



Town of Uxbridge

Financial Fundamentals

for Committees & Boards

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Last Update: August 26, 2017



Welcome!

THANK YOU FOR SUPPORTING
OUR COMMUNITY!

Without your help, we would not be able to educate our children, provide food and assistance to our seniors, or offer community recreation and the many other services that benefit our town. We depend on the many hardworking people who contribute their time and experience on our boards and committees.

You are vital to our community!



Purpose

This guide introduces board and committee members to the town's finance policies. Each of our boards and committee members have stewardship over a portion of our town's resources.

Organization

EXECUTIVE BRANCH

The Town Manager and the Board of Selectmen lead the town's Executive Branch.

The Board of Selectmen sets the policies and objectives for sound financial management. The Town website has the most recent copy of the Board of Selectmen's Financial Management Policy and Objectives that guide the town's financial goals.

The Town Manager collects budget information, develops budget priorities, and formulates a balanced budget.

LEGISLATIVE BRANCH

Town Meeting is the local legislature. Town Meeting must approve all town budgets.

The Finance Committee has the responsibility to review the Town Manager's budget and give a recommendation to the Town Meeting. The appointed members of the Finance Committee report to the Town Moderator.

The Finance Committee has a role similar to the State House Ways and Means Committee.

The Finance Committee is charged to:

- Receive the budget from the executive branch
- Analyze budget requests
- Hold hearings and take testimony from department heads and the public.
- Make a recommendation to the Town Meeting based on the Finance Committee's best judgment.
- Vote on transfers from the Reserve Fund for any "extraordinary or unforeseen" expenses.

The budget that the Town Manager presents to Town Meeting is advisory. Any member of Town Meeting may offer amendments to the budget. The budget is not official until the Town Meeting votes to accept it.

Capital Planning

The Capital Committee collects and prioritizes the town's capital needs.

Committees, boards, and department heads should work closely with the Capital Committee to communicate their capital needs.

The town's policy, as set by the Board of Selectmen, for Capital budget requests includes:

- **Non-recurring expenses**
- **Expenditure of at least \$50,000**
- **Items having a useful life of more than five (5) years**
- **May include long-term leases**

Capital improvement projects can include property acquisition, construction projects, major repairs, and equipment purchases that have an expected long-life.

The Board of Selectmen policy limits borrowing for a capital project to a time frame of 20 years, or less.

The goals of a capital plan are to:

- Reduce the need for unexpected repairs
- Prevent injuries and claims from outdated equipment and facilities.
- Reduce the local tax rate
- Build public support
- Develop cooperative projects with partner towns.
- Coordinate large project timetables
- Fund energy efficiency projects
- Bring consistency to debt payments
- Optimize funding of large projects with state grants and funding, tax levies, and debt financing.

Capital management may include using bonds issued by the town for longer term projects. Bond rating agencies evaluate a town's efforts to plan and fund its capital needs.

Generally, only a limited number of capital projects receive money from the annual budget. Grants, debt instruments, and overrides are other methods to fund the town's capital projects.

An Enterprise Fund is used for projects where a fee may support a town service. For example, a project like a dog park or a town recreation area may use an Enterprise Fund to collect fees and provide services. Town utilities, such as water and sewer, are sometimes operated using Enterprise Funds.

Enterprise Funds and Capital

The policy of the Board of Selectmen is that programs that collect money in Enterprise Funds maintain sufficient working capital to finance their own operations. The policy advises that 10% of an Enterprise Fund's annual revenues be put aside as retained earnings for capital needs.

Capital Goals

The Board of Selectmen's policy is to invest 3% of the general operating budget (less the costs of capital debt) and to transfer funds above the Town's \$2.5 million stabilization obligation fund to capital stabilization.

Debt

Stabilization Funds are the Town's reserves and "rainy day" funding. Transfers from stabilization are usually considered "one-time" revenue and should not be used to cover ongoing operational expenses, such as salaries.

Debt exclusions and overrides are often used to fund longer-term investments for capital projects. The Finance Committee Handbook has details on debt management for municipalities.

Short-term debt (less than five years) can be used for interim financing. Some enterprise projects can be funded with short-term debt for up to 7 years.

Bonds, and other types of long-term debt, can be used for longer term projects.

The Board of Selectmen's policy is that non-exempt debt service not exceed 8% of the town's general fund revenues (not counting grant funding). Projects funded with a debt exclusion do not count towards this limit.

The local policy also limits total debt (including both exempt and non-exempt debt) to 12% of the general fund revenues (not counting grant funding).

One-time Revenue

One-time revenue sources may include state funds, legal settlements, gifts, or a sale of town assets.

One-time revenue sources should NOT be used to fund recurring expenses, such as salaries.

One-time revenue sources should NOT be used to fund operating budgets.

One-time revenue sources should only be used to enhance financial reserves and to address capital needs.

Recurring Revenue

Recurring revenues are funding sources that the town can depend upon from year to year. Recurring revenues are used for operating expenses such as salaries and expenses.

The town can incur financial and even legal problems when one-time revenues are applied to operational expenses.

Only recurring revenues should be used for day-to-day operations. One-time revenues should be limited to capital improvements, equipment, and other one-time costs.

Reserve Funds

The Reserve Funds allow for temporary financing for “*unanticipated or unforeseen extraordinary needs.*”

Reserve funds should NOT be used to fund recurring budget items.

Reserve funds should NOT be used to fund the operating budget.

Reserve fund transfers are approved by a vote of the Finance Committee.



Uxbridge Senior Center

FRI FEB 26 11:30
LUNCH WITH CHIEF
LOURIE & MEET THE
NEW K-9 DOG - BEAR
& TOM STOCKWELL

Phone: 508 - 278 - 8622

Grants & Donations

Many departments and programs are eligible for funding through grants.

Free training and other grant writing tips are available on Senator Ed Markey's website.

<https://www.markey.senate.gov/services/grants>

Some departments have staff who have been designated to write grants. The town does not currently have designated town-wide grant writing support.

All grants and donations must be in compliance with state law and used in accordance with any restrictions given by the donor.

Receipt of grants, fees, corporate gifts, and donations requires approval by the Board of Selectmen and/or the School Committee.

Operations

Operations include:

- **Recurring expenses, including salaries**
- **Facility maintenance and repairs**
- **Equipment and small capital items (less than \$50,000)**
- **Programs**
- **Supplies**

Committees and boards are responsible to plan carefully and balance service and programmatic needs with funding for facilities and equipment. Larger capital projects should be discussed with the Capital Committee.

Committees and departments should plan for the maintenance and care of their facilities and grounds. There is currently no town-wide oversight of facilities.

Committees and departments should not use non-recurring or one-time funding to pay salaries or other operational expenses.

One-time funding should only be used for capital expenses, equipment, or other non-recurring needs.

Have questions?

The members of the Finance Committee along with the Town Manager, the Board of Selectmen, and the Capital Committee are available to answer any questions you may have about budgeting, grants, and funding development.

Sources & Resources

Town of Uxbridge Board of Selectmen
Financial Management Policy and Objectives

http://www.uxbridge-ma.gov/Pages/UxbridgeMA_Bcomm/BOS/Policies/FinancialManagementPolicyandObjectives.pdf

Finance Committee Handbook

<https://www.mma.org/finance-committee-handbook>

New Officials Finance Forum Handbook

<http://www.mass.gov/dor/local-officials/dls-information-and-training-center/noff.html>

Senator Ed Markey: Grants and
Federal Domestic Assistance

<https://www.markey.senate.gov/services/grants>

Municipal Grant Finder

<http://www.mass.gov/anf/budget-taxes-and-procurement/grants/>

