

FY19 CERTIFIED AVAILABLE FUNDS ("FREE CASH") WORKSHEET

For April 3, 2018 Budget Meeting

Town's Fiscal Policies: Seeks to limit use of free cash to one-time or specifically enumerated expenses such as annual OPEB contribution, funding for the Capital Improvement Program and cash liquidity, but ideally not to subsidize general operating budgets.

Certified Available General Funds as of 7/1/17: \$ 460,642

Less: Financial Policy offsets or other mandatory payments

- Stabilization Fund Contribution (> of 10% or \$25K): (\$ 46,064)
- OPEB Trust Fund Contribution (> of 2% or \$10K): (\$ 10,000) (\$ 56,064)

SUBTOTAL: \$ 404,578

Capital Planning Committee

- Baseline Capital Program Policy (*min. 2% prior year general fund budget (\$14.62M @ 0.02 = \$292.4K)*) (\$292,400)
- Additional Capital Plan Allocation: (\$ 2,806) (\$ 295,206)

SUBTOTAL: \$ 109,372

~~Operating Budget Subsidy (eliminated in FY18):~~ ~~_____~~ ~~n/a~~

Proposed Raise Articles:

- Demolish, secure unsafe buildings: (\$ 50,000)
- Assessor revaluation article: (\$ 48,500) (\$ 98,500)

BALANCE: \$ 10,872

Recommend: Balance to stabilization fund: (\$ 10,872) \$ -- 0 --

Note: Capital Plan Committee proposes utilizing \$49,890 balance of capital stabilization fund to supplement above baseline plan, and, borrowing \$172,000 for additional items (funding source for debt service TBD).

EXCERPTS FROM TOWN'S FISCAL POLICIES

4. The combined balance of Free Cash and Stabilization funds should be maintained at seven to ten percent (7%-10%) of the prior fiscal year General Fund operating budget.

- The Town will endeavor to maintain a certified Free Cash balance ranging from three to seven (3%-7%) percent of the prior fiscal year General Fund budget. The Free Cash balance is an important indicator of whether a town is living within its means. Free Cash can be utilized in case of emergency to provide enough cash in the bank to meet payrolls and pay current bills without having to borrow in anticipation of revenues. Together with the Stabilization Fund goal the Free Cash target is a widely accepted measure of good financial standing and a factor in Athol's bond rating.
- The Town will endeavor to maintain a Stabilization Fund balance ranging from five to ten (5%-7%) percent of the prior fiscal year General Fund budget. Funds held in Stabilization should only be appropriated for one-time capital expenses or major unforeseen events.

In the absence of a Capital Stabilization Fund, the Town may appropriate monies into the Stabilization Fund over a series of years for a specific planned capital project in order to avoid borrowing costs.

*Town of Athol – Fiscal Management Policies
Adopted October 7, 2014*

5. Free cash in excess of the Town's goal should be used for non-recurring or emergency expenditures, used to lower the tax rate or appropriated to a stabilization fund for future capital projects and equipment purchases. This policy will provide a strategy to avoid creating future operating deficits by over-reliance on Free Cash to subsidize the operating budget. The policy provides for a contingency reserve to be used for expenditures of a non-recurring nature, capital and equipment purchases, or unexpected, non-recurring small increases in service costs.
6. The annual budget should include a Capital Improvement Plan fund from current dollars to maintain an equipment replacement and facilities maintenance schedule equal to a minimum of two percent (2%) of the General Fund operating budget. Much of the Town's government wealth is invested in its capital plant (i.e. buildings, fields, infrastructure, equipment and vehicles). Long-term debt is an appropriate source of funding for certain types of projects while current revenues should be used for those assets with a shorter useful life.