

Policy Regarding Conflicts of Interest and Ethical Conduct
For the Town of Strafford
January 2023

Article 1. Authority. Under the authority granted in 24 V.S.A. § 2291(20), the Town of Strafford, through its Select Board, hereby adopts the following policy concerning conflicts of interest and ethical conduct.

Article 2. Purpose. The purpose of this policy is to ensure that the business of this municipality will be conducted in such a way that no public officer, agent, or employee of the municipality will gain a personal or financial advantage from his or her work for the municipality, so that the public trust in its officers will be preserved and to ensure that all members of the municipality are treated equitably. It is also the intent of this policy to ensure that all decisions made by public officers, agent, or employees are based on the best interests of the municipality.

Article 3. Application. This policy applies to all employees, and individuals elected or statutorily appointed to perform executive, administrative, legislative, or quasi-judicial functions of the Town of Strafford.

Article 4. Definitions. For the purposes of this policy, the following definitions shall apply:

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

1. A real or seeming incompatibility between a public officer, agent, or employee's private interests and their public or fiduciary interests to the municipality they serve. A conflict of interest arises when there is a direct or indirect personal or financial interest of a public officer, agent, or employee or a person or group closely tied with the officer including their spouse, household member, child, stepchild, parent, grandparent, grandchild, sibling, sibling of their parent, sibling-in-law, business associate, or employer or employee in the outcome of an official act or action, or any other matter pending before the officer or before the public body in which the public officer, agent, or employee holds office. A conflict of interest may take any of the four following forms:
 - a. A direct financial conflict of interest arises when a public officer, agent, or employee acts on a matter that has a direct financial impact on that officer.
 - b. An indirect financial conflict of interest arises when a public officer, agent, or employee acts on a matter that has a financial impact on a person or group closely tied to the officer.
 - c. A direct personal conflict of interest arises when a public officer, agent, or employee acts on a matter that has a direct impact on the officer in a non-financial way but is of significant importance to the officer.
 - d. An indirect personal conflict of interest arises when a public officer, agent, or employee acts on a matter in which the officer's judgment may be affected because of a familial or personal relationship or membership in some organization and a desire to help that person or organization further its own interests.
2. A situation where a public officer, agent, or employee has publicly displayed a prejudgment of the merits of a particular quasi-judicial proceeding. This shall not apply to a member's particular political views or general opinion on a given issue.
3. A situation where a public officer, agent, or employee has not disclosed ex parte communication related to a quasi-judicial proceeding that is before the body to which that officer belongs.

A "conflict of interest" does not arise in the case of an official act or action in which the public officer, agent, or employee has a personal or financial interest in the outcome, such as in the establishment of a tax rate, that is no greater than that of other persons generally affected by the decision.

- B. **Discrimination** means conduct directed at an individual based on their race, creed, color, place of birth, ancestry, ethnicity, national origin, religion, sex, sexual orientation, gender identity or expression, age, marital status, service in the armed forces of the United States, positive HIV-related blood test results, genetic information, or against qualified individuals with disabilities on the basis of disability and/or any other status or characteristic as defined and to the extent protected by applicable law which impacts that individual's access to or participation in the Town of Strafford's programs or services.
 - C. **Emergency** means an imminent threat or peril to the public health, safety, or welfare.
 - D. **Ex Parte Communication** means direct or indirect communication between a member of a public body and any party, party's representative, party's counsel or any person interested in the outcome of a quasi-judicial proceeding, that occurs outside the proceeding and concerns the substance or merits of the proceeding.
 - E. **Harassment** is discriminatory behavior which is defined as verbal, written, visual, or physical conduct based on or motivated by an individual's actual or perceived sex, sexual orientation, gender identity or expression, race, creed, color, place of birth, ancestry, ethnicity, religion, national origin, age, disability, marital status, or other characteristics as defined and protected by law in the location where a particular program is operating, that has the purpose or effect, from the point of view of a reasonable person, of objectively and substantially
 - a. Undermining and detracting from or interfering with an individual's access to or participation in the Town of Strafford's services; or
 - b. Creating an intimidating, hostile, or offensive environment.
- Harassment may include repeated slurs, or taunts in the guise of jokes, or disparaging references to others, use of epithets, stereotypes, comments, gestures, threats, graffiti, display or circulation of written or visual materials, taunts on manner of speech, and negative reference to customs when such conduct is based on or motivated by one or more of the protected characteristics identified above, or other characteristics as defined and protected by applicable law.
- F. **Official act or action** means any legislative, administrative, or quasi-judicial act performed by any public officer, agent, or employee while acting on behalf of the municipality. This term does not apply to ministerial acts or actions wherein no discretionary judgment is exercised.
 - G. **Protected Class** means one of the enumerated classes protected under State and Federal Law, including but not limited to, gender (sex, sexual orientation, gender identity or expression), race, color, ethnicity, place of origin, religion, disability, age, veteran status, marital status, etc.)
 - H. **Public body** means any board, council, commission, or committee of the municipality.
 - I. **Public interest** means an interest of the municipality, conferred generally upon all residents of the municipality.
 - J. **Agent** refers to a person authorized to act on behalf of another person.

- K. **Public officer, agent, or employee** means a person elected or statutorily appointed to perform executive, administrative, legislative, or quasi-judicial functions for the municipality. This term does not include municipal employees.
- L. **Quasi-judicial proceeding** means a case in which the legal rights of one or more persons who are granted party status are adjudicated, which is conducted in such a way that all parties have opportunities to present evidence and to cross-examine witnesses presented by other parties, and which results in a written decision, the result of which is appealable by a party to a higher authority.

Article 5. Prohibited Conduct.

- A. A public officer, agent, or employee shall not participate in any official act or action if they have a conflict of interest, whether real or perceived, in the matter under consideration.
- B. A public officer, agent, or employee shall not personally – or through any member of their household, business associate, employer or employee – represent, appear for, or negotiate in a private capacity on behalf of any person or organization that has an interest in an official act or action pending before the public body in which the public officer, agent, or employee holds office.
- C. A public officer, agent, or employee shall not accept gifts or other offerings for personal gain by virtue of their public office that are not available to the public in general.
- D. A public officer, agent, or employee will not request or accept any reward, gift, or favor for taking an official act or action or advocating for or against an official act or action.
- E. A public officer, agent, or employee shall not use resources unavailable to the general public – including but not limited to municipal staff time, equipment, supplies, or facilities – for private gain or personal purposes.
- F. A public officer, agent, or employee who is a member of a public body shall not give the impression that they have the authority to make decisions or take actions on behalf of that body.
- G. No public officer, agent, or employee shall, while engaged in the discharge of their obligations as a town official, engage in Discrimination or Harassment of others on the basis of a Protected Class, as defined above.

Article 6. Disclosure. A public officer, agent, or employee who, while serving on a public body, may have a conflict of interest, whether real or perceived, in a matter under consideration by that public body shall, prior to taking an official act or action or participating in any official act or action on the matter, publicly disclose at a public meeting or public hearing that they have an actual or perceived conflict of interest in the matter under consideration and disclose the nature of the actual or perceived conflict of interest. Alternatively, a public officer, agent, or employee may request that another public officer, agent, or employee recuse themselves from a matter due to a conflict of interest, whether real or perceived.

Article 7. Consideration of Recusal. Once there has been a disclosure of an actual or perceived conflict of interest, other public officers, agent, or employees shall be afforded an opportunity to ask questions or make comments about the situation. If a previously unknown conflict is discovered during a meeting or hearing conducted by a public body of the municipality, the public body shall take evidence pertaining to the conflict and, if appropriate, adjourn to an executive session to address the conflict.

Article 8. Recusal.

- A. **Recusal of Appointed and Elected Officers.** After taking the actions listed in Articles 6 and 7, the public officer, agent, or employee shall recuse themselves from the matter under consideration. A public officer, agent, or employee that recuses themselves may, but not must, explain the basis for that decision.
- B. **Recusal of Appointed Officers.** The failure of an appointed public officer, agent, or employee to recuse themselves in spite of a conflict of interest, whether real or perceived, may be grounds for discipline or removal from office.

Article 9. Recording. The minutes of the meeting or the written decision/minutes from the meeting/hearing shall document the actions taken in Articles 6 through 8.

Article 10. Post-Recusal Procedure.

- A. A public officer, agent, or employee who has recused themselves from participating in an official act or action by a public body shall not sit with the public body, deliberate with the public body, or participate in the discussions about that official act or action in any manner in their capacity as a public officer, agent, or employee, though such member may still participate as a member of the public or private party, if applicable.
- B. The public body may adjourn the proceedings to a time, date, and place certain if, after a recusal, it may not be possible to take action through the concurrence of a majority of the total membership of the public body. The public body may then resume the proceeding with sufficient members present.

Article 11. Enforcement.

- A. **Enforcement Against Public Officer, Agent, or Employee; Consequences for Failure to Follow the Conflict of Interest Procedures or Violations of Prohibition against Discrimination.** In cases in which an elected public officer, agent, or employee has engaged in any of the prohibited conduct listed in Article 5, or has not followed the conflict of interest procedures in Articles 6 through 10, the Town of Strafford Select Board may, in its discretion, take any of the following disciplinary actions against such public officer, agent, or employee as it deems appropriate:
 - 1. The chair of the Select Board may meet informally with the public officer, agent, or employee to discuss the possible conflict of interest violation. This shall not take place in situations where the chair and the public officer, agent, or employee together constitute a quorum of a public body.
 - 2. The Select Board may meet to discuss the conduct of the public officer, agent, or employee. Executive session may be used for such discussion in accordance with 1 V.S.A. § 313(a)(4). The public officer, agent, or employee may request that this meeting occur in public. If appropriate, the Select Board may admonish the offending public officer, agent, or employee in private.
 - 3. The Select Board may admonish the offending public officer, agent, or employee at an open meeting and reflect this action in the minutes of the meeting. The public officer, agent, or employee shall be given the opportunity to respond to the admonishment.
 - 4. Upon majority vote in an open meeting, the Select Board may request (but not order) that the offending public officer, agent, or employee resign from his or her office.

B. Enforcement Against Appointed Officers. The Town of Strafford Select Board may choose to follow any of the steps articulated in Article 11A. In addition to or in lieu of any of those steps, the Select Board may choose to remove an appointed officer from office, subject to state law.

Article 12. Exception. The recusal provisions of Article 8 shall not apply if the Town of Strafford Select Board determines that an emergency exists or that actions of a quasi-judicial public body otherwise could not take place, except for the selection, award, or administration of a contract supported by a federal award. In the event of emergency not involving the award, or administration of a contract supported by a federal award, a public officer, agent, or employee who has reason to believe they have a conflict of interest shall only be required to disclose such conflict as provided in Article 6.

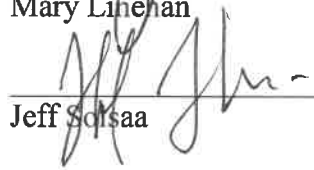
Article 13. Effective Date. This policy shall become effective immediately upon its adoption by the Town of Strafford.

Signatures:


Toni Pippy


Mary Linehan


Brian Johnson


Jeff Solsaa


David Paganelli

Date: January 25, 2023

Town of Strafford

Cash Receipts, Petty Cash, Debit Card and Return Check Policy

Purpose. The purpose of this Cash Receipts Policy is to establish proper management practices over cash, checks, and other receipts in order to instill public confidence in Town operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

Authorized Personnel. For internal control purposes, only the following officers, employees, and volunteers are authorized to receive funds on behalf of the town of Strafford: Treasurer, Assistant Treasurer, Town Clerk, Assistant Town Clerk, Collector of Delinquent Taxes, Constable, Trustee of Public Funds, Dog Officer, and the Town House Advisory Group, Chair.

Proper Payee. All checks and money orders regardless of function, must be made payable to the Town of Strafford. 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 pre-numbered collection receipt for any cash received. The original completed receipt must be issued to the person from whom the funds are received. The second copy must be delivered to the Treasurer with the funds. Individuals paying by mail receive a mailed receipt.

Safeguarding Funds. Safeguarding funds prior to deposit with the Treasurer is the responsibility of authorized personnel receiving the funds. All coins, currency, checks, and money orders must be retained in the Town vault until deposited with the Treasurer in accordance with the section below.

Preparing and Depositing Funds. Funds collected on a weekly basis by authorized persons totaling \$2000 or more must be deposited with the Treasurer no later than the following business day. Funds collected totaling less than \$2000 must be deposited with the Treasurer no later than the first business day of the following week. Funds collected for taxes will be deposited the same day payments are received and deposited in batches of 20-25 checks.

Each person depositing funds with the Treasurer must submit a spreadsheet or adding machine tape of the checks in the same sequential order and totaled with each deposit. The Treasurer will count and verify the amount deposited in the presence of the person depositing the funds. All deposits made to the Treasurer will be issued a receipt of other acknowledgement. The Treasurer or assistant Treasurer will take the deposit to the bank as outlined above and retain copies of all deposit statements issued by the bank. Any discrepancies shall be reported to the Treasurer.

Petty Cash/Debit Card Use. No officer, employee, volunteer, department, committee, board or group may establish a petty cash system without consent from the Selectboard and the Treasurer. A lockable cash box will be used to store petty cash and Town debit card and must be locked at all times. The key will be kept in a secure location. Only the petty cash custodian and the Treasurer will have access to the locked petty cash box and key.

A pre-numbered, two-part receipt will be issued by the custodian or the Treasurer for each payment made out of petty cash. This receipt is to be signed by the custodian or Treasurer and the officer, employee, or volunteer receiving the petty cash. Authorized debit card purchases will be given to the Treasurer with a valid detailed receipt of the purchase.

Postage requests will be considered petty cash. At all times the total of receipts added to the cash remaining in the petty cash box must equal the predetermined petty cash amount. Under no circumstance will personal funds be used to compensate shortages. All shortages must be brought to the attention of the Treasurer immediately upon discovery.

Return Check. There is a \$20.00 fee for each returned check.

Post-dated checks will not be accepted. If a post-dated check is received by mail, it will be deposited on the day it is received.

Checks will not be placed on hold. Checks will be deposited on the day they are received.

A check received that is incorrectly filled out - where the dollar amount does not match the written amount – is the responsibility of the check holder. The line where the amount is written out governs. Therefore, the bank considers the amount written out to be the actual check amount even if it does not match the amount written in the dollars box. If the written amount is insufficient to cover tax payment, then late fees and penalties incurred due to an incorrectly written check are the responsibility of the check holder.

Fraud Policy. See fraud policy.

The foregoing policy is hereby adopted by the Selectboard and the Treasurer of the Town of Strafford, Vermont, this day of and is effective as of this date until amended or repealed.

Chairperson

Treasurer

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

Town of Danville

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 Danville, thereby enabling voters, the selectboard, and the treasurer to make sound decisions in preparing and adopting the Town budget and managing Town finances.

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

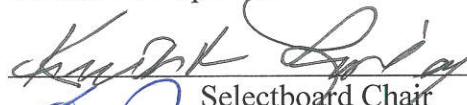
AUDITING. Annually, the selectboard will cause the Town financial statements to be audited by a qualified, properly licensed independent accounting firm. This audit will be conducted in addition to any internal audits performed by the Town's Treasurer.

MONTHLY AND ANNUAL FINANCIAL REPORTING. The treasurer/town clerk assistant will prepare monthly financial reports for the selectboard's management purposes. These will consist of:

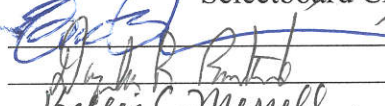
- **Budget Report** showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item;
- **Statement of Revenue, Expenditures, and Changes in Fund Balance** showing revenues and expenditures and the difference between the two, the beginning fund balance for the period, the ending fund balance; and
- **Balance Sheet** showing Town assets less liabilities and the fund balance.

The treasurer will also prepare an annual financial report. This report should include financial statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the report should include a narrative discussion to explain how the Town's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, together with the most recent independent auditor's report, will be reproduced in the Town's annual report each year. The annual independent auditor's report may be viewed in its entirety at the Town Clerk's Office during working hours.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Danville, Vermont, this 20th day of December 2018 and is effective as of this date until amended or repealed.



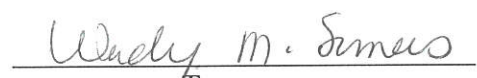
Selectboard Chair



Treasurer



Policy Adopted



Treasurer

Date: December 20, 2018
Policy Adopted

Town of Danville



Post Office Box 183 Danville, Vermont 05828

Town of Danville Purchasing Policy *May 19, 2011*

I. Policy Objectives

The primary objectives of the Town of Danville's purchasing policy are as follows:

1. To promote and effect, in the best interest of Danville, open and intelligent purchasing of supplies, equipment and services, which will result in the maximum value received for each tax dollar spent;
2. To assure realization of the principles of competitive purchasing and best buy at best cost;
3. To assist management in reaching responsible, environmentally sound, and cost effective decisions in the procurement of quality supplies and services for municipal use;
4. To ensure that all conditions being equal, vendors will have an equal opportunity to do business with the Town of Danville and to promote good will and clear communication in municipality-vendor relations. In the case where all conditions are deemed equal, Town vendors shall receive preferential treatment.
5. No Town employee or agent of the town who participates in the selection of vendors or award of contracts shall have any personnel interest in the selection process. No gifts or favors or anything of value may be received from any potential vendors. Any questions or disputes will be brought to the Selectboard for resolution.

II. Definitions

1. **Capital Equipment Purchases:** That equipment purchasing requiring, but not limited to, money received out of the Highway Departments capital equipment fund.
2. **Major Purchases:** those purchases of goods and services that meet the following criteria;
 - a. A specific project and or specific materials other than general road maintenance;
 - b. Any project that a hired engineer or consultant is used;
 - c. A project that state or federal grant money is utilized, including FEMA disaster relief money.
3. **Regular Purchases:** those goods and services in the amount of \$2000.00 to \$5,000.00.
4. **Incidental Purchases:** those purchases calling for delivery of goods or services in the amount of less than \$2000.00

III. Procedures

1. **Capital Equipment Purchases:** require a formal bid process.

The department supervisor will prepare specifications for the equipment requested, as well as a bidders list that will be used. The invitation to bid shall include the following:

- a) Information on how to obtain bid specifications and bid forms, or the request for proposal;
- b) The location, time and place for receiving and opening sealed bids;
- c) Specification for the equipment for which bids are to be received;
- d) An outline, where appropriate, of the insurance requirements of the municipality in order to limit the municipality's risk.
- e) The right of the Town of Danville to reject any or all bids if such action is deemed in the best interest of the municipality;

Bids shall be opened publicly not less than 10 work days following the dates of the first advertisement, at the time and place specified in the published notice. Contracts for Capital Equipment Purchases and Major Purchases shall be awarded by the Selectboard only.

2. **Major Purchases:** require a formal bid process.

a. Refer to Section III, part 1 for explanation of process and explanation.

3. **Regular Purchases:** must be accomplished through competitive solicitation, but not requiring the formal bid process.

The department supervisor shall act as the purchasing agent for regular purchases. Regular purchases may be made through written or oral quotations at the discretion of the purchasing agent (department supervisor). Quotes should be sought from at least two (2) venders unless a sole source is approved as per Section V.

4. **Incidental Purchases:** may be accomplished without the solicitation of bids or quotations. However, if practical, quotes should be solicited. The department supervisor shall act as the purchasing agent for incidental purchases.

IV. Vender Selection

Venders will be selected on a competitive basis. Purchases will be awarded to the least costly, best qualified and most responsible vender. Any or all bids, quotations or proposals may be rejected if such action is deemed to be in the best interests of the municipality. In determining the "least costly, best qualified and most responsible vendor," in addition to price, the following will be considered;

1. The substantial performance of the bidder in meeting the specifications and other terms and conditions of the solicitation;
2. The ability, capacity and skill of the vendor to perform the contract or provide the goods or services required, and to do so promptly or within the time specified;
3. The character, integrity, reputation, experience, financial resources and performance of the vender under previous contracts with the municipality and elsewhere;
4. The quality, availability and adaptability of the service or goods being purchased, and the ability of the vendor to provide future maintenance if necessary.

V. Exceptions

1. The Selectboard may waive the bid process or approve a sole source solicitation for major purchases when they deem it to be in the best interest of the municipality. The Department Head may do likewise for regular purchases. Sole source solicitations should be reviewed to determine that the price offered is fair and reasonable or that there is only one manufacturer/supplier of goods or services to be purchased.
2. The purchase of professional services may normally be exempt from the formal bid process. It is recognized that proposals for professional services (including, but not limited to, legal counsel, insurance, engineering/architectural services and some other consulting services) are difficult to compare and that consideration must be given to many aspects other than price. In any case, the purchase of professional services whose cost is expected to exceed \$3000.00 for a project be approved by the Selectboard.
3. The following items are exempt from both the bid and quotation process:
 - a. Equipment repairs, trucks repairs and parts
 - b. Special lubricants
 - c. Utilities
4. Items used as "everyday" maintenance items (gravel, culverts, etc.) that are not part of a more specific job will be formally quoted at the beginning of the spring/summer maintenance season upon request from the department supervisor. The department supervisor then acting as the purchasing agent will purchase those materials needed for the everyday maintenance of the municipality's highway system. The purchasing agent will use location, quality and availability along with the materials cost for his/her criteria in purchasing needed materials.
5. Purchases made subject to existing contracts issued by the State of Vermont shall be deemed in compliance with the provisions of this policy.

VI. EMERGENCY CLAUSE

The provisions of this policy may be waived in the event of an emergency. An emergency situation shall be defined as one which threatens the lives or health of the people, the property of the municipality or its citizens, or the delivery of necessary services to the citizens of Danville.

During emergency situations, when normal procurement procedures would be impractical, the following procedures shall be followed:

1. The Town Administrator or Town Clerk or his or her appointed agent, shall approve all requests for emergency purchases. In the event that none of the above is available the appropriate department head may approve essential purchases.
2. The Selectboard shall be notified, within twenty-four (24) hours of the transaction, of all purchases of over \$3,000.00 made under this emergency clause. The Town Administrator and Town Clerk shall be notified immediately of all emergency purchases made without his/her prior approval. Emergency purchases can be costly. They are made hurriedly, usually without competitive bidding, and often not at the best price. Consequently, every effort should be made to avoid them.

VII. INCONSISTENT POLICIES REPEALED

This Policy shall amend and replace any provisions of any Policy of the Town of Danville in effect at the time of enactment of this amended Policy governing any activity included in this amended Policy.

VIII. SEVERABILITY

If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Policy, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Policy or any part thereof. The Selectboard hereby declare that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional or ineffective.

IX. EFFECTIVE DATE

This policy shall become effective immediately upon its adoption by the Danville Selectboard, and is effective until amended or repealed.

Charles R. Bartle
Danise Briggs
Michael F. Walsh
Angelo Luparelli
M. J. Walsh
SIGNATURES DANVILLE SELECTBOARD

July 7, 2011
DATE

CASH RECEIPTS, PETTY CASH AND RETURNED CHECK POLICY

Town of Danville

PURPOSE. The purpose of this **Cash Receipts, Petty Cash and Returned Check Policy** is to establish proper management practices over cash, checks, and other receipts in order to instill public confidence in Town operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

AUTHORIZED PERSONNEL. For internal control purposes, only the following officers, employees, and volunteers are authorized to receive funds on behalf of the **Town of Danville**: treasurer, assistant treasurer, assistant town clerk, town clerk assistant, collector of delinquent taxes, selectboard members, assistant to selectboard, zoning administrator and recycling manager.

PROPER PAYEE. All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Danville. 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 *using a two-part, pre-numbered receipt, or some other receipt or reporting system acceptable to the treasurer*. All cash property tax payments and sewer rent payments will be issued a pre-numbered, two-part receipt. All other fee based revenue will have receipted information for the cash register (hard copy or register coded) and a duplicate receipt will be issued to the payer upon request.

SAFEGUARDING FUNDS. Safeguarding funds prior to deposit with the treasurer 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 treasurer in accordance with the section below.

PREPARING AND DEPOSITING FUNDS. Funds collected by authorized personnel must be deposited with the treasurer no later than the following business day. Recycling donations collected, will be deposited with the treasurer on a monthly basis. Each person depositing funds with the treasurer must submit a spreadsheet, adding machine or other receipt showing the amount being turned over to the treasurer.

The treasurer or assistant treasurer will count and verify the amount deposited. All deposits will be verified by two town treasurer office employees. The treasurer / assistant treasurer will take the deposits to the bank and retain copies of all deposit statements issued by the bank. All bank accounts will be reconciled by the assistant town clerk/Assistant treasurer monthly and any discrepancies shall be reported to the treasurer.

PETTY CASH. The only petty cash account will be that of the cash register located in the town treasurer's office. The petty cash balance will be \$300.00 as determined by the treasurer. Only the treasurer, assistant treasurer and town clerk assistant will have access to the petty cash register. The cash register will be secured and safeguarded at all times, and cash will be locked in the vault at the end of each business day.

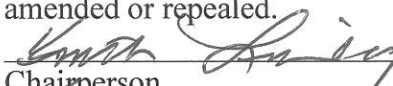
Should payment out of petty cash be necessary, a memo explaining the purpose of the payment must be signed by the treasurer, assistant treasurer or other designated treasurer's office employee and placed in the petty cash box or drawer.

At all times the total of receipts added to the cash remaining in the petty cash box must equal the predetermined petty cash amount. Under no circumstance will personal funds be used to compensate shortages. All shortages must be brought to the attention of the treasurer immediately upon discovery.

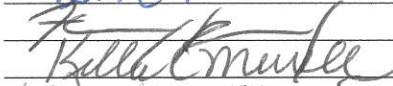
RETURNED CHECKS. A returned check will be recorded in the accounting system against the revenue in which it was originally posted if the check is not replaced. Upon receipt of a returned check, the treasurer will notify the check writer and inform him or her that his or her check did not clear and advise that there is a \$25.00 return check fee due, to cover the Town's expenses arising from handling the returned check. The return check fee will be added to any outstanding balance due to the Town of Danville.

Thereafter, full payment, including the return check fee, must be in the form of cash, money order, or bank certified check.

The foregoing policy is hereby adopted by the selectboard and the treasurer of the Town of Danville, Vermont, this 20th day of June, 2019 and is effective as of this date until amended or repealed.


Chairperson

Date: June 20, 2019
Policy Adopted

Treasurer

Credit Card Policy

Town of Danville

August 18, 2022

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.

CARD HOLDERS AND LIMITS. The selectboard will determine on an annual basis, which officers and employees of the Town will be authorized to use a Town credit card and will establish appropriate credit limits for each card. Cards will be issued in the names of authorized officers and employees. The card holder position, names, and card limits will be included in an addendum, as well as being recorded in the minutes of the board meeting.

CREDIT CARD USE. Credit cards issued under this policy may only be used by the named cardholder to conduct Town business. Credit cards may not be used for personal purchases, cash advances, or purchases that exceed the cardholder's authorized purchase limit. A cardholder who makes unauthorized purchases or advances will be liable for the amount of such purchases or advances, plus any administrative fees charged by the bank in connection with the misuse. Employees may be subject to disciplinary action for misuse of a Town credit card, up to and including termination.

SECURITY. Authorized credit card users are responsible for the card's protection and custody and shall immediately notify the selectboard and the credit card company or bank if the credit card is lost or stolen.

DOCUMENTATION. Each month, with submission of the credit card bill to the treasurer, authorized credit card users shall submit documentation detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which it was purchased. For over-the-counter purchases, documentation will include the invoice and customer copy of the charge receipt. For internet purchases, documentation will include a copy of the receipt and order conformation page. For telephone purchases, documentation will include a faxed copy of the receipt from the vendor.

SEPARATION. Prior to separation from the Town, the cardholder will surrender the credit card to the selectboard.

The foregoing Policy is hereby adopted by the selectboard of the Town of Danville, Vermont, this 18th day of August, 2022 and is effective as of this date until amended or repealed.

Chairperson



Date: August 18, 2022
Policy Adopted

DEBT MANAGEMENT POLICY

Town of Danville

PURPOSE. The purpose of this Policy is to establish the guidelines for the issuance of debt by the Town of Danville. Debt levels and the related annual debt service expenditures are important long-term obligations that must be managed with available short- and long-term resources. This policy also addresses the level of indebtedness that the Town can reasonably expect to incur without jeopardizing its existing financial position.

Adherence to a debt management policy, along with the utilization of other sound and prudent financial practices and the Town's other financial policies, will assure the lending market that the Town is well managed and will meet its obligations in a timely manner.

PLANNING AND PERFORMANCE. Debt management means adopting and maintaining financial plans for both the issuance and repayment of debt. The determination to issue new debt should be made as a part of the adoption of the annual capital budget, which prioritizes capital projects and identifies the various funding sources available for those projects. Planning for the repayment of debt will include analysis of the operating budget to determine if the fund will incur the additional debt service required by the new debt.

USE OF SHORT-TERM AND LONG-TERM DEBT. Short-term debt should be limited to borrowing to cover short-term, temporary cash flow shortages within the Town's fiscal year through the use of tax anticipation notes in those instances where there is an inadequate 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 selectboard should manage the Town's finances so as to avoid the use of short-term debt when possible.

Long-term debt should be issued for the acquisition, construction, or improvement of land, buildings, infrastructure, and public improvements that cannot be financed from current revenues or other resources. Current year budget appropriations and accumulated reserve funds should be used to minimize the amount of long-term borrowing that is required. **

PURPOSE OF DEBT. General obligation debt funded by general fund property taxes shall be used for projects that provide a general benefit to Town residents and that cannot otherwise be self-supporting. Debt incurred for use by an enterprise fund, even if backed by a general obligation pledge of the Town, shall be self-supporting and repaid solely from the revenues of such fund, unless a general benefit to Town residents can be demonstrated.

REPAYMENT OF DEBT. The selectboard will conservatively project the revenue sources that will be utilized to repay any debt, and will analyze the impact on voters of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine if new debt should be issued and to structure the appropriate repayment terms for each debt issue. The maturity of long-term debt shall be kept as short as possible to minimize the overall impact on the taxpayers during the life of the debt. At the same time, it should not be 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.

DEBT RATIOS. The following guidelines will be used when determining if debt should be issued:

1. The town should not incur indebtedness which, with its previously contracted indebtedness, in the aggregate exceeds **4 times** the amount of the last grand list.
2. Total debt service (principal and interest) as a percentage of total town budget expenditures should not exceed **10%**.

The foregoing Policy is hereby adopted by the selectboard of the Town of Danville, Vermont, this 20th day of December 2018 and is effective as of this date until amended or repealed.

**** Short-Term Debt** is any financing that will be paid back within the current fiscal years (12 months or less). If you've entered a loan in your forecast that will last for 12 months or less, the entire loan is short-term debt.

**** Long-Term Debt** is a loan that will not be paid back within the current fiscal year or requires voter approval.

Chairperson

Date: December 20, 2018
Policy Adopted

Wendy M. Simon
Town Clerk/Treasurer

CAPITAL PROGRAM AND BUDGET POLICY

Town of Danville
July 18, 2019

PURPOSE. The purpose of this Capital Program and Budget Policy is to establish a capital improvement program (CIP) for the **Town of Danville** in accordance with 24 V.S.A. § 4430. The capital assets of the Town and their condition are critical to the quality of services provided to the municipality. A CIP is a multi-year financial plan for the construction or acquisition of capital assets. The CIP provides for the planning of future financial resources and financing of projects (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt). It also identifies the future financial resources required to operate and maintain capital assets once they have been acquired. Through a CIP, the Town can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to better manage the long-term financial position of the Town.

CAPITAL IMPROVEMENT PLAN AND BUDGET The selectboard will adopt a multi-year CIP for the **Town of Danville**, to cover all capital equipment needs and other significant improvement expenses. This plan will include the Town's plan of capital projects proposed to be undertaken during each of the following multi years, the estimated cost of those projects, and the proposed method of financing. The selectboard will review and update the CIP annually.

The CIP will be arranged to indicate order of priority of each capital project and to state for each project the following: (1) a description of each proposed project and the estimated total cost of the project; (2) the proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established reserve funds, the amount estimated to be received from the federal or state governments, the amount to be financed by impact fees, and the amount to be financed by the issuance of debt obligations, showing the proposed type or types of obligations, together with the period of probable usefulness for which they are proposed to be issued; (3) an estimate of the effect, if any, upon operating costs of the municipality.

Each year, the selectboard will develop a capital budget that lists and describes the capital expenditures to be undertaken by the Town during the coming fiscal year. As resources are available, the capital budget will be incorporated into the current year operating budget.

CAPITAL EXPENDITURES. For purposes of the CIP, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than **\$25,000.00** and any expenditure for infrastructure (e.g., roads, bridges, water and wastewater distribution and collection systems) costing more than **\$25,000.00**.

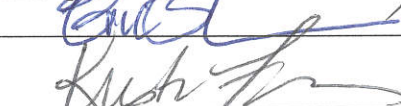
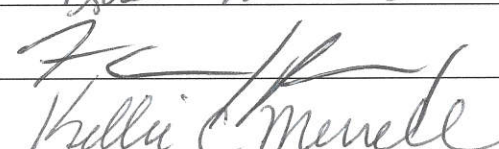
RESERVE FUNDS. In conjunction with the Town's debt management policy, the selectboard shall annually propose funding of reserve funds created in accordance with 24 V.S.A. § 2804 to accumulate resources to pay for items included in the CIP. The use of such reserve funds should minimize large fluctuations in the tax rate and will reduce the need for incurring additional debt. Other capital improvements may be funded by bond issue or through the operating budget.

PRIORITY CRITERIA. Capital projects and/or capital assets will receive a higher priority if they meet some or most of the following criteria:

1. The project or asset meets a policy goal or fulfills a strategic objective of the selectboard.
2. The project or asset is required under a state or federal mandate, law, or regulation.
3. The project or asset will mitigate or eliminate a known safety hazard.
4. The project or asset will maintain and improve the delivery of public services to the majority of the population.
5. The project or asset will improve the quality of existing infrastructure.
6. State or federal grant funds are available to assist in funding for project.

The foregoing Policy is hereby adopted by the selectboard of the Town of Danville, Vermont, this 18th day of July, 2019 and is effective as of this date until amended or repealed.

Chairperson

INVESTMENT POLICY

Town of Danville

July 18, 2019

PURPOSE:

In accordance with 24 V.S.A § 1571 (b), moneys received by the treasurer on behalf of the **Town of Danville** may be invested and reinvested by the treasurer. The purpose of this Investment Policy is to establish the investment objectives, standards of investing prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the proper management and investment of the funds of the **Town of Danville**.

OBJECTIVES:

The primary objectives of the Town of Danville Investment Policy shall be security of principal, liquidity as needed to meet projected expenditures, and return on investment, in that order of priority.

AUTHORITY:

The Treasurer for the Town of Danville shall be authorized to invest and reinvest the funds of the Town of Williston (VSA Title 24, Section 1571(b)).

AUTHORIZED FINANCIAL INSTITUTIONS:

The investment of all Town of Danville funds shall be made with financial institutions that have offices in Vermont or are registered to do business in Vermont. The financial institutions shall provide deposit insurance and be regulated by the FDIC or federally insured by NCUA.

ACCEPTABLE INVESTMENTS:

The Treasurer is authorized to invest and deposit all Town funds into:

- Checking Accounts
- Money Market Accounts
- Obligations of U.S. Treasury (i.e. T-Bills, T-Notes, Bonds, Equities, etc.)
- Certificates of Deposit
- Savings Accounts
- Investment grade obligations of state and local governments and public authorities

All investments in excess of F.D.I.C. / NCUA insurance will be insured or collateralized. The Treasurer of the Town of Danville will make decisions regarding the types of collateralization of deposits. The form of collateral may include, but not be limited to, securities of the United States of America and collateralized repurchase agreements. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

The Treasurer shall obtain rate quotes from a minimum of three financial institutions. Preference may be given to invest with a financial institution where the Town's primary operating funds are located. Financial institutions that are locally based may also be given preference.

MAXIMUM MATURITIES:

To the extent possible, the treasurer shall attempt to match its investments with anticipated cash flow requirements and whenever possible will not invest funds for a period in excess of five years from the date of purchase.

STANDARD OF PRUDENCE:

The standard to be used in making investments and by which investment decisions will be assessed shall be the "prudent person" standard and in a fashion consistent with the "prudent investor" rule, which states, that 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.

DIVERSIFICATION OF THE INVESTMENT PORTFOLIO:

The Treasurer shall maintain sufficient diversification of investments such that the ability of the Town of Danville to continue to do business on an ongoing basis will not be impaired because of a liquidity crisis occurring in any one institution with which the Town of Danville has invested.

POOLING:

Except where prohibited by law, cash and reserve balances from allowed 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.

ETHICS AND CONFLICT OF INTEREST:

Officials who participate in the investment process shall act responsibly as custodians of the funds and shall avoid any transactions that might impair their ability to make impartial investment decisions or impair public confidence. Officials shall disclose any position held with a financial institution in which Town funds are invested.

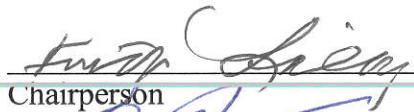
INTERNAL CONTROLS:

The treasurer will establish a system of internal controls, which shall be documented in writing to prevent the loss of invested funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Town.

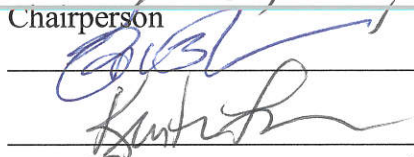
REVIEW PROCESS:

The Treasurer or the Treasurer's Representative shall report investment activity at least quarterly to the Selectboard. The report to the Selectboard shall include, at a minimum, portfolio composition, type of investment, earnings, maturity dates and rate of return.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Danville, Vermont, this 18th day of July 2019 and is effective as of this date until amended or replaced.

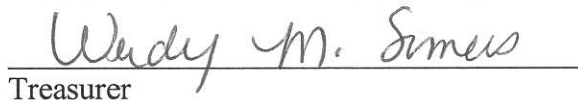


Chairperson





Kellie C. Merrill



Wendy M. Somers
Treasurer

TRUSTEES OF PUBLIC FUNDS INVESTMENT POLICY

Town of Danville

July 18, 2019

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 Danville** shall be safety, liquidity, yield, and local investment:

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. Yield is of secondary importance compared to safety and liquidity objectives.

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.

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 9 V.S.A. § 4652.

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) Such 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, which is registered under the federal investment company act of 1940, as amended, if such mutual investment fund has been in operation for at least ten years and has net assets of at least \$500,000,000.00; or
- (5) Deposits in federally insured financial institutions as defined in subdivision 11101(32) of Title 8.

In accordance with 24 V.S.A. § 2432(a) the trustees may also loan trust money, with interest, provided that such loans are secured by a deed or mortgage of real estate in Vermont.

COLLATERALIZATION: Collateralization utilizing 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: In addition to the annual reporting requirement set forth in 24 V.S.A. § 2434, the trustees will prepare a quarterly investment report that analyzes the status of the current investment portfolio and the individual transactions executed over the last quarter.

The foregoing Policy is hereby adopted by the trustees of public funds of the Town of Danville, Vermont, this 18th day, July 2019 and is effective as of this date until amended or repealed.

Kenneth L. Gray
Chairperson

[Signature]

[Signature]

[Signature]

Kelli C. Merrill

FRAUD PREVENTION POLICY
Town of Danville

PURPOSE. The purpose of this policy is to provide a mechanism for employees and officers to bring to the attention of the public accountant employed by the selectboard any complaints regarding the integrity of the Town's internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports. Town employees and officers shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions concerning the fair presentation of town financial statements in accordance with this policy.

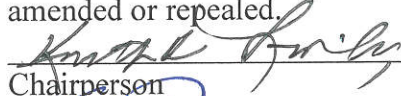
REPORTS OF IRREGULARITY. Any employee who has a complaint regarding the integrity of the Town's internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports, or who observes any questionable accounting practices, should report such complaint to the public accountant employed by the selectboard. All complaints and questions should be forwarded as follows:
Batchelder Associates, PC, 1 Conti Circle, Barre, VT 05641, Attn: Bonnie K. Batchelder – 802-476-9490.

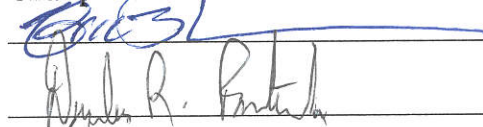
The report should include a description of the matter or irregularity, the period of time during which the employee observed the matter or irregularity, and any steps that the employee has taken to investigate the matter or irregularity, including reporting it to a supervisor and the supervisor's reaction. The report may include, at the employee's option, the employee's contact information if additional information is needed. However a report shall not be deemed deficient because the employee did not include contact information.

Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town financial records.

INVESTIGATION. Upon receiving such a report, the public accountant employed by the selectboard shall investigate the issues identified in the report. The public accountant employed by the selectboard may consult with the selectboard, town manager, treasurer, any other Town employee, legal counsel and independent auditors as a part of their investigation. At the conclusion of the investigation, the public accountant employed by the selectboard shall prepare a written response to the report, which shall be a public document. In accordance with 24 V.S.A. § 1686(c), any town officer who willfully refuses or neglects to submit his or her books, accounts, vouchers, or tax bills to the auditors upon request, 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.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Danville, Vermont, this 20th day of December, 2018 and is effective as of this date until amended or repealed.


Chairperson




Date: December 20, 2018
Policy Adopted


Town Clerk/Treasurer

Town of St. Johnsbury
Internal Controls
March 2023
(revised annually)

The Town recognizes the need for good internal controls to ensure that public funds are administered and spent in compliance with applicable statutes; that funds are used for the purposes for which they were authorized and intended; and that financial statements accurately present the operating results of the organization.

There are five elements of internal control:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

The relative strength of the Town's internal control depends in large part on the actions of management and how well individuals understand their responsibilities and how they relate to internal controls. Internal controls need to be communicated and employees need to be trained and educated in order for them to be most effective.

Control Environment

Management's attitude, actions and values set the tone of the organization. Internal controls are likely to function well if management believes that those controls are important and communicates that view to employees at all levels. Management shows a positive attitude towards internal controls by such action as complying with their own policies and procedures and discussing internal controls at management and staff meetings. Although it is important to establish and implement policies and procedures, it is equally important to follow them.

Management's philosophy and operating style affect the way the Town is managed. They determine for example, whether the organization functions informally with verbal instructions or formally with written policies and procedures. They also define whether the Town is conservative or aggressive in its response to risks. To be successful, the Town's internal controls must be aligned with management's philosophy.

Management regards the accounting function as a means for monitoring and exercising control over the Town's various activities and sets the tone that high-quality and transparent financial reporting is expected. A disciplined, objective process, including discussions with staff, boards and external auditors, is used in selecting accounting principles and developing estimates. Management also uses this process to assess internal controls and correct any known

weaknesses in internal controls on a timely basis. Staff meetings and fraud risk assessments are used to regularly educate and communicate to management and employees the importance of internal controls and to raise their level of understanding of existing controls and any changes that have been implemented.

The Town is committed to competence in the requirements of particular jobs and in translating those requirements into knowledge and skills. Employees of the Town have the competence and training necessary for their assigned level of responsibility. Before hiring new employees, the Town evaluates job descriptions and compares potential employees' knowledge, skills, abilities and credentials before making hiring decisions, especially for key positions.

Human resource policies and procedures send messages to employees regarding expected levels of integrity, ethical behavior and competence. The Town has formal procedures for the hiring of employees. Recruiting practices include in-depth employment interviews that provide applicants with information on the history, culture and operating style of the Town. Reference and background checks are performed and drug testing and physicals for DPW positions. An employee manual educates employees on human resource policies and procedures. These handbooks are updated regularly to provide employees with the most up to date information and are used in conjunction with ongoing training for employees. Employees can request an exit interview upon leaving the Town's employment.

Risk Assessment

Risk assessment is the ongoing process of identifying and analyzing relevant business risks that must be managed in order to meet the objectives set by management. The financial reporting objectives relates to the preparation of reliable financial statements which are fairly presented in conformity with generally accepted accounting principles. Factors considered with regards to identifying risks include: past experience to meet objectives, regulations, personnel and the significance and complexity of the activity. Based on these considerations, the Town has implemented controls to ensure the continual assessment of risks within the Town.

Management evaluates risks as part of its planning process at board meetings and on a day to day basis and recognizes the potentials for fraud in high-risk areas of the Town, including revenue recognition, management override, accounting estimates and nonstandard journal entries. In their assessment of these high-risk areas, management considers incentives and pressures, attitudes and rationalizations, as well as the opportunity to commit fraud and has implemented appropriate control activities to mitigate these risks. A fraud risk assessment is used to track fraud risk factors that have been identified by the Town. When such risks are identified, existing controls are examined to determine that appropriate actions have been taken to address them.

Cross Training/Succession Planning

Management has discussed succession planning in the event of an unplanned employee resignation or emergency. In order to continue providing services and information necessary to the functioning of the Town, all duties and procedures can be carried out by a backup

employee. The exception is the Finance Officer's duties as there is no one currently on staff that can create journal entries and other accounting reports.

Information and Communication

Necessary information must be identified, captured and communicated in a form and time frame that makes it possible for employees to carry out their responsibilities. Management has implemented controls and expectations to ensure that this happens. All personnel, particularly those in roles affecting financial reporting, receive a clear message from top management that both internal control over financial reporting and individual control responsibilities must be taken seriously and all employees receive adequate information to complete their job responsibilities.

Information relevant to financial reporting is identified, captured, processed and distributed within the parameters established by the Town's control processes to support the achievement of financial reporting objectives. The chart of accounts is adequate to maintain accountability and provide information on important reporting items such as permanently restricted, temporarily restricted and unrestricted resources and reporting of expenses and revenue by fund. This data and other underlying data of the financial statements are captured completely, accurately and timely. The department heads and board receive detailed information on a monthly basis to review and analyze financial results.

Monitoring

Monitoring is a process of assessing the quality of a system's performance over time. The Town's internal control is monitored informally through supervisory activities and reconciliations. Independent auditors annually provide suggestions for strengthening internal controls and identify to management any deficiencies noted in the course of their fieldwork. Management does their best to evaluate findings of employees and the external auditors to determine and implement the best course of action to correct any potential control issues.

Annually the Treasurer and Finance Officer complete a Financial Management Questionnaire that addresses potential internal control issues. A member from the Selectboard reviews and signs this document.

Control Activities

Control activities are the policies and procedures that ensure necessary actions are taken to mitigate risks. A policy establishes what should be done whereas procedures are action by people to implement stated policies. Management performs a wide range of control activities including but not limited to top level review, authorizing, verifying, reconciling, segregating duties, restricting access to assets and appropriately documenting transactions and information processing. Following is documentation of procedures used for several of the Town's important operating areas and/or identification of the key controls for each area.

Journal Entries

Journal entries are prepared by the Finance Officer and forwarded to the Treasurer for entry into the General Leger. The Finance Officer keeps a copy with back up documentation and at month end emails the file to the Town Manager for approval.

The Treasurer has the capability to create journal entries necessary to balance the cash accounts, i.e. interest received, ACH credits and debits and service charges. The Finance Officer obtains these entries on a monthly basis and reviews for accuracy and signs off on them.

Key Controls:

1. All journal entries are accumulated with supporting documentation in monthly folders.
2. All journal entries are reviewed by either the Finance Officer or the Town Manager.
3. Only the Treasurer inputs journal entries.

Budget

On an annual basis, Management is involved in the financial planning and budgeting process. This is generally a three month process involving meetings and input from department heads and board members. When management believes they have an acceptable draft, it is presented in a public meeting for comment by board members and the general public. Once the board has approved the budget (this may take several public meetings) it will be voted on at Town Meeting. After the Budget passes, the Finance Officer enters the approved budget into the accounting system at the beginning of the new fiscal year. Monthly budget reports are distributed to Department Heads in staff meeting. Budget reports are given to Board members monthly as well as being presented at public meetings. Residents and Board members have an opportunity to ask questions. It is not the Town's practice to revise budgets.

Key Controls:

1. The Selectboard approves the budget that is voted on by the town residents.
2. The property tax rate is approved by the Selectboard.
3. Budget revisions are generally not made.
4. Monthly budget to actual reports are distributed to management and board members.

Cash Reconciliations

The Assistant Town Treasurer prepares the cash reconciliations on a monthly basis. The Treasurer reviews the reconciliations to journalize any reconciling items. Since both employees have check signing capabilities, the Finance Officer receives copies of all reconciliations. The Finance Officer reviews monthly transactions and ensures that the Bank and General Ledger agree.

The Health Savings Account is reconciled by the Finance Officer due to the complexity of the reconciliation. The Finance Officer prepares the journal entry and forwards to the Treasurer for entry into the General Leger. The Finance Officer keeps a copy of the entry with back up. After reconciling the Finance Officer provides the Administrative Assistant with a list of HRA amounts by employee for entry into the payroll system.

Key Controls:

1. Bank reconciliations are prepared and reviewed timely.
2. Bank reconciliations are reviewed and compared to the general ledger by the Finance Officer (no check signing authority).
3. The Health Savings Accounts is reconciled by the Finance Officer and reviewed by the Town Manager.

Direct Debits

Customer must fill out form and supply a voided check. The information from the form is entered into their account (utilities or tax administration). Each module has a different form. Two days prior to the due date, a file is created and uploaded to the bank. The amount due is debited from the account on the due date. The payment file is subsequently uploaded into the appropriate module.

The Town Treasurer posts the payment into Cash Receipts as an electronic payment and the payment is transferred to the clearing account. Only the current amount due is debited, no past dues or payment plans are accepted.

Key Controls:

1. Automated process eliminates cash.
2. Modules reconciled to GL.
3. Cash accounts reviewed by Finance Officer.

Cash Disbursements

Department heads are responsible for purchases in their respective departments. Requisitions are required for purchases over \$100.00. The Finance Officer reviews and approves requisitions from \$100.00 to \$1,000.00 and the Town Manager or Assistant Town Manager approves requisitions over \$1,000.00. Once the requisitions are approved, they become purchase orders and the assigned general ledger account is encumbered. After receiving the merchandise, the department head signs off on the invoice and forwards to the Town Treasurer's office for processing. Only the Treasurer can set up new vendors in the Accounts Payable module. This eliminates other employees setting up potential false vendors or payments.

The Finance Officer reviews all invoices to ensure that purchasing guidelines have been followed and forwards invoices to the Town Manager (or Assistant Town Manager in his absence). The Town Manager signs off on all invoices and AP checks are prepared weekly. The Treasurer or Assistant Treasurer can sign all checks. A designated member of the Selectboard reviews and signs off on the AP check warrant weekly. The entire Selectboard signs the AP check warrant semimonthly. The Finance Officer reconciles AP aging to the general ledger on a monthly basis and reviews bank reconciliations.

Key Controls:

1. Invoices are signed off on by department heads and required to have a purchase order if the amount exceeds \$100.00. The Finance Office approves purchase orders under \$1,000.00.
2. All purchases orders over \$1,000.00 require approval by the Town Manager or Assistant Town Manager.
3. The Finance Officer reviews general ledger account codes.
4. The Town Manager and Department Head sign off on all invoices.
5. Only the Treasurer can set up new vendors.
6. AP checks have preprinted numbers.
7. A Selectboard member reviews and signs the AP check warrant weekly and the entire Selectboard semi-monthly.
8. The Finance Officer reconciles the AP aging to the general ledger.

Accounts Receivable/Utility Billing for Water and Sewer

Meter readings are uploaded from the handhelds into NEMRC. NEMRC identifies any missing information or high and low reads. The Assistant Treasurer contacts meter readers to go out and obtain another read. Once the meter reads are correct the utility bills are created and mailed on the 1st business day of every month by the Assistant Treasurer. After printing the bills, the Assistant Treasurer sends the information to the general ledger. Reports are run from the utility billing module and general ledger and reconciled for accuracy. The AP clerk pursues delinquent accounts and any account more than 30 days delinquent generally has the water shut off. Delinquent customers can set up payment plans with the Town Manager.

Commercial haulers septage billing is done on a monthly basis. An operator from the sewer plant sends the Assistant Treasurer printouts with billable gallons. This information is entered into NEMRC and the same process followed as for the utility bills.

Department heads send billing information for services to the Treasurer as needed. The Treasurer generates the invoices which are mailed out and automatically entered into the Accounts Receivable module.

All miscellaneous invoices for services including fire, dispatch, rescue, highway and alarm monitoring must be approved by the Finance Officer prior to sending out. The Finance Officer will discuss with the Town Manager when appropriate and forward invoicing to the Town Clerk for processing

The Finance Officer reconciles the Accounts Receivable and Utility Billing modules on a monthly basis.

Key Controls:

1. Meter readings and billings are not done by the same employee.
2. Accounts Receivable module and Utility Billing reconciliations are performed by the Assistant Treasurer and the Finance Officer.

3. Delinquent accounts are monitored by the AP Clerk and shut off after 30 days or payment plans are set up with the Town Manager.

Cash Receipts

The cash receipts clerk accepts cash or checks from customers and enters into the cash receipts module in NEMRC. The clerk assigns a code that identifies the type of transaction, the amount is entered and a receipt is printed for the Town's records and for the customer. Customers paying with cash always receive a receipt. The clerk prepares a bank deposit for cash received and the cash amount is verified and tied to the cash receipts journal by another clerk.

Occasionally the Town sells obsolete town equipment to residents. An advertisement is placed with the local paper including the requirement that the buyer must pay with a bank check.

The clerk adds up checks and ties out to the cash receipts journal then gives the checks with a tape to the Treasurer. The Treasurer runs the checks through the scanner so they are automatically deposited to the bank. The Treasurer also reconciles the check total to the cash receipts journal.

Receipts for taxes and utility bills are bundled and retained in a file. Receipts for licenses, fees, etc. are copied and retained with the daily cash receipts journal. If a customer makes a payment at the end of the day after the clerk has closed out, handwritten receipts are produced. Cash receipts are transferred into to the corresponding NEMRC modules by the Assistant Treasurer on a daily basis.

Fees received for dog licenses are paid to the State of Vermont three times a year. A license report is printed from the Dog module and reconciled to the cash receipts detail and the general ledger liability account by the Treasurer.

Fees received for marriage licenses are paid to the state four times a year. A license report is printed from the Marriage module and reconciled to the cash receipts detail and the general ledger liability account by the Treasurer.

Key Controls:

1. Dual control for all cash and checks received.
2. Receipts are sent to other modules daily.
3. Bank reconciliations are performed by an employee that doesn't take cash or checks and reviewed by the Finance Officer.

Tax Administration

The assessor receives copies of building permits from the Assistant Treasurer and current use information from the State of Vermont. The assessor updates values in the Grandlist module. The Assistant Treasurer receives property transfers and ensures the property in the Grandlist module contains accurate information.

Tax bills are created in the Grandlist module and transferred into Tax Administration by the Treasurer. The Finance Officer reconciles the tax bills to the budget. The State makes annual payments to taxpayer accounts that are downloaded by the Assistant Treasurer or the Treasurer. The file is uploaded and payments are credited to the taxpayers account. The Treasurer performs a reconciliation to ensure accurate posting of the payments.

A file is received by Core Logic fifteen days before taxes are due which is posted to taxpayers accounts. Core Logic is the company used by banks and mortgage companies for escrow payments. The Treasurer receives paper checks from Core Logic and deposits to the Town's operating account. The Treasurer performs a reconciliation to ensure accurate posting of the payments and checks received.

After the final installment of the tax bills are due, an 8% penalty is added to all delinquent accounts. Interest is added monthly to unpaid balances. The Finance Officer performs a monthly reconciliation of delinquent taxes and overpayment of taxes (prepaid taxes) between the Tax Administration module and the General Ledger.

Key Controls:

1. Reconciliations are performed by the Treasurer between the Grandlist module and Tax Administration.
2. The Finance Officer performs reconciliations between Tax Administration and the General Ledger.
3. The Finance Officer performs a reconciliation between tax bills generated and the budget to ensure the bills are accurate.
4. The Assistant Treasurer compares property transfers to the information in the Grandlist module for accuracy and to ensure a bill exists.
5. The Assessor updates values and the Treasurer creates the property tax bills.

Payroll

Payroll is done on a weekly basis by the Administrative Assistant. Time sheets are reviewed and approved by department heads for processing on Monday morning. Expense reports (if any) must be signed by department heads and have receipts to support the expense. The Town Manager's expense reports must be cosigned by either the Finance Officer or Assistant Town Manager. After processing any changes and inputting hours, a detailed payroll journal including back up is given to the Finance Officer. The Finance Officer reviews for accuracy and completeness and returns to the Administrative Assistant. Any necessary changes are made.

Payroll is then processed through Paychex including direct deposit processing or printing of live checks. The Treasurer receives the Check Reconciliation Report. Payroll is generally distributed electronically on Friday to all employees.

After processing payroll, Paychex sends the payroll journal entry to the Finance Officer. The Finance Officer checks for completeness and imports the file to the General Ledger and

provides a copy to the Treasurer. The Finance Officer creates the payroll tax entry and forwards to the Treasurer for posting. Tax deposits and quarterly tax reporting is done by Paychex and reviewed by the Finance Officer. The Finance Officer completes a payroll reconciliation on a quarterly basis between Paychex reports and the general ledger. The Town Manager reviews and signs off on the reconciliation.

Key Controls:

1. All hourly employee's timesheets are electronically reviewed and approved by the department head.
2. Expense reports contain receipts and management approval.
3. All employee rates in the Fire, Police and DPW departments (except management) are dictated by their respective union contracts.
4. Payroll registers and reports are reviewed weekly by the Finance Officer for accuracy.
5. Direct deposits are processed by Paychex. Occasionally there are live checks which are processed by Paychex as well.
6. The Selectboard member signs off on the check reconciliation report weekly and the entire Selectboard semi-monthly.
7. The Finance Officer performs a quarterly reconciliation between Paychex reports and the general ledger.

Financial Reporting

At least weekly the Treasurer transfers transactions into the General Ledger. The Finance Officer reviews the Balance Sheet, Revenues and Expenditures and makes any necessary journal entries throughout the month. At month end, the Finance Officer prints reports from all the modules (accounts payable, accounts receivable, utility billing and tax administration) and reconciles to the balance sheet. The Treasurer closes all the modules including the General Ledger on the last business day of the month.

The Assistant Treasurer forwards completed bank reconciliations to the Finance Officer for review. The Finance Officer ensures the reconciled statements agree to the general ledger. The Finance Officer makes any necessary adjusting journal entries and prepares budget to actual reports. The reports include prorated revenues and transfers and are tied back to the NEMRC print outs.

The financial reports are emailed to the Selectboard and Town Manager on Wednesday or Thursday prior to the 1st Selectboard meeting of every month. Department Heads also receive financial reports on a monthly basis.

An independent audit is performed annually by external auditors. The Finance Officer manages this process and provides the auditors with the necessary financial information along with the Treasurer.

Key Controls:

1. Balance sheet reconciliations are performed on a monthly basis.

2. Monthly budget to actual reports are reviewed and distributed to management on a timely basis.
3. Independent external auditors audit financial data.

Reserves

Occasionally there will be a need to access reserves to fund projects or equipment purchases. In order to maintain control and ensure timely accounting the following process must be followed for all requests.

All reserve requests must be in writing and contain the reason for the request, the amount and which reserve (restricted or unallocated). Supporting documentation should be attached to the request when appropriate. All requests must be signed by the Finance Officer and the Town Manager.

Key Controls:

1. Written requests will provide backup for journal entries as well as an audit trail.
2. Supporting documentation will ensure amounts requested are accurate and necessary.

Capital Assets

Capital assets are monitored throughout the year and a schedule prepared at year end for the auditors. The Town has a formal capitalization policy with the capitalization threshold at \$1,000 per item. The Finance Officer reviews the new equipment and repairs and maintenance line items in the various funds to determine if any capital assets were purchased. If there have been purchases in the governmental funds, copies of the invoices are given to the auditors to journalize. If the purchases were in the enterprise funds, the Finance Officer creates journal entries to capitalize the new equipment as well as giving the auditors copies of the invoices.

The Finance Officer maintains a fixed asset/depreciation spreadsheet and reconciles this to the general ledger. Any new items are added to the spreadsheet.

Construction projects that are in progress are noted as such and once the project is complete the project will be classified to the proper category and depreciated. The fixed asset spreadsheet is given to the external auditors for testing.

Key Controls:

1. A formal capitalization policy is in place.
2. A review of the general ledger detail by the Finance Officer who is independent of the cash disbursement process is performed to identify items over the capitalization threshold.
3. The Finance Officer creates the reclassification entries which are reviewed and approved by the Town Manager.
4. The Finance Officer reconciles the fixed asset/depreciation spreadsheet to the general ledger.

5. Copies of invoices supporting the purchases are retained by the Finance Officer and given to the external auditors as well.
6. The Finance Officer conducts random annual inspections on site with department heads after capital asset lists are updated.
7. The external auditors review the useful lives for reasonableness and confirm the reconciliation to the general ledger.

Parking

Coin Collection: Parking meter coin is collected by one police officer and the parking enforcement employee as necessary. The coin is delivered to the bank where the Town's operating account is located for counting. After the bank has counted the coin, they deposit into the Town's account and mail a copy of the deposit slip with a receipt to the Treasurer. The Treasurer has a clerk enter the amount through the cash receipts module. Occasionally the parking enforcement employee repairs meters and is authorized to bring coins in the meter to the Treasurer for deposit. This authorization is intended to enable meter repair and deposits under \$100.

Parking Tickets: Tickets are either handwritten or the handheld module is used. If handwritten, Dispatch enters relevant information into the Parking Ticket software. Data from the handheld module is automatically uploaded.

Parking tickets are paid at the Treasurer's office and entered into cash receipts by the assistant clerk. Paid tickets are entered into the Parking software by the Parking Administrator and filed in the Parking Administrator's office. Accounts receivable statements are mailed by the Parking Administrator on a monthly basis to the registered vehicle owner. The Finance Officer obtains an Accounts Receivable aging report on a monthly basis and reconciles to the General Ledger.

Once a registered owner accumulates five unpaid parking violations they are placed on the boot list. The boot list is forwarded to the Police Department and is noted in the hand held device. Once a vehicle is booted, the owner must pay all citations at the Treasurer's office. Once paid the boot is removed by the police department.

Prior to the fiscal year end the Parking Administrator and Finance Officer review unpaid tickets to determine collectability. Tickets deemed uncollectible are written off in the parking software and general ledger.

Parking Permits: The Parking Administrator prepares the permit application and either the monthly or annual hang tags and provides to the Treasurer's office. The customer pays for the permit and the application is returned to the Parking Administrator for record keeping. The Treasurer's office also sells permits to walk-ins with the necessary information being supplied to the Parking Administrator.

Key Controls:

1. Two employees collect coin, one of them is rotating.

2. The bank counts the coin and provides documentation to the Treasurer.
3. The Finance Officer monitors the deposits for unusual variances.
4. The Finance Officer reconciles the parking module to the general ledger monthly.
5. The Parking Administrator reconciles permit inventory monthly.

INTERNAL CONTROL CHECKLIST FOR VERMONT TOWNS

This self-assessment checklist has been compiled to assist town managers, treasurers, and auditors to assess their town's internal control environment for accounting and financial reporting and to provide guidance in implementing controls where weaknesses are perceived. Your town's system of internal controls includes all of the policies and procedures needed to provide reasonable assurance that your financial information is reliable, that operations within the office are effective and secure, and that you are complying with applicable laws and regulations.

Proceed through the questionnaire, and circle "Y" (Yes) or "N" (No) in response to each question.

After completing the questionnaire, scan down your answers in the "Response" column, noting whether they are aligned to the left or right side of the column. The questions that you have been able to answer on the left side indicate the internal control is in place. Your answers on the right side indicate an internal control weakness. This checklist should give you a good indicator of the number and type of internal controls that might need attention in your operation. Please give your auditor or the Vermont State Auditor's Office (802-828-2281) a call if you need assistance.

GENERAL:

		Response		Comments
1.	Is town management aware that internal control is their responsibility?	Y	N	
2.	Does town management show commitment to establishing and maintaining controls?	Y	N	
3.	Do town offices have an organizational chart defining the activities and persons responsible for them?	Y	N	
4.	Are the duties of officials and employees clearly defined and assigned?	Y	N	
5.	Does town management consistently exhibit high ethical and professional standards in its conduct, setting the standard for the entire organization?	Y	N	
6.	Are personnel involved in accounting functions required to take an annual vacation?	Y	N	
7.	Are accounting functions performed by other personnel during the vacation of primary accounting personnel?	Y	N	
8.	Is other staff trained in the accounting functions to provide backup in the case of vacation or other absence of the primary bookkeeping employee(s)?	Y	N	
9.	Is responsibility for accounting duties ever rotated among staff?	Y	N	
10.	Is the town in compliance with state statutes covering incompatible offices? (17 VSA §2647) See VLCT Handbook for Town Officers (p.4)	Y	N	
11.	Is a current, accurate and accessible policy and procedures manual in place, including an official code of conduct or an official set of policies governing employee conduct?	Y	N	
12.	Are the policies governing employee conduct communicated in an effective way to all staff and reviewed with them periodically?	Y	N	
13.	Is confidential or sensitive material (e.g., payroll records and taxes) maintained separately from non-confidential records?	Y	N	
14.	Is insurance coverage reviewed periodically by qualified individuals to determine adequacy?	Y	N	
15.	Does the comprehensive liability policy include liability coverage for all officials and employees?	Y	N	

16.	Is a budget system (including monthly or quarterly budget reports) used for watching income and expenses?	Y	N	
17.	Are cash projections made and periodically compared by management to the operational accounting information?	Y	N	
18.	Do surety and/or performance bonds cover all employees/officials who handle town funds? (24 VSA §§832, 1234)	Y	N	
19.	Are surety bonds of a sufficient amount, as prescribed and approved by the selectboard? (24 VSA §832)	Y	N	
20.	Are authorizations for all bank accounts and check signers updated annually?	Y	N	

FINANCIAL RECORDS

21.	Is any single individual able to a) <i>authorize</i> a transaction, b) <i>record</i> the transaction in the accounting records and c) maintain <i>custody</i> of the assets resulting from the transaction?	N	Y	
22.	Is an accounting system in use that allows management to record financial transactions, view the data by category, and create timely reports to maintain accountability for the government's assets?	Y	N	
23.	Are detailed cash receipts journals maintained? (24 VSA §1571(a))	Y	N	
24.	Are detailed cash disbursement journals maintained? (24 VSA §1571(a))	Y	N	
25.	Are selectboard records (if separate records other than orders are kept) reconciled with treasurer's records monthly?	Y	N	
26.	Are the general ledger and its subsidiary ledgers kept up to date and reconciled monthly?	Y	N	
27.	Is a chart of accounts used?	Y	N	
28.	Are records properly guarded from fire, theft and manipulation?	Y	N	
29.	Is computerized data backed up daily and source documents retained until backup?	Y	N	
30.	Is a copy of electronic data properly stored off-site?	Y	N	
31.	Are all financial recording documents (receipts, purchase orders) sequentially prenumbered, retained, and accounted for, including spoiled or voided forms?	Y	N	
32.	Are automatic duplicates of certain forms (receipts & purchase orders) provided to individuals (e.g., vendors, taxpayers, etc.)?	Y	N	
33.	Is the person who does the bank reconciliation authorized to sign checks?	N	Y	
34.	Is the bank reconciliation procedure documented?	Y	N	
35.	Are bank statements reconciled monthly, preferably within 15 days after the statement date?	Y	N	
36.	Does a responsible official, other than the preparer, review completed bank reconciliations?	Y	N	
37.	Is the completed bank reconciliation initialed and dated by both the preparer and the reviewer?	Y	N	
38.	Are the following monthly procedures currently performed: - Reconcile cash accounts? - Reconcile accounts receivable to the detail invoices? - Reconcile payroll withholdings to the payroll reports? - Reconcile accounts payable subsidiary ledger to actual invoices?	Y Y Y Y	N N N N	

	- Reconcile property tax receipts to property tax receivables?	Y	N	
39.	Are all adjusting entries to the financial statements approved in writing by management?	Y	N	

CASH RECEIPTS

40.	Is receipt of currency adequately controlled until deposited or remitted to the treasurer?	Y	N	
41.	Is a copy kept of the treasurer's signed and dated endorsement of the tax collector's receipts, payments and any abatements? (24 VSA §§1579, 1580)	Y	N	
42.	Have safeguards been provided to prevent officials or employees from cashing checks payable to the town?	Y	N	
43.	Are monies received by one employee, documented and then deposited by another employee?	Y	N	
44.	Are all monies received by the town turned over intact daily to the person who makes the bank deposit?	Y	N	
45.	Does the treasurer keep separate accounts of all money received as highway or school taxes? (32 VSA §4791)	Y	N	
46.	Does the person who handles cash (receipts, bank deposits, purchases) keep the cashbooks / accounting records?	N	Y	
47.	Are funds received over the counter controlled by sequentially numbered counter receipts?	Y	N	

PURCHASING

48.	Are selectboard orders:			
	a. Required for all purchases?	Y	N	
	b. Signed by a majority of the board and dated?	Y	N	
49.	Does the treasurer keep a book recording all pay orders (outstanding payables) that are not paid? (24 VSA §1576)	Y	N	
50.	Are the functions of purchasing goods, receipt of goods, and cash payment for goods performed by separate employees?	Y	N	
51.	Are:			
	- Checks pre-numbered?	Y	N	
	- Unused checks controlled?	Y	N	
	- Checks prepared and signed by the bookkeeper?	N	Y	
	- Checks ever written to "Cash"?	N	Y	
52.	Are there adequate procedures for controlling the receipt of all goods and services purchased?	Y	N	
53.	Are materials and supplies inspected for condition and counted when received?	Y	N	
54.	Does invoice processing include a mathematical check of footings, extensions and discounts?	Y	N	

CASH DISBURSEMENTS

55.	Are all cash disbursements, except petty cash items, made by check?	Y	N	
56.	Are pre-numbered checks used?	Y	N	
57.	If checks are produced manually, is a controlled, mechanical check protector used?	Y	N	
58.	Are checks produced on an automated financial system?	Y	N	
59.	Is all investment activity by the treasurer approved by the selectboard	Y	N	

	and documented? (24 VSA §1571(b))		
60.	Is petty cash handled through a fixed amount account?	Y N	

PAYROLL

61.	Are personnel records (including wages, salaries and deductions) maintained for all employees?	Y N	
62.	Are salary and wage rates formally approved in the selectboard's minutes?	Y N	
63.	Are methods of accumulating time and recording absences satisfactory?	Y N	
64.	Are payroll deductions properly approved and controlled?	Y N	
65.	Are withholding taxes remitted properly?	Y N	
66.	If the town treasurer is paid a fee for collecting delinquent taxes, does the town maintain a support schedule showing: - The rate or method of calculation for the payment? - Compliance with selectboard guidelines on these payments? (32 VSA §1672)	Y N Y N	

PROPERTY AND EQUIPMENT

67.	Are schedules of fixed assets and depreciation maintained?	Y N	
68.	Are periodic inventories taken and compared with the schedules of fixed assets?	Y N	
69.	Is all property and equipment purchased or leased with town funds held in the name of the town department?	Y N	
70.	Are invoices maintained to support the purchase or lease of equipment?	Y N	

NOTES AND INVESTMENTS

71.	Are schedules maintained of all borrowing and investing activities?	Y N	
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GRAND LIST AND TAX RECORDS

72.	Is a system used (ideally a tax map) to be certain that all taxable property is included in the grand list?	Y N	
73.	Does the delinquent tax collector turn all receipts over to the treasurer so that the collector's fees can be entered into the town's books as wages?	Y N	
74.	Does the town have adequate follow-up policies with delinquent taxpayers?	Y N	
75.	Does someone other than the tax collector (delinquent or current) reconcile taxes?	Y N	

ENTERPRISE FUNDS (Water, Sewer, etc.)

76.	Do accounting practices for enterprise funds follow guidelines listed above for all other town funds?	Y N	
77.	Is the follow-up on delinquent accounts adequate?	Y N	

(a) "VSA" refers to Vermont Statutes Annotated.

References:

1. Various handbooks for Vermont Town Officers, Locally Elected Auditors, Vermont Municipal Clerks, and Collectors of Delinquent Taxes, prepared by the Vermont League of Cities and Towns, Montpelier, VT. 1999.
2. "Evaluating Internal Controls, A Local Government Manager's Guide", S. Gauthier, Government Finance Officer's Association (GFOA), Chicago, Ill., 1996.

**Town of St. Johnsbury
Fraud Risk Assessment
2022 (revised annually)**

Fraud Risk Factor	Fraud Risk	Fraud Schemes/Scenarios	Potential Persons Involved	Type	Likelihood	Significance	Inherent Risk	Control Activities	Control Type	Residual Risk
Cash, checks and credit cards received for services or taxes	cash or checks taken for personal use	-reversing transactions -register manipulation -altering cash counts -stealing cash in transit to bank	Town Treasurer cash receipts clerk police officers DPW employees administrative manager zoning administrator	F	H	H	H	-Cash is counted by two employees and verified to tape -Daily reconciliations -Deposits are taken to the bank by the TC or assistants. -Bank deposit receipts confirm activity -Bank bags are locked -Bank reconciliations performed by a separate employee and reviewed by Finance Officer	P D	L
Cash and checks received for permits/zoning	cash or checks taken for personal use	- payment not recorded and deposited with town clerk - payment received by town clerk and not tied to application - application destroyed	zoning administrator code compliance officer cashier	F	L	L	M	- applications are logged upon receipt with a unique id - amount required and received is entered on permit fee schedule and payment record - daily drop off of receipts with cashier - record and cash receipt attached to application - application not complete until payment is attached - consider taking checks ONLY or send applicants with cash to town clerk	P D	L
utility meter readings/billings	-adjust or delete bills for friends/relatives creating lost revenue for town	-adjust, delete or credit utility bills for friends	Meter readers/Utility Part. Asst. town treasurer	F	M	M	M	-software identifies missing meter reads or high/low reads - revenue is compared to budget - utility billing module is reconciled monthly to the GL including review of credits -all adjustments to bills requires approval by Town Manager	P D	L
billing schemes	large amounts of cash can be diverted	- an employee makes personal purchases and includes them with legitimate purchases -create false vendors -fictitious invoices are created by the employee	AP clerk town treasurer department heads	F	M	H	H	- department heads sign off on invoices -Town clerk approves all new vendors -W-9 forms required -checks must have invoices or back up - invoices are reviewed by Town Clerk, Finance Officer and Town Manager - large purchases are compared to budgeted items -purchasing policy requires PO over \$100 with authorization by Finance Officer or Town Manager -Selectboard signs off on check warrant - CONSIDER limiting employees that can purchase items from vendors	P D	L

Key

Type: Financial, Value, Reputation

Likelihood/Significance/Inherent Risk/Residual Risk: Low, Medium, High

Control Type: Preventative, Detective

Fraud Risk Factor	Fraud Risk	Fraud Schemes/Scenarios	Potential Persons Involved	Type	Likelihood	Significance	Inherent Risk	Control Activities	Control Type	Residual Risk
bids for services or goods	friends or relatives obtain contracts with town at increased prices	-submitting bids from fake vendors to obtain town contracts. - selecting 3 friends/relatives to bid to control process	AP clerk town treasurer department heads Town Manager	F	M	M	M	-required 3 bids for contracts or services over \$5,000 - place bid request in newspaper to ensure any and all vendors can submit pricing	P	L
tax bills	adjusting appraised value to lower tax bills creating lost revenue for the town	-assessor can adjust appraised value in the Grandlist module for self or friends -assessor can eliminate tax bills for self or friends	assessor town treasurer	F	L	M	M	-Asst. Treasurer runs comparison report to previous year and reviews change in values - Asst. Treasurer reviews land use changes for parcels and property transfers -Finance officer compares tax bills to budget and investigates variances -Finance Officer compares Grandlist to prior year for fluctuations -reconciliation performed between module and GL	D	L
Electronic timekeeping	employees being paid for hours not actually worked	-falsifying time worked -sharing usernames and passwords	all employees	F	M	M	H	-Any change to time clocked in/out requires approval by department head -department heads review and approve all employees prior to payroll processing -time off usage and accruals are maintained electronically -town manager approves all department heads time -administrative assistant or finance officer approves department heads time if town manager is on vacation	P	L
payroll	embezzling money through payroll	-creating fake employees -paying an employee more than approved rate -submitting expense reports for false or invalid expenses	department head administrative assistant finance officer town treasurer expense report-all employees	F	L	M	M	-only administrative assistant and finance officer can set up new employees -pay rate changes require approval of department head and town manager -administrative assistant processes weekly payroll and finance officer reviews -no live checks except for annual or semi annual payments -tax deposits are made by payroll company -weekly reports reviewed by finance officer -list of net deposits reviewed by treasurer -member of selectboard sign off -finance officer creates tax journal entries and treasurer inputs weekly -assistant treasurer reconciles operating account with a review by treasurer and finance officer -all expense reports require manager approval. TM exp. reports countersigned by FO or ATM.	P D	L

Key

Type: Financial, Value, Reputation

Likelihood/Significance/Inherent Risk/Residual Risk: Low, Medium, High

Control Type: Preventative, Detective

Fraud Risk Factor	Fraud Risk	Fraud Schemes/Scenarios	Potential Persons Involved	Type	Likelihood	Significance	Inherent Risk	Control Activities	Control Type	Residual Risk
journal entries	journal entries could be created to hide embezzlement	- increase revenue through entries to eliminate deficit - reversing entries to hide false expenses	finance officer town treasurer	F	L	H	L	-journal entries require 2 signatures -journal entries created by the town clerk are restricted and reviewed by the finance officer - monthly financials are compared to budget numbers -Only the town clerk enters journal entries unless on vacation then the Finance Officer enters entries	P D	L
financial statements	overstatement of revenues or understatement of expenses - pressure to end year with a surplus	-creating false financial statements for monthly presentation to hide deficit or theft -changing budget numbers to create false surplus	finance officer town treasurer	F	L	H	L	-journal entries require 2 signatures -journal entries created by the town clerk are restricted and reviewed by the finance officer - monthly financials are compared to budget numbers -financials are reviewed by the Town Manager and the Selectboard as well as provided to the public and department heads	P D	L
parking meter coin collection	not depositing all the coin collected creating lost revenue for the town	stealing coin and dropping off at personal vehicle or residence	police officers parking enforcement personnel	F	L	M	M	-collections over \$100 performed with 1 officer and parking enforcement personnel except when parking personnel is performing meter maintenance. - one officer on collection is rotated - coin is counted by bank - receipts are mailed to town clerk with duplicate deposit slip -Finance officer monitors amounts	P D	L
parking permit inventory	parking permits taken for personal use or for friends	-no accountability for permit inventory	assistant town clerks town clerk parking administrator asst. town manager	V	L	L	M	-parking permits are numbered - inventory count performed	P D	L
-fingerprinting income -police reports income -VIN verification income -parking ticket income	cash or checks taken for personal use	-accepting cash for various police services and pocketing the money by not providing payer with a receipt	police officers dispatch	F	L	L	L	-receipts are provided to payers -revenue is compared to list of appointments to verify appropriate amounts -revenue is compared to budget -parking tickets and cash deposited in lock box. Supervisor and Town Clerk have keys. -town clerk picks up cash -employees are on rotating schedule	P D	L

Key

Type: Financial, Value, Reputation

Likelihood/Significance/Inherent Risk/Residual Risk: Low, Medium, High

Control Type: Preventative, Detective

Fraud Risk Factor	Fraud Risk	Fraud Schemes/Scenarios	Potential Persons Involved	Type	Likelihood	Significance	Inherent Risk	Control Activities	Control Type	Residual Risk
-contraband from suspects -personal possessions of intoxicated persons	money, drugs etc. taken for personal use or gain	-stealing items prior to bringing suspect to station -stealing items from evidence room -stealing items from incapacitated persons possession (which are not locked up)	police officers dispatch	R	L	L	L	-contraband is itemized on a report and placed in a locked evidence room -items taken from incapacitated persons is placed in a sealed tamperproof bag and stored in a designated area in the Police department	P	L
Police department capital assets being mis-appropriated	"borrowed" or stolen assets such as guns, bullets, night vision	using or selling equipment for personal use or gain	all employees in department	V	L	L	L	-guns assigned by serial number to officers -bullets are in lockup - only the captain or chief have access -must fill out a log for night vision equipment	P	L
Fire department capital assets being mis-appropriated	"borrowed" or stolen assets such as thermal imaging cameras, gear etc.	using or selling equipment for personal use or gain	all employees in department	V	L	L	L	-weekly truck inventories -gear is assigned to employees	P	L
sale of scrap metal/water/sand	all or a portion of money being received for supplies is not turned over to the town	-all or a portion of money being received is stolen -could create receipt for any amount if customer doesn't sign	DPW employees	F	L	L	L	-security cameras monitor activity at DPW - DPW water purchases are handled by one employee who brings checks to Town Clerk's office -no cash is accepted	P	L
DPW capital assets being mis-appropriated	"borrowed" or stolen assets such as equipment, supplies, diesel etc.	-employees have access to equipment and supplies (no inventories performed) -assets are purchased and paid for by the town but ordered for personal use.	all employees in department	V	M	M	M	-equipment at DPW is monitored by camera -log maintained for diesel fuel	P	L

Key

Type: Financial, Value, Reputation

Likelihood/Significance/Inherent Risk/Residual Risk: Low, Medium, High

Control Type: Preventative, Detective



TOWN OF MORRISTOWN, VERMONT

POLICY OF THE COLLECTOR OF DELINQUENT TAXES

The purpose of this policy is to establish uniform procedures for the collection of delinquent taxes.

- A. As soon as the warrant has been received, and each month afterward for ninety (90) days, the Delinquent Tax Collector will send a notice to each delinquent taxpayer indicating the amount of taxes, penalty and interest owed.
- B. Partial payments will be applied first to the interest due in full, and the remainder will be divided proportionally between the principal, collection and penalty amounts due.
- C. Certified notices will be mailed after the close of business on July 15th and associated mailing costs will be charged to delinquent taxpayers.
- D. If the balance is not paid in full within 30 days of the certified notice, the Delinquent Tax Collector will seek the authorization of the Selectboard to engage a Tax Sale Attorney to send demand payment letters to delinquent taxpayers.
- E. If the balance is not paid in full within 30 days of the demand letter then the Delinquent Tax Collector will seek the authorization of the Selectboard to engage a Tax Sale Attorney and initiate tax sale proceedings against each delinquent property.
- F. Each taxpayer has a right to apply for abatement of property taxes based on any of the grounds listed in 24 V.S.A. § 1535. Taxpayers who would like to request an abatement must contact the Town Clerk to request a meeting of the Board of Abatement.
- G. If no one purchases the property at tax sale, or if, in the judgment of the tax collector, proceeding with the tax sale is inadvisable, the tax collector may collect the delinquent taxes using any or all of the methods permitted by law.
- H. The owner may request in writing, not less than 24 hours prior to the tax sale, that a portion of the property be sold. Such request must clearly identify the portion of the property to be sold and must be accompanied by a certification from the Vermont District Environmental Commission and the town zoning administrative officer that the portion identified may be subdivided and meets minimum lot size requirements. In the event that the portion identified by the taxpayer cannot be sold for the tax and costs, then the entire property may be sold to pay such tax and costs.

This policy may be amended at any time by the Selectboard and/or the Delinquent Tax Collector of the Town of Morristown, Vermont as provided by law.

Revised: September 6, 2022

Sara Allyn Haskins, Delinquent Tax Collector

letter 1

TOWN OF MORRISTOWN
PO BOX 748
MORRISVILLE VT 05661
802-888-6370
DELINQUENT TAX COLLECTORS NOTICE AS OF 06/07/2023

PARCEL NUMBER : 07259-

MASON DANIEL LEWIS
1696 CADYS FALLS ROAD
MORRISVILLE VT 05661

Property Taxes Assessed Against You

Year	Principal	Interest	Penalty	Other	Total Location
2122	137.54	12.36	11.00	0.00	160.90 1696 CADYS FALLS ROAD
2223	276.90	58.20	22.16	8.53	365.79 1696 CADYS FALLS ROAD

TOTAL AMOUNT DUE 526.69

NOTICE OF DELINQUENT PROPERTY TAXES

The taxes on your property have become delinquent and the amount due now includes penalty and interest fees. I have been directed by the Town to collect these taxes which were due at the Town Treasurer's Office on May 15, 2023.

To avoid additional interest, you must fully pay the delinquent amount before June 15, 2023. Partial payments will be applied to the account, but interest will continue accumulating on 15th of every month until paid in full. Unpaid interest or penalty will cause the account to remain delinquent.

Payments are to be made to the Town of Morristown and mailed or delivered to the address above. Additionally, payments may be deposited in the sucure drop box in front of the municipal building located at 43 Portland St. Our hours are Mon-Thurs 8:00-4:00 and Fri 8:00-1:00.

This notice includes Morristown's Delinquent Tax Collection policy and information about abatement. If you have any questions, please contact me at shaskins@morristownvt.org or 802-888-6370.

Thank you for your attention to this matter.

Sara Allyn Haskins
Town of Morristown Delinquent Tax Collector

Letter 2

TOWN OF MORRISTOWN
PO BOX 748
MORRISVILLE VT 05661
802-888-6370
DELINQUENT TAX COLLECTORS NOTICE AS OF 06/20/2023

PARCEL NUMBER : 07259-

MASON DANIEL LEWIS
1696 CADYS FALLS ROAD
MORRISVILLE VT 05661

Taxes Assessed Against You

Year	Principal	Interest	Penalty	Other	Total Location
2122	137.54	12.36	11.00	0.00	160.90 1696 CADYS FALLS ROAD
2223	276.90	58.20	22.16	8.53	365.79 1696 CADYS FALLS ROAD

TOTAL AMOUNT DUE 526.69

SECOND NOTICE OF DELINQUENT PROPERTY TAXES

The taxes on your property continue to be delinquent and the amount now due includes interest added June 15, 2023.

To avoid additional fees you must make full payment of the delinquent amount before July 17, 2023. Partial payments will be applied to the account but please note that interest will continue to accumulate on the 15th of every month until paid in full. Unpaid interest or penalty will cause the account to remain delinquent.

Payments are to be made to the Town of Morristown and mailed or delivered to the address above. Additionally payments may be deposited in the secure drop box in front of the Municipal Building located at 43 Portland Street. Our hours are Mon-Thurs 8:00-4:00 and Fri 8:00-1:00.

Included with this notice is Morristown's Delinquent Tax Collection policy and information about abatement.

If you have any questions, please contact me at shaskins@morristownvt.org or 802-888-6370.

Thank you,

Sara Allyn Haskins
Town of Morristown Delinquent Tax Collector

Letter 3

TOWN OF MORRISTOWN
PO BOX 748
MORRISVILLE VT 05661
802-888-6370
DELINQUENT TAX COLLECTORS NOTICE AS OF 07/25/2023

PARCEL NUMBER : 07259-

MASON DANIEL LEWIS
1696 CADYS FALLS ROAD
MORRISVILLE VT 05661

Taxes Assessed Against You

Year	Principal	Interest	Penalty	Other	Total Location
2122	137.54	12.36	11.00	0.00	160.90 1696 CADYS FALLS ROAD .
2223	276.90	58.20	22.16	8.53	365.79 1696 CADYS FALLS ROAD .

TOTAL AMOUNT DUE 526.69

FINAL NOTICE OF DELINQUENT PROPERTY TAXES

This is the LAST NOTICE you will receive from the Town of Morristown. Your property tax account continues to be delinquent and the amount due now includes interest added July 17, 2023 plus the cost of this certified mail notice.

The Town will begin legal proceedings by turning all outstanding balances over to the Town tax attorney if payment in full is not received by 4:00PM on TUESDAY, AUGUST 15, 2023. Interest will continue to accumulate and all additional collection fees are the responsibility of the taxpayer. Failure to pay will result in your property being auctioned at a tax sale.

Payments are to be made to the Town of Morristown and mailed or delivered to the address above. Our hours are Mon-Thurs 8:00-4:00 & Fri 8:00-1:00.

Included with this notice is Morristown's Delinquent Tax Collection policy and information about abatement.

If you have any questions, please contact me at shaskins@morristownvt.org or 802-888-6370.

Thank you,
Sara Allyn Haskins
Town of Morristown Delinquent Tax Collector