



Town of Poland
Financial Policies
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**FINANCIAL POLICIES
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USE OF THE GROSS BUDGETING METHOD & FISCAL YEAR:

The Town of Poland will utilize the gross budgeting method of budget preparation. This method is much simpler to understand and it reflects the true costs of government as well as the true contributions of state monies, excise taxes, fines and charges. It is the policy of the Town of Poland to use a fiscal year to match that of the School Department (July 1 to June 30).

A separate budget document will be prepared providing departmental budgets using consistent line item names and numerical charts of accounts i.e. Salaries #5100, Overtime #5120, Supplies #5400, etc.), and each line item must have an accompanying justification detailing expenses.

FINANCIAL MANAGEMENT:

The Selectmen are authorized to transfer funds from accounts with balances to accounts which have overdrafts at the end of the fiscal year, and

The Selectmen and Town Manager are authorized to apply for and accept without limit such Federal or State funds on behalf of the Town, as may become available on such terms and conditions as the Selectmen and Town Manager may consider proper.

FINANCIAL REPORTS:

A summary report of Expenditure Control and Revenue Control will be prepared on the 1st and 3rd Wednesday of the month for the Town Manager and the Board of Selectmen at their monthly meeting. These reports will provide data regarding the amount budgeted, the amount spent to date, the balance, and the percentage expended. The report will include all accounts, including all interest earning and reserve accounts. Annually, the staff will publish and distribute the summary portions of the most recent audit in the Town Report.

The Finance Director is required to make a monthly reconciliation within 15 working days of the end of the previous working month of all Town accounts, with the Bank Statements. Reconciliations are conducted on all General Ledger accounts. Each month's reconciliation will be reviewed and signed off by the Treasurer to ensure proper accounting and bank balance.

Any adjustments will be documented, clearly validated and reviewed by the Town Manager for final approval. Individual adjustments must have an equaled back-out adjustment. A print out of each adjustment will be kept on file in sequential order.

ACCOUNTING SYSTEM:

The Town of Poland hereby adopts the double-entry bookkeeping system. Every payment (debit) will have a second entry as a credit item. All entries are to be posted to the system during the correct time period.

Each Department Head will be required to review any invoices they incurred and to sign off on those invoices that the work or item was satisfactorily received before any payment, or portion thereof, is made.

CASH CONTROLS:

Cash Reporting will be processed on a daily basis regardless of amounts. Check receipts shall be processed daily through the banks Remote Access deposits. One cash deposit will be made on a weekly basis. Cash ups will be done after 4:00 PM Tuesday thru Friday and after 7pm on Monday.

This involves running daily reports of the Treasurer's receipts, Tax receipts and Credit / Debit Card Report to determine total funds received (and to be deposited). Each Teller is responsible for reconciling their transactions and funds collected following the **Cash Reporting Procedures Policy**. There are four teller drawers in which the beginning drawer balance of each Cash Reporting period (each teller's session) equals \$100. Three teller drawers are for immediate use in the main office (windows 1-3) Tellers will stagger the times of their "cash out" in fifteen (15) minute increments at the end of each work shift to ensure that daily cash reporting is performed without an interruption in customer service. Drawer five is maintained in the Code Enforcement Office and cash reporting is only performed on days when transactions have actually taken place. This drawer will also receipt on a monthly basis, small transactions (under \$5.00) accepted by the Assessing Clerk for photocopies. The Executive Assistant or the Finance Director are responsible for the verification of reports and funds collected by all tellers and will prepare those funds for deposit. All cash receipts copies will be retained and attached to each teller's Cash Report.

Each teller, after confirming their drawer is reconciled, will lock up their individually-assigned locking bag and place same in the vault. This is done to ensure individual responsibility, security and accountability for the cash in the bags overnight.

A cash receipting record of all cash drawer overages/shortages shall be maintained daily and shall be reviewed and verified by the Treasurer. Where the difference is in excess of \$20.00, the Treasurer shall participate in an investigation of the variance.

All checks will be stamped "For Deposit Only" as soon as they are received. One form of picture identification is required for any check for payment, unless received through the mail. Third party checks are not accepted. The returned check fee is \$40.00 per check. Return check recovery is processed through the administration office through the guidelines of Law Enforcement and State Statutes.

Receivables collected through the Recreation Department are reconciled and deposited by the Recreation Director and a deposit report is submitted from the department to the Finance Director who then posts the entry directly to the Recreation Program account.

CREDIT / DEBIT CARDS:

Payments and Credit Card processing is available through the Recreation Department online program registration system only. Starting April 1, 2009, Credit and Debit Card payments will be taken in through the Town Office and can be taken by the Recreation Department both at their office and on line. These payments are monitored by Nationwide Payment Solutions and reports are provided to the Recreation Department and Finance Office.

CREDIT CARD USE:

Credit cards are issued to individual Department Heads for the convenience of use for telephone purchases, dealing with vendors where we don't have an established account or for one-time purchases where setting up an account may not be desired.

These cards have a limit of \$1,500 each, except for Recreation which has a \$2,500 limit, and must be paid off each month so as not to accrue interest. Receipts should be turned in promptly.

Department heads must submit a signature receipt along with the itemized receipt, account coded to their budgeted line item for each and every purchase.

Any abuse or misuse of the card privilege can and will result in the removal of the card from that Department Head's authority. Any attempts of unauthorized purchases such as for personal use will be considered as theft from the Town and will be prosecuted to the fullest extent of the law. This may result in restitution, suspension, dismissal and or incarceration.

TAX RECONCILIATION:

On a daily basis, following the completion of daily Cash Reporting, the Executive Assistant will prepare a daily tax reconciliation report on all taxes received for the day to ensure that tax accounts are in balance. The Finance Director will prepare a monthly tax reconciliation report to ensure that the tax accounts balance.

PETTY CASH:

Payments made to persons expending their own money for Town expenses, such as mileage, postage, election worker meal, and small emergency need items are reimbursed through "Petty Cash" upon evidence of dated, detailed receipts. Mileage is paid at prevailing State of Maine rates. The Executive Assistant will keep receipts and a record of all transactions taking place through Petty Cash. The Executive Assistant will provide a complete expense report upon requesting replenishment of funds.

CASH CONTROLS INTERACTION WITH PERSONNEL FILES:

The Town of Poland adopts a policy of developing and keeping in all personnel files a copy of an up-to-date job description, which indicates requirements and duties of each position. Through these job descriptions, we will better segregate cash management and counter duties.

The Town of Poland hereby adopts a policy of annual goal-setting and performance reviews with all personnel. The Town Manager shall conduct such evaluations with all department directors, and they shall subsequently do the same with all their part-time and full-time staff. As part of these evaluations, goals will be established for the coming year, and each year, a review of the degree to which the goals were completed, as well as a review of work habits shall take place. With the adoption of the 2007 Pay for Performance Plan, performance evaluations will take place on or about January 1st of each year to be built into the spring proposed budget for the following year.

SEGREGATION OF DUTIES:

The Town Clerk is the primary supervisor of the Customer Service area. The Town Clerk will be responsible for the scheduling of staff to cover the customer service area

and operate the cash drawers, and will, to the greatest extent possible supervise and monitor counter transactions. The Town Clerk shall receipt all incoming financial funds received in the Finance Director's office i.e. State checks. Each such staff to handle cash at the front counter shall have a separate cash drawer, and shall ensure their initials appear on each transaction they conduct. The Deputy Clerk/Executive Assistant and Finance Director shall provide customer service support to the Town Clerk and the customer service area as needed.

Completion of the daily Cash Reporting will be the primary responsibility of the Finance Director with the Finance Clerk as a back up to the procedure. Daily cash ups will involve the printing of a Treasurer's Receipt Report and Tax Collector report and reconciling the cash to those reported numbers.

The Finance Director will be responsible for the preparation of Auditor's materials including listings of liens, receivables, tax-acquired property, payables and accrued payroll. and the bank.

The Finance Director is responsible for all financial ledgers, payables, payroll preparation, and town, school, library, and recreation bank reconciliations. The Finance Director may also assign these duties and other finance related duties, to the Finance Clerk to ensure timely completion of work.

ESCROW ACCOUNTING:

Escrow payments received and disbursed are handled through the Administration Office's Finance Director in coordination with the Code Enforcement Office. The Finance Director is responsible for maintaining a current reconciliation balance on all escrow funds received and disbursed, separately on each account. The Finance Director is also responsible for tracking each individual escrow transaction internally for recordkeeping purposes. All funds shall move in and out of one General Ledger Fund (90). Once per month the Finance Director must reconcile the balance with the General Ledger.

All development projects which require a performance guarantee escrow shall be designated as such and records kept on each such amount / project by the Finance Department with the advice and assistance of the Code Enforcement / Planning Office. These records shall be reviewed no less than quarterly to ensure they are accurate and up-to-date.

CHECK AND RECEIPT SECURITY:

Accounts payable checks are signed either by the Town Manager or the Town Clerk, in his or her absence. Checks not currently being used are locked in a fireproof cabinet or in the main vault. A record is kept, by check number, of all new incoming checks, as well as checks issued. Receipts are not numbered until printed.

ACCOUNTS PAYABLE PROCESS:

An accounts payable warrant and related checks are prepared bi-monthly through the Finance Director's office by the Finance Clerk. The accounts payable warrant is reviewed and approved for payment on a biweekly basis by the Town Manager and Board of Selectmen. The Town Clerk or Town Manager signs the checks, and the

Finance Clerk mails them. The bi-monthly AP warrant will be produced on the Wednesday before a regular Selectmen's meeting. All invoices need to be received for payment by the Finance Clerk by no later than Friday, Noon the week prior to a regular Selectmen's meeting. A copy of the Check register and detail shall be included in the Selectmen's bi-monthly packet. If a payment is not approved the documentation (invoice, check, etc.) will be removed and deducted from the warrant pending further examination.

PAYROLL:

Every supervisor is responsible for signing off on all employees' payroll timesheets before payment is made. Payroll is processed on a weekly basis and all time sheets must be turned in by Monday Noon of each week. The Town Manager must sign off on each department's payroll, use of over time, vacation, sick and compensatory time. Under the management of the Finance Director, the Finance Clerk shall be responsible for processing the payroll. Any oversights in pay will be corrected with the next payroll issued unless the oversight is substantial enough to affect an employee's home budget in which case an additional paycheck may be requested. All changes to Payroll shall be the responsibility of the Finance Director with Town Manager approval.

PURCHASING:

Spending Authorization: The Town Manager is designated both by locally adopted policy and as a part of his employment contract to serve as the Purchasing Agent for the Town. Accordingly, the Town Manager and Department Heads are authorized to spend within budget appropriations.

Purchases within the dollar ranges specified below must meet the requirements listed.

\$0 - \$999. Formal competitive bidding is not required. However, the purchaser should endeavor to get the best value for the money spent. Department Head or his designee can approve the purchase.

\$1,000 - \$4,999. Verbal quotations shall be solicited from a minimum of three qualified bidders, if available. The quotes must be documented and attached to a purchase order. A purchase order signed by the Town Manager is required.

\$5,000 - \$9,999. Written bid specifications or equivalent shall be approved by the Town Manager. Written bids must be solicited from a minimum of three qualified bidders. Sealed bids shall be specified and opened at a public meeting. The Town Manager will recommend which bid he or she believes to be in the best interest of the Town, but only the Board of Selectpersons may award the bid.

Over \$10,000. Written bid specifications or equivalent shall be approved by the Board of Selectpersons. The bid shall be advertised by the most efficient means possible, in order to encourage the widest possible competition. Sealed bids shall be specified and opened at a public meeting. The Town Manager will recommend which bid he believes to be in the best interest of the Town, but only the Board of Selectpersons may award the bid.

Total Cost Bidding: If the Town Manager feels that it is in the best interest of the Town not to award the bid to the low bidder, he may refer the award of the bid to the

Board of Selectpersons. The Board of Selectpersons shall award the bid to the best bidder; not necessarily the lowest bidder; keeping in mind the total cost over the life of the project or equipment, the quality of material, availability of service, contributions by the bidder to the local tax or employment base and other significant factors.

Bid Procedure: The Town of Poland adopts by the Town Meeting process, the competitive sealed bid process for purchases of \$5,000.00 or greater. A recommendation for the award of the contract will be prepared by the Town Manager based on a review of cost and other qualifications of the bidders, to be reviewed and approved by the Board of Selectmen.

Cooperative Purchasing: Competitive bidding requirements may be delegated by the Town Manager to regional or statewide purchasing cooperatives.

Exemptions from Competitive Bidding:

1. Contracts for professional services.
2. Hourly rate contracts, which cannot be effectively estimated.
3. Situations in which it is determined by the Town Manager that only one firm can effectively provide the required service or materials.
4. Emergency repair or replacement where it is determined by the Town Manager that the repair or replacement cannot be delayed sufficiently to conform to the policy.
5. The letting of contracts or purchases of additional quantities, where the Town has recently awarded bids as normally required, and the successful bidder is willing to honor his original price.

PURCHASE ORDER SYSTEM:

Purchases: Purchases equaling \$999 or less require the signature of the Department Head on the invoice as well as the proper account code, but do not require a Purchase Order. Purchases of \$1,000 to \$4,999 require the signature of the Department Head and Town Manager on the invoice as well as the proper account code before payment will be made. The Town utilizes a purchase order system for all purchases over \$5,000 or where it is required by the vendor (includes all General Expenses). The Department Head and Town Manager only need to approve the Purchase Order if the purchase will be over \$5,000. The Department Head must sign any and all vendor-required purchase orders. Purchases under \$5,000 do not require a Purchase Order, but must be signed by the Department Head and properly coded (account number written on invoice) before invoice will be paid.

The Finance Director will verify items received or services rendered prior to any payment of purchases \$5,000 or over.

Purchase Order Filing: **White** copy to Vendor, if requested
 Canary copy to Finance Clerk, upon issuance
 Pink copy to Finance clerk, upon issuance
 Gold copy to Department Head

Authorization: Personnel authorized to sign purchase orders must sign in the approval area on the Department Head line. A list of all authorized purchase order signators will be maintained by the Finance Department. Department Heads shall see that all necessary information is completed on each Purchase Order issued.

Recordkeeping: Purchase Orders will be reviewed on a monthly basis by the Finance Clerk for verification of payment or outstanding status.

Vendor Accounts: The Town may establish credit accounts with vendors that are used frequently, especially for low-cost items. These accounts shall not exceed \$1,000, and must be billed to the town no less frequently than monthly to ensure timely, proper utilization of said credit accounts.

Bid Items: Purchase Orders will not be mandatory on previously accepted bid items or regularly contracted merchandise supplied on an as needed or regular basis, i.e. insurance, oil, oxygen, gasoline, and diesel fuel.

Exceptions: Payments shall be issued upon date of request for funds collected by the town as an agent for the state, i.e. Motor Vehicle fees, Inland Fisheries fees, Animal Welfare fees, General Assistance, and direct emergency needs shall be approved by the Town Manager. These items do not require warrant approval. Department heads should make every attempt to meet the bi-weekly accounts payable deadline.

Voids: Department Heads are to return all parts of a voided Purchase Order to the Finance Clerk.

MAJOR APPROPRIATIONS:

No lease or other contractual obligation, excluding collective bargaining agreements, for a term of longer than twelve months or requiring an expenditure of Town funds in excess of fifty thousand dollars (\$50,000) shall be effective unless it is first approved or subsequently ratified by the qualified voters in an article presented for consideration at Town Meeting.

FEMA FUNDS:

Monies received from FEMA shall be applied to offset expenses related to the event (i.e., payroll, materials, equipment use). Any amounts above event expenses will be used to offset related expenses at the Town Manager's discretion.

GRANTS:

All grants awarded to the Town and/or any of its departments may be spent by the direction of the appropriate department for the purpose of the grant so long as matching local funds were not used in obtaining the awards. The Board of Selectpersons shall retain control over any grants obtained with Town funds.

FUND BALANCE MANAGEMENT:

Definitions: For the purposes of this policy, "fund balance" shall mean the total of undesignated and unreserved General Fund balances as reflected on the balance sheet of the Town of Poland. All surplus policy formulas and discussions refer specifically to the undesignated and unreserved fund balance at year-end (June 30) as reported in the audited financial statements of the Town of Poland. Excluded from the calculations and

policy formulas are fund balances in designated education-related accounts, capital reserve accounts, or any funds other than the General Fund.

Targeted Fund Balance: The Town's management objective is to carry a fund balance of 8.3% (1/12) of the total annual budget. The "total annual budget" would include schools, contributions to capital reserves and debt service.

A fund balance of less than 8% is cause for some concern except in unusual and deliberate circumstances. Fund balance in excess of 15%, although attractive features on a balance sheet, are generally considered excessive, and should be applied to capital projects, debt reduction or in certain cases, to reduce the annual tax requirements of the Town (when surplus fund balances are likely to be reliably available each year).

Fund Balance Appropriations: On or about December 1 of each year, the Board of Selectmen shall determine the amount to be taken from surplus fund balance, if any, that may be applied as a "revenue" for purposes of developing the subsequent municipal budget. The Town Manager and the Finance Director are responsible to project such year-end balances and recommend an amount of surplus fund balance, if any, that may be applied to the budget proposal consistent with this policy.

Investment of Fund Balance: Undesignated fund balance amounts represent an accounting balance and not necessarily a segregated investment account or pool of funds (idle cash) waiting to be expended or invested. The Treasurer and Finance Director are responsible to jointly forecast cash flow requirements for all town purposes and to safely invest any idle cash or capital reserve balances prudently and properly. As such, surplus fund balance investment does not have an investment policy distinct from the general investment guidance and objectives for all Town Funds as contained in the Poland Financial Policies. (Certain trust accounts, accounts held under grant agreements, and escrow type funds, such as security deposits may have special investment rules or limitations, but otherwise all town investments are subject to the general rules of prudence and state law. The Town, in that policy, seeks to provide security, liquidity, and return, in that order.)

TAX ACQUIRED PROPERTY:

The Town of Poland will act on outstanding tax liens within a period of 18 months of issuance in order not to lose these tax monies under State laws. The Town will seek to adopt standards for the disposition of tax acquired property, whereby property is disposed of quickly, responsibly and in the community's best interest.

PERSONAL PROPERTY TAXES:

It is the policy of the Town to apply any paid taxes to a person's personal property account first, before applying said payments to real estate. Furthermore, taxes paid get applied first to any outstanding interest due to the town. Annually, the Town Manager will prepare a report for the Selectmen indicating the status of outstanding personal property taxes. If it is clear that the Town will be unlikely to collect outstanding debts due to infirmity, bankruptcy, etc., the Board of Selectpersons will be asked to abate the taxes in an effort to clear up outstanding accounts, which traditionally have been carried forward on the books for many years. If it appears that they are collectible, those taxes will be pursued immediately. (The Selectmen are authorized to dispose of Town-owned

personal property with a value of \$15,000 or less under such conditions as they deem advisable.)

REAL ESTATE TAXES:

The Selectpersons are authorized through a town meeting vote to reduce the real estate and personal property tax commitment by an amount not to exceed any additional amount the town may receive from the foundation allocation or debt service allocation once the Maine Legislature has established those amounts.

All taxes assessed for each fiscal tax year July 1st through June 30th are due in two (2) installments, with the first half (1/2) of the total amount due and payable on October 1st, and the remaining half (1/2) due on April 1st; interest is charged and computed on a daily basis on any portion of the installment due that remains outstanding as of November 1st or May 1st authorized annually through a town meeting vote. Pre-Payment of property Taxes is not permitted.

Pursuant to Title 36, MRSA, section 506-A, the interest rate to be paid by the Town on abated taxes is three percent (3.00%) and authorized annually through a town meeting vote. Subject to Town Meeting approval, the interest rate charged on late taxes will be the maximum that the State Treasurer allows annually.

Accidental tax interest payment shortages in an amount not to exceed \$5.00 are waived annually through a town meeting vote.

The Selectmen and Treasurer are authorized to sell, on behalf of the Town and after consulting with the town Conservation Commission, at public or private sale, any or all real estate held by the Town by virtue of the tax lien mortgage procedure, and authorize the Treasurer to execute sufficient Quit Claim Deeds for the same. Such sale to be made by public bid except in cases where the property being sold is being deeded back to the original owner or his heirs, successors, or assigns. The Treasurer is authorized to sign, seal, execute and deliver good and sufficient Quit Claim Deeds without covenant to any and all purchasers of property sold under the terms stated.

LIEN AND FORECLOSURE PAYMENTS AT DEADLINE:

A lien or foreclosure, being released by belief that a personal check has adequate funds, where in reality, the check lacks sufficient funds to clear the bank, would create a situation where the processes would need to be repeated, therefore it is policy that no personal checks may be accepted for purposes of paying off a lien nor a foreclosure within five business days of the actual dates of lien placement or foreclosure occurring. Cash or a certified bank check or equivalent guaranty of payment is required to pay off these important legal processes (lien and foreclosure) within five days of the perfected security action itself. The policy is to apply any tax payment to the oldest real estate account. Furthermore, any taxes paid get applied first to any outstanding interest due to the town.

BANKRUPTCIES: Before proceeding with the collection of petitioned or post-petition taxes (even though post taxes are not subject to the bankruptcy automatic stay) the bankruptcy trustee shall be contacted on the status of the petition. If the petition is active, the trustee may arrange for payment of the tax from their scheduled expenses.

If the petition has been dismissed collection will be obtained through established tax collection regulations.

FIXED ASSETS ACCOUNT: Per GASB 34 - An inventory of all capital assets will be developed and maintained at all times in a fixed assets account. This account will be used to monitor the depreciation of and the improvements to our capital assets. In these accounts, value is added or subtracted as improvements are made or neglected; assets are also added and deleted as they are bought, traded or sold.

It is the policy of the Town of Poland to annually adopt a 5-Year Capital Improvement Program (CIP) to ensure regularly scheduled maintenance of existing assets and the funding of mandated or much-needed new capital projects. In order to qualify as a CIP item, the project or item must have a minimum value of no less than \$10,000. The annual review of the CIP will begin with submission of same to the Planning Board by January 1st of each year.

RESERVE ACCOUNTS:

It is the policy of the Town of Poland to limit tax fluctuations by annually setting aside capital purchase reserve funds (designated by use). The Town Manager recommends amounts and uses in his proposed budget, which is then reviewed and recommended to Town Meeting by the Board of Selectmen and the Budget Committee. The Town Meeting vote establishes final amounts and uses for those reserve funds. Establishment of a reserve account is secured through the signature card for the account (Town Manager or Town Clerk; 2 signatures required). Additions to or expenditures from existing accounts are secured by requiring the signature of the Town Manager and being processed through the bi-monthly A/P warrant process, requiring Selectmen approval. Monthly bank statements are reconciled by the Finance Director and reviewed by the Town Manager. Interest on combined investment CDs for reserved capital purchase accounts are allocated by percentage of principal of each designated use within the single CD.

The Selectmen and Treasurer are authorized to sell, on behalf of the Town, at public or private sale, used town vehicles and or equipment and to see that said sales are placed into the equivalent reserve fund. Additionally, the Selectpersons are authorized to expend amounts previously placed into reserve accounts only for purposes that are consistent with the intent of the reserve fund when created and funded, and to lapse unexpended capital funds into reserve accounts at their discretion.

INVESTMENT POLICIES:

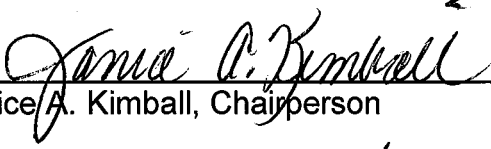
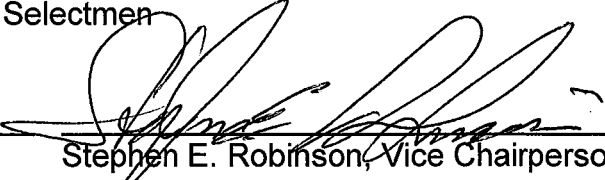


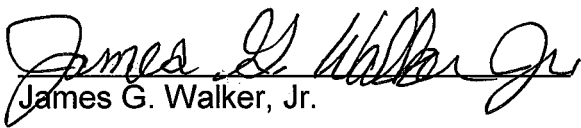
All Money Fully Secured: All of the funds in the custody of the Town of Poland must be fully insured in Category 1 investments, either through FDIC insurance, perfected sureties or collateralization. When using collateralization as a method for securing Town monies, we will not engage in any measure less than perfected securities (bank securities and bonds to be held by a third party, in the Town's name, to be turned over to us in the event of a bank failure.)

All Money Kept Flexible and Liquid: The Town of Poland hereby adopts a policy of using Cash Flow Analysis as a basis for measuring the term of investments. We seek to allow maximum flexibility and liquidity while still obtaining favorable yields.

All Money Earning Best Obtainable Yields: The Town will assure that all investment funds are receiving the best available yields, subject to the limitations of security and liquidity.

Adopted this 3rd day of June, 2014.

Board of Selectmen

 Janice A. Kimball, Chairperson	 Stephen E. Robinson, Vice Chairperson
 Walter J. Gallagher	 Stanley L. Tetenman
 James G. Walker, Jr.	