

Town of Hawley

May 9, 2016 - Annual Town Meeting

Information Packet

This packet provides information for review in advance of the Annual Town Meeting.

There have been large changes to the format of the budget and town meeting warrant, so I wanted to provide this information in advance so that everyone had a chance to review it and ask questions before the meeting. There is also information about a proposed bylaw and several Regional School Agreement changes.

Information included:

- Annual Town Meeting Warrant as posted (different from the draft in the Town Report)
- Hawley FY17 Proposed Budget Overview (revenues and appropriations) compared to FY16 approved budget
- Hawley FY17 Proposed Budget Expenditures
 - o including actual amounts spent per account in FY15; the amounts approved for FY16; and the amounts proposed for FY17 – as well as brief explanations for any large changes
 - o Omnibus budget – also referred to as Operating Budget – any balances in these accounts will close to surplus revenue at the end of the year. The Omnibus Budget can be voted on in its entirety; by section; or by line – as Town Meeting chooses. The budget line items are numbered, so that any questions can refer to an account by corresponding line number.
 - o Separate articles – any balances in these accounts will carry forward into the next fiscal year, unless the purpose is determined to have been fulfilled, in which case any balance will close to surplus revenue at the end of the year.
- Stabilization Accounts and Free Cash Status
- Outstanding Debt Status

(Questions on any of the above material can be directed to Virginia Gabert at the Town Office 339-5518)

- Q&A about the “Stretch Energy Code”
- Mohawk Trail Regional School District article explanations
 - o Brief synopsis of proposed amendments to the Regional Agreement
 - o Full proposed warrant article for the addition of Rowe to the District
 - o Changes to the Procedure for amending the Regional Agreement
 - o (Note: the “Clean-up” and Pre-K proposed amendment document is 23 pages long, and can be requested or viewed at the Town Office, or obtained online from the MTRSD website. It is not included in this packet of information)

Hawley FY17 Proposed Budget Overview

| Revenues | FY16 Approved Budget | FY17 Proposed |
|--------------------------------|----------------------|---------------|
| Property Tax Levy | 795,605 | 813,540 |
| State Aid | 144,531 | 145,720 |
| Local Receipts | 38,250 | 38,000 |
| Free Cash | 79,392 | 138,000 |
| Chapter 90 | 179,888 | 180,147 |
| | 1,237,666 | 1,315,407 |
| Appropriations | | |
| Raise & Appropriate | | |
| Article 3 - Omnibus | 938,151 | 979,550 |
| Article 4 - Ch 90 | 179,888 | 180,147 |
| Article 5 - Computer | 1,000 | 1,000 |
| Article 6 - Assessors Reval | 1,200 | 1,500 |
| Article 7 - Audit | 3,000 | 3,000 |
| | 1,123,239 | 1,165,197 |
| Free Cash | | |
| Article 8 - Reserve | 2,000 | 2,000 |
| Article 9 - Interest | 6,500 | 6,000 |
| Article 10 - Storm Damage | 20,000 | 100,000 |
| Article 11 - Truck loan | 30,000 | 30,000 |
| (McCloud property final pmt) | 20,000 | 0 |
| (FY15 Snow Rds deficit) | 892 | 0 |
| | 79,392 | 138,000 |
| Other amounts to be raised | | |
| *Cherry sheet charges/offsets | 1,996 | 1,985 |
| **Allowance for overlay | 15,539 | 10,225 |
| (Amt certified for Tax Title) | 17,500 | 0 |
| | 35,035 | 12,210 |
| | 1,237,666 | 1,315,407 |
| difference (revenue - approp.) | 0 | 0 |

***What are Cherry Sheet charges/offsets?** State assessments (air pollution; RMV non-renewal surcharge; regional transit) totaling \$195. Offset is for State Aid to Public Libraries (SAPL) - according to Chapter 46, Acts of 2015, this amount (\$1,790) is to be held so that it can be "expended by the public library ... without appropriation". Essentially, SAPL is money the Town receives that the public library is able to access. Thus, it is included as a Cherry Sheet receipt, but then also as an expense (or offset) because the town can not use the money for any other purpose. The amounts on the Cherry Sheets are estimates, and are still being worked on, but these are the most recent figures.

****What is Allowance for Overlay?** It is an amount that is raised on the recap sheet when the tax rate is being set. It is to cover real estate and personal property tax abatements and exemptions. So, the amount of RE and PP taxes that are estimated to be exempted or abated is covered by Overlay.

Stabilization Accounts and Free Cash Status

Stabilization account balances:

| | |
|------------------------------|-----------|
| General Stabilization | \$106,030 |
| Highway Equip Stabilization | \$120,078 |
| Fire Equipment Stabilization | \$ 60,027 |
| Vocational Ed. Stabilization | \$ 49,923 |

*The proposed FY17 budget does not involve the use of any of these funds.

Free Cash balance:

| | |
|---------------------------------------|------------|
| Free Cash certified as of 7/1/2015 | \$272,684 |
| 12/3/15 STM – Landfill Maint. Acct. - | \$1,000 |
| 5/9/16 ATM proposed | |
| Reserve Fund | -\$2,000 |
| Interest | -\$6,000 |
| Truck loan pmt (#2 of 5) | -\$30,000 |
| Storm Damage pmt | -\$100,000 |
| Balance remaining in Free Cash | \$133,684 |

Ten-year history of Free Cash:

| | | | |
|--------------------|------------|--------------------|------------|
| FY05 certification | 270,292.00 | balance | 90,516.00 |
| used | 200,649.00 | | |
| balance | 69,949.00 | FY12 certification | 203,827.00 |
| | | used | 166,916.00 |
| FY06 certification | 117,425.00 | balance | 36,911.00 |
| used | 72,921.00 | | |
| balance | 44,504.00 | FY13 certification | 147,014.00 |
| | | used | 71,151.45 |
| FY07 certification | 133,922.00 | balance | 75,862.55 |
| used | 87,199.00 | | |
| balance | 46,723.00 | FY14 certification | 201,738.00 |
| | | used | 101,054.67 |
| FY08 certification | 113,055.00 | balance | 100,054.67 |
| used | 82,477.00 | | |
| balance | 30,578.00 | FY15 certification | 123,000.00 |
| | | used | 96,500.00 |
| FY09 certification | 83,552.00 | balance | 26,500.00 |
| used | 47,450.00 | | |
| balance | 36,102.00 | FY16 certification | 272,684.00 |
| | | used (proposed) | 138,000.00 |
| F10 certification | 83,634.00 | balance | 133,684.00 |
| used | 53,869.95 | | |
| balance | 29,764.05 | | |
| | | | |
| FY11 certification | 172,996.00 | | |
| used | 82,450.00 | | |

Outstanding Debt Status

Trucks loan:

The Trucks loan is due in September for \$30,000 – this will be the second of five payments. The only other outstanding debt will be the storm damage loan, which is explained below.

Storm Damage Debt:

The Storm Damage Debt is still a complex issue - until either the Town is notified whether or not MEMA will reimburse the full 25% of eligible expenses and receives this reimbursement, or until November when the current note is due.

Hawley has received 75% reimbursement from FEMA. Depending on what is received from MEMA, the Town will end up with between \$104,834 and \$204,843 in outstanding debt. The Selectboard is continuing to push for the 25% reimbursement from MEMA, but this has not been guaranteed...

This budget proposal will use \$100,000 from Free Cash to reduce the debt to between \$4,834 and \$104,843. The Storm Damage Loan is due in November, at which time it needs to be paid – the remaining debt will either be borrowed for up to five years; or paid off. In either case, anticipate a Special Town Meeting in the early autumn to address this. If the Town chooses to pay off the remaining balance, funds can come from Free Cash; General Stabilization; or another available fund. So far, no payments have been made directly from taxation.

Further details about Storm Damage Debt:

1. The Town currently has \$179,843 debt remaining, and owes ET&L \$25,000 more - so the total owed may be as much as \$204,843. (This is partially the Settlement with ET&L, and partially un-reimbursed storm damage expenses.)
2. If the Town is successful in getting the rest of the 25% reimbursement from MEMA (approximately \$150,000), the Town will owe ET&L \$75,000 (instead of \$25,000), leaving the total owed at \$104,834.
3. If MEMA reimburses a portion of the remaining 25% representing anything more than \$36,815, the Town will owe ET&L the \$75,000 described in #2.

Thus - if the Town approves using \$100,000 from Free Cash the amount that would have to be borrowed when the loan is due will be reduced to somewhere between \$4,834 and \$104,834. (Reminder: The settlement with ET&L was \$109,000 into the DEP escrow account and \$75,000 to ET&L - with additional payments to ET&L depending on how much the Town received from MEMA. This was the absolute minimum that they would agree to in order to avoid a lawsuit.)