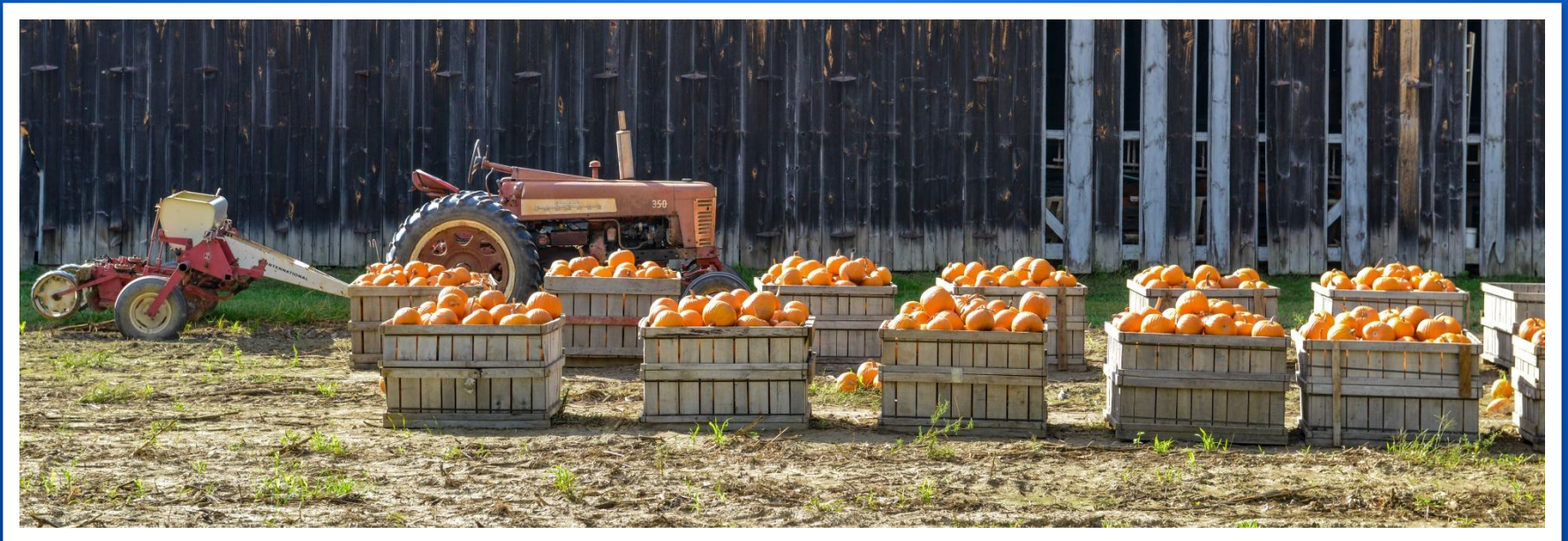


Hadley One-Twelfth Budgeting Small Town Administrators of Massachusetts May 29, 2020



Disclaimers

- This information does not constitute legal advice. Town officials are encouraged to consult with counsel.
- This information has not been reviewed by the Division of Local Services. The Gateway forms are not available until 6/1/20. Guidance can be found in DLS Bulletins BUL-2020-01 through BUL-2020-6.

Outline of Presentation

- A. Protecting Your Bond Rating.
- B. Development of a One-Twelfth Budget.
- C. Extension of Free Cash and Enterprise Undesignated Fund Balances beyond 6/30.

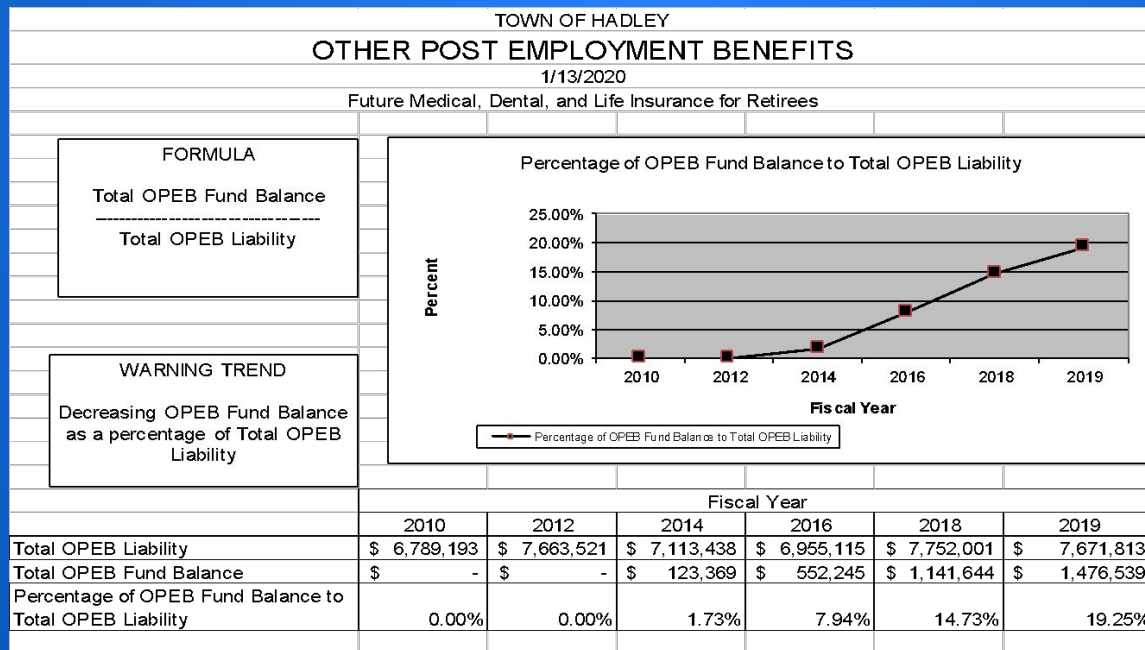
A. Hadley Bond Rating

The Town of Hadley achieved a AAA bond rating from S & P Global in June 2019.

Fiscal Year	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Hadley's Credit Rating (Standard and Poor's)	A+	A+	A+	A+	AA	AA	AA	AA
Fiscal Year	FY14	FY15	FY16	FY17	FY18	FY19	FY20	
Hadley's Credit Rating (Standard and Poor's)	AA+	AA+	AA+	AA+	AA+	AAA	AAA	

OPEB

- Since FY 2014, Hadley has aggressively funded its OPEB obligation.



Have a Plan

Develop a written narrative that explains how and when the Town plans to restore any appropriation from Stabilization.

Develop a written narrative that explains how and when the Town plans to resume funding its OPEB account.

Share these narratives with your financial team, Chief Financial Advisor, Finance Committee, and Select Board. They should understand the plan and be able to articulate it.

B. Developing a One-Twelfth Budget

Start early with complicated budgets.

Education

Public Safety

Public Works

Regional partners, such as school districts.

(Two Weeks)

Work with other department heads to submit 1/12th budgets.

(One Week)

One Twelfth Is Not One Twelfth

- Be aware of lump-sum payments, such as pension assessments, debt service payments due in July, and other annual, semi-annual, and quarterly payments.
- Be aware of service contracts, particularly software licensing contracts and building systems contracts.
- Be aware of any lump payments for personnel, review CBAs.
- Communicate early with Select Board and Finance Committee about the bottom line of a front-loaded July budget.

Requirements

- Select Board vote required.
- Town Clerk certification required.
- Submission to Gateway required.

Open Issues

- A one-twelfth budget contemplates only General Fund and Enterprise Fund expenses.
- Many business matters that are included in the Annual Town Meeting warrant are not addressed by the one-twelfth budget:

Open Issues (Cont.)

- Open issues include:
 - Grants and gifts,
 - Chapter 90,
 - Short-term borrowing,
 - Revolving funds,
 - CPA administration,
 - Deadline extensions,
 - Capital, and
 - Bylaws and zoning

C. Free Cash Beyond 6/30

- Free Cash and Enterprise Fund Undesignated Fund Balances cannot be appropriated after 6/30 until certified by the Director (MGL c. 59, s. 23).

Free Cash Beyond 6/30 (Cont.)

- Chapter 53 of the Acts of 2020 (see Section 6) allows the Director to authorize the appropriation of Free Cash certified as of 7/1/19 to be available for appropriation for FY 21 if town meeting is delayed past 7/1/20 due to the emergency.

Free Cash Beyond 6/30 (Cont.)

- Allows for funding of capital, if an FY21 operating budget is in place.
- Cannot be used for FY20 expenses.
- See DLS Bulletin BUL-2020-04 for forms and details.
- Work with the Assessors to fill out the forms correctly.

Questions?

David G. Nixon

Hadley Town Administrator

413-586-0221

admin@hadleyma.org