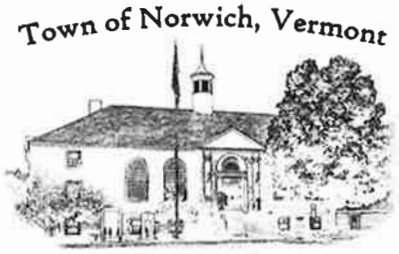

Town of Norwich Master Financial Policy

Adopted: October 9, 2019

Table of Contents

Page Number

Purpose & Goals – Introduction 3

Section 1—Accounting, Auditing, & Financial Report Policy 4

Section 2 – Procurement Policy 6

Section 3 – Cash Receipts, Petty Cash, and Returned Check Policy 23

Section 4 – Credit Card Policy 25

Section 5 – Debt Management Policy 26

Section 6 – Capital Budget & Program Policy 28

Section 7 – Investment Policy 30

Section 8 – Trustees of Public Funds Investment Policy 33

Section 9 – Fraud Prevention Policy 38

Section 10 – Fund Balance Reserve Policy 40

Section 11 – Balanced Budget Policy 42

Section 12 – Gift Policy 44

Adoption & Signature Page 46

Purpose and Goals
Introduction

Statement of Purpose

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

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

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

Financial Goals

- Ensure the financial integrity of the Town
- Manage financial assets in a sound and prudent manner
- Improve financial information for decision makers including policy makers and management
- Maintain and further develop programs to ensure the long term ability to pay costs necessary to provide the level and quality of service required by the citizens
- Maintain a spirit of openness and transparency while being fully accountable to the public for the Town's fiscal activities
- Ensure a set of sound internal financial controls that guide the Town related to grants, contracts, and other fiscal-related documents and programs
- Help with the provision of quality financial reporting, accounting, and auditing.
- Assist with the delineation of duties and responsibilities between and among offices (i.e., Selectboard and Town Manager, among other elected/appointed officials)

Section 1: Accounting, Auditing, and Financial Reporting Policy

Effective: Upon Adoption

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

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

Authority: The Town Manager acts under 24 VSA §1235, et seq "…[He/she] *shall have general supervision of the affairs of the town, be the administrative head of all departments of the town government, and shall be responsible for the efficient administration thereof*", along with any other duty/responsibility in the Job Description attached to the Town Manager's employment contract as may be mutually agreed between the Town Manager and the Selectboard.

Procedures:

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

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

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

- **Budget report** showing revenues collected and appropriations expended for the previous month with the variance from the budgeted amounts for each line item on both a period basis and a year-to-date basis.
- **Statement of Revenue, Expenditures, and Changes in Fund Balance** showing for each Designated Fund, revenues and expenditures and the difference between the two, the beginning fund balance for the period and the ending fund balance.
- **Balance Sheet** showing Town estimated assets less liabilities and fund balance.
- **Encumbrances and Year End Purchasing:** Encumbrances represent a monetary commitment related to contracts or goods not yet performed or received that will lapse into another fiscal year. Encumbrances are not the result of a last-minute budget surplus. For monies to be encumbered they shall be for a specific vendor, specific deliverable and specific cost. Purchase Orders or contracts that are anticipated to not be completed at the end of a fiscal year must be approved by the Town Manager as outstanding encumbrances. All purchases from June 1 to the end of the fiscal year in excess of $500.00 shall require a purchase order authorization by the Town Manager. Encumbrances not spent within 90 days will be retired. Encumbrances will be represented on the balance sheet as Fund Balance and expensed in the year in which the funds are released, according to accounting standards.
- **Year-end Accounting and Reporting**:
  - The year-end financial report prepared by the Town Manager will be available to the Selectboard by the second meeting in August or no later than September 15. This report will include financial statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented.
  - The Town Manager will be responsible for helping the Town's professional auditor with any information required to complete that fiscal year's audit.
  - The Town Manager as part of the annual Town Report's preparation will include a narrative discussion and appropriate graphics explaining how the Town's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, combined with the year-end report and the most recent independent auditor's account will be reproduced in the Town Report each year.

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Town of Norwich Procurement Policy

Adopted 10-8-2025

PURPOSE

The purpose of this Procurement Policy is to obtain the highest quality goods and services for the Town of Norwich at the lowest possible price, to exercise financial control over the procurement process, to clearly define authority for the procurement function, to allow fair and equal opportunity among qualified suppliers, and to provide for increased public confidence in the transparent procedures followed in public procurement.

POLICY ORGANIZATION

This policy is organized into three sections:

1. General procurement requirements applicable to **all** purchases.
2. Procurement requirements for when the Municipality expends **solely its own funds.**
3. Procurement requirements for when the Municipality expends **State or Federal funds,** regardless of whether the procurement action includes municipal funds. State and Federal funds have specific requirements the Municipality must meet, and those requirements extend to municipal funds if they are used as match/cost share or as supplemental project funding.

DEFINITIONS

For the purposes of this policy, the following definitions apply:

- **Conflict of Interest.** A conflict of interest occurs when the employee, officer, agent, or board member of the Municipality, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract.

- **Emergency.** A situation in which there is a threat to life, public health or safety, or improved property, or some other form of dangerous situation that requires immediate action to alleviate the threat. Emergency conditions are generally more short-lived than exigency circumstances.

- **Exigency.** A situation in which there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Municipality and use of competitive procurement proposals would prevent the urgent action required to address the situation.

- **Non-Employee Agent.** A consultant, advisor, service provider, or other person that is not an employee of the Municipality and has been designated an Agent for the purposes of this Procurement Policy.

- **Officer.** An elected or appointed official of the Municipality acting within the scope of their duties.

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- **Pre-Positioned Contracts.** Pre-positioned contracts are contracts awarded in advance of potential work being performed. These contracts are also referred to as advance or standby contracts. A pre-positioned contract may only be awarded if it was originally procured in compliance with the Municipality's procurement requirements, the scope of work was adequate to cover the work to be performed, the work performed was eligible, and the contract terms cover time when work was performed. (FEMA Public Assistance and Policy Guide, Version 5)

- **Pre-Qualified Contractors.** Pre-qualified contractors have been evaluated and determined to be qualified to perform work based on capabilities, prior experience, past performance, and availability. A pre-qualified contractor is not entitled to a pre-positioned or "standby" contract. The Municipality cannot exclude potential bidders or offerors from qualifying during the solicitation period, even if they were not on the pre-qualified list. (2 CFR § 200.319(e))

GENERAL PROCUREMENT REQUIREMENTS

All purchases of the Municipality must adhere to the following general standards:

- **Contract Administration.** The Municipality shall maintain a contract administration system that ensures vendors perform in accordance with the terms, conditions, and specifications of their contracts and purchase orders.

- **Municipal Code of Ethics.** All municipal officers, as defined by 24 VSA § 1991(12), are required to follow the Vermont Municipal Code of Ethics. Additionally, all officers and employees of the Municipality are required to follow any additional ordinances, rules, and personnel policies regarding ethics that have been adopted by the Municipality and are not in conflict with the Municipal Code of Ethics. For purchases made using any amount of Federal funds, please refer to the section titled, *Procurement Using State Or Federal Funds In Whole Or In Part.*

- **Geographic Preference.** The Municipality may exercise a geographic preference when evaluating bids or proposals if the preference does not result in unreasonable prices or rates due to a lack of competition. When purchasing with Federal funds, the Municipality should confirm with its funder whether geographic preference is allowable before using it as some federal programs have geographic preference limitations.

- **Procurement Agents.** The following individuals or positions are designated to act as Procurement Agents for the Municipality:

  The Town Manager will function as the primary Procurement Agent for the Municipality. Department Heads will have limited purchasing authority with ability to make Incidental Purchases at their discretion and Minor Purchases with the prior authorization of the Town Manager.

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Procurement Agents are responsible for ensuring that the best possible price and quality are obtained with each purchase. Procurement Agents must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. Procurement Agents also must ensure that competition is not restricted with unreasonable requirements or qualifications placed on vendors, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

If any provisions of this Procurement Policy conflict with provisions of Federal or State statute or regulations, the most stringent must be applied.

PROCUREMENT USING SOLELY MUNICIPAL FUNDS

Purchases made using solely municipal funds must adhere to the following general standards:

- **Pre-Positioned Vendors and Contractors.** Vendors or contractors pre-positioned for municipal work may not work on projects using Federal funds (ex. FEMA Public Assistance or Federally funded transportation grants) unless procurement requirements outlined in *Procurement Using State Or Federal Funds In Whole Or In* Part were followed.

- **Documentation.** Documentation must include the reason for the specific procurement method chosen, the basis for the selection of the award, and contract pricing (showing evidence that the process was fair and equitable), as well as any other significant decisions that were part of the procurement process.

- **Records Retention.** The Municipality must maintain records in accordance with the retention and disposition schedules as set by the Vermont State Archivist.

- **Use of Designated and Reserve Funds.** In all cases, approval of the Selectboard is required for the use of any Designated and/or Reserve Funds related to any expenditure.

PROCUREMENT CATEGORIES AND REQUIREMENTS.

Incidental Purchases. Employees designated as Procurement Agents may make purchases of up to $3,000 without prior approval, provided those purchases remain within the scope and limits of the approved municipal budget.

Minor Purchases. Employees who have been designated to act as Procurement Agents may make purchases with a value between $3,001 and $12,000 only with prior approval of the Town Manager and are limited to the amount of the budget authorized by the Municipality. Although not required, competitive quotes from at least two vendors should be obtained whenever possible and documented.

Major Purchases. All purchases over $12,001 require prior approval of the Selectboard. The Selectboard must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. The Selectboard must also ensure that competition is not restricted

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with unreasonable requirements or qualifications placed on vendors or bidders, or by allowing vendors or contractors to be selected who have engaged in noncompetitive pricing practices.

The Municipality does not require the use of a sealed bid process for all major purchases but may choose to accept only sealed bids for specific projects, such as construction projects, or when a sealed bid submission is deemed to be warranted.

Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed $12,000 during any fiscal year, the bid process must be utilized and must specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases must be made from that bidder without necessity of additional bids, until such time as the Selectboard votes to initiate a new bid process.

Emergency Purchases. The Town Manager may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency purchases may include immediate repair or maintenance of municipal property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of essential municipal services.

Professional Services. The bid process may be waived for the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing, risk management, and insurance services with a value of up to $100,000. If the Municipality wishes to use the professional services contractor in the future for a purchase made with Federal funds, the service must be purchased competitively following Federal requirements.

Sole Source Purchases. If the Town Manager determines that there is only one source for a proposed purchase, it may waive the bid/proposal process and authorize the purchase from the sole source. Documentation and record retention requirements apply.

PROCUREMENT USING STATE OR FEDERAL FUNDS IN WHOLE OR IN PART

GENERAL FEDERAL PROCUREMENT REQUIREMENTS.

Purchases made using Federal funds must adhere to the following general standards:

- **Open and Competitive Bidding.** All purchases must be made using procedures that promote open and competitive bidding to the greatest extent possible, as outlined in 2 CFR § 200.319. All procurement must incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured, identify additional requirements that must be fulfilled, and include factors that will be used for evaluation. Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids must be excluded from competing on those purchases.

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- **Non-Discrimination.** There must be no discrimination in procurement practices based on race, color, national origin, sex, disability, or age in accordance with § 200.300(a-b).

- **Conflict of Interest.** See Definitions section. Any employee, officer, or agent of the Municipality who participates in the procurement process must make reasonable efforts to avoid real or apparent conflicts of interest, must disclose any potential conflicts of interest in writing, must refrain from participating in procurement decisions where such conflicts exist, and must comply with other requirements of 2 CFR § 200.318(c). If the municipality has an affiliate or subsidiary organization that is not a State, local government, or Indian Tribe, the Municipality also must maintain written standards of conduct covering organizational conflicts of interest. Any actual or potential conflict of interest must be disclosed to the funder. If a conflict exists between the Federal requirements and the Municipality's requirements, the most restrictive requirement must be used. Disciplinary actions shall be the enforcement actions in the Municipality's adopted investigation and enforcement ordinance, personnel policy, or rule. Disciplinary actions of Appointed Officers shall apply to non-employee agents.

- **Gifts.** An employee, officer, and agent of the Municipality may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. (§ 200.318(c)(1))

- **Small and Socio-Economic Business Procurement.** Whenever possible, qualified small, minority, and veteran-owned businesses, women's business enterprises, and labor surplus area firms must be considered for procurement and documentation retained demonstrating how the six actions outlined in § 200.321 were considered.

- **Maximizing Resources.** The Municipality must:

    - avoid the acquisition of unnecessary or duplicative items.
    - use strategic sourcing when appropriate.
    - use excess and surplus Federal property when feasible and to achieve cost reductions, use recovered materials when individual or aggregate yearly purchases exceed $10,000 or as otherwise described in § 200.323.
    - use value engineering clauses for construction projects when practical.
    - provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States to the greatest extent practicable and consistent with the law.
    - implement the Buy America preferences set forth in 2 CFR part 184 for projects related to the construction, alteration, maintenance, or repair of infrastructure.

- **Contract Cost and Price.** The Municipality must perform a cost or price analysis for purchases, including contract modifications, in excess of $250,000, in accordance with § 200.324. Evidence of the analysis must be documented.

- **Cost Allowability.** The Municipality will determine cost allowability using Federal Cost

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Principles, reviewing the notice of funding award, and reviewing its funding agreement. Costs must be allowable, reasonable, and allocable to the funding (2 CFR Part 200 Subpart E).

- **Funding Agency Review.** The Municipality must submit the technical specifications of a proposed purchase and/or procurement documents for review if a funding agency has requested to review them, in accordance with 2 CFR § 200.325.

- **Bonding Requirements.** The Municipality must comply with bid and bond requirements of 2 CFR § 200.326 unless the Municipality has a bonding policy and requirements for construction or facility improvement contracts or subcontracts, and those requirements exceed $250,000. When the Municipality has its own bonding policy and requirements, the Municipality must have the documents reviewed and approved by either the Federal agency or the pass-through entity to determine that the Federal interest is adequately protected. (2 CFR § 200.326)

- **Federal Pass-Through Requirements.** The Municipality must include specific federal compliance requirements, such as Davis Bacon Labor Standards, Section 3 Reporting Requirements, and Build America, Buy America (BABA) for example, in the procurement documents to alert prospective bidders to those requirements. (§200.319(d)(3)) The Municipality should confirm any federal pass-through requirements with the funding agency.

- **Pre-Positioned Vendors and Contractors.** The Municipality may pre-position contracts by awarding contracts for the potential performance of work. When pre-positioning contracts, the Municipality will request proposals from vendors and/or contractors in accordance with procurement categories and their requirements and develop a scope of work adequate to cover the anticipated work to be performed. The list will be updated at least every three years with the option of extending the contract for a one-year term (no more than four years total). Each pre-positioned vendor or contractor must be issued a master contract defining the specific services that are covered by the contract, the contract term, and additional items identified by the Municipality. Task Order assignments will be made by the Municipality following a review of the task order complexity, experience of the firm and its staff, capacity to complete the work within the desired timeframe, availability of contractor staff, and other factors applicable the Municipality deems important to the work to be performed.

- **Documentation.** The Municipality must maintain documentation and records sufficient to detail the history of each procurement transaction in accordance with 2 CFR § 200.318(i). At minimum, these records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price plus other documentation required by these procurement requirements. Additional documentation may be required based on the requirements of specific procurement categories.

In the case of purchases made using Federal funds, if state law or the Municipality's supplemental policies conflict with Federal requirements, the stricter of the two must be applied.

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

PROCUREMENT CATEGORIES AND REQUIREMENTS.

Micro-Purchases. Purchases of up to $12,000 in aggregate value, and, in the case of construction projects subject to Federal Davis Bacon requirements, purchases below $2,000. Soliciting competitive price or rate quotations is not required if the Procurement Agent considers the price reasonable based on research, experience, purchase history, or other information; and maintains documentation to support their conclusion. To the extent practicable, the Municipality should distribute micro-purchases equitably among qualified suppliers. (§ 200.320(a)(1))

Simplified Acquisition (Small Purchases). Purchases with an aggregate total value between $12,001 and $100,000, including any future contract amendments or change orders. Price or rate quotes must be obtained from an adequate number of qualified sources following the Small and Socio-Economic Business Procurement provision of this policy and all provisions regarding fair and unrestricted competition. (§ 200.320(a)(2))

Large Purchases by Competitive Proposals. Purchases with an aggregate total value of $100,001 or more, including any future contract amendments or change orders. Construction projects must use the sealed bid process discussed in the next section. (§ 200.320(b)(2))

A Request for Proposals (RFP) must be used, except for architectural/engineering (A/E) professional services for which a Request for Qualifications (RFQ) process may be used. If the project is funded in whole or in part by the Federal Highways Administration, a Request for Qualifications process must be used for A/E services. All evaluation factors and their relative importance must be identified in the RFP/RFQ. For RFPs, price and other factors may be considered as a selection factor. For RFQs, price may not be used as a selection factor. All RFP/RFQs will describe the process for evaluating proposals and how a contract awardee will be selected.

Public notice is required with no less than two weeks allowed for responses. Proposals must be solicited from multiple qualified entities. When a contract is awarded, it must be awarded to the responsible offeror whose proposal is most advantageous to the Municipality. When issuing a contract, the Municipality must consider a contractor's integrity, public policy compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources. Either a fixed price or cost-reimbursement contract may be used.

Procurement by Sealed Bid. Purchases with an aggregate total value of $100,000 or more, including any future contract amendments or change orders. Federally funded construction projects of more than $2,000 must use the sealed bid process. The sealed bid purchase process is used primarily for construction projects. (§ 200.320(b)(1))

Noncompetitive (Sole Source) Procurement. If one of the following specific circumstances apply, the Municipality may use a noncompetitive procurement method (§ 200.320(c)):

- **Single Source.** The purchase only can be filled by a single source.

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

- **Emergency.** A threat to life, public health or safety, or improved property, or some other form of dangerous situation or public emergency will not permit a delay resulting from proving public notice of a competitive solicitation. Emergency conditions generally are short term.

- **Exigency.** There is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Municipality and use of competitive procurement would preview the urgent action required to address the situation. Exigency conditions may be short term or exist for weeks or months.

- **Written Permission.** The Municipality submits a written request with justification for noncompetitive procurement and its funder approves the request in writing.

- **Inadequate Competition.** After soliciting several sources, competition is determined to be inadequate.

Documentation is required to justify noncompetitive procurement. Documentation must follow the requirements of the funding agency. Noncompetitive purchases still must comply with other requirements of procurement, such as maximizing resources, domestic preferences, contract cost and price, competition requirements, and documentation. Written contracts with required contract clauses are required.

CONTRACTS.

- "Cost plus a percentage of cost" and "percentage of construction costs" methods of contracting must not be used. (§ 200.324(c))

- The Municipality may use a time-and-materials type contract only after making a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the Municipality is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general, and administrative expenses, and profit. When using this type of contract, the Municipality must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

- Written contracts must be used, except for Micro-purchases. The Municipality may use pro-forma contracts and agreements provided by State and/or Federal agencies for contractual compliance with State and Federal requirements.

- Written contracts must contain required Federal contract provisions specified in 2 CFR Appendix II as applicable to the project unless a State or Federal funder requires specific language to meet Appendix II requirements. The Municipality must include additional required contract provisions specific to the source of funds if required by its funding agreement. (§ 200.327)

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

Town of Norwich Procurement Policy

Adopted 10-8-2025

PURPOSE

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This policy is organized into three sections:

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2. Procurement requirements for when the Municipality expends **solely its own funds**.
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Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

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- **Pre-Qualified Contractors.** Pre-qualified contractors have been evaluated and determined to be qualified to perform work based on capabilities, prior experience, past performance, and availability. A pre-qualified contractor is not entitled to a pre-positioned or "standby" contract. The Municipality cannot exclude potential bidders or offerors from qualifying during the solicitation period, even if they were not on the pre-qualified list. (2 CFR § 200.319(e))

GENERAL PROCUREMENT REQUIREMENTS

All purchases of the Municipality must adhere to the following general standards:

- **Contract Administration.** The Municipality shall maintain a contract administration system that ensures vendors perform in accordance with the terms, conditions, and specifications of their contracts and purchase orders.

- **Municipal Code of Ethics.** All municipal officers, as defined by 24 VSA § 1991(12), are required to follow the Vermont Municipal Code of Ethics. Additionally, all officers and employees of the Municipality are required to follow any additional ordinances, rules, and personnel policies regarding ethics that have been adopted by the Municipality and are not in conflict with the Municipal Code of Ethics. For purchases made using any amount of Federal funds, please refer to the section titled, *Procurement Using State Or Federal Funds In Whole Or In Part.*

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  The Town Manager will function as the primary Procurement Agent for the Municipality. Department Heads will have limited purchasing authority with ability to make Incidental Purchases at their discretion and Minor Purchases with the prior authorization of the Town Manager.

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Procurement Agents are responsible for ensuring that the best possible price and quality are obtained with each purchase. Procurement Agents must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. Procurement Agents also must ensure that competition is not restricted with unreasonable requirements or qualifications placed on vendors, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

If any provisions of this Procurement Policy conflict with provisions of Federal or State statute or regulations, the most stringent must be applied.

PROCUREMENT USING SOLELY MUNICIPAL FUNDS

Purchases made using solely municipal funds must adhere to the following general standards:

- **Pre-Positioned Vendors and Contractors.** Vendors or contractors pre-positioned for municipal work may not work on projects using Federal funds (ex. FEMA Public Assistance or Federally funded transportation grants) unless procurement requirements outlined in *Procurement Using State Or Federal Funds In Whole Or In* Part were followed.

- **Documentation.** Documentation must include the reason for the specific procurement method chosen, the basis for the selection of the award, and contract pricing (showing evidence that the process was fair and equitable), as well as any other significant decisions that were part of the procurement process.

- **Records Retention.** The Municipality must maintain records in accordance with the retention and disposition schedules as set by the Vermont State Archivist.

- **Use of Designated and Reserve Funds.** In all cases, approval of the Selectboard is required for the use of any Designated and/or Reserve Funds related to any expenditure.

PROCUREMENT CATEGORIES AND REQUIREMENTS.

Incidental Purchases. Employees designated as Procurement Agents may make purchases of up to $3,000 without prior approval, provided those purchases remain within the scope and limits of the approved municipal budget.

Minor Purchases. Employees who have been designated to act as Procurement Agents may make purchases with a value between $3,001 and $12,000 only with prior approval of the Town Manager and are limited to the amount of the budget authorized by the Municipality. Although not required, competitive quotes from at least two vendors should be obtained whenever possible and documented.

Major Purchases. All purchases over $12,001 require prior approval of the Selectboard. The Selectboard must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. The Selectboard must also ensure that competition is not restricted

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with unreasonable requirements or qualifications placed on vendors or bidders, or by allowing vendors or contractors to be selected who have engaged in noncompetitive pricing practices.

The Municipality does not require the use of a sealed bid process for all major purchases but may choose to accept only sealed bids for specific projects, such as construction projects, or when a sealed bid submission is deemed to be warranted.

Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed $12,000 during any fiscal year, the bid process must be utilized and must specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases must be made from that bidder without necessity of additional bids, until such time as the Selectboard votes to initiate a new bid process.

Emergency Purchases. The Town Manager may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency purchases may include immediate repair or maintenance of municipal property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of essential municipal services.

Professional Services. The bid process may be waived for the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing, risk management, and insurance services with a value of up to $100,000. If the Municipality wishes to use the professional services contractor in the future for a purchase made with Federal funds, the service must be purchased competitively following Federal requirements.

Sole Source Purchases. If the Town Manager determines that there is only one source for a proposed purchase, it may waive the bid/proposal process and authorize the purchase from the sole source. Documentation and record retention requirements apply.

PROCUREMENT USING STATE OR FEDERAL FUNDS IN WHOLE OR IN PART

GENERAL FEDERAL PROCUREMENT REQUIREMENTS.

Purchases made using Federal funds must adhere to the following general standards:

- **Open and Competitive Bidding.** All purchases must be made using procedures that promote open and competitive bidding to the greatest extent possible, as outlined in 2 CFR § 200.319. All procurement must incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured, identify additional requirements that must be fulfilled, and include factors that will be used for evaluation. Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids must be excluded from competing on those purchases.

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

- **Non-Discrimination.** There must be no discrimination in procurement practices based on race, color, national origin, sex, disability, or age in accordance with § 200.300(a-b).

- **Conflict of Interest.** See Definitions section. Any employee, officer, or agent of the Municipality who participates in the procurement process must make reasonable efforts to avoid real or apparent conflicts of interest, must disclose any potential conflicts of interest in writing, must refrain from participating in procurement decisions where such conflicts exist, and must comply with other requirements of 2 CFR § 200.318(c). If the municipality has an affiliate or subsidiary organization that is not a State, local government, or Indian Tribe, the Municipality also must maintain written standards of conduct covering organizational conflicts of interest. Any actual or potential conflict of interest must be disclosed to the funder. If a conflict exists between the Federal requirements and the Municipality's requirements, the most restrictive requirement must be used. Disciplinary actions shall be the enforcement actions in the Municipality's adopted investigation and enforcement ordinance, personnel policy, or rule. Disciplinary actions of Appointed Officers shall apply to non-employee agents.

- **Gifts.** An employee, officer, and agent of the Municipality may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. (§ 200.318(c)(1))

- **Small and Socio-Economic Business Procurement.** Whenever possible, qualified small, minority, and veteran-owned businesses, women's business enterprises, and labor surplus area firms must be considered for procurement and documentation retained demonstrating how the six actions outlined in § 200.321 were considered.

- **Maximizing Resources.** The Municipality must:

    - avoid the acquisition of unnecessary or duplicative items.
    - use strategic sourcing when appropriate.
    - use excess and surplus Federal property when feasible and to achieve cost reductions, use recovered materials when individual or aggregate yearly purchases exceed $10,000 or as otherwise described in § 200.323.
    - use value engineering clauses for construction projects when practical.
    - provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States to the greatest extent practicable and consistent with the law.
    - implement the Buy America preferences set forth in 2 CFR part 184 for projects related to the construction, alteration, maintenance, or repair of infrastructure.

- **Contract Cost and Price.** The Municipality must perform a cost or price analysis for purchases, including contract modifications, in excess of $250,000, in accordance with § 200.324. Evidence of the analysis must be documented.

- **Cost Allowability.** The Municipality will determine cost allowability using Federal Cost

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

Principles, reviewing the notice of funding award, and reviewing its funding agreement. Costs must be allowable, reasonable, and allocable to the funding (2 CFR Part 200 Subpart E).

- **Funding Agency Review.** The Municipality must submit the technical specifications of a proposed purchase and/or procurement documents for review if a funding agency has requested to review them, in accordance with 2 CFR § 200.325.

- **Bonding Requirements.** The Municipality must comply with bid and bond requirements of 2 CFR § 200.326 unless the Municipality has a bonding policy and requirements for construction or facility improvement contracts or subcontracts, and those requirements exceed $250,000. When the Municipality has its own bonding policy and requirements, the Municipality must have the documents reviewed and approved by either the Federal agency or the pass-through entity to determine that the Federal interest is adequately protected. (2 CFR § 200.326)

- **Federal Pass-Through Requirements.** The Municipality must include specific federal compliance requirements, such as Davis Bacon Labor Standards, Section 3 Reporting Requirements, and Build America, Buy America (BABA) for example, in the procurement documents to alert prospective bidders to those requirements. (§200.319(d)(3)) The Municipality should confirm any federal pass-through requirements with the funding agency.

- **Pre-Positioned Vendors and Contractors.** The Municipality may pre-position contracts by awarding contracts for the potential performance of work. When pre-positioning contracts, the Municipality will request proposals from vendors and/or contractors in accordance with procurement categories and their requirements and develop a scope of work adequate to cover the anticipated work to be performed. The list will be updated at least every three years with the option of extending the contract for a one-year term (no more than four years total). Each pre-positioned vendor or contractor must be issued a master contract defining the specific services that are covered by the contract, the contract term, and additional items identified by the Municipality. Task Order assignments will be made by the Municipality following a review of the task order complexity, experience of the firm and its staff, capacity to complete the work within the desired timeframe, availability of contractor staff, and other factors applicable the Municipality deems important to the work to be performed.

- **Documentation.** The Municipality must maintain documentation and records sufficient to detail the history of each procurement transaction in accordance with 2 CFR § 200.318(i). At minimum, these records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price plus other documentation required by these procurement requirements. Additional documentation may be required based on the requirements of specific procurement categories.

In the case of purchases made using Federal funds, if state law or the Municipality's supplemental policies conflict with Federal requirements, the stricter of the two must be applied.

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

PROCUREMENT CATEGORIES AND REQUIREMENTS.

Micro-Purchases. Purchases of up to $12,000 in aggregate value, and, in the case of construction projects subject to Federal Davis Bacon requirements, purchases below $2,000. Soliciting competitive price or rate quotations is not required if the Procurement Agent considers the price reasonable based on research, experience, purchase history, or other information; and maintains documentation to support their conclusion. To the extent practicable, the Municipality should distribute micro-purchases equitably among qualified suppliers. (§ 200.320(a)(1))

Simplified Acquisition (Small Purchases). Purchases with an aggregate total value between $12,001 and $100,000, including any future contract amendments or change orders. Price or rate quotes must be obtained from an adequate number of qualified sources following the Small and Socio-Economic Business Procurement provision of this policy and all provisions regarding fair and unrestricted competition. (§ 200.320(a)(2))

Large Purchases by Competitive Proposals. Purchases with an aggregate total value of $100,001 or more, including any future contract amendments or change orders. Construction projects must use the sealed bid process discussed in the next section. (§ 200.320(b)(2))

A Request for Proposals (RFP) must be used, except for architectural/engineering (A/E) professional services for which a Request for Qualifications (RFQ) process may be used. If the project is funded in whole or in part by the Federal Highways Administration, a Request for Qualifications process must be used for A/E services. All evaluation factors and their relative importance must be identified in the RFP/RFQ. For RFPs, price and other factors may be considered as a selection factor. For RFQs, price may not be used as a selection factor. All RFP/RFQs will describe the process for evaluating proposals and how a contract awardee will be selected.

Public notice is required with no less than two weeks allowed for responses. Proposals must be solicited from multiple qualified entities. When a contract is awarded, it must be awarded to the responsible offeror whose proposal is most advantageous to the Municipality. When issuing a contract, the Municipality must consider a contractor's integrity, public policy compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources. Either a fixed price or cost-reimbursement contract may be used.

Procurement by Sealed Bid. Purchases with an aggregate total value of $100,000 or more, including any future contract amendments or change orders. Federally funded construction projects of more than $2,000 must use the sealed bid process. The sealed bid purchase process is used primarily for construction projects. (§ 200.320(b)(1))

Noncompetitive (Sole Source) Procurement. If one of the following specific circumstances apply, the Municipality may use a noncompetitive procurement method (§ 200.320(c)):

- **Single Source.** The purchase only can be filled by a single source.

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

- **Emergency.** A threat to life, public health or safety, or improved property, or some other form of dangerous situation or public emergency will not permit a delay resulting from proving public notice of a competitive solicitation. Emergency conditions generally are short term.

- **Exigency.** There is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Municipality and use of competitive procurement would preview the urgent action required to address the situation. Exigency conditions may be short term or exist for weeks or months.

- **Written Permission.** The Municipality submits a written request with justification for noncompetitive procurement and its funder approves the request in writing.

- **Inadequate Competition.** After soliciting several sources, competition is determined to be inadequate.

Documentation is required to justify noncompetitive procurement. Documentation must follow the requirements of the funding agency. Noncompetitive purchases still must comply with other requirements of procurement, such as maximizing resources, domestic preferences, contract cost and price, competition requirements, and documentation. Written contracts with required contract clauses are required.

CONTRACTS.

- "Cost plus a percentage of cost" and "percentage of construction costs" methods of contracting must not be used. (§ 200.324(c))

- The Municipality may use a time-and-materials type contract only after making a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the Municipality is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general, and administrative expenses, and profit. When using this type of contract, the Municipality must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

- Written contracts must be used, except for Micro-purchases. The Municipality may use pro-forma contracts and agreements provided by State and/or Federal agencies for contractual compliance with State and Federal requirements.

- Written contracts must contain required Federal contract provisions specified in 2 CFR Appendix II as applicable to the project unless a State or Federal funder requires specific language to meet Appendix II requirements. The Municipality must include additional required contract provisions specific to the source of funds if required by its funding agreement. (§ 200.327)

Docusign Envelope ID: B2918BF6-23F7-453C-8976-10B9DA657266

- When funding is provided through the State of Vermont, the Municipality must include the required State contract provisions outlined in Attachment C – Standard State Provisions for Contracts and Grants, which is included as part of the State's funding agreement document. The Municipality also must include any other required contract provisions required by the Municipality's agreement with the State.

The foregoing Policy is hereby adopted by the Selectboard of the Town of Norwich, Vermont, this eighth day of October 2025 and is effective as of this date until amended or repealed.

SIGNATURES.

Chair:

Signed by:
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Legislative Body Members:

DocuSigned by:
Marcia Calloway
013CAF61E6AD4A3...

Signed by:
Matthew Swett
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Signed by:
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Section 3: Cash Receipts, Petty Cash, and Returned Check Policy

Effective: Upon adoption.

Purpose: The purpose of this policy is to ensure proper management practices by the Town of Norwich employees are in effect and adhered to when their assigned duties require the processing of cash, checks, and other receipts. The management practices are designed to instill public confidence in Town operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

Policy: The Town Manager will be responsible for the preparation and implementation of internal financial controls (procedures) necessary to carry out this policy's purpose. Controls/procedures prepared by the Town Manager will be in written format and strictly adhered to by the below named *Authorized Personnel*. Said controls/procedures prepared by the Town Manager shall adhere to the minimum requirements herein.

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

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

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

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

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

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

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

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

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

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

Section 4: Credit Card Policy

Effective: Upon Adoption

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

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

Authority: 24 VSA §1235, et seq.

Procedures:

Credit Card Use:
1. No use of the Town credit or business cards shall occur without written authorization of the Town Manager.
2. Credit cards may not be used for personal purchases, cash advances, or purchases that exceed the card's authorized purchase limit.

Security:
1. The Town Manager is responsible for the card's protection and custody.
2. 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.

Section 5: Debt Management Policy

Effective: Upon Adoption

Purpose: The purpose of this Debt Management Policy is to establish the guidelines for the issuance of debt by the Town of Norwich. Debt levels and the related debt service expenditures are important obligations that must be managed with available short and long term resources. Though the school district is a separate "municipality" from the Town, the overall debt service for the town and the schools should be considered as part of the process.,

Policy: The level of indebtedness that the Town of Norwich can expect to incur should not jeopardize its existing financial position while also assuring the lending market that the Town is well managed and will meet its obligations in a timely manner.

Authority: The Town of Norwich is enabled under Vermont law to incur debt in various forms including but not necessarily limited to 24 VSA §§ 1752, 1786a, and 1788.

Procedures:

1. **Planning and Performance:**
   a. **Debt management** means adopting and maintaining financial plans for both the issuance of debt and the repayment of debt. The determination to issue new debt should be made as a part of the adoption of the annual Capital Budget & Program, which prioritizes capital projects and identifies the various funding sources available for those projects. Planning for the repayment of debt will include analysis of the operating budget to determine the ability of the Town to incur the additional debt service required by the new debt.
   b. **Town of Norwich Fund Balance Management Policy:** is designed to provide the operating funds of the Town with a sufficient level of unreserved, undesignated fund balance or net assets to maintain financial stability, and to provide adequate cash flow to avoid the need for short term revenue anticipation notes or tax anticipation notes.
   c. **Town of Norwich Capital Budget Policy:** is designed to provide for the orderly funding of capital project needs of the Town, including the use of Designated and Special Purpose funds to avoid the need for incurring long term debt to purchase vehicles and equipment, and to minimize the amount of long term debt required for the acquisition of land, buildings, and infrastructure.

2. **Types of Debt:**
   a. **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.

b. **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 Designated and Special Purpose funds should be used to minimize the amount of long term borrowing that is required. Whenever possible, long-term debt should not be used to pay for 100% of the cost of the acquisition or improvement of capital assets. The use of long term debt financing to finance the purchase of vehicles and equipment should be avoided except in emergencies, or unless it can be demonstrated that it is financially beneficial to do so.

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

4. **Repayment of Debt:**
   a. **Projections:** The Town will conservatively project the revenue sources that will be utilized to repay any additional debt, and will analyze the impact on taxpayers of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine whether new debt should be issued and to structure the appropriate repayment terms for each debt issue.
   b. **Maturity:** The maturity of long term debt shall be kept as short as possible to minimize the overall impact on the taxpayers during the life of the debt, while at the same time not so short that the repayment will create an unreasonable burden. In no event shall the life of the debt exceed the life of the improvement being financed.

5. **Key Debt Ratios:**
   a. **Guidelines:** The following guideline should be used when determining whether debt should be issued: Net General Fund bonded debt as a percentage of total assessed valuation (the total value of all properties in town as established by the Listers and reported by Form 411) should not exceed 1%. Other guidelines may be adopted as needed and appropriate.

Section 6: Capital Budget & Program Policy

Effective: Upon Adoption

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

Policy: The Selectboard will adopt a six-year Capital Budget & Program (CBP) for the Town of Norwich through the annual Budget process. The CBP will be reviewed and updated annually.

Authority: 24 VSA §§ 4403, 4430, and 4443 allows the Selectboard to adopt a capital budget program.

Procedures:

1. **Capital Budget and Program:**
   a. **A Capital Budget**: A capital budget shall list and describe the capital projects to be undertaken during the coming fiscal year, the estimated cost of those projects, and the proposed method of financing
   b. **Capital Program**: A capital program is a plan of capital projects proposed to be undertaken during each of the following five years, the estimated cost of those projects, and the proposed method of financing.
   c. **Capital Project**: A capital project is any one or more of the following:
      - Any physical betterment or improvement, including furnishing, machinery, apparatus, or equipment for that physical betterment or improvement when first constructed or acquired.
      - Any preliminary studies and surveys relating to any physical betterment or improvement.
      - Land or rights in land.
      - Any combination of the above cited items.
   d. **Capital Expenditures:** For purposes of capital projects, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than $5,000 and any expenditure for infrastructure (e.g. roads, bridges, and storm water collection system) costing more than $25,000.
   e. The CBP will be arranged to indicate the **Order of Priority** of each capital project and to state for each project the following:
      i. A description of each proposed project and the estimated total cost of the project.
      ii. The proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established Designated and Special Purpose funds; the amount estimated to be received from the federal or state government; the amount to be financed by impact fees; and the amount to be financed by the issuance of obligations (see section 5 Debt Management Policy above), showing the proposed type(s) of obligation, together with the proposed period of usefulness for which they are proposed to be issued.
      iii. An estimate of the effect, if any, upon operating costs of the Town.

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

f. Annually, the capital budget and program should be updated.

g. Annually, the capital budget portion of the capital budget and program should be incorporated into the Selectboard's proposed budget for voter approval at the March Town Meeting.

2. **Designated and Special Purpose Funds:** In conjunction with the Town's Debt Management Policy, the Town Manager shall annually, as applicable, propose funding (i.e., new appropriations) of reserve funds to accumulate resources to pay for items included in the capital budget and program. The use of such Designated and Special Purpose funds should minimize large fluctuations in the tax rate and will reduce the need for incurring additional debt. Other capital improvements may be funded by bond issuance or through the operating budget.

3. **Priority Criteria:** Capital projects will receive a higher priority if they meet some or most of these criteria:
   - Meets a policy goal or fulfills a strategic objective of the Town and its adopted Town Plan.
   - Is required under a state or federal mandate, law, or regulation.
   - Will mitigate or eliminate a known safety hazard.
   - Will maintain and improve the delivery of public services to the majority of the population.
   - Will improve the quality of existing infrastructure.
   - Non-tax based revenue and/or State or federal grant funds are available to assist in funding the project.

Section 7: Investment Policy

Effective: Upon Adoption

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

Policy: The Town of Norwich prioritizes the security of principal, liquidity as needed to meet projected expenditures, and return on investment in that order. This policy shall apply to the investment of bond proceeds, only insofar as the policy is not in conflict with applicable bond debenture requirements and Vermont municipal finance laws. This policy does not apply to trust funds held by the Town of Norwich. These funds are managed under separate investment policy for trust assets as may be adopted by the Trustees of Public Funds.

Authority: In accordance with 24 VSA § 1571(b), monies received by the Treasurer on behalf of the Town of Norwich may be invested and reinvested by the Treasurer with the approval of the Selectboard.

Policy Objectives and Procedures:

1. **Policy Objectives:**
   a. **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.
   b. **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.
   c. **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 less important than the security and liquidity objectives described above. The core of the investments will be limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

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

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

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

5. **Conflicts of Interest:** Actions taken under this policy are explicitly subject to the Town's Conflict of Interest Policy.

6. **Authorized Investments and Institutions:**
   a. 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:
      i. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
      ii. Proof of National Association of Securities Dealers (NASD) certification.
      iii. Proof of State registration.
      iv. Certification of having read, understood, and agreed to compliance with the Town's investment policy.
      v. Evidence of adequate insurance coverage.
   b. The following investments will be permitted under this policy:
      i. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government and are considered to be the most secure instruments available.
      ii. 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.
      iii. Certificates of Deposit and other evidences of deposit at financial institutions that are insured by the FDIC.

iv. Repurpose ("*rollover*") agreements whose underlying purchased securities consist of the aforementioned instruments.

7. **Collateralization:** 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.

8. **Safekeeping and Custody:**
   a. 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.
   b. The safekeeping institution shall annually provide a copy of its most recent report on internal controls: Statement of Auditing Standards No. 70 (SAS 70).

9. **Reporting:** 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.

Norwich, Vermont

TRUSTEES OF PUBLIC FUNDS INVESTMENT POLICY

Trustees of Public Funds, Town of Norwich Vermont c/o Tracy Hall, 300 Main Street, Norwich Vermont 05055
1-802-649-1419 www.norwich.vt.us

Introduction

Vermont law, 24 V.S.A. § 2431, provides that money held in trust by a town for any purpose, including cemetery trust funds, shall be under the charge and management of Trustees of Public Funds unless the person giving the funds directs otherwise. It also provides that the income derived from investment of the money must be applied by the trustees to the purpose for which the trust is held, pursuant to 24 V.S.A. § 2432(a). Furthermore, the Norwich, Vermont Trustees of Public Funds will also follow Vermont law, which has established specific investment vehicles appropriate for investment of town trust moneys. These investment requirements are set out at 24 V.S.A. § 2432(b).

The Town of Norwich, Vermont Master Financial Policy executed on October 9, 2019 by the Selectboard authorizes the Norwich, Vermont Trustees of Public Funds ("TOPF") to formalize and implement their (TOPF) own Investment Policy (Section 8, page 22 of the Town of Norwich, Vermont Master Financial Policy). Further the Town suggests that the TOPF rely on the Vermont League of Cities and Towns TOPF investment policy template. The TOPF has therefore followed this guidance.

Given the fiduciary position held by the Trustees of Public Funds, it is important that we adopt a policy to guide our actions and investment decisions. The primary purpose of such a policy is to strike a balance between risk and return while following a conservative investment approach that provides the preservation of capital as well as the appropriate income to meet each funds' objective. Further, the Norwich TOPF, while acting as conservative fiduciaries wish to include investments or loans with an eye towards socially responsible and green (environment related) investments. This investment policy establishes investment objectives, standards of investing prudence, eligible investments, reporting requirements, and safekeeping and custodial procedures necessary to properly manage and invest trust funds.

TRUSTEES OF PUBLIC FUNDS INVESTMENT POLICY

Norwich, Vermont

PURPOSE. In accordance with 24 V.S.A. § 2431, funds held by a town in trust for any purpose, including cemetery trust funds, are under the charge and management of the Town's Trustees of Public Funds. The Trustees of Public Funds have the power to hold, purchase, sell, assign, transfer, and dispose of any of the securities and investments in which any of these funds are invested, as well as the proceeds of such investments. 24 V.S.A. § 2432(c).

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 those funds under the management and control of the Trustees of Public Funds.

OBJECTIVES. The primary objectives in priority order of investment of the trust funds of the Town of Norwich, Vermont shall be safety, liquidity, yield, local investment and green lending:

Safety. Safety of principal shall be the foremost objective of Town trust 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 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 investment portfolio.

Liquidity. The 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.

Yield. 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 safety 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.

Local Investment. Where possible, trust funds may be invested for the betterment of the local economy. Local investment is of tertiary importance compared to the safety, liquidity, and yield objectives described above.

Green Lending. Where possible, trust funds may be loaned locally to for-profit and non-profit entities, for the betterment of the climate by reducing fossil fuels and Co2 emissions. In Norwich, Vermont. . Local lending, while fighting climate change is both a high-priority and of local importance because of a 2019 Norwich Advisory Vote, compared to the safety, liquidity, and yield objectives described above.

STANDARD OF CARE. The standard of care to be used by the Trustees of Public Funds shall be the prudent investor standard set forth at 14A V.S.A. § 902.

CONFLICTS OF INTEREST. The Trustees of Public Funds shall refrain from personal business activity that could conflict with the proper execution and management of the Town's trust 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 trust investments. The Trustees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.

AUTHORIZED INVESTMENTS AND INSTITUTIONS. In accordance with 24 V.S.A. § 2432(b), the trustees of public funds are authorized to invest in:

1. Any security, including a revenue obligation, issued, insured, or guaranteed by the United States;

2. Municipal bonds or other bonds that are rated at the time of the transaction by a nationally recognized statistical rating organization in one of its four highest categories;

3. Repurchase agreements or debt securities of any federally insured financial institution as defined in 8 V.S.A. § 11101(32);

4. The shares of an investment company or a unit investment trust that is registered under the federal investment company act of 1940, as amended, if such mutual investment fund has been in operation for at least five years and has net assets of at least $100 million; or

5. Deposits in federally insured financial institutions as defined in 8 V.S.A. § 11101(32). Additionally, the TOPF are authorized to deposit funds with credit unions who have National Credit Union Association Insurance ("NCUA").

In accordance with 24 V.S.A. § 2432(a)(2)(B), the Trustees may also lend trust money, with interest, provided that such loans are secured by a deed, mortgage or note of real estate in Vermont (see green lending objective above).

COLLATERALIZATION. Collateralization using obligations fully guaranteed by the full faith and credit of a Vermont municipality, the State of Vermont and/or the United States Government will be required

on certificates of deposit and repurchase agreements. 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 will always be held by an independent party, in the Town's name, with whom the Town has a current custodial agreement. Evidence of ownership must be supplied to, and retained by, the Town.

SAFEKEEPING AND CUSTODY. 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. 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).

REPORTING. The Trustees will prepare and submit to the Selectboard an annual investment report as set forth in 24 V.S.A. § 2434 that analyzes the status of the current investment portfolio and the individual transactions executed over the last fiscal year.

The foregoing Policy is hereby adopted by the Trustees of Public Funds of the Town of Norwich, Vermont, this 18th day of November, 2020 and is effective as of this date until amended or repealed.

SIGNATURES.

Trustees:

Cheryl A Lindberg, Trustee
Cheryl Lindberg - Trustee

Pamela Smith
Pamela Smith - Trustee

Douglas Wilberding - Trustee

Town of Norwich, Vermont

CHARTERED 1761

Section 9: Fraud Prevention Policy

(As amended by the Selectboard, January 15, 2020)

Effective: Upon Adoption

Purpose: This policy provides a mechanism and encouragement for employees, officers, elected or appointed officials or volunteers 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. See also "Whistle Blower Protection Policy" (add link).

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

Authority: Not Applicable

Relevant Citations:

1. 24 VSA § 1686(c)(1) states that "*[i]f, after at least five business days following his or her receipt by certified mail of a written request by the auditors or public accountant that is approved and signed by the* [Selectboard]*, a town officer who willfully refuses or neglects to submit* [their] *books, accounts, vouchers, or tax bills to the auditors or to the public accountant, or to furnish all necessary information in relation thereto, shall be ineligible for reelection for the year ensuing and be subject to the penalties otherwise prescribed by law*."

2. 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 Town's independent auditor and/or Town attorney employed by the Town to have engaged in fraud, misappropriation of Town resources, substantial and intentional variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, inappropriate destruction of Town financial records, or other forms of wrongful financial acts will be subject to discipline, including termination of employment.

Procedures:

1. **Reports of Irregularity:**
   a. **Report Mandate:** Any employee or officer having a complaint regarding the integrity of the Town's internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports, or who observes any questionable accounting practices, should report in writing (though verbal reporting is acceptable) such complaint to the Town Manager (unless the irregularity is focused on the Town Manager, in which case the employee or officer shall notify the Selectboard).
   b. **Report Contents:** The report should include a description of the matter or irregularity, and any steps that the employee or officer has taken to investigate the matter or irregularity, including reporting it to a supervisor and the supervisor's reaction. The report may include, at the employee or officer's option, the employee or officer's contact information if additional information is needed. However a report shall not be deemed deficient because the employee or officer offered it anonymously.
   c. **Intent:** Unlike errors or mistakes, "fraud" is the result of a deliberate act, an intentional deception to misappropriate assets or to manipulate data for personal gain. The Town does not tolerate any acts of fraud, regardless of the dollar amount involved. Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial and intentional variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town financial records.
   d. **Maximum Limits:** The maximum limits of discipline under this policy are, for an officer, the possible inability to run for office, and for an employee, possible termination of employment. However, it may be the obligation of the Town Manager (or Selectboard) to report any irregularity to the Police Department in the event the irregularity could be considered criminal. Any such determination would be investigated and adjudicated as warranted via the criminal justice system, not by this policy.

2. **Investigation:** Upon receiving such a report, in as confidential a manner as possible to protect the reporting individual, the Town Manager (or the Selectboard) must investigate the issues identified in the report. The Town Manager will apprise the Selectboard as expeditiously as possible when such a report is received. In the case that a report is made to the Selectboard or any member of the Selectboard, that Selectboard member will notify the entire board of the reported misconduct. The Town Manager (or the Selectboard) may consult with the Finance Director, Treasurer, any other Town employee, legal counsel, VLCT, and independent auditors as part of the investigation. At the conclusion of the investigation, the Town Manager (or the Selectboard) shall prepare a written response to the report, which shall be a public document, but which shall make every reasonable effort to protect the identity of the reporting individual.

Policy as amended January 15, 2020

Section 10: Fund Balance Reserve Policy

(as amended on July 8, 2020)

Effective: Upon Adoption

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

To fund operations by providing sufficient working capital for adequate cash-flow, economic downturns, or shortfalls of revenues, imposition of additional costs by other governmental agencies including courts, natural disasters, cutbacks in distributions from the state/federal government, and other unforeseen circumstances.

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

Authority: 24 VSA §2804(a) grants authority to establish and maintain a reserve fund (an "Undesignated Fund").

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

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

The undesignated fund will not be used to buy down the tax rate.

1. **Definitions:**
   a. Variously, **"Undesignated Fund Balance," "Unreserved Fund Balance," "Unrestricted Fund Balance"**: The portion of the general fund balance that is not reserved or designated for a specific use that exists, and most often is reported at the end of the fiscal year. For the purpose of this policy, this fund will be referred to as the Undesignated Fund.
   b. **"Operating Expenditures"**: All charges included in the Gross Spending General Town Budget.

2. Policy Rationale:

a. 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)

b. The Government Finance Officers Association (GFOA) recommends, "*…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*".

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

3. Procedures:

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

b. Consistent with the recommendations of GFOA, an undesignated general fund balance of between 12-16 percent of general fund operating expenditures should be maintained.

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

d. 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 3b.

Section 11: Balanced Budget Policy

Effective: On adoption

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

Policy:

Authority: 17 VSA § 2664; 24 VSA § 1523(a)

Procedures:

1. **Budget Development & Approval:** Each year, the Town Manager will develop a draft expenditure budget with estimated sources and amounts of revenue that balances the proposed expenses for review by the Selectboard. The Town Manager will propose annual budgets that do not overestimate revenues, defer maintenance or replacement of essential capital assets, rollover short-term debt, or inadequately fund Town obligations.

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

   Upon voter approval of the expenditure budget, the Selectboard will set the tax rate necessary to raise the specific amounts approved in the budget.

   The budget approved by the voters (along with voter approved Other Monetary and special articles) sets the maximum gross expenditure level that the Town may spend.

   Where any budget includes line items referred to as Designated Funds, such line items are intended to be reserve under 24 VSA § 2804 and, as such, shall be available for spending over a multi-year period. The approval of monetary items by voters includes appropriation of these funds as reserve funds. Any expenditure of these funds in any amount requires first the recommendation by the Town Manager, as applicable, and second, the prior approval of the Selectboard. (Refer to Section 2 – Purchasing Policy.)

2. **Budget Administration:** The Town Manager administers the Town budget through the authority in statute. In order to carry out this responsibility effectively, the Town Manager must have timely and accurate information about the status of the town's finances. To this end, the Selectboard has adopted a financial reporting policy under which the Town Manager or his/her designee prepares monthly financial reports for the Selectboard. (See Section 1 – Accounting, Auditing, and Financial Reporting Policy).

The Town of Norwich recognizes that unanticipated expenditures and revenue shortfalls caused by circumstances not foreseen at the time a budget is approved may require transfer of money between or among line items or even deficit spending. The Town Manager will endeavor to administer the Town budget to provide services in a manner in light of actual circumstances that arise during the fiscal year, and will manage the budget to avoid, to the extent reasonably possible, deficit spending or the need to borrow money to pay current operating expenses.

Monies set aside in Designated Funds can only be expended for the specific purpose approved by the voters and cannot be borrowed against to make up a shortfall in the general Town budget. Any spending from a designated fund shall be first approved by the Selectboard.

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

In the event the Town Manager anticipates a deficit, the Town Manager will immediately notify the Selectboard.

3. **Line Item Transfers:** Line item expenditures, including department budgets, are authorized by the Town Manager, subject to Warrants approved by the Selectboard. The determination for individual line item expenditures, including departmental budgets, rests with the Town Manager, subject to A/P Warrant approval by the Selectboard.

   The Town Manager may reallocate funds between departments to cover an emergency expenditure. In making such reallocation, the Town Manager shall indicate the nature of the emergency, describe the impact of the reallocation of funds on the department or functions that will have their pending authority reduced, and, if possible, describe the timelines in which such emergency allocation(s) will need to last for consultation by the Selectboard. Selectboard approval is required for such transfers.

   All department 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 approval of the Town Manager. It is expected that respective department heads under the Town Manager's supervision be cognizant of their respective budget and their spending and how it affects the overall voter-approved expenditure budget.

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

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

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

Section 12: Gift Policy

Effective: Upon Adoption

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

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

Authority:

17 VSA § 2664
Governmental Accountings Standards Board (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type* contains the following definition: "*Committed fund balance-Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint*".

24 VSA § 1235, et seq.
24 VSA § 4440

Procedures:

1. This policy does not apply to reserve/designated funds established in accordance with 24 VSA § 2804, covered in Section 11 – Balanced Budget Policy.

2. **Grants and gifts consistent with budgeted programs**:
   a. 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.
   b. Gifts and grants in this category shall be managed in accordance with Section 6 – Capital Budget & Program Policy, Section 10 – Fund Balance Reserve Policy, Section 11 – Balanced Budget Policy, and any other applicable section of this Master Financial Policy.
   c. Appropriated monies within this category shall be spent within the timeframe specified in the Town Meeting appropriation article (i.e., within the gross spending amount approved by voters), normally within the current fiscal year, with encumbrances handled as specified in Section 11 – Balanced Budget Policy.
   d. Grants and gifts within this category shall be spent within the timeframe and for the purposes specified in the grant or gift.

3. **Grants and Gifts not consistent with budgeted programs:**
   a. 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.
   b. In addition to the requirements in the Balanced Budget Policy, Fund Balance Reserve Policy, Capital Program and Budget Policy, no grant or gift in this category shall be applied for or accepted without prior approval of the Selectboard. Before applying for or accepting a grant or gift, the Town Manager shall provide the Selectboard with a written request that details the potential source and amount of the grant or gift, the timeframe for receiving and spending the grant or gift, the purpose and conditions of the grant or gift, the impact on Town functions, employees and services and other information that will help the Selectboard review the request for approval for or accepting the grant or gift.
   c. Grants and gifts within this category shall be spent within the timeframe and for the purposes specified in the grant or gift.
   d. Grants and gifts within this category shall be reported separately in the annual Town Report and contain the following information:
      i. The source of the grant or gift.
      ii. The purpose of the grant or gift.
      iii. All expenditures of monies associated with the grant or gift.

4. **Special Funds:**
   a. Special funds shall be spent within the timeframe and for the purposes specified when Town Meeting or the Selectboard established the special fund.
   b. The Town Manager, in consultation with the Town Service Officer, is authorized to expend special funds for poor relief and citizen assistance within the limit of available funds in the Citizen Assistance Fund specifically for Norwich residents in need.

Adoption & Signature Page

The foregoing Master Financial Policy is adopted by the Town of Norwich Selectboard, this 9th day of October 2019, and is effective as of this date until amended or repealed.

John Pepper, Chair

John Langhus

Claudette Brochu, Vice-Chair

Mary Layton

Roger Arnold

Understood and Agreed
Herbert A. Durfee III, Town Manager

Understood and Agreed
Cheryl A. Lindberg, Town Treasurer