

**Chapter 146**  
**FINANCIAL POLICIES**

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**ARTICLE II**

**§ 146-2 Cash Receipts**

[HISTORY: Adopted by the Board of Selectmen 12-18-2007. Amendments noted where applicable.]

**A. PURPOSE.**

Municipalities deposit substantial sums of money each year carrying out the many functions and services that they provide. Taxpayers have a right to expect that the municipality's operations be carried out efficiently and expeditiously with adequate financial control and accountability.

The objective of this policy is to attempt to strike a balance between the need for department operating efficiency and flexibility, and the need for financial control and accountability. It is also the purpose of this policy to implement uniform procedures for depositing funds that will provide quality and operational efficiency and internal controls sufficient to safeguard the assets of the Town.

**B. ORGANIZATIONS AFFECTED.**

This policy applies to all departments and divisions of the Town.

**C. DEFINITIONS.**

Departmental Deposit Form (DDF) – The form used by Departments to submit a deposit to the Tax Collector in the Finance Department on behalf of the Treasurer, where a receipt will be returned to the departmental employee after the deposit is processed. See sample form in Exhibit A

Town Clerk's Daily Remittance Report – The form used by the Town Clerk to submit a deposit to the Treasurer.

Petty Cash - An amount of money assigned to a department or division, to be used for small purchases and/or as a cash drawer for collection of moneys and making change for customers. The Petty Cash amount remains constant and is represented by cash, checks, coin or receipts for purchases.

Petty Cash Reimbursement Form – The form used by all Departments to replenish their petty cash drawer. See Exhibit B.

**D. POLICY.**Petty Cash

Petty Cash is for official business only, specifically the making of change to a customer or reimbursement of small amounts for items purchased by employees for business. Such reimbursement will be made only upon presentation of the appropriate paid receipts and requisite approval. No employee shall use Petty Cash for any personal business, even if the intent is to reimburse Petty Cash. There shall be no cashing of personal, third party or Town payroll checks through Petty Cash. Violation of any portion of these policies may lead to disciplinary action, including termination of employment.

Deposits

When a department with the exception of the Town Clerk's Office, has collections in cash, coin, checks or other negotiable instruments totaling \$100 or more, all moneys, excluding Petty Cash, shall be deposited with the Finance Department by the next business day. If a department has on hand, collections less than \$100, the moneys shall be deposited, at a minimum, once a week.

The Town Clerk's Office will deposit the money collected in their office by the next business day.

**E. PROCEDURES.**Petty Cash

No department is to establish a petty cash without consent from the Town Administrator and start up instructions from the Finance Director. A base petty cash amount must be determined by the Department Head and the Finance Director.

Departments shall keep Petty Cash secure from public access and non-authorized employees. A locked cash box is to be obtained to store petty cash and must be kept locked at all times. The key will be kept in a secure location. Only the Department Head and the employee who is responsible for the petty cash will have access to the locked petty cash box and key.

Only one employee at a time shall be assigned responsibility by a department for access to Petty Cash. Department Heads shall take steps that minimize the number of employees that have access to a cash box.

Balancing petty cash shall occur when the transfer of responsibility for the Petty Cash is granted to another employee.

All employees that have responsibility for Petty Cash shall sign a Petty Cash Policy Statement. These forms will be forwarded and held on file in the Finance Department.

A pre-numbered receipt will be issued by the petty cash administrator for each payment made out for petty cash. This receipt is to be signed by the petty cash administrator and the employee receiving the petty cash.

Payments out of petty cash will be made only when a valid receipt is presented. All reimbursements from Petty Cash for small purchases will be made to employees authorized by the department to make such purchases upon presentation to the department by the employee of the appropriate receipts and a description of the purchases and the requisite approval.

Payments out of petty cash that are an advance for the purchase of items shall follow the same procedures as in 5.1.7. The employee will sign for the advance and will return the valid receipt after the purchase with the proper authorizations and codes.

Departments should limit the amount of reimbursements made from Petty Cash to \$20.00 or less, though exceptions may be made.

All departments, on a daily basis, shall make an accounting of their Petty Cash to assess if the Petty Cash balance is correct and to determine whether a PCR form is required. At all times the total of the itemized receipts added to the cash remaining in the petty cash box must equal the predetermined petty cash amount.

Replenishment to departmental Petty Cash for purchases made shall occur by use of a Petty Cash Reimbursement Form (PCR) made out to Petty Cash and reference the department or division and submitted to the Finance Department. All receipts or other documents supporting the charges shall accompany the PCR. The PCR should be completed with the account codes with amounts to be charged and have the appropriate approvals on it. Finance will issue a check for the reimbursement during its normal processing.

Department heads shall submit for Petty Cash reimbursement once a month, at a minimum, for any purchase receipts being held. Departments may cash their Petty Cash reimbursement checks where the Town currently has its bank accounts.

Regular Deposit Procedures.

Customer Receipts - Departments shall insure that all customers are issued a sequentially numbered receipt at the time of collection of moneys from a customer. Customers shall be encouraged by appropriately placed signs to request a receipt. Cash received by a Department shall be counted and a receipt promptly issued. Any discrepancies should be immediately resolved.

Department Heads shall insure that the documentation from the receipting process allows for proper final accounting of the moneys, i.e. the revenue or receivable account to be credited. Department Heads shall also insure that employees do not cash personal checks for any individuals from any Town funds.

Refusal of Customer Checks – Department employees shall refuse checks from customers appearing on the latest bad check listing issued by the Finance Department.

All revenue receipts must be deposited with the Finance Department on the business day following when it was received or Friday of that week depending on the amount collected. The appropriate Departmental Deposit Form should be filled out identifying the various revenue accounts to be credited and the cash, coin, checks and other negotiable instruments shall be brought to the Tax Collector in the Finance Department the day following the close of business.

All revenue for the Town Clerk's Office must be deposited on the business day following when it was received or Friday of that week depending on the amount collected. The Town Clerk will submit a Town Clerk's Daily Remittance Report to the Treasurer for the daily deposit.

When a deposit is made, all moneys for the related collections shall be deposited. No cash items from collections shall remain as part of the Petty Cash balance.

Departments should submit the original of the Department Deposit Form with the associated detailed listings to the Tax Collector. Departments should submit an adding machine tape of the checks included in the deposit. There should not be any stapling of cash or checks.

The Tax Collector, upon receipt of a departmental deposit form shall issue a receipt from the Finance Department cash register for the department. The Finance Department will post to the accounts specified on the form at the end of the business day. The Town Clerk will post the deposit to the accounts specified on their form the next business day.

The Tax Collector shall report any variance from the deposit procedures to the Finance Director. The Finance Director will determine if the deposit must be returned to the department or be resolved immediately. The Finance Director will initial and provide a brief explanation of any changes made for immediate resolution. In the event that the Finance Director is unavailable, the Town Administrator or Department Head will be notified.

The Tax Collector and the Town Clerk shall assign each deposit a sequential number and record each deposit into the fund accounting software, once the amount has been verified. All backup information accompanying the deposit and a copy of the daily receipts will be set aside for audit. The cash register will be balanced at the end of the day and the deposit of all receipts will be placed in the safe until deposited at the bank the next day.

Any deposit amount under or over the collection amount should be charged or credited to the specified expense

account in the departmental or division budget. If the variance is later identified, a Journal Entry can be submitted to the Finance Department to correct the account.

#### Audit

Random audits of each department's petty cash, cash drawers, related daily reconciliation sheets or other cash or deposit related documents will be performed by the Town Auditor, Finance Director, or their designee, or other Town agents as authorized by the Town Administrator.

#### **F. RETURN CHECKS.**

All checks returned by the bank will be given to the Finance Department. Copies of returned checks and bank documentation must be submitted to the Treasurer and the Finance Director. The original returned check and bank documentation will be given to the department that collected the money. Returned checks will be recorded in the accounting system against the revenue in which it was originally posted. The revenue code will be submitted to the Finance Department by the initiating department.

Upon receipt of the returned check the appropriate department will notify the check writer with a form letter sent certified mail and inform them that there check did not clear and advise that there is an additional amount due of \$25.00 return check fee, \$2 bank fee, plus the cost of the certified mail.

Payment of a return check must be either in the form of cash, money order, or bank certified check. Information as to whom and the purpose of the payment should be documented and placed with the daily deposits. Returned check charges should be noted as a separate revenue item.

If the check writer fails to redeem the check and pay the additional fees within 14 days of notification, the person is subject to prosecution under RSA 63:4. The initiating department will take the necessary steps to comply with the state law. A copy of the "Notice and demand for payment of dishonest check" is presented in Exhibit # C.

#### **G. IMPLEMENTATION.**

To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to department heads, employees, volunteers, board and commissions upon hiring, appointment or election to office and at such other times as may be necessary.





**EXHIBIT C****NOTICE AND DEMAND FOR PAYMENT OF DISHONORED CHECK**

To \_\_\_\_\_ (insert name) of \_\_\_\_\_ (insert address) YOU ARE HEREBY NOTIFIED that a check presented by you to the undersigned dated \_\_\_\_\_, drawn on the \_\_\_\_\_ (insert name of bank) of \_\_\_\_\_ (insert name of city), in the amount of \$\_\_\_\_\_ (insert check amount), bearing the signature of \_\_\_\_\_ (insert signature on front of check) has been returned unpaid with the notation that the payment has been refused because \_\_\_\_\_ (insert reason given by bank for non-payment). In addition, bank costs and protest fees (postage) amount to \_\_\_\_\_ for a total amount due of \_\_\_\_\_ (insert total amount). Your attention is called to the Revised Statutes Annotated of the State of New Hampshire below. Demand is hereby made for the payment of this check and all costs and protest fees. Failure to pay this check and related costs within fourteen (14) days of the date on this notice will result in the undersigned taking further actions as allowed by law.

**DO NOT IGNORE THIS NOTICE.**

Remit to: Town of Peterborough  
1 Grove Street  
Peterborough, NH 03458

Date \_\_\_\_\_

**NH RSA 638:4 Issuing Bad Checks**

- I. A person is guilty of issuing a bad check if he issues or passes a check for the payment of money and payment is refused by the drawee, except in cases where a legal stop payment order has been issued or where the drawee refuses payment for any other reason through no fault of the person who issued or passed the check.
    - I-a. A person who issues or passes a bad check is subject to prosecution in the jurisdiction in which he issued or passed the check.
  - II. For the purposes of this section, as well as in any prosecution for theft committed by means of a bad check, a person who issues a check for which payment is refused by the drawee is presumed to know that such check would not be paid if he had no account with the drawee at the time of issue.
  - III. It is an affirmative defense that the actor paid the amount of the check, together with all costs and protest fees, to the person to whom it was due, within 14 days after having received notice that payment was refused. The actor's failure to make such payment within 14 days after receiving notice that payment was refused shall be prima facie evidence of a violation of paragraph I of this section.
  - IV. (a) Issuing a bad check is:
    - (1). A class A felony if:
      - (A). The face amount of the check exceeds \$1,500; or
      - (B). The defendant has 2 or more prior convictions under this section, the present and prior convictions were based on offenses committed within a 12-month period, and the aggregate face amount of the checks underlying the present and prior convictions exceeds \$1,500;
    - (2). A class B felony if:
      - (A). The face amount of the check exceeds \$1,000 but is not more than \$1,500; or
      - (B). The defendant has 2 or more prior convictions under this section, the present and prior convictions were based on offenses committed within a 12-month period, and the aggregate face amount of the checks underlying the present and prior convictions exceeds \$1,000 but does not exceed \$1,500;
    - (3). A class A misdemeanor if the face amount of the check does not exceed \$1,000 and the actor has been convicted of an offense under this section within the previous 12 months; and
    - (4). A class B misdemeanor in all other cases.
- (b) In any prosecution under subparagraph IV(a), the prosecutor shall prove that the person issued or passed the check knowing or believing that the check would not be paid by the drawee.
- (c) Face amounts involved in the issuance of bad checks committed pursuant to one scheme or course of conduct may be aggregated in determining the grade of the offense.

- V. In addition to any other sentence which it imposes, the court shall, if restitution is authorized under RSA 651:63, order any person convicted of a violation of this section to make restitution to the person to whom the check was due. Such restitution shall include the amount of the check and may include all reasonable costs and protest fees.
- VI. (a) Notwithstanding any other provision of law to the contrary, in any judicial proceeding under this section, a notarized or sworn statement by the bank official who is the keeper of records of the bank upon which the check was drawn shall be admissible as evidence at trial to prove the status or account balance of the person's account on the date the check was issued or passed. The admission of this statement shall eliminate the need for the keeper of records to personally appear and testify before the court.
- (b) Nothing in this paragraph shall prevent the person who issued the check for which payment was refused from securing the appearance of the keeper of the records before the court by subpoena or other legal process.

### ARTICLE III

#### § 146-3 Credit Card and Purchase Card

[HISTORY: Adopted by the Board of Selectmen 2/19/2008. Amendments noted where applicable.]

##### A. Purpose

Credit card and purchase card accounts are a commonly accepted financial tool in the modern business environment. While they offer great flexibility in conducting financial transactions, they can also decrease the level of accountability and oversight of individual transactions. Rarely, credit card accounts can present a vehicle for fraudulent financial activity, especially in government environments. With the intention of maintaining high levels of financial accountability and reducing the chances for fraudulent activity, the Peterborough Select Board adopts the following policy, applicable to all Town employees.

##### B. Definitions

1. A credit card is defined as a card issued by a financial institution giving the authorized user the ability to charge purchases within their credit limit and pay for them at a later date.
2. A purchase card is not a credit card, and is defined as a corporate liability charge card, requiring balances to be paid in full by the due date.
3. Cards and accounts "in the name of" the Town of Peterborough shall be defined as those cards and accounts opened with the Town of Peterborough (or any relevant subunit, committee, department or employee) as the named account holder, and/or any cards or accounts opened using the Town of Peterborough's IRS issued tax identification number.

##### C. Exclusions

1. This policy is not intended to apply in instances where purchase orders, verbal agreements, or other informal arrangements, rather than credit cards or purchase cards, are used to allow purchase of goods or services from a vendor with payment at a later date.
2. This policy is not intended to apply in instances where purchases are made for Town purposes on private credit cards for which reimbursement will be sought at a later date. Reimbursements for purchases on private credit cards shall follow all applicable town policies for reimbursement to individuals and shall be treated in the same manner as any other reimbursement.

##### D. Authorization of credit card accounts

Credit card accounts in the name of the Town of Peterborough (or any relevant subunit of the Town) shall be prohibited unless expressly authorized in writing by the Town Administrator. The Town Administrator shall also specify in writing which employees (or positions) shall be authorized to access the card. The Finance Director or her or his designee shall maintain a record of the authorized accounts. The account shall be valid until it is revoked in writing by the Town Administrator or applicable bank.

##### E. Procedure for use of authorized cards

The Finance Director or her or his designee shall be the person responsible for securely storing all credit cards. When an authorized employee requests access to a credit card, the Finance Director or her or his designee shall

present the card to said employee and record the time and date on which it was given. The employee is responsible for returning the card, together with a properly coded and approved original receipt from the transaction, at or before the same time on the next business day. Receipts must be itemized so as to allow reasonable identification of individual goods and services purchased.

At the discretion of the Finance Director or her or his designee, the employee may be granted extra time to code and authorize the receipts from the transaction, as long as the employee returns the credit card and a photocopy of the receipt from the transaction to the Finance Department within 1 business day.

It shall be the responsibility of the Finance Director or her or his designee to track all purchases on a monthly basis and pay off any balances on the credit card accounts as they come due.

#### **F. Personal use**

Personal use of Town credit/purchase cards or accounts is strictly prohibited. Any inadvertent or accidental personal use of Town cards or accounts must be reported immediately to the relevant Department Director, the Finance Director, and the Town Administrator. Immediate reimbursement of the purchase shall be made from the employee to the Town, and the employee shall submit a detailed written description of the transaction explaining the inadvertent use, which shall be attached to the record of the transaction kept on file by the Finance Department. Any personal use not immediately reported as described above shall be considered a fraudulent use and handled according to section G of this policy.

#### **G. Fraudulent use**

Fraudulent purchases on a Town card or account shall be handled according to the Fraud Policy contained in the Town Code Book. Any employee found to have made fraudulent purchases may be held financially responsible for any portion of the purchase up to the full amount of the transaction, as well as any legal or financial costs incurred by the Town relating to the purchase

#### **H. Purchase orders**

It is the responsibility of the employee who is authorized to use the credit card to obtain a purchase order **beforehand** whenever a purchase exceeds the limits pertaining to purchase orders set forth in the Town's purchasing policy.

#### **I. Lost or stolen cards**

Lost cards must be reported immediately to the Finance Director. The Finance Director or her or his designee shall immediately contact the bank or company that issued the card, report the card lost, and request a report of all transactions completed (if any) since the card was lost. The employee who lost the card shall confirm to the Finance Director that there are no unauthorized charges. The Finance Director shall immediately dispute any unauthorized charges with the company/bank that issued the card.

#### **J. Responsibility for unauthorized cards.**

Any credit cards accounts that are opened in the name of the Town of Peterborough (or any relevant subunit of the Town) without the authorization of the Town Administrator shall be considered fraudulent. Any employee found to have opened or knowingly used an unauthorized account shall be subject to appropriate disciplinary action up to and including termination of employment. Furthermore any employee opening or knowingly using an unauthorized account shall be held financially responsible for any inappropriate charges to the account, as well as any other costs incurred by the Town relating to the existence of the account.

### **ARTICLE VII**

#### **§ 146-7 CAPITAL ASSETS AND DEPRECIATION POLICY**

**[HISTORY: Adopted by the Board of Selectmen 6/17/2008. Amendments noted where applicable.]**

#### **A. INTRODUCTION:**

A capital asset are all tangible and intangible assets of a capital nature that are used in operations and have a useful life greater than or equal to five years .These are categorized as Land, Buildings, Improvements-Other Than Buildings, Machinery & Equipment, Infrastructures, and Capital Construction. The Town will identify and record

capital assets in its financials. It will determine depreciation based on the historical acquisition costs of the assets or the fair market value of donated assets and utilize a straight-line method of depreciation over the estimated useful life of the asset.

Assets with a life span of at least five years costing \$5,000 or more will be capitalized unless noted differently in the policy. All land regardless of the cost will be capitalized.

### **B. MAJOR CAPITAL GROUPS:**

Land-Amounts for all Town owned land. All Town owned land regardless of how it was acquired. This includes land obtained through purchase, dedication, gifted, tax deed, and eminent domain. Land also includes land rights, whether stated in the form of restriction, easement, covenant or condition. Land rights will be capitalized only if the Town paid for the rights. It includes closing cost, appraisals, legal and title fees, and purchase of right-of-way and/or site preparation.

Buildings and Improvements-Expenditures for acquiring or constructing Town owned buildings. Expenditures for the construction of buildings, for major permanent structural alterations, and for the initial or additional installation of heating and ventilation systems, fire protection systems, and other service systems in existing buildings. Costs for the purpose of repairing or replacing the structure or systems in the buildings are not recorded in this account.

Permanent Structures-Expenditures for the initial acquisition of existing buildings or construction of new buildings. Building components (roof, air conditioner system, etc.) should be recorded separately when significant as the building components have different useful lives.

Portable Structures—Expenditures for the acquisition or construction of a temporary building.

Major Building Improvements includes major permanent structural alterations, interior/exterior renovations, major electrical & plumbing upgrades, etc

Minor Building Improvements includes expenditures for replacement or addition to significant building components, such as heating, ventilation, air conditioning, (HVAC), elevators, etc.

Land Improvements-Expenditures for acquiring improvements not associated with buildings. These assets could be an aboveground or belowground nature, found in the land area contiguous to and designated for serving Town facilities. These assets include but are not limited to, landscaping, fencing, parking lots (adjacent to a Town building), driveways, swimming pools, athletic fields, tennis courts, and retaining walls.

Ground Work-Expenditures for land improvements such as fill and grading costs, landscaping and athletic fields. Structural-Expenditures for fencing, swimming pools, tennis courts, fountains, retaining walls, skateboard park, driveways, lighting, and playgrounds.

Machinery & Equipment-Expenditures for the initial, additional, and replacement items of equipment such as machinery, equipment and vehicles. This group will also include furniture and fixtures, electronic equipment, computer software, and historical collections.

Historical Collections-Expenditures for the purchase of collections of works of art and historical treasures such as long lived books and antiques. Depreciation is not required for collections that are inexhaustible. Collections may be capitalized in the aggregate rather than the single value of each item. The collection must be equal to or greater than \$10,000.

Computer Software-This intangible asset includes externally purchased software costs not including hardware components. For purpose of capitalization, this does not include software which is utilized by the Town in accordance with an annual licensing agreement as this software is not considered “owned” by the Town. Any capitalized software amount should include only the direct costs of obtaining the software. Upgrades and enhancements should only be capitalized if such cost increases the life or functionality of the product. Costs involved in implementing the software such as training and data conversion costs, as well as ongoing maintenance agreements, should be expensed. The computer software must be equal to or greater than \$20,000.

Furniture and Fixtures-Expenditures for initial, replacement, or additional furnishings and fixtures used in office facilities including desks, counters, carpeting, etc.

Light Equipment-Expenditures for equipment such as copiers, telephone system, air compressors, sidewalk plows, chipper, recreational and athletic equipment, multi media equipment, and audio visual equipment...

Heavy Equipment-Expenditures for equipment such as loaders, forklifts, backhoe, graders, rollers, sewage flushers and generators.

Hydrants—Expenditures for fire hydrants which are an active fire prevention measure.

Light Vehicles-Expenditures for vehicles or light mobile equipment used to transport persons or objects. Examples include automobiles, vans, sport utility trucks, pickup trucks, and accessory trailers.

Heavy Vehicles-Expenditures for vehicles or heavy mobile equipment used to transport persons or objects. Examples include dump trucks, fire apparatus, street sweeper, flatbeds, ambulances, and buses.

Infrastructures-Expenditures for long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years. Examples are streets, bridges, sidewalks, drainage systems, dams, catch basins, water and sewer systems, street lighting, bike and walking paths, and municipal parking lots. Costs can include purchase price, contract cost, professional fees of architects, attorneys, appraisers, financial advisors, interest and related cost incurred during construction; and any other expenditure necessary to put a structure into its intended state of operation. Expenditures may also include major reconstruction of these assets.

Capital Construction in Progress (CIP)-The temporary capitalization of labor, materials, equipment, contracted services and overhead costs of a major construction project, and upon completion is cleared out by transfer of the total capitalized cost to one or more of the Town's asset groups. These projects could be multi-year. When the construction is completed, the asset will be re-classified as to one of the above categories and will be capitalized and depreciated.

#### **CAPITAL IMPROVEMENTS:**

Building renovations will be listed as a separate asset, linked to the original asset. Major building renovations will be capitalized in "phases".

Park improvements will generally be capitalized on a group basis by year of rehab, unless the rehab project amounts to greater than \$25,000 for any one park, in which case the project will be capitalized as a separate asset.

#### **CAPITAL PROJECTS:**

If the project's major source of funds is through a bond issue, then the entire project will be capitalized. An example is the Peterborough Waste Water Treatment Plant. The equipment used in the capital project may be capitalized along with the cost of the construction project, although individually it does not meet the threshold of \$5,000.

#### **CAPITAL LEASES:**

A capital lease is a lease with contractual terms transferring substantially all benefits and risks inherent in ownership of the property to the Town. One or more of the three following criteria must be met to qualify as a capital lease.

- The lease contains a bargain purchase option; or
- The lease term is equal to 75 percent or more of the estimated useful life of the leased property; or
- By the end of the lease term, full ownership of the leased property is transferred to the Town.

Capital leases will be capitalized upon signing the lease and at the principal amount of the lease for the asset. The department will obtain from the vendor an amortization schedule which needs to disclose the break down of the payments between principal and interest. The amortization schedule is required by law. No lease term will exceed the useful life of the asset.

**EXCEPTIONS TO CAPITALIZATION:**

There are certain items of equipment that due to their nature will be inventoried although the single value does not meet the capitalization level of \$5,000. These items will not be included in the fixed assets or be depreciated. Some of these items are listed below

*Computer Hardware and Software:* Includes items such as personal computers, laptops, servers, firewalls, UPS system, rack systems, and certain software.

**Water Meters:** All size meters for residential and commercial properties which supply water and/or sewer to the property.

**Police Weapons:** All types of fire arms used by the police department.

**Library Books and Periodicals:** Includes items such as books, textbooks, magazines, journals, reference books, publications, and audio visual.

**DEPRECIATION:**

All assets, including infrastructure, are depreciated using the straight-line method. Depreciation is computed by dividing the total acquisition cost (excluding salvage value) by the months of useful life as determined by asset class. Depreciation is computed monthly by the automated Fixed Asset system. Depreciation will be charged for ½ year in the year the asset is placed in service. The following table depicts the classification of capital asset items, useful life of the asset and whether the item is depreciated. Depreciation of intangible assets is referred to as amortization and is calculated in the same manner as tangible assets.

<b>Classification</b>	<b><u>Useful Life</u></b>	<b><u>Depreciated</u></b>
Land	N/A	No
Buildings and Improvements:		
Permanent Structure	40	Yes
Permanent Structure- Building Components	20	Yes
Portable Structure	20	Yes
Major Building Improvements	40	Yes
Minor Building Improvements	20	Yes
Land Improvements:		
Ground Work	10	Yes
Structural	20	Yes
Machinery & Equipment:		
Collections	N/A	No
Computer Software	N/A	No
Furniture and Fixtures	5	Yes
Light Equipment	5	Yes
Heavy Equipment	10	Yes
Hydrants	50	Yes
Light Vehicles	5	Yes
Heavy Vehicles-Fire Apparatus	15	Yes
Heavy Vehicles-All Others	10	Yes
Infrastructures:		
Streets	40	Yes
Bike and Walking Paths	40	Yes
Bridges & Culverts	40	Yes
Dams, Basins, Drainage Systems, & Levees	50	Yes
Sidewalks & Curbs	40	Yes
Water Mains	75	Yes
Water Tanks/Booster Stations	50	Yes
Wells/Pump Station	25	Yes
Sewer Lines	50	Yes

Sewer Lift Stations	30	Yes
Street Lights	20	Yes
Municipal Parking Lots	20	Yes
Construction in Progress	N/A	No

**MISCELLANEOUS**  
**Capital Asset Records**

Key information pertaining to each asset will be maintained in the fixed asset system. Each record should include:

- Asset ID Number—number will be assigned by the finance department
- Description—descriptive name of the asset
- Manufacturer/Model/License Plate # (where applicable)
- Serial # (if applicable)
- Date of acquisition—the date that the Town takes title to, or assumes responsibility for a long-term asset

Depreciation Date—the date when depreciation starts. The finance department will enter this date.

Initial Cost—the total cost to acquire and place the asset in service (this cost is before trade in values are subtracted)

Salvage Value—the estimated value of an asset at the end of its useful life. For financial reporting purposes, all assets are considered to have a zero salvage value.

Estimated useful life—The length of time an asset is expected to last for its intended purpose.(see section F of this policy)

Funding source/PO #

Department that uses the asset

Location of Asset—actual location of the asset (garage, storage shed, police building, property ID number)

Acres—Land only

Asset Tag Number—see section G-2 on tagging in this policy

Each department is responsible for supplying the required information to the finance department. The asset system will be maintained by the Finance Department.

**Asset Valuation**

Assets acquired through donations or contributions—Cost will be recorded at fair market value at the date of donation or contribution.

Assets acquired through lease purchase—Cost will be recorded at the purchase cost of the asset at the time the item is purchased. The useful life of the asset can not be less than the term of the lease.

Assets acquired through Eminent Domain—Cost will be recorded at the amount of compensation paid to the property owner.

Assets acquired through Tax Deeding—Only if the Town intends to retain the property acquired through tax deeding actions should it be recorded as a capital asset. Cost will be recorded at the fair market value as of the date of deeding.

Assets acquired through Inter-Departmental Transfers—Cost will be recorded by the “New” department at the same value the asset was recorded at when acquired by the “Old: department. The depreciation will be charged to the new department from the date of the transfer.

**Tagging**

Positive identification of the Town’s capital assets requires the use of a tagging system. Tagging is important for providing an accurate method of identifying individual assets; facilitating the inventory process on an annual basis; controlling the location of physical assets; and providing a common ground of communications for both the Finance Department and the asset’s user department.

All capital assets shall be visibly labeled, for identification purposes by attaching a sequentially numbered capital asset tag. Departments shall only use the asset tags supplied by the finance department. The tags are 1”x 2” silver tags with black lettering. Each tag states it is the “Property of the Town of Peterborough” and the tag number, in numeric and bar coded format.

A few recommendations while tagging assets:

Tags must be placed consistently and must be accessible. The tags should be attached to the capital asset in a prominent position, where it is least likely to be defaced.

Unfortunately, tags are not indestructible. When a tag needs to be replaced, a new tag must be assigned and the finance department needs to be notified.

The surface where the tag is to be placed should be wiped clean before affixing the adhesive tag.

All new licensed vehicles that are inspected by the Town mechanic will be tagged by the mechanic. All other capital assets will be tagged by the individual departments. The department director will assign an employee for tagging the capital assets in their department. The departments and the Town mechanic will notify the finance department with the asset information and the tag number.

### ***Asset Disposal***

Fully depreciated items, if not material, will remain in the system until actually disposed of. Material assets that are nearly fully depreciated but have an extended useful live will have their assigned useful lives revised to reflect actual life.

When a building renovation is capitalized, the component(s) being renovated or replaced will not be removed from the original cost of the building (i.e. roof replacement, heating A/C enhancements, etc.).

### ***Inventory***

Each department maintains its own complete inventory list. On all items which are exceptions to the fixed asset list, a current inventory list must be maintained each month. All other items will be inventoried at year end.

At year-end, a physical inventory is taken by each department and a printed copy of all items in stock and a total dollar value for inventory on hand at June 30 of each year, will be sent to the Finance Department. Inventory list will exclude all items with a unit cost under \$50. The value of all items with a unit cost over \$50 will be the ending inventory balance. Finance will make the appropriate adjustment to the Inventory account to reflect the June 30th ending balance in accordance to the Inventory reports received from the departments.

## **ARTICLE VIII**

### **§ 146-8 FRAUD PREVENTION POLICY**

**[HISTORY: Adopted by the Board of Selectmen on 1/22/2008.]**

#### **A. INTRODUCTION.**

The Town of Peterborough recognizes the importance of protecting the municipality, its taxpayers, its employees and its assets against financial risks, operational breaches and unethical activities. Therefore, the Selectmen and management must clearly communicate the Fraud Prevention Policy to both internal and external customers, vendors and employees.

The Town recognizes a zero tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated. This policy covers all Town employees and officers. Additionally, this policy covers all vendors, customers and employees to the extent that any Town resources are involved or impacted.

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:

- Falsification of expenses and invoices
- Theft of cash or fixed assets
- Alteration or falsification of records
- Failure to account for monies collected
- Knowingly providing false information on job applications
- Knowingly providing false information in requests for funding

- Using Town equipment, facilities, supplies or funds for purposes unrelated to Town business.
- Obtaining Town funds or compensation through dishonesty.
- Corruption is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include bribery, conspiracy and extortion.
- The impact of fraud may include:
  - The actual financial loss incurred
  - Damage to the reputation of our town and our employees
  - Negative publicity
  - The cost of investigation
  - Loss of employees
  - Loss of public confidence
  - Damaged relationships with our contractors and suppliers
  - Litigation
  - Damages employee morale

#### **B. PURPOSE**

The purpose of this policy is to communicate municipal policy regarding the deterrence and investigation of suspected fraud and corruption by employees and others, and to provide specific instructions regarding appropriate action in case of suspected violations.

#### **C. RELATED POLICIES**

This is a Town Policy which is designed to augment other Town policies and is not intended to replace or preclude them. Should an overlap arise between the application of this policy and any other policy, the policy most specific to the situation will apply.

#### **D. REPORTING OF FRAUD OR CORRUPTION**

Allegations and concerns about fraudulent or corrupt activity may come from various sources including employees, vendors, members of the public, results of internal or external audit reviews, or from any other interested parties.

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Concerns should be reported to one of the following: the employee's immediate supervisor, the department director, and/or the Town Administrator. All reports will be taken seriously and will be investigated appropriately.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. The Town also recognizes that false statements of fraud may have serious effects on innocent people. Employees found to have made false statements of fraud will be subject to disciplinary action including possible termination of employment.

#### **E. POLICY AND RESPONSIBILITIES**

Due to the important yet sensitive nature of the suspected violations, effective professional follow up is critical. Directors, while appropriately concerned about "getting to the bottom" of such issues, should not under any circumstance perform investigative or other follow up steps on their own. Concerned but uninformed directors represent one of the greatest threats to proper incident handling. All relevant matters, including suspected but unproved matters, should be referred immediately to those with follow up responsibility.

#### ***Additional Responsibilities of Supervisors***

All employees have a responsibility to reporting suspected violations. However, employees with supervisory and review responsibilities at any level have additional deterrence and detection duties. Specifically, personnel with supervisory or review authority have three additional responsibilities:

- First, you must become aware of what can go wrong in your area of authority.
- Second, you must put into place and maintain effective monitoring, review and control procedures which will prevent acts of wrongdoing.
- Third, you must put into place and maintain effective monitoring, review and control procedures which will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these additional responsibilities is often delegated to subordinates. However, accountability for their effectiveness cannot be delegated and will remain with supervisors and directors.

Assistance in effectively carrying out these responsibilities is available upon request through the Finance Director and Town Administrator.

#### **F. RESPONSIBILITY AND AUTHORITY FOR INVESTIGATION AND FOLLOW UP**

The Town Administrator shall have the primary responsibility for all investigations involving the Town and all departments. Should the Town Administrator have a conflict of interest, the Police Chief shall have primary responsibility. Should the Police Chief have a conflict of interest, an appropriate replacement shall be appointed who may be a member of an outside investigatory agency such as the State Police or the Office of the State Attorney General. Such appointment shall be made by the Board of Selectmen.

#### **G. INVESTIGATIVE TEAM**

In cases where the Town Administrator does not have a conflict of interest, the Town Administrator shall be responsible for appointing an investigatory team, which shall in all cases include the Police Chief or their designee, other than if the Police Chief is the subject of the investigation. The Town Administrator may request the assistance of the Finance Office in any investigation, including access to periodic examinations and evaluations of internal controls.

Subject to applicable laws, properly designated members of the investigative team will have:

- free and unrestricted access to all municipal records
- the authority to examine, copy and/or remove all or any portion of contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures
- All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and town procedures.

#### **H. REPORTED INCIDENT FOLLOW UP PROCEDURES**

Care must be taken in the follow up of suspected fraud and corruption to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway, and to avoid making statements which could adversely affect the town, an employee, or other parties. Investigative or other follow up activity will be carried out without regards to the suspected individual's, position or level, or relationship with the municipality.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

- Employees and others who discover, suspect, or are made ware by others of fraudulent or corrupt activity must immediately report all factual details to their immediate supervisor, department director, and/or Town Administrator.
- Any immediate supervisor or department director made aware of an incident or activity by any individual shall immediately communicate the reported activity or incident to the Town Administrator.
- The Town Administrator has the responsibility for follow up on all reports and, if appropriate, ordering investigation of all reported incidents.
- All records related to the reported incident will be retained wherever they reside.
- Except when warranted as part of the investigation, no individuals involved in the investigation shall communicate with the suspected individuals or organizations about the matter under investigation
- The Town Administrator will also notify the Finance Director of all reported incidents so that it may be

- determined whether this matter should be brought to the attention of the Auditors.
- The Town Administrator may also obtain legal advice at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
- Except as determined by the Town Administrator when in the best interest of the Town, neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
- All inquiries from an attorney or any other contacts from outside of the municipal government, including those from other law enforcement agencies or from the employee under investigation, should be referred to the Town Administrator.

### **I. CORRECTIVE ACTION**

Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the Town Administrator after consultation with the Selectmen.

Offenders at all levels of the Town will be treated equally as the facts warrant regardless of their position or years of service with the Town. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Town, cooperation by the offender and legal requirements.

Depending on the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period up to termination and pursuit of legal action – either civil or criminal.

Depending on the seriousness of the offense and the facts of each individual case, action against non-employees, will be termination of contracts up to pursuit of legal action—either civil or criminal.

Upon conclusion of an investigation, recommendations may be made to the Town Administrator and appropriate Director where required in order to minimize future risk. Management is responsible for implementing the appropriate controls to prevent reoccurrence.

In all cases involving monetary losses to the Town, the Town will pursue recovery of losses when appropriate.

### **J. QUESTIONS OR CLARIFICATIONS RELATED TO THIS POLICY**

All questions or other clarifications of this policy and its related responsibilities should be addressed to the Town Administrator, who shall be responsible for the administration, revision, interpretation, and application of this policy.

## **ARTICLE IX**

### **[ § 146-9 FUND BALANCE**

**HISTORY: Adopted by the Board of Selectmen on 1/22/2008; Amended by BOS on April 15, 2014 and October 18, 2016 in accordance with GASB 54.]**

#### **A. PURPOSE AND SCOPE**

The Town hereby establishes and will maintain reservations of Fund Balance, as defined herein in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Policy shall only apply to the Town's governmental funds.

The General purpose of this policy is to improve the Town of Peterborough's financial stability by protecting itself against emergencies and economic downturns by mitigating current and future risk. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the Town's general operations.

#### **B. DEFINITIONS**

**Fund Balance:** is the difference between the assets and the liabilities in a governmental fund. Fund Balance is a measure of liquidity rather than of net worth. Financial statements of governmental funds may report up to five components to fund balance.

1. **Nonspendable Fund Balance** – includes amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as principal or permanent trust fund).
2. **Restricted Fund Balance** – includes amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors, contributors, creditors) or enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation. Funds legally restricted for specific purposes which cannot change purpose are library, permanent funds and capital project funds.
3. **Committed Fund Balance** – includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision making authority (the Town legislative body by ballot and/or Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body’s actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determine in the subsequent period. Listed as committed are non-lapsing appropriations, expendable trust funds, capital reserve funds, and all governmental funds, except the General Fund and those not listed under restricted.
4. **Assigned Fund Balance** – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**C. UNASSIGNED FUND BALANCE - GENERAL FUND**

Unassigned Fund Balance recommended by the NH Department of Revenue Administration (DRA) is a minimum of five percent (5%) and the maximum of seventeen percent (17%) of the preceding year’s gross appropriations including the Town, School, County and State (MS-535). The minimum unassigned fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

**D. USE OF UNASSIGNED FUND BALANCE**

The Select Board has authority to apply such amounts of the Town’s preceding year’s ending unassigned fund balance (MS-535) to balance the Budget and/or to reduce the property tax rate.

The Select Board may appropriate the preceding year’s unassigned fund balance for emergency purposes such as an economic downturn or exposure to natural disasters, as deemed necessary, even if such use decreases the fund balance below the designated percentage. Emergency purposes do not include the mismanagement of funds. No other amount of unassigned fund balance in excess of the designated percentage can be used without a majority vote on the ballot or at the annual open sessions of Town Meeting.

**E. DEFICIT FUND BALANCE**

At year end, if any of the special revenue funds has a deficit unassigned fund balance, the Finance Director is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

**F. REPLENISHMENT OF UNASSIGNED FUND BALANCE**

If the unassigned fund balance in the General Fund falls below the designated minimum level, it should be replenished. The Town should replenish the amount by dividing the shortage by five equal amounts which will be added to the budget for a five-year period. This amount shall be removed if the designated level is achieved earlier.

**ARTICLE XIV**

**§ 146-14 MISSION STATEMENT AND FINANCE FUNCTIONS**

**[HISTORY: Adopted by the Board of Selectmen 04-22-2008. Amendments noted where applicable.]**

### ***Finance Department mission***

The mission of the finance department is to provide accurate, timely, and quality financial services and information to management and the Town's governing body to use in strategic planning, establishing policies, evaluation of operations and ensuring financial accountability to the citizens, businesses, taxpayers, and ratepayers. The department will maintain a high level of compliance with all pertinent Federal, State, and Town rules and regulations and the requirements of generally accepted accounting principles. The department will develop and implement sound fiscal policies and procedures that ensure accurate reporting and the safeguarding of assets.

### ***FINANCE FUNCTIONS***

The finance department consists of ten functions: Revenues and Collections, Accounts Payable and Disbursements, Reporting and Controls, Payroll and Personnel, Fixed Assets, Budgets, Debt Administration, Audit, Technology and Town Insurances. A summary of each function and their internal controls are presented below. The Treasurer's procedures are not covered by this article except to the extent it involves accounting entries.

#### **1. Revenues and Collections Function**

The revenues and collections function in finance are the billing and collection of all Town utility and property tax revenues and all miscellaneous Town receipts. The individual outside departments are responsible for all accounts receivable billing. The finance department uses financial management software modules to prepare the utility and tax bills and record all receipts. The accounts receivable billing is used by all departments to prepare invoices for customers. A detailed aging report is produced from the system on all billing programs and balanced to the general ledger each month. Statements for unpaid invoices for the accounts receivable package are completed by finance and distributed to the individual departments for review and mailing at the end of each month. The notifications for unpaid amounts in utilities and taxes are done per the requirements of state law. All revenue responsibilities are performed by the tax collector and the deputy tax collector. The accountant has very limited access to cash receipts. Since the finance director manages all adjusting entries to all modules, the finance director is restricted from handling cash receipts.

#### **2. Accounts Payable and Disbursements Function**

The accounts payable function is the processing of all departmental invoices by purchase order or direct entry into the financial management system. Purchase orders are entered into the system by the individual departments. Purchase orders are approved by department director and the town administrator. Disbursements function is the processing of payments to vendors, customers and employees for goods, services, construction, refunds of overpayments, travel and/or reimbursement of expenses. This process is performed by the payroll/AP/deputy tax collector and the tax collector.

#### **3. Reporting and Controls Function**

The reporting and controls function is the overall management of the Town's general ledger system. All departments have access to the Town's financial management system to review their expenditures and revenues in order to avoid overspending or over committing their appropriated budget. The finance office is responsible for preparation of the monthly financial reports to management, the budget committee and town administrator for comparison against the budget. A summary of the Town expenditures and revenues is submitted to the Board of Selectmen each month. Budgetary reporting includes the approved budget, actual expenditures/revenues, encumbrances and the uncommitted balances per line item. In addition, the budgetary reports are posted on the Town of Peterborough Web Page. The finance director makes recommendations on internal control and is responsible for the Chart of Accounts. This function is completed by the accountant and the finance director.

#### **4. Fixed Assets Function**

The fixed assets function involves the processing of the Town's assets of a capital nature that are used in operations and have a useful life greater than or equal to three years. These are categorized as Land,

Buildings, Improvements-Other Than Buildings, Machinery & Equipment, Infrastructures, and Capital Construction. The data on these items will be recorded in the fixed asset module of the Town's financial management package. The associated depreciation amounts will be calculated and posted to the general ledger monthly. This function is performed by the accountant and finance director.

#### **5. Payroll and Personnel Function**

The payroll and personnel function involves the processing of the weekly payroll, employee benefits, personnel files and any other related materials. Payroll is processed in the Human Resources module of financial management software. Salary, classification, grade, name changes, and benefits deductions are entered by the accountant from official documents submitted and approved by the town administrator and department directors. Other deductions such as tax withholding, union dues, insurance, etc. are entered from documents submitted by the employee to the finance department. The Finance staff is responsible for reporting to taxing authorities. Payroll deductions such as pension and insurance payments are entered and paid through the accounts payable system to complete the payroll cycle. The weekly payroll is processed by the payroll/AP/deputy tax collector. The accountant performs the payroll function when the payroll/AP/deputy tax collector is unavailable.

#### **6. Budgets**

The Town adopts budgets to set public policy, to act as a legislative control on taxing and spending, and to serve as a financial planning tool. The proposed budgets are prepared by the department directors and reviewed by the town administrator and the finance director. After this preliminary process, the proposed budgets are presented by the department directors to the Board of Selectmen and the Budget Committee. The Town will hold a public hearing on the annual budget. The first session of Town Meeting (deliberative session on the budget) will be held prior to placing the annual budget in the warrant articles for approval by the legislative body. The operating budget is approved on an annual basis by official ballot. Capital construction and large capital items generally take place over more than one fiscal period and are approved in separate warrant articles by official ballot or Town Meeting. Once the budgets are approved by the legislative body, the information is downloaded into the financial management system by the finance director.

#### **7. Debt Administration Function**

The debt administration function involves the use of debt financing for one-time capital improvement projects and unusual equipment purchases when the project's useful life or the projected service life of the equipment will exceed the term of the financing and when there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues. An analysis will be prepared by Town staff for each long-term financing. The analysis will assess the impact of debt issuance on current and future operating and capital budgets and address the reliability of revenues to support debt service payments. All short term debt with the exception of lease purchases and all inter-fund debt will be processed by the finance staff. The finance department will process and submit all the required information for the debt process to the financial institution and/or Town bond council. The finance department will monitor all forms of debt annually. The finance department will follow a policy of full disclosure on all Town debt. The responsibilities of the finance department will be performed by the accountant and the finance director.

#### **8. Audit Function**

There are two categories of audits: internal and external

Internal Audits are performed by the finance staff and are reported to the department directors. The purpose of the internal audit is to highlight any potential problems before year end so that corrective action can be taken. It is a compilation of all reconciliations performed by Finance. The reconciliations are submitted to the department directors for review and comment. After review, department directors forwards all reconciliations, comments, and required corrective forms to the finance director. The internal audits allow the departments the opportunity to correct accounting entries prior to an external audit. The areas to audit and the period of time fall under the responsibility of the finance director.

External Audits – The Town has adopted a policy in Town Meeting to have an external audit annually.

Bond indentures and federal grants require that the Town be audited by an independent CPA firm annually as well. The audit contract is awarded through a request for proposal process. The finance director works with the outside audit firm to develop an audit schedule. Once the schedule has been developed, the finance director notifies the department directors about the audit schedule and the required documentation to be presented to the external auditors. The accounting system is not placed in interim close until reports have been run, accounts analyzed, reconciliations prepared and all year end entries have been calculated by the finance department. The final audit begins after the preliminary reports are run for the year. The preliminary reports are placed in the Town report and submitted to the external auditors. The accounting system is not closed as final until the audit is complete. All entries after the interim close must be routed through the auditors. The audit firm meets with the Board of Selectmen and Budget Committee annually. The external audits are the responsibility of the finance director

**9. Technology Function**

The Town has implemented the technology plan dated October 18, 2001. The Town provided the physical resources to enhance communications, records retrieval and retention, improve infrastructures, and provide timely access to records to allow for the efficient delivery of service to the community. Technology plan consists of replacement and recycling of workstations, servers, laptops, hand held computers, high end printers, and network systems, as well as upgrades on a large variety of software programs including email and the internet. The Town adopted a policy of outsourcing technical support and IT services. The system administrator for technology is the finance director. The system administrator is responsible for the purchasing, distribution, and monitoring of the Town's computer equipment. The administration of the outside contractor on the installation of the technology infrastructures and the maintenance of all existing and future equipment and software is done by the system administrator.

**10. Town Insurance Function**

The Town insurance function includes the administration of insurance policies and claims on workers' compensation, unemployment compensation, property and liability insurance, and the public official bond. The departments process the paperwork for the individual claims and forward the information to the finance office for submission to the labor department and insurance companies. This process is preformed by the accountant and the finance director.