



Belmont, MA

Town of Homes

FY2024 Budget Summit IV

January 12, 2023





Presentation Overview

- Revenue Allocation Updates
- Comparison to Municipal and School Budget Requests
- Multi-Year Revenue and Spending Projections
- One-Time Funding Available
- Town Administrator Recommendations
- Next Meeting



Updates to FY2024 Revenue Allocation

- Enterprise Indirect analysis completed - discussions with Warrant Committee on January 11th; Select Board on January 23rd. Resulted in minor updates to revenue.
- Shared services further refined -
 - Regional Schools
 - Facilities
 - Liability Insurance
 - OPEB
 - Benefits, particularly Healthcare - adjustments to reflect actual utilization, updated Administrative process to allocate charges



Updated FY2024 Revenue Allocation

FY2024 Revenue Allocation Model					
	Shared	Municipal	School		
				Projected Available Revenue	
				Assumed Use of Free Cash	
(1)	\$ 55,895,825		\$ 55,895,825	FY2023 Belmont Public Schools Appropriated Budget	
(2)	\$ 32,523,029	\$ 32,523,029		FY2023 Municipal Appropriated Budget	
(3)	\$ 1,500,000		\$ 1,500,000	FY2023 School Budget Covered by Reserves	
(4)		\$ 10,488,234		FY2024 Pension Assessment	
(5)		\$ 3,338,181		FY2024 Retiree Health Insurance (Combined)	
(6)	\$ 26,456,782	\$ 552,695		FY2024 OPEB Contribution (Free Cash)	
(7)		\$ 10,386,981		FY2024 Employee Health Insurance (Combined)	
(8)		\$ 1,690,691		FY2024 Other Benefits (Combined)	
(9)	\$ 772,376	\$ 772,376		FY2024 Liability Insurance	
(10)	\$ 400,000	\$ 400,000		FY2024 Warrant Committee Reserve	
(11)	\$ 746,956	\$ 746,956		FY2024 Regional School Expenses	
(12)	\$ 7,516,340	\$ 7,175,340		FY2024 Facilities Budget (Combined)	
(13)		\$ 341,000		Additional Facilities costs - Middle School opening	
(14)	\$ 13,154,414	\$ 13,154,414		FY2024 Exempt Debt Service	
(15)		\$ 1,487,539		FY2024 Within Levy Debt Service	
(16)	\$ 5,248,080	\$ 1,904,216		FY2024 Capital - Streets	
(17)		\$ 243,673		FY2024 Capital - Sidewalks	
(18)		\$ 1,612,652		FY2024 Capital - Discretionary	
(19)	\$ 144,213,802	\$ 54,294,948	\$ 32,523,029	\$ 57,395,825	Base Budget - Used for Allocation
(20)			36.17%	63.83%	Percentage - Municipal and School only
(21)	\$ 2,655,419		\$ 960,447	\$ 1,694,972	Incremental Revenue

2.95% 2.95% Percent of Current Budget



FY2024 Revenue Allocation - Focus on Result

FY2024 Revenue Allocation Model				
	\$139,988,743			Projected Available Revenue
	\$ 6,880,478			Assumed Use of Free Cash
	Shared	Municipal	School	
(1)	\$ 55,895,825		\$55,895,825	FY2023 Belmont Public Schools Appropriated Budget
(2)	\$ 32,523,029	\$32,523,029		FY2023 Municipal Appropriated Budget
(3)	\$ 1,500,000		\$ 1,500,000	FY2023 School Budget Covered by Reserves
	\$ 54,294,948	\$54,294,948	\$ —	FY2024 Shared Services Summary
(19)	\$144,213,802	\$54,294,948	\$32,523,029	Base Budget - Used for Allocation
(20)		36.17%	63.83%	Percentage - Municipal and School only
(21)	\$ 2,655,419	\$ 960,447	\$ 1,694,972	Incremental Revenue
		2.95%	2.95%	<i>Percent of Current Budget</i>



Municipal Department Budget Starting Point

- Departments were asked to submit "level-service" budgets from FY2023 to FY2024.
- "Level-service" does not restore any of the 5 FTEs cut, nor any expenses removed after the failed April 2021 override. (1 Police Officer, 1 Fire Fighter, Town Engineer, and 2 DPW workers)
 - Budgeted Town FTEs totaled 259.63 in FY17 and 258.58 in FY23
- It also does not fund any Program Improvement Requests submitted by departments for FY2024 totaling \$421,261.
- The Library is requesting an Assistant Director to help with managing multiple service delivery locations in FY2024 while they are in temporary space, funded from reductions to other items. This request is still under discussion between the Trustees and the Select Board.



Municipal Department Budget Requests

	Salaries	Expenses	Total
FY2023 Budget	\$ 21,932,059	\$ 10,590,970	\$ 32,523,029
FY2024 Request	\$ 22,454,479	\$ 11,261,500	\$ 33,715,979
Variance	\$ 522,420	\$ 670,530	\$ 1,192,950
	Revenue Allocation		\$ 960,447
	Shortfall		\$ (232,503)

- Incorporates newly settled union contracts which extend through June 30, 2023. Includes placeholders for FY2024 increases.
 - Fire contract ratified at January 9th Select Board meeting; tentative agreement reached with Patrol union. Both extend through FY2025.
- Reflects new Trash Collection & Disposal contract - \$110,188 increase (4.5%), plus Recycling Processing fees.
- Will work to solve Shortfall in the coming weeks.



School Budget Requests

	Base Staff	MS Staff	Expenses	Special Ed.	Total
FY2023 Budget	\$ 45,351,779	\$ —	\$ 2,877,400	\$ 7,666,646	\$ 55,895,825
FY2024 Request	\$ 48,053,407	\$ 1,991,408	\$ 2,878,813	\$ 10,788,844	\$ 63,712,472
Circuit Breaker Proposal - Restore Rollover				\$ 1,500,000	\$ 1,500,000
Variance - FY23-24	\$ 2,701,628	\$ 1,991,408	\$ 1,413	\$ 4,622,198	\$ 9,316,647
Revenue Allocation					\$ 1,694,972
Restore Use of One-Time Funds in FY2023					\$ 1,500,000
Shortfall					\$ (6,121,675)

- Assumes realignments for Custodians and Fringe Benefits to Shared Service items.
- Reflects union contracts approved in Summer 2022; most extend through June 2025.
- MS Staff reflects salaries, benefits and expenses for 20.32 FTE for new Middle School.
- Expenses includes placeholder for new School Bus contract
- Special Ed. increases are driven by increased enrollment (30) in Out-of-District (OOD) placements and state increase of 14% for OOD tuition in FY2024.



Multi-Year Revenue Forecast

	Revenue Budget	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	Projected FY2025	Projected FY2026
1	Tax Levy (Base + New Growth + 2.5%)	\$ 92,562,993	\$ 95,854,621	\$ 99,431,844	\$ 102,786,493	\$ 106,302,480	\$ 109,900,713	\$ 113,588,901
2	State Aid	\$ 11,994,553	\$ 12,253,713	\$ 12,449,529	\$ 12,852,939	\$ 13,034,970	\$ 13,218,047	\$ 13,402,192
3	Local Receipts	\$ 9,097,903	\$ 8,092,290	\$ 9,567,943	\$ 8,576,705	\$ 8,778,462	\$ 8,848,962	\$ 8,927,372
4	Transfers from Parking/Capital Endowment/Cemetery/Other	\$ 483,000	\$ 475,000	\$ 417,193	\$ 368,303	\$ 205,000	\$ 205,000	\$ 205,000
5	Use of Free Cash/Stabilization	\$ 5,315,510	\$ 3,842,665	\$ 7,163,925	\$ 5,959,753	\$ 7,433,173	\$ 552,695	\$ 552,695
6	Revenue Offsets (Assessments/Overlay)	\$ (2,707,200)	\$ (2,838,733)	\$ (2,831,921)	\$ (2,919,157)	\$ (2,981,764)	\$ (3,035,308)	\$ (3,090,191)
7	Enterprise Indirects	\$ 1,688,000	\$ 2,833,000	\$ 1,188,000	\$ 1,388,000	\$ 942,487	\$ 1,154,799	\$ 1,167,419
	Total Available Revenue	\$118,434,759	\$120,512,556	\$127,386,513	\$129,013,036	\$133,714,807	\$130,844,907	\$134,753,388
	<u>Excluding:</u>					3.64%	(2.15)%	2.99%
8	One-time Capital Sources	\$ 163,946	\$ 25,000	\$ 260,000	\$ 2,237,542	\$ —	\$ —	\$ —
9	Tax Levy for Excluded Debt Service	\$ 8,746,407	\$ 13,638,294	\$ 12,288,095	\$ 13,719,329	\$ 13,154,414	\$ —	\$ —

The plan is to transition one-time funding (line 5) 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.



Multi-Year Forecast - Revenue and Expense Summary

	Revenue Budget	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	Projected FY2025	Projected FY2026
1	Tax Levy (Base + New Growth + 2.5%)	\$ 92,562,993	\$ 95,854,621	\$ 99,431,844	\$ 102,786,493	\$ 106,302,480	\$ 109,900,713	\$ 113,588,901
2	State Aid	\$ 11,994,553	\$ 12,253,713	\$ 12,449,529	\$ 12,852,939	\$ 13,034,970	\$ 13,218,047	\$ 13,402,192
3	Other Revenue Sources	\$ 8,561,703	\$ 8,561,557	\$ 8,341,215	\$ 7,413,851	\$ 6,944,184	\$ 7,173,452	\$ 7,209,600
4	Use of Free Cash/Stabilization	\$ 5,315,510	\$ 3,842,665	\$ 7,163,925	\$ 5,959,753	\$ 7,433,173	\$ 552,695	\$ 552,695
	Total Available Revenue	\$ 118,434,759	\$ 120,512,556	\$ 127,386,513	\$ 129,013,036	\$ 133,714,807	\$ 130,844,907	\$ 134,753,388
	Expense Budgets	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Appropriated	FY2024 Projected	Projected FY2025	Projected FY2026
5	Total School Budget	\$ 49,487,180	\$ 51,589,917	\$ 55,259,786	\$ 55,895,825	\$ 65,212,472	\$ 68,005,285	\$ 70,530,363
6	Total Municipal Budget	\$ 27,756,418	\$ 27,347,809	\$ 29,803,118	\$ 32,523,029	\$ 33,715,979	\$ 34,558,707	\$ 35,422,921
7	Total Facilities Budget	\$ 4,979,336	\$ 5,240,068	\$ 5,739,210	\$ 6,948,107	\$ 7,516,340	\$ 7,489,566	\$ 7,662,945
8	Total Benefits	\$ 22,357,387	\$ 22,457,207	\$ 23,713,401	\$ 26,337,631	\$ 26,456,782	\$ 27,367,845	\$ 28,318,479
9	Total Other Shared Expenses	\$ 1,485,770	\$ 1,902,672	\$ 1,560,307	\$ 2,151,500	\$ 1,919,332	\$ 1,838,775	\$ 1,940,841
10	Total Capital-Related Expenses	\$ 5,081,505	\$ 2,791,035	\$ 5,000,682	\$ 5,156,944	\$ 5,248,080	\$ 5,342,094	\$ 5,444,815
	Total Expenses	\$ 111,147,596	\$ 111,328,708	\$ 121,076,504	\$ 129,013,035	\$ 140,068,985	\$ 144,602,271	\$ 149,320,364
	Net Budget Surplus/(Deficit)	\$ 7,287,163	\$ 9,183,848	\$ 6,310,009	\$ —	\$ (6,354,178)	\$ (13,757,364)	\$ (14,566,976)



Available Free Cash - FY2024

Fiscal Year	FY2021	FY2022	FY2023	FY2024	
Free Cash Available	\$ 8,106,817	\$ 11,239,464	\$ 15,026,459	\$ 15,553,790	Main drivers have been carryforward of Remaining Balances, and staff vacancies
Operating Budget	\$ 3,792,665	\$ 7,113,925	\$ 5,380,478	\$ 6,880,478	Same value from Summit III
OPEB	\$ 50,000	\$ 50,000	\$ 579,275	\$ 552,695	Initial calculation based on draft financial reports.
Capital Stabilization				\$ 2,000,000	TBD - Initial deposit to develop a capital process funded by one-time funds
General Stabilization				\$ 3,620,617	TBD - Set-aside to provide flexibility for future fiscal years.
Recreation Seed \$				\$ 500,000	Allows Recreation programming to be funded outside of the operating budget.
Fuel Tanks			\$ 649,699		
Total Uses	\$ 3,842,665	\$ 7,163,925	\$ 6,609,452	\$ 13,553,790	
Remaining Balance	\$ 4,264,152	\$ 4,075,539	\$ 8,417,007	\$ 2,000,000	Return to prior goal of carrying forward \$2M



Town Administrator Recommendations

- Dedicate an additional \$4,000,000 of Free Cash to School budget gap; will leave a balance for the School Committee to determine how best to address.
- That will leave a substantially smaller balance in Free Cash. Suggest moving it all to Stabilization Funds to ensure flexibility to address budget needs in FY2025 and beyond.
- The Multi-Year Budget forecast makes it clear that the revenue gap for FY2025 is insurmountable - an operating override cannot be avoided in Spring 2024.



Revised Free Cash - FY2024

Fiscal Year	FY2021	FY2022	FY2023	FY2024	
Free Cash Available	\$ 8,106,817	\$ 11,239,464	\$ 15,026,459	\$ 15,553,790	Main drivers have been carryforward of Remaining Balances, and staff vacancies
Operating Budget	\$ 3,792,665	\$ 7,113,925	\$ 5,380,478	\$ 10,880,478	Reflects \$4M in additional Free Cash
OPEB	\$ 50,000	\$ 50,000	\$ 579,275	\$ 552,695	Initial calculation based on draft financial reports.
Capital Stabilization				\$ 1,000,000	Initial deposit to develop a capital process funded by one-time funds
General Stabilization				\$ 2,620,617	Set-aside to provide flexibility for future fiscal years.
Recreation Seed \$				\$ 500,000	Allows Recreation programming to be funded outside of the operating budget.
Fuel Tanks			\$ 649,699		
Total Uses	\$ 3,842,665	\$ 7,163,925	\$ 6,609,452	\$ 15,553,790	
Remaining Balance	\$ 4,264,152	\$ 4,075,539	\$ 8,417,007	\$ —	

Note - FY21 and FY22 Remaining Balances are slightly off from Free Cash presentation at Summit I - still working to track it down



Revised Multi-Year Forecast - Apply Additional Free Cash

	Revenue Budget	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	Projected FY2025	Projected FY2026
1	Tax Levy (Base + New Growth + 2.5%)	\$ 92,562,993	\$ 95,854,621	\$ 99,431,844	\$ 102,786,493	\$ 106,302,480	\$ 109,900,713	\$ 113,588,901
2	State Aid	\$ 11,994,553	\$ 12,253,713	\$ 12,449,529	\$ 12,852,939	\$ 13,034,970	\$ 13,218,047	\$ 13,402,192
3	Other Revenue Sources	\$ 8,561,703	\$ 8,561,557	\$ 8,341,215	\$ 7,413,851	\$ 6,944,184	\$ 7,173,452	\$ 7,209,600
4	Use of Free Cash/Stabilization	\$ 5,315,510	\$ 3,842,665	\$ 7,163,925	\$ 5,959,753	\$ 7,433,173	\$ 552,695	\$ 552,695
	Total Available Revenue	\$ 118,434,759	\$ 120,512,556	\$ 127,386,513	\$ 129,013,036	\$ 133,714,807	\$ 130,844,907	\$ 134,753,388

	Expense Budgets	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Appropriated	FY2024 Projected	Projected FY2025	Projected FY2026
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8	Total Benefits	\$ 22,357,387	\$ 22,457,207	\$ 23,713,401	\$ 26,337,631	\$ 26,456,782	\$ 27,367,845	\$ 28,318,479
9	Total Other Shared Expenses	\$ 1,485,770	\$ 1,902,672	\$ 1,560,307	\$ 2,151,500	\$ 1,919,332	\$ 1,838,775	\$ 1,940,841
10	Total Capital-Related Expenses	\$ 5,081,505	\$ 2,791,035	\$ 5,000,682	\$ 5,156,944	\$ 5,248,080	\$ 5,342,094	\$ 5,444,815
	Total Expenses	\$ 111,147,596	\$ 111,328,708	\$ 121,076,504	\$ 129,013,035	\$ 140,068,985	\$ 144,602,271	\$ 149,320,364

A	Net Budget Surplus/(Deficit)	\$ 7,287,163	\$ 9,183,848	\$ 6,310,009	\$ —	\$ (6,354,178)	\$ (13,757,364)	\$ (14,566,976)
B	Apply additional Free Cash					\$ 4,000,000	\$ —	\$ —
C	Reductions to Stay within Revenue					\$ (2,354,178)	\$ (2,401,262)	\$ (2,449,287)
D	Revised Net Surplus/(Deficit)	\$ 7,287,163	\$ 9,183,848	\$ 6,310,009	\$ —	\$ —	\$ (11,356,102)	\$ (12,117,689)



Next Meeting – February 9th

- Municipal Budget Presentation
- School Budget Presentation