

# Article 7

Transfer to Special Purpose Stabilization Funds


# Stabilization Funds Defined & Purpose



- Establishment under Mass General Law [M.G.L. c. 40 § 5B](#)
- Dedham has Capital Stabilization, Special Purpose Stabilization, and a General Stabilization fund (Article 9)
- Stabilization funds are forward looking
- Help provide flexibility for future years
- Lower costs through use of cash rather than borrowing
- Funds may only be used for the specific purpose as voted
- **Recommendation:** None at this time

# Article 8

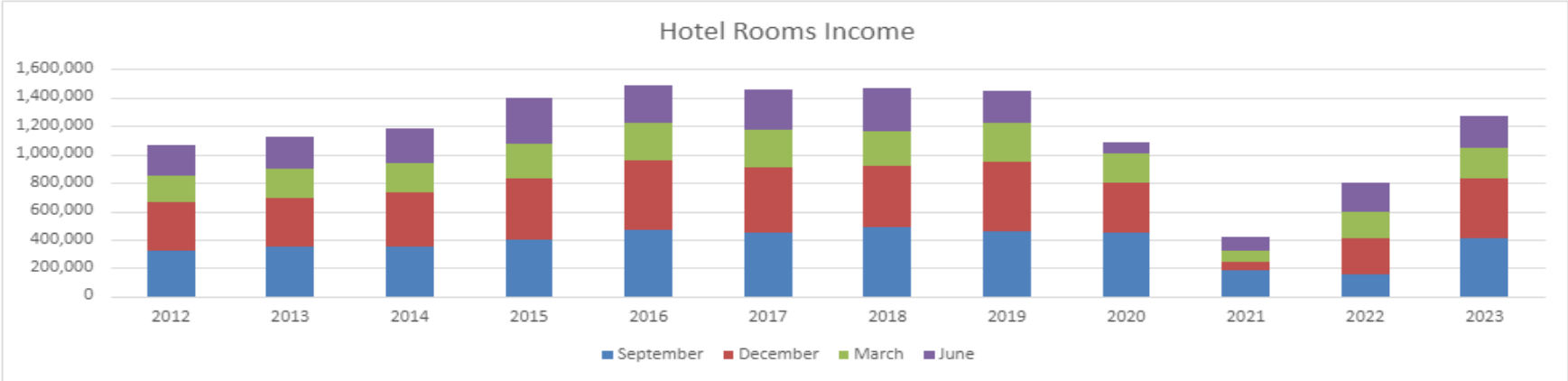
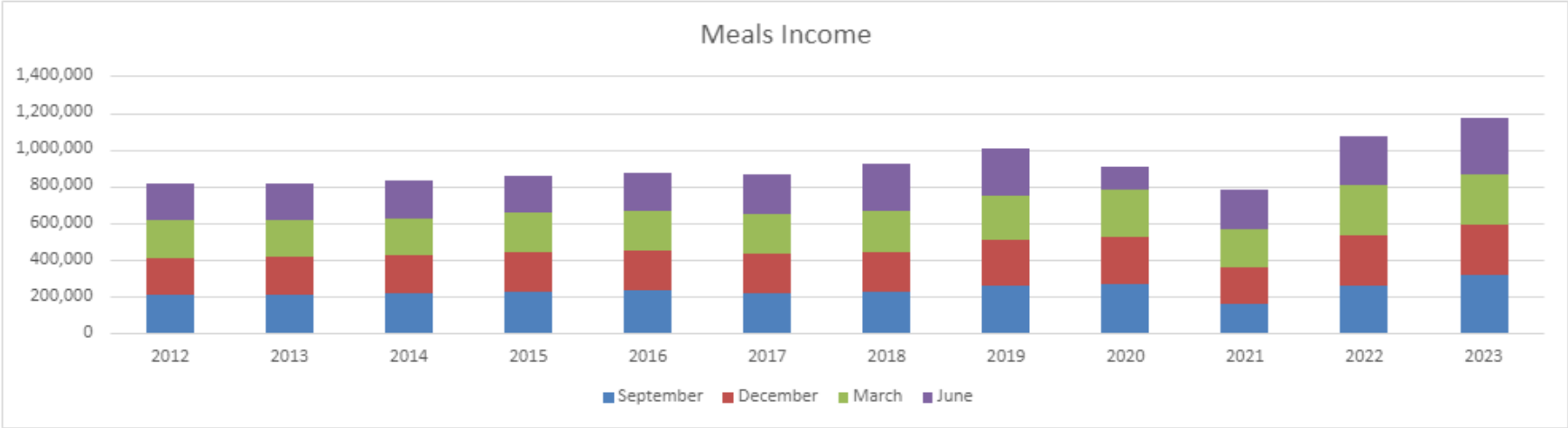
Transfer **from** Special Purpose Stabilization Funds



# Capital Stabilization Summary & Recommendation

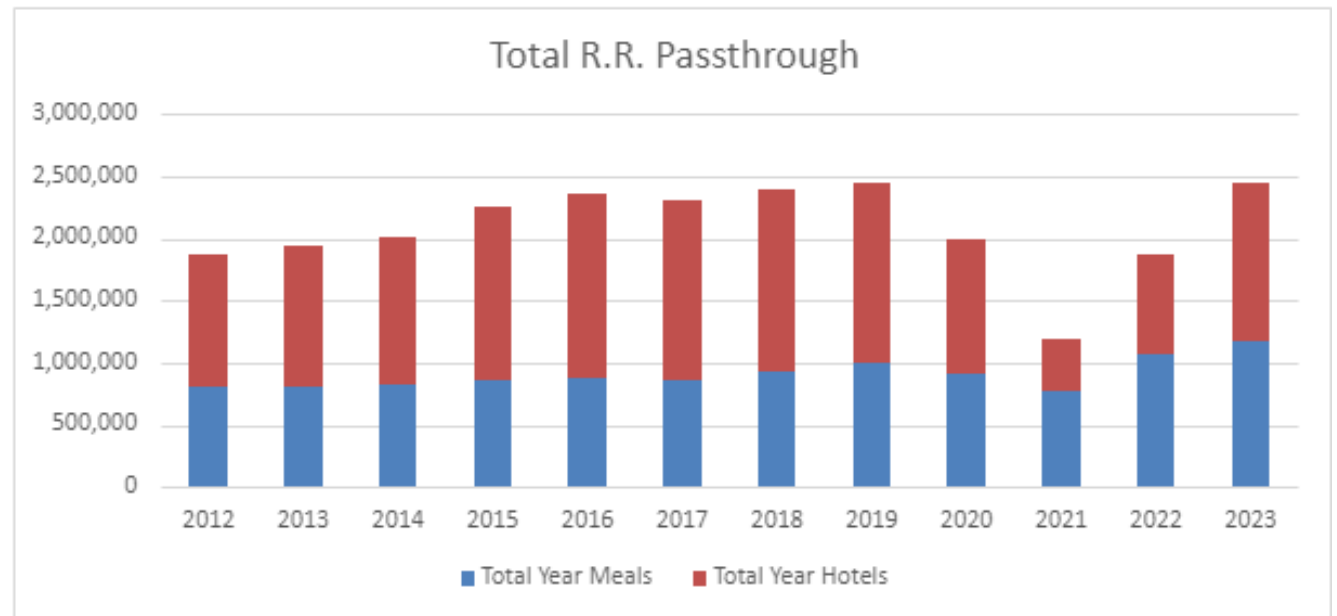
- Establishment under Mass General Law [M.G.L. c. 40 § 5B](#)
- Dedham's Capital Stabilization Fund is referred to as the Robin Ryes fund
- Revenues from Meal and Hotel taxes are deposited into this fund, circumventing the general fund
- Can only use fund balance at the time of Town Meeting
- Purpose:
  - Currently used to offset debt services associated with large building projects
  - Can be used for replacing and repairing future high-cost items
  - May be used rather than borrowing or free cash

# Capital Stabilization Historical Revenues by Type



# Revenues Total

- Total Passthrough to the Capital Stabilization fund saw substantial loss in pandemic period
- Recommendations come from the actual disbursements provided by state and fluctuate each year.



# Use of Funds by Budget

	<b>Actual FY23</b>	<b>Forecasts Begins FY24</b>	<b>Forecast FY25</b>
<b>Start of year cash balance.....</b>	<b>3,932,003</b>	<b>2,574,082</b>	<b>2,340,153</b>
<b>Expenditures/Funding Uses:</b>			
Budgeted Transfer out (R.R.) debt service cost.....	4,586,682	1,849,283	1,840,153
Projected new (R.R.) debt service cost.....	-	-	-
<b>Total Expenditures/Funding Uses.....</b>	<b>4,586,682</b>	<b>1,849,283</b>	<b>1,840,153</b>
*Adjustments for reporting	654,679		
<b>Starting Fiscal Year Cash.....</b>	<b>0</b>	<b>724,799</b>	<b>500,000</b>
<b>Revenues/Funding Sources:</b>			
Meals tax.....	1,170,892	672,751 (actual)	1,142,667
Room tax.....	1,272,163	942,603 (actual)	1,507,843
Interest.....	131,027	-	-
Investment gains/(losses).....	-	-	-
<b>Real/Estimated Change in Value</b>	<b>2,574,082</b>	<b>1,615,354</b>	<b>2,650,510</b>
<b>Other Transfers IN</b>			
Transfer in from other articles.....	-	-	-
<b>Total Revenues/Funding Sources.....</b>	<b>2,574,082</b>	<b>1,615,354</b>	<b>2,650,510</b>
ESTIMATED Cash At time of Spring Town Meeting		2,340,153	3,150,510



# Capital Stabilization Summary & Recommendation (continued)

- The amount to appropriate can be only what is in the account at town meeting
- Current balance available is \$1,840,153
- One additional distribution is anticipated for April 1<sup>st</sup>.
  - Hotel distribution March 2023 = \$216,262
  - Meals distribution March 2023 = \$279,581



# Dedham Cable Revolving

- Fund designed to provide public access to government activities and meetings through Dedham TV
- Generated revenues are passed through the Town's accounts as payment for access.
- Final Recommendation waiting on completed Town Accountant's review.

<b>POST DATE</b>	<b>AMOUNT</b>
02/28/2024	132,982.66
02/07/2024	559.72
01/10/2024	1,200.00
01/09/2024	102,268.57
11/21/2023	51,765.17
11/21/2023	65,242.20
<b>Total Estimated</b>	<b>\$354,018.32</b>

# Article 9

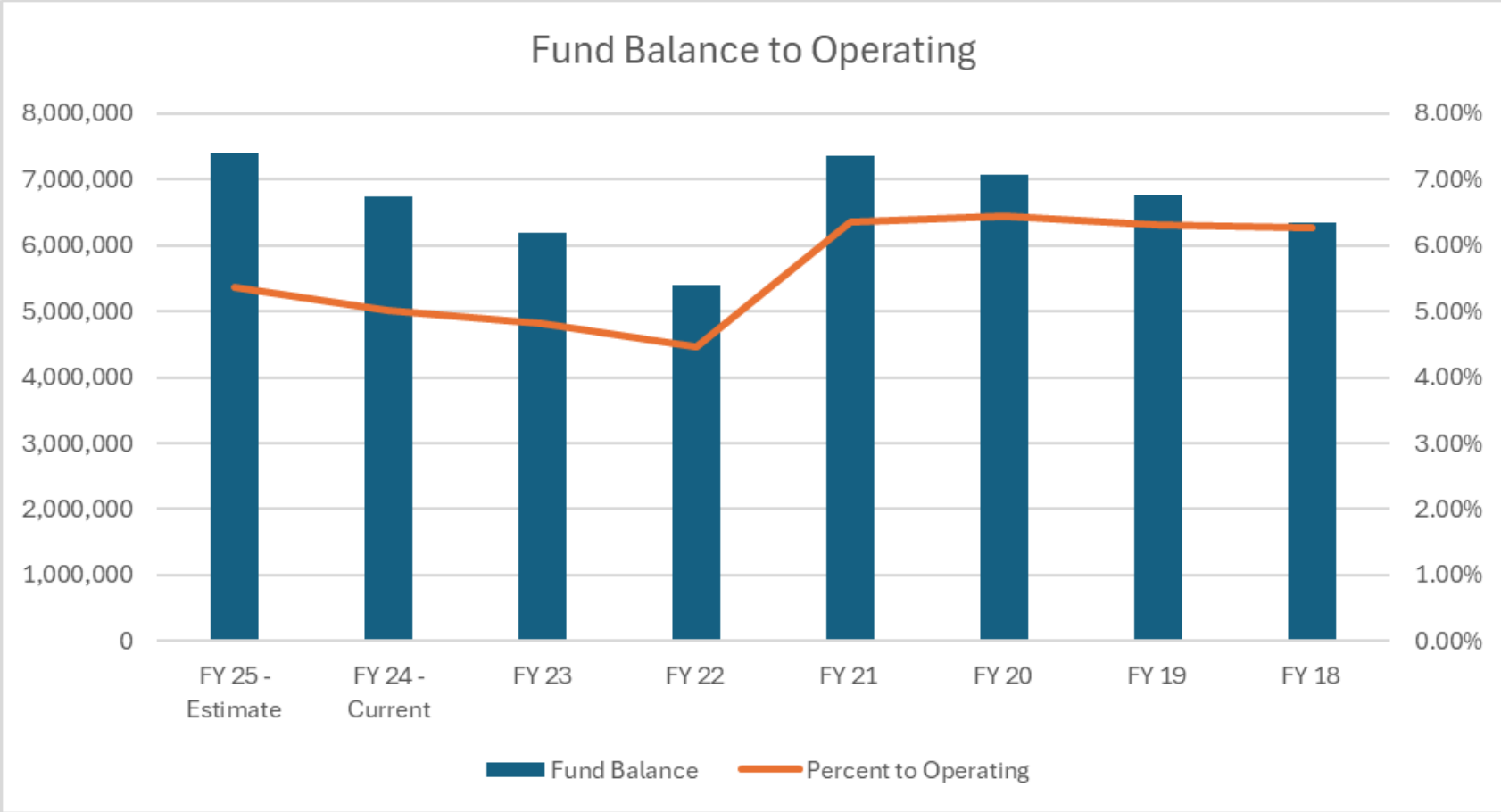
Deposit into General Stabilization Fund



# General Stabilization Fund Defined & Purpose

- Mass General Law to establish [M.G.L. c. 40 § 5B](#)
- General Stabilization Fund often referred to as the “Rainy Day” fund
- Purpose:
  - Heightened Resident Confidence
    - Can be used only when voted out to a specific purpose specified at Town Meeting
  - Better financial stability
    - Considered one key indicator to credit rating agencies

# Historical Fund Balance



# Policy to Fund Balance

- Financial Policy states the General Stabilization should be 5% - 10% of the operating budget.
- Fiscal year 2024 transfer in maintained compliance and is funded at 5.01%
- Proposed transfer to increase greater than the policy floor
- **Recommendation:** Transfer \$660,000 from Free Cash

<b>Current Balance</b>	\$6,735,606		
<b>General Stab. Min. at 5%</b>	\$6,900,000	<b>(\$164,394)</b>	<b>Difference to policy min.</b>
<b>General Stab. Max at 10%</b>	\$13,800,000	<b>(\$7,064,394)</b>	<b>Difference to policy max.</b>
<b>Recommended Transfer In</b>	\$660,000.00		
<b>Ending Balance</b>	\$7,395,606	5.36% to operating budget (estimate)	

# Article 11

Sewer/Stormwater Enterprise Budget



# Enterprise Funds

- Establishment under Massachusetts General Law M.G.L. c.44, § 53F½
- Budgets work similarly to main operating budget in which Develop a balanced revenue and expenditure budget to include direct and indirect costs
  - Direct costs are expenses generated specifically by that Enterprise Operation. Example: A new storm drain or sewer cover.
  - Indirect cost are expenses paid by other budget that was because of the operating an enterprise fund. Example: Information Technology support
- **Next Step: Town Manager is working with Engineering, Public Works, Stormwater Manager, and Finance to determine correct rates and set final budget.**

# Anticipated Utility Budget

	FY2022 Actual	FY2023 Actual	FY2024 Estimated Budget	FY2024 Town Manager	FY2024 Current Budget	FY2025 Town Manager Budget
<b>Utility Enterprise</b>						
<b>Revenues</b>						
Sewer Receipts	7,289,499	7,421,576	8,839,187	8,714,570	8,714,570	8,714,570
Stormwater Receipts			4,113,912	4,113,912	4,113,912	3,542,940
All other revenues or penalties (Needed)		251,901				
Retained Earnings	-	48,060	-	-	-	-
<b>Total Revenues</b>	<b>7,289,499</b>	<b>7,721,536</b>	<b>12,953,099</b>	<b>12,828,482</b>	<b>12,828,482</b>	<b>12,257,510</b>
Personal Services	96,589	117,380	199,810	256,778	256,778	256,778
MWRA Assessment	6,076,744	6,153,063	6,487,689	6,487,689	6,487,689	6,487,689
Purchased Services -MS4 Permitting	-	-	4,060,485	3,966,690	3,966,690	3,966,690
Purchase Services - Other	183,421	203,793	87,738	60,000	61,718	61,718
I/I Maintenance	116,741	-	396,327	225,000	250,000	250,000
<b>Direct Operating</b>	<b>6,473,495</b>	<b>6,474,236</b>	<b>11,232,049</b>	<b>10,996,157</b>	<b>11,022,875</b>	<b>11,022,875</b>
Indirect Expenditures	925,000	905,849	1,339,646	878,136	1,343,124	812,636
Capital Outlay (debt)	303,769	362,719	381,404	462,483	462,483	421,999
<b>Indirect Expenditures</b>	<b>1,228,769</b>	<b>1,268,568</b>	<b>1,721,050</b>	<b>1,340,619</b>	<b>1,805,607</b>	<b>1,234,635</b>
<b>Total Enterprise Expenditures</b>	<b>7,702,264</b>	<b>7,742,804</b>	<b>12,953,099</b>	<b>12,336,776</b>	<b>12,828,482</b>	<b>12,257,510</b>