



Belmont
MASSACHUSETTS
The Town of Homes

FY23 Proposed Budget

February 16, 2022

FY23 Budget Presentation Outline

- ◇ Budget Overview
- ◇ Budget Model
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- ◇ Reserves
- ◇ Next Steps
- ◇ FY24 Sneak Peek

FY23 Budget Overview



Estimated Revenue

Recurring Revenue
One-Time Revenue



Estimated Expenditures

Town Operating
Education
Fixed Costs



Budget Model

FY23 Estimated
FY24 Projected

Budget Model

- ◆ The Budget Model was developed by the Collins Center through a Grant in 2018.
- ◆ The Financial Task Force II was created in 2019 to forecast revenue and expenditures for five years.
- ◆ The FY23 and FY24 Budget was balanced by using \$9.5M - \$10.5M of One-Time Revenue.
- ◆ The Budget Model was used to develop the FY23 budget.
- ◆ The FY23 Budget (Town/School) is 0.6% above the forecasted expenditure model due to:
 - ◆ Some fixed cost increases
 - ◆ Unknown/Unanticipated costs
 - ◆ Added positions - Temporary and New

Budget Model vs. Proposed

Expenditure	FY23 Budget Model	FY23 Proposed	\$ Change
General Government	\$5.1M	\$5.2M	\$0.1M
Public Safety	\$13.7M	\$13.5M	(\$0.2M)
Education	\$69.2M	\$69.4M	\$0.2M
Regional Assessment	\$1.8M	\$1.7M	(\$0.1M)
Public Services	\$14.7M	\$15.4M	\$0.7M
Human Services	\$3.4M	\$3.5M	\$0.1M
Debt Service	\$14.9M	\$14.5M	(\$0.4M)
Employee Benefits (Town Only)	\$16.3M	\$16.6M	\$0.3M
Prop/Liability Insurance	\$0.8M	\$0.8M	\$0.0M
Other Amount to be Raised	\$0.8M	\$0.8M	\$0.0M
State & County Assessments	\$2.0M	\$2.1M	\$0.1M
Capital (Roads and Sidewalks)	\$3.6M	\$3.6M	\$0.0M
Chapter 90	\$0.5M	\$0.5M	\$0.0M
Other Post Employment Benefits (OPEB)	\$0.6M	\$0.6M	\$0.0M
TOTAL	\$147.4M	\$148.2M	\$0.9M

FY23 Revenue Estimates

Recurring Revenue

◆ Property Tax Revenue	\$114.6M
◆ State Aid	\$12.6M
◆ Local Receipts	\$9.0M
◆ Available Funds	<u>\$2.5M</u>
TOTAL	\$138.7M
% of TOTAL	93.6%

One-Time Revenue

◆ Free Cash	\$6.5M
◆ American Rescue Plan Act (ARPA) Funds	<u>\$3.0M</u>
TOTAL	\$9.5M
% of TOTAL	6.4%

Total Revenue: \$148.2M

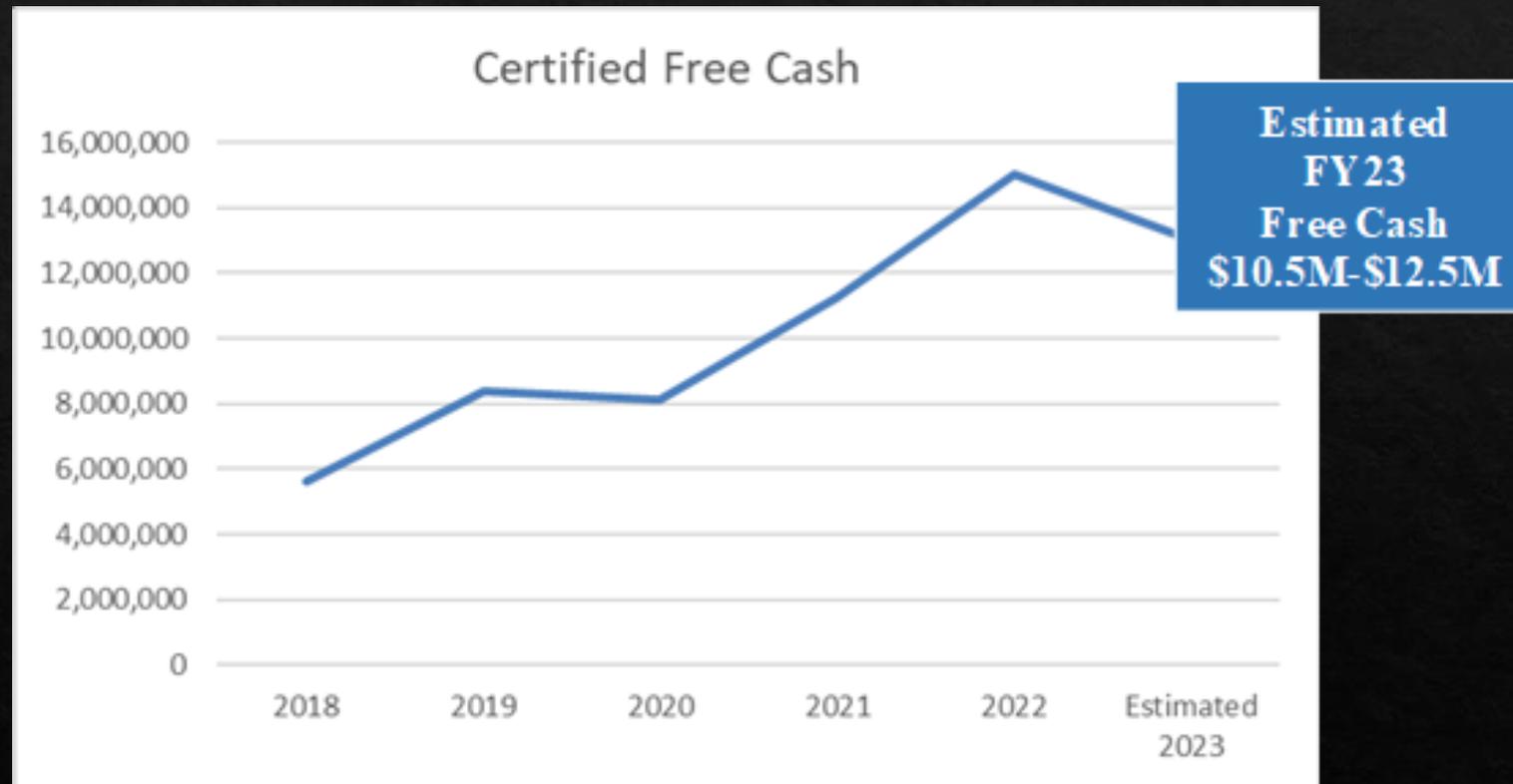
FY23 Revenue Summary

	FY22 Recap	FY23 Projected	\$ Change	% Change	% of Total Revenue
Property Tax	\$111.4M	\$114.6M	\$3.2M	2.9%	77.3%
State Aid*	\$12.4M	\$12.6M	\$0.2M	1.6%	8.5%
Local Receipts	\$8.8M	\$9.0M	\$0.2M	2.3%	6.1%
Available Funds (Ch. 90)	\$2.5M	\$2.5M	\$0.05M	2.0%	1.7%
One-Time Free Cash	\$7.2M	\$6.5M	(\$0.7M)	-9.7%	4.4%
One-Time ARPA		\$3.0M	\$3.0M	100%	2.0%
TOTAL	\$142.3M	\$148.2M	\$6.0M	4.2%	100%

**Source: Governor's Number Cherry Sheet State Aid*

Free Cash Projection

The reliance on Free Cash has grown over the last three years as the Town has struggled to fund recurring costs in the operating budget, such as salaries and fixed costs. The graph illustrates the Town's certified Free Cash since 2018 and the projected Free Cash in FY23. The estimated amount in FY23 has been determined based on the use of Free Cash in the FY22 operating budget and projected turnbacks/revenue surplus.



FY23 Expenditure Estimates

Town Operating		Education		Fixed Costs	
General Government	\$5.2M	Belmont Schools	\$69.4M	Debt Service	\$14.5M
Public Safety	\$13.5M	Vocational Education	<u>\$1.7M</u>	Employee Benefits (Pension)	\$16.6M
Public Service	\$15.3M	TOTAL	\$71.1M	Prop/Liability	\$0.8M
Human Services	<u>\$3.5M</u>	% of TOTAL	48.0%	State & County Assessments	\$2.1M
Subtotal	\$37.5M			Other amounts to be	
Capital (Roads/Sidewalks)	\$3.7M			Raised (Overlay)	<u>\$0.8M</u>
Chapter 90	\$0.5M			TOTAL	\$34.8M
OPEB	<u>\$0.6M</u>			% of TOTAL	23.5%
TOTAL	\$42.3M				
% of TOTAL	28.5%				

Total Expenditures: \$148.2M

FY23 Expenditure Summary

<u>Expenditure</u>	<u>FY22 Budgeted</u>	<u>FY23 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
General Government	\$5.0M	\$5.2M	\$0.2M	4.0%
Public Safety	\$13.3M	\$13.5M	\$0.2M	1.5%
Education	\$66.2M	\$69.4M	\$3.2M	4.8%
Vocational Education	\$1.8M	\$1.7M	(\$0.04M)	-2.2%
Public Services	\$14.3M	\$15.3M	\$1.0M	7.0%
Human Services	\$3.3M	\$3.5M	\$0.2M	6.1%
Debt Services	\$14.7M	\$14.5M	(\$0.2M)	-1.4%
Employee Benefits	\$15.6M	\$16.6M	\$1.0M	6.4%
Prop/Liability Insurances	\$0.8M	\$0.8M	\$0.0M	0.0%
Other Amount to be raised	\$0.8M	\$0.8M	\$0.0M	0.0%
State & County Assessments	\$2.1M	\$2.1M	\$0.0M	0.0%
Capital	\$3.8M	\$3.7M	(\$0.01M)	-0.3%
Chapter 90	\$0.5M	\$0.5M	\$0.0M	0.0%
OPEB	\$0.05M	\$0.6M	\$0.5M	1000%
TOTAL	\$142.2M	\$148.2M	\$6.0M	4.2%

FY23 Expenditure Highlights

- ◇ General Government
- ◇ Public Safety
- ◇ Public Services
- ◇ Human Services
- ◇ Employee Benefits (Pension)
- ◇ Capital (Roads & Sidewalks)
- ◇ Debt Services
- ◇ OPEB

General Government

Assessors; Accountant; IT; Select Board; Town Administrator; Legal; Town Clerk/Elections; Treasurer are the departments that encompass General Government.

- ◆ The main driver of the increase in General Government is in the IT Department. The justification for the increase is the demand for additional cyber security and administrative support.
- ◆ The TA's Office, through a reorganization, has maintained its level of five FTEs. The FY23 salary budget is \$56,000 less than FY22, with \$16,000 being diverted to the IT department to fund a part-time administrative position.
- ◆ The Town Clerk's budget was reduced by the cost of one additional election. If another election is warranted, we recommend using ARPA funds to fund the additional election. We would also recommend creating an internal working group to study the consolidation of polling locations, which could save additional money in FY23.

Public Safety

Fire; Belmont Emergency Management Agency (BEMA); Police are the departments that encompass Public Safety.

- ◆ The Public Safety budgets have been level funded. In FY22 a Firefighter and a Police Officer position were eliminated due to lack of funding.
- ◆ In FY21 the Town did not move forward with the purchase of three new police cruisers because the money was needed to help balance the Town's operating budget. In FY22 the Town appropriated funds for two police cruisers. The proposed FY23 budget restores the annual appropriation of three police cruisers in the Police budget.

Public Services

Office of Community Development;
Facilities; Department of Public
Works (DPW); Recreation are the
departments that encompass Public
Services.

- ◆ We are proposing a new salary line in the Facilities budget of Town Plumber. The Facilities budget has also increased due to expected higher costs of contracted services. The electricity line item in the Facilities budget has been increased to respond to the demand of the new high school.
- ◆ The FY23 Public Service budget does not include a full time Tree Warden. The Town would like an opportunity to assess and evaluate the current tree inventory in Town before determining whether this is a part-time or full-time position.
- ◆ The part-time Youth Coordinator position is moving from the Health Department into the Recreation Department. We have made the position a full-time position and plan to offset the increase in salary and benefits by using program fees, such as adult education revenue.

Human Services

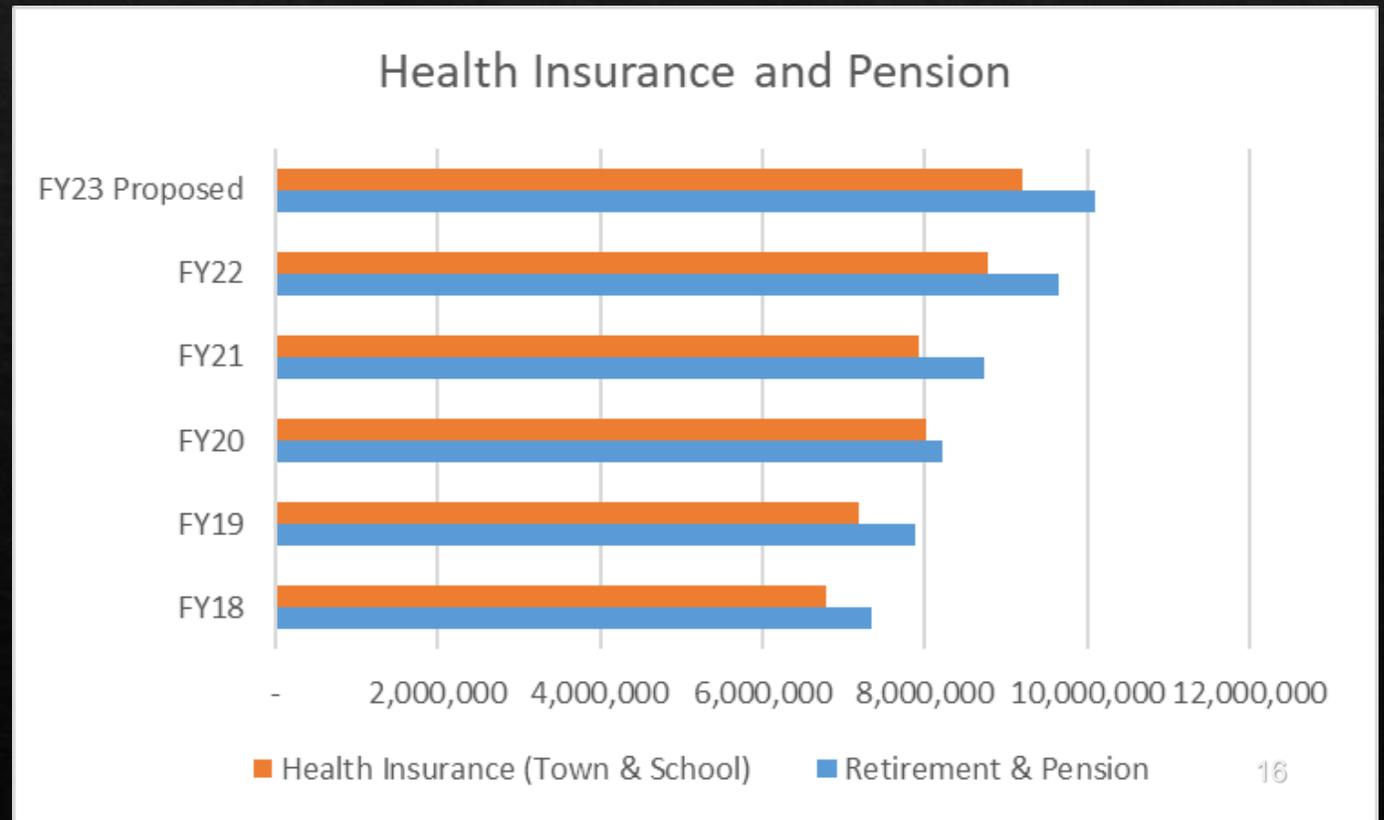
Council on Aging (COA); Health;
Library are the departments that
encompass Human Services.

- ◆ The Health Department and the Council on Aging (COA) budgets have positions that will be funded over the next two years with ARPA funding.
- ◆ In the Health budget, a part-time position is being made full time to address the ongoing COVID needs of the Town.
- ◆ A proposed Social Worker position has been added to the COA with the use of ARPA funds.
- ◆ Both positions will not be funded after ARPA funds are no longer available.

Employee Benefits

Health Insurance; Pension (Retirement); Unemployment; Life Insurance; Medicare; Workers Comp; Insurance Prop/Liability are the budget lines that encompass Employee Benefits.

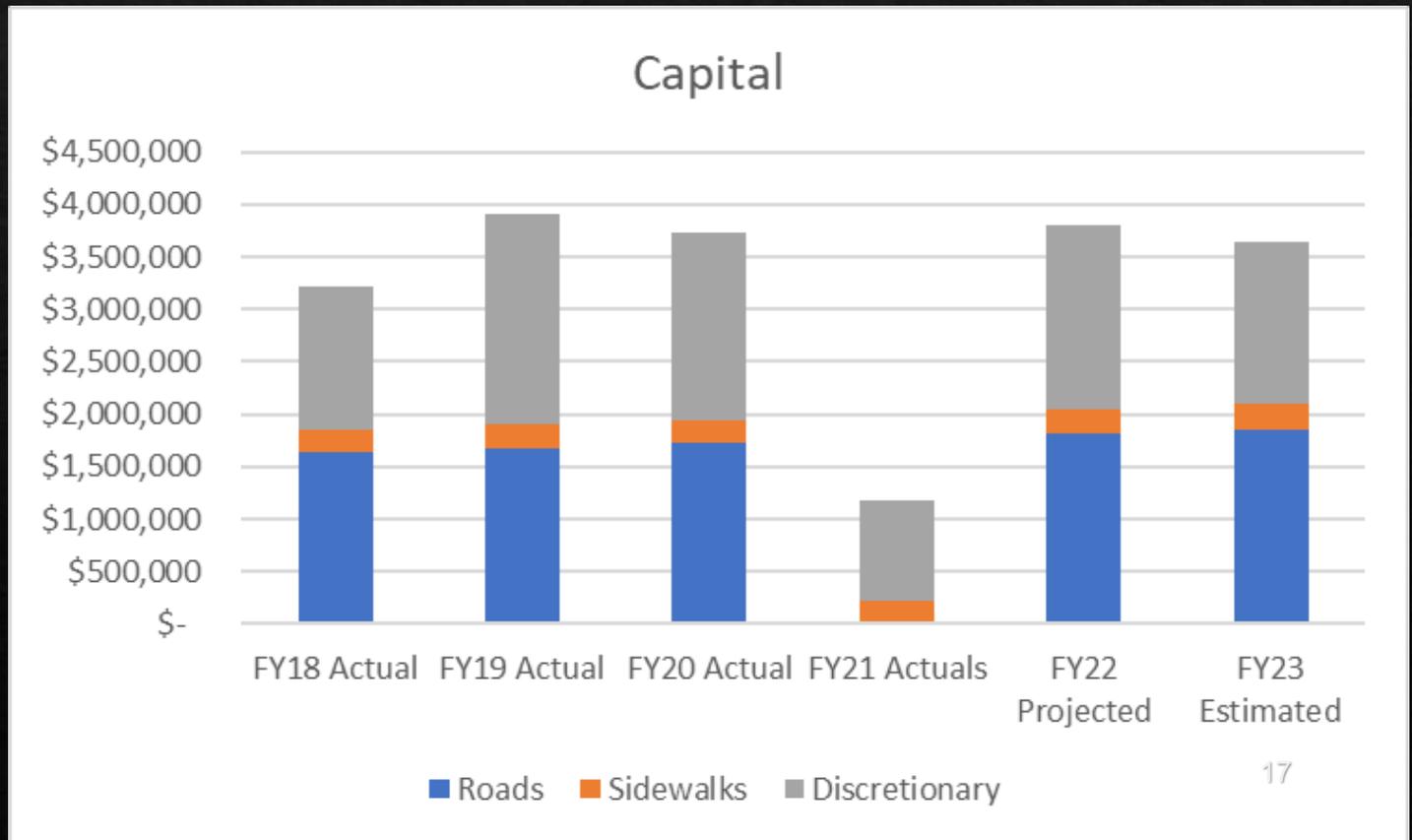
◆ The tentative Health Insurance rate for FY23 is a 5% increase over FY22. There has been interest in joining the Group Insurance Commission (GIC). The Select Board will discuss joining the GIC once the GIC goes out to bid and the Town has accurate information to evaluate.



Capital Budget

Capital Discretionary Funds; Roads; Sidewalks are the budget lines that encompass the Capital Budget.

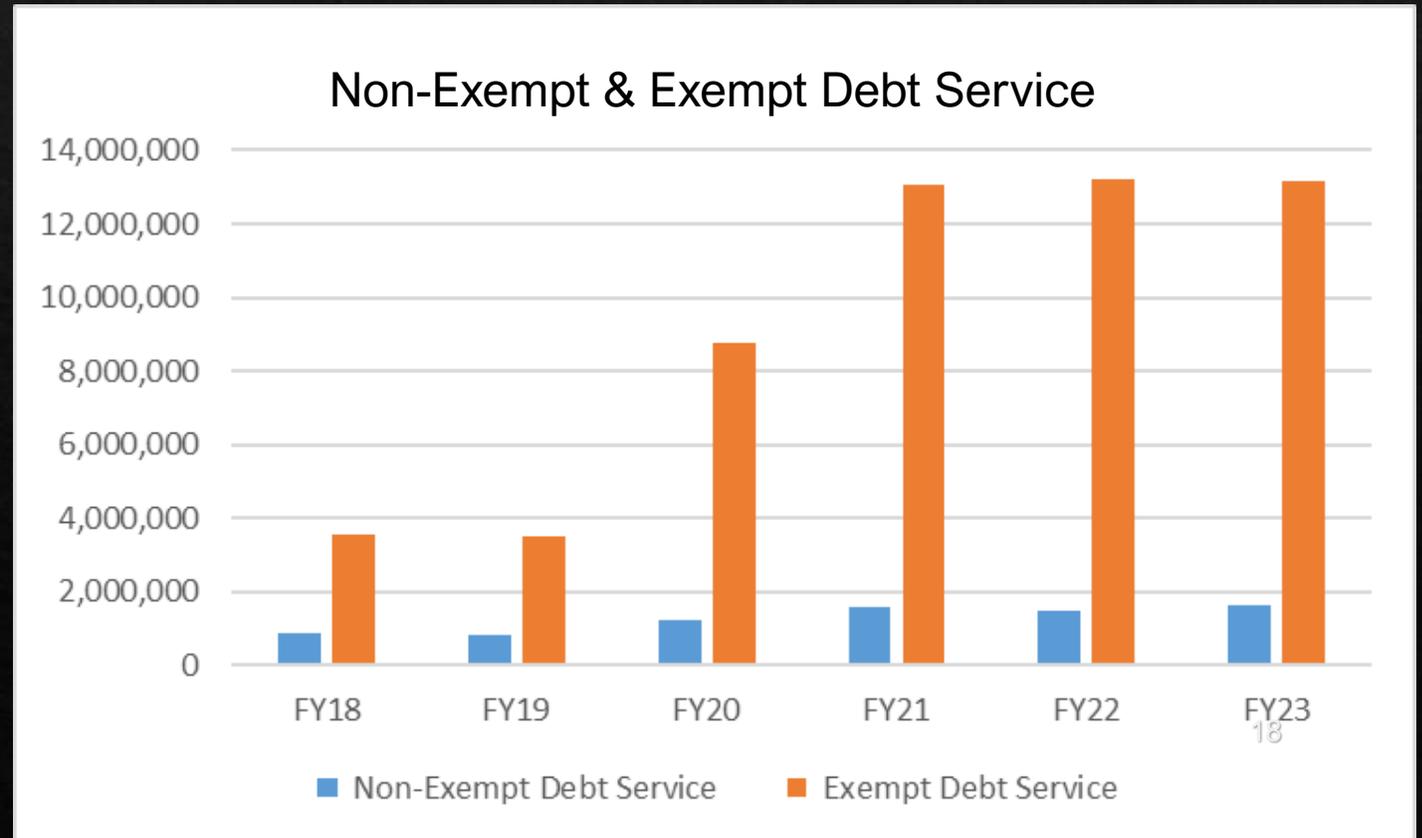
- ◆ The FY23 Capital Budget contains \$1.5M to support capital projects recommended by the Capital Budget Committee. A copy of the Capital Budget will be released once the Capital Budget Committee completes its recommendations for FY23.
- ◆ The Roads budget is estimated to be \$1.8M.
- ◆ The Sidewalk budget is \$0.2M.



Debt Service

Non - Exempt Debt; Exempt Debt are budget lines that encompass the Debt Service in Town.

- ◆ The FY23 budget for Debt Service is a total of \$15.6M.
- ◆ There is no additional debt service proposed under the levy for FY23.
- ◆ The majority of the exempt debt service is a result of the Middle and High School building project.



Other Post Employment Benefits (OPEB)

OPEB are benefits, other than pension, that employees may begin to receive from the Town once they retire.

- ◆ The OPEB expendable Trust Fund is subject to appropriation. The assets of the trust are held solely to meet the current and future liabilities of the Town.
- ◆ The Town proposes \$591,275 be appropriated for FY23, includes water and sewer enterprise.

OPEB Contribution	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budgeted	FY23 Proposed
Town/School	\$572,092	\$552,695	\$50,000	\$50,000	\$579,275
Water	\$37,000	\$10,485	\$6,990	\$7,500	\$7,500
Sewer	\$42,000	\$5,527	\$4,112	\$4,500	\$4,500
TOTAL	\$651,092	\$568,707	\$61,102	\$62,000	\$591,275

Reserves

- ◇ The current reserve ratio is 11.7% of the general fund revenue, not including Water and Sewer Enterprise Funds.
- ◇ The Reserve ratio could change if additional reserves are used over and above the Town Administrator's proposed operating budget.

Reserve Balance	General Stabilization	Capital Endowment	Free Cash Target	Kendall Fund	Ash Landfill Stabilization	TOTAL
Balance	\$1.9M	\$5.0M	\$4.2M	\$2.1M	\$2.8M	\$15.9M
% of General Fund Revenue	1.5%	3.6%	3.0%	1.5%	2.1%	11.7%

Next Steps FY23 Budget

- ◆ Finalize budget estimates:
 - ◆ Facilities Bids
 - ◆ Health Insurance Rate for FY23
 - ◆ Approved State Aid Revenue
 - ◆ Union Collective Bargaining Agreements
- ◆ School Committee approval of FY23 School Budget
- ◆ ARPA Public Forum 3/7/22

FY24 Sneak Peek

	FY23 Proposed	FY24 Budget Model
Education (BPS & Voc. Ed)	\$71.2M	\$74.2M
Fixed Costs	\$34.8M	\$34.8M
Municipal Departments	\$37.5M	\$37.7M
Capital (Includes Roads and Sidewalks)	\$4.2M	\$4.3M
OPEB	\$0.6M	\$0.6M
Expenditure Subtotal	\$148.2M	\$151.6M
Projected Recurring Revenue	\$138.7M	\$141.1M
One-Time Revenue Free Cash	\$6.5M	\$8.5M
One-Time Revenue ARPA	\$3.0M	\$2.0M
Revenue Subtotal	\$148.2M	\$151.6M
Surplus/Deficit	-0-	-0-



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Belmont Public Schools Budget Presentation