

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY

TOWN OF CANAAN AND CANAAN FIRE DISTRICTS 1 & 2

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 Canaan and Canaan Fire Districts 1 & 2, thereby enabling voters, the Selectboard or Prudential Committee and the Treasurer to make sound decisions in preparing and adopting the Town and District budgets and managing Town and District finances.

ACCOUNTING. The accounting practices of the Town and Districts will conform to Generally Accepted Accounting Principles (GAAP) 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 five years] the Selectboard and Prudential Committee will cause the Town and District 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 and Prudential Committee's management purposes. These will consist of:

Budget Reports showing revenues collected and appropriations expended for the previous month with the variance from the budgeted 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 or District 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 and District, 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 and District'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 Canaan Vermont, and Canaan Fire Districts 1 & 2, this ____ day of _____, 2022 and is effective as of this date until amended or repealed.

SIGNATURES.

Canaan Selectboard

Canaan FD1 Prudential Committee

Haven Haynes Jr., Selectboard Chairperson

Jeffrey Richards, FD 1 Committee Chairperson

Alfred Buckley

Alfred Buckley

Mark Bullard

Jeremy Labrecque

Canaan FD1 Prudential Committee

Town, FD1, and FD2 Clerks and Treasurers

Tony Wheeler, FD 2 Committee Chairperson

Noreen Labrecque, Town and FD1

Gregory Noyes

Diana Rancourt, FD2

Jody Riley