TOWN OF
AMHERST
MASSACHUSETTS

TO: Paul Bockelman, Town Manager

CC: Michael Morris, Superintendent of Schools
Amherst and Regional School Committees
Sharon Sharry, Library Director
Library Trustees

FROM: Town Council

DATE: December 20, 2021

RE: FY23 Budget Policy Guidelines

The Town Council provides these guidelines to assist you in developing a budget for FY23 to present to the Council on May 2, 2022. This budget will require all of us to make difficult decisions. These Guidelines are presented based upon current projections for FY23. The Council may provide subsequent guidance as new information becomes available or if we receive recommendations from the Budget Coordinating Group. We also recognize that there will be a new Council on January 3 and it may decide to supplement these Guidelines

The Guidelines refer to the Town Charter and to the "Town of Amherst Financial Management Policies & Objectives" adopted January 2008. These source documents will be cited as "Charter" and "Financial Management Policies". Another important source document for these Guidelines is the "Financial Projections for FY 23 Budget Planning" presented on November 15, 2021 to a joint meeting of the Town Council, Finance Committee, School Committee, and Jones Library Trustees, to be cited as "November Financial Projections".

I. <u>Executive Summary and overall philosophy and concerns for FY23</u>

Challenge to budget priorities with predicted growth in income. Difficult choices required to protect long-term financial stability in FY24 and FY25 after relying on one-time funding in FY23.

These Guidelines assume that revenue will be as presented in the November Financial Projections. We are fully cognizant that these are projections and will inevitably change during the next several months, but we base our guidance on the information you provided to the Town Council in November.

This is a difficult budget year because we anticipate that growth in revenues will be inadequate to support new programs and continue to provide ongoing essential services including our schools, libraries, first responders, maintenance or repair of our roads and sidewalks, and investments in buildings and equipment. Our current services (municipal, school, and library) are valued by a majority in Amherst. At the same time there are expectations for new initiatives that have not previously been included or fully included in the budget. These include implementing efforts to achieve energy and climate action, starting the CRESS program, creating a Diversity, Equity and Inclusion Office, investigating reparations for Black residents to address past wrongs in Amherst, addressing infrastructure and equipment needs, and addressing the problems in two elementary schools, the Jones Library, Central Fire Station and DPW building.

You and the Council must make some difficult choices. Resources are finite, and the budget must be balanced.

Fiscal sustainability is a primary budget goal, so all revenue and expenditure plans should be viewed in a multi-year context. Doing this requires assessing the operating budgets to understand the difficult choices needed to reach a balanced budget. This is a particular challenge for FY24 and FY25 because the November Financial Projections include one-time funding in FY23 from ARPA, other grants, and Free Cash. Information such as school population and decisions such as agreements made through collective bargaining also have multi-year impacts. As we will discuss later in these Guidelines, reserves must be used carefully and are not a long-term funding source.

The services currently provided are important for many residents and businesses. However, we should continually seek improvements to enhance efficiency and effectiveness. We also need to evaluate those services, the need for them, the Town's capacity to support them, and their consistency with community values as well as Climate Action and social justice/equity goals adopted by the Town Council.

We support the creation of the Community Responders for Equity, Safety, and Service (CRESS) program, which we hope will reduce the demand on the Police Department over time. The development and implementation will be a transition as CRESS is created, staff are hired and trained, and the workload grows. It takes time to train and orient new Police Officers and we expect that we will have a similar commitment to our Community Responders. The CRESS workload will grow over time. The size of both Departments will be initially determined with assistance from the Law Enforcement Action Partnership (LEAP) and adjusted in future years based upon experience. CRESS cannot be funded entirely by reductions in funding for the Police Department. The LEAP report emphasizes that we need community responders and police who work together.We also support the implementation of the Climate Action Adaptation and Resilience Plan (CAARP), or at least those portions that will enable us to achieve the goals adopted by the Council on November 18, 2019. There likely will be costs that must be included in future budgets.

Fire and EMS staff concerns have been raised for several years. Although ARPA funds supported a short-term response by adding four positions, we expect that they will be funded in the budget when ARPA funds are no longer available. Similarly, intense evaluation of the current range of municipal, library, and school services, and their delivery methods will be critical to ensure that every dollar is allocated appropriately between departments and spent wisely. We also recognize that it is increasingly difficult to recruit and hire qualified and diverse staff. Amherst has to compete with other communities and the private sector. There is a benefit to bringing in younger people as the current staff gets older. These challenges will require that we continually assess our salary structure.

The Covid pandemic affected costs and revenues in the Fiscal Years 21 and 22 budgets. Some obligations, notably transfers to the OPEB Trust and allocations to address capital needs, were reduced from what was envisioned before the pandemic. We supported your recommendation to allocate funds from Free Cash generated in FY 21 to make deposits into the

OPEB Trust to bring it to the level anticipated before the pandemic. We also supported adding funds in the Capital Improvement Plan from Free Cash for work that can be done on roads and sidewalks during current fiscal year. As will be noted later in these Guidelines, we look forward to addressing more of the backlog of unmet Capital needs in the FY23 Capital Improvement Program.

II. Revenue projections

Largest revenue source is property tax. Makes new growth and increasing revenue from other sources a priority. Recurring expenses should not generally be supported by Reserve funds.

The Council accepts the revenue projections from the November Financial Projections (page 27 and 32) with an overall revenue increase in FY23 of 3.2% over FY22 assumed from all sources including property tax, local receipts, state aid, and other financing sources.

The largest revenue source is the property tax representing 70% of the total budget. It is expected to increase by 3.5%, reflecting the allowable 2.5% increase plus new growth. This revenue is stable and predictable. The new growth projection for FY23 of $600,000 is a conservative but reasonable estimate. That was the common presumption before the pandemic. We were fortunate that many new building projects were continued in the last two years. Applications have been submitted to the Planning Department and we believe that growth will continue.

Because of good planning and fiscal discipline, there has been no need to ask voters to consider a Proposition 2½ operating budget override since 2010.[1]

We have been able to manage without an operating budget over-ride due to strong management of expenses and revenues beyond property taxes Efficiencies in operations, combined with regular "New Growth" that provides new tax revenues in addition to the allowable 2.5% increase in the levy limit, and modest growth in state aid, have together allowed property taxes to remain within the limits of Proposition 2 ½ requirements while supporting our essential services. We encourage further development in our downtown and village centers in order to increase our revenues without adding to the property tax burden on homeowners. However, we recognize that growth in population can add to Town costs.

Of course, property taxes increase annually and are not distributed evenly. Because commercial property in Amherst is limited and half of the property in town is not taxable as it belongs to tax-exempt institutions or is owned by the Town for conservation purposes, the burden of even these regular annual increases falls on owners of residential property. Since increases in property values vary as property is reassessed, some increases are higher than others.

In Section VIII we talk about planning for future years and stress the need to remind the three major tax-exempt institutions that they should make payments in lieu of taxation, PILOTs, and the Town Manager should press the need for strategic partnerships that provide for these payments.

[1] Proposition 2½, passed by a State voter initiative in 1980, limits the amount that a city or town can increase total property taxation. Information about this law can be found in a primer at https://www.mass.gov/doc/levy-limits-a-primer-on-proposition-2-12-0/download

Growth in state aid continues to be less than needed to support cost increases for services and capital investment including the replacement, repair or maintenance of building, roads, and sidewalks. In addition, there is a threat of long-term inflation. You conservatively projected no increase to state aid, but we recognize that Governor Baker has consistently recommended an increase for cities and towns. We hope he does so again, but also note that you submitted a deficit budget in your November Financial Projections. An increase in state aid will offset the deficit.

The Council supports continuation of the policy that reserve funds should not be used to support recurring expenses which require recurring revenue sources. If there is a significant reduction of projected revenue for FY23 from state aid or other sources, we suggest that the Budget Coordinating Group provide advice. We would consider the use of reserves as possibly necessary for FY23 to avoid disruption in services if adequate planning for service reduction is not possible. Reserve use might be appropriate for one-time expenditures or to initiate a new program that will have funding to continue it. Should use of reserves be required, we would not support the ongoing use of reserves to continue to support budgets after FY23.

You project a 16.2% increase in local receipts. Because Covid decreased FY22 local receipts, we need to view that large projected increase in context. Projected FY23 revenue from local receipts is less than the amount received in FY21. The unusual year was FY22 because the pandemic affected local businesses which resulted in a steep decline in meals, lodging, and motor vehicle taxes and affected enterprise funds.

III. Expenditures

Amherst is committed to the four major building projects. Reserves needed for funding plan. Regular evaluation of all programs is essential for sound financial management.

The Council is committed to the four major building projects (Elementary school, DPW, Fire and Library). The funding plan for these projects includes our prior efforts to increase the Stabilization Fund, decrease our debt obligation, and increase the annual budget allocation for the Capital Improvement Program. This goal must be considered when allocating revenues between capital and operating expenses and expending reserves, Stabilizations Funds and Free Cash. There is a more detailed explanation on Page 7.

To strengthen the Town's ability to finance these major capital needs, we increased our reserves and paid down debt service. The Stabilization Fund will be essential to support major capital expenses in the next several years based on the Financial Model created to assure we have the capacity to complete these projects. Using reserves strategically will mitigate the large peaks in capital expenditures during the first few years of execution of the four large capital investments when debt payments are likely to be greater than in subsequent years.

Therefore, it is important to safeguard reserves and not use reserve funds for ongoing expenses. Reserves are also needed for that "rainy day" when there is a loss of revenue or increase in expenses that could not be anticipated. Careful and strategic reserve use as a source of bridge funding, one-time investments, or start-up costs for programs that will generate new revenue or expense reductions may be a reasonable use of one-time funds. See Financial Management Policies Section B-3.

We support the recommendation to allocate 10 percent of the estimated property tax levy to capital in FY23. It will help finance debt service obligations from major building projects over multiple years and support other capital needs.

Maintaining a responsible reserve balance is prudent fiscal management and contributes to the Town's strong bond rating. A strong bond rating allows the Town to borrow funds at favorable rates and is validation of sound financial management. The Council encourages steps that will maintain the Town's present AA+ rating and, possibly, improve its rating. That includes managing finances to assure that the Town can continue to meet immediate obligations, maintain the level of services expected by residents, and meet future financial obligations.

The Council supports expense reduction strategies and initiatives including the responsible reassignment of services outside of the General Fund. Other strategies include regionalization and reorganization within and among Town Departments that reduce costs and create efficiencies; expense reduction via "ordinary" means such as aggressive cost-comparison that reduces waste and seeks greater efficiency; and negotiation of fair labor contracts that the Town can afford and sustain. These initiatives must only be pursued with due consideration of the implications and mindful of Financial Management Policies Sections B-4 and B-8.

IV. Expenses for operations

FY23 allocation of additional $300,000 to municipal functions is essential as Amherst commences two new initiatives, CRESS and DEI. ARPA funds will support expansion of FIRE/EMS staffing. A future challenge is to sustain the increase in staffing while at the same time supporting our schools and other essential Town services.

For many years, Amherst allocated an equal increase in operating budgets for municipal programs, Regional Schools, elementary schools, and the library. The November Financial Projections did not do so. The recommended increase is 2.5% with an additional $300,000 allocated to municipal programs to help fund two new departments, CRESS and Diversity, Equity, and Inclusion Office (DEI). This results in a municipal budget increase of 3.70%. The elementary school budget is listed as a 2.73% increase because it includes charter/choice tuition adjustment. The resulting overall increase for all operating budgets is 3.2%.

This somewhat higher increase in the municipal budget is a necessary consequence of a community demand and Council decision to direct you to implement new responder and DEI programs, following the recommendations of the Community Services Working Group (CSWG). The new programs will begin to address long-term injustices while also providing a new safety and health workforce to respond to community calls that do not require traditional police response. This additional funding is necessary to begin the implementation of these new initiatives and has the Council's support.

The Council understands that the Amherst School Committee is concerned about the recommendation for providing a greater increase to municipal services than schools, and the worry that the schools will be under continued stress to meet the needs of children and their education. With health insurance costs anticipated to increase, and step and COLA increases in salary costs, the target of a 2.7% increase for elementary schools and 2.5% for increase for Regional schools will be difficult to meet without identifying efficiencies, or being supplemented by ARPA, higher than anticipated state aid, or other revenues sources. Declining enrollment may offer ways to decrease costs and we expect that this will be considered when formulating school budgets.

We also note that a 2.5% increase in the Amherst Regional School assessment will not result in a 2.5% increase in the contribution of the four towns to the regional budget if there is a change in the assessment method. The Regional School budget assessment will be determined by agreement of member towns to a budget and assessment method proposed by the Regional School Committee. It is important that we again achieve an agreement that is sensitive to the needs of all member towns and the Regional School District. The Council seeks to work with you and the Finance Director to explain the financial stress on Amherst and to work with the other towns and the Region to assure that the assessment for Amherst is consistent with these Guidelines.

The Town's support of schools is not limited to the operating budget. Some ARPA and ESSER funds (Federal Covid relief funds), are paid directly to the town and regional schools. In addition, you allocated Town ARPA funds to the schools to assist in moving the sixth grade to the Middle School. The schools receive $185,000 from the University of Massachusetts to educate children who attend our schools and live in tax-exempt University-owned housing, $170,000 for elementary schools and $15,000 for the Regional Schools. And the Regional Schools requested Community Preservation Act funding to improve athletic fields at the high school.

We recognize that revenue is insufficient to address all needs of the Town and that goals we established for FY23 as Policy Goals in the "Performance Objective Goals for the Town Manager", in addition to CRESS and DEI, may require financial investments. The Climate Action and Housing Plans may have costs. These goals should be considered in the development of the FY23 budget with explicit recognition of instances where budget allocations or decisions reflect the goals. We recognize that making progress on multiple fronts that require investments including climate action, housing, and social justice will not be achieved in a single year.

Your November 15 presentation included first year funding plans for CRESS and DEI. Developing budgets for current departments will be a challenge as operating budgets must also fund health insurance for employees and retirees. The Financial Projections (page 28) anticipate a 5% increase for health insurance which will add to the pressure on budgets across the board.

Given the expansion with new programs, we recommend that the Town consider a multi-year projection of operating budgets, showing FY24 and FY25 in addition to FY23. It would also be valuable to have projected budgets for the next two years for the schools and library. It will be important to understand the extent of stress over more than one year. As noted, municipal services provided by the Town are valued and the Town has an obligation to address capital needs. Some departments seem to be insufficiently funded. We have had the most comments regarding Fire/EMS. We urge you to make an analysis of adequate staffing for that department a high priority. Consistent with the budget philosophy discussed above, the Council will want these issues considered as you develop a budget to propose on May 1.

We urge you to include ARPA funds and projections of possible grant support for FY23 and at least one additional year to provide a fuller picture for the Council and residents. These guidelines do not provided guidance on what, if anything, to reduce or increase as we rely on the best judgement of you and your staff. However, given the multiple competing goals, we urge you to highlight the difficult choices that underlie the general guidelines.

Consistent with the Council's overall budget philosophy, if there is a change in revenue or there is a deficit as you develop the budget to present to the Council on May 1, the Council suggests that you convene the Budget Coordinating Group (BCG) and that it considers an adjustment strategy to recommend to you and the Council.

V. <u>Expenses for capital</u>

The capital budget will also face difficult choices. We endorse the allocation of 10% of the levy to pay for roads/sidewalks, building repairs, equipment/vehicles and sustainability. The allocation is also essential to support the four major projects.

The Council is committed to addressing four major capital investments to address deficiencies in the Fort River and Wildwood Schools, the Jones Library, the Central Fire/EMS Station, and the Public Works facility. The Town has been planning for these expenses for many years.

The Jones Library renovation and expansion was approved by the Council in April and affirmed by the voters at the November 2 election. The elementary school project is in the Massachusetts School Building Authority (MSBA) process. The financial plan to finance the school and have sufficient funds for other building needs will likely require the Council to ask voters to approve a debt exclusion override in the next two years. We need to proceed with the DPW and Fire/EMS station projects by funding and beginning the schematic design phase for the replacement of the Central Fire Station, and securing a new location or locations for the Department of Public Works headquarters. We are also aware of future needs to invest in recreation fields and facilities and other possible buildings. We also need to develop a plan to maintain our new buildings so that they serve the community for many years.

The capital budget includes debt service obligations for prior capital projects and capital projects funded from current revenues. The Town's Financial Policy specifies that the annual Capital Budget should equal at least 10% of the estimated property tax levy. This policy, adopted in 2008, recognizes that it is essential to maintain and improve infrastructure, including streets and sidewalks, Town buildings, and the equipment required to provide services. Adequately funding the Capital Improvement Program also helps us to obtain the best possible bond rating and reduce our borrowing costs.

Starting at 7.2% of the tax levy ten years ago, the Town purposefully increased the Capital Budget incrementally, reaching 9.5% of the Levy in FY20. In its original FY21 Guidelines, the Council Guidelines recommended that we finally achieve the goal and appropriate 10% of the Levy for capital spending. We were all disappointed that the appropriation had to be reduced to 4.5% of the Levy in the FY21 budget as a result of the pandemic's impact on revenues. This reduction was essential to protect operating budgets. The allocation remained below the target in in FY22, but we were able to increase it to 8.5% of the Levy.

We are pleased that you propose to fund capital at 10.0% of the tax levy in FY23 and support that allocation. This will help to fund the four major capital projects while continuing to repair roads and sidewalks, purchase vehicles, upgrade technology, and maintain existing buildings.

We endorsed your decision to create a sustainability capital fund this year to enable the Town to start meeting Climate Action goals. We recommend that you consider doubling the allocation in FY23 (from $100,000 to $200,000) as there will likely be new opportunities to secure state and funder grants if we are able to provide a preliminary study or seed funds.

Amherst does not have a functional ladder truck. This would be a large expense. We urge you to consider this need that affects safety and to develop a plan to fund the purchase of a truck, including the date by which it will be ordered. A plan could include regional efforts or linkage fees, if possible, for new taller building that would benefit directly from a ladder truck. This could also be a high priority for infrastructure funds should new federal funds become available.

Funding capital investments is supported by means other than the capital budget, including the use of Community Preservation Act funds, CDBG, the PARC grant program, MassWorks, and other grant opportunities. We believe that Town municipal needs should receive strong consideration for funding from the Community Preservation Act and CDBG funds. You can also explore possible opportunities to share equipment with neighboring communities.

VI. Other budget needs

There are required financial obligations including repayment of debts and assessments for the Hampshire County Retirement System. The Town also has an obligation to pay for health insurance costs for retirees, Other Post-Employment Benefits (OPEB). This is a major obligation. We have been making regular transfers into an OPEB Trust which has contributed to the Town's favorable AA+ bond rating. We agree with your recommendation to allocate $500,000 to the OPEB Trust Fund in the FY23 budget.

VII. Budget process

Importance of transitioning core value of sound financial management to the next Council.

The first Council, elected in 2018, served for three years. For FY23, we are having Amherst's first experience at a new Council taking office for a two-year term after the Town Manager has provided initial financial projections and a prior Council developed Budget Guidelines. This will now happen every other year. We hope that during the transition or shortly after January 3, you work with the Finance Director and members of the Council who were reelected to provide an orientation to the budget and the budget process for new Councilors. This should include the school and library budgets. New members will benefit from service on boards and committees in previous years and from insight gained during the campaign. We hope these Guidelines will be a useful introduction to the Budget process and financial issues confronting the Town.

The Finance Committee of the new Council will need a more extensive orientation to prepare for the release of the budget on May 2, 2022, assuming there are new members. The Committee should meet twice weekly in May to review the budget you send to the Council. We recommend that the Finance Committee meet with the Library Director and Superintendent in April to review the budgets as approved by Library Trustees and School Committees. If these budgets change in the budget you submit, there can be a second meeting in May. Also, we know that the new budget format instituted for FY22 and modified by experience will be helpful to the new Council as it considers the FY 23 budget

VIII. Planning for future years

Amherst will need expanded revenue source to support our priorities. This includes increased support for municipal services from UMass, Amherst and Hampshire Colleges, institutions that are tax-exempt yet rely on Town services. There is also a need to update fees, seek grant support, and pursue all sources of new or increased funding.

Sustainable economic development is an important financial management strategy. Responsible and appropriate expansion of our commercial sector from the current level of about 10% and expansion of the tax base with new growth in accordance with the community's goals as expressed in the Master Plan can grow the property tax base in net-positive ways. Robust contributions from tax-exempt organizations are essential for the health of the Town.

The objective for Management Goal VI of the Town Council Performance Goals for the Town Manager asks you to develop and implement strategic partnership agreements with the University of Massachusetts, Amherst College, and Hampshire College designed (1) to mitigate the financial and social impacts of the higher education institutions on the Town especially as it relates to the quality of life in our neighborhoods and to the demand placed on municipal services such as public safety, and schools, and public ways, and (2) to seek ways to collaborate on areas of mutual concern, in particular housing, economic development, and the long term financial viability of the Town.

The Council appreciates that the University is supporting the cost to educate children in our public schools who live in University-owned housing that does not pay property taxes. It is critical that this support continue. We also appreciate that UMass has invested in the health of our community by cooperating on the Covid response. Working with the Town's non-profit partners including the University of Massachusetts provides the potential to develop more models for public and private partnerships, especially around the creation of housing, retail, restaurants, and other commerce that can generate new revenue. UMass Dining Services has made important contributions fo nutrition programs for low income families and seniors.

We note that Boston and other cities/towns are reviewing their PILOT payments from major tax-exempt universities and other entities. Burlington has been able to negotiate a robust multi-year agreement with the University of Vermont. Smith recently announced a multiple-year $500,000 commitment to Northampton. It would be useful for the Town to update the assessments of our higher education institutions. This would make it possible to do a comparative study of a selected set of cities/Towns to the contributions to their towns from non-profit/private colleges and public universities.

We need to remind our partners that all of us need a town that includes a full range of businesses and is a vibrant community that will attract students and their families, new faculty and other employees, and investors in joint ventures with our partners. Our partners need to avoid actions that compete with businesses.

There are other means to generate new revenue. The Town should regularly evaluate service fees to assure they are in line with costs, including fees for Rental Permits.[2] Aggressive pursuit of grants to offset costs and expand services produces new revenue. However, when grants involve funding of new personnel or committing to ongoing operating or maintenance costs, there should be a clearly communicated understanding whether and how those positions and services will be continued when the grant funding is no longer available.

The Town through the Council and School Committee should also advocate for reforming the Charter School formula and fully funding the state obligation. The current formula is especially negative for Amherst given our high percentage of special needs students and education programs that we provide to our students. We need to work with our Senator and Representative and other municipalities to achieve a more balanced approach.

The Town, through the Council and the Executive, should advocate for increases in state income tax which would improve the State's ability to support municipal budgets, local taxation options, increased aid to Amherst and the Regional School District, legislation permitting assessment of PILOT fees, and mitigation from mandated costs. Amherst should also strongly advocate for the state-wide effort to increase funding for road and sidewalk work, municipal buildings besides schools and libraries, transportation infrastructure improvements, climate initiatives, and other emerging initiatives and services.

IX. Conclusion

The Council appreciates the collaboration on the budget and Town financial management between you and the Town Council. It also appreciates the efforts of you, Sean Mangano, Sonia Aldrich and many other members of the staff to inform Councilors about the budget, the challenge to manage Town finances, and efforts to generate revenue to meet expenses and achieve the community's goals. The Council looks forward to continued collaboration as you develop and manage future budgets.

[2] Management Goal II of the Town Council Performance Goals for the Town Manager asks you to recommend and implement structures for user fees, water fees, sewer fees, solid waste fees, and permit fees that consider the cost of providing services.

Adopted by the Town Council on December 20, 2021

			For Discussion Only				
			FY23 Budget Projection				
Draft 11.4.21							
	FY 20	FY 21	FY 22	FY 23	$	%	
	ACTUAL	ACTUAL	BUDGET	BUDGET	Chg	Chg	*Assumptions*
REVENUES							
PROPERTY TAX							
Base Levy	52,787,635	54,963,386	57,085,281	59,112,413	2,027,132	3.6%	
2.5% Allowable Increase	1,319,691	1,374,085	1,427,132	1,477,810	50,678	3.6%	*2.50%*
Estimated New Growth	856,060	747,810	600,000	600,000	-	0.0%	*back to pre-pandemic estimates*
General Override							
Levy Limit	54,963,386	57,085,281	59,112,413	61,190,223	2,077,810	3.5%	
Debt Exclusion							
Maximum Allowable Levy	54,963,386	57,085,281	59,112,413	61,190,223	2,077,810	3.5%	
Excess Levy capacity	(24,002)	(292,039)		-	-		
Subtotal PROPERTY TAX	54,939,384	56,793,242	59,112,413	61,190,223	2,077,810	3.5%	
LOCAL RECEIPTS							
Motor Vehicle Excise	1,724,121	1,703,776	1,500,000	1,700,000	200,000	13.3%	*consistent with FY21 and FY20 actuals*
Hotel/Motel and Meals Excise	680,343	374,782	400,000	600,000	200,000	50.0%	*consistent with prepandemic levels and FY22 YTD*
Cannabis Tax	206,135	208,554	190,000	200,000	10,000	5.3%	
Penalties and Interest	263,699	269,147	245,000	245,200	200	0.1%	
PILOT	978,728	822,213	821,958	822,208	250	0.0%	
Fees	206,967	236,218	-	-	-		
Rentals	146,442	122,409	90,655	131,138	40,483	44.7%	*reflects current rental agreements*
Departmental Revenue	876,600	840,954	567,732	769,025	201,293	35.5%	*sizeable recovery including recreation revenues*
Licenses and Permits	880,764	848,249	704,611	838,587	133,976	19.0%	*return to prepandemic levels*
Special Assessments	985,547	996,192	998,022	998,022	-	0.0%	
Fines and Forfeits	57,428	89,365	47,700	60,600	12,900	27.0%	*return to prepandemic levels*
Investment Income	276,896	129,922	60,000	90,000	30,000	50.0%	*moderate increase to reflect history*
Miscellaneous(see notes section)	609,067	291,810	145,020	250,000	104,980	72.4%	*consistent with prepandemic levels and FY22 YTD*
Subtotal LOCAL RECEIPTS	7,892,737	6,933,589	5,770,698	6,704,780	934,082	16.2%	
STATE AID							
Chapter 70	6,122,223	6,122,223	6,153,573	6,153,573	-	0.0%	*FY22 cherry sheet*
Charter Assessment Reimbursement	142,588	72,179	214,013	107,841	(106,172)	-49.6%	*FY22 cherry sheet*
Unrestricted General Govt Aid	8,939,803	8,939,803	9,252,696	9,252,696	-	0.0%	*FY22 cherry sheet*
Veterans Benefits	95,001	108,815	107,949	107,949	-	0.0%	
Exempt Vets, Blind, Surv. Spouses, Elderly	12,550	28,430	35,381	35,381	-	0.0%	
State Owned Land	203,540	194,105	204,780	231,203	26,423	12.9%	*FY22 cherry sheet*
Offset Receipts							
School Lunch			-				
School Choice Tuition			581,548	578,850	(2,698)	-0.5%	*FY22 cherry sheet*
Public Libraries			105,925	116,947	11,022	10.4%	*FY22 cherry sheet*
Subtotal STATE AID	15,515,705	15,465,555	16,655,865	16,584,440	(71,425)	-0.4%	
OTHER FINANCING SOURCES							
Ambulance Fund	2,483,396	1,862,547	2,000,000	2,100,000	100,000	5.0%	
Community Preservation Act (debt service only)	421,465	449,888	388,148	488,720	100,572	25.9%	*includes new projects*
Enterprise Fund Reimbursements	927,783	920,679	803,190	926,584	123,394	15.4%	*water/sewer back to normal, no transportation*
Overlay Surplus	300,000	-	-	-	-		
Miscellaneous	-	-	836,522	75,000	(761,522)	-91.0%	*comcast, FY22 included one-time capital reserve*
Free Cash	2,945,393	1,357,808	-	-	-		
Stabilization Fund	-	-	-	-	-		
Subtotal OTHER FINANCING SOURCES	7,078,037	4,590,922	4,027,860	3,590,304	(437,556)	-10.9%	
TOTAL REVENUES	85,425,864	83,783,308	85,566,836	88,069,747	2,502,911	2.9%	

Draft 11.4.21	FY 20 ACTUAL	FY 21 ACTUAL	FY 22 BUDGET	FY 23 BUDGET	$ Chg	% Chg	Assumptions
EXPENDITURES						2.5%	
OPERATING BUDGET							
Town	23,432,642	23,152,781	25,100,326	26,027,834	927,508	3.70%	*added $300k to help fund CRESS program*
Elementary Schools	23,457,334	23,254,111	24,387,421	25,052,500	665,079	2.73%	*includes charter/choice tuition adjustment*
A-P Regional School District (Assessment)	16,444,279	16,404,120	16,748,783	17,167,503	418,720	2.50%	
Jones Library (Tax Support)	2,043,302	2,043,301	2,086,211	2,138,366	52,155	2.50%	
Subtotal OPERATING BUDGET	65,377,557	64,854,313	68,322,741	70,386,203	2,063,462	3.02%	
CAPITAL BUDGET							
Debt Service - Debt Exclusion	-		-				
Debt Service - OTHER NOT TAX FUNDED (CPA/PEG	421,465	449,888	463,148	563,720	100,572	21.7%	*CPA + comcast*
Debt Assessment - Region		342,141	328,979	389,955	60,976	18.5%	*Includes roof which is unlikely*
Debt Service - Current	1,159,913	975,774	477,252	237,834	(239,418)	-50.2%	*paid off montague rd and south amherst roof*
Debt Service - Projected	313,940	5,713	30,000	30,000	-	0.0%	
Cash Capital (Tax Support)	3,503,810	1,406,651	3,835,656	5,050,739	1,215,083	31.7%	*return to 10% of levy*
Subtotal Tax Funded Capital	5,399,128	3,180,167	5,135,035	6,272,248	1,137,213	22.1%	
Tax Capital Less Debt Exclusion, CPA, Other	4,977,663	2,388,138	4,671,887	5,708,528			
'% Net Tax Levy	9.8%	4.5%	8.5%	10.0%			
Cash Capital (Prior FY vote in Current FY)							
Cash Capital (Free Cash/Capital Reserve)			761,522				
Cash Capital (Ambulance Fund)							
Subtotal CAPITAL	5,399,128	3,180,167	5,896,557	6,272,248	375,691	6.4%	
MISCELLANEOUS							
Assessment - Retirement System	5,850,699	6,164,861	6,621,134	7,084,613	463,479	7.0%	*7% HCTY pension - addt cost of CRESS program will hit in FY24*
Assessment - Regional Lockup Facility	35,928	35,928	35,928	-	(35,928)	-100.0%	*To be State funded*
Other	2,563,391	-	-	-	-		
OPEB	882,002	250,000	300,000	500,000	200,000	66.7%	*return to prepandemic levels*
Reserve Fund							
Subtotal MISCELLANEOUS	9,332,020	6,450,789	6,957,062	7,584,613	627,551	9.0%	
Total APPROPRIATIONS	80,108,705	74,485,269	81,176,360	84,243,064	3,066,704	3.8%	
UNAPPROPRIATED USES							
Reserve for Abatements & Exemptions	525,979	573,647	591,124	611,902	20,778	3.5%	*1% of levy*
State Assessments (Cherry Sheet)	3,106,959	3,079,248	3,095,623	3,188,492	92,869	3.0%	*3% increase*
Cherry Sheet Offsets	-	687,473	687,473	695,797	8,324	1.2%	*offset with revenue above*
Other Amounts to be Raised	16,256	16,412	16,256	16,256	-	0.0%	
Subtotal UNAPPROPRIATED USES	3,649,194	4,356,780	4,390,476	4,512,447	4,512,447	102.8%	
TOTAL BUDGET PLAN	83,757,899	78,842,049	85,566,836	88,755,511	3,188,675	3.7%	
SURPLUS / (SHORTFALL)	1,667,965	4,941,259	-	(685,764)			

Adopted by the Town Council on December 20, 2021