



ARTICLE 8: Free Cash

Article 8 - Use of Free Cash

Mr. Banfield moves: that the Town take affirmative action on Article 8 to authorize and direct the Assessors to transfer \$1,000,000 from free cash to reduce the tax levy for the fiscal year ending June 30, 2021.



What is Free Cash?

- Town's Undesignated Fund Balance
- Generated when actual revenue collections are in excess of estimates and/ or when actual expenditures are less than appropriations.
- Certified each year by the Department of Revenue
- Available for appropriation at an annual or special town meeting for any lawful purpose



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Availability of Free Cash for Appropriations

| Certification Year (as of June 30) | Free Cash Available for Appropriation | Percent of Next Year's Budget |
|---|--|--------------------------------------|
| 2009 | \$ 8,471,337 | 11.2 |
| 2010 | \$ 8,635,340 | 11.1 |
| 2011 | \$ 9,567,656 | 11.9 |
| 2012 | \$ 9,357,662 | 11.3 |
| 2013 | \$ 9,664,489 | 11.2 |
| 2014 | \$ 11,084,916 | 12.3 |
| 2015 | \$ 11,040,993 | 11.5 |
| 2016 | \$ 12,605,955 | 12.8 |
| 2017 | \$ 10,798,936 | 10.4 |
| 2018 | \$ 11,683,672 | 10.7 |
| 2019 | \$ 11,839,956 | 10.1 |



Town's Adopted Free Cash Policy

- Maintained at a level of 5 – 10% of General Fund Budget
- It can be used to provide property tax relief
- It should only be used to the extent that it can be replenished in the ensuing year
- If it rises above 10%, Town Management shall consider recommending using excess in the following ways:
 - For a capital item
 - For a General Fund Stabilization Fund



ARTICLE 17: Free Cash

| | | | Percent of Next Year's Budget (from Certification Date) |
|---|---|-----------------------|---|
| As of June 30, 2019 | | \$ 11,839,956 | 10.08% |
| Policy Requirements: | | | |
| | 5% Minimum | \$ 5,874,370 | |
| | 10% Maximum | \$ 11,748,739 | |
| Current Balance Above Maximum Policy Requirement: | | \$ 91,217 | |
| 2020 Annual Town Meeting Requests: | | | |
| | Article 8, to Reduce Property Taxes | \$ 1,000,000 | |
| | Article 14, Affordable Housing | \$ 500,000 | |
| | Article 29, Middle School Stabilization Fund | \$ 2,000,000 | |
| | Article 30, Healthy School Buses for Students | \$ 200,000 | |
| | | \$ 3,700,000 | |
| | | | |
| | | | |
| | Surplus Amount to be used in accordance with Policy | \$ (3,608,783) | |
| | | | |
| | Balance of Free Cash, if all ATM requests are approved: | \$ 8,139,956 | 6.93% |



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