

Administrative expenses

A share of the Accountant's and Treasurer'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.

Storm water Fund and any other newly established funds

Newly established enterprise funds, such as Storm water, are not charged for indirect costs until such funds:

1. Have an established method of charging fees to recover the cost, and
2. Demonstrate capacity to pay for the direct costs in their entirety

Exhibit C - Capital Planning Policy

FORMATION OF THE AYER CAPITAL PLANNING COMMITTEE:

Accordingly, and in an effort to appropriately plan for the maintenance and enhancement of our town's asset base, while simultaneously managing the associated fiscal impacts, the Ayer Board of Selectmen shall establish a committee known as the Ayer Capital Planning Committee (ACPC). The ACPC shall consist of the following members:

1 member of the Board of Selectmen (BOS Chairman), 1 member of the Finance Committee 5 or fewer (in an odd number) citizens

Staff as support – Town Administrator, Town Treasurer, Town Accountant, Assistant Assessor, Development Director

MISSION STATEMENT OF THE AYER CAPITAL PLANNING COMMITTEE:

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.

SPECIFIC CHARGES OF THE AYER CAPITAL PLANNING COMMITTEE:

The specific charges of the ACPC are as follow.

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 Board of Selectmen in time for the Board of Selectmen to consider the recommendations for annual town meeting.

Each of these requests should be broken down into two categories:

- a. Non-Exempt or Regular Debt: Articles with an expense of less than \$250,000 which shall be considered non-exempt or regular debt and shall be funded through the operating budget; and
- b. Exempt or Debt Exclusion Debt: Articles with an expense of more than \$200,000 shall be considered exempt or debt exclusion debt and shall only be funded through debt exclusion override votes.

An article with an expense of more than \$200,000 that the town is mandated to fund or that has a debt service funding source that is outside of the operating budget may, at the Selectmen's discretion, be recommended to town meeting to be funded as regular debt as per section 1.1 above.

Borrowing authorization for land purchases to preserve open space and recreation, regardless of the dollar amount shall only be considered as debt exclusions.

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).

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.

CONCLUSION:

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

In effect, such attention to these issues will help to unburden current operating budgets and assure that current generations pay for the current use and depreciation of our town's assets while simultaneously leaving a healthy town-wide capital asset base for the future.

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.

Exhibit D - Investment Policy

Purpose

This Investment policy is intended to provide guidelines for the management and investment of all Town funds under the control of the Town Treasurer and the Assistant Treasurer.

Scope

Section I of the policy statement applies only to the short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. Section II will apply to funds with special circumstances such as stabilization. Trust funds, in the custody of the Treasurer, will be handled in a separate policy. The Middlesex Retirement Board is responsible for the investment of Town pension funds. The Treasurer shall serve as the Town's representative on the Middlesex Retirement Board.

Authorization

The Treasurer has the authority to invest all municipal funds subject to the statutes of the Massachusetts General Law Chapter 44, Section 55, 55A & 55B.

All bank and investment brokerage accounts, with the exception of Library Trust accounts, shall be maintained in the name of the "Town of Ayer" and shall list the Town Treasurer as the primary signatory and the Assistant Treasurer as a secondary signatory. These two signatories shall be the only officers authorized to withdraw funds from any such account.

Objectives

Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds at the highest possible rate of interest reasonably available, taking into account acceptable levels of safety, liquidity and yield while meeting the daily cash requirements for the operation of the Town's business.

- Safety - The safety of public funds must be the main objective in the investment program. Investments shall be made in a manner that seeks to preserve principal through the mitigation of credit risk and interest rate risk. Credit risk is the risk of loss due to the failure of the security issuer or depository institution. Interest rate risk