

BUDGET DOCUMENT | TOWN OF HAMILTON

A COMMUNITY COMPACT CABINET INITIATIVE

DECEMBER 2018



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114

www.mass.gov/dls



Christopher C. Harding
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

December 21, 2018

Board of Selectmen
Town of Hamilton
577 Bay Road
Hamilton, MA 01936

Dear Board Members,

I am pleased to present the enclosed report on budget document best practices for the Town of Hamilton as part of the Baker-Polito Administration's Community Compact Cabinet initiative. I hope that this report provides guidance on creating a transparent, thorough, and accessible budget document, as together we seek to build better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

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Introduction

At the request of the board of selectmen, the Division of Local Services (DLS) Technical Assistance Bureau (TAB) developed a budget document framework and guide for the Town of Hamilton. Along with a financial policy manual produced in March 2018, TAB has now completed the second of two projects requested by Hamilton under the Community Compact Cabinet (CCC) initiative (www.mass.gov/CCC). A comprehensive budget document is a best practice that allows local officials to show expenditure allocations in the context of available revenues, highlight community priorities, and explain plans for contending with budgetary pressures and anticipated difficulties in the upcoming year.

Hamilton (2015 population 8,179) is governed by a five-member board of selectmen and open town meeting. The selectmen-appointed town manager is assigned responsibility for preparing Hamilton's annual operating budget (\$33.2 million in FY2019) and capital plan in accordance with provisions set out in its town manager act and bylaws. Although these processes have been effectively managed, town officials sought to enhance the budget document as a communication and policy tool and remedy inefficiencies presently involved in its development and delivery.

To compile a complete and balanced budget today, each department must submit a timely operating budget request to the Town Manager. The Town Manager, Finance Director, and Finance and Advisory Committee liaison then meet with each department head to discuss the request and work to structure a balanced budget proposal. By mid-February, the Town Manager presents the proposed operating and capital budgets for the upcoming fiscal year, along with a budget message and supporting documents, as part of a public presentation to the Board of Selectmen and Finance and Advisory Committee. Included in the process are joint meetings with Wenham, Hamilton's regional partner for the school, library, and other municipal services.

Given the consistent planning practices and cooperation among the Select Board, Finance and Advisory Committee, School Committee, and departments, Hamilton's budget process runs fairly smoothly. However, there is significant room to improve the budget document. At present, it consists only of revenue projection summaries and a series of departmental operating budgets for both the general and water enterprise funds, along with a five-year capital plan and financing strategy. Lacking is a comprehensive Town Manager message detailing annual priorities along with descriptions of Hamilton's organizational structure, departmental overviews, and formal financial policies.

A community's budget serves as its primary policy statement and is its most important annual tool for communicating town priorities and challenges. It identifies services to be provided, funding levels, and rationale behind key decisions. As such, building a more comprehensive, open and transparent budget document is important for gaining taxpayers' confidence.

Budget Document Framework

To be most effective, a budget document should serve four purposes, by functioning as:

1. A policy document identifying the town's financial goals, objectives, and guiding policies
2. A financial plan presenting the town's current financial condition, forecast assumptions, and expected results
3. An operational overview describing municipal services and assessing their efficiencies and effectiveness
4. A communication tool articulating the town's challenges, priorities, goals, and objectives

As a model budget document, we relied heavily on standards developed and promoted by the [Government Financial Officers Association](#) (GFOA) and published on its website. Accordingly, the framework we created for Hamilton outlines the GFOA's [14 essential criteria](#) and recommends the supplemental material.

GFOA Essential Criteria:

1. Table of contents
2. Budget message stating priorities and issues for the upcoming year
3. Budget overview expanding on the budget message
4. Town-wide organization chart
5. Adopted financial planning policies
6. Description of the process for developing the town's initial budget proposal
7. Summary of major revenues, expenditures, and other financing sources and uses to provide an overview of the town's total budgeted resources
8. Summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year

9. Projected changes in fund balances for appropriated governmental funds included in the budget presentation
10. Description of major revenue sources explaining the underlying assumptions for the revenue estimates and discussing significant revenue trends
11. Budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget
12. Financial data on current debt obligations, describing the relationship between current debt levels and legal debt limits and explaining the effects of existing debt levels on current operations
13. Summary table of personnel or position counts for prior, current and budgeted years
14. Description of activities, services or functions carried out by individual departments

Supplemental Information:

- Statement of town-wide strategic goals and strategies that address long-term concerns and issues
- Description of short-term factors influencing the decisions made in the developing the forthcoming year's budget.
- Description of all funds that are subject to appropriation
- Narrative and graphics showing the relationship between departments and funds
- Explanation of the basis of budgeting for all funds
- Long-range financial forecast
- Description of the extent to which significant nonrecurring capital expenditures will impact the town's current and future operating budget
- Department goals and objectives
- Performance measures evaluating departmental goals and objectives
- Community profiles providing statistical and supplemental information describing the town and community
- Glossary of all terminology, abbreviations, and acronyms not readily understandable
- Charts and graphs highlighting financial and statistical information

The budget document design should be simple and easy to understand with sufficient information and detail to communicate town priorities, but not so excessive that readers get lost or overwhelmed. Overall, the document should be formatted in an attractive, consistent, and reader oriented manner.

We recommend an incremental approach in which town officials agree upon priority schedule to develop such a document.

- Designate a point person or team
- Start standardizing information, especially personnel tables and organizational charts
- Create coherent “Budget Message,” “Revenue Summary” and “Expenditure Summary” sections for the budget document
- Work with departments to standardize their individual budget submissions

The accompanying budget document template consists of a Word document supported by an Excel workbook. Detailed instructions for each section are included in a box after the heading followed by readily available community information to begin the process of completing the document. The 14 essential criteria are all addressed, embedded with much of the supplemental information. Data provided by the charts and graphs from the workbook comes from the DLS [Municipal Finance Trend Dashboard](#) and [Gateway](#).



Town of Hamilton

FY 2020 Proposed Budget

July 1, 2019 – June 30, 2020

Joseph J. Domelowicz Jr., Town Manager

Date

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Introduction

Guide to the Budget Document
Annual Budget Process
Budget Calendar

A Guide to the Budget Document

The budget document should begin with a concise narrative description of the budget process, from the internal process to prepare the budget, the opportunities for public input, and the actual adoption of the budget. A budget calendar should be included noting key dates for operating and capital budgets, public hearings, and town meeting.

The purpose of the annual budget document is to communicate the Town of Hamilton's fiscal year (FY) 2020 recommended budget in a useful format for citizens, elected officials, staff, and any other interested parties. As one of the most important documents produced by the town, it is a reflection of our community's values, priorities, and goals. The budget document serves as a policy document, a financial guide, and a communications device to its residents. The information is presented in a user-friendly format with Revenue and Expenditure Summaries to assist readers with understanding the major aspects of the budget.

Document Organization

This budget document describes how the Town attempts to identify the community's needs for public services and the strategies by which it tries to meet those needs. We have organized this document so that the readers can obtain essential information in a quick, accessible, and digestible format. For those who wish to inquire in greater depth, we have provided further detail.

Readers can find general information regarding the community and government structure, budget adoption process, and timeline. The Town Manager's message encapsulates Town goals, priorities, and challenges being addressed, as well as major milestones and accomplishments of the current year. Financial summaries are presented to reflect all sources and uses of funds. With the explanations of all appropriated funds, the reader can identify where all monies come from and how those dollars are used by each fund.

The Department Budget section contains a narrative description of each department, including mission statement, goals, accomplishments, and challenges, as well as an organization chart and detailed budget and fiscal plan.

The Other Financial Information section includes capital planning with information on capital projects and their financing methods, debt analysis on the status of existing debt obligations, and a discussion on the level of fund balance maintained and the annual impact of the budget to those balances. Finally, the last two sections include the town's adopted financial policies and a glossary of municipal terms.

How to Read Financial Data

Most data within this document is presented in fiscal year terms. The Town of Hamilton operates on a fiscal year that runs July 1 through June 30. Therefore, FY2019 is the period from July 1, 2018 through June 30, 2019. All information is presented using a three year comparison, that includes FY2017 actual revenues and expenditures and FY2018 and FY2019 budgeted revenues and

expenditures. Additional information concerning the Town of Hamilton's Budget can be found on the Town's website at <https://www.hamiltonma.gov/>.

The Annual Budget Process

Overview of the Budget Process: The overview includes the form of government that provides for the budget process and a description of the town meeting process to both adopt and amend the annual budget.

The Town of Hamilton is governed by "An Act Establishing a Town of Hamilton", by which an elected, five-member Board of Selectmen appoint a professional manager to administer the daily operation of the Town. The Town's legislative body is an Open Town Meeting comprised of all registered voters. The Town Manager is the chief executive officer of the Town, managing the day-to-day business of Town departments. In accordance with Section 1(c) of the Town Manager Act, the Town Manager must annually prepare and present detailed annual and capital budgets to the Board of Selectmen, Finance Committee, and town meeting. The Finance Committee's role is to review the Annual Budget and submit recommendations to Town Meeting. Town Meeting has the sole authority to appropriate funds for the annual budget and capital projects except for specific instances where statutes or regulations do not require appropriation. Any amendments to appropriations require Town Meeting vote at either an Annual or Special Town Meeting. The procedures for Town Meeting are specified in Chapters 1 and 2 of the Hamilton Bylaws. Annual Town Meeting takes place on the first Saturday in April.

It is important to note that the financial and budgetary information presented in the Annual Budget are projections and are subject to change prior to Town Meeting. The final budget vote of Town Meeting constitutes the legal budget authority which ultimately governs the manner and amount of local funding expended during the fiscal year.

For definitions of terms used in the Annual Budget, see the Glossary at the end of this document. Readers should also obtain a copy of the Annual Town Meeting Warrant book which contains the actual budget articles to be voted upon.

Budget Calendar

Budget Calendar: The most effective budget process follows a formal calendar that begins in the fall of each year with the board of selectmen discussions of budget priorities, goals, and objectives and continues with major milestones through to town meeting. The calendar should include dates for:

- *Joint meetings of the selectmen, finance and advisory committee, and school committee to review revenue projections and reach consensus on overall expenditure levels, use of reserves, and allocation of resources*
- *Financial trends and forecast updates*
- *Formulation of the capital budget*
- *Distribution of budget guidelines to department managers so they can begin to prepare their appropriation requests*
- *Deadlines for submission of departmental appropriation requests and for preparation of a working, or draft, budget document*
- *Completion of meetings with department managers to review requests*
- *Formulation of the initial budget recommendation by the town manager and finance director*
- *Budget approval by the board of selectmen in its capacity as the town's chief policymaker*
- *Finance and advisory committee budget hearings*
- *Public hearings*
- *Printing and distribution of the town meeting warrant*

The Town of Hamilton operates on a fiscal year period of July 1st to June 30th each year. The process of preparing the annual budget takes place over a period of seven months each year.

July

- Fiscal Year begins July 1st

October

- Policymakers meet to discuss budget priorities, goals, and objectives
Include capital budget process

November

- Budget instructions issued to all Departments, Boards, and committees
- Joint Hamilton and Wenham Boards of Selectmen, Finance Committees, and School committee and Administration meeting

December

- Town Manager, Finance Director, and Finance Committee Liaison meet with Department Heads
- School Superintendent presents budget to School Committee

January/February

- School holds public budget hearing

February

- Joint Hamilton and Wenham Finance Committees and School Committee meeting
- School Committee votes the school budget
- Budget presented and books distributed to Board of Selectmen and Finance Committee
- Finance Committee vote recommendations for warrant articles

March

- Board of Selectmen adopt operating and capital budgets, vote recommendations for warrant articles

April

- Town Meeting adopts operating and capital budgets
- Fiscal Year ends June

June

- Fiscal Year ends June 30th

Community Profile

Community Profile
Community Statistics
Government Structure
Town Organization Chart
Boards, Committees, and Elected Officials
Personnel Summary

Community Profile

The Community Profile provides statistical and supplemental data that describes the town, community, and population. The goal is to provide a context for understanding the decisions incorporated into the budget document. The presentation should include factors that will affect current or future levels of service (e.g., population growth, economic strength in the region, or a change in the size of the school age population).

- *Background information related to the services provided (e.g., population, composition of population, land area, and average household income)*
- *Supplemental information on the local economy included in the document (e.g., major industries, top taxpayers, employment levels, and comparisons to other local communities)*
- *Other pertinent community information (e.g., local history, location, public safety, education, culture, recreation, transportation, healthcare, utilities, and governmental structure)*

Early settlements were established in what is now Hamilton in 1638. At the time the area was referred to as “The Hamlet” and was part of Ipswich. It was incorporated in 1793 taking its name from Alexander Hamilton, the young nation’s first Treasury Secretary and whose portrait became the town seal in 1903. Located in the eastern central portion of Essex County, Hamilton is a rural-suburban community 30 miles north of Boston. Hamilton’s 14.2 square land miles is home to over 8,100 residents.

The Town’s location on the North Shore of Massachusetts provides easy access to the Atlantic seashore with its reservations, beaches and boating. The town includes many historic houses, pastoral landscapes, and old stone walls that accompany winding tree-lined roads. It also has a rich equestrian heritage, which remains strong due to the influence of the many horse farms and of Myopia Hunt Club, which holds frequent equestrian events, including polo most Sunday afternoons and a Thanksgiving Day fox hunt in which the public is invited. Thus, the visitor to Hamilton may well share the secondary roads with horse and pony riders.



Hamilton is closely tied to neighboring Wenham, sharing a school system, library, recreation department, commuter rail station and newspaper. In 2010, the community of Hamilton-Wenham was listed among the “Best Places to Live” by Boston Magazine.

Community Statistics

Name: Town of Hamilton

County: Essex

Incorporated: June 21, 1793

Form of Government: Open Town Meeting, Five-member Board of Selectmen with Town Manager

Annual Town Meeting: First Saturday in April

Total Area: 14.9 square miles

- Land 14.2 square miles
- Water 0.73 square miles

Public Roads: 51.82 miles

2017 Population: 8,291

2017 Registered Voters: 5,989

2016 Labor Force: 4,335

2017 Unemployment Rate: 3.0

2019 Statistics:

- Tax Rate: \$16.48 per \$1,000
- Average Single Family Home Value: \$600,426
- Average Single Family Tax Bill: \$9,895
- Average Single Family Tax Bill as Percent of Value: 1.65%
- DOR Per Capita Income: \$66,868
- Average Tax Bill as Percent of Income: 14.80%

School District: Hamilton-Wenham Regional

Town Website: www.hamiltonma.gov

Government Structure

The Government Structure introduces the reader to the town's form of government. Important components of this section include the town-wide organization chart and personnel summary, but is informative to include applicable bylaws and authorizing statutes.

Selected bylaws and the town manager special act:

Bylaws Section III: Selectmen

SECTION 1. Except as otherwise provided by law and by these by-laws, the Selectmen shall have and may exercise all the powers of the Town and shall have general direction and management of its property and affairs. Unless otherwise provided by law, the Selectmen shall have the power to acquire and dispose of personal property for the Town.

SECTION 2. The Selectmen shall determine that all elected boards and appointed committees are organized within a reasonable time and that notification thereof to the Town Clerk has been given. Copies of all contracts and other commitments of the funds of the Town shall be filed with the Town Accountant under Massachusetts General Laws, Chapter 41, Section 57. All town vehicles, and such other Town property as the Selectmen designate, shall be marked with the words "Town of Hamilton" provided, however, that the Selectmen may permit a police vehicle to be unmarked.

SECTION 10. The Selectmen are authorized and empowered, in accordance with Ch. 114 of the Acts of 2009 to appoint a Town Manager, and execute a contract for employment therewith. The Town Manager is authorized and empowered to appoint and remove any of the following: a Town Accountant, Treasurer/Collector, Finance Director, Emergency Center Supervisor, Recreation Director, a Director of Public Works, a Chief of Police, and a Fire Chief, and to execute employment contracts with said officials, the terms of which may with the concurrence of the Board of Selectmen vary from the Personnel By-law and policies. All appointments and removals of department heads by the Town Manager shall be subject to confirmation by the Board of Selectmen. All other appointments shall be made by the Town Manager in consultation with the respective department head, board, commission or committee.

SECTION 11. The Town of Hamilton shall publish no later than April 1st of each year, all gross wages, salaries, and other compensations paid to all employees by the Town of Hamilton and by the Hamilton-Wenham Regional School District. Copies of the above information shall be made public and available at the Hamilton Town Hall.

SECTION 15. Pursuant to G.L. Ch. 43C, Sec. 11 as accepted by the Town Meeting, the Selectmen may provide for a consolidated Department of Municipal Finance, to be organized as set forth in this Section.

- a) The Department of Municipal Finance may include the Offices and Functions of Town Accountant, Treasurer, Collector, Treasurer-Collector, Information Systems Coordinator, and Assessors, with all their related staff.
- b) The Finance Director shall report to the Town Manager.

- c) The Finance Director may serve ex-officio as the Accountant, Auditor, Comptroller, Treasurer, Collector, or Treasurer-Collector of the town, provided however, that no Finance Director shall serve ex-officio as both: 1) Accountant, Auditor, or Comptroller; and 2) Treasurer, Collector or Treasurer-Collector.
- d) The term of any employment contract with the Finance Director shall be for a term of not less than three or more than five years, subject to removal as provided in the employment contract. The position may be full time or part-time.
- e) The job descriptions and compensation of each position in the Department of Municipal Finance shall be set by the Town Manager in consultation with the Finance Director pursuant to the Hamilton Personnel By-law and policies.
- f) The Town Manager shall appoint all personnel under the Finance Director's direction and control, other than those in elected positions, in consultation with the Finance Director.
- g) The Town Manager shall oversee and coordinate all financial functions and reporting of the Town performed by the various offices within the Department, including but not limited to:
 - 1) Maintenance of all accounting records and other financial statements,
 - 2) payment of all obligations, including bills, payroll and benefits,
 - 3) receipt of all funds due, including tax and Town service billings,
 - 4) monitoring the expenditure of all funds in all Town Departments and programs, including periodic reporting to appropriate agencies on status of accounts, and preparation of tax recap,
 - 5) supervision of all data processing facilities and networks,
 - 6) preparation of the annual Town budget, and regional/joint program budgets, including coordination with all Town Departments and the Finance and Advisory Committee,
 - 7) management of independent audits,
 - 8) long range economic planning and projection,
 - 9) determination of long and short-term cash needs of the Town for operating and capital obligations, and borrowing as necessary.
 - 10) determination of investment strategies to maximize safety and yield for Town funds,
 - 11) administration of tax liens and tax-title takings,
 - 12) supervision of staff within the Department of Municipal Finance,
 - 13) and any other matters relating to municipal finance as may be determined necessary from time to time by the Selectmen.

Acts of 2009, Chapter 114: Town Manager

SECTION 1. There shall be a town manager in the town of Hamilton. Notwithstanding any general or special law or rule, regulation or by-law to the contrary, the town manager, reporting to and accountable to the board of selectmen, shall be the chief administrative and operating officer of the town of Hamilton and shall have the powers, duties and limitations described in this act. The town manager shall not set town policy but shall ensure appropriate coordination in the implementation of town policy, working with the board of selectmen and all elected and appointed officers, boards and commissions. The town manager shall supervise and manage the day-to-day activities of all town departments and employees under the jurisdiction of the board of selectmen and shall coordinate their activities with those of all other departments and employees.

The town manager shall appoint and may remove all department heads and officers, subordinates and employees under the jurisdiction of the board of selectmen. Appointments and removals of department heads by the town manager shall be subject to confirmation by the board of selectmen. All other appointments shall be made in consultation with the respective department head, board, commission or committee. The town manager shall be appointed by the board of selectmen on the basis of executive and administrative qualifications and experience. The town manager shall be a person especially suited by education, training and professional experience to perform the duties of the office. The position of town manager is a full-time commitment and the town manager shall not engage in any other business or occupation without the prior approval of the board of selectmen.

The town manager shall be appointed for a term of up to 3 years, and shall be evaluated annually by the board of selectmen. The board of selectmen shall enter into an employment contract with the town manager.

The town manager shall be responsible and accountable to the board of selectmen, for the proper execution of the following powers and duties:

- a) with respect to general town administration, to implement all policies of the board of selectmen, to attend annual and special town meetings and respond to questions concerning all warrant articles, to implement and report progress on implementing actions taken by the town meeting, and to oversee preparation of all town reports including the annual report;
- b) with respect to the board of selectmen administration, to attend meetings of the board of selectmen and have the right to address all matters coming before the board, to prepare agendas and research, collect and disseminate information to enable the board of selectmen to make policy decisions, to inform the board of selectmen on implementation of policy decisions through regular reporting, and to inform the board of selectmen of important developments in the operation of town departments, fiscal affairs, personnel matters, procurement and town compliance with federal, state and local laws, rules and regulations;
- c) with respect to fiscal administration, to oversee administration and implementation of all town fiscal actions, to oversee all town actions in connection with municipal borrowing, to prepare and present detailed annual and interim operating and capital budgets to the board of selectmen, finance committee and town meeting, to provide regular, current analysis of performance relative to budget, to develop, present and implement a long-range capital plan, to approve and execute all warrants for the payment of town funds and to prepare and prosecute all grant applications;
- d) with respect to personnel administration, to serve as the town's personnel director, to administer the town's personnel policies, compensation plans, and employee benefit programs, to serve as the town's pension administrator, to serve as the town's coordinator for compliance with the Americans with Disabilities Act, to serve as the town's affirmative action officer, to prepare and implement job descriptions for town department heads and employees, to review personnel performance at least annually and recommend salary and benefit adjustments, to negotiate all collective bargaining agreements on behalf of the town for which the town manager may seek the assistance of labor counsel as deemed necessary and which final agreement must be approved by the board of selectmen, and to establish

compensation agreements for all town employees not subject to a collective bargaining agreement, which final agreement must be approved by the board of selectmen;

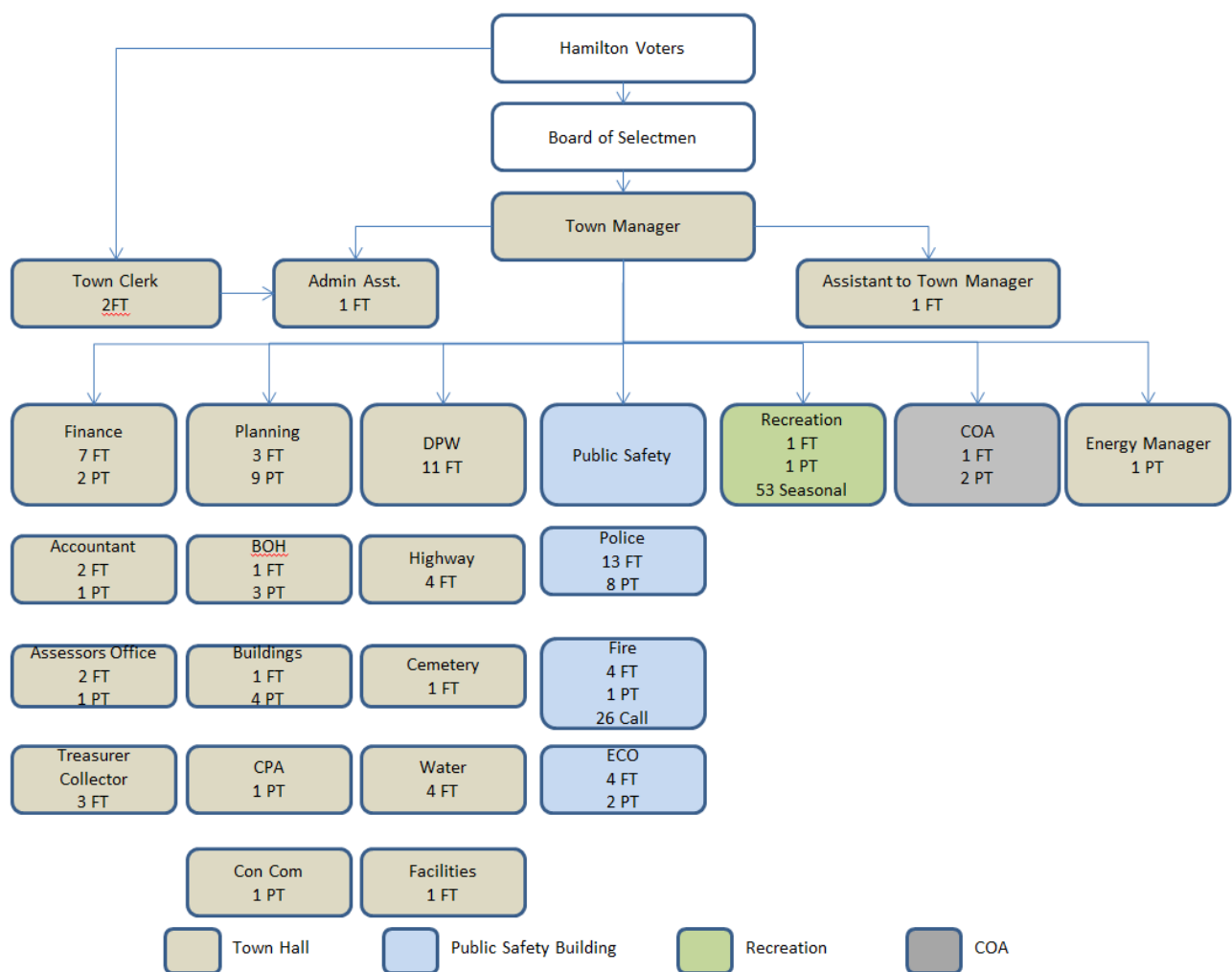
- e) with respect to procurement and construction, to serve as the town's chief procurement officer for the purchase and sale of equipment, materials, supplies and services of all town departments, to supervise and coordinate all town construction projects and activities including design, construction and construction management, to coordinate preparation of information for bidders and proposers and all design and construction documentation, to review bids, award contracts and manage all claims activity, to oversee and report on construction progress and contractual compliance, to review and act upon all bills and payment requests and to maintain all procurement and construction records;
- f) with respect to insurance, to contract for and administer the town's insurance policies and programs and to file, prosecute and settle all insurance claims;
- g) with respect to asset management, to manage and oversee maintenance of all town property, real and personal, to act upon all requests for rental and use of town property and to make recommendations regarding all requests for licenses and permits made to the board of selectmen;
- h) with respect to legal affairs, to coordinate with town counsel on all legal matters affecting town government, compliance, claims, litigation and administrative proceedings and to oversee prosecution, defense and settlement of all claims and actions;
- i) with respect to computers and information technology, to oversee and coordinate computer operations of town departments to ensure efficiency, economy and currency, to serve as procurement officer for purchase of hardware and software and maintenance and repair services, to oversee training of personnel, and to implement and oversee maintenance of the town website; and
- j) with respect to general duties, to serve as the town's liaison with residents, the media and the general public, to cultivate and maintain effective relations with the citizens of the town and to maintain cordial and effective relationships with governmental officials at all levels including those of neighboring towns. The town manager shall designate by letter filed with the board of selectmen a qualified administrative employee or officer to exercise the powers and perform the duties of town manager during a temporary absence in the office of town manager. If the town manager fails to do so, or if the person so designated fails to serve to the satisfaction of the board of selectmen, the board may appoint a qualified employee or officer to serve. In the event of suspension of the town manager, the board of selectmen shall appoint an acting town manager.

SECTION 2. This act shall take effect upon its passage and implementation of the changes shall begin immediately thereafter and shall be completed promptly but consistent with the need for a comprehensive qualification process.

<i>Source: Town of Hamilton Bylaws</i>
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Town Organization Chart

To define the operations, a comprehensive organizational chart of the entire town governmental structure should be presented, including all elected and appointed positions and all boards and committees. Providing the appointing authority of the boards and committees is helpful. Organizational charts for the individual departments should underscore the link between the department and the overall organization.



Source: Town of Hamilton

Boards, Committees, and Elected Officials

Hamilton Voters Elect

Board of Selectmen
Town Clerk
Board of Assessors
Planning Board
Town Moderator
Trustees of the Hamilton-Wenham Library (3 of 6 members)
Hamilton Wenham Regional School Committee (up to 7 members)
Housing Authority

Town Manager Appoints

Assistant to the Town Manager
Town Counsel
Finance Director
Town Accountant
Treasurer/Collector
Chief of Police
Fire Chief

Board of Selectmen Appoints

Town Manager
Board of Health
Council on Aging
Zoning Board of Appeals
Historic District Commission
Hamilton Affordable Housing Trust
Chebacco Woods Land Management Committee (with Manchester-by-the Sea)
Town Hall Building Committee

Emergency Center Supervisor
Director of Public Works
Recreation Director
Gas Inspector

Moderator Appoints

Finance and Advisory Committee

Committees with Multiple Appointing Authorities

- Community Preservation Committee (CPC): One member of the Conservation Commission, one member of the Historic District Commission, one member of the Planning Board, one member of the Board of Selectmen acting as a Parks Commissioner, one member of the Housing Authority, and four citizens at large appointed by the Board of Selectmen for three-year terms.
- Hamilton-Wenham Joint Recreation Committee: three members from Hamilton and three members from Wenham, appointed by their respective Boards of Selectmen
- HW Community Access & Media Committee (HWCAM): three members from Hamilton and three members from Wenham, appointed by their respective Boards of Selectmen. A seventh member is put forth by the School Committee.

Personnel Summary

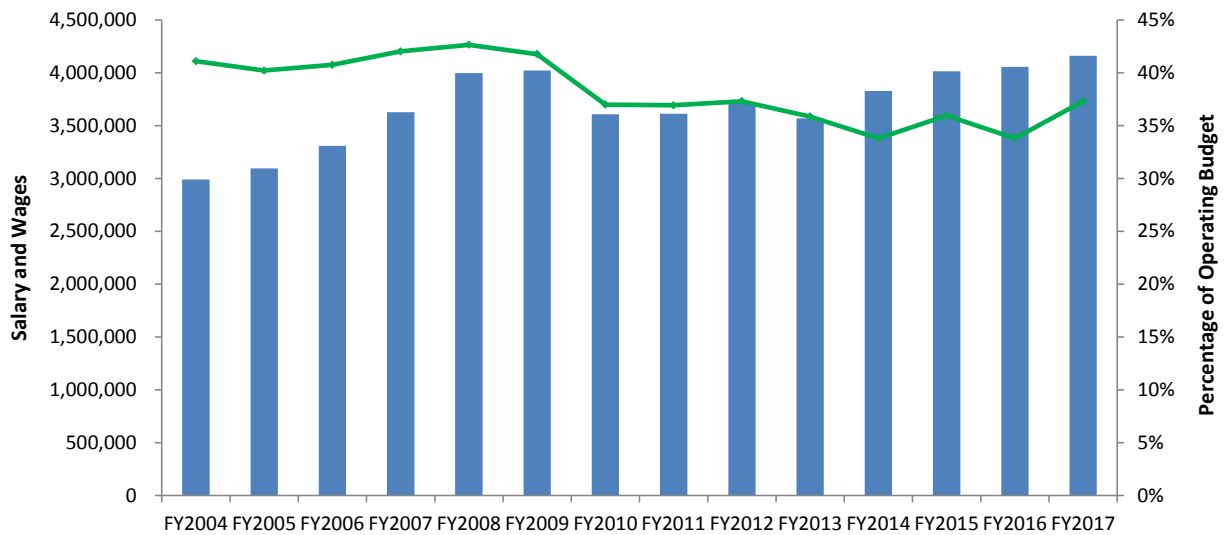
The personnel summary is a discussion of the current state of personnel, along with a summary chart of full time equivalents (FTEs) for the prior, current, and budgeted years is important to be included. Topics to include are:

- *Percentage the personnel wages and benefits represent approximately of the Town's operating budget*
- *Strategy for when vacancies occur*
- *A table with at least the prior, current, and budgeted year history of Full-time Equivalent (FTE) positions by department*
- *Proposed staffing levels (changes or level staffing) for the budget year*
- *Specific staffing changes by function or department*

The personnel summary can be a component of the introduction section or incorporated in the budget message.

Position summaries within individual departments may supplement the consolidated schedule. When this is done, the tables should be consistent with the individual tables linked to the master summary.

Town Personnel Trends FY2003 – FY2017 FTEs



Source: Schedule A, Part 2
Operating Budget net of school assessment

Personnel Summary						
	FY2016 FTE	FY2017 FTE	FY2018 FTE	FY2019 FTE	FY2020 FTE	Change FY19 - FY20
Executive Office	2.00	2.00	2.00	2.00	2.00	0.00
Finance Offices	4.00	4.00	4.00	4.00	4.00	0.00
Town Clerk's Office						
Planning & Conservation						
Facilities						
Police Department						
Emergency Report Center						
Fire Department						
Inspectional Services						
Animal Control						
Department of Public Works						
Public Health Department						
Council on Aging						
Veterans Services						
Library						
Recreation						
Total FTEs						

Data is linked from each department personnel sheet. All offices should be represented on the master organization chart.

Source: Hamilton CCC Budget Master Workbook – Personnel Total

Town Manager's
Budget Message

Town Manager's Budget Message

The town manager's budget message is a comprehensive policy statement addressing the goals, priorities, and issues for the upcoming year. It should highlight the principal issues facing the governing body in developing the budget (e.g., policy issues, economic factors, regulatory, and legislative challenges) along with the plan to address them. The message should also recap the current year accomplishments and describe any significant changes in priorities going forward, detailing the factors leading to those changes.

A comprehensive budget message includes:

- *Introduction*
- *Current year town-wide strategic goals, objectives, and strategies*
- *Recent town developments*
- *Proposed budget and budget highlights (budget in brief)*
- *Current financial condition and outlook, both short-and long-term*
- *Personnel summary*
- *Capital budget*
- *Prior year goals and accomplishments*
- *Major upcoming issues or projects*
- *Conclusion*

Budget Overview

General Fund Revenue/Expenditure Summary
General Fund Appropriation Summary
Five-Year Financial Projection

General Fund Revenue/Expenditure Summary

The budget overview expands on the information provided in the budget message. In an easy to read format for a quick understanding (charts and graphs), the overview describes the significant budgetary items and trends in revenues, expenditures, and capital.

Overview of Revenues and Expenditures						
	FY2017 Actual	FY2018 Actual	FY2019 Recap	FY2020 Proposed Budget	Dollar Change	Percent Change
General Fund						
Revenues/Sources						
Total Property Tax Levy (to be raised)	\$25,162,290	\$25,600,839	\$27,516,935	\$0	\$1,916,097	7.5%
State Aid	811,726	865,826	876,613	0	10,787	1.2%
Local Receipts	2,017,613	1,891,010	1,806,789	0	(84,221)	-4.5%
Free Cash	750,000	1,148,935	375,360	0	(773,575)	-67.3%
Available Funds	252,217	106,775	3,350	0	(103,425)	-96.9%
Transfer from Enterprise Funds	414,489	386,157	406,078	0	19,921	5.2%
General Fund Revenues Total	\$29,408,335	\$29,999,542	\$30,985,125	\$0	\$985,583	3.3%
Expenditures						
Municipal Departments	\$7,386,754	\$7,730,531	\$8,127,624	\$0	(\$8,127,624)	-105.1%
Education	17,657,820	17,632,558	18,598,451	0	(18,598,451)	-105.5%
Debt Service	990,340	982,638	942,808	0	(942,808)	-95.9%
Benefits and Insurance	1,878,795	2,067,333	2,231,360	0	(2,231,360)	-107.9%
Other Funding Purposes	316,293	313,237	177,327	0	(177,327)	-56.6%
Capital	0	754,961	449,483	0	(449,483)	-59.5%
Non-Appropriated Expenses	436,824	438,727	458,073	0	(458,073)	-104.4%
General Fund Expenditures Total	\$28,666,826	\$29,919,985	\$30,985,125	\$0	(\$30,985,125)	-103.6%
General Fund Surplus/(Deficit)	\$741,509	\$79,557	(\$0)	\$0		
Enterprise Funds/Community Preservation						
Water Department (indirect costs included in General Fund Budget)	\$2,058,020	\$1,489,914	\$1,414,218	\$0	(\$75,696)	-5.1%
Waste Reduction	580,259	0	0	0	0	0.0%
Community Preservation	690,647	1,398,111	817,166	0	(580,945)	-41.6%

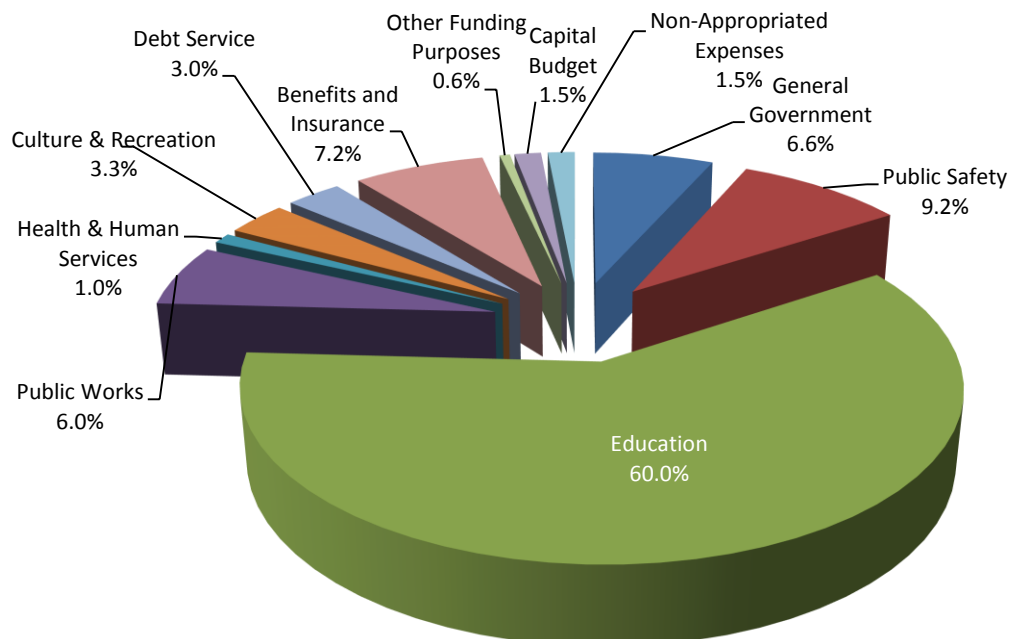
Source: Hamilton CCC Budget Master Workbook - Overview of Rev & Exp

General Fund Appropriation Summary

Operating Budget						
	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Budget	Dollar Change	Percent Change
General Fund						
General Government	1,768,190	2,010,911	2,048,622	0	37,711	1.88%
Public Safety	2,563,208	2,747,049	2,858,325	0	111,276	4.05%
Education	17,657,820	17,632,558	18,598,451	0	965,893	5.48%
Public Works	1,848,534	1,705,972	1,870,876	0	164,904	9.67%
Health & Human Services	278,150	306,490	315,577	0	9,088	2.97%
Culture & Recreation	928,673	960,110	1,034,223	0	74,113	7.72%
Debt Service	990,340	982,638	942,808	0	(39,830)	-4.05%
Benefits and Insurance	1,878,795	2,067,333	2,231,360	0	164,026	7.93%
Other Funding Purposes	316,293	313,237	177,327	0	(135,910)	-43.39%
Capital Budget	0	754,961	449,483	0	(305,478)	-40.46%
Non-Appropriated Expenses	436,824	438,727	458,073	0	19,346	4.41%
General Fund Total	28,666,826	29,919,985	30,985,125	0	1,065,140	
Other Funds						
Enterprise Funds*	1,661,532	1,955,628	1,820,296	0	(135,332)	-6.92%
Community Preservation	690,647	1,398,111	817,166	0	(580,945)	-41.55%
Other Funds Total	2,352,179	3,353,739	2,637,462	0	(716,277)	-21.36%
Grand Total	\$31,019,006	\$33,273,724	\$33,622,587	\$0	\$348,863	1.05%

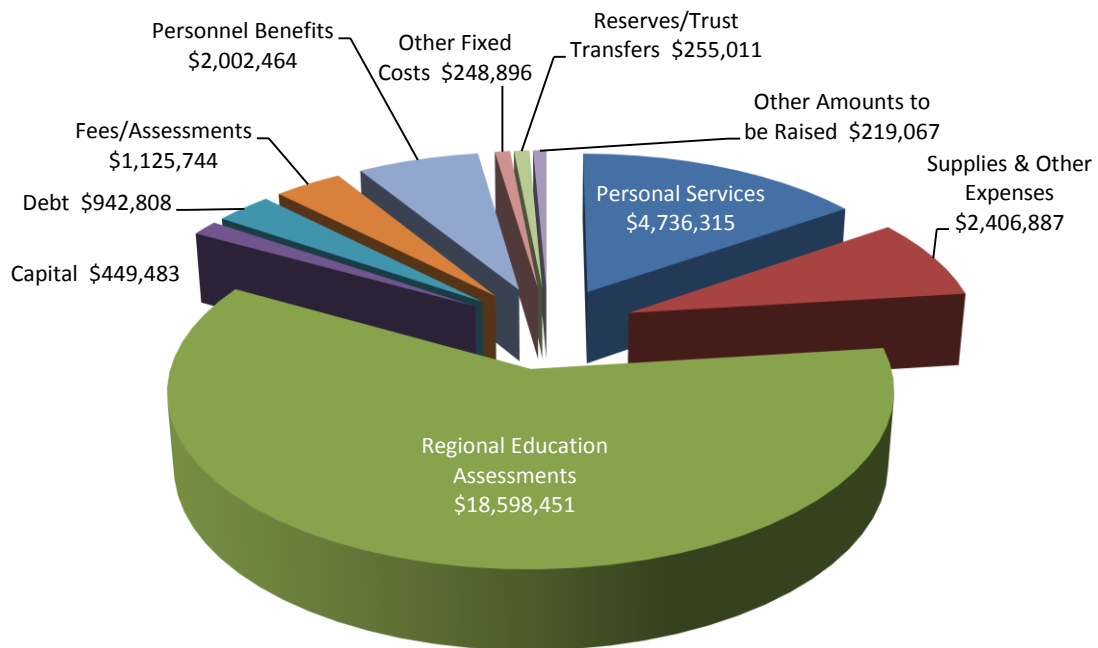
*Includes amount due to General Fund to offset Water Department Indirect Costs

General Fund Expenditures by Department



General Fund Budget by Category	
Personal Services	4,736,315
Supplies & Other Expenses	2,406,887
Regional Education Assessments	18,598,451
Capital	449,483
Debt	942,808
Fees/Assessments	1,125,744
Personnel Benefits	2,002,464
Other Fixed Costs	248,896
Reserves/Trust Transfers	255,011
Other Amounts to be Raised	219,067
General Fund Total	30,985,125

General Fund Expenditures by Type



Source: Hamilton CCC Budget Master Workbook – Appropriation Summary

Operating Budget - Summary

	FY2016	FY2017	FY2018	FY2019	FY18/FY19 Budget	
	Actuals	Actuals	Budget	Projected	Variance \$	Variance %
General Government						
122 Selectmen						
Personnel Expenses	28,895.85	31,232.98	39,655.00	32,135.00	(7,520.00)	-19.0%
Operating Expense	6,437.50	1,574.00	13,525.00	15,850.00	2,325.00	17.2%
Total Selectmen	35,333.35	32,806.98	53,180.00	47,985.00	(5,195.00)	-9.8%
123 Town Manager						
Personnel Expenses	179,882.06	188,627.58	196,708.87	201,647.51	4,938.64	2.5%
Operating Expense	76,004.58	93,884.74	103,336.88	112,068.60	8,731.72	8.4%
Total Town Manager	255,886.64	282,512.32	300,045.75	313,716.11	13,670.36	4.6%
132 Finance Committee/Reserve						
Expenses	176.00	176.00	250.00	390.00	140.00	56.0%
Reserve Fund	-	-	100,000.00	100,000.00	-	0.0%
Total Finance Committee	176.00	176.00	100,250.00	100,390.00	140.00	0.1%
135 Finance/IT Department						
Personnel Expenses	167,090.49	124,852.66	193,539.97	220,871.01	27,331.04	14.1%
Operating Expense	247,146.15	223,527.64	217,164.00	172,660.48	(44,503.52)	-20.5%
Capital Expenses	22,814.36	5,220.07	-	1,500.00	1,500.00	0.0%
Total Finance/IT	437,051.00	353,600.37	410,703.97	395,031.49	(15,672.48)	-3.8%
141 Assessor						
Personnel Expenses	149,374.08	153,934.50	158,415.35	162,816.48	4,401.13	2.8%
Operating Expense	17,787.18	15,789.11	22,566.00	21,566.00	(1,000.00)	-4.4%
Total Assessor	167,161.26	169,723.61	180,981.35	184,382.48	3,401.13	1.9%
145 Treasurer/Collector						
Personnel Expenses	176,559.43	173,224.31	187,060.72	194,316.68	7,255.96	3.9%
Operating Expense	37,710.34	40,128.43	46,450.00	49,700.00	3,250.00	7.0%
Total Treasurer/Collector	214,269.77	213,352.74	233,510.72	244,016.68	10,505.96	4.5%
151 Town Counsel						
Retainer	33,000.00	36,000.00	37,000.00	42,000.00	5,000.00	13.5%
Expenses	71,439.00	89,434.03	90,000.00	90,000.00	-	0.0%
Total Town Counsel	104,439.00	125,434.03	127,000.00	132,000.00	5,000.00	3.9%
161 Town Clerk						
Personnel Expenses	89,416.80	99,586.01	109,593.30	113,997.00	4,403.70	4.0%
Operating Expense	19,509.14	10,703.64	20,920.00	13,920.00	(7,000.00)	-33.5%
Total Town Clerk	108,925.94	110,289.65	130,513.30	127,917.00	(2,596.30)	-2.0%
162 Elections & Registration						
Personnel Expenses	10,246.72	17,212.24	8,915.11	21,167.80	12,252.69	137.4%
Operating Expense	15,440.63	18,514.97	20,900.00	23,900.00	3,000.00	14.4%
Total Elections & Registration	25,687.35	35,727.21	29,815.11	45,067.80	15,252.69	51.2%

Operating Budget - Summary						
	FY2016	FY2017	FY2018	FY2019	FY18/FY19 Budget	
	Actuals	Actuals	Budget	Projected	Variance \$	Variance %
171 Conservation Commission						
Personnel Expenses	28,254.08	29,524.32	30,607.20	32,538.13	1,930.93	6.3%
Operating Expense	1,085.87	746.00	5,425.00	1,925.00	(3,500.00)	-64.5%
Total Conservation Commission	29,339.95	30,270.32	36,032.20	34,463.13	(1,569.07)	-4.4%
172 Planning						
Personnel Expenses	103,869.92	108,019.18	111,935.40	114,354.60	2,419.20	2.2%
Operating Expense	38,293.92	1,810.12	4,850.00	4,850.00	-	0.0%
Total Planning	142,163.84	109,829.30	116,785.40	119,204.60	2,419.20	2.1%
174 Chebacco Woods						
Operating Expense	784.99	2,500.00	2,500.00	2,500.00	-	0.0%
Total Chebacco Woods	784.99	2,500.00	2,500.00	2,500.00	-	0.0%
192 Facilities						
Personnel Expenses	59,652.79	68,781.30	90,700.00	87,275.00	(3,425.00)	-3.8%
Operating Expense	193,907.95	233,185.87	198,892.99	202,946.00	4,053.01	2.0%
Total Facilities	253,560.74	301,967.17	289,592.99	290,221.00	628.01	0.2%
Subtotal General Government	1,774,779.83	1,768,189.70	2,010,910.79	2,036,895.29	25,984.50	1.3%
PUBLIC SAFETY						
210 Police Department						
Personnel Expenses	1,344,799.20	1,382,633.90	1,449,506.82	1,502,071.06	52,564.24	3.6%
Operating Expense	102,144.64	103,351.38	118,586.00	117,251.00	(1,335.00)	-1.1%
Capital Expenses	36,899.00	-	-	-	-	0.0%
Total Police Department	1,483,842.84	1,485,985.28	1,568,092.82	1,619,322.06	51,229.24	3.3%
233 Emergency Report Center						
Personnel Expenses	237,839.20	246,800.12	282,472.06	282,977.23	505.17	0.2%
Operating Expense	41,272.22	50,277.46	38,779.00	39,108.75	329.75	0.9%
Total Emergency Report Center	279,111.42	297,077.58	321,251.06	322,085.98	834.92	0.3%
220 Fire Department						
Personnel Expenses	485,632.42	548,704.91	640,117.25	644,879.17	4,761.92	0.7%
Operating Expense	72,241.69	66,753.75	86,023.60	82,855.60	(3,168.00)	-3.7%
Capital Expenses	27,818.74	3,810.98	1,500.00	1,500.00	-	0.0%
Total Fire Department	585,692.85	619,269.64	727,640.85	729,234.77	1,593.92	0.2%
241 Inspectional Services						
Personnel Expenses	118,369.86	88,291.41	102,074.09	48,283.00	(53,791.09)	-52.7%
Operating Expense	5,378.46	1,758.30	7,850.00	5,000.00	(2,850.00)	-36.3%
Assessment	-	-	-	90,664.00	90,664.00	0.0%
Total Inspectional Services	123,748.32	90,049.71	109,924.09	143,947.00	34,022.91	31.0%

Operating Budget - Summary						
	FY2016 Actuals	FY2017 Actuals	FY2018 Budget	FY2019 Projected	FY18/FY19 Budget Variance \$ Variance %	
291 Emergency Management						
Operating Expense	-	941.97	1,100.00	1,100.00	-	0.0%
Total Emergency Management	-	941.97	1,100.00	1,100.00	-	0.0%
292 Animal Control						
Personnel Expenses	26,030.84	28,338.54	17,800.00	17,800.00	-	0.0%
Operating Expense	1,414.99	2,093.00	1,240.00	1,590.00	350.00	28.2%
Total Animal Control	27,445.83	30,431.54	19,040.00	19,390.00	350.00	1.8%
919 Street Lights						
Operating Expense	33,677.31	1,076.00	20,000.00	20,000.00	-	0.0%
Total Street Lights	33,677.31	1,076.00	20,000.00	20,000.00	-	0.0%
Subtotal Public Safety	2,533,518.57	2,524,831.72	2,767,048.82	2,855,079.81	88,030.99	3.2%
DEPARTMENT OF PUBLIC WORKS						
421 Public Works						
Personnel Expenses	146,144.80	107,838.14	148,292.86	154,268.36	5,975.50	4.0%
Operating Expense	72,870.75	66,872.71	93,629.50	46,381.56	(47,247.94)	-50.5%
Total Public Works	219,015.55	174,710.85	241,922.36	200,649.92	(41,272.44)	-17.1%
422 Highway						
Personnel Expenses	266,932.52	269,841.13	323,772.69	233,799.05	(89,973.64)	-27.8%
Operating Expense	209,014.14	212,999.67	195,900.00	191,900.00	(4,000.00)	-2.0%
Capital Expenses	72,367.00	43,900.00	-	-	-	0.0%
Total Highway	548,313.66	526,740.80	519,672.69	425,699.05	(93,973.64)	-18.1%
423 Snow & Ice						
Personnel Expenses	58,386.17	78,323.19	86,700.00	89,175.00	2,475.00	2.9%
Operating Expense	120,781.94	173,821.02	175,200.00	179,250.00	4,050.00	2.3%
Total Snow & Ice	179,168.11	252,144.21	261,900.00	268,425.00	6,525.00	2.5%
425 Vehicle Maintenance						
Personnel Expenses	-	-	-	84,772.60	84,772.60	0.0%
Operating Expense	-	-	-	57,695.00	57,695.00	0.0%
Total Vehicle Maintenance	-	-	-	142,467.60	142,467.60	0.0%
429 Cemetery						
Personnel Expenses	73,809.91	81,149.14	76,335.09	81,364.67	5,029.58	6.6%
Operating Expense	9,291.34	8,945.39	9,700.00	9,700.00	-	0.0%
Total Cemetery	83,101.25	90,094.53	86,035.09	91,064.67	5,029.58	5.8%

Operating Budget - Summary

	FY2016	FY2017	FY2018	FY2019	FY18/FY19 Budget	
	Actuals	Actuals	Budget	Projected	Variance \$	Variance %
433 Waste, Recycling, & Landfill						
Personnel Expenses	-	-	5,170.00	4,594.02	(575.98)	-11.1%
Operating Expense	-	24,000.00	591,272.00	628,176.00	36,904.00	6.2%
Enterprise Subsidy	323,138.02	609,302.00	-	-	-	0.0%
Prior Year Deficit	-	-	-	-	-	0.0%
Total Waste, Recycling, & Landfill	323,138.02	633,302.00	596,442.00	632,770.02	36,328.02	6.1%
650 Parks & Fields						
Personnel Expenses	32,506.53	49,763.15	65,407.55	65,469.01	61.46	0.1%
Operating Expense	9,044.51	26,284.03	8,350.00	8,750.00	400.00	4.8%
Capital Expenses	30,927.00	-	-	-	-	0.0%
Total Parks & Fields	72,478.04	76,047.18	73,757.55	74,219.01	461.46	0.6%
651 HWRSD Fields & Grounds						
Operating Expense	14,894.44	10,880.21	6,941.57	-	(6,941.57)	-100.0%
Total HWRSD Fields & Grounds	14,894.44	10,880.21	6,941.57	-	(6,941.57)	-100.0%
Subtotal Public Works	1,440,109.07	1,763,919.78	1,786,671.26	1,835,295.27	48,624.01	2.7%
HEALTH & HUMAN SERVICES						
511 Public Health Department						
Personnel Expenses	110,369.56	113,625.34	125,853.50	131,784.00	5,930.50	4.7%
Operating Expense	2,196.28	3,113.33	4,630.00	5,760.00	1,130.00	24.4%
Total Public Health Department	112,565.84	116,738.67	130,483.50	137,544.00	7,060.50	5.4%
541 Council on Aging						
Personnel Expenses	61,857.63	70,353.13	78,675.70	82,776.20	4,100.50	5.2%
Operating Expense	26,045.04	27,795.40	29,063.08	30,163.08	1,100.00	3.8%
Total Council on Aging	87,902.67	98,148.53	107,738.78	112,939.28	5,200.50	4.8%
543 Veterans Benefits						
Operating Expense	18,091.75	33,019.80	35,000.00	30,000.00	(5,000.00)	-14.3%
Administration Fee	27,490.32	30,243.08	33,267.39	35,094.00	1,826.61	5.5%
Total Veterans Benefits	45,582.07	63,262.88	68,267.39	65,094.00	(3,173.39)	-4.6%
Subtotal Health & Human Services	246,050.58	278,150.08	306,489.67	315,577.28	9,087.61	3.0%
CULTURE & RECREATION						
610 Library						
Assessment	715,197.08	696,354.96	722,436.13	758,664.21	36,228.08	5.0%
Indirect Costs	21,072.00	22,718.03	22,411.00	22,235.77	(175.23)	-0.8%
State contribution	12,300.26	12,269.69	12,443.30	12,224.00	(219.30)	-1.8%
Total Library	748,569.34	731,342.68	757,290.43	793,123.98	35,833.55	4.7%

Operating Budget - Summary						
	FY2016	FY2017	FY2018	FY2019	FY18/FY19 Budget	
	Actuals	Actuals	Budget	Projected	Variance \$	Variance %
630 Recreation						
Personnel Expenses	80,894.13	88,402.76	99,900.40	125,930.10	26,029.70	26.1%
Operating Expense	18,897.36	18,146.36	19,920.00	26,105.00	6,185.00	31.0%
Total Recreation	99,791.49	106,549.12	119,820.40	152,035.10	32,214.70	26.9%
Subtotal Culture & Recreation	848,360.83	837,891.80	877,110.83	945,159.08	68,048.25	7.8%
UNCLASSIFIED						
148 Salary Reserve	-	-	596.25	-	(596.25)	-100.0%
149 Capital Spending	-	210,993.18	754,961.35	449,483.00	(305,478.35)	-40.5%
692 Celebrations	2,867.27	3,853.74	2,300.00	2,945.00	645.00	28.0%
722 Debt Service	1,046,774.77	990,339.50	982,638.00	942,808.00	(39,830.00)	-4.1%
820 State Assessments	230,532.00	232,015.00	237,134.00	234,072.00	(3,062.00)	-1.3%
911 Retirement	721,863.00	794,132.00	789,304.00	921,648.00	132,344.00	16.8%
913 Unemployment	-	25,502.05	10,000.00	10,000.00	-	0.0%
914 Health & Life Insurance	800,985.73	738,329.07	876,158.85	874,142.00	(2,016.85)	-0.2%
916 Other Insurance	184,933.33	191,216.44	212,793.00	228,895.68	16,102.68	7.6%
917 Medicare Tax	50,762.37	54,615.41	79,077.37	71,674.00	(7,403.37)	-9.4%
992 Transfer to Special Revenue	-	-	22,422.42	-	(22,422.42)	-100.0%
994 Transfer to Capital Project	-	-	-	-	-	0.0%
996 Transfer to OPEB	25,000.00	75,000.00	100,000.00	125,000.00	25,000.00	25.0%
997 Transfer to Agency	65,000.00	65,000.00	65,000.00	65,000.00	-	0.0%
Subtotal Unclassified	3,128,718.47	3,380,996.39	4,132,385.24	3,925,667.68	(206,717.56)	-5.0%
SCHOOLS						
300 Schools						
HWRSD Assessment	16,417,016.00	16,837,974.00	16,776,063.00	17,746,437.94	970,374.94	5.8%
ENSATSD Assessment	197,798.00	227,628.00	205,594.00	191,079.00	(14,515.00)	-7.1%
HWRSD Debt Service	573,916.62	568,136.39	625,209.00	639,057.06	13,848.06	2.2%
ENSATSD Debt Service	30,536.00	24,082.00	25,692.00	21,877.00	(3,815.00)	-14.8%
Sub Total Schools	17,219,266.62	17,657,820.39	17,632,558.00	18,598,451.00	965,893.00	5.5%
TOTAL GENERAL FUND	27,190,803.97	28,211,799.86	29,513,174.61	30,512,125.41	998,950.80	3.4%

Source: Hamilton CCC Budget Master Workbook - Expenditures

Five-Year Financial Projection

Forecasting helps local officials understand the long-range implications of pending near-term decisions. This process projects revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other community driven variables. This discussion should include a financial outlook, projected revenues and expenditures, and the impact the projections will have on the budget.

The following pages contain the Five-Year Financial Forecast of revenue and expenditures along with a projected financial outlook for the Town of Hamilton.

A revenue driven model was the methodology used to prepare the financial projections. The projections began with FY2018 as the base and were calculated out five years using the Proposition 2½ allowable annual budget growth. The projections focused on the top three revenue sources, which are real estate taxes, state aid and local receipts. Together these sources represent over 86% of our total revenue.

The revenue projections were calculated with the following assumptions:

- The Town's current level of services will provide the projected baseline.
- Property taxes (absent overrides) will grow at the limits of Proposition 2½.
- New growth will be projected conservatively, taking into account the Town's three- to five-year average by property class.
- Local receipts and state aid will reflect economic cycles.
- Historical trends in the growth of specific operating expenses and employee benefits will prevail.
- Debt service on existing debt will be paid, and the Town's Capital Planning and Debt Management policies will be followed.
- Annual pension contributions and appropriations to amortize other postemployment benefit liabilities will continue.
- Reserves will be built and maintained in compliance with the Town's Financial Reserves policy.
- The water enterprise fund will reimburse the general fund for indirect costs.
- Hamilton will make payments to and collect payments from the Town of Wenham according to the benefit and indirect costs calculated for the communities' various joint venture programs (e.g., Library, Veterans Memorial Pool).

Financial Outlook

Five Year Revenue Projections

	Growth Factor	FY 19 Projected	FY 20 Projected	FY 21 Projected	FY 22 Projected	FY 23 Projected
REVENUE & OFS						
Tax Levy						
Previous Levy Limit		27,025,475	27,851,112	28,697,390	29,564,825	30,453,945
+ Prop 2.5%		675,637	696,278	717,435	739,121	761,349
New Growth	<i>estimate</i>	150,000	150,000	150,000	150,000	150,000
Current Levy Limit		\$27,851,112	\$28,697,390	\$29,564,825	\$30,453,945	\$31,365,294
Debt Exclusions	<i>per D/S</i>	\$1,491,415	\$989,042	\$851,339	\$820,457	\$757,371
Unused capacity	<i>8% of levy limit (est)</i>	-\$2,228,089	-\$2,295,791	-\$2,365,186	-\$2,436,316	-\$2,509,224
Total Tax Levy (RAISED)		\$27,114,438 4.95%	\$27,390,640 1.02%	\$28,050,977 2.41%	\$28,838,086 2.81%	\$29,613,441 2.69%
Allowance for Abate/Exempt (Overlay) Offset	2.5%	-\$205,000	-\$210,125	-\$215,378	-\$220,763	-\$226,282
State Aid						
State Local Aid (Cherry Sheet)	2.0%	658,911	672,089	685,531	699,241	713,226
State Reimbursements (Cherry Sheet)	2.0%	163,386	166,653	169,986	173,386	176,854
NET OF OFFSETS (NO FORMULA IN ACTUALS)		\$822,296	\$838,742	\$855,517	\$872,628	\$890,080
Local Receipts						
Motor Vehicle Excise Tax	2.0%	1,096,500	1,118,430	1,140,799	1,163,615	1,186,887
All Other Local Receipts (not inc meals tax)	1.0%	758,520	766,105	773,766	781,504	789,319
Meals Tax	0.0%	65,000	65,000	65,000	65,000	65,000
		\$1,920,020	\$1,949,535	\$1,979,565	\$2,010,119	\$2,041,206
Transfers/Other Available Funds						
Water Enterprise - <i>NOT INC SHARED DEBT</i>	2.0%	299,530	305,521	311,631	317,864	324,221
Transfer from Trust	0.0%	2,000	2,000	2,000	2,000	2,000
		\$301,530	\$307,521	\$313,631	\$319,864	\$326,221
Free Cash	0.0%	\$400,000	\$400,000	\$400,000	\$400,000	\$189,172
General Revenues		\$526,782	\$517,333	\$501,427	\$478,638	\$448,514
Other Funding Sources (i.e. bond proceeds and transfers from other funds)		\$447,486	\$3,148,793	\$2,752,146	\$6,395,574	\$0
Total REVENUE & OFS		\$31,327,552 7.36%	\$34,342,440 9.62%	\$34,637,885 0.86%	\$39,094,146 12.87%	\$33,282,352 -14.87%

Five Year Expense Projections

	Growth Factor	FY 19 Projected	FY 20 Projected	FY 21 Projected	FY 22 Projected	FY 23 Projected
EXPENSES						
Town Expenses						
Personnel Expenses						
General Government	3.0%	1,156,503	1,191,198	1,226,934	1,263,742	1,301,654
Public Safety	3.0%	2,556,959	2,633,668	2,712,678	2,794,059	2,877,880
Department Of Public Works	2.0%	701,917	715,955	730,275	744,880	759,778
Health & Human Services	2.0%	201,938	205,976	210,096	214,298	218,584
Culture & Recreation	2.0%	99,968	101,968	104,007	106,087	108,209
Personnel Contract Reserves	2.0%	45,900	46,818	47,754	48,709	49,684
Total Personnel Expenses		\$4,763,185	\$4,895,583	\$5,031,743	\$5,171,774	\$5,315,788
Operating Expenses						
General Government	2.0%	887,506	905,256	923,361	941,829	960,665
Public Safety	2.0%	280,886	286,504	292,234	298,079	304,040
Department of Public Works	2.0%	1,095,533	1,117,444	1,139,793	1,162,588	1,185,840
Health & Human Services	2.0%	103,255	105,320	107,426	109,575	111,766
Culture & Recreation	2.0%	22,664	23,118	23,580	24,052	24,533
Library	3.0%	780,009	803,409	827,512	852,337	877,907
State Assessments	1.0%	239,505	241,900	244,319	246,763	249,230
Retirement	5.0%	828,769	870,208	913,718	959,404	1,007,374
Group Health & Life Insurance	6.0%	928,728	984,452	1,043,519	1,106,130	1,172,498
Property and Casualty Insurance	2.0%	217,049	221,390	225,818	230,334	234,941
Medicare/Unemployment	2.7%	91,482	93,952	96,489	99,094	101,770
OPEB Fund	25%/0%	125,000	125,000	125,000	125,000	125,000
Other Financing Uses	0.0%	65,000	65,000	65,000	65,000	65,000
Total Operating Expenses		\$5,665,387	\$5,842,953	\$6,027,769	\$6,220,184	\$6,420,564
Total Town Expenses		\$10,428,572	\$10,738,536	\$11,059,512	\$11,391,958	\$11,736,352
School Expenses						
HW Regional Schools	3.0%	17,279,345	17,797,725	18,331,657	18,881,607	19,448,055
Interest on ST Notes (BANS)	1.0%	15,410	15,564	15,719	15,876	16,035
North Shore Vocational School	3.0%	211,762	218,115	224,658	231,398	238,340
Total School Expenses		\$17,506,516	\$18,031,404	\$18,572,034	\$19,128,881	\$19,702,430
Debt Expenses						
Town Debt Service	<i>per D/S</i>	955,358	911,858	688,983	661,208	598,008
School Debt Service	<i>per Schools</i>	623,507	162,159	162,356	159,249	159,363
Water Enterprise Reimb (per recap)	<i>per D/S</i>	-87,450	-84,975	0	0	0
Total Debt Expenses		\$1,491,415	\$989,042	\$851,339	\$820,457	\$757,371
TOTAL OPERATING		\$29,426,503	\$29,758,981	\$30,482,885	\$31,341,296	\$32,196,153
Capital Improvement Expense	<i>per Capital Plan</i>	1,901,050	4,583,459	4,155,000	7,752,850	1,086,200
TOTAL EXPENSES		\$31,327,553	\$34,342,440	\$34,637,885	\$39,094,146	\$33,282,353
		7.36%	9.62%	0.86%	12.87%	-14.87%

Financial Impact

	Growth Factor	FY 19 Projected	FY 20 Projected	FY 21 Projected	FY 22 Projected	FY 23 Projected
REVENUE, NOT INC TAX LEVY		\$3,686,333	\$6,434,466	\$6,085,481	\$9,777,421	\$3,220,397
Net Town Expense to Raise Raised in excess Raised per recap		\$27,641,220	\$27,907,973	\$28,552,404	\$29,316,724	\$30,061,955
Property Valuation	3.00%	\$1,580,314,578	\$1,627,724,015	\$1,676,555,735	\$1,726,852,407	\$1,778,657,980
Estimated Tax Rate (Net Town Exp to Raise/Prop Value x 1000 Tax Rate (Raised per Recap/Prop Value x 1000)		\$17.49	\$17.15	\$17.03	\$16.98	\$16.90
Tax bill on \$538k home Tax bill on \$538k home - real tax rate		\$9,410	\$9,224	\$9,162	\$9,134	\$9,093

Source: Town of Hamilton Budget Forecast

Revenues

Revenue Summary
Property Tax Levy
State Aid
Local Receipts
Free Cash
Other Available Funds
Enterprise Funds
Community Preservation

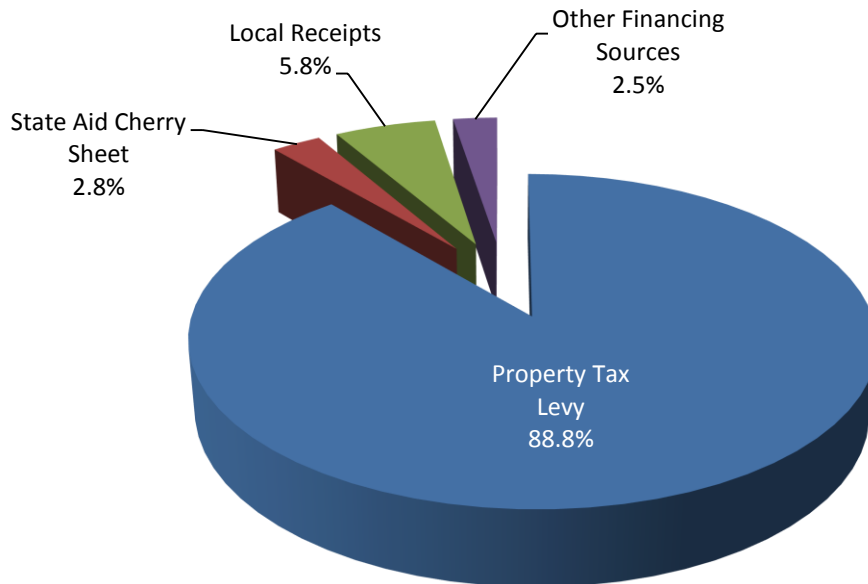
Revenue Summary

This section expands on the information in the revenue and expenditure overview. It details the major revenue sources and includes an explanation of the underlying assumptions for the revenue estimate and discussion of any significant revenue trends. If the revenues are based on trend information, the trends and the underlying assumptions should be adequately described. Each type of revenue reported in the overview should be detailed in this section.

Total revenue for FY2019 operating budget is projected at \$33,216,509, an increase of \$328,942 or 1.0%. Of this total, \$30,200,337 is from four major categories of revenue dedicated to support the General Fund, including \$1,451,342 from debt exclusion overrides to support borrowing for capital projects, equipment, and renovate buildings and schools. The total General Fund increase is \$985,583 or 3.29%. The remaining two sources of revenue funding the self-supporting components of the budget are from the enterprise fund (decreasing \$75,696) and dedicated to community preservation (decreasing \$580,946).

Revenue Summary						
	FY2017 Actual	FY2018 Actual	FY2019 Budget	FY2020 Proposed Budget	Dollar Change	Percent Change
General Fund						
Property Tax Levy	\$ 25,162,290	\$ 25,600,839	\$ 27,516,935	\$ 30,254,844	\$1,916,097	7.48%
State Aid Cherry Sheet	811,726	865,826	876,613	897,453	10,787	1.25%
Local Receipts	2,017,613	1,891,010	1,806,789	1,806,789	(84,221)	-4.45%
General Fund Revenues	27,991,629	28,357,675	30,200,337	32,959,086	1,842,663	
Other Financing Sources						
Free Cash	750,000	1,148,935	375,360	-	(773,575)	
Available Funds	252,217	106,775	3,350	-	(103,425)	
Transfer from Enterprise Funds	414,489	386,157	406,078	-	19,921	5.16%
Total General Fund	\$ 29,408,335	\$ 29,999,542	\$ 30,985,125	\$ 32,959,086	\$ 985,583	3.29%
Enterprise Funds						
Water Enterprise	\$2,058,020	\$1,489,914	\$1,414,218	\$0	(75,696)	-5.08%
Waste Reduction	580,259	-	-	-	-	
Enterprise Fund Revenues	\$ 2,638,280	\$ 1,489,914	\$ 1,414,218	\$ -	\$ (75,696)	-5.08%
Community Preservation						
Community Preservation	695,079	1,398,111	817,166	-	(580,945)	-41.55%
Total Revenues	\$ 32,741,694	\$ 32,887,567	\$ 33,216,509	\$ 32,959,086		

General Fund Revenue Sources



Source: Hamilton CCC Budget Master Workbook – Revenue Summary

Property Tax Levy

The property tax levy is revenue a community can raise through real and personal property taxes. This is the primary source of revenue for virtually every Massachusetts municipality. In Hamilton, property taxes represent approximately 85% of the annual operating revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment). State law mandates that communities update the property values every five years and obtain certification from the Department of Revenue that such values represent full and fair cash value. The Town completed this process in FY2015.

Under the Provisions of Proposition 2½, property taxes, in the aggregate, may not exceed 2½% of their full and fair cash value. This limit is known as the levy ceiling. Annual levy increases may not exceed 2½% of the previous year's levy plus the taxes added from any new or renovated property added to the tax rolls (known as new growth). The levy limit can be equal to or less than the levy ceiling. Any Proposition 2½ override or debt exclusion amounts approved by voters are added to the levy limit.

Property values and new growth for FY2019 are preliminary estimates used to project the levy limit. The FY2018 levy limit was \$28,529,660. The 2½% increase allowed for FY2019 is \$679,964. New growth from construction not previously on the tax rolls is expected to add \$150,000 to the FY2018 levy. An additional \$1,491,415 is added to the tax levy to cover the cost of debt service for projects approved by the voters as Proposition 2½ debt exclusion overrides.

Property Tax Levy						
	FY2017 Actual	FY2018 Actual	FY2019 Recap	FY2020 Projected	Dollar Change	Percent Change
Prior Year Levy Limit	\$ 25,261,526	\$ 26,219,976	\$ 27,198,556	\$ 28,024,238	\$ 825,682	2.95%
Amended New Growth	-	-	-	-	-	
2.5% increase	631,538	655,499	679,964	700,606	20,642	2.95%
New Growth	326,912	323,081	145,718	130,000	(15,718)	-12.09%
Prop 2.5% Override	-	-	-	-	-	
Tax Levy Limit Total	\$26,219,976	\$27,198,556	\$28,024,238	\$28,854,844	\$830,606	3.05%

Excluded Debt	1,487,076	1,331,104	1,451,342	1,400,000	(51,342)	-3.67%
Capital Expenditure Exclusion(s)	-	-	-	-	-	
Stabilization Fund Override	-	-	-	-	-	
Other Adjustment	-	-	-	-	-	
Maximum Allowable Levy	\$ 27,707,052	\$ 28,529,660	\$ 29,475,580	\$ 30,254,844	\$ 779,264	2.58%

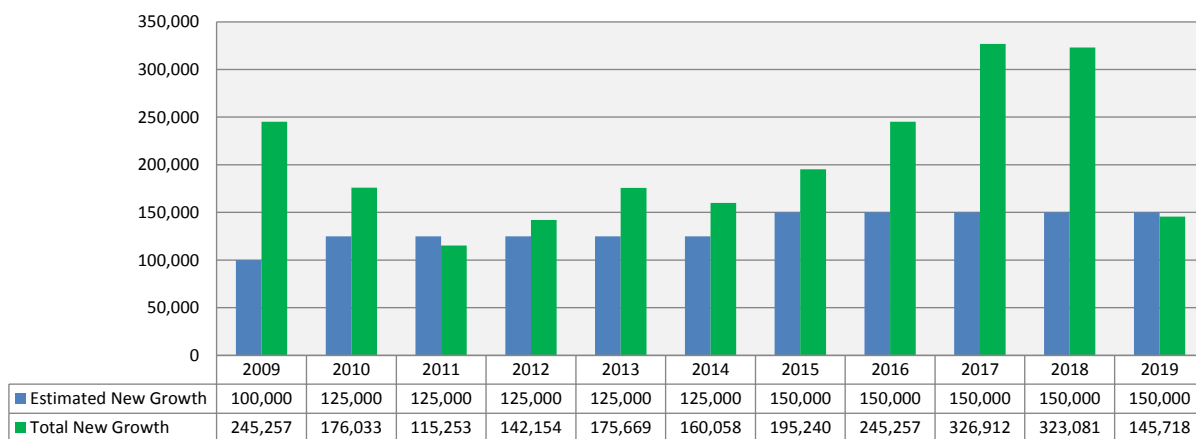
Excess Levy Capacity	2,544,762	2,928,821	1,958,645			
Tax Levy Total	\$ 25,162,290	\$ 25,600,839	\$ 27,516,935	\$ 30,254,844	\$ 1,916,097	6.33%

Levy Ceiling \$ 37,421,610 \$ 39,458,752 \$ 41,742,923

Source: Hamilton CCC Budget Master Workbook – Revenue

New growth includes increases in a property's assessed value since the prior year due to development or improvements, exempt real property returning to the tax roll, new personal property and new subdivision parcels and condominium conversions. The value of the new growth is calculated by multiplying the increase in the assessed valuation of qualifying property by the prior year's tax rate. It has been the Town's practice to conservative estimate new growth during the development of estimated revenues. The table below shows the amounts used in the budgeted process versus the amount of new growth certified by the Department of Revenue for the last ten years.

Estimated and Actual New Growth



Source: Hamilton CCC Budget Master Workbook – New Growth

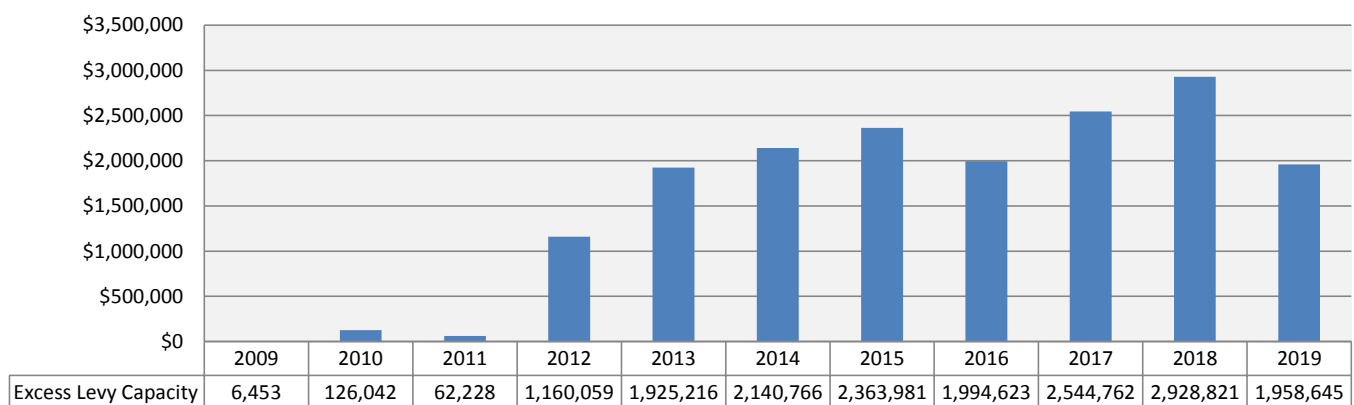
A debt exclusion assesses additional taxes in excess of the levy limit for the payment of specific debt service costs related to capital projects. This exclusion requires a two-thirds vote of the board of selectmen in order to be presented to the voters, where a majority vote is required. The ballot must state the purpose or purposes in which the monies from the debt issue will be used. The additional amount for the payment of debt service is added to the levy limit for the life of the debt only and therefore is considered temporary. The exclusions do not become part of the levy limit for which future years are calculated.

Date of Ballot Vote	Purpose of Exclusion Vote	Date of Original Note/Bond	Original Issue Amount	Town or School	2019		
					Gross Debt Service Excludable	Reimbursement/ Adjustments	Net Excluded Debt
02/15/1996	Design, construct various school projects	05/01/1999		S	462,869	0	462,869
04/01/1998	Construct water treatment facilities	05/15/2000	1,623,000*	T	174,900	87,450	87,450
05/13/1999	Design, construct, equip new joint library	06/01/2001	1,065,000*	T	116,600	0	116,600
05/11/2006	Design, construct, equip new public safety building	09/15/2005	2,825,000*	T	357,000	0	357,000
05/26/2011	Closing and capping town landfill	05/21/2015	1,302,000	T	120,858	4,568	116,290
05/26/2011	Closing and capping town landfill	05/10/2017	194,000	T	43,000	0	43,000
11/06/2012	Winthrop, Butler, Buker school updates	10/22/2013		S	83,124	0	83,124
04/11/2013	Essex North Shore school updates	01/01/2011		S	21,877	0	21,877
11/21/2013	Buker & Winthrop Boilers/Windows	10/19/2016	1,531,000	S	76,901	0	76,901
04/16/2015	Fire Department ladder truck	05/21/2015	840,000	T	89,600	3,369	86,231
Totals					1,546,729	95,387	1,451,342

Source: Hamilton CCC Budget Master Workbook – Excluded Debt

As stated, the levy limit may be less than or equal to the levy ceiling. If the amount appropriated by the community is less than the levy limit, there is excess levy capacity. This is an additional amount that could have been raised in taxes but was not. Hamilton has made an effort to increase the amount of excess capacity over the last several years. In FY2019, the amount of excess capacity was \$1,958,645.

Excess Levy Capacity



Source: Hamilton CCC Budget Master Workbook – Levy Capacity

The annual change in tax levy is the accumulation of the increases: automatic 2½%, new growth, any proposition 2½ overrides, and the current year excluded debt service, less the excess capacity, or the amount not raised.

Tax Levy Change Components



Source: Hamilton CCC Budget Master Workbook – Levy Components

State Aid

State Aid is the combination of program revenues and reimbursements a community receives from the state as reported on the Cherry Sheet, which is the official notification of estimated aid to be paid and charges to be assessed. Aid proposals begin with the Governor’s budget to the legislature in late January and continue through the spring into June, when the House and Senate approve the final budget. Therefore the amounts provided in this document are subject to change prior to the Annual Town Meeting.

Unrestricted General Government Aid (UGGA)

In FY2019 UGGA is expected to increase \$23,491, or 3.5% to \$694,676. This increase is due to Governor Baker’s policy of having UGGA increase at the same rate that projected State revenues increase each year. In FY2009 Hamilton received in excess of \$800,000 in Additional Assistance and Lottery Aid which has since been combined as Unrestricted General Government Aid. While this account is increasing over the last few years, it is still close to 14% less than the 2009 peak.

Veterans Benefits

Under M.G.L. Chapter 115, Section 6, calls for the reimbursement to cities and towns of the costs of providing assistance to veterans and their dependents. Benefits (i.e., financial, medical, and burial) paid out in accordance with state guidelines are eligible for 75% reimbursement in the following year. For FY2019 the preliminary Cherry Sheet estimate is \$14,644, less than half from the previous year.

State Owned Land

A portion of state aid reimburses municipalities for foregone tax revenue due to certain types of tax exempt state-owned land. Hamilton receives reimbursement for the 550 acre Hamilton Bradley Palmer State Park and the 2.6 acre Chebacco Lake boat ramp. FY2019 the estimate is \$127,022, a 1.6% increase from FY2018.

Tax Exemption Aid

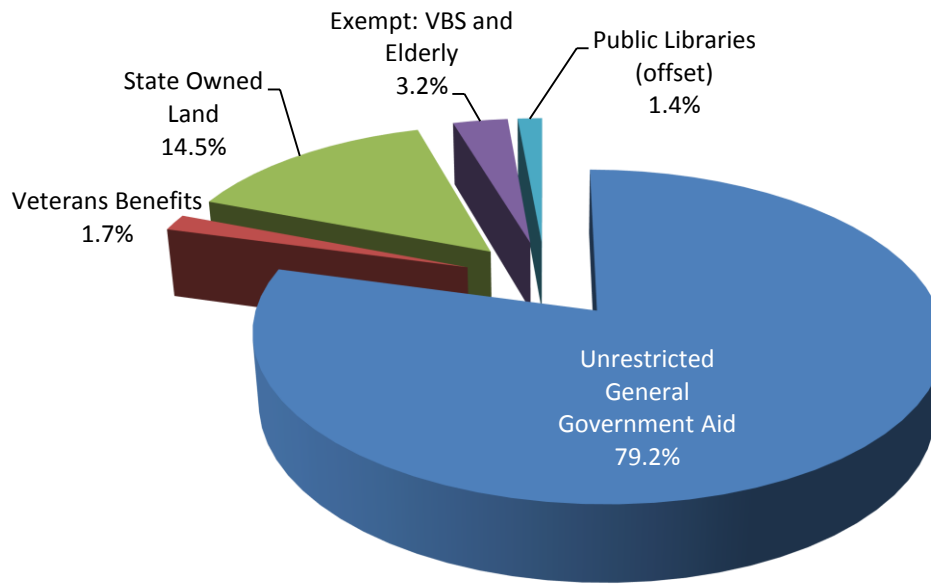
There are several categories of property tax exemptions for which the State provides reimbursement to municipalities subject to appropriation. Veterans, blind persons, surviving spouses, and elderly who meet exemption requirements are eligible. For FY2019, Hamilton's reimbursements are expected to increase \$574 to a total of \$37,719.

Cherry Sheet Offsets

Included in the estimated amount of aid to be received from the State are grant funds for libraries. These grants are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State Aid estimate is also included in the non-appropriated expense section as offsetting debits.

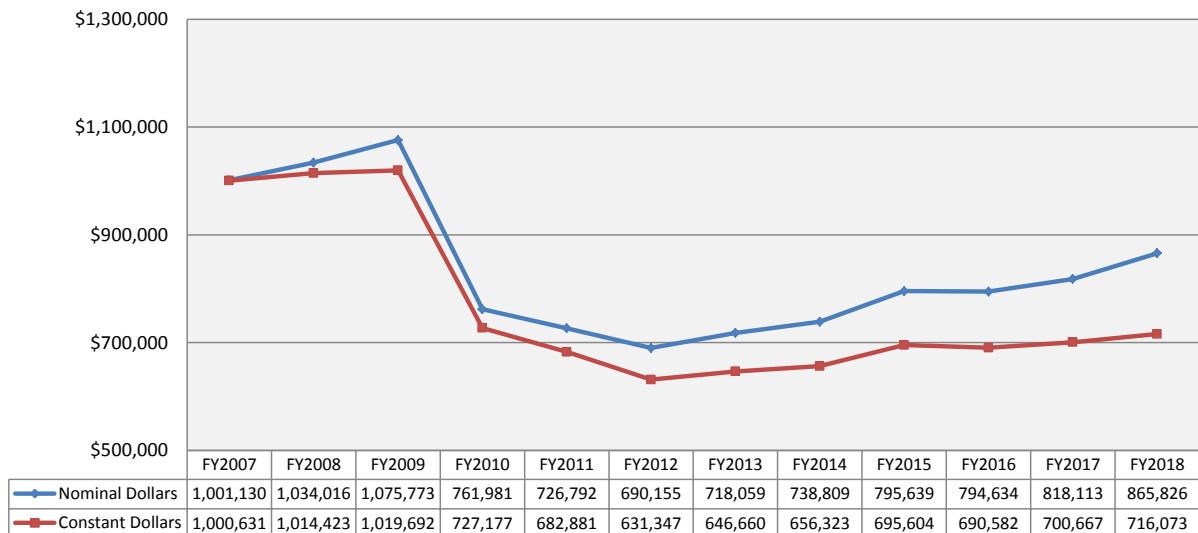
State Aid						
	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Projected	Dollar Change	Percent Change
Unrestricted General Government	\$ 645,991	\$ 671,185	\$ 694,676	\$ 715,516	\$ 20,840	2.91%
Veterans Benefits	31,057	30,388	14,644	14,644	-	0.00%
State Owned Land	125,140	125,021	127,260	127,260	-	0.00%
Exempt: VBS and Elderly	9,538	27,145	27,719	27,719	-	0.00%
Public Libraries (offset)	-	12,087	12,314	12,314	-	0.00%
State Aid Total	\$ 811,726	\$ 865,826	\$ 876,613	\$ 897,453	\$ 10,787	1.20%

State Aid



Source: Hamilton CCC Budget Master Workbook – Revenue

State Aid History



Source: Hamilton CCC Budget Master Workbook – State Aid

Local Receipts

Local receipts are locally generated revenues other than real and personal property taxes, such as motor vehicle excise, penalties and interest, investment income, departmental revenue, charges, and fees. Local receipts generally reflect the health of the local economy and can significantly impact free cash. Collections in excess of estimates are a source of free cash.

During the development of the estimated revenue for the ensuing year, each of these groupings is reviewed. The analysis includes comparing the actual amounts collected over the last three completed years, the amount calculated as the five year average, the amount calculated at 85% of the last completed year's collections, and highlighting any receipts that have fluctuation over the years or that appear to be not on target for the current fiscal year.

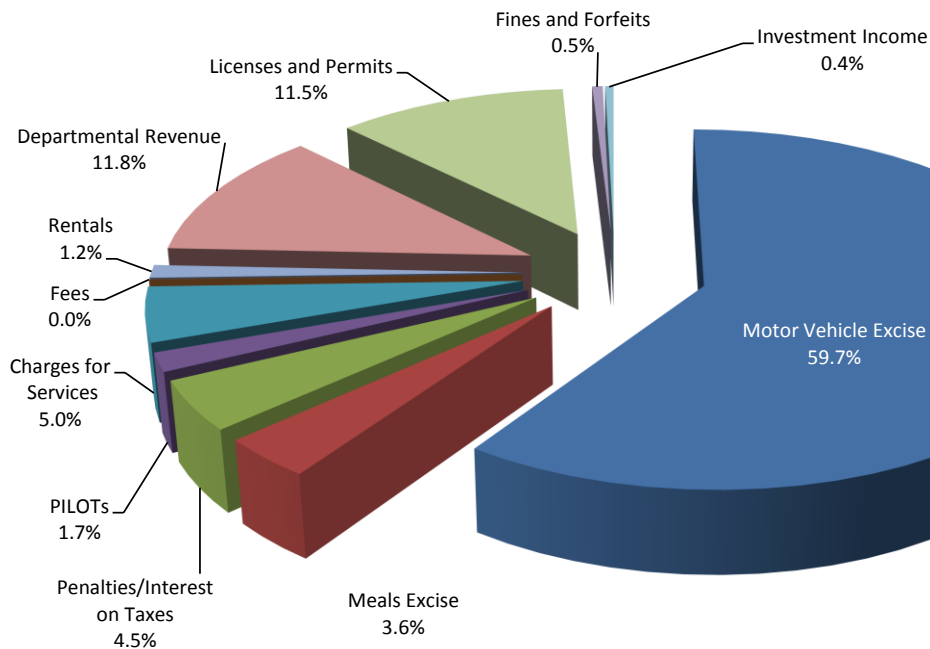
Motor vehicle excise tax provides close to 60% of total local receipts. Authorized by Massachusetts General Law, the excise rate is \$25 per thousand and is assessed on 90% of the vehicle's value in the first year, 60% in the second year, 40% in the third year, 25% in the fourth year and 10% for all remaining years. The value is determined by the Registry of Motor Vehicles (RMV) using a formula based on a manufacturer's list price and year of manufacture. The Town in which a vehicle is principally garaged at the time of registration is entitled to the motor vehicle excise tax. Because the RMV utilizes a tracking system that helps to ensure payment of the motor vehicle excise tax and individuals that do not pay the excise tax will not be allowed to renew registrations and driver's licenses until the tax has been paid, this revenue is dependable in its collection and for this budget.

For FY2020, local receipts are projected to increase by a conservative \$xx,xxx or x.x%. The trend of increasing excise tax collections and current economic conditions support a revenue projection increase of a 2%; whereas all but meals tax (1.6% increase) show an increase of 1%.

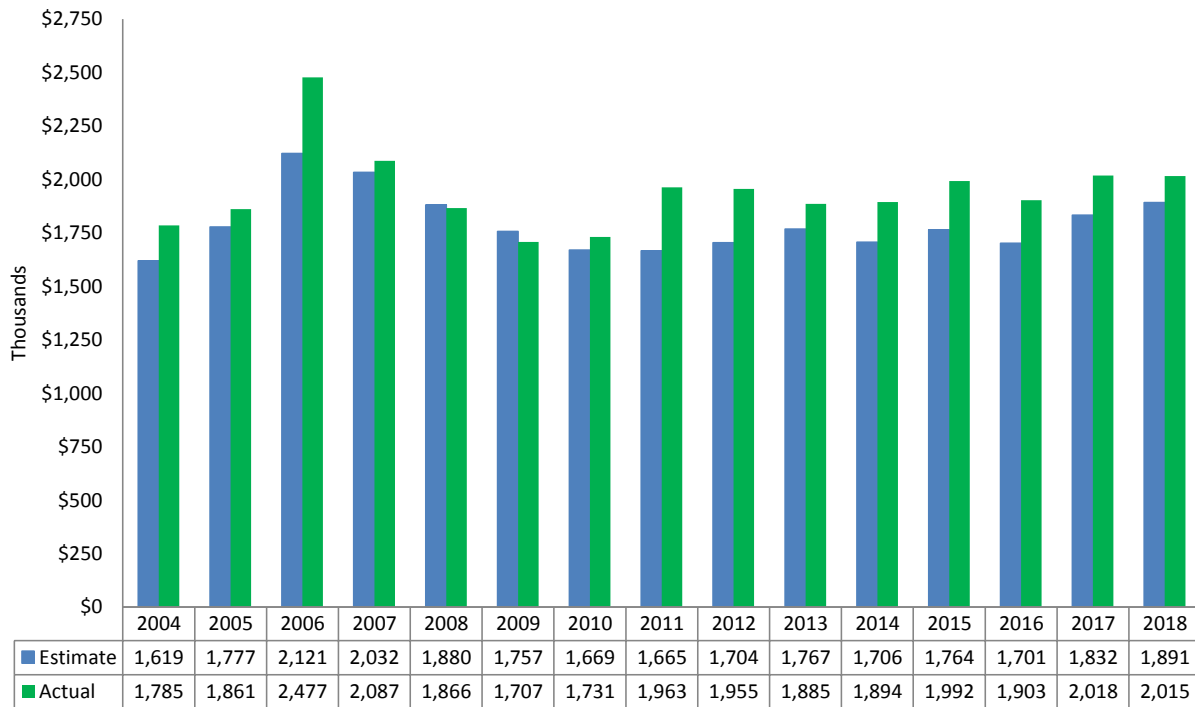
Local Receipts						
	FY2017 Actual	FY2018 Actual	FY2019 Recap	FY2020 Projected	Dollar Change	Percent Change
Motor Vehicle Excise	1,200,868	1,175,007	1,075,000	1,075,000	-	0.00%
Meals Excise	71,764	74,880	65,000	65,000	-	0.00%
Room Excise	0	0	0	0	-	
Other Excise	2,197	1,747	1,700	1,700	-	0.00%
Penalties and Interest on Taxes	87,389	90,764	77,900	77,900	-	0.00%
PILOTs	33,687	32,589	32,000	32,000	-	0.00%
Charges for Services (all)	148,137	90,416	106,389	106,389	-	0.00%
Fees	28	660	550	550	-	0.00%
Rentals	24,760	12,000	12,000	12,000	-	0.00%
Departmental Revenue (all)	146,132	215,267	161,200	161,200	-	0.00%
Licenses and Permits	185,283	235,125	245,100	245,100	-	0.00%
Fines and Forfeits	10,043	7,569	6,950	6,950	-	0.00%
Investment Income	12,901	19,860	8,000	8,000	-	0.00%
Medicaid Reimbursement	0	0	0	0	-	
Misc Recurring	26,721	15,340	15,000	15,000	-	0.00%
Misc Non-Recurring	67,704	76,374	0	0	-	
Local Receipts Total	\$ 2,017,613	\$ 2,047,598	\$ 1,806,789	\$ 1,806,789	\$ -	0.00%
	6.0%	1.5%	-11.8%	0.0%		

Source: Hamilton CCC Budget Master Workbook – Revenue

Local Receipts



Local Receipt Estimates and Actuals



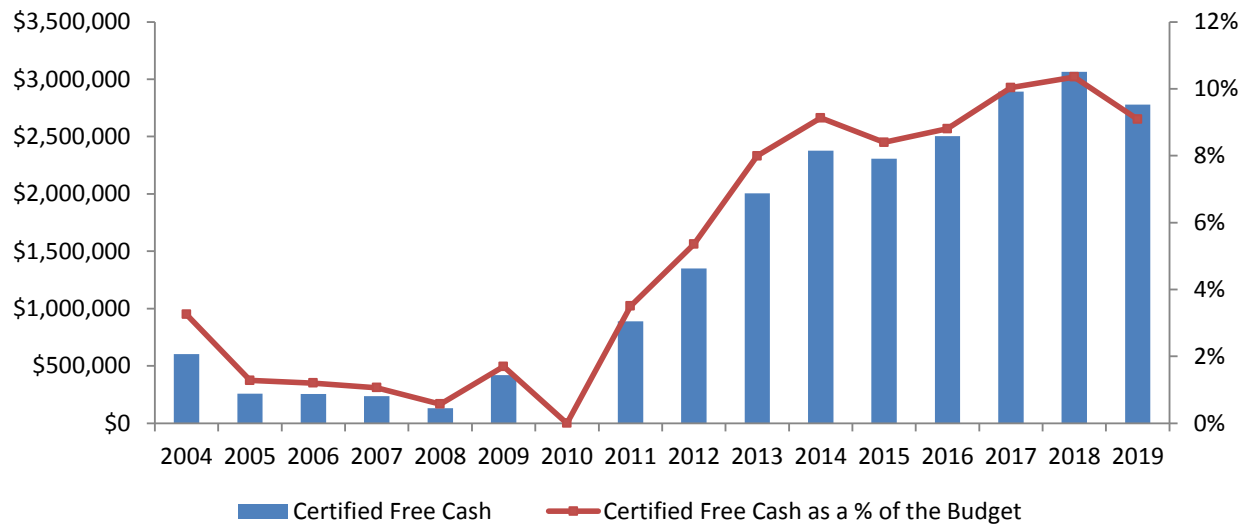
Source: Hamilton CCC Budget Master Workbook – Local Receipts

Free Cash

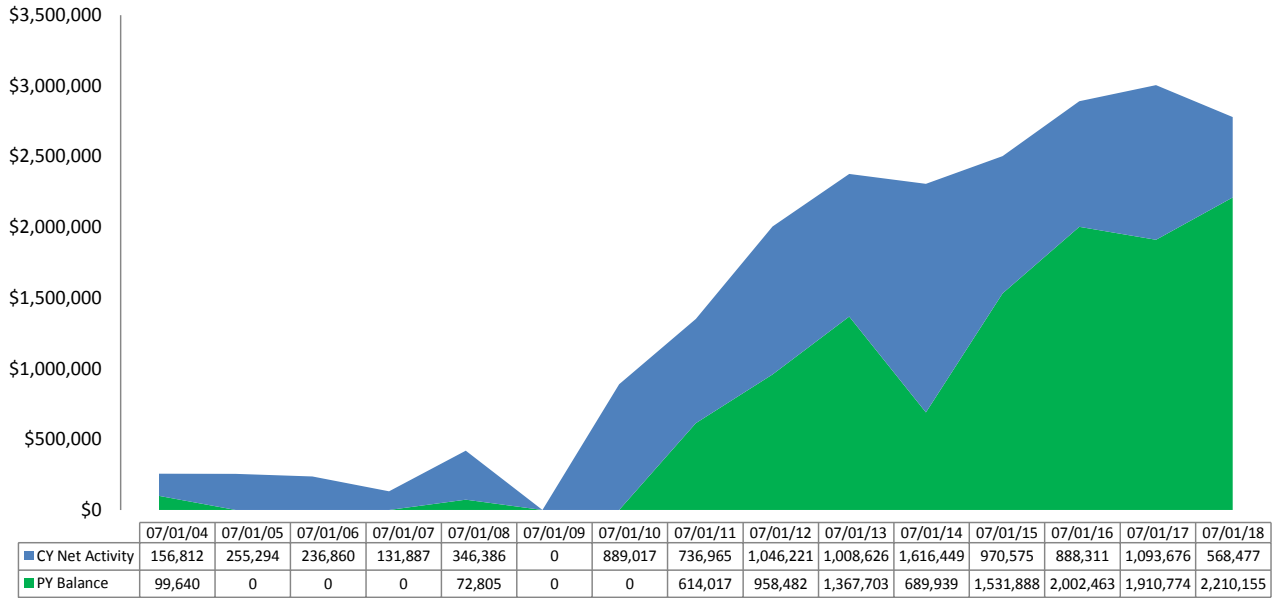
Free Cash, which is certified as of July 1 each year by the Department of Revenue's Division of Local Services, represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental appropriations during the year, to support the ensuing fiscal year's budget, to reduce the tax levy, or to serve as emergency reserves. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/ or when actual expenditures are less than appropriated. It is also affected by increases or decreases in uncollected property taxes, non- General Fund deficit balances, and any other legally incurred operating deficits, such as snow removal overdrafts.

The Town's free cash balance as of June 30, 2018 was \$2,778,632 or 9.1% of the operating budget, dipping slightly from the healthy free cash growth over the past several years, but still well above the Town policy annual goal of 3 to 5%. Also in accordance with Town policy as a foundation for free cash, Hamilton appropriated less than 40% for the last three years. During this time, free cash has consistently been used to reduce the tax rate.

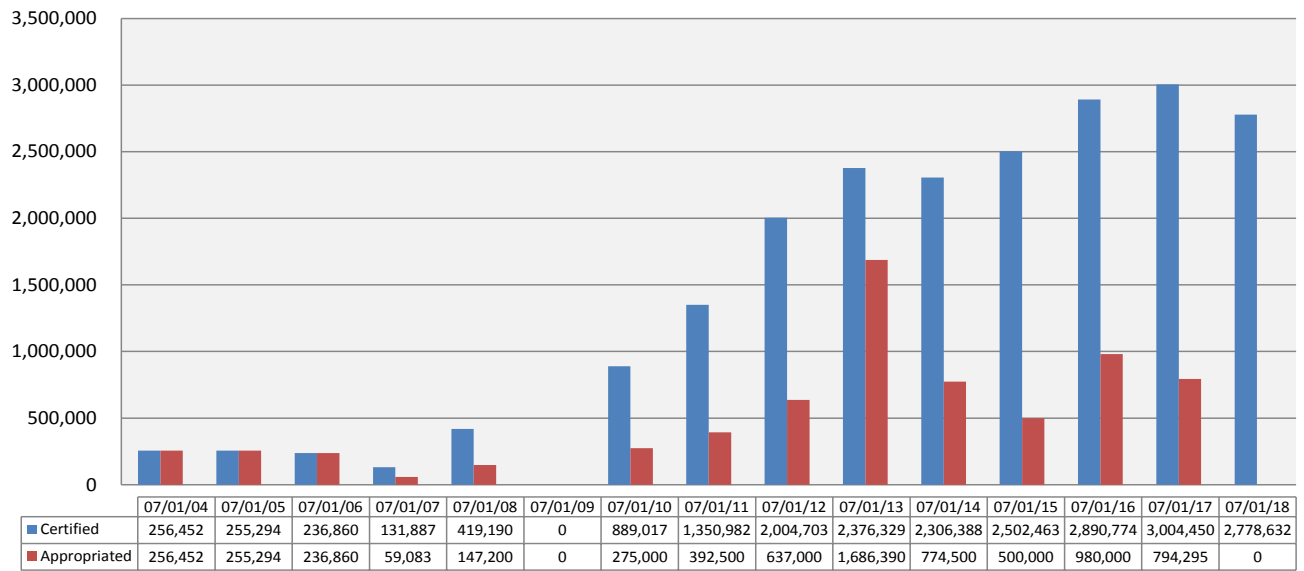
Certified Free Cash as a Percentage of the Operating Budget



Free Cash Prior Year Balance and Current Year Net Activity



Free Cash Certification and Usage



Source: Hamilton CCC Budget Master Workbook – Free Cash

Other Available Funds

Available funds are balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise retained earnings.

Available Funds						
	FY2017 Actual	FY2018 Budget	FY2019 Recap	FY2020 Projected	Dollar Change	Percent Change
General Fund Purposes						
General Stabilization Fund	\$ -				\$ -	
Overlay Surplus	-	-			-	
Cemetery Perpetual Care	-	-	-		-	
Sale of Lots and Graves	2,000	2,000	2,000		(2,000)	
Bond Premiums	-	-	-		-	
Transfer to the General Fund	-	79,557	-		-	
Miscellaneous	-	-	-		-	
Available Funds General Fund	\$ 2,000	\$ 81,557	\$ 2,000		\$ (2,000)	
Other Purposes						
General Stabilization Fund	\$ 250,000	\$ -			\$ -	
Recreation Fields Stabilization	-	-			-	
Overlay Surplus	-	-			-	
Clark Property	217	218	1,350		(1,350)	
Patton Homestead	-	-			-	
Recreation Revolving Fund	-	25,000			-	
Miscellaneous	-	-			-	
Available Funds Other Purposes	\$ 250,217	\$ 25,218	\$ 1,350		\$ (1,350)	
Available Funds Total	\$ 252,217	\$ 106,775	\$ 3,350		\$ (3,350)	

Source: Hamilton CCC Budget Master Workbook – Revenue

Enterprise Funds

Authorized by MGL c. 44 § 53F½, an enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of a service's total costs recovered through user charges and the portion subsidized by the tax levy, if any.

With an enterprise fund, all costs of service delivery — direct, indirect, and capital costs — are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the surplus or retained earnings by the operation of the enterprise rather than closing it out to the general fund at year-end. Presently, Hamilton has a single enterprise fund for the town's water operation.

The water enterprise fund is financed by water related fees and user charges. The enterprise fund reimburses the General Fund for costs associated with a variety of the Town services, including those offered by the town manager, finance director, and treasurer/collector. Additionally, the enterprise fund provides reimbursement for employee benefits costs, retirement costs, property and casualty insurance, and workers compensation costs.

Enterprise Funds						
	FY2017 Actual	FY2018 Budget	FY2019 Recap	FY2020 Projected	Dollar Change	Percent Change
Usage and Service Charges	\$1,712,592	\$1,794,571	\$1,712,500		\$ (1,712,500)	
Water Liens	75,238	53,500	46,500		(46,500)	
Penalties and Interest	0	0			-	
Investment Income	4,420	2,000	1,000		(1,000)	
Miscellaneous	0	0			-	
Transfer from Other Funds	100,000				-	
Retained Earnings		26,000	60,296		(60,296)	
Total Water Revenue	\$1,892,250	\$1,876,071	\$1,820,296		\$ (1,820,296)	
Usage and Service Charges	\$10,257	\$0	\$0	\$0	\$0	
Other	60,700	0	0	0	\$0	
Transfer from Other Funds	509,302	0	0	0	\$0	
Retained Earnings	0	0	0	0	\$0	
Total Waste Reduction Revenue	\$580,259	\$0	\$0	\$0	\$0	
Total Enterprise Revenues	\$2,472,509	\$1,876,071	\$1,820,296		(\$1,820,296)	

Source: Hamilton CCC Budget Master Workbook – Revenue

Community Preservation

Massachusetts General Law, Chapter 44B, allows Massachusetts cities and towns to raise funds through a surcharge of up to 3% of the real estate tax levy on real property. These funds may then be used to address three core community concerns:

- Acquisition and preservation of open space
- Creation and support of community housing
- Acquisition and preservation of historic buildings and landscapes

The citizens of Hamilton voted to adopt the Community Preservation Act (CPA) in May 2005. This program creates a 2% surcharge on real estate taxes for all residences and businesses, with exemptions for the first \$100,000 of residential property value and property owned and occupied by any person who qualifies for low income housing or low or moderate income senior housing. This surcharge is then matched by a state fund. To date, the CPA has funded much-needed renovations to historic Town Hall and other historic buildings in Hamilton, the creation of new community housing, and enhancements to popular recreational areas.

Community Preservation						
	FY2017 Actual	FY2018 Budget	FY2019 Recap	FY2020 Projected	Dollar Change	Percent Change
Surcharge	\$ 405,388	\$ 408,790	\$ 421,766		\$ (421,766)	
State Trust Fund Distribution	81,253	60,940	50,000		(50,000)	
Miscellaneous	12,791	-	-		-	
					-	
Total Annual Revenues	\$ 499,432	\$ 469,730	\$ 471,766		\$ (471,766)	
Reserves/Balances voted at TM	\$ 195,647	\$ 928,381	\$ 345,400		\$ (345,400)	
Other Miscellaneous	-	-			-	
	\$ 195,647	\$ 928,381	\$ 345,400		\$ (345,400)	
Total Annual CPF Revenues	\$ 695,079	\$ 1,398,111	\$ 817,166		\$ (817,166)	
Total Revenue	\$ 32,161,434	\$ 33,044,155	\$ 33,216,509		\$ -	0.0%

Source: Hamilton CCC Budget Master Workbook – Revenue

Departmental Budgets

Administration and General Government
Public Safety
Department of Public Works
Health and Community Services
Shared Regional Services
Water Enterprise Fund
Community Preservation Fund

Departmental Budgets

This section requires a clear presentation of the departments within the budget document. This includes a narrative description of the services, functions, and activities of the department.

The town manager should review each mission statement with the department head to make sure it is current, clearly explains what the department does and whom it serves, and articulates the benefits of the service or operation. Just as the select board annually develop goals and objectives with the town manager by which to assess his achievements, so should the town manger work with department heads to do the same. Goals are broad statements of purpose, while objectives are the specific, measurable steps necessary to accomplish goals. These should be annually reviewed and updated.

Departmental presentations should be consistent between departments with each department using a standard format (e.g., font size and type, margins, paragraph alignment and spacing, bullet points, indentation, orientation) While meant to be comprehensive, the discussions should be focused and concise and the financial information clearly reported.

The key sections to provide context to each department's budget request are:

1. Department Overview
2. Personnel Summary
3. Department Budget: Overview, Personal Services, Expenditures

Department Overview: This section of the budget document is where the department goes beyond the detailed financial reports and describes its programs or services, what it needs to deliver those programs or services, and how it plans to meet the objectives. It should also include the department's accomplishments, challenges, and any future initiatives.

Mission Statement: The mission statement is an overarching communication of the department's values and role in serving the community. This is unlikely to change from one year to the next.

Description of Programs and Services: An overview of the department's responsibilities, services, and structure, including any divisions. This can include:

- Hours of operation, address, phone number, and contact information
- Identify any changes in services levels (increase or reduction)

- Activities required by law
- Services that are provided by an outside consultant or vendor

Prior Year Major Accomplishments: A recap of the three to five most important prior-year goals and objectives that have been accomplished should be reported.

Current Year Goals and Objectives: Based on discussion with the Town Manager, outline three to five of the department's most important policy-driven goals and objectives. Goals are broad statements of purpose, while objectives are the specific plans of action accomplish the goals. Goals may span a few fiscal years, but objectives should be updated and completed annually. Challenges, issues, and opportunities should be discusses with a focus on the future, key decision points, and solutions.

Performance Measures: Typically included in the respective departmental section of the budget document, each department is encouraged to present performance measures that link with the goals of both the overall town and the department. Performance measures should include input, output, efficiency, and effectiveness measures and their relationship to achieving desired outcomes Include measures for the prior, current, and upcoming budget year

Personnel Summary

Organization Chart: Use the organization chart to show the department's internal structure, as well as any indirect reporting relationships to committees or other town bodies. Omit employee names in favor of official position titles, so that the chart can be reused year to year.

Staffing Schedule: Summarize the departmental headcount over a period of time, including the upcoming budget year, by position or official title. All positions or titles must correspond to the organization chart and to the town-wide organization chart, along with the overall personnel summary.

Department Budget

Budget Overview: Provide an actual summary by core function (i.e., Personal Services, Operating Expenses, and Capital) for the last three years, plus the budgeted amount for the current year, and the requested amount for the budget year Include the number of full- and part-time personnel for the same period.

For each category, explain any major changes in the current year's request from the previous year's appropriation. Also identify specific cost drivers and describe how they factor into proposed increases, distinguishing between one-time costs and permanent additions to the department's operating budget. This includes any contractual agreements for union personnel and wages determined by a wage schedule. When appropriate, provide the rationale for any budget enhancements and explain the need they address and how this will impact the department's ability to provide services, meet its objectives, and fulfill its mission.

Administration and General Government

Example

Finance Department Mission

The Finance Department's mission is to safeguard the financial assets of the Town of Hamilton through the use of professional financial practices in order to preserve and enhance the Town's financial integrity. The Finance department is responsible for the maintenance of all financial records to ensure compliance with federal, state and local laws. This includes recording all Town revenues and expenditures, and oversight of all departmental appropriations.

Other responsibilities of the Finance department include, but not limited to, processing accounts payable, preparing 1099 forms, assisting with employee benefits information, overseeing payroll processing and W-2 forms, fulfilling state reporting requirements, such as: Schedule A (detailed statement of revenues and expenditures), preparing annual balance sheet for free cash certification and assisting with the Tax Recapitulation preparation.

The Finance Director shall direct the activities of the other finance related offices, consisting of: Assessing, Treasury, Collections and the oversight of the Information Technology operations.

Organizational Chart

Goals and Objectives

- Continue to develop financial policies to improve financial procedures and expand internal controls to efficiently manage the Town's financial resources.
- Continue to strive toward setting the tax rate by the middle of November and improving timeliness of state required reporting.
- Provide cross training for all positions within all the Finance Department offices to assist during peak times.
-

Accomplishments

- Completed two tax takings in order to be able to set a regular cycle so that one initial taking is done each fiscal year.
- Submitted and had tax rate approved by middle of November.

Significant Budget Changes or Initiatives

Accounting

The Accounting office budget...

Assessors

The Assessors office budget...

Treasurer/Collector

Programs and Services

**Finance Director
Town Accountant**

Accounting

- Maintain Legal & Regulatory Compliance
- Produce and Distribute Financial Reporting
- Process Accounts Payable
- Manage Projects
- Manage Grants

Assessing

- Maintain Property Valuations
- Perform Property Inspections
- Approve Tax Abatements and Exemptions
- Manage Appellate Tax Board Cases

Treasurer

- Reconcile Cash
- Process Cash Receipts and Disbursements
- Manage Town Investments
- Manage Town Debt
- Process Payroll & Reporting
- Administer Benefits

Collector

- Bill & Collect Real Estate & Personal Property Taxes
- Bill & Collect Motor Vehicle Excise Taxes
- Manage online Payment Services
- Produce Municipal Lien Certificates

Source: Hamilton CCC Budget Master Workbook – Finance Programs

Personnel Summary

Finance Offices					
Personnel Summary					
Position	FY2016 FTE	FY2017 FTE	FY2018 FTE	FY2019 FTE	FY2020 FTE
Finance Director	1.00	1.00	1.00	1.00	1.00
Assistant Town Accountant	1.00	1.00	1.00	1.00	1.00
Treasurer/Collector	1.00	1.00	1.00	1.00	1.00
Director of Assessors	1.00	1.00	1.00	1.00	1.00
Total Full-Time Equivalent	4.00	4.00	4.00	4.00	4.00

Source: Hamilton CCC Budget Master Workbook – Finance Offices

Personnel Notes

Recommended Operating Budget

Finance Department					
Account Number	Description	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Budget
Accounting					
	Personal Services				
0100-05-100-135-000-510010-	PERMANENT WAGES	118,381.33	164,738.17	192,069.21	-
0100-05-100-135-000-510015-	P/T PERMANENT WAGES	-	26,676.00	26,676.00	-
0100-05-100-135-000-510030-	OVERTIME WAGES	6,471.33	2,125.80	2,125.80	-
0100-05-100-135-000-510093-	RETIREMENT PAYOUT	-	-	-	-
	Total Personal Services	124,852.66	193,539.97	220,871.01	-
	Expenses				
0100-05-100-135-000-530010-	PROFESSIONAL EMPLOY TRAINING	80.00	7,243.00	7,243.48	-
0100-05-100-135-000-530014-	AUDITING & INVESTIGATIVE SER	38,000.00	45,000.00	45,000.00	-
0100-05-100-135-000-530015-	CONSULTATIVE SERVICES	55,788.81	69,000.00	31,996.00	-
0100-05-100-135-000-530018-	MIS&SOFTWARE SERVICES	59,574.82	65,501.00	65,501.00	-
0100-05-100-135-000-530040-	VOICE DATA & VIDEO SERVICE	15,100.41	16,840.00	16,840.00	-
0100-05-100-135-000-540021-	COMPUTER SUPPLIES	2,222.18	3,000.00	3,000.00	-
0100-05-100-135-000-540090-	FOOD SUPPLIES	45.03	200.00	200.00	-
0100-05-100-135-000-570010-	IN STATE TRAVEL	-	2,350.00	2,350.00	-
0100-05-100-135-000-570020-	OUT OF STATE TRAVEL	-	-	-	-
0100-05-100-135-000-570030-	DUES/BOOKS/SUBSCRIPTIONS ETC	170.00	530.00	530.00	-
0100-05-100-135-000-580072-	REPLACE MIS EQUIPMENT	5,220.07	-	1,500.00	-
	Total Expenses	176,201.32	209,664.00	174,160.48	-
Total Accounting		301,053.98	403,203.97	395,031.49	-
Assessors Department					
	Personal Services				
0100-05-100-141-000-510010-	PERMANENT WAGES	115,040.48	122,035.87	127,713.00	-
0100-05-100-141-000-510015-	P/T PERMANENT WAGES	30,033.59	26,779.48	26,779.48	-
0100-05-100-141-000-510030-	OVERTIME WAGES	183.36	-	-	-
0100-05-100-141-000-510040-	LONGEVITY/STIPEND/DIFFERENTIAL	8,144.08	8,324.00	8,324.00	-
0100-05-100-141-000-510077-	WORKER COMPENSATION	532.99	-	-	-
	Total Personal Services	153,934.50	157,139.35	162,816.48	-
	Expenses				
0100-05-100-141-000-530010-	PROFESSIONAL EMPLOY TRAINING	3,853.78	8,245.00	8,245.00	-
0100-05-100-141-000-530015-	CONSULTATIVE SERVICES	9,667.00	9,675.00	9,675.00	-
0100-05-100-141-000-560093-	GOVERNMENTAL FEES	-	-	-	-
0100-05-100-141-000-570010-	IN STATE TRAVEL	731.63	3,100.00	2,100.00	-
0100-05-100-141-000-570030-	DUES/BOOKS/SUBSCRIPTIONS ETC	1,206.70	1,546.00	1,546.00	-
	Total Expenses	15,459.11	22,566.00	21,566.00	-
Total Assessors Department		169,393.61	179,705.35	184,382.48	-

Finance Department Continued

Account Number	Description	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Budget
Treasurer/Collector	Personal Services				
0100-05-100-145-000-510010-	PERMANENT WAGES	171,844.53	182,415.00	190,954.68	-
0100-05-100-145-000-510030-	OVERTIME WAGES	156.97	1,862.00	1,862.00	-
0100-05-100-145-000-510040-	LONGEVITY/STIPEND/DIFFERENTIAL	994.76	1,500.00	1,500.00	-
0100-05-100-145-000-510093-	RETIREMENT PAYOUT	228.05	-	-	-
	Total Personal Services	173,224.31	185,777.00	194,316.68	-
	Expenses				
0100-05-100-145-000-530009-	BANK & INVESTMENT SERVICE	2,821.61	3,500.00	3,500.00	-
0100-05-100-145-000-530010-	PROFESSIONAL EMPLOY TRAINING	242.00	1,000.00	1,000.00	-
0100-05-100-145-000-530011-	LITIGATION SERVICES	4,013.31	6,000.00	6,000.00	-
0100-05-100-145-000-530013-	BILL COLLECT& DATA SERVICES	21,716.21	25,000.00	25,000.00	-
0100-05-100-145-000-530015-	CONSULTATIVE SERVICES	69.81	-	3,250.00	-
0100-05-100-145-000-530041-	ADVERTISING & PRINTING SERVICE	1,205.84	500.00	500.00	-
0100-05-100-145-000-530042-	POSTAGE AND SHIPPING	9.80	50.00	50.00	-
0100-05-100-145-000-560093-	GOVERNMENTAL FEES	3,890.00	6,000.00	6,000.00	-
0100-05-100-145-000-570010-	IN STATE TRAVEL	1,315.90	2,000.00	2,000.00	-
0100-05-100-145-000-570030-	DUES/BOOKS/SUBSCRIPTIONS ETC	255.00	400.00	400.00	-
0100-05-100-145-000-590060-	BORROWING DISCLOSURE	4,588.95	2,000.00	2,000.00	-
	Total Expenses	40,128.43	46,450.00	49,700.00	-
Total Treasurer/Collector		213,352.74	232,227.00	244,016.68	-
Grand Total Finance Department		683,800.33	815,136.32	823,430.65	-

Source: Town of Hamilton – Munis Expenditure Reports, Hamilton CCC Budget Master Workbook – Finance Budget

Other Financial Information

Capital Planning
Debt Analysis
Changes in Fund Balance


Capital Planning

This section presents an overview of the community's capital financing strategy and identifies the community-driven priorities. As with the operating budget, the current year capital expenditure amounts and funding sources should be included in the capital budget, including a breakdown of cash versus debt-financed projects and the town's framework for managing that balance. Hamilton already has a capital plan showing projects by funding source and department. We recommend including the tables both in summary and project detail sheets only for projects intended for the upcoming year's capital budget.

Topics to include in this section:

- Definition of a Capital Improvement Program
- Definition of Capital Assets and Capital Projects
- The Capital Improvement Program and the Capital Budget
- How the Operating Budget relates to the Capital Budget
- Financing for Capital Projects
- How the CIP is developed with milestones that coincide with the budget calendar

PROJECT DETAIL SHEET

Project Title: Broadcasting Technology Department: Board of Selectmen Category: Departmental Equipment Priority: Desirable Description: Broadcasting media is the most expedient means to transmit information to an audience. The Town would like all Town buildings to have broadcasting capabilities to be able to transmit Boards and Committees meetings to its residents.							
RECOMMENDED FUNDING							
Category	Source of Funds	Total Cost	Estimated Expenditures by Fiscal Year				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study		-					
B. Design		-					
C. Land Acquisition		-					
D. Construction		-					
E. Departmental Equipment		100,000	100,000				
G. Contingency		-					
H. Other		-					
TOTAL		\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Source of Funds Legend 1) Operating Revenues 3) Grant Funds 5) Free Cash 7) Water Enterprise Retained Earnings 2) General Obligation Bonds 4) Trust Funds 6) Water Enterprise User Fees 8) TBD							
Priority Legend Essential Very Desirable Desirable							

Source: Town of Hamilton Capital Improvement Plan

Debt Analysis

Financial data on current debt obligations, the relationship between current debt levels and legal debt limits, and the effects of existing debt levels on current operations comprise this section. Both the legal and policy debt limits should be described in terms of percentage of assessed value or general fund revenues. Topic to discuss:

- Type and Purpose of Debt
- Current Debt Position
- Projected Debt Payments by Project and Fund
- General Obligation Debt – Credit Ratings, Limitations, Affordability

Changes in Fund Balance

This requires that beginning and ending fund balances, as defined in the budget document, be shown for the budget year, as well as revenues, expenditures, and other financing sources/uses for all funds. Most easily presented in chart form, this provides summary financial results of the proposed budgets. Changes in fund balance that exceed 10% and any deficits that require the use of reserves should be discussed

Financial Policies

Capital Planning
Debt Management
Financial Reserves
Forecasting
Investments
OPEB Liability

Financial Policies

The budget document should include adopted long-term financial policies for financial planning, revenues, and expenditures.

Policies to include are:

- Capital Planning
- Debt Management
- Financial Reserves
- Forecasting
- Investments
- OPEB Liability

The Town of Hamilton is committed to safeguarding public funds, protecting local assets, and complying with financial standards and regulations. The Town of Hamilton, through its Board of Selectmen, Town Manager, Finance and Advisory Committee, and employees, commits to:

- Sustaining a consistent level of service and value for residents and businesses
- Safeguarding financial integrity and minimizing risk through a system of internal controls
- Ensuring the quality and maintenance of capital assets
- Conforming to general law, uniform professional standards, and municipal best practices
- Preserving the town's AAA credit rating
- Promoting transparency and public disclosure
- Ensuring accurate and timely reporting

Municipal Financial Glossary

Municipal Financial Glossary

Abatement – A reduction or elimination of a real or personal property tax, motor vehicle excise, fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Agency Fund – One of the four types of fiduciary funds. It is used to report resources in a purely custodial capacity by a governmental unit. Agency funds generally involve only the receipt, temporary investment, and periodic transfer of money to fulfill legal obligations to individuals, private organizations, or other governments. For example, certain employee payroll withholdings typically accumulate in an agency fund until due and subsequently forwarded to the federal government, health care provider, and so forth.

Appellate Tax Board (ATB) – Appointed by the governor, the ATB has jurisdiction to decide appeals from local decisions relating to property taxes, motor vehicle excises, state-owned land valuations, exemption eligibility, property classification, and equalized valuations.

Appropriation – An authorization granted by a town meeting, city council or other legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Assessed Valuation – A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts, assessed valuation is based on the property's

full and fair cash value as set by the Assessors. (See Full And Fair Cash Value)

Assessment Date – The date property tax liability is fixed. In Massachusetts, property taxes are assessed as of the January 1 prior to the fiscal year. Assessors determine the physical status of taxable real and personal property, its ownership, fair cash value, and usage classification as of that date. By local option (MGL c. 59 § 2D), the physical status of real property on June 30 is deemed to be its condition on the previous January 1.

Audit – An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor) resulting in a report on the fairness of financial statements and local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating a community's fiscal performance.

Audit Management Letter – An independent auditor's written communication to government officials, separate from the community's audit. It generally identifies deficient areas, if any, and presents recommendations for improving accounting procedures and other internal controls.

Audit Report – Prepared by an independent auditor, an audit report includes: (a) a statement of the audit's scope; (b) explanatory comments as to the application of auditing procedures; (c) findings and opinions; (d) financial statements and schedules; and (e) supplementary comments, recommendations and statistical tables. It is very often accompanied by a management letter.

Available Funds – Balances in the various fund types that represent nonrecurring revenue sources. As a matter of sound practice, they are frequently appropriated for

unforeseen expenses, capital expenditures, or other one-time costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and retained earnings.

Balance Sheet – A statement that discloses the assets, liabilities, reserves, and equities of a fund or governmental unit as of a specified date.

Betterments (Special Assessments) – Whenever part of a community benefits from a public improvement or betterment (e.g., water, sewer, sidewalks, etc.), special property taxes may be assessed to that area's property owners to reimburse the governmental entity for all or part of the costs it incurred to complete the project. Each property parcel receiving the benefit is assessed a proportionate share of the cost, which may be paid in full or apportioned over a period of up to 20 years. If spread over the years, the community adds one year's apportionment along with one year's committed interest computed from October 1 to October 1 to the associated tax bills until the betterment has been paid.

Block Grant – A federal grant of money awarded by formula under very general guidelines that allow grantees broad latitude in spending activities.

Boat Excise – In accordance with MGL c. 60B, this is an amount levied on boats and ships in lieu of a personal property tax for the privilege of using the state's waterways. Assessed annually as of July 1, the excise is paid to the community where the boat or ship is usually moored or docked.

Bond – A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face

value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond Anticipation Note (BAN) – Short-term debt instrument used to generate cash for initial project costs with the expectation the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be reissued for up to 10 years, provided principal repayment begins after two years (MGL c. 44 § 17).

Bond Authorization – The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor or the board of selectmen. (See Bond Issue)

Bond Counsel – An attorney or law firm engaged to review and submit an opinion on the legal aspects of a municipal bond or note issue.

Bond Issue – The actual sale of the entire, or portion of, the bond amount authorized by a town meeting or city council.

Bond Premium – The difference between the market price of a bond and its face value (when the market price is higher). A premium occurs when the bond's stated interest rate is set higher than its true interest cost (the market rate). Premiums received at the time of sale must be used to pay project costs and reduce the amount borrowed by the same amount or be reserved for appropriation for purposes for which debt has or may be authorized for an equal or longer period than the original loan. Additions to the levy limit

for a Proposition 2 ½ debt exclusion are restricted to the true interest cost incurred to finance the excluded project. If the premium is not used to pay project costs and reduce the amount of a debt-excluded borrowing, the annual debt exclusion must be adjusted to reflect the true interest rate.

Bond Rating (Municipal) – A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard & Poor's, use rating systems that designate a letter or a combination of letters and numerals, where AAA is the highest rating and C1 is very low.

Bonds Authorized and Unissued – Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes but must be rescinded by town meeting or the city council to be removed from community's books.

Capital Asset – Any tangible property used in the operation of government that is not easily converted into cash and that has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure, such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and minimum initial cost.

Capital Budget – An appropriation or spending plan that uses borrowing or direct

outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method to finance each recommended expenditure (e.g., tax levy or rates) and identify those items that were not recommended.

Capital Improvement Program – A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital plan. It coordinates community planning, fiscal capacity, and physical development. While all the community's needs should be identified in the program, there is a set of criteria that prioritize the expenditures.

Capital Outlay – The exchange of one asset (cash) for another (capital asset) with no ultimate effect on net assets. Also known as "pay as you go," it is the appropriation and use of available cash to fund a capital improvement, as opposed to incurring debt to cover the cost.

Capital Outlay Expenditure Exclusion – A temporary increase in the tax levy to fund a capital project or to make a capital acquisition. Such an exclusion requires a two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a communitywide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling.

Cash Book – A source book of original entry that a treasurer is required to maintain for the purpose of recording municipal receipts, adjustments to balances, deposits to municipal accounts, and disbursements through warrants.

Chapter 70 School Aid – Chapter 70 refers to the school funding formula created under the

Education Reform Act of 1993 by which state aid is distributed through the Cherry Sheet to help establish educational equity among municipal and regional school districts.

Chapter 90 Highway Funds – State funds derived from periodic transportation bond authorizations and apportioned to communities for highway projects (MGL c. 90 § 34).

Chapter Land – Forest, agricultural/horticultural, and recreational lands classified, valued, and taxed according to MGL c. 61, 61A, and 61B. Land is valued at its current use rather than the full and fair cash value. The commercial property tax rate is applicable for land defined under these chapters, unless the community adopts a local option provision within each chapter to apply the open space rate.

Cherry Sheet – Named for the cherry-colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns, and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior period for certain programs or services.

Cherry Sheet Assessments – Estimates of annual charges to cover the costs of certain state and county programs.

Cherry Sheet Offset Items – Local aid that may be spent without appropriation in the budget but which must be spent for specific municipal and regional school district programs. Current offset items include racial equality grants, school lunch grants, and public library grants. (See Offset Receipts)

Classification of Real Property – Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified the real property, local officials are permitted to determine locally, within limits established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Classification of the Tax Rate – Each year, the select board or city council vote whether to exercise certain tax rate options. Those options include choosing a residential factor (MGL c. 40 § 56), and determining whether to offer an open space discount, a residential exemption (c. 59, § 5C), and/or a small commercial exemption (c. 59, § 5I) to property owners.

Commitment – This establishes the liability for individual taxpayers. For example, the assessors' commitment of real estate taxes fixes the amount the collector will bill and collect from property owners.

Community Preservation Act (CPA) – Enacted as MGL c. 44B in 2000, the CPA permits cities and towns accepting its provisions to establish a restricted fund from which monies can be appropriated only for a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation, and restoration of historic resources; c) the acquisition, creation, preservation, rehabilitation, and restoration of land for recreational use; d) the acquisition, creation, preservation and support of community housing; e) the rehabilitation and restoration of open space or community housing that is acquired or created using monies from the fund; and (f) a municipal affordable housing trust. Acceptance requires town meeting or city

council approval or a citizen petition, together with referendum approval by majority vote. The local program is funded by a local surcharge up to 3 percent on real property tax bills and matching dollars from the state generated from registry of deeds fees.

Community Preservation Fund – A special revenue fund established pursuant to MGL c. 44B to receive all monies collected to support a CPA program, including but not limited to, tax surcharge receipts, proceeds from borrowings, funds received from the state, and proceeds from the sale of certain real estate.

Computer Assisted Mass Appraisal (CAMA) System – An automated system for maintaining property data, valuing property, and ensuring tax equity through uniform valuations.

Debt Authorization – Formal approval by a two-thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL c. 44 §§ 1, 2, 3, 4a, 6-15.

Debt Exclusion – An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy but outside of the limits under Proposition 2½. By approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Debt Limit – The maximum amount of debt a municipality may authorize for qualified purposes under state law. Under MGL c. 44 § 10, debt limits are set at 5 percent of EQV. By

petition to the Municipal Finance Oversight Board, a community can receive approval to increase its debt limit to 10 percent of EQV.

Debt Service – The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Debt Statement – A report that local treasurers are required to file with DLS showing the authorized and issued debt, retired debt, and interest paid by a community during the prior fiscal year, as well as authorized but unissued debt at year-end. Also known as the "Statement of Indebtedness."

Deferred Revenue – Amounts that do not meet the criteria for revenue recognition. Also, earned amounts that are not yet available to liquidate liabilities of a current period.

Deficit – The excess of expenditures over revenues during an accounting period. Also refers to the excess of the liabilities of a fund over its assets.

Demand Notice – When a tax bill becomes past due, the collector sends a demand notice requesting payment. The collector is required to issue a demand before initiating a tax taking.

Deputy Collector – A vendor empowered to take enforcement and collection actions on behalf of a community's collector.

Designated Unreserved Fund Balance – A limitation on the use of all or part of the expendable balance in a governmental fund.

DLS – The Department of Revenue's Division of Local Services

Emergency Spending – MGL c. 44 § 31 allows a community to spend in excess of appropriation in cases of major disasters that pose immediate threats to the health or safety of people or property, following an emergency declaration by the Governor or two-thirds vote of the council or select board and the approval of the Director of Accounts.

Encumbrance – A reservation of funds to cover an obligation arising from a purchase order, contract, or salary commitment chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Fund – Authorized by MGL c. 44 § 53F½, an enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of a service's total costs recovered through user charges and the portion subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital --are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus," or retained earnings, generated by the enterprise operation rather than closing this out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs) – An estimate of the full and fair cash value (FFCV) of all property in the state as of a certain taxable date. EQVs have historically been used as a variable in distributing some state aid accounts and in determining county assessments and other costs. The Commissioner of Revenue, in accordance with MGL c. 58 § 10C, is charged with the

responsibility of biennially determining an equalized valuation for each city and town in the state.

Excess Levy Capacity – The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the select board or city council must be informed of excess levy capacity and their acknowledgment must be submitted to DLS when setting the tax rate.

Exemption – A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure – An outlay of money made by a municipality to provide the programs and services within its approved budget.

Fiduciary Funds – Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Financial Advisor – An individual or institution that assists municipalities in the issuance of tax exempt bonds and notes. The public finance department of a commercial bank or a non-bank advisor usually provides this service.

Financial Statement – A presentation of the assets and liabilities of a community as of a particular date, most often after the close of the fiscal year.

Fiscal Year (FY) – Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. Since 1976, the federal government fiscal year has begun on October 1 and ended September 30. In each case, the designation of the fiscal year is that of the calendar year in which the fiscal year ends.

Fixed Assets – Long-lived, tangible assets, such as buildings, equipment and land, obtained or controlled as a result of past transactions or circumstances.

Fixed Costs – Costs legally or contractually mandated, such as retirement, FICA/Social Security, insurance, debt service, or interest on loans.

Foundation Budget – The spending target imposed by DESE for each school district as the level necessary to provide an adequate education for all students.

Free Cash – Remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year, actual receipts in excess of revenue estimated on the tax recapitulation sheet, and unspent amounts in budget line items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the June 30 balance sheet, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)

Full and Fair Cash Value – The Massachusetts Supreme Judicial Court defines fair cash value as the "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January 1 of any taxable year in the hands of any owner, including the present owner." (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956))

Fund – An accounting entity with a self-balancing set of accounts that is segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. Within a fund, financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently. Examples of funds include the general fund and enterprise funds.

Fund Accounting – Organizing the financial records of a municipality into multiple, segregated locations for money. Communities whose accounts are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

Fund Balance – The difference between assets and liabilities reported in a governmental fund. Also known as fund equity.

General Fund – The fund used to account for most financial resources and activities

governed by the normal town meeting or city council appropriation process.

General Ledger (GL) – The accountant's record of original entry, a general ledger is a set of numbered accounts used to track financial transactions and prepare financial reports. Each account is a distinct record summarizing each type of asset, liability, equity, revenue and expense. A chart of accounts lists all the accounts in the general ledger.

General Obligation Bonds – Bonds issued by a municipality that are backed by the full faith and credit of its taxing authority.

Governmental Accounting Standards Board (GASB) – The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

Governmental Funds – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: general, special revenue, capital project, debt service, and permanent.

Indirect Cost – Costs of a service not reflected in the operating budget of the entity providing the service. The matter of indirect costs arises most often in the context of enterprise funds. An example of an indirect cost of providing water service would be the value of time spent by non-water-department employees who process water bills. A determination of these costs is necessary to analyze the total cost of service delivery.

Inside Debt – Municipal debt incurred for purposes enumerated in MGL c. 44, § 7 and within the community's debt limit, which is an amount no higher than five percent of the community's equalized valuation. Because this type of borrowing is below the debt limit,

it is referred to as inside debt. (See Outside Debt)

Investments – Securities and real estate held for the production of income in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

Legal Opinion (re: debt issuance) – An opinion by an attorney or law firm that bonds have been legally issued by a public body, and, usually, that the bonds are exempt from federal income taxes and some Massachusetts taxes under existing laws, regulations, and rulings.

Levy – The amount a community raises through the property tax. The levy can be any amount up to the levy limit, which is reestablished every year in accordance with Proposition 2½ provisions.

Levy Ceiling – A levy ceiling is one of two types of levy (tax) restrictions imposed by MGL c. 59 § 21C (Proposition 2½). It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes a capital exclusion, debt exclusion, or special exclusion.

Levy Limit – A levy limit is one of two types of levy (tax) restrictions imposed by MGL c. 59 § 21C (Proposition 2½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion.

Lien – A legal claim against real or personal property to protect the interest of a party (e.g., a city or town) to whom a debt is owed (e.g., taxes). In the case of real property, the lien in favor of a municipality automatically arises each January 1, but it must be secured through other action.

Line-item Budget – A budget that stratifies spending into categories of greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Line-item Transfer – The reallocation of a budget appropriation between two line items within an expenditure category (e.g., salaries, expenses). Employed as a management tool, line-item transfer authority allows department heads to move money where a need arises for a similar purpose without altering the bottom line. Whether or not line-item transfers are permitted depends on how the budget is presented (i.e., its format) and what level of budget detail town meeting approves.

Local Aid – Revenue allocated by the state to cities, towns, and regional school districts. Estimates of local aid are transmitted to cities, towns, and districts annually by the Cherry Sheets. Most Cherry Sheet aid programs are considered general fund revenues and may be spent for any purpose, subject to appropriation.

Local Receipts – Locally generated revenues other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges.

Long-term Debt – Community borrowing, or outstanding balance at any given time, involving loans with a maturity date of 12 months or more. (See Permanent Debt)

Maturity Date – The date that the principal of a bond becomes due and payable in full.

MGL – Massachusetts General Laws

Minimum Required Local Contribution – The minimum that a city or town must appropriate from property taxes and other local revenues for the support of schools (Education Reform Act of 1993).

Minimum Residential Factor (MRF) – Massachusetts' law allows for a shift of the tax burden from the residential and open space classes of property to the commercial, industrial and personal property classes (CIP). The MRF, established by the Commissioner of Revenue, is used to make certain the tax burden shift complies with the law. If the MRF would be less than .65, the community cannot make the maximum shift and must use a CIP factor less than 1.50 percent. Under specified conditions, some communities may use a CIP factor of up to 1.75 percent.

Motor Vehicle Excise – A locally imposed annual tax assessed to owners of motor vehicles registered to addresses within the community (MGL c. 60A). The excise tax rate is set by statute at \$25.00 per \$1,000 of vehicle value.

Municipal Charges Lien – For delinquent water (MGL c. 40 §§ 42A-F), sewer (MGL c. 83 §§ 16A-F), and trash (MGL c. 44 § 28C(f)) charges, a community may lien these amounts on the property tax, provided the enabling legislation is accepted and a certificate of acceptance is on file at the Registry of Deeds. For other unpaid local charges and fees, a community may adopt MGL c. 40 § 58 separately for each purpose in order to lien each upon the property tax. The lien is created by recording a listing of a particular type of charge or fee (by parcel of land and by name) at the Registry of Deeds.

Municipal Revenue Growth Factor (MRGF) –

An estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2½ percent increase in the levy limit, estimated new growth, change in selected unrestricted state aid categories, and the change in selected unrestricted local receipts (Education Reform Act of 1993).

Net School Spending (NSS) –

School budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches, and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Elementary and Secondary Education (Education Reform Act of 1993).

New Growth – The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or revaluations.

Nonrecurring Revenue Source – A one-time source of money available to a city or town. By its nature, a nonrecurring revenue source cannot be relied upon in future years, and therefore, such funds should not be used for operating or other expenses that continue from year to year. **Note** – A short-term loan, typically with a maturity date of a year or less.

Official Statement – A document prepared for potential investors containing information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale and sometimes called an offering circular or prospectus.

Offset Receipts – A local option that allows a particular department's estimated receipts to be earmarked for the department's use and appropriated to offset its annual operating budget. If accepted, MGL c. 44 § 53E limits the amount of offset receipts appropriated to no more than the actual receipts collected for the prior fiscal year. The Director of Accounts must approve any use of a higher amount before appropriation. Actual collections that are greater than the amount appropriated close to the general fund at year-end. If actual collections are less, the deficit must be raised in the next year's tax rate.

OPEB (Other Postemployment Benefits) –

Many public employees earn benefits over their years of service that they do not receive until after their government employment ends. While pensions are the most common of these, other postemployment benefits generally include combinations of health, dental, vision, and life insurances. These are provided to eligible retirees and sometime to their beneficiaries, and as a group, are referred to as OPEB.

Operating Budget – The plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Other Amounts to be Raised (as detailed on the Tax Recap) – Amounts not appropriated but raised through taxation. Generally, these are locally generated expenditures (e.g., overlay, teacher pay deferrals, deficits), as well as state, county, and other special district charges. Because they must be funded in the annual budget, special consideration should be given to them when finalizing budget recommendations to the city council or town meeting.

Outside Debt – Municipal borrowing for purposes enumerated in MGL c. 44, § 8. Since this debt is not measured against a

community's debt limit per c. 10, the borrowing is outside the debt limit and therefore referred to as outside debt. (See Inside Debt)

Overlay (Overlay Reserve, or Allowance for Abatements and Exemptions) – An account that funds anticipated property tax abatements, exemptions, and uncollected taxes. Additions to the overlay reserve need not be funded by the normal appropriation process but instead raised on the tax rate recapitulation sheet.

Overlay Surplus – Any balance in the overlay account in excess of the amount remaining to be collected or abated can be transferred to this account. Within 10 days of a written request by the community's chief executive officer, the assessors must provide a certification of the excess amount of overlay available to transfer, if any. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is closed to surplus revenue; in other words, it becomes a part of free cash.

Override – A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount.

Override Capacity – The difference between a community's levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

Payment in Lieu of Taxes (PILOT) – An agreement between a municipality and an entity not subject to taxation, such as a charitable or educational organization, whereby the organization agrees to make a voluntary payment to the municipality. By

law, a city or town must make such a payment to any other community in which it owns land used for public purposes.

Pension (or other employee benefit) Trust Funds – A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit (OPEB) plans, or other employee benefit plans.

Pension Cost – A measure of the periodic cost of an employer's participation in a defined benefit pension plan.

Permanent Funds – A fiduciary fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (that is, for the benefit of the government for its citizenry). An example is a cemetery perpetual care fund.

Personal Property – Movable items not permanently affixed to, or part of, the real estate. It is assessed separately from real estate to certain businesses, public utilities, and owners of homes that are not their primary residences.

Preliminary Tax – The tax bill for the first two quarters of the fiscal year, sent by communities on quarterly tax billing cycles or on annual preliminary billing systems. The tax bill is sent by July 1 and can generally be no greater than 50% of the amount due in the previous fiscal year.

Private-purpose Trust Funds – A fiduciary trust fund type used to report all trust arrangements (other than those properly reported in pension trust funds or investment trust funds), under which the principal and income benefits individuals, private

organizations, or other governments. An example is a scholarship fund.

Proposition 2½ – A state law enacted in 1980, Proposition 2½ regulates local property tax administration and limits the amount of revenue a city or town may raise from local property taxes each year to fund municipal operations.

Purchase Order – An official document or form authorizing the purchase of products and services.

Qualified Bond – A program unique to Massachusetts for municipalities with marginal credit ratings, in which the State Treasurer pays the debt service directly from a community's local aid, thereby reinforcing the security of the bond and improving its marketability. The Municipal Finance Oversight Board authorizes issuance of these bonds under c. 44A.

Five-year Certification – The Commissioner of Revenue, through BLA, is required to review local assessed values every five years to certify that they represent full and fair cash value. Refer to MGL c. 40 § 56 and c. 59 § 2A(c).

Raise and Appropriate – A phrase used to identify an expenditure's funding source as money generated by the tax levy or other local receipt.

Real Property – Land, buildings, and the rights and benefits inherent in owning them.

Receipts Reserved for Appropriation – Proceeds earmarked by law and placed in separate accounts for appropriation for particular purposes. For example, ambulance charges may be appropriated to offset expenses in providing ambulance services.

Receivables – An expectation of payment of an amount certain accruing to the benefit of a city or town.

Records Disposition Schedule – Published by the Secretary of State's Records Management Division and pursuant to MGL c. 66, these guidelines on municipal records inform local officials as to how long and in what form records must be maintained and identifies those that may be lawfully disposed.

Recurring Revenue Source – A source of money used to support municipal expenditures, which by its nature can be relied on, at some level, in future years. (See Nonrecurring Revenue Source)

Refunding of Debt – Transaction whereby one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer. (See Current and Advance Refunding of Debt)

Reserve Fund – An amount (not to exceed 5 percent of the tax levy for the preceding year) set aside annually within a community's budget to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by town meeting. In a city, transfers from this fund may be voted by the city council upon recommendation of the mayor.

Residential Exemption – A municipality can grant a residential exemption of a dollar amount that cannot exceed 35 percent of the average assessed value of all residential class properties. The exemption reduces, by the adopted percentage, the taxable valuation of each residential parcel that is a taxpayer's principal residence. Granting the exemption raises the residential tax rate and shifts the

residential tax burden from moderately valued homes to apartments, summer homes, and higher valued homes.

Retained Earnings – An equity account reflecting the accumulated earnings of an enterprise fund, which may be used to fund capital improvements, reimburse the general fund for prior-year subsidies, reduce user charges, or provide for enterprise revenue deficits (operating losses).

Revaluation – The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program depends on the assessors' analyses and consideration of many factors, including, but not limited to, the status of the existing valuation system, results of an in-depth sales ratio study, and accuracy of existing property record information. Every five years, assessors must submit property values to DLS for certification. Assessors must also maintain fair cash values in the years between certifications so that each taxpayer in the community pays his or her share of the cost of local government in proportion to the value of property they own. (See five-year Certification)

Revenue Deficit – The amount by which actual revenues at year-end fall short of projected revenues and appropriation turnbacks and are insufficient to fund the amount appropriated. Unless otherwise funded, a revenue deficit must be raised in the following year's tax rate.

Revolving Fund – A fund that allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Rollback Taxes – Back taxes that become due when land valued, assessed and taxed under MGL c. 61, 61A or 61B no longer qualifies as actively devoted to the purposes specified in each chapter.

Schedule A – A statement of revenues, expenditures, and other financing sources, uses, changes in fund balance, and certain balance sheet account information prepared annually by the accountant or auditor at the end of the fiscal year. This report is based on the fund account numbers and classifications contained in the UMAS manual.

Short-term Debt – The outstanding balance, at any given time, on amounts borrowed with maturity dates of 12 months or less. (See Note)

Single Audit Act – For any community that expends \$750,000 or more per year in federal grant awards, the Single Audit Act establishes audit guidelines that reduce to only one the number of annual audits to be completed to satisfy the requirements of the various federal agencies from which grants have been received.

Special Assessment Exemption – Full discharge from the payment of betterments and special exemptions, granted only to government properties occupied for public purposes.

Special Revenue Fund – Funds, established by statute only, containing revenues that are earmarked for and restricted to expenditures for specific purposes. Special revenue funds include receipts reserved for appropriation, revolving funds, grants from governmental entities, and gifts from private individuals or organizations.

Stabilization Fund – A fund designed to accumulate amounts for capital and other

future spending purposes, although it may be appropriated for any lawful purpose (MGL c. 40 § 5B). Communities may establish one or more stabilization funds for different purposes and may appropriate any amounts into them. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money from a stabilization fund. A majority vote of town meeting or city council is required to appropriate money into a stabilization fund.

State House Notes – Debt instruments for cities, towns, counties, and districts certified by the Director of Accounts. Payable annually, they are usually limited to maturities of five years and principal amounts of \$2,250,000. The notes are particularly attractive to smaller communities because certification fees are low, they require neither full disclosure nor official statements, and they are issued in a short period of time.

Surety Bond – A performance bond that protects a municipality against financial loss arising from a breach of public trust by an employee who collects money on its behalf.

Surplus Revenue – The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tailings – Unclaimed municipal funds in the custody of a municipality, which are retained in a repository (referred to as a tailings account) until eventual disposition (MGL c. 200A). Tailings include unclaimed tax refunds, uncashed payroll checks, vendor payments yet to clear, etc.

Tax Increment Financing Exemption (TIF) – In accordance with MGL c. 59 § 5(51), a property tax exemption negotiated between a community and a private developer, typically implemented over a period up to 20 years,

and intended to encourage industrial/commercial development.

Tax Rate – The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

Tax Rate Recapitulation Sheet (the Tax Recap) – The document a city or town submits to DLS to set a property tax rate, the recap shows all estimated revenues and actual appropriations that affect the property tax rate. It should be submitted to DLS by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (to issue actual tax bills on or before December 31 in a quarterly community or a semiannual community issuing annual preliminary tax bills).

Tax Title (or Tax Taking) – A collection procedure that secures a municipality's lien on real property and protects its right to payment of overdue property taxes. Without a taking, the lien expires if five years elapse from the January 1 assessment date and the property has been transferred to another owner.

Tax Title Foreclosure – The procedure initiated by a city or town treasurer in Land Court, or through the land of low value process, to obtain legal title to real property already in tax title and on which property taxes are overdue. The treasurer must wait at least six months from the date of a tax taking to initiate Land Court foreclosure proceedings (MGL c. 60 § 65).

Tax Title Redemption – The payment by a property owner of all overdue taxes, fees, charges, other costs, and interest on real property that the municipality had placed in tax title. The taxpayer's right to redeem

terminates when the treasurer receives a Land Court decree or land of low value affidavit, records the affidavit, and holds an auction.

Temporary Debt – Borrowing by a community in the form of notes and for a term of one year or less. (See Short-term Debt)

Trust Fund – In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds, or by town meeting. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Override – A vote by a community to permanently decrease the tax levy limit. It is the exact opposite of an override.

Undesignated Fund Balance – Monies in the various government funds as of June 30 that are neither encumbered nor reserved and are therefore available for expenditure once certified as part of free cash. (See Designated Fund Balance)

Unfunded OPEB Liability – This is the difference between the value assigned to the benefits (other than retirement) already earned by a municipality's employees and the assets the local government will have on hand to meet these obligations. (See OPEB)

Unfunded Pension Liability – This is the difference between the value assigned to the retirement benefits already earned by a municipality's employees and the assets the local retirement system will have on hand to meet these obligations. The dollar value of

the unfunded pension liability is redetermined every three years and driven by assumptions about the interest rates at which a retirement system's assets will grow and the rate of the pensioners' future costs of living increases. (See Pension Plan)

Uniform Municipal Accounting System (UMAS) – UMAS succeeded the statutory accounting system (STAT) and is regarded as the professional standard for municipal accounting in Massachusetts. As a uniform system for local governments, it conforms to Generally Accepted Accounting Principles (GAAP), offers increased consistency in reporting and recordkeeping, and enhances the comparability of data among cities and towns.

Uniform Procurement Act – MGL c. 30B establishes uniform procedures for local government to use when contracting for supplies, equipment, services, and real estate.

Unreserved Fund Balance (Surplus Revenue Account) – The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Warrant – An authorization for an action. For example, a town meeting warrant establishes the matters that may be acted on by that town meeting. A treasury warrant authorizes the treasurer to pay specific bills. The assessors' warrant authorizes the tax collector to collect taxes in the amounts and from the persons listed.

Source: [DLS Municipal Finance Glossary](#)