

CASH RECEIPTS, PETTY CASH AND RETURNED CHECK POLICY

Town of Thetford

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 Thetford: treasurer, assistant treasurer, town clerk, assistant town clerk, collector of delinquent taxes, selectboard members, cemetery commissioners, police chief, police officer, fire warden, service officer, trustees of public funds, zoning administrator, recreation coordinator, recycling manager, solid waste manager, Treasure Island gate attendant, Treasure Island manager, selectboard-designated members of Town committees receiving funds.

PROPER PAYEE. All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Thetford. 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 payment received over the amount of \$10. 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. The third copy must be retained by the person authorized to receive funds for audit purposes, and it shall be countersigned by the treasurer when funds are deposited with the treasurer.

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 persons must be deposited with the treasurer no later than within two business days.

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 or other acknowledgement. The treasurer will take the deposits to the bank weekly (or, failing that, notify the Selectboard when such deposit will occur) and retain copies of all deposit statements issued by the bank.

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. A petty cash system shall be defined as a multi-day cash fund and system of accounting for the purposes of providing immediate liquidity for Town operations. 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 locked 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 will have access to the locked petty cash box and key.

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.

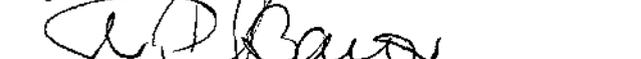
RETURNED CHECKS. Returned checks will be recorded in the accounting system against the revenue in which it was originally posted if the check is not replaced. First-time returned checks will be re-deposited. Upon second receipt of a returned check, the treasurer will notify the check writer and inform him or her that his or her check did not clear and advise that there is a return check fee due in the amount \$20, or the actual fees charged by the bank, whichever is greater. At the discretion of the Treasurer, full payment, including the return check fee, may be required to 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 Thetford, Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.

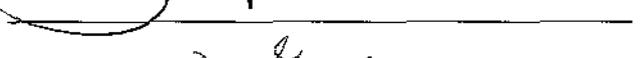
Chairperson



Andrew F. Fisher



J.P. Baur



Treasurer

Julie D. Graff

AUDITING AND FINANCIAL REPORTING POLICY

Town of Thetford

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 Thetford 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 the modified accrual basis of accounting for governmental funds and the accrual 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 audit performed by the Town's elected auditors under 24 V.S.A. § 1681.

QUARTERLY AND ANNUAL FINANCIAL REPORTING. The treasurer will prepare quarterly – and as frequently as monthly upon the written request of the Selectboard – financial reports for the selectboard's management purposes. These will consist of a report composed of information including:

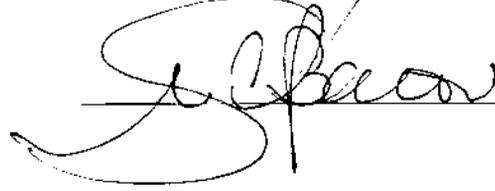
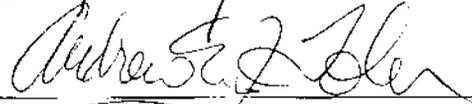
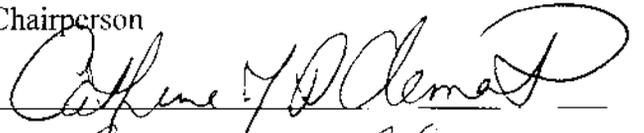
- Budget Report showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item;
- Statement of Revenue, Expenditures, and Changes in Fund Balance showing revenues and expenditures and the difference between the two, the beginning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

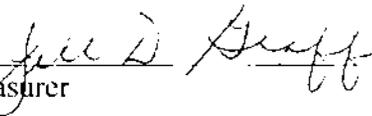
The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Thetford, Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.



Chairperson



Treasurer



PURCHASING POLICY

Town of Thetford

PURPOSE. The purpose of this Purchasing Policy is to obtain the highest quality goods and services for the Town of Thetford 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 non-emergency purchases over \$5,000 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, flexibility and skill of the vendor demonstrated under prior contracts with the Town.

BID PROCESS. All non-emergency purchases of \$10,000 or more shall be subject to a bid process. The bid process shall be initiated by the issuance of a request for bids approved by the selectboard. Notice of the request for bids shall be made by letters to known providers soliciting bid responses, and preferably with advertisements posted in three public locations within the Town, and advertisements placed in a newspaper of general circulation in the region. This policy is designed to provide instruction to town employees. No provision in this Purchasing Policy shall be construed as to grant rights of recourse to bidders if this policy is not followed.

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 should 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. Any bid may be withdrawn in writing – including by email – prior to the scheduled time for the opening of bids. Any bids received after the time and date specified shall not be considered.

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.

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 and demonstrated flexibility.
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 and all bidders to determine the ability of the bidder 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 one optimal source for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source.

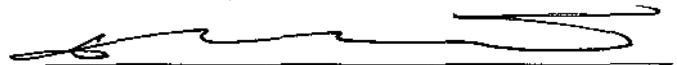
Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed \$1,000 during any fiscal year, the bid process shall be utilized and shall specify the recurring nature of the purchase. Once a bid has been accepted, all future

purchases shall be made from that bidder without necessity of additional bids, until such time as the selectboard votes to initiate a new bid process.

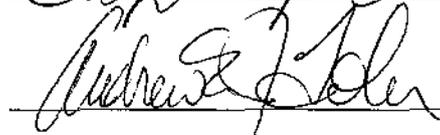
Emergency Purchases. The selectboard may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency expenditures may include immediate repair or maintenance of town property, vehicles, or equipment if the delay in such repair or 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 legal, financial, auditing, engineering, risk management, and insurance services.

The foregoing Policy is hereby adopted by the selectboard of the Town of Thetford, Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.



Chairperson



DEBT MANAGEMENT POLICY

Town of Thetford

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

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 in such a manner 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.

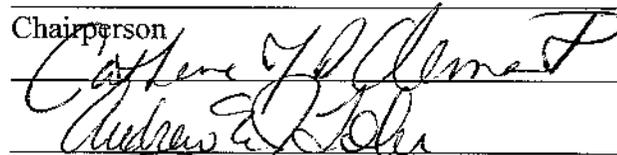
REPAYMENT OF DEBT. The selectboard will conservatively project the revenue sources that will be utilized to repay any debt, and will analyze the impact on voters of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine if new debt should 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 0.25 times the amount of the last grand list.
2. Total town indebtedness per capita should not exceed \$10,000.
3. 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 Thetford, Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.


Chairperson



FRAUD PREVENTION POLICY

Town of Thetford

PURPOSE. The purpose of this policy is to provide a mechanism for employees and officers to bring to the attention of the 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 treasurer and/or to the selectboard.

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 treasurer and/or the selectboard shall investigate the issues identified in the report and notify the auditing firm of record. The party receiving the original report may choose to conduct an initial investigation, consulting with the selectboard, treasurer, any other Town employee, legal counsel and independent auditors as a part of their investigation. At the conclusion of the initial investigation, the party receiving the original report must create a written response to the original report, which shall be considered a public document. The treasurer and/or the selectboard may ask the auditing firm of record to conduct its own investigation. In such a case, the auditing firm of record 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

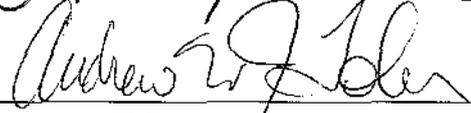
reelection for the year ensuing and be subject to the penalties otherwise prescribed by law.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Thetford Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.

Chairperson



A handwritten signature in cursive script, appearing to read "Charles D. Almonte", written over a horizontal line.



A handwritten signature in cursive script, appearing to read "Andrew J. Blen", written over a horizontal line.



A handwritten signature in cursive script, appearing to read "J. Haas", written over a horizontal line.

INVESTMENT POLICY

Town of Thetford

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

This Policy does not apply to trust funds held by the Town of Thetford. These trust funds are managed under a separate investment policy for trust assets, adopted by the Thetford 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 Thetford shall be safety, liquidity and yield:

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. 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.

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 important, but secondary compared to the safety and liquidity 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 the general fund.

STANDARD OF CARE. The standard of care to be used by the treasurer and selectboard shall be the prudent person standard and shall be applied in the context of

managing an overall portfolio. Investments shall be made with 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 shall refrain from personal business activity that could conflict with the proper execution and management of the Town's investments or that could impair their ability to make impartial decisions, they shall disclose any material interests in financial institutions with which the Town conducts business, and further disclose any personal financial or investment positions that could be related to the performance of the Town's investments. Selectboard members and the treasurer shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.

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

The treasurer and selectboard will conduct a bi-annual review of the financial condition of all qualified financial institutions and broker/dealers and their attending interest rates.

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. Bankers acceptances;
5. Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
6. Investment grade obligations of state and local governments and public authorities;
7. Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments;
8. Money market mutual funds regulated by the Securities and Exchange Commission;
9. Equities market mutual funds regulated by the Securities and Exchange Commission; and
10. Local government investment pools, either state-administered or developed through joint powers statutes, and other intergovernmental agreement legislation.

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. During any period in which the town holds investments in equity or bond funds, bonds, or other non-cash investment and non-real-estate instruments, the treasurer 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 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 Policy is hereby adopted by the selectboard and the treasurer of the Town of Thetford, Vermont, this day of 12/14/2009 and is effective as of this date until amended or repealed.

Chairperson

Robert J. Clement

Andrew E. Filer

J. C. Bacon

Treasurer

Gene D. Guff