

FINANCE AND ADVISORY COMMITTEE

Until a week prior to the Annual Town Meeting, the FY07 Town Budget included a Town Operating Override of \$140,000. However, the following events permitted the Budget to be submitted without a Town Operating Override: a reduction in medical insurance cost \$52,000, reduction in Department expenses \$30,000 and transfer \$79,000 from the Stabilization Fund.

At the 2006 Annual Town Meeting, the Town approved:

- A Hamilton-Wenham Regional School Budget of \$12,991,660, an increase of \$635,851, including a \$203,397 Override, or 5.15% over the prior year.
- Warrant Articles for the purchase of a new ambulance (\$135,000) and a new DPW pick-up truck (\$25,800).
- Borrowing an additional \$250,000 for completion of the Public Safety Building.
- A new position of Finance Director in recognition of the increased financial complexities we face, the need to analyze new initiatives in greater depth, and the Selectmen's desire to have more time dedicated to finding opportunities for more efficient Town operation.

In May 2006, Hamilton faced a need to finance repair of the May Flood damage. To keep the cost of repair at a minimum, Hamilton used Deficit Financing to do the immediate repairs, in anticipation of Federal Emergency Management ("FEMA") and Massachusetts Emergency Management Agency ("MEMA") for a total of 87.5% of the cost of repair. The first phase of the repair work and emergency response by the Department of Public Works, Fire and Police Departments was completed at a cost of \$160,000. The Town has received FEMA reimbursement of \$120,000 and is awaiting approximately \$20,000 from MEMA.

May flood damage repair to the Gardner Street/ Winthrop Street Bridge/Culvert has not started. It is expected to cost \$305,000 and the Town anticipates using Deficit Financing for this work. FEMA and MEMA are expected to reimburse the Town for 87.5% of the approved repair costs.

The Town negotiated jointly with the Town of Ipswich to have the State fund the repair of the Highland Street Bridge which could cost much as \$2,400,000. Had the State of Massachusetts not agreed to fund the repair cost, Hamilton's share would have been one-half of the repair cost.

Financial challenges facing the Town include financing future capital costs to maintain our buildings, rebuilding our unallocated reserves, ever increasing health insurance costs and last but not least the required implementation of GASB Statement No. 45 in FY09. GASB 45 establishes the standards for the measurement, recognition, and display in our financial statements of Other Post-employment Benefits such as health insurance.

Submitted by the following Finance Committee Members:

Arthur J. Oberheim
Jane Deaver Prince
Alexander A. Shaw
Daniel J. Bukkhegyi