

## FINANCES POLICY OF THE EMERALD LAKE VILLAGE DISTRICT

**PREAMBLE AND LEGAL AUTHORITY.** These rules for handling the finances of the Emerald Lake Village District (District), a village district within the meaning of NH RSA 52, located within the Town of Hillsborough, are adopted pursuant to the following statutory authority:

- RSA 52:3 which provides that a village district shall “shall have all the powers in relation to the objects for which it was established that towns have or may have in relation to like objects, and all that are necessary for the accomplishment of its purposes.”
- RSA 52:3-a which provides that “the commissioners of a village district ... shall have the same powers, duties and responsibilities of selectmen of towns which are granted or required pursuant to RSA Title XX; and, where appropriate, selectmen of towns shall be construed to mean commissioners of village districts.”
- RSA 52:8 which provides that: “The moderator, clerk, treasurer and commissioners shall severally qualify and possess the same powers and perform the same duties in respect to the district's meetings and business affairs that the moderator, clerk, treasurer and selectmen of towns respectively possess and perform in respect to like matters in towns.”
- RSA 41:9 which provides, *inter alia*, that selectmen and therefore village district commissioners:

III..... shall keep a fair and correct account of all moneys received, all accounts and claims settled and all orders drawn by them, and of all their other financial transactions in behalf of the town.

VI. ....shall be responsible for establishing and maintaining appropriate internal control procedures to ensure the safeguarding of all town assets and properties.

VII..... shall annually review and adopt an investment policy for the investment of public funds in conformance with applicable statutes and shall advise the treasurer of such policies.

VIII. .... shall be responsible for establishing procedures to ensure that all funds paid to the town from any department shall be remitted to the treasurer at least on a weekly basis or daily whenever such funds total \$500 or more. Remittances to the treasurer from the tax collector shall be in accordance with RSA 41:35 and remittances from the town clerk shall be in accordance with RSA 261:165.

NOW THEREFORE, pursuant to the legal authority specified above and such other authority as provided by the General Laws of the State of New Hampshire, the Commissioners repeal any prior rules and adopt the following financial policies governing all financial transactions involving the District:

## **SECTION 1. PURPOSE**

1.1 The objective of this policy is to attempt to strike a balance between the need for operating efficiency and flexibility, and the need for financial control and accountability. This policy shall be known as the "Emerald Lake Village District Finances Policy". The District being of limited size and established for specific purposes unlike a municipality, the roles and duties of each official as to the conduct of financial transactions, including the Treasurer, are as set forth herein and may therefore exceed any general "custodial" function.

## **SECTION 2. REVENUE**

2.1 Revenue to the District consists of payment of property taxes as a precinct add-on tax to the tax collections of the Town of Hillsborough for district residents, and payment of water charges by residents for the District water system, for which the Town of Hillsborough acts as collection agent.

2.2 All tax payments credited to the District are automatically deposited to the General Fund Account of the District by the Town of Hillsborough after accounting therefor. Any portion of delinquent taxes owed by the taxpayer attributable to the District surcharge are advanced to the District by the Town, with default and tax enforcement remedies including lien and foreclosure rights residing exclusively in the Town of Hillsborough. This arrangement shall only be altered in writing through negotiations between Town representatives and the District Board of Commissioners.

2.3 All water charges collected are also automatically remitted by the Town of Hillsborough to the Water Fund Account of the District through direct deposit, after accounting therefor, and which shall not be commingled with general fund revenues.

2.4 The District is authorized to enter into negotiations with the Town of Hillsborough through its Board of Commissioners from time to time, as may seem appropriate, to maximize and ameliorate the cash flow situation derived from the collections described in 2.2 and 2.3.

2.5 Any miscellaneous revenue must be deposited with the District bank of choice as promptly as possible in the appropriate account.

2.6 Monies paid under an award of grant, as designated loan proceeds, or for other specific project purposes, as may be received under RSA 31:95-b (adopted by 2008 Warrant Article 10) should be deposited into a bank account created for that purpose if at all feasible, and a separate accounting for that account in the District books shall be established so as not to commingle such funds, and to maintain a clear record of payments from these types of special purpose funds.

### **SECTION 3. DEPOSIT PROCEDURES**

3.1 For all monies received by the District other than by direct deposit, wire transfer, or other automatic deposit procedure, a copy of such check and of the bank deposit slip, and of the details of the account within which deposited with any restrictions shall be completed, kept together and maintained in a chronological deposit file, with entry of such deposit noted in the books under the proper assigned category.

3.2 It is primarily the responsibility of the Treasurer to effect any deposits and at least once each month or more often upon request, to provide a written report to the Commissioners of all deposit amounts (regardless of how deposited), where deposited, and for what purpose. The Treasurer shall also be responsible to reconcile all deposits with bank statements each month. Any delegation of such duties must be to a person approved in advance in writing by the Commissioners.

### **Section 4. PETTY CASH POLICY**

4.1 The District may but is not required to use a petty cash account which is general fund monies and is not to exceed the sum of \$500. Petty cash is for official business only, specifically the reimbursement of small amounts for items purchased for the business of the District. Such reimbursement shall be made only upon presentation of the appropriate paid receipts. No person shall use Petty Cash for any personal business, or cash any check through Petty Cash, even if the intent is to reimburse Petty Cash.

4.2 Custody of the Petty Cash shall be in the District Administrator to maintain it in a secure place; or if there be no Administrator, custody shall be in a designated Commissioner.

4.3 An account book shall be kept with any petty cash repository and every deposit to or removal from, petty cash shall be noted and signed for, stating the purpose of each, along with a receipt or copy thereof. The petty cash log shall be entered into the books quarterly or more often as may be required to bring all accounts current, with appropriate entries by purpose categories in the books, utilizing petty cash as a separate cash account. Replenishment of petty cash shall also be recorded in the books of the district and satisfied by a check cashed for that purpose only.

### **SECTION 5. BANK ACCOUNTS**

5.1 The District shall maintain a Checking Account for Operating Funds funded by property tax receipts, and a separate Checking Account for Water Funds funded by payment of water charges.

5.2 In addition, the District may establish such other bank accounts as may be appropriate from time to time as authorized by the Commissioners for the unassigned fund balance, or by warrant articles, including special reserve, escrow, savings, or other accounts. Each such account shall clearly state its purpose in its title as shown on all statements and be entered into the Chart of Accounts.

5.3 No transfers shall be made between accounts without the prior written authorization of the Commissioners, or by the Administrator if the Commissioners so delegate, and not without recording and reporting the purpose of all such transfers within each affected account. In no case shall transfers be made which violate RSA 38:29, or be used to cover insufficient funds in the Water or General Funds by transfers between them.

5.4 The Treasurer shall be responsible for providing a written report of all transfers to the Commissioners on a monthly basis, or more frequently as requested, with a full explanation of the purpose and necessity of any such transfer.

5.5 Bank accounts shall be maintained at a properly insured institution which has the expertise and capability of maintaining accounts used by municipalities within New Hampshire, with such restrictions and requirements as may apply to be so qualified.

5.6 In addition, the District may establish such capital improvement reserves, special purpose reverses or surplus accounts as the Commissioners deem appropriate, which may be maintained in accordance with the requirements of applicable investment policies and RSAs; unless otherwise ordered by the Commissioners, such funds shall be invested through the Board of Trustees of the Town of Hillsborough in satisfaction of the District's responsibility to establish investment policies.

## **SECTION 6. BOOKS AND ACCOUNTS OF THE DISTRICT.**

6.1 All books, accounts and other records of financial transactions, assets and liabilities of the District shall be maintained in compliance with the applicable laws, rules and orders of the Department of Revenue Administration, including but not limited to:

- RSA 21-J:13, IV, which provides that the Commissioner of Revenue shall adopt rules relative to: "uniformity of municipal accounts through a standardized chart of accounts under RSA 21-J:17.";
- RSA 21-J:17, which provides that "[t]he accounting officers of the several counties, cities, towns, school and village districts, and their departments, shall keep uniform accounts;"
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6.2 Records of all financial transactions shall be maintained by means, among others, of an accounting software which is capable of establishing a Chart of Accounts, categorizing deposits and payments, and issuing reports including current balances, reconciliations with bank accounts, period reports of monies received and paid, accounts payable and where appropriate, accounts receivable, as well as reconciling expenditures to budget goals.

6.3 It is the responsibility of the Administrator by supervision of a bookkeeper as appropriate, to maintain an adequate and current Chart of Accounts, and to cause the appropriate coding and entry of all payables; and, of all deposits reported by the Treasurer or otherwise known, and of all other transactions required to be made into the books, both in the electronic accounting database, and in any other physical records, files or logs; or to make appropriate arrangements for delegation of such responsibilities with the prior approval of the Commissioners. In the absence of an Administrator, a designated Commissioner shall be responsible for seeing such functions carried out.

## **SECTION 7: LOANS**

7.1 The District through its Board of Commissioners may contract to borrow any sum of money otherwise lawful, consistent with District purposes; including by municipal bond financing, application for state or federal loan funds, or by commercial borrowing, so long as such borrowing is approved by the voters where required by law.

7.2 Such debt shall be classified as either longterm debt or shortterm debt in the books of the District and any repayment obligations under such debt shall be scheduled and included within the books of account such that each payment due shall appear on the report of accounts payable.

7.3 The District may negotiate and borrow on the basis of tax anticipation notes or other line of credit for revenue shortfall periods without prior voter approval under RSA 33:7 as authorized by 2008 Warrant Article 11, but such debt must be repaid within 60 days of receipt of adequate regular revenues.

## **SECTION 8: DUTIES OF THE COMMISSIONERS**

8.1 The District Commissioners shall supervise and direct the District Administrator and the District Treasurer, and all other officials, employees, agents or agents of the District to ensure that the District maintains “a fair and correct account of all moneys received, all accounts and claims settled and all orders drawn by [the Commissioners], and of all their other financial transactions in behalf of the [District]” as required by RSA 41:9, III. The Commissioners shall be entitled to delegate their responsibilities to the District Administrator without relinquishing overall responsibility for financial affairs.

8.2 The Commissioner are responsible for the financial affairs of the District; and the Treasurer shall not act unless as specifically required by law, without the express prior authority of the Commissioners, in deviation as to any of the policies and procedures set forth herein.

8.3 The Commissioners shall ensure that the Treasurer makes regular reports of the District’s receipts and disbursements to District residents at least monthly, which shall be in writing unless otherwise excused.

8.4 The Commissioners shall determine what obligations should be paid or not, in accordance with cash flow, anticipated revenues, and prudent business practices; and the Treasurer shall execute any resulting payment order or manifest as provided in RSA 41:29 I.

## **SECTION 9: DUTIES OF THE TREASURER**

9.1 The District Treasurer shall have custody of all moneys belonging to the District, and shall pay out the same **only** upon orders of the Commissioners in a public meeting or by a noncontemporaneously signed manifest signed by a majority of the board of Commissioners pursuant to RSA 41:29, I. This requirement shall apply to transfers between accounts held by the District. The Treasurer shall execute all checks for all payments ordered by the Commissioners to be made.

9.2 In general, in compliance with RSA 41:3, the Treasurer shall keep suitable books and correct account of all sums received into and paid from the District, and of all notes given by the District, with the particulars thereof. At the close of each fiscal year, the Treasurer shall make a report to the District and to the Department of Revenue Administration, giving a particular account of all his or her financial transactions during the year and account balances at year end.

9.3 The Treasurer shall furnish to the Commissioners, statements from the treasurer's books, and submit the books and vouchers to them and to the District's auditors for examination, whenever so requested pursuant to RSA 41:3, and shall cooperate thereafter in effecting the completion of audit applicable for any time period for which the Treasurer served in office. The form of such information to the Commissioners shall be in addition to written reports if requested, consist of printed reports from the accounting software which shall include standard reporting such as balance of accounts, reconciliation reports, reports of periods monies paid and received by account, category or other designation, and copies of bank statements.

9.4 The Treasurer shall be responsible to provide in accordance with instructions from the Commissioners, such written reports as designated by the Commissioners, at each regular meeting of the Board, so as to inform the public of the status of the District's cash balances.

9.5 The Treasurer shall be responsible for keeping all checkbooks and accounts reconciled using bank statements and other available information on at least a monthly basis.

9.6 The Treasurer shall be responsible to immediately report any discrepancy, in reconciliation, by insufficient funds notice, or similar circumstances to the Commissioners.

## **SECTION 10: DUTIES OF THE ADMINISTRATOR/BOOKKEEPER**

10.1 The District Administrator or Bookkeeper under his/her supervision shall be responsible for entry of all payables within a reasonable time after receipt so as to be able to furnish a true and reliable accounts payable report each month, or more frequently upon request of the Commissioners. This report shall include all upcoming obligations whether invoiced or not, if they are known and can be reasonably estimated, as well as scheduled payments under any debt owed by the District. The Commissioners shall be kept fully informed as to current account balances in addition to current information as to the schedule of obligations.

## **SECTION 11: REIMBURSEMENT POLICY**

11.1 Sums advanced by any Commissioners or other officer, or by District staff on behalf of the District for purchase of supplies, items or as paid expenses of the District, shall be reimbursed upon presentation by the individual of a check request accompanied by originals, or copies if originals are not available, of all receipts or proofs of purchase.

11.2 No person except for the Commissioners or District Administrator are authorized to advance such costs or expenses without prior approval of the Commissioners or of the District Administrator. Amounts to be advanced by others for less than \$250 may be pre-authorized by one Commissioner or by the District Administrator. Amounts of \$250 or more must be pre-authorized by two Commissioners, or by the District Administrator and one Commissioner. Advances made on behalf of the District are to be limited to those circumstances where urgent circumstances or efficiency make it reasonable, or for cash purchases where the total amount cannot be precisely calculated, such that issuance of a check directly by the District is impractical.

## **SECTION 12: AUTHORIZATION OF EXPENDITURES**

12.1 In the case of necessary and reasonable expenditures which represent unanticipated expenses or amounts not preset by contract, and which are not regular vendor billings, the District Administrator is empowered to make or authorize such expenditures within the approved budget. However, where the amount to be incurred exceeds \$500, the District Administrator shall receive the further approval of at least one Commissioner.

12.2 The District may also request the voters at each annual meeting to authorize establishment of a contingency fund pursuant to RSA 52:4-a for unanticipated expense.

## **SECTION 13: OTHER APPROVAL PROCESSES**

13.1 All Reconciliation Reports, which shall be done periodically for bank statements, and as otherwise may be required, shall bear the signed approval of both the Treasurer and the District Administrator; or in the absence of one or the other, joint signature by a Commissioner.

13.2 All invoices shall be pre-approved by the District Administrator or Bookkeeper acting under his/her direction to indicate approval, date and payment fund, as representing that the invoice is complete and duly received in the course of business for the District. If neither are available or are vacant positions, this function may be fulfilled by a Commissioner designated by the full Board.

## **SECTION 14: PAYMENTS TO COMMISSIONERS OR OTHER OFFICIALS**

14.1 Commissioners and other elected officials of the District shall be paid by monthly stipend approved by the Board in advance as reflected in its minutes and reviewed annually. Any payments in excess of \$150 monthly shall be approved by the voters.

14.2 Commissioners and other elected officials of the District, or anyone related by family or business association with such official, shall not be entitled to also act as vendors for the District or to receive payment for services rendered to the District without prior approval of a quorum of the Board on a case by case basis for each such payment, in which case the payment must be specified in advance and the scope of work particularly described. Such payments shall be authorized only for amounts less than \$250 and where competitive bidding is not appropriate or reasonable.

Adopted by vote of the Board of Commissioners on this \_\_\_\_ day of \_\_\_\_\_, 2014

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John Dahood, Chair

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Denise DeForest, Commissioner

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Martha Caron, Commissioner