

FY23 Budget Preview

TA Presentation to Selectboard
2/1/2022

Financial Policies
Budget Format
Revenue
Expenses
Capital
ARPA

Upcoming Schedule

- February 1 - Overview of budget process and findings by TA to Selectboard; TA reviewing Department requests, calculating costs, initiating capital requests, and pulling together revenues.
- February 2 - TA discuss FY23 Budget and ARPA process to Appropriations Committee
- February 3 - Overview of budget process and findings by Superintendent to School Committee
- February 10 - TA gives Budget process overview to Know Your Town group
- February 15 - initial round of ARPA fund requests due; Dept Capital requests due to TA
- February TBD - Schedule Capital Planning Committee
- February 15, March TBD - Selectboard meetings with budget discussions
- February 17, March 3 - School Committee meetings with budget discussions
- March 17 - School Committee Public Budget Hearing and vote on budget request

South Hadley Financial Policies - May 2020

Budget Purpose

As the Town's central policy document, the budget lays out the community's prioritization of annual, and longer-range objectives, identifies financial goals, and articulates challenges. An instrument for turning strategic plans into reality, the budget constitutes a contract between the Town and its residents, explaining how funds are to be raised and allocated for the delivery of services.

Budget Forecasting

The Town Administrator will annually create a detailed forecast containing five-year projections of revenues and expenditures for all operating funds. In basic terms, this entails reviewing historical revenue and expenditure trends, anticipating factors that may impact those trends going forward, analytically developing assumptions, and then formulating reasonable revenue and realistic expenditure projections.

Budget Document

The Town Administrator will produce a transparent and user-friendly budget document that illustrates the budget's short- and long-term strategic goals. It will incorporate narrative information on departmental and organizational goals, provide details about the plans and resource allocations needed to meet them, and include graphical information about available financial resources.

Department Budget Format Change*

Current FY22 Format

Accountant/Auditor						
	FY19	FY20	FY21	FY22	FY22	
	Expended	Expended	Budgeted	Requested	TA Recommend	
P/S	\$ 204,471	\$ 207,030	\$ 209,240	\$ 209,252	\$ 213,267	
O/E	\$ 67	\$ -	\$ 100	\$ 100	\$ 100	
Total	\$ 204,538	\$ 207,030	\$ 209,340	\$ 209,352	\$ 213,367	

1350 ACCOUNTING

DEPARTMENT DESCRIPTION
To proficiently process and report Town related financial and/or financially related legal matters under the guidelines defined by Federal Law, State Statute, Town By-law, and Town policy.

FY22 GOALS & ACCOMPLISHMENTS

- Complete all end of year reports in a timely manner and file all State reports by the deadline
- Assisted with the setting of the towns tax rate
- Assist in the FY23 budget process and provide various financial information as needed
- Figure out the town revenue recovery loss related to the ARPA funds by creating a spreadsheet to be used and updated over the next several years
- Help coordinate and finalize the reporting for the CARES Act monies and various associated grants and funds

FY23 STRATEGIC GOALS

- Complete all financial reports timely and submit to the state by the imposed deadlines
- Assist with the setting of the Tax Rate and approvals by the end of December
- Look into the streamlining of the check process by using Automated Clearing House (ACH) an electronic network for financial transactions for various vendors
- Work on implementing various policies (where needed) related to the recently adopted financial policies of the town

```

graph TD
    TA[Town Accountant] --> ATA[Assistant Town Accountant]
    TA --> AS[Applications Specialist]
            
```

	FY20	FY21	FY22	FY23	FY23
	Expended	Expended	Budgeted	Requested	TA Approved
P/S	\$207,030	\$209,769	\$213,602		
O/E	\$0	\$0	\$100	\$0	\$0
Total	\$207,030	\$209,769	\$213,702		

* Add section on budget changes from FY22 to FY23

Revenues

Governor's Budget

- State Aid is about 27% of the town's Budget Revenues
- Chapter 70 Aid and education has a net increase of \$1,090,917 (11%) and school assessment costs increased by \$234,825
- Unrestricted Government Aid increased by \$77,501 (2.7%) and various assessment costs increased by \$10,727
- House, Senate and Consensus Budgets still to come

Local

- Property taxes is just under 62% of the town's Budget Revenues and consists of increases up to 2.5% from the previous year plus an estimated amount of new growth
 - New growth was conservatively estimated at \$200,000 for FY23, but the final figure will be set after reviewing new parcels and construction.
 - Overall revenue growth was 2.5% in FY21 and 3.13% in FY22 due to an \$200k increase in the use of Free Cash.
-

Expenses

General

- Health insurance rates will stay the same; budget impact if more or less employees sign up
- Facility budget increase 6% - doing a deeper analysis by looking at each dept budget
- Election cost increase due to state election
- General insurance increase - will know impact in a few weeks. Had MIIA's largest claim with 1.7m damage to Wastewater Treatment Plant

Department

- IT expenses will increase over 8% as subscription costs go up despite eliminating some software such as Cleargov - savings 11k
 - Public Works - 1 FT parks (4 to 5), 1 FT Highway (9 to 10), increase temp hours (spring and fall cleanup, winter shoveling, etc).
 - Collective Bargaining Agreements expiring June 2022: Police and Public Works
 - Behavioral health, environmental, and public health goals - seeking grants
-

South Hadley Capital Planning

Policy

The Town will maintain its physical assets by providing funding in the operating budget to protect its capital investments and minimize future maintenance and replacement costs. ... the Town will maintain an annually updated, five-year plan for capital improvements. The Town will emphasize preventive maintenance as a cost-effective approach to capital reinvestment and replace exhausted goods as necessary.

Prioritization Criteria

Asset over \$25,000, to have or to extend five or more years of useful life, and:

1. Eliminates a hazard to public health and safety
 2. Required by state or federal laws or regulations
 3. Supports adopted plans, goals, objectives, and policies
 4. Stabilizes or reduces operating costs
 5. Uses outside financing sources, such as grants
 6. Makes better use of a facility or replaces a clearly obsolete one
 7. Maintains or improves productivity or existing standards of service
 8. Directly benefits the Town's economic base by increasing property values
 9. Provides new programs having social, cultural, historic, economic, or aesthetic value
-

ARPA

New Final Rule effective April 1, 2022

Next round of funding requests due to Town Administrator February 15th. Requests will be compiled for the Selectboard to review in March with recommendations, and ensure compliance with new regs.

Public Sector Revenues

New \$10 million revenue loss standard allowance means that all of the \$5.3 million allocation can be selected as revenue loss. Funds may be used for capital improvements beyond Water, Sewer and Broadband under this classification.
