

CAPITAL PURPOSE FUND
Article 5 on 2012 Annual Town Meeting Warrant

PRESENTATION OUTLINE

Welcome and introductions.

What is the basic concept and the purpose?

Is it important to plan ahead for capital expenses?

What committees have been involved in process of developing the CPF?

What is the best way to plan for capital expenditures?

What is the Home Rule Petition Process?

How would this Home Rule Petition Act work?

What is Stabilization and why does some of the money go there?

What can the money set aside by this Act be used for?

Why is there a \$1,000,000 minimum from the Development Parcel in the article?

How does money get allocated from the CPF?

Is the CPF money only set aside for new projects?

When does this become effective?

What is the status of this act now?

What about tax relief?

In summary, what does this TM warrant article creating the Capital Purpose Fund do?

Questions.

For more information contact:

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Definitions

Capital Purpose Fund: The fund that will be created through a Home Rule Petition process should Town Meeting and subsequently the Legislature approve it. Revenue for this fund will come from specific Development Parcels and can be used for acquisition of interests in land, tangible assets, or undertaking capital projects.

Capital Project: The Capital Purpose Fund may be used to fund capital projects, which are defined to have a useful life of 5 years or more and a cost of \$10,000 or more, and which are not properly categorized as annual operating expenses; including the payment of debt service on capital projects.

Capital Improvement Planning Committee (CIPC): This Committee is required by Article IV, Section 2 of the Town of Plympton Bylaws. It consists of members of the Finance Committee and is charged with developing an annual report scheduling capital expenditures for the subsequent five years.

Development Parcel: This refers to the specific parcels identified in the Home Rule Petition. The tax revenue from these parcels is the only revenue to which the provisions of this Act apply and is the funding source for the Capital Purpose Fund.

Department of Revenue (DOR): The DOR is the department at the State level responsible for compliance with the tax, child support and municipal finance laws of the Commonwealth

Fiscal Year: A budget cycle that in Massachusetts begins on July 1 and ends on June 30. The year designation is the year in which it ends. The federal government has a different fiscal year (October 1 – September 30). We are nearing the end of Fiscal Year 12 now; the May 2012 Town Meeting will be voting the budget for Fiscal Year 13 (FY13). FY13 is July 1, 2012 through June 30, 2013.

Home Rule Petition: The state constitution allows a city or town to seek special legislation for that city or town. This process for doing this is called the Home Rule Petition process.

Revenue: monies received by the town from any source

Stabilization Fund (regular stabilization): A fund designed to accumulate amounts of money for spending purposes. In Plympton, the regular stabilization fund is used as the 'rainy day' or emergency fund; to maintain a sum of money available to deal with unforeseen and important circumstances. Spending from this fund requires a 2/3 vote of Town Meeting.