

**APPENDIX A
COMPENSATION / CLASSIFICATION TABLE
FISCAL YEAR 2021**

		Exempt Positions								
Note #	Grade	Steps	I	II	III	IV	V	VI	VII	VIII
2	21	Chief of Fire (40 Hrs)	104,374.40	106,454.40	108,576.00	110,739.20	112,944.00	115,211.20	117,520.00	119,870.40
2	21	Chief of Police (40 Hrs)	104,374.40	106,454.40	108,576.00	110,739.20	112,944.00	115,211.20	117,520.00	119,870.40
	21	Director of Finance/Accountant (40 Hrs)	104,374.40	106,454.40	108,576.00	110,739.20	112,944.00	115,211.20	117,520.00	119,870.40
	21	Director of Public Works (40 Hrs)	104,374.40	106,454.40	108,576.00	110,739.20	112,944.00	115,211.20	117,520.00	119,870.40
	20	Director of Planning & Development (40 Hrs)	100,380.80	102,398.40	104,436.80	106,516.80	108,638.40	110,801.60	113,027.20	115,294.40
	18	Human Resources Director (40 Hrs)	89,336.00	91,124.80	92,955.20	94,806.40	96,699.20	98,633.60	100,609.60	102,627.20
	16	Assistant DPW Director (40Hrs)	81,432.00	83,054.40	84,718.40	86,403.20	88,129.60	89,897.60	91,686.40	93,516.80
	15	Recreation Director (40 Hrs)	78,811.20	80,392.00	81,993.60	83,636.80	85,300.80	87,006.40	88,753.60	90,521.60
1	14	Director of Assessors (37.5 Hrs)	72,793.50	74,256.00	75,738.00	77,259.00	78,799.50	80,379.00	81,978.00	83,616.00
1	14	Treasurer/Collector (37.5 Hrs)	72,793.50	74,256.00	75,738.00	77,259.00	78,799.50	80,379.00	81,978.00	83,616.00
	13	Council on Aging Director (40 Hrs)	76,876.80	78,416.00	79,976.00	81,577.60	83,200.00	84,864.00	86,569.60	88,296.00
	12	Town Clerk (Elected - Salary based on 37.5 Hrs)	66,748.50	68,074.50	69,439.50	70,824.00	72,247.50	73,690.50	75,172.50	76,674.00
	10	Patton Homestead Director (25 Hrs)	39,806.00	40,599.00	41,405.00	42,237.00	43,082.00	43,940.00	44,824.00	45,721.00

		Hourly Positions							
Grade	Steps	I	II	III	IV	V	VI	VII	VIII
17	Health Agent (<19 Hrs)	40.34	41.15	41.97	42.81	43.67	44.54	45.43	46.34
12	Public Health Nurse (<19 Hrs)	34.23	34.91	35.61	36.32	37.05	37.79	38.55	39.32
12	Chief Appraiser (10 Hrs)	34.23	34.91	35.61	36.32	37.05	37.79	38.55	39.32
12	Assistant Finance Director/Town Accountant (37.5 Hrs)	34.23	34.91	35.61	36.32	37.05	37.79	38.55	39.32
11	Scaler of Weights & Measures (<19 Hrs)	32.76	33.42	34.09	34.77	35.47	36.18	36.90	37.64
10	Conservation Coordinator (19 Hrs)	30.62	31.23	31.85	32.49	33.14	33.80	34.48	35.17
10	Energy Manager (<19 Hrs)	30.62	31.23	31.85	32.49	33.14	33.80	34.48	35.17
10	Asst. to the Town Manager/CPA Coordinator (37.5 Hrs)	30.62	31.23	31.85	32.49	33.14	33.80	34.48	35.17
9	Assistant Treasurer/Collector (37.5 Hrs)	28.61	29.18	29.76	30.36	30.97	31.59	32.22	32.86
8	Fire Equipment Mechanic (<19 Hrs)	27.23	27.77	28.33	28.90	29.48	30.07	30.67	31.28
8	Health Inspector (<19 Hrs)	27.23	27.77	28.33	28.90	29.48	30.07	30.67	31.28
8	Reserve Patrolman	27.23	27.77	28.33	28.90	29.48	30.07	30.67	31.28
7	Accounting Assistant (15.5 Hrs)	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81
7	Facilities Maintenance Technician (40 Hrs)	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81
7	Information/Media Specialist (<19 Hrs)	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81
7	Social Services Specialists (<19 Hrs)	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81
7	Emergency Center Dispatcher (PT)	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81
4	Clerk/Typist (<19 Hrs)	16.73	17.06	17.40	17.75	18.11	18.47	18.84	19.22
5	Clerk/Typist (<19 Hrs)	19.91	20.31	20.72	21.13	21.55	21.98	22.42	22.87
4	Custodian (<19 Hrs)	16.73	17.06	17.40	17.75	18.11	18.47	18.84	19.22
	Matron	20.54	21.78	23.09	24.48				

Collective Bargaining Unions

Administrative Assistant Union - Hourly Compensation table established by Union Contract.

7/1/19 - (existing agreement expires 6/30/22)									
Grade	Steps	I	II	III	IV	V	VI		
6	Administrative Assistants	23.50	23.97	24.45	24.94	25.44	25		
7	Administrative Assistants	24.34	24.83	25.33	25.84	26.36	26		

Grades 6 & 7 are based on the Administrative Union Contract wage grid

DPW Union - Hourly Compensation table established by Union Contract.

7/1/17 (existing agreement expires 6/30/21)									
Grade	Steps	I	II	III	IV	V	VI		
9	Foreman	28.61	29.18	29.76	30.36	30.97	31		
9	Mechanic	28.61	29.18	29.76	30.36	30.97	31		
9	Plant Operator-Primary	28.61	29.18	29.76	30.36	30.97	31		
7	Heavy Equipment Operator	24.23	24.71	25.20	25.70	26.21	26		
6	Truck Driver/Laborer	23.39	23.86	24.34	24.83	25.33	25		

Firefighter Union - Hourly Compensation table established by Union Contract.

7/1/19 (existing agreement expires 6/30/22)									
Grade	Steps	I	II	III	IV	V	VI		
8	Firefighter/EMT	27.23	27.77	28.33	28.90	29.48	30		
11	FF/Lieutenant-Inspector	32.76	33.42	34.09	34.77	35.47	36		
13	FF/Captain-Inspector	36.96	37.70	38.45	39.22	40.00	41		
	EMT Certification Stipend (Bi-weekly)	130.00							
	On-Call Stipend (per night)	25.00							

Police Union - Hourly Compensation table established by Union Contract.

7/1/19 (existing agreement expires 6/30/22)							
PATROLMAN							
Steps		I	II	III	IV	V	VI
Upon completion of years of service		0	1 yrs.	5 yrs.	10 yrs.	15 yrs.	20 yrs.
1, 3	Employees Hired Prior to 7/1/2010						
	W/O College Degree	27.36	28.37	29.09	29.79	30.50	31.64
1, 3	BA/BS	32.84	34.05	34.90	35.74	36.60	37.97
1, 3	MA/MS	34.21	35.47	36.36	37.23	38.12	39.54
	Employees Hired After 7/1/2010						
	W/O College Degree	27.36	28.37	29.09	29.79	30.50	31.64
1, 3	BA/BS	30.10	31.22	32.00	32.77	33.55	34.81
1, 3	MA/MS	34.21	35.47	36.36	37.23	38.12	39.54

SERGEANT							
Steps		I	II	III	IV	V	VI
Upon completion of years of service		0	1 yrs.	5 yrs.	10 yrs.	15 yrs.	20 yrs.
	Employees Hired Prior to 7/1/2010						
	BA/BS	38.42	39.84	40.83	41.82	42.82	44.42
	MA/MS	40.03	41.50	42.54	43.56	44.60	46.26
	Employees Hired After 7/1/2010						
	BA/BS	35.22	36.53	37.44	38.34	39.25	40.73
	MA/MS	40.03	41.50	42.54	43.56	44.60	46.26

LIEUTENANT							
Steps		I	II	III	IV	V	VI
Upon completion of years of service		0	1 yrs.	5 yrs.	10 yrs.	15 yrs.	20 yrs.
	Employees Hired Prior to 7/1/2010						
	BA/BS	41.71	43.24	44.32	45.39	46.48	48.22
	MA/MS	43.45	45.05	46.18	47.28	48.41	50.22
	Employees Hired After 7/1/2010						
	BA/BS	38.23	39.65	40.64	41.62	42.61	44.21
	MA/MS	43.45	45.05	46.18	47.28	48.41	50.22

Police & Fire Signal Operator Union - Hourly Compensation table established by Union Contract.

Grade	Steps	I	II	III	IV	V	VI	VII	VIII
7	Dispatcher	24.23	24.71	25.20	25.70	26.21	26.73	27.26	27.81

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Other Municipal Positions

Elected/Appointed Positions (MGL 41 s.108 & 108A)	Annual Salary
Town Manager	142,800.00
Chief of Police	158,214.08
Chief of Fire	124,950.00
Selectmen/Chairman	3,225
Board of Assessors/Chairman	2,936
Selectmen/Members	2,852
Board of Assessors/Members	2,193
Board of Appeals/Chairman	1,681
Board of Health/Chairman	873
Board of Health/Members	495

Professional Stipends	Annual Rate
Animal Control Officer/Inspector	13,250
Animal Pick-Up (Deceased)	2,400
Wildlife Officer	2,400
Call Fire Deputy Chief	1,500
EMT Certification (Police Officers)	1,750
Harbormaster	1,200
Professional Certifications	1,000
Call Fire Captain	750
Call Fire Training Officer	500
Accreditation Stipend (Police)	700

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Call Firefighters Rank	Hourly Wage	Certified 5%
Deputy Chief	29.82	31.32
Captain	27.63	29.01
Lieutenant	25.41	26.68
Senior Firefighter (provisional)	-	24.93
Inspector, Electrical/Building	25.41	n/a
Firefighter w/ CPR 1st. Responder	22.08	23.19
Probationary Firefighter	18.78	n/a
On-Call Stipend (per night)	25.00	

Occasional Help	Range of Compensation
Registrar of Voters (annually)	400.00
Seasonal Employee	12.75
Jul/Dec 2020	Jan/Jun 2021
Poll Worker	12.75
Warden (Elections/Registration)	13.50
Senior Work-Off Program	14.50
	12.75
	13.50

Legend Notes

- 1 Position also receives either a "Professional Stipend" or additional compensation for certification. See M.G.L. Ch. 41, Sec. 19K & 108P.
- 2 Differs from Wage Grid table; see "Other Municipal Positions" section for additional information.
- 3 Shift differential is 7% for Evening and 9% for Midnight shift.
- 4 Shift differential is 5% for Evening and 7% for Midnight shift.
- 5 Position is shared with the Town of Manchester-by-the-Sea; 50% cost sharing.
- 6 Position partially funded through the Community Preservation Act Fund and Affordable Housing Trust.
- 7 Position is shared with the Town of Wenham and HVRSD; cost sharing in accordance with contract/approved hours.

**APPENDIX B
FY2021 GENERAL FUND PROPOSED BUDGET**

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
GENERAL GOVERNMENT							
122 Selectmen							
Personnel Expenses	31,232.98	39,423.43	39,469.77	37,624.95	38,555.27	930.32	2.5%
Operating Expenses	1,574.00	5,930.99	170.00	6,800.00	4,800.00	(2,000.00)	-29.4%
Total Selectmen	32,806.98	45,354.42	39,639.77	44,424.95	43,355.27	(1,069.68)	-2.4%
123 Town Manager							
Personnel Expenses	188,627.58	265,505.28	183,081.67	292,533.59	295,068.73	2,535.14	0.9%
Operating Expenses	93,884.74	81,336.13	92,781.08	112,060.01	104,600.00	(7,460.01)	-6.7%
Total Town Manager	282,512.32	346,841.41	275,862.75	404,593.60	399,668.73	(4,924.87)	-1.2%
132 Fin Com/Reserve							
Expenses	176.00	325.00	180.00	3,425.00	425.00	(3,000.00)	-87.6%
Reserve Fund	-	-	-	84,670.50	100,000.00	15,329.50	18.1%
Total Fin Com	176.00	325.00	180.00	88,095.50	100,425.00	12,329.50	14.0%
135 Finance/IT Dept							
Personnel Expenses	124,852.66	188,048.23	180,417.25	240,824.36	213,523.28	(27,301.08)	-11.3%
Operating Expenses	223,527.64	175,793.50	175,557.75	228,757.28	184,895.55	(43,861.73)	-19.2%
Capital Expenses	5,220.07	3,208.39	1,669.66	3,500.00	3,500.00	-	0.0%
Total Finance/IT Dept	353,600.37	367,050.12	357,644.66	473,081.64	401,918.83	(71,162.81)	-15.0%
141 Assessor							
Personnel Expenses	153,934.50	159,073.26	165,874.48	169,149.35	165,955.72	(3,193.63)	-1.9%
Operating Expenses	15,789.11	8,373.05	17,078.66	20,566.00	7,691.00	(12,875.00)	-62.6%
Total Assessor	169,723.61	167,446.31	182,953.14	189,715.35	173,646.72	(16,068.63)	-8.5%
145 Treasurer/Collector							
Personnel Expenses	173,224.31	185,420.35	197,336.50	198,009.45	185,854.68	(12,154.77)	-6.1%
Operating Expenses	40,128.48	37,241.21	37,134.02	51,041.64	47,025.00	(4,016.64)	-7.9%
Total Treasurer/Collector	213,352.74	222,661.56	234,470.52	249,051.09	232,879.68	(16,171.41)	-6.5%
151 Town Counsel							
Personnel Expenses	36,000.00	35,500.00	36,583.37	94,500.00	84,000.00	(10,500.00)	-11.1%
Retainer Expenses	89,434.03	109,552.78	87,181.29	42,643.50	42,000.00	(643.50)	-1.5%
Total Town Counsel	125,434.03	145,052.78	123,764.66	137,143.50	126,000.00	(11,143.50)	-8.1%
161 Town Clerk							
Personnel Expenses	99,586.01	97,738.45	112,071.15	116,494.59	121,279.30	4,784.71	4.1%
Operating Expenses	10,703.64	12,975.40	13,503.75	14,050.00	14,620.00	570.00	4.1%
Total Town Clerk	110,289.65	110,713.85	125,574.90	130,544.59	135,899.30	5,354.71	4.1%

**APPENDIX B
FY2021 GENERAL FUND PROPOSED BUDGET**

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
162 Elections & Registration							
Personnel Expenses	17,212.24	6,454.51	15,392.61	18,190.09	21,895.35	3,705.26	20.4%
Operating Expenses	18,514.97	17,197.30	17,938.51	24,220.00	23,720.00	(500.00)	-2.1%
Total Elections & Registration	35,727.21	23,651.81	33,331.12	42,410.09	45,615.35	3,205.26	7.6%
171 Conservation Commission							
Personnel Expenses	29,524.32	30,607.24	33,273.88	39,959.42	30,612.31	(9,347.11)	-23.4%
Operating Expenses	746.00	3,649.00	885.52	1,925.00	1,425.00	(500.00)	-26.0%
Total Conservation Commission	30,270.32	34,256.24	34,159.40	41,884.42	32,037.31	(9,847.11)	-23.5%
172 Planning							
Personnel Expenses	108,019.18	112,662.42	115,918.96	117,550.24	119,982.09	2,431.85	2.1%
Operating Expenses	1,810.12	6,089.66	1,521.74	21,350.00	15,450.00	(5,900.00)	-27.6%
Total Planning	109,829.30	118,752.08	117,440.70	138,900.24	135,432.09	(3,468.15)	-2.5%
174 Chebacco Woods							
Operating Expenses	2,500.00	2,500.00	1,940.71	2,500.00	2,500.00	-	0.0%
Total Chebacco Woods	2,500.00	2,500.00	1,940.71	2,500.00	2,500.00	-	0.0%
192 Facilities							
Personnel Expenses	68,781.30	67,378.75	70,138.10	83,000.00	84,499.40	1,499.40	1.8%
Operating Expenses	233,185.87	210,618.57	181,366.46	205,374.87	173,563.75	(31,811.12)	-15.5%
Total Facilities	301,967.17	277,997.32	251,504.56	288,374.87	258,063.15	(30,311.72)	-10.5%
Subtotal General Government	1,768,189.70	1,862,602.90	1,778,466.89	2,230,719.84	2,087,441.43	(143,278.41)	-6.4%
PUBLIC SAFETY							
210 Police Department							
Personnel Expenses	1,382,633.90	1,414,441.76	1,484,694.46	1,650,434.51	1,671,114.46	20,679.95	1.3%
Operating Expenses	109,351.38	115,370.15	111,652.81	110,256.70	111,745.00	1,488.30	1.3%
Capital Expenses	-	-	-	14,284.12	-	(14,284.12)	-100.0%
Total Police Department	1,485,985.28	1,529,811.91	1,596,347.27	1,774,975.33	1,782,859.46	7,884.13	0.4%
233 Emergency Report Center							
Personnel Expenses	246,800.12	267,310.72	268,121.65	297,133.44	312,149.52	15,016.08	5.1%
Operating Expenses	50,277.46	50,255.46	46,085.69	39,853.75	41,044.75	1,191.00	3.0%
Total Emergency Report Center	297,077.58	317,566.18	314,207.34	336,987.19	353,194.27	16,207.08	4.8%

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FY2021 GENERAL FUND PROPOSED BUDGET**

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
220 Fire Department							
Personnel Expenses	548,704.91	610,842.81	598,381.94	640,204.78	674,124.47	33,919.69	5.3%
Operating Expenses	66,753.75	75,874.30	77,300.49	95,502.25	97,465.01	1,962.76	2.1%
Capital Expenses	3,810.98	7,480.75	29,693.26	91,829.58	72,056.58	(19,773.00)	-21.5%
Total Fire Department	619,269.64	694,197.86	705,375.69	827,536.61	843,646.06	16,109.45	1.9%
241 Inspectional Services							
Personnel Expenses	88,291.41	102,447.32	61,106.79	51,961.73	55,427.30	3,465.57	6.7%
Operating Expenses	1,758.30	4,198.42	251.93	2,700.00	2,700.00	-	0.0%
Assessment			73,531.53	105,033.00	129,413.00	24,380.00	23.2%
Total Inspectional Services	90,049.71	106,645.74	134,890.25	159,694.73	187,540.30	27,845.57	17.4%
291 Emergency Management							
Operating Expenses	941.97	-	1,099.22	1,100.00	21,100.00	20,000.00	1818.2%
Total Emergency Management	941.97	-	1,099.22	1,100.00	21,100.00	20,000.00	2123.2%
292 Animal Control							
Personnel Expenses	28,338.54	29,800.08	29,800.08	33,930.00	33,930.00	-	0.0%
Operating Expenses	2,093.00	2,011.67	269.98	1,850.00	1,850.00	-	0.0%
	30,431.54	31,811.75	30,070.06	35,780.00	35,780.00	-	0.0%
Total Animal Control	30,431.54	31,811.75	30,070.06	35,780.00	35,780.00	-	0.0%
919 Street Lights							
Operating Expenses	1,076.00	20,448.70	17,369.96	23,000.00	27,000.00	4,000.00	17.4%
	1,076.00	20,448.70	17,369.96	23,000.00	27,000.00	4,000.00	371.7%
Total Street Lights	2,152.00	20,448.70	17,369.96	23,000.00	27,000.00	4,000.00	17.4%
Subtotal Public Safety	2,524,831.72	2,700,482.14	2,799,359.79	3,159,073.86	3,251,120.09	92,046.23	2.9%
DEPARTMENT OF PUBLIC WORKS							
421 Public Works							
Personnel Expenses	107,838.14	147,413.75	155,427.57	244,177.64	254,899.32	10,721.68	4.4%
Operating Expenses	66,872.71	106,991.29	37,758.40	44,381.56	28,300.00	(16,081.56)	-36.2%
	174,710.85	254,405.04	193,185.97	288,559.20	283,199.32	(5,359.88)	-1.9%
Total Public Works	174,710.85	254,405.04	193,185.97	288,559.20	283,199.32	(5,359.88)	-1.9%
422 Highway							
Personnel Expenses	269,841.13	277,786.71	197,021.41	244,417.84	227,890.06	(16,527.78)	-6.8%
Operating Expenses	212,999.67	181,678.07	133,096.81	191,900.00	126,400.00	(65,500.00)	-34.1%
Capital Expenses	43,900.00	459,464.78	-	-	-	-	#DIV/0!
	526,740.80	459,464.78	330,118.22	436,317.84	354,290.06	(82,027.78)	-18.8%
Total Highway	526,740.80	459,464.78	330,118.22	436,317.84	354,290.06	(82,027.78)	-18.8%

**APPENDIX B
FY2021 GENERAL FUND PROPOSED BUDGET**

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
423 Snow & Ice							
Personnel Expenses	78,323.19	82,227.73	74,363.59	89,175.00	89,175.00	-	0.0%
Operating Expenses	173,821.02	179,597.33	112,303.97	179,250.00	179,250.00	-	0.0%
Total Snow & Ice	252,144.21	261,825.06	186,667.56	268,425.00	268,425.00	-	0.0%
425 Vehicle Maintenance							
Personnel Expenses	-	-	86,446.00	88,583.48	74,453.14	(14,130.34)	-16.0%
Operating Expenses	-	-	58,645.36	71,350.00	68,637.50	(2,712.50)	-3.8%
Total Vehicle Maintenance	-	-	145,091.36	159,933.48	143,090.64	(16,842.84)	-10.5%
429 Cemetery							
Personnel Expenses	81,149.14	73,187.34	79,451.96	85,513.69	75,605.32	(9,908.37)	-11.6%
Operating Expenses	8,945.39	8,519.46	8,405.92	9,700.00	10,000.00	300.00	3.1%
Total Cemetery	90,094.53	81,706.80	87,857.88	95,213.69	85,605.32	(9,608.37)	-10.1%
433 Waste, Recycling & Landfill							
Personnel Expenses	24,000.00	4,265.51	4,345.52	5,016.53	5,400.53	384.00	7.7%
Operating Expenses	609,302.00	656,434.73	719,358.39	755,060.00	773,650.00	18,590.00	2.5%
Enterprise Subsidy	633,302.00	660,700.24	723,703.91	760,076.53	779,050.53	18,974.00	2.5%
Total Waste, Recycling & Landfill	1,266,604.00	1,321,400.48	1,447,768.22	1,520,152.53	1,558,101.06	37,948.53	2.5%
650 Parks & Fields							
Personnel Expenses	49,763.15	56,455.05	64,340.85	68,952.00	58,484.26	(10,467.74)	-15.2%
Operating Expenses	26,284.03	7,457.14	1,908.91	8,750.00	5,150.00	(3,600.00)	-41.1%
Total Parks & Fields	76,047.18	63,912.19	66,249.76	77,702.00	63,634.26	(14,067.74)	-18.1%
651 HWRSD Fields & Grounds							
Personnel Expenses	10,880.21	11,668.76	11,668.76	-	-	-	#DIV/0!
Operating Expenses	10,880.21	11,668.76	11,668.76	-	-	-	0.0%
Total HWRSD Fields & Grounds	21,760.42	23,337.52	23,337.52	0.00	0.00	(21,760.42)	-100.0%
Subtotal Public Works	1,765,919.78	1,793,682.87	1,732,874.66	2,086,227.74	1,977,295.13	(108,932.61)	-5.2%
HEALTH & HUMAN SERVICES							
511 Public Health Dept							
Personnel Expenses	113,625.34	121,765.20	127,686.49	135,102.04	81,270.12	(53,831.92)	-39.8%
Operating Expenses	3,113.33	3,407.99	2,663.42	6,610.00	19,235.00	12,625.00	191.0%
Total Public Health Dept	116,738.67	125,173.19	130,349.91	141,712.04	100,505.12	(41,206.92)	-29.1%

**APPENDIX B
FY2021 GENERAL FUND PROPOSED BUDGET**

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
541 Council on Aging							
Personnel Expenses	70,353.13	79,619.20	78,268.06	86,849.52	89,270.12	2,420.60	2.8%
Operating Expenses	27,795.40	27,039.58	26,765.84	42,975.84	33,411.16	(9,564.68)	-22.3%
Total Council on Aging	98,148.53	106,658.78	105,033.90	129,825.36	122,681.28	(7,144.08)	-5.5%
543 Veterans Benefits							
Operating Expenses	33,019.80	18,676.17	21,908.74	30,000.00	35,000.00	5,000.00	16.7%
Administration Fee	30,243.08	31,920.32	35,093.91	36,343.00	15,000.00	(21,343.00)	-58.7%
Total Veterans Benefits	63,262.88	50,596.49	57,002.65	66,343.00	50,000.00	(16,343.00)	-24.6%
Subtotal Health & Human Services	278,150.08	282,428.46	292,386.46	337,880.40	273,186.40	(64,694.00)	-19.1%
CULTURE & RECREATION							
610 Library							
Assessment	696,354.96	722,436.12	758,664.20	843,339.60	879,299.26	35,959.66	4.3%
Indirect Costs	22,718.03	22,627.47	22,235.76	25,141.21	31,262.34	6,121.13	24.3%
State contribution	12,269.69	12,211.48	12,148.94	12,314.00	12,314.00	-	0.0%
Total Library	731,342.68	757,275.07	793,048.90	880,794.81	922,875.60	42,080.79	4.8%
630 Recreation							
Personnel Expenses	88,402.76	99,900.40	127,410.78	131,691.04	136,752.30	5,061.26	3.8%
Operating Expenses	18,146.36	20,917.65	29,729.48	27,015.00	22,675.00	(4,340.00)	-16.1%
Total Recreation	106,549.12	120,818.05	157,140.26	158,706.04	159,427.30	721.26	0.5%
Subtotal Culture & Recreation	837,891.80	878,093.12	950,189.16	1,039,500.85	1,082,302.90	42,802.05	4.1%
UNCLASSIFIED							
149 Capital Spending	210,993.18	602,890.79	289,836.81	383,003.00	-	(383,003.00)	-100.0%
692 Celebrations	3,853.74	6,033.97	11,623.00	12,250.00	12,950.00	700.00	5.7%
722 Debt Service	990,339.50	978,375.97	933,607.50	941,608.00	669,000.00	(272,608.00)	-29.0%
820 State Assessments	232,015.00	234,072.00	241,322.00	241,322.00	250,232.55	8,910.55	3.7%
911 Retirement	794,132.00	789,304.00	921,648.00	997,523.00	1,072,029.00	74,506.00	7.5%
913 Unemployment	25,502.05	3,790.80	8,049.81	-23,820.00	48,820.00	25,000.00	105.0%
914 Health & Life Insurance	738,329.07	755,497.72	743,670.56	936,055.00	960,350.00	24,295.00	2.6%
916 Other Insurance	191,216.44	209,542.68	218,055.40	254,092.00	256,721.00	2,629.00	1.0%
917 Medicare Tax	54,615.41	61,937.55	60,320.52	76,342.00	74,259.34	(2,082.66)	-2.7%
992 Transfer to Special Revenue	-	22,422.42	-	4,396.94	-	(4,396.94)	-100.0%
Subtotal Unclassified	3,240,996.39	3,663,867.90	3,428,133.60	3,870,411.94	3,344,361.89	(526,050.05)	-13.6%

APPENDIX B
FY2021 GENERAL FUND PROPOSED BUDGET

	FY2017 ACTUALS	FY2018 ACTUALS	FY2019 ACTUALS	FY2020 BUDGET	FY2021 PROJECTED	FY20/21 BUDGET \$ Change	% Change
SCHOOLS							
300 Schools							
HWRSD Assessment	16,857,974.00	16,776,063.00	17,746,488.00	18,686,427.00	19,624,758.00	938,331.00	5.0%
ENSATSD Assessment	227,628.00	205,457.00	186,867.00	183,745.00	229,890.00	46,145.00	25.1%
HWRSD Debt Service	568,136.39	625,208.40	627,646.91	255,156.00	263,904.00	8,748.00	3.4%
ENSATSD Debt Service	24,082.00	15,576.00	21,877.00	19,885.00	23,634.00	3,749.00	18.9%
Total Schools	17,657,820.39	17,622,304.40	18,582,828.91	19,145,213.00	20,142,186.00	996,973.00	5.2%
ARTICLE 2020/6 2-2	28,071,799.86	28,803,461.79	29,564,239.47	31,869,027.63	32,157,893.84	288,866.21	0.9%
ARTICLE 2020/6 2-3	-	-	-	-	603,075.00	603,075.00	#DIV/0!
ARTICLE 2020/6 2-9	65,000.00	65,000.00	65,000.00	74,880.00	50,000.00	(24,880.00)	-33.2%
ARTICLE 2020/6 2-10	75,000.00	100,000.00	125,000.00	125,000.00	125,000.00	-	0.0%
ARTICLE 2020/6 2-11	-	-	90,011.00	86,343.00	90,571.00	4,228.00	4.9%
ARTICLE 2020/6 2-12	-	-	-	321,087.00	247,757.00	(73,330.00)	-22.8%
ARTICLE 2020/6 2-13	-	-	-	503,023.00	907,592.00	404,569.00	80.4%
ARTICLE 2020/6 2-14	-	-	-	20,277.42	7,691.00	(12,586.42)	-62.1%
TOTAL GENERAL FUND	28,211,799.86	28,968,461.79	29,844,250.47	32,999,638.05	34,189,579.84	1,189,941.79	3.6%
TOTAL TOWN (EXCLUDING HWRSD)				14,058,055.05	13,697,847.84	(360,212.21)	-2.6%
TOTAL TOWN (EXCLUDING HWRSD & FINANCIAL RESERVE TRANSFERS)				13,233,945.05	12,542,493.84	(691,451.21)	-5.2%

APPENDIX B
Town Debt Service (excluding CPA and Water) for Fiscal Year 2021

	FY2016 Actuals	FY2017 Actuals	FY2018 Actuals	FY2019 Actuals	FY2020 Budget	FY2021 Projected	\$ Change	% Change
DEBT SERVICE								
<i>Interest/Issuance Costs</i>								
Public Safety Bldg	121,258	69,044	78,600	67,000	55,500	44,200	(11,300)	-20.4%
ESCO	3,900	3,300	2,550	1,650	750	-	(750)	-100.0%
Library	15,325	12,925	10,050	6,600	3,300	-	(3,300)	-100.0%
Water (Town)	22,975	19,375	15,000	9,900	4,950	-	(4,950)	-100.0%
Ladder/Pumper Truck	24,780	23,800	21,700	19,600	17,500	15,400	(2,100)	-12.0%
Landfill Capping	37,463	36,258	33,558	30,858	28,158	25,458	(2,701)	-9.6%
Landfill Closure	-	-	3,287	3,000	2,200	1,400	(800)	-36.4%
Chebacco Road Paving	-	-	-	-	25,000	31,171	6,171	24.7%
Short-term (bond anticipation notes)	20,000	9,138	4,631	-	19,250	16,371	(2,879)	-15.0%
Total Interest/Issuance Costs	\$ 245,701	\$ 173,840	\$ 169,376	\$ 138,608	\$ 156,608	\$ 134,000	\$ (22,609)	-14.4%
Principal								
Public Safety Bldg	325,000	335,000	290,000	290,000	285,000	280,000	(5,000)	-1.8%
ESCO	30,000	30,000	30,000	30,000	25,000	-	(25,000)	-100.0%
Library	120,000	115,000	115,000	110,000	110,000	-	(110,000)	-100.0%
Water (Town)	180,000	175,000	170,000	165,000	165,000	-	(165,000)	-100.0%
Ladder/Pumper Truck	72,000	70,000	70,000	70,000	70,000	70,000	-	0.0%
Landfill Capping	92,000	90,000	90,000	90,000	90,000	85,000	(5,000)	-5.6%
Landfill Closure	-	90,000	44,000	40,000	40,000	35,000	(5,000)	-12.5%
Chebacco Road Paving	-	-	-	-	-	65,000	65,000	#DIV/0!
Total Principal	\$ 819,000	\$ 815,000	\$ 809,000	\$ 795,000	\$ 785,000	\$ 535,000	\$ (250,000)	-31.8%
TOTAL DEBT SERVICE (EXCLUDING SCHOOL DEBT)								
	\$ 1,064,701	\$ 988,840	\$ 978,376	\$ 933,608	\$ 941,608	\$ 669,000	\$ (272,609)	-29.2%
<i>School Debt (Principal & Interest)</i>								
Middle/High School	470,145	467,914	460,018	462,869	-	-	-	#DIV/0!
Cutler Roof/Other	84,424	84,965	85,560	83,124	83,777	81,709	(2,068)	-2.5%
Baker & Winthrop Boilers & Windows	20,388	15,257	79,631	76,901	73,623	76,824	3,201	4.3%
Winthrop School Fire Suppression	-	-	-	-	97,756	95,792	(1,964)	-2.0%
ENSA/TSD	30,536	24,082	15,576	21,877	19,885	23,634	3,749	18.9%
Short-term (bond anticipation notes)	-	-	-	4,753	-	9,579	9,579	#DIV/0!
Total School Debt	\$ 605,493	\$ 592,218	\$ 640,785	\$ 649,524	\$ 275,041	\$ 287,538	\$ 12,497	4.5%
TOTAL DEBT SERVICE								
	\$ 1,670,194	\$ 1,581,058	\$ 1,619,161	\$ 1,583,132	\$ 1,216,649	\$ 956,538	\$ (260,112)	-21.4%

Appendix C
School Budget



**HAMILTON-WENHAM
REGIONAL SCHOOL DISTRICT**

FY21 Final
Operating & Debt Service
School Committee Budget
As of May 27, 2020

Calculation of Individual Town Assessments

	Hamilton Share			Wenham Share			Total		
	FY20	FY21	Increase %	FY20	FY21	Increase %	FY20	FY21	Increase %
Operating Budget After Offsets and Revenue Sources	\$ 18,686,426	\$ 20,227,833	8.25%	\$ 10,488,322	\$ 11,447,446	9.14%	\$ 29,174,747	\$ 31,675,279	8.57%
Debt Service	\$ 255,157	\$ 263,903	3.43%	\$ 143,215	\$ 149,349	4.28%	\$ 398,372	\$ 413,253	3.74%
Net Assessment	\$ 18,941,583	\$ 20,491,736	8.18%	\$ 10,631,536	\$ 11,696,795	9.08%	\$ 29,573,119	\$ 32,088,532	8.51%

Appendix C

School Budget

FY21 Final Operating Budget Calculation

General Fund Operating Overview							
	FY17 ACT	FY18 ACT	FY19 ACT	FY20 BUD	FY21 BUD	\$ Difference	%
Operating Expense - Gross, before offsets & Overlays	\$ 30,154,356	\$ 31,466,748	\$ 33,330,038	\$ 34,951,408	\$ 37,023,573	\$ 2,072,165	5.93%

Operating Offsets							
	FY17 ACT	FY18 ACT	FY19 ACT	FY20 BUD	FY21 BUD	\$ Difference	%
<i>Recurring Offsets</i>							
School Choice	\$ 375,000	\$ 241,703	\$ 265,000	\$ 385,000	\$ 476,360	\$ 91,360	23.73%
Preschool Tuition	\$ 72,293	\$ 75,740	\$ 84,407	\$ 72,648	\$ 95,607	\$ 22,959	31.60%
Special Needs Tuition	\$ 38,941	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Facilities Rental	\$ 2,000	\$ 1,461	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.00%
Special Ed Grants	\$ -	\$ -	\$ -	\$ -	\$ 366,747	\$ 366,747	#DIV/0!
Circuit Breaker Offset	\$ 567,000	\$ 924,160	\$ 1,094,160	\$ 945,000	\$ 776,002	\$ (168,998)	-17.88%
Total Offsets	\$ 1,055,235	\$ 1,243,065	\$ 1,445,567	\$ 1,404,648	\$ 1,716,716	\$ 312,068	22.22%

Operating Funding Sources							
	FY17 ACT	FY18 ACT	FY19 ACT	FY20 BUD	FY21 BUD	\$ Difference	%
<i>Revenues</i>							
Chapter 70-Base Aid	\$ 3,554,656	\$ 3,606,706	\$ 3,687,076	\$ 3,659,749	\$ 2,969,125	\$ (690,624)	-18.87%
State Transportation	\$ 331,304	\$ 340,686	\$ 330,837	\$ 385,868	\$ 332,124	\$ (53,744)	-13.93%
Charter School Reimbursement	\$ 14,455	\$ 11,867	\$ 13,726	\$ -	\$ -	\$ -	#DIV/0!
Medicaid Reimbursement	\$ 177,532	\$ 175,036	\$ 171,954	\$ 175,000	\$ 95,000	\$ (80,000)	-45.71%
Interest Income	\$ 2,960	\$ 13,675	\$ 25,631	\$ 4,000	\$ 18,000	\$ 14,000	350.00%
Prior Year Unexpended Encumbrances	\$ 24,926	\$ 15,473	\$ 90,982	\$ -	\$ -	\$ -	#DIV/0!
E-Rate	\$ 17,448	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Other Income	\$ 17,989	\$ 81	\$ 6,167	\$ -	\$ -	\$ -	#DIV/0!
Total Revenues	\$ 4,141,270	\$ 4,163,523	\$ 4,326,372	\$ 4,224,617	\$ 3,414,249	\$ (810,368)	-19.18%
<i>Transfers In From Other Funds</i>							
Excess and Deficiency	\$ 555	\$ 568,821	\$ 347,218	\$ 147,396	\$ 217,329	\$ 69,933	47.45%
Other Revolving Accounts	\$ 60,581	\$ 25,983	\$ 12,662	\$ -	\$ -	\$ -	#DIV/0!
Total Transfers	\$ 61,136	\$ 594,804	\$ 359,880	\$ 147,396	\$ 217,329	\$ 69,933	47.45%
Total Funding Sources	\$ 4,202,406	\$ 4,758,327	\$ 4,686,252	\$ 4,372,013	\$ 3,631,578	\$ (740,435)	-16.94%

NET OPERATING BUDGET	\$ 24,896,715	\$ 25,465,356	\$ 27,198,218	\$ 29,474,747	\$ 31,675,279	\$ 2,500,532	8.57%
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Calculation of Individual Town Assessments							
	FY17 ACT	FY18 ACT	FY19 ACT	FY20 BUD	FY21 BUD	\$ Difference	%
Town of Hamilton				\$ 18,686,426	\$ 20,227,833		
Capital Debt Assessment "Shift"				\$ -	\$ -		
Net Operating Assessment	\$ 16,837,974 66.60%	\$ 16,776,063 65.40%	\$ 17,746,438 64.65%	\$ 18,686,426 64.05%	\$ 20,227,833 63.86%	\$ 1,541,408	8.25%
Town of Wenham				\$ 10,488,322	\$ 11,447,446		
Capital Debt Assessment "Shift"				\$ -	\$ -		
Net Operating Assessment	\$ 8,433,233 33.40%	\$ 8,870,590 34.60%	\$ 9,708,859 35.35%	\$ 10,488,322 35.95%	\$ 11,447,446 36.14%	\$ 959,124	9.14%

Appendix C

School Budget

Debt Service Assessment Summary							
	Principal	Interest	Total	63.86%		36.14%	
				Hamilton Share	Wenham Share		
Cutler Roof & Summer 2013 Projects	\$ 95,000	\$ 32,950	\$ 127,950	\$ 81,709	\$ 46,241		
Buker Boiler & Winthrop Boiler/Glass Projects	\$ 95,000	\$ 25,300	\$ 120,300	\$ 76,824	\$ 43,476		
Winthrop Sprinkler (BAN with Principal Paydown)	\$ 125,000	\$ 25,003	\$ 150,003	\$ 95,792	\$ 54,211		
FY21 Capital Projects	\$ -	\$ 15,000	\$ 15,000	\$ 9,579	\$ 5,421		
Net Assessment			\$ 413,253	\$ 263,903	\$ 149,349		

Capital Assessment Calculation					
Calculation of Individual Town Assessments					
	Total	Hamilton Share	Wenham Share		
<u>Cutler Roof & Summer 2013 Projects</u>					
100% Apportioned by Enrollment	\$ 127,950	\$ 81,708.87	\$ 46,241.13		
Enrollment		1,122	633		
10/1/2017	1,755	1,091	624		
10/1/2018	1,715	1,130	635		
10/1/2019	1,765	3,343	1,892		
	5,235	63.86%	36.14%		
<u>Buker Boiler & Winthrop Boiler/Glass Projects</u>					
100% Apportioned by Enrollment	\$ 120,300.00	\$ 76,823.58	\$ 43,476.42		
Enrollment		1,122	633		
10/1/2017	1,755	1,091	624		
10/1/2018	1,715	1,130	635		
10/1/2019	1,765	3,343	1,892		
	5,235	63.86%	36.14%		
<u>Winthrop Sprinkler</u>					
100% Apportioned by Enrollment	\$ 150,002.50	\$ 95,791.60	\$ 54,210.90		
Enrollment		1,122	633		
10/1/2017	1,755	1,091	624		
10/1/2018	1,715	1,130	635		
10/1/2019	1,765	3,343	1,892		
	5,235	63.86%	36.14%		
<u>FY21 Capital Projects</u>					
100% Apportioned by Enrollment	\$ 15,000.00	\$ 9,579.00	\$ 5,421.00		
Enrollment		1,122	633		
10/1/2017	1,755	1,091	624		
10/1/2018	1,715	1,130	635		
10/1/2019	1,765	3,343	1,892		
	5,235	63.86%	36.14%		

APPENDIX D
Water Enterprise Capital Improvements for Fiscal Year 2021

Water Department	Purchase Price	Planned Usage
Water Storage Tank	\$ 30,000	Evaluation and concept design of water storage tank
Hydrant & Gate Valve Replacement Program	\$ 15,000	Develop a hydrant flushing and valve exercising program to improve quality of water and efficiency in the operational system
Meter Replacement Program	\$ 15,000	Purchase meters and associated components to replace faulty equipment
TOTAL	\$ 60,000	PART OF ARTICLE 2020/6 2-5

APPENDIX D
Water Enterprise Fund

	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Projected	FY20/21 \$ Change	FY20/21 % Change
<i>Source of Funds:</i>							
Usage Charges	1,712,592	1,619,501	1,581,316	1,615,000	1,600,000	(15,000)	-0.9%
Penalty & Interest Charges	7,177	9,160	9,279	5,000	5,000	-	0.0%
Interest Income	4,420	26,194	17,324	4,000	4,000	-	0.0%
Water Lien	59,783	39,855	43,286	35,000	35,000	-	0.0%
Misc Income (backflow testing and water service applications)	8,278	10,842	6,011	7,500	5,500	(2,000)	-26.7%
Subtotal Direct Revenues	1,792,250	1,705,552	1,657,216	1,666,500	1,649,500	(17,000)	-1.0%
<i>Retained Earnings</i>	-	-	60,296	217,684	327,280	109,596	50.3%
<i>Transfers from Other Funds</i>	100,000	-	-	-	-	-	0.0%
Total Source of Funds	1,892,250	1,705,552	1,717,512	1,884,184	1,976,780	92,596	4.9%
<i>Use of Funds:</i>							
Permanent Wages	273,794	314,260	341,999	374,445	384,279	9,834	2.6%
Contract Services	201,547	215,151	190,259	220,100	195,100	(25,000)	-11.4%
Professional Services	79,206	89,210	64,600	79,000	72,000	(7,000)	-8.9%
Equipment Supplies	14,641	14,684	12,918	25,150	20,150	(5,000)	-19.9%
Water Supplies	48,099	48,761	36,694	50,700	45,800	(4,900)	-9.7%
Misc Expenses	18,270	7,228	3,975	19,900	21,900	2,000	10.1%
Debt Service	445,048	568,125	558,579	673,248	795,898	122,650	18.2%
Operating Capital	33,373	75,488	92,054	22,012	60,000	37,988	172.6%
Indirect Costs	414,489	386,157	406,078	419,630	381,653	(37,977)	-9.1%
Prior Year Encumbrance	2,142	120,803	1,127	-	-	-	0.0%
Total Use of Funds	1,530,608	1,839,867	1,708,282	1,884,184	1,976,780	92,596	4.9%
Beginning Fund Balance	893,516	1,255,158	1,120,843	1,069,777	852,093	(217,684)	-20.3%
Net Income/(Loss)	361,642	(134,315)	9,230	(217,684)	(327,280)	(109,596)	50.3%
Retained Earnings	1,255,158	1,120,843	1,069,777	852,093	524,813	(327,280)	-38.4%
Ending Fund Balance	189,751	1,159	15,213	-	-	-	-
FB - Reserved for Encumbrances	-	35,771	177,684	-	-	-	-
FB - Reserved for Expenditures	4,450	75,000	21,400	-	-	-	-
FB - Reserved for Cont. Appropriations	-	-	-	-	-	-	-
Unreserved Fund Balance	1,060,956	1,008,913	855,480	852,093	524,813	(327,280)	-

APPENDIX E

COMMUNITY PRESERVATION COMMITTEE FY21 BUDGET

1) Open Space and Recreation - Project

To appropriate \$110,600 from FY21 Community Preservation Fund Revenues to fund the debt service for the Sagamore Hill conservation project. This bond will be paid in full in FY2032.

2) Historic Preservation - Project

To reserve \$60,000 of FY21 Community Preservation Fund Revenues to the Historic Preservation Reserve.

3) Community Housing - Reserve

To reserve \$60,000 of FY21 Community Preservation Fund Revenues to the Community Housing Reserve.

4) Administration - Expense

To appropriate \$27,000 of FY21 Community Preservation Fund Revenues for administration costs including, but not limited to, annual Community Preservation Coalition membership fees, signs publicizing CPA projects and salary for portion of Assistant to Town Manager CPA Coord. position.

APPENDIX F
Patton Homestead Operating Budget

	FY 18	FY 19	FY 20	FY 21	FY20/21	
	Actual	Actual	Budget	Projected	\$ Change	% Change
<i>Source of Funds:</i>						
Rental Revenue	-	4,500	6,000	6,000	-	0.0%
Event Revenue	-	340	30,000	20,000	(10,000)	-33.3%
Earnings on Investments	239	512	-	-	-	0.0%
Subtotal Direct Revenues	239	5,352	36,000	26,000	(10,000)	-27.8%
Unreserved Fund Balance	-	-	30,000	-	(30,000)	-100.0%
Transfer from General Fund	35,811	90,011	86,343	90,571	4,228	4.9%
Total Source of Funds	36,050	95,363	152,343	116,571	(35,772)	-23.5%
<i>Use of Funds</i>						
Permanent Wages	-	21,337	58,971	40,902	(18,069)	-30.6%
Medicare	-	304	855	593	(262)	-30.6%
Utilities/Fuel Charges	524	11,092	13,000	13,000	-	0.0%
Repair & Mtc Bldgs/Grds	393	13,845	5,500	6,000	500	9.1%
Custodial Services	-	610	5,000	2,500	(2,500)	-50.0%
Litigation Services	875	1,804	3,000	500	(2,500)	-83.3%
Consultative Services	1,538	8,000	7,500	500	(7,000)	-93.3%
Voice Data & Video Service	204	3,145	3,575	3,575	-	0.0%
Advertising & Printing	-	-	3,000	1,000	(2,000)	-66.7%
Public Safety Details	-	236	-	-	-	0.0%
Office Expenses	-	2,131	1,400	500	(900)	-64.3%
HVAC/Elect/Plumbing	-	199	-	-	-	0.0%
Buildings & Groundskeeping	96	1,951	2,000	2,000	-	0.0%
Travel	-	-	750	-	(750)	-100.0%
Dues/Books/Subscriptions	-	-	500	-	(500)	-100.0%
P&C Insurance	-	6,336	-	-	-	0.0%
Other Expenses	-	-	5,000	1,000	(4,000)	-80.0%
Direct/Indirect Costs	-	12,923	42,292	44,501	2,209	5.2%
Total Use of Funds	3,629	83,912	152,343	116,571	(35,772)	-23.5%
Beginning Fund Balance	-	32,421	43,872	43,872	-	0.0%
Net Income/(Loss)	32,421	11,451	-	-	-	0.0%
Unreserved Fund Balance	-	-	(30,000)	-	30,000	-100.0%
Ending Fund Balance	32,421	43,872	43,872	43,872	-	-
			<i>projected</i>	<i>projected</i>		

Appendix G
CITIZEN PETITION

CHAPTER XIV – Disposal of Refuse and Garbage

The Board of Selectmen, acting as the Board of Public Works, (the Board) shall be responsible for the collection and disposal of all refuse, recycling, organic waste and garbage.

Section 1: Except as otherwise provided by law and these By-laws, through the issuance of regulations, the Board shall have and may exercise all the powers of the town with respect to the collection and disposal of all refuse, recycling, organic waste and garbage, including the collection from time to time of such solid waste materials as metal goods, leaves and yard waste and household hazardous wastes.

Section 2: The Board shall require the weekly curbside collection of all refuse, recycling, organic waste, and garbage. The Board may establish policies and procedures for the management of solid waste, recyclables, and other materials in a manner that conforms with all federal, state, and local regulations. Information about all waste management policies and procedures and a list of materials prohibited from collection at street side by the town's regular refuse collection contractor may be obtained from the Town Website or the Department of Public Works. Costs for such services shall be established in accordance with Section 3.

Section: The Board shall not impose a fee on any household for the weekly curbside collection of refuse in a single refuse container not larger than 35 gallons, but may impose a fee for residential refuse collection beyond this capacity and for non-residential collection of any capacity pursuant to a schedule of fees it may establish and amend. Such charge shall be limited to the costs associated with such collection and/or disposal services unless otherwise approved by Town Meeting.

June 3, 2020

From: Hamilton Finance and Advisory Committee

**Commentary and Recommendations on the Warrant for:
ANNUAL TOWN MEETING**

Saturday June 20, 2020

Hamilton-Wenham Regional High School, Football Stadium

Please bring this report to Town Meeting

To the Citizens of Hamilton:

Ordinarily, this introductory portion provides a brief procedural outline of the journey to ATM, the Warrant, written by the Board of Selectman (BOS), contains Articles requesting funding for Town and school operations for FY2021 (beginning July 1, 2020), and for other fiscal objectives, and Articles relating to non-financial objectives. The Finance and Advisory Committee (FINCOM), charged with the responsibility to make recommendations to the ATM regarding disposition of the Warrant Articles, provides in this commentary information on the Articles and explanation of our recommendations.

While the foregoing description of ordinary process remains accurate, this clearly is not an ordinary ATM....these are extraordinary times, with prolonged stresses on our physical, psychological and material wellbeing, times when our sense of togetherness, of community, become sustaining life forces.

The Annual Town Meeting (ATM) is a significant symbol of our community, our coming together to debate and determine the fiscal and related measures by which Hamilton is to be governed for the ensuing fiscal year.

In ordinary years, citizen participation in governance, in participating in decisions regarding such personally impactful subjects as public service levels, annual budgets, tax rates, etc. unfortunately is scant, reflecting abdication of responsibility to a minority.

But, as these are not ordinary times, as understandable apprehensions about social gathering impose constraints upon ATM attendance, coming together to determine issues of import to every citizen becomes all the more important, emphasizing the symbolic significance of the town meeting as an affirming aspect of our community.

In determining to hold the ATM on June 20th, the BOS sought to balance the need to conduct municipal business with those apprehensions, establishing a steering committee to review the event planning with citizen health and safety in mind. The Hamilton Board of Health is involved in and is supporting the planning. The ATM is to be an open-air event, beneath a tent (cost reimbursed by the Commonwealth), at the high school football stadium, with seats placed at recommended social distancing, and face coverings are to be used. The agenda has been reduced, focusing on those subjects necessary for the conduct of government. Many of the Articles reflect customary, year-to-year subject matter appropriate for expedited process by aggregated consent motion. Contributing to the goal of an expedited meeting, the proponent of the citizen petition regarding solid waste pick up frequency has agreed to move to defer to a later town meeting. A reasonable assumption is that the Article regarding the school budget will be the only issue of contention.

As of this writing, the last week in May, the BOS have placed two annual budget related articles on the Warrant. Article 2-2 presents the Town's full budget request, a 5.2% reduction from the FY20 annual budget (excluding financial reserve transfers), and an increase of 5% over FY20 in the Town's assessment for education costs. Article 2-3 provides the balance, above the Article 2-2 increase of 5%, of the School Committee's total requested increase in the Town's education assessment for FY21, an additional increase of 3.25%....the Article 2-2 and Article 2-3 combined School Committee request for increasing the Town's education assessment totals 8.25%. Budget requests in the two article format allows separate debate and vote on the Town's full request and the partial increase in the school assessment as provided in Article 2-2, and on the remainder of the School Committee requested increase in the FY21 education assessment as provided in Article 2-3. There may be an effort by motion at ATM to consolidate these two separate warrant articles into one, and if that motion were to be adopted by ATM, the result would be one budget article presented for up or down vote, an article combining both the Town's request for a 5.2% reduction from the FY20 annual budget, and the School Committee's total request for an 8.25% increase over the Town's FY20 education assessment.

With the exception of foreseeable debate regarding the annual budget matter, we anticipate a comparatively quick session on June 20, no speeches, and a limited agenda. We hope that your sense of community and responsibility will prevail as you join us for this ATM.

To avoid repetition, this document should be read in conjunction with the Warrant and the appropriate Appendices. Please refer to those documents for the wording of the articles, summaries and fiscal impact as prepared by the BOS, Town Manager, Finance Director and Town Counsel.

ARTICLES 2020/6 1-1, 1-2 and 1-3

These articles are self-explanatory and do not require additional comment.

ARTICLE 2020/6 2-1 Compensation/Classification Table

Article 2-1 proposes amendments to the Town's Personnel By-Law by adopting changes to the Classification and Compensation Table as set forth in Appendix A to the Warrant.

The requested changes include:

- reduction in hours for the Patton Homestead Director, from 37.5 to 25 hours per week;
- elimination of Community Project Manager position, with the functions of that position assigned to the Assistant to the Town Manager;
- reduction in hours of the Accounting Assistant position, from 37.5 hours to 15.5 hours, and a compensation grade reclassification of that position from Grade 8 to Grade 7;
- an increase in hours for the Assistant Treasurer/Collector position, from 30 hours to 37.5 hours;
- a grade reclassification and title change of the Assistant to the Town Manager, title change to Assistant to the Town manager/ CPA Coordinator, with reclassification from Grade 8 to Grade 10;
- elimination of one Administrative Assistant position;
- a 2% COLA compensation increase for non-union and most union represented employees, with Police Dept. union represented employees receiving a 2.25% increase; and
- in the Fire Dept., the addition of one firefighter position, and the establishment of a new classification, Senior Firefighter, these changes are intended to provide enhance deployment flexibility and the balance between full-time and call firefighters.

FINCOM wishes to express continuing concern regarding compensation increase disparity as between Town and HWRSD personnel, with the latter receiving increases more generous than increases granted to Town employees. We hope for prospective recognition of and gradual remedy for this disparity by the Town, and the exercise of prospective restraint by the School Committee. As FINCOM previously has observed, this is an issue of fairness in recognizing service, and in avoiding unnecessary negative morale.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-1.

ARTICLE 2020/6 2-2 General Town Departmental Appropriations

Article 2-2 is the annual budget appropriation for your town government and a portion of the budget for the School District (HWRSD). The rest of the amount sought in the School District budget is in Article 2-3.

The Town government originally prepared a Town budget that would have represented an increase over the prior year of around 5%. Upon receipt of the proposed School District budget, which was higher than expected and threatened to require a Prop 2 ½ override, staff and officials made additional reductions and presented a budget in February that was about a 3.7% increase over the prior year, excluding financial reserve transfers.

Once it became clear that the COVID-19 pandemic would have a significant impact on State funding and revenues, it was estimated that \$1,100,000 would need to be cut from the budget. Because the School expenses represent about 60% of the budget, it was hoped that the town and the schools could cooperate and cut \$500,000 and \$600,000 from their budgets, respectively. As a result, town officials and staff revised the entire budget again, cutting hours, removing increases in personnel, delaying hiring replacements, combining duties of positions that were changing, and postponing all non-essential expenses, including all capital expenses, to present a budget that is decreased 5.2% from the prior year's budget, excluding financial reserve transfers. In all, the town cut an additional \$646,000 from the budget appropriation request.

FINCOM believes that town government has done their due diligence to meet the challenge of greatly reduced state aid and tax revenue.

FINCOM has worked with the School Committee this year as part of our due diligence in understanding their operating budget. Early in the year, HWRSD proposed a "level services" budget for operations. School costs continue to increase and this year's budget was 8.25% over FY20. The primary drivers are Out-of-District Tuition \$908,326 (23.57% over last year), salaries \$1,402,230 (6.47% over last year), healthcare \$435,953(15.5% over last year), Essex

retirement \$62,324(6.32% over last year) and Out-of-District transportation \$127,562(19.94% over last year).

Like the Town, HWRSD was faced with the likelihood of significant cuts in state aid. The estimated reduction in state aid to HWRSD was \$1,200,000. While the School District prepared a revised budget in light of the pandemic, as of the time of printing the School Committee has not approved that budget, and HWRSD has not reduced the amount it is seeking from the Town.

The School District budget includes the following:

HW Regional Schools (HWRSD)	\$20,227,833
HW Regional Debt Service	\$ 263,904
North Shore Vocational School	\$ 229,890
NS Vocational Debt Service	\$ 23,634

Most of the money in the budget must be raised through property taxes. The Town projects expected non-tax revenue of \$3,769,936. Therefore, \$30,419,644 must be raised through property taxes: This is within \$150,000 of reaching our levy ceiling and needing an override.

The projected Tax Rate to raise this amount in Fiscal Year 21 is \$17.82 per \$1000. This translates to an average tax bill of \$10,924.

The BOS voted to present the School District operating budget to the voters in two parts, Articles 2-2 and 2-3. (Article 2-4 relates to the School District's request for Capital Expenditures.) The total School Expenses sought is \$20,745,261.

In Article 2-2, the voters are asked whether to appropriate \$20,142,186 to the School Districts. This represents an increase of 5% over the prior year's appropriation for HWRSD. The 5% number was picked as a compromise number and is close to the historical average.

Voting against Article 2-2 defeats the school budget AND the town budget.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-2.

NOTE: Please refer to the *Town Meeting: Why Are There Two Budget Articles?* flyer included with the Warrant and this commentary for an explanation as to why there are two operating budget articles on this year's warrant.

ARTICLE 2020/6 2-3 School District Supplemental Appropriation

In Article 2-3, the voters are asked whether to appropriate the additional \$603,075 requested by the School District.

The presentation of the Total School Expenses in two warrant articles gives voters the opportunity to express their preferences about the school budget. Aside from electing school committee members, the sole method that taxpayers have to control school spending is voting on the school budget. While often the budget is voted on as a whole, the use of two warrant articles gives residents the choice. Voters who are in favor of appropriating the entire amount sought by the School District may vote in favor of both articles. Those who are in favor of appropriating more money than what was appropriated last year but not the full 8.25% increase may vote in favor of Article 2-2 and against Article 2-3.

Although a majority of FINCOM recommended this article, such recommendation was not without its reservations and qualifications. The majority based its recommendation on \$1.2 million in proposed cuts to the school budget that were meant to offset a potential loss in state aid. These proposed cuts were not taken lightly by the HWRSD and included meaningful reductions in support and administrative staff, significant reductions in teaching assistants, some increased class sizes and reduction or elimination in certain activity stipends and athletic fee subsidies. However, because of this potential offset in revenue for the HWRSD, even with the \$1.2 million in proposed cuts, the requested appropriation for Hamilton would not be any smaller than was originally proposed by the School Committee. Accordingly, if Article 2-3 is not approved by the Town, AND the projected reduction in state aid/revenue occurs, further cuts would be needed beyond the cuts that have already been proposed. A majority of FINCOM was not in favor of further cuts at this point in time.

However, there are still a lot of unknowns. First, it is not clear whether there will be a \$1.2 million reduction in state aid and it is likely that this will not be known until after our ATM and for some time thereafter. Second, as of the printing of these recommendations, the School District had approved a budget assuming a shortfall in revenue and based on making these cuts, but the specific cuts have not been enacted. Because of the timing of budget approvals, our ATM, determination of state aid and other factors, we have to account for many possible scenarios. Even if the approved appropriation were to remain the same, as a majority are recommending, were the HWRSD not to reduce its previously approved budget AND the state aid were not to be cut, the HWRSD would then be in a position of not having to cut any spending as a result of the pandemic while the town has made significant further cuts to its operating budget. We do not believe this to be fair nor sustainable. Quite simply, given that the longer term economic effects of the pandemic are completely unknown and the probability of a resurgence of the virus is a real possibility over the next 6-12 months, we are all going to have to do more with less and become as efficient as

possible with our spending. While we can hope for the best, we must prepare for the worst, both in with respect to the FY21 budget and with respect to future budgets. We sincerely hope the School Committee considers the reality of our Town's fiscal situation and the limits of the Town to support the School's increasing budget, without significantly increasing the tax rate. Regardless of the outcome of this warrant article, we implore the HWRSD to continue to take a hard look at its budget and to begin initiatives to ensure that its spending is as efficient as possible going forward.

MINORITY REPORT REGARDING WARRANT ARTICLE 2-3

Less than three months ago, the FINCOM and BOS adopted the same approach to the school budget request for FY21, an 8.25% increase in Hamilton's assessment over FY20, by unanimously recommending the split warrant approach, and rejecting any school assessment increase exceeding 5% (by a 4-1 vote).

Now, confronted by a predicted state school aid shortfall of \$1.274M, BOS votes on the school budget are delayed pending School Committee action, and a majority of FINCOM supports what previously was rejected, the additional 3.25% increase in school assessment, on top of the 5% increase provided in Article 2-2, for the total assessment increase of 8.25%.

The FINCOM vote was 3-2, three recommending the Article 2-3 increase in school assessment, and two members voting to not recommend that increase. The following is the report of that two member minority:

When FINCOM previously had opposed any increase in school assessment exceeding 5%, the Town was seeking a budget increase for municipal operations of approximately 3%. Now, as the School Committee apparently insists upon maintaining its prior assessment increase of 8.25%, the Town, also faced with predicted revenue shortfalls, including in state aid, has cut its budget request for FY21, a request now resulting in an over 5% reduction from the FY20 municipal budget. The Town's cost cutting will mean reductions in work hours for some personnel, and reductions in some service levels.

As this commentary is submitted for printing for distribution, the School Committee apparently has determined to reduce FY21 expenditures commensurate with the anticipated state aid cuts; however, no reduction has been forthcoming in terms of the 8.25% requested increase in Hamilton's school assessment for FY21, nor is there indication of the Committee's being willing to provide tax payer relief as the state aid is restored.

Our prior majority view was to impose rational constraints on school spending that the School Committee chose not to impose themselves. Now, faced with a loss of state funding, the schools have reduced their budget, showing they had the capacity to reduce it all along. However, the School Committee has not

committed to returning any potential (yet unknown) state aid back to the taxpayer. This is an uncooperative stance and requires holding back the \$603,075 to reduce the burden on the taxpayer.

The resulting optics and substance of the school request for increase to Hamilton's FY21 assessment are stark....over a 5% reduction in the municipal budget compared to the school's request for an 8.25% increase.

We of course appreciate the importance of a good school system, both to those who attend and to the community; however, a clear minority of Hamilton's households directly participate in the school system (current estimate, less than 20%), and everyone relies upon the services provided by public safety, public works, and administrative personnel, the employees covered by the municipal budget. Senior citizens on limited personal budgets constitute an increasing proportion of Hamilton's residents. One hears anecdotally of young families being deterred from moving to or remaining in Hamilton because of the increasing property tax burden. These demographics suggest that the life blood of the school system may be imperiled....there is a need to impose restraint upon public fund spending as Hamilton approaches its maximum taxing capacity and entry into the divisive Prop. 2&1/2 override territory. If the entire 8.25% school assessment increase is approved, we will be within \$147,000 of reaching maximum taxing capacity.

The School District's full requested assessment increase over the FY20 budget, +8.25%, reflects an increase of over \$1.5M, equivalent to a more than \$0.90 increase on the tax rate, increasing the tax burden on the averaged value home by more than \$550.00. The school assessment request in Article 2-3 reflects an increase of \$603,075, on top of the 5% assessment increase as provided in Article 2-2. This additional 3.25% increase in the Town's educational assessment will increase the estimated tax rate by \$0.35 per thousand of assessed valuation, or \$217.00 tax burden increase on the average home valued at \$613,400.

The last time the school OPEB liability was measured, in mid-year, 2017, the total approximated \$35M...now, three years later, that liability approaches \$40M, and Hamilton's share is two-thirds of that total (See Article 2-10 for the status of the Town's OPEB approach). The School Committee has not begun to fund that liability, meaning that school employee retirement benefits will be funded as part of the annual operating budget, and not from an interest bearing dedicated fund. This unfunded OPEB liability will be funded by the property tax.

Our prior majority view was a need to impose restraint upon incremental trends in school spending, that the existing approach was not sustainable. The School Committee appears distant from that reality, ignoring the increasing property tax burden and its foreseeable consequences, continuing to press for an outsized increase in school assessment. This why the minority continues to oppose Article 2-3.

Notwithstanding our split vote on this recommendation, FINCOM unanimously agrees that even under the best of outcomes regarding the pandemic, our Town faces significant future economic challenges. Given that our only significant source of revenue is through property taxes, we are likely to face future Proposition 2 ½ overrides. It is not the time to "pick sides" and entrench ourselves. What is needed is increased collaboration among the HWRSD, the BOS, FINCOM and the Town of Wenham so that we can move forward efficiently and productively.

As we may have more information regarding the actions of the HWRSD and the economic effects of the pandemic by the time of ATM, the FINCOM recommendation may change.

The Finance and Advisory Committee recommends FAVORABLE ACTION (3-2) on Article 2-3.

ARTICLE 2020/6 2-4 School District Capital Expenditures Approval of Borrowing

Article 2-4 is an approval for the School District's Capital Expenditures Borrowing. HWRSD proposes borrowing a total of \$958,000 for the capital expenditures set forth below:

Security Infrastructure Improvements	\$350,000
Elementary School Facilities Study & Educational Plan	\$250,000
Classroom Furniture & Equipment	\$120,000
Replace Sidewalks at Middle School	\$110,000
Athletic Campus Improvement Project - Design/Project Services	\$65,000
Network Infrastructure Improvement (Phase 1 of 4)	<u>\$63,000</u>
TOTAL	\$958,000

The expenditures are essential or are expected to result in savings over time. The borrowing is estimated to cost the Town \$9,579 in the first years, although the full cost of the borrowing will be raised on the tax rate in subsequent year.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-4.

ARTICLE 2020/6 2-5 Water Enterprise Budget

The Water Enterprise Budget is solely supported by the Water Enterprise Fund, which is funded by individual water bills. Recently, the water rates were increased by the BOS for the first time in five years. This increase was anticipated when the previous water rates were increased. At such time, the water rates were set at a level in order to build up a surplus in Retained Earnings within the Water Enterprise Fund, which it did, and then gradually draw this down as operating costs increased over five years. As anticipated, and due in part to water restrictions the past couple of years which decreased water revenues, this surplus has been drawn down and has been used to pay for budgeted expenses. As a result, Retained Earnings within the Water Enterprise Fund of \$327,280 are being used to partially fund the FY21 budget. With the FY20 year-end balance projected to be \$852,093, by the end of FY21 this balance would be \$524,813 or 26.5% of the total water budget. Our financial policy with regard to the enterprise funds, requires the Town to "maintain a minimum reserve amount of 20% of the operation's total budget.

When the BOS recently increased the water rates a decision was made to modestly increase the water rates rather than to dramatically increase the water rates and build up retained earnings that will be drawn down in future years as had been done previously. In addition, the flat rate infrastructure charge was increased to better match the amount spent on capital related to the water infrastructure that all water consumers benefit from. Going forward, the BOS will review water rates on an annual basis. The goal will be to try and match these water rates to the anticipated capital and operating expenses that are forecasted at the time.

The Finance Committee finds this budget to be controlled and reasonable. And although there is no tax impact on the town, the town residents should anticipate that there may be another water rate increase in the near future. Based on the projected Water Enterprise Fund balance at the end of FY21, it is likely to occur in FY22.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-5.

ARTICLE 2020/6 2-6 Annual Financial Actions

Article 2-6 is an annual "house-keeping" exercise where the town transfers funds to the General Fund from two funds and, with respect to the Clark Property Fund, between funds:

- 1) \$2,000 is transferred from the Cemetery Sale of Lots and Graves Fund to the General Fund as an off-set to help repay the cemetery expenditures that come from the General Fund.

- 2) \$1,134 is to be transferred as an annual transfer of funds derived from the interest that has accumulated in the Clark Property Fund. The interest is transferred to the Conservation Fund annually.
- 3) \$381,653 is to be transferred from the Water Enterprise Fund to the General Fund to off-set the indirect costs that are incurred on behalf of the Water Department. These indirect costs would include, for example, the time spent by Town employees when bills are paid for the Water Department, or collecting water payments, or any administrative or other work performed by non-water department employees, debt cost, health insurance, etc. The Massachusetts DOR recommends that these indirect costs be accounted for in order to know the full costs of providing water service to the Town. The Town is reimbursed for these indirect costs and with this information on indirect costs, the town can recover costs by relying on user fees, and to maintain revenue/retained earnings to use for debt service, operating and capital expenses.

As these transfers effectively reimburse the Town's General Fund, the net effect of these transfers is to reduce the tax rate for citizens of Hamilton.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-6.

ARTICLE 2020/6 2-7 Community Preservation Budget

The Community Preservation Committee (CPC) budget is supported by a 2% tax surcharge plus State matching funds. It should be noted that as more Commonwealth towns and cities have participated in this program, the matching funds have decreased over the past several years.

The CPC is charged with providing support to various town projects: historical, open space and community housing. This year they will be:

- | | |
|---|-----------|
| ➤ An annual funding of the debt service on the sagamore | \$110,600 |
| ➤ Contribute to Historic Preservation Reserve for non-specific projects | \$60,000 |
| ➤ Contribute to Community Housing Reserve for non-specific projects | \$60,000 |
| ➤ Annual appropriations for administrative costs, including annual membership fees, publicity of projects and personnel costs | \$27,000 |

TOTAL \$257,600

For more detail, see **Appendix E** to the Warrant. The CPC budget is limited by the surcharge and State match. Given the amount of CPC spending in prior years, FINCOM encourages the accumulation of reserves for future larger projects. For each fiscal year, the community must spend or reserve at least 10% of the annual revenues in the fund for each of the act's community preservation purposes: open space, historic resources and affordable housing. Annual administrative and operating expenses appropriations may not exceed 5% of the year's estimated annual revenues.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-7.

ARTICLE 2020/6 2-8 Annual Budget for Revolving Funds

Article 2-8 is an annual warrant article that sets the spending limits for each of the Town's revolving funds. Generally, revolving funds are used for purposes that are self-sustaining and generate revenue throughout the year to offset expenses. Although a revolving fund is designed to "break even" every year by taking in at least as much revenue as it spends in expenses and, accordingly, not require any additional appropriation from the Town's General Fund, M.G.L. c.44, sec. 53E1/2 provides an additional layer of protection for the Town by requiring the Town to set limits on annual spending. These limits are generally based upon historical and anticipated spending but usually are higher than anticipated to allow some room for additional expenditures if a growth in revenues requires additional spending. But to be clear, these spending limits are not general fund appropriations that require taxes to be levied in anticipation.

Currently the Town has four revolving funds and we are recommending approval of the following spending limits:

<u>Revolving Fund</u>	<u>Source of Revenue</u>	<u>FY21 Proposed Spending Limit</u>
Recreation and Parks	Receipt of user fees for town recreation programs	\$350,000
Pool	Pool passes and program fees	\$125,000
COA	User fees from COA programs	\$20,000
Emergency Dispensing Services & Clinics	Insurance reimbursements, bequests and contributions	\$20,000

As demonstrated in the table below, with one exception the proposed spending limits are identical to the prior approved spending limits set for FY2020 and actual spending in FY2019 fell below each of these limits. In addition, in FY2019,

with one exception, revenue for each of these funds exceeded expenses and increased the size of these funds by a total of \$48,867.70 across all funds.

<u>Revolving Fund</u>	<u>FY2019 Actual Revenue</u>	<u>FY2019 Actual Spending</u>	<u>FY2019 Change in Funds</u>	<u>FY2020 Spending Limit</u>	<u>FY2021 Proposed Spending Limit</u>
Recreation	\$329,700.54	\$282,989.09	\$46,711.45	\$300,000	\$350,000
Pool	\$92,408.50	\$89,272.63	\$3,119.73	\$125,000	\$125,000
COA	\$3,288.00	\$3,119.73	\$168.27	\$20,000	\$20,000
EDS&C	\$9,005.80	\$10,153.69	(\$1,147.89)	\$20,000	\$20,000
Total	\$434,402.84	\$385,535.14	\$48,867.70	\$465,000	\$515,000

The one exception is the Recreation Fund, where due to the demand for and success of the programs, expenses almost exceeded the limit in FY2019 and in FY2020 the limit was increased temporarily to \$350,000 by the FINCOM and BOS mid-year to take account of the increase in demand. Accordingly, we are recommending that the spending limit for FY2021 be increased to \$350,000 to ensure that next year's expenses will not exceed the spending limit and allow for additional growth in these programs if warranted. However, please note that these are spending limits and if programs are limited due to the COVID-19 pandemic, expenses may not need to be incurred.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-8.

ARTICLE 2020/6 2-9 Hamilton Development Corporation

The Hamilton Development Corporation (HDC) is a publicly-chartered organization whose charge is to support planned economic development using public and private funds. Its main source of income is the approved use of the Town's meals tax revenue.

HDC's major development project is 59/63 Willow St (Mac's Shoe) which HDC owns and controls. HDC has "Permitted" the property as an 18-unit market-priced mixed-use housing project. Since permitted, HDC put the project out to bid. A developer, Traggorth Companies, bid on the property and plans making 9 of the 18 units affordable housing at 80% AMI (area median income). A Purchase and Sale is being drawn up. Traggorth's closing is contingent on Department of Housing and Community Development funding, expected this fall or early 2021.

The HDC has been in continuous discussions with the abutting property owners to ensure their concerns are heard and, if feasible, accommodated.

Additionally, HDC has several other downtown projects; beautification (flowers), promoting businesses, signage, etc. Once 59/63 Willow Street is sold, they intend to focus on the downtown land and streetscape to improve shopping and pedestrian experience and have engaged the services of a landscape architect for plans to develop Railroad Avenue.

This year, HDC expects a 25% meal tax reduction and, like other Town Departments has voluntarily reduced its funding request by \$25,000. The BOS and FINCOM appreciate their appropriation reduction.

HDC's expenses include holding costs on the 59/63 Willow Street, selling costs, landscaping and flowers, architects, business promotion and other consultants.

The Finance and Advisory Committee supports the HDC's mission and budget and recommends FAVORABLE ACTION (5-0) on Article 2-9.

ARTICLE 2020/6 2-10 OPEB Trust Fund

Beginning with the 2010 Annual Town Meeting, the Finance Committee has recommended, and the Town Meetings have concurred, making annual contributions toward funding by accrual the Town's Other Post-Employment Benefits (OPEB) obligations, which the most recent actuarial study estimated the unfunded liability to be approximately \$7.7 million. As a result of these annual contributions, the Town has already set aside approximately \$657,000 for this long-term liability.

As related by the Town's actuary, Odyssey Advisors, in its October 2018 description of the accounting standard applicable to Town's OPEB Plan: "The philosophy behind the accounting standard is that these post-employment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; and (the accounting standards) extend this practice to all other post-employment benefits" (p.8).

That same Plan description further relates that the annual required contribution of the Town "represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (of OPEB obligations) each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years" (p.25). There will be periodic actuarial assessments of the status of the Town's OPEB Plan, but we believe that the recommended \$125,000 contribution

made pursuant to the 30-year amortization schedule may gradually increase to reflect future medical trends and costs.

Currently, retired employees choosing to participate in the benefit plan pay 45% of health insurance premium cost, 100% of dental coverage, and 25% of life insurance cost. Currently the Town's portion of these costs gets appropriated. It is anticipated that as the Trust Fund grows in value, eventually the Fund will be sufficient to satisfy current and future obligations.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-10

ARTICLE 2020/6 2-11 Patton Homestead Operating Budget

At prior Town Meetings, we unanimously recommended the appropriation of funds to provide for the ongoing operating costs of the Patton Homestead and to allow for the hiring of a Director, Kaleigh Pare. However, our recommendation was not without its qualifications. While we noted the cultural importance of the Patton Homestead and collectively shared the Patton Homestead Board's enthusiasm for the project, we stated that we were not yet convinced that the project was viable over the long term. We challenged the Patton Homestead Board to take a number of actions that we felt would be necessary to continue to fund the enterprise. These actions included: 1) the development of a more robust business plan, 2) the development of more granular revenue and expense projections, 3) an understanding of the potential for fund raising and grants for the Homestead and 4) the establishment of financial milestones that we could track in 2019 and beyond if the Patton Homestead continued to require additional funding. It was understood that the hiring and assistance of a Director for the Patton Homestead would be necessary and helpful in taking these actions.

While the Director has done an excellent job of creating interest in the property, unforeseen issues have greatly delayed her success in making the homestead profitable. Social distancing has reduced expected revenue from rentals, presentations and lectures that were scheduled to be held at the Homestead. The budget request has also been reduced from 118,272 to \$90,571, a savings which was in large part a reduction of the Director's hours. In addition, it is projected that \$44,501 of this \$90,571 will be coming back to the General Fund for health and life insurance costs, property & casualty insurance and allocation of town employees' time spent on Patton Homestead matters.

Whether the Homestead is a financially viable asset to the town remains to be seen, but regardless of what is ultimately done with the property, money needs to be allocated for its continued maintenance, and it will need the Director to do whatever work is necessary in either continuing with the current plan or transitioning the property. We feel that to date we have not seen a more robust business plan, nor any actual significant revenue or sources of revenue on which to base any calculations. We feel that other options need to be explored with some detail, perhaps considering having another entity operate the property and/or owning the property.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-11.

ARTICLE 2020/6 2-12 Stabilization Fund

Based on the recommendations of the Finance Department, FINCOM and the BOS, the Town adopted a Financial Reserves policy, the purpose of which is set forth below:

“To help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to expending reserve funds. With well-planned sustainability, Hamilton can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town’s credit rating and consequently its long-term cost to fund major projects.”

This Article moves funds from existing Free Cash to the Stabilization Fund in accordance with that policy. As previously established, this fund requires a two-thirds (2/3) majority vote to move funds into, and a two-thirds (2/3) majority of Town Meeting voters to move funds out of the fund. Therefore, this money is protected from being used for anything other than a use favored by a two-thirds (2/3) majority of Town Meeting voters.

The Town's Financial Reserves policy states that the Town will endeavor to annually appropriate a minimum of ½ of 1% (0.5%) of the total General Fund operating revenues to the general stabilization fund until the target minimum of five percent (5%) of general fund operating budget is met. The current fund balance is \$1,164,912, which represents approximately 3.5% of general fund operating budget. The expected request of \$247,757, if approved, represents approximately 0.75% of General Fund operating revenues and will bring the balance to \$1,412,669 which is still below our target at approximately 4.3% of the FY21 budget. The expected request is anticipated to come from Certified Free Cash that the Town has at its disposal, so it will not impact the tax rate.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-12.

ARTICLE 2020/6 2-13 Capital Stabilization Fund

The Financial Reserves policy described in 2-12 also recommends that the Town maintain a Capital Stabilization Fund that "should minimally equate to the total annual asset depreciation the Finance Director calculates under the requirements of the Governmental Accounting Standards Board's Statement 34." The current annual asset depreciation so calculated is about \$1.275 million per the FY19 Financial Statements.

As with the Stabilization Fund, this fund also requires a two-thirds (2/3) majority vote to move funds into, and two thirds (2/3) majority of Town Meeting voters to move funds out of the fund. This fund is intended to allow the town "to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs."

The expected request is \$907,592 which is significantly larger than the \$504,928 that currently exists in the Capital Stabilization Fund as a result of last year's set aside when the fund was established. This request is larger on account of the decision by the Town not to seek approval for any capital expenditures at this year's Annual Town Meeting in order to 1) streamline town meeting in light of COVID-19 concerns and 2) address the necessity or desirability of making such capital purchases at a later date when the full financial implications of the pandemic are understood. Accordingly, if this current funding request is approved it will bring the current balance to \$1,412,520 and temporarily take us above the goal of \$1.3 million. However, it is anticipated that some or all the capital expenditures that were under consideration for approval at Annual Town Meeting will be proposed at Special Town Meeting this fall. If any or all such capital expenditures are approved at STM, at least part of these funds will likely be drawn from the Capital Stabilization Fund thus potentially bringing it below the

\$1.275 million goal. As it was the intention of the Town to gradually build up the Capital Stabilization Fund, we believe this is a proper course of action. Finally, it should be noted, that this transfer of funds into the Capital Stabilization Fund is anticipated to come from Certified Free Cash, so it will not impact the tax rate.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-13.

ARTICLE 2020/6 2-14 Educational Incentives and Personnel Service and Union Contracts

This article represents a set-aside of \$7,691 for funding educational incentives for collective bargaining units and reclassification of any non-union personnel.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 2-14.

ARTICLE 2020/6 3-1 Lease of Town Land at Chebacco Road

This article permits the Town to lease property owned by the Town on Chebacco Road to the organization known as the Marsh Rats for use as a Shotgun Shooting Club. They have used this property in this fashion for many years, and this approval would provide for a new lease arrangement that provides the Town with approximately \$8,750 per year, with annual increases of \$500 per year for three (3) years. In addition, if this Article is approved at Town Meeting, the BOS and the Town Manager would have the discretion to renew the contract for up to two more successive three-year contracts, under similar terms. As the Marsh Rats were the only organization to reply to an RFP with respect to the property and there are no other proposed or viable short-term uses for this property, we believe this to be a prudent way to bring revenue into the Town.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 3-1.

ARTICLE 2020/6 3-2 Application of Bond Premiums

When the Town issues a Bond for long term capital projects, the Bond companies negotiate interest rates and payment terms. Often the interest rate is fixed but they will negotiate a discount by paying the Town a "Bond Premium". The Bond Premium is cash and in effect buys down the interest rate. Based on MA municipal modernization act the Bond Premium can be used either to reduce the amount of borrowing or be appropriated to a special capital fund.

Article 3-2 allows the Town to use the Bond Premium to reduce borrowing at the time of issuance.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 3-2.

ARTICLE 2020/6 3-3 Revision of 2019 STM Article 3-3 – Amendment to Income Limitations for Senior Tax Deferral G.L. c.59, Sec. 5, Clause 41A

There is a state statute allowing some low-income seniors to defer their property taxes until their house is sold. The Town is looking to raise the income limit on the exemption so more seniors can qualify. As this change would directly benefit seniors who may be struggling on a fixed income to support themselves, we are in support of it. Further, the change would have minimal impact on town finances.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 3-3.

ARTICLE 2020/6 3-4 PILOT for Solar Array Atop Manchester Water Plant

Towns are allowed, per statute, to collect PILOT (*Payment In Lieu Of Taxes*) payments from energy companies in their town. PILOT payments are meant to compensate towns for property taxes lost due to a tax-exempt ownership or use, such as Solect using the roof of the water plant located in Hamilton. As this could mean more income for the Town we recommend it.

The Finance and Advisory Committee recommends FAVORABLE ACTION (5-0) on Article 3-4.

ARTICLE 2020/6 3-5 Citizen's Petition

A Citizen's petition to return every other week trash pick-up back to every week has been withdrawn until either Special Town Meeting or next year's Annual Town Meeting.

As noted in the introduction to this Commentary, the proponent of this Citizen Petition has agreed to defer this matter for consideration at a subsequent Special or Annual Town Meeting. This deferral is to be accomplished by the proponent's moving to pass over this Article. If that motion is adopted, the issue raised by the Petition is removed from consideration at this ATM. FINCOM recommends a favorable vote on this motion, with appreciation to the proponent's civic minded approach.

The Finance and Advisory Committee recommends NO ACTION (5-0) on Article 3-5.

Respectfully Submitted,

Hamilton Finance and Advisory Committee

David Wanger, Chair
Nick Tensen, Vice Chair
John Pruellage, Clerk
Christina Schenk-Hargrove
Valerie McCormack

Town Meeting: Why Are There Two Budget Articles?

At the Annual Town Meeting on June 20, 2020, you, as a resident of Town of Hamilton, will be asked to vote on the Town budget, including Hamilton's portion of the school budget. This is your chance to have input into how much the Town spends on services and how that money should be spent. Because Hamilton's budget is funded mostly by residential property taxes, this has a direct effect on your tax rate. Voting at Town Meeting is the most direct way for you to influence the tax and spending policies and thus the future of our Town.

The Finance and Advisory Committee wishes to inform the residents of Hamilton about the budgets you will be voting on, the current and future impact on the tax rate, and the importance of other revenue sources. The goal of the Financial and Advisory Committee (FINCOM) is to give residents the information they need to make informed decisions. FINCOM will also provide its advice on each individual warrant article separately, as it has in years past.

Please keep in mind that the following is a summary, and contains estimates and forecasts. For more detail and analysis please review the official budgets, warrant articles and committee meeting minutes.

Background:

This is a general overview of Proposition 2 ½, provided as background, only.

Prop 2 ½ is a state law that limits the amount of money a town can raise through real and personal property taxes (the "tax levy") each year. Each town is required to prepare an annual budget to forecast what they will need in the coming year. The town sets the tax rate based on the budget forecast.

While some increase in the size of the budget from year to year is normally to be expected even when the size of town government and the level of services stays the same (so-called "level services budget"), Prop 2 ½ limits how much the budget can grow each year. This is called the levy limit, and is calculated by the state every year. Basically, the levy limit is calculated by taking the prior year's levy limit and adding 2.5% plus any "new growth" in the community. Any increase in a town's budget that would put the town over this levy limit is discouraged, and requires a special vote by the community to approve it.

For the past several years, Hamilton was able to keep its tax levy below its levy limit. In other words, it had "excess levy capacity."

Hamilton's levy limit for FY 20:	\$28,911,424
Hamilton's estimated levy limit for FY 21:	\$29,834,209

The Current Budget Proposal:

Early this year, the Town and the School District produced proposed FY21 budgets that they planned to present to voters in April at the Annual Town Meeting. The Town presented a "level services" budget with a modest increase of 3.7% over the prior year (excluding financial reserve transfers). The Corona virus pandemic significantly changed the circumstances and the predictions that are required to prepare a budget. The Town, recognizing that funding would be cut and estimates of rising property values would need to be reduced, created a new budget. The revised Town budget provides for about a **-5.2% reduction** (excluding financial reserve transfers).

Despite the anticipated reduction in funding and income, the School District has not reduced the amount of money it is requesting from the Towns. Hamilton's share of the budget that the School District proposed was **8.25% more** than its FY20 budget. While the School District faces a significant reduction in state funding separate from the town's funding and has discussed budget cuts that could be made in light of those cuts, the School District decided not to reduce the amount of money it is requesting from the towns.

The following table compares the Town services portion of the budget with the School District's portion of the budget, and the percentage increase below/over the prior year. Be aware that Hamilton and Wenham share the cost of the school district, based on the number of students from each town. This year, Hamilton must contribute 63.85% of the school budget, and Wenham is responsible for the other 36.15%. The school budgets represent around 60% of Hamilton's total budget each year.

Most of the money in the budget must be raised through property taxes. The Town projects expected non-tax revenue of \$3,769,936. Therefore, \$30,419,644 must be raised through property taxes:

Total budget	\$34,189,580
Non-tax revenue	<u>\$ 3,769,936</u>
	\$30,419,644

This is within \$150,000 of reaching our levy ceiling and needing an override.

The projected Tax Rate to raise this amount in Fiscal Year 21 is \$17.82 per \$1,000. This translates to a tax bill on an average home of \$10,924.

The current Town-side Budget numbers were reached as the result of significant cuts in department heads' budget requests. Certain expenditures have been postponed but will need to be addressed at a Special Town Meeting in the fall or in coming years. Requests for new hires were stricken, hours reduced, duties combined, and positions not filled, resulting in minimal or below minimal staffing for some services. The cuts to town services will be significant. It is important to understand that future budgets are unlikely to be limited to 2 1/2% increase.

The Town has built up cash reserves consistent with good fiscal policies. The Town's current budget uses the small amount of cash reserves that are above the minimum required to be retained, to fund financial reserve transfers. It is not considered good fiscal policy to use free cash or other reserves for recurring budget items. Cash and other reserves are intended to be like savings or insurance, to cover one-time, unforeseeable expenses.

What This Means for the Future:

For the past several years, we have been able to stay within the levy limits imposed by Prop 2 ½. Because we are right at the limit this year, it is apparent that any increase in the budget above approximately 2.5% next year will require an override.

Over the past 3 years, the town budget has increased 2.2%, 6.9% and -5.2% (excluding financial reserve transfers), for an average increase of 1.3%. The school budget has increased 5.8%, 5.3%, 8.25%, for an average of 6.45%.

In addition, the School District has increasing obligations for retirees' insurance and other benefits ("Other Post-Employment Benefits" or "OPEB"). According to the School District, the liability, last assessed in mid-2017, was \$35M; a reasonable estimate of a three-year increase brings us close to \$40M, and Hamilton's share (approx. 2/3rds), funded in most part by property tax, is around \$24M, of which none has been saved or budgeted for to date.

Given the small amount of new growth per year, under prop 2 ½ we will not be able to sustain budget increases much over 2.5 % without an override. It is obvious that the school budget will continue to increase. Given the math, an override is anticipated, and repetitive overrides will be required in the foreseeable future.

Why Two Budget Articles?

The School District budget approved by the School Committee was 8.25% more for Hamilton's share than the amount appropriated the prior year, representing an increase of \$1,541,408 for Hamilton. The Board of Selectmen voted to present the School District operating budget to the voters in two parts, Articles 2-2 and 2-3. (Article 2-4 relates to the School District's request for Capital Expenditures.) The Total School Expenses sought is \$20,745,261. (This is for the HWRSD, the Essex North Shore Agricultural Technical School, and debt service for both.)

In Article 2-2, the voters are asked whether to appropriate \$20,142,186 to the School District. This represents of an increase of 5% over the prior year's appropriation. The 5% number was picked as a compromise number, and is close to the historical average.

In Article 2-3, the voters are asked whether to appropriate the additional \$603,075 requested by the School District.

The presentation of the Total School Expenses in two warrant articles gives voters the opportunity to express their preferences about the school budget. Aside from electing school committee members, the sole method that taxpayers have to control school spending is voting on the school budget. While often the budget is voted on as a whole, the use of two warrant articles gives residents the choice. If a municipal or education budget request is defeated, the respective responsible government agencies must revisit the rejected budget request for subsequent town meeting review and vote.

Voters who are in favor of appropriating the entire amount sought by the School District may vote in favor of both articles. Those who are in favor of appropriating more money than what was appropriated last year but not the full 8.25% increase may vote in favor of Article 2-2 and against Article 2-3. Voting against Article 2-2 defeats the school budget AND the town budget.

The Financial and Advisory Committee presents its recommendations regarding each article in its commentary attached to the Warrant.

What Else Could We Do?

Aside from decreasing spending or increasing property taxes, there is one other alternative: increase revenue from sources other than property taxes.

The efforts of the Financial and Advisory Committee are not just to educate about controlling expenditures or rising tax rates. The committee seeks to explore other revenue sources, while keeping in mind what the residents value in their town, which include open spaces and a small-town feel. To a large extent the town is dependent on residential property tax because there is so little commercial development. FINCOM and some Town officials are interested in commercial development while being sensitive to the impact it has on citizens. Revenue from commercial development is an important part of the solution to increasing property taxes and must be considered in the context of a comprehensive plan for the future.