Great Barrington Budget & Financial Policy for Fiscal Year *2027*

Budget & Financial Policy

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
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 outline the priorities and objectives of the Town and provide 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.
- 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.
- Maintain our top-level bond rating.
- Work to keep the overall tax levy reasonable in consideration of other priorities and goals.[1]

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.

Real Estate Tax

- Town should 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 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.

[1] For further information, see 'Tax Levy Considerations' in Financial Policy Manual, Town of Great Barrington, Prepared by Division of Local Services Technical Assistance Bureau , June 2020, page 2: https://www.mass.gov/doc/greatbarrington-ccc-policies-june-2020/download

Free Cash and Reserves

- The Town will monitor overall general fund reserves (free cash and stabilization funds) as a percentage of the annual operating budget. The relative percentage and sufficiency of these will be evaluated relative to guidance from the state, historical trends and other factors.
- If the Town generates free cash consistently higher than historical trends and guidance from the state, the Town Manager will closely examine future budget proposals to determine if adjustments are appropriate.

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 periodically 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
- Within each 5-year period, make every effort to limit the average yearly long-term general fund borrowing to 3.5 million or less (the Town's historical average).
- Ensure that the Town's general obligation debt ratio not exceed 50% of statutory limit (5% of equalized valuation).
- Exempt from Proposition 2½ any long-term capital debt for any capital purpose for which a city or town is authorized to borrow, including but not limited to capital debt for municipal buildings, WWTP improvements, fire apparatus acquisition, and school facilities improvement; and capital expenditures for any purchase of equipment and vehicles with a shorter useful life.

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.

Guidelines for The Budget Preparation Process

- The Town 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.

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.
3. Recommended Projects Proposed for CPA Funds.
4. Participate in BHRSD joint budget meeting with Stockbridge and West Stockbridge.
5. Hold Budget Workshop Meetings. Hold Public Hearing.

The Selectboard and the Finance Committee will jointly set the dates for the above budget meetings. 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 budget presentation.
- Salaries and employee insurance contributions shall be set in the Fiscal Year 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(s) 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

The following will be done to ensure that the budget information is provided in a format that is clear, accurate and complete.

1. Operating Budget Process:

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

2. The Budget Book:

- The Town Manager will provide complete **financial statements** in the Budget Book to include:
  - Outstanding obligations and anticipated new borrowings.
  - 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.

- The Town Manager will also provide a **Capital Budget** Report to include:

- 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.

- 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.

3. Other Information/Reports

- If deemed necessary and appropriate for adequate review of the proposed budget, the Finance Committee and/or Selectboard may request that the Town Manager include, if possible, supplemental materials either in the Budget Book or in a separate report/document presented at a budget meeting or at a separate meeting. These may include, but are not limited to:
  - Historical Financial Information
    - Estimated Local Receipts
    - Free Cash sources and uses
    - Tax Levy and Tax Rate
    - Special Articles, individual and totals
    - Aggregated data regarding property tax collections, such as collected/payment plan/delinquencies for last 3-5 years
    - History of various reserve accounts, i.e., stabilization, capital stabilization, "health insurance".
    - Five-year history of long-term and short-term debt
    - Schedule of Authorized but Unissued Debt, including changes from prior years
  - Financial Projections
    - Show 5-year projections of LT debt including approved future borrowings
    - Projected Debt Service payments
  - Summary Report on Expenditures for Employee Medical (current and Retired "OPEB") and Pension Benefits
    - Five year history and projected (if available)
    - Review funding for future retiree medical benefits (OPEB Trust)
    - Pension Fund summary report
    - What percentage of the obligation is funded

**Approved December 2, 2024 by the Finance Committee*

**Approved at the December 19, 2024 Selectboard Meeting*