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To: lawrence.headley@gmail.com
Subject: Interlaken Town eNews > Funding Alternatives . . .

Interlaken Town

Thursday, July 30, 2015

eNewsletter

Interlaken Town Council

Larry Headley,
Mayor

Sue O'Nan,
Acting Town
Clerk

Herb Bowen

Greg Harrigan

Lisa Simpkins

ABOUT PROPERTY TAXES

It's important to know some things about a property tax levied for road maintenance and repairs before you

FROM THE MAYOR

More About Interlaken Town Funding Options

Dear Larry;

One member of our community asked me if the Council had explored a property tax funding option in addition to the "flat fee" concept I explained in my last e-mail. We have and I wanted to share that in this e-mail.

My thanks to those who took time to read my earlier e-mail ... and to those who offered their thoughts and suggestions. With this message I'm asking others to e-mail the Council and me with your thoughts and concerns.

Unlike Midway or other cities and towns that have been in operation for years, we must address a short-term funding issue that can differ from a long-term mode of funding our Town's operations. As explained in the side

decide what you want to do with IMWC.

Simply put, a tax will affect the community unevenly, costing less for some, more for others, depending on whether you own a primary residence, a second home or a vacant lot. And we can't levy a property tax in time to fund this coming winter's snow plowing.

PROPERTY TAX PROCESS

- The Town must adopt a budget for a fiscal year running from July 1 to June 30 of the following year. This process starts in May of the year.
- We were incorporated May 31, too late to do so for 2015-2016 and to levy a tax for this period; the earliest we can do this is for the 2016-2017 budget year.
- The Town cannot

bar, the most pressing issue is that we can't fund our operations in the first half of the next calendar year with a property tax. We need a workaround.

For the 2016-2017 fiscal year, we do have the option of raising funds through a property tax – but only to serve our road maintenance, as will be explained. For instance, the **Financial Feasibility Study** we conducted prior to becoming a town included a portion of revenues coming from a Property Tax.

According to the Utah State Office of the Auditor, it is usual for towns to exact such a tax for road maintenance and repairs, but it is not required. However, it is an option that won't work in the short term – January through June of next year. This has to do with the fiscal year tax cycle (see side bar).

We need an alternative, and at the time of the Study, there was one – a flat fee for the maintenance and repairs of both our water system and our roads through a Special Assessment Tax. However the State Legislature amended a state code on May 12, 2015 in a way that eliminated this choice.

Now we must consider a different choice, particularly for this coming winter and spring. This is an essentially flat fee for road maintenance – but it is an option that depends on IMWC transferring the water system to the Town.

Such a fee can be a one-time thing – to take care of our 2016 Winter / Spring road maintenance. And there is the option to follow up with a property tax for the 2016 -

receive property tax proceeds for 2016-2017 until December, 2016, well in arrears of when the funds are first needed (July 1st).

Mitigating factors:

- Comparatively little of our budget will be expended between June 30 and December 31, 2016, so we don't need a lot of money during this period, and;
- We likely can get a "tax anticipation loan" to maintain our roads over this period before we receive tax distributions (at some as-yet unknown interest rate). And ...
- For those who itemize their federal taxes, they can get a tax break for Interlaken Town property taxes paid.

What can't be mitigated:

- It is too late to levy a tax to maintain our roads

2017 fiscal year. Or, levying the fee can be done in perpetuity. These are the choices before your current and future Town Councils, following duly announced Public Hearings.

There is no mode of raising funds that can please everyone. Each choice will affect and benefit our community unevenly (see side bar) whether it is a property tax or an essentially flat fee. It is something to think about, and discuss at our upcoming Informational Meeting.

We do, however, have to say that raising revenue with a fee for the second half of this current fiscal year appears to be the only viable way to fund this winter's road maintenance (see sidebar). On May 31st, we became Interlaken Town and now have authority over our roads and the responsibility to maintain them with whatever means available, for both the short - and the long term.

Please share this e-mail with your friends and neighbors. If you have immediate questions, contact a Council member listed at the left. To share your thoughts / concerns via e-mail, [CLICK HERE](#).

Lots of details on these issues will be presented, explained and discussed at the **Informational Meeting**. As your Mayor—and more importantly—as your neighbor, I urge you to attend this meeting at 6:00 pm on Monday, August 17th in the Midway City Community Center.

Sincerely,

Larry Headley, Mayor

this winter (we cannot directly fund snow plowing).

- A property tax distributes the burden unevenly, and there is no way to please everyone. It will be a negative for some, a positive for others.

- A flat, or nearly flat, fee levy will also be positive for some (second- and expensive-home owners who will pay less than under a property tax) and negative for others (primary- and inexpensive-home owners and those owning vacant lots who will pay more under a flat fee).

**Interlaken
Council
Informational
Meeting**
6:00 pm
August 17th in
the Midway City
Community
Center

Everyone - all owners - need to attend this meeting. Mark

Interlaken Town Funding Options / Alternatives

FACT: Levying a **property tax** is an option solely for how we raise funds for maintenance, repair and capital improvements of our roads.

Under Utah State laws, we cannot levy a property tax to maintain and operate our water system.

A municipal water company, as a business, is expected to raise funds for its operation through levying a fee, not a tax. It does not matter one way or the other whether the water system is transferred to the Town, as far as how its operations are funded. IMWC will assess a fee, or the Town will assess a fee.

However, by transferring IMWC into the Town, we have the option of funding road repair and maintenance through transfers of funds from the water system's Enterprise Fund to a fund for this activity, among others, according the State Auditor's Office.

So road maintenance would be funded with part of the fee levied to maintain and operate our water system. The water system transfer allows the option, (but not the requirement) of doing so. Again, not doing the transfer prevents the "flat fee" option.

your calendar now.

Understanding the issues will allow you to discuss them with neighbors and, most importantly, prepare you to vote at the IMWC Annual Meeting ([See details below](#)).

Interlaken
Mutual Water
Company Annual
Shareholders
Meeting

10:00 am,
August 29th,
location to be
announced.

**A QUORUM IS
ESSENTIAL**

INTERLAKEN TOWN SHORT-TERM FUNDING - 2016

FACT: Transferring the water system to the Town and levying a "flat fee" appears to be the only effective option for funding Interlaken Town in 2016 (including the ability to fund this winter's road maintenance).

I have explained that property taxes will not yield distributions to the Town before December, 2016. We need funds more immediately, for instance, for snow removal this winter.

IMWC, if not transferred, cannot raise funds for road maintenance, as it is not the road authority. Only the Town may do so, indirectly by levying a water service fee large enough to also fund the needed winter and spring road maintenance. As noted, a transfer from the Enterprise Fund for purposes other than water system maintenance and operation is allowed.

INTERLAKEN TOWN LONG-TERM FUNDING

FACT: Your Town council will always be able to evaluate both "flat fee" and "property tax" options in the future. Every Council has flexibility as to how it raises funds for the town and no Council can tie the hands of future Councils.

**Interlaken Mutual Water Company (IMWC)
Annual Shareholders Meeting
10 am, Saturday, August 29th, location
yet to be confirmed**

This is a meeting where we must have a quorum. Failing a quorum, the shareholders will not be able to vote on two critical measures.

First Measure: Whether or not to transfer / merge the water company (IMWC) with the Town as a municipal water system. As explained above, there are benefits of making this happen.

Second Measure: In the event owners do not agree to the above, we will need to vote on transferring all IMWC funds specified for road maintenance to the Town.

Failing a quorum, we will not be able to fund winter road maintenance, as we won't be able to assess a flat fee. There is no way at all to get funds for January through June. The property tax that we would be able to assess would be for fiscal year 2016- 2015. This is important to know.

More details in a future e-mail.

Visit the Interlaken Town Website: [CLICK HERE](#)

This message was sent to lawrence.headley@gmail.com from:

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