

## Town of Sharon Financial Policies

Date: 2021 July

The goal of this document is to articulate, consolidate and formalize the existing informal financial practices of the Town. These policies and practices have evolved over many years and will continue to evolve. Periodic review of these policies and practices in the future will assure consistent application and public confidence in the collaborative financial planning of the Town among various boards and committees.

The Town of Sharon, Massachusetts operates under a Select Board-Town Administrator-Open Town Meeting form of government. Town governance is vested in several elected committees: Select Board, School Committee and Library Board of Trustees. The Town employs a Town Administrator and a Finance Director who are responsible for the day-to-day management, oversight and implementation of the approved policies and procedures approved by the Select Board. The Town Administrator and Finance Director provide data, information, and advice to elected and appointed committees on a regular basis. In addition, a Finance Committee is nominated and elected by Annual Town Meeting to provide oversight of financial management and recommendations to voters on all Town Meeting articles.

Annually, in the first quarter of the fiscal year, members of the Select Board, School Committee, Finance Committee and the chair of the Capital Outlay Committee meet with the Town Administrator, Finance Director and School administration to review the current status of Town operations, articulate long term plans, discuss revenue and expenditure trends, and discuss long-term needs. Town leadership may call additional meetings of these officials for timely updates and/or review of emerging events with potential impact on Town operations.

The Select Board, School Board and Finance Committee each have a ‘Sector Budget’ (operating budget) under their jurisdiction. The Town Annual Budget consists of the three Sector Budgets and the “Committed Expenses” to which the Town is previously obligated such as various property, casualty and employee and retiree health insurances, FICA, OPEB, debt principle and debt interest, and unemployment benefits. The Finance Committee also controls a reserve fund to hedge against unanticipated expenditures and the Town maintains various reserve funds to protect against adverse fiscal events.

Annual operating budget expenditure limits are established by a Priorities Committee consisting of two representatives from each of the three committees (Select Board, School Committee and Finance Committee) after agreement is reached on anticipated revenues for the upcoming fiscal year. The ‘priorities process’ is data driven, projecting revenues for the upcoming year such as taxation, state aid, local receipts and charges, and investment income, then subtracting ‘Committed Expenses’ to determine the funds available for allocation among the operating budgets of each Sector. Current operating expenditures are funded with current operating revenue; ongoing operating expenses are generally not funded with non-recurring revenues. All budgets are reviewed in public meetings - the Select Board for the general government departments, the School Committee for the school budget, and the Finance Committee for budgets assigned to that sector

– then a final review by the Finance Committee to recommend an annual budget for appropriation by voters at the Annual Town Meeting held on the first Monday in May of each year. Additional appropriations can be recommended by the Finance Committee and appropriated by voters at a Special Town Meeting to consider such purpose.

Please contact the Town Administrator or the Financial Director with any questions, comments, or concerns.

The Town of Sharon Select Board unanimously approved to adopt these Fiscal Policies on August 4, 2021

## **Financial Policies**

- 1) Debt: Debt is issued for capital expenditures. Non-exempt debt service is targeted at 5% or less of estimated appropriations net of “excluded debt”. This target is maintained by the Capital Outlay Committee guideline of 4.5% of the Town's corresponding year's annual budget (less over-rides, debt exclusions and water appropriations) for the "capital budget." Please see notes at the end.
- 2) Total ‘outstanding debt’ plus ‘authorized but not issued’ to remain under the Town’s overall debt limit (borrowing capacity) as per MGL Chapter 44 Section 10. Please see notes at the end.
- 3) Fund Balances:
  - a) Health Trust – maintain fund balance of at least three months of estimated healthcare expenditures.
  - b) Water Enterprise Fund – maintain fund balance of three to four months of estimated water enterprise expenditures.
  - c) Unassigned General Fund balance plus the Stabilization fund - The goal is to maintain 5 to 10% of the overall budget. (Ref: Town of Sharon Reserve Policy attached)
  - d) Other Post-Employment Benefits (OPEB) Liability Funding – The goal is to increase contributions by 50K annually from the current FY 2022 funding of 400K. The OPEB contributions will be increased significantly beginning in FY2030 when the Norfolk County Retirement System (NCRS) annual assessments are expected to decline to \$0 when the retirement fund reaches ‘fully-funded’ status by that time and catch up funding for the past liabilities is no longer required. The goal is to further increase the OPEB contribution by the corresponding decrease in the NCRS assessments beginning in FY2030 until OPEB achieves full-funding status.
- 4) Free Cash: Maintain a balance of at least 5 to 7% of annual budget. Free cash is part of the Unassigned General Fund; they are directly related. Please see above.
- 5) Annual Capital Expenditures: The goal is to increase use of funding from operating budget appropriations, described as ‘Cash Capital,’ as part of the strategy to reduce the non-exempt debt service as a percentage of estimated appropriations. Please see debt service above.
- 6) Excess Levy Capacity: Excess levy capacity provides additional flexibility in the budget and tax-rate setting process. It is considered part of additional reserves. The goal is to maintain existing excess levy capacity unless utilized to address unforeseen or temporary fiscal condition. Please see note at the end.

- 7) Budgeting: The ‘Priorities’ budgeting process ensures incremental expenditures are within incremental revenues and permits adjustments among sector budgets to accommodate Town priorities. The annual budgeting process should arrive at operating budgets that do not exceed a 2 ½% increase in the property tax levy combined with new growth - the ‘levy limit’. Please see note at the end.
- 8) 5-Year Capital Budget: The Town shall adopt and maintain a 5-year Capital Projects Plan, with financing options and implications, to be discussed annually at a meeting of the Select Board, School Committee, Finance Committee and Chair of the Capital Outlay Committee under the direction of the Town Administrator and the Finance Director.
- 9) Investment policy: To invest public funds in a manner that will provide the highest rate of return balanced against risk while meeting the primary objectives of
  - a) Preservation of funds and meeting the daily cash flow demands (liquidity needs) of the Town
  - b) Conforming to all Commonwealth of Massachusetts and Town By-laws governing the investment of public funds. (Town of Sharon Investment Policy attached.)
- 10) Cash Handling Policy: To maintain adequate controls and safeguards over Town’s cash receipts. (Town of Sharon Cash Handling Policy attached.)
- 11) Procurement Policies: The Town follows the procurement policies as regulated by the Office of the Inspector General (OIG).

Ref: <https://www.mass.gov/doc/charts-on-procurement-procedures-effective-june-15-2018/download>)

- 12) Year End Transfers: There are two options besides the budgets and transfer approvals at the Town Meetings.
  - a) Operating reserve fund under the control of the Finance Committee under MGL Chapter 40 - Section 6. Reserve Funds are used to cover unforeseen and extraordinary expenses in the judgement of the Finance Committee.
  - b) Year-end transfers amongst different department budgets as laid down in MGL Chapter 44 Section 33B. The Select Board, with the agreement of the Finance Committee, may transfer any amount from a departmental or other appropriation to any other appropriation.

Ref: <https://www.mass.gov/doc/igr-17-13-appropriation-transfers-supersedes-igr-06-209/download>

## Additional Notes

### Levy Limit and Proposition 2 ½%:

Under Proposition 2 ½, a community's levy limit increases automatically by two factors: 1) an incremental increase of 2.5% of the prior year's levy limit and 2) a dollar amount derived from the value of new construction and other growth in the local tax base since the previous year. This second factor is called 'New Growth'. The 2 ½% increase and new growth number are both added to the prior year's levy limit to reach the current year's levy limit.

A community cannot exceed its levy limit without voter approval. If Town Meeting votes to spend more than the Town can expect to collect in revenues, Proposition 2½ provides local options for increasing the Levy Limit by passing, by majority vote in an election, an 'override', 'capital outlay exclusion', or 'debt exclusion'. The Levy Limit can be increased only by popular vote in a referendum, not by Town Meeting.

By passing an 'Override' a community can assess a specific amount of property taxes in addition to its Levy Limit. The ballot question can specify the use of these additional revenues for the first year. An override results in a permanent increase in the Levy Limit. It is intended for funding ongoing programs.

By passing a 'Capital Outlay Expenditure Exclusion' a community can assess additional taxes to pay for a specific project or major equipment purchase. The additional amount to pay for the project is added to the Levy Limit only for the year in which the project is undertaken. The amounts excluded for these one-time expenditures do not become part of the base. Capital outlay exclusions can only be used for expenditures that could be bonded.

By passing a 'Debt Exclusion' a community can assess additional taxes to pay the debt service (principal and interest costs) for a specific capital project. The additional amount is added to the Levy Limit for the life of the debt only. Each year that a payment must be made for that project, the Levy Limit is first calculated as usual and then the extra amount from the debt exclusion is added. Unlike overrides, exclusions do not become part of the base used to calculate future years' levy limits.

Ref: <https://www.mass.gov/doc/levy-limits-a-primer-on-proposition-2-12-0/download>

### Debt Limit:

Except as otherwise provided by law, a city or town shall not authorize indebtedness to an amount exceeding 5 per cent of the equalized valuation of the city or town (MGL Chapter 44 section 10)

# **Town of Sharon Reserve Policy**

## **I. PURPOSE**

The purpose of this policy is to 1) maintain and improve the credit worthiness of the Town of Sharon for purposes of Debt Issuance at favorable interest rates; 2) provide capital to meet cash flow needs during the year and unforeseen emergencies and 3) attempt to stabilize fluctuations from year to year in Towns Property Tax Levy.

## **II. POLICY STATEMENT**

Reserves (Undesignated Fund Balance plus Stabilization Fund) are an important indicator of a community's financial position. Adequate reserves must be maintained to allow the Town to continue to meet its obligations in the event of an economic downturn and/or unexpected emergency. Therefore, the Town shall endeavor to maintain a combined total of Undesignated General Fund Balance plus Fund Balance in the Stabilization as of June 30 of each year at a level of between 5% and 10% of General Fund Revenues. Any anticipated balance in excess of the targeted maximum may be budgeted to reduce the ensuing year's property tax levy or fund one-time capital projects

## **III. IMPLEMENTATION**

The Town shall endeavor to reach the 5% minimum over a five year period. In recognition of the competing demands for limited resources the Town, working through the Priorities Committee, will determine the amount available each year to reach this goal.

**Board of Selectmen  
Policy Number XXII**

**INVESTMENT POLICY**

**APPROVED:**

**Policy:**

It is the policy of the Town of Sharon to invest public funds in a manner that will provide the highest rate of return while meeting the primary objectives of: preservation of funds and meeting the daily cash flow demands of the Town and conforming to all Commonwealth of Massachusetts and Town By-laws governing the investment of public funds.

**Scope:**

This investment policy applies to all financial assets of the Town of Sharon. These funds are accounted for in the Town's "General Purpose Financial Statements and Supplementary Schedules" and include:

**2.1 Funds:**

- 2.1.1 General Fund
- 2.1.2 Special Revenue Funds
- 2.1.3 Capital Projects Funds
- 2.1.4 Enterprise Funds
- 2.1.5 Trust and Agency Funds

This policy is also applicable to any and all Funds established after the establishment of this policy. Unless otherwise restricted by State Statute or Town By-Law, all investments shall be commingled to reduce management and administration costs and ensure management and operating efficiencies. Separate investment accounting shall be performed for each respective Fund.

**Prudence:**

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 capital as well as the probable income to be derived. Credit worthiness will be tracked by bank credit worthiness reporting systems

**3.1:** The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers

acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's risk or market price fluctuation, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **Objective:**

The primary objectives, in priority order, of the Town of Sharon's investment activities shall be:

**4.1 Protection:** Protection of principal is the foremost objective of the investment program. Investments of the Town of Sharon shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To, attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**4.2 Liquidity:** The Town of Sharon's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated.

**4.3 Return on investment:** The Town of Sharon's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

### **Delegation of Authority:**

Authority to manage the Town of Sharon's investment program is derived from the following: General Laws of the Commonwealth of Massachusetts Chapter 41, Sections 36 and 46, and Chapter 44, Sections 54 and 55. The Selectmen have overall primary responsibility and decision making capacity for the overall investment program. Daily management responsibility for the investment program is hereby delegated to the Town Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements, and banking service agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No such person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Town Treasurer. The Town Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Change in delegation of authority, as needed, will be made by the Board of Selectmen.

### **Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials



shall disclose to the Board of Selectmen any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose to the Board of Selectmen or Town Administrator any large personal financial/investment positions that could be related to the performance of the Town's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Town, particularly with regard to the time of purchases and sales.

### **Authorized Financial Dealers and Institutions:**

The Town Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the Commonwealth of Massachusetts. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Net Capital Requirements for Broker and Dealers). No public deposit shall be made except in a qualified public depository as established by federal and state regulations.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Town Treasurer with the following: audited financial statements, proof of National Association of Security Dealers certification, or proof of federal/state registration. A periodic review of the financial condition and registrations of qualified bidders will be conducted by the Town Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Town invests.

### **Authorized & Suitable Investments:**

The Town of Sharon is empowered by statute to invest in the following types of securities both insured, by the FDIC or other government agency, and uninsured:

- Demand deposit accounts
- Time deposit accounts
- Money market accounts
- Certificates of deposit
- Repurchase agreements
- U.S. Treasury instruments
- U.S. Governmental Agency securities

### **Collateralization:**

The Town Treasurer shall require collateralization if market conditions or economic conditions warrant the protection of public funds be secured at the cost of return on investment. If an investment is deemed to require collateralization, the collateralization level will be not less than 102% of the market value of principal and accrued interest.

The Town chooses to limit collateral to the following:

- Cash
- U.S. Treasuries instruments

U.S. Governmental Agency securities

Collateral will always be held by an independent third party with whom the entity or the Town has a custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted only upon approval of the Town Treasurer.

### **Safekeeping and Custody:**

All security transactions, including collateral for repurchase agreements, entered into by the Town of Sharon shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Town Treasurer and evidenced by safekeeping receipts.

### **Diversification:**

The Town of Sharon will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, authorized pools and accounts insured by Depositors Insurance Fund, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution

### **Maximum Maturities:**

To the extent possible, the Town of Sharon will attempt to -match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Town will not directly invest in securities maturing more than one year from the date of purchase. However, the Town may collateralize its repurchase agreements using longer-dated investments not to exceed five years to maturity.

### **Internal Control:**

The Town Treasurer shall establish internal controls with respect to policies and procedures. Both qualitative and quantitative assessments of investment practice with respect to safety, liquidity, and return on investment will be reported to the Board of Selectmen.

### **14.0 Performance Standards:**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Town of Sharon's investment risk constraints and cash flow needs.

14.1 Market Yield (Benchmark): The Town of Sharon's investment strategy is passive. Given this strategy, the basis used by the Town Treasurer to determine whether market yields are being achieved shall be the average three-month U.S. Treasury bill rate. The Treasurer shall report the results of this benchmark quarterly.

### **15.0 Reporting:**

Annually the Town Treasurer is charged with the responsibility of including an Investment Report on investment activity and returns in the Town of Sharon's Financial Report. Reports will include a list of securities, over-all yield, market sector breakdown, and investment earnings.

#### **16.0 Investment Policy Adoption:**

The Town of Sharon's investment policy shall be adopted by resolution of the Town of Sharon Board of Selectmen. The Board of Selectmen will review all aspects of this policy on an as needed basis as part of the review of all Selectmen's policies, but not less than every three years. Any modifications made thereto must be approved by the Board of Selectmen.

#### **Delegation of Authority**

The following individual(s) have the primary daily management authority to enter into the following agreements and/or perform the following activities for the Town of Sharon:

Repurchase Agreements: Town Treasurer

Collateral/Depository Agreements: Town Treasurer

Banking Service Agreements: Town Treasurer

Safekeeping Agreements: Town Treasurer

Purchase of U.S. Treasury Instruments: Town Treasurer

Purchase of U.S. Governmental Agency Securities: Town Treasurer

Creation of Demand Deposit Account: Town Treasurer

Wire Transfer Agreements: Town Treasurer

**TOWN OF SHARON  
BEST PRACTICES  
FOR CASH HANDLING AND TURNOVER POLICIES AND PROCEDURES**

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**A. PURPOSE:**

The purpose of this document is to establish sound cash handling and turnover controls and practices; to ensure all cash receipts are deposited and recorded on a timely basis; to safeguard employees from inappropriate allegations of mishandling Town funds; and to clearly define employee responsibilities in the cash handling process. Only those employees designated through job descriptions shall be authorized to process cash receipts.

**B. SCOPE:**

Cash includes currency, checks, money orders, negotiable instruments, credit/debit card transactions, deposits and website payments. All town employees, including general government and school employees, who are entrusted with the receipt, deposit and or handling of cash are expected to follow these policies and procedures. Historical practices shall not constitute justification for deviation. The material contained in this document supersedes any previous policies and procedures regarding the handling of cash.

**C. AUTHORITY:**

MGL Chapter 41 S35: The Treasurer receives and takes charge of all money belonging to the town and pays all bills of all departments. Furthermore, The Treasurer/Collector reserves the right to make changes, interpretations and exceptions to the policies contained in this document.

**D. POLICIES:**

Department managers are responsible for understanding and following these policies and procedures as well as ensuring that any of their staff who handle cash in any way also understand the same.

It is the Town's policy that the Treasurer's office is responsible for the entry of cash receipts to the MUNIS system. All Departments must deliver to the Treasurer's office, all forms of cash, two signed copies of the corresponding turnover form (after counting the cash the Treasurer will stamp a copy for the department to keep), one signed copy to the Accountant's office. Some departments maybe authorized to directly deposit into a designated Town Bank account, to expedite deposits and minimize cash handling. See E-5 below.

All departments must establish a schedule to turn over all cash receipts to the Treasurer's office at least once a week.

No expenses can legally be paid from Change Funds or cash receipts by any department at any time. This includes expenses incurred in generating cash receipts. All proceeds are deposited and all expenses are appropriated and processed through a warrant.

Use of Change Funds for miscellaneous petty cash purchases, loans, advances, or check cashing for any individual (including employees) is strictly prohibited.

No bank account will be used for Town funds unless it has been set up by the Treasurer's office. Furthermore, the Town's tax ID cannot be used for any funds other than Town funds.

It is each department's responsibility to establish procedures for their department in collaboration with the Treasurer's office to safeguard the collection and remittance of cash receipts until turned over to the Treasurer. Departmental procedures shall at a minimum include those procedures found in Section E and must be approved by the Treasurer/Collector.

#### E. PROCEDURES:

1. Reasonable care should be taken to ensure that currency is genuine.  
*\*Note: If you feel you have received counterfeit cash, call the police immediately. Do not confront the individual presenting the cash or let on that you suspect counterfeiting. Notify the Treasurer after the incident.*
2. Checks should be reviewed for the following:
  - Payable to the Town of Sharon
  - Make sure legal line (dollar amount written) is the same as the numerical amount. If there is a difference, the legal line will prevail.
  - No stale date (older than 90 days) checks are to be accepted.
  - Checks must be signed
  - Look for messages (i.e. not valid over \$1000.00, not valid after 90 days, etc.)
  - Starter/blank checks must be accompanied with a valid ID. Write name, address, and phone number legibly on the check.
  - No cash can be returned to the taxpayer in the event a check exceeds the amount due to the town.
  - Check must be drawn on a US bank in US dollars
  - Endorse the check with the departmental FOR DEPOSIT ONLY stamp. If no stamp is available, endorse the check:

FOR DEPOSIT ONLY  
TOWN OF SHARON  
DEPARTMENT NAME

3. Cash must be held in a secure place (i.e. a locked cash drawer, locked cash box, vault, cash register, locked metal box, etc.) until it is turned over to the Treasurer. If possible each employee that handles cash in a given day or shift should have a separate secure place.
4. At the time of payment, transactions should have a corresponding pre-numbered receipt, permit, license, certificate, etc., issued to the customers and be appropriately posted by the department in a ledger/spreadsheet to track them. All receipts will be entered into the MUNIS Software System by the Treasurer's office.

In some cases, the employees may collect small amounts as donation or contribution for the services. In such cases, with the approval of the Treasurer, individual employee will keep

these amounts in a separate box/bin (preferably locked). At the end of the day, the employee would hand-over the cash to the department head for being turned over to the Treasurer/Collector.

5. Departments, authorized to do so, will directly deposit into the Town designated bank account the currency and checks, money orders, etc. collected and retain the deposit slip(s) to be submitted to the Treasurer's office with the turnover form. Other cash receipts should not be combined with deposit slips on the same turnover form.
6. Departments that utilize online payment websites will retrieve the appropriate reports detailing payments made to be submitted to the Treasurer's office with the turnover form. Other cash receipts should not be combined with deposit slips on the same turnover form.
7. The Treasurer's office will enter the cash receipt data into MUNIS or town authorized software with any corresponding reference data for charges i.e. bill #, name, cert# etc. The three part turnover form should be signed by at least one person from the department.
8. Departmental staff shall hand deliver the turnover form with the cash to the Treasurer's office. If there are multiple checks in the turnover, an adding machine tape or spreadsheet should accompany the turnover. Departmental staff should remain at the Treasurer's office while the turnover is being validated. Interoffice mail is not appropriate for delivering turnovers to the Treasurer's office.

The turnover form should reference the pre-numbered receipt, permit, license, certificate, etc., issued to the customers.

9. Whenever possible, turnovers should be turned over at least 1 hour prior to the close of business to allow the Treasurer Staff ample time to deliver cash to the bank.
10. The Treasurer's office is responsible for counting all forms of cash (currency, check, money orders, negotiable instruments, credit/debit card transactions, deposit slips, and website payment reports) verifying their accuracy against the turnover form.
11. The Treasurer Staff signs the turnover form as verification that the total amount indicated on the form reconciles with the total of all forms of cash presented.
  - One copy of the turnover form is retained by the departmental staff as signed by the Treasurer Staff to be returned to the department for their records.

After entering the receipt in to The MUNIS System the Treasurer's office will return the bottom receipt portion to the department with the turnover initial by a Treasurer Office staff member. This indicates the receipt has been entered into MUNIS.

- One copy of the turnover to the Town Accountant with any required backup documentation as an independent source for the Town.

The Accountant will verify the receipts that have been entered in MUNIS. Leaving the Town Accountant's copy of the turnover with the Treasurer Staff to deliver to the Town Accountant is not appropriate.

12. Each month bank statements are reconciled against the Treasurer's receipts and the Treasurer's cash is reconciled to the Town Accountant's general ledger cash.
13. Each department head or someone other than the person who receives funds should periodically calculate the number of receipts, permits, licenses, certificates etc. That have been issued/voided and the corresponding amount of money that should have been collected and compare that amount to the amount of money actually turned over to the Treasurer. Voided items should be examined and explained to the satisfaction of the department head. The total receipts should be reconciled to MUNIS.

\*In the event that a check is returned (non-sufficient funds, account closed, payer's signature missing, refer to the maker, postdated or stale check) the department is responsible to seek guaranteed replacement of funds and submit a negative receipt reversing the original receipt. The Department is also responsible for collecting the below referenced fee.

**Reference: MA General Law Chapter 60, 57A & Chapter 44, 69. If any check in payment of any municipal service, fee or charge imposed by any city or town for any municipal service rendered or fee or charge imposed is not duly paid, there may, in addition to any other penalty provided by law, be imposed on the person who tendered such check, upon notice and demand by the city or town treasurer, a penalty in an amount equal to 1% of the amount of such check, provided, however, that if such check is for less than twenty five hundred dollars, the penalty under this Section shall be \$25.00 (Added by St. 1981, c87. amended by St.1991, c226.)**

14. Each Town and school department that receives cash receipts should review the MUNIS Revenue Year to date (YTD) report for their department each month to verify that all cash receipts that were turned over to the Treasurer's office are recorded completely and accurately to the respective general ledger account. Any discrepancies shall be reported to the Town Accountant.
15. Any suspicion of fraud, theft, or disappearance of cash should be immediately reported to the Treasurer and the Director of Finance. In the case of a robbery call the police first. Do not confront the robber. Inform the Treasurer office immediately after the incident.
16. The School department has a well-documented cash collection process consistent with the town policies. A copy is attached.
17. Any questions should be directed to Treasurer's office:

**F. ENFORCEMENT:**

Violations of this policy may result in disciplinary action, up to and including termination of employment and/or legal action.

**Approved by the Board of Selectmen on October 30, 2017**

**ACKNOWLEDGEMENT OF RECEIPT**  
***MANDATORY SIGNATURE REQUIRED***

I acknowledge receipt of the Cash Handling and Turnover Policy from the Town of Sharon.

I understand that I am responsible for reading the policy and guidelines described within it and agree to abide by them.

PLEASE PRINT AND COMPLETELY FILL OUT

EMPLOYEE – \_\_\_\_\_  
Please Print Name

DEPARTMENT - \_\_\_\_\_

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

RETURN TO TREASURER'S OFFICE.



**Sharon Public Schools**  
**75 Mountain Street, Sharon, MA 02067**

## **Procedure for Fund Collection**

**All groups must use the following Procedure that includes hand delivery of all deposits to the bank**

**1. Group** collects funds for approved activity or fund,

- Numbered receipts must be filled-out for all cash payments.
- All checks must be signed, dated and payable to the Sharon Public Schools.
- Check memo field should indicate the purpose and student name.

**2. School Office Bookkeeper** receives the funds from group making the collection and processes the deposit.

- All deposits must be made to the bank within 48 hours of receipt. If funds are received after banking hours, the funds must be held in a secure location and deposited on the next business day.
- The school office will prepare the required deposit documentation package as follows and deliver the deposit to the bank.

○ **Checks and Cash**

- ✓ Stamp the back of each check using the bank deposit stamp.
- ✓ Photocopy all checks. Total them on a tape or spreadsheet.
- ✓ Photocopy all cash receipts. Cash must be tallied on a tape or spreadsheet separately from checks.
- ✓ Photocopy turnover numbered receipt.

○ **Bank Deposit Slip**

- ✓ Must be filled out for the bank,
- ✓ Make a photocopy.

○ **Accounting Deposit Form Schedule 9-10**

- ✓ Schedule 9-10 must be completed for all deposits and indicate:
  - the account number
  - who collected the funds
  - the source of the funds
  - the group receiving the funds
  - amounts (cash verses checks) that add up to the total deposit
- ✓ Attach the following photocopies to the Schedule 9-10
  - checks and tally tape/spreadsheet
  - cash receipts and tally tape/spreadsheet
  - turn-over receipt from group who collected the funds
  - bank deposit slip
  - **ORIGINAL** bank deposit receipt from the Bank
- ✓ Forward the Schedule 9-10 package to the Business Office within 24 hours of bank deposit.
- ✓ Keep a copy of Schedule 9-10 plus the attached documents on file for your records.

**3. District Business Office — Accounts Receivable**

- Checks Form 9-10 for correct account numbers. Verifies that group/school followed procedures.
- Assigns a schedule number (SCH #) to the Form 9-10.
- Posts the deposit in MUNIS and stamps posting for filing.
- Provides Form 9-10 to the Business Manager for review and signature approval.
- Distributes the signed Form 9-10 as follows:
  - Sends original Schedule Form 9 and original bank deposit receipt to the Collector's Office.
  - Sends original signed Schedule Form 10 to the Town of Sharon Accounting Office.
- The Town Collector's Office signs and returns the bottom portion of the Form 9 back to the District Business Office.
- Receives the Collector's Office Form 9 receipt and matches to the District Business Office Form 10.
- Files a copy of Form 10 and back-up documentation in the District Business Office.



# Informational Guideline Release

Bureau of Municipal Finance Law  
Informational Guideline Release (IGR) No. 17-13  
May 2017

**Supersedes IGR 06-209 and Inconsistent Prior Written Statements**

## **APPROPRIATION TRANSFERS**

**(G.L. c. 44, § 33B)**

This Informational Guideline Release (IGR) informs local officials of changes made by the recent Municipal Modernization Act to the alternative end-of-year budget transfer procedure.

Topical Index Key:

Accounting Policies and Procedures  
Appropriations  
Budgets  
Town Meetings

Distribution:

Accountants/Auditors  
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**Supersedes IGR 06-209 and Inconsistent Prior Written Statements**

**APPROPRIATION TRANSFERS**

**(G.L. c. 44, § 33B)**

**SUMMARY:**

These guidelines explain amendments to the alternative end-of-year budget transfer procedure under [G.L. c. 44, § 33B](#). The changes give cities and towns greater flexibility to make year-end budget transfers for the last two months of the fiscal year, i.e., May and June, and the first 15 days of July of the new fiscal year, which is the statutory period for closing municipal financial records for the fiscal year. [G.L. c. 44, §§ 56 and 56A](#). These amendments were made by the Municipal Modernization Act, which took effect on November 7, 2016. [St. 2016, c. 218, §§ 75 and 76](#).

The amendments eliminate the limits on types and amounts of end-of-year appropriation transfers that can be made under the alternative procedure. End-of-fiscal-year transfers may now be made from health insurance, debt service or other unclassified or non-departmental line item appropriations. In addition, the amount that may be transferred from any department under this procedure is no longer limited to three percent of the department's budget. The school and light departments remain exempt from this procedure.

These guidelines are in effect and supersede Informational Guideline Release (IGR) No. 06-209, *Appropriation Transfers*, and any inconsistent prior written statements or documents.

**GUIDELINES:**

**A. APPROPRIATION TRANSFERS IN GENERAL**

**1. Available Amount**

The amount of any appropriation available to be used as a financing source for another appropriation is the unspent and unencumbered balance, i.e., the amount after all potential liabilities to be charged to the appropriation are considered. Accounting officers should determine this amount before any transfer from an appropriation is approved.

**2. Available Use**

Transfers from surplus bond proceeds after a project that was financed by borrowing has been completed or abandoned may only be made in the manner and for the purposes set forth in [G.L. c. 44, § 20](#). Transfers from appropriations financed by other restricted sources, e.g., stabilization, enterprise, water surplus or community preservation funds, are subject to the same statutory restrictions as the original appropriations.

**3. Governing Law**

The procedures explained in these guidelines govern appropriation transfers unless a charter or special act provides otherwise. Officials should consult with municipal counsel about any applicable charter or other provisions.

**B. APPROPRIATION TRANSFERS IN TOWNS**

**1. General Procedure**

At any time during the fiscal year, a town meeting may by majority vote transfer any amount from any appropriation to any other municipal use authorized by law.

**2. Alternative Year-end Procedure**

During May and June, and the first 15 days of July of the new fiscal year, the selectboard, with the agreement of the finance committee, may transfer any amount from a departmental or other appropriation to any other appropriation. This procedure may not be used, however, to transfer funds from a municipal light or school department budget.

An end-of-year transfer using this alternative procedure requires a majority vote of the selectboard and a majority vote of the finance committee.

Any end-of-year transfer from the municipal light or school department budget requires town meeting approval. See Section B-1 above.

**C. APPROPRIATION TRANSFERS IN CITIES**

**1. General Procedure**

**a. Intra-departmental Transfers**

At any time during the fiscal year, the city council, upon recommendation of the mayor, may transfer any amount from a departmental appropriation to another appropriation within the same department. Intra-departmental transfers require a majority vote of the council.

**b. Inter-departmental Transfers**

At any time during the fiscal year, the city council, upon recommendation of the mayor, may transfer any amount from a departmental or other appropriation to any other appropriation. Inter-departmental transfers require the prior written approval of the amount by the department from which the transfer is being made, if applicable, and a two-thirds vote of the city council. If the transfer is being made from a municipal light or school department appropriation, the light board or school committee must approve the amount by majority vote.

**2. Alternative Year-end Procedure**

During May and June, and the first 15 days of July in the new fiscal year, the city council, upon the recommendation of the mayor, may transfer any amount from a departmental or other appropriation to any another appropriation. This procedure may not be used, however, to transfer from a municipal light or school department budget.

An end-of-year transfer using this alternative procedure requires only a majority vote of the council. Approval of the department from which the transfer is being made is not required.

Any end-of-year transfer from the municipal light or school department budget requires approval under the applicable general transfer procedure. See Section C-1-a and C-1-b above.