

TOWN OF PITTSFIELD, N.H.
FINANCIAL POLICY

Authority

This financial policy intends to satisfy the requirements of RSA 41:9 and applies to all public funds held by the Town Treasurer in accordance with RSA 41:29.

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CASH RECEIPTS POLICY

Purpose

To establish adequate financial controls and accountability in order to ensure the safeguarding of town funds.

Deposit Agents

The Treasurer maintains custody of all funds except those funds held by the Trustees of Trust Funds and the Library Trustees. The Treasurer shall ensure that all monies are deposited at least on a weekly basis or daily whenever funds remitted from all departments collectively totals \$1,500 or more.

The Treasurer may designate deposit functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Board of Selectmen. Any such delegation shall only be made to a town official or employee bonded in accordance with RSA 41:6 and rules adopted by the commissioner of revenue administration under RSA 541-A. Such delegation shall not eliminate the responsibility of the treasurer to comply with all statutory duties required by law.

Deposit Procedures

Departments will designate a secure area for the safeguarding and processing of monies received. Access to the secured area should be restricted to authorized personnel only. The secured area should be locked when not occupied.

All receipts must be remitted to the Treasurer, through the Town Clerk's Office, at least weekly or daily whenever such funds total \$1,500.00 or more.

Each deposit batch must have submitted with it the revenue account(s) to be credited and a total of the deposit if the batch is more than one check.

If there is a discrepancy in the batch total, the Town Clerk's Office will initial and indicate their calculation and wait for the depositing department to provide a response before the deposit is made, with the following exceptions:

1. An apparent mathematical error in the addition of the deposit batch that contains no cash
2. An apparent transposition in the preparation of the deposit batch that contains no cash
3. A deposit batch variance from parks & recreation less than \$10.00

All other discrepancies require an explanation by the depositing department of any changes made. In the event that the discrepancies cannot be resolved, the Town Clerk will notify the Town Administrator.

Repeated instances of erroneous deposit batches will also be brought to the attention of the Town Administrator.

Under no circumstance will any town employee utilize personal funds to compensate for shortages or overages in deposits. All shortages or overages must be brought to the attention of the Town Administrator upon immediate discovery.

Employees and officials are not allowed to cash personal checks made payable to the Town or their paychecks at the Town Clerk's Office.

Acceptance of Electronic Payments

The Board of Selectmen authorizes the acceptance of electronic payments in accordance with NH RSA 80:52-c: *The governing body may authorize the municipality's treasurer or other appropriate municipal official to accept payment of local taxes, charges generated by the sale of utility services, or other fees or charges by use of a credit card, debit card, or such other means of electronic transaction as approved by the governing body. Any municipality may add to the amount due, in addition to any penalties and interest payable, a service charge for the acceptance of the credit card, debit card, or such other means of electronic transaction as approved by the governing body. The municipality, at the time of billing, shall disclose the amount of the service charge.*

Acceptance of Tax Prepayments

The Board of Selectmen authorizes the acceptance of tax prepayments in accordance with NH RSA 80:52-a: *Any town by vote at a town meeting under a proper article in the warrant or by vote of the board of selectmen or the town council and any city by vote of its governing board may authorize the prepayment of taxes and authorize the collector of taxes to accept payments in prepayment of taxes. If a town or city so votes, any person, firm or corporation owning taxable property may, at any time before notice of the amount of taxes assessed against said property has been received, make payments on account of such taxes as will be due and the collector shall receive such payments and give a receipt therefor and credit the amounts paid toward the amount of the taxes eventually assessed against said property. In any town or city which shall vote to authorize the prepayment of taxes the collector of taxes shall give such bond in the form and amount which the commissioner of revenue administration shall require, and the collector shall pay over all sums so received to the town treasurer under the provisions of RSA 41:35. No taxpayer shall be allowed to prepay taxes more than 2 years in advance of the due date of the taxes. No interest shall accrue to the taxpayer on any prepayment, nor shall any interest be paid to the taxpayer on any prepayment which is later subject to rebate or refund.*

Non-sufficient Funds/Returned Checks

The return of a check (electronic or paper) issued to the Town of Pittsfield will result in a \$25.00 returned check fee being placed on the account of the person on whose behalf the check was presented for each returned check transaction.

A person's bank account will be allowed two returned checks (presuming prompt redemption) after which payment by check will not be accepted. If additional measures are required to receive redemption, the Town reserves the right to suspend payment by check after the first offense. This includes returned electronic payments.

Written notification, sent by certified mail, on how to resolve the returned check transaction will be sent to the maker of the check and to the person whose account was affected if they are different individuals. A hold will be placed on the account affected, until the returned check has been redeemed.

The following methods will be accepted for payment of a Returned Check transaction:

1. Cash. Must be paid in person at the Town Clerk/Tax Collector's office.
2. Certified Funds. A cashier's check, money order, or other certified funds made payable to the Town of Pittsfield.
3. Credit Card. Must be paid in person at the Town Clerk/Tax Collector's office.

If the returned check for a motor vehicle transaction has not been redeemed within the stated time frame on the notification, an administrative complaint will be filed with the Department of

Motor Vehicles which may result in additional fees and the revocation of motor vehicle registrations.

If the returned check is for tax or sewer transactions, the non-sufficient payment will be immediately reversed on the tax account.

If the returned check is for any other transaction, the Town Clerk's Office will notify the depositing department for follow up and resolution.

The Town Clerk/Tax Collector's office will keep a record of all returned checks that will include the dates, the procedure used for notifying the party of the transaction(s) affected, attempts of collection, and redemption.

Petty Cash

There will be no petty cash utilized by any town department.

CREDIT CARD USE POLICY

Purpose

To establish procedures under which the Board of Selectmen will control the use of bank credit cards and store credit accounts assigned to town employees for the purchase of job-related materials and services.

These procedures are intended to accomplish the following:

1. To ensure that the procurement with credit cards and credit accounts are accomplished in accordance with the policy and procedures established by the Board of Selectmen.
2. To ensure appropriate internal controls are established within each department procuring with credit cards and credit accounts so that they are used only for authorized purposes.
3. To ensure that the town bears no legal liability from inappropriate use of purchasing through extended credit.

Purchasing with Credit

THE CREDIT CARD IS TO BE USED FOR TOWN PURCHASES ONLY. CASH ADVANCES THROUGH BANK TELLERS OR AUTOMATED TELLER MACHINES ARE PROHIBITED.

Credit cards and store credit accounts will not be used for personal purchases of any kind. Use of the Town's credit lines for personal purchases or expenses with the intention of reimbursing the town is prohibited.

Each bank credit card is embossed with the Town of Pittsfield and the cardholder's name and shall not be lent to any other person. Cardholders are responsible for the security of their credit card. All precautions shall be used to maintain confidentiality of the cardholders account number and expiration date of the credit card.

A single purchase may comprise multiple items. Unless previously approved, the total amount of each single purchase may not exceed the limit of \$1,000. Payments for purchases are not to be split in order to stay within the single purchase limit.

When using Town credit, the Cardholder should:

- Ensure that the goods or services to be purchased are budgeted and allowable.
- Determine if the intended purchase is within the cardholder's credit card limits.
- Tell the supplier/merchant that the purchase will be made using the credit card issued by credit card Issuer through the Town of Pittsfield.
- Inform the merchant that the purchase is tax exempt. The tax-exempt number is 02-6000702. Review the receipt before leaving the store and request a credit if taxes were charged in error.
- The Cardholder is responsible for managing any returns or exchanges and ensuring that proper credit is received for returned merchandise. The Cardholder should contact the vendor to obtain instructions for return and review the next card statement to ensure that the return was properly credited.

Documentation, Reconciliation, & Payment Procedures

It is important to the success of the use of Town's credit that cardholders adhere to the following procedures. Failure to keep adequate receipts or frequent abuse of these provisions will result in cancellation of the cardholder's credit card or access to store credit accounts.

1. Documentation – Any time a purchase is made using the Town's credit, the Cardholder is to obtain a customer copy of the charge slip, which will become the accountable document. All carbons, if any, should be destroyed.
2. Missing Documentation – If the Cardholder does not have a receipt or documentation to submit with the statement, a reconciliation statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing support documents must be submitted with the Cardholder's statement. Frequent instances of missing documentation will cause a Cardholder's credit card use privilege to be revoked.
3. Payment Procedures – Purchases made by employees and listed on the credit card or store account statement must be verified and approved by department heads, account numbers assigned for each transaction, and submitted to the Selectmen's Office for payment. It is the card user's responsibility to submit in a timely manner. If not done promptly the department who is using the card will be responsible for interest or late charges added to their statement from their department's expense lines.
4. Payment Approval - The Department Head or designated approving official for each department, because of their knowledge of the job responsibilities of the Cardholder, will review each transaction on the statement. At a minimum, the items, vendor and account number will be reviewed to determine if the purchase was made for official use and in accordance with policies and procedures.
5. Credit Returns - If for any reason the Department Head or approving official questions the purchases, it is their responsibility to resolve the issue with the Cardholder. If it cannot be determined that the purchase was necessary, for official use, and in accordance with policies and procedures, the Cardholder must provide a Credit Voucher proving the items have been returned for credit. Resolution for improper use of the Credit card will be the responsibility of the Department Head and the Board of Selectmen. Disciplinary action could result for misuse of the credit card. Flagrant abuse of the credit card program could result in termination.

If items purchased with the credit card are found defective or the repair or services faulty, the Cardholder has the responsibility to return the items to the merchant for replacement or credit. CASH REFUNDS WILL NOT BE PERMITTED. If the merchant refuses to replace or correct the faulty item, the purchase of this item will be considered to be in dispute.

The Department Head should notate the item(s) disputed on the statement. It is the responsibility of Department Heads to resolve these disputes.

It is essential that the time frames and documentation requirements established by the Credit Card Issuer be followed to protect the Cardholder's rights in dispute. Dispute policies and procedures issued by the Credit Card Issuer will be provided at the time the credit cards are issued to Cardholders.

Request for initial, additional, or changes to Credit Cards/Credit Accounts

All requests for new cardholders or changes to current cardholders will be done by submitting a request to the Town Administrator. All requests for bank credit cards must be approved by the Board of Selectmen.

When the Selectmen's Office receives the credit card from the Credit Card Issuer, the Cardholder will be required to personally sign for their bank credit card.

Lost or stolen Credit Cards

It is the responsibility of the Cardholder to immediately notify the Selectmen's Office of a lost or stolen credit card.

Failure to promptly notify the issuing bank of the theft or loss of the credit card could make the Town responsible for any fraudulent use of the card and result in loss of privileges for the Cardholder.

Termination of employment

Upon termination of employment of any reason, the Cardholder must relinquish their credit card(s) that access Town credit accounts at the time of separation from the Town. The Selectmen's Office will notify the bank credit card issuer and the cardholder's card will be immediately deactivated. A cardholder who fraudulently uses Town credit after separation from the Town will be subject to legal action.

Audits

Random audits may be conducted for both credit card activity and receipt retention as well as statement review by the Selectmen's Office.

FRAUD POLICY

Purpose

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

Town officials and employees must, at all times, comply with all applicable laws and regulations. The Town will not condone the activities of officials or employees who achieve results through violation of the law or unethical business dealings. The Town does not permit any activity that fails to stand the closest possible public scrutiny.

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

Definitions

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

1. **Asset Misappropriations** – Theft or misuse of an organization's assets.
 - a. **Cash**
 - i. **Fraudulent Disbursements** – causing the Town to disburse funds through some trick or device (e.g. submitting false invoices/time cards/sheets, expense reimbursement schemes, check tampering, etc.)
 - ii. **Skimming** – cash is stolen before it is recorded on the Town's books and records
 - iii. **Cash Larceny** – cash is stolen after it has been recorded on the Town's books or records
 - b. **Inventory and all other assets**
 - i. **Misuse** – misuse of the Town's inventory or assets for personal use (e.g. town vehicles and equipment, computers, materials, supplies, etc.)
 - ii. **Larceny** – inventory or other assets are stolen
2. **Corruption** – Wrongfully use influence in a business transaction in order to procure some benefit for themselves or another person, contrary to duty to employer or the rights of another.
 - a. **Conflicts of Interest** – an undisclosed economic or personal interest in a transaction that adversely affects the Town
 - b. **Bribery** – the offering, giving, receiving or soliciting of anything of value to influence an official act or a business decision
 - c. **Illegal Gratuities** – a party who benefits from an official act or a business decision gives a gift to a person who made the decision, an illegal gratuity does not require proof of intent to influence
 - d. **Economic Extortion** – an employee demands that a vendor/contractor/etc. pay to influence an official act or a business decision
3. **Fraudulent Statements** – Falsification of the Town's financial statements.

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

Applicability

This policy applies to all Town employees and board & committee members over which the Board of Selectmen has authority to require general policies to be followed. This policy is also applicable to companies doing business with the Town of Pittsfield (contractors, vendors, agents, etc.) to the extent legally enforceable.

General Policy and Responsibility

It is the Town's intent to fully investigate any suspected acts of fraud or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Town of any party who might be or become involved in the subject of such investigation.

The Board of Selectmen is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

The Town Administrator has the primary responsibility for the investigation of all activity defined in this policy. In all circumstances where there are reasonable grounds to indicate that a fraud may have occurred the Town Administrator will inform the Board of Selectmen and Town Counsel, for direction in the next steps of resolution.

The Town will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town's losses from the offender or other appropriate source.

Procedure

Employees, board or committee members, or others doing business with the Town, shall notify the Town Administrator of the suspected fraud.

After an initial review and a determination that the suspected fraud warrants additional investigation, the Town Administrator will coordinate the investigation with the Board of Selectmen, Town Counsel, and appropriate law enforcement officials.

Security of Evidence

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

Confidentiality

All participants in a fraud investigation shall keep the details and results of the investigation confidential. However, the Town Administrator, in consultation with Town Counsel, may disclose

particulars of the investigation with potential witnesses if such disclosure would further the investigation.

Any Town employee, board or committee member, or elected official contacted by the media with respect to an audit investigation shall refer the media to the Chairman of the Board of Selectmen.

Investigative Actions

If a suspicion of fraud is substantiated by the investigation regarding a town employee, disciplinary action, up to and including dismissal, shall be taken by the Board of Selectmen.

If a suspicion of fraud is substantiated by the investigation regarding an individual other than a town employee, action shall be taken by the Board of Selectmen as advised by Town Counsel or a law enforcement agency.

Unless exceptional circumstances exist, those under investigation for fraud, upon request, may be given notice in writing of the essential particulars of the allegations following the conclusion of the audit investigation and prior to final action being taken. Where notice is given, those against the allegations are being made may submit a written explanation to the Board of Selectmen no later than seven calendar days after the notice is received.

The Town Administrator will report to the independent financial auditors of the Town all information relating to investigations of fraud.

FUND BALANCE POLICY

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for periods ended June 30, 2011, the Board of Selectmen recognizes the following with regards to fund balance.

Fund Balance is the accumulated equity balance in a governmental fund from operations over the years. It is the difference between the fund's assets and its liabilities.

Fund Balance Classifications

Fund Balance must be classified into one or more of the five following categories:

1. **Nonspendable fund balance**—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund);
2. **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. **Committed fund balance**—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The Town Meeting, as the town government's highest level of decision-making authority, may authorize special revenue funds and expendable trusts (capital reserve funds) in accordance with the provisions of the New Hampshire Revised Statutes Annotated (RSAs).
4. **Assigned fund balance**—an amount a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. All appropriations shall lapse at the end of the fiscal year unless authorized in accordance with the provision of RSA 32:7.
5. **Unassigned fund balance**—amounts that are available for any purpose; these amounts are reported only in the general fund. The general fund is the fund used to account for basic governmental services and it supported mainly by tax revenue.

Spending Prioritizations

1. When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid first from restricted funds.
2. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:
 - a. Committed
 - b. Assigned
 - c. Unassigned

The Town will follow the provisions of the State Municipal Budget Law (RSA 32) in emergency situations which may cause an over-expenditure of total appropriations.

Unassigned Fund Balance Guidelines

The Board will maintain an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (GFOA), which are as follows:

- 5% to 15% of regular general fund operating revenues, or
- 8% to 17% of regular general fund operating expenditures

The general fund unassigned fund balance may be designated for the following purposes and in the amounts described below:

1. To avoid the need to issue Tax Anticipation Notes, the Town shall endeavor to retain a sufficient amount of unassigned fund balance in order to provide an appropriate level of cash reserves for town operations. This amount shall also include funds necessary to manage unanticipated emergencies as defined by RSA-32:11.
2. It is recognized that an undue reliance upon the unassigned fund balance to stabilize the tax rate is detrimental to the financial health of the town. Accordingly, the town shall not allocate any additional portion of its unassigned fund balance to pay operating costs, wages, salaries and benefits, or recurring capital expenses (e. g. police cruisers, minimal level of road reconstruction).
3. It is recognized that municipal rating agencies discourage the use of one-time or excess funds to pay debt service requirements. Accordingly, the Town shall not allocate any additional portions of its unassigned fund balance to make debt service payments.
4. Unassigned fund balance may be used for the current or planned capital expenses through the use of Capital Reserve Funds, non-recurring capital equipment, and other capital purchases or major projects which will increase the town's efficiency in delivering municipal services, but whose absence shall not curtail or otherwise restrict the delivery of those services. Expenditure of unassigned fund balance shall be made after a review of all available information, including the Town's planning tools such as the Capital Improvements Program.
5. Unassigned fund balance may also be utilized to re-appropriate funds for projects previously budgeted but not initiated at fiscal year-end.
6. Unassigned fund balance may be utilized for overlay purposes when it is anticipated that the property tax abatements will be issued for assessment changes implemented in a previous fiscal year.

It is clearly understood that the guidelines adopted within this policy, particularly those associated with expenditures, shall first receive appropriate authority from the voters at Annual Town Meeting.

INTERNAL CONTROLS POLICY

Purpose

The purpose of this policy is to provide written guidelines regarding the internal control measures adopted by the Board of Selectmen to protect the Town's cash and other assets. This policy is applicable to all elected officials and appointed officials subordinate to the Board of Selectmen who handle cash, manage the Town's accounts, and record the Town's receivables and payables.

Principals and Guidelines of Internal Controls

A. The Control Environment

The Board of Selectmen has adopted this policy as evidence of their commitment to safeguarding the Town's assets. The expectation of integrity and ethical values is the foundation for all other components of managerial control.

Integral to the organizational culture of the Town is a commitment to competence. A sound Personnel Policy, continual review of job descriptions, background checks, job qualifications, and performance evaluations are some of the tools used to demonstrate this commitment.

B. Risk Assessment

1. All levels of administration and management must be aware of the potential risks that could hinder Town operations. Always be aware of what could go wrong and what assets need to be protected.
2. Some indications of increased risk include;
 - a. Changes in personnel (turnover, attitudes, levels of stress, illness)
 - b. Changes in operations (economic or political)
 - c. Periods of rapid growth
 - d. Establishment of new services provided
 - e. Complex programs or activities
 - f. Cash transactions
 - g. Off-book accounts
 - h. Uncorrected prior problems

C. Control Activities

1. These are the tools that minimize risk and enhance effectiveness. They are designed to increase productivity, not bureaucracy. Primarily, this consists of specific departmental or town-wide policies and procedures that describe what the Town's objectives are and how to achieve those objectives.
2. Preventive controls utilized include; authorizations, documentation, segregation of duties, sequential numbering of forms, controlled access, physical security, confidentiality, computer passwords, and disaster recovery.
3. Detection controls include;
 - a. Reconciliations
 - b. Periodic verifications (inventory)
 - c. Exception reports
 - d. Supervisory reviews

D. Information and Communication

Supervisors must communicate duties and responsibilities to employees and employees must be able to alert management to potential problems.

Communication of this policy must be ongoing between various levels and departments of the Town. This information must be communicated both within the Town's operations and Externally to vendors, taxpayers, and other committees.

E. Monitoring

The effectiveness of all control policies and procedures shall be periodically reviewed. Ongoing review will assess the continued adequacy of policies and identify problems that need to be corrected.

Insurance

The Board of Selectmen shall provide "faithful performance of duty" bonds for the elected and appointed officials for which a requirement exists pursuant to RSA 41:6.

The following officials require bonding: Town Administrator, Town Clerk/Tax Collector, Deputy Town Clerk/Tax Collector, Treasurer, Deputy Treasurer, Library Trustees, and the Trustees of Trust Funds.

The Board of Selectmen shall provide a blanket bond with the resulting premium(s) paid by the municipality.

Accounting and Recordkeeping System

The Board of Selectmen shall provide a computerized accounting system capable of identifying, assembling, classifying, recording and reporting all financial transactions. Those individuals charged to do so shall use that accounting system to maintain complete, accurate and timely records of the Town's financial transactions.

Specifically, the Town Treasurer and Town Administrator will be responsible (except where noted) for the following actions:

1. **Reconciliations** - Reconcile cash per bank statements to cash per the general ledger and the Treasurer's records for all bank accounts on a monthly basis.

To help ensure that the accurate and timely recording of cash transactions and the proper accounting of money, the responsible officials shall perform cash reconciliations each month. Proper reconciliations will involve comparing bank balances to cash balances recorded in the accounting records. The responsible officials shall document these reconciliations and file them in the Selectmen's Office within twenty days after the end of each month. The Selectmen's Office shall retain this documentation for audit purposes.

2. **Segregation of Duties** - The assignment of responsibilities shall effectively separate access to cash from record keeping functions.

As authorized by the Board of Selectmen, the Town Clerk/Tax Collector's Office shall receive all amounts for deposit to the Town's checking account, in the procedure outlined in the Cash Receipts Policy. The Town Clerk/Tax Collector will provide a deposit summary for the Selectmen's Office staff to enter into the general ledger. The Selectmen's Office and

Town Clerk/Tax Collector's Office will balance their accounts on a monthly basis. The Town Administrator will reconcile the general ledger to the bank account on a monthly basis.

The Treasurer and Deputy Treasurer shall have the authority to sign paper checks drawn on Town accounts.

The Town Administrator, after approval by the Board of Selectmen and Treasurer, will facilitate the electronic banking transactions.

3. **Protecting Undeposited Receipts and Timely Bank Deposits** - All receipts must be remitted to the Treasurer, through the Town Clerk's Office, at least weekly or daily whenever such funds total \$1,500.00 or more. Until that deposit occurs, receipts shall be kept behind at least two locks (desk and door, vault and door, etc.) to offer limited accessibility and portability.
4. **Accounts Payable** - Liabilities shall be recorded for the balance of unpaid invoices that are for services and goods received prior to year-end. In the subsequent year, when the invoices are paid, the applicable liability and cash balance shall be reduced by the accounting system in the processing of Accounts Payable. Staff will retain the copies and make them available for review and adjustment at the time of the annual audit.
5. **Accounts Receivable** - Receivables shall be recorded for the balance of uncollected revenues and prior to year-end. In the subsequent year, when the invoices are collected, the applicable receivable account and cash balance shall be adjusted in the accounting system in the processing of deposits. Staff will retain the copies and make them available for review and adjustment at the time of the annual audit.
6. **Capital Reserve Funds** - Monies shall be withdrawn from the various Capital Reserve or Expendable Trust Funds as approved by Annual Town Meeting on a reimbursement basis. Reimbursement requests will be accompanied by a copy of the paid invoice, the check issued in payment thereof, and the authorization vote of the Town Meeting or Authority to Expend as appropriate to the request. Monies shall be added to the Capital Reserve/Expendable Trust Funds as authorized by Annual Town Meeting and in accordance with the Statutes.
7. **Investment Records** - Only the Town Treasurer and Trustees of Trust Funds shall invest Town assets in certificates of deposit or other types of investment authorized by Annual Town Meeting and Statutes. The Investment Policy approved and provided by the Board of Selectmen in compliance with RSA 35:9 shall govern the Town Treasurer. The Trustees of Trust Funds have their own Investment Policy.

The Town Treasurer shall create and maintain an investment record documenting each investment, the respective amount of each fund, the place where kept, the rate of interest, the dates and other details of acquisition and disposition and the amounts received from the disposition of the investment.

8. **Electronic Transfers Out** - Funds will transfer electronically in these instances: withdrawals for payroll processing; withdrawals for the processing of the bills paid

through the ACH Payable Account; the electronic “sweep” transfers between the Payroll Account, the ACH Payable Account, and the General Fund Checking Account; and the withdrawals for the funds paid to the NH DMV for the Town Clerk’s transactions.

The Town Administrator will be responsible for monitoring all automatic withdrawals, whether for payroll or account payable transactions. All transactions will be recorded in payroll or accounts payable registers that the Board of Selectmen approve.

The Treasurer will be responsible for performing reconciliations of the bank accounts at month end.

9. **Electronic Transfers In** - Funds will transfer electronically in from the State of NH Treasury and for grant monies from the Federal and State government.

NH Treasury deposit advices will be recorded separately in the general ledger, with copies of such given to the Treasurer as they occur.

All grant awards shall be submitted to the Town Administrator. This will enable the Town to implement procedures to monitor possible grant reimbursements to ensure that the Town receives reimbursement due on a timely basis. The Town Administrator will provide documentation to the Treasurer when deposits are anticipated.

10. **Electronic Payments/Deposits for Town Clerk/Tax Collector Transactions** - The Town Clerk/Tax Collector will be responsible for monitoring all electronic transactions for registrations and tax payments. All transactions will be recorded in the deposit summaries that are submitted to the Selectmen’s Office for entering into the general ledger. Reconciliations will be done on a monthly basis between the Town Clerk/Tax Collector’s reports and the general ledger accounts.

Check-signing Devices

The Town does not utilize check-signing devices.

Protection, Back-up and Storage of Computer Files

Password controlled access shall be maintained to all computerized software (computer access, town-assigned emails, software programs). Employees may assign their own software passwords, which need to be kept by the Town’s contracted Information Technology (IT) company. All other town computer network and town email passwords are issued and kept by the Town’s contracted IT company. The Town’s IT Company shall perform a daily back-up for all system records. The back-up shall be stored securely, offsite.

Systems Monitoring

The Board of Selectmen shall conduct an annual Independent Audit conducted according to generally accepted accounting principles (GAAP). The accounting firm that completes the audit will prepare a report that will appear in the next Annual Town Report.

INVESTMENT POLICY

Purpose

To establish a framework for the safe and prudent investment of public funds and also provide guidance and direction for elected officials and staff in the daily conduct of investing activity in addition to improving consistency, creating and defining accountability, and in ensuring that laws are followed.

Objectives

The objectives of this investment policy are set forth below:

1. to ensure the preservation of capital and the protection of investment principal;
2. to maintain sufficient liquidity to meet operating requirements;
3. to satisfy all legal requirements;
4. to attain market-average rate of return on investments taking into account risk and legal constraints and cash flow considerations

Scope

The investment policy applies to all financial assets in the custody of the Town Treasurer. These funds are accounted for in the Town's annual audited financial reports and include the following:

- General Fund
- Special Revenue Funds (Ambulance, Conservation, Old Home Day, Sewer, Special Detail)
- Capital Project Funds
- Escrow Funds
- Any other new funds created by the Town, unless specifically exempted by the governing body, in accordance with law

Delegation of Authority

The delegation of authority is addressed in RSA 41:29, which outlines the Treasurer's responsibilities.

The Treasurer may designate deposit functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Board of Selectmen. Any such delegation shall only be made to a town official or employee bonded in accordance with RSA 41:6 and rules adopted by the commissioner of revenue administration under RSA 541-A. Such delegation shall not eliminate the responsibility of the treasurer to comply with all statutory duties required by law.

Prudence and Ethical Standards

The investment policy will be conducted in accordance with the "prudent person" standard which requires that:

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

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

Employees and officials shall disclose to the Board of Selectmen any material financial interest in financial institutions that conduct business with the Town, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio.

Investment Instruments

In accordance with RSA 41:29, funds of the town may be invested in:

1. the public deposit investment pool established pursuant to RSA 383:22; or
2. in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types:
 - a. United States government obligations;
 - b. United States government agency obligations; or
 - c. Obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account routine expenditures (payroll and accounts payable) as well as anticipated revenue inflows.

Safekeeping and Collateralization

Deposits shall be fully collateralized in banking institutions as detailed in RSA 41:29.

Safekeeping procedures shall be reviewed annually by the Town's independent auditors.

Accounting and Reporting

General ledger entries will be posted to the general ledger system at said time of transaction in order to accurately reflect the town's cash position.

Monthly – all bank balances will be reconciled by the Treasurer and balanced to the town's general ledger.

Annually – the Treasurer shall prepare a report to the town and department of revenue administration of the 12-months of financial transactions during the fiscal year and all of the account balances at year end. The Treasurer shall also submit all financial records to the town auditors for an annual examination.

PURCHASING POLICY

Purpose

1. To procure the necessary goods and services at the lowest possible price consistent with the quality needed in an efficient, timely and cost-effective manner.
2. To guard against favoritism, improvidence, extravagance, fraud and corruption and secure the best work or supplies at the lowest possible price practicable.
3. To encourage, when appropriate as otherwise set forth herein, the most open, competitive purchasing process practicable with the objective of obtaining the maximum possible value while maintaining fair and equitable treatment of vendors.

Payment Policies

Payments to be made by the Town of Pittsfield for purchases that are subject to these procedures shall require invoices that have been approved by the department head (or designee) with a notation of the account(s) to be charged.

Department heads shall be responsible to review invoices for accuracy. Invoices (along with statements to be used for reconciliation purposes) shall be forwarded to the Town Administrator in a timely manner, but no less frequently than once a week or within seven days of receipt, whichever comes first.

The Selectmen's Office staff shall produce a manifest of payments to be made for review and approval by the Board of Selectmen at their convenience.

Upon approval of the manifest by a quorum of the Board members, checks shall be issued for signature by the Treasurer (or Deputy Treasurer) and distributed to the vendors in a timely manner by the Selectmen's Office staff.

In the event that any Selectman has a question or concern about an item on the manifest, they may request that payment be withheld until (1) the issue is resolved to the satisfaction of that Selectman, or (2) the payment is approved by a vote of the Board of Selectmen at a duly posted public meeting as otherwise allowed by law.

Contractual payments required on a more frequent basis that deviates from the biweekly manifest process may be made based upon a defined procedure approved by the Board of Selectmen. Emergency payments may be made if deemed necessary by the Town Administrator, subject to notification and approval of the Selectmen.

Routine payments such as pre-approved contractually defined payments (lease payments, insurance payments), monthly utility payments (heating fuel, electricity, water), and vehicle fuel or department supply charges on credit account are typically paid by Automated Clearing House (ACH) transaction either set up as direct debit or direct bank payment to streamline the payment process to the vendors. The ACH transactions are approved by department heads and the Board of Selectmen in a monthly ACH Payable Manifest.

Competitive Bid Process

Purchases in the amount of ten thousand dollars (\$10,000) and over must be approved by the Board of Selectmen after three competitive bids are obtained.

The results of the competitive bids are to be submitted to the Town Administrator for review and submission to the Board of Selectmen for their review and disposition.

Consecutive purchases from the same vendor, for the same purpose, shall be considered to be one purchase.

No competitive bids, shall be required when purchasing through the State of New Hampshire.

The requirement for three competitive bids may also be waived in specific instances by a majority vote of the Board of Selectmen. Waiver requests must be submitted, in writing, to the Town Administrator for review and submission to the Board of Selectmen for their review and disposition.


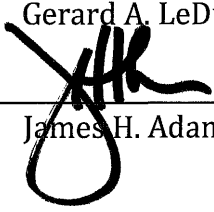
FINANCIAL POLICY REVIEW & PASSAGE

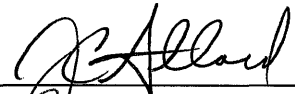
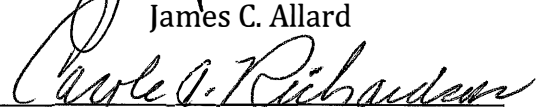
The Financial Policy shall be reviewed annually by the Board of Selectmen.

This Financial Policy consolidates the previously approved policies: Bid Policy (now in the Purchasing Policy), Credit Card Policy, Fund Balance Policy, Investment Policy, Acceptance of Electronic Payments Policy, Acceptance of Tax Prepayments Policy, and Returned Check Policy (now in the Cash Receipts Policy); and also incorporates a new Cash Receipts Policy, Fraud Policy, Internal Controls Policy, and Purchasing Policy.

Adopted on May 10, 2022


Carl E. Anderson


Gerard A. LeDuc

James H. Adams


James C. Allard

Carole A. Richardson

Pittsfield Board of Selectmen