

Free Cash – 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.

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 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.

Assessed Values by Class – The total value of all properties in a municipality by major property class type; residential, open space, commercial, industrial and personal property. Bureau of Local Assessment (BLA) must certify that a community's assessed values represent full and fair cash value (FFCV).

Tax Levy by Class – 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 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 can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion.

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.

Average Single-Family Tax Bills – For analysis purposes an average single-family tax bill is calculated by adding together the assessed value of all single-family parcels in a community then dividing that total by the number of single-family parcels. The result is an average single-family property value which is used to calculate a single-family tax bill, average value divided by \$1,000 and multiplied by community's residential tax rate. Thirteen communities have adopted a residential exemption; communities that have adopted the residential exemption do not submit enough data to accurately calculate an average single-family tax bill.

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.

Excess Levy Capacity – The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or city council must be informed of excess levy capacity and their acknowledgment must be submitted to DOR when setting the tax rate.

General Fund Debt as % of Total Budget

This includes long-term debt retired, annual interest on long-term debt, annual interest on short-term debt and other debt related interest as reported on the Schedule A (annual financial report of revenues and expenditures).

Overlay and Overlay as % of Tax Levy

Is an account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year. The overlay reserve need not be funded by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

Equalized Valuations (EQVs)

Is 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.

Net State Aid

Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior period for certain programs or services. The net state aid figure represents the total estimated receipts less total estimated assessments.

Population

Population actuals and estimates based on the US Census Bureau's annual census surveys and decennial census reports.

EQVs Per Capita

Equalized valuations as determined by the Commissioner of Revenue divided by the US Census Population, this data reflects the amounts used in the determination of some state aid program and assessments.

DOR Income Per Capita

Represents the annual income as reported on the Commonwealth of Massachusetts' Department of Revenue annual tax returns divided by the US Census Population, this is the same income data used in the aggregate wealth model of the Chapter 70 aid calculation.

Labor Force

Annual employment and unemployment counts as determined by the Commonwealth of Massachusetts' Department of Labor and Workforce Development.

Revenues by Source are a breakdown of the four major funding sources for municipal budgets, captured from the Tax Rate Recapitulation Sheet.

1. Property Tax Levy, the amount a community raises through the property tax.
2. State Aid, amount of state assistance estimated to be paid to a community through the cherry sheet.
3. Local Receipts, locally generated revenues, other than real and personal property taxes.
4. Other, these include free cash appropriated, municipal light source, and other sources