



Town of Chatham

Office of the Selectmen
Town Manager
549 Main Street
Chatham, MA 02633



Jill R. Goldsmith
TOWN MANAGER
jgoldsmith@chatham-ma.gov

Tel: (508) 945-5105
Fax: (508) 945-3550
www.chatham-ma.gov

First Reading: BOS Meeting of 1/29/18

Second Reading: BOS Meeting of 4/23/18

Finance Committee Review: 7/17/18

Approval Date: BOS Meeting of 11/19/18 (Unanimous)

Updated and Approved: BOS Budget Summit Meeting of 10/28/19

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

INTRODUCTION AND PURPOSE

The financial management policies of the Town of Chatham are derived from the Town's adopted By-laws and Charter. The implementation of these policies is driven by our commitment to attain the following goals on a continual basis:

- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a high level of municipal services, and to respond promptly and thoughtfully to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being;
- Maintain a stable tax levy commensurate with economic growth;
- Recruit top tier personnel;
- Promote a seamless flow of communication among and between staff, committees and boards;
- Preserve the Town's AAA credit rating from Standard and Poor's or achieve highest rating from other municipal rating agencies.

The financial management policies are intended to be used, and therefore, must be flexible enough to accommodate changing climate, social and economic conditions. It is appropriate for the Board of Selectmen to review these policies on an annual basis and make adjustments as required.

A. FINANCIAL MANAGEMENT

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

1. The Town will produce timely, quality financial reporting including clear financial statements and user-friendly annual budget documents.
2. The Town shall strive to retain an AAA bond rating. The Town's credit rating is a statement of its overall fiscal health as a government and as a community. The benefit of a strong credit rating is realized in lower interest rate costs on the Town's debt issues. The Town will strive to maintain an AAA bond rating by practicing prudent financial management, strong budget control, good cash management and timely billing and collection.
3. These financial policies are predicated on a sound financial control system based on transparent budgeting, monthly financial reporting, and independent verification of the reporting. All financial transactions of the Town shall be recorded in the general ledger under the control of the Finance Director/Town Accountant. Annual financial statements shall be prepared in accordance with generally accepted accounting principles (GAAP) as outlined from time-to-time by the Government Accounting Standards Board. Independent reviewers shall audit the financial statements and issue recommendations to improve financial procedures and internal controls. Annual audits should generally be completed by the end of March in advance of the Town's annual Continuing Disclosure filing requirement.
4. At the end of each fiscal year, all unexpended balances should be closed to Free Cash, unless encumbered or specifically required to be continued.
5. Financial forecasts estimate the Town's revenues and expenditures in the current and ensuing five fiscal years. Forecasts are inherently imprecise and, therefore, should be updated regularly throughout the budgeting process as new information becomes available. The forecasts for the annual budget process shall begin with a preliminary forecast, which is used to make tentative decisions on budget instructions, borrowing expectations, and capital expenditures. Periodic and final forecasts, which are the basis for the Town Manager's budget recommendations, will be updated and presented to the Board of Selectmen and Finance Committee throughout the annual budget process for any material changes, and made available to the public on the Town's website.
6. The Operating Budget incorporates: a) an implicit definition of recommended activities and service levels; b) personnel costs at contracted or expected compensation levels; and, c) estimated non-personnel costs, miscellaneous expenses, and those capital expenses that are not meeting the thresholds for the Capital Improvement Plan or which are funded by borrowing. The Operating Budget takes into account prior four years of experience (actual prior year budgets and voted current budget), changing operating conditions, and general inflation expectations as it relates to the financial forecast.
7. The Town has established an annual budget reserve in accordance with the provisions of Massachusetts General Law, Ch.40 §6. This is typically referred to as the Finance Committee Reserve Fund. This Reserve Fund shall be budgeted annually to provide for extraordinary or unforeseen expenditures that could not have been anticipated before Town Meeting, or to

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

allow immediate expenditures of funds in the event of an emergency, and which cannot be deferred until the next scheduled Town Meeting. A Reserve Fund Transfer request requires the approval of the Finance Committee and Town Manager. Any unexpended balance at the end of the fiscal year will close to Free Cash.

8. Fund Balance, also known as Available Reserves or Available Funds, is the accumulation of each year's actual surpluses and deficits. In accordance with the implementation of GASB 54, Fund Balance is classified into five categories; Nonspendable (inherently non-spendable), Restricted (externally enforceable limitations on use), Committed (self-imposed limitations on use), Assigned (limitation resulting from intended use), and Unassigned (residual). The Town should maintain Unassigned Fund Balance at a level of at least ten percent (10%) to fifteen percent (15%) of Total Annual Expenditures.
9. When Unassigned Fund Balance exceeds 15% of Total Annual Expenditures, the Town Manager and BOS should recommend that Town Meeting apply such amounts in excess of 15% to items such as unfunded long-term liabilities – OPEB, capital expenditures, retirement of debt, or tax relief. Excess Unassigned Fund Balance will not be used to fund recurring operating budget items.
10. Long-term financial obligations and liabilities (contributory retirement, other post-employment benefits (OPEB), and other such obligations as the Town might incur from time to time) should be funded, at a minimum, as may be required by law, and also should be funded so as to manage such costs without compromising the operating budget and services.
11. From time to time, the Town experiences growth in its tax base that can provide increases to annual tax revenues. Since such 'new growth' is cyclical in nature and may slow down or stop as suddenly as it appears, the Town should be cautious in incorporating long-term growth assumptions into its financial forecasts and consequent expenditure growth.
12. New spending initiatives, departmental reorganizations, By-Law amendments, property purchases, gifts, and grants can have significant long-term impact on tax receipts and operating costs that may not be immediately apparent. Reasonable efforts should be made to identify such long-term costs for incorporation into future capital improvement plans and operating budgets.
13. Revenues from local receipts should go to the General Fund, unless Town Meeting decides to dedicate specific revenues to revolving funds or enterprise funds, or unless such revenues are required by statute to be dedicated to specific use(s). As with revenue from new growth, local receipts may be cyclical in nature, and the Town should exercise the same caution in incorporating related long-term revenue assumptions into future financial forecasts.
14. Projecting annual revenues should include a review of trends - a look back at five-year actual revenues received - and provide an accompanying forecast for the five-year average unless an expected increase or decrease is known at the time of the initial forecast presentation.

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

15. When projected annual revenues exceed the amounts required to fund the annual expenditures, consideration should be given to the following (in no priority order): increasing fund balance and other reserves, tax relief, debt reduction, acceleration of payments on other long-term obligations, advancement of deferred capital expenditures, funding OPEB obligations, restoring service reductions from prior years, and new initiatives. This policy is not intended to commit the Town to all or any of the foregoing.
16. Unused levy capacity (also known as excess levy capacity) is created when the amount of property taxes levied to taxpayers in a fiscal year is less than the levy limit allowed by law for the same fiscal year. Unused levy capacity reflects fiscal discipline, provides flexibility to address emergency requirements, and is viewed favorably by rating agencies and others. If the Town proposes using excess levy capacity, the reasons therefor, and any tax impact should be thoroughly explained to the voters.
17. Funding of the Town's Capital Improvement Plan and Budget shall be at 9% of the Operating Budget¹.

B. OPERATING BUDGET POLICY

1. The annual budget should be prepared such that all current operating expenditures will be paid for with current operating revenue. The Town should not fund ongoing operating expenditures with non-recurring revenue sources, such as Free Cash or borrowing. Operating expenses shall be supported by ongoing recurring revenue sources, including property taxes, state aid, fees, and miscellaneous revenues.
2. Recurring revenues include property taxes, vehicle excise, fees for services, licenses and permits, fines and forfeits, interest earnings, state aid, and available funds.
3. Recurring expenses include salaries and wages, employee benefits, materials, supplies, contractual costs, and debt service for capital projects.
4. Revenue and expense estimates should be realistic, yet conservative, to minimize the potential shortfalls in the subsequent year's operating budget and corresponding impacts on Free Cash.
5. The operating budget shall be voted upon by function at the annual Town Meeting.

C. REVENUE POLICY

1. Whenever desirable, fees for municipal services shall be set to recover approximately 100% of the cost of the service.

¹ As voted 10/28/19

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

2. Fees for all municipal services shall be reviewed on an annual basis.
3. Estimated receipts shall be monitored on a monthly basis.
4. One-Time Revenue - The Town will thoroughly analyze any one-time revenue sources before appropriation. One-time revenue sources may include, but not be limited to, items such as unusually high receipts, unanticipated state funds, legal settlements or payments for services provided by the Town. Such funds may also include land sales and may include a payment such as those received from Intermunicipal Agreements (IMA), or bilateral partnerships. These funds may be directed towards:
 - a. Debt Service;
 - b. Stabilization Fund;
 - c. OPEB Trust Fund; or
 - d. Capital Budget

At the recommendation of the Town Manager and Finance Director consideration may be given first to an obligation related to the source of funding.

5. Recurring Revenue - The Town will thoroughly analyze any new, recurring revenue sources before appropriation. New, recurring revenue sources include payments such as those received from operating cost off-sets from Intermunicipal Agreements (IMA)/bilateral partnerships, local receipts, or other permanent revenue sources such as a new or incremental tax or fee.

The net recurring revenue, after designated allocations, if any, shall first be considered toward meeting reserve level goals and capital needs before being utilized for funding general fund operating budget needs. Consideration may also be given to directing recurring revenues towards:

- a. Debt Service;
 - b. Stabilization Fund;
 - c. OPEB Trust Fund; or
 - d. Capital Budget
6. Balances in prior Town Meeting funding articles shall be reviewed annually and excess balances shall be closed out to free cash in a prompt and timely manner.
7. In order to maintain as low a tax rate as possible, debt drop-off, the increased debt capacity created as previously incurred debt is paid down, shall be utilized to fund the Capital Facility Plan.
8. Revenues will be monitored on a monthly basis. Quarterly reports will be available for the Board of Selectmen in hard copy or in electronic format.

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

D. EXPENSE POLICY

1. All efforts shall be made to identify and implement cost containment/reduction initiatives and operational efficiencies on an annual basis, subject to service levels provided for in the annual Town budget.
2. New spending initiatives, departmental reorganizations, By-Law amendments, property acquisitions, gifts, and grants – as well as State mandates—can have significant long-term impact on revenues and operating costs that may not be immediately apparent. Reasonable efforts will be made to identify such long-term costs for incorporation into future capital improvement plans and operating budgets.
3. The Town shall review staffing levels on an annual basis in order to respond to the needs of the organization and to plan for offsetting revenue sources and/or reorganization efforts. Requests for incremental staffing shall include detail of the service deficiency the department hopes/needs to correct through the addition of such incremental staffing.
4. Purchase orders shall be submitted to the accounting office for operating expenses incurred over \$5,000². If the amount is subject to procurement, all bid documents must be submitted with the Purchase order.
5. The Town Manager shall serve as the chief procurement officer and be responsible for the purchase of all supplies, materials and equipment and approve the award of all contracts for all Town departments.
6. Expenses will be monitored on a monthly basis. Quarterly reports will be available for the Board of Selectmen in hard copy or electronic format.

E. RESERVE POLICY

The establishment and maintenance of adequate financial reserves provides the Town with financial flexibility and security, and sufficient liquidity to pay Town operating expenses without short-term borrowing and contributes to maintaining a high credit rating. Levels of reserve fund balance and unassigned fund balance in the general fund are monitored by credit rating agencies in evaluating creditworthiness which impacts the Town's credit rating and consequently, its long-term borrowing cost. To provide for adequate levels of reserves to protect the Town's financial condition over the long term, including unforeseen or emergency needs, or exposure to climate change, the Town has adopted the following prudent financial goals for funding and maintaining reserves:

² Adopted October 28, 2019

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

1. Assigned/Unassigned Fund Balance/Stabilization Fund – It shall be the goal of the Town to maintain a level of assigned/unassigned fund balance including unrestricted stabilization fund balance, as defined in the Town’s audited financial statements, equivalent to between 10% and 15% of annual general fund expenditures.
 - A. Stabilization Fund – The Town shall maintain a Stabilization Fund as established under the provisions of MGL Chapter 40, Section 5B.
 - i. It shall be the goal of the Town to achieve and maintain a balance in the Stabilization Fund equivalent to between 3% and 5% of the Town’s general fund operating budget, net of debt service.
 - ii. The use of the Stabilization Fund shall be restricted to non-recurring and/or capital expenditures. Non-recurring expenditures may include, but not limited to capital improvements, capital equipment, settlement of litigation, extraordinary snow and ice removal, natural disasters, or other stated emergency expenses and related debt service. Reserves will not be used to fund recurring budget items.
 - iii. The Town may, with Town Meeting approval, use the Stabilization Fund as an “internal bank” to borrow from itself for capital projects, in lieu of issuing short term bond anticipation notes, but not over fiscal year end.
 - iv. It shall be the goal of the Town to replenish any amount appropriated from the Stabilization Fund in the prior fiscal year in the subsequent fiscal year(s); within three years maximum.
 - B. Free Cash – Free Cash shall be used primarily as outlay for non-recurring and/or capital expenditures. It shall be the goal of the Town to achieve and maintain an annual certification of Free Cash in the amount of 3% to 5% of the Town’s general fund operating budget. Free cash in excess of goal amount should be used to:
 - i. Fund non-recurring, unforeseen expenditures, such as unusually high snow and ice costs;
 - ii. Provide funding for capital projects;
 - iii. Build stabilization reserves to goal targets;
 - iv. OPEB Trust
2. Overlay Reserve – Established per MGL Chapter 59, Section 25, the Overlay Reserve is used as a reserve, under the direction of the Board of Assessors (BOA), to fund property tax exemptions and abatements resulting from adjustments in valuation. The Finance Director shall annually request in writing for the Board of Assessors to submit the balance in the Overlay account in excess of the amount remaining to be collected or abated as certified by the Board of Assessors

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

as the “Overlay Surplus.” Either upon the BOA initiative or within ten days of the request of the Finance Director, the Board of Assessors shall vote to certify the amount to be transferred to the Overlay Surplus Reserve Fund and must notify the Finance Director in writing of their certification. The declared excess of each fiscal year transferred to a reserve fund may be appropriated for any lawful purpose. The Town may appropriate any such Overlay Surplus to fund the OPEB Trust Fund, Stabilization Fund, or Capital Improvement Plan (CIP) or any other legal purpose as recommended by the Town Manager and Finance Director. Any balance remaining in the Overlay Surplus Reserve Fund at the end of the fiscal year shall revert back to the General Fund toward the calculation of Free Cash.

F. UNFUNDED LIABILITIES POLICY

1. Pensions – Barnstable County Retirement Assessment is an annual assessment to the Town to be paid from operating funds.
2. Other Post-Employment Benefits (OPEB) – costs to provide health insurance for Town retirees and their spouses. The Government Accounting Standards Board (GASB) issued statements in 2004 - GASB 43, 45 with 74 & 75 issued in 2016 relating to balance sheet reporting requirements.
 - a) While there is no legal requirement to fund the unfunded OPEB liability, the Town should strive to move toward fully funding the Annual Required Contribution (ARC), ultimately developing a plan and funding schedule that fully funds OPEB. The Town shall continue its practice of having an independent actuary prepare a biennial valuation report, as required by GASB.
 - b) The Town established an OPEB Trust Fund in 2012. Trustees will continue to review investments and best practices, and make recommendations for funding the OPEB liability.

G. DEBT MANAGEMENT POLICY

1. Introduction

The use of long-term debt is a common and often necessary and appropriate way for a municipality to supplement fund balances and current appropriations in financing major infrastructure and equipment needs over a period of years. Great care and planning must be taken when incurring long-term debt to avoid placing a strain on future revenues.

2. Objective

Debt management policies provide written guidelines and restrictions that affect the amount and type of debt issued by a local government, the issuance process, and the management of a debt portfolio. It improves the quality of decisions, provides justification for the structure of debt issuance, and demonstrates a commitment to long-term financial planning. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and will be able to meet its obligations in a timely manner.

3. Bond Rating

Chatham's bond rating is important because it determines if the Town has any access to the debt market and the rate of interest it pays when selling bonds and notes. Other things being equal, the higher the bond rating, the lower the interest rate. See APPENDIX I for the current bond credit rating report and the rating agency's rating criteria for Chatham.

4. Debt Guidelines

A. Debt Purpose:

1. The Town may consider issuing debt for any purpose consistent with Massachusetts General Laws.
2. Borrowing for capital improvements, in general, will be confined to those greater than \$250,000 and with a useful life of five (5) or more years. In general, the Town will attempt to finance smaller purchases with operating or other revenues.
3. The Town shall not issue debt to fund current or ongoing operations of the Town, except in the form of Revenue Anticipation Notes if applicable in compliance with Massachusetts laws and regulations.

B. Debt Amounts:

1. The Town will keep total debt under 5% of Equalized Valuation (EQV) as last measured pursuant to MGL Chapter 44 Section 10.
2. The Town will endeavor to keep total tax-supported debt service (i.e. net of debt exclusions and self-supporting debt) to 10% of total general fund revenues or less.
3. The Town will ensure that enterprise/receipts reserved for appropriation (i.e. Water Fund) and community preservation receipts are sufficient to cover associated self-supporting debt. Enterprise fund rates will be adjusted accordingly.
4. The Town will limit annual increases in any and all debt service to a level that will not materially jeopardize the Town's credit rating.

C. Debt Structure:

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

1. The Town will not structure bonds to exceed the maximum terms set by Massachusetts General Law Chapter 44 Sections 7 & 8. However, the Town may choose to borrow for periods less than the statutory limit.
2. Bonds will be paid back within a period not to exceed the expected useful life of the capital project or equipment.

D. Debt Issuance:

1. The Town will work closely with the Town's financial advisor and bond counsel to ensure that all legal requirements are met and that the lowest possible interest rate can be obtained. This includes, but is not limited to, preparation of the official statement, preparation of all required documents and compliance with reporting requirements.
2. The Town will maintain good ongoing communications with bond rating agencies about its financial condition, and will exercise full disclosure on every financial report and bond prospectus.
3. The Town will strive to use competitive bidding whenever possible and negotiate sales of bonds only when competitive bidding is not feasible.

E. Debt Management:

1. Alternative Financing Strategies:
 - a. The Town will continually pursue opportunities to acquire capital by means other than conventional borrowing; such as grants, federally subsidized loan programs, and low- or zero-interest loans from state agencies, such as the Massachusetts Clean Water Trust (MCWT) and any other appropriate state or federal financing program.
 - b. The Town will assess the feasibility and appropriateness of funding its capital projects from existing free cash balances, stabilization, or special revenue funds before it considers bonding.
 - c. The Town will consider if it is appropriate to establish user fees to cover some or all of the capital costs of enterprise-type services or activities to avoid imposing a burden on the property tax levy.
2. Debt Refunding:
 - a. The Treasurer, relying on the advice of financial advisors and bond counsel will generally seek such refunding when the potential for interest savings is sufficient to offset the costs of doing so. Massachusetts General Law Chapter 44, Section 21A gives the Treasurer with the approval of the Town Manager the authority to issue refunding bonds in order to reduce interest costs.
 - b. Refunding opportunities will be regularly reviewed and considered for their merits as they become available and compared to other alternative strategies.
3. Debt Residual Balance:
 - a. Projected cash flow estimates will be required prior to borrowing to make sure that funds are available when needed.
 - b. Post-Issuance Tax Compliance Procedures will be followed to ensure that previously issued bonds do not lose their tax-favored status and the Town does not need to pay any arbitrage rebate. See APPENDIX II for Post Issuance Compliance Policy.

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

- c. For those previously authorized bonded projects with residual balances, the Town Manager shall propose the reallocation of these balances for other capital projects in conformance with Massachusetts General Law Chapter 44, Section 20.
- d. For those previously authorized projects funded with available revenue (tax levy or reserves), that have residual balances in excess of \$5,000, the Town Manager shall propose the reallocation of these balances for other future capital projects in conformance with Massachusetts General Law Chapter 44 Section 33B. This practice will avoid abnormally inflating general fund surplus with one-time surplus.
- e. For those previously authorized projects funded with available revenue (tax levy or reserves), with residual balances of less than \$5,000, the Town Accountant shall be authorized to close these balances to the appropriate fund surplus.

5. Ethics

The Treasurer/Collector and Assistant Treasurer/Collector shall refrain from any personal activity that may conflict with the proper execution of the debt program or which could interfere with what is in the best interest of the Town. All such personal activity shall be in compliance with Massachusetts state ethics laws.

6. Reporting and Review Requirements

- The Statement of Indebtedness is a form listing all authorized debt and is required annually by the Bureau of Accounts (BOA) from each municipality. Chatham shall provide this account on an annual basis.
- Municipal debt information from all municipalities is summarized in the Debt/Financial Indicators section of the Databank Reports <http://www.mass.gov/dor/local-officials/>
- Each bonding will require an Official Statement. The Treasurer will provide all necessary information to the Town's financial advisor in order to complete the Official Statement.
- A debt model will be presented at Annual Town Meeting reflecting debt as of December 31st of preceding year. Annual debt service requirements are budgeted as part of the annual budget approval process.
- This policy will be reviewed at least annually.

7. Legal References

- Massachusetts General Law, Chapter 44, Section 7; Cities and towns; purposes for borrowing money within debt limit
- Massachusetts General Law, Chapter 44, Section 8; Cities and towns; purposes for borrowing money outside debt limit
- Massachusetts General Law, Chapter 44, Section 10; Debt limit
- Massachusetts General Law, Chapter 44, Section 20; Proceeds from sale of bonds; restrictions on use; disposition of premiums

TOWN OF CHATHAM BUDGET AND FINANCIAL MANAGEMENT POLICIES

- Massachusetts General Law, Chapter 44, Section 21A; Refunding bonds; issuance; present values

8. Definitions

Bank Qualified Bond – A bond that banks are allowed to deduct 80% of their carrying costs of the debt. This occurs when a municipality issues no more than \$10 million dollars of new money - tax exempt debt (including lease purchases) in a calendar year.

Continuing Disclosure – Continuing disclosure annual filing requirements are made to comply with the Securities and Exchange Commission (SEC) Rule 15C2-12 in connection with commitments made at the time of debt issuance to provide updated disclosure information annually through the life of the bonds.

Debt Limit – the amount a city or town can borrow. The debt limit is set at 5% of the equalized valuation (EQV) pursuant to MGL Chapter 44 Section 10. The debt limit can be raised up to 10% with the approval of the Municipal Finance Oversight Board (MFOB)

Direct Debt – debt payable from general revenues including capital leases.

Equalized Valuation (EQV) – the full and fair cash value of all taxable property for a municipality reported by the commissioner of revenue to the general court.

Municipal Finance Oversight Board (MFOB) – is an entity authorized to oversee the issuance of certain debt by municipalities. It is made up of the attorney general, the state treasurer, the state auditor, and the director of accounts in the department of revenue or their designees.

Net Direct Debt – direct debt plus overlapping debt.

Official Statement – is a statement published by an issuer of a new municipal security describing itself and the issue. It communicates to the potential investor all the information reasonably necessary to make a prudent investment decision.

Overlapping Debt – debt shared with another municipality or entity.

Self-supporting debt – is general obligation debt which has a predetermined funding source. This includes enterprise debt that will be paid for by enterprise rates or fees, Community Preservation debt that will be paid for by community preservation receipts.

APPENDIX I– Bond Rating - S&P Analytical Rating Framework (Below) and Rating August 2016 [Attached]

Chatham’s bond rating analysts, Standard & Poor’s, looks at several factors in assigning a credit rating including:

- Institutional Framework score assesses the legal and practical environment in which the local government operates. (10%)
- Economy score assesses both the health of the asset base relied upon to provide both current and future locally derived revenues as well as the likelihood of additional service demand resulting from economic deterioration. (30%)
- Management score assesses the impact of management conditions on the likelihood of repayment, which starts with the policies and practices of a local government. (20%)
- Financial Measures
 1. Liquidity score measures the availability of cash and cash equivalents to service both debt and other expenditures. (10%)
 2. Budgetary Performance score measures the current fiscal balance of the government, both from a general fund and total governmental funds perspective. (10%)
 3. Budgetary Flexibility score measures the degree to which the government can look to additional financial flexibility in times of stress. (10%)
- Debt & Contingent Liabilities score starts with two measures: total governmental funds debt service as a percentage of expenditures and net direct debt as a percentage of total governmental funds revenue. This includes unfunded pension and OPEB liabilities. (10%)

APPENDIX II - Post Issuance Tax Compliance Procedures for Tax-Exempt Obligations and Other Tax-Benefited Obligations

APPENDIX III - Investment Policy Statement (*Existing via the Treasurer/Collector as required by Bartholomew & Co*) -Includes Investment Reports provided on a quarterly basis

APPENDIX IV- MA Municipal Financial Terms Glossary

<https://www.mass.gov/files/documents/2017/11/20/municipalglossary.pdf>

APPENDIX V – Standard & Poor’s Bond Rating June 1, 2020 –

https://www.chatham-ma.gov/sites/g/files/vyhlf2926/f/uploads/chatham_aaa_rationale_june_1_2020.pdf