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The Community Connection

TOWNS/SCHOOL BUDGET PROCESS COMMITTEE/APRIL, 2009/VOL. X, NO. 4

School District & Municipal Budgets — 2009/2010

Understanding the Numbers

This is the sixth year of collaboration among Hamilton, Wenham and the Regional School District to produce The Connection. We hope that the information contained in The Connection will be helpful in understanding and evaluating the budgets of the two towns and the School District. In this extremely difficult fiscal environment, concise, well presented information is important for all citizens as well as for town and school officials.

The national and international fiscal crisis has affected all of us. The towns and schools have made the painful choices to present budgets which do not require operational overrides. Inevitably this requires cuts since increases in budget drivers such as health care costs and utilities have not abated. We continue to explore ways to work together. A program to capture potential energy savings is being advanced and bears promise. Hamilton and Wenham are exploring a joint facilities management program as well as other possible collaborations. The Capital Management Advisory Committee continues to work to rationalize the capital budgeting process.

There is considerable ferment on the scene. New citizen groups have sprung up and gotten involved. In addition to the Budget Process Committee, a Blue Ribbon Committee has been exploring possible efficiencies in the Regional School District. What follows is a summary of the proposed budgets for the towns and schools. To get additional information about public meetings or to contact members of the Budget Process Committee or other town and school officials please go to the following websites:

Hamilton – www.hamiltonma.gov
Wenham – www.wenhamma.gov
HWRSC – www.hwschools.net

Finally please be sure to attend the joint budget forum Thursday, April 30 at 7:00 p.m. at the Buker School, attend your town meeting and vote in your town election.

Town School Budget Process Committee

	Hamilton	Wenham
<i>Selectmen</i>	Bill Bowler	Harriet Davis
<i>Finance Committee</i>	John McWane	Susan Mehlin
<i>Town Administrators</i>	Candace Wheeler	Jeff Chelgren
<i>Finance Directors</i>	Deborah Nippes-Mena	Sarah Johnson
<i>Community Members</i>	Laura Jones	Deborah Evans

Regional School District Members

Laurie Wilson - Committee
Marinel McGrath - Superintendent
Paul Szymanski - Assistant Superintendent

Wenham Overview

The Wenham Finance Committee is pleased to share the following highlights of our Fiscal 2010 budget proposal along with charts and schedules depicting relevant historical financial comparisons. Unlike prior years, we were forced to recommend service cuts, reductions in salaries and wages as well as the elimination of some personnel.

In summary, the total FY 10 operating budget, excluding the water department for which separate bills are issued, will decrease by 0.8%, consisting of a 2.7% increase in the tax rate, a reduction of 16.5% in other revenue sources, a 3.35% increase in contribution to the HWRSD and a 4.7% reduction in all other expenses.

This year we again managed to avoid requesting an Operating Override for our Town departments but were forced to put \$64,500 in capital items in a Capital Override Article.

We hope that you will take the time to read and understand the financial information contained herein as well as the financial information that we will share with you in our Wenham 2010 Town Warrant book. We also hope that you will attend and participate in our upcoming Warrant Hearing on Monday, April 27th and of course, our annual Town Meeting on Saturday, May 2nd.

THE PROCESS

How the Budget is Produced

- Board of Selectmen and Finance and Advisory Committee release a joint budget message and set timeline
- Departments/Boards submit budget requests
- Board of Selectmen reviews budget requests, meets with departments/boards, and makes recommendations to the Finance and Advisory Committee
- Liaisons of the Board of Selectmen and the Finance and Advisory Committee meet together with representatives of the large departments/boards prior to department presentations to the Committee. The Finance and Advisory Committee reviews budgets and Board of Selectmen's recommendations. The Committee meets jointly with the Hamilton Finance Committee to review the budget requests of the Regional School District and the town's joint programs.
- Finance and Advisory Committee analyzes revenue forecasts, capital plans and other relevant information.
- Finance and Advisory committee makes cuts and other adjustments in order to balance the budget within the levy limit
- The Committee makes recommendations to Town Meeting for the annual operating budget (Article 2) and override articles.

FY10 Budget Challenges

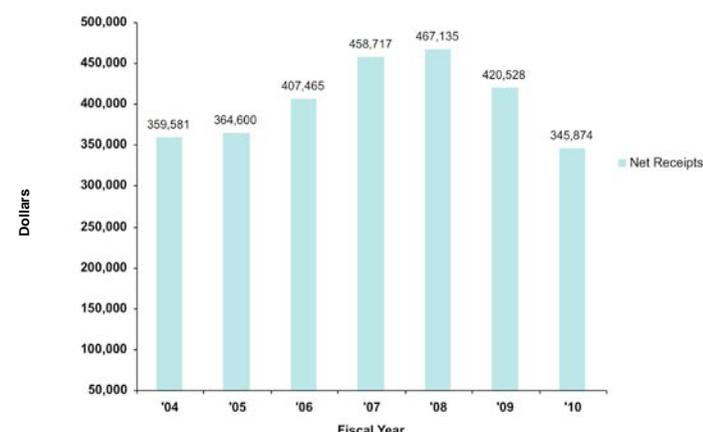
- Local Receipts Decreasing
(Loss in Motor Vehicle Excise, Investment Income & Permit Income)
- Enrollment Shift in the HWRSD
(0.42% increased enrollment to Wenham = \$94,245.52 in FY 2010)
- Unfunded Mandates
(Quinn Bill or Educational Stipends for Police and EPA Storm Water Regulations)
- Limited New Growth – Increases in value from new building.
(new growth = increase in tax levy)

KEY NUMBERS

Regional Services Apportionment Adjustments for FY2010

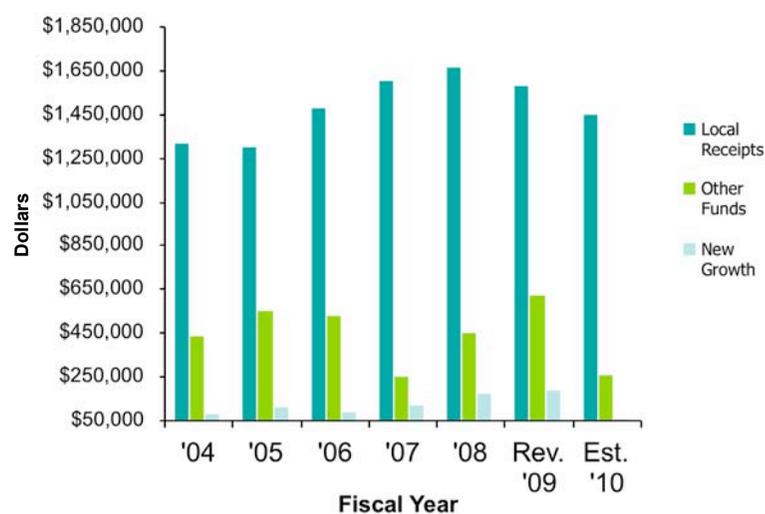
Regional School District		All others (Joint Recreation, ECO, and Joint Library)	
FY2010		FY2010	
Wenham:	32.24%	Wenham:	36.29%
Hamilton:	67.76%	Hamilton:	63.71%
FY2009		FY2009	
Wenham:	31.82%	Wenham:	35.75%
Hamilton:	68.18%	Hamilton:	64.25%
Increase of .42% (Effect on Wenham)		Increase of .54% (Effect on Wenham)	
– Apportionment based upon enrollment		– Apportionment based on property valuation of preceding 3 years	
COA Van			
FY2010			
Wenham:	55.34%		
Hamilton:	44.66%		
– based on rider ship from calendar year 2006, 2007 & 2008			
FY2009			
Wenham:	48.66%		
Hamilton:	51.14%		
– based on rider ship from calendar year 2005, 2006 & 2007			

Wenham State Aid (Cherry Sheet)



State Aid does not include proposed meal tax.

Wenham's Other Revenue Sources



Capital Expenditures in FY09

Department	Capital Item	Value
Highway	DPW Truck	\$35,000 *
Highway	Catch Basins	\$17,000 *
Highway	12' Plow	\$ 8,000 *
Town Hall	Computer Replacement	\$ 4,500 *
Water	Hydrant & Meter Replacements	\$31,000
Water	Well Enclosure & Improvements	\$187,000

(all Water Dept items covered by water rates – not included in total cost of capital above)

*Override article

FY10 BUDGET

Proposed Budget

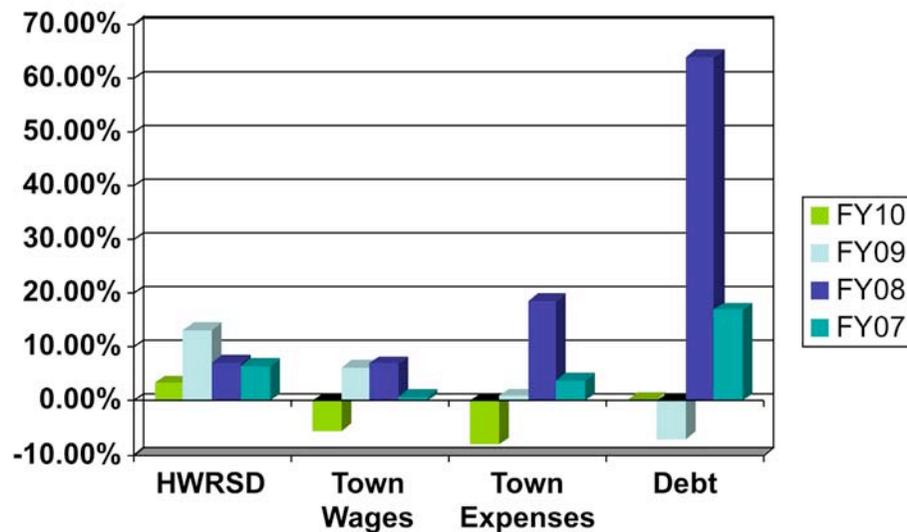
	<u>FY'09</u>	<u>FY'10</u>
TOWN SALARIES & WAGES	\$ 3,000,145	\$ 2,834,851
TOWN EXPENSES & CAPITAL	3,448,451	3,294,123
TOWN DEBT	671,662	672,987
TOWN WARRANT ARTICLES	153,000	64,500
(TOWN REVENUE: STATE/LOCAL)	(3,953,701)	(3,300,768)
NET TOWN EXPENDITURES	\$ 4,269,343	\$ 4,353,964
WENHAM SHARE SCHOOL NET EXPENSE	\$ 7,024,859	\$ 7,260,009
WENHAM SHARE SCHOOL DEBT SERVICE	377,384	372,283
NORTH SHORE VOC/TECH SCHOOL	33,564	35,313
TOTAL TAX LEVY	\$11,705,150	\$12,012,569

Comparison of Levy to Median Assessed Value & Tax Bill

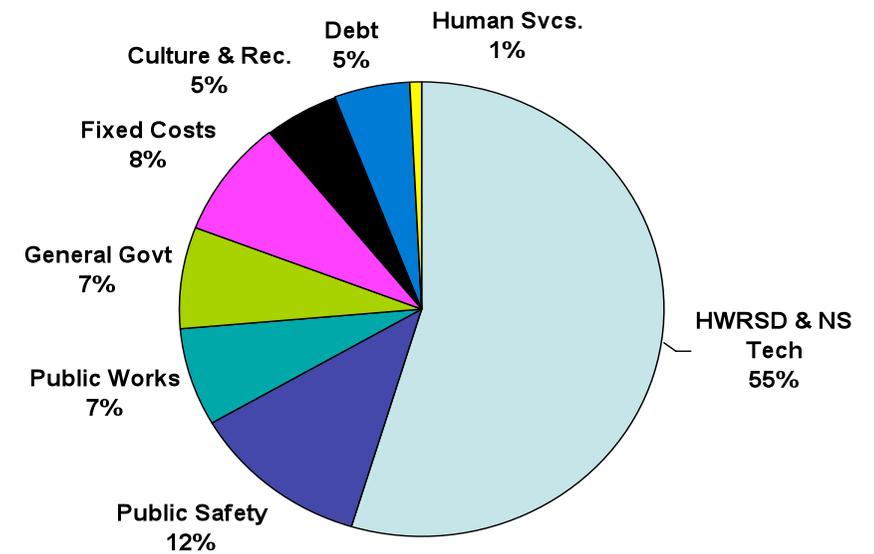
Fiscal Year	Tax Levy	Median Assessed Value	Median Tax Bill
2010*	\$12,021,569	\$551,900	\$7,771
2009	11,712,231	551,900	7,567
2008	10,781,613	544,200	7,031
2007	9,686,667	546,700	6,380
2006	9,161,807	543,900	6,092
2005	8,874,077	502,700	5,987
2004	8,023,126	474,800	5,503

*Proposed Tax Levy using FY09 Assessed Value

BUDGET CHANGES Year over Year



Distribution of Wenham FY2010 Expenses (Excluding Water Dept.)



FY10 BUDGET

**Come to Town Meeting
May 2, 2009
at 1:00 pm
Buker Elementary School**

**Come out and vote
May 14, 2009
7 am to 8 pm
Buker Elementary School**

Annual Warrant Highlights

- Financial Actions
 - Town and School budgets \$13,931,969
 - Water Department budget \$602,097
 - Chapter 90 Approval \$117,977
 - CPA Appropriations \$201,002.5
 - Misc. Capital Override \$64,500
 - HWRSD Capital Debt Exclusion \$1,241,000
- Transfer Cemetery Perpetual Care Funds
- Regional Emergency Communications Center
- Municipal Affordable Housing Trust
- Liquor License Amendment

Hamilton Overview

Similar to most small towns without a significant commercial tax base, we find developing an annual budget under Proposition 2.5 that is sensitive to our taxpayers, an increasingly difficult task. The accompanying pages contain information about the proposed FY'10 Budget for the Town of Hamilton. The revenue side of the equation has been significantly reduced again this year. New construction, which adds to the tax base and levy capacity, is expected to generate \$125,000 less revenue in FY'10 than in FY'09. Excise tax revenue is expected to be \$200,000 lower than in the prior year. There will not be enough Free Cash, the difference between prior year budgeted revenue and expenses, to apply as revenue to lower the tax rate which compares unfavorably to last year when we applied up to \$182,700 of Free Cash. There is a net projected revenue reduction of \$372,000 (-12.4%).

The total of the Town's wage, salary and operating expenses are budgeted to be \$39,500 less than last year. With these planned reductions, the Town will be presenting a balanced budget which will not require an operational override.

The Town is working on new ways to raise revenues and reduce costs. Examples include: a six-year contract to lock in solid waste disposal fees, examining the potential savings of a new medical insurance plan for our Town employees; finding a commercial use for the former Hamilton landfill; using Community Preservation funds to pay for expenses which would otherwise be charged to the Town's operating budget (for example, replacing the Town Hall furnace); exploring additional Payments in Lieu of Taxes (PILOT) from tax-exempt landowners in Hamilton; lobbying the State Legislature to arrive at fairer distributions of aid for schools and municipalities; and increasing Town service fees to a level that covers the expense to deliver the service (an example is raising the fee from \$5 to \$10 for written demand notices from the Town which have not been increased for many years and which are currently lower than surrounding Towns).

In order to better maintain, and replace outdated equipment within, regional school buildings, the voters will be presented at the Annual Town Meeting with a capital debt exclusion for the School District. The Selectmen and Finance and Advisory Committee ask for your thoughtful consideration. More than ever, we need your help in reading and understanding the financial information in this edition of The Connection and in the FY'10 Warrant book, and your attendance and participation at the Annual Town Meeting on Monday, May 4, 2009 (probably continuing to May 5th) and by voting at the election on Thursday, May 14, 2009.

THE PROCESS

How the Budget is Produced

- Selectmen and Fin Com release a joint budget message and set timelines. For FY10, reductions in state aid and local receipts were the critical starting points
- Fin Com determines levy limit for coming fiscal year
- Departments/Boards submit budget requests and warrant article proposals
- Fin Com reviews budgets, meets with departments & boards and develops recommended budget proposal
- H-W Fin Coms meet jointly on the joint program budgets; Library, Emergency Center, Recreation, Elder Van & HWRSD
- FinCom analyzes revenue forecasts & allowable tax levy, determines if a budget gap exists (maximum allowable levy minus net expenditures)
- If a gap exists, FinCom works with Departments & Selectmen to make cuts and/or recommend an override to balance the budget
- Budget is submitted to Town Meeting and ballot votes

FY10 Budget Challenges

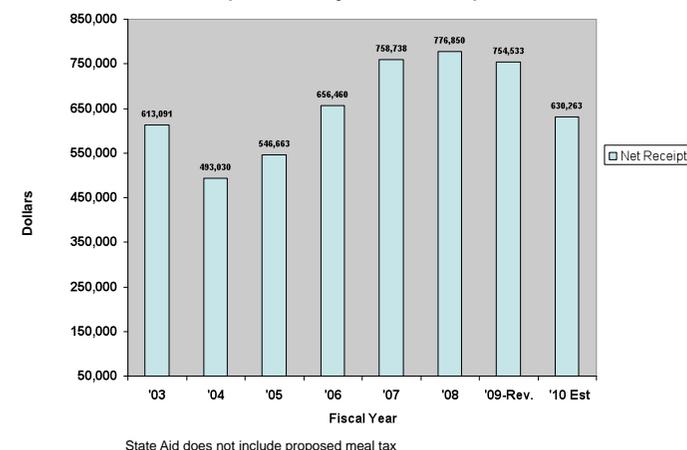
- Increasing Fixed Charges (Health Benefits, Property and Casualty Insurance, Retirement)
- Decrease in State Aid and local revenues creating a funding gap over prior year expense structures
- Decrease in new construction affecting tax base and levy capacity
- Maintain community service level with no increase in budget
- Unfunded State Mandates (Quinn Bill –Educational Stipends for Police, DEP–Ipswich River Regulations, EPA storm water rules, Prevailing Wage Law, Ch. 40-B affordable housing, Closed Landfill rules)

KEY NUMBERS

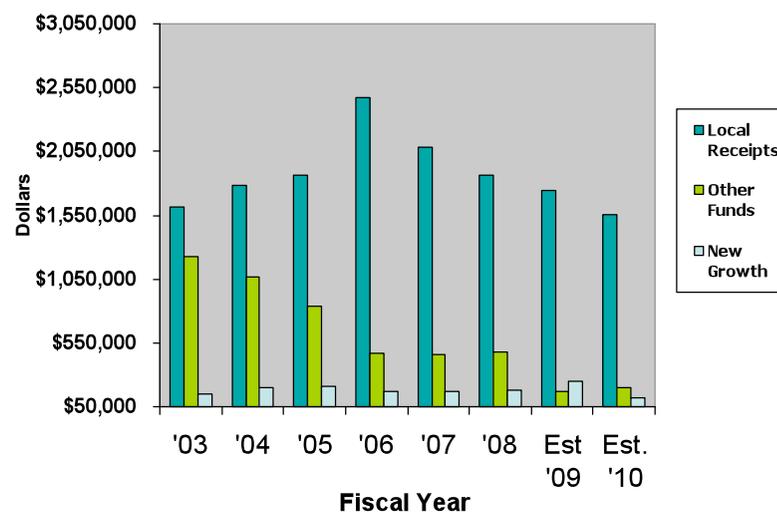
Regional Services Apportionment Adjustments for FY2010

Regional School District		All others (Joint Recreation, ECO, and Joint Library)	
FY2010	Wenham: 32.24% Hamilton: 67.76%	FY2010	Wenham: 36.29% Hamilton: 63.71%
FY2009	Wenham: 31.82% Hamilton: 68.18%	FY2009	Wenham: 35.75% Hamilton: 64.25%
Decrease of .42% (Effect on Hamilton) – Apportionment based upon enrollment		Decrease of .54% (Effect on Hamilton) – Apportionment based on property valuation years	
COA Van			
FY2010	Wenham: 55.34% Hamilton: 44.66%	– based on rider ship from calendar year 2006, 2007 & 2008	
FY2009	Wenham: 48.66% Hamilton: 51.14%	– based on rider ship from calendar year 2005, 2006 & 2007	

Hamilton State Aid (Cherry Sheet)



Hamilton's Other Revenue Sources



Operating Equipment Expenditures

Fiscal Year	Purchase	Lease/Purchase
2010	\$11,000	\$74,467
2009		\$69,000
2008	\$ 54,000	\$40,000
2007	\$135,000	\$40,000
2006	\$148,174	\$40,000
2005	\$111,744	\$40,000

FY10 BUDGET

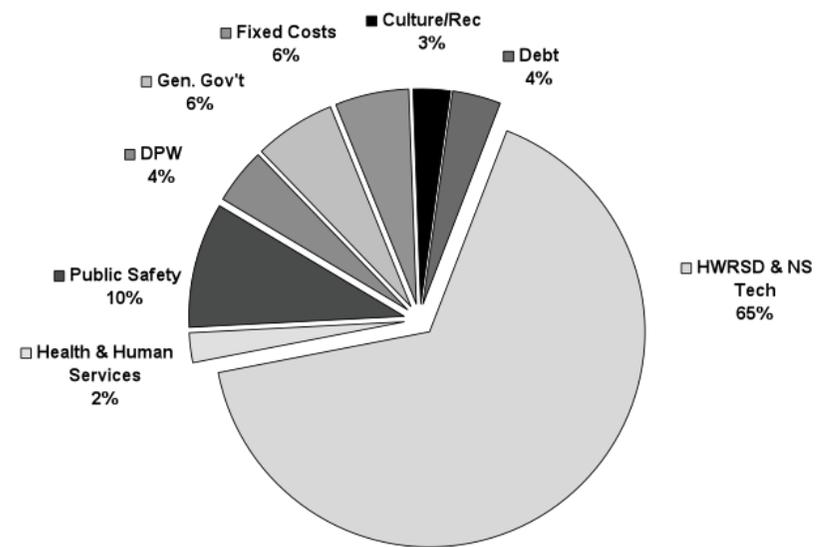
Proposed Budget

	FY'09	FY'10
TOWN SALARIES AND WAGES	\$ 3,753,111	\$ 3,657,863
TOWN CAPITAL AND OPERATING EXP	\$ 4,205,654	\$ 4,311,578
TOWN DEBT	\$ 1,017,121	\$ 856,382
TOWN REVENUE: (STATE/LOCAL)	(2,994,090)	(2,624,860)
NET TOWN EXPENDITURES	\$ 5,981,796	\$ 6,200,963
HAMILTON SHARE SCHOOL NET EXPENSE	\$15,116,019	\$15,323,686
HAMILTON SHARE SCHOOL DEBT SERVICE	744,602	717,383
NORTH SHORE VOC/TECH SCHOOL	145,850	118,700
TOTAL TAX TO BE RAISED	\$21,840,417	\$22,360,732

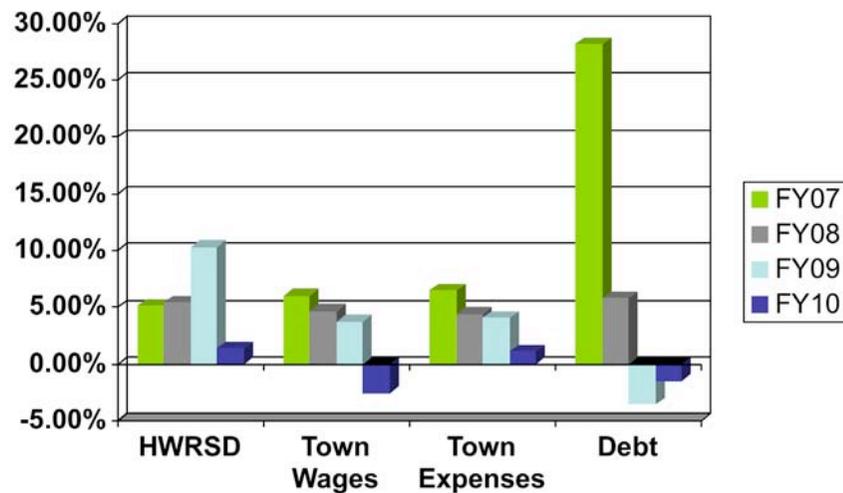
Come to Town Meeting
 May 4 & 5, 2009
 at 7:30 pm
 HWRHS Auditorium

Come out and vote
 May 14, 2009
 7:00 am to 8:00 pm
 Winthrop School

Distribution of Hamilton FY10 Expenses



BUDGET CHANGES
 Year over Year



Warrant Highlights

- Financial Actions
 - Town and School budgets \$24,021,194
 - North Shore Technical High School \$118,700
 - Water Enterprise budget \$1,025,328
 - Waste Reduction Enterprise \$309,870
 - Community Preservation Budget \$500,000
 - HWRSD Capital Debt Exclusion \$1,241,000
- Planning/Zoning Actions
 - Overlay District for Landfill
- Town By-Law Amendments
 - Citizen Petition to change Town Meeting Dates
 - Increase size of Board of Selectmen (3 to 5)
- Other Actions
 - Home Rule Petition for Town Manager
 - Home Rule Petition for Sr. Property Tax Relief
 - Regional Emergency Communications Center

Comparison of Levy to Median Assessed Value & Tax Bill

Fiscal Year	Tax Levy	Median Assessed Value	Median Tax Bill
2010*	\$22,360,732	\$427,700	\$6,655
2009	21,889,263	427,700	6,514
2008	19,907,450	450,800	6,036
2007	18,735,982	435,700	5,481
2006	17,631,714	473,600	5,650
2005	16,575,371	414,200	5,186
2004	15,122,295	385,850	4,815

*Proposed Tax Levy using FY09 Assessed Value

School District Overview

On March 31, 2009, the School Committee reviewed and approved a budget for FY 10 budget totaling \$27,423,801 which includes \$18,160,629 in salaries and \$9,263,172 in expenses and represents a 1.5% increase over FY 09. The School Committee also approved a Capital Debt Exclusion totaling \$1,241,000. These funds, if approved, will be used to undertake needed capital repairs and projects in our school buildings. The projects are in response to (1) needs of our students and staff, and (2) the NEASC (New England Association of Secondary Schools and Colleges) evaluations of the high school.

It is important to keep in perspective that the budget is more than numbers; it is a shared vision of the programs and services we believe are necessary to provide a proper education to our 2,086 students. The FY 10 budget is not a level services budget because it includes decreases in faculty and staff, and the elimination and phasing out of programs. This low percentage increase does not add programs, or allow us to tackle many of our strategic initiatives. We pledge to do our best to fulfill our mission while working to balance the needs of our students, the needs of our communities, and the local mandate for continuous improvement with the fiscal reality of our towns during the most difficult financial environment in recent history.

THE PROCESS

Mission-Driven District

The citizens of Hamilton and Wenham established the Hamilton-Wenham Regional School District to educate their children. The communities' expectations for this district are broadly defined in the following statement of educational mission:

Educate our children to become knowledgeable, healthy, responsible, and productive adults.

From the School Committee...

- The School Committee's goal is to maintain a comprehensive PK-12 program. This is the context in which we make decisions; services need to be delivered equitably at every grade level.
- We are responsible for school programs as well as school buildings.
- The sources of revenue are still not final. We are required by our regional agreement to vote the budget by March 31.
- These are extraordinary times that require us to develop a sustainable program beyond the current year. We need the community to come together to support the District.
- Our top 4 challenges are:
 - Providing effective education for all students
 - Meeting local, state, and federal revenue challenges
 - Meeting collective bargaining & fixed costs obligations
 - Funding required special education services

FY 10 Budget Challenges

- State Aid: Chapter 70 Funding
 - Over the past several years, Chapter 70 funding has declined significantly from 19.3% in FY 01 to 13% in FY 10.
- State Aid: Regional Transportation
 - Underfunded mandate: the law requires 100% funding for regional school districts while the actual annual appropriation has been between 40% and 60%.
- Maintaining level services
 - Our inability to maintain level services impacts the district's ability to provide a 21st century education for all students.
 - Annual staff reductions result in high staff turnover and phasing out or elimination of key instructional programs. There have been 111.5 FTE reductions since 2002. There are 10.5 FTE reductions for FY 10.
 - Inability to support five-year curriculum renewal plan to ensure compliance with MA Curriculum Frameworks, MCAS, and instructional technology.
- Special Education
 - Funding required special education services.

KEY NUMBERS

FY 10 HWRSD Non-Town Revenue Projection

Non-Town Revenue Projection	Actuals FY 08	Anticipated FY 09 Revenue	Projected FY 10 Revenue	Dollar Increase (Decrease)	Percentage Increase (Decrease)
State Aid: Chapter 70	\$3,370,393	\$3,506,180	\$3,506,180	\$0	0.00%
State Aid: Reg. Transportation	\$331,284	\$548,185	\$490,586	(\$57,599)	(-10.51%)
State Aid: School Choice	\$580,000	\$590,843	\$557,740	(\$33,103)	(-5.60%)
State Aid: SPED Circuit Breaker	\$220,000	\$220,000	\$132,000	(\$88,000)	(-40.00%)
Early Childhood Tuition	\$58,647	\$40,000	\$0	(\$40,000)	(-100.00%)
Special Needs Tuition	\$28,000	\$28,000	\$54,000	\$26,000	95.00%
Medicaid	\$60,300	\$40,000	\$40,000	\$0	0.00%
Interest Income	\$40,000	\$40,000	\$30,000	(\$10,000)	(-25.00%)
Parking Fees	\$30,000	\$30,000	\$25,000	(\$5,000)	(-16.67%)
Rental Income	\$4,000	\$4,000	\$4,000	\$0	0.00%
School Reserve Fund	\$0	\$0	\$0	\$0	0.00%
Total Revenue	\$4,722,624	\$5,047,208	\$4,840,106	(\$207,102)	(-4.10%)

12.11.08 - School Committee approved FY 10 Revenue Assumptions

01.28.09 - FY 10 State Aid: Regional Transportation - Inserted Governors' House 1 Projection

02.02.09, 02.11.09, 03.12.09 - Non-Town Revenue Estimates Updated

As of March 31, 2009

FY 10 Town Revenue under the levy limit

Revenue Source	FY 09 Contribution	FY 10 Contribution	\$ Change	% Increase
Hamilton	\$15,095,651	\$15,302,712	\$207,061	1.37 %
Wenham	\$ 7,045,227	\$ 7,280,983	\$235,756	3.35 %
Total	\$22,140,878	\$22,583,695	\$442,817	2.00 %

As conveyed by the Towns' on 02.26.09

FY10 BUDGET

FY 10 HWRSD SC Approved Budget

• Salaries	\$18,160,629
<ul style="list-style-type: none"> - Instructional – Regular Education & Special Education - Administrative - Clerical - Custodial & Maintenance - Intramural/ Athletics/ Extracurricular 	
• Expenses	\$ 9,263,172
<ul style="list-style-type: none"> - Health Services - Maintenance - Legal - Technology - Pensions & Taxes - Contracted Services (SPED) - Transportation (Regular & Special Education) - Instructional Supplies - Utilities - Central Office - Insurance - Professional development - SPED Out-of-District Tuition 	
• Total Request	\$27,423,801
\$ Increase	\$392,234
% Increase	1.5%

FY10 Capital Debt Exclusion

The District is putting forth a capital debt exclusion request to address its many needed capital repairs and projects. The projects are in response to the health and safety needs of our students and staff, and the NEASC (New England Association of Secondary Schools and Colleges) evaluations of the high school. The Leadership Team, the School Committee’s Facilities Subcommittee, and the Towns/School Capital Management Advisory Committee (CMAC) developed and reviewed the capital projects list.

There are several projects in the requested capital debt exclusion that will meet the NEASC facilities recommendations which include student lockers, greenhouse, library/media center renovation, family/consumer science lab renovation, and the replacement of HS water fountains.

The capital debt exclusion vote (*Municipal Finance Terminology*” - see definition” on back page) for the capital projects will be for a ten-year bond. This means the towns will pay the debt service for a period of ten years only. Unlike an operating budget override, the tax increase from a debt exclusion does not become a permanent part of the levy limit debt.

FY 10 Capital Projects - \$1,241,000

• Winthrop School	\$ 30,000
• Middle School	\$ 65,000
• District Admin. Building	\$ 98,000
• Buker School	\$100,000
• MS/HS Combined projects	\$100,000
• Cutler School	\$165,000
• High School	\$494,000
• Architectural & Contingency Fees	\$189,000

For a complete listing of the capital projects by site, please log on to www.hwschools.net. Click on the link entitled “FY 10 Budget Information” and then click on the link entitled “FY 10 Capital Debt Exclusion Project List”.

Capital Debt Exclusion - Tax Rate Impact

\$1,241,000 General Obligation Bond		
Year	Hamilton Tax Rate Impact per \$1,000	Wenham Tax Rate Impact per \$1,000
FY 11	0.01	0.01
FY 12 - 21	Avg. 0.071	Avg. 0.057

FY10 BUDGET

FY 10 HWRSD Proposed Budget

1/2

Category	FY 09 Budget	FY 10 Budget	\$ Change	% Change
Admin. Salaries/Expenses	\$1,255,371	\$1,179,365	-\$76,006	-6.1%
Clerical Salaries	\$723,367	\$733,265	\$9,898	1.4%
Instructional Salaries	\$9,905,464	\$10,113,262	\$207,798	2.1%
Athletics & Extra-Curric Salaries	\$148,896	\$145,390	-\$3,506	-2.4%
Custodial & Maintenance Salaries	\$639,054	\$663,800	\$24,746	3.9%
Health Services	\$188,799	\$244,240	\$55,441	29.4%
Instructional Expenses	\$601,735	\$584,718	-\$17,017	-2.8%
Maintenance Expenses	\$595,013	\$592,010	-\$3,003	-0.5%
SPED Instructional Salaries	\$4,521,671	\$4,757,990	\$236,319	5.2%
SPED Contracted Services	\$341,487	\$455,833	\$114,346	33.5%
SPED Transportation	\$376,630	\$388,822	\$12,192	3.2%
SPED Tuition Out-of-District	\$1,579,840	\$1,039,731	-\$540,109	-34.2%

FY 10 HWRSD Proposed Budget

2/2

Category	FY 09 Budget	FY10 Budget	\$ Change	% Change
Utility Expenses	\$930,574	\$997,586	\$67,012	7.2%
Legal Expenses	\$122,100	\$133,000	\$10,900	8.9%
School Committee Expenses	\$35,766	\$37,015	\$1,249	3.5%
Central Office Expenses	\$165,174	\$212,121	\$46,947	28.4%
Technology Expenses	\$349,208	\$317,090	-\$32,118	-9.2%
Staff Professional Development	\$163,202	\$240,415	\$77,213	47.3%
Insurance Expenses	\$2,851,484	\$2,986,191	\$134,707	4.7%
Pension & Taxes	\$800,947	\$848,170	\$47,223	5.9%
Transportation-Regular Ed	\$628,832	\$645,764	\$16,932	2.7%
Salaries Other	\$106,953	\$108,023	\$1,070	1.0%
Total Gross Budget	\$27,031,567	\$27,423,801	\$392,234	1.5%

March 31, 2009

Town Meetings & Ballot Votes

WENHAM

- Saturday, May 2, 1:00 p.m. (Town Meeting/Buker)
- Thursday, May 14, 7:00 a.m.- 8:00 p.m. (Ballot Vote/Buker)

HAMILTON

- Monday, May 4, 7:30 p.m. (Town Meeting/HWRHS)
- Thursday, May 14, 7:00 a.m.- 8:00 p.m. (Ballot Vote/Winthrop)

For More Information

To learn more about these budgets, you can find additional resources and information at the following sources:

- Hamilton and Wenham Town Halls
- Regional School District office on School Street in Wenham
- Hamilton-Wenham public library
- Offices at each school
- School district website: www.hwschools.net
- Town websites: www.hamiltonma.gov and www.wenhamma.gov
- Coverage in the Hamilton Wenham Chronicle and Salem News
- Town warrant booklets are available from both towns and online

Note: Specific information about ballot questions can be found through these sources. That information cannot be included here because of laws governing the expenditure of public funds for public service information.

Municipal Finance Terminology

As both Towns and the Regional School District prepare for presentation of their FY08 budgets, it is a good opportunity to provide to the public information that will help to better understand how budgets are composed. This article is, therefore, designed to provide an outline of the terms commonly used during the discussion of town and school budgets. The terms and their definitions are as follows:

LEVEL SERVICE BUDGET

Level Service Budget is the estimated cost to deliver the same services from one year to the next. It includes all contractual increases and projected economic factors that affect these services. It is a useful planning tool in understanding the economic factors which affect the budget process.

CHERRY SHEET

This is the shorthand name for the local aid which towns and municipalities receive from the State. The aid is offset by any State or County charges which are assessed to communities. (An example would be assessments for membership in the Northeast Mosquito Control District.) The amount of Cherry Sheet funds are identified as part of the budgeting process and are distributed quarterly.

OVERLAY (ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS)

This is a reserve account to fund anticipated property tax abatements and exemptions and uncollected taxes. The amount of the reserve is set by the Board of Assessors.

STABILIZATION FUND

The purpose of this fund is to accumulate funds for capital and other future spending purposes. While there is no specified amount required to be in the stabilization fund, an amount of 3-5% is considered to be optimal. Amounts from the stabilization fund can be appropriated by a 2/3 vote of Town Meeting for any lawful municipal purpose.

RESERVE FUND

This is an amount set aside annually within a town budget to pay for "extraordinary and unforeseen expenditures". The amount in the reserve fund may not exceed 5% of the prior year's tax levy. The fund is within the exclusive control of a town's Finance and Advisory Committee, although transfers are made in consultation with the Board of Selectmen. An example of such an extraordinary expenditure would be for unanticipated fuel increases.

FREE CASH

Free cash is a town's unrestricted available funds that may be used to fund any appropriation. Free cash results when either when revenue collections exceed budgeted estimates or actual expenditures are less than budgeted appropriations.

PROPOSITION 2 ½

Proposition 2 ½ is a State law enacted in 1980 which limits the amount which a community can raise through real and personal property taxes. There are two primary limitations, the Levy Limit and the Levy Ceiling. A town has a Levy Limit which is the total amount which it is authorized to levy in real and personal property taxes as part of the permanent levy. This amount can be increased no more than 2 ½% + New Growth + an Override from one year to the next. There is a further limitation that a town may not levy in taxes more than 2 ½% of the total value of its real and personal property. This is the Levy Ceiling.

NEW GROWTH

New Growth consists primarily of increases to the tax base as a result of new construction or additions to personal property. It also includes exempt property which has returned to the tax rolls. It does not include any increase in property valuation due to revaluation.

OPERATIONAL OVERRIDE

An override is an increase in the Levy Limit in excess of 2 ½% + New Growth as described above. An Override requires a majority ballot vote for a specific dollar amount for a specific purpose. If passed, the amount of the Override becomes a permanent part of the Levy Limit, subject only to the Levy Ceiling.

DEBT EXCLUSION/CAPITAL OUTLAY EXPENDITURE EXCLUSION

These are votes, similar to an Override vote, to increase the Levy Limit either for the purpose of paying debt service for the length of the debt or for incurring capital costs during the year the project is undertaken. Unlike an Override, these increases do not become a permanent part of the Levy Limit. A Debt Exclusion is subject to the Levy Ceiling while a Capital Outlay Expenditure Exclusion is not. Like an Override, both require a majority ballot vote for a specific amount for a specific purpose.

ENTERPRISE FUND

An Enterprise Fund is an account for financing specific services where it is intended that the costs of providing the service will be recovered through user charges. An example is the Water Enterprise Fund.

LOCAL RECEIPTS

Local Receipts are locally generated revenues other than real and personal property taxes and enterprise fund revenues. Examples include motor vehicle excise taxes, investment income, fines, fees, rentals and other charges for services.

CHAPTER 70

Chapter 70 funds account for the second largest source of revenue for the school district after local property taxes. Ch 70 aid has declined significantly over the past several years, from 19% of the gross budget in FY01 to 13% of the FY 09 gross budget.

CIRCUIT BREAKER

The "Circuit Breaker" law is designed to partially reimburse school district for high cost special education students. The law reimburses a portion of instructional and tuition costs for In District and Out of District students if the cost exceeds approximately \$32,000.

SCHOOL CHOICE

Under the school choice law, parents may send their children (selected through lottery) to schools other than those in their hometown. The state mandates the home school district transfer what amounts to a per pupil tuition of \$5,000 of its state aid to the district accepting the student. The home district must pay additional money for special education students.

UNRESERVED, UNDESIGNATED FUND BALANCE

This fund (also known as the reserve fund) is the school's equivalent of the town's "free cash" (see above). It is the school's unrestricted available funds that may be used, upon approval of the school committee, to fund any appropriation. Unreserved, undesignated funds result either when revenue collections exceed budgeted estimates or actual expenditures are less than budgeted appropriations. In any given year, this fund balance may not exceed 5% of the district's operating budget. It is often used to pay for unanticipated, unbudgeted Special Education expenses.

For more information regarding town and school budgets, when budget presentation meetings are scheduled to occur, and eventually the budgets themselves, the public is encouraged to visit the town and school websites.