



Franklin Regional Council of Governments

April 25, 2017

Sean Cronin
Senior Deputy Commissioner of Local Services
Department of Revenue
Commonwealth of Massachusetts
PO Box 9569
Boston MA 02114

Dear Commissioner Cronin,

Attached please find the Town of Sunderland's Capital Improvement Program, developed under the Baker-Polito Administration's Community Compact Program and funded through the Commonwealth's Community Compact Best Practice Program.

Through its compact with the Division of Local Services, the Town of Sunderland agreed to establish a program that "develops and documents a multi-year capital plan that reflects a community's needs, is reviewed annually and fits within a financing plan that reflects the community's ability to pay." To assist the town, consulting services were provided by the Franklin Regional Council of Governments. Our Municipal Finance Specialist provided close guidance to and worked collaboratively with local officials and staff leading to the successful completion of this project.

The Town of Sunderland now has a reference and a tool for prioritizing its immediate and long-term capital needs. On March 21, 2017, the Town Capital Improvement Committee voted to accept this Capital Improvement Program and, on its recommendation, the Board of Selectmen voted on March 27, 2017 to do the same. By their respective votes, members of the Board of Selectmen and Capital Improvement Committee have affirmed a commitment to execute, review and continually update this program and plan to ensure that the town's capital needs are addressed.

Congratulations to the Town for this accomplishment, and thanks to the Baker-Polito Administration for making these important improvements possible.

Sincerely,

Linda L. Dunlavy
Executive Director

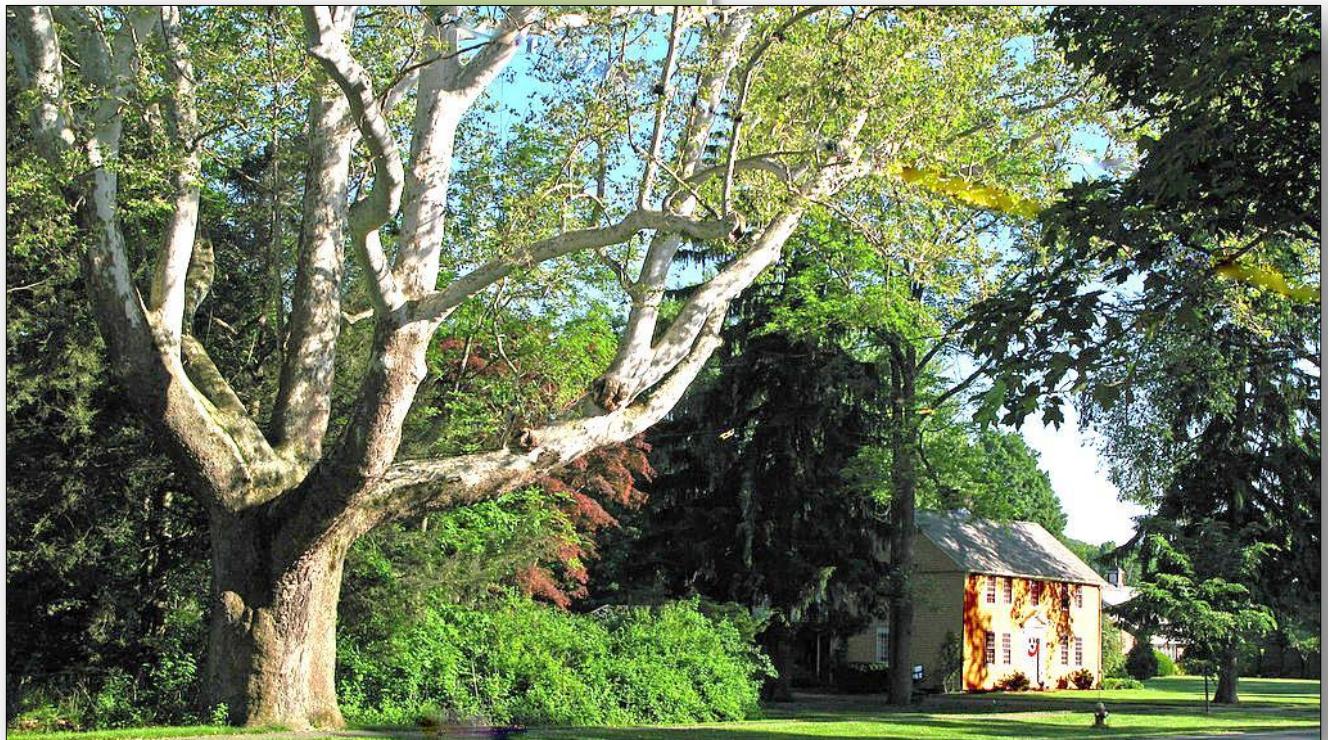
cc: Town of Sunderland





Town of Sunderland

Capital Improvement Program



Town of Sunderland • 12 School Street • Sunderland, MA 01375 • www.townofsunderland.us



Franklin Regional Council of Governments

Board of Selectmen
Town of Sunderland
12 School Street
Sunderland, MA 01446

April 5, 2017

Dear Board Members:

The development of a Capital Improvement Program, attached herewith, was funded under the Baker-Polito Administration Community Compact Program - an initiative designed to encourage Massachusetts cities and towns to adopt and implement best practices.

Through its compact agreement with the State Division of Local Services, the Town of Sunderland sought to establish a program that "develops and documents a multi-year capital plan that reflects a community's needs, is reviewed annually and fits within a financing plan that reflects the community's ability to pay."

To assist the town, consulting services were provided by the Franklin Regional Council of Governments. Its Municipal Finance Specialist provided close guidance to and worked collaboratively with local officials and staff leading to the successful completion of this project.

The Town of Sunderland now has as a reference and a tool for prioritizing its immediate and long-term capital needs. It has the means to establish a consistent annual process which is objective in its approach and even handed in its application across all town departments.

On March 21, 2017, the Town Capital Improvement Committee voted to accept this capital plan and, on its recommendation, the Board of Selectmen voted on March 27, 2017 to do the same. By their respective votes, members of the Board of Selectmen and Capital Improvement Committee have affirmed a commitment to execute, review and continually update this program and plan to ensure that the town's capital needs are addressed.

Congratulations to the Town of Sunderland for this accomplishment.

A handwritten signature in black ink, appearing to read "Linda Dunlavy", is written in a cursive style.

Linda Dunlavy, Executive Director
Franklin Regional Council of Governments



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Capital Budget Calendar

Annual Budget Calendar

JANUARY	
1 st	Annual General and Alcohol Licenses become effective
	Budget Request Review, Revenue Projections & Budget Hearings (Selectboard & FinCom)
	MMA Conference
FEBRUARY	
	Open ATM warrant & announce ATM warrant closing date (min. 6 wks prior to ATM)
	Budget Request Review, Revenue Projections & Budget Hearings (BoS & FinCom)
MARCH	
1 st	BoS Town Meeting Calendar begins - ATM Warrant closing date (min. 6 weeks prior to ATM)
	Town Caucus
	Vote Ballot Questions, if any, for Annual Town Election and notify Town Clerk in writing at least 35 days prior to election
	BoS vote to assess additional tax levy in coming FY. Add 2.5% to prior year's vote if full amount was assessed. Written notice of vote to DOR, Accountant, Assessors & Treasurer/Collector
31 st	Deadline to submit reports for Annual Town Report
APRIL	
1 st Monday	BoS reviews Annual Town Report
	Publish & Distribute Annual Town Report (min 7 days prior to ATM)
Last Friday	Annual Town Meeting
Last Monday	BoS approves Executive Session minutes to-date
MAY	
1 st	Contact Boards, Committees & Departments for lists of re-appointments for coming year
1 st Saturday	Annual Town Election (Town Clerk)
	BoS Reorganization (1 st meeting after Annual Town Election)
	Annual Town Audit
	Vote BoS Summer Schedule (Memorial Day through Labor Day)
JUNE	
	Vote BoS appointments for coming fiscal year
JULY	
1 st	(Tax Collector) Deadline to mail Annual Preliminary tax bills (due October 1 st)
AUGUST	
SEPTEMBER	
	(Accountant) Free Cash Certification
OCTOBER	
	Prepare & vote BoS Budget Memo for coming FY
	(Assessors) Prepare Tax Rate Recap Sheet (to set tax rate)
	(Accountant) Submit Schedule A for Prior FY
	(Tax Collector) Provide Sewer Commissioners list of prior year's unpaid sewer charges
NOVEMBER	
1 st	(Sewer Commissioners) Vote to add prior year's unpaid sewer charges to actual tax bills
1 st	Deadline to distribute BoS Budget Memo
	Vote to add unpaid Sewer Charges to the tax bill
	Annual Tax Classification Hearing (BoS & Assessors)
DECEMBER	
1 st Friday	Budget & Capital Request submission deadline (Capital deadline per CIPC bylaw)
	Annual Alcohol and General license renewals
	Review & approve list of Legal Holidays (observed) for coming calendar year
31 st	(Tax Collector) Deadline to mail Annual Actual tax bills (due April 1 st)

Capital Improvement Long Range Plan

Capital Improvement Long Range Plan

A year-by-year analysis is completed which plots out specific capital projects and purchases. Estimated costs are assigned to each as is, to the extent possible, a funding source. This information, or projection of capital expenditures, becomes an important part of an overall financial plan for the town.

The Town's long-range capital needs are based on submissions each year by departments and other boards, committees and commissions with spending authority. Costs are estimates and subject to change with each year's update. It is understood that changing circumstances may compel department heads or others to add or omit projects or purchases from year-to-year. Priorities may also shift as well as financing sources.

Summary

(Last revised: November 2016)

Projected Capital Expenditures - FY2017-2036

FY	Total	Fire	Highway	Police	Town Bldgs	Technology	Park&Rec
2018	653,500	500,000	87,000	45,000	20,000	1,500	0
2019	160,000	50,000	65,000	45,000	0	0	0
2020	105,500	0	22,000	67,000	15,000	1,500	0
2021	252,000	0	200,000	45,000	0	7,000	0
2022	5,500	0	0	0	0	5,500	0
2023	217,000	0	165,000	45,000	0	7,000	0
2024	275,500	0	225,000	45,000	0	5,500	0
2025	82,000	30,000	0	52,000	0	0	0
2026	51,500	0	0	45,000	0	6,500	0
2027	622,000	500,000	110,000	0	6,000	6,000	0
2028	50,500	0	0	45,000	0	5,500	0
2029	52,000	0	0	45,000	0	7,000	0
2030	53,500	0	0	52,000	0	1,500	0
2031	50,000	0	0	45,000	0	5,000	0
2032	95,500	0	90,000	0	0	5,500	0
2033	51,000	0	0	45,000	0	6,000	0
2034	50,500	0	0	45,000	0	5,500	0
2035	105,000	0	50,000	52,000	0	3,000	0
2036	251,500	0	200,000	45,000	0	6,500	0
2037	964,000	870,000	90,000	0	0	4,000	0
Total	4,148,000	1,950,000	1,304,000	763,000	41,000	90,000	0

The chart below displays the capacity of the Town's General and Special Purpose Stabilization Funds to cover projected expenditures.

Amounts displayed account for annual appropriations into each stabilization fund offset by the anticipated expenditures in that year. A negative number indicates when available Fund balances do not cover projected expenditures.

FY	Capital	Sewer	General
Annual	102,500		50,000
2018	(529,778)	402,621	463,962
2019	(52,311)	402,621	513,962
2020	4,881	402,621	563,962
2021	(133,978)	402,621	613,962
2022	110,469	402,621	663,962
2023	12,338	402,621	713,962
2024	(141,322)	402,621	763,962
2025	42,886	402,621	813,962
2026	119,395	402,621	863,962
2027	(371,397)	402,621	913,962
2028	83,989	402,621	963,962
2029	169,840	402,621	1,013,962
2030	257,637	402,621	1,063,962
2031	352,467	402,621	1,113,962
2032	405,418	402,621	1,163,962
2033	506,580	402,621	1,213,962
2034	612,045	402,621	1,263,962
2035	666,910	402,621	1,313,962
2036	579,272	402,621	1,363,962
2037	(216,770)	402,621	1,413,962

Capital Expenditures Years 1-10

Department / Description	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
FIRE DEPARTMENT										
1988 Fire Fox Truck	500,000									
option: new small ladder truck										500,000
2005 HME Fire Truck										
2006 Ford Brush Truck										
2012 Radar message board										
2013 CAM trailer										
Club Car UTV										
Triton rescue boat										
Air packs (15)								30,000		
Radios (8 portable/dual band)		50,000								
HIGHWAY DEPARTMENT										
1970 John Deere						40,000				
1987 Holder tractor										
1988 Holder tractor->lawn mower		15,000								
1994 Bruch Bandit 250										60,000
1997 Ford L8513										
2000 International truck							225,000			
2001 Freightliner FL80				200,000						
2001 John Deere 544H Loader			22,000							
2003 Ford F250		50,000								50,000
2011 J Deere tractor w/ boom mower						125,000				
2013 Carmate trailer										
2014 Ford F550 pickup	87,000									
POLICE DEPARTMENT										
2008 Ford Crown Vic	45,000					45,000				
2010 Ford Crown Vic		45,000					45,000			
2012 Chevrolet Tahoe			52,000					52,000		
2015 Ford Interceptor				45,000					45,000	
Weapons (~20)			15,000							

Department / Description	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
TOWN BUILDINGS										
Library doors / drainage (4)	20,000									
carpeting			15,000							
parking lot paving	TBD									
Town Hall generator										6,000
TECHNOLOGY										
Town Hall										
Police desktops (5)				2,000		3,000				2,000
cruisers (4 tablets at 2 each)	1,500		1,500		1,500		1,500		1,500	
Fire										
Library staff (3)				3,000					3,000	
public access (14)				2,000	4,000	4,000	4,000		2,000	4,000
PARK & REC										
Total Annual Expenditures	653,500	160,000	105,500	252,000	5,500	217,000	275,500	82,000	51,500	622,000
Expenditures by Department										
Fire	500,000	50,000	0	0	0	0	0	30,000	0	500,000
Highway	87,000	65,000	22,000	200,000	0	165,000	225,000	0	0	110,000
Police	45,000	45,000	67,000	45,000	0	45,000	45,000	52,000	45,000	0
Town Buildings	20,000	0	15,000	0	0	0	0	0	0	6,000
Technology	1,500	0	1,500	7,000	5,500	7,000	5,500	0	6,500	6,000
Park & Rec	0	0	0	0	0	0	0	0	0	0

Revenue Track - Years 1-10

Revenue Tracking		1	2	3	4	5	6	7	8	9	10
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SPECIAL PURPOSE STABILIZATION - CAPITAL											
102,500	Begin balance	18,660	0	0	4,881	0	110,469	12,338	0	42,886	119,395
	Annual contribution	105,063	107,689	110,381	113,141	115,969	118,869	121,840	124,886	128,008	131,209
	Expenditure	653,500	160,000	105,500	252,000	5,500	217,000	275,500	82,000	51,500	622,000
	Balance / shortfall	(529,778)	(52,311)	4,881	(133,978)	110,469	12,338	(141,322)	42,886	119,395	(371,397)
SPECIAL PURPOSE STABILIZATION - SEWER											
	Begin balance	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621
	Annual contribution	0	0	0	0	0	0	0	0	0	0
	Expenditure	0	0	0	0	0	0	0	0	0	0
	Balance / shortfall	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621
GENERAL STABILIZATION											
50,000	Begin balance	393,217	463,962	513,962	563,962	613,962	663,962	713,962	763,962	813,962	863,962
	Annual contribution	70,745	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Enter amount used	0	0	0	0	0	0	0	0	0	0
	Balance / shortfall	463,962	513,962	563,962	613,962	663,962	713,962	763,962	813,962	863,962	913,962
FREE CASH											
	Certified / Anticipated	400,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	Enter amount used	0	0	0	0	0	0	0	0	0	0
CHAPTER 90											
185,000	Begin balance	185,000	0	0	0	0	0	0	0	0	0
	Annual grant		185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
	Enter amount for roads	185,000	210,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
	Enter amount for large equip										
	Balance / shortfall	0	(25,000)	0	0	0	0	0	0	0	0

Capital Expenditures - Years 11-20

Department / Description	11 2028	12 2029	13 2030	14 2031	15 2032	16 2033	17 2034	18 2035	19 2036	20 2037
FIRE DEPARTMENT										
1988 Fire Fox Truck										
option: new small ladder truck										
2005 HME Fire Truck										700,000
2006 Ford Brush Truck										75,000
2012 Radar message board										30,000
2013 CAM trailer										15,000
Club Car UTV										25,000
Triton rescue boat										25,000
Air packs (15)										
Radios (8 portable/dual band)										
HIGHWAY DEPARTMENT										
1970 John Deere										
1987 Holder tractor										90,000
1988 Holder tractor->lawn mower										
1994 Bruch Bandit 250										
1997 Ford L8513									200,000	
2000 International truck										
2001 Freightliner FL80										
2001 John Deere 544H Loader										
2003 Ford F250								50,000		
2011 J Deere tractor w/ boom mower										
2013 Carmate trailer										
2014 Ford F550 pickup					90,000					
POLICE DEPARTMENT										
2008 Ford Crown Vic	45,000					45,000				
2010 Ford Crown Vic		45,000					45,000			
2012 Chevrolet Tahoe			52,000					52,000		
2015 Ford Interceptor				45,000					45,000	
Weapons (~20)										

Department / Description	11 2028	12 2029	13 2030	14 2031	15 2032	16 2033	17 2034	18 2035	19 2036	20 2037
TOWN BUILDINGS										
Library doors / drainage (4)										
carpeting										
parking lot paving										
Town Hall generator										
TECHNOLOGY										
Town Hall										
Police desktops (5)		3,000				2,000		3,000		
cruisers (4 tablets at 2 each)	1,500		1,500		1,500		1,500		1,500	
Fire										
Library staff (3)				3,000					3,000	
public access (14)	4,000	4,000		2,000	4,000	4,000	4,000		2,000	4,000
PARK & REC										
Total Annual Expenditures	50,500	52,000	53,500	50,000	95,500	51,000	50,500	105,000	251,500	964,000
Expenditures by Department										
Fire	0	0	0	0	0	0	0	0	0	870,000
Highway	0	0	0	0	90,000	0	0	50,000	200,000	90,000
Police	45,000	45,000	52,000	45,000	0	45,000	45,000	52,000	45,000	0
Town Buildings	0	0	0	0	0	0	0	0	0	0
Technology	5,500	7,000	1,500	5,000	5,500	6,000	5,500	3,000	6,500	4,000
Park & Rec	0	0	0	0	0	0	0	0	0	0

Revenue Track - Years 11-20

	11 2027	12 2028	13 2029	14 2030	15 2031	16 2032	17 2033	18 2034	19 2035	20 2036
SPECIAL PURPOSE STABILIZATION										
SPECIAL PURPOSE STABILIZATION - CAPITAL										
Begin balance	0	83,989	169,840	257,637	352,467	405,418	506,580	612,045	666,910	579,272
Annual contribution	134,489	137,851	141,297	144,830	148,451	152,162	155,966	159,865	163,862	167,958
Expenditure	50,500	52,000	53,500	50,000	95,500	51,000	50,500	105,000	251,500	964,000
Balance / shortfall	83,989	169,840	257,637	352,467	405,418	506,580	612,045	666,910	579,272	(216,770)
SPECIAL PURPOSE STABILIZATION - SEWER										
Begin balance	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621
Annual contribution	0	0	0	0	0	0	0	0	0	0
Expenditure	0	0	0	0	0	0	0	0	0	0
Balance / shortfall	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621	402,621
GENERAL STABILIZATION										
Begin balance	913,962	963,962	1,013,962	1,063,962	1,113,962	1,163,962	1,213,962	1,263,962	1,313,962	1,363,962
Annual contribution	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Enter amount used	0	0	0	0	0	0	0	0	0	0
Balance / shortfall	963,962	1,013,962	1,063,962	1,113,962	1,163,962	1,213,962	1,263,962	1,313,962	1,363,962	1,413,962
FREE CASH										
Certified / Anticipated	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Enter amount used	0	0	0	0	0	0	0	0	0	0
CHAPTER 90										
Begin balance	0	0	0	0	0	0	0	0	0	0
Annual grant	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Enter amount for roads	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Enter amount for large equip										
Balance / shortfall	0	0	0	0	0	0	0	0	0	0

Potential Funding Sources – Historic Data

Funding Sources – Historical Data

Free Cash

FY	Revenues	Free Cash	%
2008	7,881,676	407,965	5.2%
2009	8,148,312	391,850	4.8%
2010	7,480,801	339,083	4.5%
2011	7,513,116	297,204	4.0%
2012	7,535,195	430,744	5.7%
2013	7,960,056	398,527	5.0%
2014	10,413,624	397,519	3.8%
2015	8,112,771	347,847	4.3%
2016	8,238,361	424,731	5.2%
2017	8,691,718		

General Stabilization

FY	Revenues	Gen Stab	%
2008	7,881,676	485,902	6.2%
2009	8,148,312	377,849	4.6%
2010	7,480,801	444,274	5.9%
2011	7,513,116	329,728	4.4%
2012	7,535,195	336,533	4.5%
2013	7,960,056	315,685	4.0%
2014	10,413,624	270,868	2.6%
2015	8,112,771	451,305	5.6%
2016	8,238,361	368,151	4.5%
2017	8,691,718	393,217	4.5%

Special Purpose Stabilization Funds & Reserves

Fund	2017	
Capital	18,660	Funded by Override
Sewer Reserve	402,621	

Chapter 90

FY	Amount
2010	144,078
2011	149,205
2012	41,109
2013	189,202
2014	188,481
2015	282,169
2016	186,783
2017	186,522

Excess Levy Capacity

FY	Levy Limit	Maximum Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess % of Max Levy	Levy Ceiling	Override Capacity
2008	3,574,382	4,221,518	4,220,764	754	0.02	8,749,512	5,175,130
2009	3,699,792	4,262,104	4,259,053	3,051	0.07	8,799,695	5,099,903
2010	3,819,367	4,328,266	4,324,789	3,477	0.08	8,540,261	4,720,894
2011	3,937,892	4,386,012	4,383,378	2,634	0.06	8,561,285	4,623,393
2012	4,089,449	4,552,827	4,503,671	49,156	1.08	8,680,937	4,591,488
2013	4,215,576	4,686,751	4,634,789	51,962	1.11	8,627,677	4,412,101
2014	4,359,605	4,893,101	4,780,013	113,088	2.31	8,547,951	4,188,346
2015	4,491,980	4,876,743	4,837,859	38,884	0.8	8,451,885	3,959,905
2016	4,646,678	5,012,966	4,974,363	38,603	0.77	8,482,884	3,836,206
2017	4,793,998	5,094,877	4,979,030	115,847	2.27	8,680,316	3,886,318

Revenues by Source

FY	Tax Levy	State Aid	Loc Rec	Other	Total
2008	4,220,765	1,849,276	880,452	931,184	7,881,676
2009	4,259,053	1,847,084	848,647	1,193,528	8,148,312
2010	4,324,788	1,689,758	794,249	672,006	7,480,801
2011	4,383,378	1,551,889	780,802	797,047	7,513,116
2012	4,503,670	1,475,363	592,986	963,176	7,535,195
2013	4,634,788	1,544,955	659,288	1,121,025	7,960,056
2014	4,780,014	1,610,604	587,428	3,435,578	10,413,624
2015	4,837,859	1,730,479	753,614	790,819	8,112,771
2016	4,974,363	1,791,718	634,083	838,197	8,238,361
2017	4,979,029	1,857,368	811,488	1,043,833	8,691,718 *

Existing Debt Service

	2017	2018	2019	2020	2021	2022
Library Construction	79,577	76,814	73,970	71,045	68,055	
Public Safety Complex	116,304					
Sewer	31,674	31,061	30,447	29,832		
Title V	5,063	5,063	5,063			
Energy Savings	31,961	33,288	30,616	29,944	29,272	
Total Debt Service	264,579	146,226	140,097	130,821	97,327	
% of Total Revenues *	3.0%					

Prior Years' Capital Appropriation Articles

Prior Years' Appropriations

FY2017 Expenditure	Amount	Funding Source
Highway radio replacement	6,114	
Highway Truck Loan/lease	30,295	
Holder tractor lease Yr 2	27,111	
Swampfield Drive paving	31,911	
Plow replacement	10,500	
Library HVAC	3,500	
GML rehab Yr 1	18,000	
Police radio replacement	6,434	
Town office bldg phone system & Ethernet improvements	27,138	
Total	161,003	Capital Stabilization Fund
No. Main St - reconstr eng	78,686	General Stabilization Fund
WWTP I/I analysis	65,000	Sewer Reserve

Capital Improvement Program Policy

Capital Improvement Program Policy

The tangible assets of the Town, in the form of public buildings, facilities and infrastructure, rolling stock and machinery, and equipment including technology are central to efficient operations and the services provided to residents. When well-maintained and enhanced, they add to the quality of life in the Town. Consequently, a program that tracks the condition and functionality of these assets; invests to enhance their value and lifespan; and that advocates new expenditures as need arises is an important, ongoing responsibility of town government.

A capital program must remain consistent from year- to-year so as to enhance stability and continuity in government; provide a basis for sound and prudent finance related decision-making; consider the future impact of present decisions; protect the town's bond rating and in turn reduce its borrowing costs and minimize the burden on taxpayers. A commitment to such a program will then build public confidence that taxpayer dollars are spent wisely and responsibly;

Therefore, with these goals in mind, it is the policy of the Town:

- 1) To execute a capital improvement program in accordance with a town bylaw which assigns responsible to a Capital Improvement Committee (CIC) for reviewing, evaluating and prioritizing all capital expenditure requests and making recommendations to the annual and any special Town Meeting.
- 2) To recognize that a capital expenditure is defined as a purchase or acquisition of goods or services which is purchased or undertaken at intervals of not less than five (5) years, has a useful life of at least five (5) years, and a cost over \$10,000.
- 3) To formulate guidelines for the collection of data, evaluation and prioritization of requests with the intent to create a consistent review process from year-to-year.
- 4) To establish and follow a capital budget calendar and process for receiving capital requests from town departments, boards, committees and commissions that it is coordinated with the annual operating budget process.
- 5) To apply objective criteria to a capital expenditure request and give additional weight to a request if it applies as determined by CIC.

- 6) To explore the full range of funding options for capital expenditures so that spending decisions reflect, to the extent possible, a balance between the need for an expenditure and the Town's ability to pay.
- 7) To require that unless originating through the citizen petition process, no proposed capital expenditure may be presented to Town Meeting unless it has been duly submitted and formally reviewed by the CIC in accordance with the Town Bylaw.
- 8) To develop a long-range Capital Improvement Plan (CIP) that charts out future capital needs, by year and by department with estimated costs and which includes all anticipated projects and major purchases whether financed by direct dollar outlay, borrowing or otherwise;

This Town policy takes effect upon the review and recommendation of the Finance Committee and formal adoption by the Board of Selectmen. The Selectmen shall periodically review or assign responsibility to review the Town's Capital Improvement Program policy.

The Finance Committee and CIC are charged, each year during the budget process, to determine whether the capital budget recommendations presented to it for review comply with adopted policies.

Town Capital Improvement Bylaw

Town Bylaws

Bylaw establishing the Capital Improvement Planning Committee

Adopted by the Annual Town Meeting on April 24, 2015.

Composition

A nine (9) member committee appointed annually composed of one member of the Board of Selectmen, one member of the Finance Committee, one member of the School Committee, one member of the Planning Board, one member of the Board of Assessors, one member of the Board of Library Trustees, and three (3) at-large members not serving on any of the above named boards or committees. The Town Administrator shall be a non-voting member.

Charge

The Committee shall be responsible for:

- The Committee shall study proposed capital projects and improvements involving major non-recurring tangible assets and projects which are purchased or undertaken at intervals of not less than five (5) years, have a useful life of at least five (5) years, and cost over \$10,000. All officers, boards, committees and commissions shall, by the first Friday in December of each year, submit to the Committee, on forms prepared by it, information concerning all anticipated projects requiring Town Meeting action during the ensuing six (6) years. This section is also applicable to projects sponsored by the Board of Selectmen. The Committee shall consider the criticality, relative need, impact, timing and cost of these expenditures, the effect each will have on the financial position of the Town and future maintenance and replacement costs, recognizing the useful life of assets in accordance with the Uniform Massachusetts Accounting System (UMAS) and Governmental Accounting Standards Board (GASB 34) accounting policies and procedures.
- The Committee shall prepare an annual report recommending a Capital Improvements Budget for the next fiscal year and a Capital Improvements Program, including recommended capital improvements, for the following five (5) fiscal years. The report shall be submitted to the Board of Selectmen for consideration and approval. The Board of Selectmen shall submit its approved Capital Budget to the Annual Town Meeting for adoption by the Town.
- The Committee's report must include all projects submitted in accordance with Section 2, with the Committee's recommendation on each of the projects clearly written. No appropriation for

a capital improvement expenditure requested by a department, board, committee shall be voted at a Town Meeting, unless the proposed capital improvement is included in the Committee's annual report, or the Committee shall first have submitted a supplemental report to the Board of Selectmen in accordance with Section 6, explaining the omission.

- Capital improvements placed on a Town Meeting Warrant by citizen petition are excluded from the provisions of this section.
- Such Capital Improvements Program, after adoption, shall permit the expenditure on projects included therein of sums from departmental budgets for surveys, architectural or engineering advice, options or appraisals; but no such expenditure shall be incurred on projects which have not been so approved by the Town through the appropriation of sums in the current year or in prior years, or for preliminary planning for projects to be undertaken more than five (5) years in the future.
- The Committee's report and the Board of Selectmen's recommended Capital Budget shall be published with the Annual Town Meeting Warrant and made available to Town residents in a manner consistent with the Annual Town Report. The Committee shall deposit its original report with the Town Clerk.
- The Committee may amend, add to, or delete from any Capital Budget recommendation previously adopted by the Town if it determines that an extraordinary and unforeseen circumstance occurred after such time information was required to be submitted for consideration at the Annual Town Meeting, and that it must be acted upon before the next Annual Town Meeting. Any such amendment, addition or deletion shall be explained and submitted in a supplemental Committee report to the Board of Selectmen for consideration and approval, and placement on the next Special Town Meeting Warrant.

Potential Funding Sources

Potential Funding Sources - Reference

Funding for capital improvements can be drawn from a range of revenue sources. In some instances, capital expenditures compete with other municipal spending purposes. Other revenue sources require a decision by residents, in a Town Meeting and town-wide vote, to absorb property tax increases.

The choice of a revenue source for a capital involves a range of factors, including: the capital spending purpose, the magnitude of the cost; priority ranking; urgency of the expenditure, and potential taxpayer burden, among others. The Town's potential revenue sources for funding an immediate and long-range capital plan include the following:

Free Cash

Free cash refers to the Town's remaining year-end General Fund balance which is determined to be unreserved, undesignated and not offset by deficits. Primary sources of Free Cash are year-end revenues in excess of projections and unexpended departmental appropriations as of June 30. Free Cash is available for appropriation after July 1 and only after it is certified by the State Department of Revenue's Division of Local Services based on a balance sheet and other documents submitted by the Town.

The Town has historically used certified Free Cash to build and replenish its stabilization funds, which in turn serve as funding sources for capital expenditures. The Town established and annually appropriates into two Special Purpose Stabilization Funds: one for Large Equipment and second for investment in Town Building. The Town also maintains its General Stabilization Fund to cover all other capital needs.

General Stabilization Fund

The Town's General Stabilization Fund is a "savings" account authorized by MGL Chapter 40, §5B. Money is appropriated into the fund by a Town Meeting majority vote, and can be subsequently appropriated out to finance any lawful purpose, but by a two-thirds Town Meeting vote. Stabilization is regarded as a one-time, non-recurring revenue source and as a result is not intended to support town operations.

Special Purpose Stabilization Funds

Special Purpose Stabilization Funds are authorized by MGL Chapter 40 §5B and allow towns to earmark money for specific purposes. A majority vote of Town Meeting vote is required to appropriate money

into a special purpose fund and a two-thirds vote is required to appropriate from a general or special purpose stabilization fund. Towns may also raise the additional tax revenue and direct it to a special purpose fund. To do so requires a Town Meeting vote and town-wide vote at inception, both by a majority. Thereafter, the Board of Selectmen vote annually whether to continue the tax increase.

The Town of Sunderland has established a Capital Stabilization Fund and has funded it in FY2015 and FY2016 at \$100,000 and \$102,500, respectively, through an override.

Chapter 90

Chapter 90 funds are a State distribution to towns for road surface and road related work on a reimbursement basis. Accepted spending purposes incidental to road work include land acquisitions, engineering services, landscaping, drainage systems, bridges, sidewalks and traffic signals. Funds may also be expended on bikeways, salt sheds and garages as well as machinery, equipment and tools.

Chapter 90 distributions are subject to the authorization and issuance of State Transportation bonds. The amount of funds received by a town is based on a formula that incorporates road miles, population and employment. The percentages for The Town of Sunderland are 58.33 percent, 20.83 percent and 20.83 percent, respectively.

Borrowing within the Town Levy

The town always has the option of borrowing through notes, bonds or a combination of both to fund projects or purchases. Borrowing within the Levy means that the town has the capacity to pay debt service using its anticipated General Fund revenue and that it intends not to raise additional tax revenue.

This approach works in tandem with a town policy that sets a debt ratio – which is annual debt service as a percentage of annual General Fund revenue. As debt service declines over time, the town might authorize further borrowing to bring the ratio back up to the limit.

Borrowing with a Debt Exclusion

A Debt Exclusion is a means to raise tax revenue, above and beyond Proposition 2½ limits, to pay debt service when borrowing is the funding source for a capital expenditure. The tax increase remains only for as long as the borrowing term and requires resident approvals in both a Town Meeting vote and a town wide vote.

Debt Exclusions are most often used in relation to large projects (i.e., a school) or major purchases (i.e., a fire truck). The Town approved Debt Exclusions in 1993 to build an elementary school and in 1994 to pay assessments from the Mohawk Regional School District.

Capital Outlay Exclusion

If funds are not available from other sources, the town may raise, in one year, all the property tax revenue needed to cover the cost of a major or less-than-major purchase through a Capital Outlay Exclusion. The Town benefits by avoiding the issuance costs and interest expense associated with borrowing. A Town Meeting and town-wide vote is needed to approval the exclusion.

Town voters last approved a Capital Outlay Exclusion in 1992.

Override

When, in a Town Meeting and then a town-wide vote, residents approve a Proposition 2½ Override, they are allowing a permanent increase in property taxes to fund operations. In the first year, the increase is allocated to specific purposes and departments. In subsequent years, the additional revenue becomes mixed in with other General Fund money. Still an amount equivalent to the increase can each year be appropriated to stabilization funds. Or, the amount of the Override can reflect future annual debt service payment the town expects to incur.

The Town of Sunderland last approved an Override to fund operations in 1995. In 2015 and 2016, it used an Override to fund a Special Purpose Stabilization for Capital.

Excess Levy Capacity

The state law known as Proposition 2½ places limits on the maximum amount of total tax revenue a town can collect from its property owners. That "Levy Limit" automatically increases each fiscal year. During the annual budget process a local decision is made whether to raise in taxation the maximum allowed under the law or to tax a lesser amount. The difference between a lesser amount and the maximum allowed is "Excess Levy Capacity." The amount of Excess Levy Capacity for a town is established with approval of its tax rate by the State through the Tax Recap process.

Excess Levy Capacity reflects efforts to slow property tax increases, but it is also a reserve and a revenue source, if appropriated before submission and approval of the Tax Recap sheet. Excess Levy Capacity in the current fiscal year generally represents available tax revenue in the subsequent year that may be used to fund operations, capital expenditures, including debt service, or any lawful purpose. Its use is implicitly approved by Town Meeting when it adopts the annual budget. In all cases, the use of Excess Levy Capacity results in a property tax increase.

Expenditure Request Guidelines & Forms

TOWN OF SUNDERLAND

BOARD OF SELECTMEN
12 School Street, Sunderland, MA 01375
PHONE: (413) 665-1441
FAX: (413) 665-1086



MEMORANDUM

TO: All Town Departments, Boards and Committees

FROM: Sunderland Board of Selectmen

DATE: November 30, 2016

FY2018 BUDGET & CAPITAL REQUEST GUIDELINES

Preliminary FY18 revenue projections reflect tax revenues again confined by Proposition 2½, minimal increases in local receipts and new growth, and state aid at or below FY17 levels. In short, this means that the combination of all projected revenues will restrict FY18 budget growth. We reiterate that the Town's fiscal situation is stable but tenuous.

The following guidelines are intended to clarify and achieve consistency in the FY18 budget and capital submission process.

FY18 BUDGET & CAPITAL REQUEST SUBMISSIONS

- Please read carefully -

BUDGET REQUEST and CAPITAL REQUEST forms are attached to these guidelines. Please make copies of forms as needed.

In an effort to ensure budget sustainability, the use of non-recurring funds such as grants and gifts to fund recurring services and offset budget increases must be restricted. Increased collaboration between departments, regional organizations, other towns and entities to achieve service and cost efficiencies is necessary and expected. Districts and non-profit organizations to which the Town pays assessments are requested and encouraged to do the same.

BUDGET REQUESTS must be completed in their entirety, and must reflect **level services** from FY17. Written justification and an accounting of all revenue sources expected to fund the requested budget must be attached. Non-fixed cost requests must include detailed justification. Fixed costs such as contract obligations, assessments and utility costs must be identified as such, and must include a narrative explaining why the cost is fixed and whether a possible alternative to the request may exist. ***Please be advised that all Town Contracts must be signed by the Board of Selectmen and are required to be on file with the Town Accountant and the Town Clerk.*** Any expected revenue impacts resulting from funding services at FY17 levels must be identified. Budget requests that do not comply with budget submission guidelines or related procedures, or incomplete budget request submissions such as those with insufficient justification, will be returned to submitting departments for modification. Budget reductions will be necessary if revenues are not sufficient to fund level service requests.

One (1) hard copy OR one (1) electronic copy of each fully completed BUDGET REQUEST form must be submitted to the Selectmen's office

(selectmen@townofsunderland.us) no later than 4:00PM, Monday, January 9, 2017.

CAPITAL REQUESTS must be completed in their entirety, and must include detailed justification of need as well as a vendor estimate, engineering proposal or other written estimate showing the source of the estimate, and other documentation necessary to support the request.

One (1) hard copy OR one (1) electronic copy of each fully completed CAPITAL REQUEST must be submitted to the Selectmen's office

(selectmen@townofsunderland.us) no later than 4:00PM, Monday, January 9, 2017.

FY18 budget hearings with the Board of Selectmen and Finance Committee will begin in January. The hearing schedule will be circulated in the near future. Department, board and committee representatives must attend their scheduled budget hearings prepared to speak to their detailed budget and capital requests. We anticipate working closely with all departments, boards and committees to ensure a responsible budget within the confines of Proposition 2½ that supports vital community services. If you have any questions or need assistance, please do not hesitate to contact the Selectmen's office. Thank you in advance for your timely and compliant submission.

cc: Finance Committee
Attachments

CAPITAL IMPROVEMENT REQUEST FORM

Project Detail Sheet

Department: _____

Date
prepared: _____

Project Title: _____

Project Cost: _____

Prepared by: _____

Purpose of Project Request

- ☐ New
☐ Addition / Alteration
☐ Upgrade / Expansion
☐ Repair / Reconstruction
☐ Replacement – ID item replaced
and surplus value: _____

Requested project year:

- ☐ FY18
☐ FY19
☐ FY20
☐ FY21
☐ FY22

Was this request submitted last year?

- ☐ Yes
☐ No
Request prior to last year
-ID prior year: _____

Department Priority Ranking (check one)

- ☐ Very High
☐ High
☐ Medium
☐ Low

Priority Classification (check all that apply)

- ☐ Imminent threat to public health and safety
☐ Requirement of state or federal law
☐ Infrastructure improvement
☐ Maintenance / improvement of capital asset
☐ Acquisition of property or capital asset
☐ Newly identified or reported need

Basis of Cost Estimate (check one & attach justification)

- ☐ Cost estimate from vendor, engineer or architect
☐ Cost from lowest qualified bidder
☐ Cost of comparable equipment or facility
☐ Rule of thumb indicator or unit cost
☐ Preliminary Cost Estimate (best guess)

Est. Useful Life

- ☐ 5 years
☐ 10 "
☐ 15 "
☐ 20+ "

Project Description & Justification

Provide a brief description of the capital request. Address the objective of the request, the need and background, size, location, acreage, unit capacity, etc. Attach additional information sheets, specifications and photos in support.

CAPITAL IMPROVEMENT REQUEST FORM

Project Cost Summary - Recommended Financing Sources - Operating Budget Impacts

Project Title: _____

Date prepared: _____

Enter costs over all applicable years in whole dollar estimates

Project Cost Elements	FY18	FY19	FY20	FY21	FY22	Total
Other (specify) _____						
TOTALS						

Proposed Funding Sources	FY18	FY19	FY20	FY21	FY22	Total
Taxation/Cap. Outlay Expenditure Excl.						
State/Federal Grants						
Stabilization Fund						
Capital Stabilization Fund						
Free Cash						
Bond Authorization						
Sewer Reserve						
Other (specify) _____						
TOTALS						

Expected Impacts on Operating Budget	FY18	FY19	FY20	FY21	FY22	Total
Full/Part-time Salaries & Wages						
Temp or Seasonal Wages						
Fringe Benefits						
Annual Maintenance/Contract						
Debt Service						
Insurance						
Supplies/Materials						
Utility/Energy Costs						
TOTALS						

Glossary of Financial Terms

Glossary of Financial Terms

(Source: State Division of Local Services <http://www.mass.gov/dor/docs/dls/publ/misc/dlsmfgl.pdf>)

Audit Committee

A committee appointed by the selectmen, mayor, or city council, with specific responsibility to review a community's independent audit of financial statements and to address all issues relating to it as well as those outlined in the accompanying management letter.

Audit Management Letter

An independent auditor's written communication to government officials, separate from the community's audit. It generally identifies areas of deficiency, if any, and presents recommendations for improvements in accounting procedures, internal controls and other matters.

Audit Report

Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions; (d) financial statements and schedules; and (e) statistical tables, supplementary comments, and recommendations. It is almost always accompanied by a management letter.

Available Funds

Balances in the various fund types that represent non-recurring revenue sources. As a sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

Bond Anticipation Note (BAN)

Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

Bond Authorization

The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond Issue)

Bond Rating

(Municipal) – A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poor's, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Capital Assets

All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land

Glossary of Financial Terms

and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Asset)

Capital Budget

An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Asset, Fixed Asset)

Capital Improvements Program

A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

Debt Authorization

Formal approval by a two-thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

Debt Burden

The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget

Debt Exclusion

An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Debt Limit

The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

Enterprise Fund

An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs--are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. See DOR IGR 08-101

Glossary of Financial Terms

Equalized Valuations (EQV)

The determination of an estimate of the full and fair cash value (FFCV) of all property in the Commonwealth as of a certain taxable date. EQVs have historically been used as a variable in distributing some state aid accounts and for determining county assessments and other costs. The Commissioner of Revenue, in accordance with MGL Ch. 58 §10C, is charged with the responsibility of biannually determining an equalized valuation for each city and town in the Commonwealth.

Fixed Assets

Long-lived, tangible assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Free Cash (Also Budgetary Fund Balance)

Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)

GASB 34

A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering services and value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement analyzing the government's financial performance, trends and prospects for the future.

GASB 45

This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits (See OPEB) in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service

Informational Guideline Release (IGR)

A DLS publication that outlines a policy, administrative procedure, or provides a law update related to municipal finance. Refer to online listing of IGRs.

Levy

The amount a community raises through the property tax. The levy can be any amount up to the levy limit, which is re-established every year in accordance with Proposition 2½ provisions.

Levy Ceiling

A levy ceiling is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion. (See Levy Limit)

Levy Limit

A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit

Glossary of Financial Terms

can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion. (See Levy Ceiling)

Line-Item Transfer

The reallocation of a budget appropriation between two line-items within an expenditure category (e.g., salaries, expenses). Employed as a management tool, line-item transfer authority allows department heads to move money to where a need arises for a similar purpose and without altering the bottom line. Whether or not line-item transfers are permitted depends on how the budget is presented (i.e., format) and what level of budget detail town meeting approves.

Local Acceptance Statute

A requirement placed within the language of a General Law that a community affirmatively accept the statute by town meeting or city council action or referendum before availing itself of the provisions of the particular law.

Local Aid

Revenue allocated by the Commonwealth to cities, towns, and regional school districts. Estimates of local aid are transmitted to cities, towns, and districts annually by the "Cherry Sheets." Most Cherry Sheet aid programs are considered general fund revenues and may be spent for any purpose, subject to appropriation.

Local Receipts

Locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. Annual estimates of local receipts are shown on the tax rate recapitulation sheet. (See Estimated Receipts)

New Growth

The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.

Non-Recurring Revenue Source

A one-time source of money available to a city or town. By its nature, a non-recurring revenue source cannot be relied upon in future years. Therefore, such funds should not be used for operating or other expenses that continue from year-to-year. (See Recurring Revenue Source)

OPEB (Other Postemployment Benefits)

Employees of state and local governments may be compensated in a variety of forms in exchange for their services. In addition to a salary, many employees earn benefits over their years of service that will not be received until after their employment with the government ends. The most common type of these postemployment benefits is a pension. Postemployment benefits other than pensions generally take the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. They may also include some type of life insurance. As a group, these are referred to as OPEB. (See GASB 45)

Override

Glossary of Financial Terms

A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount. (See Underride)

Override Capacity

The difference between a community's levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

Recurring Revenue Source

A source of money used to support municipal expenditures, which by its nature can be relied upon, at some level, in future years. (See Non-recurring Revenue Source)

Reserve Fund

An amount set aside annually within the budget of a city (not to exceed 3 percent of the tax levy for the preceding year) or town (not to exceed 5 percent of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by town meeting. In a city, try transfers from this fund may be voted by the city council upon recommendation of the mayor.

Revolving Fund

Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For departmental revolving funds, MGL Ch. 44 §53E½ stipulates that each fund must be re-authorized each year at annual town meeting or by city council action, and that a limit on the total amount that may be spent from each fund must be established at that time. The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the city or town in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single fund. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits.

Schedule A

A statement of revenues, expenditures and other financing sources, uses, changes in fund balance and certain balance sheet account information prepared annually by the accountant or auditor at the end of the fiscal year. This report is based on the fund account numbers and classifications contained in the UMAS manual.

Single Audit Act

For any community that expends \$750,000 or more per year in federal grant awards, the Single Audit Act establishes audit guidelines that reduce to only one the number of annual audits to be completed to satisfy the requirements of the various federal agencies from which grants have been received.

Special Revenue Fund

Funds, established by statute only, containing revenues that are earmarked for and restricted to expenditures for specific purposes. Special revenue funds include receipts reserved for appropriation, revolving funds, grants from governmental entities, and gifts from private individuals or organizations.

Stabilization Fund

A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to

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exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund. (See DOR IGR 04-201)

Tax Rate Recapitulation Sheet (Recap Sheet)

A document submitted by a city or town to the DOR in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1)

Turnover Sheet

A form, completed by municipal departments, that accompanies the physical transfer of departmental revenues, or bank deposit slips reflecting revenues, to the treasurer.

Underride

A vote by a community to permanently decrease the tax levy limit. As such, it is the exact opposite of an override. (See Override)

Undesignated Fund Balance

Monies in the various government funds as of June 30 that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash. (See Designated Fund Balance)

Uniform Procurement Act

Enacted in 1990, MGL Ch. 30B establishes uniform procedures for local government to use when contracting for supplies, equipment, services and real estate. The act is implemented through the Office of the Inspector General. (See Massachusetts Certified Public Purchasing Official).

Unreserved Fund Balance (Surplus Revenue Account)

The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

User Charges/Fees

A municipal funding source where payment is collected from the user of a service to help defray the cost of providing the service. Note that any increases in the fees must satisfy the three tests set forth in the so called Emerson case . (See Emerson College v. Boston, 391 Mass. 415 (1984))