

**TOWN OF WAYNE  
FINANCIAL MANAGEMENT & INVESTMENT POLICY**

Be it hereby ordained that the Town of Wayne adopts the following Financial Management and Investment policies as described herein:

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**SECTION 1. FINANCIAL MANAGEMENT**

**I. Accounting System**

- A. The Town of Wayne has adopted the double-entry bookkeeping system. Every payment (debit) will have a second entry as a credit item, and records are maintained on TRIO governmental accounting and payroll software.
- B. Each department head will be required to review any invoices they incurred and to sign off on them that the work or item was satisfactorily received before any payment, or portion thereof, is made.
- C. The Town Manager will review and approved all invoices for payment prior to their processing by the Treasurer or Bookkeeper.
- D. All payroll checks shall be void if not cashed within 60 days of the date of issue.
- E. Each employee accessing the Town's accounting system (TRIO) shall be assigned a password and must access accounting system using password. This password must be kept secure and shall not be shared with anyone.

**II. Transactions at the Counter**

- A. All transactions are entered into the Town computer system. The purpose of this is to track the revenues and to provide a receipt to the person conducting the transaction.
- B. Unless approved by the Town Manager, two-party checks will not be accepted for any transaction.
- C. Post-dated checks will not be accepted.
- D. Funds (checks only) may be left by a customer in advance of the transaction. If payments are left in advance of a transaction, such as in a night deposit box, the transaction is recorded by the Deputy or Assistant as soon as the check is retrieved. A receipt is printed and mailed to all customers who leave payments in advance of a transaction.
- E. There shall be a \$25 charge for all checks returned to the Town for non-sufficient funds. (See Protested Check Policy).

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- F. Staff will attempt to limit the amount of cash in the drawer to no more than \$500 throughout the work day. Cash in excess of \$500 will be placed in a bank bag and taken to the vault and locked.
- G. Credit and debit cards will only be accepted for online payments.

**III. Daily Cash-up Procedures**

- A. At the end of each day, the appropriate balance shall be left for the cash drawer. The amount in the drawer shall be \$75. Each teller "Clerk/ Collector" will have a separate cash drawer; at no time should a "Clerk/ Collector" combine cash drawers. Each cash drawer should be lock-up every night in the vault.
- B. The Treasurer and/or Bookkeeper shall maintain in an appropriate location all receipts for deposits. The Clerk/ Collector shall post and maintain the daily audit paperwork/reports.

**IV. Proofing of Previous Day's Work**

- A. When adequate staff are available at work, staff not involved with the previous day's cash-up will review the previous day's work to ensure that all work was done properly and that the correct funds were collected. The staff performing the proofing shall initial each category of work checked.
- B. A total of receipts shall be compared to the daily audit reports to determine if the day's work is in balance. If the work does not match the reports, activities will be examined to identify the discrepancy.
- C. Any work found to be deficient should be forwarded to the clerk responsible for the transaction for corrective action.

**V. Deposits**

- A. It shall be the normal procedure to make a deposit of receipts at least twice per week.
- B. All deposits for a day's activity shall be accounted for on an individual deposit slip.
- C. If there is a discrepancy identified in the deposit while at the bank, the entire deposit shall be returned to the Town Office for reconciliation.
- D. At least once a year, a Selectman shall review a week of bank deposit activity by

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comparing daily cash-up sheets to deposit slips and then to bank statements to insure timely deposits and that deposits are intact. This will determine that the Town's policy is being followed.

**VI. Front Counter Procedures**

- A. The Town Clerk and/ or Tax Collector shall alternate waiting on customers at the front counter.
- B. Customers will be attended to as soon as they enter the building to avoid customer line-ups.
- C. Town employees shall represent the Town of Wayne in a professional manner.
- D. If a customer is irate and cannot be calmed or satisfied by front office personnel, he/she shall be referred to the Town Manager.

**VIII. Cash Reconciliation**

- A. The Bookkeeper is required to make a monthly reconciliation of all accounts with the bank statement. Each month's reconciliation will be reviewed and signed off by the Treasurer and Town Manager to ensure proper accounting and bank balance.
- B. Each month, the Treasurer shall prepare a monthly Cash Reconciliation statement and a monthly Financial Report of all financial activity for the previous month. The reports shall be presented to the Town Manager and Board of Selectmen no later than the 15<sup>th</sup> of each month.

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**SECTION 2. TAX COLLECTION, LIENS AND FORECLOSURES**

**I. Tax Payment**

- A. Taxes shall be posted against the oldest year owed on any account unless otherwise approved by the Town Manager.
- B. Multiple distribution payments will be verified in advance of data entry to ensure that the payments reflect the amount owed.
- C. Partial payments are accepted.
- D. Payments in advance of commitment are accepted.
- E. Payments by credit card or other electronic manner are not accepted.
- F. Request for information from mortgage holders or real estate agents shall be handled by the Assessors' Agent or Tax Collector.

**II. Liens**

- A. Approximately 12 months after tax bills are mailed, a 30-day notice will be sent to property owners who have a balance on their taxes.
- B. Only cash or bank checks will be acceptable payment the seven (7) days before liens are mailed.
- C. The seven (7) days prior to foreclosures coming due, only cash or bank checks will be accepted.

**III. Tax Foreclosure – Tax-Acquired Property  
(See Ordinance Regarding Tax Acquired Property)**

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**SECTION 3. INVESTMENT POLICY**

**I. Policy**

It is the policy of the Town of Wayne to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all state and local statutes governing investment of public funds.

**II. Scope**

This investment policy applies to all financial assets of the Town of Wayne. These funds are accounted for in the Town of Wayne Annual Financial Report and include:

General Fund  
Ladd Recreation Operations Fund  
Special Revenue Fund  
Capital Reserve Fund  
Trust Fund

**III. Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy 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 in a timely fashion and appropriate action is taken to control adverse developments.

**IV. Objective**

The primary objectives of the Town of Wayne’s investment activities shall be:

- A. Safety. Safety of principal is the foremost objective of the investment program. Investments of the Town of Wayne shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

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To attain this objective, *diversification* is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. Liquidity. The Town of Wayne's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements, which might be reasonably anticipated.
  
- C. Return on Investments. The Town of Wayne's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Town's investment risk constraints and the cash flow characteristics of the portfolio.

**V. Delegation of Authority**

Authority to manage the Town of Wayne's investment program is derived from State Statute. Management responsibility for the investment program is hereby delegated to the Town Manager in conjunction with the Town Treasurer who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

**VI. Ethics and Conflicts of Interest**

Officers and employees 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 and investment officials shall disclose to the Board of Selectmen any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town of Wayne.

**VII. Authorized Financial Institutions**

The Town Manager shall deal with well-established financial institutions (banks, credit unions) or other recognized investment services. If the Town Manager desires, she should request a certified audit from any financial institution the Town of Wayne invests in.

**VIII. Authorized & Suitable Investments**

The Wayne Board of Selectmen desires that special care be taken to ensure that instruments of investment include only those allowed by law and that they approve of the Town Manager's investments. Items such as, but not limited to the following, are acceptable instruments of investment: CDs, repurchase agreements, bank savings accounts, U.S. Treasury securities, or investment accounts.

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

**IX. Investment Program Management**

The Town of Wayne hereby adopts a policy using Cash Flow Analysis as a basis for measuring the term of investments. The Town seeks to allow maximum flexibility and liquidity while still obtaining favorable yields.

The Town Manager shall prepare an annual Cash Flow Analysis on or before July 1 or each year for the fiscal year of the Town which commences on July 1 and ends on June 30. The annual Cash Flow Analysis shall be presented to the members of the Board of Selectmen for their information, comments, and approval. The Town Manager shall, unless the requirement is waived by a majority of the members of the Board of Selectmen, update the Cash flow Analysis no less frequently than on a calendar quarterly basis. The quarterly update of the Cash Flow Analysis shall be updated and presented to the members of the Board of Selectmen for their information within thirty (30) days of the close of each calendar quarter.

**X. Safekeeping and Custody**

All investment transactions entered into by the Town Manager for the Town of Wayne shall be held in safe keeping and in certain instances based on the type of investment held by a third party designated by the Town Manager. The Town of Wayne will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution.

**XI. Maximum Maturities**

To the extent possible, the Town of Wayne will attempt to match its investments with anticipated cash flow requirements. Reserve funds or capital project funds may be invested in various securities for deferring time frames such that investments are made to coincide as nearly as practicable with the expected use of funds.

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**XII. Redemption**

Upon maturity of investment instruments, or as required by the town to meet its cash flow requirements, the Town Manager, or in her/his absence, the Treasurer, shall redeem the investment securities so the proceeds of such investments shall be applied to the purpose for which the monies were originally designated or shall be placed in the Town Treasury. All monies from the redemption of investment instruments shall be transferred directly to an account of the Town.

**XIII. Internal Control**

The Town Manager shall annually have an independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures and lawful investment of funds.

**XIV. Performance Standards**

The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary process and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The Town Manager shall randomly review market yields and determine appropriate investment strategy on current yields and considering future market trends.

**XV. Reporting**

The Bookkeeper shall provide the Wayne Board of Selectmen monthly investment reports, which provide a clear picture of the status of the current investment portfolio. The Bookkeeper may randomly include other pertinent information in reference to investment strategies, economic conditions, or possible changes in the portfolio.

**XVI. Investment Policy Adoption**

The Town of Wayne Board of Selectmen shall adopt the investment policy. The Town Manager/Treasurer and/or the Board of Selectmen may review the adopted policy annually and any modification thereto by majority vote of the Board of Selectmen. The investment policy once adopted shall remain in effect unless action shall be taken by the Board of Selectmen to amend the document, create a new policy, or cancel the existing investment policy.

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**SECTION 4. FIXED ASSET POLICY**

**I. Policy**

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets that are to be recorded in the Town of Wayne, Maine's annual financial statements in order to comply with the requirements of GASB Statement Number 34. This policy also addresses other considerations for recording and depreciating fixed assets in order to comply with the provisions of GASB Statement number 34.

**II. Capital Asset Definition**

Capital Asset will be defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

**III. Capitalization Method**

All Capital Assets will be recorded at historical costs as of the date acquired or constructed. If historical cost information is not available, assets will be recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

**IV. Capitalization Thresholds**

Fixed Asset Limits:

- A. Land. All land and permanent rights to land (i.e., easements) shall be recorded without regard to significant value.
- B. Buildings. All buildings shall be recorded at acquisition cost without regard to significant value. Additions to buildings less than \$5,000 per building shall not be recorded.
- C. Equipment. Equipment costing \$5,000 and more shall be recorded as Fixed Assets. Additions to equipment costing \$5,000 or more shall be recorded as Fixed Assets.
- D. Additional Fixed Assets. Additional fixed assets shall be recorded and maintained when required by other terms or agreements, if different from what is stated above.
- E. Items not Classified as Fixed Assets. As described above may be included in an inventory listing for internal control purposes.

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**V. Infrastructure Assets**

In accordance with GASB Statement number 34, the Town will record, at a minimum, "major" infrastructure assets as defined in Statement 34 that were acquired, constructed or significantly reconstructed, or that received significant improvements after June 30, 1980. Other infrastructure assets may be capitalized as deemed appropriate. The Town does not intend to use the "modified approach" to record infrastructure.

**VI. Other Assets**

Detailed records shall be maintained for all items below the capitalization thresholds that should be safeguarded from loss. These items will be part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other asset specified by the Town Manager.

**VII. Depreciation and Useful Life**

Each appropriate Department Head will assign an estimated useful life to all assets for the purpose of recording depreciation. The attached "Suggested Useful Lives" schedule will be used to establish lives for most assets. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation will be recorded based on the straight-line method using the half-year convention and depreciation down to the assets salvage value.

**VIII. Safeguarding and Controlling Fixed Assets**

All machinery and equipment, vehicles and furniture will be assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, the department head in custody of that asset will be responsible for preparing a fixed asset data sheet, which will then be forwarded to the Bookkeeper to ensure proper recording. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results will be forwarded to the Bookkeeper where appropriate adjustments will be made to the fixed asset records.

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**SECTION 5. FUND BALANCE**

**I. Purpose**

Sufficient fund balance is required to maintain liquidity, assure positive cash flow, prevent borrowing through tax anticipation notes, and provide effective cash management. Fund balance is not completely represented by liquid assets, such as cash, but includes unrealized receivables and other assets as components which require a certain period of time to convert to cash. Because of these factors, the Town of Wayne adopts this policy to maintain a healthy fund balance that will provide adequate funds to carry the Town through times of relatively low cash flow periods and provide funds for emergency situations.

**II. Determination of Recommended Fund Balance**

Two general rules are commonly promulgated which define an appropriate municipal fund balance. The first is that undesignated fund balance should be, at a minimum, ten percent of the commitment plus one month's expenditures. Based upon a tax commitment figure of \$2,600,000, the Town would require fund balance of **\$509,000 at a minimum**. (*10% of \$2,600,000 = \$260,000, plus 8.3% of \$3,000,000 = \$249,000. \$260,000 + \$249,000 = \$509,000*). Another rule of thumb commonly used in practice requires fund balance to approximate three month's expenditures. This amount could be calculated using one-fourth of the total appropriations as an estimate, which, with an annual total appropriation of \$3,000,000, would be **\$750,000 at a minimum**.

These figures reflect minimum requirements only. Additional factors must be evaluated by management of each individual town in light of current economic conditions and specific facts relative to its own financial environment. Large expected cash outlays in the near future, capital planning and budgeting as well as economic stability of the Town's largest taxpayers must be considered in the formula.

**III. Policy**

The Town of Wayne hereby establishes a policy that recommends the Town to maintain a minimum undesignated fund balance approximately equal to three month's expenditures (25% of total appropriations.) *[For example, if total appropriations are \$3,000,000 in fiscal year 2013-2014, 25% (3 months) would equal \$750,000. Therefore, a minimum of \$750,000 should be in the undesignated fund balance at the end of the year.]*

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The policy further establishes that, in no case, shall the undesignated fund balance be allowed to fall to less than 10% of the tax commitment plus one-month's expenditures.

This "minimum range fund balance policy" provides a minimum *range* for the undesignated fund balance in FY14 from \$509,000 to \$750,000 based on the proposed FY14 budget.

**IV. Procedures & Oversight**

The Town Manager's monthly Cash Flow Analyses, bank statements, and financial reports will be used by the Bookkeeper, the Town Manager, and the Board of Selectmen to monitor the undesignated fund balance each month, noting that the fund balance will ebb and flow according to cash flow (tax payments, other revenue collection, and expenditures.) An approximate idea of the fund balance will be known through the use of the aforementioned tools, but the actual year-end fund balance will finally be known upon the completion of the year-end audit. Financial planners must keep this policy in mind when determining the budget and its funding sources for each upcoming year.

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**SECTION 6. COMPUTER SYSTEM CONTROLS**

**I. Computer Back-ups**

- A. Policy. To ensure the proper safeguarding of Town records and data stored on the Town's computer system, it is the Town's policy to perform daily computer back-ups.
- B. Procedure. Along with backing up data on the computer system itself, the Town's computer system data will be backed up daily. Each day's work will be backed up on a flash drive daily and stored in a safe location (vault). The Town Clerk will keep a log of daily back-ups to document implementation of this policy.
- C. Oversight. The Town Manager shall review the Town Clerk's procedures and back-up log to ensure adherence to the policy.

**II. Computer Access and Passwords**

- A. Policy. To ensure the security, confidentiality, and privacy of individual employees' work products, it is the Town of Wayne's policy to issue passwords to individual employees that will allow them to access only their own computer work venue.
- B. Procedure. Each employee shall have her/his own restricted work area on the computer system, entitled with her/his name, which may be accessed only by that particular employee's password. Computer technicians under contract to and supervision by the Town of Wayne provide administration services to the Town of Wayne's computer system. All employee passwords shall be issued and installed by those contracted computer technicians. In addition, only Town of Wayne contracted computer technicians shall be allowed to install and maintain Town of Wayne hardware and software.
- C. Document Sharing. The Town of Wayne computer system provides a shared work area called, "MyFiles" at which any employee may create, share, and work on documents that are available to anyone with access to the Town of Wayne computer system.

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- D. Oversight. Systems Engineering, Inc. computer technicians, or other computer technicians contracted by the Town of Wayne, shall oversee the implementation of this policy, with the advice and consent of the Town Manager.

**III. Internet Use**

- A. Policy. To ensure appropriate use of the Internet and employees' time at work, it is the Town of Wayne's policy to restrict Internet use at work for Town of Wayne work-related purposes only. The Town has adopted a policy regulating Internet and Email use by employees.
- B. Procedure. Employees shall limit their use of the Internet on the Town's computer system for purposes related only to Town of Wayne work and research.
- C. Oversight. This policy will be overseen by the Town Manager.

**SECTION 7. ADOPTION/ AMENDMENTS**

This policy may be amended by the Municipal Officers of Wayne, Maine at a duly warned regularly scheduled Board of Selectmen meeting at any time.

\_\_\_\_\_  
Gary Kenny

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Carroll Paradis

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Stephanie Haines

\_\_\_\_\_  
Stephen Saunders

\_\_\_\_\_  
Peter Ault

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Attest: \_\_\_\_\_  
Aaron Chrostowsky, Town Manager