

# TOWN OF ROCKPORT RESERVE ACCOUNTS POLICY

## **Purpose**

The purpose of this policy is to provide process and oversight to the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Rockport for financing the acquisition or reconstruction of a specific, or a type of, capital improvement; financing the acquisition of a specific item or type of capital equipment; or a sinking fund account for paying a funded debt.

## **Authorization to establish a reserve fund**

Pursuant to 30-A M.R.S.A. § 5801, the Town of Rockport shall establish a reserve fund. Said reserve fund shall consist of certain designated reserve accounts. The reserve accounts shall be categorized as a capital improvement reserve, capital equipment reserve, or sinking fund account.

## **Designated reserve accounts**

The Town Manager upon consultation with the respective Department Head shall recommend to and the Select Board may approve the establishment of a designated reserve account or the elimination of an established reserve account. Said approval action shall be considered as amending this policy and the Town of Rockport Code shall be updated accordingly.

There are hereby established the following designated reserve accounts:

1. Police Cruiser Purchase Reserve
2. Federal Forfeiture Reserve
3. Fire Apparatus Reserve
4. Public Works Equipment Reserve
5. Video Equipment Reserve
6. Harbor Master's Boat Reserve
7. Harbor Master's Boat Engine Reserve
8. Opera House Building Reserve
9. Marine Park Float Reserve
10. Cramer Locomotive Reserve
11. Recreation Department Reserve
12. Employees Accrued Benefits Reserve

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13. Computer Reserve
14. Bicycle and Pedestrian Infrastructure Reserve
15. Accounting Software and Hardware Reserve

Reserve accounts currently existing and not included in the above list shall either continue to be used for their intended purpose until depletion or shall lapse into the Undesignated Fund Balance as of June 30, 2008.

#### **Funding for reserve accounts**

The reserve accounts may be funded by direct annual appropriation by inclusion in the annual budget voted at Town Meeting; unanticipated revenues such as sale of forfeiture property; proceeds from vehicle sales or the sale of goods; or funds from the undesignated fund balance if so approved by the legislative body at an Annual or Special Town Meeting. Donations specific to a particular Town operation may also be credited to a reserve account.

#### **Authority to use and withdraw**

The Town Manager must authorize the use and withdrawal of any and all reserve account funds. All expenditures exceeding \$2,000 require a Select Board vote.

#### **Administration responsibilities**

The Finance Director shall be responsible for monitoring the Town's reserve accounts and for insuring that this policy is adhered to. The Finance Director shall annually, as part of the budget process, submit a report outlining the status of the Town's reserve accounts which shall be included in the proposed budget submitted to the Select Board and Budget Committee. The Finance Director may also provide partial or complete status reports at other times to the Select Board, Budget Committee, Town Manager, or Department Heads. The Town Manager shall present a five (5) year capital expenditure plan for Reserve Accounts annually in October.

#### **How to establish a Reserve Account**

- 1) An account is established during the budget process unless Select Board makes an exception;
- 2) The request is reviewed and approved by the Town Manager;
- 3) The request must contain:
  - a. Statement of purpose
  - b. Source(s) of funding
  - c. Amounts and limits;

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- d. Special considerations if applicable; and
- 4) The establishment of the account must be approved by the Select Board.

### Specific reserve account requirements

#### 1. Police Cruiser Purchase Reserve

- 1) **Purpose.** The purpose of the account is to annually fund either partially or completely the purchase of a police cruiser.
- 2) **Funding.** The Police Cruiser Purchase Reserve Account shall be funded in accordance with the *Criminal Forfeiture Assets Policy* found in the Town of Rockport Codes; may also be funded by direct appropriation in the annual budget; or by the sale of police cruisers.
- 3) **Amounts and Limits.** The Police Cruiser Purchase Reserve Account may not exceed \$25,000 in a given fiscal year. Funding in excess of \$25,000 per fiscal year shall be attributed to the Police Department Forfeiture Revenue Line and lapse into the undesignated fund balance at the end of the fiscal year.

#### 2. Federal Forfeiture Reserve

- 1) **Purpose.** The purpose of the account is to fund law enforcement activities within the guidelines established by Federal Law and the Federal Equity Sharing Agreement.
- 2) **Funding.** The Federal Forfeiture Reserve Account is funded solely by the Town's share of federally forfeited assets.
- 3) **Amounts and Limits.** The Federal Forfeiture Reserve Account is a special restricted fund to be used for law enforcement purposes only in accordance with the statutes and guidelines that govern federal equitable sharing and as specified in the Federal Equitable Sharing Agreement.
- 4) **Special Considerations.** In order for the Town of Rockport to equitably share in any federally forfeited assets, the Police Chief shall execute (1) a Federal Equitable Sharing Agreement with the United States Department of Justice and Department of the Treasury and (2) a Federal Annual Certification Report related to the sharing of Asset Forfeiture funds, and present them to the Select Board for a vote of approval and signature.

#### 3. Fire Apparatus Reserve

- 1) **Purpose.** The purpose of the account is to fund the purchase of fire department leases and purchases.
- 2) **Funding.** The Vehicle Lease/Payments Reserve shall be funded by direct appropriation in the annual budget and by the sale of fire department vehicles.
- 3) **Amounts and Limits.** The Vehicle Lease/Payments Reserve Account shall not exceed \$400,000.

#### 4. Public Works Equipment Reserve

- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase of Public Works equipment.

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- 2) **Funding.** The Public Works Equipment Reserve Account shall be funded by direct appropriation in the annual budget and by the sale of equipment.
  - 3) **Amounts and Limits.** The Public Works Equipment Reserve Account shall not exceed \$50,000.
5. **Video Equipment Reserve**
- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase of equipment for the broadcast of Town meetings.
  - 2) **Funding.** The Video Equipment Reserve Account may be funded by direct appropriation in the annual budget or from Cable Franchise Fees.
  - 3) **Amounts and Limits.** The Video Equipment Reserve Account shall not exceed \$5,000.
6. **Harbor Master's Boat Reserve**
- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase of a replacement Harbor Master's boat.
  - 2) **Funding.** The Harbor Master's Boat Reserve Account shall be funded by direct appropriation in the annual budget and by the sale of the boat.
  - 3) **Amounts and Limits.** The Harbor Master's Boat Reserve Account shall not exceed the replacement value of the boat. *(boat cost \$32,000 and has a life expectancy of at least 40 years, per Mr. Perrotta, Pres. Black Lab Boats)*
7. **Harbor Master's Boat Engine Reserve**
- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase of a replacement engine for the Harbor Master's boat.
  - 2) **Funding.** The Harbor Master's Boat Engine Reserve Account shall be funded by direct appropriation in the annual budget and by the sale of the engine.
  - 3) **Amounts and Limits.** The Harbor Master's Boat Engine Reserve Account shall not exceed \$16,000.
8. **Opera House Building Reserve**
- 1) **Purpose.** The purpose of the account shall be to fund extraordinary building repair and maintenance expenditures.
  - 2) **Funding.** The Opera House Building Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
  - 3) **Amounts and Limits.** The Opera House Building Reserve shall not have a fund balance limit.
9. **Marine Park Float Reserve**
- 1) **Purpose.** The purpose of the account shall be to replace Town floats.
  - 2) **Funding.** Marine Park Float Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
  - 3) **Amounts and Limits.** The Marine Park Float Reserve shall not exceed the total replacement cost of the Town floats. *(I spoke w/ Scott Dyer at Custom Floats who estimated a*

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*25 year life span for our composite 12'x20' floats. Replacement cost today would be about \$9,000 per float and we have 10 recreational floats. There are also three new pressure treated wood floats (2-10'x20' & 1-10'x16') with an estimated life of 10-15 years; total cost \$17,775.)*

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10. **Cramer Locomotive Reserve**

- 1) *Purpose.* The purpose of this account shall be to fund either partially or completely restoration projects.
- 2) *Funding.* The Cramer Locomotive Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
- 3) *Amounts and Limits.* The Cramer Locomotive Reserve shall not have a fund balance limit.

11. **Recreation Department Court Resurfacing and Fencing Reserve**

- 1) *Purpose.* The purpose of the account shall be to fund the cost of resurfacing the tennis and basketball courts and fencing replacement for the courts.
- 2) *Funding.* Recreational Department Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
- 3) *Amounts and Limits.* The Recreational Department Reserve shall not exceed \$56,000.

12. **Employees Accrued Benefits Reserve**

- 1) *Purpose.* The purpose of the account is to pay accrued vacation and sick leave to employees terminating their employment with the Town pursuant to the most current Town of Rockport Personnel Policy or the most current union contract.
- 2) *Funding.* The Employee's Accrued Benefits Reserve shall be funded by direct appropriation in the annual budget.
- 3) *Amounts and Limits.* The Employee's Accrued Benefits Reserve shall not exceed the aggregate liability for the current budget year.

13. **Computer Reserve**

- 1) *Purpose.* The purpose of the account is to fund on-going computer and server upgrades and emergency repairs; unanticipated software purchases or upgrades; unanticipated website upgrades or hosting issues; and any consulting or repair costs associated with the aforementioned.
- 2) *Funding.* The Computer Reserve shall be funded by direct appropriation in the annual budget.
- 3) *Amounts and Limits.* The Computer Reserve shall not exceed the aggregate cost of replacing all town computers and the servers.

14. **Bicycle and Pedestrian Infrastructure Reserve**

- 1) *Purpose.* The purpose of the account is to fund pedestrian and bicycle infrastructure projects consistent with the Pathways Master Plan and Rockport's Comprehensive Plan.
- 2) *Funding.* The Bicycle and Pedestrian Infrastructure Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
- 3) *Amounts and Limits.* The Bicycle and Pedestrian Infrastructure Reserve shall not have a fund balance limit.

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15. **Accounting Software and Hardware Reserve**

- 1) **Purpose.** The purpose of the Accounting Software and Hardware Reserve account is to procure, maintain, and/or upgrade the accounting system utilized by the town to carry out the necessary responsibilities of maintaining a viable municipal accounting system that provides the best benefit to the town and the public it serves.
- 2) **Funding.** The Accounting Software and Hardware Reserve may be funded by direct appropriation in the annual budget, transfer from unencumbered surplus funds, direct appropriation in the annual Wastewater budget, and/or transfer from surplus Wastewater funds.
- 3) **Amounts and Limits.** The Accounting Software and Hardware Reserve shall not exceed the estimated cost of updating to a system that meets the needs for current and future operations.

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