

TOWN OF DORCHESTER	POLICY NUMBER FIN - 1	ADOPTED BY SELECT BOARD
Subject: GENERAL FINANCIAL MANAGEMENT	Adoption Date: Oct 25, 2012 Revision Date: Effective Date: Oct 26, 2012	Supersedes: Revision Date:

1.01 Purpose. The Town of Dorchester controls substantial amounts of money, and diverse fixed assets in the process of carrying out the functions and services it provides. Taxpayers, investors, and regulatory authorities have a legitimate expectation that town financial activities will be conducted in a manner which is efficient, yet transparent and secure. The purpose of FIN series of policies is to provide officers and employees with guidance and procedures to fulfill that expectation and to ensure compliance with applicable laws and regulations.

Recognizing that the Town has limited resources and that each office or department may consist of or be manned by only one individual, the FIN policies mandate internal control procedures providing for review of processes which would ideally be segregated to prevent fraud, if staffing allowed.

1.02 Departments Affected. All offices and departments of town government.

1.03 Financial Organization. The financial organization of the town shall be in compliance with Chapter Rev 1700 Financial Accounting For Cities And Towns of the rules and regulations of the New Hampshire Department of Revenue Administration (DRA) and generally accepted accounting principals (GAAP). The town's governmental funds shall consist of not more than one general fund, to account for all financial resources of the municipality except those required to be accounted for in another fund. Additional governmental funds may be created as needed in the form of special revenue funds and capital projects funds pursuant to the provisions of RSA 31:95-c.

In addition to governmental funds the town shall maintain fiduciary funds in the form of trust funds and capital reserve funds held in the custody of the Trustees of Trust Funds pursuant to RSA 31:25 and RSA 35:10.

In the interest of facilitating compliance with the reporting requirements of DRA the persons responsible for town accounting shall utilize a chart of accounts

based upon the account categories listed in Part Rev. 1704 through 1706, which may be expanded in detail to reflect town internal management requirements.

1.04 Deposit Accounts – All depository accounts of the Town must be held in the name of the Town. With the exception of the fiduciary funds in the custody of the Trustees of Trust Funds the Treasurer, pursuant to NH RSA 41:29, I, shall have custody of all moneys belonging to the Town. For that purpose the Treasurer shall maintain the following:

- A. One operating account to be a demand checking account;
- B. One short term investment account to be an interest bearing account for the deposit of funds not immediately needed for disbursement;
- C. One account for electronic funds disbursements as authorized in section 1.07;
- D. One cashbox account to be secured at the town office by the Town Clerk and Tax Collector for the sole purpose of making change. The Treasurer shall determine the amount of cash to be held in the cash box, which may change in denominations but not in total. It shall not be a petty cash account and shall be for making change only. The cashbox shall be subject to inspection and audit by the Treasurer or auditors at anytime that the Clerk, Collector, Deputy Clerk or Deputy Collector are working at the town office. As part of the closeout procedure at the end of each session when the Clerk & Collector's office has been open for business the person manning said office shall make an accounting of cashbox to assess if balance is correct and to determine the cause of and rectify any discrepancy. If the denominations are no longer consistent with the ability to make change the Clerk, Collector or in their absence their Deputies may document removal of one or more larger bills for the purpose of exchanging them for an equal amount of currency in smaller denominations. Whenever such funds are removed from the cashbox, the person taking possession of the funds shall leave signed documentation of the removal locked in the cashbox.
- E. The cashbox shall be locked and secured in a locked cabinet or safe when not in use.
- F. Such additional accounts as needed upon the consent of the Select Board.

1.05 Account Transaction Limitations – Operating account transactions shall only be permitted as follows:

- A. Deposits – by the Treasurer, and/or Deputy Treasurer and the Town Clerk and/or Tax Collector, if authorized by the Treasurer in conformance with RSA 41:29, VI;
- B. Disbursements – by check endorsed by the Treasurer or Deputy Treasurer after a manifest list of expenditures has been approved by a majority vote of the Select Board at a public meeting.

1.06 Electronic Fund Transfers – To the greatest extent possible whenever transfers are likely to be necessary between accounts they shall be held at the same bank. Only the Treasurer or Deputy Treasurer shall transfer funds between deposit accounts as follows:

- A. Between the operating account and the short term investment account, insured cash sweep (ICS) account, or mandated non-interest bearing accounts as necessary to maintain cash flow and maximize return on cash on hand;
- B. Between the operating account and any Tax Anticipation Note (TAN) loan account to maintain cash flow and minimize TAN interest expense;
- C. From the operating account to a secondary account for the purpose of electronic fund disbursements to another governmental agency. Such transfers shall be only in the amount needed to cover any disbursement authorized by the Select Board as payroll liabilities accrued or by such other documentation as may be approved by the board;

1.7 Electronic Fund Disbursement – Shall only be allowed for the purpose of remitting funds to other government agencies. The Select Board shall authorize each disbursement either by authorizing the payroll transactions which predicate the Town's payroll tax liabilities or by signing and authorizing document. They shall designate the Select Board's Administrative Assistant, or such other person, not the Treasurer or Deputy Treasurer, to possess the access code and/or password which allows transmittal of payment instructions and completion of the transfer to the other governmental agency. Said person shall only authorize a disbursement upon confirmation by the Treasurer or Deputy Treasurer that the approved funds have been transferred from the operating account.

Authorization of monthly disbursements to the Electronic Federal Tax Payment System (EFTPS) for the remittance of payroll liabilities is hereby granted until such time as rescinded by an amendment to this policy.

Authorization for payments to other government agencies shall require the authorization of the Select Board for each payment unless a non-lapsing authorization is granted as a revision to this policy.

1.08 Electronic Fund Deposits - Electronic funds transfers into the Town's general fund accounts shall only be permitted when the depositor is the State of New Hampshire or the United States Treasury.

1.09 Non-compliance – Violation of this policy may result in the denial or revocation of the privilege to handle town funds. Employees who do not comply with this policy shall be subject to disciplinary action including termination.

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