

Overrides and Acton's use of reserves for operating budgets

In recent years, Acton has adopted a policy of covering yearly operating budget deficits by using reserves, both "Free Cash" and non-renewable reserves such as the NESWC fund. The two graphs below show this use and the reserve balance (note that the "use" chart refers to the year of the annual town meeting that votes the use for the following fiscal year). Note how the large amount voted in 2004 (for use in 2005) depleted the reserves in 2005.

This deficit spending practice has led to the two large "**General Overrides**" :

- **\$3,000,000 in 2004 and**
- **\$3,800,000 in 2006.**

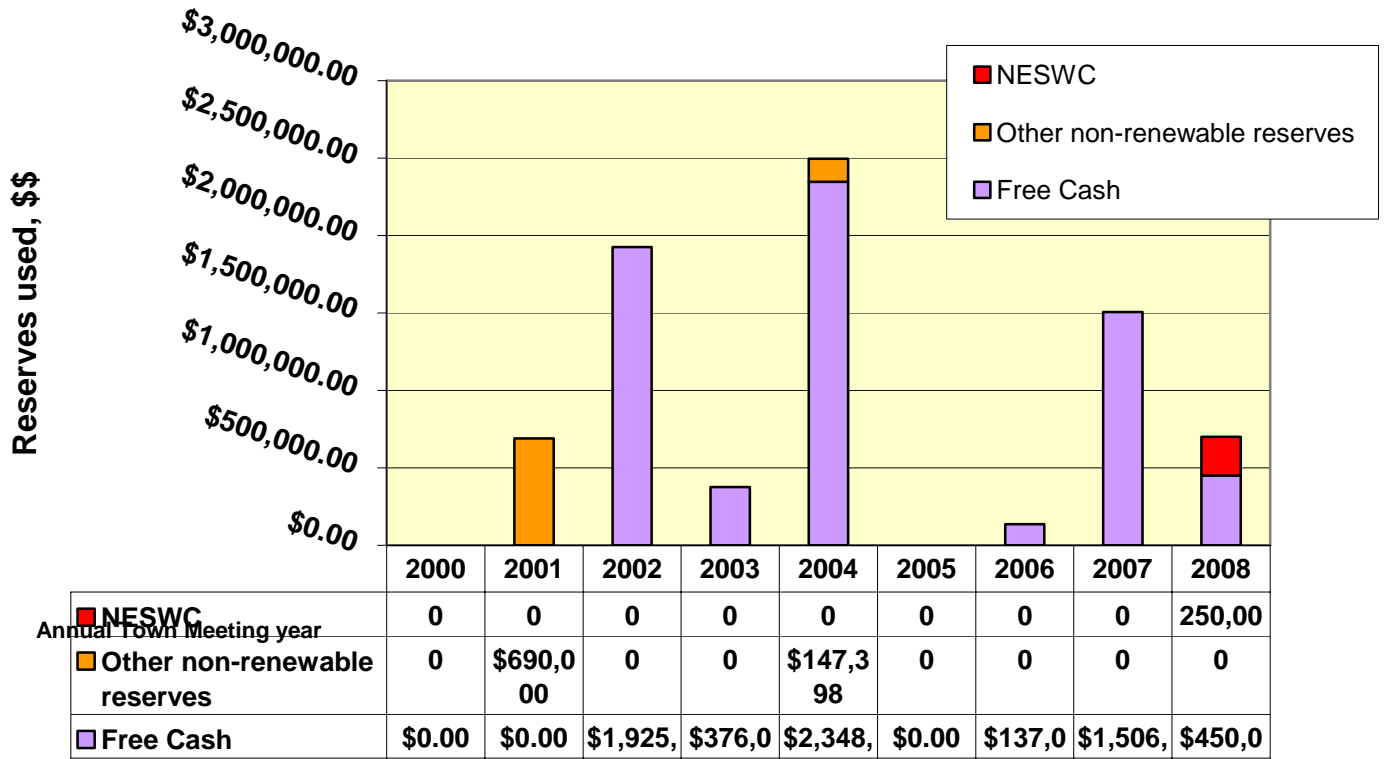
These overrides are permanent increases in our yearly taxes and "grow" by 2.5 % each year, they are the major reason why Acton taxes so high. This fiscal year, the total is \$ 7,486,409 which accounts for more than 12% of our tax bills.

In the five years since 2004, the total amount that these two overrides have added to our tax bills is \$ **34,942,770**.

The current "ALG Plan" will lead to another large override because, once again, it proposes to use reserves to cover operating budget deficits. When the reserves are used up, the town is told that an override is the only way to avoid financial disaster. That is not "prudent management", it is "tax to the max and spend more than you have" folly. We can stop it now by letting our officials know that reserves should be preserved – really preserved not just "labeled" as being preserved to make political points, or returned to the taxpayers. A YES vote on Thursday, October 2nd will be a first step.

Charts :

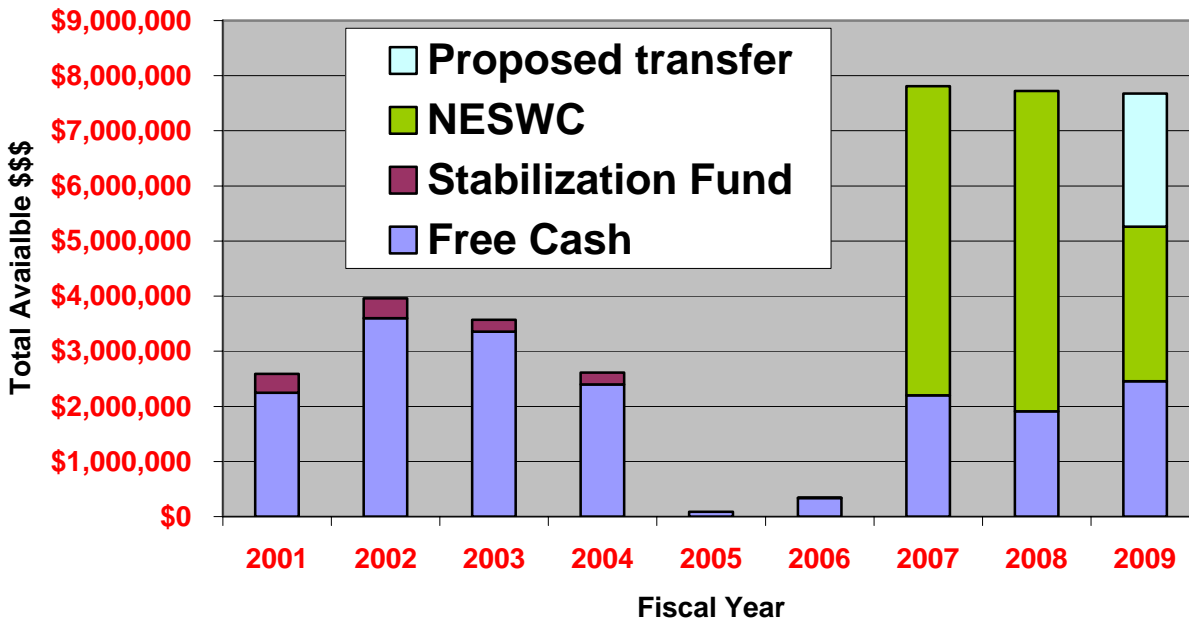
Acton -- Use of reserves for operating budgets



Town of Acton -- Available Reserves

Free Cash, Stabilization Fund and NESWC Fund balances per the Mass. Department of Revenue

and the proposed \$2,414,809 transfer to reduce FY09 taxes



No

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All data is from the Department of Revenue. Stabilization Fund values since FY 2005 are too small to be visible on the graph. Balances are as of the start of the fiscal year (July 1st).

8-21-08 by CK