



## ARTICLE 8: Free Cash

### Article 8 - Use of Free Cash

Ms. Hartman 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, 2022.



## ARTICLE 8: Free Cash

### 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



## Article 8: Free Cash

### 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



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### Availability of Free Cash for Appropriations

<b>Certification Year (as of June 30)</b>	<b>Free Cash Available for Appropriation</b>	<b>Percent of Next Year's Budget</b>
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
2020	\$ 6,398,206	5.54

- Due to timing issues, a total of \$1,461,265 has been reserved from Certified Free Cash.
- But for these timing issues, the Certified Free Cash Balance would have been \$7,859,471, or 6.8%.



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			Percent of Next Year's Budget (from Certification Date)
<b>As of June 30, 2020</b>		<b>\$ 6,398,206</b>	<b>5.54%</b>
Policy Requirements:			
	5% Minimum	\$ 5,779,057	
	10% Maximum	\$ 11,558,114	
Current Balance Above Maximum Policy Requirement:		\$ (5,159,908)	
<b>2021 Annual Town Meeting Requests:</b>			
Article 8: to Reduce Property Taxes		\$ 1,000,000	
Article 17. Affordable Housing		\$ 500,000	
		\$ -	
		\$ 1,500,000	
Surplus Amount to be used in accordance with Policy		\$ (6,659,908)	
Balance of Free Cash, if all ATM requests are approved:		\$ 4,898,206	4.24%
	<b>amounts reserved due to timing:</b>		
	Cambridge Turnpike Grant & Ch. 90	\$ 1,342,702	
	Telecommunications Capital	\$ 118,563	
		\$ 1,461,265	
	Free Cash should have been:	\$ 7,859,471	6.80%
After \$1.5M for anticipated 2021 ATM Appropriations:		\$ 6,359,471	5.50%



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