

Highlights of Financial Advisor's Proposed Budget policy

Originally presented January 30, 2017

- I. The Town portion of the operating budget and the School budget shall be projected to increase at a rate of 2.50 percent and 3.00 percent per year, respectively, unless the Town Administrator and the Finance Director otherwise determine that a different increase is to be applied.
- II. Any additional appropriations for either budget, if approved, shall be funded from the tax levy and not from reserves.
- III. Commencing with fiscal 2019, the Town shall fund \$2,500,000, followed in fiscal 2020 with \$3,000,000 of capital on a pay-as-you-go basis, funded either from general revenues or from Free Cash
- IV. Free Cash is only to be used for capital expenditures and one-time expenditures.
- V. It is intended that Free Cash and General Stabilization shall be targeted to be twelve percent of General Fund revenues.
- VI. Commencing with fiscal 2019, OPEB is to be funded at the ARC (Annual Required Contribution) and shall be funded from tax revenues and not from reserves.
- VII. The general fund debt service shall be level funded at the amount appropriated for fiscal 2018. Commencing in fiscal 2019, if the general fund debt service appropriation exceeds the amount of general fund debt service, the excess funds shall be transferred to the General Stabilization Fund. When debt service is incurred for the Library and Council on Aging projects, the excess funds shall be first used to pay debt service associated with those projects.
- VIII. The enterprises shall be self-supporting, including the payment of debt service.
- IX. Debt shall not be used for capital acquisitions or projects less than \$500,000; such capital acquisitions or projects shall be funded on a pay-as-you-go basis. Debt shall not be used for regularly incurred capital expenditures.
- X. Debt shall only be used to fund capital items where debt service is paid from enterprise fund revenues, or from CPA funds, or from some other dedicated revenue sources or where, in the case of general fund debt authorizations in excess of \$2,000,000, the debt is excluded from Proposition 2½. All of the latter is to be approved contingent on an affirmative Proposition 2½ vote.

Finance Committee's Candidate FY19 Goals and Objectives:

1. Goal: Establish guidelines for operating budgets and capital projects.
 - a. Manage debt service policy to 10% and trend downward.
 - b. Manage operating budget increases to 2.5%.
 - c. Manage additional capital spending and resulting borrowing to not exceed \$3 million.
 - d. Manage additional headcount within budget guidelines.
 - e. Maintain a 5 year forecast for School and Town.
 - f. Maintain AAA rating.
2. Goal: Implement process and procedure for the ongoing review and oversight of municipal budgets and department operations, and reporting.
 - a. Review both Town and School budgets quarterly.
 - b. Include as part of capital planning process a 1-year capital plan and a 5-year capital program and publish results in the warrant.
 - c. Complete and vote a capital budget by 12/15/2017.
 - d. Complete and close operating budget by 3/1/2018.