

Town of Plainfield Financial Policies

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 Plainfield, 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. Not less than every 3 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 et seq.

MONTHLY AND ANNUAL FINANCIAL REPORTING. The treasurer 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 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.

Balanced Budget Policy

PURPOSE. The selectboard of the Town of Plainfield believes that sound financial management requires that the annual Town budget be developed and administered in such a way that annual revenue from property taxes and other sources equals annual expenses. Adoption and administration of balanced budgets will help maintain the stability of the Town tax rate and reduce the need for borrowing.

BUDGET DEVELOPMENT AND APPROVAL. Each year, the selectboard will develop and present to the voters an operating budget that balances annual revenues and annual expenditures for all funds. The selectboard will avoid proposing annual budgets that overestimate revenues, defer maintenance or replacement of essential capital assets, roll over short-term debt, or inadequately fund Town obligations. Upon voter approval of the town budget, and after the grand list has been lodged in the office of the town clerk, the selectboard will set the tax rate necessary to raise the specific amounts voted, in accordance with 17 V.S.A. § 2664.

BUDGET ADMINISTRATION. The selectboard administers the town budget through its authority to sign orders for payment of town funds. 24 V.S.A. §§ 1576, 1621 and 1622. To approve orders, the selectboard must, by a majority of the total number of members of the board, vote to authorize the treasurer to disburse money. In order to carry out this responsibility effectively, the selectboard must have timely and accurate information about the status of the town's finances. To this end, the selectboard and treasurer have adopted a financial reporting policy under which the treasurer prepares monthly financial reports for the selectboard's budget management purposes.

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

LINE ITEM TRANSFERS. During the fiscal year, all transfers between budget line items will require a majority vote of the selectboard. The vote will state the line items that are subject to transfer, the reason for the transfer, and the reason funds are available for transfer. Transfers will be made consistent with any applicable statute or legal obligations that may encumber or restrict the use of certain funds, including 19 V.S.A. § 312. At the close of the fiscal year, the treasurer will present a budget closing plan to the selectboard, making recommendations for transfers between line items, and recommending the application of any budget surplus. Approval of the budget closing plan will require a majority vote of the selectboard. Any annual budget deficit will be addressed in accordance with 24 V.S.A. § 1523(a).

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 Plainfield: treasurer, assistant treasurer, town clerk, assistant town clerk, collector of delinquent taxes.

PROPER PAYEE. All checks, money orders, and credit card payments, regardless of function, must be made payable to the Town of Plainfield. 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.

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 the following business day.

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. All deposits made to the treasurer will be issued a receipt or other acknowledgement. The treasurer will take the deposits to the bank weekly if there is cash, 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. 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 assistant treasurer and the treasurer will have access to the locked petty cash box and key.

A pre-numbered, three-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 assistant treasurer or treasurer 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. No prepayments out of petty cash will be made.

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 for 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. 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 \$35.00 return check fee due. Thereafter, full payment, including the return check fee, must be in the form of cash, money order, or bank certified check.

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 Treasurer, and Selectboard Chair 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 Treasurer and Selectboard Chair in writing to PO BOX 217 Plainfield, VT 05667 or contact these individuals by email.

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.

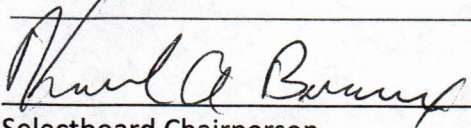
Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction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

INVESTIGATION. Upon receiving such a report, *the selectboard* shall investigate the issues identified in the report. The selectboard may consult with the town auditors, town manager, treasurer, any other Town employee, officer, legal counsel, independent auditors, or any other person or entity as part of their investigation. At the conclusion of the investigation, 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 after five business days following his or her receipt by certified mail of a written request by the auditors or public accountant that is approved and signed by the selectboard, 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 trustees of public funds of the Town of Plainfield, Vermont, this 22nd day of September, 2025 and is effective as of this date until amended or repealed.

SIGNATURES.



Selectboard Chairperson

Selectboard Members:

