

Glossary of Finance Committee Terms

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.

Fund 30– An accounting term for a set of accounts that is segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. *Shutesbury's fund 30 is our capital project account listing.*

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.

Payments in Lieu of Taxes (PILOT) – An agreement between a municipality and an entity not subject to taxation, such as charitable or educational organizations, in which the payer agrees to make a voluntary payment to the municipality. By law, a city or town must make such a payment to any other community in which it owns land used for public purposes.

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 is required to establish, amend the purpose of, or appropriate money into or out of the fund. *Shutesbury has two stabilization funds, one for capital expenditures and one for general use.*

Tax Rate – The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$20.80 per \$1,000 of assessed valuation of taxable real and personal property. The tax rate is calculated by dividing the municipality's tax levy by the total valuation of all properties and then multiplying that by 1000. *The projected tax rate for Shutesbury in FY21 is \$22.63 (\$5,057,497/\$223,454,454). This tax rate represents a drop of \$1.41 from the current rate of \$24.04.*

The Source is MA Dept. of Revenue with notes specific to Shutesbury in italics. 6.17.20