

Recap Sheet – Also called the Tax Rate Recapitulation Sheet, it is a document submitted by the town to the DOR in order to set each year’s property tax rate. The Recap Sheet shows all estimated revenues and actual appropriations that affect the property tax rate, and must be submitted before December 1st of each year in order for the town to issue “actual tax bills” in the 3rd and 4th quarter of the fiscal year.

Recurring Funds – Money that the town expects to collect each and every year for the foreseeable future, although the exact amounts may vary. Real estate taxes, fees collected for local permits and licenses, and local aid money from the state are all examples of Recurring Funds. In accordance with our town’s fiscal policy, Recurring Funds are relied upon to pay for our annual Recurring Expenses, such as employee salaries, health insurance premiums, and electricity and heat for town buildings, etc. Please also see and compare the definition of Non-Recurring Funds.

Reserve Fund - A small fund established each year by the Annual Town Meeting. The money is controlled by the Finance Committee, which may authorize transfers at the end of each fiscal year to cover any extraordinary or unforeseen expenditures of the town. The fund may be composed of not more than 5% of the tax levy for the preceding year.

Revolving Fund – A fund established each year for certain town departments to allow those departments to collect fees for a specific service and use those fees/revenues to support the service without using tax dollars. Per MGL Ch. 44 §53E½, each Revolving Fund must be re-authorized each year at the Annual Town Meeting, as well as the limit on the total amount that may be spent from each fund. Revolving Funds are currently used to maintain and clean the Library’s meeting rooms (by collecting user fees), to run the cathode ray tube recycling program (by collecting fees to safely dispose of the CRTs), and to fund full-day kindergarten (by tuition fees paid by kindergarten parents). By statute, Revolving Funds cannot be used for town water and sewer receipts.

Stabilization Fund - A special account created to provide a reserve for municipal purposes. It is typically considered as a town’s savings account or a “rainy day fund”, to be used to balance budget shortfalls in years when local revenues or state aid is low, or when unique or unexpected expenses arise, or for any other purpose that Town Meeting authorizes. To deposit or withdraw money from the Stabilization Fund, Town Meeting must approve the amount by a 2/3 vote.

Surplus Revenue - The total amount of cash, accounts receivable, and other current assets that exceed liabilities and reserves. As a simple example, if we collected taxes, fees and local aid of \$100, but only spent \$90 on actual costs and expenses, our Surplus Revenue would be \$10.

Town Meeting Warrant – The document which lists the Town Meeting’s date, location and list of Articles. The Warrant is mailed to every registered voter’s home, is available on the town’s website, and is posted at the Town Offices and post offices prior to each Town Meeting to provide voters with written notice about the matters to be voted upon at Town Meeting.

Unfunded Mandate – A requirement imposed and required by the state or federal government, but with no accompanying funds to cover any costs to be incurred by the town to comply.

**Thank you to all those residents who volunteer their time
to serve on the many boards and committees of our town**

2009

Welcome to Town Meeting

For your reference, the following list is a Glossary
of commonly-used terms during Town Meeting

Abatement – A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge or special assessment imposed by the town. Abatements can only be granted upon application by the person seeking the abatement and by majority vote of the Board of Assessors, unless appealed to the State’s Appellate Tax Board.

Article – An item listed in the Town Meeting Warrant which must contain a sufficient description of what is proposed to be voted upon. Every action taken at the town meeting must be pursuant to some Article printed in the Warrant, and must be within the scope of such Article. The Warrant is issued by the Board of Selectmen, and must also state the time and place of the upcoming Town Meeting.

Available Funds – Balances in the various fund types that represent non-recurring revenue sources. Our town’s fiscal policy suggests that Available Funds be appropriated (used) to meet unforeseen expenses, for capital expenditures, or other one-time costs. Examples of Available Funds include Free Cash, Stabilization Funds, and Overlay Surplus.

Capital Improvement Plan – A blueprint for planning the town’s capital expenditures that includes an annual capital budget and a five-year capital program, which our Town Charter requires the Town Manager to update each year. Examples of items which are typically included in the Capital Improvement Plan are purchases or lease payments for town vehicles, municipal building renovations or construction, and investment in equipment which is intended to last for at least five years. The Special Town Meeting held each fall normally reviews what Available Funds, including the amount of any money held in the Capital Improvement Trust Fund, can be used to pay for each year’s capital expenses.

Capital Improvement Trust Fund (CITF) – A special account design to hold funds for future capital purchases and expenditures. To deposit or withdraw money from the CITF, Town Meeting must approve the amount by a 2/3 vote.

Chapter 70 School Aid – Chapter 70 refers to the school funding formula created under the Education Reform Act of 1993, by which the state aid portion of public education funding is distributed to cities and towns.

Chapter 90 Highway Funds – State funds derived from periodic transportation bond authorizations and apportioned to communities for highway projects based on a formula under the provisions of MGL Ch. 90 §34. The amount granted to each town is paid in the form of reimbursements by the state after the town completes local work and submits certified expenditure reports to Mass Highway.

Cherry Sheet – A cherry-colored form issued by the State each year which lists all state and county charges required to be paid by the town, as well as all reimbursements and local aid to be paid to the town. Some reimbursements paid to the town are based on formulas which review how much the town spent on certain items during the previous fiscal year.

Debt Exclusion - A town can vote to assess taxes in excess of its Levy Limit in order to borrow money and make annual loan payments. A Debt Exclusion for a town is similar to a mortgage for a home, with the exception that annual payments for Debt Exclusions usually decrease each year until the debt is completely paid. The additional amount approved for the payment of the annual loan payments ("Debt Service") is added to the Levy Limit for the life of the debt only (typically 10 or 20 years). Unlike Overrides, Debt Exclusions do not become part of the base upon which the Levy Limit is calculated for future years. A Debt Exclusion is typically used to pay for municipal building construction or renovation projects. A Debt Exclusion must be approved at Town Meeting (2/3 vote required), and then be confirmed by a subsequent vote of residents at a subsequent ballot box election (majority vote required).

Debt Service – The repayment cost to be budgeted each year to make principal and interest payments due on the bonds owed by the town.

DOR – Massachusetts Department of Revenue.

Enterprise Funds - Funds that are set up pursuant to MGL Ch 44 §53F½ to collect fees paid by users to pay for certain self-sufficient programs. These funds account for all revenues and expenditures for services and allow surpluses to be used to reduce future fees for the services or to pay for future capital improvements for that service. Each fund has an independent budget. Losses are made up from the town's general fund. For example, the Strawberry Valley Golf Course (owned by the town) covers its operational costs by collecting fees paid by golfers; the Sewer Department collects sewer use fees to offset their operational and capital costs.

Estimated Receipts – Funds expected to be received by the town in the coming fiscal year, but not including real estate taxes. Building permit fees, marriage license fees, and automobile and boat excise taxes are examples of items included in Estimated Receipts.

Fiscal Year –The period from July 1 of this year through June 30 of next year. The Fiscal Year is sometimes expressed as "FY2010" (July 1, 2009 to June 30, 2010).

Fixed Costs – Costs that are legally or contractually mandated, such as retirement, FICA/Social Security, the town's liability insurance, or Debt Service.

Free Cash - The amount of Available Funds which were not spent in a prior year's budget, minus uncollected taxes from that prior year. Free Cash can be generated when the town collects more fees or revenue than expected in a given year (e.g., increased permit fees or delinquent taxes from prior years are paid to the town), or budgeted expenses are lower than expected (e.g., less unemployment payments or health insurance costs, or reduced heating or electricity costs). Free Cash must be certified by the State Bureau of Accounts after June 30th before it can be spent by the town. The Annual Town Meeting in April typically prepares the next fiscal year's budget using estimated Free Cash amounts, and then adjusts some budget line items during the fall Special Town Meeting after the State has certified the exact amount of Free Cash.

General Fund – The fund used to account for most financial resources and activities governed by the normal town meeting appropriation process.

I.T. – Information Technology, which includes the town's computer systems, telephone systems, and other communication and data systems.

Level Funded Budget – A budget for a certain department(s) or town service(s) which provides the same total dollar amount as last year's budget. Since costs usually rise each year (fuel, salaries, supplies), a Level Funded Budget typically results in reduced services to residents, because the same budget amount must pay for the rising costs while reducing work hours, staffing or other department services in order to balance the budget.

Level Service Budget – A budget for a certain department(s) or town service(s) which provides increased funding which is sufficient only to provide for the same level of services as last year's level of services. No additional employees or expanded services are funded for the coming Fiscal Year.

Levy Limit – The maximum amount that any town can collect (or levy) in a given fiscal year through the real estate tax and personal property tax. The Levy Limit can grow by 2½% of the prior year's Levy Limit, plus New Growth and any voter-approved Overrides or Debt Exclusions.

Motion to "Pass Over" – A Motion to Pass Over an Article is a polite way to make a motion to reject or disapprove an Article. This requires a majority vote.

New Growth – Additional tax revenue expected to be collected by the town in the coming fiscal year due to taxes being assessed to new construction projects (commercial and residential) and other increases in the property tax base (home renovations, building upgrades or additions, etc.). New growth is calculated by multiplying the value associated with the new construction by the tax rate of the previous year.

Non-Recurring Funds – Money that the town expects to collect this year, but not next year. As an example, if the town plans to sell a piece of real estate this year, the money received from the sale would be Non-Recurring Funds. The fiscal policy of our town states that Non-Recurring Funds should not be relied upon to pay for expected recurring expenses. In other words, the policy suggests that the town should not hire an employee with funds from the sale of a parcel real estate this year because we wouldn't be able to sell the same parcel again next year and receive additional sale proceeds to continue paying for the employee. Please also see and compare the definition of Recurring Funds.

Overlay - Funds set aside each year to cover real estate tax abatements, exemptions and uncollected taxes in the coming year.

Overlay Reserve or Overlay Surplus - Unused accumulated amount of Overlay from previous years that is not required to be held in a specific Overlay account for a given year. Once released by the Assessors, the funds may be added to Free Cash and used for any municipal purpose.

Override – The ability of residents to increase the town's Levy Limit by more than 2½% by voting to approve a higher Levy Limit at Town Meeting (majority vote required), and to then confirm the vote at a subsequent ballot box election (majority vote again required). An Override vote must specify the exact dollar amount requested and the specific purpose of the increased tax, and if approved, the amount will become a permanent increase in the Levy Limit.

Raise and Appropriate – A phrase used to mean that an item will be paid for by real estate taxes and other revenue sources (excise taxes, permit fees, local aid, etc.) to be collected by the town in the coming fiscal year.