Great Barrington Budget Financial Policy for Fiscal Year 2018

The Town of Great Barrington will manage municipal finances wisely. This will include planning for adequate funding to: 1) Provide and maintain public services and facilities at a level that will ensure public well-being and safety; 2) Comply with all Town by laws, rules and regulations; and 3) Meet the strategic priorities of the Town.

The budget and financial goals set forth by the Town Selectboard and the Finance Committee in the policy document outlines the priorities and objectives of the Town and provides agreed upon financial guidelines to be used in the preparation and review of the annual budget.

STRATEGIC PRIORITIES

- Ensure public safety.
- Ensure public health.
- Maintain a strong local economy.
- Maintain a high quality of life.
- Maintain developed, stable and healthy communities.
- Seek environmental sustainability.
- Ensure the fiscal stability of the Town.
- Maintain public infrastructure.
- Follow Great Barrington's Master Plan.

FINANCIAL GOALS

- Maintain adequate financial resources to sustain municipal services in the short and long term.
- Respond to the changes in the economy and meet the priority needs of our Town.
- Provide quality services efficiently and on a cost-effective basis.
- Maintain appropriate financial capacity for present and future needs.
- Maintain our top level AAA credit rating.
- Ensure tax rate is reasonable and affordable.

FINANCIAL MANAGEMENT POLICY

Revenue

- Services provided may not exceed available resources.
- Process must provide quality estimates of available revenue.
- Process must anticipate any changes in revenue in upcoming years.
- Seek to diversify revenue sources.
- Estimate available resources including state funds, local funds, fees, grants and other sources.

Real Estate Tax

- Maintain use of a single tax rate for all classes of property.
- Town must restrict levy to a 2.5 % increase over the prior year levy limit adjusted for new construction growth and net debt and capital exclusions, as per Mass General Law.
- Proposed budget to not exceed legal property tax levy. Evaluate local estimated tax rate based on level of affordability including: average and median income; average and median value of real property and the cost of living.

User Fees

- Establish user fees and other non-property tax revenues to recoup, to the extent possible, the costs of supplying a particular service.
- Review current department fee structures and charges for services annually to determine if they reflect the cost of the service and are also reasonable and affordable fees.

Debt Management

- Allow no borrowing to fund operational programs.
- Debt service payments may not require the elimination of essential Town services.
- Ensure that the Town's general obligation debt ratio not exceed 50% of statutory limit (5% of equalized valuation).
- Exempt from Proposition 2 ½ any long-term capital debt for municipal buildings, WWTP improvements, fire apparatus acquisition and school facilities improvements.

Service Delivery

- Manage financial resources through internal controls.
- Establish operation practices that minimize the cost of government and financial risk.
- Provide efficient public services.
- Minimize the cost of administration.
- Identify and measure performance outcomes.
- Review the level of services and standards annually.

BUDGET PREPARATION PROCESS

The FY 2018 budget will be estimated in accordance to municipal code and applicable state law. The budget is based on separate funds set forth from anticipated revenues and expenditures for the General Fund and the Enterprise Fund.

The annual operating budget will contain complete financial statements that show outstanding obligations of the municipality, cash on hand to the credit of each fund, funds received from all sources during the preceding year, funds available from all sources during the ensuring year, revenue estimates to cover expenses in the proposed budget and the estimated tax rate required to fund the proposed budget.

For Fiscal Year 2018, the Selectboard and the Finance Committee agree that the budget preparation and review process shall include the following steps.

1) Review and approve Financial Policy.
2) Forecast Revenues.
3) Update Capital Plan.
4) Review Department Budgets.
5) Review Projects Proposed for CPA Funds.
6) Hold meeting with area Towns to discuss regional budget issues.
7) Distribute Budget Books.
8) Hold Budget Workshop Meetings.
9) Hold Public Hearing.

The Selectboard and Finance Committee will jointly set the dates for the above budget meetings.

For Fiscal Year 2018, the Selectboard and the Finance Committee agree that the following will be done to ensure there is community engagement in the budget process:

1) Provide on line access to budget information.
2) Provide budget books for the public at the libraries and on the town website.
3) Hold open meetings and hearings.

LOCAL GOVERNMENT SERVICES

The Town Manager will prepare the budget for review by the Selectboard and the Finance Committee.

- The Town Manager may propose significant reorganizational changes and provide alternative ways to deliver services within the proposed budget.
- Performance objectives and goals will be identified and assessed.
- Town Manager may propose elimination of a service in the budget if it is not needed or cost-effective and / or propose new services as needed.
- Any service reductions shall be noted in the Fiscal 2018 budget so the Selectboard and Finance Committee.
- Salaries and employee insurance contributions shall be set in the Fiscal Year 2018 budget pursuant to the Town's collective bargaining units and/or those already approved via a negotiated settlement and for non-represented personnel as authorized by the Town Manager.

For any proposed new needs, the Town Manager will:

1) Explain and justify new need.
2) Identify the cost and benefit of the proposed alternative.
3) Identify alternatives to what is being proposed and the pros and cons.
4) Identify financing source to pay for new need.
5) New needs include: any expansion of municipal services necessary; any additional staff and any additional resource needed to meet service needs or expanded service needs.

TOWN BUDGET FORMAT

For Fiscal Year 2018, the Selectboard and the Finance Committee agree that the following will be done to ensure that the budget information is provided in a format that is clear, accurate and complete.

Operating Budget Report:

- Town Manager to request that Departments submit proposed budget with operational plan and report. Background information will include department goals and objectives, strategic initiatives, summary of activities and level of service.
- The Town Manager to review methods of operation, program service delivery and expenditure of resources inclusive of manpower allocation to ensure maximum efficiency of the Town.
- Town Manager to provide complete financial statements in the Budget Book to include:
    - Outstanding obligations.
    - Cash on hand.
    - Funds received from prior year.
    - Sources of funds from prior year.
    - Estimated revenues.
    - Estimated expenses.

- Estimate tax levy.
- Estimate tax rate.
- Estimate user fees for services.

Capital Budget Report:

- The Town defines a capital project as having an overall expenditure of $10,000 and a life expectancy in excess of 2 years.
- The Town's annual budget will include a capital plan that identifies work to be started within that fiscal year.
- The budget shall include a five-year Capital Improvement Plan for all Town assets.
- Each year, the Selectboard and Finance Committee will review the five-year Capital Improvement Plan to identify the future upcoming needs, review any changes to the schedule, cost estimate or sources of funding.
- Operational costs associated with any new equipment or infrastructure will be identified.
- The capital budget report will identify a funding plan that reflects available State funds, grants, bonds and tax levy dollars to finance each project.
- The capital budget report will include the Debt Schedule broken down by department and function and a 10-year history be provided as possible.

Enterprise Fund Report:

- The Town Manager shall prepare a budget for the Enterprise Fund that maintains it as self-supporting, without a property tax transfer.
- Enterprise Fund report will include a report on sewer fees and rate structure.

Signed: _____
Sean Stanton, Selectboard Chair

Signed: _____
Michael Wise, Finance Committee Chair

As adopted by the Town of Great Barrington on this 21st day of NOVEMBER 2016.