

Town of Ashfield

FY2025

Financial Policies

Table of Contents

Overview	3
Review & Approval of Policies	4
Budget & Forecasting Guidelines	5
Financial Reserves Policy	6
Overall Goal	6
Free Cash Policy.....	6
Stabilization Fund Policy	7
Finance Committee Reserve Policy	7
Departmental Transfer Requests.....	8
Debt Management Policy.....	9
Capital Improvement Program Policy	10
Investment Policy.....	11
Audit Policy	12
Other Post-Employment Benefits Policy	13
Departmental Receipts	14
Departmental Turnovers	15
Departmental Expenditures.....	16
User Fee Policy	17
Purchasing Policy.....	18
Procurement Card Policy	19
Enterprise Fund Policy.....	20
Delinquent Property Tax Policy.....	201
Anti-Fraud Policy.....	21
Petty Cash Policy	22
Employee Reimbursement Policy.....	24
Departmental Purchases	24
Telephone Usage.....	24
Mileage.....	24
Travel	255

Overview

The purpose of these financial policies is to guide Town decisions that advance Town goals with an eye toward short and long-term financial stability.

The Town of Ashfield 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 Ashfield. Articulation of these policies and objectives is essential to long-term financial planning that sets realistic boundaries on what the Town of Ashfield can accomplish and helps direct resources to the highest priorities.

In particular, the purpose of these financial policies is to provide the Town with an underlying foundation for fiscal decision-making and with guidelines that will:

1. Underscore the Town's commitment to utilize accounting practices that conform to generally accepted accounting principles as set forth by the Government Accounting Standards Board (GASB);
2. Remain consistent from year- to-year and thereby enhance stability and continuity in government;
3. Promote sound annual budget practices, internal controls and accountability in government; and otherwise guide Town decision-makers on management and policy decisions which have significant fiscal importance;
4. Maintain appropriate financial capacity for present and future needs and meet long-term Town-wide goals, including capital investment;
5. Set forth operating principles that minimize the cost of government and financial risk and provide for the maintenance of reserves so that the Town is well-positioned to address emergency or unforeseen events;
6. Protect the Town's bond rating and in turn reduce its borrowing costs and minimize the burden on taxpayers;
7. Provide full value to the residents and business owners of Ashfield for each tax dollar by delivering quality services efficiently and on a cost-effective basis; and
8. Maintain public confidence in the Town's financial management so that taxpayer dollars and other Town resources are spent wisely and responsibly.

Review & Approval of Policies

The financial policies of the Town should take effect upon the review, consideration and formal approval of the Selectboard and Finance Committee.

The financial policies of the Town should be reviewed periodically by the Selectboard or by a committee appointed by it, which may be the Finance Committee. Any changes to these Financial Policies shall be approved by the Selectboard and Finance Committee.

The Finance Committee is charged each year during the budget process to determine whether the operating and capital budget recommendations presented to it for review comply with the financial policies of the Town.

While these Financial Policies are intended to encourage consistent, well-guided fiscal decisions from year-to-year, it is recognized that unforeseen or extraordinary circumstances can arise. In these instances, decision-makers will strive to ensure that any deviation from adopted Financial Policies will still remain faithful to the overall goals and objectives set by the Town.

Unless otherwise indicated, these Financial Policies were approved and recommended by the Ashfield Finance Committee on October 12, 2016, and adopted by the Ashfield Selectboard on October 17, 2016. This policy supersedes all other financial policy documents previously used. When the Financial Policies are updated, the document will be clearly marked as to the date of approval and the last approval date of the Financial Policies that have been superseded.

Budget & Forecasting Guidelines

Implementation of a well-founded budget process is a measure by which residents often gauge the performance of municipal government. The budget document itself is a mechanism for communicating town revenue setting policies, spending priorities and financial goals. A consistent budget process sets clear expectations for department heads and valuable predictability for residents from year-to-year.

For Ashfield, these policies also help the Town maintain a fiscally sound operating position by promoting its 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. They help the Town avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses.

To advance these worthwhile goals, it is therefore the policy of the Town that:

1. The annual budget development will consistently follow a process where roles and responsibilities assigned to public officials are clear;
2. A balanced annual operating budget will be presented to Town Meeting for its approval;
3. Efforts will be directed to producing a budget which is structurally balanced; that is, all current operating expenditures should be paid for with current operating revenues;
4. One-time, or non-recurring, revenue will not be used to support recurring expenditures but will be reserved for capital, emergency, or other one-time costs;
5. Revenue projections will be conservative with the intent to maximize the Town's ability to maintain Free Cash levels;
6. Departmental appropriation requests in the spring will represent amounts needed to fund respective programs and services for the entire ensuing fiscal year;
7. No department, board, committee, commission or person with spending authority will knowingly incur an appropriation deficit, unless already permitted by law;
8. Debt must not be used to fund current operating expenditures;
9. Free Cash certified in the Fall will not be used to supplement operating budgets, but should be retained as a reserve for use in case of emergency or significant unforeseen circumstances, or expended on capital or other one-time spending purposes;
10. Five-year revenue forecasts and expenditure projections shall be maintained to allow the Town to proactively determine if a budget issue could occur in future years and if mitigation efforts are warranted currently;
11. The Town's revenues will be reviewed at least quarterly to determine if they are tracking with forecasts or if a short-fall could occur; and
12. The Town's expenditures will be reviewed monthly to determine if they are tracking the appropriated amount or if a deficit could occur.

Financial Reserves Policy

The primary objective of the Town's reserve policy is to provide the Town the flexibility to sustain service levels despite the adverse financial impacts of economic downturns and unforeseen or extraordinary expenses. Levels of reserved fund balances and unrestricted fund balance in the General Fund are monitored by credit rating agencies and used to evaluate creditworthiness that impacts the Town of Ashfield's bond rating and consequently, its long-term-cost to fund major capital projects. The combination of the Town's reserve policies will provide a strategy for avoiding future operating deficits caused by over reliance on Free Cash to subsidize the operating budget.

Overall Goal

Reserves, including the combined balance of Free Cash and Stabilization Fund, should be maintained at 10-to-15 percent of general fund operating expenditures.

Free Cash Policy

Free cash refers to the remaining year-end balance of the Town's General Fund determined to be unreserved and undesignated, and not offset by deficits. Primary sources of Free Cash are revenues in excess of projections and unexpended departmental appropriations as of June 30. Free Cash is available for appropriation after July 1 and only after it is certified by the State Department of Revenue's Division of Local Services based on a balance sheet and other documents submitted by the Town.

Free Cash provides 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 is a widely accepted measure of good financial standing and an important indicator of whether the Town is living within its means. A declining balance means the Town is spending more on an annual basis than it is collecting in revenues.

Therefore, as a matter of policy, the Town will:

1. Endeavor to annually generate certified Free Cash equal to at least five (5) percent of General Fund operating expenditures; and
2. Appropriate unexpended Free Cash in excess of the five (5) percent benchmark to the Stabilization Fund in furtherance of the objectives outlined in this policy.

Stabilization Fund Policy

The Town's General Stabilization Fund is a non-recurring financing source established under the provisions of MGL Chapter 40, Section 5B. It is most often intended as a reserve to provide long-term financial stability while also improving the Town's credit worthiness and fiscal flexibility. The Stabilization Fund balance can be appropriated for any lawful purpose but only by two-thirds vote of Town Meeting.

It is the policy of the Town to:

1. Endeavor to maintain a Stabilization Fund balance large enough to buffer the General Fund from the impact of two-to-three years of reduced state aid and/or declining local receipts;
2. Appropriate from the Stabilization Fund for any lawful purpose only by a two-thirds vote of Town Meeting;
3. Retain interest earned on Stabilization Fund balances in the Stabilization Fund;
4. Present a plan for replenishing the General Stabilization Fund when the Town draws monies from it; and
5. Endeavor to annually maintain an amount equal to at least five (5) percent of annual operating expenditures.

Finance Committee Reserve Policy

A Town reserve fund is established under the provisions of MGL c.40, Section 6 for extraordinary and unforeseen expenditures on approval of the Finance Committee.

It is the policy of the Finance Committee that:

1. The Town reserve shall be funded at a level of not less than \$3,000;
2. All requests for a reserve fund transfer from departments that report to the Selectboard or Town Administrator must first be submitted to and approved by the Town Administrator;
3. The Town Administrator shall review all requests without unreasonable delay and, whenever possible, submit requests to the Finance Committee with sufficient notice to ensure a thorough and timely review; and
4. Any unexpended reserve fund balance at the end of the fiscal year shall revert back to the General Fund.

Departmental Transfer Requests

Departments may request additional funds for the current fiscal year only for costs that arise or are anticipated due to emergency or unforeseen circumstances.

All requests for fund transfers must be submitted first to the Town Administrator on the required Request for Transfer form.

The Town Administrator shall determine whether:

1. The cited circumstances qualify as emergency or unforeseen;
2. Alternatives exist for addressing the cited circumstances and cost; and
3. The transfer request should be:
 - a) Directed to the Finance Committee for a transfer from its reserve (MGL c.40 §6);
 - b) Addressed as a line-item transfer submitted to the Selectboard for approval in conjunction with the Finance Committee after May 1 and before July 15. (MGL c.44 §33B(b)); or
 - c) Addressed as a line-item transfer submitted to the Annual or a Special Town Meeting for approval (MGL c.44 §33B).

Debt Management Policy

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 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.

In this context, it is the intent of the Town of Ashfield to establish a debt management policy that:

1. Ensures high quality debt management decisions;
2. Imposes order and discipline in the debt issuance process;
3. Promotes consistency and continuity in the decision making process;
4. Demonstrates a commitment to long-term financial planning objectives; and
5. Ensures that the debt management decisions are viewed positively by rating agencies, the investment community, and taxpayers.

Accordingly, it is the policy of the Town that:

1. The Town will comply with the provisions of MGL c.44 §§ 7 & 8 which set-out the purposes for which municipalities can borrow, the time periods for which these borrowings can occur, and c.44 §10 which establishes the Town's debt limit as five (5) percent of its Equalized Valuation;
2. The requirements for debt financing shall be an expenditure or combination of like expenditures of at least \$25,000 and a useful life in excess of five (5) years for only those projects not able to be financed from current revenues;
3. Long-term debt will be issued only for objects or purposes authorized by state law;
4. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed;
5. Long-term debt should not be incurred without a clear identification of its financing sources;
6. General Fund debt service, exclusive of debt funded from dedicated revenues raised via voter-approved debt exclusions, will not exceed 10% of General Fund expenditures; and
7. The Town will attempt to maintain a long-term debt schedule so at least 50% of outstanding principal will be paid half-way through the borrowing term.

Capital Improvement Program Policy

The tangible (capital) assets of the Town, in the form of public buildings, facilities and infrastructure, rolling stock and machinery, and equipment, including technology, are central to efficient operation and to the services provided to residents. When well-maintained and enhanced, they add to the quality of life in the Town. Consequently, a program that maintains the condition and functionality of these assets enhances their value and lifespan. This advocates new investment as need arises, which is an important, ongoing responsibility of Town government.

Therefore, the Town establishes through these policy statements a capital improvement program that:

1. Assign responsibility for the review of all capital expenditure requests during the next fiscal year and for making recommendations to the annual and any special Town Meeting;
2. Define a capital improvement as a tangible asset or project with an estimated useful life of five (5) years or more, and a cost of \$5,000 or more;
3. Outline a timetable and process for receiving capital requests from Town departments, boards, committees and commissions;
4. Develop criteria, objective and otherwise, for evaluating long-term capital needs. Primary guidelines for prioritizing capital improvements include, but are not limited to:
 - a) Imminent threat to health and safety of citizens, employees or property,
 - b) Maintenance and improvement of capital assets,
 - c) Requirement of state or federal law,
 - d) Improvement of the infrastructure, and
 - e) Improvement and/or maintenance of productivity;
5. Fund capital expenditures through a combination of property taxes, enterprise and other special purpose funds of the Town, and grants from the Federal and State governments;
6. Use long-term debt as an appropriate source of funding for certain types of projects and current revenues for those assets with a short useful life;
7. Identify the annual operating cost of a proposed capital project, as well as debt service costs, before any long-term bonded capital project is recommended;
8. Emphasize preventive maintenance as a cost-effective approach to infrastructure preservation; and
9. Establish and maintains a five (5) year or longer Capital Improvement Plan (CIP) to be prepared by the Finance Committee, which should include all proposed purchases, acquisitions and projects; the anticipated year of expenditure; an estimated cost, and a potential funding source.

Investment Policy

Massachusetts General Law requires each town, acting through its treasurer, to invest all public funds, with the exception of funds needed to meet cash flow demands. Statutes set out for treasurers, as well, investment rules and guidelines for various Town funds.

It is the intent of the Town of Ashfield to comply with all the investment requirements of and guidelines in state law and regulations. Therefore, it is the policy of the Town to:

1. Pursue investment objectives that:
 - a) Protect the safety of investment principal and preservation of capital through the mitigation of credit risk and interest rate risk,
 - b) Ensure portfolio liquidity in order that sufficient funds are available to meet all operating requirements that may be reasonably anticipated, but not at the risk of forfeiture of accrued interest earnings or loss of principal, and
 - c) Achieve a fair market average rate of return.
2. Negotiate the optimum balance between collateral protection and yield level through legal investment vehicles that include in unlimited amounts:
 - a) The Massachusetts Municipal Depository Trust (MMDT),
 - b) U. S. Treasury Bonds,
 - c) U. S. Agency obligations,
 - d) Fully collateralized bank accounts of certificates of deposit,
 - e) In F.D.I.C. protected bank accounts of certificates of deposit up to \$250,00, and
 - f) In unsecured bank deposits subject to strict asset limitations;
3. Manage short term investment decisions in accordance with the requirements of MGL c.44 §55;
4. Build diversification into the Town's portfolio a) in terms of maturity and b) in terms of instrument type and issuer, with the exception of U. S. Treasury obligations and agencies, state pools and other investment grade investments that are fully collateralized;
5. Periodically review, at the Finance Committee level, the investment portfolio; current investment strategy; the advisors and/or counterparties with which funds are invested; and, when possible and appropriate, be informed of material changes of investment strategy (e.g., changing fund managers or major investments/divestments, not including operational decisions that ensure the Town's funds are prudently and efficiently invested) before the execution of such;
6. Set performance expectations that the Treasurer, and any assistant Treasurer, act in strict adherence with the state conflict of interest law under MGL c.268A; and
7. Make overall investment decisions in accordance with "prudent person" standards under MGL c.203C or as otherwise allowed by state law.

Audit Policy

The purpose of this policy is to underscore the Town's commitment to the completion of periodic independent audits which will consist of an examination of Ashfield's financial systems, procedures, and data by a certified public accountant, and a report on the fairness of financial statements and on local compliance with statutes and regulations. Doing so will strengthen public confidence that:

1. The Town's year-end financial statements are reliable, accurate, and complete;
2. Internal financial controls are in place and executed to protect community assets;
3. Departmental procedures are sound;
4. The Town's financial condition is healthy and its outlook positive; and
5. The Town has a management tool for measuring fiscal performance.

Therefore, it is the policy of the Town to:

1. 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;
2. Conduct a bi-annual audit by an independent public accounting firm. The principal person assigned to complete the audit will be a Certified Public Accountant with Massachusetts municipal audit experience;
3. Enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors with Town Meeting approval;
4. Undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with procurement guidelines under MGL, c.30B;
5. Upon receipt of a Management Letter, a by-product of a periodic audit by the independent public accounting firm (CPA) discussion should occur between the CPA, Town Administrator, Finance Committee, and the Selectboard;
6. Establish a mechanism for addressing comments and issues raised in the auditor's Management letter and a process for monitoring corrective action.

Other Post-Employment Benefits Policy

Other Post-Employment Benefits (OPEB) refer to non-pension benefits that town employees earn while actively working but do not receive until they retire. The largest OPEB cost is for health insurance, but coverage for dental, vision, prescription drugs, etc., may be included as well. In 2004, the Governmental Accounting Standards Board (GASB Statements 43 & 45) directed that towns identify and account for these liabilities. More recently, whether a Town has a policy for addressing OPEB has become a concern of auditors and bond rating agencies. Finally, the GASB has issued Statement 75 which supersedes GASB 45 and requires the inclusion of the entire unfunded liability effective fiscal 2018.

Therefore, in order to avoid any potential detrimental impact OPEB costs might have on the Town's annual operating budget; ensure positive audit results; and protect the Town's bond rating, it is the policy of the Town to:

1. Maintain an OPEB liability trust fund previously established under MGL, c.32B, §20;
2. Arrange for the completion of an OPEB actuarial analysis every three years as required by GASB Statements 43 & 45; and to update this policy when GASB 75 is effective;
3. Appropriate in the Town General Fund budget and in any Enterprise Fund budget an amount each year into the OPEB liability trust fund; and
4. Work toward the development of a contribution schedule that projects full OPEB funding by a year certain.

Departmental Receipts

All revenues received for the Town of Ashfield by any department, board or committee must be accurately accounted for and then turned over to the Town Treasurer in accordance with the Town's turnover procedures. Receipts include, but are not limited to taxes, excises, fees, penalty charges, grants and gifts, whether received in the form of cash, coin, check or other draft, wire or other electronic funds transfer.

All departments should maintain a receipts log, in electronic or hard copy form that records the date and amount of a payment received, the person's name making the payment and the purpose of the payment. Total recorded receipts should be reconciled with amounts indicated on a departmental revenue report that is periodically received, or can be requested, from the Accountant.

All Departmental disbursements, regardless of payment method, must be paid through a Vendor or Payroll Warrant process. Under no circumstances may a department directly disburse departmental receipts.

All department staff receiving or otherwise permitted to handle funds on behalf of the Town must be covered by a surety bond. Accordingly, department heads must submit to the Treasurer the names of all such staff.

All collections in the possession of a Department must be held in a location that is secure from potential fire and theft. At the very least, funds must be secured in a lock box which, in turn, is locked overnight in a safe, desk drawer or file cabinet.

Departmental Turnovers

All departments receiving payments on behalf of the Town must turn over collections to the Town Treasurer:

1. At least once a week if receipts are routinely greater than \$100 per week;
2. Immediately when on-hand money reaches \$100; or
3. As otherwise agreed with the Treasurer.

Cash, coins and checks must be submitted to the Treasurer together with three (3) copies of a completed Schedule of Departmental Payments to Treasurer form, aka Turnover Sheet.

Entries on the Turnover Sheet should reflect the total amount collected for each revenue type. Remaining with the department in a receipts log should be the detail, including the date and amount of an individual payment, the purpose of the payment and the person's name making the payment.

The Treasurer shall verify that the total amount in cash, coins, and checks submitted matches the total amount indicated on the Turnover sheet [in the presence of the departmental staff person delivering the collections]. If any variance cannot be resolved at that time, then the entire turnover – money and documentation - shall be returned to the department for resolution.

Once verified, the Treasurer retains one copy of the Turnover Sheet, the Department keeps the second copy and the Department representative delivers the third copy to the Accountant.

Departmental receipts should be delivered to the Treasurer during normal business hours. If the Treasurer is not available, the receipts can be given to the Assistant Municipal Clerk, who has access to the vault. If the Treasurer or Assistant Municipal Clerk is not available, receipts should not be left in any unsecured location. If receipts are left with the Assistant Municipal Clerk, the department staff person is expected to return to the Treasurer's office for a copy of the Turnover Sheet and to deliver the third copy to the Accountant.

Departmental Expenditures

Vendor and Payroll warrants shall be processed and payments shall be disbursed every two weeks in accordance with a schedule established by the Accountant prior to the start of the fiscal year.

Vendor payments shall be made only after goods are received by and services are rendered to the Town.

Vendor payments for goods or services shall be processed only on submission of an original invoice addressed to the Town and signed by the department head. Electronic invoices received from vendors may be submitted only if acceptable to the Town Accountant.

No department, board, committee or commission with spending authority shall knowingly create a deficit or a Town liability by making a purchase or create Town liability in excess of funds available in the account to be charged.

User Fee Policy

User fees are an annual reported local receipt that reflect departmental charges and voluntary payments by residents and others for permits, licenses, program participation and services provided.

1. Elected boards, commissions, and departments that oversee fees collected by the Town should review fees at least every three (3) years and recommend changes to the Select Board for approval;
2. Individual fees shall be set so that total anticipated annual receipts reasonably cover the estimated yearly cost to provide the program or service;
3. All fees collected by departments, officers, boards, committees and commissions must be turned-over to the Treasurer in accordance with the Town's Turnover procedures;
4. All user fees collected by departments, officers, boards, committees and commissions must be turned-over to the Treasurer in accordance with the Town's Turnover procedures; and
5. Pre-numbered receipts should be used by department heads to acknowledge receipt of user fees from a user. These should be reconciled to the cash on hand and amount on the turnover.

Purchasing Policy

It is the responsibility of all department heads and all others with spending authority to understand procurement rules under MGL Chapter 30B as they apply to municipalities. In general, Chapter 30B establishes the following rules for routine departmental purchases of goods and services (not associated with a construction project):

1. Under \$10,000 - “sound business practices”¹ should be used with the award going to vendor offering the best price;
2. Between \$10,000 and \$50,000 – three written quotes, which should be dated and signed, must be solicited in advance. The award goes to a responsive² and responsible³ vendor offering the best price. To ensure that there is no discrepancy in what is told to each vendor from whom quotes are solicited, a purchase description should be written in advance. Information collected must include the purchase description previously written, date of the quote, amount of the quote, delivery schedule, comment on any variance between what is sought and offered, and a description of any conditions to the purchase;

A written contract is required⁴. It must be signed by the vendor and Town representative authorized to sign contracts. The original of all contracts must be submitted to the Accountant. Departments must retain a copy;

3. Over \$50,000 – purchases must be competitively bid or solicited through a Request for Proposals (RFP), unless the goods and services are (1) exempt from bidding under MGL c.30B, (2) found on the State Procurement list, or (3) evidence of a sole source is documented.
4. Before initiating a bid or RFP process, the department head with spending authority must consult with the Town’s Chief Procurement Officer (CPO)⁵ and Town Administrator; and
5. The Town’s CPO will be required to attend courses offered by the Inspector General’s Office and become a Massachusetts Certified Public Purchasing Official (MCPPO).

The State Office of the Inspector General enforces Chapter 30B and provides guidance on its website at www.mass.gov/ig.

¹ Sound business practice is “ensuring the receipt of favorable prices by periodically soliciting price lists of quotes.” MGL c.30B §2.

² A responsible bidder or offeror is “a person who has the capability to perform fully the contract requirements, and the integrity and reliability which assures good faith performance” MGL c.30B §2.

³ A responsive bidder or offeror is “a person who has submitted a bid or proposal which conforms in all respects to the invitation for bids or request for proposals.” MGL c.30B §2.

⁴ “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.” MGL c.30B §17(a).

⁵ Chief Procurement Officer may also be the Town Administrator.

Procurement Card Policy

It is the policy of the Town of Ashfield to allow the issuance and use of procurement cards to designated employees. Procurement card procedures are more fully detailed in the Procurement Card Program Guide developed by the Town Administrator, Treasurer, and Town Accountant, and are subject to approval by the Finance Committee and Select Board.

Use of procurement cards shall be governed by all applicable rules, regulations and policies of the Town, and the laws of the Commonwealth of Massachusetts including MGL c.30B (The Uniform Procurement Act).

In that the procurement card process is intended to facilitate the acquisition of small items made on an interim basis, procurement card purchases (regardless of the dollar amount) do not require the issuance of a purchase order. Procurement card purchases shall not be used for the purchase of supplies or services consumed on a regular basis (e.g., utilities, office supplies, etc.).

Procurement Cards may be issued subject to the provisions of the Procurement Card Procedure and approval by the Town Administrator. In no circumstance may a procurement card be used to purchase alcoholic beverages. The Town reserves the right to suspend or cancel any employee's procurement card without warning at any time. Cards are to be used for Town business only. Improper use of the card may result in loss of privilege and/or disciplinary action up to and including termination of employment.

The Town Accountant and Treasurer reserve the right to conduct random audits for card activity and receipt retention/submission, as well as statement review. The procurement card program may also be reviewed as part of the independent audit process.

Enterprise Fund Policy

Enterprise fund accounting is permitted under MGL Chapter 44 Section 53F½ for departmental operations that are funded predominantly by rates and have stand-alone business-like characteristics. Revenues and expenditures associated with the services provided are accounted for separately from the Town's General Fund and thereby offer a clear view of department finances. Accordingly, the Town will adhere to the following Enterprise Fund policies:

1. The Town shall establish and maintain Enterprise Funds pursuant to MGL c.44, §53F½ to ensure annual operation and maintenance needs are met and services are financed in an equitable manner;
2. Town Enterprise Funds are to be self-sufficient, that is, 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;
3. Rates will be reviewed annually and, if adjusted, new rates shall take effect July 1 prospectively. Mid-year rate adjustments will only occur under significant emergency or unforeseen circumstances as determined by the Select Board or the board, committee, or commission that oversee rates;
4. The department operating under Enterprise Fund accounting is subject to the same annual operating budget process and budget approvals as all other Town departments. 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;
5. The Enterprise department is subject to the same Capital Improvement process and approvals as all other Town departments. Estimates of capital projects and debt service should be annually reviewed to project the impact on rates and user fees;
6. The Town will strive to generate and maintain enterprise retained earnings at a level no less than five (5) percent of annual enterprise revenue. Retained earnings may be used to fund capital projects, reduce rates or close year-end deficits;
7. The Enterprise department shall pay, if so determined, indirect costs to the General Fund to account for services provided by Town employees relating to enterprise business and operations. These costs will be reviewed and determined annually; and
8. Capital infrastructure improvements should be part of an overall capital improvement schedule reviewed annually as part of the budget process as noted in this policy.

Anti-Fraud Policy

Public trust is critical to the success and integrity of municipal government. Employee confidence in government is equally essential. The Town of Ashfield understands the value of these goals and commits to its duty to ensure effective stewardship of public money and other assets and resources for which government is responsible. Through prevention, detection, investigation and swift corrective action, the Town will make known its expectations for employee conduct and its intent to deter all forms of fraud and threats to the security of our assets or our reputation the Town will:

1. Inform employees as to the meaning, definitions and actions that constitute fraud, including but not limited to the misappropriation of assets, fraudulent financial reporting and incurrence of expenditures and liabilities for improper purposes;
2. Adopt protocols for employees to follow, without risk of retribution, for reporting suspected fraudulent activity (i.e. The Whistleblower Act);
3. Act to prevent fraud through the diligent implementation of financial controls and safeguards and will otherwise create a work environment that deters fraudulent activity;
4. Investigate any suspected acts of fraud impartially, confidentially and without regard to the position, title, length of service or relationship of any person, group or organization involved; and
5. If suspicion of fraud is substantiated, carefully consider and act to impose lawful and appropriate penalties up to and including dismissal and formal legal action.

Delinquent Property Tax Policy

Chapter 60 of the Massachusetts General Laws empowers municipalities to enforce the payment of delinquent property tax through the taking of title to the subject property and subsequent foreclosure. It is the policy of the Town of Ashfield to exercise such enforcement in compliance with federal, state and local law and regulations.⁶

The primary policy goal of the foreclosure process is to receive the outstanding amounts owed. Upon referral from the town collector, the town treasurer may initiate foreclosure on properties where the taxes due have been outstanding for five years and/or represent at least 25% of the current assessed value. Nothing in this policy will preclude the town treasurer from foreclosing on tax accounts not meeting this threshold, and any such action remains under the purview of the town treasurer and Selectboard. At least once every year, the Treasurer will review all tax title properties that meet the aforementioned threshold and do not have payment agreements or bankruptcy recordings.

Upon the initiation of the foreclosure process and thereafter upon request of an affected property owner, the town shall promptly provide a written description of the tax lien foreclosure process that includes property owner obligations, rights and remedies.

¹ In 2023, the United States Supreme Court decided the case of *Tyler v. Hennepin County*, 598 U.S. 631 (2023) in favor of the taxpayer retaining surplus proceeds resulting from foreclosure. Pending additional clarification of this decision on Massachusetts foreclosure practices, the Massachusetts Division of Local Services will not object to a community temporarily holding any such surplus proceeds in an agency account awaiting direction from the courts clarifying this matter. The town treasurer should consult with their local counsel, town administrator and finance team before proceeding with any funds in excess of the recorded foreclosure receivable.

Petty Cash Policy

A department may maintain a Petty Cash fund only if so authorized by the Town Treasurer.

The Treasurer's authorization shall be in memorandum form to the department head stating:

1. Purpose for which the fund is established or can be used, and that the fund is not for personal use;
2. Determine the maximum cash balance of the fund;
3. Require that all expenditures from the fund must be documented by a hard copy receipt;
4. Without separate appropriation, the Treasurer may replenish the Petty Cash fund when presented with receipts by the department head;
5. Stipulate that departments may not replenish the Petty Cash fund with over-the-counter or other Town receipts they collect; and
6. Unused petty cash, if any, must be kept in a secure location and protected from theft, fire or destruction.

Employee Reimbursement Policy

Employees are expected to use municipal vehicles, equipment and other available resources when on or conducting Town business. Personal use of Town-owned property is not permitted. In addition, the Town discourages employees from using or making purchases for Town purposes with personal funds. However, the Town also recognizes that there are circumstances when the expectation of reimbursement is reasonable.

All employee purchases or use of personal funds made in expectation of reimbursement must be approved in advance by the Department Head. With pre-approval, the Department Head acknowledges that the purpose of the expenditure is lawful, justified and there are sufficient funds in an appropriate line-item to cover the charge.

Departmental Purchases

An out-of-pocket purchase may be necessary to the everyday work of the department. In these instances, reimbursement is permitted only in extraordinary circumstances as determined in advance by the Department Head, which may include, but are not limited to, emergencies, unforeseen occurrences, when it is impractical to wait for an invoice, or the vendor will not accept later payment pursuant to an invoice.

Telephone Usage

Town employees are required to use Town telephone landlines or Town-issued cell phones for all municipal business. The Town will not reimburse employees for use of personal cellular phones or any other personal devices on Town business.

Mileage

The Town will only pay a mileage reimbursement to employees for Town-business related travel in their personal vehicles. To receive reimbursement, the employee must submit a Mileage Reimbursement form to his/her department head indicating actual mileage traveled, which is verifiable per Google Maps, MapQuest or similar software program.

The mileage reimbursement rate according to the annual Internal Revenue Service (IRS) rate. Employees will be notified annually of changes. This rate is inclusive, that is, no separate reimbursement is permitted for gas, tolls, or other unexpected costs.

Travel

Any reimbursement to employees for out-of-pocket expenses related to off-site meetings, conferences and events must be pre-approved by the Department Head.

Accommodations. The Town will reimburse employees for accommodations when traveling on Town business based on the U.S. General Services Administration (GSA) annual geographical per diem rates for the length of stay that reflects duration of the meeting, conference or event. The employee is responsible for any additional charge if accompanied by a spouse or significant other.

Meals & Incidentals. The Town will reimburse employees when traveling on Town business according to the annual geographical per diem rates published by the GSA. The meal allowance is for the employee only. Spouses and significant others must be paid for separately.

Miscellaneous or Unexpected Expenses. An employee may seek reimbursement for unforeseen expenses incurred during travel and in relation to Town business. A reimbursement request form must be completed, with appropriate explanations, and approved by the Town Administrator to receive payment:

1. In no instance will the Town reimburse employees for the costs of alcohol, tobacco, movies, laundry, snack food, etc.;
2. As a rule, no sales tax can be reimbursed. Except that, the Select Board may approve reimbursement to an employee for sales tax paid if it determines that the purchase was justified and could not otherwise be completed;
3. To avoid reimbursement situations, departmental purchases should always be made from vendors where the Town has a standing account or from vendors who are willing to invoice the Town after the sale;
4. An original detailed invoice must be presented. The Town will not accept a summary statement, credit card statement or any other documentation that does not include detail.
5. An employee seeking reimbursement for an out-of-pocket expenditure must fully complete and submit the request on standard forms available from the Town Accountant with all necessary documentation attached.