

BUDGET DEVELOPMENT

Goals - Assumptions - Drivers

January 25, 2022

WHAT ARE OUR BUDGETING GOALS AND FACTORS?

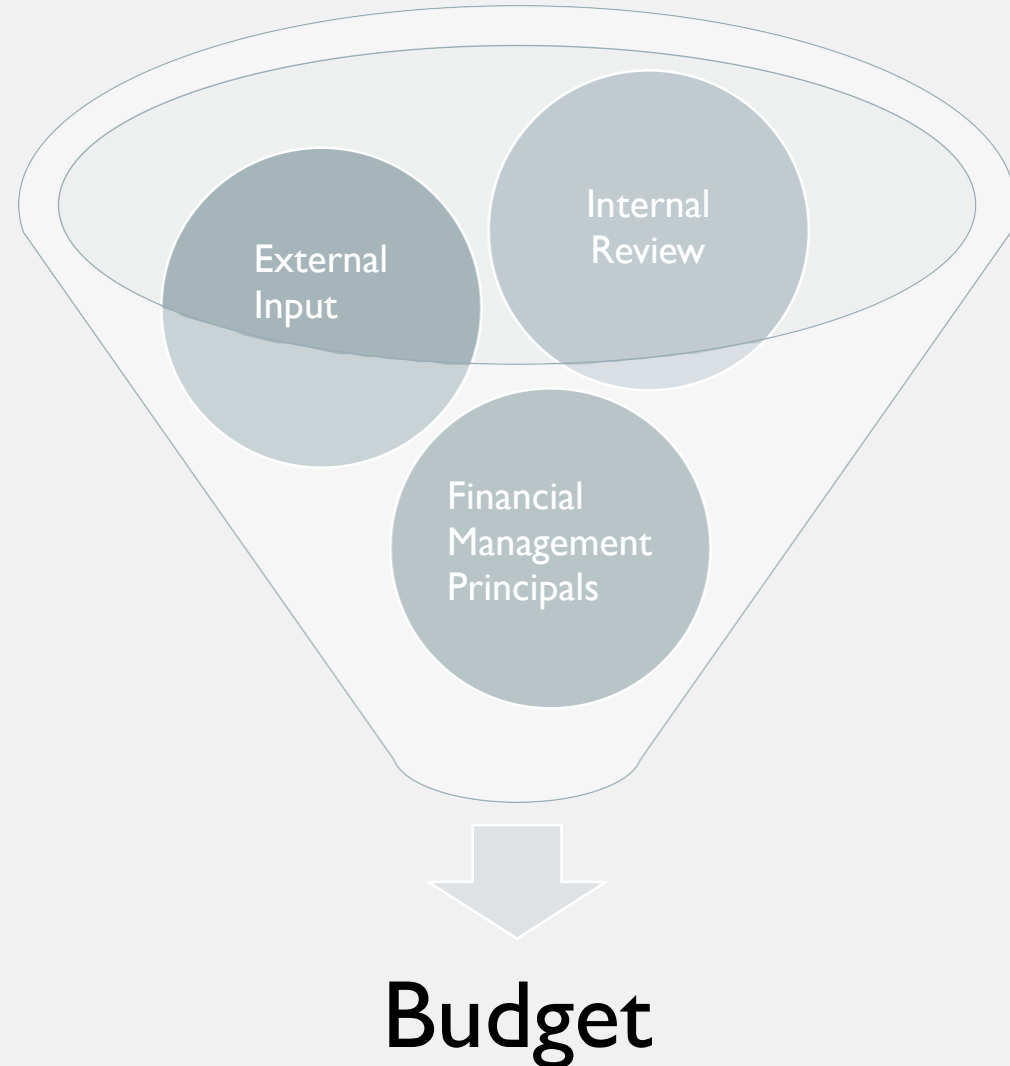
- Preserve core services

- Fulfill required mandates

- Maintain or enhance the local quality of life

- When possible, invest in Reserve funds to provide future stability and flexibility.

- Create a balanced budget



REVENUE ASSUMPTIONS AND DRIVERS

GENERAL REVENUE ASSUMPTIONS

- **Base Assumptions:** Conservative Budgeting Based On Historical Data and Current Trends
- **Reliable Revenues-** high level of predictability - i.e. Tax Levy or Indirects – approx. 80% of revenues
- **Semi-Reliable Revenues-** some level of elasticity, but generally predictable - i.e. State Aid or Excise Taxes – approx. 9% of revenues
- **Uncertain Revenues-** highly volatile, affected by economy or other external factors - i.e. Free Cash or some Local Receipts – approx. 11% of revenues. Preferred use for one-time projects/initiatives like Capital

FY 23 REVENUE DRIVERS

- **Increased State Aid Revenue Projection** – tracking strong State Tax revenues
- **Rebounding Local Hotel/Motel and Meal Tax Income**
- **Potential Use of Stabilization Funds** – reduced to start rebuilding process
- **Strong New Growth**
- **Use of Free Cash** – reduce reliance for operations, shift to capital expenses

EXPENSE ASSUMPTIONS AND DRIVERS

GENERAL EXPENSE ASSUMPTIONS

- **Base Assumption:** Level-Service budgeting
- **Invariable:** Limited town control or ability to change, predictable - i.e. Statutory Mandates, Health Insurance – approx. 70% of expenses
- **Semi-variable:** More town control/flexibility, but formulaic – i.e. general operations/services – approx. 25% of expenses
- **Variable:** Limited Town control, fluctuate and can depend on a variety of factors - i.e. Board of Registrars/Elections – approx. 5% of expenses

FY 23 EXPENSE DRIVERS

- **COVID recovery** – supply chain, utility costs
- **Employee Compensation** – CBAs, impacts from great resignation, employee retention.
- **Unfunded Mandates/State Requirements** - MAR Limit (libraries), DESE (schools)
- **Health Insurance Costs** - Loss of Fallon HC
- **Retirement Liabilities** – Pension & OPEB

	Percentage Share of Budget			
	FY 20	FY 21	FY22	% Change
Schools	43%	44%	46%	3%
Town	26%	25%	25%	-1%
Shared	31%	31%	29%	-2%

WHAT ARE SOME OF THE THINGS TO LOOK OUT FOR?

- Official Budget Published Feb 1, Amended Version March/April
- Exploring Approaches to Capital
- Governor's budget, Senate and Committee Revisions in the Upcoming Months
- Finance Committee Budget Hearings & public meetings/input
- Exploring approaches to invest in Capital - financing options, grants, ARPA
- Local Receipt and Permit Data trends
- Stabilization fund accounts - plan to rebuild when possible