

REPORT AND RECOMMENDATIONS
OF THE
FINANCE COMMITTEE
TO THE
ANNUAL TOWN MEETING
GOSHEN, MASSACHUSETTS



MAY 20, 2019

MEMBERS: KRISTINE BISSELL, ANN DERES, ANGELA OTIS,
GINA M. PAPINEAU AND DAWN SCAPAROTTI

Town of Goshen
Annual Town Meeting, May 20, 2019
Report of the Finance Committee

Table of Contents	Page #
➤ Role and Responsibility of the Finance Committee	2
➤ Considerations and Recommendations	3 – 4
○ Summary	3
○ Capital Plan Funding and Best Practices	3
○ Municipal Bond Consideration	3, 4
○ Potential Proposition 2 ½ Override FY 2021	4
○ New Hingham School Roof	4,5
➤ Tax Impact of Debt Exclusions	5
➤ Stabilization Accounts and Free Cash	5
➤ Budget Narrative	6
➤ FY 2020 Operating Budget	7-11
○ Budget Summary by Category	7
○ FY 2020 Budget Line Code Detail	8-11
➤ Levy Limit Calculation	12
➤ Five-year Capital Plan with Debt Service Impacts	13, 14
➤ Goshen Statistics	15
➤ Funding Sources for Warrant Articles	16
➤ Municipal Terms Glossary	17,18

ROLE AND RESPONSIBILITY OF THE FINANCE COMMITTEE

Finance Committee members are volunteers elected by the Town. Their responsibility is to provide oversight of all financial matters related to the development, management, and monitoring of the Town's annual budget and capital plans.

Because it is impossible for all voters to be completely informed about all the details of the Town's financial position, the Finance Committee has an advisory role in making recommendations that reflect both a short-term and long-term perspective in preserving the financial stability of the community.

The process of making recommendations is designed to respect and acknowledge the complexity of goals, concerns, variable needs of the community and trade-offs between short and long-term considerations. The Finance Committee makes recommendations on budget and warrant articles as presented at Town Meeting.

The Finance Committee collaborates with the Selectboard and other committees and employees including the Capital Planning Committee, Board of Assessors, Treasurer and Accountant on financial issues that arise during the fiscal year and is responsible for approving transfers of reserve funds during the year.

The commitment of the Finance Committee is to:

- Carefully evaluate the impact any budget request has on the overall financial stability of the Town;
- Seek the facts related to any project with financial implications & analyze the options based on those facts;
- Research & follow best practices and implement strategies to achieve them;
- Provide pertinent information that informs voters about the potential financial impacts of their voting options for the financial proposals being considered;

CONSIDERATIONS AND RECOMMENDATIONS

Summary

The Finance Committee has made great strides in strengthening the financial analysis and the financial information presented to the Town and with this booklet has met its commitment to provide material in advance of the Annual Town Meeting. The Committee welcomes suggestions and will continue to refine the process.

The addition of a comprehensive capital planning process several years ago has positioned us to make decisions based on evaluating the tradeoffs between short-term and long-term considerations. The Selectboard chair's work with the new accountant has led to significant improvements in the Town's financial data and hence our ability to rely on reports and have data for analysis and review. We continue to work toward implementing best practices to strengthen our overall financial position.

The state of the Town's finances is good and will grow stronger with each fiscally sound choice made by the town. The town continues to face financial challenges in the near future including the replacement of the New Hingham School roof, completion of the broadband installation, the replacement of a fire pumper truck and the need to address the inadequate Town highway department salt shed and housing of our town highway and police vehicles. Additionally, for FY 2021, the Town may need to consider a permanent increase to our operating budget which will necessitate a Proposition 2 ½ budget override. In the course of our work this year the following topics rise to the top as issues to address and consider. They all have important financial implications for our Town long term and careful consideration of the impacts of our decisions is necessary by all.

Capital Plan Funding & Best Practices

The Town's formal Capital Plan was developed by the Capital Planning Committee in 2016 and is updated annually. The Finance Committee, who has consistently had two members participating on the Capital Committee, has worked collaboratively to coordinate funding and understand budget implications. We have been aggressively funding the plan through free cash and other stabilization fund balances. This has been an important step forward in planning for our Town's capital needs. However, this form of funding alone is not a best practice; nor is it a sustainable one. Best practice guidelines include funding the capitalization stabilization contribution line code in our budget annually with an amount equal to 3% – 5% of our operating budget or tax levy. For Goshen, this represents between \$85K - \$120K annually. This year we diverted \$12K from other budget line codes and we were able to add another \$10K for a total budget of \$22K for this line code for FY 2020. We must begin funding at the \$90K level from our operating budget each year going forward, in addition to using some free cash, to adequately position the Town to meet our ongoing and long term capital needs. This is especially important so that we do not need a debt exclusion and to increase taxes for each large capital request.

Municipal Bond Consideration

With the large expenditures that we have facing us in the upcoming years, we need to consider consolidating our borrowing and issuing a municipal bond. This would require a rating agency review, typically by Standard & Poors. There are certain criteria that these agencies use in evaluating a Town for a bond rating including stabilization account balances, revenues, expenses, debt ratios, management

practices. To receive the best possible rating, which provides better borrowing terms, we need to really implement best practices on multiple levels to include: annual audits, developing policies and procedures across many financial functions, understanding the various relevant financial ratios, etc. We will continue to work with the Treasurer and Selectboard on this and will continue to take this into consideration when making recommendations regarding cash flow and funding of our capital expenses. To that end and with the consultation of our treasurer and financial advisor, we have recommended using a loan to finance the purchase of already approved (FY 2019) Highway plow / dump truck. Warrant articles 9 & 10. This will move \$220K back to our stabilization account and authorize the treasurer to borrow for the purchase.

Potential Override for FY2021

Both regional schools worked hard to reduce their budgets in response to the needs of the 5 member towns for HRHS and the 2 towns for New Hingham. In order to balance the budget once the final school assessments requests were established, Goshen had to cut in excess of \$120K from its FY 2020 budget requests. Another \$10K - \$15K was never submitted as we knew there would not be enough to fund it. In the future, in order to meet the reasonable requests of both the schools and the town, an override from the limitations of Proposition 2 ½ may be necessary. An override for the following fiscal year, FY 2021, is something we may need to consider. This could add another \$50k to \$150K to the annual amount raised each year. This is another reason why we need to manage any additional debt exclusions very carefully.

New Hingham School Roof Replacement

In the September 2018 Special Town Meeting, the town authorized the school to spend up to \$40K for Goshen’s share of temporary roof tarping and for design work for the permanent replacement of the roof. The roof was tarped shortly thereafter and the architects consulted. Currently the school is working with the architects on the design documents. As of this writing, no detailed design plans have been bid to date.

The current quote for the shingled and metal roof options are based on an architects Estimate of Probable Costs, with caveats that the estimates do not include any architect and engineering fees , any contingency for roof sheathing and hazardous waste remediation, or escalation costs (such as premium pricing for priority scheduling).

In that there is no bid pricing yet, to evaluate the financial impact to the Town, the Finance Committee has used the architect’s Estimate of Probable Cost to develop a range of projected costs for both the shingled and metal roof options. At the low end, the figure equals the estimate of probable costs without additional contingencies and at the higher end, includes a 30% contingency to cover potential escalations.

This approach is consistent with the financial analysis we did with the landfill repair project, which was also undertaken within similar tight summer / fall construction deadlines, though in that project the extra engineering fees were already factored in prior to adding the 30% contingency. Two of the bids came in a bit over the 30% and the others were significantly higher.

The table below shows the range of annual debt costs for the shingled and metal roof:

**** Range for Goshen's Share of Annual Debt for New Roof, based on materials chosen and cost estimates from 0 to 30% contingency			
	Estimate of Goshen's Annual Debt Assessment:		Based on Total Roof Costs of:
***Estimated Increase to Annual Tax Levy	for Shingled Roof	\$ 30,800 to \$ 40,040	\$440,000 to \$572,000
***Estimated Increase to Annual Tax Levy	for Metal Roof	\$ 56,000 to \$ 72,800	\$800,000 to \$1,040,000

It is extremely unlikely that the bids will come in on the low side of this range as there are so many unknowns. Even the higher end leaves us somewhat exposed, and more so with the metal option.

Based on this analysis and a comprehensive review of the Town's capital, operating plans and financial status, the Finance Committee and the Selectboard conclude that a vote for the lower debt amount is in the town's best long-term financial interest and is the more fiscally appropriate choice. This leads us to the shingled roof option.

It is deemed more fiscally appropriate in part because there is additional debt totaling \$191K that will be added to our raise and appropriate tax levy for the already approved landfill repair (\$40.9K) and broadband (\$150K). The lower debt repayment associated with the shingled roof would make the potential debt override to fund increased costs for reasonable expenses for the schools and Town (\$50K - \$150K) more affordable and its passage more likely. In a few years we anticipate large expenses with annual debt repayments associated with the Fire Department pumper (\$60.7K) and Town buildings (\$218K).

Beyond that, by the time the roof needs to be replaced again, the school will be at least 50 years old and potentially in need of a remodel or renovation. By that time we will qualify for additional financial support through the Massachusetts School Building Authority for substantial participation in support of any costs (57% by today's criteria).

Tax Impact of Debt Exclusions

While we have already approved debt exclusions for the broadband and landfill repair, the impact of those votes have yet to be factored into our tax assessments because the borrowing has not yet occurred or the first payments have not been made. When we look at the impact of any one debt decision by itself, the impact may appear minimal. When you look at the cumulative impact, it is more substantial. When they all come on at once, as is anticipated, people may feel the effects more acutely.

Stabilization Accounts and Free Cash

Over the years, the town has appropriated funds into stabilization accounts to assist in Goshen's long-term financial management. A town vote is required to move funds in or out of these accounts. The approximate stabilization fund balances prior to and after the May 2019 Annual Town Meeting (ATM) actions, assuming all warrant articles pass, are listed below:

	Before ATM	After ATM Articles
1. General Stabilization	\$ 304,916	\$ 264,916
2. Capital Stabilization	\$ 284,206	\$ 663,491
3. Fire Vehicle Stabilization	\$ 131,078	\$ 10,078
4. Audit Stabilization	\$ 30,000	\$ 15,000
5. Assessor Property Revaluation	\$ 32,332	\$ 32,332
6. Town Building Stabilization	\$ 344	\$ 344
7. Free Cash**	\$ 249,936	\$ 421
Total Stabilization and Free Cash	\$1,032,812	\$ 986,583

** Free cash typically includes actual receipts in excess of revenue estimates and unspent appropriated departmental budget amounts for the year just ended, plus unexpended or unallocated free cash from the previous year. It is a revenue source calculated and certified by the state Department Of Revenue.

Respectfully Submitted, The Finance Committee

Kristine Bissell
 Ann Deres
 Angela Otis
 Gina Papineau
 Dawn Scaparotti

Budget Narrative - FY 2019 VS FY 2020

The FY 2020 budget represents an overall increase from FY 2019 of 3.3%, or \$93.3K. Of the that increase, 79.3% was for increased education assessments or \$73.3K; 13.3% related to salary increases of \$12.4K; and 7.7% for increases across all other town department lines codes, or \$7.2K. The major components are as follows:

- \$ 73.3K increase (4.8%) in Education due to increased school assessments as follows:
 - \$ 37.3K or 5.1% for New Hingham,
 - \$ 32.3K or 6.3% for HRHS and
 - \$ 3.2K or 1.4% for Smith Vocational tuition and transportation;

- \$ 12.4K increase (2.9%) in salaries overall reflecting the following:
 - \$ 8.2K increase due to Cost of Living Adjustments (COLA) distributed to all employees and the 2 Town elected boards that receive stipends
 - \$ 9.6K of other salary adjustments to specific salary line codes to reflect market adjustments to the actual wage or increased hours within the department
 - (\$ 5.5K) Reduction in the Selectboard salary stipends to remove temporary increase due to an assumption of less work as a result of a town administrator position;

- \$ 7.2K in overall net increases in all other town expenditures:
 - 41.6K Due to increases across a variety of line codes primarily:
 - \$22.0K funding for the capital plan
 - \$ 7.0K Broadband surety bonds, \$6K and MLP manager stipend, \$1K
 - \$ 3.5K in Accounting Assessment
 - \$ 3.0K in unemployment compensation due to higher payroll
 - \$ 3.0K for Waste disposal expense due to new contract
 - \$ 0.9K Highland Ambulance Assessment
 - \$ 0.9K Costs for town tree maintenance

 - \$ (34.5K) Due to reductions across a number of line codes, primarily:
 - (\$ 11.8K) Health insurance;
 - (\$ 6.0K) Reserve Account
 - (\$ 3.1K) Town Clerk Elections – fewer elections in FY2020
 - (\$ 3.0K) Tax Possession Expense decreases
 - (\$ 2.3K) Fuel Expense which will be funded out of a revolving acct
 - (\$ 1.6K) Street lights due to LED installations
 - (\$ 1.7K) County Retirement Assessment
 - (\$1.5K) Veterans Services Assessment decrease
 - (\$1.5K) Workers Comp
 - (\$1.0K) Information Technology

**FY2020 BUDGET
SUMMARY OF EXPENSES BY CATEGORY
ANNUAL TOWN MEETING
May 20, 2019**

Printed:
5/14/2019

	Town Approved	Requested	Finance Committee	\$ Difference	Percent
As of May 13, 2019	FY 2019	FY 2020	FY 2020	Inc./((Dec)	Inc./((Dec)
	Appropriations	Budget	Budget	From FY 2019	FY 2019
General Government	356,997	391,756	349,907	(7,090)	-2.0%
As a % of Total Appropriations	12.7%	13.0%	12.1%	-7.6%	
Public Safety	207,487	213,682	211,404	3,917	1.9%
As a % of Total Appropriations	7.4%	7.1%	7.3%	4.2%	
Public Works	422,311	441,080	431,332	9,021	2.1%
As a % of Total Appropriations	15.1%	14.6%	14.9%	9.7%	
Public Health & Sanitation	61,522	65,136	65,138	3,616	5.9%
As a % of Total Appropriations	2.2%	2.2%	2.2%	3.9%	
Community Services	63,112	64,805	63,969	857	1.4%
As a % of Total Appropriations	2.2%	2.1%	2.2%	1.2%	
Pensions and Insurance	178,967	166,723	166,723	(12,244)	-6.8%
As a % of Appropriations before det	6.4%	5.5%	5.8%	-13.2%	
Capital Stabilization Fund	0	90,000	22,000	22,000	100.00%
As a % of Total Appropriations	0.0%	3.0%	0.8%	23.6%	
Education	1,486,834	1,559,720	1,559,560	72,726	4.9%
As a % of Total Appropriations	53.0%	51.6%	53.8%	77.9%	
Total Appropriations Before Debt Service	2,777,229	2,902,902	2,870,033	92,804	3.34%
As a % of Total Appropriations	99.0%	96.1%	99.0%	99.4%	
Debt Svc / ExclusionTotal	28,496	29,024	29,024	528	1.9%
As a % of Appropriations	1.02%	0.96%	1.00%	0.57%	
Total Education w/ Debt	1,515,330	1,588,744	1,588,584	73,254	4.8%
As a % of appropriation	54.0%	52.6%	54.8%	78.5%	
Total Budget Appropriations - Use for Levy Limit Calc	2,805,725	3,021,926	2,899,057	93,332	3.3%

**FY2020 BUDGET
EXPENSE DETAIL BY LINE CODE
ANNUAL TOWN MEETING
MAY 20, 2019**

Printed:
5/14/2019

	Town Approved	Town Approved	Requested	Finance Committee	\$ Difference	Percent
As of May 13 2019	FY 2018	FY 2019	FY 2020	FY 2020 Rounded	Inc./Dec)	Inc./Dec)
	Appropriations	Appropriations	Budget Proforma	Budget Proforma	From FY 2019	FY 2019
8 General Government						
9 Town Administration	15,000	39,000	54,000	44,000	5,000	12.8%
10 Moderator Salary	162	165	169	169	4	2.3%
11 Selectboard Salaries	12,636	12,636	7,096	7,096	(5,540)	-43.8%
13 Administrative Assistant	24,352	0	0	0	0	0.0%
14 Minutes Recorder Salary		3,950	4,029	4,029	79	2.0%
15 Selectboard's Expense	9,000	9,150	9,150	9,150	0	0.0%
16 Selectboard's Audit Expense	7,000	7,000	13,000	7,000	0	0.0%
17 Town Legal Expense	20,000	13,000	13,000	13,000	0	0.0%
18 Finance Committee Expense	410	420	431	431	11	2.6%
19 Accountant Assessment	17,200	29,000	32,500	32,500	3,500	12.1%
20 Accountant Expense	3,098	3,351	13,351	3,619	268	8.0%
21 Board of Assessors' Salary	6,560	6,691	6,825	6,826	135	2.0%
22 Assistant Assessor Salary	16,719	17,053	17,394	17,395	342	2.0%
23 Assessor's Clerk Salary	2,843	2,900	2,958	2,958	58	2.0%
24 Assessors Expense	8,100	8,600	8,600	8,600	0	0.0%
25 Assessor Consultant	4,500	4,500	4,500	4,500	0	0.0%
26 Treasurer Salary	14,790	15,086	16,070	15,388	302	2.0%
27 Asst. Treasurer Salary	1,073	1,100	1,900	2,080	980	89.1%
28 Treasurer Expense	5,640	5,710	5,760	5,760	50	0.9%
29 Tax Possession Expense	10,000	7,000	4,000	4,000	(3,000)	-42.9%
30 Short Term Interest	500	500	500	500	0	0.0%
31 Town Collector Salary	10,654	10,867	11,084	11,085	218	2.0%
32 Asst. Tax Collector salary	2,122	2,164	1,700	2,080	(84)	-3.9%
33 Tax Collector Expense	11,100	11,100	11,100	11,100	0	0.0%
34 Tax Title Expense	1,200	1,200	1,200	1,200	0	0.0%
35 Town Clerk Salary	11,220	11,220	11,444	11,445	225	2.0%
36 Asst. Town Clerk Salary	1,073	1,094	1,400	1,400	306	27.9%
37 Town Clerk Expense	2,000	2,100	2,100	2,100	0	0.0%
38 Town Clerk Elections	3,000	8,100	5,000	5,000	(3,100)	-38.3%
39 Registrar of Voters	100	100	100	100	0	0.0%
40 Conservation Comm. Expense	450	450	450	450	0	0.0%
41 Planning Board Expense(2122)	700	700	700	700	0	0.0%
42 Appeals Board Sec. Salary	0	0	0	0	0	0.0%
43 Appeals Board Expense	0	0	0	0	0	0.0%
44 Town Building Janitor Salary	12,985	11,200	11,424	11,424	224	2.0%
45 Town Building Maintenance Exp.	51,640	50,000	50,000	50,000	0	0.0%
46 Town Office IT Expense	17,650	23,204	32,133	22,133	(1,071)	-4.6%
47 Pioneer Valley Assessment	166	171	175	175	4	2.3%
48 Hampshire Council of Governments	503	513	513	514	1	0.2%
49 Reserve Fund	30,000	36,000	36,000	30,000	(6,000)	-16.7%
50 Total General Government	336,146	356,997	391,756	349,907	(7,090)	-2.0%
52 As a % of Total Appropriations	12.6%	12.7%	13.0%	12.1%	-7.6%	

**FY2020 BUDGET
EXPENSE DETAIL BY LINE CODE
ANNUAL TOWN MEETING
MAY 20, 2019**

Printed:
5/14/2019

	Town Approved	Town Approved	Requested	Finance Committee	\$ Difference	Percent
As of May 13 2019	FY 2018	FY 2019	FY 2020	FY 2020 Rounded	Inc./(Dec)	Inc./(Dec)
	Appropriations	Appropriations	Budget Proforma	Budget Proforma	From FY 2019	FY 2019
53 Public Safety						
54 Police Chief Salary	6,377	6,505	6,635	6,635	130	2.0%
55 Police Officers Wages	40,940	41,759	45,513	43,567	1,808	4.3%
56 Police Admin Asst. Salary	2,850	2,907	2,965	2,965	58	2.0%
57 Police Department Expense	18,273	19,078	19,078	19,078	0	0.0%
58 Police Officers Mandated Training	8,533	8,533	8,704	8,704	171	2.0%
59 Hampshire Sheriff's Assessment	1,001	1,021	1,021	1,001	(20)	-2.0%
60 Constable Salary	211	215	220	220	5	2.2%
61 Fire Chief Salary	7,390	7,538	7,689	7,689	151	2.0%
62 Fire Department Expense	39,315	39,315	39,315	39,315	0	0.0%
63 Volunteer Firefighters Incentives	10,000	10,000	10,000	10,000	0	0.0%
64 Emergency Mang. Director Salary	2,165	2,208	2,252	2,253	45	2.0%
65 Emergency Management Exp	450	450	450	450	0	0.0%
66 Emergency Operations Center Exp.	700	700	1,000	900	200	28.6%
67 Highland Ambulance Assessment	47,220	47,901	48,853	48,854	953	2.0%
68 Building Inspector Salary	8,405	9,364	10,000	9,551	187	2.0%
69 Building Insp. Assistant Salary	4,590	4,682	4,775	4,776	94	2.0%
70 Building Inspector Expense	850	850	450	450	(400)	-47.1%
71 Electrical Inspector Fees	0	0	0	0	0	0.0%
72 Plumbing & Gas Inspector Salary	1,293	1,319	1,319	1,346	27	2.1%
73 Plumbing & Gas Insp. Expense	100	100	100	100	0	0.0%
74 Animal Control Officer Salary	2,493	2,543	2,594	2,800	257	10.1%
75 Animal Control Expense	500	500	750	750	250	50.0%
76 Total Public Safety	203,656	207,487	213,682	211,404	3,917	1.9%
78 As a % of Total Appropriations	7.6%	7.4%	7.1%	7.3%	4.2%	
79 Public Works						
80 Highway Salaries	153,105	156,167	161,108	161,109	4,942	3.2%
81 Equipment Repair	30,000	30,000	30,000	30,000	0	0.0%
82 Fuel Expense	31,330	31,330	29,000	29,000	(2,330)	-7.4%
83 Town Garage Expense	13,250	13,250	13,250	13,250	0	0.0%
84 General Highway Expense	83,700	83,700	83,700	83,700	0	0.0%
85 Highway Road Improvement	30,000	30,000	30,000	30,000	0	0.0%
86 Winter Highway Snow Removal	47,868	52,868	57,750	53,000	132	0.2%
87 Cemetery Superintendent Salary	921	939	958	959	20	2.1%
88 Town Property Mowing	13,000	13,000	15,000	13,000	0	0.0%
89 Tree Warden Expense	5,300	5,400	6,250	6,250	850	15.7%
90 Street Lights	4,356	4,356	2,764	2,764	(1,592)	-36.5%
91 Water Specialist	300	300	300	300	0	0.0%
92 Municipal Lighting Plant/Broadband	0	0	10,000	7,000	7,000	0.0%
93 Wired West Assessment	1,000	1,000	1,000	1,000	0	0.0%
94 Total Public Works	414,130	422,311	441,080	431,332	9,021	2.1%
96 As a % of Total Appropriations	15.5%	15.1%	14.6%	14.9%	9.7%	

**FY2020 BUDGET
EXPENSE DETAIL BY LINE CODE
ANNUAL TOWN MEETING
MAY 20, 2019**

Printed:
5/14/2019

	Town Approved	Town Approved	Requested	Finance Committee	\$ Difference	Percent
As of May 13 2019	FY 2018	FY 2019	FY 2020	FY 2020 Rounded	Inc./Dec)	Inc./Dec)
	Appropriations	Appropriations	Budget Proforma	Budget Proforma	From FY 2019	FY 2019
97 Public Health & Sanitation						
98 PH Animal Inspector Salary	603	615	627	628	13	2.1%
99 PH Animal Inspector Expense	80	80	50	50	(30)	-37.5%
100 Public Health Committee Salary	3,390	0	0	0	0	0.0%
101 Public Health Expense	500	500	500	500	0	0.0%
102 PH Transfer Station Salary	9,168	10,172	10,375	10,376	204	2.0%
103 Hilltown Resource Mange. Coop.	3,300	4,103	4,229	4,229	126	3.1%
104 Hilltown Resource Waste Pick-Up	1,500	1,500	1,500	1,500	0	0.0%
105 PH Waste Disposal Expense	30,000	32,500	35,476	35,476	2,976	9.2%
106 Public Health Agent Assessment	10,196	12,052	12,378	12,379	327	2.7%
107 Total Public Health & Sanitation	58,737	61,522	65,136	65,138	3,616	5.9%
110 As a % of Total Appropriations	2.2%	2.2%	2.2%	2.2%	3.9%	
111						
112 Community Services						
113 Council on Aging Salaries	1,005	1,295	3,828	2,992	1,697	131.0%
114 Council on Aging Expense	2,020	2,570	3,070	3,070	500	19.5%
115 Veterans' Agent Assessment	4,300	4,600	4,769	4,769	169	3.7%
116 Veterans' Expense	75	75	75	75	0	0.0%
117 Veterans' Services	30,000	36,800	35,251	35,251	(1,549)	-4.2%
118 Library Expense	7,960	8,522	8,562	8,562	40	0.5%
119 Recreation Commission Expense	5,000	5,000	5,000	5,000	0	0.0%
120 Historical Commission Expense	3,600	3,600	3,600	3,600	0	0.0%
121 Open Space Comm. Expense	150	150	150	150	0	0.0%
122 Committee Longevity Program	500	500	500	500	0	0.0%
123 Total Community Services	54,610	63,112	64,805	63,969	857	1.4%
126 As a % of Total Appropriations	2.0%	2.2%	2.1%	2.2%	0.9%	
127 Pensions and Insurance						
128 County Retirement	60,228	70,511	68,826	68,826	(1,685)	-2.4%
129 Group Life Insurance-Town Share	380	380	469	469	89	23.4%
130 Health Insurance-Town Share	27,000	41,962	30,170	30,170	(11,792)	-28.1%
131 Workers Compensation	6,600	13,468	12,000	12,000	(1,468)	-10.9%
132 Unemployment Compensation	550	550	3,648	3,648	3,098	563.3%
133 Medicare Tax - Town Share	6,957	7,096	6,610	6,610	(486)	-6.9%
134 General Insurance	45,000	45,000	45,000	45,000	0	0.0%
135 Total Pensions and Insurance	146,715	178,967	166,723	166,723	(12,244)	-6.8%
136 As a % of Appropriations before debt	5.5%	6.4%	5.5%	5.8%	-13.1%	

**FY2020 BUDGET
EXPENSE DETAIL BY LINE CODE
ANNUAL TOWN MEETING
MAY 20, 2019**

Printed:
5/14/2019

	Town Approved	Town Approved	Requested	Finance Committee	\$ Difference	Percent
As of May 13 2019	FY 2018	FY 2019	FY 2020	FY 2020 Rounded	Inc./(Dec)	Inc./(Dec)
	Appropriations	Appropriations	Budget Proforma	Budget Proforma	From FY 2019	FY 2019
137						
138 Capital Stabilization Fund	0	0	90,000	22,000	22,000	100.00%
139 As a % of Appropriations before debt	0.0%	0.0%	3.1%	0.8%	23.7%	
140 As a % of Total Appropriations	0.0%	0.0%	3.0%	0.8%	23.6%	
141 Education						
142 Goshen/Ches. Reg. Assessment	732,286	739,893	777,201	777,201	37,308	5.0%
143 Hampshire Regional Assessment	480,355	514,850	547,101	547,101	32,251	6.3%
144 Vocational Tuition	173,280	193,209	194,592	194,592	1,383	0.7%
145 Vocational Transportation	38,158	38,882	40,826	40,666	1,784	4.6%
146 Education	1,424,079	1,486,834	1,559,720	1,559,560	72,726	4.9%
147 As a % of Appropriations before debt	54.0%	53.54%	53.73%	54.34%	78.4%	
148 As a % of Total Appropriations	53.4%	53.0%	51.6%	53.8%	77.9%	
149						
150						
151 Total Appropriations Before Debt Service	2,638,073	2,777,229	2,902,902	2,870,033	92,804	3.34%
152					99.43%	
153 Debt Service / Debt Exclusions						
154 New Hingham Reg School Debt Svc	0	0	0	0	0	0.0%
155 HRHS Renovation Debt Service	28,842	28,496	29,024	29,024	528	1.8%
156 New Roof New Hingham School***		0.00	0.00	0.00	0.00	0.0%
159 Debt Svc / Debt ExclusionTotal	28,842	28,496	29,024	29,024	528	1.9%
160 As a % of Appropriations	1.08%	1.02%	0.96%	1.00%	0.57%	
163 Total Education w/ School Debt	1,452,921	1,515,330	1,588,744	1,588,584	73,254	4.8%
164 As a % of appropriation	54.5%	54.0%	52.6%	54.8%	78.5%	
166 Total Budget Appropriations - Use for Levy Limit Calc	2,666,915	2,805,725	3,021,926	2,899,057	93,332	3.3%
*** Not included in above is the annual debt service for the New Roof. Financing terms, including costs & timing, are not yet established .						
**** Range for Goshen's Share of Annual Debt for New Roof, based on materials chosen and cost estimates from 0 to 30% contingency						
			Estimate of Goshen's Annual Debt Assessment:		Based on Total Roof Costs of:	
***Estimated Increase to Annual Tax Levy	for Shingled Roof	\$ 30,800	to \$ 40,040	\$440,000	to \$572,000	
***Estimated Increase to Annual Tax Levy	for Metal Roof	\$ 56,000	to \$ 72,800	\$800,000	to \$1,040,000	
The Finance Committee and the Selectboard unanimously support the shingle roof option. In FY 2021 there is additional debt totaling \$191K that will be added to our books for the landfill repair & broadband. That same year we may need a budget override of \$50 - \$150K to fund increased costs for reasonable expenses for the schools and Town beginning next year. Another year or so after FY 2021 we will need to replace the Fire Pumper which will add another \$60.7K and building improvements will add another \$218K. As a result, based on a comprehensive review of our Town's financial status, the Finance committee concludes a vote for the lower debt amount is in the Towns best long-term financial interest and is the more fiscally appropriate choice.						

FY 2020 Operating Budget
LEVY LIMIT CALCULATION

	TOPIC	Proforma FY 2020 Amount	Cumulative Total	Explanation / How obtained	as of 11/14/18 11pm
Calculation to determine amount to be raised by taxes					
1	Budget Appropriations - Proforma FY 2020	2,899,057.00	2,899,057.00	Raise and Appropriate Budget FY 202	
2 Plus	Charges due to the State and overlay				
	cherry sheet charges	1,937.00		Amounts due to the state per cherry sheet -available online	
	Offset receipts : library	2,278.00	4,215.00	Amounts due to the state per cherry sheet -available online	
	overlay	20,000.00		Assessors determine based on estimated exemptions and abatements	
	Total Charges	24,215.00	2,923,272.00		
3 Minus	Cherry sheet receipts & local receipts				
	cherry sheet receipts from State &	241,904.00		Amounts to be received from state per cherry sheet - available online access	
	estimated local receipts	212,700.00		Estimated receipts, including excise taxes, and departmental fees, permits licenses, e	
	Total Receipts	454,604.00	2,468,668.00		
4 Equals	Adjusted Amount to be Raised	2,468,668.00	2,468,668.00	This reflects the adjusted amt that must be raised in taxes to fund budget requests. This figure CANNOT exceed the Levy Limit	
Levy Limit Calculation					
3 1	Levy Limit from Previous year	2,361,372.80	2,361,372.80	This number is from previous years final levy limit calculation worksheet	
1 2 Plus	2.5% allowable increase	59,034.32		Per State Proposition 2 1/2, the max amount municipal budget may increase per yr	
	New Growth Estimate	20,000.00		Preliminary From Assessors and reflects their estimate of projected growth in taxes	
	Total allowable increases	79,034.32	2,440,407.12		
3 equals	Levy Limit prior to Exclusions for 2020	2,440,407.12	2,440,407.12		
4 plus	Debt Exclusions	29,024.00	2,469,431.12	Provided by treasurer based on educational debt service & debt exclusions .	
				If none available, Finance Com. estimates	
5 equals	Maximum Adjusted Levy Limit FY 2020	2,469,431.12	2,469,431.12	This is the maximum amount that can be raised in taxes	
Comparison of Levy Limit to the Adjusted total to be raised					
1	Adjusted amount to be Raised	2,468,668.00		Reflects FY2020 budget appropriations + amts due state + overlay - state and local re	
2 Minus	Maximum Adjusted Levy Limit	2,469,431.12		This reflects the Maximum Adjusted Levy Limit. Any Overage must be adjusted.	
3 Equals	Amount projected to be over/(under) levy limit	<u>(763.12)</u>		This is the amount we are projected to be over / (under) the levy	

5 Year Capital Plan
Includes Projected Capital Stabilization Balances
As of May 5, 2019

DRAFT as of May 5, 2019	FY Year Acquired	Last Pymnt	Purchase Price	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Project / Item Description									
Previously committed (2014 - 2018)									
PD 2013 FORD Expedition	2014	2019	39,640	8,142	0	0	0	0	0
HW 2014 MACK in 2014	2014	2019	187,176	38,184	0	0	0	0	0
HW 2016 FORD small plow/dump truck	2015	2020	88,033	17,778	17,421				
PD 2017 FORD Interceptor	2018	2022	45,000	9,954	9,716	9,477	9,239		0
HW 2008 Dump Truck used	2017	2022	41,170	9,090	8,876	8,662	8,448	0	0
Subtotal Committed as of FY 2018			401,019	83,148	36,012	18,139	17,687	0	0
FY 2019 Approved & Requested									
HW 2017 Caterpillar (CH 90 pymt)	2019	2019	125,900	109,000	0	0	0	0	0
Educ - Temp Roof Repair & Architect	2019	2019	40,000	40,000					
HW 2018 Mack approved STM 2019	2019	2029	220,000			30,800	29,920	29,040	28,160
FD - new well	2019	2020	16,000	16,000					
FD Replace Chief's 2007 Vehicle: SUV	2019	2020	50,923	50,923	0	0	0	0	0
FD Replace 1987 Brush Truck: pick-up w	2019	2020	72,141	70,000	0	0	0	0	0
Subtotal Requested for FY 2019			385,900	285,923	0	30,800	29,920	29,040	28,160
FY 2020 Requested**									
IT Server Replacement	2020	2020	30,000		30,000				
IT Hardware and Software	2020	2020	10,000		10,000				
PD required 3 portable radios - 800 syst	2020	2020	21,000		21,000				
PD replace 2010 crown vic w 2019 SUV	2020	2025	52,007		0	11,962	11,650	11,338	11,026
HW replace 1986 Military Pickup 2019 Fc	2020	2025	31,335			7,520	7,270	7,019	6,768
NH Roof Replacement (shingles)	2019/20	2029	286,000		40,040	38,896	37,752	36,608	35,464
Subtotal Requested in FY 2020			144,342	0	101,040	58,378	56,671	54,965	53,258
FY 2021 Requested									
HW Kubota Tractor	2021	2025	45,078				11,474	11,092	10,709
Highway Salt and Sand Shed	2021	2042	300,000				24,000	24,000	24,000
Multi-use Highway Police Building	2021	2042	2,500,000				194,498	190,962	187,426
IT - Accounting Platform	2021	2025	40,000			10,579	10,303	10,027	9,751
PH - Paper Container	2021	2020	7,879			7,879	0	0	0
Subtotal Requested in FY 2021			2,892,957	0	0	18,458	240,275	236,080	231,886
FY 2022 Requested									
FD Kovatch Pumper (15)	2022	2037	597,026					60,698	59,305
FY 2023 Requested									
PD Ford Expedition	2023	2028	64,587						16,938
FY 2024 Requested									
PH Metal Container (no loan)		2024	8,867						8,867
Total Project Requests**			4,494,699	369,071	137,052	125,775	344,553	380,783	398,414

** Metal Roof repayment schedule is 72,800; 70,720; 68,640; 66,560; 64,480;

** Does not yet reflect any design costs for HW salt / sand & Multi use building for FY 2020

** Does not yet reflect any upgrades necessary to Police IT currently being evaluated for State compliance (approx \$15K)

Source of Funds:

Capital Stabilization Fund	65,954	70,716	78,217	298,353	283,477	303,646
Debt Exclusion - Anticipated		40,040	38,896	37,752	97,306	94,769
Free Cash - FY 2018 certified FC	55,416					
Free Cash - FY 2019 certified FC		8,876				
Free Cash - FY Future years			8,662	8,448		
Chapter 90 (bucket loader)	100,000					
Fire Stabilization Fund	120,923	0	0	0	0	0
Other - (e.g., Dept.)	26,778	17,421				
Other - General Stabilization						
Total Projects Funded	369,071	137,052	125,775	344,553	380,783	398,414

Most vehicles have 5 year loan, except Fire Truck and HW truck, which have 15, typically

5 Year Capital Plan
Includes Projected Capital Stabilization Balances
As of May 5, 2019

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Capital Stabilization Beginning Balance	156,556	488,206	663,491	707,274	429,921	185,444
Transfers OUT for approved to be paid from capital stab	(65,954)	(9,716)	(9,477)	(9,239)	0	0
Transfers OUT for requested to be paid from capital stab		(61,000)	(68,740)	(289,114)	(283,477)	(303,646)
Transfers OUT for other considerations to be paid from capital stab*				(61,000)	(61,000)	(61,000)
Transfers IN from free cash - certified 2018 & allocated May ATM	85,000					
Transfers IN from free cash - certified 2019 & allocated May ATM		324,000				
Transfers IN from free cash future years			100,000	60,000	60,000	60,000
Transfers IN from other	312,605					
Transfers IN from annual budget appropriations (target = 90K+) ¹		22,000	22,000	22,000	40,000	40,000
Ending Balances in Capital Stabilization Account	488,206	663,491	707,274	429,921	185,444	-79,201

¹ Target is to fund 90K annually from budget

Debt Exclusions & Other Considerations

	FY Year Acquired	Last Pymnt	Exclusion Amt	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Approved Debt Exclusions									
EDUC HRHS Renovations		2020		28,496	29,024	0	0	0	
IT Broadband Fiber Optic	2020	2035	1,400,000	0	0	150,000	150,000	150,000	150,000
PH Landfill Cap	2019	2040	655,000	0	0	40,905	40,584	40,591	40,597
Total Approved Debt Exclusions			2,055,000	28,496	29,024	190,905	190,584	190,591	190,597
	Date Expected	Last Pymt	Exclusion Amount	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Anticipated Debt Exclusions									
NH Roof Replacement (asphalt)	2019/20	2030	226,600		40,040	38,896	37,752	36,609	35,464
Kovatch Pumper	2022	2037	597,026					60,698	59,305
Total Anticipated Debt Exclusions	Shingle		286,000		40,040	38,896	37,752	97,307	94,769
OR									
OR Roof Replacement (metal)	2019/20	2030	520,000		72,800	70,720	68,640	66,560	64,480
Total Anticipated Debt Exclusions	Metal				72,800	70,720	68,640	127,258	123,785
Other Considerations for funding*									
Add'l broadband borrowing		2022					61,000	61,000	61,000

* Additional Potential Borrowing to Complete Broadband Project.

GOSHEN STATISTICS for ATM May 2019

HOUSEHOLD & POPULATION DATA				
CATEGORY	2018 Count	% OF TOTAL	2019 Count	% OF TOTAL
Total Households	618	100.00%	620	100.0%
Full Time Households	454	73.46%	456	73.5%
Households with people over 60	223	36.08%	232	37.4%
Hholds w/ school aged (5-18) children	80	12.94%	79	12.7%
Seasonal Households	164	26.54%	164	26.5%
Total Population	974	100.00%	983	158.5%
Number of Residents over 60	338	34.70%	371	59.8%
School aged children 5-18	128	13.14%	122	19.7%

SCHOOL INFORMATION

	2018 Count	% OF TOTAL	2019 Count	% OF TOTAL
TOTAL Goshen Elementary Stdnt	69		65	
Attending New Hingham	60	86.96%	58	89.2%
Attending Choice or Charter	9	13.04%	7	10.8%

Total Goshen High Schl Stdnts	54		53	
Attending HRHS	33	64.81%	30	56.6%
Attending Choice or Charter	10	18.52%	12	22.6%
Attending Smith Voc	11	18.52%	11	20.8%

Funding Sources for Warrant Articles - Annual Town Meeting on May 20, 2019

Warrant Article Information	Raise and Appropriate	Debt Exclusion Borrowing	General Borrowing	Free Cash	Capital Stabilization	Fire Dept Stabilization	Audit Stabilization	General Stabilization	Town Building Stabilization	CPA Reserves	CPA Projects and Admin	Amount	Account
Beginning Balance				249,936.00	284,206.44	131,077.85	30,000.00	304,915.97	344.04	460,880.12	90,848.57	0.00	
# Warrant Article Subject													
1 No Funding Action Required - Choose Officers													
2 No Funding Action Required - Act on Officer Reports													
3 No Funding Action - Set Employee Compensation													
4 Raise and Appropriate FY 2020 Budget	(2,899,057.00)	29,024.00			22,000.00							2,848,033.00	Various Town expense accounts, as detailed on line item report
5 No Funding Action - Authorize Officials to apply for MA Sn cities Programs, Fed Grants or State Monies													
6 Fund Capital Projects Stabilization Account from Free Cash				(224,000.00)	224,000.00								
7 Move Funds from Audit Stabilization to Audit Expense to Pay for Audit							(23,000.00)					23,000.00	Selectboard Audit Expense
8 Fund the Audit Stabilization Account From Free Cash				(8,000.00)			8,000.00						
9 HW Authorize Borrowing for previously approved 2018 Dump Truck for up to 10 years			(220,000.00)									220,000.00	Treasurers account
10 Move funds from HW Dept Plow/Dump Truck Capital projects account to Capital Stabilization					220,000.00							(220,000.00)	Capital Projects Account
11 HW 2008 Dump Truck - Authorize Treasurer to Make 3rd of 5 payments from Free Cash				(8,876.25)								8,876.25	Principle and Interest
12 PD 2017 FORD interceptor - Authorize Treasurer to Make 3rd of 5 Payments From Free Cash					(9,715.50)							9,715.50	Principle and Interest
13 Reimburse Chesterfield for 2013 Chevrolet Eldorado Pickup used by Chestfld - Goshen E.Mgt fr Free cash				(7,500.00)								7,500.00	Emergency Management Expense
14 IT Labor and Costs to Replace Main Server & Depart Hardware and Software licenses per IT plan					(40,000.00)							40,000.00	Capital Project Account
15 PD replace 2010 Crown Vic w 2019 FORD & Authorize Treasurer to Borrow			(55,000.00)									55,000.00	Treasures Account
16 HW Replace 1986 Military 1 1/4 ton Pickup with a 2019 Ford F350 Super Duty 3/4 ton Pickup Truck & authorize treasurer to Borrow			(33,000.00)									33,000.00	Treasurer's Account
17 PD 3 required all band Digital Portable Radios - 800 system chosen as standard by State					(21,000.00)							21,000.00	Capital Project Account
18 FD Replace 1987 Brush Truck: pick-up w loaded skid						(70,000.00)						70,000.00	Capital Project Account
19 FD Replace Chief's 2007 Vehicle: SUV						(51,000.00)						51,000.00	Capital Project Account
20 FD Drill Artesian Well to replace non-potable corrosive shallow well					(16,000.00)							16,000.00	Capital Project Account
21 Demolition for 149 South Chesterfield								(40,000.00)				40,000.00	Capital Project Account
22 Community Preservation Projects Provide Appropriations from CPA Funds to Various Projects										122,000.00	5,000.00		Committee Admin Exps 5K, Historic Reserve 16K, Community Housing 16K, Open Space 16K, CPA Reserves 74K
23 Return funds from Williams Boltwood House Restoration Account to Historical Resources Reserve & Budget Reserve										73,746.00	(73,746.00)		Return from Williams Boltwood House to Historical Resources Reserve & Budget Reserve
24 No Funding Action -Revolving acct's spending limits													
25 Pay Prior Years Bills				(1,138.29)								1,138.29	Animal Control Officer Exp
26 No Funding Action - Contract for Recycling Proc Svcs													
27 No Funding Action - Contract For School Transportation													
28 Authorization to approve a borrowing by the Chesterfield-Goshen Regional School Committee of \$440,000 to pay for the cost of a new roof		(440,000.00)										(440,000.00)	Town of Goshen share of debt is 220K
29 Authorization to approve a borrowing by the Chesterfield-Goshen Regional School Committee of \$800,000 to pay for the cost of a new roof		(800,000.00)										(800,000.00)	Town of Goshen share of debt is 400K
30 No Funding Action - Marijuana Local Sales Tax													
31 No Funding Action - Marijuana By-law													
32 No Funding Action - Zoning By-law on Medical/Adult Use Marijuana													
Total Added / Expended May 2019 ATM	(2,899,057.00)	(1,210,976.00)	(308,000.00)	(249,514.54)	379,284.50	(121,000.00)	(15,000.00)	(40,000.00)	0.00	195,746.00	(68,746.00)	1,984,263.04	
Ending Fund Balance	(2,899,057.00)	(1,210,976.00)	(308,000.00)	421.46	663,490.94	10,077.85	15,000.00	264,915.97	344.04	656,626.12	22,102.57	1,984,263.04	

MUNICIPAL FINANCE

GLOSSARY of TERMS

APPROPRIATION: An authorization granted by the Town Meeting to make expenditures and to incur obligations for specific public purposes. An appropriation is usually limited in amount and to the time period within which it may be expended.

CHERRY SHEET: 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 formulae and reimbursements for expenses incurred in a prior period for certain programs and services. The aid and estimated charges payable are used by the assessors in setting the tax rate. It is named for the cherry colored paper on which they were originally printed.

CONTINGENT VOTES: Chapter 634 of the Acts of 1989 permits a Town Meeting to appropriate funds contingent upon passage of a referendum question (OVERRIDE). A contingent vote does not automatically result in an override referendum. An override referendum can only be called by the Selectboard. If a referendum is called by the Selectboard it must take place within forty-five days of the Town Meeting vote.

EXCLUSION: A temporary increase in the Town's levy limit. There are two types of exclusions: capital outlay expenditure exclusion and debt exclusion.

CAPITAL OUTLAY EXPENDITURE EXCLUSION: A temporary increase in the tax levy to fund a capital project or make a capital acquisition. This override ballot question can be placed on a referendum by a two-thirds vote of the Selectboard. If a majority of the voters approve the ballot question the additional amount for the payment of the capital project is added to the levy limit or levy ceiling only for the years in which the project is being undertaken.

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 of Proposition 2 ½. By approving a debt exclusion, a community calculates its annual levy limit under proposition 2 ½, then adds the excluded debt service cost. This override ballot question can be placed on a referendum by a two thirds vote of the Selectboard. If a majority of the voters approve the ballot question the Town's levy limit is increased only for the amount voted at the referendum for the life of that debt only. The levy limit increase may exceed the Town's levy ceiling.

FISCAL YEAR (FY): Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends.

FREE CASH: Free cash is a revenue source calculated and certified by the State Department of Revenue that results from a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent appropriated departmental budget amounts for the year just ended, plus unexpended or unallocated free cash from the previous year. It is not cash, but rather is the approximate total of cash and receivables less current liabilities and earmarked reserves. Free cash is offset by property tax receivables and certain deficits. Free Cash is certified each year by the Director of State Bureau of Accounts. Once certified, it is available for appropriation by a Vote of Town Meeting.

LEVY: The property tax levy is the revenue a Town can raise through real and personal property taxes. The property tax levy is the largest source of revenue for the Town. The levy can be any amount up to the levy limit, which is re-established every year in accordance with Proposition 2 ½ provisions.

LEVY CEILING: One of two types of tax (levy) restrictions imposed by MGL Ch.59 Sect.21C ((Proposition 2 ½). The ceiling equals 2.5% of the Town's full and fair cash value of all taxable real and personal property. This is the maximum the levy limit can be. Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion.

LEVY LIMIT: one of two types of tax (levy) restrictions imposed by MGL Ch. 59 Sect 21 (Proposition 2 ½). It defines the maximum the levy can be in a given year. It states that the real and personal property taxes imposed by a town may only grow each year by 2 ½ 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: Refers to the value of any new construction and / or renovation and /or new parcel subdivision that is added to increase the Town's levy limit.

OVERLAY, ALSO CALLED ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS: The overlay is the amount raised by the Assessors in excess of appropriations and other charges for the purpose of creating a fund to cover tax abatements granted and avoiding fractions in the tax rate. It cannot exceed 5% of the levy.

OVERRIDE: A community can permanently increase its levy limit by successfully voting at a referendum to exceed the limits. A community may take this action as long as it is below the levy ceiling.

GENERAL OVERRIDE: A general override ballot question can be placed on a referendum if a majority of the Selectboard votes to do so. If the ballot question is approved by a majority of the voters, the Town's levy limit is permanently increased by the amount voted at the referendum. The levy limit increase may not exceed the Town's levy ceiling. Override questions must be presented in dollar terms and specify the purpose.

RESERVE FUND: This fund is established by the voters at an Annual Town Meeting only and is composed of an appropriation (not exceeding 5% of the tax levy of the preceding year). Transfers from the Reserve Fund are within the exclusive control of the Finance Committee, and are for "extraordinary or unforeseen" situations, normally emergencies.

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 Sect 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 is required to establish, amend the purposes of or appropriate money into or from the stabilization fund (see DOR 1GR 04-201).

TRANSFER: The authorization to use an appropriation for a different purpose; in most cases only the Town Meeting may authorize a transfer.