

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

Town of East Montpelier

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 East Montpelier, 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 Government 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 et seq.

MONTHLY AND ANNUAL FINANCIAL REPORTING. The Treasurer will prepare monthly financial reports for the Selectboard's management purposes. These will consist of:


General Fund Budget Report showing revenues collected and appropriations expended for the year-to-date as of the previous month with the variance from the budgeted amounts for each line item;


Statement of Revenue, Expenditures, and Changes in All Funds showing revenues and expenditures and the difference between the two as well as the period beginning and ending balance for each fund; and,

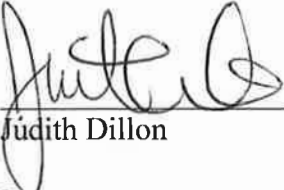
Balance Sheet showing Town assets less liabilities and the fund balance.

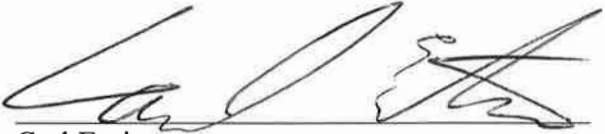
The Treasurer will also prepare an annual financial report. This report should include statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the report should include a narrative discussion to explain how the Town's 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 East Montpelier, Vermont, this 1st day of **March, 2021** and is effective as of this date until amended or repealed.


Seth Gardner, Chair


Amy Willis


Judith Dillon


Carl Etnier


Jon Jewett


Town Treasurer Don Welch

[Due to the COVID-19 pandemic the signatures of Selectboard members will be added when available; the lack of signatures does not affect the policy's effective date]