

*Town of Georgia*  
*Cash Receipts, Petty Cash & Returned Check Policy*

This policy supersedes and replaces the Cash Receipts, Petty Cash and Returned Check Policy dated the 8<sup>th</sup> of August, 2011 and the Returned Checks Policy dated April 28, 2005.

**PURPOSE.** The purpose of this Cash Receipts Policy is to establish proper management practices over cash, checks, and other receipts in order to instill public confidence in Town operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

**AUTHORIZED PERSONNEL.** For internal control purposes, only the following officers, employees, and volunteers are authorized to receive funds on behalf of the Town of Georgia: treasurer, assistant treasurer, town clerk, assistant town clerk, collector of delinquent taxes, selectboard members, cemetery commissioners, constable, fire warden, town administrator, service officer, zoning administrator, library trustees, and librarian.

**PROPER PAYEE.** All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Georgia. No instruments may be made payable to a Town officer, employee, volunteer, department, committee, board, or group.

**RECEIPTS.** Persons authorized to receive funds on behalf of the Town must issue a fully completed collection receipt for any cash received. The accounting system (currently NEMRC) generated receipt must be issued to the person from whom the funds are received. The second copy must be delivered to the treasurer with the funds.

**SAFEGUARDING FUNDS.** Safeguarding funds prior to deposit with the treasurer is the responsibility of authorized personnel receiving the funds. All coins, currency, checks, credit card information, and money orders must be retained in a secure place until deposited with the treasurer in accordance with the section below.

**PREPARING AND DEPOSITING FUNDS.** Funds collected by authorized persons totaling \$200 or more must be deposited with the treasurer no later than the following business day. Funds collected totaling less than \$200 must be deposited with the treasurer no later than the first business day of the following week.

Each person depositing funds with the treasurer must have those funds recorded in the accounting software, currently NEMRC. If the deposit is made in cash, a second person will count and verify the amount deposited in the presence of the person depositing the funds. All deposits made to the treasurer will be issued a receipt or other acknowledgement. The treasurer will take the deposits or transmit deposits electronically to the bank as necessary and retain copies of all deposit statements issued by the bank.

**BANK RECONCILIATION.** Once the Treasurer has completed the bank reconciliations in the accounting software, currently NEMRC, the Treasurer will present the reconciliation report and the bank statements to the Finance Committee of the Select Board for review and sign off.

**YEAR END CASH RECEIPTS.** The final cash deposit of the calendar year shall be made on the last business day of the calendar year. All accompanying general ledger entries shall be made as needed and the Period will be closed in the accounting system in the Accounts Payable module and the General Ledger module.

**PETTY CASH.** No officer, employee, volunteer, department, committee, board, or group may establish a petty cash system.

### **RETURNED CHECKS.**

**Returned Checks – Fees & Charges:** Checks returned unpaid by your bank are automatically deposited a second time by the Town of Georgia's bank in an effort to clear payments. The Town of Georgia has no control over this process and cannot predict when deposit attempts will happen. The best strategy is to ensure that funds sufficient to cover outstanding checks are available in your bank account when any attempts to deposit occur. If your bank fails to honor your checks after the second attempt to deposit, the check(s) will be returned to the Town of Georgia. Returned checks, regardless of the reason, are subject to a \$25.00 service charge per item. If your check is returned due to a bank error, we require a letter from your bank explaining the error. When we have a copy of the letter on file, the returned check service charge will be cancelled. Regardless of the bank's error, you are responsible for redeeming the returned check, by paying the original check amount. Do not wait to submit payment until the service charge has been cancelled, or you will be held responsible for any accrued late fees.

**Suspension of Check Writing Privileges:** Citizens and other payers who have had one check returned are placed on a cash payment basis for six months. Payers who have had one check returned for zoning or planning purchases are placed on a cash payment basis indefinitely. This means that any payment received by the Town of Georgia will be requested in the form of certified funds (cashier's check, money order, or cash); we are unable to accept credit card payments. Two or more returned checks result in the suspension of check writing privileges for two years. At the end of the suspension period, check writing privileges may be restored at the direction of the Town Treasurer. Nevertheless, any department at the Town of Georgia has the right to request payment in the form of a cashier's check, money order, or cash at any time.

**Notice for Returned Checks:** Your bank will notify you when the payment has been returned to the Town of Georgia and may charge bank penalties for each failed attempt to deposit. Shortly thereafter, you will receive notification from the Town of Georgia either by phone or letter. Whether or not you receive notification from the Town of Georgia, you are responsible for the returned check and are subject to the resultant penalties. For example, if you make a tax payment on October 15th and your check is returned, the payment is now considered delinquent and a \$25.00 returned check fee is added. Therefore, the returned check should be paid immediately.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Georgia, Vermont, this \_\_\_\_ day of \_\_\_\_\_ and is effective as of this date until amended or repealed.

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Treasurer

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Chairperson