

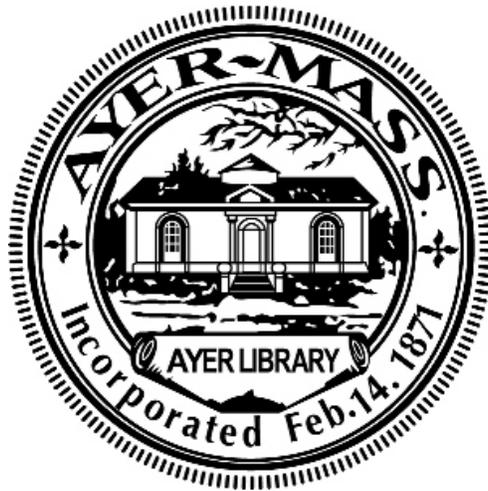
# TOWN OF AYER

## Financial Policies

### Version 4.0

*Approved by the Select Board on December 19, 2023*

*Approved by the Finance Committee on January 4, 2024*



The Ayer Financial Policies were developed as a policy guidance document for the creation, maintenance, and use of resources for the financial stability for the Town of Ayer.

## Contents

Revision History.....	3
Description.....	4
Objectives of the Financial Policies.....	4
Maintenance of Financial Policies.....	4
Restrictions of Financial Policies.....	4
Audit of Town Financials.....	4
Balanced Budget.....	5
Financial Forecasting.....	6
General Fund Revenue.....	6
Free Cash.....	8
Employee Compensation.....	9
Funds.....	10
Capital Planning.....	14
Capital Finance.....	16
Investment Policy.....	16
Water and Sewer Shut-off Policy.....	17
Procurement Policies.....	18
Long Term Debt.....	20
Information Technology Acquisition Policy.....	20
Signatures.....	23
APPENDIX A – ENTERPRISE POLICY.....	24

## Revision History

<b>Submitter</b>	<b>Affiliation</b>	<b>Version</b>	<b>Changes</b>	<b>Date</b>
Brian Muldoon	Finance Committee	1.5	Working Group Updates	Summer/Fall 2013
Scott Houde	Finance Committee	1.6	LAG recommendations and discussion with working group	12/20/13
Scott Houde	Finance Committee	1.7	Final Update for Review	1/22/14
Scott Houde	Finance Committee	2.0	Final Edits Approved by Working Group	6/24/14
Barbara Tierney	Finance Manager-Treasurer/Tax Collector	3.0	Updates for Review	8/13/19
Barbara Tierney	Finance Manager	4.0	Bi-Board Updates	SB 12/19/23 Fin. Com. 1/4/24

## **Description**

The Ayer Financial Policies were developed to guide the creation, maintenance, and use of resources for financial stability for the Town of Ayer.

## **Objectives of the Financial Policies**

The Finance Committee will work with the Select Board, Town Manager, Regional School Committee, Finance Manager-Treasurer/Tax Collector, Board of Assessors, and the Town Accountant to:

1. Provide full value to Ayer residents and businesses by delivering quality services on a cost-effective basis.
2. Preserve the Town's quality of life by providing and maintaining adequate financial resources to sustain a sufficient level of services.
3. Allow response to changes in the economy, government priorities, and other changes that may affect our well-being.
4. Provide a road map for future town leaders for the well-being of Ayer's finances.

## **Maintenance of Financial Policies**

The Executive Bi-Board will review the financial policies and make necessary changes to the document periodically, as needed, and subject to review by the Finance Committee and with approval by the Select Board. The Executive Bi-Board shall take into account all recommendations of the Massachusetts Department of Revenue (DOR) Division of Local Services and the General Finance Officers Association as part of its review. Copies of the Financial Policies are available on the Town website and at Town Hall.

## **Restrictions of Financial Policies**

These policies will be in effect upon acceptance by a majority vote of the Select Board. Amendments to the Financial Policies must be reviewed by the Finance Committee with approval by majority vote by the Select Board.

## **Audit of Town Financials**

The Town will utilize accounting practices that conform to generally accepted accounting principles as set forth by the Government Accounting Standards Board (GASB). The Town will comply with GASB Statement 34 and continue to track, report, and depreciate capital assets as required. The Town will follow recommended reporting and development of a funding structure regarding accounting for Other Post-Employment Benefits (primarily health insurance) to retired employees in accordance with GASB 74 – Financial Reporting

for Post Employment Benefit Plans Other Than Pension Plans” and GASB 75 – “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions”.

An annual audit will be performed by an independent public accounting firm. Selection of the firm is subject to guidelines of Massachusetts General Law, (M.G.L.), Chapter 30B, although this service is exempt from Chapter 30B. An examination of the community's financial systems, procedures, and data will be performed by a certified public accountant (independent auditor). The auditor shall also report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating the fiscal performance of a community.

The Town should enter into multiyear agreements when obtaining the services of an independent auditor. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.

The Town Manager, Finance Manager; and Town Accountant, will review the management letter from the audit firm. The management letter details recommendations as a result of the audit. This information will be summarized and shared with department heads. The Finance Team will review the recommendations and findings. The Town Manager and Finance Manager will meet with relevant department heads, and town officials, to implement changes if necessary/possible.

Internal audits shall be performed at the discretion and by the Town Manager, Town Accountant, Finance Manager-Treasurer/Tax Collector, Select Board or Finance Committee.

## **Balanced Budget**

The cost of operations of the Town will be funded on a fiscal basis by current revenues.

The Town shall have a goal of not deferring maintenance of capital equipment and facilities nor deferring the costs or recognition of the costs.

The Town will adopt a budget based on sound business practices which relate departmental performance to actual outcomes of established goals and objectives.

## **Financial Forecasting**

A five-year financial projection model shall be prepared annually and jointly by the Town Accountant, Town Manager, Finance Manager-Treasurer/Tax Collector, Select Board, and Board of Assessors projecting revenues and expenditures for all operating funds.

Representatives of the aforementioned committees or their appointed representatives may participate in this work. This projection shall be a planning tool in developing the following year's operating budget and capital improvements plan. Revenue forecasts for property tax, local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs.

The five-year financial projection model will be presented to the public in an open forum prior to the beginning of the next fiscal year budget process.

The objective of the five-year projection model shall be to create a balanced budget forecasting out as many years as is practicable when considering various scenarios.

## **Town Budget Calendar**

Each year beginning in July, the Executive Bi-Board shall develop a proposed Budget Calendar for the upcoming fiscal year, subject to review by the Finance Committee and approval by the Select Board. The Town Budget Calendar shall contain all major dates, deadlines, and events related to the Town Budget process. The Select Board shall finalize and approve the Budget Calendar no later than their first meeting in October.

Once approved by the Select Board, any changes to the Budget Calendar must be presented to the Select Board for review and approval. The Budget Calendar shall be distributed to all Town Departments by the Town Manager and is available on the Town's website or upon request from the Select Board Office.

## **General Fund Revenue**

The Town shall estimate its annual revenues, in detail, by use of objective analysis. The assumptions and factors through which the estimates are derived will be clearly stated and explained. The Town employs a conservative and fiscally prudent historical analysis to estimating revenues.

One-time revenues will be used for capital improvements, additions to reserves or as legally restricted to a specific purpose.

The year-to-year increase of actual revenue from the property tax levy shall generally not exceed 2.5% pursuant to the limitations of M.G.L. Ch. 59 Sec. 21C.

- a. Excluding additional tax levy capacity resulting from the annual certification of new growth valuation.
- b. Excluding expenditure increases funded outside the tax limit cap.

Real and Personal Property valuations shall be reassessed and recertified per statute.

- a. The town is required to maintain property values at 100% of their full and fair cash valuation on an annual basis. Municipalities are audited (certified) by the Massachusetts DOR every 5 years to ensure that valuations remain in compliance with the Commissioner of Revenue's standards as they relate to the assessment level and uniformity. The town is also subject to DOR review and approval of assessed valuations for each of the 4 years between certifications through an interim year update of assessed valuations program.
- b. Given the significance of property taxes to both town government and taxpayers, the Town will provide support and resources for the Board of Assessors to properly assess property and to defend such assessments, if necessary, at the Appellate Tax Board.

The Finance Manager-Treasurer/Tax Collector will carefully and routinely monitor all amounts due the Town. A proactive policy of collection will be followed for all property tax receivables. The Town will strive to achieve a target of 98% tax collection rate by fiscal year. All collection activities by the Finance Manager-Treasurer/Tax Collector shall adhere to standard procedures jointly agreed to by the Town Accountant, Finance Manager-Treasurer/Tax Collector and Town Manager.

The Town will endeavor to review its fee structure every two years for services which fees are charged to assure that the full cost of providing the service or product is recovered.

The Town's Rate Review Committee will review the rates and fees of the Solid Waste Enterprise (Transfer Station); Water Enterprise; and Sewer Enterprise on an annual basis and make formal recommendations to the Select Board in a public forum(s).

The Town's Ambulance Enterprise Fund will be reviewed annually by the Fire Chief, Town Accountant, and Town Manager with any formal recommendations made to the Select Board in a public forum(s).

Residential and commercial/industrial/personal (CIP) tax rates are certified annually by the Massachusetts Commissioner of Revenue. Prior to tax rate certification, the Select Board is required to conduct a Tax Classification Public Hearing where the percentage of the tax burden borne by each class of property is determined through the Select Board's

adoption of a Residential Factor which is derived from a CIP shift percentage. Adoption of a factor of ‘1’ will result in a single tax rate for all classes of property, while the adoption of any factor other than “1” will establish two tax rates: a lower rate for residential taxpayers and higher rate for CIP taxpayers. The Residential Factor is a tool that can be used to equalize fluctuations in tax bills resulting from disproportionate changes in assessed valuations. For FY 2019, Ayer approved a residential factor based on a CIP shift percentage of 1.54. Since FY 2003, the town’s CIP shift percentage has ranged from a low of 1.445 to a high of 1.66. Approximately 30% of the cities and towns in Massachusetts have voted to establish a multiple tax rate structure.

Meals Tax: Taxes collected from the meals tax are general fund monies, per DOR. However, an amount equal to the annual estimated meals tax shall be used as the minimum annual funding of the OPEB account (Other Post-Employment Benefits Fund) pending approval by Town Meeting.

Cannabis Tax: Taxes collected from the Cannabis tax are general fund monies, per DOR. These funds will be reviewed, and a recommendation given by the Executive Bi-Board to use any available monies to fund one of the Town’s Stabilization Fund(s) pending approval by Town Meeting.

Tax Increment Financing Agreements (TIFs):

When a Tax Increment Financing (TIF) Agreement or Special Tax Assessment (STA) Agreement is presented to the Town of consideration; the said TIF or STA shall be reviewed by a committee consisting of the Town Manager; Assessing Administrator; Director of Economic Development; Finance Manager; and a member of the Finance Committee. The Committee shall have the authority to negotiate the terms of the TIF or STA subject to review and approval of the TIF or STA by the Select Board. Additionally, all TIF and STA agreements must be approved by Town Meeting.

No committee or board will issue a license or permit to any person or business entity that is delinquent or in arrears on taxes or town fees as detailed in M.G.L. Ch. 40 Sec 57.

## **Free Cash**

According to the Division of Local Services, (DLS), “free cash” is a revenue source that results from the calculation, as of July 1, of a community’s remaining unrestricted funds from operations of the previous fiscal year, based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ending, plus unexpended free cash from

the previous year. Free cash is offset by property tax receivables and certain deficits; as a result, it can be a negative number.

Free cash plays a role in sustaining a strong credit rating, and the DOR encourages the adoption of policies on its use. As a non-recurring revenue source, a prudent use of free cash would be to fund one-time expenditures, a capital purpose, or to replenish other reserves, not for reoccurring operating expenses according to the DOR.

Free cash is not available for use until a balance sheet for the prior year is submitted by the accountant, auditor or comptroller and free cash is certified by the DOR. The use of free cash requires an appropriation approved by Town Meeting, but only after it is certified by the DOR.

Free cash is “a necessary component of sound local fiscal management” and “one indicator of fiscal health” that can positively affect bond ratings and reduce borrowing costs, according to the Division of Local Services.

## **Employee Compensation**

The Town endeavors to compensate its employees at the prevailing market rate for wages and benefits. The change in salaries, wages and benefits from year to year shall not exceed that which can be sustained on an ongoing basis out of recurring revenues.

The Town Manager will make a Cost of Living Adjustment (COLA) recommendation for all non-union employees not covered by a Collective Bargaining agreement. The COLA recommendation shall also apply to all Elected Officials receiving a stipend as well as the Call Firefighters. The COLA recommendation is subject to review and approval by the Select Board for inclusion in the fiscal year omnibus budget to be reviewed and approved by Town Meeting. The resources used to make this recommendation include, but are not limited to:

- Consumer Price Index, Boston-Cambridge-Newton:  
[https://www.bls.gov/regions/new-england/news-release/consumerpriceindex\\_boston.htm](https://www.bls.gov/regions/new-england/news-release/consumerpriceindex_boston.htm)
- Changing Compensation Costs in the Boston Metropolitan Area:  
[https://www.bls.gov/regions/new-england/news-release/employmentcostindex\\_boston.htm](https://www.bls.gov/regions/new-england/news-release/employmentcostindex_boston.htm)
- Consumer Price Index Information – Massachusetts:  
<https://www.bls.gov/regions/new-england/massachusetts.htm>

- Consumer Price Index Information – Massachusetts, Leominster area resources: [https://www.bls.gov/regions/new-england/ma\\_leominster\\_mn.htm](https://www.bls.gov/regions/new-england/ma_leominster_mn.htm)
- The Massachusetts Municipal Personnel Administration COLA survey
- An analysis of the Town of Ayer Collective Bargaining Agreements

## Funds

All current operating expenditures should be paid for with current operating revenues.

External borrowing will not be used to fund current operating expenditures.

As federal and state mandates come into effect over time, they often have associated costs; these costs can be substantial and subsequently should be shared over time.

### *Enterprise and other similar funds*

- This type of fund should be established in such a way as to reasonably plan for and moderate the rate of cost increase to taxpayers. Should the need for such a fund be determined, if any existing funding currently used for the purpose of the new fund is part of the general fund, then that amount should first be reallocated to the new fund before any new fees are considered or created.
- Fees for the purpose of funding enterprise and other similar funds shall be established in such a way as to moderate the rate of cost increase for taxpayers.
- Rates and fees for sewer, water, transfer station, ambulance and other enterprise funds shall be reviewed annually with the goal to cover all direct, indirect and capital improvement costs of the systems.
- Capital improvements for sewer, water, solid waste (transfer station), ambulance and other enterprise funds shall be scheduled within the predictable revenue stream and scheduled to avoid major or unscheduled increases in rates.
- New funds shall comply with Massachusetts DOR regulations
- Enterprise Funds indirect cost: See Appendix A

## *Reserves*

The Town will seek to adequately fund and maintain financial reserves such as the Stabilization Fund, Reserve Fund, and other such formally recognized reserve accounts in order to:

- a. Promote financial flexibility and stability
- b. To meet extraordinary and unforeseen events
- c. To have sufficient liquidity and cash flow to pay bills on time without the necessity of short-term borrowing

## *Reserve Fund and Reserve Fund Transfer(s)*

The Town's Reserve Fund is in accordance with the provisions of MGL Chapter 40, Section 6 and is to be used only for extraordinary or unforeseen expenditures. In order to access the Reserve Fund, a Reserve Fund Transfer (RFT) form must be completed by the Town Department or Elected Official requesting the transfer.

The RFT Form requires the amount being requested; the account name and account number of which the funds will be transferred; the present balance in the account's budget; a written description of what the RFT will be used for; and a written explanation as to why the expense is extraordinary or unforeseen.

The RFT must be reviewed and approved by the Finance Committee in accordance with MGL Chapter 40, Section 6 and the Select Board.

The funding of the Reserve Fund shall be reviewed annually by the Finance Committee in consultation with the Town Manager and Finance Manager to determine an adequate level of funding for the Reserve Fund for inclusion in the fiscal year omnibus budget.

## *Stabilization*

The Stabilization Fund will strive to have a minimum balance equal to 7% of the operating revenue for a given fiscal year. Stabilization should be funded to the maximum each year to maintain the 7% balance. The minimum funding for the Stabilization fund is 10% of the calculated fund balance or such an amount that maintains the stabilization fund at 7% of the operating budget in the same fiscal year budget.

Example - If the operating revenue is \$22M, the calculated minimum funding balance is \$1.54M. If the current fund balance is \$800,000, the funding will be \$740,000. The minimum that shall be funded is 10% of the \$1.54M or \$154,000

- a. A minimum of 10% of funds in Stabilization will be invested into Capital Stabilization.
- b. Use of the Stabilization Fund is regulated by state law. The use of the Stabilization Fund and Capital Stabilization Fund requires the authorization of Town Meeting by a two-thirds vote. If the town draws funds from Stabilization, it will implement a plan to replenish the balance in addition to the annual funding calculation.
- c. Stabilization and Capital Stabilization funds will be invested in interest bearing funds.

### *OPEB(Other Post-Employment Benefits)*

The Town will plan to fund long term liabilities in such a fashion as to pay down long-term liabilities commensurate with the duration of the liability so as to reasonably share costs among taxpayers over time.

- a. Retirement Liabilities  
The Town will follow recommended reporting and development of a funding structure for GASB Statement 75 regarding accounting for Other Post-Employment Benefits (primarily health insurance) to retired employees.
- b. The Town will fund the retirement of its current retired population as of GASB 75 actuarial report received every two years

The purpose of this policy is to establish guidelines for the management of the Town's Other Post-Employment Benefits (OPEB) liability within the context of the Town's long-term obligations to its retirees. The OPEB Liability Trust was initially established in 2012, with acceptance of Chapter 32B, section 20, of the M.G.L.s, which requires segregation of funds to address the Town's OPEB liability. The custodian of the OPEB Trust Fund is the Town Finance Manager-Treasurer/Tax Collector. The Town's OPEB Board of Trustees must consist of at least five members. One current Town of Ayer employee, elected by the current employees, one retired Town of Ayer employee elected by the retirees, and at least three additional members appointed by the Select Board. The board shall meet as needed to review the Town's OPEB Trust and make any formal recommendations to the Select Board. The Town utilizes the Pension Reserves Investment Management Board (PRIM) to invest funds that are designated towards the Town's OPEB liability.

The Town expects to contribute \$300,000 annually into an OPEB trust for the purpose of funding OPEB benefits. 100% of the meals tax will be used to fund OPEB and the remaining funding will come from the General Fund. In the event the Town is unable to fully fund the \$300,000 in any year with meals tax and/or General Fund monies, the Town will fund the OPEB contribution with budgetary savings previously allocated to the pension assessment. The Town's objective in funding an OPEB trust is to accumulate sufficient assets to fully finance the Town's accrued OPEB liability. In meeting this objective, the Town strives to provide intergenerational equity for taxpayers with respect to Town costs.

#### **UDAG (Urban Development Action Grant)**

The Town's UDAG (Urban Development Action Grant) Funds are under the direct authority of the Select Board. Though these funds are currently unrestricted, the Select Board shall only consider authorization of UDAG Funds upon recommendation of the Town Manager and Finance Manager for use toward one-time economic development or infrastructure needs of the Town which are extraordinary or unforeseen outside of the normal budget processes. Additionally, the Select Board shall authorize the use of UDAG Funds by a simple majority vote and subject to said funds being replenished with Free Cash by a future Town Meeting(s).

#### ***Reserve Fund for Future Payments of Accrued Liabilities for Compensated Balances***

Established by the 2019 Annual Town Meeting, the Reserve Fund for Future Payments of Accrued Liabilities for Compensated Balances is in accordance with MGL Chapter 40, Section 13D for future payments of accrued liability for compensated absences owed to employees of the Town upon termination of their employment with the Town.

This Reserve Fund is intended for use when an employee terminates employment with the Town for retirement, or other reasons, when the termination is unforeseen prior to the annual budget process and when the Department Budget is not able to support payment of compensated balances owed to the employee.

Use of this Reserve Fund is authorized with a written recommendation from the Town Finance Manager/Accountant with the approval of the Town Manager.

It is recommended that this Reserve Fund maintain a balance of at least \$50,000. Contributions to this Reserve Fund will be considered during the annual budget process by written request from the Town Finance Manager-Treasurer/Tax Collector and subject to approval by Town Meeting.

## Capital Planning

### A. Composition

The Ayer Capital Planning Committee (ACPC) will consist of 1 member of the Select Board (who will act as Chair); 1 member of the Finance Committee; the Town Manager; the Finance Manager and 5 or fewer (in an odd number) citizens.

### B. Mission Statement

The broad vision of the ACPC shall be to:

- Provide a format under which the town's current and future capital needs can be managed given due consideration to the fiscal realities facing the Town of Ayer.
- Make recommendations to the Select Board regarding town-wide issues that could/should be addressed to better our bond rating.
- Remain mindful of the effect that any of their recommendations would have on the tax rate in the Town of Ayer.
- Weigh the effects of each decision on the quality of life in the town.

Through this format, the ACPC shall provide the Select Board, and ultimately the voters at Town Meeting, with information to inform them about the capital needs of the town. Moreover, the ACPC shall demonstrate to the Select Board, and ultimately to the voters at Town Meeting, that it has developed a long-term capital debt management plan that has as its sole purpose the provision of a cost effective and cost-efficient system of budgeting for the repair, replacement, and enhancement of the Town's capital asset base.

Capital planning is an integral component of our budgeting responsibility for the Town of Ayer. The Town must remain cognizant of our capital infrastructure needs and plan for them accordingly. The focus on this mission will only positively impact our Town's capital asset base, and it will also favorably impact Ayer's ability to have stable and predictable operating and capital budgets.

When financial times are good, and even when financial times are difficult, we must continue to keep focused on this issue. It is our obligation to provide for the effective and efficient management of our capital resources not only for this generation, but the next.

### C. Charge

1. Five Year Capital Expense Requests- To request/require an annual rolling five-year capital expense request package from each department including all necessary and appropriate backup materials and justifications.

The ACPC shall establish a firm schedule for the submission and review of said rolling five-year capital expense request packages that will allow sufficient time to review the requests and make recommendations to the Finance Committee and the Select Board in time for the Select Board to consider the recommendations for annual town meeting. Larger capital expenditures, greater than \$1M, need to be presented in a longer 10-year plan. Capital Requests shall be submitted to the Town Manager using the appropriate forms provided by the Town Manager.

**Capital Expense:** A Capital Expense is an asset with an initial, individual cost or in certain cases a cumulative cost of more than \$10,000 and an estimated useful life in excess of two years.

The Capital Planning Committee shall receive projected estimated maintenance costs going forward from department heads. Maintenance of each capital asset shall be assigned to a department head or Facilities Manager who will be responsible for ensuring maintenance is carried out according to the plan.

**2. Non-Exempt or Regular Debt-** To review each department's non-exempt or regular debt requests and to make a recommendation to the Select Board regarding which non-exempt or regular debt articles, if any, should be considered for inclusion in the annual omnibus budget, keeping in mind the following:

**2.1** The debt-service expenditures should be limited to 8% of the omnibus operating budget. To maintain this benchmark, the Town should schedule future debt service to coincide with maturing debt service.

**3. Exempt or Debt Exclusion Debt-** To review each department's exempt or debt exclusion debt request(s) and to make a recommendation to the Select Board regarding which exempt, or debt exclusion debt articles should be considered, if any, for inclusion on the annual town election ballot and annual town meeting warrant for voter consideration, but subject to the following conditions:

**3.1** Any vote to fund exempts or debt exclusion debt articles shall have the net effect of increasing the town's levy limit by the amount of the debt for the life of the debt. This will have a net effect of increasing property taxes and increasing citizen's tax bills.

**3.2** Therefore, with any recommendation for consideration of an exempt or debt exclusion capital article, the ACPC shall be required to present to the Select Board a detailed accounting of the effect that passage of such an article would have on the town's tax rate and the effect it would have on an average tax bill in the town of Ayer.

The recommendations of the ACPC are intended to be advisory in nature and shall not be binding on the Select Board.

## **Capital Finance**

The Capital Planning Committee will decide the type of funding to pursue for each capital improvement and recommend this method to the Finance Committee and Board of Selectmen for incorporation in the annual budget.

Each request will be funded in one of three categories:

1. Non-exempt or regular debt – Articles with an expense less than \$500,000 which may be considered non-exempt or regular debt and shall be funded through the operating budget.
2. Exempt or Debt Exclusion Debt – Articles with an expense equal to or greater than \$500,000 with no direct funding source, shall be considered exempt or debt exclusion and shall be funded through debt exclusion overrides votes.
3. Capital Exclusion - Shall be funded through a one-time annual tax rate increase for the fiscal year.

## **Investment Policy**

The primary purpose of this Investment Policy Statement (IPS) is to provide a clear understanding regarding the Town of Ayer's long-term Funds and general fund objectives, goals, risk tolerance, and investment guidelines established for the investment of town funds. The Finance Manager-Treasurer/Tax Collector will follow the investment policy as adopted by the Town of Ayer.

The Government Accounting Standards Board recommends the disclosure of key policies affecting cash deposits and other long-term investments, to ensure they are managed prudently and are not subject to extraordinary risks.

When assessing municipalities for credit quality, rating agencies look for investment management policies that address selection of financial institutions for services and transactions, risk assessment, investment objectives, investment maturities and volatility, portfolio diversification, safekeeping and custody, and investment performance reporting, benchmarking, and disclosure.

The Finance Manager-Treasurer/Tax Collector shall develop the appropriate procedures to assure liquidity, security, and a rate of return on Town assets. The Finance Manager-

Treasurer/Tax Collector will also regularly monitor statutory changes governing investments and offer any policy amendments. The Finance Manager-Treasurer/Tax Collector will submit a report of investments as requested to the Select Board and Town Manager.

The investment policy can be found on the Towns website at:

[www.ayer.ma.us/treasurertax-collector](http://www.ayer.ma.us/treasurertax-collector)

References to Investment Policy:

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section54>

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section55>

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section55A>

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section55B>

## **Water and Sewer Shut-off Policy**

All Water and Sewer Bills are due by the due date printed on the bill.

On the 31st day after the due date, the first late notification letter will be issued. When this notice is received, the customer must either pay the entire amount due or schedule payment arrangements.

The second notification is issued 15 days after the first late notification (45 days overdue). It warns that water and sewer services may be shut off if the bill is not paid. Tenants of rental property will also be notified so that they may act in accordance with Massachusetts Tenants Rights.

The third and final notification will be sent via certified mail after the bill is 60 days overdue. It warns that water and sewer services will be shut off if payment is not received by the specified date. In addition, a brightly colored notice will be placed on the customer's door or other easily visible location with a date and time of the termination of water service.

If payment is not received in full or a payment plan arranged with the Department of Public Works, the DPW Director, the Town Manager and the Board of Health will be notified regarding the termination of water service.

Water service termination and renewal will only occur during DPW business hours, 7:30 AM to 3:30 PM, Monday through Thursday. Water service renewal will be done after normal working hours for emergency situations authorized by the Director.

Payment to Avoid Termination - In order to forestall termination of service to a delinquent account, payment following the issuance of a Final Notice shall be made either in cash (exact amount), money order or by a certified or a bank cashier's check. A person making a payment in person to forestall termination shall be referred to the Ayer DPW Office. Upon receipt of payment, the designated representative shall issue a stop termination order and present the individual with a receipt.

Payment after Termination - A customer seeking restoration of water service after termination due to the customer's non-payment of charges must pay the past due balance on the account as well as a water service turn-on fee. Payment must be in cash (exact amount), money order or by a certified or bank cashier's check. Customers may make arrangements with the Town to pay the past due balance over time.

Collection Agreements - A customer who cannot pay the full amount due the Town for charges may be permitted to enter into a collection agreement with the Town. Customers shall be required to sign the agreement which will be furnished by the Town. The agreement will detail all the conditions that are required to prevent termination. Failure to adhere to the collection agreement will result in termination of the customer's water service.

Sending water and sewer delinquencies to lien against real estate taxes, shall not be used as a regular method for collections. There are Special Provisions against shut offs related to illness and personal safety, families with infants and elderly households. The DPW and Board of Health have information available regarding these provisions. Customers may appeal the shut off to the Select Board.

## **Procurement Policies**

The Town of Ayer is legally required to conform and comply with all applicable federal, state or local purchasing and procurement laws including M.G.L. Chapter 30B (the Uniform Procurement Act) for the purpose of ensuring that all contracts, purchase orders, and invoices entered into by the Town of Ayer are in compliance with all applicable local, state, and federal law, including M.G.L. Chapter 30B (the Uniform Procurement Act). In accordance with the provisions of this Act, the Town's Chief Procurement Officer is the Town Manager who shall oversee the procurement function in conformity with relevant statutes.

### *Procurement Requirements*

Subject to the approval of the Town Manager (Chief Procurement Officer), Department Heads and Budget Managers shall have the discretion to make purchases under \$10,000

using sound business practices. Department Heads/Budget Managers should solicit price lists and quotations from competing vendors on a regular basis to make sure the Town is getting favorable prices for all purchases.

The Town Manager (Chief Procurement Officer) shall oversee procurements of Goods and Services, pursuant to M.G.L. chapter 30B for purchases over \$10,000. For each such procurement, it shall be the responsibility of the requesting Department Head/Budget Manager to:

- a. Prepare a written description which includes all purchase requirements.
- b. Obtain written price quotations on said written description form no less than three (3) competing vendors, which quotations shall be summarized on a form prescribed by the Town Manager
- c. Obtain the written approval of the Town Manager (Chief Procurement Officer) thereon to award the contract to the lowest responsible bidder. The term “lowest responsible and eligible bidder” means the bidder whose bid is of the lowest of those bidders possessing the skill, ability and integrity necessary to faithful performance of the work.

For procurements over \$50,000 that fall under the jurisdiction of M.G.L. chapter. 149 or M.G.L. chapter. 30 §39M shall be overseen by the relevant Department Head and/or Town Manager. The Select Board shall sign all notices of award and contracts for these procurements.

3. All procurements over \$50,000 shall be made by the Town Manager (Chief Procurement Officer) and/or relevant Department Head with the requesting Department Head on the basis of an Invitation for Bids (IFB) or Request For Proposal (RFP), as set forth in M.G.L. Chapter 30B, M.G.L. chapter 149 or M.G. L. chapter 30§39M.

### *Execution of Contracts*

All contracts of \$10,000 or more shall be in writing and shall be executed by the Town Manager (Chief Procurement Officer).

Unless authorized by a majority vote by Town Meeting, the Town may not solicit or award a contract for a term greater than five years, including renewals, extensions or options.

The Town Accountant shall be provided with and shall maintain a copy of every contract executed by the Select Board, Town Manager or authorized awarding authority. The Town

Accountant shall be responsible for verifying that all legal requirements for a procurement have been met prior to issuing payment.

### *Disposal of Surplus Town Owned Property/Supplies*

Any Board or Officer in charge of a department of the Town may, with the approval of the Town Manager, for property having an aggregate value of less than \$10,000 may transfer to another Town Department or transfer by sale any personal property within the possession or control of the department which has become obsolete or is not required for further use by the department or any other department.

For supplies with a resale or salvage value of \$10,000 or more, the Town will use one of the alternate methods of sale: (1) sealed bids, or (2) public auction. The Town will also post notice indicating the supply offered for sale, the location and method for inspection of the supply, the terms and conditions of the sale including the place, date, and time for the bid opening or auction, and a statement that the Town retains the right to reject any and all bids. The Town will post this notice in accordance with M.G.L chapter 30B

### **Long Term Debt**

Long Term Debt will only be used to finance capital improvements and projects. The Town will retire principal long-term debt for any particular project in a period of time which is equal to or less than the useful life of the improvement or project. The Town will not use long-term debt to fund any portion of its current operations.

In considering and scheduling the issuance of new long-term debt the Town will seek to maintain annual principal and interest payments, net of reimbursements or dedicated revenue sources, at levels which can be sustained.

Total debt payments within the town budget may not exceed 5% of the overall omnibus budget.

### **Information Technology Acquisition Policy**

The purpose of the Town of Ayer's Information Technology Acquisition Policy is to facilitate and ensure that all Town Departments are acquiring, purchasing, procuring, operating, and disposing of all information technology hardware and software in a legal, efficient, secure, eco-friendly, and financially responsible manner with the goal of maximizing the taxpayers' funding of all Town information technology.

The Town of Ayer Information Technology Acquisition Policy covers all Boards, Commissions, Committees, Departments, Elected Officials and Employees of the Town of

Ayer. The Information Technology Acquisition Policy does not supersede and/or substitute any pertinent Federal and/or State Law.

Exempt from Policy: Due to the unique legal and security requirements of the Ayer Police Department, the Ayer Police Department is exempt from the Information Technology Acquisition Policy.

### *Administration of the Information Technology Acquisition Policy*

The IT Director, under the direction of the Town Manager, is ultimately responsible for the administration and implementation of the Information Technology Acquisition Policy.

The Information Technology Acquisition Policy may be amended by the Ayer Select Board upon recommendation by the Town Manager in consultation with the Town's IT Director and/or IT Committee.

### *Definition of Information Technology*

For the purposes of this policy, Information Technology (IT) includes but is not limited to the following:

- IT Hardware to include (but not limited to): CPUs; Monitors; Printers; Scanners; Faxes; Laptops; iPads; Cell Phones; Mice; Keyboards; Projectors; Servers; Tablets; Flash drives; external hard drives and other data storage devices; and/or other devices.
- IT Software to include (but not limited to): Operating System Software; Anti-virus Software; Security Software; Programs; Web-Site Software; Face Book Software; and/or other software.

### *Acquisition of IT Hardware and/or Software*

The acquisition of all IT Hardware and/or Software by any Town entity covered under the Scope of this policy shall be in accordance with M.G.L. Chapter 30B (State Purchasing/Procurement Law) and/or Sound Business Practices.

Any and all IT Hardware and/or Software acquisitions must first be requested in consultation with the IT Director. The IT Director has the authority to approve/revise/decline any IT Hardware and/or Software acquisition which is not in the best interests of the Town of Ayer.

Any and all IT Hardware and/or Software acquisitions must be signed off on by the IT Director and the Town Manager PRIOR to submission to the Town's Accounting Office.

No IT Hardware and/or Software acquisitions will be processed by the Town's Accounting Office until proper authorization from the IT Director and Town Manager.

Upon acquisition of any and all IT Hardware and/or Software, the IT Director is authorized to ensure the proper installation and use of said hardware and/or software.

Any and all IT Hardware and/or Software acquired by the Town of Ayer are the sole property of the Town of Ayer. Each respective Town user is required to use the IT Hardware and/or Software for Town purposes only and in accordance with the manufacturer's specifications and uses.

### *Enforcement*

Any and all IT Hardware and/or Software acquired without adhering to this policy will be deemed invalid and will be sent back with all return fees; shipping fees; and/or restocking fees charged to the offending entity (Department; Board; Commission; Committee, etc.)

### *Disposal of all IT Hardware and/or Software*

The disposal of any and all IT Hardware and/or Software shall follow M.G.L. Chapter 30B. Any disposals must be submitted in writing to the IT Director for review and authorization. The Town Manager (Procurement Officer) must also review and authorize the disposal of any and all IT Hardware and/or Software.

Disposal shall be done in a legal, responsible, secure, eco-friendly manner with any disposal costs/fees being charged to The Town disposing of the IT Hardware and/or Software.

Disposed IT Hardware and/or Software under no circumstances shall be given to any Town Employee and/or the Public.

**Signatures**

**Select Board**

**Meeting Approval Date: December 19, 2023**

  
\_\_\_\_\_  
Scott A. Houde, Chair

  
\_\_\_\_\_  
Jannice L. Livingston, Vice-Chair

  
\_\_\_\_\_  
Shaun C. Copeland, Clerk

**Finance Committee**

**Meeting Approval Date: January 4, 2024**

  
\_\_\_\_\_  
Kurt Fraczkowski, Chair

  
\_\_\_\_\_  
Andrew Sealey, Vice-Chair

  
\_\_\_\_\_  
Eric Sechman, Clerk

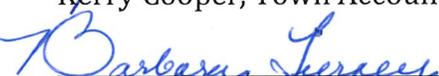
  
\_\_\_\_\_  
Jin Hong

  
\_\_\_\_\_  
Robert France

**Town of Ayer Appointed Officials**

  
\_\_\_\_\_  
Robert Pontbriand, Town Manager

  
\_\_\_\_\_  
Kerry Cooper, Town Accountant

  
\_\_\_\_\_  
Barbara Tierney, Finance Manager-Treasurer/Tax Collector

## **APPENDIX A – ENTERPRISE POLICY**

The purpose of this policy is to establish written guidelines and documentation as to how indirect costs are allocated to the various town-established enterprise funds.

### *Water/Sewer/Solid Waste Funds*

#### **Employee Benefits**

- County Retirement – Estimate is based on the percent of total budgeted wages (exclusive of overtime) for each fund versus the total wages subject to retirement per the Finance Manager-Treasurer/Tax Collector’s retirement reports times the budgeted annual county retirement assessment.
- Unemployment Compensation –Is self-funded. An amount will be budgeted annually based on prior year claims. This line item will be subject to a possible reserve fund transfer. FICA Medicare – Estimate is based on total budgeted wages, including overtime, for each fund times the FICA Medicare rate. (The rate is and has been 1.45%)
- Health Insurance – Estimate based on specific employee coverage for direct staff of enterprise fund. The employer share of each employee’s coverage is estimated using the known premium increase for the period 7/1 to 4/30. For 5/1 to 6/30 the premiums are estimated based on past actual percent increases. In addition, any HRA/FSA employer costs are prorated by employee and health insurance buyout costs are estimated based on actual costs related to the employee.
- Workers Compensation – Estimate is based on the premium breakout by fund divided by the total town premium (breakout provided by the insurance agent/provider) times the premium increase anticipated for the year.

#### **Shared Employees**

DPW Administrative Staff and Mechanic wages are allocated based on the number of departments within the public works. There have been five departments (Administrative, Highway, Water, Sewer and solid Waste). Therefore, the water, sewer and solid waste funds are each allocated 20% of the DPW administrative staff and the mechanic wages only.

#### **Shared Expenses**

DPW Fuel – The Fuel budget (net of estimates for usage of other town departments, such as Police, Fire, Parks) is also charged to each fund based on the number of departments in the public works; currently 20%.

### **Other Expenses**

Property & Liability Insurance- allocated using same method as Workers Compensation.

### **Administrative Expenses**

Since 2010 the Town has charged a portion of the Accountant's and Finance Manager-Treasurer/Tax Collector's budgets to the water, sewer and solid waste enterprise funds. The amount allocated is based on the percent of operating expenses budgeted to each fund to the total operating costs of all funds (including other enterprise funds and the general fund).

### *Ambulance Fund*

#### **Shared Employees**

The Ambulance Fund has no direct employees. Rather the operations of the Ambulance Fund are a function of the Fire Department. The Fire Department staff is therefore considered "shared employees". The full-time firefighters generally respond to medical calls; the Chief and his part-time secretary are responsible for the administration of the Ambulance Fund. The Fire Chief estimates the percent of time spent by him and his staff on Ambulance related matters. Firefighters work 24-hour shifts and the Chief estimates approximately 6 hours of each 24-hour shift, or 25% of firefighter pay relates to the Ambulance Fund. Likewise, the Chief estimates that he and the Fire Prevention Officer spend approximately 6 hours each during their 40-hour week, or 15% of their time on Ambulance related issues; and that his part-time secretary spends about 33% of her time on the same. The percentages are reviewed by the Chief on an annual basis and are applied to the total budgeted wages to estimate the amount allocated to the fund.

#### **Shared Expenses**

- Utilities and Building Maintenance – The Chief estimated that approximately 9% of the Fire Station square footage is related to the Ambulance Fund. Total amounts budgeted specifically for Fire Department heat, electricity and building maintenance are multiplied by 9% to estimate the amount charged to the Ambulance Fund
- Fuel – Fuel is estimated based on the actual gallons used in the prior year (recorded and provided by the Chief) times the average annual cost per gallon (from prior year's actual invoices).

#### **Administrative Expenses**

A share of the Accountant's and Finance Manager-Treasurer/Tax Collector's cost is allocated to the Ambulance Fund in the same manner as for the water, sewer and solid waste enterprise funds as indicated above.