



Belmont, MA

Town of Homes

FY2024 Budget Summit I

September 15, 2022





Presentation Overview

- FY2024 Budget Process Overview
- Budget Milestones
- Review of Fiscal Condition
- FY2024 Revenue Projections
- Budget Restructuring and Core Services
- Next Meeting – October 20th



FY2024 Budget Process

- Series of Budget Summits with increasingly precise revenue projections. Discussion to inform later iterations.
- Develop budget projections for “core services” that are funded first – refined alongside revenues
- Remaining revenue determined – Town Administrator and School Superintendent use to inform their recommended budgets given identified needs
- High-level School budget numbers released for January 12th summit
- Overall Budget detail released for February 9th summit
- Feedback collected, budgets adjusted for Town Meeting



Major Budget Milestones

- October 20 - Next Budget Summit
- Nov. 29-Dec. 1 - Fall Town Meeting
- December 14 - Finalize FY2024 Revenue and Revenue Allocation
- January 12 - High-level School Budget Numbers Discussed
- February 2 - Preliminary Town Budget/Budget Message Released
- February 9 - Budget Summit to Present Budget
- March 1 - Governor's Budget released (new Governor gets 5 extra weeks)
- March 16 - Further Budget Feedback and Discussions
- Mid-April - Final Budget published and sent to Town Meeting Members
- May - Town Meeting adopts budget



Status of Union Contracts

Union Name	Representing	Employees	Contract Expiration
IAFF #1637	Firefighters	50	6/30/2020
Assoc. of Prof. Belmont Police Officers	Police	31	6/30/2020
Belmont Librarians Association	Librarians	10	6/30/2022
SEIU #888	Clerical/Asst. Dept. Heads	42	6/30/2023*
AFSCME #408	Water/Highway	40	6/30/2023*
IBPO #521	Superior Police Officers	15	6/30/2023*
Joint Public Safety Communications Officers Association	Public Safety Dispatchers	7	6/30/2023*
AFSCME #408	School Custodians/Lunch Staff	41	6/30/2024*
Belmont Education Association - Unit C	Secretaries	21	6/30/2025*
Belmont Education Association - Unit A	Teachers and Nurses	373	8/31/2025*
Belmont Education Association - Unit B	School Administrators	19	8/31/2025*
Belmont Education Association - Unit D	Support Staff	126	8/31/2025*

*Contracts ratified June-August, 2022.



Structural Deficit

The amount by which a government's spending is more than it receives in recurring revenue in a particular period, whether the economy is performing well or not.

	FY2018	FY2019	FY2020	FY2021*	FY2022**	FY2023***
Operating Budget	\$ 107,510,698	\$ 113,630,869	\$ 125,589,935	\$ 129,544,388	\$ 138,771,849	\$ 142,419,123
Exempt Debt Service	\$ 3,582,727	\$ 3,491,539	\$ 8,746,407	\$ 13,638,294	\$ 12,288,095	\$ 14,007,963
Net Operating Budget	\$ 103,927,971	\$ 110,139,330	\$ 116,843,528	\$ 115,906,094	\$ 126,483,754	\$ 128,411,160
<i>% Budget Increase</i>	4.8%	6.0%	6.1%	(0.8)%	9.1%	1.5%
Free Cash	\$ 2,322,850	\$ 1,613,913	\$ 2,359,710	\$ 3,792,665	\$ 7,113,925	\$ 5,959,753
General Stabilization		\$ 1,340,341	\$ 2,403,105			
Belmont Light PILOT				\$ 1,000,000		
Total One-Time Funds	\$ 2,322,850	\$ 2,954,254	\$ 4,762,815	\$ 4,792,665	\$ 7,113,925	\$ 5,959,753
<i>One-Time as % of Budget</i>	2.2%	2.7%	4.1%	4.1%	5.6%	4.6%
COVID Grant Funding				\$ 1,317,437	\$ 1,687,521	\$ 1,205,303

*FY2021 diverted approximately \$2.6M from capital items, including Streets, for Town/School budget needs.

**April 2021 failed override.

***School Circuit Breaker funding of \$1.5M was used to reduce School operating budget in FY2023.

Goal is to transition one-time funding to use for one-time purposes, like capital. It won't happen overnight; the goal is to develop a framework and strategy to implement over several years.



Potential Opportunities for Additional Revenue and Operating Efficiencies

- McLean Development
- Cannabis Licensing and Excise Taxes
- Review Town and School fees – 1-3 year process overall
- Collins Center recommendations – 3-5 year process
- Transition to GIC – FY2025 at earliest, full impact realized in FY2026+
- Other recommendations from Structural Change Impact Group



Balance of One-Time Funding Sources

Fund Name	FY2018	FY2019	FY2020	FY2021	FY2022
Kendall Fund*	\$2,155,388	\$2,155,388	\$2,155,388	\$2,155,388	\$2,155,388
Capital Endowment Reserve*	\$3,944,403	\$4,100,855	\$4,142,551	\$4,918,702	\$4,522,912
Incinerator Stabilization Fund*	\$3,526,357	\$2,822,063	\$2,892,698	\$2,887,471	\$2,814,828
General Stabilization Fund	\$3,974,844	\$2,729,866	\$1,889,779	\$1,884,860	\$1,839,401
Free Cash	\$8,406,183	\$8,106,817	\$11,239,464	\$15,026,459	\$15,553,790
Total Available Funds	\$22,007,175	\$19,914,989	\$22,319,880	\$26,872,880	\$26,886,319

The Comprehensive Fiscal Policies adopted in September 2021 establish an Adjusted Reserve Ratio (ARR) requirement. The value of Reserve Funds, including Restricted Use funds denoted with an asterisk(*), should be a minimum of 5% of General Fund Revenues, with a target of 10%. Adherence to policies such as the ARR allow the Town to maintain its AAA bond rating.



Free Cash Sources as of June 30th

Category	FY2020	FY2021	FY2022
Carryforward	\$ 4,029,152	\$ 4,125,539	\$ 7,837,732
Excess Revenues	\$ 939,605	\$ 3,837,630	\$ 1,491,154
Town Salaries	\$ 1,157,827	\$ 1,712,330	\$ 549,451
Town Expenses	\$ 713,038	\$ 1,182,854	\$ 1,248,061
Town Benefits	\$ 95,456	\$ 820,789	\$ 841,527
Subtotal Town	\$ 1,966,320	\$ 3,715,973	\$ 2,639,039
School Salaries	\$ 1,266,418	\$ 1,322,190	\$ 645,297
School Expenses	\$ (797,852)	\$ 877,166	\$ (355,498)
School Benefits	\$ 348,651	\$ 192,088	\$ 399,889
Subtotal School	\$ 817,216	\$ 2,391,445	\$ 689,688
Facilities	\$ 516,690	\$ 398,364	\$ 471,228
Debt Service	\$ 162,528	\$ 763,445	\$ 188,223
Prior Year Encumbrances	\$ 1,007,132	\$ 791,794	\$ 652,027
Other Misc. Factors	\$ 1,800,821	\$ (997,730)	\$ 1,584,699
Total Free Cash	\$ 11,239,464	\$ 15,026,459	\$ 15,553,790

Notes -

1. Carryforward is used as a reserve for future needs. We would like to discuss transferring that to a Stabilization Fund at Fall Town Meeting.
2. In FY2021, \$3M in Carryforward Free Cash was used to offset an expected cut in State Aid. When State Aid was level-funded, it came in as "excess" revenue.
3. Both Town and School expenses shifted during the pandemic, and many costs were covered by federal grants, resulting in higher turnbacks.
4. Approximately \$550,000 in FY2022 revenues is from Recreation. Fall Town Meeting will be asked to establish a Recreation Enterprise or Revolving Fund. We suggest "seeding" the fund with the \$550,000, plus fees collected in FY2023 for 2023 summer programs to provide a cushion to guard against future downturns and allow staff to incrementally expand programming.
5. The new Town Accountant has focused on identifying unneeded prior year purchase orders. They will never get to \$0, but will continue to lessen.



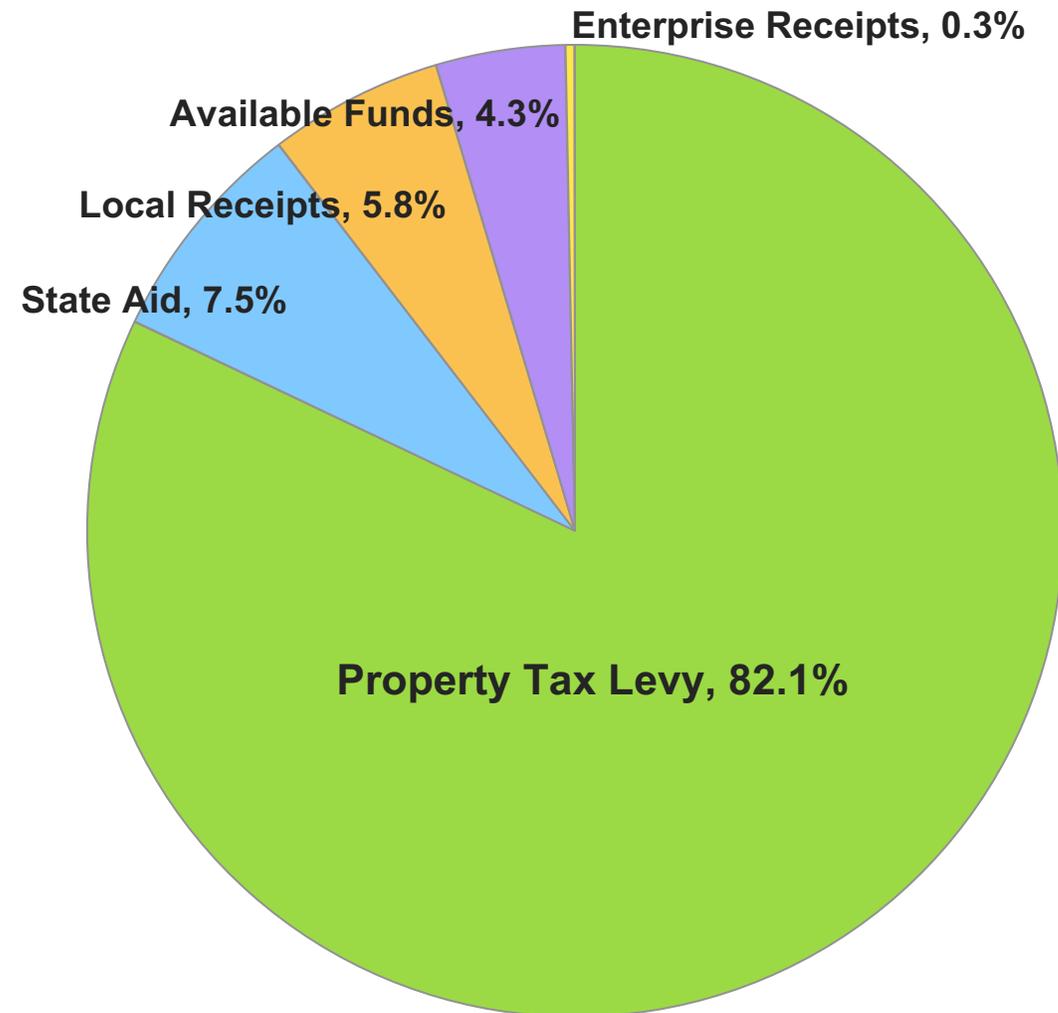
FY2024 Preliminary Revenue Forecast

General Fund Revenue Summary	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	FY2023-24 Change	
Property Tax Levy	\$ 101,309,400	\$ 109,492,914	\$ 111,719,938	\$ 116,798,004	\$ 119,687,016	\$ 2,889,012	2.5%
State Aid	\$ 12,031,482	\$ 12,298,451	\$ 12,475,047	\$ 12,910,995	\$ 13,095,306	\$ 184,311	1.4%
Local Receipts	\$ 9,097,606	\$ 8,092,290	\$ 9,564,720	\$ 8,384,462	\$ 8,384,462	\$ —	—%
Available Funds	\$ 5,626,849	\$ 4,292,665	\$ 7,791,118	\$ 8,865,598	\$ 6,205,000	\$ (2,660,598)	(30.0)%
Revenue Offsets	\$ (2,744,129)	\$ (2,883,471)	\$ (2,876,292)	\$ (2,986,830)	\$ (3,059,600)	\$ (72,770)	2.4%
Enterprise Receipts	\$ 1,688,000	\$ 2,833,000	\$ 1,188,000	\$ 1,388,000	\$ 450,000	\$ (938,000)	(67.6)%
Total General Fund Operating Revenues	\$ 127,009,208	\$ 134,125,850	\$ 139,862,531	\$ 145,360,228	\$ 144,762,183	\$ (598,045)	(0.4)%
Less - Revenues Set-Aside for Designated Purposes	\$ 1,945,757	\$ 226,147	\$ 2,044,261	\$ 6,462,272	\$ 4,315,866	\$ (2,146,406)	(33.2)%
Net General Fund Revenues	\$ 125,063,451	\$ 133,899,703	\$ 137,818,270	\$ 138,897,956	\$ 140,446,317	\$ 1,548,361	1.1%

Note - FY2024 Available Funds includes \$6M in Free Cash, with small amounts from other recurring sources. FY2023 included more than \$2.2M in one-time sources that were used for capital.



FY2024 Revenue Distribution





Tax Levy

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected
Tax Levy	\$ 82,015,337	\$ 86,086,128	\$ 89,250,197	\$ 92,590,154	\$ 96,008,913	\$ 99,443,942	\$102,790,040
Prop. 2.5%	\$ 2,050,383	\$ 2,152,153	\$ 2,231,255	\$ 2,314,754	\$ 2,400,223	\$ 2,486,099	\$ 2,569,751
New Growth*	\$ 2,020,408	\$ 1,011,916	\$ 1,108,702	\$ 1,104,005	\$ 1,034,806	\$ 860,000	\$ 860,000
Exempt Debt Service*	\$ 3,582,727	\$ 3,491,539	\$ 8,746,407	\$ 13,638,294	\$ 12,288,095	\$ 14,007,963	\$ 13,467,225
Override/Excess Levy Capacity	\$ (1,125,957)	\$ (4,004)	\$ (27,162)	\$ (154,293)	\$ (12,099)	NA	NA
Subtotal	\$ 88,542,898	\$ 92,737,732	\$101,309,400	\$109,492,914	\$111,719,938	\$116,798,004	\$119,687,016
Base Tax Levy Growth	3.67%	5.04%	3.72%	3.56%	3.73%	3.38%	3.34%

*Reflects preliminary figures for FY2023-24

FY2023 New Growth is still being determined by the Assessors, and will be finalized before the Recap is filed in early December. That will set the base levy limit for FY2024, from which the 2.5% is calculated.



State Aid – Chapter 70 and UGGA

State Aid-Cherry Sheet	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Cherry Sheet	FY2024 Projected
Education:							
Chapter 70	\$7,800,233	\$9,036,713	\$9,519,647	\$9,755,929	\$9,891,949	\$10,158,889	\$10,290,889
	\$688,464 9.7%	\$1,236,480 15.9%	\$482,934 5.3%	\$236,282 2.5%	\$136,020 1.4%	\$266,940 2.7%	\$132,000 1.3%
General Government:							
Unrestricted General Government Aid (UGGA)	\$2,255,647	\$2,334,595	\$2,397,629	\$2,397,629	\$2,481,546	\$2,615,549	\$2,667,860
	\$84,668 3.9%	\$78,948 3.5%	\$63,034 2.7%	\$— —%	\$83,917 3.5%	\$134,003 5.4%	\$52,311 2.0%

Belmont is one of 130 “Minimum Aid” communities which are considered fully funded under the Chapter 70 formula. As a result, the prior year’s school aid is rolled forward and an amount per student in the October 1st snapshot is added. For this projection, an assumption of 4,400 students at \$30 each is used. There was a one-time increase to \$60 per student in FY2023 as a result of state budget surpluses.



Meals Excise

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	3-year average	5-year average
Meals Tax Revenue	\$236,554	\$250,949	\$223,636	\$198,767	\$328,822	\$240,000	\$240,000	\$250,408	\$247,746
		6.1%	(10.9)%	(11.1)%	65.4%	(27.0)%	—%		

The State adjusted Sales and Meals Tax submission deadlines during the pandemic as a short-term loan to business owners. That in turn impacted the transmission of Meals Tax receipts to the Town, as reflected in the lower FY2021 revenues, followed by a bump in FY2022. It will take another year or two before the post-pandemic impact will be known.



Motor Vehicle Excise

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	3-year average	5-year average
Motor Vehicle Excise Tax	\$ 3,539,535	\$ 3,703,314	\$ 3,418,488	\$ 3,315,051	\$ 3,647,145	\$3,500,000	\$3,500,000	\$3,460,228	\$3,524,706
		4.6%	(7.7)%	(3.0)%	10.0%	(4.0)%	—%		
Prior Year Motor Vehicle Excise	\$ 729	\$ 1,685	\$ 1,410	\$ 503	\$ 591				
FY13 Motor Vehicle Excise	\$ 879	\$ 85	\$ 361	\$ 228	\$ 43				
FY14 Motor Vehicle Excise	\$ 1,624	\$ 544	\$ 471	\$ 163	\$ —				
FY15 Motor Vehicle Excise	\$ 8,782	\$ 8,559	\$ 9,858	\$ 8,440	\$ 10,631				
FY16 Motor Vehicle Excise	\$ 13,480	\$ (7,616)	\$ 2,021	\$ 754	\$ 149				
FY17 Motor Vehicle Excise	\$ 444,389	\$ 10,022	\$ 522	\$ 804	\$ 937				
FY18 Motor Vehicle Excise	\$ 3,069,652	\$ 506,545	\$ 14,966	\$ 4,009	\$ 607				
FY19 Motor Vehicle Excise	N/A	\$ 3,183,490	\$ 422,142	\$ 19,764	\$ 2,756				
FY20 Motor Vehicle Excise	N/A	N/A	\$ 2,966,738	\$ 448,741	\$ 44,203				
FY21 Motor Vehicle Excise	N/A	N/A	N/A	\$ 2,831,645	\$ 620,398				
FY22 Motor Vehicle Excise	N/A	N/A	N/A	N/A	\$ 2,966,828				

Prior to the pandemic, Motor Vehicle Excise had been a stable source of revenue growth. However, the pandemic disruptions initially impacted car sales, and supply chain issues have limited the availability of vehicles. This in turn is reflected in lower motor vehicle excise, which is based on the vehicle's value and depreciates over time.



Building Permits

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	3-year average	5-year average
Building Permits	\$1,135,423	\$ 847,861	\$ 692,986	\$ 684,411	\$ 947,314	\$ 774,904	\$ 774,904	\$ 774,904	\$ 861,599
Electrical Permits	\$ 118,640	\$ 96,915	\$ 110,650	\$ 50,910	\$ 50,570	\$ 70,710	\$ 70,710	\$ 70,710	\$ 85,537
Plumbing Permits	\$ 32,134	\$ 33,419	\$ 18,694	\$ 14,058	\$ 11,574	\$ 14,775	\$ 14,775	\$ 14,775	\$ 21,976
Gas Permits	\$ 12,159	\$ 12,172	\$ 8,005	\$ 4,543	\$ 3,746	\$ 5,431	\$ 5,431	\$ 5,431	\$ 8,125
Online Building Permit	\$ 225	\$ 32,316	\$ 63,835	\$ 107,488	\$ 128,305	\$ 99,876	\$ 99,876	\$ 99,876	\$ 66,434
Online Electrical Permit	\$ 440	\$ 37,705	\$ 43,095	\$ 69,380	\$ 83,305	\$ 65,260	\$ 65,260	\$ 65,260	\$ 46,785
Online Plumbing Permit	\$ 553	\$ 6,930	\$ 12,107	\$ 21,388	\$ 20,464	\$ 17,986	\$ 17,986	\$ 17,986	\$ 12,288
Online Gas Permit	\$ 155	\$ 2,746	\$ 4,256	\$ 7,739	\$ 8,929	\$ 6,975	\$ 6,975	\$ 6,975	\$ 4,765
Total Revenue	\$1,299,729	\$1,070,064	\$ 953,628	\$ 959,917	\$1,254,207	\$1,055,917	\$1,055,917	\$1,055,917	\$1,107,509
		(17.7)%	(10.9)%	0.7%	30.7%	(15.8)%	—%		

Building Permits are sensitive to fiscal conditions, and can have a fair amount of variability. It is best to project conservatively and allow any extra revenue fall to Free Cash rather than project too aggressively and have to makeup the difference through budget adjustments.



Parking Revenues

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	3-year average	5-year average
Parking Permits	\$ 85,465	\$ 78,845	\$ 57,171	\$ 45,505	\$ 58,438	\$ 53,705	\$ 53,705	\$ 53,705	\$ 65,085
RMV Parking Fees	\$ 25,750	\$ 28,330	\$ 25,247	\$ 3,030	\$ 6,540	\$ 5,000	\$ 5,000	\$ 11,606	\$ 17,779
Parking Fines	\$ 209,370	\$ 234,675	\$ 196,855	\$ 169,167	\$ 186,376	\$ 184,133	\$ 184,133	\$ 184,133	\$ 199,288
General Fund Revenue	\$ 320,585	\$ 341,850	\$ 279,273	\$ 217,702	\$ 251,354	\$ 242,838	\$ 242,838	\$ 249,444	\$ 282,152

6.6% (18.3)% (22.0)% 15.5% (3.4)% —%

Parking Meter Fund

Parking Meter Revenue	\$ 119,727	\$ 109,207	\$ 76,280	\$ 35,243	\$ 59,988	\$ 57,000	\$ 57,000	\$ 57,170	\$ 80,089
-----------------------	------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

(8.8)% (30.2)% (53.8)% 70.2% (5.0)% —%

Parking was impacted during the pandemic, and has not yet fully recovered.



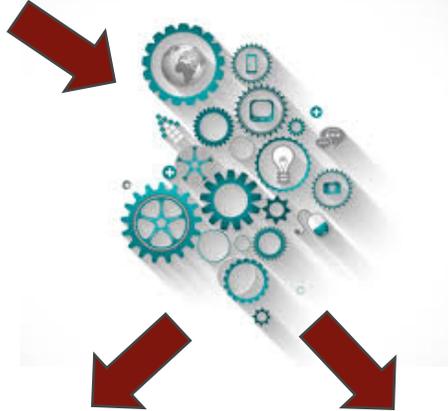
Rentals

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	3-year average	5-year average
Rentals - Select Board	\$ 4,990	\$ 2,145	\$ 150	\$ 60	\$ 140	\$ —	\$ —	\$ 117	\$ 1,497
Rentals - Beech St. Center	\$ 23,319	\$ 12,763	\$ 9,135	\$ 1,470	\$ 6,660	\$ 5,500	\$ 5,500	\$ 5,755	\$ 10,669
Rentals - Library	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue	\$ 28,309	\$ 14,908	\$ 9,285	\$ 1,530	\$ 6,800	\$ 5,500	\$ 5,500	\$ 5,872	\$ 12,166
		(47.3)%	(37.7)%	(83.5)%	344.4%	(19.1)%	—%		

While not a significant source of revenue, facility rental has been impacted by the Pandemic.



FY2024 Budget – Revenue-Based Discussion



1. Start with FY2024 Revenue Projections - Refine over Fall, Finalize in December
2. Subtract FY2024 Costs for Core Services
3. Subtract FY2023 Municipal and School General Fund Budgets
4. Any remaining funds allocated between Municipal and School for FY2024
5. Confirm level of one-time funding use
6. Review multi-year budget forecast and impact of one-time funds



City Hall





FY2024 Revenue Projection

■ FY2024 Core Services

■ FY2023 Municipal/School Budgets

FY2024 Discretionary Revenue

↙
Municipal

↘
School

Core Services List

- Pension Funding Schedule
- Retiree and Employee Benefits
- Debt Service - Within Levy and Exempt
- Facilities Department
- Vocational Education Costs
- Capital Non-Discr. - Roads/Sidewalks + 2.5%
- Capital Discretionary - Prior Year + 2.5%
- Warrant Committee Reserve



Questions?

Group Discussion



Next Meeting – October 20th

- Updates on Revenue Projections and Core Services budgets
- Presentation on October 1st enrollment
- Preliminary Revenue Allocation proposal for FY2024
- Three-Year Projection – Revenue and Spending (preliminary)
- Discuss possible draft budget guidelines
- Fall Town Meeting Topics