

Town of Carver Financial Management Policies

Approved by Board of Selectmen on 2/11/14

Introduction

Recognizing the importance of sound financial planning for the long-term success of Carver, the following policies set forth the broad framework for overall fiscal management of taxpayers' resources. These policies address both current activities and long-term planning designed to ensure the Town's sound financial condition now and for future generations. These policies are intended to serve as direction for all policy-makers, administrators and advisors. The codification of these principles demonstrates our resolve to affirm to the taxpayers that Carver will conduct business on a fiscally responsible basis.

It is fully understood that Town Meeting retains the full right to appropriate funds and incur debt at levels it deems appropriate, subject to statutory limits such as Proposition 2 ½. It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress.

Financial Objective

It is the Financial Objective of the Board of Selectmen to demonstrate sound fiscal management of Carver's taxpayer resources through earning the highest possible bond rating that includes developing a sustainable town-wide budget based on a 20 year forecast that provides the level of service we can afford within our known projected revenues.

Policy Statements

1. The Town Administrator shall annually prepare a sustainable balanced budget with a 20 year forecast with the goal towards obtaining and securing the highest possible bond rating. The comprehensive Budget Message shall include a detailed examination of trends in tax levy, "new growth", local receipts, state aid, and other available funds.
2. The town will avoid all budgetary procedures that balance current expenditures at the expense of meeting future years expenses, such as postponing expenditures, accruing future years' revenues, rolling over short-term debt.
3. Ongoing operating costs shall be funded by ongoing operating revenue sources only. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. In addition:
 - a. Fund balances (stabilization / non-recurring/operating revenue) should be used only for one-time expenditures such as capital projects, long-term existing liabilities, and unexpected or extraordinary one-time expenses.
 - b. New operating costs associated with capital projects should be funded through the operating budget but reflected in the capital improvement plan.
 - c. All new services, equipment, and personnel proposals shall include a full life-cycle cost analysis prior to budget approval.

- d. Use of single and multiple year grants should not fund operational costs as there is no guarantee the Town will fund future operational liabilities once grants expire.
 - e. The annual unrestricted fund balance shall not be considered in balancing the current year budget. Once certified, however, the “Free Cash” from the prior year shall be available to deposit in the Capital Stabilization Fund that can fund one-time expenses.
4. The Town will maintain a General Stabilization Fund as its main financial reserve in the event of an emergency or extraordinary need. It shall be the goal of the town to achieve and maintain a balance in the General Stabilization Fund of 5% of its town’s annual revenue at all times.
 5. The Town will work to program and maintain 10% of its annual revenue for infrastructure investment annually. This will include payment for all internal debt and funding the capital stabilization fund. Debt roll-off and funding below 10% will be reallocated to a capital stabilization fund. The Town should strive to issue debt for shorter periods than the maximum allowable.
 6. The School Superintendent and the Town Administrator are directed by the adoption of these polices to explore any and all opportunities to reduce duplications of services that provide either more efficient and effective services to residents and/or reduce expenditures. This direction includes creating town-wide departments that are jointly managed by the School Superintendent and the Town Administrator. New revenue shall be allocated after fixed and shared cost in the following manner: ___% shall be allocated to the schools and ___% shall be allocated to town services.
 7. In order to assure long-term solvency, it shall be the goal of the annual budget to meet the actuarial annual required contribution (ARC) necessary to fully fund the Town’s future pension, health care, and other post-retirement benefits. Including Carver will actively identify solutions and begin to fund other post-employment benefits (OPEB) – unfunded liability is currently valued at \$49,600,000 for FY15. In addition, by adoption of these polices labor and management are encouraged to explore opportunities to equally share in health care benefits.
 8. With the creation of a capital stabilization fund, it is the intention of Carver to transfer one-time revenue, new personal property revenue compounded into a fund to pay for internal debt service and one-time capital projects through a 2/3 vote of town meeting.
 9. The Town will identify options to reduce levy limit below the 2.5% once AA+ Bond Rating or higher is achieved and unfunded liabilities of the Town are funded.

Annually the Town Administrator shall include a statement in the comprehensive Annual Budget Message identifying Carver’s progress toward meeting the above goals. In addition the Finance Committee shall include a similar statement in their Annual Report to Town Meeting.