

DRAFT INCOME, EXPENSE AND CASH POLICY
TOWN OF POMFRET
DRAFT 3/10/2022

PURPOSE. The purpose of this Policy is to establish proper management practices over cash, other receipts, and checks in payment of town expenses. Adequate controls of handling financial transactions protect public confidence in Town operations and ensure accurate, reliable, and timely financial information upon which financial decisions can be made.

INCOME: All payments associated with municipal government, regardless of function, will be handled through the Town Clerk, Treasurer, or their assistant. No payments may be made payable to a town officer, employee, board, or to any other individual or group. All receipts are to be recorded in the Town's Accounting System.

TOWN CLERK'S CASH INCOME: Small cash payments are the daily routine of town clerk fees; they are noted in the Clerk's settlement log, and balanced each time they are deposited.

TREASURER'S CASH INCOME: Cash payments for taxes is uncommon, but does occur. All cash payments for taxes are recorded on 2-part receipts, signed by both the payor and the Treasurer, with one copy going to the payor, and the other being attached to the Treasurer's daily income report. Substantial cash amounts shall be taken to the bank on the day of receipt.

No officer, employee, volunteer, department, committee, board, or group may establish a petty cash system or change the purpose of its current use without consent from the Selectboard and the Town Clerk.

NON-CASH INCOME: All receipts will be payable to the "Town of Pomfret" and will be deposited, along with cash receipts, to the bank no later than 10 days from receipt. All checks, money orders, or credit card payments shall be photocopied if they are not accompanied by a receipt, payment coupon, or other source document showing the amount paid. These copies will be retained as part of the deposit paperwork.

Daily deposit reports processed to the NEMRC Cash Receipts module provide details of all funds received, and are audited by the Town's Audit Board.

All payments returned for any reason shall be replaced within 2 weeks. Cash or official checks may be required at the discretion of the town official, based on the circumstances of the failed payment.

WIRE TRANSFER TAX PAYMENTS: May be processed to the settlement account for credit card payments. Fees may apply, especially for international wires. All such

payments must be credit toward the payor's tax account within 7 days, or the tax payment date, whichever is earlier.

SAFEGUARDING FUNDS: All items for deposit shall be kept in the vault until taken to the bank.

EXPENSES: Payments of the town's obligations shall be made by check and shown on warrants approved and signed by the Selectboard at a properly warned meeting. All expenses shall be substantiated by invoices in the town's name, with supporting documentation as is customary. No payments will be made by Wire Transfers to private individuals or corporations. The only automated payments allowed are payroll tax payments to the Internal Revenue Service and the State of Vermont. The Town's Accounting System produces a monthly list of all expenses and deposits. Items purchased with Town credit cards are paid by check, as billed, and reported on warrants, like all other expenses, though they are subject to additional protections as noted in the Credit Card Policy.

VOIDED CHECKS. Checks are created through either the Accounts Payable or Payroll modules, and may be voided as conditions warrant. Voided check reports may be produced on demand, or monthly for the auditors. The voided checks are so marked, and are filed in the Mascoma Bank Operating Account reconciliation binder. Explanations, and replacement checks, are noted along with the check **that** had to be voided.

SAFEGUARDING CHECK STOCK: Blank checks shall be kept in the vault until used. Protection of town credit cards is outlined in that policy.

The foregoing Policy is hereby adopted by the Selectboard and the treasurer of the Town of _____, Vermont, this ___ day of _____ and is effective as of this date until amended or repealed.

Treasurer

Chairperson

Town Clerk