

Neighbor to Neighbor

The Dunstable FY2018 Budget Issues

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Free Cash, it is neither free nor cash. So what is this free cash that the advisory Board talks about during the budget process? The easiest way to think about free cash is as the leftovers from the previous budget year. What it really comes from is a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30th. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ended, plus unexpended free cash from the previous year. Free cash is also offset by property tax receivables and certain deficits and can be a negative number.

Every fall the free cash from the previous fiscal year is certified by the Department of Revenue. These funds, which we raised from taxes, in the previous year can be spent by authorization at Town Meeting up to June 30th of the current fiscal year.

Free cash is a non-recurring revenue source, free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves. It is not advised for a community to incorporate free cash into revenue source projections for next year's operational expenses (as Dunstable had been doing for the past several years). Dunstable's Advisory Board is working towards weaning the community off this ill-advised practice. The current projections for FY2018 are that less than half of the free cash that was necessary to balance FY2017 will be needed to balance the budget of FY2018.

Another issue facing Dunstable's budget in FY2018 is the changes in school enrollment. For the next school year the Dunstable student enrollment is increasing by 13 students, while Groton's is down 8 students. This shift in the foundation enrollment results in a shift in the required minimum contribution. The trend that Town officials are seeing is the sale of existing housing stock to younger families with small children. While the student numbers may seem small, just this amount shifts the Dunstable contribution up \$128,168 and Groton's down \$23,083.

On the Town Meeting warrant you will notice a warrant article to approve changes to the regional agreement between Dunstable and Groton that regulates how the school district operates, including how the assessments are calculated. This agreement will change the assessment to the student option to a five year rolling average of the student population. This will help smooth out changes in the enrollment and preventing spikes in the assessment.