

FINANCE POLICY

FOR THE TOWNS OF MAPLETON, CASTLE HILL AND CHAPMAN

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Amended by the Joint Select Board
June 5, 2024



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Finance Policy for the Towns of Mapleton, Castle Hill and Chapman - Contents

Purpose

Section I.	Financial Management for Mapleton, Castle Hill and Chapman
Section II.	Procurement and Disposal Policy
Section III.	Credit Card Policy
Section IV.	Travel Policy
Section V.	Fund Balance Policy
Section VI.	Investment Policy
Section VII.	Internal Control & Cash Handling Policy
Section VIII.	Tax-Acquired Property

Appendix	Annual Investment Plan
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Forms	Agreement to Accept Credit Card
	Travel Request and Reconciliation Form
	Mileage and Expense Report

Purpose

This Finance Policy is developed in conjunction with the Treasurer and Town Manager to provide general oversight and maintenance of the financial system on a long-term basis for the Towns of Mapleton, Castle Hill and Chapman. The purpose of this policy is to formalize the Towns' financial management policies and procedures and to establish formal standards and guidelines for current and future municipal officials.

The Recreation Department Purchasing Policy approved October 14, 2004, the Policy for Approval for Municipal Bids and Joint Purchases approved December 30, 2009, and the Employee Incentive Policy approved December 16, 2002 are hereby superseded through incorporation in this policy.

Amendments to the Finance Policy on January 11, 2016 modified the Travel Policy to reflect the use of rental vehicles for extended travel, added restrictions to behind counter access in the Cash Handling Policy, and per auditor's recommendation, increased the FDIC insurance level to \$250,000 in the Investment Policy.

Amendments to the Finance Policy on January 9, 2017 added a Tax-Acquired Property policy and modified the Travel Reconciliation form to include a travel request section.

Amendments to the Finance Policy on June 5, 2024 added statute changes to handling of Tax-Acquired property, language changes from Selectmen to Select Board, and an increase to the limits of purchasing by category.

Section I. Financial management for the Towns of Mapleton, Castle Hill and Chapman

includes, but is not limited to, accounts payable, accounts receivable, taxes receivable, maintenance of the general ledger, payroll, cash management, and fixed asset management.

Article 1. ACCOUNTING AND BUDGETING PROCESS

The Towns of Mapleton, Castle Hill and Chapman operate on a modified accrual basis for the fiscal calendar year (January 1 to December 31). Typically, the budget process begins in the fourth quarter of the calendar year when a complete budget schedule is written and distributed by the Town Manager. Department Heads meet with the Town Manager and Treasurer to review expense and revenues to date, capital plans and determine if any changes to the next year's budget should be considered. The Salary Committee (appointed by the Joint Select Board Chair) meets to review current wage trends, employee tenure and personnel policies to determine if wages are appropriate and make wage recommendations to the Joint Board. A proposed budget is drafted with a narrative detailing explanations and descriptions of budget line items. Each individual town board and the Joint Board review the draft budget and once Select Board recommendations are approved, the town warrant is composed for the town meetings in March.

Article 2. CAPITAL IMPROVEMENT PLANS

Typically submitted to the Select Board with the annual budget each year, the Capital Improvement Plan is a short-range plan, typically four to ten years, identifying future capital projects and equipment purchases on an appropriate time schedule. Capital plans focus on preserving a governmental entity's infrastructure while ensuring the efficient use of public funds. The Select Board may adopt the CIP with or without amendments and are not prevented from pursuing and funding other projects not included in the CIP. The plan is a tool used for budgeting and strategic planning.

Article 3. FOREST MANAGEMENT PLANS

Castle Hill and Chapman's Forest Management Plans are maintained by a third party management company hired by the towns to manage their resources. The plan includes a long term outline for planting, felling and regeneration, respecting the town's vision for and environmental characteristics of the land. The management company typically presents the plan during the budget season to provide an estimate for the following year's revenues.

Article 4. TAX BILLS

Tax bills for the current calendar year are typically printed and mailed in August of each year. Assessments are made after April 1st of each year by the Assessor's Agent, and mil rate calculations are made with the Treasurer and Town Manager in July. A staff recommendation for the mil rate is made to the Assessors of each town, who in turn make a recommendation to their respective Select Board. After the mil rate is set, the annual tax bill is issued to taxpayers with interest and discount calculations approved at the previous March town meeting.

Article 5. FIXED ASSET INVENTORY

The Fixed Asset Inventory is kept on file with the Treasurer and values are depreciated annually. Information regarding cost, date of acquisition, condition and other pertinent information is maintained for proper capital improvement planning and insurance purposes.

Section II. Procurement and Disposal Policy

Article 1. PURPOSE

Standardize the purchasing and disposal procedures of the Joint Towns, thereby securing the advantages of a centralized and uniform purchasing policy that is efficient with taxpayer dollars and increases public confidence in the procedures for municipal purchasing.

Article 2. AUTHORITY AND DUTIES

The Town Manager will serve as the purchasing agent for the Joint Towns, and shall be responsible for the procurement of supplies, services, equipment and construction, as well as management and disposal of supplies and equipment, in accordance with this policy. The Town Manager may delegate authority to purchase any supplies, services or equipment to other town officials, if delegating is deemed necessary for the effective procurement of those items.

Article 3. PURCHASES

A. CATEGORIES. Purchases of supplies and equipment for use by the Joint Towns in the operations and maintenance of its departments, as well as contracted services by the Joint Towns in furtherance of its operations, shall be divided into the following categories:

1. *Small purchases.* Small purchases shall include purchases of goods and services that do not exceed \$2,999. Department Heads shall be responsible, if delegated by the Town Manager, to institute adequate procedures for the purchase, storage and distribution of supplies and the maintenance of inventories required for each department. Department Heads shall periodically review the prices and sources of the small purchases made for their departments in order to ensure the Joint Towns are receiving the best value for their expenditures.
2. *Intermediate purchases.* Intermediate purchases shall include purchases of goods and services, the cost of which is greater than \$3,000 but less than \$14,999. An intermediate purchase may be made with verbal authorization from the Town Manager and/or Treasurer to ensure proper funds are available for the purchase. The Town Manager may also request three (3) price quotes or estimates from various vendors prior to approval.
3. *Large purchases.* Large purchases shall include the purchase of goods and services equal to or greater than \$15,000. A formal bid process shall be used for all purchases involving an expenditure of \$15,000 or more, unless specifically exempted by this policy, by the Joint Select Board for joint purchases, or by the respective town's Select Board for individual purchases.

B. LIMITATIONS AND EXEMPTIONS TO POLICY.

1. No purchase of services, supplies, material or equipment shall be made unless funds have been appropriated by the Towns of Mapleton, Castle Hill and Chapman or the Joint or Individual Select Boards.
2. No employee may make any purchase(s) for personal use with town funds. Only purchases for official town business may be made with town funds.
3. In emergency situations that require immediate purchase of supplies, services or improvements, where immediate procurement is essential to prevent delays in the work of any department, and said delay may vitally affect the life or convenience of citizens or employees, the Town Manager shall be empowered to secure any supplies or services at the lowest obtainable price, regardless of the amount. A written report of the circumstances of the emergency purchase shall be submitted by the Town Manager to the Joint Board or Individual Board at the first regular meeting after the purchase.
4. The requirement to advertise may be waived by the Town Manager when it is impracticable or impossible to obtain competition, or when adequate research was conducted and estimates obtained prior to the purchase of supplies or service.
5. Conflict of interest. No person authorized to act on behalf of the Joint Towns shall enter into any agreement, contract or purchase order with an individual, firm, corporation or organization in which said person has a financial interest. This shall also include the acceptance of any gift or gratuity, directly or indirectly, from any person, firm, corporation or organization to which any purchase order or contract is, or might be, awarded, any rebate, gift or anything of value whatsoever, except where given for the express use or benefit of the Joint Towns. Refer to 30-A MRSA §2605.
6. In procuring items, it is not necessarily in the best interest of the Joint Towns to purchase the lowest priced item. Consideration should be given to cost, service, warranty, distance and time, etc. The towns reserve the right to conduct procurement on such terms as they deem advisable and in the best interest of the towns.

C. SOLE SOURCE PROCUREMENT. A purchase or contract for services may be awarded without competition when the Town Manager determines, with concurrence of the Joint or Individual Board of Select Board, after conducting a good faith review of available sources, there is only one source available. The Town Manager or his/her designee shall conduct negotiations, as appropriate, for price, delivery and terms.

D. COOPERATIVE PURCHASING. The Town Manager shall have the authority to join other units of government to include Federal, State, County, municipal and other entities in cooperative purchasing plans when in the best interest of the Towns and in accordance with current law.

- E. RESERVE ACCOUNT PURCHASES. All purchases made with reserve account funds must receive prior approval from the Joint or Individual Select Board, regardless of the amount, unless the purchase meets emergency purchase criteria.

Article 4. FORMAL COMPETITIVE BIDDING

The purpose of competitive bidding is to allow the Town(s) to compare products, service, reputation, and cost of each bidder for expenditures over \$15,000. The lowest bid in dollars is not always the best bid for the Joint Towns/Individual Town.

Except as otherwise stated herein, all departments and appointed or elected committees having their own budgets shall refer all competitive bidding through the Town Manager and to the Board(s) who shall vote for such services, supplies, materials and equipment.

Once a contract to purchase equipment, goods, or services has been established by the competitive bid process, amendments may be added for additional services or annual contract renewal without competitive bidding, if deemed in the best interest of the Joint Towns/Individual Town by the Board(s).

Exempt from the competitive bid process is the purchase of gasoline, diesel and fuel oil. The Town Manager has the authority to secure the lowest price for these purchases. Additionally, the Select Board may authorize the Town Manager to purchase used items without observing the competitive bid procedure.

A. COMPETITIVE BID PROCEDURE.

1. A proposal or bid request package shall be composed under the direction of the Town Manager and shall include a standard bid form, appropriately modified to the bid type.
2. Proposals or invitations to bid shall be sent to at least three eligible suppliers, if available, within reasonable proximity to the Towns. Advertisements shall be placed, as appropriate, at least ten business days prior to the public opening of sealed bids. Any supplier desiring to have his/her name on a registry of suppliers shall submit a request for such action in writing to the Town Manager.
3. Bids must be in a sealed envelope with bid name marked on the outside and either sent by mail or hand delivered to the Town Office. Late bids shall not be accepted.
4. All bids shall conform to the specific format listed in each bid request and mailed to or filed by the office clerks. Each bid shall be date and time stamped when received. No official or employee of the Joint Towns shall open such bid until the appointed time. At the time and place stated in the public notice, all bids shall be opened publicly by a review team. The review teams shall consist of at least two individuals from the following: a department head, Town Manager, Treasurer, Joint/Individual Board Chair, or any municipal official designated by the town manager.

5. The review team shall determine if each bid has conformed to bid requirements and meets the bid specifications. Bids that do not conform to the bid requirements or meet bid specifications shall not be considered for preapproval or be recommended for final approval to the Joint/Individual Board. The Joint/Individual Board will award the bid to the most responsive and responsible bidder based upon the following criteria:
 - a. overall total cost;
 - b. ability, capacity and skill of the bidder to perform the bid or provide the service specified;
 - c. whether the bidder can perform the bid or provide the service promptly, or within the time specified, without delay or interference;
 - d. quality of performance in previous bids;
 - e. previous existing compliance by the bidder with the laws and ordinances relating to bids;
 - f. sufficiency of the financial resources and ability of the bidder to perform the bid;
 - g. quality, availability and adaptability of the supplies, or contractual services to the particular use required;
 - h. number and scope of conditions attached to the bid; and
 - i. other factors as may be indicated in writing by the Town Manager that demonstrate the bid is not in the towns' best interest and does not promote the purposes of this policy.

6. Each bid with the name of the bidders shall be entered into a written record. Each record with the successful bid indicated shall be open to public inspection after the award of the bid or contract.

B. **BID CORRECTIONS.** After bid opening, a bidder may not change the price or any other bid provision in a manner prejudicial to the interests of the towns or fair competition. If a clerical or administrative mistake is made, and the intended bid is clearly evident on the face of the bid document, the Board(s) may correct the mistake to reflect the intended correct bid and notify the bidder in writing of the correction. For example, if a bid proposes a unit price, but the extension of such price contains an arithmetic error and the intent of the bid is clear, such informality may be waived. A bidder may not withdraw a bid unless a mistake is evident on the face of the bid document and the intended correct bid is not similarly evident.

C. **ACCEPTANCE/REJECTION.** In the competitive bid process for awarding bids or contracts, it is not necessarily in the best interest of the Towns to award the bid to the lowest bidder. The Towns reserve the right to reject any and all bids in whole or in part, to waive any formality and technicality in any bid and to accept or reject any item or items in any bid.

D. **DELINQUENT TAXES/DEBTS.** Bidders or vendors may be disqualified from bidding on or providing products or services to the Towns if the bidder or vendor is delinquent

with tax payments and/or debts to any of the Towns, unless payment arrangements have been made to the satisfaction of the Town Manager and Treasurer.

Article 5. DISPOSAL OF PROPERTY

Any and all property that is not real estate is property of the Towns. Disposal of any property that does not have conditions outlined in the town meeting warrant articles or the Interlocal Agreement shall be disposed of per discretion of the Town Manager.

Article 6. CONTRACTS

Contractors must provide appropriate insurance, bond coverage and either workers compensation coverage or a determination from the Workers Compensation Board that the contractor is considered independent for audit purposes. The contractor must agree to defend, indemnify and hold the towns, its officers and employees harmless against any and all claims caused by or resulting from the performance of services by the contractor and its subcontractors.

Any contract that is effective for greater than twelve months is considered a long-term contract and shall be noted as such on the general ledger and in the towns' bookkeeping.

Section III. Credit Card Policy

Article 1. APPLICABILITY

The primary advantages of utilizing a credit card program are the convenience added when purchasing goods or services and the capability of establishing limits and restrictions on individual purchases. In addition, prompt payment to vendors enhances the Towns' relationships with suppliers. The success of a credit card program relies on the cooperation and professionalism of all personnel associated.

Article 2. PURPOSE

Establish those procedures under which departments will control the use of credit cards assigned to and utilized by town employees for materials and services. These procedures are intended to accomplish the following:

1. Ensure procurement with credit cards is accomplished in accordance with policy and procedures established for purchasing goods and services.
2. Enhance productivity, significantly reduce paperwork, improve controls, and reduce the overall cost associated with purchases.
3. Ensure appropriate internal controls are established in procuring with credit cards so that they are used only for authorized purposes.
4. Ensure the Towns bear no legal liability from inappropriate use of credit cards.

Article 3. SCOPE

The Town Manager will make all decisions regarding the issuing of individual cards and the establishment of any and all additional controls for their use.

Article 4. USE OF CREDIT CARD

The credit card shall be used for municipal purchases and shall not be used for personal purchases of any kind. Cash advances of any kind are prohibited. Use of the credit card for personal purchases or expenses with the intention of reimbursing the Towns is prohibited.

Cardholders are responsible for the security of their credit card. All precautions shall be used to maintain confidentiality of the cardholder's account number and expiration date of the credit card.

When using the credit card, the cardholder shall:

1. Ensure the goods or services to be purchased are budgeted, allowable, and follow procurement policy. Gasoline *shall not* be charged on town credit cards.
2. Determine if the intended purchase is within the cardholder's credit card limits.
3. Tell the supplier/merchant that the purchase will be made using the credit card issued by credit card issuer through the Town of Mapleton.
4. Inform the merchant that the purchase is tax exempt. Copies of the Towns' Permanent Exemption Certificate may be requested from the Treasurer. Review the receipt before leaving the vendor and request a credit if taxes were charged in error.
5. Manage any returns or exchanges and ensure that proper credit is received for returned merchandise.

Article 5. DOCUMENTATION, RECONCILIATION, AND PAYMENTS

It is important to the success of the credit card program that cardholders adhere to the following procedures. Failure to keep adequate receipts or frequent abuse of these provisions will result in cancellation of the cardholder's credit card.

1. *Documentation.* Any time a purchase is made using the credit card, the cardholder is to obtain a customer copy of the receipt as the supporting document for accounting.
2. *Missing Documentation.* If the cardholder does not have a receipt or documentation to submit, a reconciliation statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing support documents must be submitted to the Treasurer. Frequent instances of missing documentation will cause a cardholder's credit card use privilege to be revoked.
3. *Receipt & Invoice Procedures.* Receipts and/or invoices must be submitted to the Treasurer with the purpose of the purchase, the account number to be charged, and department head approval. It is the cardholder's responsibility to submit the receipt(s) in a timely manner.
4. *Payments.* The Treasurer will pay outstanding credit card invoices by statement. Credit card statements will be received by the Treasurer for reconciliation. Any department may request a copy of the statement for their own records.

5. *Treasurer's Warrants.* All monthly credit card statements will be included with the accounts payable warrants for Town Manager and Select Board review.

Article 6. RETURNED ITEMS

If items purchased with the credit card are found defective or the repair or services faulty, the cardholder has the responsibility to return the items to the merchant for replacement or credit. *CASH REFUNDS ARE NOT PERMITTED AND SHALL NOT BE ACCEPTED.*

Article 7. LOST OR STOLEN CREDIT CARDS

It is the responsibility of the Cardholder to immediately notify the Treasurer of a lost or stolen credit card. Failure to promptly notify the issuing bank of the theft or loss of the credit card could make the Towns responsible for any fraudulent use of the card and result in loss of privileges for the cardholder.

Article 8. ISSUANCE AND TERMINATION

All cardholders shall complete the Agreement to Accept Credit Card prior to the Treasurer issuing a Town credit card.

Upon termination of employment for any reason, a cardholder shall relinquish their credit card at the time of separation from the Towns. The Treasurer shall notify the credit card issuer and the cardholder's card will be immediately deactivated. A cardholder who fraudulently uses the credit card after separation from the Towns will be subject to legal action.

Section IV. Travel Policy

Article 1. PURPOSE

Establish guidelines for appropriate travel purchases and procedures for reimbursement of travel expenses.

Article 2. AUTHORITY

Only travel previously authorized by the Department Head and Town Manager shall be subject to reimbursement by the Towns. Prior to seeking travel authorization, employees shall provide a cost estimate to include, but not limited to training programs, mileage, lodging and meals. Budgeted funds must be available to obtain authorization.

Article 3. REIMBURSABLE EXPENSES

Only training programs, meals, lodging, transportation and other purchases made for work/training purposes approved by the Department Head and Town Manager will be subject to reimbursement. All expenses incurred during travel shall be at the most cost effective level available and the best utilization of Towns funds.

Items purchased that do not support the purpose of travel, including alcohol, tobacco, pharmaceuticals, etc. are not authorized and shall not be subject to reimbursement. Tips for meals and hotel cleaning are reimbursable at appropriate tipping levels.

Article 4. LODGING

All lodging arrangements shall be made on a tax exempt basis utilizing the town credit card and/or the Permanent Exemption Certificate. Employees shall seek the most cost effective lodging available and request the government rate. The certificate and assistance with lodging arrangements may be requested from the Treasurer.

Lodging charges incurred on non-work related business including, but not limited to movies, phone calls, snack bars and hotel bars are not authorized for reimbursement.

Article 5. DOCUMENTATION

Itemized receipts identifying purchases are required for reimbursement, including items purchased utilizing travel advance funds. No reimbursement will be given for receipts that do not clearly state what has been purchased.

The Travel Reconciliation Form shall be completed and submitted with all receipts to the Treasurer for processing of reimbursement.

Article 6. MILEAGE

Mileage for work-related travel is reimbursable at the current IRS rate. Mileage will be calculated for the shortest route of travel utilizing map applications. Mileage associated with travel claimed on the Travel Reconciliation Form shall be included therein. Mileage associated with local work-related travel shall be claimed on the Mileage and Expense Report and submitted to the Treasurer for processing of reimbursement.

For travel outside of Aroostook County, employees shall evaluate all modes of transportation (privately owned vehicle, rental car, airplane, etc.) to determine the least costly method of travel. If privately owned vehicle is utilized in lieu of the least costly method of travel, the employee will not be reimbursed at the IRS rate, rather the GSA rate when government-furnished automobile is available.

Gas shall not be charged on town credit cards and gas receipts will not be accepted for reimbursement. However, when a town vehicle is used for travel, gas receipts will be reimbursed.

Article 7. INSURANCE

All municipal officers and officials who drive privately owned vehicles to conduct Towns' business shall be properly licensed and their privately owned vehicle shall be properly registered and insured.

If a municipal officer or official is involved in a vehicle accident while driving or traveling in a private vehicle and conducting Towns' business, the insurance policy for the private vehicle will provide coverage and defense. The Towns shall have no liability and shall be held harmless. However, personal policy deductibles may be covered in accordance with the Towns' insurance policy, at the discretion of the Town Manager or Treasurer.

Section V. Fund Balance Policy

Article 1. PURPOSE

The purpose of this policy is to establish and provide for the sound financial management of designated and undesignated general fund balances. Undesignated fund balance and capital reserves are necessary to maintain positive cash flow throughout the fiscal year, adequately deal with emergencies and pay anticipated or unanticipated expenses. There are no statutes or regulations dictating an appropriate undesignated fund balance to be maintained by municipalities. General rules state there should be at least one month's worth of tax revenue or two to three months of operating expenses set aside. Lacking clear guidance, the Towns of Mapleton, Castle Hill and Chapman establish this policy to ensure adequate funds are available to meet municipal obligations and reduce municipal tax commitments.

Article 2. CALCULATION

The remaining undesignated fund balance for each town will be calculated at the end of each fiscal year, typically following the annual audit performed in January.

Article 3. FUND BALANCE LEVEL

Two to three months of annual assessments - comprised of the municipal appropriation, school education appropriation, county tax and TIF finance plan amount - shall be maintained by each town. An undesignated fund balance maintained at this level will ensure municipal operations may continue with no revenue stream while meeting external tax obligations for up to one fiscal quarter.

Article 4. MANAGEMENT

The Assessors and Select Boards for each town shall determine the appropriate surplus used and overlay assessed when setting the municipal tax rate, typically in July, in order to adequately maintain their respective municipality's undesignated fund balance. Surplus used enhances municipal revenues, reducing the tax commitment while also reducing undesignated fund balance.

Surplus used ↑ = Tax Commitment ↓ = Undesignated Fund Balance ↓

Conversely, overlay increases the tax commitment while potentially increasing undesignated fund balance.

Overlay ↑ = Tax Commitment ↑ = Undesignated Fund Balance ↑

Article 5. CAPITAL RESERVE FUNDS

Each town may, by appropriation resolve, transfer amounts from the undesignated fund balance to any designated reserve. Such an appropriation resolve shall include a statement as to the intent and purpose of the fund, the funding mechanism, and the authority to use and withdraw from the fund.

In the same way that designated fund reserves are created, they may also be eliminated. At the time such reserve is eliminated, the Select Board(s) shall either transfer any remaining balance to another designated reserve or undesignated fund balance or appropriate the remaining balance within the reserve to be used for the purposes for which the reserve was established.

The Town Manager is authorized to make recommendations to the Select Board(s) on the use of reserve funds both as an element of the annual operating budget and as necessary throughout the year as needs arise.

Article 6. EMPLOYEE INCENTIVE FUND

The Employee Incentive Fund serves the purpose of maintaining employee morale and group efforts. Activities supported by this fund continue and even improve staff communication, fostering a greater team approach when conducting day to day business. Funds are used for staff functions such as potlucks, presentations, etc., or awards for special achievements.

The Employee Incentive Fund is supported by employee contributions, worker compensation dividends received, bottle return money, photocopier/fax fees received, and vending machine sales. The Fund is monitored on a monthly basis to properly track and account for all expenses made. The reconciliation is performed by the Treasurer and reviewed by the Town Manager. All funds, as well as receipts for all expenses, shall remain in the vault for security, or deposited into the Town checking accounts under the account title, Employee Incentive Fund. The amount of the receipt determines if it will be kept in the vault or deposited. Smaller amounts received for copying, bottle returns, etc., will be kept in the vault, while large receipts will be deposited.

Article 7. APPLICABILITY

This policy is intended as a guide for municipal officials to develop and recommend policy action for the municipal officers. The municipal officers may elect to take action that differs from the guidelines set herein if, in their judgment, it is in the best interest of the Towns of Mapleton, Castle Hill and Chapman.

Section VI. Investment Policy

Article 1. OBJECTIVES

Maine state statutes authorize treasurers to deposit or invest municipal funds by direction of the municipal officers. Pursuant to 30-A M.R.S.A. §5706, the Towns of Mapleton, Castle Hill and Chapman adopt the following investment objectives in the management and investment of municipal funds:

1. The primary objective of the Towns' investment activities is the preservation of capital and the protection of investment principal.

2. Town staff will strive to maximize return on investments but avoid assuming unreasonable investment risk.
3. The Towns' investments will remain sufficiently liquid to enable the municipality to meet reasonably anticipated operating requirements.
4. The Towns will diversify investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Article 2. PRINCIPLES

The Treasurer, with Town Manager approval, shall invest funds for which there is no immediate need, sell and exchange securities so purchased, and deposit such securities for safekeeping. All investment decisions shall be made considering the investment objectives contained in Article 1 and exercising judgment and care under the circumstances then prevailing.

The following investment principles shall guide the treasurer in the conduct of the Towns' investment program:

1. The municipality may purchase only legally authorized investments under 30-A M.R.S.A. §5706-5719.
2. The maturity date of new investments shall not be further than the time the Towns anticipate funds will be needed.
3. The Towns shall not make investments for the purpose of trading or speculating, such as anticipating an increase of capital through changes in market interest rates.
4. Deposit and investment of funds can only be made in financial institutions that are insured by the FDIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution or excess funds must be placed with other financial institutions.
5. The Towns will strive to invest in financial institutions with significant Maine operations, but may invest in out-of-state financial institutions where a significant interest rate differential exists.
6. Investment plans shall be designed to attain a market value rate of return throughout budgetary and economic cycles, accounting for prevailing market conditions, risk constraints and cash flow requirements.

Article 3. REPORTING AND CONTROL

The Town Manager and Treasurer shall issue an annual investment report to the Joint Select Board after the end of each fiscal year and shall include an evaluation of the previous year's investment plan and an investment plan for the ensuing year. The investment plan shall include a monthly cash flow analysis, minimum required checking account balance, prevailing market conditions and an investment schedule. The investment plan shall be subject to approval by the

Joint Select Board. An active management strategy will be employed where staff will monitor for market fluctuations and recommend changes to the investment plan when higher returns are expected from investment vehicles different from the original plan.

Investments shall be carried on the general ledger of each town at cost. Gains or losses from investments will be credited or charged to investment income. Investment income shall be prorated to each town according to the amount invested by each town.

The Treasurer shall report monthly to the Town Manager for the purpose of monitoring the performance and structure of municipal investments.

Article 4. ETHICS AND CONFLICTS OF INTEREST

Municipal officers and 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 or create the appearance of an impairment of their ability to make impartial investment decisions. Municipal officers and officials shall disclose direct or indirect financial interests they have in financial institutions that conduct business with the Towns.

No Town employee shall invest Town funds in any instrument or institution in which he or she has a direct or indirect financial interest; nor shall he or she accept any gift, free service or payment of any kind for performing their duties under this policy.

Section VII. Internal Control Policy & Cash Handling

Article 1. PURPOSE

Internal controls are techniques used by management to achieve its objectives and to meet its responsibilities. It is the objective of the Towns to safeguard town funds and have administrative procedures in place that will enable them to meet this objective and thereby fulfill their responsibility.

Article 2. STATEMENT OF POLICY

The Towns have adopted a zero tolerance policy regarding fraud. No employee or resident of the Towns shall remove any Town asset from the property, misuse any Town asset for personal gain, or willfully misappropriate any Town asset. Any evidence supporting fraud, theft or embezzlement of Town assets and equipment may be subject to the following actions, including but not limited to: suspension, termination, restitution, and criminal charges. Any utility fraud by the public will be subject to restitution and possible criminal charges.

Employees shall read and understand this policy. This policy shall be available to the public to read and understand.

Article 3. PROHIBITED ACTS

Fraud and misuse of Town assets is prohibited. Examples of fraud and misuse include, but are not limited to:

1. Embezzlement.
2. Misappropriation, misapplication, destruction, removal, or concealment of Town property.
3. Alteration or falsification of documents.
4. Theft of any asset (money, tangible property, etc.).
5. Authorizing or receiving compensation for goods not received or services not performed.
6. Authorizing or receiving compensation for hours not worked.
7. Misrepresentation of fact.

Article 4. FINANCIAL ACCOUNTABILITY

Financial accountability is a top priority for the Towns of Mapleton, Castle Hill and Chapman. This policy formalizes the expectations of personal honesty and integrity required of Town officials and employees. The Towns are committed to protecting revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees, to financial or beneficial gain by deceit. This policy prohibits fraud or misuse of the Towns' assets and sets forth specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

In order to have general oversight over internal controls and daily operations, the Towns shall:

- Issue a receipt for all money received.
- Time stamp the receipt of absentee ballots and bids.
- Receipt tax payments received by mail immediately, preferably the same day.
- Check the daily deposits against the Cash Journal and document as reviewed by the Treasurer.
- Reconcile cash receipts daily.
- Deposit funds in a timely manner, typically daily.
- Deposit funds at the bank immediately upon removal from the town office.
- Reconcile to general ledger daily.
- Reconcile bank statements and taxes receivable monthly.
- Maintain cash drawers individually.
- Randomly audit cash drawers on a monthly basis. Reconciliation of cash drawers shall be documented as reviewed by either the Town Manager or Treasurer.
- Make every effort to ensure there is always more than one person working in the office.
- Not accept overpayments when the intention is to provide the customer a cash refund.
- Not accept foreign currency.
- Notify the Town Manager or other appropriate personnel upon any suspicion of fraud.

- Conduct management reviews of bank statements, reconciliation of bank accounts, adjusting journal entries and voided checks.
- Conduct monthly analytical reviews of excise tax collections.
- Perform periodic Town Manager or Treasurer audits of all motor vehicle registration forms for specific periods of time.
- Bond the Treasurer and General Assistance Administrator in accordance with Maine statute, at levels deemed appropriate by the Joint Select Board, and insure against theft and fraud for all municipal officers and officials.
- Review and approve, on an annual basis, the accounts payable warrant process.
- Restrict access to the back counter area to employees only.

Article 5. NON-SUFFICIENT FUNDS

Checks returned for non-sufficient funds, invalid account or any other reason shall be addressed promptly. The customer shall be notified by mail requesting full payment plus the current NSF charge imposed by the Towns to cover bank charges and expenses for recovering the funds. If it is not feasible for the Towns to recoup the funds through a letter, the returned check shall be taken to the issuing bank and a bank check shall be requested if funds are available in the account. If the transaction is a tax payment on real-estate, the payment can be reversed until full payment is received. If the transaction is for a motor vehicle transaction, the Department of Motor Vehicles shall be notified and the registration suspended until full payment is received.

Article 6. COMPLAINT PROCEDURE

Supervisors shall communicate the provisions of this policy to all employees; take no action without consulting the Town Manager; and recommend appropriate temporary disciplinary action when there is evidence of wrong-doing. All Town employees are responsible for the implementation and execution of this policy utilizing the following procedure:

1. Suspected or known fraudulent acts by employees shall be reported to their respective supervisor or to the Town Manager. If the employee has reason to believe that their supervisor may be involved, the employee shall notify the Town Manager. The Select Board shall be notified in cases involving the Town Manager.
2. The Town Manager may initiate internal investigative actions of the suspected act. The internal investigation may include, but is not limited to, surveillance, either electronic or visual and document research. Document research may include, but is not limited to, cash terminal journal rolls, ledgers, and accounting records.
3. All participants in a fraud investigation shall keep the details and results of the investigation confidential.
4. No supervisor or person acting on behalf of the Towns shall dismiss or threaten to dismiss an employee; discipline, suspend or threaten to discipline or suspend an employee; impose any penalty upon an employee; or intimidate or coerce an employee because the employee has acted in accordance with the requirements of the policy. Any violation of this section may result in disciplinary action up to and including termination of employment.

Article 7. PREVENTION

Each department is responsible and will maintain an internal control environment to protect the department and the Towns from loss or other damages as a result of fraudulent acts.

Article 8. FALSE ALLEGATIONS

False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

Article 9. CORRECTIVE ACTIONS AND DISCIPLINE

Appropriate and timely action will be taken against those proven to have committed a fraudulent act. When the Towns elect to take corrective or disciplinary action, it will proceed under the procedures in place under policy. The Towns may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct. These remedial actions may include, but are not limited to:

1. Disciplinary action (up to and including immediate termination of employment).
2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
3. Forwarding information to the appropriate authorities for criminal prosecution.
4. Institution of civil action to recover losses.

Article 10. CONFIDENTIALITY

All investigations shall be conducted in confidence, insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with any investigation or legal action.

Section VIII. Tax-Acquired Property

Article 1. PURPOSE

The purpose of this chapter is to establish a policy procedure whereby real estate property acquired in accordance with 36 M.R.S. § 942 and 943, as amended, shall be managed, administered, and disposed of by the Towns of Mapleton, Castle Hill & Chapman.

Article 2. MANAGEMENT AND ADMINISTRATION

Following statutory foreclosure of a tax lien mortgage, title to the real estate property automatically passes to the municipality. The management of this property rests exclusively with the municipal officers, subject to the provisions of state statutes and local municipal ordinances and regulations.

The municipal officers shall consider the following when disposing of tax-acquired property and tax-acquired mobile homes:

- A. The municipal officers shall determine, by majority vote, whether a tax-acquired property is to be retained for municipal use, sold to the former owner, or disposed of in accordance with provisions of this policy.
- B. The municipal officers may obtain fire loss insurance for tax-acquired property in a dollar value not less than all outstanding taxes, liens, costs and other attendant expenses.
- C. The municipal officers may obtain general liability insurance coverage for the tax acquired property sixty (60) days following foreclosure.
- D. If the municipality will retain tax-acquired property for municipal use, the municipal officers must procure an appraisal of the property. The appraiser must be licensed to provide appraisals in Maine and may not hold an elected or appointed office in, or otherwise be employed by, the municipality (§943-C (7)).
- E. Municipal officers must calculate whether any excess sale proceeds exist using the appraised value (instead of sale price) and then must provide the notices otherwise required for post-sale distribution of proceeds. The appraisal must be prepared within 120 days before the distribution of excess proceeds, if any. The appraisal fee may be included in the calculation of excess proceeds. (§943-C (4, 8)).
- F. Calculation the amount of excess sale proceeds to be returned to the former owner is equal to the amount of sales proceeds remaining after the municipality deducts the following amounts (36 M.R.S. §943-C(3)(c)):
 - a. All taxes owed on the property.
 - b. Total property taxes that would have been assessed on the property after foreclosure while the property was owned by the municipality.
 - c. All accrued interest.
 - d. Fees, including advertising, mailing, recording, property listing and real estate agent's and broker's fees, to the extent that those fees are not included in the broker or agent fee agreement.

- e. Any other expenses incurred by the municipality in selling, maintaining, or improving the property, including, but not limited to, documented administrative costs and reasonable attorney's fees.
- f. The municipality's lien and foreclosure process costs, including but not limited to, reasonable attorneys' fees.
- g. Unpaid sewer, water, or other utility charges and reasonable fees imposed by the municipality.

G. In the event the property is to be retained by the town, then the occupants thereof should be evicted. If the property is to be returned to the prior owner or sold, eviction should be avoided.

Article 3. DISPOSITION OF TAX-ACQUIRED PROPERTY

- A. Effective August 9, 2024, wording within the 90-day notice of impending foreclosure required by 36 M.R.S. §943 must be revised to say: "If the tax lien forecloses, the municipality will own your property and may sell it and return excess sale proceeds to you, if any, pursuant to the Maine revised statutes, Title 36, Section 943-C."
- B.
- C. Within seven (7) days following the date of foreclosure, the Treasurer shall provide the municipal officers with an inventory of all tax-acquired property. The inventory shall include all tax-acquired real estate property from prior years in which the municipality continues to retain an interest.

Following receipt of the inventory list from the Treasurer, the municipal officers may offer the property for sale to the immediate prior owner for all past due taxes, accrued interest and costs, and a \$75.00 cost to cover administrative costs associated with the tax lien foreclosure process. Following acceptance of payment in full, the municipality shall deliver a municipal quitclaim deed without covenants to the immediate prior owner releasing the municipality's interest in the property. If property is sold to the former owner, the sale procedures and notices required in 36 M.R.S. §943-C do not apply.

- D. If the real estate property is not sold to the former owner(s), a pre-sale notice must be issued 90-days prior to listing property for sale the municipal officers must send a written notice, (a Maine Revenue Service form should be used to provide the notice), to the last known address of the former owner(s) by U.S. Postal Service certified mail, return receipt requested and by first-class mail, notifying the former owner(s) of the sale process required by 36 M.R.S. §943-C.

- E. The municipal officers must list the property for sale with a real estate agent or broker licensed in Maine, at the highest reasonable price at which the property is anticipated to sell. Licensed real estate agents or brokers may not hold an elected or appointed office in the municipality nor be employed by the municipality. The municipality must allow at least 12 months after listing for the property to sell.

- F. If the municipal officers are unable to list the property with a real estate agent or broker (after three tries) or to sell the property within 12 months after listing with an agent or broker, the municipal officers may proceed to sell the property as otherwise allowed, provided that the former owner must still receive any excess sale proceeds.

- G. If the property is to be sold, and unable to be listed with a real estate agent or broker, then the municipal officers shall cause a public notice of an impending public sale of tax-acquired property to be posted and advertised for two (2) successive weeks in the newspaper(s) generally used by the towns for legal advertisements. A bid package shall be prepared by the Treasurer describing in detail the subject property, bid requirements and a bid form. The municipal officers shall require the following for proper submission:
 - 1. A bid sheet containing the bid price in United States currency and proposed use of the property.
 - 2. That all bids be received by the town office in a sealed envelope clearly marked **“Tax-Acquired Property Bid.”**

- H. The municipal officers shall retain the right to accept or reject any and all bids submitted and shall cause the same disclaimer to be noted in any public notice soliciting bids in accordance with this chapter. Bids received from delinquent tax payers in any of the towns shall be rejected. Should the municipal officers reject all bids, the property may be offered again for public sale without notice.

- I. The municipal officers shall notify, via mail, any successful bidder.

- J. The municipal officers shall require payment in full from any successful bidder within thirty (30) calendar days following the date when bids are opened, read and accepted. Should the bidder fail to pay the full balance, the municipality may offer the property to the next bidder or restart the sale process, whichever is in the best interest of the town.

- K. The municipal officers shall issue only a quitclaim deed without covenants to convey title to tax-acquired property.

- L. If excess proceeds exist, at least 30 days before the Treasurer distribute the proceeds to the former owner(s), the municipal officers must provide notice of the proceeds to (1) the former owner(s), and (2) any recorded holder of interest in the property. Notice must be sent by first class mail and certified mail, return receipt requested. The former owner(s) may request a written accounting of the amount of excess sale proceeds, and an itemization of any deductions allowed in 36 M.R.S. §943-C(3)(c).

- M. If the former owner(s) cannot, after reasonable diligence, be located in order for the municipal officers to send the written notice of intent to distribute proceeds, the board may publish notice once a week for three (3) consecutive weeks in a newspaper of general circulation in the county. The published notice must contain the name of the former owner, a description of the property, the amount of excess proceeds, and the date by which the proceeds must be claimed. If the owner fails to claim the excess proceeds within 30 days after the final notice is published, the proceeds must be transferred to the Unclaimed Property Fund in the State Treasurer's office.

- N. Within 10 days after distributing excess proceeds are paid to a former owner, the municipality must record a notice in the county registry of deeds documenting its compliance with the law (36 M.R.S. §943-C (11)). A template of the recorded notice shall be provided by the Maine Revenue Service. The notice will contain name of former owner(s) to whom excess proceeds paid; the amount of excess proceeds; the date proceeds were paid to the former owner, or State Treasurer; a description of property, and a statement that the former owner's receipt of excess proceeds is deemed to be a waiver of the former owner's right to commence a challenge to the foreclosure pursuant to 36 M.R.S. §946-B. The municipality may include the names of those with a recorded interest in the property and the date that the notice of intent to distribute proceeds was sent to those parties.

Article 4. APPLICABILITY

This is a policy and not an ordinance which is intended as a guideline with regard to tax acquired property. The municipal officers may vote to act different from the guidelines set forth in this chapter if, in their judgment, it is in the best interest of the respective Town of Mapleton, Castle Hill, or Chapman.

Appendix **Annual Investment Plan**
Forms **Agreement to Accept Credit Card**
 Travel Request and Reconciliation Form
 Mileage and Expense Report