

**Annual and Special Town Meeting
Supplemental Information Handout
June 22 and June 24, 2020**

The following is a summary of proposed Annual and Special Town Meeting actions, balances in funds proposed for utilization during Town Meeting, Article amendments and supplemental information relative to certain Articles. Also included are the Town's Overall Financial Management Policies adopted by the Board of Selectmen.

SPECIAL TOWN MEETING ARTICLE THAT WILL BE AMENDED

(Deleted language shown with strikethrough and added in bold)

Article 2

To see if the Town will vote to re-allocate \$220,000 from the original appropriation of \$850,000.00 as approved at the May 1, 2017 Annual Town Meeting, Article 10 for the purpose of purchasing temporary locker rooms, temporary field lights and to **purchase, lease or** construct a ~~permanent press box~~ **multimedia platform** for all activities at the Tewksbury Memorial High School; or take any action relative thereto.

Executive Summary: At Annual Town Meeting on May 1, 2017, \$850,000 was transferred from the Stabilization Fund to replace the current Doucette Field bleachers, new restrooms, press box, and fencing. Since that project is not taking place, this re-allocation of funds will be used to purchase temporary locker rooms, temporary field lights and to **purchase, lease or** construct a ~~permanent press box~~ **multimedia platform** at Tewksbury Memorial High School for High School Sports.

ANNUAL AND SPECIAL TOWN MEETING ARTICLES THAT HAVE SCRIVENER'S ERRORS

(None)

BACKGROUND INFORMATION VARIOUS ARTICLES

Article 4

The following chart is a summary of expenditures and revenues for Fiscal Years 2019, 2020 and 2021. Within the Uses of Funding section, the appropriations include the budget and all other financial articles approved at previous Town Meetings and those being proposed. Cherry Sheet Offsets, Other Local Expenditures and State and County Charges are areas that need to be accounted for in addition to Town Meeting appropriations. The surplus in Fiscal Year 2019 became part of certified Free Cash and Water and Sewer Retained Earnings. A portion of each was spent at previous Town Meetings. The \$428,256 projected surplus in Fiscal year 2020 is from Water and Sewer Enterprise Fund revenue. The \$361,551 projected surplus in Fiscal year 2021 is from Water, Sewer, Stormwater and Cable Enterprise Fund revenue.

<i>Summary Expenditures and Revenues</i>	Approved Budget FY19	Projected Budget FY20	Projected Budget FY21	FY21 Projected Inc/(Dec) Over FY20
<i>Uses of Funding (Amounts to be Raised)</i>				
Appropriations	110,983,082	117,815,558	121,560,466	3,744,908
Water, Sewer, Stormwater and Cable TV Enterprise Fund Budgets	13,393,250	14,227,531	15,512,402	1,284,871
Special Articles and Transfers	10,426,940	10,129,931	952,051	(9,177,880)
Cherry Sheet Offsets	38,995	40,340	40,340	-
Other Local Expenditures	1,088,941	1,065,020	909,955	(155,065)
State and County Charges	1,751,102	1,612,783	1,774,061	161,278
Total Use of Funding	137,682,309	144,891,163	140,749,275	(4,141,888)
<i>Sources of Funding</i>				
Property Taxes	78,360,415	81,531,117	84,435,118	2,904,000
Debt Exclusions	9,059,365	12,953,342	12,544,047	(409,295)
State Estimated Revenues	16,874,088	17,009,744	17,009,744	-
Local Estimated Revenues	12,240,038	9,580,515	10,122,636	542,121
Other Available Funds	26,231,355	24,244,701	16,999,282	(7,245,419)
Total Sources of Funding	142,765,260	145,319,420	141,110,826	(4,208,593)
<i>Surplus/(Deficit)</i>	<i>5,082,951</i>	<i>428,256</i>	<i>361,551</i>	<i>-</i>

<i>General Fund Budget Summary</i>				
	FY2019	FY2020	FY2021	BUDGET
	EXPENDED	BUDGETED	TM REC	INC/DEC
Total Town Budget Net Allocations and w/o Exempt Debt	38,046,502	38,370,009	40,720,660	2,350,651
Total Exempt Town Debt	6,106,524	5,402,142	5,114,204	(287,938)
Total School Budget Net Allocations	58,221,421	59,708,554	61,187,066	1,478,512
Total Exempt School Debt	2,982,702	7,597,042	7,484,957	(112,085)
Shawsheen Tech	6,201,732	6,593,936	6,924,597	330,661
Essex North Shore Agricultural and Tech. School District	124,159	129,125	128,982	(143)
Water Enterprise Fund	7,037,637	7,162,649	7,346,811	184,162
Sewer Enterprise Fund	5,240,451	6,703,563	6,623,932	(79,631)
Stormwater Enterprise Fund	-	-	1,162,940	
Cable TV Enterprise Fund	-	361,319	378,719	17,400
Total Budget Net Allocations/Offsets	123,961,127	132,028,340	137,072,868	5,044,528

Note: FY21 Budget includes all action being proposed at Annual and Special Town Meeting

Raise and Appropriate General Fund

Annual Town Meeting Article 4: FY21 General Fund **\$121,560,466**

Raise and Appropriate Sewer Enterprise Fund

Annual Town Meeting Article 5: FY21 Sewer Enterprise Budget **\$6,623,932**

Raise and Appropriate Water Enterprise Fund

Annual Town Meeting Article 6: FY21 Water Enterprise Budget **\$7,346,911**

Raise and Appropriate Stormwater Enterprise Fund

Annual Town Meeting Article 7: FY21 Stormwater Enterprise Budget **\$1,162,940**

Raise and Appropriate Cable TV Enterprise Fund

Annual Town Meeting Article 8: FY21 Cable TV Enterprise Budget **\$378,719**

Transfers General Fund Stabilization Fund

No Transfers, Balance April 2020: **\$5,929,199**

Special Town Meeting Article 3: **\$630,000**

Revised Balance: \$6,559,199

Transfer Retained Earnings Water Enterprise Fund

Water Enterprise Fund Retained Earnings Balance May 2020 **\$1,145,574**

Annual Town Meeting Article 11: Replace F-550 dump w/plow package **(\$95,000)**

Risk and Resiliency Assessment/Emergency Response Plan

Revised Balance: \$1,050,574

Water Stabilization Fund

No Transfers, Balance April 2020 \$1,927,458

Transfer Retained Earning's Sewer Enterprise Fund	
Sewer Enterprise Fund Retained Earnings Balance May 2020	\$5,598,694
<u>Annual Town Meeting Article 5:</u> Transfer within sewer revenue to offset debt increase	(\$795,439)
<u>Annual Town Meeting Article 10:</u> Vehicle shared with the Water Department	<u>(\$55,000)</u>
Remaining Balance:	\$4,748,255
Sewer Stabilization Fund	
No Transfers, Balance April 2020	\$3,976,528
Cable Retained Earnings	\$1,564,820
No Transfers, Balance May 2020	
OPEB Trust Fund	
Balance As of April 2020	\$4,577,016
Annual Town Meeting Article 4	\$650,000
Annual Town Meeting Article 5	\$38,785
Annual Town Meeting Article 6	\$163,947
Annual Town Meeting Article 8	<u>\$6,200</u>
Revised Balance	\$5,435,948
Transfer Overlay Surplus	
FY20 Overlay Surplus Balance:	\$52,500
<u>Town Meeting Article 13:</u> Seniors and Veterans Tax Relief Program	<u>(\$52,500)</u>
Remaining Balance:	-
Transfer CPA Undesignated	
CPA Undesignated Projected Fund Balance May 2020:	\$439,314
No Transfers, Balance May 2020	
Transfer CPA Open Space Reserve	
CPA Open Reserve/Recreation Balance May 2020:	\$217,704
<u>Annual Town Meeting Article 16:</u> Maintaining Open Space and Trails	<u>(\$40,000)</u>
Remaining Balance:	\$177,704
Community Preservation Act Fund	
CPA Historic Reserve Balance: No Transfers	-
CPA Housing Reserve Balance: No Transfers	\$560,644
Transfer Free Cash Special Town Meeting	
FY20 Certified Free Cash Balance:	\$600,000
<u>Special Town Meeting Article 4:</u> Snow and Ice	(\$373,604)
<u>Special Town Meeting Article 5:</u> Town Capital Expenditures:	<u>(\$226,396)</u>
Remaining Balance:	-

FURTHER DETAILED INFORMATION-CERTAIN ANNUAL TOWN MEETING ARTICLES

Article 9 transfer \$95,000 from Water Retained Earnings:

Replace F-550 dump w/plow package \$55,000:

Funds will be used for 50% of the cost of purchasing a Water/Sewer Division F-550 dump truck. This new truck will replace a 13 year old vehicle with non-working diesel engine not worth repairing. In addition there is body rot, which would have to be addressed with a replacement of the dump bed. The vehicle is a smaller dump truck and the only one of its size in these Divisions all others are larger 6 or 10-wheeled dump trucks.

Risk and Resiliency Assessment/Emergency Response Plan \$40,000:

In compliance with Section 2013 of America’s Water Infrastructure Act of 2018, the Town must conduct a risk and resilience assessment of the Water Treatment Plant and Water Distribution System and evaluate the vulnerabilities, threats and consequences from potential hazards and it must be submitted the by June 2021 for certification of completion to the EPA.

Within six months following the assessment certification the Town must submit a revised Emergency Response Plan to the EPA which will include strategies and resources to improve resilience, including physical security and cybersecurity; plans and procedures for responding to a natural hazard or malevolent act that threatens safe drinking water; actions and equipment to lessen the impact of a malevolent act or natural hazard, including alternative water sources, relocating intakes and flood protection barriers; and strategies to detect malevolent acts or natural hazards that threaten the system.

Article 10 transfer \$55,000 from Sewer Retained Earnings

Replace F-550 dump w/plow package \$55,000:

Funds will be used for 50% of the cost of purchasing a Water/Sewer Division F-550 dump truck. This new truck will replace a 13 year old vehicle with non-working diesel engine not worth repairing. In addition there is body rot, which would have to be addressed with a replacement of the dump bed. The vehicle is a smaller dump truck and the only one of its size in these Divisions all others are larger 6 or 10-wheeled dump trucks.

Article 11 authorize the borrowing of \$1,500,000

This request seeks to fund the upgrade of the Town’s water distribution system in South Tewksbury. The locations for water upgrades include Arnold Road, Bay State Road, Bond Street, Downing Road, Dudley Road, Green Street, Lake Street, Lakeview Avenue, Lawrence Street, Mystic Avenue, Parker Avenue, Saint Mary’s Road, Temple Street, Vernon Street, Warren Avenue, Water Street, Wightman Road and Willow Street. The installation and replacement of existing water mains throughout the project work limits will enhance fire protection capabilities and improve water flows/pressures in these areas. In addition, replacement will remove a portion of the Town’s deteriorating AC pipe and two-inch cast-iron pipe. Most importantly, the replacement of deteriorating pipe will minimize the risk of water-breaks. Existing water pipe material is prone to breaking, requiring the roadway to be excavated and patched. Unexpected service outages will result from continued water main breaks. Poor water pressure and quality will continue as a result of the undersized two-inch cast iron pipes. Funding will install approximately 1.5 miles of pipe. In addition, the engineering and design for pipe replacement of the Whipple Road water main is to be completed in FY21.

Article 12 Bond Premium

Bond Premium from a July 2016 Bond refinancing must be used to reduce the bonds that were refinanced. As required by State Statute, this article uses a portion of those proceeds (\$55,113.92) to reduce existing Town Exempt Debt Principal.

Article 13 transfer \$52,500 from Overlay Surplus to fund the Senior and Veterans’ Tax Relief Work Program

Funding will continue an annual program that allows Seniors and Veterans to work in various Town offices and receive a maximum of \$1,500 to be applied toward their property tax bill. They must own and occupy the property for which Tewksbury taxes are paid and rebate requested. Homeowner or their current spouse must be the home owner domiciled and residing in the home; and be an owner of the property to which a reduction in real estate taxes may be granted. Senior participants in this program must be 60 years of age or older at the time services are provided to the Town. Each year, depending upon the number of applicants, available work and the number of hours an applicant can work, 30-32 individuals on average have taken advantage of the program. The requested funding, which has increased from \$25,000 in previous years, will place up to a minimum of 35 individuals, if they all utilize the maximum allowance.

Article 16 transfer \$40,000 from CPA Open Space Reserve

Improvements to Trails and Open space parcels \$40,000:

Funds will be used for the improvements of trails and access to trails and open space parcels specifically Chandler Street well fields and any remaining funds will be used throughout the community on open space parcels and trails.

Article 17 Terminate and Easement

This article seeks to terminate an existing easement from the Cubesmart Self-Storage Facility, 395 Woburn Street Tewksbury & Lowell, MA. The easement was provided to the Town as a drainage easement across their land and now that the work is complete, it is no longer needed and should be terminated.

Article 18 Sale of Town Land

This article allows the Town to sell land in accordance with the Town Bylaw through a request for bid process giving preference to abutters of the parcel. The parcels listed in the article are parcels that abutters have requested the opportunity to purchase. Each parcel will have a minimum value that the purchaser is required to pay, and it includes the assessed value plus administrative and legal costs. Below are maps that show the locations of the parcels.

Maryland Road



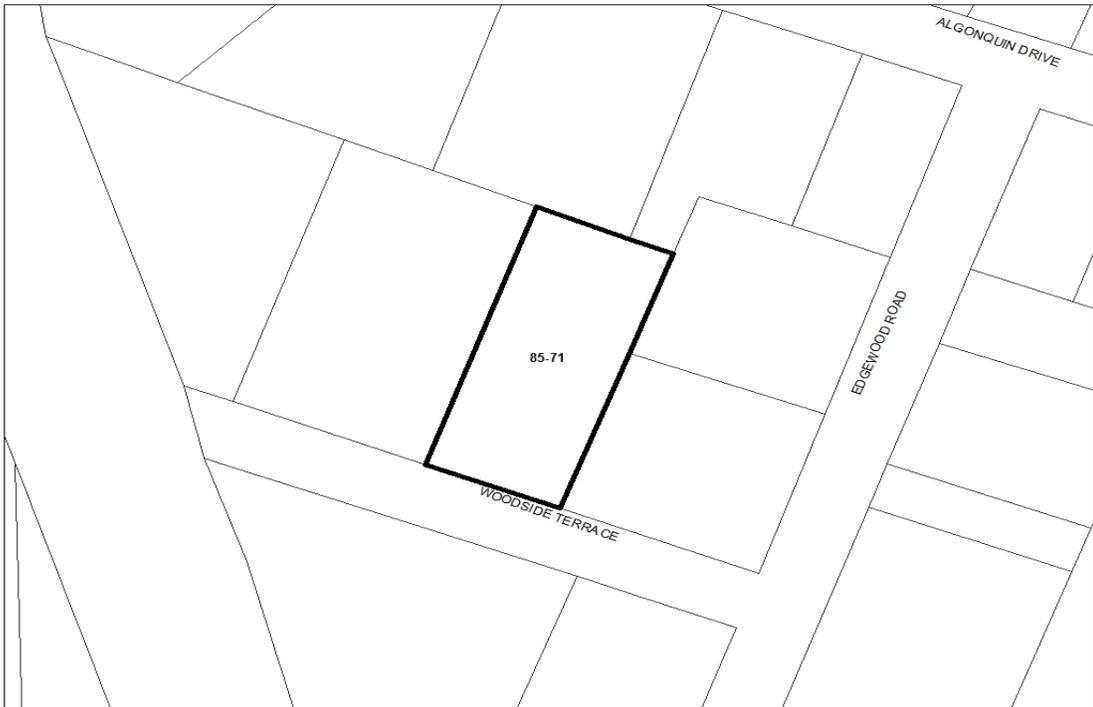
Hillman Street. Portland Street and Washington Street



Hillman Street. Portland Street and Washington Street



Woodside Terrace



Article 19 Stormwater Bylaw Amendment

Changes are being made to Chapter 19 - Stormwater Management and Erosion Control Bylaw in order to comply with the new EPA MS4 Permit requirements, which became effective on July 1, 2018. Changes to the bylaw include addition of the revised performance standards from the new EPA Permit as well as revisions to align the definitions in the bylaw with those from the EPA Permit. The revisions will have no financial impact to the residents. The revisions will impact future developments and ensure cleaner stormwater runoff and compliance with the EPA Permit.

FURTHER DETAILED INFORMATION-CERTAIN SPECIAL TOWN MEETING ARTICLES

Special Town Meeting Article 1

The following is a breakdown of the Line-Item funds will be transferred to:

Town Hall Energy Utilities \$10,000:

The cost of electric utilities is projected to exceed the budget. This budget funds utilities for the Town Hall, Center Fire Station and Town Hall Annex.

Town Hall Leases and Contracts \$39,000:

Funds are needed to pay for costs of personal protective equipment, cleaning supplies and office improvements in response to the COVID-19 Pandemic.

Town Hall Repairs and Maintenance \$3,119:

Funds are needed to pay for the cost of a new rooftop HVAC unit at the Town Hall Annex.

Computer Services Computer Equipment \$9,000:

Funds are needed for a new Server to replace a server purchased in 2008.

Town Interest on Bond Anticipation Notes \$10,649:

Funds are needed to pay for Interest on Short-Term Bonds for the Street Light Conversion Project. The Project was completed this year and interest is due on the Bonds. The Short Term notes will be paid over the next 4 years using the Streetlight Operating Budget.

Town Facilities and Grounds Salaries \$4,657:

Additional Funding is needed to cover Town Facilities and Grounds Salaries that were not budgeted sufficiently.

Town Facilities and Grounds All Other \$14,020:

Funds will pay for mulch to be placed at the Town Hall, Town Hall Annex and Wamesit Park.

Solid Waste Disposal \$10,000:

Rubbish disposal costs are higher than expected due to increased tonnage from March through June.

Medicare Tax \$15,800:

Due to the amount of Police Details for construction during the Fiscal Year the Medicare Tax account is projected to have a deficit June 30.

Middlesex Retirement System \$9,849:

Due to employees being called to active or reserve military duty, the town is responsible for their retirement contributions. This amount is the anticipated assessment for FY20.

The following is a breakdown of the Line-Item funds will be transferred from:

Town Group Insurance \$59,000:

There is a projected surplus since the estimated number of employees to enroll into certain plans was less than anticipated.

Town Property and Liability Insurance \$47,730:

There is a surplus since the actual insurance premium was less than projected due to premium credits.

Essex North Shore Agricultural and Tech. School District \$21,544:

There is a surplus since the number of students who attended the school was less than projected.

Article 2

This Article seeks approval to re-allocate \$220,000 from the original appropriation of \$850,000.00 as approved at the May 1, 2017 Annual Town Meeting, Article 10. At Annual Town Meeting on May 1, 2017, \$850,000 was transferred from the Stabilization Fund to replace the current Doucette Field bleachers, new restrooms, press box, and fencing. Since that project is not taking place, this re-allocation of funds will be used to lease temporary locker rooms, temporary field lights and to lease, purchase or construct a multimedia platform. With construction of a new Elementary School on Doucette Athletic Football Stadium the High School Football Teams need a new temporary location to play home games and practice until the new field is ready in the Fall of 2021. In order to accommodate High School Football, all games and practices will be moved to the Tewksbury Memorial High School Athletic Field for one season only. Temporary locker rooms for the Football Teams will be leased and located in the parking lot of the Strong Field where the High School Baseball and Softball Teams play. A multimedia platform will be leased, purchased or constructed at the High School Athletic Field in order to film and announce all athletic events. Temporary field lights will be leased for the months of September-November in order for all High School athletic teams to play home games and practice during the Fall 2020 season.

Article 3

To see if the Town will vote to transfer the remaining \$630,000 from the original appropriation of \$850,000.00 that was approved at the May 1, 2017 Annual Town Meeting, Article 10 back into the Stabilization Fund which was the original funding source for; or take any action relative thereto. At Annual Town Meeting on May 1, 2017, \$850,000 was transferred from the Stabilization Fund to replace the current Doucette Field bleachers, new restrooms, press box, and fencing. Since that project is not taking place, and only \$220,000 is needed for Article 2, the remaining \$630,000 balance can be transferred back to the Stabilization Fund.

Article 4 Snow and Ice

The following is a breakdown of the Line-Item funds will be transferred to:

DPW Snow & Ice-Salaries \$70,864 and DPW Snow & Ice-Operating Various Accounts \$302,740:

Funds are needed to cover the cost of snow and ice operations for Fiscal Year 2020 which is in deficit due to the number of events this year. Salaries cover the overtime of DPW personnel and Snow & Ice-Operating Various Accounts funds private contractors who sand and plow for the Town, sand and salt treatment for roads, other supplies and vehicle repairs.

The following is a breakdown of the Line-Item funds will be transferred from:

July 1, 2019 Certified Free Cash (Surplus Revenue) \$373,604:

In accordance with the Financial Policy of the Board of Selectmen, \$600,000 from Certified Free Cash is set aside each year for a potential snow and ice deficit. This funding represents the Free Cash set aside.

Article 5 Transfer \$226,396 from Free Cash:

Fire Administrative Car \$45,000

Replace Deputy Fire Chief's response and administrative vehicle (Car 2). The Department would purchase a Ford AWD or equivalent vehicle to be used by the Chief of Department to support his job functions and 24-hour response to emergencies. The Current Fire Chief's car will be used by the Deputy and the Deputy Chief's Car will be used by the Fire Investigator. The current vehicle used by the Deputy Chief is a 2013 Ford Interceptor sedan and is in good condition. The current vehicle used by the Fire Investigator is a 2006 Ford Explorer that is in poor condition. The vehicle was previously used by the Fire Chief and Deputy Chief. Sections of the car were repainted several years back to extend its use. In October of 2019 the vehicle failed its State safety inspection due to wheel well and undercarriage corrosion. This vehicle will be removed from service as soon as a replacement vehicle is purchased and put into service.

Resurface Basketball and Tennis Courts Livingston Recreation complex \$26,736

Funds will be used to resurface and stripe the basket and tennis courts at the Saunders Recreation Complex on Livingston Street which are in need of repair. There are cracks and weeds growing on the courts making them unsafe. Without resurfacing, further damage is likely to occur. The Tennis Courts will be striped for both Tennis and Pickle Ball.

Assessors Software \$44,000

Currently the Assessors Computer-Assisted Mass Appraisal (CAMA) Vision 6.5 software is version 6.5 and needs to upgrade to version 8. Vision will no longer support version 6.5 and its current data base has security risks. The upgraded Version is more secure, has improved valuation accuracy and equity and has increased efficiency and performance.

Design and Engineering Traffic Lights Pleasant Street and Main Street Intersection \$110,660

Funds would be used to design and engineer improvements to the intersection of Pleasant and Main Street to provide increased safety and improved traffic signals. The intersection has had increased traffic over the past several years and will see further traffic impact with the new Elementary School being constructed on Pleasant Street next to the Ryan School. The plan is to design the improvement and seek State and/or Federal assistance to construct the upgrades.

Article 6 Unpaid Bill:

To see if the Town will vote to transfer from the sum of \$7,962.41 from Town Property and Liability Middlesex Retirement System \$9,849: There is a surplus since the actual insurance premium was less than projected due to premium credits. Due to employees being called to active or reserve military duty the town is responsible for their retirement contributions. This amount is the anticipated assessment for FY20.

Town of Tewksbury Overall Financial Management Policies

Introduction

The following financial principles set forth the broad framework for overall fiscal planning and management of the Town of Tewksbury's resources. In addition, these principles address both current activities and long-term planning. The principles are intended to be advisory in nature and serve as a point of reference for all policy-makers, managers and advisors. It is fully understood that Town Meeting retains the full right to appropriate funds and incur debt at levels it deems appropriate, subject of course to statutory limits such as Proposition 2 ½. The principles outlined in this policy are designed to ensure the Town's sound financial condition now and in the future. Sound Financial Condition may be defined as:

- Cash Solvency - the ability to pay bills in a timely fashion
- Budgetary Solvency - the ability to annually balance the budget
- Long Term Solvency - the ability to pay future costs
- Service Level Solvency - the ability to provide needed and desired services

It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress.

Definitions

Fund Balance – The difference between assets and liabilities reported in a governmental fund (Also known as fund equity).

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.

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.

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.

Overlay Surplus – Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within ten days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer, if any. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue; in other words, it becomes a part of free cash.

Net Assets Unrestricted (formerly Retained Earnings) – An equity account reflecting the accumulated earnings of an enterprise fund that may be used to fund capital improvements, to reimburse the general fund for prior year subsidies, to reduce user charges and to provide for enterprise revenue deficits (operating loss).

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.

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.

Policy Statements:

1. The Town Manager shall annually prepare a balanced budget and comprehensive Budget Message as required by state law, town charter and by-laws.
2. Budgets will be established, and funds managed, using “generally accepted” accounting principles.
3. Finances will be managed to maintain financial stability over the long term.
4. Maintain facilities and provide services at a level that will ensure the public well-being and the safety of residents.
5. The town will avoid budgetary procedures that balance current expenditures at the expense of meeting future year’s expenses, such as postponing expenditures, accruing future years’ revenues, or rolling over short-term debt.
6. Ongoing operating costs will be funded by ongoing operating revenue sources. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. In addition:
 - a. Fund Balances such as Certified Free Cash, Stabilization Fund, Overlay Surplus and Water and Sewer Net Assets Unrestricted (formerly Retained Earnings) should be used only for one-time expenditures such as capital improvements, capital equipment and unexpected or extraordinary expenses. In all cases, use of Fund Balances should be avoided for routine and recurring operational expenses.

- b. Annually, after Free Cash Certification:
- At least \$600,000 will be set aside for potential snow and ice deficit;
 - At least \$350,000 will be set aside to be transferred into the Other Post-Employment Benefits Trust Fund;
 - At least 25% of the remaining certified free cash will be used to fund the capital budget and one-time capital expenditures;
 - At least 25% of the remaining certified free cash will be placed in to the Stabilization Fund;
- c. New operating costs associated with capital projects should be funded through the operating budget but reflected in the capital improvement plan.

Fiscal conditions may affect the implementation of this policy. The allocations stated in this policy do not mean that additional funds cannot be allocated to the Stabilization Fund from Free Cash. It means that these are minimum amounts recommended for the certified Free Cash.

7. The Town will maintain a Stabilization Fund as its main financial reserve in the event of an emergency or extraordinary need and to be used to fund on-time expenses, capital projects or capital equipment. It shall be the goal of the town to achieve and maintain a balance in the Stabilization Fund of 3% to 5% of its operating budget.
8. Enterprise Funds pursuant to MGL Chapter 40, Section 39, shall be designed to generate sufficient revenues to support the full cost (direct and indirect) of operations and debt and provide debt service coverage, if applicable, and to ensure adequate and appropriate levels of working capital. Fees should be reviewed annually in relation to the cost of providing the service. Ongoing routine, preventive maintenance should be funded on a pay-as-you go basis. The term of debt for enterprise funds generally shall not exceed the useful life of the asset and in no case shall the term exceed thirty years. All enterprise funds shall maintain a reserve of Net Assets Unrestricted which is at a minimum from 3% to 5% of its operating budget.
9. Debt service payable, when taking into consideration debt, exempt from Proposition 2 ½ and financed directly with additional taxes, on an annual basis should be no more than 10% or less than 2% of the annual operating budget. The Town should strive to issue debt for shorter periods than the maximum allowable when the statutory limit exceeds 10 years. The requirements for debt financing shall be an expenditure of at least \$25,000 and a useful life in excess of five (5) years. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed and, in no case, shall it exceed twenty years. Long-term debt should not be incurred without a clear identification of its financing sources. The General Fund Non-exempt Debt Service shall not exceed 10 percent of General Fund Revenues. Excess appropriated bond issues shall remain in the Capital Projects Fund at the end of a project completion until appropriated out by Town Meeting vote. Betterments may be assessed on all capital projects where applicable. The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.