

Northport Village Corporation

Financial Procedures Manual

This manual specifies the financial procedures that are required to ensure that the NVC is in compliance with Generally Accepted Accounting Procedures. In particular, care is taken to assure separation of responsibilities, proper financial controls, and adequate reconciliation of various bookkeeping instruments. Additional details concerning exactly how financial procedures such as receiving and depositing funds and paying bills are carried out are specified in a separate NVC Office Procedures Manual.

The governing authority for these procedures consists of: the Charter and Bylaws of the Northport Village Corporation, statutes of the State of Maine pertaining to municipalities, municipal officers, and public utilities, and regulations issued by the Maine Public Utility Commission. To the extent that a portion of this manual conflicts with a governing authority, the governing authority takes precedence. All other portions of this manual are, however, still in force.

Personnel

The officers, employees and contractors charged with financial responsibilities are the following.

Treasurer The Treasurer is an elected official and receives an honorarium as determined by the Overseers.

Finance Manager The Finance Manager is an independent contractor appointed by the President with the concurrence of the Overseers, and receives a fee as determined by the Overseers. The Finance Manager may or may not be the same person as the Treasurer or an overseer or an officer of NVC. The Finance Manager reports to the Treasurer or to the President.

Bookkeeper The Bookkeeper is an independent contractor appointed by the President with the concurrence of the Overseers. The bookkeeper reports to the Finance Manager or to the Treasurer.

Office Manager The Office Manager is a part-time employee appointed by the President with the concurrence of the Overseers and receives a salary. The Office Manager reports to the President but reports also to the Treasurer with respect to his/her financial responsibilities.

Finance Chairman The Finance Chairman is an Overseer designated as such by the President with the concurrence of the Overseers, and does not receive compensation.

Overseers/Citizens Designated for Specific Financial Functions. Individual Overseers (or at the discretion of the Overseers, citizens who are not currently serving as Overseers) may from time to time be designated to perform specific financial functions, without compensation. Specifically, one person is designated as an additional signatory on bank accounts and a different person, who does not perform any other financial duties (other than approving budgets and reports), is designated to open monthly bank statements.

Procedures

1. Custody of the Funds

The Treasurer has custody of the funds and is designated as the person with authority to perform all tasks related to the bank accounts. In addition, there are as many as three other persons (designated by the Overseers) with authority to sign checks. One signature is required to validate a check.

2. Custody of the Check Supply

The Office Manager has custody of the check supply, has authority to order more checks, and physically produces all checks, or directly oversees the production of checks. The checks are kept in a locked location and only the Office manager, the Treasurer, and the President have access to the key. Specifically, the Bookkeeper has no access to the checks.

3. Spending Authority

Spending Authority is vested exclusively in the overseers. Each month the Bookkeeper or the Office Manager prepares a warrant detailing all expenses to be paid in that month and attaching backup documentation and printed checks. After inspection, the Overseers sign the warrant. At least four overseer signatures are required to validate a warrant. Only after the warrants are signed is the Treasurer authorized to sign the checks, which are then distributed by the Office Manager.

4. Bank Statements

Bank statements are mailed to the NVC postal address. A designated Overseer who does not have check-signing authority opens the statements and signs them. The Bookkeeper then reconciles the statements with the NVC books and returns them, along with the reconciliation reports to the Finance Manager/Treasurer, who reviews the reconciliations, verifies the signatures, and gives them to the Office Manager for filing.

5. Monthly Reports

The Finance Manger prepares monthly reports for each of the NVC funds, including a Profit & Loss Budget Report and a Working Capital Report. The reports for the utility companies are presented to the Superintendent and to the Utility Committee. All reports are presented to the Overseers at a regular Overseers' meeting and, upon the recommendation of the Finance Chairman, the reports are approved by the Overseers and made public.

6. Reconciliations

In addition to the monthly bank reconciliations, the following reconciliations are performed periodically (at a frequency determined by the Overseers) by the Finance Manager.

(a) NVC records of taxes paid and taxes due are reconciled with the records of the Town of Northport, which collects NVC taxes.

(b) Records of utility charges billed, payments made, and payments outstanding as maintained in the utility software (currently CUSIP) are reconciled with the corresponding totals in the NVC books.

7. Budgets

Budgets for the utility companies and for the general government activities are prepared initially by the utility superintendent (for the utility companies) and by the Finance Manger (for the general government). The utility budgets are first reviewed by the Utility Committee. All budgets are presented to the overseers for approval. Final authority for the total amount to be raised from the citizens through taxation rests with the citizens and is exercised at the NVC Annual Meeting. The General Government Budget is prepared in June, approved by the Overseers in July, and presented to the citizens in August. The utility budgets are prepared in November, reviewed by the Utility Committee in November and approved by the Overseers in November/December/January.

8. Annual Audit and Reporting

The fiscal year of the NVC is the calendar year. In January, the Finance Manager, assisted by the Bookkeeper, reviews the books of the previous year.

First Closing Report

After the Bookkeeper has entered all transactions for the year, the Finance manger produces a First Closing Report. After this report is done, no further transactions may be entered for the year unless explicitly approved by the Finance Manager.

If the Finance Manager determines that accounting procedures are required to bring the books into compliance with Generally Accepted Accounting Procedures for Maine municipalities and/or Maine utilities, the Finance Manager directs the Bookkeeper to make the corresponding entries.

Second Closing Report

After the Bookkeeper has entered all transactions requested by the Finance Manager, the Finance Manager produces a Second Closing Report. The Second Closing Report is reviewed by the Treasurer, the President, and the Overseers and is presented to the outside audit firm, along with any other documentation requested by the auditors.

Final Closing Report

The outside audit firm may or may not recommend additional transactions or modifications. If these are accepted by the Treasurer, the Bookkeeper makes the additional entries. The Finance manager prepares the Final Closing Report and the audit firm prepares the Official Financial Statements. The Final Closing Report and the Official Financial Statements are reconciled by the Finance Manager. The Final Closing Report, the Official Financial Statements and the Reconciliation Report are presented to the President, the Utility Committee, and the Overseers for approval. The Official Financial Statements are presented to the citizens no later than the next Annual Meeting.

No further modifications to the books shall be made after the Final Closing Report is distributed and approved.