

To provide process and oversight to the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Rockport

Rockport Reserves Account Policy



Rockport, Maine – February 27, 2017

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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 Vehicle and Equipment Reserve
2. Police Department Career Development Reserve (July 11, 2016)
3. Federal Forfeiture Reserve
4. Fire Apparatus Reserve
5. Public Works Equipment Reserve
6. Video Equipment Reserve
7. Opera House Building Reserve
8. Harbormaster's Boat Reserve
9. Harbormaster's Boat Engine Reserve
10. Marine Park Infrastructure Reserve
11. Lime Kiln and Cramer Locomotive Reserve
12. Recreation Facilities Reserve
13. Pathways Reserve (August 10, 2015)
14. Cemetery Reserve
15. Employees Accrued Benefits Reserve
16. Computer Reserve
17. Accounting Software and Hardware Reserve
18. Solar Power Reserve (February 27, 2017)

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 October 11, 2016.

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;
 - 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 Vehicle and Equipment Reserve

- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchasing and/or equipping of a police vehicle.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Police Vehicle and Equipment 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 vehicle(s).
- 4) **Amounts and Limits.** The Police Vehicle Purchase Reserve Account may not exceed \$40,000 in a given fiscal year. Funding in excess of \$40,000 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. Police Department Career Development Reserve

- 1) **Purpose.** The purpose of the account is to train all officers, send new officers to the Maine Criminal Justice Academy, provide equipment and uniforms to new officer and pay overtime to cover shifts while officers attend trainings.
- 2) **Category.** Sinking Fund Account.
- 3) **Funding.** The Police Department Career Development Reserve Account is funded with the reimbursement from the state, county or another municipality for the training the Town of Rockport provided to an officer they hired (the reimbursement is based on a percentage of the total academy training costs). This account may also be funded by direct appropriation in the annual budget.
- 4) **Amounts and Limits.** The Police Department Career Development Reserve Account may not exceed an amount of \$30,000, unless otherwise overridden by the Town of Rockport Select Board.

3. 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) **Category.** Sinking Fund Account.
- 3) **Funding.** The Federal Forfeiture Reserve Account is funded solely by the Town's share of federally forfeited assets.
- 4) **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.
- 5) **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.

4. Fire Apparatus Reserve

- 1) **Purpose.** The purpose of the account is to fund either partially or completely, the purchase or lease of fire department vehicles and apparatus.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Fire Apparatus Reserve shall be funded by direct appropriation in the annual budget, grants, donations and by the sale of fire department vehicles and apparatus.
- 4) **Amounts and Limits.** The Fire Apparatus Reserve Account shall not exceed \$400,000.

5. Public Works Equipment Reserve

- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase or lease of Public Works equipment.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Public Works Equipment Reserve Account shall be funded by direct appropriation in the annual budget, grants, donations and by the sale of equipment.
- 4) **Amounts and Limits.** The Public Works Equipment Reserve Account shall not exceed \$100,000.

6. 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 and community events.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Video Equipment Reserve Account may be funded by direct appropriation in the annual budget or from Cable Franchise Fees, grants and donations.
- 4) **Amounts and Limits.** The Video Equipment Reserve Account shall not exceed \$5,000.

7. Opera House Building Reserve

- 1) **Purpose.** The purpose of the account shall be to fund extraordinary building improvements and repairs.
- 2) **Category.** Capital Improvement Reserve.
- 3) **Funding.** The Opera House Building Reserve may be funded by direct appropriation in the annual budget, grants, fundraising, and/or donations.
- 4) **Amounts and Limits.** The Opera House Building Reserve shall not have a fund balance limit.

8. Harbormaster's Boat Reserve

- 1) **Purpose.** The purpose of the account is to fund either partially or completely the purchase of a replacement Harbormaster's boat.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Harbormaster's Boat Reserve Account shall be funded by direct appropriation in the annual budget by the sale of the boat, grants and donations.
- 4) **Amounts and Limits.** The Harbormaster's Boat Reserve Account shall not exceed the amount of \$40,000.

9. Harbormaster'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 Harbormaster's boat.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Harbormaster's Boat Engine Reserve Account shall be funded by direct appropriation in the annual budget, by the sale of the engine, grants and donations.
- 4) **Amounts and Limits.** The Harbormaster's Boat Engine Reserve Account shall not exceed \$20,000.

10. Marine Park Infrastructure Reserve

- 1) **Purpose.** The purpose of the account shall be to replace or add Town floats, Town pier, foot bridge and any other infrastructure needs.
- 2) **Category.** Capital Improvement Reserve.
- 3) **Funding.** Marine Park Float Reserve may be funded by direct appropriation in the annual budget, grants, fundraising, and/or donations.
- 4) **Amounts and Limits.** The Marine Park Float Reserve shall not have a fund balance limit.

11. Lime Kiln and Cramer Locomotive Reserve

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

12. Recreation Facilities Reserve

- 1) **Purpose.** The purpose of the account shall be to fund the cost of resurfacing the tennis and basketball courts, fencing replacement ballfield upgrades, and overall improvements to the recreation facilities.
- 2) **Category.** Capital Improvement Reserve.
- 3) **Funding.** Recreational Facilities Reserve may be funded by direct appropriation in the annual budget, fundraising, grants and/or donations.
- 4) **Amounts and Limits.** The Recreational Facilities Reserve shall not exceed \$150,000.

13. Pathways Reserve

- 1) **Purpose.** Pathways shall mean a walkway or trail that may be traversed by pedestrians (walkers, runners, hikers,), pedestrians using non-motorized equipment (strollers, walkers, wheelchairs), pedestrians using limited motorized equipment (road bikes, mountain bikes, wheelchairs), as well as pedestrians and their pets. This list is not intended to be exhaustive or to eliminate or discriminate against anyone from using a town pathway. Rather, the list is intended to limit use of the pathways to pedestrians and their use of equipment or vehicles that normally do not use roads or highways for travel; thereby assuring the safety of the users of town pathways. Consistent with the Pathways master plan and Rockport's comprehensive plan.

The pathway may be paved with asphalt, gravel, rock, cement dust, reclaimed asphalt, or left in a natural state. A pathway may be located along roadways, in wooded areas, in hill or mountainous areas within the town boundaries. Traversing over non-town owned property and improving said property with municipal funds may be permitted with proper permission from landowners and authorization by a favorable vote of the Select Board.

- 2) **Category.** Sinking Fund Account.

- 3) **Funding.** Initial funding shall be obtained by transferring funds currently held in GL # 1-1030-00 in the amount of \$13,424.64. Funds budgeted in the FY 15-16 budget in line E 0603-7525 in the amount of \$5,000 also be transferred to the Pathways Reserve. The total beginning balance of the Pathways Reserve is then calculated to be \$18,424.64. Future funds may be gained through grants, gifts, donations, or direct appropriation through the town's annual municipal budget.
- 4) **Amounts and Limits.** The Pathways Reserve shall not have a fund balance limit.

14. Cemetery Reserve

- 1) **Purpose.** The purpose of the Cemetery Reserve is to help fund the expansion, upkeep and repair costs within the Town owned cemeteries.
- 2) **Category.** Capital Improvement Reserve.
- 3) **Funding.** The Cemetery Reserve shall be funded by direct appropriation in the annual budget, grants and/or donations.
- 4) **Amounts and Limits.** The Cemetery Reserve shall not have a limit.

15. 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) **Category.** Sinking Fund Account
- 3) **Funding.** The Employee's Accrued Benefits Reserve shall be funded by direct appropriation in the annual budget and through unexpended wages.
- 4) **Amounts and Limits.** The Employee's Accrued Benefits Reserve shall not exceed the aggregate liability for the current budget year.

16. 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) **Category.** Capital Equipment Reserve
- 3) **Funding.** The Computer Reserve shall be funded by direct appropriation in the annual budget.
- 4) **Amounts and Limits.** The Computer Reserve shall not exceed \$10,000.

17. 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) **Category.** Capital Equipment Reserve.

- 3) **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.
- 4) **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.

18. Solar Power Reserve

- 1) **Purpose.** The purpose of the Solar Power Reserve account is to procure, maintain, and/or upgrade the solar panels utilized by the Town to offset electricity costs.
- 2) **Category.** Capital Equipment Reserve.
- 3) **Funding.** The Solar Power Reserve may be funded by direct appropriation in the annual budget, transfer from unencumbered surplus funds, grants, and/or donations.
- 4) **Amounts and Limits.** The Solar Power Reserve shall not have a fund balance limit.

Approved by the Select Board on April 22, 2008

Revised by the Select Board on August 18, 2008, March 9, 2009, October 13, 2009, April 14, 2014, August 10, 2015 and July 11, 2016, October 11, 2016 and February 27, 2017