

**Agenda for the Special Selectboard Meeting Thursday, August 15, 2019 6:30 PM**  
**Tracy Hall, Conference Room (2<sup>nd</sup> Floor)**

1. Approval of Agenda (Action)
2. Public Comments for items not on the Agenda (Discussion)

Policy Matters

3. \*Selectboard Policies Status – Continuation of Discussion (Discussion / Action)
4. Future Meeting Agenda Items (Discussion)
5. End of Meeting Debrief (Discussion)
6. Adjournment (Action)

\* Indicates agenda items with related documents in meeting packet

**Next Regular Meeting – August 28, 2019 at 6:30 PM**

*To receive email notices of Selectboard meetings and hearings, agendas, minutes and other notices, send an email to [manager-assistant@norwich.vt.us](mailto:manager-assistant@norwich.vt.us) requesting to be placed on the Town Email List.*

# Town of Norwich Master Financial Policy

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# Town of Norwich Master Financial Policy

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## **Town of Norwich Master Financial Policy Purpose and Goals**

### **Introduction**

#### **Statement of Purpose**

The Town of Norwich has in recent years evolved from being managed by a citizen run Select Board to the present day Town Manager form of government. The role of the Select Board has shifted away from day to day management to that of oversight and policy development. A variety of Select Board financial policies and Town Manager protocols have been developed over the years, and are compiled within this framework to provide a central and comprehensive reference point.

Written, adopted financial policies have many benefits, such as assisting the Select Board and Town Manager in the financial management of the Town, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as elected officials and staff members change. While these policies and protocols will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the Town. They will promote sound financial management and assist in the Town's stability, efficiency, and effectiveness.

This framework was developed and adopted from the VLCT document, "Dormont Financial Policies and Procedures-Final Version, 2013". Selected financial policies were reviewed by the Norwich Select Board, Town Manager, and Finance Committee in 2019 before the compilation of this document. Others are incorporated pending review. It is expected that policies will be reviewed, edited, added, and deleted as necessary on an ongoing basis within the Master Policy Framework.

#### **Financial Goals**

- Ensure the financial integrity of the Town

### Town of Norwich Master Financial Policy

- Manage financial assets in a sound and prudent manner
- Improve financial information for decision makers including policy makers and management
- Maintain and further develop programs to ensure the long term ability to pay costs necessary to provide the level and quality of service required by the citizens
- Maintain a spirit of openness and transparency while being fully accountable to the public for the Town's fiscal activities

- Ensure a set of sound internal financial controls that guide the Town related to grants, contracts, and other fiscal-related documents and programs
- Help with the provision of quality financial reporting, accounting, and auditing.
- Assist with the delineation of duties and responsibilities between and among offices (i.e., Selectboard and Town Manager, among other elected/appointed officials)

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### **Section 1: Accounting, Auditing, and Financial Reporting Policy**

#### **Effective: Upon Adoption**

**Purpose:** The purpose of this Accounting, Auditing, and Financial Reporting Policy is to establish and maintain high standards for accounting practices in the Town of Norwich, thereby enabling residents, the Selectboard, and the Town Manager to make sound decisions in preparing, adopting, and managing the town budget and handling Town finances.

**Policy: The Accounting, Auditing, and Financial Reporting Policy defines the practices the Town will use for Accounting, Auditing, and Financial Reporting; the standards of accounting to which the town will adhere as well as the frequency and scope of auditing and financial reporting the the Town will follow.**

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**Authority:** The Town Manager acts under 24 V.S.A. section 143-503 (c) (2) “Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;” “, along with any other duty/responsibility in the Job Description attached to the Town Manager’s employment contract mutually agreed between the Town Manager and the Select Board.

#### **Procedures:**

**Accounting:** The accounting practices of the Town of Norwich will conform to Generally Accepted Accounting Principles for local governments as established by the Governmental Accounting Standards Board. The Town Manager will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for fiduciary funds.

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**Auditing:** Annually, based on a fiscal year beginning July 1, the Selectboard will cause the Town’s financial statements to be audited by a qualified, properly licensed, independent auditing firm. With the exception of extreme circumstances, the results of the annual audit will be available to the Selectboard by the beginning of November.

**Comment [JL1]:** Do we want to make reference to the Audit Committee and the procedure for engaging auditors, reviewing the audit and accepting/approving it? Wiat until pg 20

**Monthly and Annual Financial Reports:** The Town Manager will prepare **Monthly** monthly financial reports for the Select Board’s review and for public dissemination, by the second meeting of each month. The June monthly report will be prepared similar to prior monthly reports. But, that report will be periodically amended to accommodate accrued expenses up until 45 days past June 30. Such accommodation allows for a proper “close out” of the fiscal year and the resulting June monthly and year-end report. Any expenses that might have been accruable to that fiscal year but are recorded after the 45-day limit shall be accounted for in the subsequent fiscal year, unless otherwise instructed by the Town’s independent auditor. The monthly reports will consist of:

**Comment [HD2]:** Intuitively, quarterly reports would be created by the respective monthly reports, unless you’re looking for some additional set of information beyond the budget report, statement of revenue, expenditures, and changes in fund balance, and balance sheet.

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- **Budget report** showing revenues collected and appropriations expended for the previous month with the variance from the budgeted amounts for each line item on both a period basis and a year-to-date basis.
- **Statement of Revenue, Expenditures, and Changes in Fund Balance** showing for each Designated Fund, revenues and expenditures and the difference between the two, the beginning fund balance for the period and the ending fund balance.
- **Balance Sheet** showing Town estimated assets less liabilities and fund balance.
- **Encumbrances And Year End Purchasing:** Encumbrances represent a monetary commitment related to contracts or goods not yet performed or received that will lapse into another fiscal year. Encumbrances are not the result of a last-minute budget surplus. For monies to be encumbered they shall be for a specific vendor, specific deliverable and specific cost. Purchase Orders or contracts that are anticipated to not be completed at the end of a fiscal year must be approved by the Town Manager as outstanding encumbrances. All purchases from June 1 to the end of the fiscal year in excess of \$500.00 shall require a purchase order

## Town of Norwich Master Financial Policy

authorization by the Town Manager. Encumbrances not spent within 90 days will be retired. Encumbrances will be represented on the balance sheet as Fund Balance and expensed in the year in which the funds are released, according to accounting standards.

- 
- Year-end Accounting and Reporting: [We should make clear what is expected and when the books must be closed after year-end.]

The Town Manager will also prepare an Annual-Year End Financial Report, available to the Selectboard by the second meeting in August or no later than September 15. This report will include financial statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the annual report will include a narrative discussion and appropriate graphics explaining how the Town's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, together with the most recent independent auditor's account will be reproduced in the Town Report each year.

Encumbrances And Year End Purchasing: Encumbrances represent a monetary commitment related to contracts or goods not yet performed or received that will lapse into another fiscal year. Encumbrances are not the result of a last-minute budget surplus. For monies to be encumbered they shall be for a specific vendor, specific deliverable and specific cost. Purchase Orders or contracts that are anticipated to not be completed at the end of a fiscal year must be approved by the Town Manager as outstanding encumbrances. All purchases from June 1 to the end of the fiscal year in excess of \$500.00 shall require a purchase order authorization by the Town Manager. Encumbrances not spent within 90 days will be retired. Encumbrances will be represented on the balance sheet as Fund Balance and expensed in the year in which the funds are released, according to accounting standards.

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Comment [C3]: Glossary item? What is this specifically

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Comment [C4]: This last sentence is Auditors report and will move or include additional para

Comment [C5]: Herb will tweak this para

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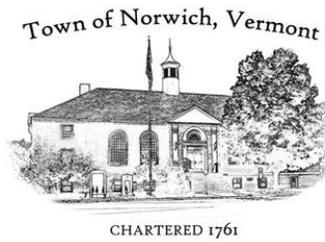
**Town of Norwich Master Financial Policy**

**Year-end Accounting and Reporting:** [We should make clear what is expected and when the books must be closed after year-end.]

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## Section 2: Purchasing Policy

### Effective: Upon Adoption

**Purpose:** This policy intends to obtain the highest quality goods and services for the Town of Norwich at the lowest possible price, to exercise financial control over the purchasing process, to clearly define authority for the purchasing function, to allow fair and equal opportunity among qualified suppliers, and to provide for public confidence in the procedures established and overseen by the Town Manager related to public purchasing and the Policy contained herein.

Policy: In order to exercise financial control the purchasing of goods and services will adhere in all ways to the procedures outlined below.

### Authority:

24 V.S.A. § 1231(3) authorizes the Town Manager as Purchasing Agent and

~~Title 24 V.S.A. section 143-503 (e)(2): "Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

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Title 24 V.S.A. section 1233 provides, in part, that; "In all matters ~~he (Town Manager)~~[the Town Manager] shall be subject to the direction and supervision and shall hold office at the will of such ~~selectmen~~..."[Select Board]..."

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~~Title 24 V.S.A. section 1236(2) provides that the Town Manager will, "To ... perform all duties now conferred by law upon the selectboard, [Select Board], except that he or she [the Town~~

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**Adopted: [DATE]**

~~Manager [he or she [the Town Manager] shall, in all matters herein excepted, render the selectboard [Select Board] such assistance as it shall require.”~~

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~~Title 24 V.S.A. Section 1236(3) further provides that the Town Manager shall “...be the general purchasing agent of the Town and purchase all supplies for every department thereof; but purchases of supplies for departments over which the manager is not given control, and of the Town school district shall be made according to requisition therefore by such departments or school directors”~~

Comment [JL6]: I'm not sure those other three references are necessary. This is the specific authority for this piece.

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Comment [C7]: Roger will email changes to Miranda to clean this up

**Procedures:**

- Affirmative Action and Local Preference:** Whenever possible, qualified small, minority and/or women-owned, and labor surplus businesses shall be included in the solicitation lists for bids or non-bid purchases. If the purchase is federally funded in whole or in part, minority and/or women owned and labor surplus businesses must be included in the solicitation lists and all other affirmative action requirements outlined in the grant provisions must be followed. The Town may exercise a preference for local businesses for purchases funded exclusively by the Town but only if such a preference does not result in unreasonable prices or rates due to a lack of competition. For purchases funded in whole or part with federal funding the Town may not exercise a preference for local businesses.

**2. Code of Conduct:**

**2.1** Employees, officers, and agents of the Town who are involved in the procurement and selection of bids and purchases shall make reasonable efforts to avoid real, apparent, or potential conflicts of interest. No employee, officer, or agent of the Town shall participate in selection, award, or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent; any member of his/her immediate family, his/her partner, or an organization which employs him or her, or is about to employ any of the above; has a financial or personal interest in the firm/vendor for award.

Comment [JL8]: Need to make sure that this does not conflict with our conflict of interest policy. May be better to simply point out that this policy is subject to that one and not say anything further so as to avoid any inadvertent confusion.

Comment [C9]: Herb will check ? possibility of deleting this

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**2.2** An employee, officer, or agent of the Town who is involved in the procurement and selection of a bid or purchase shall adhere to the Town's adopted **Conflict of Interest**

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**Policy.** If said employee, officer or agent has a real or apparent conflict of interest, that person must disclose that conflict of interest within the context of a duly-warned Select Board meeting that occurs before the bid selection or purchase takes place. Such disclosure must be documented in the minutes for that meeting which shall be retained as part of the official record surrounding the bid or purchase. Officers, employees, and agents of the Town will not solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Officers, employees and agents who fail to follow the above code of conduct or any other provisions of the Town's **Code of Ethics Policy** may be sanctioned or disciplined, to the extent permitted by law, for violations of the above policies.

Comment [JL10]: Would be great to have things like this hyperlinked for the online version.

### 3. Documentation:

3.1 For purchases utilizing federal funds, records documenting the procurement process for any ~~Minor or Major~~ purchases, as those terms are defined below, including the reason for the specific procurement method chosen, the basis for the award and contract pricing (showing evidence that the process was fair and equitable), as well as any other significant decisions that were part of the procurement process shall be maintained for a period of at least three years from the date of the submission to the Federal government of the final expenditure report if the purchase or negotiation, audit, or other action involving the other records, whichever is longer. **Otherwise, records shall be maintained by the Town in accordance with the retention and disposition schedules as set by the Vermont State Archivist.**

Comment [C11]: Add archivist rules or records retention in glossary. Herb to do

Comment [JL12]: Not very helpful. Do we know what these are? Where to find them?

### 4. Purchasing Authority:

4.1 The Town Manager is the **Purchasing Agent** for the Town. The Town Manager is responsible for ensuring that the best possible price and quality are obtained with each purchase and shall review all proposed procurements to avoid unnecessary or duplicative purchases of equipment, supplies, and services. The Town Manager shall also ensure that competition is not restricted with limits on the geographic location of vendors, with unreasonable requirements or qualifications placed on vendors, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

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**4.2 Use of Designated and Special Purpose Funds:** In all cases the Select Board shall approve the use of any Designated and Special Purpose Funds related to any expenditure.

**4.3 Incidental Purchases:** Department Heads, under the supervision of the Town Manager, may make purchases of up to 2,500 for budgeted items, without prior approval, provided those purchases are limited to the amount of the budget authorized by the Town. Prior to making such purchase, obtaining three (3) bids while not required is preferred.

**4.4 Minor Purchases:** Department Heads, under the supervision of the Town Manager, may make purchases with a value between \$2,500 and \$10,000 but only with prior approval of the Town Manager via a Purchase Order, are limited to the amount of the budget authorized by the Town. Prior to making such purchase, at least three (3) competitive bids shall be obtained and included as part of the Purchase Order submitted to the Town Manager for approval.

**4.5 Major Purchases**

**4.4(a)** All purchases between \$10,000 and \$25,000 require approval of the Select Board, inclusive of a Purchase Order approved by the Town Manager and at least three (3) competitive bids. An item/service will be selected based on cost, the quality of the goods/services offered, and the ability, capacity, and skill of the vendor demonstrated under prior contracts with the Town, as applicable.

**4.4(b)** The Town Manager shall review all proposed procurements to avoid unnecessary or duplicative purchases of equipment, supplies, and services. The Town Manager shall also ensure that competition is not restricted with limits on the geographic location of vendors, with unreasonable requirements or qualifications placed on vendors or bidders, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

**4.4(c)** If federal funding is used for purchases between \$3,000 (~~\$2,000~~~~3000~~) (~~\$2000~~ in the case of construction projects subject to Davis-Bacon requirements) and \$150,000, price or rate quotes must be obtained from three or more qualified sources following the affirmative action provision of this policy and all provisions regarding fair and unrestricted competition.

Comment [C13]: Fix this.

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**4.4(d) Large purchase or simplified acquisition threshold under federal regulations:** Large purchases with a value greater than \$25,000 but less than \$150,000 must follow a sealed bid process as outlined below.

**4.4(e)** Purchases at or exceeding \$150,000, or construction projects of any value that are funded with federal dollars, must follow a sealed bid process as outlined below and also follow any procurement guidelines as outlined in the grant agreement (e.g. 2015 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). In addition, a pricing analysis must be completed by the Town Manager or a qualified consultant prior to issuing the request for proposal (RFP) to ensure that there is a reasonable estimate against which to compare bid proposal pricing.

## **5. Sealed Bid Process:**

**5.1** The sealed bid process shall be initiated by the issuance of a Request for Bids/Proposals (RFB/RFP) prepared by the respective Department Head under the supervision of the Town Manager, along with an approved Purchase Order. Notice of the RFB/RFP shall be made by letters to known providers soliciting bid responses, advertisements posted in three public locations within the Town, advertisements placed in a newspaper of general circulation in the region, and advertisement placed on the Town's webpage. The Town Manager may reasonably opt to use other advertising methods (e.g. Norwich Listserve), known state/national associations with bid listing capabilities, and other bid notice locations) to help ensure the most competitive process possible, taking into account the cost and likely benefit of such additional advertising.

## **6. Bid Specifications:**

**6.1** For any RFB/RFP, a list of bid specifications shall be prepared for each purchase equal to \$2500 or greater and shall be available for inspection at the Town Offices, at the respective department's office involved in the bid process, and on the Town's webpage ([www.norwich.vt.us](http://www.norwich.vt.us)). Bid specifications shall include:

**6.1(a)** Bid name

**6.1(b)** Bid submission deadline

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- 6.1(c) Date, location, and time of bid opening
- 6.1(d) Specifications for the project or services including quantity, design, and performance features
- 6.1(e) Bond and/or insurance requirements
- 6.1(f) -A copy of the proposed contract
- 6.1(g) Any special requirements unique to the project or purchase
- 6.1(h) Delivery or completion date, and required deliverables specific to each Milestone date and completion date.
- 6.1(i) For construction projects, language that sets a requirement for a bid Guarantee in the amount of 5% of the bid price from all bidders, as well as performance and payment bonds in the amount of 100% of the contract price from the contractor awarded the bid. If federally grant funded, the bidders must also include costs for Davis-Bacon compliance if that is a requirement of the federal agency providing the funding.
- 6.1(j) For construction projects over \$2000, a statement that contractors will be provided with a copy of the most current wage determination (from the DOL website at:  
~~<http://www.wdol.gov/dba.aspx>~~<http://www.wdol.gov/dba.aspx>) and must comply with the Davis-Bacon Act.
- 6.1(k) In some cases, the Town will require disclosure of the bidder's indirect overhead rate.
- 6.1(l) Language that reserves for the Town the right at its sole discretion to reject any and all bids, wholly or in part, to waive any informalities or any irregularities therein, to accept any bid even though it may not be the lowest bid, to call for rebids, to negotiate with any bidder, and to make an award that in its sole and absolute judgement will best serve the Town's interest. The Town reserves the right to investigate the financial condition of any bidder to determine his/her ability to assure service throughout the term of the contract.

**7. Bid Submission:**

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- 7.1** All bids must be submitted in sealed envelopes, addressed to the Town in care of the Town Manager, and plainly marked with the name of the bid. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt by the Town. Any bid may be withdrawn in writing prior to the scheduled time for the opening of the bids. Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened. For some bids, technical proposals will need to be submitted in a separately sealed envelope from the sealed cost proposal. This occurs when the technical proposals will be reviewed and ranked according to the criteria for bid selection, regardless of cost, before opening the cost proposals.
- 7.2.** Bidders shall bid to specifications and any exceptions must be noted by the bidder. A bidder submitting a bid thereby certifies that the bid was made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work, and that the bidder is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

## **8. Bid Opening:**

- 8.1.** Every bid received prior to the bid submission deadline will be publicly opened and read aloud and recorded by the Town Manager and the respective Department Head. When the Selectboard is involved, the Town Manager shall prepare a summary of the bid opening and report to the Selectboard at a duly warned meeting so the Select Board can make its decision. The bid opening will include the name and address of bidder, for lump sum contracts, the lump sum base and the bid for each alternate; for unit price contracts, the unit price for each item and the total, if stated; and the amount of security furnished with each bid, if required.

## **9. Criteria for Bid Selection:** In evaluating bids, the Town will consider the following criteria:

- 9.1.** Price.

- 9.2 Bidder's ability to perform within the specified time limits.
- 9.3 Bidder's experience and reputation, including past performance for the Town.
- 9.4 Quality of the materials and services specified in the bid.
- 9.5 Bidder's ability to meet other terms and conditions, including insurance and bond requirements.
- 9.6 Bidder's financial responsibility.
- 9.7 Bidder's availability to provide future service, maintenance, and support.
- 9.8 Nature and size of bidder.
- 9.9 Contract provisions that are acceptable to the Town.
- 9.10 For construction projects over \$2000, contractor's indication of acceptance of wages in the current wage determination provided as part of the RFB/RFP.
- 9.11 Bidder is not on any debarment list related to the goods and services the bidder provides.
- 9.12 Any other factors that the Town determines relevant and appropriate in connection with given project or service.
- 9.13 Federal contracts require that there will be no preference exercised for local contractors or suppliers.
- 9.14 Federal contracts require that minority and women-owned businesses and labor surplus businesses must be included in the solicitation list for the RFB/RFP.
- 9.15 Federal contracts require that the Select Board not select a bidder who is listed on the Excluded Parties List System website (<https://www.sam.gov>).

#### **10. Change Orders:**

- 10.1 If specification changes are made prior to the close of the bid process, the RFB/RFP will be amended and notice shall be sent to any bidder who already submitted a bid and a new bid process will be initiated, unless a

mandatory pre-bid meeting is included as part of the bid process. In the instance of a mandatory pre-bid meeting, a new bid process does not have to be initiated. Instead, the bidders attending the pre-bid meeting will be notified and provided with any relevant change order documentation with sufficient time to meet the deadline requirement or notification by the Town that the deadline has been amended. Once a bid has been accepted, if changes to the specifications become necessary, the Town Manager will prepare a change order specifying the scope of the change. Once approved, the contractor and the Town Manager must sign the change order.

**11. Exceptions:** The following exceptions may apply, however there must be written documentation created and maintained that outlines the process and rationale for such exceptions.

**11.1 Competitive Proposals:** If time does not permit the use of sealed bids, or the award will be made on the basis of non-price related factors, a competitive proposal process shall be initiated by the issuance of a RFB/RFP or Request for Qualifications (RFQ) prepared by the Selectboard or its designee that includes the factors that will be used to evaluate and compare the proposals. Bids or qualifications shall be obtained from an adequate number of qualified sources (at least three vendors) to ensure that the Town has received a fair and reasonable price and all notification and record keeping requirements of the sealed bid process shall be followed. If architectural or engineering services are being solicited, this should be used with the most qualified firm or individual awarded the bid and price or fees negotiated after the award. If competitive proposals are used, all of the above steps in the sealed bid process should be followed except that: 1) the bid submission need not be sealed; and 2) price will not be the primary factor in the proposal selection.

**11.2 Sole Source Purchases:** If, the Town Manager for Minor Purchases and the

one source

Selectboard for Major Purchases, determines in writing that there is only

for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source. If federal funds are involved, sole source purchases are only permitted subject to such allowance by the respective federal (or state) agency administering such funds.

**11.3 Recurring Purchases:** If the total value of a recurring purchase of a good or service is anticipated to exceed \$10,000 during any fiscal year, the bid process shall be used and specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases shall be made from that bidder without necessity of additional bids, until such time as the Selectboard votes to initiate a new bid process. It is recommended that such recurring expenses not exceed 3-5 years without initiating a new bid process.

**11.4 Emergency Purchases:** The Town Manager may award contracts and make purchases totaling up to \$25,000 for meeting the needs of a public emergency without complying with the bid process. Usually within 70 hours of such public emergency, emergency expenditures may include immediate repair or maintenance of town property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of important Town services. Any additional emergency purchasing exceeding the \$25,000 threshold must be approved by the Selectboard at a duly warned meeting (whether a regular, special, or emergency meeting of the Board). The Selectboard may authorize additional emergency expenditures or authorize the Town Manager to make additional purchases without complying with the bid process, but only up to that time that adherence to the normal bid process can be carried out.

**11.5 Professional Services:** The bid process shall not apply to the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing,

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risk management, and insurance services with a value of up to \$25,000.

Federally funded, non-competitive purchases for \$150,000

or more require a cost analysis to determine the reasonableness of the proposed pricing and should be completed in accordance with the requirements of the federal or state agency issuing the grant funding.

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**Town of Norwich Master Financial Policy**

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**Section 3: Cash Receipts, Petty Cash, and Returned Check Policy**

Comment [RA14]: We don't mention returned checks in this policy. What are our returned check fees? We could write this part in this policy.

**Effective: Upon Adoption**

**Purpose:** The purpose of this Cash Receipts policy is to establish proper management practices by ~~the~~ Town of Norwich employees when their assigned duties require the processing of 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.

Policy: The Town Manager, Town Clerk and Assistant Town Clerk, all department heads and employees will follow the management practices for Cash Receipts.

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**Authority:** ~~The Town Manager under 24 V.S.A. section 143-503 (c)(2) "Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

**Procedures:**

~~The Town Manager is encouraged to develop and adhere to procedures intended to carry out the Purpose of this policy. As of the effective date of this policy, the following~~ procedures have been established by the Town Manager. The Town Manager is encouraged to consult with the Finance Committee and the Town's independent auditor prior to amending the procedures for which that office is authorized. If the Town Manager amends the procedures, ~~within 10 business days, the Town Manager in a timely fashion~~ shall provide a copy to the Select Board, the Finance Committee, Town Department Heads, the Town's independent auditor, and to any other member of the public at-large requesting such copy

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**1. Department Revenues:**

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1.1 All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Norwich. No instruments may be made payable to a Town officer, employee, department, or committee.

~~1.1.2~~ The Town Clerk ~~or Assistant Town Clerk~~ will record all ~~their~~ departmental revenues upon receipt directly into the Cash Receipts module of NEMRC accounting software. in the computer on the Town Clerk's counter. At the end of each day a daily receipts report from NEMRC will be ~~run from the computer and~~ reconciled with the checks and cash in the drawer.

Comment [JL15]: Still relevant and used?

~~1.2.1.3~~ All other departments will deliver cash, ~~and~~ checks and credit card information to the Finance Department ~~at least~~ on a monthly daily basis. Responsibility Safeguarding ~~for~~ cash remains the responsibility of with the department until turned over to the Finance Department. All checks will be endorsed as received to reduce the risk for fraud. A transmittal form should accompany the monies indicating which General Ledger accounts are to be credited. A copy of the transmittal should be kept by each department. The Finance Department will record these revenues in the Cash Receipts module of NEMRC.

Comment [JL16]: Should this be weekly?

Comment [C17]: Need to cover Transfer station deposits here-unless things have changed since deposit with bank procedure has changed

~~1.3.1.4~~ The Finance Department will recount and confirm cash and checks received against the daily cash receipts journal and will be responsible for depositing all daily receipts in the bank.

~~1.4.1.5~~ No Town employee or Department shall extend credit for services rendered without the written approval of the Town Manager.

**2. Voided Checks:**

2.1 If a check is voided after approval by the Select Board and the check is to be reissued, it will be reissued and included on a subsequent warrant.

**3. Accounts Payable and Interim Checks:**

3.1 In order for invoices to be included on an Accounts Payable Warrant, they must be provided to the Finance Department by 1:00 pm on the Thursday preceding the next Select Board Meeting regular Payroll/AP Warrant period.

3.2 Checks that need to be written that do On the RARE occasion that a check(s) needs to be written that does not coincide with the regular approval period of Accounts

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Payable Warrants, such check(s) shall receive approval for payment from the Town Manager and the Chair, or in their absence, Vice Chair, authorized member of the Select Board. These interim checks will be included on the warrant provided to the Select Board at their next regular meeting. Further, the Town Manager will explore with any individual(s) involved, including any vendor, as to how such rare instance can be avoided in the future.

~~3.3 Examples: payroll related bills, postage, and payments that must meet a specific deadline and fall outside of the regular Select Board meeting Payroll/AP Warrant schedule.~~

4. **Employee Reimbursement:**

**Comment [RA18]:** We may wish to create an authorized personnel section or else keep in mind or modify this policy to include citizens who sometimes file for reimbursement for their work around town.

~~4.1 It is not recommended or encouraged that employees make purchases using personal funds on behalf of the Town. However, if this does occur, with prior approval of the Department Head or Town Manager, the Town will reimburse employees through semi-weekly accounts payable runs done in accordance with scheduled Select Board meetings. The meetings the regular Payroll/AP Warrant schedule. The~~ employee shall complete an Employee Expense Reimbursement Form attaching an itemized receipt for goods or services purchased, and indicating the account to be charged. This will be signed by the Department Head and ~~a~~ in the case the Department Head seeks Reimbursement-reimbursement Form, by the Town Manager. All other purchasing procedures set forth in this policy also apply.

**Comment [C19]:** I can't see a circumstance where a town employee would need to use personal funds for town purchases. PPE, like steel toed boots could/should be part of this but the boots are not technically for town use.

5. **Petty Cash:**

5.1 All Town business shall be conducted by Purchase Order, electronic accounts including credit and debit cards and written checks. ~~No Town business shall be conducted on a cash basis and~~ As of October 1, 2019, petty cash no officer, employee, department, or committee is authorized to establish longer will be an option for Town employees. By September 30, 2019, a petty cash system. will be properly accounted, turned over to the Finance Office, and deposited into the General Fund with recording to the appropriate budgetary line item.

**Comment [JL20]:** I don't think we can eliminate receipt of cash, but we can probably eliminate spending of cash.

6. **Forms:**

6.1 The following form is available from the Finance Department:  
Expense Reimbursement Form

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## Section 4: Credit Card Policy

### Effective: Upon Adoption

**Purpose:** Credit cards provide a convenient method of obtaining goods and services for the Town. However, by their nature, credit cards provide an opportunity for unauthorized purchases and fraudulent activity. The purpose of this policy is to establish criteria for the proper use of credit cards when conducting Town business.

Policy: The use of the Town Credit Card and two (2) business charge cards are to be used by the Town Manager or with the prior authorization of the Town Manager.

**Authority:** ~~The Town Manager under~~ 24 V.S.A. section 143-503 (c) (2)

**Policy:** This Policy authorizes the Town Manager to use a Town credit card and two business charge cards (Staples and Home Depot) to conduct town business. The Town credit card may be used by Department Heads with approval of the Town Manager.

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~~“Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;”~~

### Procedures:

#### Credit Card Use

~~4.1 The Town has one credit card, and two business charge cards: Staples and Home Depot.~~

~~4.12~~ No individual, including Department Heads, has the authority to open a credit card account in the Town’s name.

~~4.2 Credit cards may not be used for personal purchases, cash advances, or purchases that exceed the card’s authorized purchase limit.~~

#### Security

~~4.3 The Town Manager is responsible for the card’s protection and custody and shall immediately notify the Selectboard and the credit card company or bank if the credit card is lost or stolen.~~

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~~4.3 The Town credit card may be used with prior approval of the Town Manager, and only for official Town purposes. No personal use or purchases of a personal nature shall be allowed, regardless of payback intentions.~~

4.4 Within five business days of each credit card transaction the Department Head shall furnish the Finance Department a signed itemized receipt and purchase record detailing exactly what was purchased and to what account it should be charged. The purpose for this is to prepay when possible to avoid finance and late charges.

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Separation

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4.5 Prior to separation from the Town, the Town Manager will surrender the credit card to the Selectboard Chair.

Town of Norwich Master Financial Policy

**Section 5: Debt Management Policy**

**Effective: Upon Adoption**

**Purpose:** The purpose of this Debt Management Policy is to establish the guidelines for the issuance of debt by the Town of Norwich. Debt levels and the related debt service expenditures are important obligations that must be managed with available short and long term resources. The overall debt service for the town and the schools should be considered as part of the process, though the school district is a separate "municipality" from the Town. ~~This policy also addresses the level of indebtedness that the Town can reasonably expect to incur without jeopardizing its existing financial position.~~

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~~Policy: Adherence to a debt management policy, along with the utilization of other sound and prudent financial practices, and the Town's other financial policies, will assure the lending market that the Town is well managed and will meet its obligations in a timely manner. The level of indebtedness that the Town of Norwich can expect to incur should not jeopardize its existing financial position while also assuring the lending market the Town is well managed and will meet its obligations in a timely manner.~~

Authority: the Town is enabled under Vermont law to incur debt in various forms including but not necessarily limited to 24 VSA §1752 (bond issuance); 24 VSA §1786a (borrowing for public improvements and capital assets); 24 VSA §1788 (emergency indebtedness); and [I'm sure there are some other enabling statutory references that could be added here]

~~Authority: The Town Manager acts under 24 V.S.A. section 143-503 (c)(2) "Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

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**Title-24 V.S.A. section 1233**

~~The Town of Norwich is enabled under Vermont law to incur debt in various forms including but not necessarily limited to 24 VSA §1752; 24 VSA §1786a; 24 VSA §1788 provides, in part, that; "In all matters he (Town Manager) shall be subject to the direction and supervision and shall hold office at the will of such selectmen."~~

Comment [JL21]: Why is this section referred to here?

**Procedures:**

**1.0 Planning and Performance:**

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**1.1 Debt management** means adopting and maintaining financial plans for both the issuance of debt and the repayment of debt. The determination to issue new debt should be made as a part of the adoption of the ~~annual capital budget~~Capital Program and Budget program, which prioritizes capital projects and identifies the various funding sources available for those projects. Planning for the repayment of debt will include analysis of the operating budget to determine the ability of the Town to incur the additional debt service required by the new debt.

**1.2 Town of Norwich Fund Balance Management Policy:** is designed to provide the operating funds of the Town with a sufficient level of unreserved, undesignated fund balance or net assets to maintain financial stability, and to provide adequate cash flow to avoid the need for short term revenue anticipation notes or tax anticipation notes.

**Comment [RA22]:** I think we should consider an "Emergency Fund" and visit this policy more broadly by including, among other things, definitions for fund balance types (e.g. "Committed funds," non-spendable funds"

**1.3 Town of Norwich Capital Budget Policy:** is designed to provide for the orderly funding of capital project needs of the Town, including the use of capital reserveDesignated and Special Purpose funds to avoid the need for incurring long term debt to purchase vehicles and equipment, and to minimize the amount of long term debt required for the acquisition of land, buildings, and infrastructure.

**Comment [HD23]:** If the Selectboard proceeds with the recommendation to establish a designated fund for emergency reserves, this text may need to be amended to take that into consideration.

## 2.0 Types of Debt:

**2.1 Short Term Debt** should be limited to borrowing to cover short term, temporary cash flow shortages, generally within the Town's fiscal year, either through the use of revenue anticipation notes or tax anticipation notes in those unusual instances where the Fund Balance Management Policy does not provide an adequate level of cash flow, or through the use of bond anticipation notes when cash is required to initiate a capital project prior to the receipt of bond proceeds. The Town should manage its finances in such a manner to avoid the use of short term debt when possible.

**2.2 Long Term Debt** shall be issued for the acquisition, construction, or improvement of land, buildings, or infrastructure, that cannot be financed from current revenues or other resources. Current year budget appropriations and accumulated reserveDesignated and Special Purpose funds should be used to minimize the amount of long term borrowing that is required. Whenever possible, long-term debt should not be used to pay for 100% of the cost of the acquisition or improvement of capital assets. The use of long term debt financing to finance the purchase of vehicles and

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equipment should be avoided except in emergencies, or unless it can be demonstrated that it is financially beneficial to do so.

### 3.0 Purpose of Debt:

**3.1 General Obligation Debt**, funded by general fund property taxes, shall be used for projects that provide a general benefit to Town residents, and that cannot otherwise be self-supporting.

### 4.0 Repayment of Debt:

**4.1 Projections:** The Town will conservatively project the revenue sources that will be utilized to repay any additional debt, and will analyze the impact on taxpayers of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine whether new debt should be issued and to structure the appropriate repayment terms for each debt issue.

**4.2 Maturity:** The maturity of long term debt shall be kept as short as possible to minimize the overall impact on the taxpayers during the life of the debt, while at the same time not so short that the repayment will create an unreasonable burden. In no event shall the life of the debt exceed the life of the improvement being financed.

### 5.0 Key Debt Ratios:

**5.1 Guidelines:** ~~Several key debt ratios are used as indicators of financial stability and to determine the Town's credit-worthiness.~~ The following guideline should be used when determining whether debt should be issued: **Net General Fund bonded debt as a percentage of total assessed valuation should not exceed 1%.** Other guidelines may be adopted as needed and appropriate.

**Comment [RA24]:** Total annual General Obligation Debt service (principal and interest) as a percentage of its municipal Grand List shall not exceed

Total annual General Fund debt service (principal and interest) as a percentage of total Town General Fund Operating Budget expenditures should not exceed

**Comment [JL25]:** What does this mean?

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## Section 6: Capital Program and Budget Policy

### Effective: Upon Adoption

**Purpose:** The purpose of this Capital Program and Budget Policy is to establish and maintain a capital improvement program (CIP) capital budget and program for the Town of Norwich.

**Policy:** The Selectboard will adopt a five-year CIP for the Town of Norwich through the annual Budget process. The CIP will be reviewed and updated annually. The capital assets of the Town and their condition are critical to the quality of services provided to the municipality. A CIP is a multi-year financial plan for the construction or acquisition of capital assets. It provides for the planning of future financial resources and financing of projects (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt). A CIP also identifies the future financial resources required to operate and maintain capital assets once they have been acquired. Through a CIP, the Town can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to better manage its long-term financial position.

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Policy: The Town will establish and maintain a Capital Program and Budget Program for the construction or acquisition of capital assets such as major equipment purchases, new or re-furnished buildings, or other major infrastructure projects.

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Authority: Pursuant to 24 VSA §4443, the Selectboard is enabled to adopt a capital budget & program.

Comment [RA26]: Does the planning commission have authority under 24 VSA §4325(6)?

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Note: Vermont law enables the Planning Commission under 24 VSA §4325(6) to prepare the capital budget and program for the Selectboard's consideration. However, generally, the Selectboard prefers to have the Town Manager be responsible for its actual preparation and encourages recommendations of the Planning Commission pertaining to conformity of the capital budget and program with the Town Plan.

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Authority: ~~The Town Manager's acts under 24 V.S.A. section 143-503 (e) (2) 24 V.S.A. § 4430;~~  
24 VSA §4443 allows Select board to adopt a capital budget program; 24 V.S.A. § 2804 allows  
Selectboard to accumulate resources to pay for items included in a CIP

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~~); "Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

**Procedures:**

**1.0 ~~Capital Improvement Plan and Budget:~~ Capital Budget and Program:**

~~1.1~~ **1.1** ~~The Select Board will adopt a five year CIP for the Town of Norwich thrgh through the annual Budget process. A Capital Improvement Plan This (CIP) plan will include the Town's plan of capital projects proposed to be undertaken during each of the following five years, the estimated cost of those projects, and the proposed method of financing. The Select Board will review and update the CIP annually.~~ **Capital Budget:** A capital budget shall list and describe the capital projects to be undertaken during the coming fiscal year, the estimated cost of those projects, and the proposed method of financing.

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~~1.2~~ **1.2** Capital Program: A capital program is a plan of capital projects proposed to be undertaken during each of the following five years, the estimated cost of those projects, and the proposed method of financing.

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**1.3** Capital Project: A capital project is any one or more of the following:

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- Any physical betterment or improvement, including furnishing, machinery, apparatus, or equipment for that physical betterment or improvement when first constructed or acquired.
- Any preliminary studies and surveys relating to any physical betterment or improvement.
- Land or rights in land.

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- Any combination of the above cited items.

Capital Expenditures: For purposes of CIP capital projects, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than \$5000 and any expenditure for infrastructure (e.g. roads, bridges, water and waste water distribution and collection systems) costing more than \$25,000.

1.21.4 The CIP will be arranged to indicate the **Order of Priority** of each capital project

and

to state for each project the following:

(a) A description of each proposed project and the estimated total cost of the project.

(b) The proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established ~~reserve funds~~ Designated Funds, Designated and Special Purpose funds; the amount estimated to be received from the federal or state government; the amount to be financed by impact fees; and the amount to be financed by ~~debt~~ the issuance of obligations; (see section 5 Debt Management Policy above), showing the proposed type(s) of obligation, together with the proposed period of usefulness for which they are proposed to be issued.

(c) An estimate of the effect, if any, upon operating costs of the Town.

~~(d)~~ (d) Annually, the Planning Commission may submit recommendations to the Town Manager and the Selectboard for the capital budget and program, that shall be in conformance with the Town Plan.

~~(de)~~ Each year, the Town will develop a capital budget that lists and describes the capital expenditures to be undertaken by the Town during the coming fiscal year.

~~(e)~~ Annually, the capital budget and program should be updated.

~~(ef)~~ As resources are available, the capital budget will be incorporated into the current year operating budget. Annually, the capital budget portion of the capital budget and program should be incorporated into the Selectboard's proposed budget for voter approval at the March Town Meeting.

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~~2.0 Capital Expenditures: For purposes of CIP a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than \$5,000 and having an expected useful life of at least five years and any expenditure for infrastructure (e.g. roads, bridges, water and waste water distribution and collection systems) costing more than \$25,000.~~

**3.0 Reserve-Designated and Special Purpose Funds:** In conjunction with the Town's ~~debt~~ Debt Management Policy, the Town Manager shall annually propose funding of reserve funds to accumulate resources to pay for items included in the CIP-capital budget and program. The use of such reserve-Designated and Special Purpose funds should minimize large fluctuations in the tax rate and will reduce the need for incurring additional debt. Other capital improvements may be funded by bond issue or through the operating budget.

**4.0 Priority Criteria:** Capital projects ~~and/or capital assets~~ will receive a higher priority if they meet some or most of these criteria:

- 4.1 ~~The project or asset meets~~ Meets a policy goal or fulfills a strategic objective of the Town and its adopted Comprehensive Plan.
- 4.2 ~~The~~ The project or asset is required under a state or federal mandate, law, or regulation.
- 4.3 ~~The~~ The project or asset will Will mitigate or eliminate a known safety hazard.
- 4.4 ~~The project or asset will~~ Will maintain and improve the delivery of public services to the majority of the population.
- 4.5 ~~The project or asset will~~ Will improve the quality of existing infrastructure.
- 4.6 Non-tax based revenue and/or State or federal grant funds are available to assist in funding ~~for~~ the project.

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**Section 7: Investment Policy**

**Comment [HD27]:** I assume the text of this policy matches the latest version. Technically, this policy is dealt with between the Board and the Treasurer. Thus, I did not spend time reviewing it.

**Effective: Upon Adoption**

**Purpose:** The purpose of this Investment Policy is to establish the investment objectives, standards of investing prudence, eligible investments and transactions, reporting requirements, safe keeping and custodial procedures necessary for the proper management and investment of the excess operating funds of the Town, and under certain circumstances, bond proceeds.

~~Policy: The Town of Norwich prioritizes the security of principal, liquidity as needed to meet projected expenditures, and return on investment.~~

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This policy shall apply to the investment of bond proceeds, only insofar as the policy is not in conflict with applicable bond debenture requirements and Vermont municipal finance laws.

This policy does not apply to trust funds held by the Town of Norwich. These funds are managed under separate investment policy for trust assets as may be adopted by the Trustees of Public Funds

Policy: The Treasurer will invest Town funds to ensure the security of the principal, liquidity as needed and return on investment, in that order.

**Authority:** In accordance with **24 V.S.A. section 1571(b)**, monies received by the Treasurer on behalf of the Town of Norwich ~~(Town)~~ may be invested and reinvested by the Treasurer with the approval of the Selectboard. ~~Legislative Body (Selectboard).~~

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The Treasurer shall file a quarterly investment report with the Selectboard that analyzes the status of the current investment portfolio and the individual transactions executed over the last quarter as required by **24 V.S.A. section 1571(c)**.

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**Policy Objectives and Procedures:**

**1. Policy Objectives:**

~~1.1 The primary objectives of the Town's investment policy shall be security of principal, liquidity as needed to meet projected expenditures, and return on investment, in that order of priority.~~

~~1.21.1~~ **Security:** Security of principal shall be the foremost objective of Town funds.

Investments will be undertaken so as to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk (the risk of loss due to the failure of the security) and interest rate risk (the risk that the market value of securities in the portfolio will fall due to changes in market interest rates). Credit risk will be minimized by diversifying the Town's investment portfolio so that the impact of potential losses from any one type of investment will be minimized. Interest rate risk will be minimized by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the Town's investment portfolio.

~~1.31.2~~ **Liquidity:** The Town's investment portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements. This will be accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. The portfolio will consist primarily exclusivley of securities with active secondary or resale markets. A portion of the portfolio may be placed in money market mutual funds to ensure liquidity for short-term funds.

Comment [JL28]: Would there ever need to be an exception to this?

~~1.41.3~~ **Return on Investment:** The investment portfolio will be designed to attain a market rate of return throughout budget and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary

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~~importance less important than compared to~~ the security and liquidity objectives described above. The core of the investments will be limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

**2. Pooling:**

**2.1** Except where prohibited by law and specifically excluding bond proceeds, which shall remain in segregated accounts, cash and reserve balances from all funds may be consolidated to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to various funds based on their respective participation and in accordance with generally accepted accounting principles.

**3. Diversification of the Investment Portfolio:**

**3.1** The Treasurer shall maintain sufficient diversification of investments such that the ability of the Town of Norwich to continue to do business on an ongoing basis will not be impaired because of a liquidity crisis occurring in any one type of investment with which the Town of Norwich has invested. Diversification includes investing in securities with varying maturities and matching maturity of investments to needed cash flow. U.S. Treasury obligations that carry the full faith and credit guarantee of the United States government meet the requirements of this section.

Comment [RA29]: Not in model policy, but makes sense to include.

**4. Standard of Care:**

**4.1** The standard of care to be used by the Treasurer and Selectboard shall be the prudent person standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**5. Conflicts of Interest:**

**5.1** Actions taken under this policy are explicitly subject to the Town's Conflict of Interest Policy~~The Selectboard and the Treasurer shall refrain from personal business activity that could conflict with the proper execution and management of the Town's investments or that could impair their ability to make impartial decisions. They shall~~

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~~disclose any material interests in financial institutions with which the Town conducts business, and further disclose any personal financial or investment positions that could be related to the performance of the Town's investments. Selectboard members and the Treasurer shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.~~

**6. Authorized Investments and Institutions:**

**6.1 Public deposits shall only be made in qualified public depositories as established by Vermont or New Hampshire law. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the Town must supply the following as appropriate:**

**6.1(a)** Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

**6.1(b)** Proof of National Association of Securities Dealers (NASD) certification.

**6.1(c)** Proof of State registration.

**6.1(d)** Certification of having read, understood, and agreed to compliance with the Town's investment policy.

**6.1(e)** Evidence of adequate insurance coverage.

**6.2 ~~The following~~ Only investments of the following types ~~are~~ will be permitted under this policy:**

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**6.2(a)** U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government and are considered to be the most secure instruments available:-

**6.2(b)** U.S. government agency and instrumentality obligations including Government Sponsored Enterprises securities that carry the full faith and credit guarantee of the United States government ~~Ginnie Mae~~.

**6.2(c)** Certificates of Deposit and other evidences of deposit at financial institutions that are insured by the FDIC, in amounts that may be fully insured.

**6.2(d)** Repurpose agreements whose underlying purchased securities consist of the aforementioned instruments.

Comment [JL30]: What are these?

Comment [RA31]: No money market mutual funds?

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**7. Collateralization:**

Comment [JL32]: Do we currently do this?

7.1 Collateralization using obligations fully guaranteed by the full faith and credit of the State of Vermont, and/or the United States Government is required on all investments or an Irrevocable Stand-by Letter of Credit issued by the Federal Home Loan Bank in the Town's name. The current market value of the applicable collateral will at all times be no less than 102% of the sum of principal plus accrued interest of the certificates of deposit **or the repurchase agreement** secured by the collateral.

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Collateral shall be held by an independent party, in the Town's name with whom the Town has a current custodial agreement that has been approved by the Selectboard. Evidence of ownership must be supplied to, and retained by, the Town.

**8. Safekeeping and Custody:**

8.1 All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. **Securities will be held by an independent third-party custodian selected by the Treasurer** as evidenced by safekeeping receipts in the Town's name.

Comment [JL33]: Does this happen now?

8.2 The safekeeping institution shall annually provide a copy of its most recent report on internal controls: Statement of Auditing Standards No. 70- (SAS 70).

**9. Reporting:**

9.1 The Treasurer shall file a quarterly investment report with the Selectboard that analyzes the status of the current investment portfolio and the individual transactions executed over the last quarter as required by **24 V.S.A. section 1571(c)**. **The report will include the average yield of investments as compared to applicable benchmarks. This report will be prepared in a manner which will allow the Selectboard to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report shall be provided to the Selectboard within 30 days of the end of a Fiscal Year quarter.**

Comment [RA34]: Model policy includes more detailed reporting requirements: The report will include a listing of individual securities held at the end of the reporting period, realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity, average weighted yield to maturity of portfolio on investment compared to applicable benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

**10. Timely Review:**

10.1 The Selectboard shall endeavor to review and reaffirm this policy annually.

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## Section 8: Trustees of Public Funds Investment Policy

### Effective: Upon Adoption

**Note:** As of July 1, 2019 there is no existing policy of this nature. The Trustees of Public Funds are responsible for writing the policy. A model policy is available from the Vermont League of Cities and Towns that may serve as a basis for a future policy. The VLCT recommends that this type of policy be part of a municipality's Master Financial Policy. As such, it is the policy of the Selectboard that having such policy prepared and adopted by the Trustees of Public Funds would be in the best financial interests of the Town.

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## Section 9: Fraud Prevention Policy

### Effective: Upon Adoption

**Purpose:** This policy provides a mechanism and encouragement for employees and officers to bring to the attention of the Town any complaint regarding the integrity of the Town's internal financial controls ~~or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports.~~

~~**Policy:** The Town of Norwich is committed to protecting its revenue, property, information, and other assets.~~ Town employees and officers shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions concerning the fair presentation of town financial statements in accordance with this policy.

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Policy: Town employees, officers, or elected officials will report any reasonable suspicion of financial impropriety without threat of being discharged, demoted, suspended, threatened, harassed or discriminated against.

### Authority:

~~The Town Manager under **24 V.S.A. section 143-503 (e)(2): "Authority and duties in particular.** The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

Title **24 V.S.A. section 1233** provides, in part, that: "In all matters ~~he (Town Manager)~~[the Town Manager] shall be subject to the direction and supervision and shall hold office at the will of ~~such selectmen...~~" [Select Board]..."

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Title 24 V.S.A. section 1686(c) states “any **Town officer** who willfully refuses or neglects to submit ~~his or her~~[their] books, accounts, vouchers, or tax bills to the Town Manager (or the Selectboard) upon request or to furnish all necessary information in relation thereto, shall be ineligible for re-election for the year ensuing and be subject to the penalties otherwise prescribed by law.”

Comment [JL35]: Not sure we need reference to these provisions here.

In accordance with the **Town’s Personnel Policies (Disciplinary Action) and the Town’s collectively bargained agreement (Section 6.02)** and its successor agreements, any employee found by the ~~public accountant~~Town’s independent auditor and/or Town attorney -employed by the Selectboard-Town to have engaged in fraud, misappropriation of Town resources, substantial and intentional variation in the Town’s financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, inappropriate destruction of Town financial records, or other forms of wrongful financial acts may be subject to discipline, including termination of employment.

**Procedures:**

**1. Reports of Irregularity**

Comment [RA36]: I think it would be helpful in the next passthrough to consider types or examples of “irregularities”

**1.1 Report Mandate:** Any employee or officer having a complaint regarding the integrity of the Town’s internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town’s financial statements and reports, or who observes any questionable accounting practices, should report in writing (though verbal reporting is acceptable) such complaint to the Town Manager (unless the irregularity is focused on the Town Manager, in which case the Selectboard should be notified).

**1.2 Report Contents:** The report should include a description of the matter or irregularity, and any steps that the employee or officer has taken to investigate the matter or irregularity, including reporting it to a supervisor and the supervisor’s reaction. The report may include, at the employee or

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officer's option, the employee or officer's contact information if additional information is needed. However a report shall not be deemed deficient because the employee or officer ~~did not include contact information~~ offered it anonymously.

**1.3 Intent:** Unlike errors or mistakes, "fraud" is the result of a deliberate act, an intentional deception to misappropriate assets or to manipulate data for personal gain. The Town does not tolerate any acts of fraud, regardless of the dollar amount involved. Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial and intentional variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town financial records.

**1.4 Maximum Limits:** The maximum limits of discipline under this policy equate are, for an officer, the possible inability to run for office, and for an employee, immediate possible termination of employment. However, it may be the obligation of the Town Manager, (or Selectboard) to report any irregularity to the Police Department in the event the irregularity could be considered criminal. Any such determination would be investigated and adjudicated as warranted via the criminal justice system, not by this policy.

Comment [JL37]: Determined by whom?

Comment [C38]: Should we not say that any irregularity shall be reported to the police and/or to PACIF and Town attorney?

**2. Investigation:**

**2.1** Upon receiving such a report, in as confidential a manner as possible to protect the ~~complainant~~ reporting individual, the Town Manager (or the Selectboard) shall investigate the issues identified in the report. The Town Manager (or the Selectboard) may consult with the Finance Director, Treasurer, any other Town employee, legal counsel, and independent auditors as part of the investigation. At the conclusion of the investigation, the Town Manager (or the Selectboard) shall prepare a written response to the report, which shall be a public document, but which shall make every reasonable effort to protect the identity of the reporting individual.

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Town of Norwich Master Financial Policies

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## Section 10: Fund Balance Reserve Policy

**Comment [HD39]:** If you agree with the recommendation to establish a Designated Fund for emergency reserves, then this policy eventually will need to be amended to account for such Designated Fund.

**Effective: Upon Adoption**

**Purpose:** The purpose of establishing a policy on the undesignated fund balance in the general fund is to ~~provide a guideline for budgeting and tax rate decisions and to insure~~ ensure that adequate reserves are maintained in the general fund for the following purposes:

**Comment [RA40]:** Do we know when voters authorized the creation of the undesignated fund?

To fund operations by **providing sufficient working capital** for adequate cash-flow, ~~tax rate stabilization and as protection against uncollected taxes~~, economic downturns, or shortfalls of revenues, imposition of additional costs by other governmental agencies including courts, ~~errors in financial forecasting~~, natural disasters, ~~and~~ cutbacks in distributions from the state/federal government, ~~and other unforeseen circumstances.~~ -

**To reduce the cost of long term borrowing** by maintaining an appropriate level of undesignated general fund balance, which is reviewed as part of the evaluation of a municipality's creditworthiness by bond rating agencies.

**Authority:** 24 V.S.A. § 2804(a) grants authority to establish and maintain an undesignated fund.

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In carrying out this policy's purpose, it's understood the Town cannot expend surplus from the General Fund that is carried over to the next fiscal year without voter approval. Acceptable voter approval methods to conduct such carry over include: 1) specifically accounting for such use of surplus funds in the coming year's budget, and 2) including a separate article at Town Meeting or a Special Meeting asking for voter approval to allow such carry over (e.g., to apply a specific surplus amount to reduce taxes in the next fiscal year, to expend the amount for a specific project, and/or to transfer an amount to a specific Designated Fund).

**Comment [HD41]:** This recommended amendment is rooted in a VT Sec of State's legal opinion (*Opinions*, Dec 2011), and supported by VLCT's general counsel. Note: VLCT offered the budget method of surplus use as an acceptable method.

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Policy: The Town will maintain between 12% and 16% in the Undesignated Fund. At the end of the fiscal year and after the annual audit, residual funds in excess of 16% will be appropriated by the Selectboard with authorization of the voters at Town Meeting or with a special Town Meeting.

Authority: ~~The Town Manager acts under 24 V.S.A. section 143-503 (c)(2) “Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;”~~

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~~Title 24 V.S.A. section 1233 provides, in part, that; “In all matters he (Town Manager)[the Town Manager] shall be subject to the direction and supervision and shall hold office at the will of such selectmen...” “[Select Board]...”~~

**1. Definitions:**

**1.1** Variouslly, “Undesignated Fund Balance,” “Unreserved Fund Balance,” “Unrestricted Fund Balance”: ~~The~~ portion of the general fund balance that is not reserved or designated for a specific use that exists, and most often is reported at the end of the fiscal year.

Comment [C42]: IMHO, we need to use one term and one term only.

**1.2 Operating Expenditures:** All charges included in the Gross Spending General Town Budget.

**2. Policy Rationale:**

**2.1** The National Advisory Council on State and Local Budgeting (NACSLB) encourages local governments to establish a policy on maintaining an appropriate level of Unreserved Fund Balance in the general fund. (Recommended Practice 4.1)

**2.2** The Government Finance Officers Association (GFOA) recommends that, “at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of

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regular general fund operating revenues or regular general fund operating expenditures.”

- 2.3 GFOA also notes that “Furthermore, a government’s particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.”

### 3. Procedures:

3.1 The Town should budget for current year general year revenues including property tax revenues to be sufficient to finance current year expenditures.

3.2 Consistent with the recommendations of GFOA, an undesignated general fund balance of between 10 and 20 percent of general fund operating expenditures should be maintained.

Comment [C43]: Tighten up this range?

~~3.3 As part of setting the Town tax rate the Select Board will review and discuss the undesignated fund balance. If the fund is in excess of 16%, the Selectboard may consider using part or all of the excess as a method of off-setting the tax rate or, with approval of the voters, set aside a portion of the balance into another Designated Fund. At no time should the Town expect the tax rate to be offset by the Undesignated Fund.~~

3.43.3 If the general fund balance falls outside of the above parameters, budgeted revenues should be either increased or decreased in subsequent years to maintain the general fund balance as described in section 3.2.

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## Section 11: Balanced Budget Policy

### Effective: Upon Adoption

**Purpose:** The purpose of this policy is to establish a clear delineation of responsibility and authority for managing the Town of Norwich expenditure budget.

### **Authority:**

The Selectboard administers the town budget through its authority to sign orders for payment of town funds: 24 V.S.A. § 1576; 24 V.S.A. § 1621; 24 V.S.A. § 1622.

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Policy: The Town Manager will manage the budget in such a way as to maintain a balanced budget.

### Authority:

~~Title 24 V.S.A. section 143-503 (e)(2): "Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;"~~

~~Title 24 V.S.A. section 1233 provides, in part, that; "In all matters he (Town Manager) shall be subject to the direction and supervision and shall hold office at the will of such selectmen.."~~

Title 24 V.S.A. ~~§ section~~ 1236(2) provides that the Town Manager will, "To perform all duties now conferred by law upon the selectboard, except that he or she shall not prepare tax bills, sign orders on the general fund of the town, call special or annual town meetings, lay out highways, establish and lay out public parks, make assessments, award damages, act as member of the board of civil authority, nor make appointments to fill vacancies which the selectboard is now

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authorized by law to fill; but he or she shall, in all matters herein excepted, render the selectboard such assistance as it shall require.”

**Title 24 V.S.A. § ~~section-1236~~(3)** further provides that the Town Manager shall “...be the general purchasing agent of the Town and purchase all supplies for every department thereof; but purchases of supplies for departments over which the manager is not given control, and of the Town school district shall be made according to requisition therefore by such departments or school directors”

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**The Town Meeting** has the authority to adopt or reject the budget in accordance with **17 V.S.A. § ~~section-2664~~**. If adopted, the Town Meeting has appropriated the funds set forth in the budget for the Town for that fiscal year. The approved budget therefore sets the maximum gross expenditure level, ~~excluding any unanticipated state and federal grants and gifts consistent with the budgeted programs~~, that the Town may spend. In adopting the budget, the Town Meeting is concurring with the priorities and policies of the Selectboard as represented in the gross spending budget, including the allocations within the budget to departments and line items.

Comment [JL44]: I don't believe we should have free authority to spend unplanned grants and gifts over and above the budget. They should only offset budgeted amounts and thereby increase the Undesignated Fund Balance.

**1. Budget ~~Procedures~~Development and Approval:**

1.1 The Town Manager, ~~at the request of the Select Board~~, develops a draft

~~budget~~ expenditure budget with estimated sources and amounts of revenue that balances the proposed expenses for review by the Selectboard.

1.2 The Selectboard reviews the draft budget and makes changes it deems necessary to reflect the priorities and policies of the ~~Select Board~~ Town (including estimates of offsetting revenue and property taxes needed) and recommends the resulting proposed expenditure budget to Town Meeting for voter approval.

~~1.3~~ If ~~adopted, the Town Meeting has~~ approved, the voters appropriated the funds set forth in the budget for

1.3 the Town for that fiscal year. The approved budget sets the maximum gross expenditure level, ~~excluding any unanticipated state and federal grants and gifts consistent with the budgeted programs~~ that the Town may spend.

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~~1.4~~ Where any budget ~~adopted by Town Meeting~~ approved by the voters includes line items referred to as

~~1.4~~ ~~designated~~ **Designated** funds, such line items are intended to be reserve funds under 24 V.S.A. ~~§, section~~ 2804 and as such shall be available for spending over a multi-year period. The approval of the budget by ~~Town Meeting~~ voters includes the appropriation of these funds as reserve funds. Any expenditure of these funds in any amount requires first the recommendation by the Town Manager, as applicable, and second, the prior approval of the Select Board.

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**2. Spending Procedures:**

**3. The Town Manager is ~~will encouraged to develop~~ and **Line Item Transfers:****

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~~1.53.1~~ adhere to spending procedures intended to carry out the Purpose of this policy.

The Town Manager ~~is encouraged to~~ will consult with the Finance Committee and the Town's independent auditor prior to adopting/amending the procedures. Any procedures adopted/amended, ~~in a timely fashion~~, will be provided by the Town Manager to the Select Board, the Finance Committee, Town Department Heads, the Town's independent auditor, and to any other member of the public at-large requesting such copy ~~within 10 business days of the change~~. ~~The Town Manager, after review by the Selectboard, may adopt financial~~ spending policies ~~procedures~~ consistent with this policy. Unless specifically permitted by the Selectboard, the Town Manager shall adopt ~~no policies~~ procedures that are more permissive than this policy.

~~1.63.2~~ The gross spending general Town budget, ~~plus unanticipated state and federal grants and gifts consistent with the budgeted programs adopted by the Town Meeting approved by the voters~~, shall not be exceeded in a fiscal year except with the voter approval ~~of during~~ a regular or Special Town Meeting.

~~1.73.3~~ Monies set aside in designated/reserve funds can only be expended for the specific purposes approved by the ~~Town Meeting~~ voters and cannot be borrowed against to make up a shortfall in the general Town budget. Any spending from a designated fund shall be first approved by the Selectboard.

Comment [HD45]: I think there is something in statute that permits a Select Board to borrow for a period up to one year in the event the budget needs to be exceeded. It may be that part of the statute that we already discussed in part due to the July 1 storm event. But, in general, this text is accurate.

~~1.83.4~~ A department shall not spend more monies than were included in the approved departmental budget. ~~Line item expenditures, including department budgets, are~~

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~~authorized by the Town Manager, subject to Warrants approved by the Selectboard. When authorizing, or requesting authorization of any department expenditure, a department head~~ the Town Manager is representing that sufficient funds are available within the approved departmental budget to cover the cost of the expenditure. The determination for individual line item expenditure, including departmental budgets, rests with the Town Manager, subject to AP Warrant approval by the Select Board. However, it is the general policy of the Select Board that the Town Manager and respective department heads under the Town Manager's supervision be cognizant of their respective budget and their spending and how it affects the voter approved overall expenditure budget.

~~1.93.5 The Selectboard Town Manager, on in the recommendation consultation of the Selectboard Town Manager, Town Manager, in consultation with the Select Board may reallocate funds between departments to cover an emergency expenditure. In making the recommendation to the Selectboardsuch reallocation, the Town Manager shall indicate the nature of the emergency, which line item the additional funds will come from, and describe the impact of the reallocation of funds on the departments or functions that will have their spending authority reduced, and, if possible, describe the timeline in which such emergency allocation(s) will need to last. In such an emergency, the Town Manager may reallocate funds between departments not exceeding up to a yearly aggregate of 10% of the department budget or \$5000, which ever is less, without receiving Select Board approval, but with written notice to the Selectboard including which line item the additional funds will come from and the impact of the reallocation of funds on the departments or functions that will have their spending authority reduced.~~

~~1.103.6~~ All expenditures shall be appropriately allocated to a line item in the approved budget. Any spending for an item that is not included in an approved line item shall require the approval of the Town Manager. Shifting expenditures from one line item to another in any department budget, although not explicitly prohibited, requires explanation to the Selectboard, especially if the expenditure exceeds \$2500.

~~1.113.7~~ All purchases of goods or services by the Town shall be made in strict accordance with the Purchasing Policy.

**Comment [RA46]:** I would like to know more about the history with this particular language. Do not see the need for it as written.

**Comment [HD47]:** This section is unnecessary, since the Board has to approve an AP Warrant. Assuming the TM has provided the necessary information to justify such reallocation during an emergency, the Board would have adequate info to approve the AP Warrant regardless of the size/extent of any reallocation.

**Comment [C48]:** Shifting expenditures from one line item to another is an issue I have a problem with.

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1.123.8 Without exception, ~~the~~ Selectboard must approve ~~any expenditure for a purchase that exceeds \$25,000 or a purchase that requires a written contract, or where the product will not be received or service completed within the fiscal year, prior to any commitment being made by the Town for the purchase.~~ those expenditures required in accordance with the Purchasing Policy (e.g., expenditures related to formal bidding or costs exceeding certain thresholds of cost).

1.133.9 Any transfer of funds from a non-wage item to a wage item shall be first approved by the Selectboard.

1.143.10 Any transfer of funds from a wage item to a purchased service shall first be approved by the Selectboard.

~~Quarterly, Monthly, and Annual Financial Reports: The Town Manager will prepare quarterly monthly financial reports for the Selectboard's review and for public dissemination for the first three quarters. In the last quarter of the year he will provide monthly reports. These reports will consist of:~~

Comment [JL49]: Should this refer to Finance Director also?

- ~~Budget report showing revenues collected and appropriations expended for the previous quarter/month, as well as year-to-date, with the variance from the budgeted amounts for each line item.~~

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- ~~Statement of Revenue, Expenditures, and Changes in Fund Balance showing revenues and expenditures and the difference between the two, the beginning fund balance for the period and the ending fund balance.~~

Comment [JL50]: How is this different from the Budget Report?

- ~~Balance Sheet showing Town estimated assets less liabilities and fund balance.~~

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The Town Manager will also prepare an **Annual Financial Report**. This report will include financial statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the annual report will include a narrative discussion and appropriate graphics explaining how the Town's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, together with the most recent independent auditor's account will be reproduced in the Town Report each year. 2.11

Comment [RA51]: We have an entire policy for this so I think we can remove from this policy.

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Financial reporting: applicable financial reporting will be conducted under this policy according to Section 1. Accounting, Auditing, and Financial Reporting Policy.

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## Section 12: Gift Policy

### Effective: Upon Adoption

**Purpose:** The purpose of establishing a policy for grants, gifts, and special funds is to provide guidance for the receipt and use of grants and gifts and the creation and use of special funds. This policy does not supplant or replace applicable existing or future policies or guidelines of the Governmental Accounting Standards Board.

Policy: The Town will

### Authority:

**17 VSA section 2664 Budget** states, “A town shall vote for such sums of money as it deems necessary for the interest of its inhabitants and for the prosecution and defense of the common rights. It shall express in its vote the specific amounts, or the rate on a dollar of the grand list, to be appropriated for laying out and repairing highways and for other necessary town expenses. If a town votes specific amounts in lieu of a rate on a dollar of the grand list, the selectboard shall, after the grant list book has been computed and lodged in the office of the town clerk, set the tax rate necessary to raise the specific amounts voted. The selectboard may apply for grants and may accept and expend grants or gifts above those which are approved in the town budget. The selectboard shall include, in its annual report, a description of all grants or gifts accepted during the year and associated expenditures.”

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Governmental Accountings Standards Board (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type* contains the following definition: “Committed fund balance- Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.”

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The Town Manager under **24 V.S.A. section 143-503 (c)(2)** “Authority and duties in particular. The Town Manager shall be charged with full authority and be responsible for the following: To direct and supervise the administration of all departments, offices and agencies of the Town except as otherwise provided by this chapter or other State statute;”

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Title **24 V.S.A. section 1233** provides, in part, that; “In all matters ~~he (Town Manager)~~[the Town Manager] shall be subject to the direction and supervision and shall hold office at the will of such ~~selectmen...~~[Select Board]...”

In accordance with **24 V.S.A. section 1236** the Town Manager may sign orders on the special fund for “poor relief.”

**Procedures:**

1. This policy does not apply to reserve/designated funds established in accordance with 24 V.S.A. section 2804, covered in Selectboard Balanced Budget Policy.

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**2. Grants and Gifts consistent with budgeted programs:**

**2.1** Consistent with budgeted programs means that there is a budget line item or reserve/designated fund that monies could be spent from to accomplish the purpose of the grant or gift.

**2.2** Gifts and grants in this category shall be managed in accordance with Selectboard Balanced Budget Policy, Fund Balance Reserve Policy, Capital Program and Budget Policy.

**2.3** Appropriated monies within this category shall be spent within the timeframe specified in the Town Meeting appropriation article (gross spending Town budget), normally within the current fiscal year, with encumbrances handled as specified in the Balanced Budget Policy.

**2.4** Grants and gifts within this category shall be spent within the timeframe and for the purposes specified in the grant or gift.

**3. Grants and Gifts not consistent with budgeted programs:**

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- 3.1 Grants and gifts not consistent with budgeted programs means that there is not a budget line item or reserve/designated fund that monies could be spent from to accomplish the purpose of the grant or gift.
- 3.2 In addition to the requirements in ~~Selectboard~~ the Balanced Budget Policy, Fund Balance Reserve Policy, Capital Program and Budget Policy, no grant or gift in this category shall be applied for or accepted without prior approval of the Selectboard. Before applying for or accepting a grant or gift, the Town Manager shall provide the Selectboard with a written request that details the potential source and amount of the grant or gift, the timeframe for receiving and spending the grant or gift, the purpose and conditions of the grant or gift, the impact on Town functions, employees and services and other information that will help the Selectboard review the request for approval for or accepting the grant or gift.
- 3.3 Grants and gifts within this category shall be spent within the timeframe and for the purposes specified in the grant or gift.
- 3.4 Grants and gifts within this category shall be reported separately in the annual Town Report and contain the following information:
- a. The source of the grant or gift
  - b. The purpose of the grant or gift
  - c. All expenditures of monies associated with the grant or gift

#### 4. Special Funds

- 4.1 Special funds shall be spent within the timeframe and for the purposes specified when Town Meeting or the Selectboard established the special fund.
- 4.2 ~~Special~~ The Town Manager, in consultation with the Town Service Officer, is authorized to expend ~~Special~~ funds for poor relief and citizen assistance ~~shall only be spent to assist~~ within the limit of available funds in the Citizen Assistance Fund specifically for Norwich residents ~~and after consulting with the Town Service Officer~~ in need.

Town of Norwich  
Master Financial Policy  
Adopted: [DATE]

The foregoing Master Financial Policy is adopted by the Norwich Selectboard, this \_\_\_\_ day of \_\_\_\_\_, 2019 and is effective as of this date until amended or repealed.

\_\_\_\_\_  
John Pepper, Chair

\_\_\_\_\_  
John Langhus

\_\_\_\_\_  
Claudette Brochu, Vice-Chair

\_\_\_\_\_  
Mary Layton

\_\_\_\_\_  
Roger Arnold

\_\_\_\_\_  
Understood and Agreed  
Herbert A. Durfee III, Town Manager

\_\_\_\_\_  
Understood and Agreed  
Cheryl A. Lindberg, Treasurer

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Town of Norwich  
Master Financial Policy  
Adopted: [DATE]

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