



**BURGESS**  
**LOSS PREVENTION ASSOCIATES, LLC**  
10 Manchester Drive, Lebanon, NH 03766 Phone 603-448-3869

**WILLIAM A. BURGESS, JR.**  
President

**Investigation Report**

**Confidential-Prepared at The Request of Counsel**

**October 17, 2019**

**Introduction**

The case was assigned by the law firm of McNeil, Leddy and Sheahan, P.C., to determine the facts pertaining to at least 4 emails, purportedly from Norwich Vermont Town Manager Herb Durfee, that were directed to Town Financial Director Donna Flies in July and or August of 2019 instructing her to transfer Town funds to account(s) stated in the emails. This includes when the emails occurred, when the funds were transferred, who knew about each transfer and when, and what they did with that information at the time they received it and afterwards. This investigation will also include a review of Norwich Town polices, internal or external, to determine if the facts demonstrate a violation of such polices, if any.

This investigator was provided with relevant, existing information pertinent to the case assignment. Documents provided were:

1. Town of Norwich: Relevant Policies and Procedures
  - Purchasing Policy
  - General Financial Policies and Procedures
  - Selectboard Financial Policy #1
  - Code of Ethics
  - Fraud Prevention Policy
  - Accounts Payable Procedure
2. Numerous emails relating to the incident under investigation
3. Letter from Donna Flies to Lyssa Papazian, dated August 9, 2019
4. Text messages between Pepper and Langhus from August 17, 28, and August 29<sup>th</sup>

A total of 15 people were interviewed as part of this investigation.

## **Executive Summary**

### **Key Information Obtained During Interviews**

Donna Flies was hired in June as the new Finance Director for the Town of Norwich. The former (outgoing) Finance Director, Roberta Robinson provided her orientation and training. The training consisted of on-the-job training, working for four weeks with the outgoing director. The pertinent financial town policies were provided to Flies. Roberta Robinson retired on June 28, 2019.

Flies stated during her interview that she understood the Town's financial policies. A letter Flies sent on August 9, 2019 to a vendor (unrelated to this investigation) confirmed her understanding of the Town's financial policies and payment process. Flies stated in the [same] letter "...that bill's cannot be paid until the Selectboard has reviewed and signed the warrant."

Beginning August 6, 2019, four ACH payments were made totaling just under \$250,000 to a Donald Jefford, Jr. without Board approval. These payments were made on August 6, August 12, August 19 and August 23, 2019. The Finance Director, Donna Flies, made the ACH payments. She made the transfers in response to a request from 4 emails sent from a non-town email account that had the town manager's name as the alleged sender of the emails.

After the first two transfers on August 6 and August 12, the Town Treasurer, Cheryl Lindberg noticed one of the transfers while reviewing other information at the bank. She notified John Pepper, the Selectboard Chair, Claudette Brochu, the Selectboard Vice Chair and Finance Committee Chair, Omar Trajman. Lindberg informed Pepper, Brochu and Trajman, that she was concerned that the ACH payment had been made without Board approval and the town policies had been violated. She said she was also concerned about embezzlement. Lindberg notified Flies, both in person and by email, that Flies should not make any payments unless they were first approved by the Selectboard.

None of the people that were aware of the questionable ACH payment (noted above that Lindberg discovered on August 14) knew that 2 payments had actually been made to Donald Jefford, Jr. They were not aware, that Flies made the ACH payments based on an email request from a non-town email address. Given that Selectboard Chair Pepper was out of the country and the fact that Lindberg had clearly instructed Flies that no payments were to be made without the Board's approval, it was decided that the matter would be addressed when Pepper returned the week of August 26.

The Town Manager, Herb Durfee was out of the office, on vacation from July 25, returning on August 12, 2019. In his absence, Police Chief Jennifer Frank was in charge. No one notified Frank or Durfee about the ACH issue until the evening of August 28, 2019.

In hindsight, had any one of several different people been more inquisitive at the time they learned about the first ACH payment to Jefford, or mentioned the issue of the ACH payment to the town manager between August 14 and August 23, the second two ACH payments would

have never occurred. However, it is important to note, that based on the facts of what people knew, at the time they knew it, it appears they responded appropriately.

Flies received two additional emails on August 19 and August 23 requesting additional ACH payments be made immediately to Donald Jefford, Jr. Ignoring both Lindberg's instructions, failing to check the unusual email requests with Durfee in person (who was in the same building) and continuing to violate town policies, she made two additional ACH payments, one on August 19 the other on August 23, 2019.

Flies acknowledged that by completing the four (4) ACH payments she was violating the Town financial policies. Flies believed that the emails were actually from her boss, Town Manager, Herb Durfee. She believed she was just following her boss's orders.

Durfee was present in the same building as Flies and regular personal interactions occurred between them daily. However when Flies made the last three payments to Jefford, she never discussed, nor mentioned anything to Durfee about the payments, the lack of invoices, the lack of purchase orders, or lack of Board approval.

### **Review of Town Policies**

I reviewed the Town of Norwich policies provided to me noted earlier in this report.

The Town of Norwich policies and procedures were clearly violated by Donna Flies in processing the four ACH payments. Specifically Flies violated the following policies and procedures:

#### **Town of Norwich Purchasing Policy**

Section 2.1-A purchase order signed by the department head and town manager will be required to pay a vendor in excess of \$2,500

Section 4.1-Outside services with a value of \$2,500 or more require a written agreement between the town and the service provider in addition to a purchase order. Copies of the agreement shall be furnished to the town manager and finance department.

Section 4.2-If there is no W9 on file with the finance department, no payment will be made

Section 6-Purchase Policy Summary Table-Amounts over \$25,000 require a purchase order, town manager approval, a W9, Selectboard approval and a sealed bid.

#### **Town of Norwich General Financial Policies and Procedures**

Section 2.4 C-Employees should not exceed their authority.

### **Selectboard Financial Policy #1**

Section 3.7-The select board must approve any expenditure for purchase that exceeds \$25,000

### **Accounts Payable Procedure**

Page 1-Paragraph 2-See the financial policy for amounts over \$2,500 and the applicable procedures

Page 9-ACH payments -Once the warrant has been approved by the Selectboard, vendor payments by ACH can be processed

Specific details, in chronological order of occurrence, are outlined below in this report.

## **List of Persons Interviewed**

John Pepper	Board Chair
Claudette Brochu	Board Vice Chair
John Langhus	Board Member
Mary Layton	Board Member
Roger Arnold	Board Member
Herbert Durfee	Town Manager
Miranda Bergmeier	Assistant to Town Manager
Roberta Robinson	Retired Finance Director
Jennifer Frank	Police Chief
Cheryl Lindberg	Treasurer
Bonnie Munday	Town Clerk
Judy Trussell	Assistant Town Clerk
Masaki Schuette	Administrative Clerk-Listers Office
Brie Swenson	Director of Recreation
Donna Flies	Finance Director



## **Chronological Details of Events**

### **June 3, 2019**

Donna Flies begins work with the town of Norwich.

Roberta Robinson, the outgoing finance director starts the orientation and training of Donna Flies. The training consists of on-the-job training for four weeks working with Robinson. Robinson provides Flies with all the town's financial policies that were in the town manager's three ring binder. This includes:

Town of Norwich Purchasing Policy  
Town of Norwich General Financial Policies and Procedures

Flies makes copies of the above policies and procedures and places them in a book for her use.

Robinson does not review the financial policies or procedures she gave to Flies. Flies never asks her any questions about the policies or procedures. Robinson assumes that Flies read them, but never saw Flies reviewing them in the office.

Robinson shows Flies the Accounts Payable Procedures that she developed and where those procedures are located.

Flies reviews the financial policies and procedures, She informed this investigator that she understood them. She was clear on the fact that policies dictated that all expenditures had to be placed on a warrant and approved by the Board, first, before a check or an ACH payment could be made.

During the training process Robinson works with Flies to prepare a warrant for the Selectboard. Flies tells her that she knew how to do ACH payments, as she had done them in previous jobs.

### **June 28, 2019**

Roberta Robinson retires.

### **July 25, 2019**

Town Manager, Herbert Durfee, first day out of the office to begin a two-week vacation.

### **July 31, 2019**

Town Treasurer, Cheryl Lindberg, meets with Finance Committee Chair, Omer Trajman. Lindberg voices concerns regarding Donna Flies [poor] work quality based on her observations.

She characterizes Flies work as sloppy, with poor accounting practices. At the end of the meeting it is agreed that Lindberg will develop a list of problems and subsequently, a meeting would be set up, in the future, to discuss particular concerns/problems with the town manager.

### **August 5, 2019**

Miranda Bergmeier, assistant to the town manager, sends an email to multiple people, including Donna Flies, at 7:26 AM. The email subject line states: Attempt Alert-BEWARE. The importance of this message is listed as "High".

In Bergmeier's email she says she found three or four highly suspect emails in her mailbox this morning. She says she is certain this was a scam and wanted them to be aware of the concern in case they received such messages.

Flies does not recall reading this email.

### **August 6, 2019**

Flies receives an email from [ca@city1mail.com](mailto:ca@city1mail.com) at 12:32PM. This was the first contact from this email sender. The name on the email of the sender is Herbert Durfee.

Flies noticed the non-town email address, but knowing Herb Durfee was away, on vacation, she thought the address might be Herb's personal email account. She stated that it did not cause her any concern. She said from that point forward (even when Durfee had returned from vacation) she did not look at the email address when she received the subsequent emails from [ca@city1mail.com](mailto:ca@city1mail.com). She saw the name Herbert Durfee on the email and acted on the instructions in the email message.

The email asks Flies if she received a previous email, with an attached invoice, which the sender requested that she process that [same] day. Flies replies to the email (believing it was Herb Durfee, the town manager) saying the last email she received from him was on July 26, 2019. The sender replied, "... let me check my sent box and I will send it again..." The sender asks when is the cut off time for wire transfers. Flies responds that the cut off time was 2 PM.

Flies receives a second email from [ca@city1mail.com](mailto:ca@city1mail.com) asking for a wire transfer for the attached invoice. The invoice is from Donald S Jefford, Jr. with an address of 63 Douglas HI in Norwich, VT. The invoice is a bill to the Town of Norwich with a date of May 7, 2019. The invoice number is 10201807. The amount of the invoice is \$35,820. The due date for the payment of the invoice is August 1, 2019.

Specific instructions were included at the bottom of the invoice:

Bank: Alliance Credit Union  
Beneficiary: Donald S Jefford Jr.

Account number: 700265417  
Routing number: 321176804

At 12:55 PM Flies responds that she will take care of it right away and will send confirmation as soon as it is completed.

Flies received another email from the same email address asking if the wire has been processed.

Flies responds that she only has authorization to do an ACH transfer, which would hit his account tomorrow. She states if it has to be an actual wire transfer, Cheryl Lindberg would have to go to the bank and physically do the wire transfer.

The person at [ca@city1mail.com](mailto:ca@city1mail.com) responds and says they will inform Jefford that it will be an ACH payment and asks that she forward all documents once completed to the sender.

Flies submits the ACH transfer to Mascoma Bank for \$35,820. Flies knows that making the payment without Board approval, violates the Town financial policies.

#### **August 6 -August 9, 2019**

Although unsure of the exact date, (most likely on August 6<sup>th</sup>) Town Clerk Bonnie Munday stated that Flies came over to her office. Flies stated, "...Oh my God, I just got an email from Herb regarding an invoice not paid from May." Flies shows her the invoice. The only thing she recalls about the invoice was that the amount was about \$35,000. Flies did not show her the email that she said came from Durfee. Munday recalls Flies saying the only way she can pay it is using ACH payment. Munday was busy with a customer at the counter at the time and provided no advice and she did not discuss the matter further with Flies. (Flies confirmed the details of this conversation).

Although unsure of the exact date, (most likely on August 6<sup>th</sup>) Judy Trussell, the Assistant Town Clerk, was in the break room when Flies was talking about her frustration with Herb, noting that he was sending her an email, while he was on vacation, asking her to transfer funds to make a payment.

Bergmeier estimates she saw Flies at least once a day during Durfee's vacation. Flies never said anything to her about receiving an email from [ca@city1mail.com](mailto:ca@city1mail.com) with Herb Durfee's name on it nor did she say anything about the ACH payment requests.

#### **August 7, 2019**

Mascoma Bank processes \$35,820 transfer to Donald Jefford Jr. account.



### **August 9, 2019**

Flies sends a letter to Lyssa Papazian, a vendor, regarding an invoice (on an unrelated matter).

In the second paragraph of the letter, Flies states "The Town of Norwich has an accounts payable policy that states that bill's cannot be paid until the Selectboard has reviewed and signed the warrant."

In paragraph three of the letter, Flies states, "Once the warrant has been approved and signed I will be cutting the accounts payable check".

### **August 12, 2019**

Town Manager Durfee's first day back in the office after returning from vacation.

Flies receives another email from [ca@city1mail.com](mailto:ca@city1mail.com). Again, the name of the sender on the email is Herbert Durfee. The email states "...the beneficiary has received the transfer you facilitated but there's another payment we need to make urgently".... The sender asked for another ACH transfer and asked if she can complete it right away. The sender sends a second email saying it is for the same client and provides the same account number and routing number. The amount requested this time is \$38,740. No invoice is attached.

Flies completes the ACH transfer and confirms that the ACH has been sent. Flies knows that making the payment without Board approval, violates the Town financial policies.

The sender responds that they would send supporting documents to her for all ACH payment made before 8/16/2019.

Flies responds saying she is hoping she can get the account number for these so that she can get them on the AP warrant.

Mascoma Bank processes a \$38,740 transfer to Donald S Jefford, Jr.

### **August 14, 2019**

Town Treasurer, Cheryl Lindberg speaks with Flies regarding raising the ACH limit at Mascoma Bank so that Flies can process payroll payments. (Note-This discussion was not related to the suspicious ACH payments or emails from [ca@city1mail.com](mailto:ca@city1mail.com))

While Lindberg is looking at recent batch payments on the bank website, she notices the name Donald Jefford, Jr., who was paid a large amount in the \$35,000 range. She did not recognize Jefford as a vendor. (Added Explanation: Lindberg only sees one of the two payments that had been made to Jefford. Lindberg discovered later that instead of entering Jefford's information in accordance with the second payment she made, Flies just edited the amount on the first payment

in order to send the second payment. To Lindberg's knowledge on 8/14/19, there had been only one payment to Jefford.)

In an email, sent at 3:53 PM, Lindberg asks Flies who is Donald Jefford? Flies responded that Donald Jefford is someone that invoiced Herb for services between May and July.

Lindberg responds, in an email, asking if the payment was on a warrant. Flies does not respond.

At 4:11 PM, Lindberg sends an email to Omer Trajman telling him about the ACH payment (the only one Lindberg knows about) that was made by Flies. She is upset and states in the email "...this has to stop before it gets out of control!! Of course, I may not know the whole story and if Herb got approval verbally, but this is the worry of the electronic payments ... classic way to embezzle."

Lindberg sends another email at 4:14 PM to Flies. This email states:

"...Payments MUST be approved by the Selectboard before being paid. Was this some special situation on this, because Herb should know the rule of paying out money and having a warrant issued BEFORE a payment is made. Tedious process, but that's municipal finance..."

Flies does not respond to the email from Lindberg--sent at 4:14 PM. Flies acknowledges during her interview that she received Lindberg's email sent at 4:14 PM.

### **August 15, 2019**

There is email correspondence between Lindberg and Flies regarding the ACH limit increase at the Mascoma Bank (again, this had nothing to do with the suspicious emails or the payments to Jefford)

Lindberg meets with Flies in Flies office. Lindberg again tells Flies that no money can be dispersed unless it is first put on a warrant and approved by the Norwich Selectboard. Lindberg stated that Flies responded, "...Well, when my boss tells me to do something, I have to do it..." Lindberg responded "... well, you don't have to tell him NO, you just need to say, I will gladly process your request, but I need to get it approved by the Selectboard first on a warrant..."

Flies does not state the alleged authorization from Durfee came in an email. Flies does not show Lindberg the email request(s).

Lindberg does not ask to see an invoice. Flies noted in the interview that she is unclear if she showed Lindberg the invoice.

Flies tells Lindberg that she is following her boss's directions, even if it violated Town policies.

Trajman sends an email responding to Lindberg's email from 4:11 PM on August 14. He said he will talk to Herb and/or Pepper.

Lindberg responds to Trajman, by email that she had reached out to Pepper. She also tells Trajman that she and Flies had talked that day about the ACH payment Flies made. She said Flies told her she did not want to tell her boss, "No", when asked to make the ACH payment. Lindberg said she told Flies that Flies needs to remind Herb that any town funds being paid have to be approved on a warrant first. Lindberg states in the email she will chalk this up to a misunderstanding for now, but will follow up with Pepper, then Herb.

A Selectboard special meeting to discuss the Town's master financial policies was held. Selectboard member Claudette Brochu, Mary Layton, and Roger Arnold attended. Town Manager Herbert Durfee also attended. (The issue of the ACH payment(s) was not discussed, as none of the attendees knew anything about them at the time.)

### **August 16, 2019**

At 11:58 AM Lindberg sends an email to Pepper asking if he is in Canada or local; saying she would like to connect if he is local. Pepper responds that he can call later in the afternoon, (however they never connected). Lindberg also texted Pepper to see if they could talk to discuss her concerns.

Lindberg places a phone call to Vice Selectboard Chair, Claudette Brochu. She calls Brochu as she thinks John Pepper, the Selectboard chair, is out of the country on vacation.

During the call with Brochu, Lindberg raises concerns about the \$35,000 payment to Jefford. Brochu stated that the large payment to Jefford raised Lindberg's radar. Neither knew who Jefford was and both did a Google search, with no results, during the conversation. Lindberg conveyed to Brochu, that she told Flies that no payment can be made without Selectboard approval.

Brochu recalls it troubled Lindberg that Flies response was that Herb is her boss and he told her to make the payment, so she did.

They decided that Lindberg should speak with John Pepper.

At 9:30 PM Brochu sends an email to John Pepper asking if he can reach out to Lindberg reference: financials. She states, "maybe nothing but maybe not".

Pepper texted Lindberg suggesting they talk tomorrow.

### **August 17, 2019**

Lindberg and John Pepper (who is in Canada on vacation) talk by phone for about an hour. Lindberg discussed her concern regarding the poor quality of work by Donna Flies (discussed with Trajman on 7/31/19) and the ACH payment to Jefford. Lindberg tells him that she is not

pleased with Flies work. Lindberg characterizes Flies work as sloppiness. Lindberg says payments have been made from purchase orders with no invoices attached. She also states that Flies is not following the town policy on disbursement of funds.

Lindberg shares details regarding what she found concerning the ACH payment that to Jefford. (At the time Lindberg only thought there was one ACH payment to Jefford). She had not seen any emails on the mater or the invoice. She assumed that Flies and Durfee were communicating in person (now that Durfee had returned from vacation). Lindberg informed Pepper that her concern was that the town financial policies had been violated and that she was concerned about embezzlement by either Flies or Durfee.

Lindberg recalls that their plan was to wait until Pepper returned from vacation and that the two of them would meet with Durfee and address the situation.

Pepper's recollection of their conversation is similar. However, he recalls that Lindberg was much more focused on the embezzlement issue and thought the payment to Jefford may have been intentionally done by Durfee, as Durfee had been on vacation at the time.

Pepper said he believed the Jefford payment was an error and that they should not jump to conclusions about anyone embezzling money. He noted the relationship between Lindberg and the Town Manager, Durfee, was not good, and therefore communication between the two was limited.

Pepper was satisfied that Lindberg sent not only an email, but instructed Flies, in person, not to make any payments without the board's approval. He told Lindberg that she should not jump to conclusions, but if she wanted to meet with Durfee before he returned from vacation she could.

He said he was concerned that town policies had definitely been violated. He was not concerned about embezzlement and it did not occur to him anything about an email scam with the information Lindberg provided.

Pepper sends a text to Langhus and asks if he is available to talk. He says he just spent 60 minutes on the phone with Lindberg. Langhus replies he will call him tomorrow.

### **Week of August 18, 2019.**

John Langhus speaks with John Pepper. Langhus recalls Pepper told him about a couple of ACH batches that were made without Board approval. (Pepper only knew about one ACH batch at the time.) Pepper said he wanted to wait until they meet on the 28th to discuss the issue and see the next warrant. Langhus said Pepper thought it was a finance management mistake.

**August 19, 2019**

Flies receives another email from [ca@city1mail.com](mailto:ca@city1mail.com). Again, the name of the alleged sender is Herbert Durfee. The email asks her to process another ACH transfer and said it was essential that it be done today. The email states "Miranda my assistant will be bringing all documents including account numbers so you can get them on the AP warrant". No invoice or purchase order was attached.

Attached to the email were payment instructions. The instructions included the same person's name, Donald Jefford, Jr., but instructed that this payment be made to a different bank, with a different account number.

The instructions included the following information:

Bank name: Comerica Bank  
Beneficiary: Donald Jefford, Jr. DBA OPM Property Services  
Account number: 1895180857  
Routing number: 121137522

Amount: \$88,680.00

Flies makes an ACH payment and sends a confirmation email at 12:06 PM. She knows by doing so she is violating the Town's financial policies.

Mascoma Bank processes the \$88,860 transfer to account 1895180857-Donald Jefford, Jr.

**August 20, 2019**

A Selectboard special meeting was held to discuss the Town's master financial policies. Claudette Brochu, Mary Layton, and Roger Arnold attended. Town Manager Herbert Durfee also attended. (The issue of the ACH payment(s) to Jefford were not discussed. Brochu was the only attendee that was aware of the ACH payment issue.)

**August 23, 2019**

Flies receives another email from [ca@city1mail.com](mailto:ca@city1mail.com). Again, the name of the alleged sender is Herbert Durfee. The email instructs Flies to make another payment to Donald S Jefford, Jr. and says it's essential the payment be done today.

The email included payment instructions for the following:

Bank name: Comerica Bank  
Beneficiary: Donald Jefford, Jr. DBA OPM property services  
Account number: 1895180857



Routing number: 121137522  
Amount: \$86,480.00

Flies makes the ACH payment and sends a confirmation by email. She knows by doing so she is violating the Town's financial policies.

### **August 28, 2019**

At 6:50 AM Pepper sends a text message to Langhus. Pepper said they had "...serious issues in the finance department happening as we speak". "May need exec session tonight". Pepper was referring to the warrant he had received a day or two before. The \$38K payment (to Jefford) that he knew about was not listed on the warrant. He knew if the payment that he was aware of was not listed, there were bigger problems as well.

Langhus responds, asking if it was about more of the undocumented financial transactions or something different. He suggests they meet for lunch. They were not able to meet.

At 4:03 PM, Mascoma Bank emails Lindberg about suspicious transactions involving two town ACH payments. The email is entitled "Questionable or Unusual ACH Debits from Town of Norwich Operating Account". The bank said their call center received a call from Comerica Bank about the two ACH credits for 88,680 and \$86,480. The reason Mascoma Bank was notified was that the ACH credits were highly unusual, according to Comerica Bank, for their customer. The email said the bank had placed a "hold" on the funds until there was confirmation of the legitimacy of the transaction.

Lindberg asked the bank to hold the two ACH payments and stop the processing of them. Lindberg emails Pepper saying something weird is going on. She states in her email that Mascoma Bank is writing me an email regarding the matter and that she will bring it to the meeting tonight.

### **Evening of August 28, 2019**

During the regular Selectboard meeting an executive session was held.

Treasurer Lindberg informed the Board members about the email she received from Mascoma Bank late in the afternoon of 8/28/19, informing her about suspicious payments from the town's account.

Selectboard members Mary Layton and Roger Arnold and Town Manager Herb Durfee first learn about the suspicious ACH payments at the executive session.

Police Chief Jennifer Frank is contacted by telephoned about the suspicious ACH payments. Frank learns about the issue for the first time during the phone call.

**August 29, 2019**

At 12:41AM, Lindberg emails Mascoma Bank Branch Manager, Charles Taylor, telling him to please not let the two ACH batches go through and to reverse them, ASAP.

Around 8 or 8:30 AM a meeting occurs in Flies office. Flies, Pepper, Langhus and Lindberg attend. Flies is asked about invoices for the ACH payments. Flies provides the invoice submitted on 8/6/19 for \$35,820. Flies then provides the emails from [ca@city1mail.com](mailto:ca@city1mail.com) requesting the payments.

Pepper, Langhus and Lindberg said when they first looked at the emails they knew it was a scam. When Flies was told it was a scam, they used the words shocked, surprised and devastated, to describe Flies reaction.

Flies stated that this was the first time she realized the requests from [ca@city1mail.com](mailto:ca@city1mail.com) were not legitimate. Flies said she was "devastated".

Durfee and Frank joined the meeting around 8:30AM. Frank begins the criminal investigation.

Flies acknowledges to those in the meeting, that she made the four (4) ACH payments to Jefford. She also acknowledges that Lindberg told her in between the first two and the last two payments, that she could not make any payments without the Board first approving them on a warrant.

Lindberg stops at the Mascoma Bank to be sure the two ACH batches to Jefford have been stopped from being processed.

The bank requests a written, formal email to specifically request which payments to stop.

At 9:27 AM, Lindberg emails the branch manager with a formal request. She lists four ACH payments and explains that the town has been the victim of a hacker. She states the following batches are fraudulent:

8/7/19	\$35,820
8/12/19	\$38,740
8/19/19	\$88,680
8/23/19	\$86,480

A Selectboard meeting is held at 11:15 AM. According to the meeting minutes, all members were present along with Town Manager Durfee and his assistant Miranda Bergmeier. Lindberg and Police Chief Frank also attended. The Board was in executive session from 11:29 AM until 2:22 PM.

At 12:33 PM, Flies receives another email from [ca@city1mail.com](mailto:ca@city1mail.com). It states that she only made one ACH transfer to Donald S Jefford, Jr. The sender said they sent two requests (on August 23, 2019) but only one was processed. The sender asks Flies to provide details of the payment made to Donald (Jefford) so that Miranda can complete all documentation for her. The sender also says that they need two more payments today and stated they attached the payment requests. Flies does not respond and notifies Chief Frank about the new email.

At 1:25 PM Flies receives another email [from the same address] asking if she received the previous email, they sent about 40 minutes ago. She again notifies Chief Frank and does not respond to the email.

Flies is placed on Administrative Leave by Durfee.

## **Other Pertinent Information from Interviews**

### **Masaki Schuette**

On September 18, 2019 I interviewed Masaki Schuette. She is an administrative clerk in the listers office, part-time. She worked with Flies during the week of August 5 on the town taxes that were due August 16.

Flies never mentioned anything to her about emails with Durfee's name on them or ACH payment requests. She was not aware of any problem until August 29, 2019.

She did state Flies had a lot of pressure on her being new in the position combined with the town's fiscal year ending in June and property tax payments due on the August 16<sup>th</sup>.

### **Brie Swenson**

On September 18, 2019 I interviewed Brie Swenson, the Recreation Director for the Town of Norwich.

She had no knowledge of the suspicious emails or ACH payments until August 29, 2019.

During the month of August 2019, she saw Flies almost every day. They were setting up a new system so that no cash would be handled by the recreation department. She said in her conversations with Flies, Flies often mentioned that she was overwhelmed, did not feel ready for the job, was not keeping up, and needed the Assistant Financial Director's position filled, so she would have help.

### **Herbert Durfee**

In an interview with Durfee on September 26, 2019, he confirmed the following:

He did not send any emails to Flies while he was on vacation.

He never used the email address ca@city1mail.com.

No one discussed questionable ACH payments to Donald Jefford, Jr. with him before August 28, 2019 at approximately 9:15PM in the Board's executive session.

He said Flies never talked with him about any ACH payments, emails, purchase orders or other documentation for payments to a Donald Jefford, Jr. before August 29, 2019.

### **Donna Flies**

Flies acknowledged receiving the following Town of Norwich Policies during her training in June 2019:

- Purchasing Policy
- Selectboard Financial Policy #1
- Accounts Payable Procedure

She does not remember if she received the following policy:

- General Financial Policies and Procedures

She said she did not receive the following policies:

- Code of Ethics
- Fraud Prevention Policy

She was questioned during her interview, several times, as to why she never discussed any of the requests for immediate payment to Jefford with Herb Durfee. Her response was consistent, stating that on the very first email on August 6, 2019, she did look at the email address from the sender. Knowing that Durfee was on vacation she thought it was his personal email address.

On the subsequent email requests, she said she never looked at the email address. She saw the name Herbert Durfee, as the sender, and assumed it was from her boss. Additionally, she said based on her background in the corporate world she learned she was supposed to do what her boss told her to do. Therefore, she did not deem it important to question Durfee about any of the requests, lack of invoices or lack of purchase orders.

Flies denied knowing anyone by the name of Donald Jefford and also denied knowing to whom the email address ca@city1mail.com belonged. Flies said the only thing she was guilty of was making stupid mistakes.

Flies confirmed the only people she had any conversation with about the Jefford emails, and/or payments before August 29, 2019, were the conversations with Lindberg and a very brief conversation with Town Clerk Munday (both documented above in this report).



## **Attachments**

1. Town of Norwich Financial Policies and Procedures
2. Pertinent Emails from August 5, 2019 to August 29, 2019
3. Letter from Donna Flies to Lyssa Papazian, dated August 9, 2019
4. Text messages between Pepper and Langhus from August 17, August 28 and August 29<sup>th</sup>

**TOWN OF NORWICH  
PURCHASING POLICY**

**TABLE OF CONTENTS**

1. General Information and Administration .....	1
2. Purchase Order Procedures.....	2
3. Bid Requirements .....	2
4. Contracts for Labor Services .....	3
5. Contracts for Professional Services .....	4
6. Summary of Purchasing Policies.....	4
7. Lease Purchases.....	5
8. Legal Services.....	5
9. Exemptions and Waivers .....	6
10. Vehicle Acquisition and Replacement.....	6
11. Forms .....	8

**1. GENERAL INFORMATION AND ADMINISTRATION**

1.1 This policy shall supersede and replace any and all previously adopted policies pertaining to municipal purchases that may have been in effect prior to the effective date of this policy. This policy may be waived by the Town Manager.

1.2 In the event that any portion of this policy is found to be in violation of federal or state law or inconsistent with any provision applicable thereto, the remainder of this policy shall remain in full force and effect.

1.3 The Town shall not discriminate in its selection of vendors on the basis of race, gender, political affiliation, family relations, friendship or business affiliation. Employees and elected officials must publicly disclose all potential purchase conflicts prior to any purchasing decisions being made.

1.4 The Town shall seek the best quality products and/or services at the lowest possible price in the most convenient manner under all circumstances.

1.5 No employee shall make a purchase without first obtaining approval of the Department Head.

1.6 In so much as possible, all bulk purchases for office supplies and commonly used materials shall be acquired through the Finance Department, which shall attempt to coordinate departmental acquisitions in a manner that is most advantageous to the Town. Supplies that need to be purchased that are department specific, shall be purchased by that department following all applicable guidelines in this policy.

1.6.1 Examples: Land Record Books, mapping materials, recreation equipment.

1.7 All invoices and Purchase Orders turned into the Finance Department will indicate the account to be charged, the amount to be paid, authorizing signature by the Department Head, and the date of the approval. It is recommended that packing slips, (proof of actually receiving the goods) be turned into the Finance Department either attached to the invoice at the time of submission or at a later date.



## 2. PURCHASE ORDER PROCEDURES

\* 2.1 Department Heads shall submit a Purchase Order (signed by them and the Town Manager) to the Finance Department before they purchase any item or services in which the total amount to be paid to a vendor exceeds \$2,500. Excluded from these requirements are utilities, fuel, wages and employee benefits, insurances, appropriations, and dues.

2.2 Any purchase from a Reserve Fund requires a Purchase Order to be submitted to the Town Manager, and if approved by the Town Manager, the Town Manager will submit to the Selectboard for approval.

## 3. BID REQUIREMENTS

3.1 Expenditures \$2,500 to \$10,000: With the exception of those items exempted in Section 2.1, Department Heads shall obtain at least three price quotes (written, oral, phone or catalog or on-line prices are acceptable) provided they are documented and presented with the Purchase Order. Department Heads shall solicit written sealed bids or proposals for any expenditure over \$10,000.

3.2 Bid Specifications shall include:

3.2.1 Bid name.

3.2.2 Bid submission deadline.

3.2.3 Date, location, and time of bid opening.

3.2.4 Specifications for the project or services including quantity, design, and performance features.

3.2.5 Bond and/or insurance requirements.

3.2.6 Any special requirements unique to the purchase.

3.2.7 Delivery or completion date.

3.2.8 All bids shall include the following statement; "The Town of Norwich has the right to reject any or all bids if doing so is in the best interest of the Town."

3.3 Bid specifications must be approved in writing by the Town Manager prior to being advertised. Solicitations shall be sought by newspaper advertisement and any other appropriate media. Pre-bid or proposal meetings shall be held for complex purchases or projects unless waived by the Town Manager. Once a request for bids or proposals has been issued, the specifications will be available for inspection at the Town Manager's Office.

3.4 Bid submission. All bids or proposals 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 and the time of the bid opening. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt. Any bid may be withdrawn in writing prior to the scheduled time for the opening of bids. Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened.

3.5 Bidders shall bid to specifications and any exceptions must be noted. A bidder submitting a bid thereby certifies that the bid is 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.



3.6 Bid opening: All bid openings will be at the Town Managers Office at the prescribed time. Every bid received prior to the deadline will be publicly opened and read aloud by the Town Manager or designated representative. The bid opening will include the name and address of the bidder; for lump sum contracts, the lump sum base bid and the bid for each alternate; for unit price contracts, the unit price for each item and the total, if stated; and the nature and the amount of security furnished with the bid if required.

3.7 The Director of Public Works shall annually solicit bids for the procurement of materials that are regularly purchased in bulk quantities such as sand, salt, chemicals, fuel, bituminous concrete.

#### 4. CONTRACTS FOR LABOR SERVICES

\* 4.1 The procurement of outside services with a value of \$2,500 or more per project shall require a written agreement between the Town and the service provider. The agreement shall be approved by and signed by the Town Manager. Copies of agreements shall be furnished to the Town Manager and Finance Department in addition to a Purchase Order.

4.1.1 Examples:

4.1.1.1 Subcontractor hired to perform roadwork which includes labor and materials.

4.1.1.2 Subcontractor hired to clean carpeting in Tracy Hall.

\* 4.2 It shall be the responsibility of the Department Head to work with and ensure that the Finance Department has been provided with a duly executed W-9 Form upon the procurement of services. If there is no W-9 on file with the Finance Department then no payment will be made.

4.3 As a condition to performing contracted services for the Town, all contractors, subcontractors and persons other than Town employees who perform services for the Town shall be required to indemnify and hold harmless the Town of Norwich for damages, claims and liabilities which may arise as a result of the work to be performed.

4.4 All contractors and subcontractors who perform labor services for the Town within a fiscal year that will be paid \$5,000 or more shall maintain insurance coverage and list the Town as an additional insured in accordance with the minimum amounts listed below. Prior to the start of any work it is the responsibility of the Department Head to make certain that the Finance Department has been furnished with an insurance certificate as proof that coverage is in place. Certificates shall be kept on file with the Finance Department. NOTE: Nothing in this Section shall be deemed to prohibit the Town Manager from requiring coverage amounts at a higher level, or imposing additional types of coverage up to the value of the entire project as may be in the best interest of the Town.

4.4.1 General Liability \$1,000,000 per occurrence

4.4.2 Property Damage \$1,000,000 per occurrence

4.4.3 Personal Injury \$1,000,000 per occurrence

4.4.4 Automotive Liability \$500,000 per occurrence

4.4.5 Workers' Compensation (Statutory Requirement)

4.5 Any Sole Proprietor hired (no employees) shall be required to sign a Non-Employee Work Agreement and will be required to sign a Liability Hold-Harmless Agreement or provide a

certificate of insurance for Workers' Compensation. Contractors with employees will need to provide a Certificate of Workers' Compensation Insurance.

**5. CONTRACTS FOR PROFESSIONAL SERVICES**

5.1 The procurement of professional services with a value of \$2,500 or more per project or more than \$5,000 in a fiscal year shall require a written agreement between the Town and the service provider. The agreement shall be approved by and signed by the Town Manager. Copies of agreements shall be furnished to the Town Manager and Finance Department in addition to a Purchase Order. Department Heads, with the approval of the Town Manager, may informally solicit professional services below a value of \$10,000 per calendar year, provided three comparable proposals are obtained (except Recreation Instructors) using qualifications, scope of services and price estimates as a basis for selection. All Recreation Instructors will be required to sign a Non-Employee Work Agreement and a Liability Hold Harmless Agreement.

5.2 Examples:

5.2.1 Subcontractors who perform recreational activities and programs.

5.2.2 Subcontractors who are providing engineering services.

5.2.3 Subcontractors who will perform planning services.

5.2.4 Subcontractors working on a temporary basis in administrative or professional capacity.

5.3 The professional service provider shall be required to provide proof of insurance coverage for the professional services in an amount equal to the total cost of the project, subject to whatever limitations are approved by the Town Manager.

**6. SUMMARY OF PURCHASING POLICIES**

**PURCHASE POLICY SUMMARY TABLE**  
**Materials and Equipment**

Amount	PO Required	TM Approval Required	SB Approval Required	W9	3 Quotes Required	Sealed Bids Required
\$600 to \$2,500			If Reserve Funds	Yes	No (But Preferred)	No
\$2,500 to \$10,000	Yes	Yes	If Reserve Funds	Yes	Yes	No (But Preferred)
> \$10,000 to \$25,000	Yes	Yes	If Reserve Funds	Yes	N/A	Yes
> \$25,000	Yes	Yes	If Reserve Funds	Yes	N/A	Yes







**CONTRACT POLICY SUMMARY TABLE**  
**Contract Labor and Materials & Professional Services**  
**(In Addition to above Table Requirements)**

Amount	Non-Employee Work Agreement or Contract & PO Required	Town Manager Approval	W9	Certificate of Insurance	Workers' Compensation	Liability Hold-Harmless Agreement
<\$2,500	Non-Employee Work Agreement	No	Yes	No	Yes-If has employees	Yes-If Sole Proprietor
>\$2,500	Yes	Yes	Yes	No	Yes-If has Employees	Yes-If Sole Proprietor
>\$5,000	Yes	Yes	Yes	Yes (minimum of \$500,000) or if Professional Service in an amount equal to project cost	Yes-If has Employees	Yes-If Sole Proprietor

**7. LEASE PURCHASES**

7.1 Lease-Purchases are not the preferred method for purchasing equipment, vehicles or materials. If the purchase or lease of any equipment, vehicles or materials, require periodic payments over a course of one year or more, they shall be subject to all applicable provisions of this policy in accordance with the dollar values set forth herein.

7.2 Prior approval of the Town Manager is required before the solicitation of any lease-purchase agreement.

7.3 All lease-purchase agreements shall be approved by the Selectboard.

**8. LEGAL SERVICES**

8.1 The Town Manager, and the Selectboard in a matter involving the Town Manager, is the only agent of the Town with the authority to select legal representation, solicit legal opinions, contract for legal services, initiate judicial or quasi-judicial proceedings, defend against a legal action or otherwise obligate resources for legal purposes on behalf of the Town.

8.2 The Town Manager shall have the ultimate authority for deciding whether any other Town official, elected or appointed, shall be allowed to seek a legal opinion at the expense of the Town. The Town Manager may authorize an agent of the Town to engage an attorney at Town expense.

8.3 Written and oral communications with an attorney may be considered confidential as provided for in 1 V.S.A. Chapter 5 but may be released to the public by the Town Manager.

## **9. EXEMPTIONS AND WAIVERS**

9.1 In the event of an emergency a Department Head, with the prior approval of the Town Manager, may procure items and services without adhering to the procedures of this policy provided that he/she submits a written explanation to the Town Manager within 48 hours of the transaction detailing the nature of the emergency, the services procured and the cost. If the Town Manager is not available the Acting Town Manager may authorize the purchase. An emergency situation shall be defined as one which threatens the lives or health of the people, the property of the Town or its citizens, or the delivery of necessary services to the citizens of Norwich. Every effort should be made to avoid making emergency purchases.

9.2 During long term emergency situations the Town Manager shall approve all requests for emergency purchases. In the event that the Town Manager is unavailable, the Acting Town Manager may approve essential purchases.

9.3 It is understood that pre-approved purchase orders and multiple price quote requirements will not always be feasible when it comes to repairs to Town-owned vehicles and specialized equipment. Under these circumstances preference shall be given to dealers approved by a manufacturer or vendors with a satisfactory history of fair pricing and superior work quality.

9.4 The Town Manager may waive any and all purchasing requirements set forth herein as he/she may deem to be in the best interest of the Town. Examples of situations whereby the Town Manager encourages Department Heads to seek waivers are: use of Vermont State Purchasing Department procurements, "piggy-backs" onto bid awards issued by other government agencies and instances where significant discounts may be obtained by prompt action.

## **10. VEHICLE ACQUISITION AND REPLACEMENT**

### **10.1 Purpose**

10.2 The purpose of this policy is to establish policies and procedures for cost efficient and effective decisions on vehicle acquisitions and replacements of existing vehicles.

### **10.3 Background**

10.4 Considerations for expanding the fleet by purchasing an additional vehicle include:

10.4.1 Proposed use of the vehicle

10.4.2 Options other than purchase, e.g. existing vehicle, lease or contracted services

10.4.3 First cost and life cycle costs

10.4.4 Impact on other costs of fleet expansion

10.4.5 Efficiency gained to offset added costs

10.4.6 Future impact on Reserve Funds for vehicle replacements

10.4.7 Considerations determining the most cost-effective time to replace a vehicle include:

10.4.8 Economic life – Life cycle cost and equivalent annual cost

10.4.9 Reliability or impact of failure

10.4.10 Replacement parts availability

10.4.11 Technological and functional obsolescence

10.4.12 New technologies that may reduce fuel use and/or emissions or improve productivity

10.5 Considering economic life, the best time to replace a vehicle is when the combined cost of owning and operating the vehicle is near its minimum, as illustrated in Figure 1. Note that the decision to replace may be delayed after the minimum with a slowly increasing penalty.

10.6 The "Annualized Cost" line in Figure 1 illustrates what the total cost might be for a light duty truck with an initial purchase cost of \$50,000. This example considers depreciation, maintenance, replacement cost increase, and downtime costs. In this example, the most cost-effective time to replace the vehicle is in the range of 10 to 11 years. If the purchase is going to be a lease-purchase, an additional interest cost curve would need to be added.

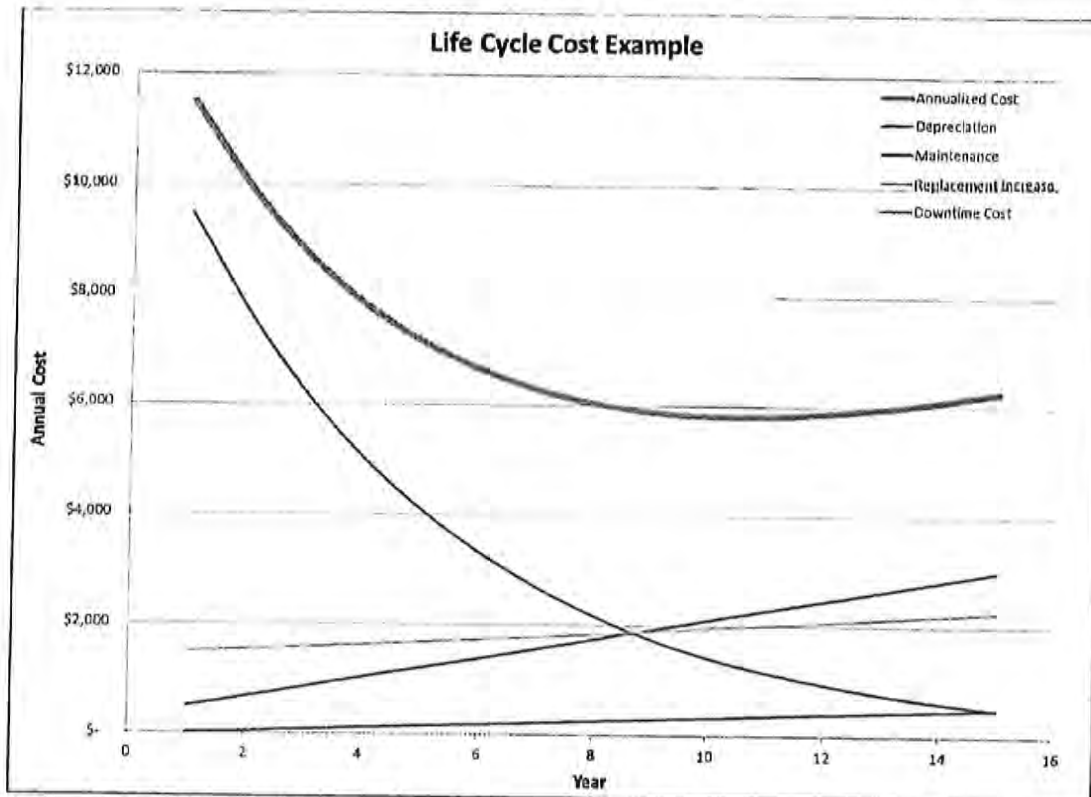


Figure 1: Sample graph of life-cycle costs.

### 10.7 Policy

10.7.1 This policy outlines procedures for adding a vehicle to an existing fleet or replacing an existing vehicle. If the acquisition or replacement cost is less than \$25,000 Town Manager approval is required. If the purchase will involve Reserve Funds or the acquisition or replacement cost is \$25,000 or more Selectboard approval is required. In both cases a **two-step approval process** is required, as described below:

10.7.2 **Step 1** identifies the most cost-effective approach for vehicle acquisition or replacement to obtain permission to proceed from the Town Manager and/or the Selectboard, as applicable. Step one typically requires an analysis of the items detailed in this section, supported with the Vehicle Equipment Evaluation Form and Vehicle/Equipment Acquisition Form, as appropriate,

as follows:

- 10.7.3 Options for replacing the equipment or using other methods to achieve the same objective
- 10.7.4 Alternatives including refurbishing, leasing, lease-purchase and purchasing a replacement vehicle or acquiring a new vehicle
- 10.7.5 Lifecycle cost analysis for the existing vehicle and the proposed new vehicle to determine the most cost-effective and efficient times for replacement
- 10.7.6 Availability of funds for the proposed vehicle acquisition or replacement
- 10.7.7 A written recommendation, including the above analysis, that identifies the alternative or option to follow for the acquisition, together with a proposed bid document for each recommended option
- 10.8 **Step 2** follows Town Manager and/or the Selectboard approval to proceed and constitutes:
  - 10.8.1 Solicitation of bids in accordance with this policy
  - 10.8.2 A written analysis of the bids to determine the cost efficient, cost-effective and lifecycle cost
  - 10.8.3 A written recommendation to the Town Manager which includes the analysis required by this section.
  - 10.8.4 Final approval – If the purchase involves a lease-purchase, use of Reserve Funds the Town Manager will make a recommendation to the Selectboard for final approval including the documentation by this section.
  - 10.8.5 Completion of the purchase
- 10.9 Vehicle acceptance requires the Department Head to compare the vehicle received with the specifications in the bid document to ensure that the specifications are met and that all systems are operational and to advise the Town Manager in writing that the vehicle has been accepted.

## 11. FORMS

- 11.1 The following forms are available from the Finance Department:
  - 11.1.1 Non-Employee Work Agreement
  - 11.1.2 Liability Hold Harmless Agreement
  - 11.1.3 W-9
  - 11.1.4 Vehicle Acquisition and Replacement Forms

Approved:   
Town Manager

Effective Date: April 22, 2013



4/22/13

**TOWN OF NORWICH  
GENERAL FINANCIAL POLICIES AND PROCEDURES**

**TABLE OF CONTENTS**

1. Grant Applications and Administration.....	1
2. Encumbrances and Year End Purchasing.....	1
3. Department Revenues.....	1
4. Voided Checks.....	2
5. Interim Checks.....	2
6. Credit Card Use.....	2
7. Employee Reimbursement.....	2
8. Petty Cash.....	3
9. Forms.....	3

**1. GRANT APPLICATIONS AND ADMINISTRATION**

1.1 No town employee, official or committee shall apply for a grant on behalf of the Town of Norwich without first obtaining written approval from the Town Manager. The Department Head, official or committee needs to submit a request in writing to the Town Manager. After receiving approval, the grant may be applied for. When the Grant has been awarded, all Grant Award paperwork, including copies of the original request, shall be submitted to the Finance Department. These documents shall state exactly how much was awarded and exactly what the grant funds will be spent on further; the Finance Department must be advised of all grant amendments. A new revenue and expenditure account will be created by the Finance Department if applicable. All other purchasing procedures shall be followed.

**2. ENCUMBRANCES AND YEAR END PURCHASING**

2.1 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.

**3. DEPARTMENT REVENUES**

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

3.2 All other departments will deliver cash and checks to the Finance Department at least on a monthly basis. Responsibility for cash remains 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.

3.3 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.


3.4 No Town Employee or Department shall extend credit for services rendered without the written approval of the Town Manager.


#### **4. VOIDED CHECKS**

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

#### **5. ACCOUNTS PAYABLE AND INTERIM CHECKS**

5.1 In order for invoices to be included on an Accounts Payable Warrant, they must be to the Finance Department by 1:00 pm on the Thursday preceding the next Selectboard Meeting.

 5.2 Checks that need to be written that do not coincide with the approval of Accounts Payable Warrants, shall receive approval for payment from the Town Manager and the authorized member of the Selectboard. These interim checks will be included on the warrant provided to the Selectboard at their next regular meeting.

 5.3 Examples: payroll related bills, postage, and payments that must meet a specific deadline and fall outside of the regular Selectboard meeting schedule.

#### **6. CREDIT CARD USE**

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

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

6.3 The Town credit card may be used with 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.

6.4 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. All other purchasing procedures as set forth in this policy also apply.

#### **7. EMPLOYEE REIMBURSEMENT**

7.1 It is not recommended or encouraged that employees make purchases using personal funds on behalf of the town. However if this does occur, the Town will reimburse employees through semi-weekly accounts payable runs done in accordance with scheduled Selectboard meetings. The employee shall complete an Employee 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 Department Head Reimbursement Form, by the Town Manager. All other purchasing procedures set forth in this policy shall also apply.

**8. PETTY CASH**

8.1 Petty Cash Accounts are currently established for Town Clerk (Tracy Hall), the Police Department, the Recreation Department and the Transfer Station. These accounts are intended for small purchases (such as postage and supplies). A Petty Cash Reimbursement Sheet will be used when funds are depleted, with appropriate account numbers for the expenses, and must balance with the remaining cash on hand. (Purchases should not be made at Dan & Whit's with petty cash, as sales tax will be charged and the Town is not subject to sales tax.) This form will have attached to it itemized receipts for the purchases, and be signed by the Department Head.

**9. FORMS**

9.1 The following forms are available from the Finance Department:

9.1.1 Expense Reimbursement Form

9.1.2 Petty Cash Reimbursement Form

Approved: \_\_\_\_\_



Town Manager

Effective Date: April 22, 2013



**SELECTBOARD FINANCIAL POLICY #1: BUDGET MANAGEMENT  
TOWN OF NORWICH**

**1. PURPOSE**

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

**2. BUDGETING**

2.1 Title 24 V.S.A. §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 . . ." Section 1236 provides in part that ". . . he [Town Manager] shall not prepare tax bills, sign orders on the general fund of the town . . ." The Selectboard signs orders on the General Fund of the Town and therefore has responsibility and authority to oversee the budget. Section 1236 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 such manager is not given control, and of the town school district shall be made according to requisition therefor by such departments or school directors."

2.2 The Town Manager, at the request of the Selectboard, develops a draft budget for review by the Selectboard. The Selectboard reviews the draft budget and makes changes to reflect the priorities and policies of the Selectboard and recommends the proposed budget to Town Meeting for approval. The Town Meeting has the authority to adopt or reject the budget in accordance with 17 V.S.A. §2664. If adopted, the Town Meeting has appropriated the funds set forth in the budget, which sets the maximum gross spending expenditure level, not including unanticipated state and federal grants and gifts consistent with the budgeted programs, for the Town for that fiscal year. 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.

2.3 The budget adopted by Town Meeting includes line items referred to as designated funds. These are intended to be reserve funds in accordance with 24 V.S.A. §2804 and available for spending over a multi-year period. The approval of the budget by Town Meeting includes the appropriation of these funds as reserve funds. Any expenditure of these funds requires the recommendation of the Town Manager and the prior approval of the Selectboard.

**3. BUDGET AND SPENDING POLICIES**

3.1 The Town Manager, after review by the Selectboard, may adopt financial policies consistent with or more restrictive than this policy.

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

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



3.4 A department shall not spend more monies than were included in the approved departmental budget. When authorizing, or requesting authorization of, any department expenditure, a department head is representing that sufficient funds are available within the approved department budget to cover the cost of the expenditure. The Selectboard, on the recommendation of the Town Manager, may reallocate funds between departments to cover an emergency expenditure. In making the recommendation to the Selectboard, 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. As provided above, the Town Manager may reallocate funds between departments not exceeding a yearly aggregate of 10% of the department budget or \$5,000 whichever is less without receiving Selectboard 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.



3.5 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.

3.6 Competitive prices for any purchase of goods or services that exceeds \$10,000 shall be obtained before the purchase is approved by the Town Manager. The Selectboard may waive this requirement upon a showing that a specific exception is in the best interest of the Town.

*SELF-SOURCE!*



3.7 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.

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

3.9 Any transfer of funds from a wage line item to purchased services shall first be approved by the Selectboard.

**4. BUDGET REPORTS**

4.1 The Town Manager shall provide monthly reports to the Selectboard that show expenditures to date for each line item in the approved budget and the revenues received. After the end of each quarter and for each month in the last quarter of the fiscal year, the Town Manager shall provide the Selectboard with a report that shows expenditures and revenues to date, as well as all encumbrances and estimates of revenues and expenditures through the end of the fiscal year.

Adopted by the Norwich Selectboard on August 24, 2005.

Revised on September 23, 2009.

Revised on March 10, 2010

For the Norwich Selectboard:

---

Roger Blake, Chair



**SELECTBOARD FINANCIAL POLICY #2  
UNDESIGNATED FUND BALANCE  
TOWN OF NORWICH**

**1. PURPOSE**

1.1 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 that adequate reserves are maintained in the general fund for the following purposes:

1.1.1 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 government.

1.1.2 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.

**2. DEFINITION**

2.1 Undesignated fund balance – The portion of the general fund balance that is not reserved or designated for a specific use that exists at the end of the fiscal year.

2.2 Operating expenditures – All charges included in the Gross Spending General Town Budget.

**3. RATIONALE**

3.1 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).

3.2 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 regular general fund operating revenues or regular general fund operating expenditures."

3.3 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."

**4. POLICY**

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

4.2 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.

Amended 1/26/11

4.3 As part of setting the Town tax rate the Selectboard will review and discuss the undesignated general fund balance.

4.4 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 4.2.

Adopted by the Norwich Selectboard on October 25, 2006.

Amended on January 26, 2011.

For the Norwich Selectboard:

---

Roger Blake, Chair

**SELECTBOARD FINANCIAL POLICY #3  
GRANTS, GIFTS AND SPECIAL FUNDS  
TOWN OF NORWICH**

**1. PURPOSE**

1.1 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.

**2. DEFINITIONS**

2.1 The following definitions apply to this policy:

2.1.1 Gift: Cash, labor or materials given voluntary and without compensation. Gifts may be unrestricted if they are not given for a specific purpose or restricted if they are given for a specific purpose.

2.1.2 Grant: A contribution or gift of cash or other assets from another government agency or non-profit to be used or expended for a specific purpose, activity, or facility with past or future compliance with certain conditions.

2.1.3 Special Fund: A special fund is a fund committed to a specific purpose by Town Meeting or the Selectboard with one or more revenue sources.

**3. BACKGROUND**

3.1 Town Meeting approves a gross spending town budget for a specific amount plus unanticipated state and federal grants and gifts consistent with budgeted programs for a specific period normally the fiscal year from July 1<sup>st</sup> to the following June 30<sup>th</sup>.

3.2 In 2008 17 .VSA. § 2664 Budget was amended<sup>1</sup> by adding the underlined language in the following:

2664. BUDGET

A town shall vote 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 selectmen 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.

---

<sup>1</sup> Section 12 of 2007-2008 Act No. 121. An Act Relating To Miscellaneous Amendments To Local Election and Municipal Government Laws.

3.3 This new language allows the Selectboard to apply for, accept and expend grants and gifts without the limitation on consistency with budgeted programs and added a requirement that the Selectboard's annual report include a description of all grants or gifts accepted during the year and associated expenditures.

3.4 Governmental Accounting 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

3.4.1 The Norwich Town Meeting or Selectboard qualifies as the highest level of decision making authority.

#### **4. POLICY**

4.1 This policy does not apply to reserve/designated funds established in accordance with 24 VSA § 2804, which is covered by Selectboard Financial Policy No. 1.

4.2 Grants and gifts consistent with budgeted programs.

4.2.1 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.

4.2.2 Gifts and grants in this category shall be managed in accordance with Selectboard Financial Policies Nos. 1 and 2 and the Financial Management Policy.

4.2.3 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 Financial Management Policy.

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

4.3 Grants and gifts not consistent with budgeted programs.

4.3.1 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.

4.3.2 In addition to the requirements in Selectboard Financial Policies Nos. 1 and 2 and the Financial Management 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 Manger shall provide the Selectboard 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 of applying

for or accepting the grant or gift.

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

4.3.4 Grants and gifts within this category shall be reported separately in the annual town report and contain the following information:

4.3.4.1 The source of the grant or gift.

4.3.4.2 The purpose of the grant or gift.

4.3.4.3 All expenditures of monies associated with the grant or gift.

#### 4.4 Special Funds

4.4.1 Special funds shall be spent the timeframe and for the purposes specified when the special fund was established by Town Meeting or the Selectboard.

4.4.2 Special funds for poor relief and citizen assistance shall only be spent to assist Norwich residents and after consulting with the Town Service Officer.

4.4.2.1 In accordance with 24 VSA § 1236 the Town Manager may sign orders on the special fund for poor relief.

Adopted by the Norwich Selectboard on \_\_\_\_\_.

For the Norwich Selectboard:

\_\_\_\_\_  
Sarah Nunan, Chair



**TOWN OF NORWICH, VERMONT  
CAPITAL ASSETS ACCOUNTING POLICY**

**A. Policy Purpose and Objectives**

Subject to the standards established by the Governmental Accounting Standards Board in Statement No. 34, the Town of Norwich is a 'Phase III' governmental entity (Towns with revenues of less than \$10 Million) and must implement a system for the management of the Town's capital and infrastructure assets, effective July 1, 2004.

The objective of this system is to help the voters and taxpayers understand the extent to which the Town has invested in capital assets, including roads, bridges, and other infrastructure. It will also give Town officials a new and more comprehensive way to demonstrate their stewardship in the long term, in addition to existing budgeting systems already in place.

**B. Definitions**

1. Capital Assets means property owned by the Town, including, but not limited to: computers, computer equipment, software, and peripherals; vehicles and machinery; copiers and office equipment; works of art, historical treasures, land and structures; and infrastructure such as roads, bridges, rights-of-way, culverts.

2. General Capital Assets means capital assets which also meet all of the following criteria:

- a. The asset is tangible and complete;
- b. The asset is used in the operation of the Town's activities;
- c. The asset has a value and useful life, at the date of acquisition, which meets or exceeds the following:
  - i) a minimum of Five Thousand Dollars (\$5000.00) in value and a minimum of two (2) years of life for software, computer equipment, office equipment, and other equipment; or
  - ii) a minimum of Fifteen Thousand Dollars (\$15,000.00) in value and a minimum of five (5) years of life for automobiles, trucks, and motorized equipment; or
  - iii) a minimum of Ten Thousand Dollars (\$10,000.00) in value and a minimum of two (2) years life for all capital improvements; or
  - iv) any structures and/or land; or
  - v) a minimum value of Fifty Thousand Dollars (\$50,000.00) in value and a minimum three (3) years life for infrastructure and infrastructure improvements.

**TOWN OF NORWICH, VERMONT  
CAPITAL ASSETS ACCOUNTING POLICY**

3. Straight Line Depreciation- A method of depreciation that provides for equal periodic depreciation expense over the estimated life of the asset.

**C. Procedures**

1. All general capital assets must be recorded at either historical cost, or an estimated historical cost.
2. Any general capital assets acquired through donation shall be recorded at their estimated fair market value on the date of the donation.
3. Capital costs may include, in addition to the purchase price and/or construction cost, incidental costs such as bond issuance costs and interest required to be capitalized, transit insurance, freight, duties, title search costs, title registration, installation and 'breaking-in' costs.
4. Depreciation shall be calculated by the straight line method.

**D. Annual Inventory**

A physical inventory of all general capital assets shall be completed each year and submitted to the Finance Officer by June 1<sup>st</sup>, beginning with Fiscal Year 2005.

Department heads shall be required to complete and approve all inventories and adjustments for all Town owned general capital assets. Department heads shall be responsible for providing information on new general capital assets, adjustments, and retirement of general capital assets.

The Finance Officer shall maintain the documentation files for audit purposes, including reconciling balances to the general ledger.

**E. Effective Standards**

This policy shall apply to all general capital assets owned by the town, and infrastructure constructed or improved, after June 30, 2004.

Retroactive reporting of infrastructure assets is not required since Norwich is a 'Phase III' town, but may be completed as time and resources allow.

**F. Inconsistent Policies Repealed**

This Policy shall supercede any provisions of any existing Policy of the Town of Norwich in effect at the time of enactment of this Policy.

**TOWN OF NORWICH, VERMONT  
CAPITAL ASSETS ACCOUNTING POLICY**

**G. Severability**

If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Policy, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portion of the Policy or any part thereof.

The Selectboard hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivision, paragraphs, sentences, clauses, or phrases be declared unconstitutional or ineffective.

**H. Effect**

No section of this Policy shall be construed to supersede or replace any Vermont statute or Federal act or regulation.

This Policy shall be entered into the minutes of the Selectboard meeting.

The foregoing Policy is hereby adopted by the Selectboard of the Town of Norwich, Vermont, this \_\_\_\_\_ day of \_\_\_\_\_ 2005, and is effective as of this date until amended or repealed.

\_\_\_\_\_  
Stephen J. Soares, Town Mgr.

\_\_\_\_\_  
Alison May, Selectboard Chair

\_\_\_\_\_  
John C. Candon, Selectboard

\_\_\_\_\_  
Ben Ptashnik, Selectboard

\_\_\_\_\_  
Gerard Chapdelaine, Selectboard

\_\_\_\_\_  
Ed Childs, Selectboard





CHARTERED 1761

**INVESTMENT POLICY  
ADOPTED - JUNE 21, 2017**

61

**1. PURPOSE.**

1.1 In accordance with 24 VSA §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 Legislative Body (Selectboard).

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

1.3 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.

**2. 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.

2.1.1 **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.

2.1.2 **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 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.

2.1.3 **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 importance compared to the security and liquidity objectives described above. The core of investments will be limited to



relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

### **3. POOLING.**

3.1 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. DIVERSIFICATION OF THE INVESTMENT PORTFOLIO.**

4.1 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. STANDARD OF CARE.**

5.1 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 judgment 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. CONFLICTS OF INTEREST.**

6.1 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 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. AUTHORIZED INVESTMENTS AND INSTITUTIONS.**

7.1 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:

7.1.1 Audited financial statements demonstrating compliance with state and federal capital

adequacy guidelines;

7.1.2 Proof of National Association of Securities Dealers (NASD) certification;

7.1.3 Proof of state registration;

7.1.4 Certification of having read and understood and agreeing to comply with the Town's investment policy; and

7.1.5 Evidence of adequate insurance coverage.

7.2 The following investments will be permitted under this policy:

7.2.1 U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government;

7.2.2 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, such as Ginnie Mae.

7.2.3 Certificates of deposit and other evidences of deposit at financial institutions that are insured by the FDIC;

7.2.4 Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments.

## **8. COLLATERALIZATION.**

8.1 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.

## **9. SAFEKEEPING AND CUSTODY.**

9.1 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.

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

## **10. REPORTING.**

10.1 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 VSA §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.

**11. TIMELY REVIEW.**

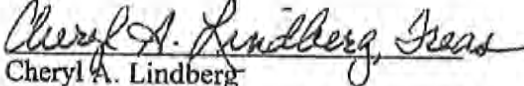
11.1 The Selectboard shall endeavor to review and reaffirm this policy annually.

ADOPTED by the Norwich Selectboard on June 21, 2017.


  
\_\_\_\_\_  
Mary Layton  
Selectboard Chair

Effective Date: June 21, 2017

ACKNOWLEDGED and AGREED by:

  
\_\_\_\_\_  
Cheryl A. Lindberg  
Town Treasurer

Effective Date: June 21, 2017



**TOWN OF NORWICH, VERMONT**  
**DEBT MANAGEMENT POLICY**

September 26, 2007  
Amended May 14, 2008



## 1.0 INTRODUCTION AND 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 annual debt service expenditures are important long-term 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. This policy also addresses the level of indebtedness that the Town can reasonably expect to incur without jeopardizing its existing financial position.

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.

## 2.0 PLANNING AND PERFORMANCE

Debt management means adopting and maintaining financial plans for both the issuance of debt and the repayment of that debt. The determination to issue new debt should be made as a part of the adoption of the annual capital budget, 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.

The Town's 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.

The Town's Capital Budget Policy is designed to provide for the orderly funding of capital needs of the Town, including the use of capital reserve 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.

## 3.0 TYPES OF DEBT

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.

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 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.

#### 4.0 PURPOSE OF DEBT

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.

#### 5.0 REPAYMENT OF DEBT

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.

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.

#### 6.0 KEY DEBT RATIOS

Several key debt ratios are used as indicators of financial stability and to determine the Town's credit-worthiness. The following guidelines 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%.

*Net General Fund bonded debt per capita should not exceed \$700.*

*General Fund debt service (principal and interest) as a percentage of total general fund expenditures should not exceed 8%.*

The Board of Selectmen approved the adoption of this Debt Management Policy at their meeting held on the 26th day of September 2007.

*Updated May 14, 2008.*

---

Gerard Chapdelaine, Chair  
Norwich Selectboard

**TOWN OF NORWICH, VERMONT**  
**CAPITAL BUDGET POLICY**

Adopted: June 27, 2007

## 1.0 INTRODUCTION AND PURPOSE

The purpose of this Policy, in conjunction with the Debt Management Policy, is to establish an effective system for implementing a capital expenditure program for the Town of Norwich. The capital assets of a municipality and their condition are critical to the quality of services provided to the community.

Capital budgeting is a very important planning tool for municipalities as it allows them to provide for the necessary infrastructure to maintain or enhance future service levels. Through capital budgeting, municipalities can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to manage the financial position of the Town over an extended period.

## 2.0 CAPITAL BUDGET

A capital budget is a multi-year financial plan for the construction or acquisition of capital assets. The plan should provide for the planning of future financial resources required to finance the project (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt), as well as identify the future financial resources required to operate and maintain the capital asset once it has been acquired.

The capital improvement program for the Town of Norwich shall be developed for a period of five years. As resources are available, the most current year of the capital improvement program will be incorporated into the current year operating budget. The Selectboard and Town Manager shall review and update the capital improvement program annually during the budget preparation process..

## 3.0 CAPITAL EXPENDITURES

For purposes of the capital improvement program, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than \$10,000, and any expenditure for infrastructure (roads, bridges, water and wastewater distribution and collection systems) costing more than \$50,000.

## 4.0 FUNDING MECHANISMS

In conjunction with the Town's debt management policy the Town shall annually fund capital reserve accounts to accumulate resources to pay for items included in the capital improvement program. The use of such reserve accounts will minimize any large fluctuations in the tax rate and will reduce the need for incurring additional debt.

Other capital improvements will be funded by bond issue or through the operating budget.

## 5.0 PRIORITY CRITERIA

Capital projects to be funded by long term debt will receive a higher priority if they meet some or most of the following criteria:

- Project is mandated by state or federal regulations
- Project eliminates safety hazards
- Project improves efficiency or reduces operation and maintenance costs
- Project meets policy goals or strategic plan that may be set by the Board of Selectmen
- State or federal grant funds are available to assist in funding for project
- Improves the quality of existing infrastructure
- Mitigates or reduces the potential of both natural and man-made disasters



- Reduces long term operating costs
- Maximizes use of renewable resources
- Sustainable
- Capacity to serve future growth
- Maintains and improves the delivery of public services to the majority of the population.
- Improves energy use and environmental impacts of existing practices

The Board of Selectmen approved the adoption of this Capital Budget Policy at their meeting held on the 27<sup>th</sup> day of June, 2007.

\_\_\_\_\_  
Ed Childs, Chair

\_\_\_\_\_  
Alison May

\_\_\_\_\_  
Gerard Chapdelaine

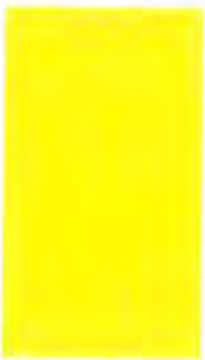
\_\_\_\_\_  
Jack Candon

\_\_\_\_\_  
Suzanne Lupien



CHARTERED 1761

73



**TOWN OF NORWICH, VERMONT  
CONFLICT OF INTEREST POLICY**

**Article 1. Authority.** Under the authority granted in 24 VSA §2291(20), the Selectboard of the Town of Norwich hereby adopts the following policy concerning conflicts of interest applying to all elected and appointed Public Officers of the Town, including members of all Town committees and boards.

**Article 2. Purpose.** The purpose of this policy is to ensure that the business of this municipality will be conducted in such a way that no Public Officer of the municipality will gain a personal or financial advantage from his or her work for the municipality and so that the public trust in its Public Officers and public bodies will be preserved. It is also the intent of this policy to encourage all decisions made by municipal officials to be based on the best interest of the community at large. This policy further seeks to promote transparency as the best protection against the threats posed to good governance by real and perceived conflicts of interest.

**Article 3. Definitions.** For the purposes of this policy, the following definitions shall apply:

A. **Conflict of interest** means any of the following:

1. A significant direct personal or financial interest of a Public Officer, or of an immediate family member, business associate, employer, or employee of the official, in the discretionary outcome of a cause, proceeding, application, or any other decision pending before the official or before the agency or public body in which the official holds office or is employed. "Conflict of interest" does not arise in the case of votes or decisions on matters in which the Public Officer has a personal or financial interest in the outcome, such as in the establishment of a tax rate, that is no greater than that of other persons generally affected by the decision, in cases where a decision or act is not subject to the discretion of the official or the body of which he or she is a part, or where such personal or financial interest is *de minimis*;
2. A situation where a public officer has publicly displayed a prejudgment of the merits of a particular quasi-judicial proceeding. This shall not apply to a member's particular political views or general opinion on a given issue; and

3. A situation where a public officer has engaged in *ex parte* communications with a party in a quasi-judicial proceeding that is before the public body to which that public officer belongs.
- B. **Emergency** means an imminent threat or peril to the public health, safety and welfare.
- C. **Ex parte communication** means direct or indirect communication between a member of a public body and any party, party's representative, party's counsel, or any person interested in the outcome of a quasi-judicial proceeding that occurs outside the proceeding and concerns the substance or merits of the proceeding.
- D. **Official act or action** means any legislative, administrative or judicial act performed by an elected or appointed officer or employee while acting on behalf of the municipality. This term does not apply to ministerial acts or actions involving no discretion.
- E. **Public body** means any board, council, commission or committee of the municipality
- 
- F. **Public interest** means an interest of the community as a whole, conferred generally upon all residents of the municipality.
- G. **Public officer** means a person elected or appointed to perform executive, administrative, legislative or quasi-judicial functions for the municipality or appointed to a public body.
- H. **Quasi-judicial proceeding** means a case in which the legal rights of one or more persons who are granted party status are adjudicated, which is conducted in such a way that all parties have opportunities to present evidence and to cross-examine witnesses presented by other parties, which results in a written decision, the result of which can be appealed by a party to a higher authority.
- I. **Financial interest** means a reasonably foreseeable financial effect, distinguishable from its effect on the public generally, on the Public Officer, a member of his or her immediate family, or on any of the following:
- (a) Any business entity in which the Public Officer has a direct or indirect investment.
  - (b) Any real property in which the Public Officer has a direct or indirect interest.
  - (c) Any source of income provided or promised to the Public Officer within 12 months prior to the time when the decision is made or action is taken.
  - (d) Any business entity in which the Public Officer is a director, officer, partner, trustee, or manager.
  - (e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the Public Officer within 12 months prior to the time when the decision is made or action is taken.
- J. **Personal interest** is an outside interest that is non-financial in nature but could reasonably be considered to affect one's ability to make unbiased decisions. Personal interests are by their nature more difficult to identify, so that officials should be more aware of them in themselves and more circumspect in ascribing them to others.

**Article 4. Actions Not Permitted.**

- A. A public officer shall not participate in any discretionary official decision, action or inaction if he or she has a conflict of interest in the outcome of the action.
- B. A public officer shall not personally participate in a deliberation leading to an act or decision in which he or she has a conflict of interest.
- C. Public officers shall not accept gifts or other offerings for personal gain by virtue of their public office.
- D. Public officers shall not use for private gain or personal purposes public resources not available to the general public, including but not limited to Town staff time, equipment, supplies, or facilities.

**Article 5. Disclosure.** Candid, detailed disclosure is the single best protection against conflicts of interest. Appropriate disclosure earns the respect of the public and of fellow Public Officers. A public officer who has reason to believe that he or she has a potential conflict of interest or an appearance of such a conflict, but believes that he or she is able to act fairly, objectively and in the public interest because no actual conflict exists shall, prior to participating in any official action on the matter, disclose to the public body at a public hearing the matter under consideration, the nature of the potential or apparent conflict of interest and why he or she believes that he or she is able to act in the matter fairly, objectively and in the public interest. Notwithstanding the foregoing, an actual or potential conflict need not be disclosed if the affected public officer chooses to recuse him or herself from consideration of or deliberation on the matter, except for publicly announcing the reason for recusal is due to a conflict or its potential.

**Article 6. Recusal.**

- A. A public officer shall recuse him or herself from any matter in which he or she has a conflict of interest, pursuant to the following:
  - 1. Any person may request that a public officer recuse him or herself due to a perceived conflict of interest. Such request shall not constitute a requirement that the public officer recuse him or herself.
  - 2. A public officer who has recused him or herself from a proceeding shall not sit with or deliberate with the affected body, or participate in that proceeding as a member of that body in any capacity.
  - 3. Once there has been a disclosure of an actual or perceived conflict of interest, other public officers shall be afforded an opportunity to ask questions or make comments about the situation. If a previously unknown conflict is discovered, the affected body may take evidence pertaining to the conflict and, if appropriate, adjourn to a short deliberative session to address the conflict. Executive session may be used for such discussion, in accordance with 1 VSA Section 313(4).



4. The affected body may adjourn the proceedings to a time certain if, after a recusal, it may not be possible to take action through the concurrence of a majority of the body, for example due to a lack of quorum. The body may then resume the proceeding once sufficient members are present.
5. In the case of a public officer who is an appointee, the public body which appointed that public officer shall have the authority to order that officer to recuse him or herself from the matter, subject to applicable law.

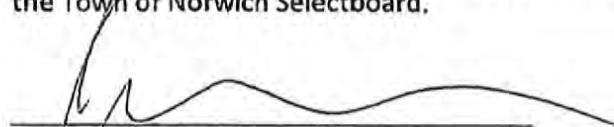
**Article 7. Quasi-Judicial Proceedings.** A higher conflict of interest standard applies in the context of quasi-judicial decision-making. Quasi-judicial decisions are rendered in situations where the rights of a particular individual are at stake (e.g., tax appeals, vicious dog hearings, land use decisions). In those situations, the affected individual has the right to receive constitutional due process, which includes the right to an impartial decision maker. If a municipal official with a conflict of interest participates in a quasi-judicial process, a court may determine that the official was not an impartial decision maker and may vacate the decision and order the matter be reconsidered without the participation of the conflicted member. See e.g. *Appeal of Janet Cote*, 257-11-02 Vtec (2003). Therefore, Public Officers should be more inclined to recuse themselves when they are participating in a quasi-judicial process.


**Article 8. Enforcement; Progressive Consequences for Failure to Follow the Town of Norwich Conflict of Interest Policy.** In cases where the conflict of interest procedures in Articles 5 and 6 have not been followed, the Selectboard may take progressive action to address possible violations of this policy. In taking these actions, the board shall follow these steps in order unless the public officer voluntarily waives any or all steps A, B, or C:

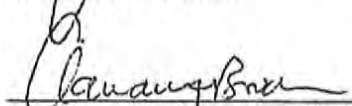
- A. The chair shall meet informally, in private, with the public officer to discuss possible conflict of interest violation, so long as such meeting would not itself constitute a quorum of the relevant public body.
- B. The Selectboard may meet to discuss the conduct of the public officer. Executive session may be used for such discussion, in accordance with 1 VSA §313(4). The public officer may request that this meeting occur in public. If appropriate, the board may admonish the offending public officer in private.
- C. If the board decides that further action is warranted, the board may admonish the offending public officer at an open meeting and reflect this action in the minutes of the meeting. The public officer shall be given the opportunity to respond to the admonishment.
- D. Appointed officials of the Town may be removed for cause following procedures required in 24 VSA §4323 (for the Planning Board, unless they are elected members) 24 VSA §4460 for the (Developmental Review Board), 24 VSA §4448 for the Zoning Administrator, 24 VSA §4503 (for the Conservation Commission).
- E. All other officials appointed by the Selectboard, and not covered by a contract, may be removed by majority vote of the Selectboard, or as may otherwise be dictated by statute.

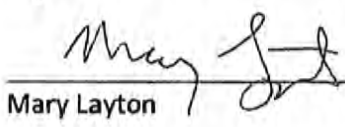
**Conflict of Interest Policy**  
**Adopted May 23, 2018**

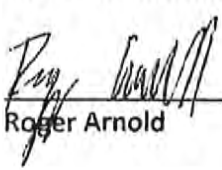
**Article 9. Effective Date.** This policy shall become effective immediately upon its adoption by the Town of Norwich Selectboard.

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

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

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

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

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

Adopted by Norwich Selectboard 4/28/10

Revised 6/23/10

Revised 7/27/11

Revised 8/23/17

Revised 5/23/18

Revised 2/27/19



CODE OF ETHICS POLICY

POLICY:

It is the policy of the Town of Norwich to ensure that municipal employees:

- A. are aware of what constitutes a conflict of interest or breach of trust
- B. are aware of the level of conduct and integrity which is expected of municipal employees

1.0 Specific Objectives

1.1 The objectives of this policy are to:

- A. provide municipal employees with guidelines for identifying potential conflicts of interest and breaches of trust
- B. help ensure that municipal employees do not place themselves, or permit themselves to be placed, in a position which would constitute a conflict of interest or breach of trust
- C. promote high standards of professional conduct and values among municipal employees

2.0 Responsibilities

2.1 The Norwich Selectboard (or its designated committee) will:

- A. review the municipality's Code of Ethics Policy as required and make any amendments considered appropriate
- B. review, consider or take other action concerning any violation of the municipality's Code of Ethics Policy which is referred to the Selectboard by the Town Manager, or raised by a member during the course of Selectboard discussions

Where there is any conflict between the policies adopted by the municipality and the policies set forth in the appropriate collective agreement, or policies set forth in a statute of the State or federal government, collective agreements or the State or federal statute shall supersede such other policies.

2.2 The Town Manager will:

- A. implement, administer and promote the Code of Ethics Policy
- B. ensure that Department Heads promote the ethical standards expressed within the Code of Ethics Policy to their employees
- C. recommend amendments to the Code of Ethics Policy to the Selectboard
- D. investigate and review any reported violation of the Code of Ethics Policy and approve and/or administer any subsequent corrective action

2.3 Department Heads will:

- A. ensure that all employees of their department are familiar with the municipality's Code of Ethics Policy
- B. advise the Town Manager of any perceived violation of the Code of Ethics Policy by a member of staff, and institute appropriate preventative or corrective action





- C. recommend to the Town Manager any changes to the Code of Ethics Policy which are considered appropriate



## 2.4 Responsibilities of Municipal Employees



- A. Municipal employees are agents of the public whose primary objective is to address the needs of the citizens. As such, they are entrusted with upholding and adhering to the bylaws of the municipality as well as all applicable federal and State laws. As public servants, they must observe a high standard of morality in the conduct of their duties and faithfully fulfill the responsibilities of their offices, regardless of their personal or financial interest.
- B. **Dedicated Service:** All employees of the municipality should faithfully work towards developing programs to address the needs of its citizens. In the course of their duties, employees should strive to perform at a level which is expected of those who work in the public's interest.
- C. Employees should not exceed their authority, breach the law, or ask others to do so, and should work in full cooperation with other public officials and employees, unless prohibited from doing so by law or by formally recognized rules of confidentiality.
- D. **Use of Public Property:** No employee shall request or permit the use of municipal-owned vehicles, equipment, materials, or property for personal convenience or profit, except where such privileges are granted to the general public.
- E. **Obligations to Citizens:** No employee shall grant any special consideration, treatment, or advantage to any citizen or group of citizens beyond that which is accorded to all citizens.
- F. **Conflict of Interest:** No employee shall engage in any business transaction or have a financial or personal interest, direct or indirect, which is incompatible with the proper discharge of their duties or would impair their independence of judgment or action in the performance of their duties. Personal interest, rather than financial, includes any interest arising from family or marriage relationships or close business or political associations. The following are situations which constitute conflicts of interest for municipal employees:
- **Incompatible Employment:** No employee shall engage in or accept private employment or render services for private interests when such employment or services are incompatible with the proper discharge of their duties or would impair his/her independence of judgment or action in the performance of his/her duties.
  - **Disclosure of Confidential Information:** No employee shall, without proper legal authorization, disclose confidential information concerning the property, government, or affairs of the municipality; nor shall he/she use such information to advance the financial or personal interest of him/herself or others.
  - **Gifts and Favors:** In keeping with established private-public business practices, no employee shall show favoritism or bias toward any vendor, contractor, or others doing business with the municipality. Employees are prohibited from accepting gifts or favors from any vendor, contractor or others doing business with the municipality that would tend to influence them in the proper discharge of their duties.
  - **Representing Private Interests before a Municipal Agency:** No employee whose salary is paid by the municipality shall appear on behalf of private interests before any agency or court of the municipality without the consent of the Town Manager. The employee shall not represent private interests in any action or proceeding against the interests of the municipality or in any litigation to which the municipality is party. Furthermore, no

employee shall accept compensation or a retainer which is conditional upon the actions of a municipal agency.

- Contracts with Municipalities: No employee of the municipality shall have any interest, direct or indirect, in any legal municipal contract.
- However, an employee of the municipality may enter into a legal contract with the municipality or any agency thereof for the sale and purchase of supplies, materials, or equipment or for the construction of public improvements if:
  - They are not authorized by law to act on behalf of the municipality or any agent thereof in the awarding of the contract
  - The tender is let in a written, public, and openly competitive manner
  - All bids received and all documents pertaining to the awarding of the contract are made available for public inspection for at least three (3) months following the date of the awarding of the contract
  - Disclosure of Interest: Any municipal employee who has a financial or personal interest in any proposed legislation, and who participates in discussion with or gives an official opinion to the Selectboard, shall disclose on the records of the Selectboard the nature and extent of the interest

H) Political Activity: No employee of the municipality shall perform work, either volunteer or paid, on behalf of any political party during his/her hours of employment with the municipality.

### 3.0 Reporting Breaches of the Code

- \* 3.1 Employees who have reason to believe that this Code of Ethics Policy has been breached in any way are encouraged to bring their concerns to the Town Manager. No adverse action shall be taken against any employee who, acting in good faith, brings forward such information.

### 4.0 Corrective Action

- \* 4.1 Violation of this Code of Ethics Policy by a municipal employee may constitute a cause for disciplinary action. Any reported violation of this policy will be subject to investigation by the Town Manager and/or Selectboard. If an investigation finds an employee guilty of a breach of the Code of Ethics Policy, the corrective action pursued against the employee shall be commensurate with the nature and severity of the violation.

### 5.0 General

- 5.1 When administering this policy, employees must adhere to any State Acts governing municipalities and all relevant legislation pertaining to the subjects covered in this policy. The administration of this policy is further subject to the provisions of applicable collective agreements for unionized municipal employees.

Adopted by the Norwich Selectboard on May 26, 2010



*Effective July 1, 2015*

**SELECTBOARD APPROPRIATION REQUEST AND DISBURSEMENT POLICY  
TOWN OF NORWICH**



**1. PURPOSE**

1.1 The purpose of establishing a policy on requests for outside appropriations (other monetary articles) and the disbursement of these appropriations, after approval by Town Meeting, is to provide guidance to agencies requesting an appropriation on the process for requesting an appropriation and the process for requesting a disbursement of the appropriated monies.

**2. AUTHORITIES**

2.1 The authority for making appropriations for social service agencies is in 24 VSA § 2691 as follows:

At a meeting duly warned for that purpose, a town or incorporated village may appropriate such sums of money as it deems necessary for the support of social service programs and facilities within that town for its residents. Social service programs, for which a town or incorporated village may appropriate sums of money, include, but are not limited to: transportation, nutrition, medical, child care, and other rehabilitative services for persons with low incomes, senior citizens, children, disabled persons, drug and alcohol abusers, and persons requiring employment to eliminate their need for public assistance. The authority herein granted is not in derogation of other local powers to allocate funds.

Furthermore, 24 V.S.A. § 2692 provides for towns to enter into contracts with social service providers:

The legislative body of a municipality making an appropriation, as provided in section 2691 of this title, may make a contract with public or private agencies or persons concerning the provision of those certain social services.

2.1.1 This language provides Town Meeting with the authority to appropriate monies "for the support of social service programs and facilities within that town for its residents." A key part of this authorization is that they must benefit Town residents.

2.2 There are also other authorities for making appropriations for specific agencies such as libraries, which is contained in 22 VSA § 142, and cemetery commissions in 18 VSA § 5361, for Memorial Day and other observances of historical events in 24 VSA § 3907, and for recreational activities and facilities in 31 VSA § 202.

2.3 The courts have held that appropriations cannot be made for a private purpose or to what appears to be a public organization set up as a way to obtain monies for a private purpose. A Town appropriation should primarily serve a public municipal purpose. To this end, organizations should limit their requests to the direct costs of those goods and services supplied to the residents of the Town, plus a reasonable overhead burden.

**3. POLICY**

3.1 Organizations will apply for appropriations on forms available from the Town Manager's Office. Examples are in Appendices A, B & C with further instructions provided in Appendix D.

3.2 The Selectboard will review any request for appropriations or petitions for appropriations to determine that they meet the requirements of Vermont law, especially that they are targeted to benefit Norwich residents.

3.3 Any agency that will be requesting an appropriation to cover costs of goods and services provided to residents of the Town of Norwich for the next fiscal year that is the same or less than the appropriation for the current fiscal year shall submit a request to the Town Manager's Office on a form provided by the Town Manager on or before the Friday preceding the last Monday in October. Agencies whose form is on file, need only advise, "No change", if applicable.

3.4 Any agency that is requesting an increase in their appropriation, an appropriation to cover a capital expenditure, or a new appropriation shall submit a petition signed by the statutory minimum of 5 percent of registered Norwich voters not less than 45 days before Town Meeting. In addition, so that the Selectboard may make a decision on whether the services proposed by the agency qualify for Town funding, the agency shall submit to the Town Manager's Office information on a form provided by the Town Manager.

3.5 The Selectboard expects all organizations requesting a contribution to be prepared to attend a budget hearing at a time and place determined by the Selectboard, if so requested. Agencies may expect to be excused from appearing, when there are no changes to their applications and the Selectboard is satisfied with the information provided in their invoices for payment of goods and services.

3.6 The Selectboard will advise any agency of any issues to be resolved with their application by 31 December of the year preceding Town Meeting.

#### **4. FORM OF WARRANT ARTICLE**

4.1 The following is the general form of a ballot article to appropriate monies for outside agencies. It includes information on the character and purpose of the requesting organization to provide voters with information needed to make a reasonable judgment on whether they support an appropriation for the organization and a finding that the appropriation would benefit Norwich residents.

Shall the voters of the Town of Norwich appropriate [amount requested] to [name of organization] to be used to [describe character and purpose of use of funds], such amount being reasonably necessary for the support of programs to benefit Town residents in accordance with (Applicable Statute Number)?

#### **5. PAYMENT OF APPROPRIATIONS**

5.1 After an appropriation has been approved by Town Meeting, the outside agency requesting the funds may invoice the Town of Norwich for quarters ending: September, December, March and June, upon presentation of a log summarizing the work completed. Agencies will be reimbursed up to the amount appropriated.

5.2 The library and cemetery will receive payment in two installments that equal one-half the amount appropriated. The first invoice will be paid in September and the second in March of the fiscal year.



Appropriation Request and Disbursement Policy  
Page 3 of 13

5.3 The invoice shall be sent to:

Finance Office  
Town of Norwich  
PO Box 376  
Norwich, VT 05055

**6. EFFECTIVE DATE**

6.1 This policy is effective ~~September 2014.~~

*July 1, 2015.*

**Appendix A: Example Appropriation Request from a service agency**

**Category: Social Service**

Name of Organization:	Upper Valley Benevolent Society
Address for mailing check:	888 Main Street White River Junction, VT, 05001
Contact name:	Francine Buck
Telephone:	802-555-8888
E-mail:	Francine.Buck@UVBS.org

**Authority: 24 VSA § 2691**

At a meeting duly warned for that purpose, a town or incorporated village may appropriate such sums of money as it deems necessary for the support of social service programs and facilities within that town for its residents. Social service programs, for which a town or incorporated village may appropriate sums of money, include, but are not limited to: transportation, nutrition, medical, child care, and other rehabilitative services for persons with low incomes, senior citizens, children, disabled persons, drug and alcohol abusers, and persons requiring employment to eliminate their need for public assistance. The authority herein granted is not in derogation of other local powers to allocate funds.

**Describe services to be provided to Norwich residents.**

Provision of emergency needs including food, fuel and clothing; referral to and assistance with accessing needed services in cases of emergencies, financial counseling and food and nutrition education for individuals and families, which are under emotional or financial stress.

**Text of Article in the Town Warning.**

Shall the voters of the Town of Norwich appropriate \$2,500 to the Upper Valley Benevolent Society to be used for emergency needs, referral to and assistance with accessing needed services, financial counseling and food and nutrition education, such amount being reasonably necessary for the support of programs to benefit Town residents in accordance with 24 VSA § 2691?

**Unit of service provided.**

Unit of service ( <u>underline one</u> )	Cost per unit
Visit <u>Person served</u> Job (describe) Other (describe)  The Upper Valley Benevolent Society annual budget is \$180,000. We serve 1,000 people annually in our service area and make 600 visits per year, 24-7. Using the per visit option, our Cost per Visit is $\$180,000/600 = \$300/\text{visit}$	\$300/person

The organization will keep a log of services provided and be reimbursed quarterly up to the amount appropriated.

**Appropriation requests**

Sum appropriated for current FY	Sum requested next FY
\$2,500	\$2,500

Adopted by the Norwich Selectboard on August 27, 2014.

**Organization Name: Upper Valley Benevolent Society**  
**Log of services performed to Norwich residents per 24 VSA § 2691**

Quarter: 1 March to 30 June 2014

Date	Service provided to residents	Units provided
14 March	Fuel assistance referral, Norwich	1
23 March	Family crisis intervention, Norwich	1
17 May	Home family counseling session, Norwich	2
23 May	Emergency relocation for Norwich fire.	1
15 June	Counseling referral for Norwich person.	1

Invoiced units for this page:

$$\begin{array}{rcl}
 \underline{\quad 6 \quad} & \times & \underline{\quad \$300 \quad} \\
 \text{Units provided} & \text{Cost per unit} & \text{Invoiced amount, this page.} \\
 & & \underline{\quad = \quad \$1.800 \quad}
 \end{array}$$

Signature \_\_\_\_\_

Date \_\_\_\_\_

Adopted by the Norwich Selectboard on August 27, 2014.



**Appendix B: Example Appropriation Request from an historic celebrant**

**Category: Historic Events**

Name of Organization:	Norwich Independence Society
Address for mailing check:	888 Main Street Norwich, VT, 05055
Contact name:	Tante Samantha
Telephone:	802-999-8888
E-mail:	tante.samantha@NMCS.org

**Authority: 24 VSA § 3907**

A municipality may appropriate such sums of money as it deems necessary for the proper observance of Memorial Day, for the celebration of historic events, and for the erection and dedication of monuments or tablets to commemorate the same.

**Describe services to be rendered to Norwich residents.**

Provision of flags, bunting, and fireworks for the celebration of the Fourth of July (Independence Day).

**Text of Article in the Town Warning.**

Shall the voters of the Town of Norwich appropriate \$2,000 to the Norwich Independence Society, to be used for the Town's observance of Independence Day, such amount being reasonably necessary to provide fireworks and celebratory decorations for the enjoyment of Town residents in accordance with 24 VSA § 3907?

**Unit of service provided.**

Unit of service (circle one)	Cost per unit
<p><u>Event (describe):</u> Independence Day celebration.</p> <p>Other (describe)</p> <p>Cost of fireworks: \$1,500                      Cost of flags, bunting and other decorations: \$500.</p>	<p>\$2,000</p>
<p><i>Instructions:</i></p> <p>For each type of event that you support, estimate what each of those provided to Norwich residents would cost, individually, and enter as "cost per unit" for each event.</p>	

The organization will keep a log of services provided and be reimbursed quarterly up to the amount appropriated.

**Appropriation requests**

Sum appropriated for FY 2015	Sum requested for FY 2016
\$2,000	\$2,000

**Organization Name: Norwich Independence Society**  
**Log of historic events held in Norwich per 24 VSA § 3907**

Quarter: 1 July to 30 September 2014

Date	Event held	Units Provided
4 July	Independence Day celebration (Invoices for goods and services attached = \$2,138.89)	1

Invoiced events for this page:

$$\begin{array}{rcl}
 \frac{1}{\text{Units provided}} & \times & \frac{\$2,000}{\text{Cost per unit}} = \frac{\$2,000}{\text{Invoiced amount for unit.}} \\
 \frac{1}{\text{Sum of amounts}} & = & \frac{\$2,000}{\text{Invoiced amount.}}
 \end{array}$$

\_\_\_\_\_  
 Signature Date

**Appendix C: Example Appropriation Request from a recreation provider**

**Category: Recreational Activities and Facilities**

Name of Organization:	The Upper Valley Par Cours Association
Address for mailing check:	888 Main Street Woodstock, VT 05091
Contact name:	Terrence Wayforth
Telephone:	802-888-9999
E-mail:	t.wayforth@UVparcours.org

**Authority: 31 VSA § 201**

A city by its council or an incorporated village, at an annual meeting, may appropriate such sums of money as it deems best, not exceeding four percent of its grand list, for the purchase of public playgrounds and lands, and for the construction and maintenance of buildings and equipment thereon, for public recreational purposes. This section shall not apply to a city or incorporated village whose charter or by-laws authorize such appropriation.

**Describe services to be rendered to Norwich residents.**

The Upper Valley Par Cours Association coordinates the building and maintenance of trail and exercise facilities in Norwich. In addition, it provides specialized equipment and tools to the volunteers whom it coordinates.

**Text of Article in the Town Warning.**

Shall the voters of the Town of Norwich appropriate \$1,300 to the Upper Valley Par Cours Association to be used toward the construction and maintenance of trails and other exercise facilities, such amount being reasonably necessary for the support of programs to benefit Town residents in accordance with 31 VSA § 201?



**Unit of service provided.**

Unit of service (circle one)

Cost per unit

Person served <u>Event (describe)</u> Job (describe) Other (describe)  The Upper Valley Par Cours Association coordinates the mobilization of volunteers and provides supervision for those volunteers. It requires four hours of coordinating time per event to mobilize volunteers and eight hours to supervise the volunteers. The billable rate of the coordinating staff is \$25/hour with overhead. A unit is a day of coordinated volunteer work.	\$300/day
---	-----------

**Instructions:**

If you provide a consistent type of service, consider what best describes it (visit, person served, job, etc.); this is your "unit of service". Now take your operating budget for providing this type of service and divide by all the units that you do in a year. This is your "cost per unit".

If your service is coordinating volunteers, remember that the service applies to the people receiving the benefit from the volunteers; it doesn't apply to the volunteers.

If you provide services by separate, unlike projects or jobs, then estimate what each of those provided to Norwich residents would cost, individually and enter as "cost per unit" for each job.

The organization will keep a log of services provided and be reimbursed quarterly up to the amount appropriated.

**Appropriation requests**

Sum appropriated for FY 2015

Sum requested for FY 2016

\$1,300	\$1,300
---------	---------

Adopted by the Norwich Selectboard on August 27, 2014.

**Organization Name: The Upper Valley Par Cours Association**  
**Log of services performed to Norwich residents per 31 VSA § 201**  
**Quarter: 1 March to 30 June 2014**

Date	Service provided	Units Provided
29 May	Mobilized and supervised volunteers to build Ballard Trail bridge abutment.	2
10 June	Mobilized and supervised volunteers to build Ballard Trail bridge span.	2
17 June	Mobilized and supervised volunteers to build Ballard Trail bridge abutment.	1

Invoiced events for this page:

<u>5</u>	×	<u>\$300</u>	=	<u>\$1,500</u>
Units provided		Cost per unit		Invoiced amount for unit.
<u>5</u>	=	<u>\$1,300 (Appropriated)</u>		
Sum of amounts		Invoiced amount.		

\_\_\_\_\_  
 Signature Date

Adopted by the Norwich Selectboard on August 27, 2014.

## Appendix C: Example Appropriation Request from a recreation provider

### Appendix D: Examples of how to calculate cost per unit and invoiced amount.

1. **Visit:** If your organization visits various venues, then you could take the cost, including a reasonable overhead burden, of visiting all such venues in a year and divide it by the ~~number of venues that you visit in all jurisdictions.~~ Your Cost per unit would be *Cost per visit*. You would then report all visits to Norwich residents on your **Log of services** and invoice the Town for the *Number of visits × Cost per visit = Invoiced amount*.
2. **Person served:** If your organization can enumerate the number of people served annually, then you could take the cost, including a reasonable overhead burden, of serving all such people in a year and divide it by the number of people that you serve in all jurisdictions. Your Cost per unit would be *Cost per person served*. You would then report all in Norwich residents served on your **Log of services** and invoice the Town for the *Number of people served × Cost per person served = Invoiced amount*.
3. **Job:** If your organization performs individual jobs of varying cost, then you should describe each separately, to the extent possible. Your Cost per unit, including a reasonable overhead burden, would be *Cost per job*. You would then report all jobs, serving Norwich residents, on your **Log of services** and invoice the Town for the *Name of job: Cost of job = Invoiced amount*.
4. **Event:** If your organization performs individual events of varying cost, then you should describe each separately, to the extent possible. Your Cost per unit, including a reasonable overhead burden, would be *Cost per event*. You would then report all events in Norwich on your **Log of services** and invoice the Town for the *Name of event × Cost of event = Invoiced amount*.
5. **Other:** If your organization has some other basis for establishing cost, including a reasonable overhead burden, then find some basis to calculate it for all persons served. Your Cost per unit would be *Cost per (unit of your making)*. You would then report all units that served Norwich residents on your **Log of services** and invoice the Town for the *Name of service × Cost of unit = Invoiced amount*.

**TRANSFER STATION USE AND STICKER POLICY  
TOWN OF NORWICH**

(60)

**1. PURPOSE**

1.1 The purpose of this policy is to establish policies and procedures for use of the Norwich Transfer Station located at 24 New Boston Road. The cost of operating the Transfer Station is paid for through revenues from the sale of stickers, user fees for the disposal of Municipal Solid Waste (MSW) and property taxes. Use of MSW, Zero-Sort® recyclable materials or corrugated cardboard containers is limited to Norwich residents, land owners and small businesses disposing of materials generated in Norwich. Commercial operators are not allowed to use the Transfer Station.

**2. RESIDENT STICKER**

2.1 A valid resident sticker is required to enter the Transfer Station for the purpose of disposing of MSW, Zero-Sort® recyclable materials or corrugated cardboard at the Transfer Station.

2.1.1 A sticker is not required to only dispose of e-waste. For more information on e-waste and other electronic equipment go to the Norwich website at [norwich.vt.us](http://norwich.vt.us).

2.2 To be issued a resident sticker a Norwich resident shall provide the following:

2.2.1 Registration – A valid Vermont automobile registration showing the vehicle is registered and principally garaged in the resident's name at the resident's current Norwich address. If the vehicle (no larger than a pickup truck) is registered to a business, the Norwich resident must include a business card with his/her name and the name of the business to which the vehicle is registered or a letter on company letterhead authorizing the residents personal use, connecting the resident to the business and the vehicle<sup>1</sup>; or

2.2.2 Proof of Residency – One of the following proofs of residency bearing the resident's name and Norwich address. It must be current (postmarked within past 30 days).

2.2.3 Bills must have the same name as the vehicle registration.

2.2.3.1 Electric or Telephone Bill

2.2.3.2 Cable Television Bill

2.2.4 Monthly Bank Statement (excluding mortgage)

2.2.5 Credit Card Bill

2.2.6 Water Bill

2.2.7 Signed apartment/dwelling lease

2.2.8 A non-resident second homeowner shall provide a copy of their tax bill, their electric or telephone bill or cable television bill with the non-resident homeowner's name and Norwich address.

2.3 Sticker Placement – The sticker, using its adhesive side, shall be permanently affixed to the bottom right side of the windshield in a location that is easily visible from the outside of the vehicle and does not obstruct the view of the driver.

2.4 Non-Transferable – Stickers are non-transferable and must be permanently affixed to the vehicle that the sticker was issued to.

2.5 Sticker Validity – Stickers are valid for the Norwich Fiscal Year that begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of the following year.

2.6 Sticker Fees – The following is the cost of a sticker:

<sup>1</sup> In the case of a sticker issued to a business vehicle (no larger than a pickup truck), the Transfer Station will only accept personal (no commercial items) items that are from the Norwich resident's home.



- 2.6.1 For a sticker valid between July 1<sup>st</sup> and June 30<sup>th</sup> – \$25.00.
- 2.6.2 For a second sticker for the same resident and a different vehicle and valid between July 1 and June 30 – \$7.00.
- 2.6.3 For a sticker purchased after January 1 and valid for the period from January 1<sup>st</sup> through June 30<sup>th</sup> – \$12.00.
- 2.6.4 For a second sticker for the same resident and purchased after January 1 and valid for the period from January 1 through June 30 – \$4.50.
- 2.7 Stickers are available at the Town Clerk's Office or the Transfer Station during normal operating hours.
- 2.8 Replacement Stickers – If the sticker needs to be replaced as a result of replacing the windshield or obtaining a new vehicle take the Transfer Station sticker off of the old windshield or vehicle and bring as much of the sticker that you can to the Town Clerk's Office or Transfer Station to obtain a new car sticker for \$1.00.

### **3. NON-RESIDENTIAL STICKER**

- 3.1 A valid non-resident sticker is required to enter the Transfer Station for the purpose of disposing of MSW, Zero-Sort® recyclable materials or corrugated cardboard at the Transfer Station.
- 3.2 A non-residential sticker may be issued for a non-profit, a small business located in Norwich that has five or fewer employees and to a private individual that picks up MSW from five or fewer residents in Norwich.
- 3.3 The non-residential sticker will consist of two resident stickers. Wherever a sticker is referenced in this section it refers to two stickers placed with one sticker above the other.
- 3.4 A valid sticker is required to enter the Transfer Station and to dispose of MSW, Zero-Sort® recyclable materials or corrugated cardboard at the Transfer Station.
  - 3.4.1 A sticker is not required to only dispose of e-waste. For more information on e-waste and other electronic equipment go to the Norwich web-site at [norwich.vt.us](http://norwich.vt.us).
- 3.5 To be issued a non-residential sticker the following information shall be provided.
  - 3.5.1 For a small business with five or fewer employees:
    - 3.5.1.1 Certification from the owner of the business that the business is located in Norwich and has five or fewer employees and the following as proof of business ownership and that it is located in Norwich.
    - 3.5.1.2 Electric or Telephone Bill
    - 3.5.1.3 Monthly Bank Statement (excluding mortgage)
    - 3.5.1.4 Water Bill
    - 3.5.1.5 Signed lease for space
  - 3.5.2 For a private individual that picks up MSW from five or fewer residents in Norwich:
    - 3.5.2.1 Certification from the owner of each of the residents that they have contracted with the private individual to pick up their MSW and recyclable material.
    - 3.5.2.2 Copies of proof of residency as defined in Section 2 of this policy.
    - 3.5.2.3 Certification from the private individual that they will only bring MSW and recyclable material from the specified residents.
- 3.6 Sticker Placement – The sticker, using its adhesive side, shall be permanently affixed to the bottom right side of the windshield in a location that is easily visible from the outside of the vehicle and does not obstruct the view of the driver.

3.7 Non-Transferable – Stickers are non-transferable and must be permanently affixed to the vehicle that the sticker was issued to.

3.8 Sticker Validity – Stickers are valid for the Norwich Fiscal Year that begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of the following year.

3.9 Sticker Fees – The following is the cost of a sticker:

3.9.1 For a sticker valid between July 1<sup>st</sup> and June 30<sup>th</sup> – \$50.00.

3.10 Stickers are available at the Town Clerk's Office or the Transfer Station during normal operating hours.

3.11 Replacement Stickers – If the sticker needs to be replaced as a result of replacing the windshield or obtaining a new vehicle take the Transfer Station sticker off of the old windshield or vehicle and bring as much of the sticker that you can to the Town Clerk's Office or Transfer Station to obtain a new sticker for \$2.00.

#### **4. DISPOSAL OF RECYCLABLE MATERIALS**


4.1 The following recyclables are prohibited from landfills by State law and shall not be disposed of in the solid waste compactor; Metal: aluminum and steel cans, aluminum foil and pie plates, Glass: bottles and jars from foods and beverages, Plastics: #1 and #2 (PET and HDPE resin types) containers, Paper: corrugated cardboard, white and colored paper, newspaper, magazines, paper mail and envelopes, boxboard, and paper bags.

#### **5. COUPONS**

5.1 A coupon is required to dispose of materials in the MSW trash compactor. The cost of a coupon card for 10 bags of garbage is \$35.00 (\$3.50 per bag). The price per individual bag at the Transfer Station is \$4.00. A bag is defined as containing not more than 30 gallons of MSW. The minimum marking of a coupon card is for one-half bag or 15 gallons. MSW that is not brought to the transfer station in a standard 30 gallon bag or when there is a dispute with the Transfer Station attendant of the amount of MSW the MSW will be emptied into a standard 30 gallon trash can for measuring the quantity.

#### **6. EFFECTIVE DATE**

This policy replaces the previous policy and is effective starting on July 1, 2017.

  
Herb Durfee, Town Manager



Town of Norwich, Vermont



CHARTERED 1761

FRAUD PREVENTION POLICY  
Norwich, Vermont



**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. 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.

**REPORTS OF IRREGULARITY.** 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).<sup>1</sup>

The report should include a description of the matter or irregularity, the period of time during which the employee or officer observed 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.



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 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.

**INVESTIGATION.** Upon receiving such a report, in as confidential a manner as possible to protect the complainant, 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 a part of the investigation. At the

<sup>1</sup> It needs to be noted that the maximum limits of this policy equate for an officer, the possible inability to run for office and, for an employee, possible termination of employment. However, it may be the obligation of the Town Manager (or the 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.

conclusion of the investigation, the Town Manager (or the Selectboard) shall prepare a written response to the report, which shall be a public document.

**For officers:** In accordance with 24 VSA §1686(c), any Town officer who willfully refuses or neglects to submit his or her 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.



**For employees:** 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 employed by the Selectboard to have engaged in fraud, misappropriation of Town resources, substantial 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 form of wrongful financial act may be subject to discipline, including termination of employment.

---

The foregoing policy is hereby adopted by the Selectboard of the Town of Norwich, Vermont, this 1<sup>st</sup> day of November, 2018 and is effective as of this date until amended or repealed.

BY:

  
John Pepper, Chair

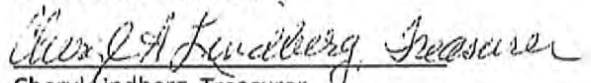
  
Claudette Brochu, Vice-Chair

\_\_\_\_\_  
Linda Cook

  
John Langhus

  
Mary Layton

AGREED & AFFIRMED:

  
Cheryl Lindberg, Treasurer





Donna Flies

INTERESTING - JUST NEXT DAY  
THE ISSUE STARTED; SO, THIS  
DIDN'T HELP TO BE VIGILANT

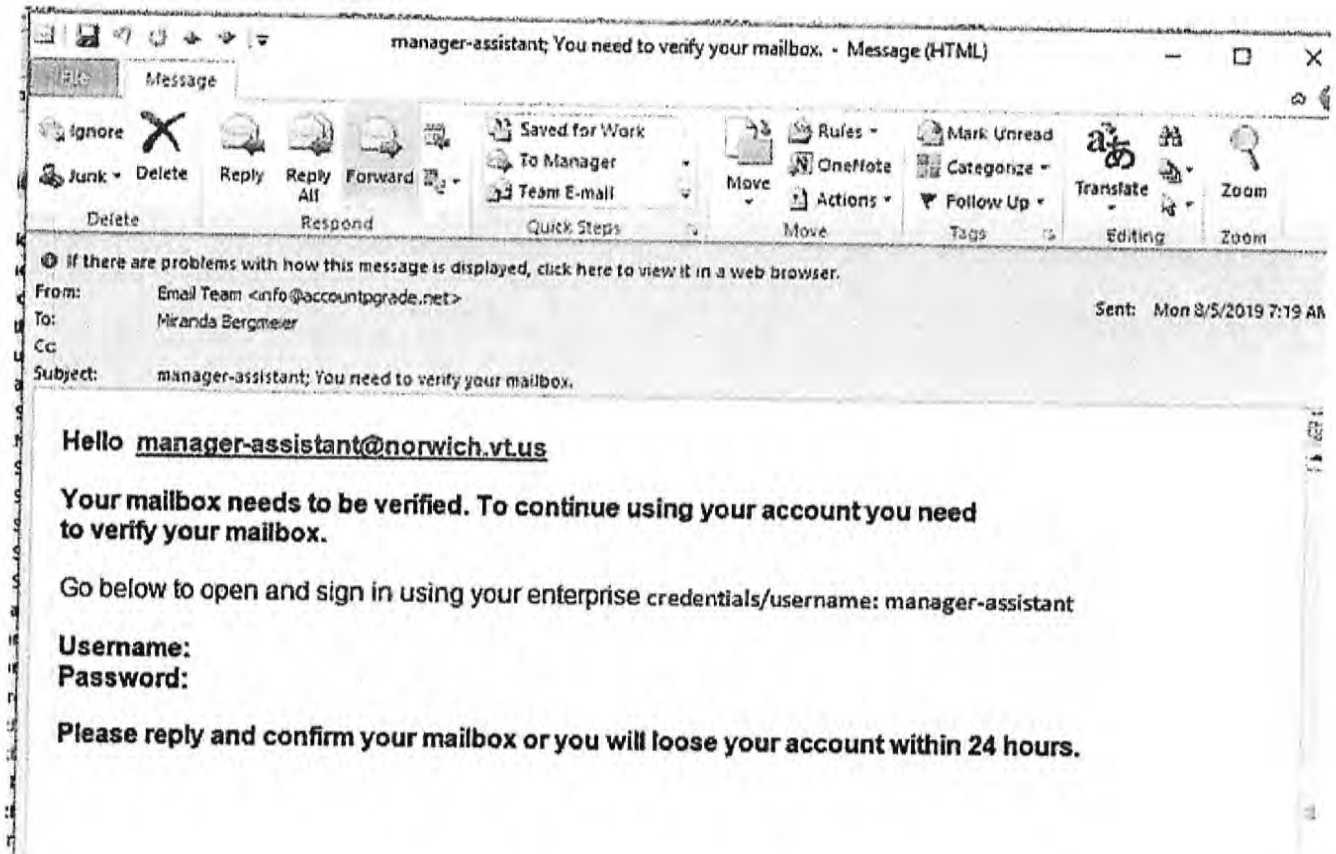
**From:** Miranda Bergmeier  
**Sent:** Monday, August 5, 2019 7:26 AM  
**To:** Clerk2; Ben Trussell; Pam Mullen; Alex Northern; Bonnie Munday; Brie Swenson; Donna Flies; Herb Durfee; Jennifer Frank; Larry Wiggins; Rod Francis  
**Subject:** Scam Attempt Alert - BEWARE!  
**Importance:** High

Hi, all,

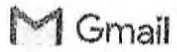
I just found 3 or 4 highly suspect emails in my mailbox this morning. I've put a snippet of the email below so you can see what I'm talking about. The email says that you must "verify" your mailbox or you will "loose [sic] your account". I am certain this is a scam, and wanted to be sure you all are aware, in case you get some of these emails. One would think that a legit "email team" (whatever that means) would know how to spell "lose".

Happy Monday!

- M



Miranda Bergmeier  
Assistant to the Town Manager



claudette brochu <cbrochu30@gmail.com>

---

**Text message tonight**

2 messages

---

**Cheryl A Lindberg** <cherylalindberg@gmail.com>  
To: claudette brochu <cbrochu30@gmail.com>

Fri, Aug 16, 2019 at 9:58 PM

John finally texted me back. Said we could talk tomorrow. Thought I would let you know.

---

**claudette brochu** <cbrochu30@gmail.com>  
To: Cheryl A Lindberg <cherylalindberg@gmail.com>

Fri, Aug 16, 2019 at 10:04 PM

Sounds good.  
[Quoted text hidden]



claudette brochu <cbrochu30@gmail.com>

---

**request of you if possible**

6 messages

claudette brochu <cbrochu30@gmail.com>  
To: John Pepper <johnpepper91@gmail.com>

Fri, Aug 16, 2019 at 9:39 PM

Hi John,  
If possible can you reach out to Cheryl L? She called me with concerns re: Financials.  
May be nothing but maybe not.  
Thanks,  
C

---

John Pepper <johnpepper91@gmail.com>  
To: claudette brochu <cbrochu30@gmail.com>

Sat, Aug 17, 2019 at 7:14 AM

Yes. I've responded. Thxt

-----  
John Pepper  
617-744-9794

Sent from my iPhone  
[Quoted text hidden]

---

claudette brochu <cbrochu30@gmail.com>

To: Mary Layton <marydlayton@gmail.com>, Roger Arnold <rogerarnoldvt@gmail.com>, John Langhus <johnlanghus@gmail.com>, John Pepper <johnpepper91@gmail.com>

Wed, Sep 4, 2019 at 8:16 PM

FYI only: DO NOT RESPOND per OML.  
Roger and Mary: This is the original email from me to John after my conversation with Cheryl.  
[Quoted text hidden]

---

John Pepper <johnpepper91@gmail.com>  
To: claudette brochu <cbrochu30@gmail.com>

Wed, Sep 4, 2019 at 10:37 PM

just FYI I sent these correspondences to Jen Frank. You might do the same.

-----  
John Pepper  
Selectboard, Chair  
Town of Norwich  
P.O. Box 376  
Norwich, VT 05055

Please note that any response or reply to this electronic message may be subject to disclosure as a public record under the Vermont Public Records Act.

Sent via Superhuman

[Quoted text hidden]

---

claudette brochu <cbrochu30@gmail.com>  
To: "Frank, Jennifer" <Jennifer.Frank@vermont.gov>

Wed, Sep 4, 2019 at 10:51 PM

Hi Jen,  
This is FYI of the original email I sent to Pepper about Cheryl's concerns. Not sure of the level of importance, but I sent it along to the rest of the board tonight. Pepper suggested I send it to you as well.  
Thank you for all you do.  
C

----- Forwarded message -----  
From: claudette brochu <cbrochu30@gmail.com>  
Date: Fri, Aug 16, 2019 at 9:39 PM  
Subject: request of you if possible  
To: John Pepper <johnpepper91@gmail.com>

[Quoted text hidden]

---

Frank, Jennifer <Jennifer.Frank@vermont.gov>  
To: claudette brochu <cbrochu30@gmail.com>

Thu, Sep 5, 2019 at 10:33 AM

Received

Chief J. Frank



9/11/2019

Gmail - Agenda/packet for 8/28/19



claudette brochu <cbrochu30@gmail.com>

**Agenda/packet for 8/28/19**

6 messages

claudette brochu <cbrochu30@gmail.com>

To: John Pepper <johnpepper91@gmail.com>, John Langhus <johnlanghus@gmail.com>, Mary Layton <marydayton@gmail.com>, Roger Arnold <rogerarnoldvt@gmail.com>, Herb Durfee <HDurfee@norwich.vt.us>  
Cc: Miranda Bergmeier <MBergmeier@norwich.vt.us>

Sat, Aug 24, 2019 at 11:59 PM

First, thanks for an agenda that spells out much more clearly what will be discussed.

Second, I am not sure if responding to this email will compromise OML. If there is any doubt, NO RESPONSE is best. We can discuss on Wed.

I am struggling with some of the info in the packet. First is the numerous iterations of the the financial policies. After careful review, it seems like the very last revision is the one we should be looking at. I am wondering why the others were included?

My second issue is with how the financials are being presented, both the A/P warrants and the end of year stuff. The handouts we received on July 24 had dates from 2017 both in the cover and in the top of the balance sheets. In addition, the reports in this packet were significantly off from what was handed out July 24. I am at a loss to understand what is being presented in the packet. Unfortunately, I will not have the opportunity to meet with Herb prior to the mtg to help me understand the packet info.

The A/P warrants do not seem to reflect electronic payments (which were reflected in "dashês" in earlier A/P warrants. This causes me some concern in that if we are not seeing all the payments, both in paper checks and electronic payments, we are not seeing the actual expenditures. Am I mistaken?

Just some thoughts I felt needed to be put out there prior to Wednesday.

John Pepper <johnpepper91@gmail.com>

To: claudette brochu <cbrochu30@gmail.com>

Sun, Aug 25, 2019 at 2:37 AM

Cheryl and I were going to address the electronic payments this week if they had not been resolved by Monday.

there are a few concerns in addition to these as I think you know.....

John Pepper  
617-744-9794

Sent from my iPhone  
[Quoted text hidden]

johnlanghus@gmail.com <johnlanghus@gmail.com>

To: claudette brochu <cbrochu30@gmail.com>

Sun, Aug 25, 2019 at 9:19 AM

Cc: John Pepper <johnpepper91@gmail.com>, Mary Layton <marydayton@gmail.com>, Roger Arnold <rogerarnoldvt@gmail.com>, Herb Durfee <HDurfee@norwich.vt.us>, Miranda Bergmeier <MBergmeier@norwich.vt.us>

Hi everyone. I think 2 and 3 here can not be discussed on email. On 1 my suggestion would be to have printed and available a mark-up that shows all cumulative changes to the "first reading" version. That should be easy to follow for people that are trying to keep up with us through the packets.

Looking forward to seeing everyone this week.

Sent from my iPhone

> On Aug 24, 2019, at 11:59 PM, claudette brochu <cbrochu30@gmail.com> wrote:

>  
[Quoted text hidden]

claudette brochu <cbrochu30@gmail.com>

To: John Pepper <johnpepper91@gmail.com>

Sun, Aug 25, 2019 at 10:04 PM

I am also a bit pissed that there is no written report from Herb (along the lines of Significant Activities from Hartford TM). I would find it hard to believe nothing of note was happening except for what is listed on the agenda. I am losing faith.  
[Quoted text hidden]

John Pepper <johnpepper91@gmail.com>

To: claudette brochu <cbrochu30@gmail.com>

Mon, Aug 26, 2019 at 7:09 AM

Me too

John Pepper  
617-744-9794

Sent from my iPhone  
[Quoted text hidden]

Herb Durfee <HDurfee@norwich.vt.us>

Mon, Aug 26, 2019 at 11:58 AM

To: claudette brochu <cbrochu30@gmail.com>, John Pepper <johnpepper91@gmail.com>, John Langhus <johnlanghus@gmail.com>, Mary Layton <marydlayton@gmail.com>, Roger Arnold <rogerarnoldvt@gmail.com>

Cc: Miranda Bergmeier <MBergmeier@norwich.vt.us>, Omer Trajman <otrajman@gmail.com>, Donna Files <DFiles@norwich.vt.us>

Several responses, Claudette:

1. With the retirement of Roberta and the transition to Donna, we are trying to work through "familiarity" issues and at the same time trying to be more attentive to information the Board seeks.
2. The Finance Office remains without a Finance Assistant, so things remain a little crazy. However, that position has been advertised (with the application deadline being this past Friday), so we should be minimizing staffing issues in the near term.
3. The Information handed to you back in July, as several Board members pointed out at that time, contained mistakes (e.g., printing the wrong time period). Also, at that time, the year had not been closed out (i.e., there remained some accounts receivable/payable attributable to FYE 2019). So, with the additional information entered into the system and FYE 2019 closed out on July 31, pre-audited reports were printed for the Board (which is what is in the Board "packet"). The year-end reports in your packet include the following:
  - a. Year-end Fund Balance Sheet.
  - b. Year-end Cash Statement.
  - c. Year-end Revenue report.
  - d. Year-end Expenditure report, including a sheet listing vendors that had accounts payable received in July attributable to FYE2019 and a payroll warrant also attributable to FYE 2019 that was paid in July (due to the overlap of one payroll period being in two fiscal years).
  - e. Designated Funds status, including detail.

Note: some of the detail in a – e above was included in the packet since the Board (and Finance Committee) asked for that additional detail.

4. Regarding a couple of the AP Warrants, specifically 7/16/19 and 8/13/19, thanks for pointing out that the ACH payments were omitted. The regular digital payments were made. However, Donna just figured out how to print the report so that it shows both the check-based payments along with the ACH payments. I'll have copies of that revised information as a handout during Wednesday's meeting.
5. FYI, due to all of the above and including the task of preparing information for our annual audit, the July 2019 monthly financial report will be in your September 6 packet (for the meeting on the 11<sup>th</sup>). We tried to get it completed for this Wednesday but Donna hasn't had a chance to finish bank reconciliations and any related journal entry adjustments.
6. Lastly, as mentioned above, Donna is amid preparing financial information for the audit. Her efforts are occurring now so Bonnie Batchelder will be able to complete the audit by the end of October, according to our contractual arrangement.

I hope the above is helpful. Let me know, if you have other questions.

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)

[Quoted text hidden]

Herb Durfee <HDurfee@norwich.vt.us>

Mon, Aug 26, 2019 at 12:08 PM

To: "johnlanghus@gmail.com" <johnlanghus@gmail.com>, claudette brochu <cbrochu30@gmail.com>

Cc: John Pepper <johnpepper91@gmail.com>, Mary Layton <marydlayton@gmail.com>, Roger Arnold <rogerarnoldvt@gmail.com>, Miranda Bergmeier <MBergmeier@norwich.vt.us>

Langhus,

If you're referring to the financial policies, the mark-up that was in the latest set of draft minutes (8/20/19) is where the Board "stands" juxtaposed with the 1st Reading (recalling that the 1st Reading simply was the original draft). I purposely did not include that in the packet separately, since you would have received it twice with an already extra-large packet! :-)

Roger,

## Donna Flies

---

**From:** Herbert Durfee <ca@city1mail.com>  
**Sent:** Tuesday, August 6, 2019 1:48 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Okay, would inform him that it was an ACH payment that was made once all documents are completed would forward them to you.

Thanks

On August 6, 2019 at 1:30 PM Donna Flies wrote:

All I have authorization to do is an ACH which would hit his account tomorrow. If it has to be an actual wire Cheryl would have to go to the bank and physically do a wire transfer

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 1:27 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, has the wire been processed ?

Thanks

On August 6, 2019 at 12:55 PM Donna Flies wrote:

I will take care of this right away and send confirmation as soon as its complete

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:53 PM  
**To:** Donna Flies  
**Subject:** Fwd: Invoice 10201807

Donna, kindly process a wire transfer for the attached invoice, it is Essential it is done today. Once completed kindly Forward me the wire confirmation so I can forward it to the beneficiary would send support later kindly confirm.

Thanks

Sent from my iPad

On August 6, 2019 at 12:39 PM Donna Flies wrote:

2pm is our cut of time

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:38 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Okay, Let me check my sent folder would resend it to you again.  
Donna when is our cut of time for wire transfer.

Herbert

Sent from my iPad

On August 6, 2019 at 12:34 PM Donna Flies wrote:

Hi Herb

When did you send the previous email? The last email I  
received from you was on 0726/19

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:32 PM  
**To:** Donna Flies  
**Subject:** Re: Invoice 10201807

Hi Donna,

Did you receive my previous email with an attached  
Invoice which I kindly requested you to process?  
Let me know if you didn't receive it so I can resend  
it again. I am currently meeting, kindly Get back to  
me.



Herbert

Sent from my iPad

## Donna Flies

---

**From:** Herbert Durfee <ca@city1mail.com>  
**Sent:** Monday, August 12, 2019 1:49 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, I have informed him that it has been processed would send supporting documents to you for all the ACH payment which was made before 08/16/2019 sorry for the delay. Kindly confirm the receipt of this email.

On August 12, 2019 at 12:38 PM Donna Flies wrote:

I have attached confirmation that this has been sent. He will receive it in his account tomorrow

---

**From:** Herbert Durfee  
**Sent:** Monday, August 12, 2019 1:32 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

It's for the same client kindly find his details below:

Bank : Alliance Credit Union  
Beneficiary: Donald S Jefford jr.  
Account No: 700265417  
Routing No: 321176804  
Amount: \$38,740

Coordinate it and Forward me the ACH confirmation. Please confirm.

On August 12, 2019 at 12:23 PM Donna Flies wrote:

if you send it to me right now I can have it in right away

---

**From:** Herbert Durfee  
**Sent:** Monday, August 12, 2019 1:23 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, The Beneficiary has received the transfer you facilitated but there's another payment we need to make urgently and I will need you to facilitate another ACH transfer. Let me know if it can be facilitated right away and I will forward you the details.

On August 6, 2019 at 12:30 PM Donna Flies wrote:

All I have authorization to do is an ACH which would hit his account tomorrow. If it has to be an actual wire Cheryl would have to go to the bank and physically do a wire transfer

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 1:27 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, has the wire been processed ?

Thanks

On August 6, 2019 at 12:55 PM Donna Flies wrote:

I will take care of this right away and send confirmation as soon as its complete

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:53 PM  
**To:** Donna Flies  
**Subject:** Fwd: Invoice 10201807

Donna, kindly process a wire transfer for the attached invoice, it is Essential it is done today. Once completed kindly Forward me the wire confirmation so I can forward it to the beneficiary would send support later kindly confirm.

Thanks

Sent from my iPad

On August 6, 2019 at 12:39 PM  
Donna Flies wrote:

2pm is our cut of time

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:38 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Okay, Let me check my sent folder would resend it to you again. Donna when is our cut of time for wire transfer.

Herbert

Sent from my iPad

On August 6, 2019 at  
12:34 PM Donna  
Flies wrote:

Hi Herb

When did you send the previous email? The last email I received from you was on 0726/19

---

**From:** Herbert Durfee  
**Sent:** Tuesday, August 6, 2019 12:32 PM  
**To:** Donna Flies  
**Subject:** Re: Invoice 10201807

Hi Donna,



Did you receive my previous email with an attached Invoice which I kindly requested you to process? Let me know if you didn't receive it so I can resend it again. I am currently meeting, kindly Get back to me.

Herbert

Sent from my iPad

## Donna Flies

---

**From:** Herbert Durfee <ca@city1mail.com>  
**Sent:** Monday, August 19, 2019 12:41 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807  
**Attachments:** ACH Payment Instruction.pdf

Donna, kindly process an ACH transfer with the attached instruction, it is Essential it is done today. Once completed kindly Forward me the ACH confirmation so I can forward it to the beneficiary. Miranda my assistance would be bringing all document including account numbers so that you can get them on the AP warrant.

Thanks

On August 12, 2019 at 1:09 PM Donna Flies wrote:

Thank you Herb. I'm hoping I can get the account numbers for these so that I can get them on the AP warrant

---

**From:** Herbert Durfee  
**Sent:** Monday, August 12, 2019 1:49 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, I have informed him that it has been processed would send supporting documents to you for all the ACH payment which was made before 08/16/2019 sorry for the delay. Kindly confirm the receipt of this email.

On August 12, 2019 at 12:38 PM Donna Flies wrote:

I have attached confirmation that this has been sent. He will receive it in his account tomorrow

---

**From:** Herbert Durfee  
**Sent:** Monday, August 12, 2019 1:32 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

## **PAYMENT INSTRUCTION**

Bank Name: Comerica Bank

Beneficiary: Donald Jefford Jr. DBA OPM PROPERTY SERVICES

Account Number: 1895180857

Routing Number: 121137522

Amount: \$86,480.00

## Donna Flies

---

**From:** Herbert Durfee <ca@city1mail.com>  
**Sent:** Thursday, August 29, 2019 12:33 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna,

Are you less busy? I noticed that you only made one ACH transfer to Donald S Jefford jr. I sent you two request and only one was processed. Kindly give me details of payment made out to Donald so Miranda can complete all documentation for you. And I would need you to handle two more payment today kindly find the attached payment request and Once completed kindly send the confirmation.

Thanks

Herb

On August 23, 2019 at 1:25 PM Donna Flies wrote:

Sorry working on a million things at once

I've attached the confirmation

---

**From:** Herbert Durfee  
**Sent:** Friday, August 23, 2019 1:40 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna,

Find attached payment information for Donald S Jefford jr. kindly process final ACH transfer, it is Essential it is done today. Once completed kindly Forward me the ACH confirmation so I can forward it to the beneficiary.

Thanks

On August 19, 2019 at 12:06 PM Donna Flies wrote:

Herb

Attached is the ach confirmation



## **PAYMENT INSTRUCTION**

Bank Name: Alliance Credit Union

Beneficiary: Donald S Jefford Jr.

Account Number: 700265417

Routing Number: 321176804

Amount: \$84,635.00

Thanks

Donna

---

**From:** Herbert Durfee  
**Sent:** Monday, August 19, 2019 12:41 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, kindly process an ACH transfer with the attached instruction, it is Essential it is done today. Once completed kindly Forward me the ACH confirmation so I can forward it to the beneficiary. Miranda my assistance would be bringing all document including account numbers so that you can get them on the AP warrant.

Thanks

On August 12, 2019 at 1:09 PM Donna Flies wrote:

Thank you Herb. I'm hoping I can get the account numbers for these so that I can get them on the AP warrant

---

**From:** Herbert Durfee  
**Sent:** Monday, August 12, 2019 1:49 PM  
**To:** Donna Flies  
**Subject:** RE: Invoice 10201807

Donna, I have informed him that it has been processed would send supporting documents to you for all the ACH payment which was made before 08/16/2019 sorry for the delay. Kindly confirm the receipt of this email.


On August 12, 2019 at 12:38 PM Donna Flies wrote:

## Donna Flies

---

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**Sent:** Wednesday, August 14, 2019 1:10 PM  
**To:** Donna Flies  
**Subject:** Re: Any check today

OK.....I have raised the ACT limit starting today/tomorrow depending upon when the bank processes the increase and it will be good for tomorrow for sure. It is at \$500,000 so no more can be added that would bring the batch over that limit.

Glad we chatted about that this morning,   
Cheryl

On Wed, Aug 14, 2019 at 12:44 PM Donna Flies <[DFlies@norwich.vt.us](mailto:DFlies@norwich.vt.us)> wrote:

No sorry nothing today

**From:** Cheryl A Lindberg [mailto:[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)]  
**Sent:** Wednesday, August 14, 2019 12:41 PM  
**To:** Donna Flies  
**Subject:** Any check today

For NESGFOA?

## Donna Flies

---

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**Sent:** Wednesday, August 14, 2019 3:53 PM  
**To:** Donna Flies  
**Subject:** ACH Limit increase/batch question

Hi Donna,

I have put through the temporary increase to your ACH limit so you can initiate the tax payment batch. Let me know if you have any issues.

In looking at the batches, can you tell me who Donald Jeffords is? There is a batch with that name on it in the Batch Listing.

Thanks,

Cheryl



## Donna Flies

---

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**Sent:** Wednesday, August 14, 2019 4:00 PM  
**To:** Donna Flies  
**Subject:** Re: ACH Limit increase/batch question

And was on a warrant?

On Wed, Aug 14, 2019 at 3:56 PM Donna Flies <[DFlies@norwich.vt.us](mailto:DFlies@norwich.vt.us)> wrote:

Thanks Cheryl, I appreciate that

Donald Jeffords is someone that invoiced herb for services between May and July

**From:** Cheryl A Lindberg [<mailto:cherylalindberg@gmail.com>]  
**Sent:** Wednesday, August 14, 2019 3:53 PM  
**To:** Donna Flies  
**Subject:** ACH Limit increase/batch question

Hi Donna,

I have put through the temporary increase to your ACH limit so you can initiate the tax payment batch. Let me know if you have any issues.

In looking at the batches, can you tell me who Donald Jeffords is? There is a batch with that name on it in the Batch Listing.

Thanks,

Cheryl

## Donna Flies

---

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**Sent:** Wednesday, August 14, 2019 4:14 PM  
**To:** Donna Flies  
**Subject:** Re: ACH Limit increase/batch question

Hey Donna,

Payments MUST be approved by the Selectboard before being paid. Was there some special situation on this, because Herb should know the rule of paying out money and having a warrant signed BEFORE a payment is made. Tedious process, but that's municipal finance.

Thanks,  
Cheryl

On Wed, Aug 14, 2019 at 3:59 PM Cheryl A Lindberg <[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)> wrote:  
And was on a warrant?

On Wed, Aug 14, 2019 at 3:56 PM Donna Flies <[DFlies@norwich.vt.us](mailto:DFlies@norwich.vt.us)> wrote:

Thanks Cheryl, I appreciate that

Donald Jeffords is someone that invoiced herb for services between May and July

**From:** Cheryl A Lindberg [mailto:[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)]  
**Sent:** Wednesday, August 14, 2019 3:53 PM  
**To:** Donna Flies  
**Subject:** ACH Limit increase/batch question

Hi Donna,

I have put through the temporary increase to your ACH limit so you can initiate the tax payment batch. Let me know if you have any issues.

In looking at the batches, can you tell me who Donald Jeffords is? There is a batch with that name on it in the Batch Listing.

Thanks,

Cheryl

From: Cheryl A Lindberg <[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)>  
Date: Thu, Aug 15, 2019 at 6:13 PM  
Subject: Re: ACH Limit increase/batch question  
To: Omer Trajman <[otrajman@webwriting.com](mailto:otrajman@webwriting.com)>

I have reached out to John P. Donna and I had to chat again today due to another matter and she told me that Herb told her to wire the money, but she doesn't have wire authority, so she told him she couldn't do that. She did say that she could do an ACH and he said to do it. She didn't want to tell her boss NO. Well HE knows better than that and maybe she misunderstood him and he wanted her to pay it with the next warrant, but that is not what happened. She doesn't even have accounting information to expense it to. I gently said to her that she needs to remind Herb that any town funds being paid have to be approved on a warrant first. I will chalk this up to a misunderstanding for now, but will follow up with John first, then Herb.

On Thu, Aug 15, 2019 at 8:48 AM Omer Trajman <[otrajman@gmail.com](mailto:otrajman@gmail.com)> wrote:  
I'd talk to Herb and/or Pepper.

On Wed, Aug 14, 2019 at 4:11 PM Cheryl A Lindberg <[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)> wrote:  
OK....again I am flipping out....she sent an ACH transaction to someone Herb told her to pay, but it wasn't put on a Warrant first??? That's just wrong !! Read the email thread. This has got to stop before it gets out of control !! Of course, I may not know the whole story and if Herb got approval verbally, but this is the worry of electronic payments....classic way to embezzle.

Monday, September 16, 2019 at 3:21:03 PM Eastern Daylight Time

---

**Subject:** Fwd: SOS Banking matter

**Date:** Monday, September 16, 2019 at 8:26:44 AM Eastern Daylight Time

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>

**To:** burgesslossprevention@comcast.net <burgesslossprevention@comcast.net>

----- Forwarded message -----

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>

**Date:** Wed, Aug 28, 2019 at 3:52 PM

**Subject:** SOS Banking matter

**To:** John Pepper <johnpepper91@gmail.com>

Just left you an important phone message. Something weird is going on. Please listen to my message and call me at home before the SB Meeting. Running to the dump and back.

Mascoma Bank is writing me an email regarding the matter to bring with me tonight.

Cheryl



Monday, September 16, 2019 at 3:20:39 PM Eastern Daylight Time

**Subject:** Fwd: FW: Questionable or Unusual ACH Debits from Town of Norwich Operating Account  
**Date:** Monday, September 16, 2019 at 8:34:59 AM Eastern Daylight Time  
**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**To:** burgesslossprevention@comcast.net <burgesslossprevention@comcast.net>  
**Attachments:** image001.png, image002.jpg

----- Forwarded message -----

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>  
**Date:** Thu, Aug 29, 2019 at 12:46 AM  
**Subject:** Re: FW: Questionable or Unusual ACH Debits from Town of Norwich Operating Account  
**To:** Charles Taylor <Charles.Taylor@mascomabank.com>

Charles,

DO NOT LET THOSE TWO ACH BATCHES GO !!! PLEASE REVERSE THEM ASAP !!! There is a serious concern at the TOWN.

Cheryl

On Wed, Aug 28, 2019 at 4:13 PM Charles Taylor <Charles.Taylor@mascomabank.com> wrote:

Charles Taylor | AVP Branch Manager III Officer | Mascoma Bank  
303 Main Street | Norwich, VT 05055  
Phone: 802-291-6471 | [Charles.Taylor@MascomaBank.com](mailto:Charles.Taylor@MascomaBank.com)



Mascoma  
Bank



**From:** Charles Taylor  
**Sent:** Wednesday, August 28, 2019 4:03 PM  
**To:** Treasurer <[Treasurer@norwich.vt.us](mailto:Treasurer@norwich.vt.us)>  
**Subject:** Questionable or Unusual ACH Debits from Town of Norwich Operating Account

Cheryl, our Call Center received a phone call today from Comerica Bank about two ACH credits to one of their customer's accounts. The credits were for \$88,680 & \$86,480, and were pulled (debited) from the Town Operating account on 8/20 & 8/26/2019 respectively.

The reason we (Mascoma Bank) were notified is that according to Comerica, the ACH credits were highly unusual for their customer and not in keeping with their customer's typical account activity. I believe Comerica currently has placed a "hold" on the funds until they are comfortable with the legitimacy of these transactions, but Comerica (and Mascoma Bank) are anxious to know that these transactions are authorized and correct, so please get back to me shortly.

Thank you.

**Charles Taylor** | AVP Branch Manager III Officer | **Mascoma Bank**  
303 Main Street | Norwich, VT 05055  
Phone: 802-291-6471 | [Charles.Taylor@MascomaBank.com](mailto:Charles.Taylor@MascomaBank.com)



**Mascoma  
Bank**

Certified



**Confidentiality Notice:** The information contained in this e-mail and any attachments is privileged and confidential and may contain information that is protected by law. It is intended only for the use of the addressee(s) indicated above. Use or disclosure of information e-mailed in error is respectfully prohibited. If you have received this e-mail in error, please contact the sender and immediately delete the original message.

**Subject:** Fwd: Fraudulent ACH Batches

**Date:** Monday, September 16, 2019 at 8:34:18 AM Eastern Daylight Time

**From:** Cheryl A Lindberg <cherylalindberg@gmail.com>

**To:** burgesslossprevention@comcast.net <burgesslossprevention@comcast.net>

----- Forwarded message -----

**From:** Cheryl Lindberg <CLindberg@norwich.vt.us>

**Date:** Thu, Aug 29, 2019 at 9:27 AM

**Subject:** Fraudulent ACH Batches

**To:** [charles.taylor@mascomabank.com](mailto:charles.taylor@mascomabank.com) <[charles.taylor@mascomabank.com](mailto:charles.taylor@mascomabank.com)>

**Cc:** Treasurer <[Treasurer@norwich.vt.us](mailto:Treasurer@norwich.vt.us)>, Cheryl A Lindberg <[cherylalindberg@gmail.com](mailto:cherylalindberg@gmail.com)>

Charles,

The Town of Norwich has been the subject of a hacker, who got into the email system and made it look like our Town Manager was asking the Finance Director to process payments to a vendor through ACH. The following batches are the fraudulent ones:

8/7/19 \$35,820.00

8/12/19 \$38,740.00

8/19/19 \$88,680.00

8/23/19 \$86,480.00

Please stop the batches if possible and/or retrieve the funds from the two financial institutions to where these batches were sent.

Thank you,

Cheryl A. Lindberg, Treasurer

Town of Norwich, VT

Town of Norwich, Vermont



CHARTERED 1761

Donna Flies  
Finance Director

August 9, 2019

Re: Lyssa Papazian Invoice

Dear Sir/Madam

On 08/07/2019 I received an invoice from Lyssa Papazian, in the amount of \$2,750.00 for the Historic Grant VT-18-008, MidCentury Modern Multi.

The Town of Norwich has an accounts payable policy that states that bill's cannot be paid until the selectboard has reviewed and signed the warrant. At this time the selectboard is not due to meet again until August 28<sup>th</sup>.

Once the warrant has been approved and signed I will be cutting the accounts payable check to Lyssa Papazian.

Sincerely,

A handwritten signature in black ink, appearing to read 'D Flies', written in a cursive style.

Donna Flies  
Town of Norwich  
Finance Director  
802-649-1419 Ext 106

Saturday, October 12, 2019 at 9:27:07 AM Eastern Daylight Time

**Subject:** Further Correspondence  
**Date:** Thursday, October 3, 2019 at 1:16:34 AM Eastern Daylight Time  
**From:** John Pepper <johnpepper91@gmail.com>  
**To:** William Burgess <burgesslossprevention@comcast.net>  
**Attachments:** IMG\_0158.jpeg, IMG\_0159.jpeg, IMG\_0160.jpeg

Bill,

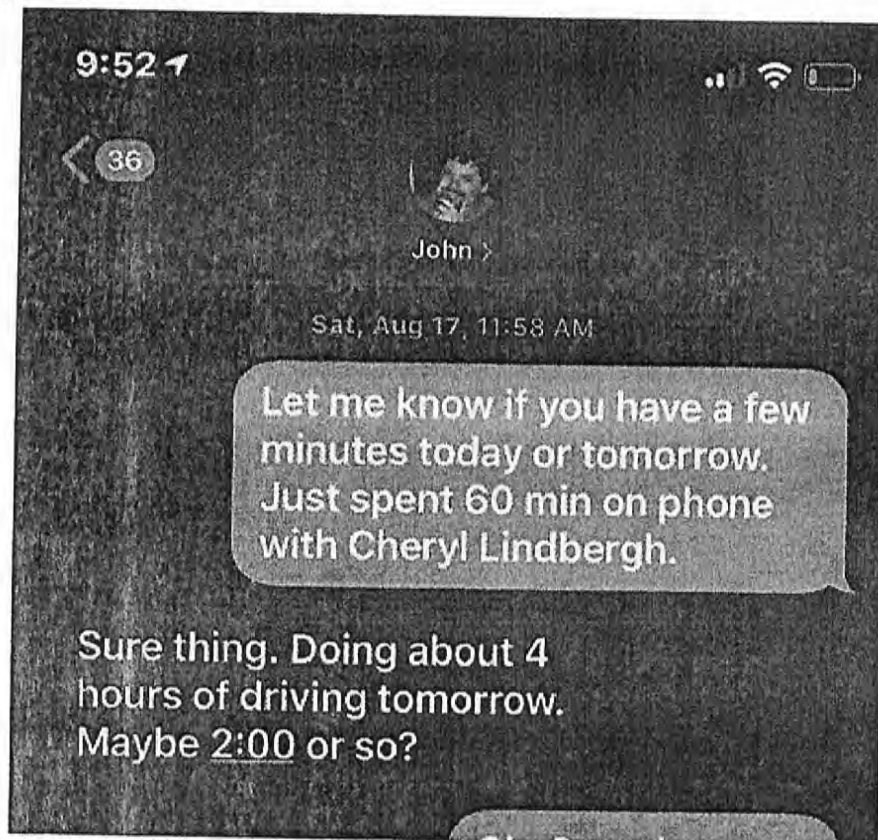
After our meeting tonight (which was quite challenging) I went through all of my texts to determine any further timeline on when people "knew" about the irregularities when they first unfolded. Attached are the text messages I sent to board member John Langhus which help complete the record.

In addition, as you may hear from Susan our town attorney, we were all unanimously dismayed to hear that one of the key people was not interviewed as part of the investigation... Donna Flies herself. We weren't able to get a good explanation as to why that would not have taken place, but feel it should have been. Perhaps too late, but if not, hoping that can complete the picture.

Also attached is the release that was just sent a few minutes ago to the public, just FYI.

Thank you.

John





Ok. Sounds good.

Cool. I'll call you

John Pepper

9:53



< 36



John >

Wed, Aug 28, 6:50 AM

We have serious issues in finance department happening as we speak. May need exec session tonight.

With and without herb possibly.

More of the undocumented financial transactions or different? Let's plan on meeting today. Lunch might be easiest for me.

Ok.

9:54



< 36



John >

Thu, Aug 29, 6:23 AM

Received 239am... "Pepper, something keeps gnawing at

me about those funny transactions. I keep wanting to say they relate to some vendor of ours. I just can't put my finger on it. Maybe I'm wrong and my mind is wandering because I can't believe Donna would do what we discussed tonight, that and I'm losing sleep over this. Anyway, I hope we can figure this out. Sorry to bother you, im just trying to go over in my head to recall what discussion I may have had with Donna to enable her to do what she may have done."

This is a weird one. I'm struggling with how minimal his reaction was yesterday.

Selectboard, Chair  
Town of Norwich  
P.O. Box 376  
Norwich, VT 05055

Latest Blog Post: [Power to the People](#)

Please note that any response or reply to this electronic message may be subject to disclosure as a public record under the Vermont Public Records Act.