

**Finance Committee Recommendations
Annual Town Meeting
June 3, 2006**

Tax Data

Real Estate Tax Rate (all property classifications): \$12.68 per \$1,000 of value

FY06 Levy Limit (without debt & capital exclusions): \$ 6,048,310
 FY06 Max Levy (includes debt & capital exclusions): \$ 6,666,478
 FY06 Total Tax Levy (1.3 % of assessed value): \$ 6,664,729
 FY06 Excess Capacity (taxes not levied): \$ 1,749

FY06 Assessed Property Value: \$525,609,566
 FY06 Tax Levy Ceiling (2.5 % of assessed value): \$ 13,140,239

For every \$100,000 additional voted to be spent, \$0.19 will be added to the tax rate

Article Recommendations

Article No.	Description	Finance Committee Recommendation	Additional Tax Rate Impact ⁽¹⁾	Avg. Annual Household Tax ⁽²⁾
1	Treasurer/Collector Authorization to enter into compensating balance agreement(s)	Recommend	N/A	N/A
2	Community Preservation Committee administrative expenses	Recommend	N/A	N/A
3	General Government Budget	Recommend	N/A	N/A
4	Protection of Persons and Property Budget	Recommend	N/A	N/A
5	Southampton Education Budget	Recommend	N/A	N/A
6	Hampshire Regional Education Budget	Recommend	N/A	N/A
7	Public Works and Facilities Budget	Recommend	N/A	N/A
8	Human Services Budget	Recommend	N/A	N/A
9	Culture and Recreation Budget	Recommend	N/A	N/A
10	Debt Services Budget	Recommend	N/A	N/A
11	Miscellaneous Expenses Budget	Recommend	N/A	N/A
12	Water Enterprise Budget	Recommend	N/A	N/A
13	Landfill Enterprise Budget	Recommend	N/A	N/A
14	Revolving Funds	Recommend	N/A	N/A
15	Revoke the so called "Strong Fire Chief Law" and acceptance of the so called "Weak Fire Chief Law"	Recommend	N/A	N/A
16	Transfer up to \$31,000 from Stabilization Fund for new plow frame and sander (Highway Department)	Recommend	N/A	N/A

Article No.	Description	Finance Committee Recommendation	Additional Tax Rate Impact ⁽¹⁾	Avg. Annual Household Tax ⁽²⁾
17	Transfer up to \$35,000 for new 4x4 pickup , one ton with plow and frame, including trade-in of 1995 pick-up (Highway Department)	Recommend	N/A	N/A
18	Transfer up to \$31,000 from Stabilization Fund to purchase a replacement police cruiser (Police Department)	Recommend	N/A	N/A
19	Transfer up to \$30,000 from Stabilization Fund to replace the water tank, repair rusting pipes, place dump valve at rear of truck, add 2½ inlet and outlets at rear of truck, upgrade lighting and replace tires on Engine 1 -1988 International Fire Truck (Fire Department)	Recommend	N/A	N/A
20	Transfer up to \$20,000 from Stabilization Fund to purchase kitchen equipment, custodial equipment, and security improvements at the William E. Norris Elementary School (School Department)	Recommend	N/A	N/A
21	Transfer up to \$8,900 from Stabilization Fund to purchase Accounting software (Town Accountant)	Recommend	N/A	N/A
22	Enter into 4 year membership agreement with Hampshire Council of Governments to save 75% of membership dues	Recommend	N/A	N/A
23	Establish a Council on Aging	Recommend	N/A	N/A
24	Amend Bylaws for Council on Aging	Recommend	N/A	N/A
25	Raise and appropriate up to \$32,000 for new 4x4 Explorer police cruiser and equipment including trade-in of 1996 Ford Expedition (Police Department)	Recommend	\$0.06	\$13 (1 year)
26	Raise and appropriate up to \$32,000 for new 4x4 Explorer vehicle and equipment including trade-in of the 1997 Crown Victoria Fire Chief's vehicle (Fire Department)	Recommend	\$0.06	\$13 (1 year)
27	Raise and appropriate up to \$170,000 for newer (used) Fire Truck (Fire Department)	Not Recommended	\$0.32	\$67 (1 year)
28	Establish an Agricultural Commission to represent the Southampton commercial farming and agricultural community	Recommend	N/A	N/A
29	Transfer a sum of money from the Norris School Debt Exclusion Reserve Fund to fund a portion of the Norris School FY07 debt service	Recommend	N/A	N/A

Article No.	Description	Finance Committee Recommendation	Additional Tax Rate Impact ⁽¹⁾	Avg. Annual Household Tax ⁽²⁾
30	Transfer \$19,331.22 from Free Cash for payment of prior year's obligations to fund its share of Hampshire Regional Administrative Salaries	Recommend	N/A	N/A
31	Raise and appropriate, transfer or otherwise provide \$200,000 for the purpose of financing water pollution abatement facility project	Recommend	N/A	N/A
32	Protection of Persons and Property Budget – Additional \$60,000 to Police Salaries and Wages to hire an additional police officers and \$10,000 to police expenses, subject to an override	Recommend - Amend to \$52,000 to police wages and \$10,000 to police expenses	\$0.12	\$24 per year
33	Protection of Persons and Property Budget – Additional \$60,000 to Police Salaries and Wages to hire a second additional police officers and \$10,000 to police expenses, subject to an override	Recommend	\$0.13	\$28 per year
34	Southampton Education Budget – Additional \$67,000 to Southampton Education, subject to an override	Recommend – Amend to \$22,000	\$0.04	\$9 per year
35	Hampshire Regional Education Budget - Additional \$63,181 to Hampshire Regional Education to fund budget recommended by the Hampshire Regional School District, subject to an override	Recommend	\$0.12	\$25 per year
36	Public Works and Facilities Budget - Additional \$20,000 for Road machinery Maintenance, subject to an override	Recommend	\$0.04	\$8 per year
37	Public Works and Facilities Budget Additional \$15,000 for Winter Roads Wages and \$30,000 for Winter Roads Expenses, subject to an override	Recommend	\$0.09	\$18 per year
38	Culture and Recreation Budget Additional \$13,000 to Library Wages and \$16,000 to Library Expenses, subject to an override	Recommend – Amend to \$9,642 to library wages and \$4,368 to library expenses	\$0.03	\$6 per year
Total One-Year Increase if <u>all</u> debt exclusion overrides pass:			\$0.44	\$93 (one year only)
Total One-Year Increase if <u>all recommended</u> debt exclusion overrides pass:			\$0.12	\$26 (one year only)
Total Increase for tax rate if <u>all on-going</u> overrides increases pass:			\$0.57	\$118 per year

⁽¹⁾ For every \$100,000 additional voted to be spent, \$0.19 will be added to the tax rate

⁽²⁾ Average Household tax increase assuming average residential \$207,408 value.

MUNICIPAL FINANCE TERMS – GLOSSARY

1. **Available Funds** - Free cash reserves and unexpected balances from other years available for appropriation. This affects the tax rate indirectly as any money spent other than that reimbursed by the County, State or Federal government must be raised by taxes and fees.
2. **Capital Outlay Expenditure Exclusion** - A community can vote to assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects, a *capital outlay expenditure exclusion*. The additional amount for the payment of the capital project cost is added to the levy limit for the life of the debt only. Unlike overrides, exclusions do not become part of the base upon which the levy limit is calculated for future years. A majority vote of approval by the electorate is required.
3. **Cherry Sheet** - Details of State and County charges and reimbursements used in determining the tax rate. Name comes from the color of paper used.
4. **Debt Exclusion** - A community can vote to assess taxes in excess of its levy limit or levy ceiling for the payment of specified debt service costs, a *debt exclusion*. The additional amount for the payment of the debt service is added to the levy limit for the life of the debt only. Unlike overrides, exclusions do not become part of the base upon which the levy limit is calculated for future years. A majority vote of approval by the electorate.
5. **Enterprise Fund** – An accounting mechanism which allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy. With an enterprise fund, all costs of services - direct, indirect, and capital costs are identified. This allows a community to recover total service costs through user fees if it so chooses. Enterprise accounting also enables communities to reserve the “surplus” or retained earnings generated by the operation of the enterprise rather than closing it out at year end.
6. **Estimated Receipts** - Estimate of miscellaneous receipts based on previous year’s receipts deducted by the assessors from the gross amount to be raised by taxation.
7. **Fiscal Year** – For the Commonwealth of Massachusetts and its municipalities, the fiscal year is the period of time beginning on July 1 and ending on June 30.
8. **Free Cash** - Surplus revenue less outstanding taxes owed from prior years.
9. **Levy Ceiling** – The maximum tax assessed on real and personal property may not exceed 2.5% of the total full and fair cash value of all taxable property, except if the community passes a capital outlay expenditure exclusion, a debt exclusion, or a special exclusion.
10. **Levy Limit** – The maximum amount a community can levy in a given year. The limit can grow by 2.5% of the prior year’s levy limit plus new growth and any overrides.

11. **New Growth** – The taxing capacity added by new construction and other increases in the property tax base. New growth is calculated by multiplying the value associated with new construction by the tax rate of the previous year.
12. **Overlay Fund** - Amount raised by the assessors by setting the tax rate, creating a fund to cover abatements granted.
13. **Overlay Reserve or Surplus** - Unused accumulated amount of the overlay for various years, which may be VOTED by the town for extraordinary or unforeseen purposes.
14. **Override Vote** - An override vote becomes a permanent increase in the levy limit (the amount the community can raise through the property tax). Override requests must be presented in dollar terms and specify the purpose. A majority vote of approval by the electorate is required.
15. **Reserve Fund** - Amount transferred from overlay surplus or appropriated for unforeseen or emergency purposes. Controlled exclusively by the Finance Committee.
16. **Revolving Fund** – Allows a community to raise revenues from a specific service and use those revenues to support the service without appropriation.
17. **Stabilization Fund** – An account from which amounts may be appropriated for any lawful purposes. An Act Relative to the Stabilization Fund of the Town of Southamptton specifically limits the use of the Stabilization Fund for purposes for which the town would be authorized to borrow money under Massachusetts General Law, Section 7 and 8 of Chapter 44 and not for any other purpose. A two-thirds vote of town meeting is required to appropriate money from the Stabilization Fund.

Financial Information - FY2001 through FY2007

Fiscal Year	Tax Rate	Avg. Residential Value	Avg. Tax Bill	Annual Budget
FY2001	15.22	\$146,403	\$2,228	\$9,545,317
FY2002	15.24	\$153,279	\$2,336	\$10,202,997
FY2003	16.24	\$155,977	\$2,533	\$10,953,143
FY2004	15.17	\$189,769	\$2,879	\$11,479,574
FY2005	14.09	\$207,408	\$2,922	\$11,674,726
FY2006	12.68			\$11,958,918
FY2007				\$12,579,262