

**Finance Committee Packet**  
**June 21, 2022**  
**Part 1 of 2**

FINANCE COMMITTEE MEETING  
Tuesday May 17, 2022

1. Call to Order and roll call – P. Orenstein opened the meeting via Zoom at 6:30pm with a roll call: Milena Cerna, “aye, Madonna Meagher, “aye,” Anne O’Dwyer, “aye,” Philip Orenstein, “aye.” All members present.  
Also in attendance: Finance Director Sue Carmel.
2. Welcome new members & Committee reorganization
  - a. P. Orenstein welcomed and thanked new Finance Committee members Milena Cerna and Madonna Meagher.
  - b. P. Orenstein stated a Chair and Vice Chair need to be elected.

A. O’Dwyer made a motion for P. Orenstein to serve as Chair of the Finance Committee; M. Cerna seconded. P. Orenstein asked if any discussion – Committee members confirmed P. Orenstein’s interest in serving in this capacity. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0

P. Orenstein made a motion for A. O’Dwyer to serve as Vice-Chair of the Finance Committee; M. Meagher seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0
3. Approval of Minutes for meeting of April 19, 2022
  - a. P. Orenstein stated he discussed with the Town Manager how to approve minutes without a quorum - it was confirmed the rule of necessity could be invoked and A. O’Dwyer and P. Orenstein may vote/approve. P. Orenstein made a motion and invoked the rule of necessity to approve the April 19, 2022 minutes; A. O’Dwyer seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor, 2-0.
4. Discuss replacement Finance Committee representative on Community Preservation Committee
  - a. P. Orenstein stated the role of a Finance Committee standing member on the Community Preservation Committee needs to be filled. He noted the Committee meets 6-8 times/year and its main mission is to allocate a CPC Fund where money from a special tax is matched by the state and used to identify and support Town infrastructure/institutions/projects that need additional funds. He stated one example is renovations to Memorial Baseball Field.
  - b. Eileen Mooney stated the CPC is meeting next Wednesday.
  - c. M. Cerna stated she will research CPC’s work. M. Meagher stated she is fully committed.
  - d. P. Orenstein stated he would attend CPC meetings only on an interim basis.
5. Town Manager:
  - a. Update on process to appoint replacement for resigning Finance Committee member
  - b. Status update on legal review of Town’s discretion over Unused Free Cash related to Cannabis tax revenue
  - c. Update on request for OPEB data
  - d. Discuss potential use of Finance Committee reserve fund for purchase of bottled water for certain customers of Housatonic Water Works

6. Discussion and comment on list of future Committee priorities

- a. P. Orenstein opened the discussion noting the Finance Committee functions essentially as a fiscal watchdog and can determine where to direct its focus, time and efforts to make recommendations to the Selectboard and the Town. Committee members discussed the list of potential priorities and were asked for input/additions and areas of interest. It was confirmed that the list was good and comprehensive. Highlighted items included:
  - i. Invite Town Assessor and Treasurer/Collector to present on topics of interest and needing clarification/study/follow up such as the tax assessment process. The Committee discussed confidentiality around the process - and it was clarified that tax abatement application discussions are confidential - information on the abatements themselves are public. The topic of Town foreclosures/sales of properties delinquent in tax payment was also identified as of interest for discussion with the Treasurer/Collector.
  - ii. Review of budget reserves related to OPEB was identified as needing additional focus.
  - iii. Housatonic Water Works and Monument Mountain Regional High School were noted as big topics/projects with significant financial implications.
  - iv. A. O'Dwyer raised the topic of capital budget spending and long-range capital planning. It was noted that the Town's debt/credit rating is good, but capital borrowing is a significant part of the budget and should be monitored.
- b. Budget & Financial Policy for Fiscal Year 2023 – P. Orenstein stated the Budget & Financial Policy, which provides guidance for fiscal decision-making, needs deep dive review/discussion and updating – and approval by the Selectboard by year-end in time for the budget process.
  - i. P. Orenstein noted the current policy does not refer to important topics such as affordable housing, usage of free cash and OPEB.
  - ii. It was suggested there should be separate policy and procedures pieces.
  - iii. It was noted there are no glaring errors in the existing policy, just unaddressed items.
  - iv. Eileen Mooney stated the policy was intended to explain boards' roles in the budget process, not as a comprehensive manual. P. Orenstein stated it should be confirmed what is the document's purpose per the Town Charter/by-laws and what belongs in the Town's Master plan vs the Finance Committee document.
  - v. It was clarified that Town strategic priorities are set through Town departments/services as part of the budget process and Town staff ensure that budget/spending aligns with the Town's Master/Strategic plan.
  - vi. It was also suggested that building inspector fees be updated.
- c. P. Orenstein stated next steps would be to get thoughts/comments from Committee members in writing.

7. Specific discussion of next steps on OPEB funding trust study (postretirement medical benefits)

- a. Review of state guidelines in Informational Guideline Release 19-10 from May 2019 included in the packet.
  - i. P. Orenstein stated the Finance Committee should make recommendations to the Selectboard around OPEB in the fall so it is included in the Town Meeting process next year.

- ii. P. Orenstein emphasized two areas of focus for the Committee's OPEB work -
    - 1. Determine whether/how to establish a trust vehicle for the purpose of paying medical benefits to retired Town employees. He noted it is complex, but essentially procedural – the state outlines steps to establish the trust. Other towns have done so, but it is not a requirement.
      - o It was noted that Town staff can confirm numbers to use - but an actuarial report estimated the cost as \$450,000 annually with a future liability of \$21m. The intention is to put money aside for the future in addition to what is paid on an annual basis. Research revealed some towns have fully funded the liability, others have not. By establishing a trust, meaningful amounts can be put away to begin to fund the obligation.
      - o It was stated it is important to increase awareness and transparency of the Town's obligation, the funds required and the importance of the benefit – and determine if it should be funded for what amount.
    - 2. Make a recommendation whether or not to set up the trust and establish a budget process for how it will be funded and for how much.
      - o S. Carmel noted this should be done during the budget season as setting up and funding the trust need separate Town Meeting votes.
  - iii. A. O'Dwyer stated it would be helpful to get guidance from other Towns that have established trusts. It was confirmed that the obligation is funded at 6% state-wide and Lee and Williamstown are funding at 2-2.5%.
  - iv. P. Orenstein noted the accountants have a part in this process as they will use the trust to reduce liability in audited financial statements so there needs to be assurances from the Town that the funds are used solely for retiree medical benefits.
  - v. It was also raised that the Town Treasurer or a Town committee would be responsible for the trust – depending on funding levels.
  - vi. The Committee discussed retiree Medicare/supplemental coverage and it was confirmed that benefits are Medicare based and the Town is covering the co-pay which is contractually agreed upon.
  - vii. P. Orenstein emphasized in the short-term, the trust infrastructure could be set up so it is ready for when it can be funded. He also stated that anyone with an interest in the topic could reach out and he would provide the link to public information.
8. Quarterly update of local option tax revenue for short term rentals and traditional lodging (included in packet) – P. Orenstein shared state data on tax revenue for room occupancy lodging (hotels/motels) and short-term rentals. He noted overall tax revenue is up significantly.
9. Update from Finance Director
- a. S. Carmel provided an update on the April report stating the snow/ice budget deficit would be reduced by approximately \$30,000. She also noted in the last two months of the FY departments can request to transfer funds between salary and non-salary line items - and requested a joint meeting of the Selectboard and Finance Committee to review/approve. She further noted three departments have already expressed interest and would confirm requests at the upcoming department head meeting. She stated the joint meeting should be held before July 15.
  - b. P. Orenstein asked why the Council for the Aging had not used funds for van drivers – S. Carmel replied it is being funded through a grant and what was budgeted was an estimate as it was the first year. P. Orenstein asked for confirmation if Polly Mann would be using the funds budgeted.

- c. P. Orenstein confirmed the Committee would like to discuss the budget report every month.
- d. S. Carmel stated the FY21 audit is in progress and expects a draft with a month. It was confirmed that the audit is performed by Scanlon and Associates who specialize in municipalities and that no delays in completing the Town audit are expected.

10. Future meeting schedule – discuss continuation of 3rd Tuesday of the month @ 6:30 pm • June 21 • July 19 • Aug 16 • Sept 20 • Oct 18 • Nov 15 • \*\* Dec 13 \*\* (2nd Tuesday) – The Committee agreed to the schedule as presented – with December 13 as tentative due to the budget process. It was noted remote meeting is the law through July 15.

P. Orenstein stated the Finance Committee is seeking an additional member and noted it requires a joint Selectboard and Finance Committee meeting/approval. He encouraged those who are interested to reach out to current Committee members and/or send a letter of interest to Mark Pruhenski and Amy Pulver.

11. Citizen Speak Time

12. Media Time

13. Adjournment – A. O’Dwyer made a motion to adjourn; M. Cerna seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0. Meeting was adjourned by unanimous consent at 7:55pm.

Respectfully submitted,

Stacy Ostrow  
Recording Clerk

Great Barrington Finance Committee  
 Future Topics of Discussion  
 Version of June 2022

<i><b>Topic</b></i>	<i><b>Timing</b></i>
Assign new representative to Community Preservation Committee	current
Clarify guidelines for Unused free cash generated by Cannabis tax revenues	Current, waiting for guidance from Town Counsel
Budget Policy review and update	June – November 2022
Study creation of funding trust for postretirement medical benefits (OPEB TRUST)	March – Sept 2022
Invite Assessor, treasurer/collector and possibly others to speak about their departments	Assessor scheduled for June 21
Review of locating budget reserves within health & life insurance line item	Discuss with town staff
Housatonic Water Works – financial impact of any proposed change of control/ownership	As required by spending/borrowing proposals
Monument High School – financial impact of proposals to renovate or rebuild	As required by spending/borrowing proposals
FY 2024 Budget	January – March 2023
Review of building inspector’s fees (the current fee schedule is dated July 2012)	TBD

**QUARTERLY BILLING**  
**FOR**  
**REAL ESTATE and PERSONAL PROPERTY**  
**TAX**

**FISCAL YEAR (JULY 1 to JUNE 30)**

**PRELIMINARY BILL**

MAILED: before JULY 1

PRELIMINARY BILL INCLUDES:  
(in the same envelope, on the same bill)

**QUARTER 1 – DUE 8/1    AUGUST REMIT**  
**QUARTER 2 – DUE 11/1    NOVEMBER REMIT**

*A second mailing reminding you of Q2 will  
NOT be sent.*

You may PAY both Q1 and Q2 TOGETHER by 8/1  
to avoid interest and fees.

**ACTUAL BILL**

MAILED: before JAN 1

ACTUAL BILL INCLUDES:  
(in the same envelope, on the same bill)

**QUARTER 3 – DUE 2/1    FEBRUARY REMIT**  
**QUARTER 4 – DUE 5/1    MAY REMIT**

*A second mailing reminding you of Q4 will  
NOT be sent.*

You may PAY both Q3 and Q4 TOGETHER by 2/1 to avoid  
interest and fees.

All inquiries regarding:  
Assessed Value, Abatements, Exemptions or Mailing Address  
**MUST GO** to Assessor Office.

Great Barrington Budget & Financial Policy for Fiscal Year 2024

**PROPOSED REVISIONS – FOR DISCUSSION**  
**Wednesday, June 15, 2022**

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 State and local by-laws, rules and regulations; and (no need to repeat this below)
- 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.
- Strive for a high quality of life.
- Seek environmental sustainability.
- Ensure the fiscal stability of the Town.
- Maintain public infrastructure.
- Support affordable housing
- Follow Great Barrington’s Master Plan.

**FINANCIAL GOALS**

- Maintain adequate financial resources to sustain municipal services in the short and long term.
- FREE CASH POLICY including target percentage
  - o AS AN ILLUSTRATION – COPIED FROM <https://www.mass.gov/doc/free-cash-0/download>
  - Under sound financial policies, a community strives to generate free cash in an amount equal to three to five percent of its annual budget.
  - When a community incorporates free cash into revenue source projections for next-year operational expenses, it is prudent to place a percentage restriction on the total free cash to be used.
- Respond to the changes in the economy and meet the priority needs of the Town.
- Provide quality services efficiently and on a cost-effective basis.

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- Maintain our top level bond rating. *(a bit vague and is this really a goal?)*
- Work to keep the overall tax levy reasonable in consideration of other priorities and goals. *This is an important statement that is extremely vague*

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**FINANCIAL MANAGEMENT POLICY**

Revenue

- Services provided may not exceed available resources.
- Process must provide quality estimates of anticipated 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.

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Real Estate Tax

- Evaluate 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.

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Proposed budget to not exceed legal property tax levy.

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 *(this has not been done)* 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). State Law??
- Exempt from Proposition 2½ any long-term capital debt for municipal buildings, WWTP improvements, fire apparatus acquisition and school facilities improvements. State Law??

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 FY2023 budget will be estimated in accordance with 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 ensuing year, revenue estimates to cover expenses in the proposed budget and the estimated tax rate required to fund the proposed budget.

For Fiscal Year 2023, the Selectboard and the Finance Committee agree that the budget preparation and review process shall include the following steps:

1. Review and approve Finance Policy
2. Distribute Budget Books:
  - a. Forecast Revenues.
  - b. Updated Capital Plan.
  - c. Review Department Budgets.
  - d. Recommended Projects Proposed for CPA Funds. [Consider separate tab for this](#)
3. Participate in BHRSD joint budget meeting with Stockbridge and West Stockbridge. [\(Can we elaborate on this a bit?\)](#)
4. Hold Budget Workshop Meetings [\(What are these?\)](#).
5. Hold Public Hearing.

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

For Fiscal Year 2023, 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 printed budget books for the public at the libraries.
- 3) Provide a digital budget book on the town website.
- 4) Hold open meetings and hearing.

## **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.
- The Town Manager may propose elimination of services 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 2023 budget presentation.

- Salaries and employee insurance contributions shall be set in the Fiscal Year 2023 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 initiatives, the Town Manager will:

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

**TOWN BUDGET FORMAT**

For Fiscal Year 2023, 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 Process:

- The Town Manager to request that Departments submit proposed budgets with operational plans and reports. 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.
- The Town Manager to provide complete financial statements in the Budget Book to include:
  - Cash on hand.
  - Funds received from prior year.
  - Sources of funds from prior year.
  - Estimated revenues.
  - Estimated expenses.
  - Estimated tax levy.
  - Estimated tax rate.
  - Estimated user fees for services.
  - Proposed borrowings

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Capital Budget Report:

- The Town defines a capital project as having an overall expenditure of \$15,000 and a life expectancy in excess of 3 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 the 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 include the Debt Schedule broken down by department and function and a 10-year history be provided if possible.
- Identify a funding plan that reflects available State funds, grants, bonds and tax levy dollars to finance each project.

Historical Financial Report (at least 5 years if available with annual percentage change)

- Estimated Local Receipts (includes Local Option Revenue such as Cannabis and hotel/STR) (these were provided by Sue Carmel as a follow-up exhibit during the budget process – lets add this to the book)
- Free Cash sources and uses - (these were provided by Sue Carmel as a follow-up exhibit during the budget process – lets add this to the book) including review of 3 year revenue cycle
- Tax Levy (already included)
- Special Articles, individual and totals
- School assessment and related special articles
- Property tax delinquency report

Balance Sheet Report

- History of various reserve accounts, i.e., stabilization, capital stabilization, “excess health insurance” and excess levy capacity (these were provided by Sue Carmel as a follow-up exhibit during the budget process – lets add this to the book)
- Five-year history of long term and short-term debt
- Show 5-year projections of LT debt including approved future borrowings (NOTE: this was in the FY 2021 book but not in FY 22/23)
- Projected Debt Service payments
- Schedule of Authorized but Unissued Debt (already included) including changes from prior years

Enterprise Fund Process:

- The Town Manager shall prepare a budget for the Enterprise Fund that maintains it as a self-supporting fund, without a property tax transfer.
- The Enterprise Fund budget will include a report on sewer fees and rate structure. *(I don't believe this has been included in the book – I suggest wastewater gets its own tab which would include a history of sewer fees and tax rates)*

Summary Report on Expenditures for Medical (current and Retired “OPEB”) and Pension Benefits

- Five year history and projected (if available)

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- Review funding for future retiree medical benefits (OPEB Trust)
- Pension Fund summary report
- What percentage of the obligation is funded

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## Notes on Free Cash Policy Alternatives

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FINANCIAL POLICY MANUAL | TOWN OF GREAT BARRINGTON

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Prepared by Division of Local Services Technical Assistance Bureau

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June 2020

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p. 10

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The Division of Local Services (DLS) defines free cash as “the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year.” DLS must certify free cash before the Town can appropriate it.

The Town will strive to realize year-to-year free cash certifications equal to five to seven percent of the annual general fund budget. To achieve this, the Town Manager will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs. As much as practicable, the Town will limit its use of free cash to building reserves, funding nonrecurring costs (i.e., one-time expenditures, such as capital projects, snow and ice deficits, and emergencies), and offsetting the Town’s unfunded liabilities. Avoided will be the application of free cash to reduce the tax rate on the annual tax recapitalization sheet, since this is the same as using it to fund recurring costs.

If the Town generates free cash consistently higher than seven percent of the budget, the Town Manager will closely examine future budget proposals to determine if revenue projections should more closely align with historical trends and make adjustments.

## Examples of other towns free Cash policy

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## Town of ANDOVER. Free Cash

Free Cash is the term used for the portion of a community's fund balance that is available for appropriation by Town Meeting. It may also be used to reduce the tax rate. The balance in Free Cash increases when actual collected revenues are in excess of budgeted revenues, and/or when actual expenditures are less than appropriated expenditures. The balance in Free Cash is reduced when it is appropriated by Town Meeting. It is also reduced by property tax receivables and any deficits.

The balance in our Free Cash account must be certified annually by the Department of Revenue (DOR) before any funds can be appropriated.

Andover's policy is to use Free Cash for nonrecurring or emergency expenditures, for capital and equipment purchases or for appropriation to a stabilization fund, and to maintain the combined balance of Free Cash and the Stabilization Fund at 3%-7% of General Fund revenues. Free Cash is not to be used to balance operating budgets.

Funding for private warrant articles approved at Town Meeting that are not integrated into the Town's financial forecasting and budget must be funded, typically from Free Cash. Depending on the amount of the requested appropriation, approval of these articles may reduce Free Cash balances below our recommended policy levels.

### PLAINVILLE

[https://www.plainville.ma.us/sites/g/files/vyhlf4871/f/uploads/approved\\_free\\_cash\\_policy\\_0.pdf](https://www.plainville.ma.us/sites/g/files/vyhlf4871/f/uploads/approved_free_cash_policy_0.pdf)  
[https://www.plainville.ma.us/sites/g/files/vyhlf4871/f/uploads/draft\\_policy\\_-\\_general\\_stabilization\\_fund\\_v1.6\\_april\\_10\\_2021.pdf](https://www.plainville.ma.us/sites/g/files/vyhlf4871/f/uploads/draft_policy_-_general_stabilization_fund_v1.6_april_10_2021.pdf)

## **BUDGET POLICY FISCAL 2010**

It shall be the policy of the Town Board of Selectmen and the Finance Committee that the budget policy articulate its priorities and goals and provide an overview outlining the issues to be addressed that fall under the jurisdiction of the Town of Great Barrington.

1) **BUDGET COMPLIANCE:** The fiscal 2010 budget is estimated in accordance with municipal code and all applicable state laws. The budget is based on separate funds set forth from anticipated revenues and expenditures for the General Fund and the Enterprise Fund.

2) **BUDGET DEVELOPMENT:** The annual operating budget shall be developed and 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 ensuing year, estimated revenues available to cover expenses in the proposed budget, and the estimated tax rate required to fund the proposed budget. Departments through the Town Manager's office shall make appropriate budget submittals. Goals and objectives along with activity measures shall be included in every departmental budget summarizing its activities for the year.

3) **BUDGET COMPONENTS:** The budget shall contain 4 distinct elements dealing with goals and objectives that are measurable by each Department, an overall cohesive policy, operational items and a communication section, making the document readable and understandable to the citizenry of the Town of Great Barrington. The budget shall contain a five-year capital improvement plan for all Town facilities. Inclusive within the capital improvement plan shall be the operational costs associated with the particular projects as needed. The budget shall reflect the priorities determined by the Town Board of Selectmen at their strategic planning sessions.

4) **PUBLIC HEARINGS ON THE PROPOSED BUDGET:** The Finance Committee shall hold a public hearing on the proposed budget pursuant to State law and the Municipal Code to be held on March 31, 2009 at 7:00 p.m. Furthermore, the Town Board of Selectmen and Finance Committee shall hold budget workshops at 6:00 p.m. February 24, 26 and March 2, 3, 5 and the 25<sup>th</sup> 2009 as scheduled by the Town Manager. Copies of the proposed budget shall be submitted by the Town Manager to the Town Board of Selectmen and Finance Committee and available to the public no later than the close of the business day February 20, 2009.

5) **EXPANDED SERVICE ITEMS:** Expanded service request items will be considered, however, it shall be noted separately in the confines of each departmental budget along with justification for said service. Priority will be given for expanded service request items that place a minimum reliance upon the property tax to fund these endeavors.

6) **NON-PROPERTY TAX REVENUE SOURCES:** The Town Board of Selectmen and Finance Committee shall continue with the concept that user fees and other non-property tax revenues shall be utilized to help offset the property tax and to the fullest extent possible, be devised to recoup the costs of supplying a particular service. The Town Manager in preparation of the budget shall review current department fee structures and charges for services and makes increases and changes as deemed necessary and appropriate. However, the Town Board of Selectman and Finance Committee realizes there is a social commitment in providing a quality of life, and therefore, user fees and other non-property tax revenues shall not unilaterally be developed to be at 100% of the associated costs therein.

7) **FISCAL MANAGEMENT:**

- ◆ Ensure debt management does not require the elimination of essential Town services.
- ◆ Establish a target of 10% of the non-debt service tax levy for CIP operations annually if permissible under the restraints of the State Law.
- ◆ Establish a target balance of the general undesignated fund balance at a minimum of 10% of the total operational expenditures of the general fund.
- ◆ Establish as a target a 5% reduction in Town wide energy costs.
- ◆ Town Manager is authorized to submit a FY10 budget with the tax rate and /or the property tax levy as mandated by the State Law. The FY10 budget shall establish a target total tax levy for both the Town and the Berkshire Hills Regional School District of 3% below the total Maximum Tax Levy allowed by State Law for fiscal 2010.
- ◆ Authorize no new program without an identified financing source to pay for said program.
- ◆ General Obligation debt ratio not to exceed 50% of statutory limit (5% of equalized valuation).
- ◆ Authorize no new full time personnel beyond authorized levels for FY09.
- ◆ Allow no borrowing to fund operational programs.
- ◆ Maximum utilization of funds from all sources shall be considered for programs.

The Town Manager is directed to review annually methods of operation, program service delivery and expenditure of resources inclusive of manpower allocation to ensure maximum efficiency of the Town.

8) **CAPTIAL IMPROVEMENT PLAN:** A five year capital improvement plan shall encompass any capital project with an overall expenditure of \$7,500 and a life expectancy in excess of 2 years. Inclusive within the Capital Improvement Plan shall be the breakdown of the additional operational costs associated with the equipment, including, if required, personnel. Target ten percent (10%) of the municipal property tax levy shall be included for the capital improvement plan if permissible under the State Law restraints.

9) **TAX LEVY:** The Town Manager is directed to present a budget and shall not increase the property tax rate/property tax levy by more than what is authorized by the

State Law and establish a target levy of 3% below the total Maximum Tax Levy allowed by State Law.

10) **SALARIES/BENEFITS:** Salaries and employee insurance contributions shall be set in the Fiscal Year 2010 budget pursuant to the Town's tentative agreements or final offers to its collective bargaining units and/or those already approved via a negotiated settlement and for non-represented personnel as authorized by the Town Manager.

11) **TOWN SERVICE DELIVERY:** It is recognized that the Town Manager in preparation of the budget shall have the flexibility to propose significant reorganizational changes and provide alternative service deliveries in meeting the existing level of service standards that the Town of Great Barrington is currently receiving. All level of service standards may be reviewed, and if it is felt that a service is no longer cost effective, or needed, the Town Manager is authorized to eliminate that service from the Fiscal 2010 budget. Any service reductions shall be so noted within the confines of the Fiscal 2010 budget so the Town Board of Selectmen and Finance Committee may exercise their prerogatives in determining whether or not said service should be reduced or modified.

12. **ENTERPRISE FUND:** The Town Manger shall prepare a budget for the enterprise fund that maintains that it is self supporting without a property tax transfer.

13) **DEVELOPMENT OF STRATEGIC BUDGET DOCUMENT**

- A. The Town of Great Barrington is a goal oriented resource allocation plan which addresses the four major functions of a municipal budget:
1. The budget is a **POLICY DOCUMENT** which proposes, identifies, and clarifies policies.
  2. The budget is a **FINANCIAL PLAN** which promotes the efficient use of municipal assets and resources.
  3. The budget is an **OPERATIONS GUIDE** which establishes the framework for the execution of policy decisions.
  4. The budget is a **COMMUNICATIONS DEVICE** which serves as a focal point for processes.
- B. The strategic budget views one budget document from these four perspectives, as outlined below.

14) **DEVELOPMENT OF THE POLICY DOCUMENT**

- A. Define long-term organization-wide goals and policies within an executive summary section of the budget document.
1. Include Town Government Mission Statement

2. Identify multi-year capital objectives sought by local government, and present separately within the 2010 Budget Document.
    - i. The focus of budgetary deliberations should be the matching of appropriate service levels to revenue sources.
    - ii. Preparation of the Budget Document will focus on the development of the tax levy required meeting the requirements of the State Law examining service levels approved by Town Meeting and by the Town Board of Selectmen and Finance Committee.
- B. Define short-term policies guiding budget development within a sub-section of the Executive Summary section of the budget document.
1. Identify the short-term choices selected for the 2010 Budget year.
    - i. Under the State of Massachusetts's Law the Town must restrict the maximum levy limit to a 2.5 % increase over the prior year levy limit adjusted for new construction growth and net debt and capital exclusions.
    - ii. The Budget will indicate any expansion of municipal services necessary for 2010. Additional staff or other resources required to meet service expansion demands will be identified in the Budget.
    - iii. An annual review of non-property tax revenue sources will be required. This activity supports the general view of budget development as a "revenue driven" process. Results of this review will support any recommended changes in fees and rates to be charged during 2010.
- C. Present a formal budget message within the executive summary section of the budget document.
1. This message from the Town Manager should include the priorities and budget issues addressed by the 2010 Budget, significant changes from 2009, and an explanation of the factors that led to those changes.
- D. Define the Goals and Objectives of each Department/Fund
1. Each objective should be broadly traceable to the short-term and long-term goals and policies stated above.
  2. Each goal and objective should be placed within the 2010 Budget Document alongside the financial presentation for the department/fund.

15) **DEVELOPMENT OF THE FINANCIAL DOCUMENT**

- A. The General fund and the Enterprise funds must be budgeted.
  1. The basis for inclusion within the financial plan should be the "department",

with departments organized by “funds”.

2. Expenditures should be budgeted by fund and/or department within the Budget Document.
  - i. Expenditure objects should be summarized as Salaries, Expenditure, Capital Outlays, or Transfers to Other Funds.
3. Revenues should be budgeted by fund and/or department within the Budget Document.
  - i. Revenue objects should be summarized by source as General Property Tax Levy, Intergovernmental Revenues, Departmental, Miscellaneous Revenues, Transfers from Other Funds, or Free Cash Applied.
4. Object codes and summaries should be consistent across all organizational units.
5. Object codes and summaries should be traceable to financial statement results.
6. The Budget Document should include financial results for 2008 and the proposed (later approved) 2010 Budget.
7. The official Budget should present the 2010 Budget, an estimate of results anticipated through June 30 2009, and the Approved 2009 Budget.
  - i. The official Budget must be presented by fund- the General Fund and the Enterprise Fund with expenditures portrayed by department in the general, and revenues by source.
  - ii. The Budget must include percentage changes for each General Fund defined expenditure category (General Government, Public Safety, Public Works, etc).
  - iii. The Budget should identify the percentage change in the General Fund revenue budget as a whole.
  - iv. The Budget must include, at a minimum, the total revenues and total expenditures for each the General and Enterprise Fund identifying any excess and any local and any local property tax required. This information should present results for the periods identified above.
  - v. The official Budget must include a prediction of the change in each fund balance at year-end 2010.
  - vi. The official Budget must include a summary of 2009 and 2010 property taxes by fund, and a statement of outstanding general obligation debt anticipated at June 30, 2010.

- B. Sources and uses of Funds should be separately summarized for the organization
  - 1. A summary of expenditures for the General Fund and a summary of revenues for the General Fund, presented in the same format as individual departmental budgets, should be found within the General Fund section of the Budget document.
- C. Major revenue sources should be separately portrayed.
  - 1. A summary of major revenue sources for the periods identified earlier, should be presented for: General Property Tax Levy, Intergovernmental Revenues, Departmental, and Miscellaneous Revenues.
- D. The Budget document should project changes in fund balances and retained earnings for all funds, including all unreserved and undesignated amounts.
  - 1. The Budget document should include historic trends in fund balance and retained earnings, including graphic portrayals.
- E. The Budget document should identify and summarize the capital improvement amounts and items budgeted as well as their impact on tax levies and future operating budgets.
  - 1. Capital improvements are defined as improvements with useful lives in excess of 2 years, and involving the initial commitment of at least \$7,500.
- F. The Budget document should identify all current debt obligations.
  - 1. Each debt issue should be summarized, including date of issue, face amount, amount outstanding, 2010 principal and interest payments, and revenue sources.
  - 2. The position, over time, of the Town relative to legal debt margin should be portrayed.
  - 3. The impact of current debt issues upon subsequent budgets should be identified.
- G. The basis of all budgeting should be explained, and should relate to the annual financial statements.

**16) DEVELOPMENT OF THE OPERATIONAL DOCUMENT**

- A. A mission statement and narrative should precede the presentation of each departmental budget.
  - 1. Identify the assigned services, functions, and activities of the department/fund.

2. Identify the general mission of the department/fund.
- B. Provide objective benchmarks for the measurement of departmental results.
1. Data should be provided for at least 2008, 2009, and projected 2010.
  2. Performance measurements for each program should be initially developed.
- C. A table of organization (or series of tables) should be included in the budget document.
- D. A schedule of personnel or position counts for 2008, 2009, and projected 2010 should be included.
1. Explanations should be included where any significant changes in staffing or reorganizations are included.
  2. Presentation should be made on a FTE basis.

**17) DEVELOPMENT OF THE COMMUNICATIONS DOCUMENT**

- A. The Executive Summary section of the Budget document should explain the implications of any other long-term planning ongoing (e.g. defining service areas, land use plans, etc.)
- B. The Budget document should include a table of contents, useful section dividers, and attractive formats.
- C. A glossary should be included, including definitions of professional terminologies, acronyms, and abbreviations.
- D. Demographic information should be included.
- E. Emphasis should be place on graphical presentations.

Signed: Walter F. Atwood III  
 Walter F. Atwood III, Chairman Board of Selectmen

Signed: Thomas Blauvelt  
 Thomas Blauvelt, Chairman Finance Committee

As adopted by the Town of Great Barrington on this 10th day of December 2008.