager of the diversified portfolio can only purchase those strategies that are deemed to be alternative through daily-liquid diversified investment vehicles such as, mutual funds, exchange-traded funds, closed-end funds, etc.
- Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

6. Cash and Cash Equivalents

Cash will be maintained to provide periodic cash distributions, if and when necessary. Cash will not normally be held as a strategic investment asset, although the Investment Manager may seek to allow cash to build to the maximum level in times of market uncertainty.

7. Performance Measurement and Evaluation

- The individual and custom benchmarks that will be monitored for performance reporting and analysis of the Trust's portfolio are stated and described in the addendums to this IPS.
- It is expected that the respective asset classes of the Trust's diversified portfolio will outperform their respective benchmarks, net of fees and expenses, on a long term (market cycle) basis.

8. Supervision

- The Treasurer/Collector will meet with the investment manager(s) as frequently as semi-annually to monitor the performance of the funds and the investment manager(s) compliance with these guidelines. The Treasurer/Collector will receive and review portfolio management reports quarterly.

- The Treasurer/Collector will review this Investment Policy Statement at least once a year to ensure that it remains appropriate and complete.
- The Treasurer/Collector has the option to review the management of funds to consider going out to bid periodically.
- Legal References - Massachusetts General Law Chapter 32B, Section 20, Massachusetts General Law Chapter 203C, Section 1 through 11

GENERAL PROVISIONS:

Objective - Massachusetts General Laws, Chapter 44, section 55B requires the Entity's Treasurer to invest all public funds except those required to be kept un-invested for purposes of immediate distribution. This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, considering the acceptable levels of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest reasonable return available that is consistent with safety of principal while meeting the daily cash requirements for the operation of the entity's business.

- Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to preserve capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
- Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer/Collector shall attempt to carry out investment activities in a manner that provides for meeting unusual or unexpected cash demands without requiring the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
- Yield is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

1. Risk Tolerance

A. Credit Risk

- "Credit risk" is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- The Community will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government

Agency obligations. In regards to other investments, the Community will only purchase investment grade securities with a high concentration in securities rated A or better. The Community may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The Community may place funds in banking institutions as stated in Section C of this IPS.

B. Custodial Risk

- The “custodial credit risk” for deposits is the risk that, in the event of the failure of a depository financial institution, a municipality will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a municipality will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- The Community will review the financial institution’s financial statements and the background of the Advisor. The intent of this qualification is to limit the Community’s exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Community, will be held in the Community’s name and tax identification number by a third-party custodian approved by the Treasurer/Collector and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

2. Concentration of Credit Risk

- “Concentration of credit risk” is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.
- The Community will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

3. Interest Rate Risk

- “Interest rate risk” is the risk that changes in interest rates will adversely affect the fair value of an investment.
- The Community will manage interest rate risk by managing duration in the account.

4. Foreign Currency Risk

- “Foreign currency risk” is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment or a deposit.

- The Community will limit investment in any instrument exposed to foreign currency risk.

5. Ethics

The Treasurer/Collector (and Assistant Treasurer/Collector) shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Board of Selectmen any material financial interest in financial institutions that do business with the Community. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the Community's investments.

6. Relationship with Financial Institutions

- Financial institutions should be selected first and foremost about their financial soundness and stability. The Community may subscribe to the Veribanc Rating Service to evaluate the banking institutions with which it chooses to establish relationships. Brokers should be recognized, reputable dealers and members of the Financial Industry Regulatory Authority (FINRA).

- In instances where the Community does not purchase the Veribanc Rating Service, the Treasurer/Collector should request the banking institution's Veribanc rating from all the banking institutions that are working with the Community on a quarterly basis.

- When using the Veribanc Rating Service the Treasurer/Collector may invest in such banks that show a green rating. If a rating is yellow, the Treasurer/Collector should contact the appropriate banking institution and request in writing an explanation of the change in rating and the expected time table for it to be changed to green. If, for a second quarter, such rating is not green, the Treasurer/Collector should consider removing all funds that are not collateralized, or carry some form of depositor insurance. If a rating moves to red, all money should be immediately collateralized or covered by some form of depositor's insurance or be removed from the banking institution.

7. The Treasurer/Collector shall require any brokerage houses and broker/dealers wishing to do business with the municipality to supply the following information to the Treasurer/Collector on an annual basis:

- Annual Financial statements;
- If acting as a Registered Investment Advisor, copy of their most recent Form ADV Part II report;
- Errors & Omissions insurance amounting to, at a minimum, the total fair market value of the Trust Fund Portfolio;

- A statement that the Advisor has read the municipality's IPS and will comply with it on an annual basis;
 - Annual review all advisors through www.finra.org: Broker Check.
8. On a quarterly basis, a report containing the following information will be prepared by the Treasurer/Collector and distributed to the Board of Selectmen and Town Accountant, as appropriate. The quarterly report will include the following information, as a minimum requirement:
- A listing of the individual accounts and individual securities held at the end of the reporting period.
 - A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this IPS.
 - A summary of the income earned monthly and year-to-date basis shall be reported.
9. The Treasurer/Collector shall include in the report a brief statement of general market and economic conditions and other factors that may affect the entity's cash position.

The report should demonstrate the degree of compliance with the tenets set forth in the IPS.

GENERAL PROCEDURES

GENERAL RECEIPTS

(Treasurer/Collector)

1. All receipts must be deposited with the Town Treasurer/Collector. There are no exceptions to this rule. All receipts belong to the general fund of the Town unless there is a law that specifies otherwise. Please see Mass General Laws Chapter 44, Section 53 for further information.
2. All checks should be made out to the "Town of Halifax".
3. Departments shall insure that the documentation from the receipt process allows for proper final accounting of the revenues, i.e., the amounts and accounts to be credited.
4. Petty cash is for official business only, specifically, making change or for reimbursement of small amounts for items purchased by employees for the Town. Such reimbursement will be made only upon presentation of the appropriate paid original receipt and department head approval. Petty Cash shall be available for audit at any time by the Accounting Department or auditors. Petty Cash balances shall be restored to originally issued amounts and certified to the Treasurer/Collector on June 30th of each year. Departments shall keep Petty Cash secure from public access and non-authorized employees.

5. No employee shall use Petty Cash or Cash on Hand (awaiting deposit to Treasurer/Collector) for any personal business, even if the intent is to reimburse. There shall be no cashing of personal, third party or payroll checks from petty cash or any cash on hand that is to be deposited with the Treasurer/Collector. Departmental receipts should be kept in a secure place such as a safe or locked drawer.

RECORDING RECEIPTS
(Checks or Cash)
(Treasurer/Collector)

1. All departments who receive payments of any kind must keep a record of payments received. This record should include the date of receipt; name of the person who the money was received from; what the payment was made for; and the amount of the payment. If applicable you could also record the license/permit number, the payment was for.
2. Monies received by Department must be turned over to the Treasurer/Collector on a weekly basis, or when cash totals \$100.00 or more. It is recommended to do turnovers daily during peak activity periods.
3. When turning monies over to the Treasurer/Collector the department must fill out a "Schedule of Department Payments to Treasurer" or turnover form (see example attached). The department should assign the turnover a reference # which will coordinate to the number kept in their records, include the revenue code that the monies will be credited to and date the form. They should then list all checks by the name on the check, give a description of the reason for the payment and list the amount of the check. They should then total the cash to be turned over, list it as cash, include the reason for the payment, and the total amount of cash.
4. The department should then make two copies of the turnover form and sign both copies. They then bring the turnover form with all checks and cash to the Treasurer/Collector's Office. The Treasurer/Collector's Office will count the cash and add up all the checks to confirm that the amount shown on the turnover form is the amount of money that is being turned over. The department should remain there until all the monies have been counted and confirmed. The Treasurer/Collector's Office will then sign both copies of the turnover form they will keep one with the checks and cash and return the other to the department. The department will then take a copy of the signed turnover for their records and give the original to the Town Accountant. It is very important that the Accountant's Office receives a turnover form with two original signatures on it. The copy is the department's proof that the funds were received and credited to the proper revenue account.
5. If there is a check which is to be split between two accounts, the department should list the check on a turnover form for both accounts with the appropriate amount from the check for each of the separate accounts. These two turnovers should be brought into the Treasurer/Collector's Office together.

6. The Accountant's Office will reconcile all revenues monthly with the Treasurer/Collector's Office. This includes reconciling all Collector receipts with the "Collector's Control Book" report in Softright, as well as all Treasurer receipts with the "Treasurer Receipt by Revenue Account" in Softright. If there is a discrepancy in the turnovers from the Treasurer's report the Accountant's Office will contact the department to check their records. Then they would go to the Treasurer's Office determine the discrepancy.
7. When the receipts are reconciled between the Accountant's Office and the Treasurer's Office, the Accountant's Office will post the receipts on the Softright system and produce a Budget Status for all the departments. This budget status is distributed to all the departments to be checked by the departments for accuracy.
8. The Town Accountant will provide a revenue report on a quarterly basis and monthly after January. The Accountant completes a prior year comparison and monitors revenues by fiscal year. The Town Administrator receives receipt information from the Town Accountant and monitors revenues by the rolling year.

ACCOUNTS PAYABLE

(Accountant)

1. The Accounting Department processes vendor warrants on Tuesday of each week unless a holiday falls on a Tuesday and then vendor warrants will be processed on that Wednesday.
2. All departmental bills should be listed on a Bill Schedule form (see attached) and submitted to the Accounting department by 11:00 am on Tuesday.
3. Bill schedules should be dated and show the account from which the monies should be taken. All bill schedules must be signed by either the Department Head or board majority. Boards and committees which do not have a designated department head can vote one member to sign bill schedules and report them to the Board or Committee at the next meeting to affirm.
4. Bill schedules should include the vendor's name and remittance address; the invoice number; a brief description of the service or product purchased; the amount of the invoice. Each invoice should be listed separately even if it is the same vendor. If you are using a credit be sure to list that as well and indicate that it is a credit.
5. Original invoices should be stapled to the bill scheduled and remittance forms (or a copy of the invoice) should be paper clipped to the back of the completed bill schedule. Only original invoices should be submitted for payment to avoid double payments. The Accounting Department will not pay from a statement unless it has the original invoices attached.
6. New vendors are required to furnish a W-9 indicating their federal identification or social security number and type of business. No payments can be made without this information.

7. Deduct sales tax. Accounting will submit the Town's tax-exempt form with payment. The Town will not reimburse sales tax on personal reimbursement. Employees should take the proper tax exempt forms with them when making purchases for reimbursement.
8. Do not pay previous balances. Previous balances are not considered an original invoice and cannot be paid. Accounting investigates all previous balances before processing and will notify the department if it is still outstanding.
9. If it is determined that an adjustment must be made to a submitted bill schedule, (e.g. line item over budget, bills previously paid, sales tax, etc.) the Accounting department will call and notify the department as well as make a copy of the corrected bill schedule, with an explanation of the change, and leave it in the appropriate department mailbox. If the amount of the bill schedule increases the department head will be asked to come in and sign the correction.
10. All procurement must be in conformance with state laws. Departments should attach approved procurement forms and/or pricing information from contracts and award letter including purchase contracts for any purchase over \$10,000.00. If department is making a purchase off the State bid list a copy of the State bid will be included. The Town Administrator is the Chief Procurement Officer.
11. Prior to creation of the warrant, the Accountant's Office will review all invoices for payment for the following:
 - The charge is allowable and reasonable.
 - The account being charged is appropriate
 - Proper procurement procedures were followed.
 - Payment is being charged to the proper fiscal year.
 - All required signatures are present.
 - Available appropriation.
12. The Accounting Department will enter the bill schedules on to a Vendor Warrant. The Accountant will sign all bill schedules and the warrant and forward the warrant to the Selectmen's Office. The Selectmen will approve and sign all bill schedules and the warrant. No checks can be issued until the Selectmen have signed the warrant.
13. The Selectmen's Office will forward the warrant and bill schedules to the Treasurer/Collector's Office.
14. The system produces a check register for each warrant. The register shall be compared to the warrant to determine that all payments have been accurately processed.

15. The Treasurer/Collector prints checks from the Softright system. The Treasurer's Office matches the checks to the remittance for each invoice and puts them in an envelope. The checks are mailed on Thursday of the same week that the warrant is produced.
16. The check file is sent to the Treasurer's Office.
17. The signature stamp shall be retained in a locked and secure location. Access to the signature stamp shall be given only to authorized individuals in the Treasurer's Office.
18. A copy of the check register will be retained in a file by the Treasurer/Collector for future reference. The Accountant can access the check register if necessary in the Treasurer's Office or on the Softright system.

PAYROLL
(Accountant)

1. Payroll is performed on a bi-weekly basis. Payroll periods run from Sunday to Saturday bi-weekly.
2. Time cards should be filled out by the employees weekly, indicating the hours worked each day during the week. The time cards should also indicate if there was any vacation, personal or sick time used during the week. Employees must sign their time cards. (The exception is the Highway Department because the department employees use a time clock.). Each employee should have two time cards per pay period.
3. Department heads or their designee will collect the time cards and transfers the number of hours worked as well as leave time used to a pay sheet. The pay sheets are supplied by the Treasurer's Office and indicate the ending date of the pay period. (Departments can use a form that they create themselves on Excel if they include all the information that is on the pay sheet supplied by the Treasurer/Collector's Office.)
4. Department heads or appropriate Board or Committee must sign all pay sheets unless they are out of the office for an extended period then the pay sheets can be signed by their designee (as noted on the signatory form filled out in the beginning of each fiscal year). Signature stamps cannot be used.
5. When the pay sheets are completed they should be turned in to the Accounting department with the Time Cards no later than 10:00 am on Monday. (If Monday falls on a holiday the pay sheets and time cards should be turned in no later than 9:00 am on Tuesday.) Checks are available for distribution to all departments on the following Thursday.
6. The Accounting department will check all the information on the pay sheets with the time cards submitted. When the pay sheet has been verified, a copy is made and given to the Treasurer/Collector's Office. If a change needs to be made to the pay

sheet the department will be called and a copy of the corrected pay sheet will be put in the department's mail box. If the amount of the payroll for that department goes up, the Department Head will be asked to sign the correction on the original pay sheet. The Accounting department then enters the information on to the Softright system and creates a Payroll Warrant.

7. The Treasurer/Collector's Office enters the information on to the CDS system.
8. The Accountant will sign all pay sheets and the warrant and forward the warrant to the Selectmen's Office. The Selectmen will approve and sign all pay sheets and the warrant.
9. The Selectmen's Office will forward the warrant and bill schedules to Treasurer/Collector's Office.
10. No changes can be made to an employee's payroll without proper authorization and notification to the Accountant. Withholding changes require employee authorization (notification to the Treasurer's Office). For other payroll changes, see the Treasurer.

PAYROLL PROCESSING

(Treasurer/Collector)

1. Payroll is maintained by the Treasurer/Collector's Office. The CDS system maintains a data base of employee information used to create the payroll. The data base consists of such items as pay rates, marital and deduction status, eligible employment benefit deductions and sick and vacation time eligibility. Entries into the data base shall be made by Treasurer Office personnel only, based on written information. All written information "paper back up" will be kept in personnel files maintained in the Treasurer's Office.
2. All payroll maintenance (i.e.: rate changes, deduction changes, personnel change (name and/or address) will be done as soon as possible in the "off week" of the payroll processing.
3. Copies of each department's signed pay sheet is submitted from the Town Accountant to the Treasurer. Originals are maintained by the Town Accountant
4. The Treasurer's Office enters information on times (i.e.: hours, leave time used, rates) into the CDS system.
5. At the end of the data entry for all departments, the Treasurer's Office will run a "proof sheet" from the CDS system. The Gross total will be checked for accuracy with the Town Accountant's warrant total.
6. The Treasurer's Office will also proof the "leave time taken" on the time sheets against the Leave Report from CDS.
7. The Treasurer's Office will review all notices on the proof sheet for possible problems within the payroll.

8. When steps 5-8 have been completed the Treasurer's Office will upload the payroll file and send it to CDS.
9. Payroll (sealed paychecks) will be returned by CDS on the Tuesday of the pay week to the Treasurer's Office.
10. An employee of the Treasurer's Office (other than the one who entered the payroll information) will then begin the process to "proof" the returned payroll.
11. The Town and School payroll reports will be sorted separately into their respective books (i.e.: Master Control, Check Register, Deductions and RECAP)
12. The payroll totals (i.e.: gross, taxes, deductions, net) will be transformed from the finished CDS reports onto the RECAP sheets. CDS reports will also be used to generate the withholdings receipt and the withholdings warrant for the Town Accountant. The "payroll proof sheet" provided by CDS (containing changes made to personnel records) will be proofed against all written information on file in the Treasurer's Office for that pay period.
13. The Treasurer's Office will verify that the totals on the withholding receipt, withholding warrant and RECAP sheets are correct by "proofing back" that all totals add up to the gross total printed on the payroll warrant provided by the Town Accountant.
14. The Treasurer's Office will then submit a withholding warrant and withholdings receipt to the Town Accountant's Office for approval.

WARRANT PROCESSING

(Accountant)

1. Warrants are submitted by the Accounting department to the Treasurer/Collector's Office.
2. The system produces a check register for each warrant. The register shall be compared to the warrant to determine that all payments have been accurately processed.
3. The signature stamp shall be retained in a locked and secure location. Access to the signature stamp shall be given only to authorized individuals in the Treasurer/Collector's Office.
4. A copy of the check register will be retained in a file for future reference. One copy will be retained in the Accounting Office.

CHECKS RETURNED FOR INSUFFICIENT FUNDS

When checks are returned for insufficient funds, the Treasurer/Collector will contact the department to which the check was received, and that department will be responsible to notify the issuer. This can be done via phone call or a letter. The issuer will have 10 days to pay the original amount of the check (cash or money order) as well as a \$25.00 returned

check fee. If the issuer does not comply with these terms the Treasurer/Collector has the right to file a complaint for larceny by check and they will be sought after in Plymouth District Court. Also, the Treasurer/Collector shall notify the Town Accountant, and the check will be treated as a negative receipt on the Treasurer's books.

REIMBURSEMENTS

Adopted Various Dates

(Accountant)

1. EMPLOYEE PURCHASES:

When an employee purchases a product needed by the town and it is impractical to have the vendor, or if the vendor refuses to, invoice the town, the employee may submit the original receipt for reimbursement. Such purchases must have prior approval of the Department Head. Sales tax will not be reimbursed. Employees should make every attempt to take the required tax exempt certificates with them to avoid payment of the sales tax. In addition to receipts employees may be required to provide a copy of the Charge Card Statement. The only tax reimbursed is meals and hotel.

2. MILEAGE AND TRAVEL: Adopted May 2013

Town By-Law §35-21.3 Mileage reimbursement. [Added 5-13-2002 ATM, Art. 3; amended 5-8 2006 ATM, Art. 3; amended 5-13-2013 ATM, Art. 2]

- Mileage reimbursement for private vehicles used by Town employees while on Town business shall be the standard mileage rate used to calculate the deductible costs of operating an automobile for business purposes set by the Internal Revenue Service(IRS). The mileage reimbursement rate shall be the IRS rate in effect on the date the mileage costs were incurred. For employees travelling out of Town the number of miles is calculated using the distance shown on a recognized map service (i.e. MapQuest). For employees travelling directly from their place of residence, the employee should use the distance from the employee's residence or the employment address, to the training/meeting site, whichever creates a shorter distance
- To receive reimbursement for mileage, employees must submit a bill schedule signed by the department head and the approved mileage report.
- For meetings and conferences out of town, the map service showing distance and a copy of registration or proof of attendance must be submitted.
- The town will reimburse employees for meals that occur while traveling on town business. Reimbursement will be made for town employee food only and will not include reimbursement for any alcohol products. Original receipts are required for reimbursement.
- If a spouse or significant other accompanies the employee, their expenses will be paid for by the employee with no town reimbursement.

3. USE OF TOWN OWNED VEHICLES: Adopted June & December 2008 (Selectmen's Policies)

- Not to be used for personal or private use; must not leave Town unless for official Town business; must not be taken home without express authorization by the Board of Selectmen. The following individuals are authorized to take their Town vehicle home: Fire Chief, Police Chief, Operational Police Sergeant, Director of Building Maintenance, and Water Superintendent. (Amended) (6/24/08)
 - The following individuals are authorized to take their vehicles to their second job: Gerard Elliott (Building Maintenance). (Amended) (12/16/08)
4. FOOD AND BEVERAGE: Adopted November 2002 (Selectmen's Policies)
- A. There shall be no expenditure of Town funds for food, beverage or related items except under the following circumstances:
- The funding source for the expenditure is not the Town of Halifax (for instance a grant or gift) and the funding source has, in its written regulations or in an equivalent document, approved the use of the grant or gift for this purpose.
 - For meals attended by a municipal employee, official, or volunteer as part of a conference, class, or workshop which has a fee which is being paid for by the Town in which the meal is covered as part of the fee charged for the conference, class, or workshop;
 - For employees, whose schedule requires them to be in a location other than Halifax during a specific meal time (for example, a meeting held in Boston at a time so that the employee is not able to return to the workplace or to the employee's home for that specific meal);
 - For employees, whose schedule requires them to stay at a location other than their normal workplace or at a workplace without a place to store and cook food items during a mealtime (for example, election workers at the Elementary School);
 - For employees working in an emergency where such emergency does not allow them to return to their normal workplace or to home for a meal for more than six hours (for example, public safety personnel responding to an incident);
- B. There shall be no expenditure of Town funds for food, beverages or related items in these specific instances, but the non-approval for these expenditures is not limited to these instances:
- For parties and like events sponsored by the Town or by Town employees, officials, and volunteers.
 - For workshops, conferences, meetings, etc. sponsored by the Town.

- Departments may request that the Board of Selectmen waive this policy on a case-by-case basis.

ACCOUNTING RECORDS

(Accountant)

1. The Town shall maintain a general ledger consisting of various funds and account groups in accordance with the Commonwealth of Massachusetts Revised Uniform Municipal Accounting Systems (UMAS).
2. Each fund shall consist of a balance sheet with a Due To/From Account, Fund Balance Account, a revenue account and an expenditure account.
3. A chart of accounts shall be maintained by the Accounting Office for all balance sheet, revenue and expenditure accounts. Such chart of accounts shall be in accordance with the UMAS structure and such budgetary needs as determined by the various boards and department of the Town.
4. Journal entries shall be posted into the general ledger by the Accounting department for the following types of transactions:
 - Commitments for various receivable accounts.
 - Abatements to various receivable accounts.
 - Receipts to various revenue accounts.
 - Transfers to tax lien and tax title accounts.
 - Transfers and transactions between funds.
 - Re-allocations of expenditures between accounts.
 - Entry of annual budget, budget transfers, supplemental appropriations.
 - Transfer from deferred revenue and revenue accounts.
 - To establish fund balance reserves, encumbrances and other designation.
 - Error corrections after posting.
 - Year-end closing and audit entries.
5. Each journal entry shall be numbered, dated and contain a narrative description of the purpose of the entry. The supporting documentation shall contain reference to the journal entry. All journal entries will be posted by the town accountant. Copies of such entries shall be maintained in a journal for future reference.
6. General ledger accounts will be reconciled as follows:
 - All cash account will be reconciled monthly by the 25th of the following month.
 - All receivable accounts will be reconciled to the Collector's Office monthly, with detailed reports from the Collector's software.
 - Deferred revenue accounts for all funds shall be reconciled to the receivable accounts monthly.

- Payable and payroll withholding accounts preferably will be checked monthly and not less than Quarterly to determine that the balances are clearing properly.
- Budget accounts for revenue and expenditures will be reviewed monthly to identify any unusual activity or predict potential budget shortages. Any such potential shortages will be reported to the Selectmen through the Town Administrator.
- Balances in special revenue accounts will be reconciled to data maintained in other departments, where applicable, monthly.
- Appropriation balances will be reconciled to the tax recap and Town Meeting minutes.
- All accounts shall be reviewed analytically from time to time for reasonableness and to identify unusual activity.
- The Accountant and Assistant Accountant shall have sole access to the general ledger.
- The Accounting Office will distribute expenditure reports to the various departments and boards monthly. In addition, reports will be distributed to the Selectmen through the Town Administrator monthly.
- The monthly reports will be on a line item basis with detail provided upon request. In case of error, a request shall be submitted to the Accounting Office for correction. The Town Accountant will make changes only through journal entry listing the reference and reason for making the entry.
- No changes to a payment will be made after the warrant is printed except by an approved journal entry. The Town Accountant will approve all journal entries.

BILLINGS

(Treasurer/Collector)

The Town uses SOFTRIGHT and the import function generates bills for various revenue sources. The bills are posted to and maintained on receivable systems as part of the Town's computer system. The types of bills maintained on the computer system include:

- Personal Property
- Real Estate
- Motor Vehicle
- Water
- Recycle
- Ambulance

Real Estate and personal Property Taxes:

1. Real and personal property tax bills are based on valuation data created in the Assessor's Office. The ownership and valuation data is transferred to the Collector's receivables system twice annually; prior to preliminary and actual tax billing. The receivables system generates the tax bills. A commitment is prepared based on the tax bills printed by data processing.
2. The Treasurer/Collector's Office should prove the total of the bills to the commitment prior to mailing. This can be accomplished by comparing the total amounts from the billing summary to the commitment report.
3. Real Estate, Personal Property & Water bills are mailed semi-annually. Real Estate and Personal Property bills are mailed in October and April. Water bills go out in June and December. Recycling bills are out in early fall and Motor Vehicle Excise bills are mailed throughout the year. All bills are payable on or by the due date indicated on the bill.
4. The following semi-annual due dates for real estate and personal property tax bills:

1st semi- annual bill due on November 1st.
2nd semi-annual bill due on May 1st.
5. Whenever the normal due date falls on a Saturday or Sunday, the due date shall fall on the following Monday.
6. Interest at the rate of 14% will be charged on all real estate and personal property bills paid after the delinquency date. Demand notices shall be mailed on any unpaid bills after May 1st and shall be mailed by May 15th. The demand notice shall include accumulated interest, a \$5.00 demand fee and such other costs and fees as allowable under statutes.
7. Every effort will be made to collect unpaid demand bills and the Collector's Office shall:
 - Transfer subsequent tax title balances to the Town Treasurer/Collector by June 30th of each fiscal year.
 - Mail the Notice of Advertising letters and publish the unpaid parcel list (with final payment deadline) so tax title accounts may be transferred to the Town Treasurer/Collector by January 1st. Tax title liens shall consist of the original tax, demand fees, accumulated interest and other costs allowable by statute.
8. The Treasurer/Collector's Office shall maintain a receivable listing of tax titles by year of taking and shall maintain control accounts summarizing monthly transactions to the tax title accounts. The detailed balances of the listing shall be compared to the control accounts at least quarterly one of which is at the close of the fiscal year.

Motor Vehicle and Excise:

1. Motor Vehicle Excise bills are created from magnetic tapes provided by the Commonwealth of Massachusetts. The 1st billing of the fiscal year shall be mailed no later than March 15. Subsequent billings are made throughout the year based on data provided by the Commonwealth. Bills shall be mailed within 30 days of receipt of the data from Commonwealth.
2. Demand notices will be mailed within 14 days after the due date of the excise bill and shall include a \$5 demand fee. Interest accrues at the rate of 12% after the due date.
3. During the next 90 days, the Town shall make every effort to collect past due accounts including issuing warrant notices and service warrants, and marking remaining unpaid accounts at the Registry of Motor Vehicles. The Town may engage an outside Deputy Collector for this process where beneficial.

Receipts and Collections:

1. Receipts are brought into the Treasurer/Collector's Office through various means.
 - Through the mail
 - Over the counter
 - Departmental turnovers
 - Electronic transfers directly to bank accounts
2. Receipts that are subject to interest, demand and other costs shall be applied based on the following priority basis:
 - Interest, costs and demand fees.
 - Utility liens and tax titles.
 - Real estate or personal property tax balance.
3. Mail Receipts - The clerk opening the mail shall first compare the amount transmitted to the accompanying documentation to verify if the amounts agree. Any differences should be noted at that time. Receipts are entered in to the system manually. Checks and cash are run on tape to total. Total on tape is compared to batch total on computer before closing packet for turnover and making deposit at bank.
4. A list of credit balances shall be printed monthly, by levy year for all receivable accounts for property and excise taxes which are not maintained by levy year. All such credit balances shall be resolved by adjustment, correction or refund each month, or identified as prepaid amounts for the current year.
5. The Collector's Office shall compare the detailed list to the control account balances. The summary report activity shall be compared to the control account activity and differences noted.

6. Once the differences are identified, a detail of transactions for that period will be printed from the same receivables data base. The detail from the receivable data base will be compared to the detail of the control account activity for the same periods and specific transactions will be identified and resolved.
7. Confidential records, as well as overnight money storage, shall be maintained in a locked vault storage area.

BANK ACCOUNTS *(Treasurer/Collector)*

1. All Town money will be deposited and maintained by accounts in the custody of the Treasurer/Collector. The bank accounts will be established in banks that meet the highest standards. (See Investment Policy)
2. Town money may be invested to provide the maximum investment rate using the guidelines and criteria established by state statute.
3. Certain cash balances are required to retain their own interest in accordance with state statutes or grant agreements. This is a requirement even if the funds are pooled with other money to maximize investment earnings. The Treasurer/Collector's Office will keep track of such earnings and credit the proper accounts as necessary. In the absence of specific requirements, all investment earnings are credited to the town.

TAX TITLE

Tax Title General: *(Treasurer/Collector)*

1. Upon completion of a taking process, the Treasurer/Collector must transmit a list of recorded takings. The Treasurer/Collector must set up a separate tax title account for each parcel, and promptly notify the delinquent taxpayer or subsequent new owner. The Treasurer/Collector's tax title duties also include taking custody of all tax deeds and instruments of taking, and maintaining records on all properties in tax title.
2. By June of each year, the Treasurer/Collector will send collection letters to all owners of tax title property. By October of each year, the Town's tax title attorney will send collection letters to the owners of up to ten parcels having the highest tax title delinquency. If they do not decide to pay taxes owed, the Treasurer/Collector will file for foreclosure in the land Court, using the services of a law firm experienced in tax title foreclosure.
3. Annually, the Treasurer/Collector will foreclose on parcels that fall into the "land of low value" category.
4. The Board of Selectmen may appoint a custodian to manage property acquired through foreclosure of tax title.
5. The Treasurer/Collector will follow M.G.L. C 60 for "Collection of Local Taxes".

Tax Title Collection:
(Treasurer/Collector)

1. A demand will be issued on each bill two weeks after the 2nd half of the bill is due. The original bill and the demand both list the Town's policy for tax collection.
2. The Tax Collector will send a "friendly letter" to each delinquent tax payer in August of each year. The letter will include copies of the taxes and the amount due and will advise the tax payer that payment must be made.
3. In September of each year, the Tax Collector will roll all the subsequent delinquent taxes into the Tax Title records for the taxes already owed on that parcel.
4. In October of each year the Tax Collector will send notices to each newly delinquent tax payer. The notice will include copies of the taxes due with interest to the date of the taking. The letter will state that the tax payer has 14 days to pay the bill in full or the Notice of Advertising will be posted in 2 public places and in the local newspaper. The letter will also notify the tax payer that the Taking will be done 14 days after the advertisement.
5. 14 days after the Advertising the Tax Collector will "take" the properties for nonpayment of taxes.
6. The Collector will give copies of the takings (Form 301 and advertising) to the Treasurer's Office.

RECONCILIATION

Cash Reconciliations
(Accountant & Treasurer/Collector)

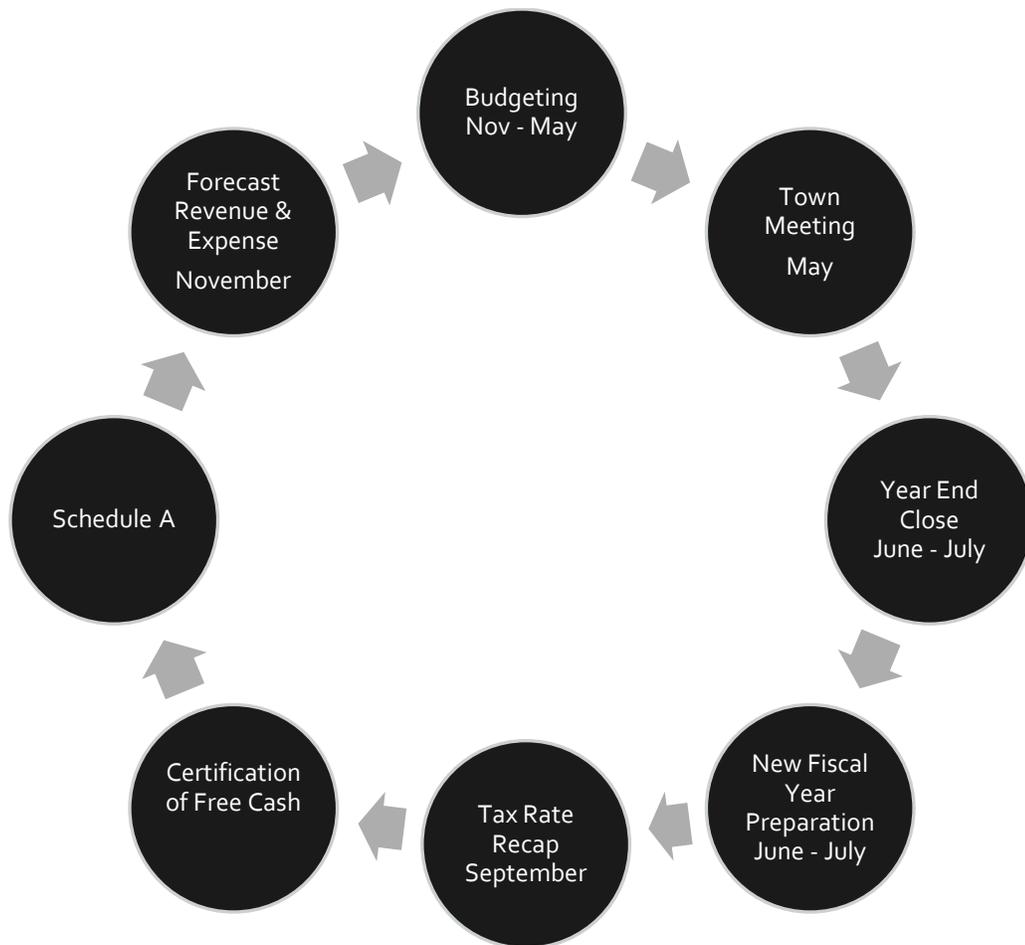
1. The Treasurer/Collector will maintain a cash book which lists the activity for each bank account. Activity includes receipts, warrants and transfers between accounts.
2. The receipts will be entered from the log which ties out to the transaction edits discussed earlier. Warrants shall be entered from the warrant signature sheets. Transfers between accounts must always be in balance and reflect both the accounts transferred to and from.
3. Each account will be individually reconciled to the bank balance monthly. Such reconciliation will be completed by the 30th of each month.
4. The Treasurer/Collector will also reconcile cash with the Accountant's Office. A schedule will be prepared which lists the balance at the beginning of the month in total, the receipts, the warrants and the balance at the end of the month, in total. The reconciliation will be complete by the 25th of the following month.

Receivable Reconciliations
(Accountant & Treasurer/Collector)

1. The Collector's Office will maintain control accounts by levy year for all receivable accounts maintained on the Town's computer system. The control accounts will consist of the following items:
 - Balance at the beginning of the month
 - Commitments
 - Receipts
 - Abatements
 - Refunds
 - Adjustments
 - Balance at the end of the month
2. The control account activity for all receivable accounts will be submitted to the Accounting Office monthly.
3. Any differences in the receivable balances will be investigated and a copy of the receivable reconciliations will be provided to the Board of Selectmen through the Town Administrator as requested.

BUDGET PROCESS

FINANCIAL CYCLE



BUDGET DEVELOPMENT FINANCIAL PROVISIONS AND PROCEDURES

ANNUAL BUDGET:

1. The fiscal year of the town shall begin on July 1 and end on the last day of June, unless another period is required by the General Laws.
2. Annually, prior to November 1st the Capital Planning Committee shall send out a letter to all departments asking for their capital needs for the next fiscal year as well as a five-year projection of capital needs for each department.
3. Capital Planning will meet with departments between November 1st and January 15th to discuss capital articles requested by the departments.
4. Annually, prior to December 1, the town administrator shall establish and issue a budget schedule setting forth the calendar dates relating to the development of the annual operating budget for the ensuing fiscal year.

5. Annually, prior to December 1, the town administrator shall estimate revenue for the ensuing fiscal year.
6. Annually, prior to December 1, the board of selectmen, after consultation with the Town Administrator and Finance Committee, shall issue a policy statement that shall establish the general guidelines for the next town budget.
7. Between December 1st and January 31st Finance Committee Liaisons will meet with the Departments that they are assigned.
8. All department heads and all multiple-member bodies shall submit detailed budget requests to the Finance Committee on the determined date set forth by the Town Administrator, but no later than January 9th.
9. No later than February 1st the Capital Planning Committee will submit to the Finance Committee their recommendations on all capital articles requested by the departments.
10. In the months of January and February the Finance Committee will meet with all departments/boards/committees regarding their budget request as well as capital requests.
11. By the third Monday in March the Finance Committee will have made their recommendations on all department budgets and capital articles. The recommendations will be sent to the departments/boards/committees.
12. During the last week of March and first week of April, the Finance Committee will be available to review its recommendations at any department's request.
13. The Warrant, including the Finance Committee's recommendations, will be sent for printing no later than April 10th.
14. The proposed budget specifies projects contemplated in the year ahead. The proposed budget shall provide a complete financial plan for all town funds and activities. The draft budget shall indicate proposed expenditures for current operations and for capital projects during the ensuing year.
15. The warrant for the annual town meeting shall be mailed and posted as required by the town bylaws; provided, that the mailing includes the proposed budget and the finance committee report.
16. The Board of Selectmen will hold a special meeting during the second half of April to review all articles printed in the warrant and give their recommendations and to hear questions and comments from residents.
17. The Annual Town Meeting will be held on the second Monday of May, in the Halifax Elementary School All Purpose Room, unless otherwise specified.

BUDGET TIMELINE AND RESPONSIBILITIES
Municipal Calendar

JUL		
15	Accountant	Certification for Free Cash Begins: any time after books are closed. Two weeks after the close of a fiscal year, all accounts are closed out and the resulting balance sheet and supplemental documentation submitted to DOR upon final review. Free cash is certified any time after this date.
15	Assessors	Deadline for Appealing Commissioner's Pipeline Valuations to ATB
20	DOR/BLA	Notification of Changes in Proposed EQVs (even numbered years only)
20	DOR/BLA	Notification of Changes in Proposed SOL Valuations (every 4 th year after 2005)
31	Assessors	Begin work on Tax Rate Recapitulation Sheet
AUG		
1	Accountant	The total actual local receipts of the previous fiscal year must be included on the Schedule A of the Tax Rate Recap Sheet which is submitted by the Assessor to the DOR. On the Recap, the Accountant certifies the previous year's actual revenues, and the Assessors use this information to project the next fiscal year's revenues.
10	Assessors	Deadline for appealing EQV and SOL
31	DOR/BOA	Issue Instructions for determining Local and District Tax Rates
SEP		
30	Accountant, Superintendent, School Committee	Jointly submit end of year report to the DESE
30	Accountant	Submit snow and ice report to DOR. This is a statement of snow and ice expenditures and financing sources.
30	Treasurer, School	Year End Cash for the Previous fiscal year (due upon the submission of a balance sheet for free cash/excess and deficiency certification). This reconciliation between Municipality and School districts are required annually but should occur monthly to monitor cash practices of the Treasurer's Office. The year-end report must be completed and returned to DOR.
30	Treasurer	Submit Statement of Indebtedness to DOR. M.G.L Ch. 44, Sec. 28 requires the Director of Accounts to maintain complete and accurate records of indebtedness by towns. This statement is an annual report required from the Treasurers to accomplish this purpose. Treasurers should reconcile their debt records with the Accountant before filing the statement to ensure the statement and balance sheet are in agreement.

OCT		
1	Tax Collector	Mail Actual Tax Bills
15	Superintendent	Submit School Foundation enrollment report to DESE
31	Accountant	Submit Schedule A for prior fiscal year to DOR
NOV		
1	Treasurer	Deadline for payment of first half of county tax
15	DESE	Notify Communities/Districts of any prior year school spending deficiencies
DEC		
15	Accountant, Superintendent, School Committee	Submit amendments to end of year school report DESE
31	Assessors	Mail 3 ABC forms to Charitable organizations and forms of list to personal property owners
JAN		
1	Assessor	Property Tax assessment date
9	Finance Committee	Begin establishing and reviewing next fiscal year budgets and detailed department budgets
31	DESE	Notify Communities/Districts of estimated net school spending requirements for the next year
MAR		
1	DOR/MDM-TAB	Notification of Cherry Sheet Estimates for the Following Year (pending action taken by the legislature). Actual receipts and charges are determined based on detailed formulas or guidelines for each program. Cherry Sheets are posted on the website and are updated at each juncture of the state budget process.
1	Personal Property Owner	form of list
1	Charitable Organization	Submit 3ABC forms
1	DOR/BLA	Filing Deadline for telecommunications forms of list
31	Town Administrator, Finance Committee	The Finance Committee shall review the proposed budget. The Finance Committee's proposed budget is submitted to the Town Administrator no later than March 31st in preparation for annual town meeting.
APR		
1	Collector	Mail second half tax bills
MAY		
1	Treasurer	Deadline for payment of 2 nd half of county tax
1	Accountant/Treasurer	Notification of amount of Debt due in the next fiscal year. As required by M.G.L Ch. 44, Sec. 16, the Accountant or Treasurer must notify the Assessor of all debt due in the next fiscal year because the municipality is required to pay its debts, appropriated or not.
JUNE		
1	Clerk	Certification of Appropriations
1	Assessors	Determination Valuation of other municipal or district

		land
1	DOR/BLA	Notification of proposed EQVs & SOL Valuations
10	DOR/BLA	Concludes public hearings on EQVs and SOL
15	DOR	Commissioner determines and certifies pipeline valuations
15	Assessor	Deadline for appealing Commissioners telephone and telegraph valuations
20	Assessor	Final Date to make omitted and revised Assessments
30	Assessor	Overlay Surplus closes to surplus revenue: Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year, is certified by the Assessors. The transfer from overlay reserves to the overlay surplus is done on the Assessor's initiative or within 10 days of a written request. Once in overlay surplus, these funds may be appropriated for any lawful purpose. Any balance in the overlay surplus at the end of the fiscal year shall be closed to surplus revenue and, eventually, free cash.
30	Assessor	Submit annual report of omitted or revised assessments to DOR.
30	Assessor	Last day to submit requests for current fiscal year reimbursements of exemptions granted under the various clauses of MGL Ch. 59, Sec. 5

YEAR END PROCESS

ENCUMBRANCES

(Accountant)

1. At the end of the fiscal year, there may be funds in certain accounts that are committed to a specific purchase, either by agreement or contract. Under these circumstances, the funds may be encumbered. To encumber funds, encumbrance forms must be submitted to the accounting department by June 30th.
2. Funds may also be encumbered if they are the result of a Town Meeting warrant article for a specific purpose, usually a capital purchase or project.

DOR/FREE CASH

(Accountant)

1. The Department of Revenue – Bureau of Accounts (DOR) must certify Free Cash after the close of each fiscal year. Once Free Cash is certified, these funds are available for appropriation by Board of Selectmen and Finance Committee. Each year the town will submit a timely filing (no later than September 15th) of all year-end documents to the DOR to have Free Cash certified.
2. The Accountant will complete the year-end financial statements (balance sheet) no later than August 31st.
3. The Accountant will complete DOR end of year-end Free Cash Checklist
4. The Accountant will inform the Town Administrator and Board of Selectmen the key factors contributing to the new free cash balance, including significant departmental turn backs (unexpended funds), actual revenues more than budgeted revenues, the close out of overlay surplus and the like.
5. Free Cash certification letter/email, when received should be distributed to Town Administrator, Board of Selectmen, Finance Committee, Board of Assessors, Treasurer/Collector, and Town Clerk.

DOR/SCHEDULE A

(Accountant)

1. The Accountant shall file Schedule A with the DOR by their annual deadline, normally October 31st. Schedule A is a comprehensive report of all the Towns revenues for all funds, and all expenditures by category or expenditure for all funds.
2. Preparation of Schedule A is after the close of the fiscal year and completion of financial statements.
3. The Accountant shall file Schedule A electronically on the prescribed DOR Software.

ADDENDUM 1
CHART OF M.G.L. c. 30B PROCUREMENT OF SUPPLIES AND SERVICES

Estimated Contract Amount	Under \$10,000	\$10,000 to \$50,000	\$50,000 and over
Procurement Procedure	Sound business practices	Solicit three written or oral quotes.	Sealed bids or proposals (M.G.L. c. 30B, §§ 5 or 6). Procured through the operational services division of the Commonwealth pursuant to section 22 of chapter 7 and sections 51 and 52
Advertising Required	No.	No.	Advertise once in a newspaper of general circulation at least two weeks before bids or proposals are due, and post a notice on your jurisdiction's bulletin board or website for two weeks before bids or proposals are due. If \$100,000 or more, advertise once in the Goods and Services Bulletin at least two weeks before bids or proposals are due.
Award contract to:	Person offering the best price	Responsible ² and responsive ³ person offering the best price.	Under §5, the responsible and responsive bidder offering the best price. Under §6, the most advantageous proposal from a responsible and responsive proposer taking into consideration price and non-price proposals.
Written Contract Required⁴	No.	Yes.	Yes.
Maximum Contract Term	Three years, unless majority vote of Town Board of Selectmen of Secretary's authorizes longer.		

- M.G.L. c. 30B, § 2 defines sound business practices as “ensuring the receipt of favorable prices by periodically soliciting price lists or quotes.”
- M.G.L. c. 30B, § 2 defines a responsible bidder or offeror as “a person who has the capability to perform fully the contract requirements, and the integrity and reliability which assures good faith performance.”
- M.G.L. c. 30B, § 2 defines a responsive bidder or offeror as “a person who has submitted a bid or proposal which conforms in all respects to the invitation for bids or request for proposals.”
- M.G.L. c. 30B, § 17(a) states “All contracts in the amount of [\$10,000] or more shall be in writing, and the governmental body shall make no payment for a supply or service rendered prior to the execution of such contract

ADDENDUM 2

G.L. c. 30, § 39M, PUBLIC WORKS (NON-BUILDING) CONSTRUCTION CONTRACTS (WITH LABOR)

Estimated Contract Amount	\$10,000 and under	Over \$10,000 to \$50,000	Over \$50,000
		M.G.L. c. 30, § 39M M.G.L. c. 30B optional	M.G.L. c. 30, § 39M
Procurement Procedure	No.	Sealed bids.	Sealed bids.
Advertising Required	No.	Advertise once in the <i>Central Register</i> and your local Newspaper at least two weeks before bids are due, and post a notice on your jurisdiction’s bulletin board for one week before bids are due.	Advertise once in the <i>Central Register</i> and your local newspaper at least two weeks before bids are due, and post a notice on your jurisdiction’s bulletin board for one week before bids are due.
DCAM Certification	No.	No.	No.
OSHA Training	No.	Yes.	Yes.
City/Town Prequalification	No.	No.	No.
Filed Sub-bids	No.	No.	No.
Bid Deposit	No.	5% of the value of the total bid.	No.
Payment Bond	No.	No.	No.
Performance Bond	No.	No.	No.
Prevailing Wage	Yes.	Yes.	Yes.

- Authorized by M.G.L. c. 30, § 39M(d).
- M.G.L. c. 149, § 44J(a) and M.G.L. c. 9, § 20A and accompanying regulations require all contracts for construction services and all contracts for construction materials costing \$10,000 or more to be advertised in the Central Register.

- Although M.G.L. c. 30, § 39M does not mandate a contractor prequalification process, prequalification of bidders by the Massachusetts Department of Transportation is required for contracts of \$50,000 or more where the awarding authority receives State Aid funds under M.G.L. c. 90, § 34, or the work is on a state road, regardless of whether the awarding authority receives State Aid funds under M.G.L. c. 90, § 34.

ADDENDUM 3

CHART OF M.G.L. c. 30, § 39M or M.G.L. c. 30B, § 5, CONSTRUCTION MATERIALS PROCUREMENTS (WITHOUT LABOR)

Estimated Contract Amount	\$10,000 and under	Over \$10,000	
		M.G.L. c. 30, § 39M	M.G.L. c. 30B, § 5, Option
Procurement Procedure	Sound business practices	Sealed bids.	Sealed bids.
Advertising Required	No.	Advertise once in the <i>Central Register</i> and your local newspaper at least two weeks before bids are due, and post a notice on your jurisdiction's bulletin board for one week before bids are due.	Advertise once in the <i>Central Register</i> and your local newspaper at least two weeks before bids are due, and post a notice on your jurisdiction's bulletin board for one week before bids are due.
DCAM Certification	No.	No.	No.
OSHA Training	No.	No.	No.
City/Town Prequalification	No.	No.	No.
Filed Sub-bids	No.	No.	No.
Bid Deposit	No.	5% of the value of the total bid.	No.
Payment Bond	No.	No.	No.
Performance Bond	No.	No.	No.
Prevailing Wage	No.	No.	No.
Award contract to:	No.	Lowest responsible and eligible bidder.	Lowest responsive and responsible bidder.

- Authorized by M.G.L. c. 30, § 39M(d).
- M.G.L. c. 149, § 44J(a) and M.G.L. c. 9, § 20A and accompanying regulations require all contracts for construction services and all contracts for construction materials costing \$10,000 or more to be advertised in the Central Register.

ADDENDUM 4
CHART OF M.G.L. c. 149 -- BUILDING CONSTRUCTION CONTRACTS

Estimated Contract Amount	Under \$10,000	\$10,000 to \$50,000	\$50,000 to \$150,000	Over \$150,000	Over \$10,000,000
Procurement Procedure	Sound business practices	Solicit written responses.	Sealed bids (using M.G.L. c. 30, § 39M procedure).	Sealed bids.	Solicit statements of qualifications prior to soliciting sealed bids.
Advertising Requirements	No.	Advertise once in the Central Register ² and post a notice on your jurisdiction's website and bulletin board for at least two weeks before responses are due. Posting on Comm-PASS is optional.	Advertise once in the Central Register ² and a newspaper at least two weeks before bids are due, and post on your jurisdiction's bulletin board for at least one week before bids are due. Posting on Comm-PASS or your website is optional.	Advertise once in the Central Register ² and a newspaper at least two weeks before bids are due, and post on your jurisdiction's bulletin board for at least one week before bids are due. Posting on Comm-PASS or your website is optional.	Advertise the request for qualifications once in the Central Register ² , newspaper, and Comm-PASS at least two weeks before responses are due. ³
DCAM Certification	No.	No.	No.	Required for general bidders and filed sub-bidders.	Required for general bidders and filed sub-bidders.
OSHA Training	No.	Yes.	Yes.	Yes.	Yes.
City/Town Prequalification	No.	No.	No.	Optional. ⁴	Yes.
Filed Sub-bids	No.	No.	No.	Yes (\$20,000 and over).	Yes (\$20,000 and over).
Bid Deposit	No.	No.	5% of the value of the total bid.	5% of the value of the total bid, or sub-bid.	5% of the value of the total bid, or sub-bid.
Payment Bond	No.	No.	50% payment bond.	100% payment bond.	100% payment bond.
Performance Bond	No.	No.	No.	100% performance bond.	100% performance bond.
Prevailing Wage	Yes.	Yes.	Yes.	Yes.	Yes.
Contractor Evaluation	No.	No.	No.	Yes.	Yes.

- M.G.L. c. 149, § 44A(2)(A) as amended by Chapter 188 of the acts of 2010.
- M.G.L. c. 149, § 44J(a) and M.G.L. c. 9, § 20A and accompanying regulations require all contracts for construction services and all contracts for construction materials costing \$10,000 or more to be advertised in the Central Register. The advertising procedures listed pertain only to the request for qualifications. Within 14 days of the

completion of the prequalification evaluation process, you are required to post a notice in your jurisdiction and on Comm-PASS listing those general and subcontractors who have been prequalified. A copy of the notice must be sent via first class mail, postage pre-paid to all prequalified general and subcontractors along with an invitation to bid. The invitation to bid must have a deadline of at least two weeks. Although you may only consider bids from those general and subcontractors who have been prequalified, the advertising requirements for building construction contracts over \$100,000 apply. If you decide to use the optional prequalification process for projects over \$100,000, follow the procedures listed in the “Over \$10,000,000” column. August 2013 revision.

GLOSSARY

Accrued Interest: The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each agency with a market perception that there is an implicit government guarantee.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically, negotiable as to maturity and yield.

Collateralization: Value of securities pledged to a specific amount or investment as supplemental security to the credit of the issuer or the broker. Collateral can be of a specific nature and priced at par or market value.

Compensating balances: A bank provides services in return for the municipality's maintaining a specified, minimum balance in a noninterest bearing account.

Consolidate: A process by which cash, or any other item, is combined while maintaining the identity of each item. Consolidating several bank accounts into one account is always accomplished by a continuation of separate book balances for each fund on the government unit's ledger. Consolidation is a legal and efficient way to gain economies of scale in cash management. Also, referred to as "pooling of funds".

Credit Risk: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Custodial Credit Risk: The risk that the Town's deposits may not be returned to it in full value in the event of bank failure. In the case of investments, it is the risk that the counterparty (e.g. broker- dealer) to a transaction may not be able to recover full value of the investment in the event of failure of another party.

Interest Rate Risk: The risk that the market value of securities in the portfolio will fall due to changes in general interest rates.

Investment Pools: In most states, there are provisions for the creation and operation of a government investment pool. The purpose of the Pool is to allow political subdivisions to pool investable funds to achieve a potentially higher yield.

Liquidity: Ease with which a financial instrument can be converted to cash quickly with minimal loss of principal.

Prudent Person Investment Rule: This is a general principle of investing and managing described in detail in MGL Chapter 203C, sections 1-3, allowing the custodian or trustee to use “reasonable care, skill and caution” when considering terms of investments, diversification to form an investment strategy appropriate to the Trust. The custodian is charged to consider general economic and situational factors in combination with the safety, liquidity and yield needs of the fund. The custodian is charged to manage the fund “solely in the interests of the beneficiaries”. The rule considers evaluation of the custodian’s decisions in the context of information available at the time the decision was made.

Repurchase Agreement: A repurchase agreement (repos) is the sale by a bank or dealer of a government security with the simultaneous agreement to repurchase the security on a later date. Repos are commonly used by public entities to secure money market rates of interest.

Special Revenue Funds: All segregated fund balances required to be in interest bearing accounts.

Stabilization Fund: MGL, C. 40, sec. 5B. Cities, towns and districts may appropriate in any year an amount not exceeding ten (10) percent of the amount raised in the preceding fiscal year by taxation. The aggregate amount in the fund at any time shall not exceed ten (10) percent of the equalized valuation of the city or town. Any interest shall be added to and become part of the fund; The Treasurer/Collector shall be the custodian of the fund. The stabilization fund may be appropriated in a town, at annual town meeting by a two-thirds vote or at a special town meeting by a two-thirds vote. Said fund may be appropriated for any lawful purpose.

Town Trust Funds: Gifts and donations accepted by the Board of Selectmen given to the Town through trust or in perpetuity agreements.

U.S. Government Agency Securities: A variety of securities issued by several U.S. agencies. Some are issued on a discount basis and some are issued with coupons. Several have the full faith and credit guarantee of the U.S. government, although others do not.

U.S. Government Treasury Securities: A non-interest bearing security issued by the U.S. Treasury to finance the national debt. Bills are issued in three-month, six-month, and one-year maturities. Notes are issued in 2, 3, 5, 10 or 30 year maturities.

Yield: The rate of annual income returned on an investment, expressed as a percentage.