

Section 4: Financial Management

4.1 General

- a. The Newfield Township fiscal year commences on April 1 and ends on March 31.
- b. All revenues and expenditures shall be fully documented, disclosed in detail and be compliant with the adopted budget.
- c. If it is determined that an elected official responsible for managing and handling township funds is unable to perform duties in an acceptable manner, the Board of Trustees shall take action to reassign those duties. The elected official's salary shall be adjusted accordingly.
- d. All disbursements from the General Fund require the signature of the clerk or his/her designee and the Treasurer or his/her designee.
- e. The Clerk, Deputy Clerk, Treasurer, and Deputy Treasurer shall be bonded for a minimum of \$25,000.
- f. All financial activities shall be audited annually. Any discrepancies, improper transactions, or questionable actions shall be thoroughly investigated and in the event of wrongdoing, prosecuted to the fullest extent of the law.
- g. Financial reports shall be kept at the Township office.

4.2 Depositories

- a. The Board must designate by resolution the financial institutions that shall hold the cash assets of the township.
- b. The Treasurer is responsible for establishing and closing accounts at designated financial institutions.
- c. All accounts shall have the Treasurer's name and the Clerk's name.

4.3 Fiduciaries

- a. The Treasurer is responsible for depositing all revenues.
- b. The Treasurer is responsible for reconciling all bank accounts monthly and reporting the reconciled balances to the Board of Trustees at regularly scheduled meetings.
- c. The Clerk is responsible for preparing the warrants for liabilities that are consistent with the budget allowances.
- d. The Clerk shall maintain an up to date general ledger of all transactions.
- e. The Treasurer is responsible for delivering or mailing checks.

4.4 Method of Accounting

- a. The Township maintains three independent funds: General Fund, Hesperia Area Fire Department Fund, and Tax Collection Account.
- b. Procedures shall be compliant with Government Standards and Accounting Practices.

4.5 Budget

- a. The Clerk is responsible for overseeing the adopted budget and making sure that all transactions are compliant with the adopted budget.
- b. The Supervisor is responsible for proposing the annual budget and shall conduct a workshop meeting in February to discuss and reach a consensus on budget matters.
- c. A Public Hearing for public comment on the budget shall be held in March as required by law.
- d. The General Appropriations resolution shall be adopted by April 1.
- e. The Budget shall be adopted and amended as necessary by action of the Board.
- f. The Clerk shall prepare a monthly financial report that shows the revenues and expenditures for the General Fund that includes the account number, description, adopted/amended budget, current month, year to date, and budget balance.

4.6 Tax Account

- a. The Treasurer shall manage the Tax account in compliance with Michigan law.
- b. Taxes collected by the Treasurer shall be deposited and distributed from the tax account. No other township revenues may be comingled with taxes.
- c. The Treasurer is not obligated to return overpayments if the overpayment is less than \$5.00.
- d. The Treasurer shall pay his/her personal tax payments by personal check.
- e. The auditor shall confirm the accuracy of tax receipts and the proper distributions.

4.7 Spending Rules

- a. The Clerk and Treasurer shall review invoices, confirm the validity of goods and services, and recommend warrants for consideration by the Board of Trustees.
- b. The Township Board shall approve the payment of bills.
- c. All requests for payments shall be submitted to clerk 7 days prior to the meeting. Requests for payments submitted within 7 days of the Board meeting may be processed at the discretion of the Clerk.
- d. The Clerk and Treasurer are authorized to make approved budgeted expenditures for goods and services when prudent or when delaying payment until the regular board meeting will result in a penalty or added cost to the township.
- e. All checks shall be signed by the Clerk and the Treasurer or their designee.
- f. Purchases of goods and services shall be made at businesses providing accounts for the Township whenever possible in order to reduce the need to reimburse individuals.
- g. Reimbursements for expenditures made on behalf of the township must have the original receipt that includes the description of the goods or services and be accompanied by Expense Reimbursement Form.
- h. Trustees may be reimbursed for travel to meetings and events outside the township. Travel shall be reimbursed at the rates currently allowed by the Internal Revenue service and with requests being submitted to the Clerk with the Expense Reimbursement Form.
- i. Requests for reimbursement must be submitted within 60 days of the event or purchase.

4.8 Credit Cards

The Township does not have any credit cards.

4.9 Investment Rules

a. Strategy and Criteria

- 1) All investments must be compliant with state and federal statutes regarding the investment of public funds.
- 2) Safety of assets is the foremost objective of investment practices. Investments shall be limited to low risk securities that are FDIC insured.
- 3) Return of investment is of secondary importance to the safety of assets.
- 4) The investments shall be diversified by avoiding over concentration in securities from a specific issuer or business sector excluding U. S. Treasury securities and insured certificates of deposit.
- 5) Invested assets shall remain sufficiently available to meet operating expenses as well as unexpected expenses or special projects.
- 6) The Township may invest in bonds, securities, obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

b. Performance Report

- 1) The Treasurer shall provide reports at least quarterly of the performance of invested assets including type of investment, the institution, anticipated yield, and maturity date.
- 2) The Treasurer shall provide rationale for investment of assets and be approved by the Board of Trustees.

4.10 Payroll

- a. The Clerk is responsible for processing payroll and fulfilling related requirements.
- b. The Clerk shall establish the protocol for employees for submitting the required forms and information.

4.11 Expenditure Control Bidding

- a. Goods or services exceeding a contract cost of more than \$1,000 shall require a minimum of three written quotes or the solicitation of sealed bids.
- b. The Township Board may waive the bidding requirements when there are less than three suppliers or when there is another compelling reason to waive bid procedures.

4.12 Audit

- a. Financial records, accounts, and procedures shall be examined annually within 4 months of the end of the fiscal year by a Certified Public accountant.
- b. The Township Board shall engage a Certified Public Accountant that is completely independent of influence of trustees and township employees and is trained in current governmental/municipal accounting practices and law.
- c. The Clerk and Treasurer shall cooperate fully with the auditor and be prepared to submit records and documents requested within 45 days of the end of the fiscal year. The Supervisor shall confirm that the auditor has received all requested items.
- d. The Clerk shall file, or confirm that the audit report has been filed by the auditor, with the state treasurer within 120 days after the end of the fiscal year.
- e. Upon completion of the audit, the auditor shall provide each trustee with a copy of the report and notify all trustees, in writing, of any findings that are related to fraudulent activity or possible fraudulent activity and/or risks that need to be addressed.
- f. The auditor shall make recommendations to reduce risk, insure compliance with laws, and improve procedures and policies in the interest of protecting public funds and the efficient management of the township.

4.13 Insurance

- a. Township assets shall be properly insured.
- b. The clerk is responsible for securing bids for insurance.
- c. The clerk shall present an annual report of all policies and coverage for review by the Board of Trustees.

4.14 Tax Levies

- a. The clerk shall prepare and submit the necessary form to place approved millage levies on tax bills.

4.15 Fixed Assets

- a. The Clerk shall maintain the inventory of the Township's fixed assets.
- b. There shall be annual inventory of fixed assets
- c. The inventory shall include items that are \$1,000 or more in value or have an expected useful life of 7 years.
- d. All electronic equipment including computers and the component parts shall be included in the inventory of fixed assets regardless of value.
- e. Fixed assets shall be added to the inventory at the time of acquisition.
- f. The inventory shall include the following details:
 - i. Budget line funding purchase
 - ii. Acquisition date
 - iii. Name and address of vendor
 - iv. Description
 - v. Location
 - vi. Acquisition cost or fair value if donated
 - vii. Serial Number, if applicable
 - viii. Notes
 - ix. Date and disposition detail

g. Disposal of Fixed Assets

- i. The Clerk shall prepare a list of items that are no longer useful and appropriate for disposal and recommend to the Board for approval.
- ii. The Board shall determine the method of disposal which may include sealed bids, auction, negotiated sale, gift, or disposal.
- iii. Elected officials and township employees are not eligible to purchase Township fixed assets through negotiated sale unless approved by the Board.

4.16 Automated Clearing House (ACH) Arrangements and Electronic Transactions of Funds

- a. The Treasurer is responsible for ACH agreements, including payment approval, accounting, reporting, and overseeing compliance with the ACH policy.
- b. The Treasurer shall prepare and maintain a list of vendors authorized to be paid by ACH transaction and provide the list to the Clerk.
- c. The Clerk prepares the ACH warrant using the Township's electronic general ledger software system.
- d. When presenting the warrants for approval by the Board of Trustees, the Clerk shall identify by using a separate list or other clear notation those payments that are ACH transactions.
- e. Following Board approval, the Treasurer signs the ACH warrant, initiates the electronic transaction with the vendor, and makes the actual transfer of funds.
- f. The Treasurer shall retain all ACH transaction documents and have them readily available for audit.
- g. The Clerk shall retain all ACH invoices and have them readily available for audit.

4.17 Donations and Gifts

- a. The Board of Trustees reserves the right to accept or decline acceptance of gifts and donations.
- b. It is to be understood that gifts and donations that are donated become the property of Newfield Township and the Board of Trustees has full authority to determine use(s) for the property/asset.
- c. Appraising a gift for income tax purposes is the responsibility of the donor. The Township will acknowledge receipt of materials.
- d. The acceptance of cash gifts for designated purposes must be approved by the Board of Trustees.

4.18 Receipts (Does not apply to tax payments)

- h. A pre-numbered Township receipt shall be issued in triplicate for cash, including checks, received by a Township employee.
- i. The receipt shall include the amount received, name of the payer, and purpose.
- j. Remittance advices shall be attached to the pre-numbered receipt.
- k. All cash shall be given to the Treasurer for deposit within three days with a copy of the receipt.
- l. The Treasurer shall determine periodically that all pre-numbered receipts have been accounted for.

4.19 Deposits

- a. The Treasurer and Deputy Treasurer are authorized to make bank deposits.
- b. All funds shall be deposited within one week of being received.
- c. Cash deposited shall be reconciled to the sum of the pre-numbered receipts.

ADOPTED: DECEMBER 21, 2010