


Town of Alexandria

Financial Policies

Adopted

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By



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This policy shall take effect upon its adoption and shall supersede any previous policy.

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Cash Receipts Policy

Definitions:

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

Departmental Deposit Control Form (DDC): The form used by departments to submit a deposit to the treasurer, one of which is retained by the department.

Petty Cash: Petty Cash is for official business only, specifically the making of change to a customer or reimbursement of small amounts for items purchased by employees for business. Such reimbursement will be made only upon presentation of the appropriate paid receipts. All small departmental purchases will be paid for through Petty Cash if a vendor account is not already in place. No employee shall use Petty Cash for any personal business, even if the intent is to reimburse Petty Cash. There shall be no cashing of personal, third party or Alexandria payroll checks through Petty Cash. Violation of any portion of these policies may lead to disciplinary action, including termination of employment.

Deposits: When a department has collections in cash, coin, check or other negotiable instruments totaling \$100 or more above their Petty Cash level, all monies, excluding Petty Cash, should be deposited with the Treasurer the next business day. If a department has on hand, collections less than \$100.00, the monies shall be deposited, at a minimum, once a month. Funds collected by the Transfer Station shall be deposited weekly by the Transfer Station Supervisor and copies of the deposit slip, all receipts, and the deposit receipt shall be turned in to the Selectmen's Office with copies also provided to the Treasurer.

Expenditures from Petty Cash: Departments shall keep Petty Cash secure from public access and non-authorized employees.

Cash out procedures shall occur when the transfer of responsibility for the Petty Cash to another employee takes place.

All reimbursement from Petty Cash for small purchases will be made to employees authorized by the department to make such purchases upon presentation to the department by the employee of the appropriate receipts and a description of the purchases.

Department should limit the amount of reimbursement made from Petty Cash to \$50.00 or less, though exceptions may be made.

Replenishment to department Petty Cash for purchases made shall occur by that department making written request to Accounts Payable and submitted to the selectmen's office. All receipt or other documents supporting the charges shall accompany the request. The selectmen's office will cut a check for the reimbursement during its normal processing.

Departments shall submit for Petty Cash reimbursement once a month, at a minimum, for any purchase receipts being held.

Collection of Monies: Departments shall ensure that all customers are issued a sequentially numbered receipt at the time of the collection of monies from a customer. Departments shall ensure that the documentation from the receipting process allows for proper final accounting of the monies; i.e., the revenue or receivable account to be credited.

Departments shall refuse checks from customers appearing on the latest bad check listing kept on file by that department.

Cash Out: All departments, on a daily basis at a minimum, shall make an account of their Petty Cash to assess if the Petty Cash balance is correct and to determine whether a deposit is required.

The employee responsible for the Petty Cash shall fill out a reconciliation sheet proving to the Petty Cash amount, with a copy being provided to the Treasurer.

The department head or designated division employee shall review the reconciliation and initial, signifying they review.

Departmental Deposits to the Treasurer: When it is ascertained that a deposit is required, per NHRSA 41:29, VII, as amended in 2009, the appropriate DDC form should be filled out identifying the various revenue accounts to be credited and the cash, coin, checks and other negotiable instruments shall be forwarded to the Treasurer the day following the close of business. A wall vault is available in which to place deposits for the Treasurer.

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

Department shall submit two copies of the DDC form to the Treasurer.

All checks shall be stamped "For Deposit Only" and indicate the account number to which the monies should be deposited. There should not be any stapling of cash or checks. The DDC form should indicate which department is providing money for deposit.

The Treasurer, upon receipt of a departmental deposit, shall confirm the amount of money to be deposited; sign both copies of the DDC and return one to the department. The department shall also provide a copy of the document to the Selectmen's Office to be used in posting to the account.

The Treasurer shall report any variance from the deposit procedures to the Alexandria Board of Selectmen.

The Town Clerk/Tax Collector shall provide the Selectmen's Administrative Assistant with a report of deposit for each day that one is provided to the Treasurer.

Audit: Departmental Petty Cash, related daily reconciliation sheets or other Petty Cash or deposit related documents shall be available for audit demand by the Selectmen's Office or their agents.

Credit Card Policy

VISA, MasterCard, American Express, Debit Cards: The Town of Alexandria does not possess VISA, MasterCard, American Express and/or Debit Cards. Neither shall any employee of the Town apply for or obtain one of the above on behalf of the Town of Alexandria without express written approval by the Alexandria Board of Selectmen. Doing so is grounds for immediate dismissal.

Vendor Credit Cards: Vendor credit cards such as Lowe's or Home Depot, are kept on file in the Selectmen's Office and will be used by a department head only after presenting a purchase order to the Selectmen's Administrative Assistant. These purchases must be for materials and/or services for the Town of Alexandria only. Purchases made for personal use are prohibited and are grounds for dismissal. Receipts for any goods or services purchased through one of the above shall be initialed by the department head and submitted to the Selectmen's Office for payment.

Vendor Accounts: Credit accounts with vendors shall be set up by the Selectmen's Office, upon request from the department head. Department heads are responsible for approving all vendor account purchases.

Personal Credit Cards: The use of personal credit cards to obtain goods and services is discouraged. In an instance where this is the only way to receive goods and services, the Department Head must authorize the purchase in advance. This should not be an ongoing process as the Selectmen are able to set up an account with the vendor in most cases. The credit card purchase will be reimbursed upon receipt of proof of the purchase that has signed by the Department Head.

Cash Expenditures

Invoices requiring payment shall be submitted to the Selectmen's Administrative Assistant with the Department Heads initials in place indicating that the product or service has been received and marked with appropriate expense account. Invoices are then entered into Accounts Payable for processing.

Invoices are paid once a week by means of a check; no cash payments are to be made to vendors, except incidental expenditures from Petty Cash.

A list of the checks and direct deposit payroll items will be provided to the Treasurer and the Selectmen for their review during the check signing process. This manifest will be signed by at least two of the Selectmen and the Treasurer.

NO check is negotiable without at least two of the three Selectmen's signatures and that of the Treasurer.

NO employee shall authorize a direct debit from the account of the Town in payment to a vendor. The exception to this may be the Selectmen's Administrative Assistant or Treasurer with the pre-approval of the Selectmen.

Debt Policy

Debt Management: The Town will consider the use of debt financing only for one-time capital improvement projects and unusual equipment purchase, only under the following circumstances:

1. When the project's useful life or the projected service life of the equipment will exceed the term of the financing.
2. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.
3. Debt financing is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

The Town will use the following criteria to evaluate pay-as-you-go versus long-term debt financing in funding capital improvement:

Factors favoring pay-as-you-go:

1. Current revenues and adequate fund balances are available
2. Project phasing is feasible
3. Debt levels would adversely affect the Town's credit rating
4. Market conditions are unstable or present difficulties in marketing bonds

Factors which favor long-term financing:

1. Revenues available for debt service are considered sufficient and reliable so that long-term financings can be marketed with an AA-1 credit rating.
2. The project for which financing is being considered is of the type which will allow the Town to maintain its current credit rating.
3. Market conditions present favorable interest rates and demand for municipal financing
4. A project is mandated by State or Federal requirements and current revenues and fund balances are sufficient to pay project costs
5. A project is immediately required to meet or relieve capacity needs
6. The life of the project or asset financed is ten years or longer
7. A project's long-term benefits require that costs be shared by current and future users and outweigh the additional costs as measured on a present value basis.

General obligation debt may be used in lieu of revenue debt if expenses can be significantly reduced (as compared to financing from self-supporting revenues) and if special or enterprise fund revenue available for debt service is considered to be sufficient and reliable.

General obligation (bonded) debt will not exceed 1.75% of current assessed valuation.

An analysis will be prepared by Town staff for each long-term financing. The analysis will assess the impact of debt issuance on current and future operating and capital budgets and address the reliability of revenues to support debt service payments.

The Town will generally conduct financing on a competitive basis; however, negotiated financing or low interest programs, such as the NH DES Revolving Grant Program, may be used where the use of an unusual or complex financing or security structure is a concern with regard to marketability, or it is more cost effective to negotiate with a sole source.

The Town will seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes or cost effectiveness.

The Town will monitor all forms of debt annually. Concerns and recommended remedies will be reported to the Selectmen as necessary.

The Town will monitor compliance with bond covenants and adhere to Federal arbitrage regulations.

The Town will follow a policy of full disclosure on every financial report and bond prospectus voluntarily following disclosure guidelines provided by the Government Finance Officers' Association (GFOA), unless the cost of compliance with the higher standard is unreasonable.

The Town has been given the authority, until rescinded, to open a line of credit in anticipation of taxes (TAN). This line of credit shall be renewed on an annual basis, only upon vote of the Alexandria Board of Selectmen. Expenditures from this line of credit are not authorized without the signature of a majority of the Alexandria Board of Selectmen and the Treasurer.

Fraud Policy

Introduction: Like all municipalities, ours is faced with the risks from wrongdoing, misconduct, dishonesty and fraud. We must be prepared to manage these risks and their potential impact in a professional manner.

The impact of misconduct and dishonesty may include:

- ❖ The actual financial loss incurred
- ❖ Damage to the reputation of our Town and our employees

- ❖ Negative publicity
- ❖ The cost of investigation
- ❖ Loss of employees
- ❖ Loss of public confidence
- ❖ Damaged relationships with our contractors and supplies
- ❖ Litigation
- ❖ Damages to employee morale

Our goal is to establish and maintain an environment of fairness, ethics and honesty for our employees, our citizens, our suppliers and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.

Our municipality is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts and the recovery of assets.

Definition of Misconduct and Dishonesty: For purpose of this policy, misconduct and dishonesty include, but a not limited to:

- ❖ Theft or other misappropriation of assets, including assets of the Town, our citizens, supplies or others with whom we have a business relationship
- ❖ Misstatements and other irregularities in municipal records, including the misstatement of the results of operation
- ❖ Wrongdoing
- ❖ Forgery or other alteration of documents
- ❖ Any similar acts

The municipality specifically prohibits these and any other illegal activities in the actions of its employees, managers, administrators and others responsible for carrying out the Town's activities.

Policy and Responsibilities

Reporting: It is the responsibility of every employee, supervisor, manager and administrator to immediately report suspected misconduct or dishonesty to their supervisor or those that exercise authority over the supervisor. Supervisors, when made aware of such potential acts by subordinates, must immediately report such acts to their supervisor. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden.

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

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

- ❖ First, you must become aware of what can go wrong in your area of authority.

- ❖ Second, you must put into place and maintain effective monitoring, review and control procedures which will prevent acts of wrongdoing.
- ❖ Third, you must put into place and maintain effective monitoring, review and control procedures which will detect acts of wrongdoing promptly should prevention efforts fail.

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

Assistance in effectively carrying out these responsibilities is available upon request through the Selectmen.

Responsibility and Authority for Follow Up and Investigation: While the Selectmen are considered the primary authority for investigations, the Police Department is part of the discretionary chain of command that the Selectmen may delegate investigative duties to. The Selectmen and Police Department may request the assistance of outside agencies in any investigation, including access to periodic examinations and evaluations of internal control.

Properly designated members of the investigative team will have:

- ❖ Free and unrestricted access to all municipal records
- ❖ The authority to examine, copy and/or remove all or any portion of contents of files, desks, cabinets and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures.

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and Town procedures. Disciplinary procedures will be in accordance with the Town's Personnel Policy and any amendments to that document.

Reported Incident Follow Up Procedures: Care must be taken in the follow up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway and to avoid making statements which could adversely affect the Town, an employee or other parties.

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

- ❖ Employees and others must immediately report all factual details as indicated above under Policy
- ❖ The Police Department has the responsibility for follow up and, if appropriate and requested by the Selectmen, investigation of all reported incidents
- ❖ All records related to the reported incident will be retained wherever they reside
- ❖ Do not communicate with the suspected individual(s) or organization(s) about the matter under investigation
- ❖ Police Department will also notify the Selectmen of all reported incidents so that it may be determined whether this matter should be brought to the attention of the Auditors.
- ❖ The Police Department may also obtain legal advice at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
- ❖ Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
- ❖ All inquiries from an attorney or any other contacts from outside of the municipal government, including those from other law enforcement agencies or from the employee under investigation, should be referred to the Police Department and Selectmen.

Investigative or other follow up activity will be carried out without regard to the suspected individual's position, level or relationship with the community.

Questions or Clarifications Related to this Policy: All questions or other clarifications of this policy and its related responsibilities should be addressed to the Selectmen, who shall be responsible for the administration, revision, interpretation and application of this policy.

Fund Balance Policy

Definitions

Unallocated Fund Balance: That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in the collection of significant revenues or other unforeseen events.

The unallocated fund balance for the General Fund will be maintained at between five (5) and ten (10) percent of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and state) and the county.

Unallocated funds in other budgeted funds should be maintained at between five (5) and ten (10) percent of the annual operating budget for that fund.

Investment Policy

This investment policy applies to all financial assets of the Town and is the investment policy that applies to all transactions involving the financial assets and related activity of all the foregoing funds.

These funds are accounted for in the Town's annual financial report and include any new funds created by the Town Meeting or Board of Selectmen, unless specifically exempted by the articles of its creation.

Safety of principal is the foremost objective of the Town. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

The Board of Selectmen seeks to attain a favorable rate of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of public funds. The Treasurer is encouraged to represent the Town's best interests in seeking to remove constraints to the efficient investment of its funds.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. They shall void any transaction that might impair public confidence in the Board of Selectmen's ability to govern effectively.

The financial assets are accounted for in the Town's annual financial report and include:

- ❖ General Fund
- ❖ Special Revenue Funds
- ❖ Capital Project Funds
- ❖ Any new fund created by the Town's citizens at Town Meeting or by the Board of Selectmen, unless specifically exempted by the articles of its creation.

General Policy

Authorized Depositories: All depository accounts of the Town must be held in the name of the Town. All income payable to the Town and all revenue received by the Town shall be forwarded to the Town Treasurer.

Depositories shall be selected by the Board of Selectmen. In selecting depositories, the credit worthiness of institutions shall be considered, and the treasurer shall conduct a comprehensive review of the prospective depositories' credit characteristics and financial history.

Banks and savings and loan associations seeking to establish eligibility for the Town's certificate of deposit purchase programs shall submit information as required by the Treasurer, who shall regularly report to the Board of Selectmen, the list of eligible banks and savings and loan associations.

Before accepting funds or engaging in investment transactions with the Town, the supervising officer at each depository shall submit a certification. The document will certify that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the depository and the Town. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the Town's funds.

The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Town. Employees of any financial institution offering securities or investments to the Town shall be trained in the precautions appropriate to public sector investments and shall be required to familiarize themselves with the Town's investment objections, policies and constraints.

Authorized Investments

Assets of the Town may be invested in the following:

- ❖ Obligations of the U.S. Government such as U.S. Treasury securities maturing in less than one year and short-term obligations of U.S. Government Agencies approved for investment purposes by the Treasurer of the State of New Hampshire
- ❖ Participation accounts established with the New Hampshire Public Deposit Investment Pool established pursuant to RSA 383.22
- ❖ Savings accounts in solvent banks in New Hampshire
- ❖ Certificates of deposit at banks incorporated under New Hampshire law, and
- ❖ Certificates of deposit at national banks located in New Hampshire

Diversification: It is the policy of the Town to diversify its investment portfolio. Investment of assets held in the common cash funds and any other investments shall be diversified to eliminate the risk of loss result from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Treasurer and reviewed by the Board of Selectmen.

Deposits placed in the NH Deposit Investment Pool (NHDIP) shall be definition meet this requirement.

Ethics and Conflict of Interest: Investment officials involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the Selectmen any material financial interests in financial institutions that conduct business within the Town, and they shall further disclose any large personal financial investment positions that could be related to the performance of the Town portfolio.

Maturities: Investments of the Town shall be limited to instruments maturing with one year at the time of purchase.

Policy Review: Annually, at the meeting next following the spring election, the Selectmen shall review this policy for the investment of public funds in conformance with the provisions of applicable statutes.

Risk and Prudence: The Town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary non-liquidity. Both the Treasurer and the Trustees are expected to display prudence in the selectmen of investments in a way to minimize default risk.

The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Selectmen in a timely fashion and appropriate action is taken to control adverse developments.

The Town shall require collateralization from depositories in an amount that will cover all anticipated funds on hand in that institution. These amounts will be reviewed with the appropriate bank officials on an annual basis.

Town Treasurer Duties

Authority and Process: The Town Treasurer shall have custody of all monies belonging to the Town, and shall pay out the same only upon orders of the Selectmen, or, in the case of a conservation fund established pursuant to RSA 36-A:5, upon the order of the conservation commission or in the case of a heritage commission funds established pursuant to RSA 674:44-a upon the order of the heritage commission, or in the case of fees held pursuant to RSA 673:16 II, upon the order of the local land use board or its designated agent, or in the case of a recreation revolving fund established pursuant to RSA 35-B:2, upon the order of the recreation or park commission, or other board or body designated by the Town to expend such a fund.

The Town Treasurer shall deposit all such monies in participation units in the public investment pool established pursuant to RSA 383:22 or in solvent banks in the state. The amount of collected funds on deposit in any one bank shall not for more than 20 days exceed the sum of its paid-up capital and surplus.

The Town Treasurer shall keep in suitable books provided for the purposes a fair and correct account of all sums received into and paid from the Town treasury, and of all notes given by the Town, with the particulars thereof. At the close of each fiscal year, the Treasurer shall make a report to the Town, giving a particular account of all financial transactions during the year. The Treasurer shall submit monthly reports to the Selectmen that reconcile all depository cash accounts and public funds accounts established pursuant to RSA 383:22, and submit the Treasurer's books and vouchers to them and to the Town auditors for examination, whenever so requested.

Whenever the Town Treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditures, the Town Treasurer shall, with the approval of the Selectmen, invest the same in obligations of the United States Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings banks or other banks of deposit.

Any security which at the time of its purchase under RSA 31:25 constituted a legal investment for New Hampshire savings banks under the laws and conditions then existing may be retained notwithstanding the fact that, because of changes in the law relating to legal investments or because of conditions arising subsequent to the purchase of such security, its purchase might not then be legal; provided, however, that no such security that is not a prudent investment under the circumstances existing at the time of its retention

and thereafter shall be retained by the trustees; and provided further, that the aggregate total of market value of all securities retained under this section shall not exceed 20 percent of the total market value of all the investments held by the Trustees.

Written Procedures: Management responsibility for the reserve and trust funds of the Town is the Trustees of Trust Funds, who shall establish written procedures for the investment of such funds consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. NO person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Trustees. The Board of Selectmen shall review the written procedures. The Trustees shall be responsible for all transactions taken and shall provide the Board of Selectmen with copies of these transactions.

Reporting: The Trustees shall see that an investment report is created quarterly that summarizes the quarter's total investment return. Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategy. A copy of this investment report shall be provided to the Board of Selectmen.

Within 20 days following the end of the fiscal year the Trustees shall create a comprehensive annual report on the investment programs and investment activity. The annual report shall include 12-month and separate quarterly comparisons of return and shall suggest policies and improvements that might be made in the investment program.

Copies of all reports required of the Trustees and of the auditor thereof shall be filed annually with the Attorney General.

Safekeeping and Custody: Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Collateralized securities such as repurchase agreement shall be purchased using the delivery vs. payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping. The independent auditor shall review safekeeping procedures annually.

Purchasing Policy

Definitions:

Major Purchase: Any single purchase of goods or services in the amount of \$10,000.00 or more as long as provision has been made in the operating budget for such item. Major purchases require quotes from at least three vendors with documented proof of attempt to obtain quotes and/or bids.

Nonmajor Purchase: Any purchase of goods or services totaling \$2,001-\$9,999.00 Nonmajor purchases require a purchase order and that efforts have been made to obtain best price by contacting multiple vendors, unless item is vendor specific.

Minor Purchase: Any purchase of goods or services totaling less than \$2,000.00

Request for Quote Process

All major purchases authorized by the Board of Selectmen or Town Meeting shall be subject to the Request for Quote process unless the item(s) to be purchased are vendor specific.

The Request for Quote process shall be initiated by the issuance of a request for quote.

Following Town Meeting a request for quote may be sent out that will cover purchases for the year for items such as gravel, paving, road salt, etc. Other items such as heating oil and propane can be quoted during the same period of time as the school district's process

Notice of the request for quote may be made in the following ways:

- ❖ Letters directly to known providers soliciting quote responses
- ❖ Individuals and firms interested in being informed of competitive purchasing opportunities may contact the Selectmen's Administrative Assistant and be placed on the Town's vendor list
- ❖ Advertisements posted in public locations within the Town of Alexandria; Town Hall, Municipal Building and Transfer Station
- ❖ Advertisements placed in a local newspaper or media of general circulation soliciting quotes. For purposes of this policy, the Newfound Landing, Laconia Daily Sun, and/or Laconia Citizen shall be considered local newspapers

The Department Head is responsible for establishing the quote specifications, which shall include the following, but shall not be written in such a manner as to favor any one possible quoter:

- ❖ Bid name, and submittal deadline
- ❖ Date, location and time of the review of quotes received
- ❖ Actual specifications for the project or services, including quantity, design and performance features, etc.
- ❖ Bond and/or insurance requirements
- ❖ Any special requirements
- ❖ Desired delivery or completion date

Once the request for quote has been issue, the quote specifications shall be available for inspection at the Selectmen's Office.

Quotes received will be date stamped immediately upon receipt and the firm submitting the quote shall be provided with a photocopy of the quote, including the date stamp, if requested.

Criteria for Quote Selection

In evaluating quotes, the Board of Selectmen and Department Head shall consider the following:

- ❖ Price
- ❖ Vendor's ability to perform within the specified time limits
- ❖ Vendor's experience and reputation, including past performance for the Town
- ❖ Quality of the materials and services specified in the quote
- ❖ Vendor's ability to meet other terms and conditions, including insurance and bond requirements
- ❖ Vendor's financial responsibility
- ❖ Vendor's availability to provide future service, maintenance and support
- ❖ Nature and size of vendor; and
- ❖ Any other factors that the Board of Selectmen determines are relevant and appropriate in connection with a given project or service.

The Board of Selectmen reserves the right to reject any and all quotes received and issue a new Request for Quote if less than three quotes are received. The Board of Selectmen also reserve the right at their sole discretion to reject any and all quotes, wholly or in part, to waive any informalities or any irregularities therein, to accept any quote even though it may not be the lowest quote, to call for requotes, to negotiate with any vendors, and to make an award which in its sole and absolute judgment will best serve the Town's interest.

Vendors shall quote to specifications and any exceptions must be noted. A vendor submitting a quote thereby certifies that the quote is made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work; and that the vendor is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

The Town reserves the right to investigate the financial responsibility of any and all vendors to determine the ability of the vendor to assure service throughout the term of the contract.

The minutes of the meeting at which the selection is made shall indicate the quote selected and the factors upon which the selection was made.

The Town reserves the right of rescission should the provided product or service deviate from the quality specified in the original specifications.

Exceptions to Quote Process

Sole Source Purchase. If the Board of Selectmen determines that there is only possible source for a proposed purchase, they may waive the quote process and authorize the purchase from the sole source.

Blanket Purchase. If a proposed purchase is not a major purchase but is anticipated to exceed \$10,000 during any fiscal year, the quote process shall be initiated and shall specify the recurring nature of the purchase. Once a quote has been accepted, all future purchases shall be made from that vendor without necessity of additional quotes, until such time as the Board of Selectmen vote to initiate a new quote process.

Emergency Expenditures. In case of any emergency, the Board of Selectmen may award contracts and make purchases for the purpose of meeting the public emergency without complying with the request for quote process. Emergency expenditures may include immediate repair or maintenance of Town property, roads, bridges, vehicles or equipment only if the delay in such repair or maintenance would endanger persons or property. However, even in emergencies, an attempt may be made to get at least three quotes by telephone or fax.

Professional Services/Consultants. The request for quote process shall not apply to the Town's selection of service providers for service that are characterized by a high degree of professional judgment and discretion such as, but not limit to, legal services, auditing services, medical health or social services for Town employees, engineering and/or architecture, and risk management and/or insurance services, utility purchases, advertising, postage, Federal, state and local taxes, court judgments, financing or borrowing, police special investigative costs where disclosure may jeopardize investigation, maintenance contracts with manufacturers of equipment purchased, where the Town decides to contract with non-profit organizations for the provision of health, welfare, social or recreational services for the Town to the general public, where the Town decides to contract with government agencies for the provision of governmental services.

Sealed, publicly invited competitive bids will not be required for purchases in any situation where a contractor or supplier has defaulted upon his or her obligations to the Town and there is a security guaranteeing to the Town the performance of said obligation at no additional cost to the Town, over and above the original obligation. In such cases, the Board of Selectmen, may negotiate and award the contract to whomsoever the Board of Selectmen sees fit providing that said renegotiations and award does not exceed the amount of the security.

The Board of Selectmen may waive any of the above requirements in cases where it is deemed inadvisable to solicit request for quotes because of, for example, the need of standardization of such materials, supplies,

equipment or services, or for any other reasons which the Board of Selectmen deem to be in the best interest of the Town.

Where it is deemed appropriate to standardize on the procurement of materials. The Selectmen's Administrative Assistant shall maintain an up-to-date listing of such standardization items or services. The procurement of such standardized items or services will be exempt from the foregoing request for quote requirements. Nevertheless, the Town Department will, when reasonably possible, attempt to obtain competitive quotes from different suppliers, if any, for the standardization item or service.

Any major item purchase may be made without a local request for quote process when the service or product is available from an approved bid list awarded by the State of New Hampshire, County, Federal Government, School District or any other entity connected with a government agency.

Change Orders. If changes are made prior to the close of the Request for Quote Process, the Request for Quotes shall be amended and notice shall be sent to any vendor who already submitted a quote and a new Request for Quote Process shall be initiated. No changes in goods or services shall be allowed with the approval of the Board of Selectmen.

Once a quote has been accepted, if changes to the specifications become necessary, the Department Head must prepare a change order specifying the scope of the change and the Board of Selectmen shall approve it. The Board of Selectmen must approve all change orders. Once approved, the contractor and an authorized agent of the Town must sign the change order,

Nonmajor Purchase Procedure. Departments Head shall have the authority to purchase goods and services for a value between \$2,001 and \$9,999. Prior to purchase, the Department Head will need to verify with the Selectmen's Office that funds are available in their budget for the purchase. Then, a purchase order shall be signed by the Department Head and the Administrative Assistant.

It shall be the responsibility of the Department Head to perform due diligence to ensure that the best pricing has been obtained. Effort shall be made to obtain competitive estimates.

Minor Purchases. No purchase order is required for minor purchases.

Administrative Regulations.

Under no circumstances may any Town employee, committee member or board member use a Town of Alexandria account membership, account vendor number, purchase order number or any other method of making a purchase for person use under the name of Alexandria. Reimbursement arrangements are not allowed under this policy.

Capital and Fixed Assets Policy

Purpose: Every capital asset has limited useful service life that spans more than one year. These are categorized as Land, Land Improvements, Buildings, Building Improvements, Construction In Progress, Fixed Equipment, Movable Equipment, and Vehicles. The Town will identify and record assets in its accounting records. It will determine depreciation based on the historical acquisition costs of the assets or the 'fair value' of donated assets and utilize a straight-line method of depreciation over the estimated useful life of the asset.

Definitions:

Land: Expenditures for the purchase of land. This includes closing costs, appraisals, and purchase of rights-of-way and/or site preparation.

Land Improvements: Assets of aboveground or belowground nature found in the land area contiguous to and designated for serving town facilities. Expenditures for acquiring improvements to land (not associated with building) intended to make the land ready for its purpose. These assets include, but are not limited to, landscaping, property drainage, driveways, parking lots, sidewalks, monuments, fences, area lighting of streets and parking lots, driveways, retaining walls, and athletic fields. Asset cost could include costs of studies, architectural and consulting fees for new or renovated improvements.

Buildings: Structures consisting of building shell, exterior walls, interior framings, walls, floors, and ceilings as well as building components that are part of the building shell or interior construction. The asset cost would include architectural and consulting expenses for newly constructed or renovated buildings.

Building Improvements: Include, but are not limited to, design, major permanent structural alterations, roof or window/door replacements, interior or exterior renovations, fire protection systems, electrical and plumbing upgrades, heating, ventilation and air conditioning systems (HVAC), power generation, and other service systems of buildings.

Fixed Equipment: Assets that are permanently affixed to the building structure and are not subject to movement but have shorter useful lives than that of the building. This includes building services equipment that includes mechanical components or systems designed for the building.

Machinery and Equipment: Expenditures for equipment usually composed of a complex combination of parts, excluding vehicles.

Vehicles: Expenditures for vehicles used to transport persons, objects, or large quantities used in construction. Examples include police cruisers, pick-up trucks, dump trucks, plow trucks, backhoes, graders, etc. including the installation of any related equipment.

Infrastructure: Expenditures for construction of, or major renovation to infrastructure, including roadways and bridges. This also includes the cost of demolition. It does not include any buildings or equipment related to these systems.

Roadways: Expenditures for construction of, or major renovation to roadways including the cost of development roads once accepted by the Town as Class V roads. This includes shim and overlay expenditures, as well as maintenance items such as crack sealant if they are deemed to add useful life to the asset.

Bridges: Expenditures for construction of, or major renovation to bridges. This includes pedestrian as well as vehicular bridges.

Depreciation Expense: The apportioned cost of a fixed asset over its useful life.

Estimated Useful Life: The estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, governmental entities should consider the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

Policy: The following table depicts the balance sheet and expenditure object codes of capital asset items, the dollar level at which the items will be capitalized and whether the item is depreciated.

Classification	Capitalization Level	Depreciate
Land	All	No
Land Improvements	\$10,000	Yes
Buildings	All	Yes
Building Improvements	\$10,000	Yes
Fixed Equipment	\$10,000	Yes
Construction In Progress	\$10,000	Yes
Machinery and Equipment	\$10,000	Yes
Vehicles	\$10,000	Yes
Infrastructure	\$10,000	Yes

There are certain items of equipment that should be inventoried and/or depreciated although their values do not meet the capitalization level in the table above. These items include:

Police Weapons	Use \$10,000 capitalization threshold
Federal Grant Purchases	Use \$5,000 capitalization threshold
Group Aggregation	When the amount of a single equipment item is less than \$10,000 but when the combined cost of a quantity of the same item purchased is \$10,000 or more, the items shall be capitalized and depreciated as a group.

Depreciation: The straight-line method of depreciation is used to calculate depreciation. The Town may take into consideration salvage value at the end of an asset's useful life. Grouped assets will not be assigned a salvage value.

A full years' depreciation will be taken on assets purchased prior to May 31st. One half of a full years' depreciation will be taken on assets purchased June 1st or after.

The following table reflects the useful lives of the various categories of capital assets for municipal government:

Category	Examples	Years
Land		None
Land Improvements		
Ground Work	Landscaping	20
Structural	Fencing, Parking Lot, Retaining Walls	20
Other	Cisterns, Drafting Pits Area and Street Lighting	15
Buildings		
Permanent		40
Temporary		20
Building Improvements		40
Building Systems		
HVAC		20
Power Generation		15
Machinery and Equipment		
Light Vehicles	Police Cruisers, Trucks (<= GVRW 16,000lbs.)	3 - 5
Heavy Vehicles	Trucks (> GVRW 16,001lbs.)	10
Construction Equipment	Excavator, Frontend Loader, Backhoe	15

Fire/Rescue Vehicles	Engine, Pumper, Ambulance	25
Furniture and Fixtures		20
Office Fixtures	Counters, Cabinets, Desks, Tables, Chairs	20
Carpeting		7
Roadways		
Asphalt		10
Gravel		15
Bridges	Vehicle, Pedestrian	50
Construction In Progress		None

Establishing and Setting the Threshold Levels for Recording Capital Assets: Estimated Useful Life – The first criterion is useful life. An asset must have an estimated useful life greater than one reporting period to be considered for capitalization and depreciation. Assets that are consumed, used-up, habitually lost or worn-out in one year or less should not be capitalized.

Asset Cost – The second criterion for determining depreciable capital assets is cost. Governmental entities do not need to capitalize every asset with a useful life greater than one year.

Writing Off Capital Assets: Assets will be written off the books, along with its accumulated depreciation, when the asset is no longer in use. Assets fully depreciated, but still in use, will remain on the books. Certain assets that are capitalized and depreciated as a group will be written off the year it becomes fully depreciated.

Authority: These policies are adopted by the Board of Selectmen in accordance with RSA 31:39 as it relates to their management of the Town's prudential affairs and their authority over expenditures.

Financial Close Policy (Year-End)

The Year End Financial Closing Policy covers the timing, methodology, format, and frequency of interim analyses purposed towards creating efficiencies at year-end.

Accounts Payable:

- Department heads will have all invoices for the fiscal year to the Selectmen's Office for processing by January 14th of the next year.
- Purchases made before December 31st but billed after January 1st will require proof purchase/order was made prior to December 31st in order to be recorded in that fiscal year.

Accounts Receivable:

- Accounting system will be balanced with the Town Clerk/Tax Collector's MS-61 and other year-end reporting of funds collected.

Budget v. Actual

- Budget versus Actual reports will be reviewed by department heads on a monthly basis and at year end to confirm expenses and revenues have been applied to correct accounts.
- Budget versus Actual reports will also be reviewed by department heads and Selectmen on a monthly basis to monitor expenses and revenues falls within budgeted amounts.

Reconciliations

- Accounts are reconciled monthly by both the Selectmen's Office and the Treasurer.
- At year-end, accounts should be reconciled by January 14th (Dependent on bank statement availability).