

**Agenda for the Selectboard Meeting Wednesday, August 28, 2019 6:30 PM
Tracy Hall, Multipurpose Room**

1. Approval of Agenda (Action)
2. Public Comment for Items Not on the Agenda (Discussion)
3. *VLCT Legislative Preparedness - Karen Horn, VLCT (Discussion)
4. Consent Agenda (Action):
 - a. *Correspondence
 - i. Lynne Trumpower letter to Selectboard and Town Manager re: Beaver Meadow Road speeding and roadway condition
 - ii. Various e-mail correspondence between Kris Clement and Herb Durfee re: RRFB's
 - iii. Carey Callaghan e-mail to John Pepper re: invitation to meet to discuss reformation of the Dresden Finance Committee
 - iv. DRB Notice (Town is considered adjacent landowner) re: #27BSUB19 – Preliminary Review of a Subdivision Application by Scott Miller re: property at 177 New Boston Road
 - v. Robert Lewy e-mail to Herb Durfee re: opposition to mega development along the Route 5 corridor and preserve "this land"
 - vi. Rod Francis e-mail to Herb Durfee re: TRORC Regional Plan Comments Responsiveness Summary
 - b. *Minutes – 7/10/19, 7/24/19, 8/15/19, 8/20/19
 - c. *Accounts Payable
 - d. *Financial Reports, Year-End (pre-audit)
5. *Request to Purchase Hybrid Police Cruiser with Designated Funds (Discussion/Possible Action)
6. *Request to Use Conservation Trust Funds (\$20,000) to Aid in Conserving the Robert Parker Parcel with UVLT, Based on Recommendation of the Norwich Conservation Commission (Discussion/Possible Action)
7. Energy-Related Items:
 - a. *Status of Request for Qualifications (RFQ) on Energy Performance Contract (Discussion/Action)
 - b. *Sub-Regional Energy Coordinator (Discussion)
8. Town Manager Report (Discussion):
 - a. *Authorize Pool Dam Designated Funds to Purchase Park Grills (Action)
 - b. *Authorize Town Manager to Execute a Contract with Stantec for Engineering & Design Services (\$63,780) for Tigertown Road culvert work, and to Authorize Town Manager to Act as Town's Agent for Administering the Contract (Action)
 - c. *Authorize Town Manager to Proceed with Making Application to the VT Recreation Trails Program re: Brown's Schoolhouse Road Pedestrian Bridge Replacement Over Charles Brown Brook, and Adopt Resolution (Action)
 - d. *Authorize Town Manager to Proceed with Purchase of Winter Sand & Gravel According to the Recommendation of the DPW Director Based on Bids Received

9. Selectboard Vision & Policies:
 - a. *Vision Review (Discussion)
 - b. Policies Status (Discussion/Action):
 - i. *Financial Policies:
 1. Section 11 – Balanced Budget (Continued Discussion)
 2. Overall Schedule for 2nd Reading & Adoption

10. Future Meeting Agenda Items (Discussion)
 - a. Town Road Salting Policy (Langhus)
 - b. Financial Policies – 2nd Reading & Adoption (Layton)
 - c. FYE 2021 Budget Schedule (Board & Durfee)
 - d. Additional Plastics Recycling (Brochu)
 - e. Gile Mountain – Signs/Parking Lot (Brochu)
 - f. Generators (Brochu)
 - g. Impounding & Stray/Abandoned Animals (Brochu)
 - h. Union Negotiations (Brochu)

11. End of Meeting Debrief (Discussion)

12. Adjournment (Action)

* Indicates agenda items with related documents in meeting packet

Next Regular Meeting – September 11, 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 requesting to be placed on the Town Email List.

Herb Durfee

From: David Gunn <dgunn@vlct.org> on behalf of Karen Horn <khorn@vlct.org>
Sent: Friday, July 12, 2019 2:11 PM
To: Info
Subject: VLCT Advocacy prepares for 2020 legislative session

Now that the first half of the 2019-2020 legislative biennium is over, we need to begin preparing for the 2020 session. We hope you have had a chance to review our [2019 Legislative Wrap-up](#) and are ready to help us strategize for next year. At VLCT's 2018 annual meeting, you (our members) adopted a two-year [Municipal Policy](#) to address the entire biennium. This summer and fall, Advocacy staff is continuing the work we started during the 2019 session, developing a plan that we hope will secure wins for local governments in 2020.

And, because your experience in local government is so valuable, we need your help!

Self-governance, municipal charters, marijuana legalization, clean water requirements, and transportation funding are all issues that greatly affect local government. Your Advocacy staff, Karen Horn and Gwynn Zakov, would be happy to attend an upcoming meeting of your selectboard to discuss these issues, as well as any other concerns you have. From economic development to self-governance, from funding local infrastructure projects to the mounting burden of property taxes, your issues are our issues! We want to hear your stories and answer any questions you may have about the upcoming legislative session.

If your selectboard, board of aldermen, or city council wants Advocacy staff to attend an upcoming meeting, please email Gwynn Zakov (gzakov@vlct.org). We will coordinate the dates and times to make it easier for you. We may also contact some of you directly if we think it is especially important for us to attend an upcoming meeting.

Of course, it's important for Vermonters to step back and take in all the delights our all-too-brief summers have to offer. But soon thereafter, we look forward to hearing from you to schedule a meeting in your town offices and city hall chambers.

4ai

August 15, 2019

Board of Selectmen and/or Town Manager

Tracy Hall

Norwich, VT 05055

Dear Sirs:

I write to bring to your attention some concerns I have regarding Beaver Meadow Road. First, the speed of the vehicles in front of my house is excessive and dangerous. My neighbors and I are concerned that due to the volume of pedestrians, (children and parents walking to and from school in particular), confronting a high volume of traffic, exceeding the posted speed limit, that this is causing an extremely dangerous situation. One neighbor was almost hit recently while crossing in the crosswalk near the cemetery with her walker and her dog.

Secondly, the surface condition of the road in front of my house is in need of repair. The road crew did make some effort last winter to repair the pot holes in front of the house only to have the tar and stones thrown onto my yard and sidewalk by the heavy fast traffic within a day. The holes are deep enough that the foundations of my house and of Worth Parker shake whenever someone hits the pot holes. I fear that this continuous pounding is compromising the house foundations. There also is standing water in the roadway that is contributing to the degradation of the surface.

I respectfully request that these issues be addressed and that action be taken to effectively enforce the posted 25 mph limit on Beaver Meadow Rd and to repair the road surface in front of my house in an effective manner, eliminating standing water and the continuous presence of pot holes and breakdown of the road surface.

Thank you for your attention to these issues.

Respectfully,


Lynne A. Trumpower

21 Beaver Meadow Rd.

Norwich, VT



Herb Durfee

From: Herb Durfee
Sent: Thursday, August 15, 2019 4:33 PM
To: 'Frank, Jennifer'; Larry Wiggins
Cc: Miranda Bergmeier; Claudette Brochu; John Langhus; John Pepper; Mary Layton; Roger Arnold
Subject: Lynne Trumpower Letter RE: speeding and road repair
Attachments: 20190815152034.pdf

Chief and Larry,

Today, me and the Selectboard received a letter (attached) from Lynne Trumpower. She is expressing concern about excessive speeding on Beaver Meadow Rd especially in the area of here home. I would characterize that as between Main Street and the Cemetery on Beaver Meadow Road.

In addition, she seeks some road repairs (e.g., potholes)

I left a voicemail message with her explaining that you two would look into the issues specific to your duties. Also, Larry, I indicated that Beaver Meadow is one of the higher priority roads to be paved, including my intentional hold off on re-paving last year due to the volume of construction vehicles last summer that I didn't want destroying any newly paved portion of roadway.

Board Members,

Since the letter, in part, was addressed to you, this will be in an upcoming Board packet under Correspondence.

Herb

Herbert A. Durfee, III
Town Manager
Town of Norwich
PO Box 376
Norwich, VT 05055
802-649-1419 ext. 102
802-698-3000 (cell)
802-649-0123 (fax)

4a.ii

Herb Durfee

From: Kris Clement <kclemwp6@gmail.com>
Sent: Friday, August 16, 2019 4:08 PM
To: Herb Durfee
Cc: Miranda Bergmeier; Claudette Brochu; John Langhus; John Pepper; Mary Layton; Roger Arnold
Subject: Re: SB Authorization second set of RRFBS/Discrepancy in TM timeline 'RRFBS'

Herb,

Thank you for the explanation. Since this is going in the next SB packet I am sure that members of the public will appreciate it as well.

Thanks!

Kris

On Fri, Aug 16, 2019 at 2:34 PM Herb Durfee <HDurfee@norwich.vt.us> wrote:

Kris,

As I indicated, I have not ordered the 2 sets related to the 2nd grant award. Thus, the Board has not had an A/P Warrant to approve that would include those RRFB's. I do not require additional specific approval from the Board to order the 2 sets related to the 2nd grant (unless designated funds or any portion of any available undesignated fund balance were used), since they authorized application for the grant and reaffirmed that at a recent Board meeting. However, as I've publicly mentioned several times, I would not be ordering/installing the 2nd two sets without first monitoring the "success" of the 1st two sets of RRFB's.

Specifically, the two grants were not part of a line item budget. Often, during the course of any fiscal year, staff will request authorization to apply for a grant. As part of that process, staff will examine whether or not budgeted funds, designated funds, and/or any undesignated funds are available to support any local match required of any grant award. If not, a request of the Board to authorize application for the grant will not be made. In the case of the RRFB grant applications, it was determined that there were adequate funds to cover the estimated local match. If the Board grants authorization, as in the case of the RRFB's, and there is a subsequent grant award, the Finance Office will insert a line item in the monthly financial reports to account for and track the expenditure(s). Also, the A/P Warrant will account for the specific cost items, which is approved by the Board or the Chair (if board meetings get out of sync with the biweekly pay period).

Note: in my opinion, this is not the best way to deal with smaller grants. I have mentioned this to the Board indicating that a better way to manage grants is to have the voters authorize a designated fund for typical smaller grants (e.g., with a local match less than \$20,000 such as PACIF grants, the dry hydrant program, and a bunch of others). This is better since it affords the community a set amount of funds available for smaller grants that the Town would like to apply for but doesn't have to be planned for nearly a year in advance given the normal budget development and

approval process. Being a designated fund, it can't be spent without approval of the Selectboard, and the maximum that can be spent is limited by the amount of available funds in the fund. In this case, I would recommend it not exceed \$50,000 in any given fiscal year. Larger projects requiring larger grant amounts, as they always have, would be duly planned for and budgeted.

The Board is already aware that I'll be introducing the above grants-designated fund during the upcoming budget season. Also, if the above doesn't make sense, stop by my office. It's easier to verbally explain the rationale for such designated fund.

Herb

Herbert A. Durfee, III

Town Manager

Town of Norwich

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Norwich, VT 05055

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From: Kris Clement [mailto:kclmwp6@gmail.com]

Sent: Friday, August 16, 2019 7:40 AM

To: Herb Durfee

Cc: Miranda Bergmeier; claudette brochu; Roger Arnold; Mary Layton; John Langhus; John Pepper

Subject: Re: SB Authorization second set of RRFBS/Discrepancy in TM timeline 'RRFBS'

Herb,

Thanks again for your response. However, you did not answer one of my questions.

Has the Select Board approved the purchase of the 2nd set of RRFBS.? If so, at which meeting?

Also, please let me know how this was budgeted. Was the \$8,000.00 (for the 1st set of lights) in the budget? If so, in which year?

Was the 2nd set budgeted? If so, in which year?

Please include all emails in 'Correspondence' on the next SB Packet.

Appreciated.

Kris

On Thu, Aug 15, 2019 at 12:33 PM Herb Durfee <HDurfee@norwich.vt.us> wrote:

Kris,

We received a grant award for the 2nd two sets of RRFB's (in front of Norwich Inn and in front of Congregational Church). I have not ordered any sets related to that grant award.

Herb

Herbert A. Durfee, III

Town Manager

Town of Norwich

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From: Kris Clement [mailto:kclmwp6@gmail.com]

Sent: Thursday, August 15, 2019 10:54 AM

To: Herb Durfee; Miranda Bergmeier; claudette brochu; Roger Arnold; Mary Layton; John Langhus; John Pepper

Subject: Re: SB Authorization second set of RRFBS/Discrepancy in TM timeline 'RRFBS'

Herb,

Thank you for your response. However, in your 'RRFBs' timeline you indicated that:

"August 8, 2018 - Board packet includes 7/13/ 18 TM Report indicating the two sets of RRFB's from the 2017 grant award have been received from the vendor."

"August 22, 2018 - Board Packet for August 22, 2018 meeting includes correspondence from VTrans indicating grant award for the 2nd successful application for RRFB's (in front of the Norwich Inn on Main St. and in front of the Congregational Church on Church St.)"

Does this mean that the Town received the award for the second set, but you have not contracted to date with Ocean State Signal (or any other company) for the second set, and therefore the SB has not approved the purchase of the 2nd set?

Please include all emails in 'Correspondence' on the next SB Packet.

Appreciated,

Kris

On Thu, Aug 15, 2019 at 10:28 AM Herb Durfee <HDurfee@norwich.vt.us> wrote:

Hi, Kris.

May 24, 2017 consensus of the Board to apply for RRFB's (1st two sets).

June 13, 2018 unanimous decision of the Board to apply for RRFB's (2nd two sets).

Each grant = \$8,000, with Town matching at least 50%.

To date, 1st two sets purchased (\$16,380, paid on 8/15/18, ck no 18588) and grant funds received \$8,000.

Herb

Herbert A. Durfee, III

Town Manager

Town of Norwich

PO Box 376

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From: Kris Clement [mailto:kclmwp6@gmail.com]

Sent: Thursday, August 15, 2019 7:02 AM

To: Herb Durfee; Miranda Bergmeier; claudette brochu; Roger Arnold; Mary Layton; John Langhus; John Pepper

Subject: SB Authorization second set of RRFBS/Discrepancy in TM timeline 'RRFBS'

Herb,

It seems that your June 12, 2019 timeline for "RRFB's" has a discrepancy. You wrote:

"May 23, 2018 - Selectboard authorizes TM to apply another two sets of RRFB's under the same Bike & Ped grant program (for 2018). Crosswalk locations would be in front of the Norwich Inn on Main St. and in front on the Congregational Church on Church St. (in handwriting you wrote- Unanimous)"

We know that on 6/13/18 the SB authorized the purchase of 2 RRFBs. However, I have not been able to find when the SB authorized the 2nd set. Would you please provide the date of the meeting when that took place?

Also, please provide me with the amount this town has paid to date for any RRFBs, and the total amount of any invoice(s) due or pending.

Please enter this email into 'Correspondence' in the next SB packet.

Appreciated,

Kris

From: carey callaghan <carey.callaghan@gmail.com>
Sent: Thursday, August 08, 2019 2:38 PM
To: Miranda Bergmeier
Cc: Kari Asmus; Jay Badams; Neil P. Odell
Subject: Request for agenda item at 9/11 Norwich Selectboard Meeting
Attachments: HFC discussion points on DFC.docx

Message for John Pepper
Chair, Norwich Selectboard

Dear John,

Kari Asmus, Chair of the Hanover Finance Committee, and I would like to meet with the Norwich Selectboard at your 9/11 meeting, to discuss the possible reformation of a Dresden Finance Committee. As you know, the charter of the Norwich Finance Committee does not extend to the schools at this time.

The rationale for the request, and our talking points to be discussed at the meeting, are shown in the attached Word document.

We are similarly requesting to meet with the Norwich School Board at their 9/4 meeting.

We recognize that there is a history here, and that the reformation of the DFC would be a process. Nevertheless, we are hopeful that you will be able to accommodate us. We promise to be economical with your time.

Please advise on the possibility of being on the agenda, and/or if you have any questions about this request.

Best,

Carey

DRAFT DISCUSSION POINTS

August 8, 2019

Discussion points prepared by Hanover Finance Committee Chair Kari Asmus and member Carey Callaghan with respect to the status of the Dresden Finance Committee - to be shared with the Norwich School and Select boards, at meeting dates to be confirmed.

At this time, and for the past several years, a Dresden Finance Committee, to be comprised of the members of the Hanover and Norwich Finance Committees, has not existed for lack of Norwich Finance Committee participation and/or membership. While it is our understanding that a Norwich Finance Committee has been re-established, we also understand that the NFC does not currently work on school related matters.

We, and the other members of the Hanover Finance Committee, are requesting that the Norwich School and Select boards work together to establish a Norwich Finance Committee which can be a partner with the Hanover Finance Committee in the re-formation of the Dresden Finance Committee. Further, we stand ready to assist in this effort through a discussion of the HFC governance structure, role and responsibilities, and through sharing our experience and materials to the extent they can be helpful to current or new NFC members.

Our rationale for this request is as follows:

1. Such a Dresden Finance Committee is required under the articles of agreement between Hanover and Norwich in accordance with the interstate compact (as revised 12/17/02). The relevant passage is excerpted at the end of this document.
2. We believe that the voters of both Norwich and Hanover would be best served in making decisions with respect to Dresden district financial and budget matters by having a Dresden Finance Committee in effect. Through the participative process that a finance committee enters into, by the information that can be subsequently presented, and occasionally through useful suggestions / corrections, we believe a functioning DFC can add real value to our communities.
3. A finance committee with representatives of Norwich as well as Hanover is positioned to share information amongst its members on respective state and local matters that may impact the combined district's fiscal sustainability. While the Dresden School Board also shares this perspective owing to having members from both towns, it may not be as well versed in town specific finances and may not be as focused on overall local and statewide fiscal issues.

If there is not to be a Norwich Finance Committee functioning in this capacity, the HFC alternatively suggests that the articles of agreement be amended, through warrant articles in each town, to reflect the reality that a Dresden Finance Committee cannot be formed at this time.

December 17, 2002

ARTICLES OF AGREEMENT BETWEEN HANOVER AND NORWICH

IN ACCORDANCE WITH NEW HAMPSHIRE-VERMONT INTERSTATE SCHOOL COMPACT (NEW HAMPSHIRE REVISED STATUTES ANNOTATED, CHAPTER 200-B)

L. 5). There is hereby established the Dresden Finance Committee which shall consist of the members of the Hanover Finance Committee and the Norwich Finance Committee. The Dresden Finance Committee shall have the same duties and responsibilities with respect to the budget of the Dresden School District as the Hanover and Norwich Finance Committees have with respect to the budgets of their respective towns and school districts.

4a.iv

July 31, 2019

Dear Norwich Landowner,

The attached notice is for a Public Hearing to consider a permit application for property which abuts your property. The plans may be reviewed prior to the hearing at the office of the Zoning Administrator. You are encouraged to make an appointment to view the documents. Please email planner@norwich.vt.us to make an appointment. The location, date and time for a site visit for this hearing will be on the Development Review Board's (DRB) agenda, which is posted by the end of the Tuesday prior to the hearing which is posted on the Tracy Hall bulletin board and on the Town website at: <http://norwich.vt.us/development-review-board-agendas/>.

Rod Francis
Zoning Administrator

**NORWICH
DEVELOPMENT REVIEW BOARD**

Notice is hereby given that a public hearing will be held on Thursday, August 15, 2019 at 6:45 PM in Tracy Hall, 300 Main Street, Norwich, Vermont to hear the following application:

#27BSUB19: Preliminary Review of a Subdivision Application by Scott Miller, Applicant and Judith Von D. Miller, Landowner, to divide Lot 10-113.000 into 2 lots of approximately 2.54 acres and 31.24 acres at 177 New Boston Road. The Application is to be reviewed under the Norwich Subdivision Regulations.

The hearing information and application documents are available for inspection in the Zoning and Planning Office, Tracy Hall, 300 Main Street, Norwich, VT. Persons wishing to be heard may do so in person or in writing.

July 31, 2019

Rod Francis
Zoning Administrator
Box 376
Norwich, VT 05055

4a.v

Herb Durfee

From: Robert Lewy <rl10@caa.columbia.edu>
Sent: Monday, July 22, 2019 2:12 PM
To: Herb Durfee
Subject: No MEGA Development

Dear Mr. Durfee,

As a Norwich resident, I am strongly opposed to any MEGA development along the Route 5 corridor. I am wondering if it would be possible to preserve this land to keep it forever green.

Thank you and I would appreciate if this will become a part of the Selectboard minutes.

Robert Lewy

4a.vi

Herb Durfee

From: Rod Francis
Sent: Monday, August 19, 2019 4:11 PM
To: Herb Durfee; Claudette Brochu; John Langhus; John Pepper; Mary Layton; Roger Arnold
Cc: Miranda Bergmeier; Jaci Allen; Peter G. Gregory; Jeff Lubell
Subject: RE: agenda item for 8/28
Attachments: Regional Plan responsiveness summary.pdf

Hi Herb et al,
Peter is correct. Many of the substantive comments made either in the letter, or in face-to-face meetings have been incorporated. I am very appreciative of TRORC's attentiveness to our comments.

I am attaching the Regional Plan responsiveness summary which was part of the packet for the upcoming meeting (this Wednesday night 8/21). This lays out all comments received and the proposed RESPONSE PREPARED BY STAFF.

As you can see we did fairly well. These suggested edits have been approved by the Executive Committee. I would like to think these proposed changes are approved by the full Commission in anticipation of the next Public Hearing set for September 25.

Let me know if you have any further questions.

Thanks,

Rod

Rod Francis
Planning and Zoning Director

802 649 1419 x 107

From: Herb Durfee
Sent: Monday, August 19, 2019 3:53 PM
To: Claudette Brochu; John Langhus; John Pepper; Mary Layton; Roger Arnold
Cc: Miranda Bergmeier; Rod Francis; Pam Mullen; Jaci Allen
Subject: FW: agenda item for 8/28

Board Members, especially Claudette, FYI.

Herb
Herbert A. Durfee, III
Town Manager
Town of Norwich
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Norwich, VT 05055
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From: Herb Durfee
Sent: Monday, August 19, 2019 3:53 PM
To: 'Peter G. Gregory'
Cc: Miranda Bergmeier; Rod Francis; Pam Mullen; Victoria Littlefield
Subject: RE: agenda item for 8/28

Thx, Peter. I might have Rod check in with you, since he's more familiar with what comments were submitted, etc. That way, if the Board wants a verbal update, he could provide a reasonable one.

Herb

Herbert A. Durfee, III
Town Manager
Town of Norwich
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802-649-0123 (fax)

From: Peter G. Gregory [<mailto:pgregory@trorc.org>]
Sent: Monday, August 19, 2019 3:05 PM
To: Herb Durfee
Cc: Miranda Bergmeier; Rod Francis; Pam Mullen; Victoria Littlefield
Subject: Re: agenda item for 8/28

Hi Herb;

Yes, my summer has been nice. Thanks for asking. Hope yours has been fun, too.

It is anticipated that the TRORC Board will agree to changes to the draft plan, many of them from Norwich, on August 21st.

Given that the Plan will change, another public hearing will be scheduled, likely September 25th. Assuming no substantive changes from comments received at the final hearing, adoption will take place in October.

The Regional Plan affects all towns in the region, including Norwich.

Thanks again for the comments that Norwich submitted. They yielded good changes we were happy to make.

Take care.

Peter

Peter G. Gregory, AICP
Executive Director



Two Rivers-Ottawaquechee Regional Commission

From: Herb Durfee <HDurfee@norwich.vt.us>
Sent: Monday, August 19, 2019 2:07 PM
To: Peter G. Gregory <pgregory@trorc.org>
Cc: Town Admin Norwich <mbergmeier@norwich.vt.us>; Rod Francis <rfrancis@norwich.vt.us>; Pam Mullen <PMullen@norwich.vt.us>
Subject: FW: agenda item for 8/28

Hey, Peter. Hope your summer is going well. I'm looking to obtain an update on the draft Reg'l Plan, given a request from one of my board members. See below e-mail. Can you provide a general update, especially as it might pertain to the draft plan as it may/may not impact Norwich? Thx in advance.

Herb

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Town Manager
Town of Norwich
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Norwich, VT 05055
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802-649-0123 (fax)

From: claudette brochu [<mailto:cbrochu30@gmail.com>]
Sent: Sunday, August 18, 2019 12:29 AM
To: John Langhus; John Pepper; Mary Layton; Roger Arnold; Herb Durfee; Miranda Bergmeier
Subject: agenda item for 8/28

Update on regional plan. TRORC is mtg 8/21 with comments on regional plan. I know hartford has issues. would like update before sept mtg of trore

TO: TRORC Board
FROM: Peter G. Gregory AICP, Executive Director
DATE: August 13, 2019
RE: Regional Plan Public Hearings Responsiveness Summary

Attached please find a Responsiveness Summary for all the comments that were received from the public during the formal public hearing process. Two formal public hearings were held in the Region and written comments were received as well.

As you will see, staff summarized the comments and then responded with our proposal on what TRORC should accept.

TRORC staff also generated some suggested changes for consideration, many of which are the result of public comments, where the public didn't propose an actual change, but had a question or concern.

The TRORC Executive Committee reviewed this document in detail on August 7th, and recommends that the Board approve this and instruct staff to modify the draft Regional Plan in anticipation of another Public Hearing to be scheduled for September 25th.

Thank you.

attachment

Gerald Fredrickson, Chair ~ Peter G. Gregory, AICP, Executive Director
128 King Farm Rd. Woodstock, VT 05091 ~ 802-457-3188 ~ trorc.org

Barnard ~ Bethel ~ Bradford ~ Braintree ~ Bridgewater ~ Brookfield ~ Chelsea ~ Corinth ~ Fairlee ~ Granville ~ Hancock ~ Hartford ~ Hartland
Newbury ~ Norwich ~ Pittsfield ~ Plymouth ~ Pomfret ~ Randolph ~ Rochester ~ Royalton ~ Sharon ~ Stockbridge ~ Strafford ~ Theford
Topsham ~ Tunbridge ~ Vershire ~ West Fairlee ~ Woodstock

Responsiveness Summary for 2019 Regional Plan Comments

TRORC Board Meeting August 21, 2019

All written and verbal comments from the hearings, and any response or action proposed to be taken based on these, are listed below. All responses are in italicized text. When the response involves proposing a change in Plan text, the proposed change is referenced to the appropriate page number(s) in the initial hearing draft and any change is shown in underline/strikethrough format.

Comments have been summarized as bullet points below, but the full text of any written comments is available on request. Comments are attributed to authors, and their organizations if representing such. Staff have also generated our own comments which are listed at the end.

Comments and Responses

Bill Emmons – TRORC Board, Pomfret

- Add information on Lyme disease into the Healthy Communities Chapter.

Response: Language on Lyme disease in Vermont will be added to the Healthy Communities chapter as a new section titled ‘Healthy Natural Environment.’

Healthy Natural Environment

Natural environments contain the components that enable life as we know it. Enhancing the ability of natural environments can mitigate the negative health impacts associated with development that affects our water and air. More information on clean water and air can be found in the Natural Resources chapter of this Plan. Climate action and more greenspace are possible solutions to creating a healthier natural environment.

Climate Action

Climate change is defined as a “long-term change in climate conditions, such as temperature, precipitation, extreme water events, snow cover, and sea level rise.”¹ There are several mitigation efforts that Vermont and its municipalities can take on, such as increasing energy efficiency (as seen in the Energy chapter) through our buildings and our transportation methods. In Vermont, an increase in extreme weather events, such as flooding, can increase risks for vulnerable populations, such as the elderly. Hotter summers can lead to increases in heat-related stress in seniors and children.

There is one epidemic that is plaguing Vermonters, and that is the prevalence of Lyme disease. Vermont is well-known for its expansive outdoor recreational opportunities that span all seasons. With an active lifestyle

¹ <https://planh.ca/take-action/healthy-environments/natural-environments/page/climate-action-public-health>

comes some risks for disease. Vermont is number two in the country for the most diagnoses cases of Lyme disease, which is contracted to humans from blacklegged ticks, or more commonly known as deer ticks. Ticks are becoming more prevalent in Vermont due to milder winters, increased precipitation, and an increase in wildlife. The state's large number of white-tailed deer and deer mice has led to this increase in diagnoses. The Centers for Disease Control and Prevention (CDC) has labeled this an epidemic in Vermont. Much of this epidemic is due to a lack of effective early diagnosis and treatment, even with 1,093 confirmed cases in 2017.² There are many preventative measures people can take to avoid contracting Lyme disease when they go on a hike, such as; wear long socks and pants, spray bug spray, and check for ticks when you get home. Lyme disease may become harder to treat in the coming decades due to antibiotic resistance of the Lyme disease bacteria.

Other common tick borne diseases that are not as prevalent as Lyme disease include; anaplasmosis, babesiosis, borrelia miyamotoi, ehrlichiosis, powassan virus, and tularemia. While 99% of these diseases are transmitted through the black-legged tick (deer tick), these diseases can be transmitted through the dog tick, woodchick tick, and the lone star tick in Vermont³. More information on these diseases and prevention can be found on the Vermont Department of Health website.

Green Infrastructure

Providing residents with parks and greenspace not only beautify communities, but can also increase the well-being of people. Healthy by Nature is a movement about the physical and mental health benefits of green infrastructure and states that spending more time in nature improves human health, human health depends on healthy ecosystems, and that parks or other conserved natural areas contribute to vibrant and healthy communities.⁴ Studies also show that people who connect with nature often feel less isolated and can form connections with neighbors.⁵

In a practical sense, green infrastructure can mitigate climate change effects by preserving ecological functions, such as carbon sequestration and water storage.

Goals

1. Increase in access to public green space.
2. The number of confirmed Lyme and other tick borne disease cases in Vermont is decreased.

Policy

1. Support climate change mitigation efforts.

Recommendations

1. TRORC should work with municipalities to distribute information on Lyme disease and prevention.
2. TRORC should work with municipalities on climate change mitigation strategies.

Ernie Ciccotelli – Norwich Resident

² https://vtdigger.org/2019/06/16/high-tick-populations-prompt-lyme-disease-concerns/?mc_cid=a3b3b407d3&mc_eid=c9fd5ffa15

³ <https://www.healthvermont.gov/health-environment/climate-health/tickborne-diseases>

⁴ Healthy by Nature, "Welcome," 2011 <http://healthybynature.ca/#sthash.b9XEWBHd.dpuf> (accessed August 4, 2013).

⁵ Judy Maan Miedema, Ellen Desjardins, and Kevan Marshall, *Not Just a Passing Fancy – How Community Gardens Contribute to Healthy and Inclusive Neighbourhoods* (Garden Council of the Waterloo Region and Waterloo Public Health, 2013) http://chd.region.waterloo.on.ca/en/researchResourcesPublications/resources/Community_Gardening_Storytelling_Project.pdf

- Plan is too long.
- No concise and cogent statements of policy upon which the region and towns can base regulations.
- Wants a definition of sustainability.

Response: The TRORC board directed the staff to reduce the size of the Plan by being more concise, reducing redundancies and cross-referencing. The overall Plan has been shortened by over 100 pages. The entire draft was also reviewed by an outside professional editor for style and clarity. We will continue to strive for conciseness in future revisions. The Plan has numerous statements of policy that we believe would be useful at the local level. The Plan does not define sustainability as the term is broadly known.

Norwich Selectboard and Planning Commission

- How are Rural and Mixed-Use Areas mapped?
- What density of housing development does the Rural Area allow?
- Does excluding principal retail in Mixed-Use Areas impact community design? Create a definition of principal retail using quantitative measures (floor area, sales volume)
- How is community design best facilitated?
- Why was the public outreach process so limited?

Response: The Rural Area is essentially the area left after other land use areas are mapped. The Mixed-Use Areas in Norwich front state highways and have (or may have in the future) public sewer and water. The Regional Plan's policy is for density of homes in Rural Areas of one per 2 acres, but that is not lot size (lots could be as small as the town allows). The Rural Area level of intensity is roughly in keeping with residential developments such as on McKenna Road and Hopson Road. For more information on how we look at land use areas, please see <https://www.trorc.org/wp-content/uploads/2013/10/lud102407.pdf>.

See response to Rod Francis, Norwich Planning and Zoning Director (below) on 5-unit structures in the Rural Areas, residential/mixed use buildings, and secondary retail.

We disagree on the characterization of the public process. The drafting of these changes to the Plan have taken place at several public board meetings over the last two years, been discussed at several local planning commissions, had newsletter articles, and included informal listening sessions as well as the required hearings. We understand that our process and the Town Plan adoption process are not in sync, but we fully expect to be working on changes to the Regional Plan again in 2021 and look forward to considering any changes that arise from the Norwich planning process. Local and regional planning is ongoing and iterative.

Rod Francis, Norwich Planning and Zoning Director

- Retail as part of a housing development might enable the project to be financially viable and so should be considered in Mixed-Use Areas.
- Five units as a limit in Rural Areas precludes larger development and affordable housing usually needs 10-20 to make it worthwhile.
- The term "land-intensive commercial use" would make more sense as "land-consumptive".
- The maps at the end of the Plan could benefit from a preamble description of how they were made.

Response: Definition of "secondary retail" has been modified as follows:

"Secondary or Ancillary Retail.—A business whose primary use is not retail sales, but contains a retail component that is clearly secondary to the primary use. Examples include (but are not limited to), eye doctor's offices, veterinarian's offices, small engine repair shop, manufacturer's with a small showroom, etc. The term also includes retail within a multi-story, mixed-use building in a Mixed-Use Area where any total retail floor space is less than the total residential floor space, and any individual retail use does not exceed 4,000 square feet."

Mixed-Use Area Policy #3 on page 35 has been amended to, “Commercial uses that include land-consumptive intensive uses, lumberyards, repair services, service businesses, secondary retail, warehouses, kennels, and indoor recreation are appropriate in this Area.”

Rural Policy #3 on page 44 has been reworded to: “New freestanding, individual multi-unit residential buildings containing five units or less per structure are appropriate along Class 3 or better roads in order to stay in keeping with rural scale, but larger ones are not, excepting inns, outdoor recreation, and other lodging. However, a development may contain more than one such multi-unit building. Individual buildings with more than five residential units each are not appropriate in this Area. This unit limit does not apply to adaptive reuses, or to rooms in senior care facilities, outdoor recreation, or lodging establishments.

We will change “land-intensive commercial” to “land-consumptive commercial” throughout the Plan.

For more information on how we look at land use areas, please see <https://www.trorc.org/wp-content/uploads/2013/10/lud102407.pdf>.

Stuart Richards – Norwich Resident

- Disagrees with making Norwich a center of growth. The Mixed-Use Area designation will result in undesirable changes to the historic character of Norwich.
- Plan will lead to sprawl on US 5 south of the village, and such growth would be hurtful to existing businesses in the Village.
- The Plan, “includes changing current zoning districts and adding zoning districts along Route 5 South to promote intense residential development and commercial development in new mixed used zoning districts”.
- Feels like our policies will lead to strip development.

Response: US 5 south of Norwich village is already a location for several businesses and residences. The village itself is relatively built-out, unless public sewer was installed, and this area allows for additional growth, if the community desires it. Additional development in this area is possible now, and if there was an extension of sewer then more could be done here, especially a few residential developments that would help address the need for affordable homes in the town, but this is not intended to create a new center of growth or reach the density of the village area. The Plan has relatively tight anti-sprawl policy language regarding principal retail, limiting any such retail that would come under Act 250 permitting and focusing retail into the village where it exists now.

The Plan is a permissive document and does not actually create development, nor does it override local regulations or create any zoning districts. Most commercial development in this area would not be subject to Act 250, only to local zoning. Norwich should continue to plan at a more detailed scale for this area than is done regionally, and update its zoning regulations if needed.

Charlotte Metcalf – Norwich Resident

- Concerned about Mixed-Use designation and resulting development that would cause stormwater runoff from impervious surfaces, and degradation of wetlands and environmentally sensitive areas.

Response: The Plan does not create development, but is permissive and restrictive of certain kinds in certain places. The Plan is meant to be read in full, and it contains many policies that address stormwater, impervious surfaces, and wetland protection. State regulations also regulate stormwater and wetlands and towns can have standards that address such as well. Also, Act 250 would protect these environmentally sensitive areas.

Marcia Calloway – Norwich Resident

- Objects to Town Center and Mixed-Use Area designations, believes TRORC is not in keeping with the goals in 24 VSA 4302, and extended strip development “will be imposed on the Hartford-Norwich-Route 5 area.”
- Notes that the future land use map area does not match the “DHCD map”.
- Asks who reviews the regional future land use areas.

Response: We do not believe that the designations create sprawl or strip development. The future land use maps and policies would allow more development than currently exists on the few remaining unbuilt parcels in the US 5 corridor south of the village, but that does not mean that development will just occur because of these new land designations, and not all development is strip development. Policies in the Plan address the characteristics of strip development.

The DHCD map is simply a map showing the State Designated Village area that no longer exists as a State Designated Village under the Vermont Downtown Development Program. This is not necessarily the regional or town defined village area and is created by the state’s Vermont Downtown Board for tax credit purposes, not for planning purposes.

There is no review and approval of regional plans by other bodies. TRORC has the statutory authority and duty to conduct regional planning and adopt a Regional Plan. DHCD, towns, neighboring regional planning commissions, and others can submit comments during the drafting process.

Lori Hirshfield, Director, Hartford Department of Planning and Development

- Questions if substantial regional impact is defined well enough.
- Questions if the new Mixed-Use and Industrial future land use areas would require Hartford to change its zoning.
- Definitions of new land use categories are too narrow. Concerned that this will require Hartford to change their own land use policies and zoning to be compatible.
- Current Town Plan has US 5 south identified as Gateway Commercial (which was approved by TRORC in 2014) and zoning has it as Highway Commercial. Concerned about conflict between proposed future land use areas and current uses.
- Concerned that not allowing principal retail in Mixed-Use Areas at Quechee Gorge will negatively affect this tourist attraction area that has many retail uses. Mixed-Use Areas would run counter to the current zoning, and Mixed-Use Areas are defined as “recognizing existing” uses. Speak to preferred scale/minimized impacts by using smart growth principles.
- Concerned Industrial definition is too narrow and that it will conflict with local zoning.
- TRORC is over-stepping their authority by creating mandatory language, “shall” versus “should”.
- Would like more collaboration and less dictating.
- Likes the idea of master planning for the Exit 1 interchange, but thinks that should precede policies.

Response: Substantial regional impact is clearly defined.

The Regional Plan does not, nor could it, require that a town change its zoning. It is possible that the future land use areas in the Regional Plan would conflict with future land use areas in a Town Plan to the extent that the Town Plan would not be approved, but that would need quite a difference as the “compatible” test in statute is relatively benign and requires an almost opposite effect to be found incompatible. In no case can the Regional Plan invalidate or supersede a Town Plan or zoning.

In response to concerns about the new Mixed-Use Area on US 5 south of the I-89 overpass, such developments as Young’s Propane and KW Tire are service establishments for our purposes and not principal retail. We have clarified our definition of service business. The Regional Plan has gone through one revision since 2014 (in 2017) and our Town Plan approval process continues to evolve, so a 2014 Town Plan approval is not a guarantee of future approval.

Definitions have been changed as follows:

“Principal (Primary) Retail.—As used in this Plan, “principal (primary) retail” means a use whose primary use is the supply of merchandise or wares to the end consumer for use off site. Examples include (but are not limited to) supermarkets, hardware stores (without lumberyards), dry-good stores, pharmacies, big box stores, etc. Principal retail does not include online sales with no product on site, land-~~consumptive intensive~~ and resource-based commercial uses, service businesses, restaurants, retail as a home occupation, or secondary retail.”

“Service Business.—Any establishment whose primary activity is the provision of services, which may include retail associated with that service assistance, as opposed to the sole provision of products. Such businesses include fuel distributors, combined sales and repair of vehicles, tires, heavy equipment and small engines, etc., to individuals, businesses, industry, government, or other enterprises.”

“Mixed Use Area. – As used in this Plan, “Mixed Use Area” means the future land use area identified as such in the Regional Future Land Area Map, and is a regional land use area designation of land with a mixture of ~~existing~~ uses that is served by by state highways, is generally multi-story, includes residential uses and deep lots, and is within walking distance of Regional Growth Areas. This Area ~~and~~ is appropriate for recreational facilities, higher intensity residential, light industrial/manufacturing, land-~~consumptive intensive~~ commercial uses, service businesses, secondary retail, and uses not appropriate for the core of downtowns and villages, such as lumberyards, nurseries, warehouses, and kennels. Principal retail establishments are not allowed in this area.”

In response to concerns about the new Mixed-Use Area on US 4 around Quechee Gorge, this area is designated as a mix of both Rural and Conservation and Resource Area in the current Regional Plan’s future land use areas. We feel that the Mixed-Use designation much more closely aligns with what is there now and town goals, while also staying in keeping with regional goals. We don’t believe that tourists are seeking principal retail as their reason for visiting Quechee Gorge. There are retail operations there now that would not be permissible under the current Regional Plan or draft Plan, if Act 250 applied. These can remain, of course, and future retail operations under 10 acres would not go through Act 250 and would only be regulated by local zoning.

In response to concerns about the new Industrial Area along VT 14, as the comment notes, this is very similar to the town’s zoning. Statute directs regional planning commissions to identify industrial areas. Similar to Quechee Gorge, this area is designated as a mix of both Rural and Conservation and Resource area in the current Regional Plan’s future land use areas. We feel that the Industrial designation much more closely aligns with what is there now and town desires, while staying in keeping with other regional goals. We have clarified some definitions, mainly around services.

The Town has questioned the authority of TRORC to create mandatory language in the Regional Plan. TRORC’s obligation to create a Regional Plan is found as a duty in 24 VSA section 4345a(5) and has existed for over 40 years. The purpose of a Regional Plan is found in 24 VSA section 4347. A Regional Plan shall be consistent with the planning goals in section 4302 and the elements of the Plan in section 4348(a). We disagree that the Regional Plan (or by an extension of this logic, Towns Plans) cannot have mandatory language. The mandatory effect of our Regional Plan has been reaffirmed by the Vermont Supreme Court. Plans are meant to have an effect, not simply be a wish. Mandatory conformance with a Regional Plan is part of Act 250. Such a requirement for conformance without clear statements of what to conform with would not make sense.

We have noted the town’s request to have a discussion on TRORC’s authority with the TRORC Board. We disagree that the exercise of our legitimate authority takes away from town authority. Both authorities are independent, but are presumed to always be aligned, since (assuming an approved Town Plan) both must be consistent with the goals in 24 V.S.A. §4302. Aligned does not mean they are exactly the same. Towns may have different definitions and future land use areas than the Regional Plan. The Regional Plan does not have zoning districts.

We plan on to continuing to collaborate with Hartford on many projects and plans as we have done in the past. This does not preclude that there will be areas of conflict, and such conflict is a healthy tension due to independent authorities that exist at both the regional and local level.

We believe that with an absence of a master plan at Exit 1 we should still have policies in the Regional Plan.

Hartford Planning Commission

- Concerned by use of words 'shall' and 'must' and that the RPC is over reaching their authority.
- Takes away legislative authority of the municipal planning commissions.
- Requests that the full TRORC commission has a discussion of the authority of the RPC.

Response: See response to Lori Hirshfield Hartford Town Planner above on creating mandatory language. We do agree with Hartford in that 24 VSA section 4302(b)(2) states that, "decisions shall be made at the most local level possible commensurate with their impact". For example, we fully expect that towns' future land use maps will be more detailed and have finer gradations than the regional future land use map. Most projects will only go through the town's zoning on the regulatory side, and not encounter Act 250 and any applicable Regional Plan policies. However, water quality, state transportation routes, energy use, certain land uses, pollution, an equitable provision of affordable homes, etc. all have the ability to have effects beyond the purely local scale. The Vermont Legislature clearly recognized this and explicitly required regional planning commissions to conduct regional planning (whereas planning is optional for towns) and adopt a Regional Plan to have effective policies on these matters.

We believe that the TRORC Board discusses our authority as the Regional Plan is drafted, and that the resulting draft is a statement of that authority.

Bruce Riddle, Chair, Hartford Planning Commission

- To solve housing we may need to go up several stories. With the right design, much larger buildings than 5-unit structures could and should go in Rural areas.
- National retail operations are looking at delivery options where there would be big buildings with the ability for residents to pick up orders instead of local delivery everywhere.

Response: We will be looking at scale and design of multi-unit structures as part of our regional housing study over the next two years and anticipate updating Regional Plan language in 2021.

We do not think that any large distribution center is needed or desired in each town. There may be such desires in Regional Centers.

Adolfo Bailon, Town Manager, Town of Randolph

- Several comments question the wording, meaning, or veracity of background or policy text in the Land Use chapter.

Response: We agree with some of the comments in terms of clarity or redundancy and will make the following changes.

Page 36, item #6: Delete word insensitive "unnecessary loss of scenic qualities resulting from insensitive land development.

Page 39: "The interchange area is particularly well known for panoramic and distant scenic vistas, particularly the mountain views to the west."

Page 40, policy #2: Small-scale retail uses secondary or subordinate to primary uses and non-traditional to downtown Randolph or its village areas may be acceptable uses subject to in-depth review and evaluation by the ~~community~~ Selectboard and Planning Commission.

- The following comments suggest changes that are not accepted:
 - Page 36, item #4: Delete “erosion of cultural, social, and economic values of the traditional town center or village settlement due to a dislocation of redistribution of key uses into the area.”

Response: Improper traffic management and development in Interchange Areas does have negative effects on cultural, social, and economic values of town centers and village settlements. This will remain in the Plan.

- Page 37, policy #1: Delete the first sentence “land use activities and public or quasi-public investments planned for Interchange Areas that have the effect of eroding the socioeconomic vitality of downtowns are incompatible with this Plan.”

Response: This policy is not being deleted as it represents state policy to support investments in downtowns.

- Page 39: Delete the sentence “this area is predominantly open land, including farmland and woodland.”

Response: The Randolph Interchange Area is currently predominantly open land that includes farmland and woodland.

- Page 40: Delete the list and subsequent paragraph relating to a 1998 study.

Response: This list comes from a factual and published study from 1998. It will remain in the Plan.

- Page 40, policy #4: change the policy to read “new development should be sited in areas that are not ~~highly scenic, visible, or~~ environmentally sensitive.”

Response: Scenic and visible areas are real criteria in Act 250, so those will remain in this sentence.

- Page 40, policy #7: change the policy to read “The types of land development appropriate for this interchange include offices, light industrial, residential, ~~appropriately scaled~~ traveler-oriented uses, and other similar uses that are not intended to draw on regional populations.”

Response: This policy does not preclude traveler-oriented uses, rather it says they must be appropriately scaled.

John Echeverria – TRORC Board, Strafford

- Add a recommendation to the Transportation Chapter that encourages Route 132 be handed over to the state for maintenance.

Response: A recommendation #7 has been added on page 90. “VTtrans should take over Route 132 as a state highway.”

Nick Clark, Thetford Selectboard

- A policy or recommendation to pursue a regional energy coordinator to help towns would be good as towns can’t do this by themselves.

Response: A new Recommendation #14 has been added to page 228. “TRORC will work with member towns on exploring possible shared energy program services aimed at improving efficiency and adoption of electrification and conservation measures, including hiring a multi-town energy coordinator”.

Thomas McHenry, Vermont Law School

- How does the forest block information appear in the Plan and how was the Forest-based Resource Area (FBRA) made?

Response: Information on forest blocks appears in the Plan on pages 49 and 50 and on Map 5. This information comes from the Vermont Conservation Design (VCD) base data. Highest priority interior forest blocks and highest priority habitat connectors were the initial cut, and these were then smoothed on the edges to make more usable polygons. In places, priority level areas were added to join them, or added based on local plans or conservation efforts. As the Plan states on pages 47-48, the VCD data was the first step in creating the FRBA delineation, but other factors were used as well, including town future land use maps, topography, riparian areas, conserved lands, and actual land cover.

Agency of Natural Resources

- The Agency recognizes and appreciates the Plan highlighting the ecological and economic importance of working lands and the important role working lands play with respect to habitat, recreation, and water quality in the Land Use, Working Landscapes, and Natural Resources Chapters.
- Figures 3-4 and 3-5 identify the priority and highest priority forest blocks and connectivity blocks within the Region. In addition to forest blocks and connectivity blocks, TRORC may also want to consider adding the highest priority surface waters and riparian areas to Figure 3-5 to show the role of riparian areas in providing a connected landscape. Riparian areas serve as vital habitat connectors.
- The definition for habitat connector could also be included in the definitions section of the Draft Plan.
- Recommendations for TRORC to work with municipalities to explore and analyze regulatory and non-regulatory mechanisms to maintain forest integrity and preserve connecting habitats could include mentioning potential studies to further these strategies include natural community mapping to identify special features within highest priority and priority forest blocks, as well as within surface water and riparian areas.
- Other regional or local analyses to aid in minimizing forest fragmentation could include overlaying forest block/habitat connector maps with future land use and/or zoning maps. This will identify which areas are most prone to development pressures, as well as help communities focus on the most effective planning or zoning mechanism to encourage the pattern of desired growth while maintaining forest integrity.
- In 2012, the Legislature passed Act 138 which transferred certain rulemaking authorities from the Water Resources Panel of the Vermont Natural Resources Board to the Agency of Natural Resources. The Draft Plan references the Natural Resources Board and Water Resources Panel when discussing rulemaking and petition processes for wetlands and outstanding resource waters. These processes are now under the Agency's purview. A brief explanation of the affected rules can be found on the Agency's website.
- The Agency has resources and guidance available to aid municipalities and regions in addressing the concepts of Act 171. The Agency is currently providing in-person and webinar trainings that teach communities to identify high-priority forest blocks and habitat connectors, plan for their protection, and understand the risk of conversion of forestland to non-forest uses in their region.
- Regarding solid waste, the Draft Plan refers to the 2014 Vermont Materials Management Plan (MMP). The MMP is being updated; public comments are requested by July 17, 2019. The Agency welcomes TRORC's input on the MMP. The Agency supports the Draft Plan recommendation for TRORC to assist towns in meeting Vermont's Universal Recycling (Act 148 of 2012) through outreach and education.
- In Chapter 9, the Agency supports the overarching goal to invest in facilities and services that create efficiencies and support the land use patterns articulated in the Draft Plan. Regarding water and wastewater systems, TRORC should consider mentioning more specifically the resources available for water and wastewater infrastructure planning and development from the Facilities and Engineering Division of the Agency's Department of Environmental Conservation (DEC). DEC recently helped form an inter-agency Village Wastewater Solutions workgroup which may be able to support planning for wastewater treatment in the Region's village centers.
- The Agency supports TRORC's inclusion of floodways and special flood hazard areas; wetlands; rare, threatened, and endangered species; necessary critical wildlife habitat; and forest blocks in Policy #3 on page 198 regarding telecommunications. TRORC should consider adding Agency-mapped river corridors among these features; revising "necessary critical wildlife habitat" to "necessary wildlife

habitat” for consistency with 10 V.S.A. §6001(12), and; removing “large” from Policy #5 on this page, as “priority” or “highest priority” forest blocks that are not “large” may still provide important ecological functions, such as wildlife connectivity.

- The telecommunications section refers to a telecommunications map (“Map XX”) which is not included in the Draft Plan.
- The Agency recommends the energy chapter of the Draft Plan describe in greater detail the implications a determination of compliance under 24 V.S.A. §4352 has for TRORC’s and its member municipalities’ participation in proceedings before the Public Utility Commission (i.e., substantial deference under 30 V.S.A §248(b)(1)(C)).

Response: In determining the Forest-Based Resource Areas within future land use, TRORC used primarily the highest priority forest blocks and connectivity blocks (habitat connectors). In areas where linkages were needed surface waters were also considered in this process but not specifically the high priority surface waters and riparian areas as defined by Vermont Conservation Design as the Forest-Based Resource Area is mostly centered on forests and such riverine areas are quite small to use as land use areas. TRORC does mention the importance of shoreline buffers and riparian areas in relation to connectivity within the Natural Resources Chapter.

We have added to the Definitions a definition for forest block and habitat connector as defined in statute: “Forest Block – A a contiguous area of forest in any stage of succession and not currently developed for non-forest use. A forest block may include recreational trails, wetlands, or other natural features that do not themselves possess tree cover, and uses exempt from regulation under subsection 4413(d) of Title 24 VSA.”

“Habitat Connector – land or water, or both, that links patches of wildlife habitat within a landscape, allowing the movement, migration, and dispersal of animals and plants and the functioning of ecological processes. A habitat connector may include recreational trails and uses exempt from regulation under subsection 4413(d) of Title 24 VSA. Synonymous with wildlife corridor.”

We do have a Recommendation #6 on page 143 for towns to conduct more detailed mapping in concert with the VT Department of Fish and Wildlife.

We have Recommendation #4 on page 54 to work with towns on bylaws to preserve forest blocks and habitat connectors, and also have Recommendations #3 and #5 on page 143 for towns to use bylaws to protect habitat areas.

On pages 125-126, the Plan will be changed to read, “An additional designation of Outstanding Resource Water can be decided by the Agency of Natural Resources Board. . . . In classifying the surface waters of the State, the ~~Board~~ Agency considers any adopted basin plan, existing uses, background conditions, and the degree of water quality to be obtained and maintained. Recommendations for use reclassifications are made during the tactical basin planning process of each watershed. The Agency Board, on its own . . .”

On page 133 the Plan will be changed to read, “Class 3 wetlands are those that have not been evaluated or are not considered by the ~~Water Resources Panel of the Agency of Natural Resources Board (formerly the Water Resources Board)~~ to be significant.”

On page 134 the Plan will be changed to read, “Municipalities, TRORC, or other interested parties may petition the State Agency of Natural Resources Board to (1) have a wetland reclassified to a . . .”

On page 135, Recommendation #1 will be changed to read, “The State of Vermont must more accurately identify and map significant wetland areas not currently classified as Class 1 or 2 wetlands and petition the Agency of Natural Resources Board to have such areas reclassified at a higher level.”

Unlike floodways, TRORC does not always consider river corridors as places where some development should not take place.

The fourth bullet under Policy #4 on page 198 has been revised to read, "Necessary ~~critical~~ wildlife habitat identified . . ."

Text at the top of page 196 has been changed to delete reference to a telecommunications map as follows: "See Map XX, the telecommunications map to see where these services are."

Recommendation #4 on page 227 has been amended to read, "TRORC will help interested towns meet the standards set forth in Act 174 for enhanced energy planning so that local preferences receive substantial deference in the Public Utility Commission's Section 248 proceedings."

TRORC Staff-generated changes

The changes below reflect staff suggestions that in many cases originated from comments received by the public.

- Due to the scarce nature of developable lands served by public sewer and water, and the desire to maximize development in core areas, ground-mounted solar has the potential to unnecessarily use up such rare lands and negate the possibility of dense development, increasing development pressure outside of compact centers. For this reason, we have added a policy opposing this. To make this fit well in the draft, on page 243, just prior to the I. Conclusion, we have added a goal, this new policy, moved Policy #1 from page 227 along with Recommendations #1 and #9 from page 227 on energy facility siting, and moved the policy contained in text on unsuitable areas at the bottom of page 240 and top of page 241.

This now reads:

Goal, Policies and Recommendations: Utility-Scale Renewable Energy Siting

Goal

Carefully sited renewable energy facilities are built in the Region to meet generation goals.

Policies

1. TRORC supports the continued development and siting of renewable energy generation that counts toward the goals of the CEP.
2. Ground mounted solar arrays above 15Kw in capacity should not be constructed in Regional Growth Areas if a reasonable alternate location is available, in order to preserve these areas for compact development. Solar arrays on structures in these areas are encouraged.
3. The following locations shall be considered regionally unsuitable for renewable energy generation facilities: floodways shown on FEMA Flood Insurance Rate Maps (except as required for hydro facilities), Class 1 Wetlands as indicated on Vermont State Wetlands Inventory maps or identified through site analysis, Wilderness Areas, including National Wilderness Areas, any unsuitable Areas as identified in a duly adopted municipal plan that has received a determination of energy compliance from the Department of Public Service or TRORC."

Recommendations

1. TRORC will encourage communities and residents to identify areas with the potential for renewable energy generation.
 2. TRORC should provide support for grid improvements that will allow improved renewable energy generation facility coverage in our Region by actively participating in the Act 250 and Section 248 review process.
- On page 184 in the text, it has been revised to read, "Wastewater treatment facilities and/or public water supplies will eventually be necessary in all communities' core areas if they desire to grow,

create more housing, or attract businesses, and meet end-use challenges. Currently, the towns of Norwich, Hartland, Sharon, Strafford, and Fairlee are the highest priority for some type of wastewater treatment facilities to achieve the state's goal of "densely populated villages and downtowns surrounded by open countryside."

- Figures in Chapter 3 are renumbered as there are four labeled as Figure 3-5.
- Added on page 35 a new Mixed-Use Areas "Policy #5: Reasonable efforts shall be made to provide pedestrian connections between uses, interconnect parking lots, and limit access points onto the state highway."
- In the Utilities, Facilities and Services chapter, page 184, Policy #2, added to end of sentence "... in this Plan, as well as affordable housing in Rural Areas."
- Page 68 of the Plan has been revised to address more modes of transportation by adding, "The bulk of this chapter focuses on the transportation facilities we use for vehicular access. This primarily is the road network, but the chapter also looks at means of access to these facilities (cars, transit, bikes, etc.), as well as other issues that affect our ease of access or the impacts of the transportation system. For example, how do access needs get served for those who cannot drive? And what have our roads done to our streams. This chapter also reviews transit services, rail, and carpooling facilities. We have no airports of any size, but residents, businesses, and visitors use smaller regional airports in Lebanon, New Hampshire and Rutland, Vermont. Larger airports within an easy drive are located in Manchester, Boston, Hartford and Burlington."
- To clarify the relation of the Plan to zoning, added text to Introduction chapter on page 7 as follows:
"6. In federal projects.

The Regional Plan does not create non-conformities like a zoning bylaw. Nor does it ever invalidate a local zoning bylaw. A proposed project with a valid local permit may fail to get an Act 250 permit due to a policy in the Regional Plan, just like a project with an Act 250 permit may fail to get a local permit. These are distinct processes with their own set of standards.

The goals ..."

- Just prior to Section E in the Introduction chapter, added, "...construed as policies. Like the Plan's goals, the Plan's future land use areas are desired future conditions and the Plan does not map every existing development node."
- On page 176, made Goal #1 more urgent by rewording to, "Sufficient decent and affordable primary homes (both rental and owned) are available now for residents and for needed newcomers."
- Inserted a new policy as Policy #1 on page 176, "Increasing the availability of homes (both rental and owned) that are affordable to our residents is an urgent, high regional priority."
- To more fully address energy sources, text on page 233 has been amended to read, "The state's goal of getting 90 percent renewable energy from renewable sources by 2050 represents a substantial shift from our current energy portfolio. Sixty percent of Vermont's electricity currently comes from renewable sources, a majority of which is hydropower generated by Hydro Quebec. A growing percentage of energy is now coming from wind and solar sources, but most energy used in the Region today is still coming from fossil fuels (see Figure 11-6) and is used for transportation and heat. The Region does get some thermal energy from wood as well. To reach the state's renewable energy generation targets, more renewable generation will need to be developed and we believe most of this will be in from solar."

- *On page 45, delete policy #12: “smaller non-formula retail stores aimed at local markets may be appropriate when located where commercial development already exists, but shall not create a new node of commerce.” This is because we do not want to limit new general stores in rural communities.*
- *The Plan does not address the availability of air travel to the Region’s residents, new language will be added on this in the Transportation chapter.*
- *A recommendation will be added to the Transportation and Utilities and Facilities chapter: TRORC should look into developing a capital budget for the Region.*

DRAFT Minutes of the Selectboard Meeting of
Wednesday, July 10, 2019 at 6:30 pm

46

Members present: John Pepper, Chair; Claudette Brochu, Vice Chair; Roger Arnold; John Langhus; Mary Layton; Herb Durfee, Town Manager; Miranda Bergmeier, Assistant to the Town Manager.

There were about 8 people in the audience.

Also participating: Omer Trajman, Rod Francis, Jaci Allen, Jeff Lubell, Charlotte Metcalf, Cheryl Lindberg, Jennifer Frank.

1. Approval of Agenda. Selectboard (SB) members agreed to proceed with the agenda as drafted.
2. Public Comment. Omer Trajman, Finance Committee (FC) Chair, gave an update on FC activities. Trajman said they elected officers of the FC; they looked at the tax rate and suggest that keeping the homestead tax rate flat from last year will allow the town to start rebuilding its savings. In the coming months, the FC will look at the next FY budget. Roger Arnold distributed a handout from Marcia Calloway, which will be included in the next SB packet.
3. Consent Agenda. Layton moved (2nd Langhus) to approve the consent agenda with the exception of item 3.a.11, which will be moved to agenda item 9c. **Motion approved unanimously.**
4. TRORC Regional Plan Draft – Finalize Joint SB and Planning Commission (PC) Comments. Layton said she like the draft comment letter and supports sending it. Layton said she like the term “Community Design”, and asked if it has a formal meaning. Rod Francis, Planning Director, said that it does, and the TRORC Regional Plan (RP) gives the definition. The RP addresses options for designing communities to encourage healthy physical activity; this is a growing trend in Planning. Arnold said he thinks the letter is very thoughtful and asked about the process of drafting it. Jaci Allen said that Francis drafted it and then the PC discussed, edited and approved it. Francis said he and Jeff Lubell met with Peter Gregory at TRORC to discuss the draft. Langhus said he liked the tone of the letter; it struck a good balance between respect and insistence. Brochu mentioned Marcia Calloway’s email to the state office and asked if the state has any control over TROR’s activities. Francis said that towns have control over town zoning; unless activity comes up for a state permit, the state of TRORC cannot intervene. The state cannot compel a town to enact certain zoning rules. Pepper asked what is the expected result of Norwich’s comments on the draft RP. Francis said that TRORC will compile the comments and present them to their governing body for any edits, and then the revised RP will go the member towns for voting. Jeff Lubell said that he and Francis’s meeting with TRORC was very productive and hopefully lays groundwork for further cooperation.
5. Set FY 2019-20 Tax Rate. Durfee said that next year he will propose that the voters at Town Meeting decide whether to establish a designated fund for “Emergency Reserves”. Durfee said the SB will set a tax rate based on the factors outlined in the sheet included in the meeting packet. Durfee recommended town tax rates of 2.389 (homestead) and 2.1471 (non-resident). SB members discussed Durfee’s proposal for tax rate, including possible reductions to the proposed rates. After discussion, Layton moved (2nd Brochu) to set the FY20 Total Homestead Tax Rate at \$2.3289 (which equals the sum of the \$1.8068 School Homestead Rate, the \$0.5146 Town Tax Rate which includes the \$0.0024 Local Agreement Rate, and the \$0.0075 County Tax Rate) and the Total Non-Residential Tax Rate at \$2.1471 (which equals the sum of the \$1.625 School Non-Residential Rate, the \$0.5146 Town Tax Rate which includes the \$0.0024 Local Agreement Rate, and the \$0.0075 County Tax

Rate), each rate being based on \$1,000 per assessed valuation. **Motion failed 2 to 3 (yes- Layton, Arnold; no-Langhus, Brochu, Pepper).** After further discussion, Langhus moved (2nd Brochu) to set the FY20 Total Homestead Tax Rate at \$2.3233 (which equals the sum of the \$1.8068 School Homestead Rate, the \$0.5090 Town Tax Rate which includes the \$0.0024 Local Agreement Rate, and the \$0.0075 County Tax Rate) and the Total Non-Residential Tax Rate at \$2.1415 (which equals the sum of the \$1.625 School Non-Residential Rate, the \$0.5090 Town Tax Rate which includes the \$0.0024 Local Agreement Rate, and the \$0.0075 County Tax Rate), each rate being based on \$1,000 per assessed valuation. **Motion passed 3 to 2 (yes- Brochu, Langhus, Pepper; no- Layton, Arnold).**

6. TM Report

a. Authorize TM to Expend from the Computer Fund. Langhus moved (2nd Layton) to authorize the expenditure of \$755.25 from the Computer Equipment Designated Fund to pay for the replacement of the Assistant Clerk's computer. **Motion passed unanimously.**

b. Fee Schedule Update. Durfee said that the fee schedule update draft is in progress, especially the Transfer Station fees, which are being amended in such a way to encourage proper disposal of items. This work is almost finished.

c. Town Road & Bridge Standards. Vermont's state requirements have changed, so that is why the SB is being asked to adopt revised standards at this time. Langhus moved (2nd Layton) to adopt the 2019 Town Road and Bridge Standards, as revised in the packet, with the understanding that the Town Manager and the DPW Director will further review the standards for possible additional update by the Selectboard. **Motion approved unanimously.**

7. Board Summer Schedule. Layton said that she would consider an extra meeting to do policies work. Pepper and Brochu said they are open to doing that. After further discussion, SB members agreed to have a meeting on July 24, 2019.

8. Undesignated Fund Balance Policy. SB members agreed that they will discuss this issue more fully in their next meeting.

9. Selectboard Policies Status.

a. Master Financial Policy. Layton discussed briefly the documents she provided for the SB packet. Layton recommends all financial policies should be in a master policy. Brochu asked for a copy of the policies in editable electronic format. Layton moved (2nd Brochu) to adopt the Town of Norwich Master Financial Policy, as presented in the SB packet, as a first reading. **Motion approved unanimously.**

b. Banner Policy; Sexual Harassment Policy. Brochu moved (2nd Langhus) that the SB adopt the Banner Policy and the Sexual Harassment Policy, as presented in the packet, as a first reading. **Motion approved unanimously.**

SB members discussed formatting /structure for policies, in general. Layton said that she thinks the SB should adopt a policy that governs how the SB develops policies. Brochu and Layton will put together a draft for SB consideration at a future meeting.

9. Future Meeting Agenda Items. SB members agreed to the following agenda items for their next meeting:

Selectboard Policies

Authorization to Apply for a Trails Grant

At 9:34 pm, Layton moved (2nd Pepper) to adjourn. **Motion passed unanimously.**

Meeting adjourned at 9:34 pm.

By Miranda Bergmeier

Approved by the Selectboard on _____, 2019

John Pepper
Selectboard Chair

Next Meeting – July 24, 2019 – Regular Meeting at 6:30 PM

PLEASE NOTE THAT CATV RECORDS ALL REGULAR MEETINGS OF THE NORWICH
SELECTBOARD.

DRAFT Minutes of the Selectboard Meeting of
Wednesday, July 24, 2019 at 6:30 pm

Members present: Claudette Brochu, Vice Chair (acting as Chair); Roger Arnold; John Langhus (via telephone); Mary Layton; Herb Durfee, Town Manager; Miranda Bergmeier, Assistant to the Town Manager. Member absent: John Pepper, Chair

There were about 3 people in the audience.
Also participating: Omer Trajman.

1. Approval of Agenda. Selectboard (SB) members agreed to proceed with the agenda as drafted.
2. Public Comment. No public comment was offered.
3. Consent Agenda. Layton moved (2nd Arnold) to approve the consent agenda. **Motion approved unanimously.**
4. Selectboard Policies Status. Layton said she likes the framework that Brochu and Arnold developed. SB members discussed whether to put statutory text in a glossary or appendix to the policies, so as not to quote the same verbiage repeatedly in multiple places in the policies. Omer Trajman said that the Finance Committee has recommended that the Financial Policies be easily understandable, to facilitate participation by anyone who joins the SB, so that they will know what the governing policies are and what they mean. SB members agreed to work their way through the policies one by one, editing as they go with the comments provided by SB members. As they went through the proposed changes, chose to accept or reject them. Attached is the resulting version of the draft policies. For clarity's sake, after discussion about particular language on page 19 of the policies, Layton moved (2nd Arnold) to strike John Langhus's language on page 19. **Motion approved unanimously.**
9. Future Meeting Agenda Items. SB members agreed to hold a special meeting on August 15, 2019 at 6:30 pm, with one agenda item only:
Selectboard Policies

At 9:26 pm, Layton moved (2nd Arnold) to adjourn. **Motion passed unanimously.**

Meeting adjourned at 9:26 pm.

By Miranda Bergmeier

Approved by the Selectboard on _____, 2019

John Pepper
Selectboard Chair

Next Meeting – July 24, 2019 – Regular Meeting at 6:30 PM

PLEASE NOTE THAT CATV RECORDS ALL REGULAR MEETINGS OF THE NORWICH SELECTBOARD.

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Town of Norwich Master Financial Policy

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)

Town of Norwich Master Financial Policy

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.

Town of Norwich Master Financial Policy

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.]

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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.

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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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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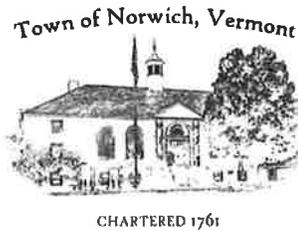
Town of Norwich Master Financial Policy

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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Town of Norwich Master Financial Policy

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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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Town of Norwich

Master Financial Policy

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:

1. 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 thins

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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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Town of Norwich
Master Financial Policy
Adopted: [DATE]

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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)~~ ~~3,000~~ ~~(\$2,000)~~ 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). Bid specifications shall include:

6.1(a) Bid name

6.1(b) Bid submission deadline

- 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:

- 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

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

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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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:

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?

~~1.21.3~~ 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

~~1.31.4~~ 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.

~~1.41.5~~ 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)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.

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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 reserve~~ Designated 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 ~~reserve~~ Designated 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

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 refurbished buildings, or other major infrastructure projects.

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

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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;

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Procedures:

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

~~1.1~~ The Select Board will adopt a five-year CIP for the Town of Norwich through the annual Budget process. A Capital Improvement Plan (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.

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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) 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.~~

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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~~2 The project or asset is required under a state or federal mandate, law, or regulation.
- 4.3 ~~The~~3 The project or asset willWill mitigate or eliminate a known safety hazard.
- 4.4 The project or asset willWill maintain and improve the delivery of public services to the majority of the population.
- 4.5 The project or asset willWill 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.~~

~~1.31.1 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 exclusively 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~~ ~~forementioned 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

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

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

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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 ~~equates 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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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 (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]..."

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 (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;"~~

~~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.

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

~~1.73.3~~ 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.

~~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.~~

~~4.93.5~~ ~~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 Selectboard~~ such 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.~~

~~4.103.6~~ 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.

~~4.113.7~~ 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, ~~t~~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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Town of Norwich
Master Financial 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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Town of Norwich

Master Financial Policy

Adopted: [DATE]

~~Town of Norwich Master Financial 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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Town of Norwich
Master Financial Policy
Adopted: [DATE]

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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.
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]

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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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**DRAFT Minutes of the Selectboard Special Meeting of
Thursday, August 15, 2019 at 6:30 pm**

Members present: Claudette Brochu, Vice Chair; Roger Arnold; Mary Layton

Members absent: John Pepper, Chair; John Langhus

Also present: Herb Durfee, Town Manager; Linda Cook; and, CATV recorded the meeting

1. Approval of Agenda. At 6:33 pm, Brochu called the meeting to order. Board members agreed to proceed with the agenda as drafted.
2. Public Comment. No public comment was offered.
3. Selectboard Policies Status. Durfee handed out a revised Section 3. Cash Receipts, Petty Cash, and Returned Check Policy, as agreed based on the Board's 7/24/19 meeting. There was general agreement that Board members should review the revised Section 3. Policy and any members with comments should e-mail them to Durfee who would merge them into a single document for consideration at a future meeting. Then, based on their 7/24/19 special meeting, in the same style of review, Board members continued to discuss and amend the draft master financial policy beginning with Section 4. Credit Card Policy. Line by line, the Board proceeded to review and amend the current draft getting through the following sections:
 - Section 4: Credit Card Policy
 - Section 5: Debt Management
 - Section 6: Capital Budget & Program
 - Section 7: Investment Policy
 - Section 8: Trustees of Public Funds – Investment Policy
 - Section 9: Fraud Prevention
 - Section 10: Fund Balance Reserve Policy

Attached is the resulting version of the draft policies.

The Board agreed to take up the remaining sections (Section 11: Balanced Budget; Section 12: Gift Policy; and, Section 3: Cash Receipts, Petty Cash, and Returned Check Policy) at a special meeting to be held on Tuesday, August 20, 2019 at 7:00 pm in Tracy Hall.

4. Adjournment. At 9:55 pm, Layton moved (2nd Arnold) to adjourn. Motion passed unanimously.

**Minutes of the Selectboard Special Meeting
08/15/19 – DRAFT**

Respectfully submitted,
Herbert A. Durfee, III

Approved by the Selectboard on _____, 2019

John Pepper, Chair

Next Meeting:

August 20, 2019 – Special Meeting at 7:00 pm

August 28, 2019 – Regular Meeting at 6:30 pm

PLEASE NOTE THAT CATV RECORDS ALL REGULAR MEETINGS OF THE NORWICH SELECTBOARD

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Town of Norwich Master Financial Policy

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)

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.

Town of Norwich Master Financial Policy

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.

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:

- **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

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? What until pg 20

Comment [MD2]: 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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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.]

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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.

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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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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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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~~Town of Norwich Master Financial Policy~~

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Town of Norwich, Vermont



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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;"~~

~~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]..."~~

~~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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Town of Norwich
Master Financial Policy

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:

1. 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.

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**

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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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). Bid specifications shall include:

6.1(a) Bid name

6.1(b) Bid submission deadline

- 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:

- 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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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

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

~~**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?

~~1.2.3~~ 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

~~1.3.4~~ 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.

~~1.4.5~~ 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:

~~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 [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

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 (Staples and Home Depot) 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)~~

~~"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 No use of the Town credit or business cards shall occur without authorization of the Town Manager.

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.~~

~~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

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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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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. Though the school district is a separate "municipality" from the Town, 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.~~

~~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 that the Town is well managed and will meet its obligations in a timely manner.

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~~Authority: 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 (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~~

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."~~

Procedures:

1.0 Planning and Performance:

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 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.

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

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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.

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~~ reserve Designated 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.

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 ~~reserve~~ Designated 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 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:

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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"

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.

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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 (the total value of all properties in town as established by the Listers and reported by Form 411) 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

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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 budget and program for the Town of Norwich.

Policy: The Selectboard will adopt a six-year Capital Program and Budget (CPB) for the Town of Norwich through the annual Budget process. The CPB 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 of 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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Authority:

~~**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. allows Selectboard to accumulate resources to pay for items included in a CBP.~~

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

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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;"~~

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Procedures:

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

~~1.1~~ The Select Board will adopt a five-year CIP for the Town of Norwich through the annual Budget process. A Capital Improvement Plan (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~~ **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:

- 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.
- 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.

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~~1.3.1~~ **1.4** The CBPIP will be arranged to indicate the **Order of Priority** of each capital project and

to state for each project the following:

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

3.0 Reserve Designated and Special Purpose Funds: In conjunction with the Town's Debt Management Policy, the Town Manager shall annually propose funding of reserve funds to accumulate resources to pay for items included in the ~~CFP~~ capital budget and program. The use of such 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.

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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 Is required under a state or federal mandate, law, or regulation.
- 4.3 Will mitigate or eliminate a known safety hazard.
- 4.4 Will maintain and improve the delivery of public services to the majority of the population.
- 4.5 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 the project.

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Section 7: Investment Policy

Comment [H027]: 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

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

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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

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).

Comment [C28]: Herb to research this statute

~~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(e).~~

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Policy Objectives and Procedures:

2.1. Policy Objectives:

~~2.1 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.~~

2.21.1 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.

2.31.2 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~~ primarily 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.

2.41.3 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 ~~as secondary important~~ less important than 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.

3.2. Pooling:

3.12.1 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.

4.3. Diversification of the Investment Portfolio:

4.13.1 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.

5.4. Standard of Care:

5.14.1 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.

6.5. Conflicts of Interest:

6.15.1 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 disclose any material interests in financial institutions with which the Town conducts business, and further disclose any personal financial or investment positions that

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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.

7.6. 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~~ The following investments 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 ("rollover") agreements whose underlying purchased securities consist of the

forementioned instruments.

8.7. Collateralization:

Comment [RA29]: No money market mutual funds?

Comment [JL30]: Do we currently do this?

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8.17.1 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. 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.

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9.8. Safekeeping and Custody:

9.18.1 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 [JL31]: Does this happen now?

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

10.9. Reporting:

10.19.1 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 [C32]: 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

11. 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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Authority: Not Applicable

Relevant Citations:

~~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.”

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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

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 officer’s option, the employee or officer’s contact information if additional

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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 are, for an officer, the possible inability to run for office, and for an employee, ~~possible~~ 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.

2. Investigation:

2.1 Upon receiving such a report, in as confidential a manner as possible to protect the ~~employee~~ 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, ~~PACIFVLCT~~, 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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Section 10: Fund Balance Reserve Policy

Comment [ND33]: 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 ensure that adequate reserves are maintained in the general fund for the following purposes:

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, natural disasters, cutbacks in distributions from the state/federal government, and other unforeseen circumstances. :

To **reduce the cost of 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.

Comment [C34]: Roger to investigate this authority

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

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.

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

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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).

~~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."~~

~~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. For the purpose of this policy, this fund will be referred to as the Undesignated Fund.

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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Comment [HD35]: This recommended amendment is rooted in a VT Sec of State's legal opinion (*Opinion*, 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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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 12-16 percent of general fund operating expenditures should be maintained.
- 3.3** As part of setting the Town tax rate the Select Board will review and discuss the undesignated fund balance.
- 3.4** 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 and 17 V.S.A. § 2664.

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Policy: The Town Manager will develop an expenditure budget for the Selectboard to propose to voters for approval at Town Meeting.

Authority:

~~Title 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;"~~

~~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 [JL36]: 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 ~~shall not exceed the amount of the budget 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 ~~up with~~ 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.

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~~

Comment [MD37]: 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.

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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 Selectboard~~ such 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 10% 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 [RA38]: I would like to know more about the history with this particular language. Do not see the need for it as written

Comment [HD39]: 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 [C40]: 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 [JL41]: 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.~~
- ~~• **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.~~
- ~~• **Balance Sheet** showing Town estimated assets less liabilities and fund balance.~~

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Comment [JL42]: How is this different from the Budget Report?

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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 [RA43]: 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 I. 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 grand 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.
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]

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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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**DRAFT Minutes of the Selectboard Special Meeting of
Thursday, August 20, 2019 at 7:00 pm**

Members present: Claudette Brochu, Vice Chair; Roger Arnold; Mary Layton

Members absent: John Pepper, Chair; John Langhus

Also present: Herb Durfee, Town Manager; Linda Cook
(CATV did not record this meeting.)

1. Approval of Agenda. At 7:47 pm, when a quorum of members existed, Brochu called the meeting to order. Board members agreed to proceed with the agenda as drafted.
2. Public Comment. No public comment was offered.
3. Selectboard Policies Status. Board members continued to discuss and amend the draft master financial policy. Line by line, the Board proceeded to review and amend the current draft getting through the following sections:
 - Section 3: Cash Receipts, Petty Cash, and Returned Check Policy
 - Section 11: Balanced Budget Policy
 - Section 12: Gift Policy

Note: after general discussion, it was agreed that Arnold and Durfee will work on blending specific components of the two drafts of the Balanced Budget Policy to make it easier for the Board's review. The two will try to have a singular revised draft as a handout for the Board's August 28, 2019 meeting.

Attached is the resulting version of the draft policies from Board discussion.

Preliminarily, the Board agreed to discuss the schedule at its August 28, 2019 meeting whereby the September 11, 2019 meeting would be reserved for making final changes to the policies, the September 25 meeting would be reserved for the 2nd Reading and Adoption of the policies. But, if during the 2nd Reading the Board finds additional changes are required, then the October 9, 2019 meeting would be reserved for the Adoption of the policies.

It was agreed that after the August 28, 2019 Board meeting Durfee would be responsible for getting the policies into a "clean", uniform version in preparation for the policies' 2nd Reading.

4. Adjournment. At 9:23 pm, Brochu moved (2nd Arnold) to adjourn. Motion passed unanimously.

**Minutes of the Selectboard Special Meeting
08/15/19 – DRAFT**

Respectfully submitted,
Herbert A. Durfee, III

Approved by the Selectboard on _____, 2019

John Pepper, Chair

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

PLEASE NOTE THAT CATV RECORDS ALL REGULAR MEETINGS OF THE NORWICH SELECTBOARD

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

Effective: Upon adoption.

Purpose: The purpose of this policy is to ensure proper management practices by the Town of Norwich employees are in effect and adhered to when their assigned duties require the processing of cash, checks, and other receipts. The management practices are designed 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 will be responsible for the preparation and implementation of internal financial controls (procedures) necessary to carry out this policy's purpose. Controls/procedures prepared by the Town Manager will be in written format and strictly adhered to by the below named *Authorized Personnel*. Said controls/procedures prepared by the Town Manager shall adhere to the minimum requirements herein.

Authorized Personnel: For internal control purposes, only the following individuals are authorized to receive funds on behalf of the Town of Norwich: Town Manager, Finance Director, Finance Assistant, Town Clerk, Assistant Town Clerk, Police Administrative Secretary/Dispatcher and police officers (only for Police Department functions), Transfer Station Head Attendant or stand-in related to vacations or other forms of leave. (only for Transfer Station related functions).

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

Receipts: Persons authorized to receive funds on behalf of the Town must issue a fully completed collection receipt for any cash received. The original completed receipt must be issued to the person from whom the cash is received. A copy of the receipt (including notation identifying the budgetary line item to which it's allocated) must be delivered to the Finance Director/Town Clerk along with the cash. As applicable, a separate copy of the receipt must be retained by the person authorized to receive funds for audit and/or filing purposes. For non-cash related payments, payees requesting a receipt shall be provided one by the respective Authorized Personnel but, preferably, by the Finance Office.

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

Preparing and Depositing Funds: Funds collected by authorized persons must be deposited with the Finance Office according to the following:

- Town Clerk/Assistant Town Clerk – no later than the close of business the day funds are received, unless otherwise enabled by statute.

- Transfer Station Head Attendant – no later than the close of business the day funds are received, except they must be deposited at the Town bank's overnight deposit box (whereby they are picked up from the bank by the Finance Office on the next business day).
- Police Administrative Secretary/Dispatcher or police officers – no later than the close of business the following business day funds are received.
- All Other Authorized Personnel – no later than the close of business the day funds are received.

Each person depositing funds with the Finance Office must submit a report from the Town's computer software or a spreadsheet or adding machine tape with each deposit. The Finance Office will count and verify the amount deposited in the presence of the person depositing the funds. All deposits made to the Finance Office will be issued a receipt or other acknowledgement [HERB, GET ESSEX SAMPLE]. Each applicable department will receive from the Finance Office a monthly list of deposits that have been verified through the bank statement. Any discrepancies shall be reported to the Finance Director and the Town Manager immediately.

Petty Cash: Beginning October 1, 2019, petty cash no longer will be permissible. Respective Town employees and officers are expected to plan accordingly.

Returned Checks: A check returned by the bank will be recorded in the accounting system against the revenue in which it was originally posted unless the check is replaced. First-time returned checks will be re-deposited. Upon second receipt of a returned check, the Finance Office will notify the check writer and inform him/her that his/her check did not clear and advise that there is a \$35.00 return check fee due. Thereafter, full payment, including the return check fee, must be in the form of cash, money order, or bank certified check.

Section 11: Balanced Budget Policy

Effective: On adoption

PURPOSE: The Town of Norwich believes that sound financial management requires that the annual Town budget be developed and administered in such a way that annual revenue from property taxes and other sources equals or exceeds annual expenses..

Authority:

Comment [C1]: Roger and Herb will find statues

Policy: The Town budget will be developed and administered so that annual revenue from property taxes and other sources equals or exceeds annual expenditures.

BUDGET DEVELOPMENT AND APPROVAL: Each year, the Town Manager will develop and present to the residents an operating budget that balances annual revenues and annual expenditures for all funds. The Town Manager will not propose annual budgets that overestimate revenues, defer maintenance or replacement of essential capital assets, roll over short-term debt, or inadequately fund Town obligations. Upon Selectboard approval of the Town budget the Selectboard will set the tax rate necessary to raise the specific amounts approved in the Town budget.

BUDGET ADMINISTRATION: The ~~Borough Town~~ Manager administers the ~~Borough Town~~ budget through his authority in the State of Vermont, ~~Borough Code and Dormont Code of Ordinances~~. In order to carry out this responsibility effectively, the ~~Borough Town~~ Manager must have timely and accurate information about the status of the town's finances. To this end, the ~~Borough Town~~ Manager and ~~Borough Council~~~~Selectboard~~ have adopted a financial reporting policy under which the ~~Borough Town~~ Manager or his/her designee prepares monthly financial reports for the ~~Borough's Town's~~ budget management purposes (See Section 1 above).

The ~~Borough Town~~ recognizes that unanticipated expenditures and revenue shortfalls caused by circumstances not foreseen at the time a budget is approved may require transfer of money between or among line items or even deficit spending. The unforeseen circumstance(s) should be of such significance that the Town Manager can not foresee any other recourse for the Town than to deficit spend or the transfer of money.

The ~~Borough Town~~ Manager will endeavor to administer the ~~Borough Town~~ budget to provide services in a manner consistent with the residents' expectations in light of actual circumstances that arise during the fiscal year, and will manage the budget to avoid, to the extent reasonably possible, deficit spending or the need to borrow money to pay current operating expenses. The Town Manager will provide bi-weekly reports to the Selectboard when the threat of deficit spending becomes apparent.

Comment [C2]: Who determines residents' expectations?

LINE ITEM TRANSFERS: During the fiscal year, all transfers between or among budget line items will require a majority vote of the ~~Borough Council~~~~Selectboard~~. The vote will

state the line items that are subject to transfer, the reason for the transfer, and the reason funds are available for transfer. Transfers will be made consistent with any applicable statute or legal obligations that may encumber or restrict the use of certain funds. At the close of the fiscal year but in no case later than the ~~Council's Business Selectboard's Meeting of 2022, in August~~, the ~~Borough-Town~~ Manager will present a budget closing plan to the ~~Borough Selectboard Council~~, making ~~recommendations for transfers between or among line items~~, and recommending the application of any budget surplus. Approval of the budget closing plan will require a majority vote of the ~~Borough Council Selectboard~~. Any annual budget deficit will be addressed in accordance with State of Vermont laws.

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Town of Norwich Master Financial Policy

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)

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.

Town of Norwich Master Financial Policy

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? What until pg 20

Monthly and Annual Financial Reports: The Town Manager will prepare 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 [MD2]: 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.]

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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.

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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Encumbrances And Year End Purchasing: Encumbrances represent a financial 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 \$50,000 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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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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~~Town of Norwich Master Financial Policy~~

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Town of Norwich, Vermont



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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 (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;"~~

~~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]..."~~

~~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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Town of Norwich
Master Financial Policy

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:

1. 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.

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**

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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Town of Norwich
Master Financial Policy
Adopted: [DATE]

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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). Bid specifications shall include:

6.1(a) Bid name

6.1(b) Bid submission deadline

- 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>) 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:

- 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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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

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

~~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:

~~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 meeting 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 [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

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 (Staples and Home Depot) 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)~~

~~“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 No use of the Town ~~credit or business cards shall occur without authorization of the Town Manager.~~

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.~~

~~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

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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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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. Though the school district is a separate "municipality" from the Town, 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.~~

~~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 that the Town is well managed and will meet its obligations in a timely manner.

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~~Authority: 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 (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~~

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.."~~

Procedures:

1.0 Planning and Performance:

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 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.

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

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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 reserve** Designated 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 **reserve** Designated 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 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:

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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 (the total value of all properties in town as established by the Listers and reported by Form 411) 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

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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 budget and program for the Town of Norwich.

Policy: The Selectboard will adopt a six-year Capital Program and Budget (CPB) for the Town of Norwich through the annual Budget process. The CPB 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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Authority:

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. allows Selectboard to accumulate resources to pay for items included in a CBP.

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

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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;

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Procedures:

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

~~1.1 The Select Board will adopt a five-year CIP for the Town of Norwich through the annual Budget process. A Capital Improvement Plan (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~~ **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:

- 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.
- 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.

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~~1.2.1.4~~ The CBIP will be arranged to indicate the **Order of Priority** of each capital project and

to state for each project the following:

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(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 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.

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~~(e) 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.

~~(f) As resources are available, the capital budget will be incorporated into the current year operating budget.~~
(f) 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.

2.0

3.0 Reserve Designated and Special Purpose Funds: In conjunction with the Town's 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 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.

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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 Is required under a state or federal mandate, law, or regulation.
- 4.3 Will mitigate or eliminate a known safety hazard.
- 4.4 Will maintain and improve the delivery of public services to the majority of the population.
- 4.5 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 the project.

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Section 7: Investment- Policy:

Comment [MD27]: 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

~~1.1 Policy: The Town~~ of Norwich prioritizes the security of principal, liquidity as needed to meet projected expenditures, and return on investment in that order.

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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

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).~~

Comment [C28]: Herb to research this statute.

~~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:

2.1. Policy Objectives:

~~2.1 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.~~

2.21.1 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.

2.31.2 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~~ primarily 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.

2.41.3 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 ~~not considered~~ ~~not considered~~ less important than 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.

3.2. Pooling:

3.12.1 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.

4.3. Diversification of the Investment Portfolio:

4.13.1 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.

5.4. Standard of Care:

5.14.1 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.

6.5. Conflicts of Interest:

6.15.1 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 disclose any material interests in financial institutions with which the Town conducts business, and further disclose any personal financial or investment positions that

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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.

7.6. 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~~ The following investments 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 ("rollover") agreements whose underlying purchased securities consist of the
aforementioned instruments.

Comment [RA29]: No money market mutual funds?

Comment [JL30]: Do we currently do this?

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8.7. Collateralization:

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8.17.1 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. 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.

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9.8. Safekeeping and Custody:

9.18.1 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 [JL31]: Does this happen now?

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

10.9. Reporting:

10.19.1 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 [C32]: 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

11. 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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Authority: Not Applicable

Relevant Citations:

~~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.”

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

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 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 are, for an officer, the possible inability to run for office, and for an employee, ~~possible~~ 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.

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, ~~PACIFVLCT~~, 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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Section 10: Fund Balance Reserve Policy

Comment [HD33]: 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 ensure that adequate reserves are maintained in the general fund for the following purposes:

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, natural disasters, cutbacks in distributions from the state/federal government, and other unforeseen circumstances. ;

To **reduce the cost of 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.

Comment [C34]: Roger to investigate this authority

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

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

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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).

~~Authority: The Town Manager acts 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]..."~~

1. Definitions:

1.1 Variously, "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. For the purpose of this policy, this fund will be referred to as the Undesignated Fund.

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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Comment [HD35]: 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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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 12-16 percent of general fund operating expenditures should be maintained.

3.3 As part of setting the Town tax rate the Select Board will review and discuss the undesignated fund balance.

3.4 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 and 17 V.S.A. § 2664.

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Policy: The Town Manager will develop an expenditure budget for the Selectboard to propose to voters for approval at Town Meeting.

Authority:

~~Title 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;"~~

~~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."

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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"~~

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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 [JL36]: 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 willencouraged-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 polieies-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 ~~is to be prepared, reviewed, and approved through a process established by the budget program~~ 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.

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~~

Comment [HD37]: 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.

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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.~~

~~1.103.5 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 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.~~

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

Comment [RA38]: I would like to know more about the history with this particular language. Do not see the need for it as written.

Comment [HD39]: 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 [C40]: 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 [JL41]: 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;~~
- ~~• 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;~~
- ~~• Balance Sheet showing Town estimated assets less liabilities and fund balance;~~

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Comment [JL42]: How is this different from the Budget Report?

~~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

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Comment [RA43]: We have an entire policy for this so I think we can remove from this policy

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Town of Norwich

Master Financial Policy

Adopted: [DATE]

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.

Comment [C44]: Need sentence that talks about legislative intent and

Policy: When the Town is afforded the opportunity of grant awards, gifts (e.g. land, personal property, goods and services) creation or donation to special funds (e.g. bequests or restricted funds), or gifts (either monies or material) deemed too restrictive prior to any acceptance the Town will give full consideration to assure community benefit and avoid undue adverse costs to the Town.

Authority:

17 VSA section 2664

Governmental Accountings Standards Board (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type* contains the following definition: "Committed fund balane- 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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24 V.S.A. section 143-503 (c)(2)

Title 24 V.S.A. section 1233

24 V.S.A. section 1236

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Procedures:

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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:

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 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.

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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 within the limit of available funds in the Citizen Assistance Fund specifically for Norwich residents in need.

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

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Understood and Agreed
Cheryl A. Lindberg, Treasurer

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