

# TOWN OF ARROWSIC

Policy: Financial Management Policy

Approved: October 9, 2017

Amended March 25, 2019

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Corrected November 9, 2019

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Amended April 27, 2021

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**Background:** The Town of Arrowsic is committed to managing its finances with integrity, efficiency, and transparency.

**The purpose of this policy** is to describe the procedures used by Town Officials to collect, deposit and manage funds; to document transactions and balances for auditing and reporting purposes; to divide responsibilities in ways that minimize financial risk without creating an undue burden; and to address contingencies, such as complaints or non-payment of taxes.

## Policy

This policy encompasses procedures related to cash, taxes, and payroll.

### 1. Cash

- 1.1. *Receiving funds* – Funds are received either during office hours or through the mail by the Tax Collector, Town Clerk, *Codes Enforcement Officer* and Treasurer. Receipts are issued at the time of processing. Each person receiving Town funds must complete the Faithful Performance of Duties form and be covered under MMA insurance. The Town uses the Cash Receipting module of TRIO to manage and track transactions.
- 1.2. *Receipting funds* – Receipts are issued as soon as payments are made. Revenues are held in a secure fireproof cabinet in the Town Office until they can be deposited. The Tax Collector uses the computer program (TRIO) to generate and print a weekly report that is given to the Treasurer. The complete program is backed up electronically each week.
- 1.3. *Depositing funds* – Revenues are deposited at least weekly by the Tax Collector who turns the deposit slips over to the Treasurer. During tax season, deposits are more frequent. The Treasurer ensures that the deposits match the receipts.
- 1.4. *Authorizing payment of invoices* – As bills are received, they are reviewed by a Selectman for approval or by the committee chair in charge of that line item. Bills must be approved with a signature or initials. Treasurer prepares monthly budget summaries to individual departments.

- 1.5. *Approving payment of invoices* – A warrant is prepared by the Treasurer for approval by the Selectmen at each regularly scheduled meeting. All payments must correspond to a particular warrant article that was approved at the Annual Town Meeting. Selectmen review payments carefully before signing the Warrant. No check is approved or issued without an invoice and approval of the correct department. The Treasurer and the Tax Collector have check signing authority.
- 1.6. *Recording payment of invoices* – Payments are recorded by the Treasurer both electronically and on the physical payment stub. Sage Peachtree is the software currently used by the Treasurer to track transactions. Treasurer maintains the file of original invoices along with the warrants and marks them when posted.
- 1.7. *Checking bank statements* – The Treasurer reconciles bank statements which are reviewed and approved by a member of the Select Board. Treasurer has Select Board approval to transfer funds between Town bank accounts.
- 1.8. *Cash for Making Change* – The Tax Collector maintains a cash balance of \$50 in a secure location at the Town Office for making change for cash transactions. No funds are disbursed and no checks may be cashed from this cash balance. The Treasurer will monitor the cash balance on a monthly basis.
- 1.9. *Petty Cash* – Payments received for miscellaneous office services will be held as petty cash. The Tax Collector will store petty cash in a secure fireproof cabinet at the Town Office. Funds in excess of \$50 will be deposited in a Town bank account within 7 days. No funds are disbursed and no checks may be cashed from the petty cash fund. The Treasurer will monitor petty cash on a monthly basis.
- 1.10. *Credit cards*. The Town maintains a credit account. The First Selectperson and the Town Administrator can authorize up to \$250 in expenditures on credit without prior approval from the Select Board. A receipt signed by the official who makes the credit purchase must be submitted to the Treasurer. The Select Board can authorize credit purchases on these accounts up to the credit limit or the relevant warrant article approved at Town Meeting, whichever is lower.
- 1.11. *Preparing records for audit* – The Treasurer ensures that all records are available for review by the auditors with assistance from the Tax Collector, Town Clerk, and Selectmen.
- 1.12. *Audit* – The Select Board contracts a firm that is familiar with municipal financing to conduct an audit at least once a year.

1.13. *Public accountability* – All financial records are available to the public upon request and in conformity with State law. In addition, the Annual Town Report includes reports from the Tax Collector, Town Clerk, Treasurer, Auditors and the Selectmen regarding the Town’s finances.

## 2. Taxes

2.1. *Preparing Commitment* – The Selectmen and Assessing agent, with the help of the Tax Collector and Treasurer, prepare the commitment and generate tax bills once a year using the TRIO municipal software. The Selectmen, Tax Collector, and Treasurer verify that the tax commitment equals the aggregate of the tax bills before printing the bills.

2.2. *Preparing tax bills* – Using the commitment figures in Trio, Selectmen and Tax Collector print tax bills and mail them according to State statutes.

2.3. *Tax receipts* – Tax payments are entered into the TRIO program when received, and a receipt is generated. Receipts are filed with the Tax Collector's report. At least weekly, the Tax Collector provides the Treasurer with the report generated by the TRIO system and a copy of the associated deposit slip(s).

2.4. *Disputes and Complaints* – The Selectmen/Assessors are responsible for addressing disputes or complaints presented by taxpayers.

2.5. *Abatements* – If an abatement is requested, the taxpayer must fill out an abatement form explaining the reason for their request. If an abatement is warranted, the Select Board issues an abatement for and delivers it to the Tax Collector, who processes it and passes it along to the Treasurer for payment through the next warrant. The property information is then adjusted in the TRIO Property Record of that account. If the abatement is denied, the taxpayer has the right to appeal to the County Commissioners.

2.6. *Supplemental Bills* – If a supplemental bill is warranted, the Board provides the Tax Collector with the necessary information so that s/he can process the supplemental tax bill. The Tax Collector also notifies the Treasurer for her records.

2.7. *Liens* – Tax bills are mailed in late fall. Payment is due in 60 days. The Tax Collector mails a reminder to taxpayers before the end of the fiscal year for all unpaid bills. Within 11 months of the commitment date, if the bill is still not paid, the Tax Collector mails a notice to the taxpayer that payment is due in 30 days or else a lien will be placed on the property. If the bill is still not paid 45 days after the notice is sent, the Tax Collector places a lien on the property.

### 3. Payroll

- 3.1. *Yearly stipends* – Employees and officials are paid yearly stipends as approved at the Annual Town Meeting. The actual payroll process is contracted out to Advantage Payroll. Stipends are paid annually in December.
  - 3.2. *Fees* – The Tax Collector, the Town Clerk, and the Codes Enforcement Officer are also entitled to certain fees generated through associated transactions. These fees are paid to the official on a quarterly basis. Payments are submitted through the regular warrant process and approved by the Select Board.
  - 3.3. *Benefits* – No additional benefits are offered to employees.
  - 3.4. *Related Personnel Policies* – Officials or employees can request anticipation of salary payments under the Advance Payments for Staff policy approved November 12, 2012.
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