



TOWN OF PROSPECT

FINANCIAL POLICIES AND PROCEDURES MANUAL

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Section I: INTRODUCTION

1.1 Welcome to the Town of Prospect.

The Town of Prospect's mission is to provide and maintain the highest quality of municipal services to the residents, businesses and visitors to Prospect. The administration works hard to create an atmosphere that cares about neighbors, the environment and opportunities to live, work and prosper. The Town of Prospect is committed to enhancing the quality of life and managing the financial, economic, social and recreational needs of the community.

1.2 Purpose of this Handbook.

The purpose of this financial policies and procedures manual is to outline the overall internal procedures to be adhered by the Town of Prospect elected officials and employees. This document will ensure consistency in the application of standards, operational continuity and will serve as a manual for all elected officials and employees within the Town.

Section II: ROLES; DIVISION OF DUTIES

The purpose of this section is to provide a summary overview of the key financial responsibilities of various Town elected officials and employees.

2.1 Mayor.

- Is the Chief Executive Officer of the Town.
- Manages the daily activities of the Mayor's Office.
- Reviews proposed budgets for all Town boards, commissions, and agencies.
- Prepares a draft Town Budget which is reviewed by the Town Council and then presented to the Annual Town Meeting.
- Prepares bid specifications.
- Oversees the grant application and reimbursement process with assistance from department heads and the Mayor's Office Manager.
- Is a signatory on all Town bank accounts.

2.2 Town Council.

- Reviews all financial reports provided by the Mayor on a monthly basis.
- Reviews the Mayor's draft Town Budget, develops the final Town Budget, and presents the final Town Budget to the Town Meeting for approval.
- Sets the tax rate once the budget is approved.
- Negotiates and hires the auditor for the annual audit.
- The Town Council Chair and Town Council Vice Chair are signatories on all Town bank accounts.

2.3 Mayor's Office Manager.

- Oversees daily activities in the Mayor's Office.
- Supports the Municipal Accounting Assistant.
- Prepares various monthly reports for the Mayor's Office and submits the reports to the Mayor for approval by the Town Council.
- Prepares various census reports and personnel reports based on requests from Naugatuck Valley COG, CCM, CIRMA, COST, etc.
- Gathers and processes invoices which have been approved for payment.
- Prepares checks for payment of approved disbursements.
- Prepares checks for mailing and files paid invoices.
- Executes fund transfers between bank accounts.
- Collects timecards and enters them into ADP.
- Retrieves reports from ADP and delivers them to the Mayor's Office to be recorded in the accounting software.
- Follows up on payroll discrepancies.

- Register and distribute tickets to residents for Household Hazardous Waste day and submits reports to Naugatuck Valley COG.
- Manages the Food Pantry and assists residents with access to the food pantry.

2.4 Accounts Receivable Clerk.

- Prepares the Building Official's deposit information with the proper accounting codes and delivers it to the Mayor's Office for deposit.
- Reconciles the Building Official's monthly report to the permits issued and fees collected.
- Accumulates and prepares work-papers for Workman's Comp audit and OSHA reporting.
- Records monthly Sewer Authority Income and expenses from information received from the Tax Collector.
- Records and reconciles all inter fund activity in the appropriate Funds.

2.5 Clerical Assistant #1.

- Opens the Town's mail.
- Distributes the mail to other Town departments.
- Processes approved wire transfers and provides a record of all completed wire transfers to the Municipal Accounting Assistant for entry into the general ledger.
- Answers the main Town Hall phone number and routes calls to various departments.

2.6 Clerical Assistant #2.

- Tracks all vacation, sick, and personal time.
- Processes approved wire transfers and provides a record of all completed wire transfers to the Municipal Accounting Assistant for entry into the general ledger.
- Uploads bid specifications and associated documents, forms, and reports to the State Contracting Portal.

2.7 Municipal Accounting Assistant.

- Prepares and records all journal entries.
- Enters general ledger adjustments when necessary.
- Reconciles all bank accounts monthly. Any unreconciled items over sixty (60) days old shall be submitted to the Mayor's Office.
- Delivers completed reconciliations to the Mayor for review and approval on a monthly basis and alerts the Mayor of any reconciliation issues.

- Assists the Mayor's Office in preparing monthly financial reports to the Town Council.
- Prepares the annual financial report.
- Supports the Mayor's Office in preparation of annual independent audit; prepares audit documentation.
- Supports independent auditors in completing the annual audit.
- Provides responses to and addresses Management Letter findings and Internal Control Matters identified by the auditor.
- Assists in tracking fixed assets in accordance with the Fixed Asset Policy.
- Reviews all minutes of the Town Council.
- Is an outside contractor who is a qualified financial professional with municipal accounting expertise.
- The Municipal Accounting Assistant is selected and hired by the Mayor.

2.8 Treasurer.

- Reviews, initials, and settles all invoices payable by the Town.
- Maintains a list of all Town bank accounts.
- Is a signer on all Town bank accounts.
- Is an ex-officio member of any Town board holding funds outside of the Mayor's Office.
- Signs outgoing checks in accordance with the Accounts Payable Process.

2.9 Town Clerk.

- Oversees daily activities in the Town Clerk's Office.
- Maintains and records all official Town records and various public records.
- Issues photocopy vouchers to members of the public who use the vouchers to pay for photocopies in other departments.
- Records and collects fees for recording various public records including municipal land records, surveys, maps, and trade name certificates, among others.
- Issues and collects fees for issuing various licenses, certificates, and permits including marriage, liquor, hunting, fishing, dog, and trapping licenses, among others.
- Provides and collects fees for providing copies and certified copies of official Town records and various public records.
- Remits all collected fees to the Mayor's Office in accordance with the Cash Receipts Policy.

2.10 Tax Collector.

- Collects all property taxes that are due to the Town.

- Deposits all collected property taxes in accordance with the Cash Receipts Policy.

Section III: CASH RECEIPTS; DEPOSIT PROCEDURES

3.1 In General.

The Town accepts funds by check, wire, credit card, and cash. Only the Tax Collector and the Town Clerk are authorized to receive funds in cash.

3.2 Funds Received by the Mayor's Office.

Mail is picked up at the post office by the Town Clerk or their assistant. It is stamped with the date and delivered to Clerical Assistant #1 who sorts it. Checks received by mail are delivered to the Mayor. The Mayor codes incoming checks to the appropriate account and then gives the checks to Clerical Assistant #2 who prepares the deposit slip. Checks are kept in a locked fireproof cabinet until they are deposited. Checks are deposited weekly at a minimum. After checks are deposited in the correct bank account as identified by the Mayor, Clerical Assistant #2 gives the deposit information to the Municipal Accounting Assistant. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

3.3 Funds Received by the Tax Collector.

The Tax Collector receives funds by cash, check, and credit card. All funds received are recorded and verified by the Assistant Tax Collector. Funds received by cash and check are kept in a locked safe in the Tax Collector's Office and are deposited in the bank by the Tax Collector at least weekly. The Tax Collector makes daily bank deposits as necessary during periods of increased receipts. When making large cash deposits, the Tax Collector is accompanied by a police officer. The Tax Collector provides the banks deposit slips to the Municipal Accounting Assistant. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

3.4 Funds Received by Other Departments.

Checks received by other departments must be made out to the Town of Prospect. Checks received by each department, and any cash received in exchange for photocopies, are kept in a lockbox at each department and delivered to the Mayor's Office at least weekly with a properly coded Accounts Receivable Form. The Municipal Accounting Assistant reviews the Accounts Receivable Forms and records the revenue in the accounting software.

3.5 Funds Received by Credit Card.

The Tax Collector is the only office permitted to receive payments via credit card. Funds received by credit card are tracked by the Tax Collector and deposited directly into the Tax Collector's bank account.

3.6 Deposit Procedures.

The following procedures must be adhered to when depositing funds into Town bank accounts:

- The Mayor's Office Manager copies all checks and the deposit slip.
- The Mayor's Office Manager prepares the deposit slip for each deposit, counts and verifies all cash, and endorses all checks with an endorsement stamp.
- All deposit documentation including the Accounts Receivable form, copies of the checks, and a copy of the deposit slip are clipped together and placed in the fireproof file until the deposit has been completed at the bank.
- The Mayor's Office Manager takes the deposit to the proper bank and obtains a deposit receipt.
- The bank deposit receipt is stapled to the copy of the deposit slip and the entire package is stapled together and given to the Municipal Accounting Assistant for entry into the accounting software.

Section IV: CASH DISBURSEMENT; ACCOUNTS PAYABLE PROCEDURES

4.1 Accountants Payable.

- Incoming invoices are forwarded to the department heads (naming the staff person responsible for ordering the product or service) by Clerical Assistant #1 or are mailed directly to the department. Invoices require approval / acknowledgement that the order was received or performed, thereby allowing a check to be processed. Each invoice is stamped by the department and includes a line for the approval, account coding, and amount. The stamped original vendor invoice, and any other supporting documentation including the packing slip is forwarded to the Mayor's Office. For large Public Works projects, load tickets are verified by the Public Works Supervisor against the invoices. Invoices are forwarded to the Mayor's Office and load tickets are maintained in the Department of Public Works. The stamped invoice must include the account codes to which the expense will be applied. Each invoice must be approved by the applicable department head before the invoice is delivered to the Mayor's Office for final approval and check preparation.
- Expenses in excess of \$35 require a pre-approved purchase order with the following exceptions; electrical, telephone, internet, fuel oil, trash removal, water testing, recycling, contractual agreements, and snow removal.
- Purchase order forms are available from the Mayor's Office and Department Heads. Purchase orders must be approved by the Mayor prior to contracting for services or purchasing items.
- Regularly occurring Town Hall expenditures are reviewed, stamped and approved for check processing by the Mayor and delivered to the Mayor's Office Manager for processing.
- The printed checks from the computer system along with the requests for payment and all supporting documentation are submitted to the Mayor, Treasurer, Town Council Chair, or Town Council Vice-Chair, for signatures. All checks require two signatures. The Mayor, Treasurer, Town Council Chair, and Town Council Vice-Chair are signatories on all accounts. After the checks have been signed, they are processed.
- All checks are copied by the Mayor's Office to maintain an office file copy with the Accounts Payable documentation.
- The checks are mailed by the Mayor's Office Manager.
- Supporting documentation is filed in the Mayor's Office by the Mayor's Office Manager.
- The Mayor's Office Manager utilizes the paid invoice files to respond to any discrepancies which arise with vendors or other payees.

4.2 Payments by Wire Transfer.

- All wire transfers must be approved in writing in advance by the Mayor and one of the following people: Treasurer, Town Council Chair, or Town Council Vice-Chair.
- Approved wire transfers are processed by Clerical Assistant #2.
- Once a wire transfer is initiated, the bank calls the Mayor who provides the bank with a verbal password to verify his identity and the authenticity of the authorization.
- Clerical Assistant #2 provides a record of all processed wire transfers to the Municipal Accounting Assistant for entry into the accounting software.

4.3 Credit Cards.

- The Town maintains the following three (3) credit card accounts in the name of the Town:
 - An ExxonMobil credit card account which may only be used to make emergency purchases of gasoline or diesel fuel for Town vehicles.
 - A Home Depot credit card account which may only be used by Public Works employees to make authorized purchases at Home Depot.
 - A computer services credit card which may only be used by the Mayor's Office to pay for online meeting services, such as Zoom and GoToMeeting, and other computer services that only accept payment via credit card.
- There is only (1) physical credit card associated with each credit card account. The physical credit cards are stored securely in the Mayor's Office.
- Town employees who need to use a Town credit card may make a verbal request to the Mayor. Requests shall be accompanied by a completed purchase order unless the Mayor's Office waives the purchase order requirement in its discretion as provided in Section 8.3 of this manual.
- When a request is approved, the physical credit card is given to the requesting employee. The requesting employee must return the physical credit card to the Mayor's Office within 24 hours with a receipt for the item(s) purchased. Receipts are retained in the Mayor's Office and reconciled to the credit card statements monthly in accordance with the Accounts Payable Process. Reconciliation discrepancies are investigated.
- Credit card statements are paid monthly in accordance with the Accounts Payable Process.

4.4 Reimbursements.

- Reimbursements for expenses incurred on behalf of the Town must be requested using a Request For Payment Form.

- The Request For Payment Form must be completed with the name of the payee, the account or accounts to be charged, and the amount of the check to be issued.
- Invoices, receipts, and supporting documentation must be attached to the Request For Payment Forms.
- Completed Request For Payment Forms with all supporting documentation are delivered to the Mayor's Office Manager.
- Request For Payment Forms are approved by the Mayor (reimbursements for the Mayor are approved by the Treasurer).
- Reimbursements are paid by check in accordance with the Accounts Payable Process.
- The Town of Prospect is tax exempt. No reimbursement is paid for sales tax.
- Mileage is reimbursed at the current IRS rate per mile for travel that is preapproved by the Mayor's Office or a Department Head. Requests for mileage reimbursement shall include the date of the trip, the purpose of the trip, and the actual distance driven. Individuals who lack a valid driver's license or adequate automobile insurance are prohibited from driving personal vehicles for Town business and are not eligible for reimbursement.

Section V: ACCOUNTING AND FINANCIAL REPORTING

5.1 Financial Information.

It is the policy of the Town to provide all financial information in a thorough, timely fashion, and in a format that is easy for Town Council, citizens, and Town employees to understand and utilize. It shall be the duty of the Mayor to install, maintain, and operate for the Town a modern municipal accounting system showing the current condition of all funds and appropriations. The Mayor shall file monthly financial reports with the Town Council in a format agreed upon by the Mayor and the Town Council.

5.2 Accounting Standards.

The Town will establish and maintain a high standard of accounting practices. The Town's accounting of financial systems shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP), standards of the Government Accounting Standards Board (GASB), and the best practices offered by the Government Finance Officers Association (GFOA) when feasible

5.3 Annual Audit.

An independent public accounting firm will perform an annual audit and its opinions will be included in the annual financial report. The independent audit firm will be selected through a competitive process at least once every five years. The Town Council will review the qualifications of prospective firms and award the audit contract to a qualified independent public accounting firm. The Municipal Accounting Assistant shall prepare the Annual Financial Report within one hundred twenty (120) days of the conclusion of each fiscal year. It will be reviewed and presented to the Town Council and community at a public meeting. The Town shall maintain accounting records in such a manner as to receive an unqualified audit opinion and when possible, to qualify for a Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

5.4 Bank Accounts.

- The Town maintains the following bank accounts:
 - General Checking Account
 - Payroll Account
 - Investment Account (MERS)
 - Capital Nonrecurring Account
 - State Fund Accounts
 - LoCip Account
 - Dog Fund Account
 - Town Aid Roads Account
 - Miscellaneous Account
 - Board of Recreational Activity Account

- Town Clerk's Account
 - Merchant Account
 - Building Department Account
 - Engineering Fees Account
 - Sewer Use Account
 - Water Pollution Control Authority Capital Improvement Account
 - Police Overtime Account
 - Emergency Fuel Fund Account
 - Prospect Food Bank Account
 - Prospect Children Fund Account
 - Youth Services Account
 - DARE Account
 - Flag Account
 - Senior Center Account
 - Library Funds Account
 - Tax Collector Account
- All bank accounts are controlled by the Mayor's Office, with the exception of the Senior Center Account, the Library Funds Account, and the Tax Collector Account.
 - All bank account signatories must be bonded.

5.5 Bank Reconciliations.

The Municipal Accounting Assistant performs all bank reconciliations. In performing bank reconciliations, the Municipal Accounting Assistant adheres to the following procedures:

- Dates and amounts of daily deposits as shown on the bank statements are compared with the cash receipts journal.
- Inter-organization bank transfers are compared to be certain that both sides of the transactions have been recorded in the accounting software.
- Items rejected by the bank, i.e., returned checks or deposits are investigated.
- Wire transfers dates received are compared with dates sent.
- Canceled checks are compared to the disbursement journal as to check number, payee and amount.
- The sequence of checks both from month to month and within each month are reviewed.
- Scans of canceled checks are examined for authorized signatures, irregular endorsements, and alterations.
- Voided checks are examined to confirm proper mutilation.

- Checks that have been outstanding for more than six months are investigated and reissued when appropriate.
- Any unreconciled items over sixty (60) days old shall be submitted to the Mayor's Office.

5.6 Journal Entries.

All journal entries are made by the Municipal Accounting Assistant.

5.7 Budget Transfers.

The Town Budget is prepared on a departmental line-item basis. Town Council approval is needed for departments, boards, or commissions that overspend on a specific line item if it is covered within the original budgeted appropriation for the department. Departmental expenses greater than the original budget appropriation require Town Council approval based on the following procedures:

- Department Heads and Chairs receive monthly expenditure reports from the Mayor's Office to keep them aware of the current status of their budget to expenditure information.
- The Mayor's Office notifies departments if invoices submitted for payment are in excess of budgeted amounts.
- Department Heads and Chairs may submit budget transfer requests to the Mayor, who forwards the requests to the Town Council.
- The Town Council may approve transfer requests in its discretion provided that such approvals are in accordance with the procedures required by Connecticut General Statute Section 7-348.
- At the end of the fiscal year the Municipal Accounting Assistant prepares a list of intra and inter departmental transfers for authorization by the Town Council.
- If the Town Council approves the transfer of funds, the Municipal Accounting Assistant records the budget adjustments in the accounting software using the departmental information and the minutes of the Town Council as authorization.
- The Mayor's Office cannot transfer funds between departments without approval from the Town Council.

5.8 Year-End Close; Encumbrances.

In mid-June, a memo is sent to all boards, departments, and commissions notifying them that all invoices must be received by the Mayor's Office by the end of July.

5.9 Grant Compliance.

When a Federal, state, or private grant is received or renewed, a copy of the executed grant must be forwarded to the Mayor's Office Manager. The Mayor's Office Manager creates a permanent file for the grant and maintains the contract along with any other financial correspondence regarding the grant. Private grants may be received from an organization or individual.

5.10 Volunteer Fire Department of Prospect, Inc.

The Volunteer Fire Department of Prospect, Inc. is a separate legal entity that controls its own funds and sets its own financial policies and procedures.

Section VI: EXTERNAL REPORTING

6.1 Mayor's Office Monthly Reporting Procedures.

The Mayor's Office, with assistance from the Municipal Accounting Assistant, prepares the following monthly reports. The Mayor's Office provides the reports to the Town Council:

- A monthly budget versus actual is generated out of the accounting software for the Town Council's review at their monthly meeting.
- A monthly actual to budget expense report is generated from the accounting software for all departments.
- Trial balance reports, estimated revenue reports, over budget reports, and any other requested reports are provided to the Town Council.

6.2 Additional Monthly Reporting Procedures.

The following additional monthly reports are completed with assistance from the Municipal Accounting Assistant:

- The Monthly Report for Inland Wetlands is prepared by the Town Clerk:
 - The completed report is provided to the Mayor's Office with the appropriate Accounts Payable form to process any funds due to the State of Connecticut.
 - The Mayor's Office processes the Monthly Report and, if required, issues a check in accordance with the Accounts Payable Process.
- The Monthly Report for the Building Inspector is prepared by the Mayor's Office Manager with information from the Building Inspector:
 - The completed report is provided to the Mayor's Office with the appropriate Accounts Payable form to process any funds due to the State of Connecticut.
 - The Mayor's Office processes the Monthly Report and, if required, issues a check in accordance with the Accounts Payable Process.
- The Monthly Reports for Planning and Zoning and the Zoning Board of Appeals are processed by the Land Use Inspector.
 - The completed report is provided to the Mayor's Office with the appropriate Accounts Payable form to process any funds due to the State of Connecticut.
 - The Mayor's Office processes the Monthly Report and, if required, issues a check in accordance with the Accounts Payable Process.
- The monthly Bureau of Labor Statistics (BLS) report is prepared by the Mayor's Office Manager with supporting information from the Mayor's Office.

- Monthly reports for payroll and tax withholding are processed by the Town's payroll service provider, which is ADP.
- The Town Clerk processes monthly reports. Any fees that are payable from the Town Clerk's Account are noted on a report and provided to the Mayor's Office with the appropriate Accounts Payable form for processing in accordance with the Accounts Payable Process.

6.3 Mayor's Office Annual Reporting Procedures.

The annual reporting procedures for the Mayor's office are completed with assistance from the Municipal Accounting Assistant.

- The Municipal Accounting Assistant receives approved budget information from the Mayor's Office and enters the information into the Accounting software.
- End of Fiscal Year:
 - Treasurer notifies all departments to have invoices submitted for payment by June 30.
 - Compare budget to actual expenses and notify departments when there is a budget shortfall.
 - Advise departments when an invoice cannot be paid due to a lack of budgeted funds.
 - Verify all interest has been entered and credited to the proper account.
 - Verify payroll has been entered and all fees have been entered into the accounting software.
 - Transfer funds as requested by the Mayor with approval from the Town Council.
- Verify the Trial Balance is correct.
- The Town Auditor works with the Mayor, Mayor's Office Manager, Treasurer, Municipal Accounting Assistant, Town Council, Town Clerk, Assessor, and Tax Collector to complete the annual audit.
- Process Dog Report and request check using an Accounts Payable form for the State Department of Agriculture
- Process annual OSHA report and post in appropriate locations.

6.4 Municipal Animal Control Office's Reports; Annual Dog Fund Report.

- The Animal Control Department maintains an Animal adoption program and files annual reports with the State of Connecticut and the Mayor's Office.
- The Town Clerk prepares an annual Dog Fund Report summarizing all dog license fees collected and deposited into the General Fund in the most recent fiscal year. The Dog Fund Report is filed with the State of Connecticut. All Dog Fund revenues and expenses are recorded in the Dog Fund.

Section VII: PERMIT FEES AND MISCELLANEOUS INCOME

7.1 Building Permits.

Building permits are completed using the online building services portal accessible via the Town's website. Permit fees are paid via the online building services portal. Any fees paid by check are delivered directly to the Mayor's Office for deposit. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.2 Inland Wetlands Permits.

Inland Wetlands permit applications are completed on a paper form. Permit fees are paid by check and the checks are collected by the Land Use Inspector. Collected checks are kept in a fireproof cabinet in the Town Clerk's office and delivered to the Mayor's Office weekly. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.3 Road Excavation Permits.

Road excavations must be permitted. Permit request forms are available in the Mayor's Office. The Assistant Director of Public Works issues and approves all road excavation permits. Applicants for a road excavation permit must post a performance surety bond in accordance with Section V of Town Ordinance #76-03-21-06. The Assistant Director of Public Works reviews and maintains records of all performance surety bonds. Permit fees must be paid by check delivered directly to the Mayor's Office. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.4 Pistol Permits.

Town residents may apply for pistol permits at the Town Police Station. Permit fees must be paid by check made out to the Town of Prospect. Checks are kept in a lockbox at the Police Station and delivered to the Mayor's Office weekly. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.5 Scrap Metal Sales.

Scrap metal delivered to the Recycling Center is placed in a roll-off container. When the container reaches capacity, the Recycling Center contacts a recycling contractor who picks up the roll-off container, brings the container to its facility, weighs it, and recycles the scrap metal. The recycling contractor pays for the scrap metal by check delivered directly to the Mayor's Office. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.6 Sale of Town Real Estate and Town Equipment.

Sales of Town real estate must be authorized by a Special Town Meeting pursuant to the Town Charter, provided that the sale of Town real estate in connection with tax foreclosures, tax sales, or deeds in lieu of foreclosure shall be exempt from the Special Town Meeting requirement. Sale proceeds from the sale of Town real estate must be paid by check delivered directly to the Mayor's Office. Town equipment which has exceeded its useful life or is no longer needed by the Town is sold at auction to the highest bidder by a qualified auction company. Sale proceeds from the sale of Town equipment are collected by the auction company, which remits payment to the Town by check delivered directly to the Mayor's Office. The Mayor's Office deposits the checks in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.7 Fees for Copies and FOIA Requests.

Various Town departments make photocopies for members of the general public in connection with providing copies of Town records and fulfilling FOIA Requests. The fee for photocopies is \$1.00 per page. The fee for photocopies may only be paid by check made out to the Town of Prospect or with a Photocopy Voucher purchased from the Town Clerk's Office. Only the Town Clerk's Office may accept cash as payment for photocopies. Checks received by each department are kept in a lockbox at each department and delivered to the Mayor's Office at least weekly with a properly coded Accounts Receivable Form. The Mayor's Office deposits the funds in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.

7.8 Monthly Permit Fee Reconciliation Procedures.

- All funds received in connection with permit applications are delivered to the Mayor's Office along with copies of the permit applications and issued permits.
- The Municipal Accounting Assistant reconciles the funds received with the permit applications and issued permits. Permits numbers are reviewed for sequencing.

- The Municipal Accounting Assistant records all permit revenue in the accounting software.

7.9 Quarterly Permit Reporting Procedures.

Each quarter the Mayor's Office prepares a Land Use Application Fee Summary for the State of Connecticut Department of Energy and Environmental Protection to report collections of real estate conveyance tax, controlling interest transfer tax, building permit fees, and inland wetland permit fees. The Town Clerk:

- Prepares the Land Use Application Fee Summary.
- Prepares an Accounts Payable Request Form, attaches the completed Land Use Application Fee Summary to the Accounts Payable Request Form, and delivers both to the Mayor's Office.
- A check is prepared.
- The original Land Use Application Fee Summary is mailed to the State of Connecticut Department of Energy and Environmental Protection along with the check. A copy of the form and check are retained in a file in the Mayor's Office.

Section VIII: PURCHASING POLICY

8.1 Declaration of Policy.

This policy is intended to define the purchasing procedures for the Town. Specifically, this policy is designed to:

- Apply to all Town Departments, Boards, and Commissions.
- Provide a uniform procedure for the procurement of material, equipment, supplies, and services, removing any confusion as to how and when to seek competitive bids.
- Encourage maximum competition through fair and equal opportunity to qualified and interested bidders.

8.2 Responsibility.

- All purchases made by Town officials and employees shall follow the regulations, as outlined herein, and as established by the Mayor.
- No Town officials or employees shall make a direct purchase unless sufficient funds are available in appropriate accounts and within approved budget line items. A record of invoices submitted for payment shall be kept by all department heads.
- Packing slips and appropriate bid documents shall be attached to all invoices when submitted for payment.

8.3 Purchasing Guidelines.

Purchases exceeding \$35 require a purchase order. A purchase order is also required in the event of multiple purchases from the same vendor occurring within a 30-day period, even if the total amount is less than \$35. Blank purchase order forms are available in the Mayor's Office. Purchase order forms must be approved by the Mayor's Office prior to purchase. The Mayor's office may waive the purchase order requirement in its discretion.

8.4 Purchase Order Procedures.

- The Department Head, Chair or Supervisor fills out the purchase order form and attaches the supporting documentation (written estimate, vendor name, address, description of what is required, verification there is adequate funds in the budget to fund the purchase order, etc.).
- The completed purchase order is delivered to the Mayor for approval and signing.
- The approved purchase order is given to the Mayor's Office Manager.
- The Mayor's Office Manager uses the accounting software to assign the purchase order number and encumber the budget for the amount of the purchase order.

- A copy of the purchase order with the assigned number is returned to the originating individual.
- The original with the attached information is filed in the purchase order log notebook under the proper department tab.
- Rejected purchase orders are returned to the originator and a copy is retained in the Mayor's Office.
- When invoices that have been incurred via a purchase order are paid, the purchase order number is included with the authorization of payment.

8.5 Competitive Bidding.

Purchases by the Town of Prospect for amounts of \$5,000 or more shall be made in accordance with the following procedures:

- Where possible, a minimum of three bids shall be solicited.
 - A "request for quotation" form may be used.
 - Request for quotations will be on a sealed bid basis.
- Bids shall be returned to the Prospect Town Hall in sealed and specially marked envelopes furnished as part of the request for quotation.
 - The returned bids are to be opened in public at the stated or published time.
 - No returned bid will be opened until the stated date and hour.
 - All late bids will be disregarded.
- The Mayor may use the State Bid Price or the Naugatuck Valley COG and Capitol Region COG or become part of another Regional Consortium in order to procure particular goods or services at costs that are advantageous to the Town of Prospect.
- If deemed necessary by the Mayor, quotations may be accepted by telephone or fax machine. These quotations will be confirmed in writing and if requested, received by a specific time.
- Under certain circumstances and by discretion of the Mayor, the returned quotations may be accompanied by a certified check, cash or bond, as a guarantee that the bidder will accept the order if it is awarded to them.
- Selection of the bidder to whom the award will be made will, in all cases, be that considered most advantageous to the Town of Prospect.
- The Mayor reserves the right to accept or reject any and all bids; to waive any informalities; to divide the award, or to accept any bid deemed in the interest of the Town of Prospect.

Section IX: FIXED ASSET POLICY

- Capital assets, which include property, plant, equipment, and infrastructure easements (i.e., roads, box culverts, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns on the government-wide financial statements.
- All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2002, infrastructure assets were not capitalized. Road network infrastructure has been retroactively valued at estimated historical cost and waterline infrastructure has been retroactively valued at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' live are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.
- Land is considered inexhaustible and, therefore, not depreciated. Property, plant, equipment, and infrastructure assets are depreciated or amortized using the straight-line method over the following estimated useful lives:
 - Buildings and Improvements 25-50 years
 - Infrastructures 15-50 years
 - Vehicles 7-12 years
 - Furnishings and equipment 5-7 years
- Fixed asset schedules are reviewed annually by Department Heads for completeness and to identify disposals. Any new fixed assets must be reported to the Mayor's Office at the time of purchase.

Section X: ANNUAL BUDGET PROCEDURES

10.1 Mayor's Responsibilities.

- The Mayor shall compile a financial proposal for the annual budget.
- The head of each Department, Office or Agency of the Town, supported wholly or in part from Town funds, or for which a specific Town appropriation is made, excluding the Board of Education, shall file with the Mayor, by February 10, on forms provided by the Mayor's Office, a detailed estimate of expenditures to be made by his or her Department, Office or Agency and the revenue, other than tax revenues, to be collected thereby in the ensuing fiscal year. Such estimates shall be accompanied by a statement setting forth, in narrative or such other form as the Mayor may prescribe, a program or programs showing services, activities and work accomplished during the current year and to be accomplished during the ensuing year.
- By March 10, the Mayor shall present to the Council, written financial proposal consisting of:
 - A message outlining the financial policy of the Town Government and describing, in connection therewith, the important features of the proposal, indicating any major changes from the current year in financial policies, expenditures and revenues, together with the reasons for such changes and containing a clear general summary of its contents;
 - Estimates of revenue, presenting in parallel columns, the itemized receipts collected in the last completed fiscal year, the receipts collected during the current fiscal year prior to the time of preparing the estimates, total receipts estimated to be collected during the current fiscal year, estimates of the receipts, other than from the property tax to be collected in the ensuing fiscal year, and an estimate of unencumbered surplus which shall include the unreserved fund balance from the most recently audited fiscal year;
 - Itemized estimates of expenditures, presenting in parallel columns, the actual expenditures for each Department, Office, Agency or activity for the last completed fiscal year and for the current fiscal year prior to the time of preparing the estimates, total expenditures as estimated for the current fiscal year, the requests of the several offices and agencies for the ensuing fiscal year and the Mayor's recommendations of the amounts to be appropriated for the ensuing fiscal year for all items, and such other information as may be required by the Council
- The Mayor shall present his recommended Town budget to the Town Council who shall prepare a final Town budget and submit it to the Town Meeting for approval.

10.2 Town Council's Responsibilities.

- Following the receipt of the financial proposal from the Mayor and review by the Council, the Council shall hold one or more public hearings by April 20, at which any elector or taxpayer may have an opportunity to be heard regarding financial matters of the Town for the ensuing fiscal year. At least five (5) days prior to the aforementioned public hearing(s), sufficient copies of said annual financial proposal shall be made available for general distribution in the office of the Town Clerk and the Mayor. The Council shall cause to be published in a newspaper having substantial circulation in the Town, a notice of such public hearing(s).
- Following the holding of the final such public hearing or hearings, the Council shall prepare a budget proposal and shall recommend the same to the Annual Town Budget Meeting for action.
- At least five (5) days prior to the aforementioned Annual Town Budget Meeting, sufficient copies of said budget proposal shall be made available for general distribution in the office of the Town Clerk and the Mayor, and the Council shall cause to be published in a newspaper having substantial circulation in the Town, a notice of such Annual Town Budget Meeting, and all other budget information as required by General Statutes. The Annual Town Budget Meeting will have the power to reduce any line item of the budget as presented by the Town Council to the Annual Town Budget Meeting.
- The budget shall become effective when approved by the Annual Town Budget Meeting as provided for in the Town Charter and an official copy shall be filed with the Town Clerk.
- Should the Annual Town Budget Meeting disapprove the budget, subsequent Town Budget Meetings shall be called at ten (10) day intervals until a budget is approved.
- Upon approval of the Town Budget and the Board of Education budget, the Council shall, within seventy-two (72) hours, fix the tax rate in mills which shall be levied on taxable property in the Town for the ensuing fiscal year.
- Notwithstanding the above, the Town Council may extend the time in which to set the mill rate due to extenuating circumstances, by majority vote of its total authorized membership.
- The resolution adopting the budget may provide for appropriations by department or function, and such appropriations need not be in greater detail than to indicate the total appropriation for each department or function.

representatives from each collective bargaining unit negotiate to arrive at a preliminary union contract prescribing salaries and pay rates for the members of that collective bargaining unit. The preliminary union contract for each collective bargaining unit is submitted to the Town Council for approval. After the Town Council sets the salaries and pay rates for elected officials and Town employees who are not members of a collective bargaining unit and approves the salaries and pay rates in the preliminary union contracts, the amounts are incorporated into the Town Budget which is presented to the Town Meeting for approval.

11.4 Payroll and Timekeeping.

- Timecards/sheets are prepared by salaried and hourly staff persons. Timecards/sheets must be signed by the employee and the employee's supervisor. The Mayor's Office Manager collects the timecards and transfers the data into ADP payroll weekly. The Mayor's Office Manager also enter vacation, sick, and personal time into the ADP system. ADP calculates the payroll as the hours are entered. The Mayor's Office Manager reviews the final payroll report before submission.
- ADP prepares the payroll and delivers the payroll package on Wednesdays. Payroll checks are distributed on Thursday mornings. All employees receive a pay stub or payroll check in their departmental box in the Town hall. The complete payroll report is filed in a binder in the Mayor's Office and is reviewed by the Municipal Accounting Assistant. ADP provides a journal entry which is given to the Municipal Accounting Assistant to record the activity in the accounting software.
- The Mayor reviews timecards for hourly employees on a random basis. He will review and initial timecards for salaried employees on a random basis. Any discrepancies are investigated and corrected on the subsequent payroll check.
- The Office Manager enters pay rates at the beginning of the fiscal year and during the year as needed.
- Payroll Tax returns are prepared by ADP. The funds are deducted from the Town's operating account electronically. Returns are printed and filed by the Mayor's Office Manager in the Mayor's Office.
- ADP prepares W-2s which are mailed directly to the employees. Copies are kept in the payroll binder in the Mayor's Office.
- The Multiple Worksite Report must be filed each quarter and is completed by the Mayor's Office Manager. The total wages and number of employees needs to agree to the amounts reported on the CT-UC-5A. The Mayor's Office Manager uses the UC-5A as a reference to complete the BLS worksheet.

11.5 Time-off Tracking.

- Employees complete a Request for Time-off Form. Department Heads must approve the form before it is submitted to the Mayor's Office Manager for

approval. Department Heads requests are approved by the Mayor. The approved forms are delivered to the Mayor's Office Manager who verifies that the employee has time available.

- Approved forms are kept in the employee's personnel file. Earned time off for union works is in accordance with the Collective Bargaining Agreement.

11.6 Year-end Procedures for Form W-2 and Form 1099.

- W-2 Forms are prepared by and mailed by ADP.
- All new vendors must complete a W-9 Form. 1099-Misc. Forms and Federal and State of Connecticut transmittal forms are prepared and mailed by the Mayor's Office Manager.

Section XII: RECREATIONAL PROGRAM AND LIBRARY PROCEDURES.

12.1 Recreational Programs.

- The Department of Recreation collects participant fees from citizens in connection with programs and events put on by the Department of Recreation.
- Participant fees must be paid by check made out to the Town of Prospect. Checks received are kept in a lockbox at the Department of Recreation and delivered to the Mayor's Office at least weekly along with a list of participants and a properly coded Accounts Receivable Form. The Mayor's Office deposits the funds in accordance with the Town's Cash Receipts Process and Deposit Procedures. The Municipal Accounting Assistant records the revenue and the bank deposit in the accounting software.
- All instructors, vendors, contractors, and performers must provide certificates of insurance, a completed Form W-9, and an invoice for each service or event. All instructors, vendors, contractors, and performers that are not organized as a legal entity receive a Form 1099 annually.

12.2 Library.

Pursuant to the Town Meeting of 1905, the Library has the power to (i) control its own receipts and disbursements, and (ii) control and manage funds that it receives as donations, including its endowment. The Library approves its own invoices for payment and assigns an expense code before they are submitted to the Mayor's Office for processing and payment. Once received by the Mayor's Office, Library invoices are processed in accordance with the Accounts Payable process.