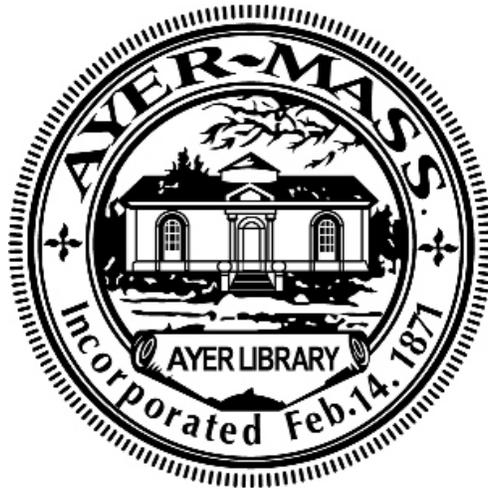


# TOWN OF AYER

## Financial Policies

Version 3.0



*Last Updated – August 2019*

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.

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## 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	Treasurer/Tax Collector	3.0	Updates for Review	8/13/19

## **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 Board of Selectman, Regional School Committee, Treasurer/Tax Collector, Board of Assessors, and the Town Accountant/Finance Director 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, changes in 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 Board of Selectmen will create a subcommittee consisting of a member from the Board of Selectman, the Town Manager, and a member from the Finance Committee, the Treasurer/Tax Collector, and the Town Accountant/Finance Director to review the financial policies and make necessary changes to the document as periodically as needed. This subcommittee shall take into account all recommendations of the Massachusetts Department of Revenue 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 binding once accepted by a majority vote of the Board of Selectmen. In the event that the policies cannot or will not be adhered to, they can only be bypassed with majority override vote by both the Board of Selectman and Finance Committee.

## **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 Postemployment 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 independent auditors. 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.

A committee comprised of representatives from the Select Board, Finance Committee, Town Accountant, Town Manager and Treasurer/Tax Collector will review the management letter from the audit firm. The management letter details any discrepancies found during the audit. This information will be summarized and shared with department heads. The Finance Committee will review the recommendations and findings with the department heads and town officials in a public forum and implement changes if possible.

Internal audits shall be performed at the discretion and by the Town Manager, Town Accountant/Finance Director, Board of Selectmen or Finance Committee.

## **Balanced Budget**

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

The Town shall have a goal not to defer maintenance of capital equipment and facilities or defer 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, the Finance Committee, Town Manager, Treasurer/Tax Collector, Board of Selectmen, 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 used as 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 going out as many years as is practicable when considering various scenarios.

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

The Town will endeavor to review its fee structure every two years for specific services which fees are charged to assure that the full cost of providing the service or product are recovered. Town rates and fees will be reviewed by a committee appointed by the Board of Selectmen. The rate and fee review committee will consist of the town's finance professionals and one representative of the Finance Committee. The recommendations from said committee will be presented to the Board of Selectmen in a public forum.

Residential and commercial/industrial/personal (CIP) tax rates are certified annually by the Massachusetts Commissioner of Revenue. Prior to tax rate certification, the Board of Selectmen is required conduct a Public Hearing on Tax Classification where the percentage of the tax burden borne by each class of property is determined through the Selectmen'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 FY2019, Ayer approved a residential factor based on a CIP shift percentage of 1.54. Since FY2003, 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.

The Town will appoint a Tax Increment Financing (TIF) review committee. The committee members will include the Town Manager, Town Accountant, Economic Developer, Assessor, one member from the Finance Committee, one member from the Board of Selectmen, one member from the business community, and one citizen volunteer.

The committee will establish a standardized template for TIF agreements. However, the committee must be provided with the authority to amend or modify established parameters in order to address any property specific circumstances that may require incorporation into the final agreement.

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 budget 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 Department of Revenue. 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 wage 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. Economic downturns will trigger a review of this policy

The Town Manager will make a COLA recommendation for employees not covered by a Collective Bargaining agreement. 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

The information provided by these links are continually changing. These links can be accessed at the Town of Ayer, public library computers or by request at the Board of Selectman's office.

## **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*

- a. This type of fund should be established in such a way as to reasonably plan for and moderate the rate of cost increase to tax payers. 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.
- b. 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 tax payers.
- c. 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.
- d. Capital improvements for sewer, water, 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.
- e. New funds shall comply with Massachusetts DOR regulations
- f. Enterprise Funds indirect cost: See Exhibit 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.

### *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.

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

### *OPEB*

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 tax payers 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 Treasurer/Tax Collector. 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 that 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

## **Capital Planning**

### **A. Composition**

The Ayer Capital Planning Committee (ACPC) will consist of: 1 member of the Board of Selectmen; 1 member of the Finance Committee; and 5 or fewer (in an odd number) citizens.

Support staff for the Capital Planning Committee will be Town Manager, Treasurer/Tax Collector, Town Accountant/Finance Director, Assessing Administrator, Economic Developer, Facilities Manager, and Department Heads.

### **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 Board of Selectmen 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 Board of Selectmen, 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 Board of Selectmen, 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 also for its orderly transfer to 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 Board of Selectmen in time for the Board of Selectmen to consider the recommendations for annual town meeting. Larger capital expenditures, greater than \$1M need to be presented in a longer 10 year plan. The request package will be submitted as an electronic spreadsheet.

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 to assure maintenance is carried out according to the plan.

The Capital Planning committee will prepare a multi-year report to be given at Town Meeting.

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

**2.1** The Town shall appropriate an amount of money annually that equals eight (8%) percent of the town's proposed operating budget to a Capital Expense Fund (CEF). Implementing this practice is subtle, because the principal and interest for bonded expenditures have minimal impact on the current year but significant impact in future years.

**2.2** All approved annual non-exempt debt service shall be paid from said CEF.

**2.3** Any balance remaining in the CEF at the end of the fiscal year shall remain and be carried over and shall in no way effect or limit the 8% annual appropriation to the CEF for the following year.

**2.4** Any balance that accrues in the CEF will be viewed favorably by the Town's bond rating agency. This will likely earn the town a higher overall bond rating. The net effect of a higher bond rating is a lower interest rate on bond issues. Lower interest rates on bond issues means lower costs to service and retire debt. Lower costs to service and retire debt means more revenue is available in the CEF to either pay down new debt, to pay down existing debt more quickly or to continue to build the fund for future use. This cycle is fiscally prudent.

**2.5** In that the source of funding for the CEF comes from within the town's annual operating budget, debt service on articles funded through the CEF have no net effect on the tax rate or a citizen's tax bill.

**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 Board of Selectmen 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 exempt 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 Board of Selectmen 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 Board of Selectmen.

## **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 \$300,000 which shall 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 \$300,000 which 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 (The Town). Long Term Funds and, General Fund objectives, goals, risk tolerance, and investment guidelines established for the investment of town funds. The Treasurer/Tax Collector will follow the investment policy as adopted by the Town of Ayer. This policy will be reviewed with the Town Manager as needed and any changes will be approved by the Board of Selectmen per the policy.

The Treasurer/Tax Collector may present and review the town's investments as requested by the Finance Committee in an open meeting.

### *I. The Investment of General Funds, Special Revenue Funds, Enterprise Funds, and Capital Projects Funds*

#### **A. Scope**

This section of the IPS applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. A separate Contributory Retirement Board, either local or county, is responsible for the investment of the pension funds.

#### **B. Investment Instruments**

*Note: Public investments in Massachusetts are not protected through provisions in State law.*

The Treasurer may invest in the following instruments:

- Massachusetts State pooled fund: Unlimited amounts (Pool is liquid) The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements

(Repos), and U. S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the CD's up to the standard limits and takes delivery on the Repos and Treasuries. Under Government Accounting Standards Board Regulation (GASB III), it is not considered an uncollateralized product.

- U. S. Treasuries that will be held to maturity: Unlimited amounts (Up to one-year maturity from date of purchase)
- U.S. Agency obligations that will be held to maturity. Unlimited amounts (Up to one-year maturity from date of purchase)
- Bank accounts or Certificates of Deposit (“CDs”) (Up to three years’ maturities from the date of purchase) which are fully collateralized through a third-party agreement: Unlimited Amounts
- Bank accounts and CDs (Up to three years’ maturities from the date of purchase) insured by F.D.I.C. up to the coverage limit. All bank accounts and CDs in one institution are considered in the aggregate for the insurance coverage limit. In some cases, Banking Institutions carry additional insurance, Depository Insurance Fund (D.I.F.): Contact banking representative for amounts of coverage.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be comprised of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by The Town in the near future. For example, these payments may be for such items as debt service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CDs will be purchased for no more than one year and will be reviewed frequently.
- Money Market Mutual Funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at

least one nationally recognized statistical rating organization and as otherwise referenced in the M.G.L. Chapter 44 Section 55.

### **C. Diversification**

Diversification should be interpreted in two ways: in terms of maturity, as well as, instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution. Except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and State pools (MMDT), no more than 25% of the Town's investments shall be invested in a single financial institution.

### **D. Authorization**

the Treasurer has authority to invest entity funds, subject to the statutes of the Commonwealth M.G.L. Chapter 44 Section 55, 55A, & 55B.

### **E. Restrictions**

Chapter 44, Section 55 set forth several restrictions that the Treasurer must be aware of when making investment selections.

- A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
- The treasurer shall not make a deposit in any bank, trust company or banking company with which he is, or for any time during the three years immediately preceding the date of any such deposit was, associated as an officer or employee.
- All securities shall have a maturity from date of purchase of one year or less, with the exception of bank certificates of deposits that have a three-year limit from the date of purchase.
- Purchases under an agreement with a trust company, national bank or Banking Company to repurchase at not less than original purchase price of said securities on a fixed date shall not exceed ninety days.

### **F. Legal References**

M.G.L. Chapter 44, Section 55

M.G.L. Chapter 44, Section 55A

M.G.L. Chapter 44; Section 55B

## *II. The Investment of Long Term Funds*

### **A. Scope**

This section of the IPS applies only to funds that are designated as long term, i.e. trust funds, stabilization funds, cemetery perpetual care, Town preservation act and other funds the town may have set aside for long term use.

All accounts will be maintained separately receiving their proportionate interest and any realized and unrealized gains or losses. The account may be established as a pooled investment portfolio unless otherwise stated. Any additional accounts will be maintained in this same manner.

### **B. Authority**

M.G.L. Chapter 44, section 54 pertains to the investment of Trust Funds, Chapter 40 Section 5B pertains to the investment of Stabilization Funds and, Chapter 44B section 7 pertains to the investments of Town Preservation Funds. All trust funds shall fall under the control of The Towns Treasurer unless otherwise provided or directed by the donor.

If the trust fund results from a gift, grant or bequest from a private donor, and the private donor specifies how the trust shall be invested; the trust fund shall be invested in accordance with the terms of the gift, grant or bequest. If there is a conflict between such donor terms and this Section II, the donor terms shall govern, subject to the general principles of prudence set forth in the Policy.

### **C. Investment Instruments**

M.G.L. Chapter 44 section 54 states that money should be deposited into savings bank, trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the F.D.I.C, or national banks, or invested in participation units in a combined investment fund under M.G.L. Chapter 29 Section or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the commonwealth.

Additionally, the Town may invest such funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the commonwealth; provided, that not more than fifteen percent (15%) of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent (1 ½%) of such funds be invested in the stock of any one bank or insurance company.

The Treasurer may invest in the following instruments:

- U. S. Treasuries that maybe sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase)
- U.S. Agency obligations that maybe sold prior to maturity. Unlimited amounts (With no limit to the length of maturity from date of purchase)
- Bank accounts or Certificates of Deposit (“CDs”) Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third-party agreement:
- Bank accounts and CDs (With no limit to the length of maturity from date of purchase) fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.): All bank accounts and CDs in one institution are considered in the aggregate to receive the insurance coverage limit.
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: These investments will be limited to no more than 5% of an institution's assets and no more than 25% of a municipality's cash. This percentage may be increase for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments maybe for such items as debt service payment or regional school assessments. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CDs will be purchased with no limit to the length of maturity from the date of purchase and will be reviewed frequently.
- Common and preferred stock that are listed in the List of Legal Investments.
- Investment Funds that are listed in the List of Legal Investments.
- All other items not separately identified here that are listed in the List of Legal Investments.

#### **D. Standards of Care**

The standard of prudence to be used by the Treasurer shall be the “Prudent Person” standard and shall be applied in the context of managing an overall portfolio. The Treasurer acting in accordance with written procedures and this IPS, and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual

security's credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this IPS and the associated M.G.L.s.

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.

In addition, this section would also apply to M.G.L. Chapter 44 Section 55A which refers to the liability of the Treasurer for losses due to bankruptcy.

#### **E. Diversification**

Diversification should be interpreted in two ways. 1.) In terms of maturity 2.) Instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as concentration in a specific institution, except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies.

#### **F. Legal References**

M.G.L. Chapter 40, Section 5B

M.G.L. Chapter 44, Section 54

M.G.L. Chapter 44, Section 55A

M.G.L. Chapter 44, Section 55B

M.G.L. Chapter 44B, Section 7

Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts list of Legal Investments Legal issued by the Banking Commissioner each July. Each trust fund must be accounted for separately. Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, Chapter 167 Section 15A.

### *III. General Provisions*

#### **A. Objective**

M.G.L. Chapter 44, section 55B requires the Entity's Treasurer to invest all public funds except those required to be kept available for purposes of immediate distribution.

This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, considering the acceptable levels of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest reasonable return available that is consistent with safety of principal while meeting the daily cash requirements for the operation of the entity's business.

- Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to preserve capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
- Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the treasurer shall attempt to carry out investment activities in a manner that provides for meeting unusual or unexpected cash demands without requiring the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
- Yield is the third, and last, objective. Investments shall be undertaken to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

## **B. Risk Tolerance**

“Credit risk” is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Town will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations. The Town will only purchase investment grade securities with a high concentration in securities rated “A” or better. The Town may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The Town may place funds in banking institutions as stated in Section C of this IPS Custodial Risk

The “custodial credit risk” for deposits is the risk that, in the event of the failure of a depository financial institution, a municipality will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a municipality will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Town will review the financial institution’s financial statements and the background of the Advisor. The intent of this qualification is to limit the Town’s exposure to only those

institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Town, will be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

"Concentration of credit risk" is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

"Interest rate risk" is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Town will manage interest rate risk by managing duration in the account.

"Foreign currency risk" is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment or a deposit.

The Town will limit investment in any instrument exposed to foreign currency risk.

### **C. Ethics**

The Treasurer/Tax Collector shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Finance Director any material financial interest in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the Town's investments.

### **D. Relationship with Financial Institutions**

Financial institutions should be selected first and foremost about their financial soundness and stability. The Town may subscribe to the Veribanc Rating Service to evaluate the banking institutions with which it chooses to establish relationships. Brokers should be recognized, reputable dealers and members of the Financial Industry Regulatory Authority (FINRA).

In instances where the Town does not purchase the Veribanc Rating Service, the Treasurer should request the banking institution's Veribanc rating from all the banking institutions that are working with the Town on a quarterly basis.

When using the Veribanc Rating Service the Treasurer may invest in such banks that show a green rating in a quarter. If a rating is yellow the Treasurer should contact the appropriate banking institution and request in writing an explanation of the change in rating and the expected time table for it to be changed to green. If for a second quarter such rating is not green, the Treasurer should consider removing all funds that are not collateralized, or carries some form of depositor's insurance. If a rating moves to red, all money should be immediately collateralized or covered by some form of depositor's insurance or be removed from the banking institution.

The Treasurer shall require any brokerage houses and broker/dealers wishing to do business with the municipality to supply the following information to the Treasurer on an annual basis:

- Annual Financial statements
- If acting as a Registered Investment Advisor, copy of their most recent Form ADV Part II report
- Errors & Omissions insurance amounting to, at a minimum, the total fair market value of the Trust Fund Portfolio
- A statement that the Advisor has read the municipality's IPS and will comply with it on an annual basis
- Annual review all advisors through [www.finra.org](http://www.finra.org)

#### **E. Reporting Requirements**

The Treasurer/Tax Collector will reconcile monthly and maintain a cash book. The cashbook will contain:

- A listing of the individual accounts.
- A summary of the income earned.
- An overall Cash balance

The Town Accountant/Finance Manager may request more detailed information which the Treasurer/Tax Collector will provide in a timely manner. Some information that may be requested but not limited to is:

- Detailed investment information by account
- A list of banks and banking accounts with current balance information

- A review of the investment portfolio

## **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 take action 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 Superintendent, 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, 8:00 AM to 3:00 PM, Monday through Thursday. Water service renewal will be done after normal working hours for emergency situations authorized by the Superintendent.

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 a designated Town representative. 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.

Please note that 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 Board of Selectmen.

## **Procurement Policies**

This policy is issued by the Ayer Board of Selectmen 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 Chief Procurement Officer (currently the Town Manager) shall oversee the procurement function in conformity with relevant statutes.

NOTE: The Chief Procurement Officer should be appointed pursuant to M.G.L. Chapter 30B. The Town Manager does not have to serve in this capacity. However that is the custom of most Town's and has been the historic precedent in Ayer. Additionally, M.G.L. Chapter 41, Section 23A provides that the Town Manager "shall act by and for the Selectmen in any matter which they may assign to him relating to the administration of the affairs of the Town or of any Town Office or Department under their supervision and control."

### *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 Board of Selectmen 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/Finance Manager shall be provided with and shall maintain a copy of every contract executed by the Board of Selectmen, Town Manager or authorized awarding authority.

#### *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 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 Board of Selectmen 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.

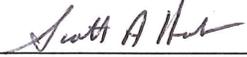
Disposal shall be done in a legal, responsible, secure, eco-friendly manner with any disposal costs/fees being charged to The Town disposing of the IT Hardware and/or Software.

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

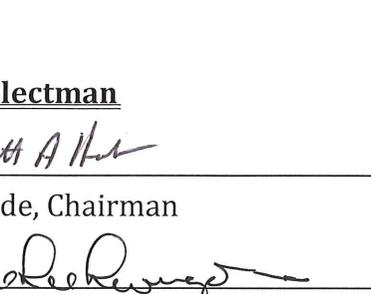
**Signatures**

**Board of Selectman**

Meeting Approval Date 8/13/2019



Scott A. Houde, Chairman

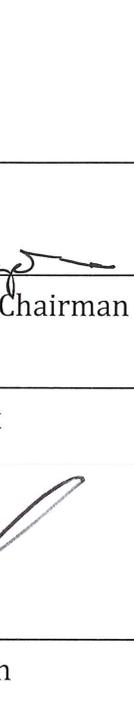


Janice L. Livingston, Vice - Chairman

Christopher Hillman, Clerk

**Finance Committee**

Meeting Approval Date 8/29/2019



Patrick Diamond, Chairman



Mark Smith, Vice-Chairman



Greg Ketcham, Clerk

Terry Harvell



Matthew Selby

**Town of Ayer Appointed Officials**



Robert Pontbriand, Town Manager



Lisa Gabree, Town Accountant/Finance Manager



Barbara Tierney, Treasurer/Tax Collector

## **EXHIBIT 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 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 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 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.