

## **GRANTS AND DONATIONS POLICY:**

### **SECTION I. PURPOSE:**

The purpose of this policy is for the Town of Windham (“the Town”), through its Board of Selectmen (“the Board”) to establish procedures for the acceptance of funds through grants and donations. Specific to management of grant funding, the purpose of this policy is also to ensure that Town Department Heads are accountable for proper grant documentation, administration and activities.

### **SECTION II. AUTHORITY:**

This Policy has been enacted pursuant to the statutory authority granted to the Board of Selectmen by RSA 41:9 V, Financial Duties, and RSA 31:39 as it relates to their management of the Town’s prudential affairs. In 1994, the Town adopted the provisions of RSA 31:95-b, *Appropriation for Funds Made Available During the Year, (Article 39)*, which gave the Board indefinite authority to “apply for, accept and expend unanticipated money from the state, federal or other governmental unit or a private source which becomes available during the fiscal year”.

### **SECTION III. GENERAL OVERVIEW:**

#### Grant Funds

The Town may choose to seek grant funding for projects or activities that are determined to further core Town functions, or that enhance the Town’s ability to provide services not otherwise available with budgetary resources. Department Heads seeking to apply for grant funding on behalf of the Town must first receive approval from the Board in order to submit a grant application.

#### Donated Funds

This policy pertains to donations of money, provided to the Town for a public purpose. This policy does not pertain to donations for a private-purpose, which are held by the Trustees of the Trust Funds, or for other donations accepted by other elected or appointed bodies, as allowed by Statute. This policy also does not pertain to acceptance of donated goods, personal property or real property to the Town.

### **SECTION IV. DEFINITIONS:**

- A) “Grant Funds”: Any funds that are received through an application and award process administered by a granting authority.
- B) “Donated Funds”: Any funds which are freely offered to the Town, with or without conditions, but for a public purpose.
- C) “Department Head”: A Town employee, either elected or appointed, or Committee Chairperson, with spending authority and responsibility for a component of the Town’s operating budget. This designation is also meant to include an appointed designee, with similar authority in the Department Head’s absence.
- D) “Granting Authority”: The State, Federal or other granting agency responsible for awarding grant funding to the Town. This is meant to include both direct funding

from the State of New Hampshire, or pass-through funding received indirectly from a federal agency, via pass-through from a State agency.

- E) "Anticipated Funds": Grants or donated funds that are known to be received in the upcoming fiscal year for which authorization for acceptance and expenditure is received through the Town Meeting process.
- F) "Unanticipated Funds": Grants or donated funds that are not known until the current fiscal year and are considered for acceptance by the Board of Selectmen.
- G) "General Fund": Represents the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund. The Town's annual tax rate is derived from the revenue and expenditure activity in this fund.
- H) "Encumbrance": Represents purchase orders and other commitments for the expenditure of monies related to unperformed contracts for goods or services.
- I) "Town Meeting": Refers to either the annual or a special meeting of the legislative body held pursuant to RSA 40.

#### **SECTION V. PROCEDURE FOR ACCEPTANCE:**

In accordance with RSA 31:95-b, for both unanticipated grant funds and donated funds that are under \$5,000, the Board may place the item on the agenda of a regular Board meeting for a decision on acceptance of the funds. If the funds are over \$5,000, the Board shall schedule a public hearing for consideration of acceptance.

#### **SECTION VI. SPENDING PROCEDURES:**

In the case of grant funds or donated funds for which there is no required offsetting expenditure, or the expenditure is already included in the Town's operating budget, the funds are accounted for as a general fund revenue.

In the case of a reimbursable grant or donation, the acceptance of the funds described in Section V establishes a new appropriation, separate from the General Fund operating budget. The Department Head may expend the funds from this appropriation in accordance with the terms of the grant or donation, under parameters established within the Town's Purchasing Policy. The Finance Office will create a separate general ledger grant expenditure account, within the Town's overall chart of accounts, to which expenditures shall be applied for proper tracking purposes. In addition, the revenue received as reimbursement for the grant or donation expenditure, will be accounted for in a separate general ledger grant revenue account, and not included in the Town's general fund revenue.

Generally, the Town attempts to accept and expend grants and donations within the same fiscal year. However, in the case of a multi-year grant, after the first year in which the grant is approved at Town Meeting, subsequent year expenditures and offsetting revenues are built into the Town's operating budget and general fund revenue estimates. If a project funded by a one-year grant or donation extends beyond the end of the fiscal year, the revenue and associated expenditure may be carried over as an encumbrance. If no expenditure has occurred, the funds are held in the general

fund as a component of Restricted Fund Balance, as defined in the Town's Fund Balance Policy. It is the responsibility of the Finance Office to collect and maintain appropriate documentation for audit and record retention purposes, as it pertains to the acceptance and expenditure of donated funds.

**SECTION VII. GRANT ADMINISTRATION:**

Once approval has been received from the granting authority, the initiating Department Head shall ensure that all contract documentation is executed by the appropriate Town Officials, and that copies are provided to the Administrative Offices. As part of this contract execution, Department Heads are responsible to advise the Board as to any matching funds, future Town budgetary requirements or other obligations that must be adhered to as part of the conditions of grant acceptance.

Upon receipt and expenditure of grant funds, Department Heads, in conjunction with the Finance Office, are responsible for compliance with all aspects of grant requirements including tracking, and ensuring that requests for reimbursement are accurate and timely.

All grant funds must be obligated by the termination date of the project. Project funds legally obligated by the termination date must be expended within the time frame specified within the grant contract or agreement.

The official grant file including a copy of the signed contract and all documents associated with the grant, including but not limited to the contract and amendments, applications, activity and fiscal reports, and any other correspondence with the granting authority, shall be maintained by the initiating Department Head, with copies provided to the Finance Office as needed. All requests for reimbursement under the grant shall be administered by either the Finance Office (primarily for multi-year grants) or the initiating Department Head. Copies of bid documents, purchase orders and/or invoices, as well as revenue documentation shall be maintained by the Finance Office for annual audit purposes. Upon completion and closure of the grant, the grant file shall be forwarded to the Administrative Offices for record retention purposes.

**SECTION VIII : DONATION ACKNOWLEDGEMENT:**

Upon request from a donor, the Town may provide an acknowledgement letter to confirm that donations to the Town are tax-deductible under the relevant Internal Revenue Code. Refer to the sample letter in Appendix A.

**SECTION IX : AUDIT REQUIREMENTS:**

In addition to the Town's annual independent audit, should the Town accept and expend more than \$500,000 in federal funds in a given fiscal year (both direct and pass-through funds), the Town will be required to engage an independent auditor to perform a "single audit" as required by OMB Circular A-133.

**SECTION X : WAIVERS:**

The Board of Selectmen may vote to waive any portion of this policy if the Board deems it to be in the best interest of the Town of Windham.

**SECTION XI : AMENDMENTS:**

These policies may from time to time be amended by the vote of the Board at a regularly scheduled Board Meeting. Notice of proposed changes shall be posted in at least two (2) public places, one of which must be the Town Hall, at least 14 days from the date of the meeting.

**SECTION XII : EFFECTIVE DATE:**

These policies shall be effective upon a vote of the Board and shall replace any and all procedures or policies previously enacted by the Town.

**Adopted By Board of Selectmen – Date: June 25, 2012**

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**Bruce Breton**

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**Ross McLeod**

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**Roger Hohenberger**

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**Kathleen DiFruscia**

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**Phil LoChiatto**

Board of Selectmen

**APPENDIX A**

[Source: NH DOJ Charitable Trusts Unit: Handbook for Trustees]

[ Date ]

To Whom it May Concern:

**Section 170(a)(1)** of the Internal Revenue Code states: *There shall be allowed as a deduction any charitable contribution (as defined in subsection (c)) payment of which is made within the taxable year.* **Section 170(c)(1)** of the Internal Revenue Code states: *“For purposes of this section, the term ‘charitable contribution’ means a contribution or gift to or for the use of a State, a possession of the United States, or **any political subdivision** of any of the foregoing but only if the contribution or gift is made for exclusively public purposes.”* (emphasis added).

The Town of Windham and its library is a political subdivision of the State of New Hampshire. Therefore, any gift made to the Town of Windham for public purposes would be deductible for tax purposes to the donor.

Sincerely,  
[Town Official]

*[Note: The above sample letter may be used by the Town of Windham and the Nesmith Library to serve as an acknowledgement letter for donated goods.]*