

GLOSSARY OF TOWN MEETING TERMS

The following is a glossary of terms that are used in conjunction with Town Meeting. Any time someone uses a term at Town Meeting that you do not understand you may rise to a Point of Information and ask for an explanation or definition.

APPROPRIATION: An authorization by Town Meeting to make obligations and payments from the treasury for a specific purpose.

ASSESSED VALUATION: The value set on real or personal property by the Board of Assessors as a basis for setting tax rate.

CAPITAL BUDGET: A multi-year plan of spending for large capital items requested by Town Departments. Most of these items are voted on individually as special or capital warrant articles.

CHERRY SHEET: A form from the Massachusetts Department of Revenue showing all the State and County charges and reimbursements to the Town as certified for the following year.

DEBT SERVICE: Payment of interest and principle to holders of the Town's debt instruments.

ENTERPRISE FUNDS: Enterprise funds allow communities to separately account for the activities by type of operation or service provided. The Town of Ayer has four enterprise funds: solid waste, ambulance, sewer and water. The Town's ultimate objective is to set fees for enterprise services such that each operation is self-supporting. As such, fees are developed based on the related expenses, including a reserve for future capital needs. As operations become self-supported, reliance on general fund subsidies is decreased. This frees up general fund monies for other municipal purposes, such as education, public safety and general government.

ENTERPRISE FUND INDIRECT COSTS: A cost or expense that is not directly or exclusively assigned to the service/activity of the Enterprise Fund. Most oftentimes these costs are part of the General Fund operating budget and allocated to the Enterprise Fund. For example: shared employees, health insurance and other employee benefits, shared expenses.

ENTERPRISE FUND RETAINED EARNINGS: The operating surplus (actual revenues in excess of estimates and appropriations in excess of expenses) earned by the Enterprise Fund and retained (closed to) the Enterprise Fund. Surplus certified by the Director of Accounts as available is called "retained earnings". Retained earnings require appropriation by the community's legislative body.

FISCAL YEAR: A 12 month period, commencing July 1, to which the Annual Budget applies. The monies appropriated at the May Town Meeting are for the next fiscal year starting July 1st.

FREE CASH: Free cash is neither free nor cash. This is a dollar value, usually certified by the State in late summer that represents unspent and unencumbered income and receivables from the previous year. Once certified, this money may be appropriated at a Town Meeting.

GENERAL FUND: The major town fund created with town receipts and tax revenues from which the majority of town expenses are met.

GROWTH FUND: The amount of property tax revenue that the town can add to its allowable tax levy as a result of new construction in the town. These are tax dollars added to the tax base.

OPERATING BUDGET: A plan of proposed spending and the means of paying for it in the next fiscal year. The towns request of an amount of funds to operate all departments for the next fiscal year.

OVERLAY ACCOUNT: An amount, raised by the assessors, in taxes to be used for potential abatement of property taxes. The Overlay Surplus is the money left unspent from the previous year's account.

RESERVE FUND: A fund appropriated each year to be used by the Select Board and Finance Committee to meet extraordinary or unforeseen expenditures that do not warrant the calling of a Special Town Meeting.

REVOLVING FUND: Monies, usually derived from fees or tuition, that may be used without formal appropriation for special use. The School and the Police Department, among others, maintain revolving funds.

STABILIZATION FUND: A rainy day fund set aside to meet future expenses in the town (example: a fire engine). It must be appropriated at a town meeting by a majority vote and can only be spent from by a 2/3 vote.