

## Article 19 – Free Cash Use

- Ms. Miller moves:

That the Town vote to transfer from Free Cash, the sum of \$1,000,000, or any other sum to be used by the Board of Assessors to reduce the tax levy for the fiscal year ending June 30, 2018.

## Article 19 – Free Cash Use

- Free Cash is referred to by statute as “undesigned fund balance”.
- The Town’s Free Cash balance is certified by the State as of June 30 each fiscal year and represents the portion of the General Fund Balance available for appropriation.

## Article 19

# Free Cash Policy

### Financial Policy:

"..... shall be maintained at a level no less than 5% of the total budget."

### Allocation to operating budget support:

should be limited to what can be restored from the results of normal budget operations.

# Article 19

## Concord's Free Cash History

| <u>June 30</u> | <u>Certified amount</u> | <u>% of next budget</u> |
|----------------|-------------------------|-------------------------|
| ■ 2012         | \$ 9,357,662            | 11.3%                   |
| ■ 2013         | \$ 9,664,489            | 11.2%                   |
| ■ 2014         | \$11,084,917            | 12.3%                   |
| ■ 2015         | \$11,040,933            | 11.5%                   |
| ■ 2016         | \$12,606,955            | 12.8%                   |

# Article 19

## Allocation of Free Cash

| <b>Fiscal Year</b> | <b>Amount to budget support</b> | <b>As % of Levy</b> | <b>Other use of Free Cash</b> |
|--------------------|---------------------------------|---------------------|-------------------------------|
| ■ '15              | \$ 850,000                      | 1.1%                | \$ 750,000                    |
| ■ '16              | \$ 950,000                      | 1.2%                | 1,375,000                     |
| ■ '17              | \$1,000,000                     | 1.3%                | 0                             |

### Proposed:

|       |             |      |
|-------|-------------|------|
| ■ '18 | \$1,000,000 | 1.1% |
|-------|-------------|------|

# How Free Cash is Impacted by Proposed Town Meeting Spending

|  |  |                      | Percent of<br>Prior Year Budget |
|--|--|----------------------|---------------------------------|
| As of June 30, 2016  |  | \$ 12,605,955        | 12.83%                          |
| Policy Requirements:                                       |  |                      |                                 |
|  | 5% - Minimum   | \$ 4,912,479         |                                 |
|  | 10% - Maximum  | \$ 9,824,958         |                                 |
| Current Balance Above Maximum Policy Requirement:          |  | \$ 2,780,997         | 2.83%                           |
| <b>Article Number:</b>                                     | <b>Proposed Uses of Free Cash:</b>                       |                      |                                 |
| 14   | FY2017 Supplemental Appropriation for Schools            | \$ 400,000           | 0.41%                           |
| 19   | FY2018 Budget to reduce Property Tax                     | \$ 1,000,000         | 1.02%                           |
| 23   | Acquisition of 55 Church Street                          | \$ 1,200,000         | 1.22%                           |
| 20   | Junction Village Affordable Assisting Living Development | <u>\$ 1,000,000</u>  | <u>1.02%</u>                    |
|  | <b>sub-total:</b>  | <b>\$ 3,600,000</b>  | <b>3.66%</b>                    |
| Balance of Free Cash, assuming all proposals are approved: |  | \$ 9,005,955         | 9.17%                           |
| <b>Benchmark Measurement: FY17 Total Budget Plan</b>       |  | <b>\$ 98,249,582</b> |                                 |

**Note:** The Free Cash Balance as of June 30, 2016 is \$2,780,997, or 2.83% above the adopted Policy Maximum. In accordance with Policy, if Free Cash rises above 10%, the Town Manager shall consider recommending using the excess Free Cash for a Special Non-Recurring

Expense and/ or to fund the General Stabilization Fund. While approval of all the above Proposed Uses of Free Cash would reduce the Free Cash Balance to less than 10%, it would in no way jeopardize the Town's Bond Rating, nor would it compromise the Town's strong financial position.

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