

Westford Financial Policies Handbook

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

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 Westford, 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 (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB) . The treasurer will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds.

AUDITING. Not less than every three years 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 audit performed by the Town's elected auditors under 24 V.S.A. §1681.

MONTHLY AND ANNUAL FINANCIAL REPORTING. The treasurer, or other designee, 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, or other designee, 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 and any report prepared by the Town's elected auditors under 24 V.S.A. § 1682, will be reproduced in the Town's annual report each year.

The foregoing Accounting, Auditing and Financial Reporting Policy is hereby adopted by the selectboard and the treasurer of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.


WESTFORD SELECTBOARD

TREASURER



John Quinn, Chair

Charlotte L. Vincent

Ira Allen, Board Member

Robert L. Bancroft, Board Member

PURCHASING POLICY

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

PURCHASE AUTHORIZATION. No purchases over \$500.00 shall be made by any Town officer or employee without prior approval of the selectboard. When making any purchase not subject to the bid process described below, officers and employees must solicit quotes from at least two vendors unless the selectboard has approved a sole source vendor. Vendors will be selected based on cost, the quality of the goods and services offered, and the ability, capacity, and skill of the vendor demonstrated under prior contracts with the Town.

BID PROCESS. All purchases of \$5,000.00 or more, with the exception of recurring purchases, shall be subject to a bid process. The bid process shall be initiated by the issuance of a request for bids prepared by the selectboard. Notice of the request for bids shall be made by letters to known providers soliciting bid responses, advertisements posted in three public locations within the Town, and advertisements placed in a newspaper of general circulation in the region.

BID SPECIFICATIONS. Bid specifications shall include:

1. Bid name
2. Bid submission deadline
3. Date, location, and time of bid opening
4. Specifications for the project or services including quantity, design, and performance features
5. Bond and/or insurance requirements
6. Any special requirements unique to the purchase
7. Delivery or completion date

Once a request for bids has been issued, the bid specifications will be available for inspection at the Town office.

BID SUBMISSION. All bids must be submitted in sealed envelopes, addressed to the Town in care of the selectboard, and plainly marked with the name of the bid and the time of the bid opening. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt. Any bid may be withdrawn in writing prior to the scheduled time for the opening of bids.

Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened.

Bidders shall bid to specifications and any exceptions must be noted. A bidder submitting a bid thereby certifies that the bid is made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work, and that the bidder is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

BID OPENING. Every bid received prior to the bid submission deadline will be publicly opened and read aloud by the selectboard. The bid opening will include the name and address of bidder; for lump sum contracts, the lump sum base bid and the bid for each alternate; for unit price contracts, the unit price for each item and the total, if stated; and the nature and the amount of security furnished with the bid if required.

CRITERIA FOR BID SELECTION. In evaluating bids, the selectboard will consider the following criteria:

1. Price
2. Bidder's ability to perform within the specified time limits
3. Bidder's experience and reputation, including past performance for the Town
4. Quality of the materials and services specified in the bid
5. Bidder's ability to meet other terms and conditions, including insurance and bond requirements
6. Bidder's financial responsibility
7. Bidder's availability to provide future service, maintenance, and support.
8. Nature and size of bidder
9. Any other factors that the selectboard determines are relevant and appropriate in connection with a given project or service

The selectboard reserves the right at its sole discretion to reject any and all bids, wholly or in part, to waive any informalities or any irregularities therein, to accept any bid even though it may not be the lowest bid, to call for rebids, to negotiate with any bidder, and to make an award which in its sole and absolute judgment will best serve the Town's interest. The selectboard reserves the right to investigate the financial responsibility of any bidder to determine his or her ability to assure service throughout the term of the contract.

CHANGE ORDERS. If specification changes are made prior to the close of the bid process, the request for bids will be amended and notice shall be sent to any bidder who already submitted a bid and a new bid process will be initiated. Once a bid has been accepted, if changes to the specifications become necessary, the selectboard will prepare a change order specifying the scope of the change. Once approved, the contractor and an authorized agent of the Town must sign the change order.

EXCEPTIONS

Sole Source Purchases. If the selectboard determines that there is only one possible source for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source.

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


Professional Services. The bid process shall not apply to the selection of providers for services that are characterized by a high degree of professional judgment and discretion including, but not limited to, legal, financial, auditing, engineering, risk management, and insurance services.

The foregoing Purchasing Policy is hereby adopted by the selectboard of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD



John Quinn, Chair

Ira Allen, Board Member

Robert L. Bancroft, Board Member

CASH RECEIPTS, PETTY CASH AND RETURNED 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 Westford: treasurer, assistant treasurer, town clerk, assistant town clerk, bookkeeper, collector of delinquent taxes, cemetery commissioners, trustees of public funds, zoning administrator, planning coordinator, recreation coordinator, dog warden.

PROPER PAYEE. All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Westford. 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 three-part, pre-numbered receipt, or some other receipt or reporting system acceptable to the treasurer). 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, or other designee, with the funds. The third copy must be retained by the person authorized to receive funds for audit purposes, and it shall be countersigned by the treasurer, or other designee, when funds are deposited with the treasurer.

SAFEGUARDING FUNDS. Safeguarding funds prior to deposit with the treasurer, or other designee, 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, or other designee, in accordance with the section below.

PREPARING AND DEPOSITING FUNDS. Funds collected by authorized persons totaling \$500.00 or more must be deposited with the treasurer, or other designee, no later than the following business day. Funds collected totaling less than \$500.00 must be deposited with the treasurer, or other designee, within five (5) business days.

Each person depositing funds with the treasurer, or other designee, must submit a spreadsheet or adding machine tape of the checks in the same sequential order and totaled with each deposit. The treasurer, or other designee, will count and verify the amount deposited in the presence of the person depositing the funds. All deposits made to the treasurer, or other designee, will be issued a receipt or other acknowledgement. The treasurer, or other designee, will take the deposits to the bank daily and retain copies of all deposit statements issued by the bank. Each department will

receive from the treasurer, or other designee, a monthly list of deposits that have been verified through the bank statement. Any discrepancies shall be reported to the treasurer, or other designee,.

PETTY CASH. No officer, employee, volunteer, department, committee, board, or group may establish a petty cash system without consent from the selectboard and the treasurer. The selectboard will appoint an officer, employee, or volunteer to be custodian for each petty cash account. A base petty cash amount must be determined by the treasurer. A lockable cash box will be used to store petty cash and must be locked at all times. The key will be kept in a secure location. Only the petty cash custodian and the treasurer, or other designee, 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, or other designee, for each payment made out of petty cash. This receipt is to be signed by the custodian or treasurer, or other designee, and the officer, employee, or volunteer receiving the petty cash. Payments out of petty cash will be made only when a valid receipt is presented. Should prepayments out of petty cash be necessary, a memo explaining the purpose of the prepayment must be signed by the custodian or treasurer, or other designee, and the officer, employee, or volunteer and placed in the petty cash box or drawer.

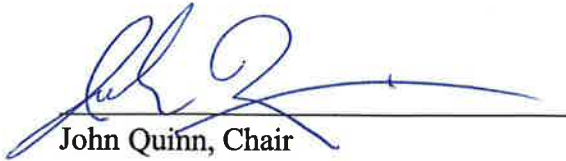
At all times the total of receipts added to the cash remaining in the petty cash box must equal the predetermined petty cash amount. Under no circumstance will personal funds be used to compensate shortages. All shortages must be brought to the attention of the treasurer, or other designee, immediately 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. First-time returned checks will be re-deposited. Upon second receipt of a returned check, the treasurer, or other designee, 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. Thereafter, full payment, including the return check fee, must be in the form of cash, money order, or bank certified check.

The foregoing Cash Receipts, Petty Cash and Returned Check Policy is hereby adopted by the selectboard and the treasurer of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD

TREASURER



John Quinn, Chair

Charlotte L. Vincent



Ira Allen, Board Member



Robert L. Bancroft, Board Member

CREDIT CARD POLICY

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 which officers and employees of the Town will be authorized to use a Town credit card and will establish appropriate limits for each purchase and the total credit limit for each card. Cards will be issued in the names of authorized officers and employees.

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.

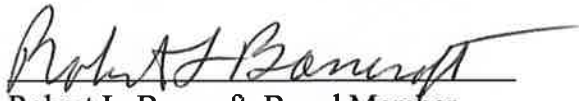
SECURITY. Authorized credit card users are responsible for the card's protection and custody and shall immediately notify the selectboard and the credit card company or bank if the credit card is lost or stolen.

DOCUMENTATION. Each month, with submission of the credit card bill to the treasurer, or other designee, 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 Credit Card Policy is hereby adopted by the selectboard of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD


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DEBT MANAGEMENT POLICY

PURPOSE. The purpose of this Policy is to establish the guidelines for the issuance of debt by the Town of Westford. 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 in consideration 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.

Medium debt is limited to expenses that are financed for more than one year but less than 10 years.

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 considered to minimize the amount of long-term borrowing that is required.

EMERGENCY DEBT. The selectboard may borrow for the purpose of meeting a public emergency without complying with the debt management policy. Emergency expenditures may include immediate repair or maintenance of town roads and/or property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of important Town services.

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 should be considered when determining if debt should be issued:

1. The town should not incur indebtedness which, with its previously contracted indebtedness, in the aggregate exceeds 33% of the last grand list.
2. Total debt service (principal and interest) as a percentage of total town budget expenditures should not exceed 6%.

The foregoing Debt Management Policy is hereby adopted by the selectboard of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD



John Quinn, Chair



Ira Allen, Board Member



Robert L. Bancroft, Board Member

CAPITAL PROGRAM AND BUDGET POLICY

PURPOSE. The purpose of this Capital Program and Budget Policy is to establish a capital improvement program (CIP) for the Town of Westford in accordance with 24 V.S.A. § 4433. The capital assets of the Town and their condition are critical to the quality of services provided to the municipality. A CIP is a multi-year financial plan for the construction or acquisition of capital assets. It provides for the planning of future financial resources and financing of projects (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt). A CIP also identifies the future financial resources required to operate and maintain capital assets once they have been acquired. Through a CIP, the Town can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to better manage its long-term financial position.

CAPITAL IMPROVEMENT PLAN AND BUDGET. The selectboard will adopt a five-year CIP for the Town of Westford. This plan will include the Town's plan of capital projects proposed to be undertaken during each of the following five years, the estimated cost of those projects, and the proposed method of financing. The 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 government, 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; and (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 \$5,000.00 and any expenditure for infrastructure (e.g., roads, bridges, water and wastewater distribution and collection systems) costing more than \$50,000.00.


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 Capital Program and Budget Policy is hereby adopted by the selectboard of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD


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INVESTMENT POLICY

PURPOSE. In accordance with 24 V.S.A. § 1571(b), moneys received by the treasurer, or other designee, on behalf of the Town of Westford may be invested and reinvested by the treasurer, or other designee, with the approval of the selectboard. 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 Westford.

This Policy does not apply to trust funds held by the Town of Westford. These trust funds are managed under a separate investment policy for trust assets, adopted by the trustees of public funds in accordance with 24 V.S.A. § 2432. It does not apply to bond fund investments made in accordance with applicable bond debenture requirements.

OBJECTIVES. The primary objectives in priority order of investment of the funds of the Town of Westford shall be safety, liquidity, yield, and local investment:

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

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

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, funds may be invested for the betterment of the local economy. The Town may accept a proposal from an eligible institution that provides for a reduced rate of interest, provided that such institution documents the use of deposited funds for community development projects. Local investment is of tertiary importance compared to the safety, liquidity, and yield objectives described above.

POOLING. Except where prohibited by law, cash and reserve balances from all funds will 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.

STANDARD OF CARE. The standard of care to be used by the treasurer, or other designee, and selectboard shall be the prudent person standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

CONFLICTS OF INTEREST. The selectboard and the treasurer, or other designee, shall refrain from personal business activity that could conflict with the proper execution and management of the Town's investments or that could impair their ability to make impartial decisions. They shall disclose any material interests in financial institutions with which the Town conducts business, and further disclose any personal financial or investment positions that could be related to the performance of the Town's investments. Selectboard members and the treasurer, or other designee, shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.

INTERNAL CONTROLS. The selectboard and 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, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Town.

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

1. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
2. Proof of National Association of Securities Dealers (NASD) certification;

3. Proof of state registration;
4. Certification of having read and understood and agreeing to comply with the Town's investment policy; and
5. Evidence of adequate insurance coverage.

The treasurer and selectboard may conduct an annual review of the financial condition and registration of all qualified financial institutions and broker/dealers.

The following investments will be permitted under this policy:

1. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government and are considered to be the most secure instruments available;
2. U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
3. Certificates of deposit and other evidences of deposit at financial institutions;
4. Investment grade obligations of state and local governments and public authorities;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
6. Local government investment pools, either state-administered or developed through joint powers statutes, and other intergovernmental agreement legislation.

COLLATERALIZATION. Collateralization using obligations fully guaranteed by the full faith and credit of a Vermont municipality, the State of Vermont, and/or the United States Government will be required on certificates of deposit. 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 secured by the collateral. Collateral will always be held by an independent party, in the Town's name, with whom the Town has a current custodial agreement. Evidence of ownership must be supplied to, and retained by, the Town.

SAFEKEEPING AND CUSTODY. All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by an independent third-party custodian selected by the treasurer as evidenced by safekeeping receipts in the Town's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

REPORTING. The treasurer, or other designee, 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 report will include a listing of individual securities held at the end of the reporting period, realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over a one-year duration that are not intended to be

held until maturity, average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

The foregoing Investment Policy is hereby adopted by the selectboard and the treasurer of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD

TREASURER



John Quinn, Chair

Charlotte L. Vincent



Ira Allen, Board Member



Robert L. Bancroft, Board Member

FRAUD PREVENTION POLICY

PURPOSE. The purpose of this policy is to provide a mechanism for employees and officers to bring to the attention of the town auditors (or State Auditor or Attorney General Office in the absence of town auditors) 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 town auditors (or State Auditor or Attorney General Office in the absence of town auditors).

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 town auditors (or State Auditor or Attorney General Office in the absence of town auditors) shall investigate the issues identified in the report. The town auditors (or State Auditor or Attorney General Office in the absence of town auditors) 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 town auditors (or State Auditor or Attorney General Office in the absence of town auditors) 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 Fraud Prevention Policy is hereby adopted by the selectboard and the treasurer of the Town of Westford, Vermont, this 13th day of December, 2012 and is effective as of this date until amended or repealed.

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Robert L. Bancroft, Board Member

RESERVE FUND BALANCE POLICY

PURPOSE. The selectboard of the Town of Westford believes that sound financial management requires that sufficient funds be maintained by the Town for unanticipated expenditures and revenue shortfalls during the course of the fiscal year as may be caused by economic downturns, natural disasters, and other unforeseen circumstances. Maintaining such funds will help sustain the stability of the Town tax rate and reduce the need for short-term borrowing.

OBJECTIVE. Upon recommendation of the selectboard, on March __, 20__, voters of the Town authorized establishment of a reserve fund in accordance with 24 V.S.A. § 2804(a). The selectboard's objective is for adequate funds to be set aside in this reserve fund in a planned and consistent manner and that these moneys not be spent for regular Town expenditures or used to reduce property taxes.

RESERVE FUND EXPENDITURES. The reserve fund was established by the voters for the purpose of covering unanticipated revenue shortfalls and paying non-recurring and unanticipated general and highway fund expenditures of the Town. To this end, the selectboard will only use the reserve fund to alleviate unanticipated short-term budgetary issues such as revenue shortfalls or unforeseen expenses. Any expenditure of the reserve fund by the selectboard for such purposes shall require approval of a majority of selectboard members after due notice and a public hearing. In accordance with 24 V.S.A. § 2804(a), expenditure of the reserve fund for any other purpose shall require the authorization of a majority of the voters present at an annual or special town meeting.

RESERVE FUND APPROPRIATIONS. Annually, the selectboard will propose funding of the contingency reserve fund through the town budget to maintain the balance at the maximum amount authorized by the voters. If an expenditure reduces the contingency reserve fund balance below 75% of the maximum amount authorized by the voters, the selectboard will, as part of its approval, adopt a plan to restore the funds to the prescribed level.

The foregoing Policy is hereby adopted by the selectboard of the Town of Westford, Vermont, this ____ day of _____, 2012 and is effective as of this date until amended or repealed.

WESTFORD SELECTBOARD



John Quinn, Chair



Robert L. Bancroft, Board Member



Ira Allen, Board Member