



## ARTICLE 7: Free Cash

### Article 7 - Use of Free Cash

Ms. Reynolds moves: that the Town take affirmative action on Article 7 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, 2023.



## 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



## 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

Certification Year (as of June 30)	Free Cash Available for Appropriation	Percent of Next Year's Budget
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
2021	\$ 7,695,461	6.45



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			Percent of Next Year's Budget (from Certification Date)
<b>As of June 30, 2021 (estimate)</b>		<b>\$ 7,695,461</b>	<b>6.45%</b>
<b>Policy Requirements:</b>			
	5% Minimum	\$ 5,963,592	
	10% Maximum	\$ 11,927,184	
<b>Current Balance Above Maximum Policy Requirement:</b>		<b>\$ (4,231,723)</b>	
<b>2022 Annual Town Meeting Requests:</b>			
Article 7: Reduce Property Taxes		\$ 1,000,000	
Article 20: Middle School Stabilization Fund		\$ 500,000	
Article 24: Affordable Housing		\$ 500,000	
		\$ -	
		\$ 2,000,000	
<b>Estimated Balance if all ATM Warrant Articles are approved:</b>		<b>\$ 5,695,461</b>	<b>4.78%</b>



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