

Town of Alexandria

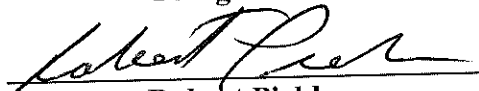
Financial Policies

Adopted

June 17, 2025

By

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Chet Caron

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

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Cash Receipts Policy

Objectives

The primary objective of the Cash Receipts Policy is to establish guidelines for all employees that handle cash transactions for the Town of Alexandria.

1. Establish internal controls and sufficient management practices for the collections of cash, checks, electronic payments, and other receipts.
2. Ensure accurate and transparent handling of all cash transactions to promote trust and accountability.
3. Implement measures to minimize the risk of theft or fraud through proper controls and audits.
4. Adhere to relevant laws, regulations, and best practices regarding cash handling and reporting.
5. Maintain accurate and complete records of all cash receipts for financial reporting and auditing purposes.

Authority

These procedures are adopted pursuant to the authority of RSA 41:9 and RSA 41:29.

Deposit Agent: The Town Treasurer maintains custody of all funds except those funds held by the Trustees of Trust Funds and Library Trustees.

The Treasurer shall ensure that all monies are deposited at least on a weekly basis or daily whenever funds remitted from all departments collectively totals \$500 or more. The Treasurer may designate deposit functions to other Town Officials or employees provided such delegation is in writing.

Applicability

This policy and procedures applies to all employees, elected officials or committee members of the Town of Alexandria.

Deposit Procedures

1. The full amount of cash receipts received must be promptly secured and locked when not in use. Access to the secured area is restricted to authorized depositors only. Cash received must not be used for petty cash purposes, cashing checks, etc.
2. All departments must record all cash receipts at the time the funds are received by a receipt book or logged into appropriate software system. Receipts shall include the following information:
 - a. Amount collected
 - b. Date of collection
 - c. Payee name
 - d. Initial or signature of person collecting the payment
 - e. Purpose for which the money was collected
 - f. Check number (if applicable)
3. All checks received on behalf of the town must be stamped immediately on the back with the Town's endorsement and banking information.

4. Once funds total \$500 or more (or at the end of each week if \$500 was not met), the appropriate department deposit form should be filled out identifying various revenue accounts to be credited and the cash, checks, and other negotiable instruments shall be provided to the Treasurer the day following the close of business. A wall vault is available in which to place deposits for the Treasurer.
5. For the Town Clerk/Tax Collector's Office, transmittal sheets will be attached to backup directly from their software as well as copies of receipts for cash transactions.
6. Copies of all department deposit forms and any backup documentation shall be provided to the Selectmen's Office for review and recording.
7. Under no circumstances will the department or any Town employee utilize personal funds to compensate for shortages or overages. All shortages or overages must be brought to the attention of the Selectmen's Office prior to submission.

Cash Reconciliation

The Administrative Assistant will reconcile the cash per the Town's bank accounts to the cash recorded in the Town's financial software on a monthly basis. The reconciliation will be submitted to the Treasurer for her review.

Cash Till

A nominal amount of cash may be retained by departments for use as change for daily transactions. Such funds will be kept in a locked cash box or locked vault and stored with, or in the same manner as, deposits and receipts. Cash shall be reconciled daily by department heads if it used for daily transactions.

Credit/Charge Card Policy

Objectives

The primary objective of the credit card policy is to establish guidelines for credit and/or charge cards issued to the Town of Alexandria.

Authority

This policy has been adopted by the Select Board as it relates to their management of the Town's prudential affairs and their authority over expenditures.

Applicability

This policy and procedures apply to all employees, elected officials or committee members of the Town of Alexandria.

Credit Cards

The Town of Alexandria does not possess Visa, MasterCard, American Express and/or debit cards. Neith 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 Select Board.

Vendor Credit/Charge Cards

Vendor specific charge cards, such as Lowe's, are kept on file in the Selectmen's Office. The charge cards must be signed out by department heads purchase of materials and/or services for the Town of Alexandria only. 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 payments.

Vendor Accounts

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

Cash Expenditures Policy

Objectives

The primary objective of the Cash Expenditures Policy is to ensure that all payments made are appropriately authorized and posted to the correct expense accounts.

Authority

This policy has been adopted by the Select Board as it relates to their management of the Town's prudential affairs and their authority over expenditures.

Applicability

This policy and procedures apply to all employees, elected officials or committee members of the Town of Alexandria.

1. Invoices requiring payment shall be submitted to the Selectmen's Office with the department head's, or their designee's, initials in place indicating that the product or service has been received and marked with the appropriate expense account.
2. Invoices are entered into the Town's accounts payable software for processing.
3. Invoices are paid once a week by means of check.
4. A list of the checks, including paychecks and direct deposit payroll, will be provided to the Selectmen and Treasurer for their review and signature.
5. No check is negotiable without the signature of the Treasurer and a majority of the Select Board.
6. Direct debits from the account of the Town in payment to a vendor may only be made with approval from the Select Board.
 - a. Authorized direct debit payments include payments made to NH Retirement System, payroll taxes, and Quickbooks update subscriptions

At the end of each month, reports detailing expenses shall be provided to department heads for their review to ensure expenses are posted to the correct expense account.

Purchasing Policy

Objectives

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

Authority

These procedures are adopted pursuant to the authority of RSA 41:9.

Preferred Vendors

Department Heads and the Board of Selectmen will review the Town's Preferred Vendor list on a yearly basis to ensure that includes vendors that offer the best pricing, quality, and/or service.

Purchase Orders

- A. No quote or purchase order is required for purchases under \$3,000. However, department heads are encouraged to seek the best possible price for the value of the purchase at all times.
- B. Any single purchase of goods totaling \$3,000 to \$9,999.
 - a. Shall require a purchase order signed by the department head and Administrative Assistant
 - b. Department head has made effort to obtain best pricing by contacting multiple vendors or utilize vendors on the Town's Preferred Vendors list.
- C. Any single purchase of goods totaling \$10,000 or more
 - a. Shall require a purchase order signed by the department head and Board of Selectmen
 - b. Shall require that department heads have made effort to obtain quotes, either written or verbal, by contacting multiple vendors unless the item is vendor specific.
 - c. Quotes may be obtained
 - i. Letters directly to known providers requesting quotes,
 - ii. Advertisements posted in public locations within the Town Alexandria, such as Transfer Station and Town Hall, or
 - iii. Advertisements placed in local newspaper or media soliciting quotes.
 - d. In evaluating quotes, the Board of Selectmen and Department Head shall consider the following:
 - i. Price
 - ii. Vendor's ability to perform with specified time limits
 - iii. Vendor's experience and reputation
 - iv. Quality of the materials and services specified in the quote
 - v. Vendor's availability to provide future service, maintenance, and support
 - vi. Nature and size of vendor, and
 - vii. Any other factors that the Board of Selectmen determines are relevant and appropriate in connection with a given project or service.

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.

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.

Fraud Policy

Objectives

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

Authority

This policy has been adopted by the Select Board as it relates to their management of the Town's prudential affairs and their authority over expenditures.

Applicability

This policy applies to all Board members, elected officials, Town employees, and all committees and appointed officials over which the Select Board has authority to require general policies to be followed. This policy is also applicable to companies doing business with the Town of Alexandria (contractors, vendors, agents, etc).

General Policy and Responsibility

- A. It is the Town's intent to fully investigate any suspected acts of fraud or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Town of any party who might be or become involved in the subject of such investigation.
- B. The Board of Selectmen and Administrative Assistant are responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
- C. The Board of Selectmen and Administrative Assistant has the primary responsibility for the investigation of all activity defined in this policy.
- D. In all circumstances where there are reasonable grounds to indicate that a fraud may have occurred, the Administrative Assistant, with the advice of the Board of Selectmen, will contact the Alexandria Police Department.
- E. Upon conclusion of the investigation, the results will be reported to the Board of Selectmen and others as determined necessary.
- F. The Town will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town's losses for the offender, or other appropriate source.

Procedures

- A. All Employees
 - a. Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that their supervisor may be involved or does not feel comfortable reporting the occurrence to their supervisor,

the employee shall immediately notify the Administrative Assistant (Selectmen's Office).

- b. Employees have a duty to cooperate during an investigation.
 - c. Employees who knowingly make false allegations will be subject to discipline in accordance with the Personnel Policy.
- B. Town Management/Elected Officials: Upon notification from an employee of suspected fraud, or if management has reason to suspect that a fraud has occurred, they shall immediately notify the Administrative Assistant (Selectmen's Office).
- C. Administrative Assistant: Upon notification or discovery of a suspected fraud, the Administrative Assistant will promptly investigate the suspected fraud. In all circumstances, where there are reasonable ground to indicate that a fraud may have occurred, the Administrative Assistant will inform the Select Board and the Town's Counsel.
- D. After an initial review and a determination that the suspected fraud warrants additional investigation, the Administrative Assistant will coordinate the investigation with Town Counsel and law enforcement officials if appropriate.
- E. Once a suspected fraud is reported, the Administrative Assistant, in consultation with Town Counsel, shall take immediate action to prevent theft, alteration, or destruction of relevant records.
- F. All participants in a fraud investigation shall keep the details and results of the investigation confidential. However, the Administrative Assistant, in consultation with Town Counsel and/or Police Department, may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
- G. Personnel Actions:
- a. If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal shall be taken by the Select Board.
 - b. Unless exceptional circumstances exist, a person under investigation for fraud shall be given notice in writing of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action being taken. Where notice is given, the person against whom the allegations are being made may submit a written explanation to the Select Board no later than seven calendar days after the notice is received.
- H. Whistle-blower Protection
- a. Under New Hampshire Statute Title XXIII Labor, Chapter 275-E of the Whistleblowers' Protection Act – Protection of employees reporting violations – No employer shall discharge, threaten, or otherwise discriminate against any employee regarding such employee's compensation, terms, conditions, location, or privileges of employment because:
 - a. The employee, in good faith, reports or causes to be reported, verbally or in writing, what the employee has reasonable cause to believe is a violation of any law or rule adopted under the laws of this state, a political subdivision of this state, or the United States; or
 - b. The employee, in good faith, participates, verbally or in writing, in an investigation, hearing, or inquiry conducted by any governmental entity, including a court action, which concerns allegations that the employer has

violated any law or rule adopted under the laws of this state, a political subdivision of this state, or the United States.

- b. Paragraph I of this section shall not apply to any employee unless the employee first brought the alleged violation to the attention of a person having supervisory authority with the employer, and then allowed the employer a reasonable opportunity to correct that violation, unless the employee had specific reason to believe that reporting such a violation to his employer would not result in promptly remedying the violation.
- I. Documentation: At the conclusion of the investigation, the results will be reported to the Select Board and others as determined necessary. If the report concludes that the allegations are founded, the report will be forward to the appropriate authorities.
- J. The Administrative Assistant will report to the external auditors of the Town all information relating to investigations.
- K. Training
 - a. Employees of the Town will be given a copy of this policy and will also be required to understand the requirements as listed below. New employees are trained at the time of hiring about the Town's Personnel Plan, Internal Control Policy and Fraud Policy. This training explicitly covers expectations of all employees regarding:
 - i. Their duty to communicate certain matters;
 - ii. A list of types of matters, including actual or suspected fraud, to be communicated along with specific examples; and
 - iii. Information on how to communicate those matters.

Debt Policy

Objective

To ensure that long-term financial commitments, those funded through the issuance of bonds or notes, will be considered consistently within a fiscally prudent framework.

The Town will consider the use of debt financing only for one-time capital improvement projects and unusual equipment purchases, 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.

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.

Fund Balance Policy

The general purpose of this policy is to establish a key element of the financial stability of the Town by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risks that can occur from unforeseen revenue fluctuations, unanticipated expenditures, emergencies, and similar circumstances. The fund balance also provides cash flow liquidity for the Town's general operations.

Definitions:

1. **Nonspendable Fund Balance:** Permanent trust funds (nonexpendable portion) non-cash assets such as inventories or prepaid items.
2. **Restricted Fund Balance:** Funds legally restricted for specific purposes, such as grant, library, income balance of permanent funds, and capital project fund cannot change purpose.
3. **Committed Fund Balance:** Amounts that can only be used for specific purposes pursuant to a formal vote at Town Meeting, such as expendable trust (capital reserve), non-lapsing appropriations, and other special revenue funds not listed under restricted can change purpose via vote at Town Meeting.
4. **Assigned Fund Balance:** Amounts intended by the town for a specific purpose. For all governmental funds, other than the General Fund, any remaining positive amounts are to be classified as assigned. Items that fall under this classification for the General Fund would be encumbrances properly approved by contract, purchase order, or other such action as required.
5. **Unassigned Fund Balance:** Includes amounts that are not obligated or specifically designated for a specific use and are available for any purpose. The residual classification of any General Fund balance is to be reported here.

Spending Prioritizations

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid first from restricted funds.

When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order: 1) committed, 2) assigned, 3) unassigned.

Minimum Level of Unassigned Fund Balance

The Town will strive to maintain an unassigned fund balance in its general fund equal to 5 to 10% of the total appropriations of the community (this is calculated by adding the municipality's appropriations, the statewide education amount, the local education amount, and the county appropriation).

Use of Excess Unassigned Fund Balance

The Select Board may appropriate any amount of the undesignated fund balance in excess of the designated percentage to offset property taxes as part of the final adopted budget for the fiscal

year. In addition, excess funds may be used, upon Town Meeting approval, for capital improvement projects, equipment replacement, and other similar budgetary needs.

Emergency Use of Unassigned Fund Balance

The Select Board may appropriate funds from the unassigned fund balance for emergency purposes in accordance with RSA 32:11 even if such use decreases the fund balance below the designated percentage. An emergency purpose does not include the offsetting of property taxes or mismanagement of funds.

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
	Cisterns, Drafting Pits	
Other	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).

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.

