

BOARD OF SELECTMEN FISCAL YEAR 2022 BUDGET POLICY DIRECTION

The Town Manager will prepare the FY22 operating budget and a three-year projection of expenses and revenue. In anticipation of possible significant revenue shortfalls in FYs 21 and 22 due to the COVID-19 pandemic, we are making the following recommendations for the FY22 budget:

- Fund all debt obligations first.
- Satisfy existing and anticipated future contractual and mandated obligations.
- Make every attempt to fund OPEB at a minimum at the FY21 amount.
- Maintain minimum recommended reserves at 5% of the operating budget.
- Attempt to maintain services at current levels. If anticipated FY21 and FY22 revenues and excess Free Cash is insufficient for that purpose, the Town Manager has options identified for expense reductions at various levels.
- Develop a capital plan that includes funding from Free Cash to the extent that it is available after considering all town and school needs. The target total for bond payments should fall within the range of 7-10% of the town's operating budget.
- Any new proposed ongoing positions (funding for associated benefits included) or expenses must be accompanied by corresponding ongoing expense reductions or by new recurring revenue, so that the merits of the trade-offs may be evaluated to determine whether to move forward with the new positions or expenses.
- Evaluate our health insurance renewal and its impact on our 2022 budget. Investigate options for providing quality health insurance for our employees and retirees, while controlling costs.
- In the event that the above conditions are met and available funds remain, the Town Manager will meet with department heads and the Superintendent of Schools to identify and prioritize unfilled departmental needs, other capital requirements, or other town necessities and make a recommendation to the Board of Selectmen, Finance Committee, and School Committee.