

# Montague Financial Forecast: Users' Guide and Assumptions

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**Edward J. Collins, Jr. Center for Public Management**

**McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES**



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# INTRODUCTION

The objective of the Town of Montague's financial forecast is to conservatively project revenues and expenditures five years into the future (FY2022-FY2026). The forecast is intended to provide policymakers with the information they need to make informed decisions around the Town's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations.

Revenue and expenditure forecasting is a powerful financial planning tool that can be used to isolate the impact of particular future events and determine their effects on the Town's financial picture. The forecast model is designed using reasonable assumptions about a wide variety of future events and, by using these assumptions along with known facts, a comprehensive view of the Town's fiscal outlook emerges. Though potential exists that any one item in the forecast may be less than accurate, when taken as a whole, a well-built model presents a fair representation of the Town's future finances.

The approach used in the forecast model for the Town of Montague assumes that current service levels will be maintained in the future years of the forecast. The model also assumes that existing Massachusetts General Laws and regulations will remain unchanged over the forecast period. However, as new information becomes available, the assumptions and estimates used in the current projections will need to be reevaluated by Town officials to determine if they are still appropriate and reasonable.

Of particular note, it is important to recognize that due to the ongoing Covid pandemic and the associated recessionary financial impacts, certain projections such as State aid, motor vehicle excise, meals tax and other local receipts impacted significantly by the economic downturn continue to be volatile. The State's FY2021 budget was not approved until December of 2020 and the Governor's budget for FY2022 was released the next month. State aid estimates in the Governor's budget were higher than initially believed possible, in part due to large draws from the State Stabilization Fund and decreases in the appropriation for Mass Health, the State's Medicare program. While these are positive signs about the State's ability to navigate the fiscal problems of the pandemic, municipalities must continue to remain cautious about certain local receipts and State aid projections going forward.

To assist in this regard, the forecast contains a recession worksheet that shows the potential negative impacts on various State aid and local receipts that the Town might expect in the next couple of years. The worksheet also contains data on the Town's major State aid accounts and local receipts during the last recession that spanned from FY2009-FY2012. During this recession, State aid was reduced over four years and some local receipts took several years to return to their pre-recession levels. So while the Governor's budget represents positive news, it is advisable to continue to be watchful and wary that fiscal impacts of this economic downturn will continue to impact municipal revenues for the next few years.

The forecast is structured as a series of Excel worksheets. Revenues are projected in detail in the "Revenue Projections" worksheet, and expenditures are projected in detail in an "Expenditure Projections" worksheet. A "Recession" worksheet depicts scenarios for potential reductions to certain local aid accounts and various local receipts. The totals from the detailed revenue and expenditure projections flow into a "Summary" worksheet which reveals projected future operating surpluses or deficits. Data from the "COLA" worksheet shows the potential impact of settling future labor contracts (impact of existing labor contracts are built into expenditure projections). This data flows to the bottom of the "Summary" worksheet so that Town officials can see the potential impacts of these future contracts.

More detailed sheets are available for more in-depth analysis of issues like new growth (“Growth” worksheet) and local receipts (“Receipts”). This data is for analysis only and does not flow into any other worksheet. Projected debt service (“Debt Summary”) data flows into the “Expenditure Projections” worksheet and a subset of this data, the Town’s excluded debt, flows from the “Debt Summary” to the tax levy projection in the “Revenue Projections” worksheet. Enterprise fund projections for the Water Pollution Control Facility (WPCF) and the Airport appear in the “Enterprises” worksheet. The revenues from this worksheet flow to the “Revenue Projections” and the expenditures to the “Expenditure Projections” worksheet.

Additional worksheets calculate the Town’s affordable assessment to the Gill-Montague Regional School District (“Education” worksheet). The assessment calculation is a function of the anticipated revenue growth of the Town and various revenue data is brought into this worksheet to forecast the Town’s assessment to the Gill-Montague Regional School District. Assessments to Franklin County Technical School are projected in the “Expenditure Projections” worksheet, though historical enrollment and assessment data for Franklin Tech appears in the “Education” worksheet.

A “Reserves” worksheet also brings in various revenue and expenditure data to calculate the Town’s prior year gross operating revenues (PYGOR). The Town’s financial policies rely on this calculation to determine annual contributions to various reserves such as the Town’s Capital Stabilization Fund and the General Stabilization Fund. This worksheet also calculates the annual contribution to the Building Renewal and Equipment Replacement that Town financial policy sets at 2 percent of current year Gross Operating Revenue. The “Pension” worksheet uses data from the Public Employees Retirement Administration Commission (PERAC) to forecast the expected increases in the Town’s pension costs and the allocation of this assessment between the Town’s general fund and the WPCF enterprise fund.

# REVENUE PROJECTIONS

## PROPERTY TAX LEVY

Annual tax levy growth is constrained by Proposition 2 ½, the Massachusetts General Law that limits the annual growth in a municipality's total tax levy to 2.5 percent, plus an allowance for certain new construction and other additions to the tax rolls (i.e., "new growth"). The law also allows a city or town to increase taxes beyond this levy limit with voter approval. An override of this limit by voters becomes a permanent part of the tax levy calculation in future years and is best used for recurring expenses in the regular operating budget.

A capital outlay expenditure or debt exclusion may also be approved by the voters to fund capital projects. Both operate as a temporary increase in the allowable tax levy to cover the cost or annual debt service on the excluded borrowing. A capital exclusion raises the total dollar cost of a capital project through a one-year increase in the tax levy. With a debt exclusion, the amount of the annual debt service is added to the levy limit each year until the project debt service is paid off.

The FY2022-FY2026 forecast for Montague projects annual new growth at \$150,000 per year, well below the ten-year average of actual certified growth of just below \$337,000. However, a review of the Town's prior new growth data reveals that slightly more than 75 percent of the Town's new growth over the last ten years is from the personal property class. Generally speaking, future personal property growth depends on several area utilities annually making investments in machinery used in the conduct of business, underground conduits and pipes and wires to sustain past new growth levels. Due to the uncertain economic outlook and lack of information on the investment plans for these utilities, the Town has decided a conservative projection of new growth is the best way forward. New growth is reported to the State each year on Form LA-13 which is typically submitted in late summer or early fall prior to setting a tax rate.

Montague has approved debt exclusions in the past. As debt is issued, the Town Accountant completes the DE-1 schedule to calculate the annual debt service that can be raised outside the Proposition 2 ½ limits. The Town's recently issued bonds for the debt-excluded Department of Public Works Facility began impacting tax bills in FY2020 and FY2021. The excluded debt from each forecast year is brought forward from the "Debt Summary" tab into the property tax projection within the "Revenue Projections" worksheet to determine the annual levy limit. The Gill-Montague RSD excluded debt flows into the tax levy section of the "Revenue Projections" as well, but in the "Expenditure Projections" worksheet this information flows into the capital assessment for Gill-Montague rather than debt service. Excluded debt (with exception of G-M RSD debt), along with the debt service for non-excluded debt, flows into the "Expenditure Projections" worksheet.

The forecast anticipates that the Town's annual tax levy grows by roughly \$625,000 per year. This assumption includes the annual 2.5 percent levy growth (about \$475,000 in FY2022) which compounds each year by 2.5 percent plus another \$150,000 from new growth. As the annual amount of the 2.5 percent levy growth increases, a modest increase in the annual levy growth occurs. The forecast also assumes that the Town continues to maintain an unused levy capacity of \$500,000 each year through FY2026. This is consistent with the amount of excess levy capacity the Town had in FY2021. If actual new growth is certified each year in amounts greater than the estimated \$150,000, the Town will have the

opportunity to spend more or increase the amount of unused levy capacity.

Levy limit information is published each year by the State Division of Local Services (<https://dls.gateway.dor.state.ma.us/gateway/Login>) and should be reviewed by Town officials periodically in late summer and early fall as growth is certified.

## **STATE AID CHERRY SHEET**

**Chapter 70** – Chapter 70 education aid is determined each year by the State Department of Elementary and Secondary Education (DESE) using a complex formula. The formula entails calculating a foundation budget for each municipality or school district based on the number and characteristics of the pupils (e.g., low income, bilingual, or vocational) in the district. The foundation budget represents the minimum level of spending necessary to provide an adequate education in each district. Generally, in communities with sufficient resources, required school spending (aka, “net school spending”) is well above the calculated foundation budget, reflective of historically high education spending. In communities with fewer resources and lower historical spending on education, the formula seeks to maintain required net school spending at a level at least as high as the foundation budget.

In Montague’s case, the Chapter 70 aid generated by Montague pupils is sent directly to the Gill-Montague Regional School District. In the Governor’s budget proposal for FY2022, Gill-Montague is schedule to receive a Chapter 70 aid increase of \$30 per pupil, the amount of minimum aid. It is important to note that Montague contributes significantly more than the State required minimum local contribution through the “Affordable Assessment” calculations.

It is recommended that Town officials revisit the projection of Chapter 70 funding each year as the State budget process progresses and final information is posted to DESE’s website. DESE has published detailed Chapter 70 numbers for both the Governor’s budget and the subsequent agreement between the Legislature and the Administration on its school finance page under the Chapter 70 heading: <http://www.doe.mass.edu/finance/chapter70/>.

**Unrestricted General Government Aid (UGGA)** – In the final FY2021 State budget adopted in December of 2020, UGGA was level-funded at the FY2020 level due to concerns about the State’s fiscal situation. The next month in January of 2021, the Governor released his FY2022 budget proposal and increased the UGGA amounts by 3.5 percent above the FY2021 levels. State aid estimates in the Governor’s FY2022 budget were higher than initially believed possible, in part due to large draws from the State Stabilization Fund and decreases in the appropriation for Mass Health, the State’s Medicare program. While these are positive signs about the State’s ability to navigate the fiscal problems of the pandemic, municipalities must continue to remain cautious about certain local receipts and State aid projections going forward. To be conservative in this regard, the forecast anticipates a 5 percent reduction to UGGA in FY2023, followed by level-funding in FY2024, and then increasing at 3 percent in FY2025 and beyond.

To keep UGGA and the other cherry sheet accounts up to date, Town officials will need to monitor the local aid estimates published by the Division of Local Services at each juncture of the state budget process: <http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/cherry-sheets/>. The first of these estimates comes after the release of the Governor’s FY2022 budget in late January of 2021 followed by the House Ways and Means Committee budget in mid-April, the final House budget in late



April, the Senate Ways and Means budget in mid-May, and final Senate budget in late May. The Conference Committee's budget, which resolves differences in the two legislative versions of the budget, is typically issued in late June. Final cherry sheets reflect any vetoes by the Governor and/or any legislative overrides of these vetoes.

**State-Owned Land** – Montague's State-owned land reimbursement declined by about 2.3 percent based on the Governor's FY2022 budget proposal. Although the Governor's budget proposal funds the reimbursement account at the same level as in FY2021, the Town's reimbursement declined slightly due to changes in valuations relative to other communities in the program. Going forward, this account is projected to decrease by 5 percent in FY2023, level-funded in FY2024, and then increase by 2 percent in FY2025 and beyond. This projection comes from the "Recession" worksheet and flows into the "Revenue Projections" worksheet.

**Other Local Aid** – The FY2022 reimbursements for Veterans' benefits and various property tax exemptions have been set based on the Governor's FY2022 budget proposal. The Veterans' benefits have been level funded in the projection, although these reimbursements have fluctuated widely in recent years. Exemption reimbursements are projected to decrease slightly by -1 percent per year beyond FY2022, reflecting recent trends where fewer people qualify for these exemptions.

## **ESTIMATED LOCAL RECEIPTS**

Estimated local receipts are locally-generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, payments in lieu of taxes, penalties and interest on taxes, departmental revenue, fines, and permit fees. The history of estimated local receipts versus actual receipts in Montague is shown in the "Receipts" worksheet in the forecast file. Local receipts in excess of estimates are generally a contributing factor in a town's free cash certifications and reasonably, but not unduly, conservative estimates of local receipts will be necessary to maintain free cash levels.

Motor vehicle excise revenue (\$754,045 actual revenue in FY2020) is the Town's largest local receipt constituting slightly more than 41 percent of the total actual local receipts in FY2020 (\$1,839,191). Other significant local receipts include penalties and interest on taxes, rental income, license and permits, and solid waste fees. For forecast purposes, motor vehicle excise is projected to decrease in the "Recession" worksheet with a 4 percent decrease forecast in FY2022. Motor vehicle excise projections flow from the "Recession" worksheet into the "Revenue Projections" worksheet. The Town had previously decreased the FY2021 estimate for motor vehicle from \$700,000 to \$675,000. Motor vehicle excise is projected to begin increasing slowly in FY2023 and forward. Since new car purchases have likely declined during calendar 2020, the amount of motor vehicle excise committed for FY2021 is likely to decrease. During the last recession, FY2009 actual motor vehicle excise revenue fell by close to 13 percent from FY2008 levels in Montague, and it was not until FY2014 that this revenue recovered to the FY2008 level.

The "Recession" worksheet also shows the impacts of reductions in the Town's meals excise. The Town lowered its original estimate of meals excise from \$55,000 to \$30,000 in FY2021, a decrease of about 45 percent. The estimate of \$40,000 for FY2022 shows some improvement for this receipt, but is still well below the actual receipts of more than \$61,000 in FY2020. After FY2022, the forecast shows modest increases in this revenue as the economy recovers and the pandemic abates. These assumptions should be re-evaluated actively over the next several months as more information is available.

Revenue estimates from penalties and interest on taxes and excise were lowered slightly in FY2021. In the forecast years, this revenue is projected to be level. The Town also receives rental payments for a solar installation on Town-owned land. This rental agreement calls for a 1.8 percent annual increase in rent and the forecast reflects this increase. Much of the revenue associated with this rental agreement goes to the Town's Capital Stabilization and Gill-Montague RSD Stabilization Funds.

License and permit revenue was lowered for FY2021 based on the temporary 75 percent reduction in the alcohol and common victualler license fees for restaurants. The estimate decreases by another \$5,000 in FY2022 and then is level for FY2023 and beyond. Solid waste fees are expected to remain stable throughout the forecast at \$238,000.

## **ENTERPRISE FUNDS**

An enterprise fund is considered the best practice to promote and maintain long-term financial sustainability for water, sewer, and similar activities. An enterprise fund is a separate accounting and financial reporting mechanism where revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities. An enterprise fund identifies the total direct and indirect costs to provide the service and the sources and amounts of revenues that support the service. Direct costs generally consist of personnel, expenses and capital outlay, which are budgeted and accounted for in the enterprise fund. Indirect costs are expenditures budgeted and accounted for in the general fund on behalf of the enterprise fund, which are allocated to the enterprise fund for funding. Examples of indirect costs are central service department costs (e.g., accounting, treasury, collections, law and the like) and insurances and fringe benefits that are not budgeted and accounted for in the enterprise fund.

**Waste Water Enterprise** - The Town utilizes an enterprise fund for its Water Pollution Control Facility (WPCF). In FY2019, user fees at the WPCF were raised substantially for residential and commercial/industrial users to generate additional revenue for the enterprise fund. This was necessary as the Town had lost significant revenue in recent years from local septage haulers and the sale of biosolids.

The projections for the WPCF revenues and expenditures appear in the "Enterprises" tab of the forecast spreadsheet. Revenues listed in this section include user fees, departmental revenues, retained earnings, and the WPCF Capital Stabilization fund. User fees are projected to increase at 2.25 percent per year or enough to cover the projected costs of the enterprise fund. Historically, the Town has borne some of the WPCF costs related to inflow and infiltration (I/I) which is considered a town-wide funding obligation. The forecast assumes that this I/I component continues to be funded by general fund revenues in amounts roughly equivalent to the estimated amount for FY2022 or \$230,000. Waste Water salaries, wages, and expenses are projected to increase by 2 percent per year, consistent with other potential cost-of-living increases shown for other departments.

**Airport Enterprise** – The Town maintains a small municipal airport and accounts for the operation through an Airport enterprise fund. The Town has plans to purchase various buildings and assets around the airport that are integral to operating the airport, including aircraft maintenance, flight school and

hangar, fueling station, and indoor and outdoor aircraft storage. The Town plans to approve debt for this purpose and has commitments from the Federal Aviation Administration to cover about 90 percent of the cost, with the State Department of Transportation covering an additional 5 percent. Purchase of these assets will increase Town revenues for this enterprise as the Town realizes revenue from aircraft maintenance, fueling, flight training, and aircraft storage.

The forecast assumes that the Town makes these purchases and revenues and expenses for the airport enterprise increase significantly in FY2022. After this one-time adjustment in FY2022, revenues are projected to increase at 2.25 percent or enough to cover expenses that are estimated to increase by 2 percent per year.

## **AVAILABLE FUNDS/OTHER FINANCING SOURCES**

***Available Funds/Other Financing*** – Available funds and other financing sources include the Colle building receipts reserved, the transportation infrastructure fund receipts reserved, and the Capital Stabilization fund. In the forecast of available funds, the Colle building revenue is shown separately and has been level-funded at the FY2022 budget amount. The transportation infrastructure fund is also level-funded at the FY2022 estimate. The Capital Stabilization Fund revenues are projected at \$250,000 per year or the amount annually deposited in the fund based on the Town’s reserve policy (about \$130,000/year) plus a conservative estimate of funds from Cannabis excise revenue (about \$120,000/per year). The Town has already received more than \$80,000 from two quarterly payments in FY2021 so far.

***Free Cash for Special Articles***– The forecast also assumes that the Town appropriates a modest amount of free cash (\$272,500) to fund capital purchases. These amounts have been level-funded in each year of the forecast.

# EXPENDITURE PROJECTIONS

## MUNICIPAL DEPARTMENTS

In the forecast, Town departments have been grouped by major categories consistent with the Town's budget and state expenditure reporting. The department budgets are reported generally as follows: General Government, Public Safety, Education, Public Works and Facilities, Human Services, Culture and Recreation, Debt Service, Intergovernmental and Employee Benefits/Risk Management. The Water Pollution Control Facility and the Airport enterprise funds are reported separately.

The base year of the forecast is FY2021. Expenditure projections for FY2021 include the appropriations made at the Town's Annual Town Meeting on June 13, 2020, as well as the appropriations approved at the Town's Special Town Meeting on October 13, 2020. Appropriations from the March 5, 2020 Special Town Meeting are also included as this meeting occurred after the Town's FY2020 tax rate had been set.

Salary and wage increases for town personnel are included in the COLA worksheet and are projected based on a percentage increase. The forecast assumes a 1.5 percent annual salary/wage cost-of-living increase, however, this amount can be set to a higher or lower amount. There is a separate percentage increase column on this worksheet to allow the user to estimate the impact of step increases as well. The COLA worksheet provides Town officials with a framework for simulating other salary/wage increases. This can be accomplished by changing the percentage in the highlighted cell on the COLA worksheet.

Generally, most major departmental expenses have been projected to increase by 1 percent per year, based on recent levels of inflation. However, the trash removal/tipping fee line-item has been projected to increase by 5 percent per year based on the increased cost to dispose of recycling and the contractual increases for trash collections. Employee health and pension costs are also projected to grow substantially over the forecast, increasing 7.5 percent per year for health insurance and about 5.2 percent per year for pension costs. Though personnel expenses are typically much greater in magnitude, and many departmental expenses do not have a substantial impact on the forecast, Town officials should monitor this projection if inflation increases going forward.

## EDUCATION

The Town receives educational services through its regional academic and vocational school districts: the Gill-Montague Regional School District (GMRSD) and the Franklin County Technical School (FCTS). Funding for the Gill-Montague RSD is determined each year by an allocation formula that the Town and RSD agreed to several years ago. Basically, the formula measures Montague's anticipated revenues from the tax levy (net of overlay and debt exclusions), State aid (net of assessments and offsets) and local receipts (net of 50 percent Kearsarge revenue and reimbursements for School Resource Officers at GMRSD and FCTS). After the net revenues expected for an upcoming year are determined, 48.5 percent is allocated to fund the GMRSD assessment. The Town's share of any GMRSD debt determines the amount of the capital assessment and when combined with the operating portion yields the Town's expected assessment to GMRSD. Going forward, the forecast brings numbers from the "Revenue Projections" worksheet into the "Education" worksheet to determine the net expected revenues and determine the Town's assessment to GMRSD. Assessments to FCTS have increased rapidly in recent years as more Montague pupils have

elected to attend this school. In the forecast, this trend is expected to continue with this assessment projected to increase by 10 percent each year. The “Education” worksheet has data on Montague enrollment trends at FCTS that can be useful in forecasting this line-item, although the projection for FCTS assessments occurs in the “Expenditure Projections” worksheet rather than the “Education” worksheet.

## **DEBT SERVICE**

**Excluded Debt** – The majority of the Town’s general fund debt is excluded from the limits of Proposition 2 ½. This debt includes the debt service for the new Public Works facility and the Police Station, as well as the Town’s share of various combined sewer overflow projects. Other excluded debt includes the Town’s share of GMRSD debt that has been excluded. The excluded debt amounts come from the “Debt Summary” worksheet and are used on both the revenue side and expenditure side of the forecast. The excluded debt amount (including GMRSD debt) is used in the projection of the Town’s tax levy (Revenue Projections) and also included on the expenditure (Expenditure Projections) side of the forecast in the debt service line-item.

**Non-Excluded Debt** – The Town also has several smaller debt issues that are not debt-excluded. Debt service for these issues is projected in the “Debt Summary” worksheet and is combined with the excluded debt above in the “Expenditure Projections” worksheet in the debt service line-item.

## **UNCLASSIFIED BENEFITS/INSURANCE**

**Retirement** - Town pension costs are projected based on the estimated appropriations issued by the Public Employee Retirement Administration Commission (PERAC) for the Montague Retirement System. The annual appropriation letters from PERAC breaks down the assessments related to the Montague Retirement System to the Town, Montague Housing Authority, Gill Montague RSD, the Veterans’ District and the Turner’s Falls Fire District. Montague’s share of the assessment for FY2022 is slightly more than 53 percent of the total and this percentage is assumed to remain stable over the forecast. The Montague Retirement System total assessments are forecast by PERAC to increase at 5.2 percent in each year of the forecast. The allocation for the Town of Montague is detailed in the “Pension” worksheet. The forecast pension amount is further reduced by the amount of pension costs attributable to the WPCF enterprise employees. These expenses are covered in the enterprise fund budget rather than the general fund.

**Workers’ Compensation** – Workers’ Compensation insurance costs have been increasing over the last three years. For the FY2022 budget the Town increased this line-item from \$45,000 in FY2021 to \$50,000 in FY2022, an increase of about 11 percent. For the forecast, workers’ compensation insurance has been projected to increase by 7.5 percent per year.

**Unemployment** – Unemployment compensation insurance has been budgeted at \$10,000 in FY2022. In the forecast years, this amount has been forecast to increase at 3 percent per year.

**Health Insurance** – The Town receives its health insurance through the Hampshire County Group Insurance Trust. Although the Town’s health insurance costs have been stable or declining slightly over the last couple of years, it is likely that plan participants have elected not to seek health services during the pandemic. This has helped the Hampshire County Group Insurance Trust keep premiums to the participating communities low. While this is good for Town finances now, it may result in the demand for

health services to increase once the pandemic subsides. Consequently, Montague's health insurance expenses have been projected to increase at 7.5 percent per year in the forecast. This has a substantial impact on the forecast and should be revisited regularly.

**Medicare** – The Town pays a Medicare tax to the Federal government based on 1.45 percent of wages paid to employees. This account has been projected upward by 3 percent per year to reflect anticipated wage and salary increases for Town employees.

**General Insurance** – The Town has budgeted \$105,000 for the General Insurance line-item in the FY2022 budget. General insurance has been projected to rise by 3 percent per year in the forecast, reflective of increases in the last several years.

## **ENTERPRISE FUNDS**

**Water Pollution Control Facility Enterprise** - The expenditure projections for the WPCF enterprise fund project increased costs for salaries, wages, expenses, and capital outlay. Salaries, wages, and expenses are forecast to increase by 2.0 percent per year to reflect estimated growth in salaries and wages, plus an inflationary factor on WPCF expenses such as electricity, chemicals, waste disposal, and professional services.

**Airport Enterprise** – The expenditure projections for the airport enterprise fund assume that the Town is successful in purchasing the adjacent land and support businesses related to the airport operation from Pioneer Aviation. Therefore, beginning in FY2022, the airport enterprise budget is increased from about \$55,000 to \$200,000. This increase in expenses is offset by expected revenues to be generated through fuel sales, aircraft maintenance, flight instruction, aircraft storage and rental income from an industrial warehouse.

## **OTHER AMOUNTS TO BE RAISED**

Other amounts to be raised include cherry sheet offsets that are reserved for use by a particular department, the annual overlay amount to fund property tax abatements and exemptions, and any prior year deficits that must be raised. Cherry sheet offsets in Montague include Public Library aid. Library aid is forecast to remain stable over the forecast years at the amount received in FY2021. These offsets do not impact the bottom line of the forecast as they are essentially earmarked for a specific department. Therefore, they are reflected on both the revenue and expenditure side of the forecast to pull them out of the general revenue mix so that only the receiving department may spend these funds without appropriation.

Other amounts raised also include the annual allowance for abatements and exemptions (i.e. overlay). The overlay has been projected to increase by 3 percent per year, or about the rate that the tax levy is projected to increase. Montague has not had any recent deficits to be raised and none are forecast.

## **STATE AND COUNTY ASSESSMENTS**

The State and county assessments in Montague include a regional transit authority assessment and some other relatively minor assessments including an air pollution assessment and Registry of Motor Vehicles' non-renewal surcharges. The regional transit authority assessment and air pollution assessment have been projected to increase 2.5 percent annually in the forecast, while the Registry of Motor Vehicles' surcharge has been level-funded.

## **SPECIAL ARTICLES/CAPITAL**

The Town typically finances special articles with a variety of available funds including free cash, the Capital Stabilization fund (a special purpose Stabilization fund for capital), and various receipts reserved for appropriation such as Colle building revenue and Public, Educational and Government Public Access revenue. Colle building receipts reserved in the "Revenue Projections" worksheet match the expected expenditures for this facility, so there is no impact on the forecast bottom line from the Colle building.

The capital spending in this section of the Expenditure Projections is based on the Town's financial policy that 2 percent of its current year gross operating revenue be appropriated for capital purposes such as building renewal and equipment replacement (See "Reserves" worksheet). It is assumed that the Town meets this capital spending target as it increases over the forecast period. It is assumed that the Town uses \$272,500 in free cash and \$250,000 from its Capital Stabilization fund to meet these spending requirements.

## **APPROPRIATIONS TO RESERVES**

In past years, the Town has also made annual appropriations to its Other Post-Employment Benefits (OPEB) trust fund, the Town's General Stabilization Fund, the Capital Stabilization Fund and the Gill-Montague RSD Stabilization fund. The Town is committed to funding the annual OPEB appropriation as part of its effort to maintain a good bond rating, and this appropriation has been maintained at the \$50,000 level through the forecast years.

In the "Reserves" worksheet, data is brought forward from the "Revenue Projections" worksheet to calculate the Town's prior year gross operating revenues (PYGOR) and allocate Kearsarge rental revenues among various reserves. For example, Town financial policies call for .3 percent of PYGOR to be appropriated annually to the Town's General Stabilization fund and .2 percent appropriated to the Capital Stabilization fund. Kearsarge rent revenue is allocated similarly with half of the annual revenue divided between the Gill-Montague RSD Stabilization fund (48.5 percent) and the Capital Stabilization fund (51.5 percent). Another 51.5 percent of the second half of the Kearsarge rent is to be appropriated into the Town's Capital Stabilization fund. The forecast assumes that the Town continues to follow these financial policies to build its reserves.

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# PROCESS TO UPDATE FORECAST

## *Description of Worksheets*

The Montague Revenue/Expenditure Forecast file has a number of interconnected worksheets. The following describes the worksheets which include:

- Summary
- Revenue Projections
- Recession
- Growth
- Receipts
- Enterprises
- Expenditure Projections
- Education
- Reserves
- Debt Summary
- Pension
- COLA

Summary – This worksheet rolls up from the Revenue and Expenditure projection worksheets to provide a quick overview of the forecast bottom line over the five-year forecast.

Revenue Projections – This worksheet is used to list the details of the various revenue categories and the assumptions that are used in the projections. Future year projections are calculated utilizing the straight-line percentage change column on the far right. If no growth is expected, a 0 should be input in the “percentage projection” column. If a revenue is not projected to grow linearly, the revenue expectations should be input manually into the forecast. Once the final tax recap is approved, any changes in the revenue detail must be made in this worksheet.

Data on excluded debt flows from the “Debt Summary” worksheet into the “Revenue Projections” worksheet to calculate the property tax levy limit. Other revenues such as the major State aid categories UGGA and State-owned land and local receipts motor vehicle excise and meals tax are projected in the “Recession” worksheet and brought forward to the “Revenue Projections” worksheet.

Recession – This worksheet provides data on the most recent recession (FY2009-FY2012) that may be instructive for the current pandemic and recession. It shows how certain Montague revenues were impacted during the last recession. This worksheet allows the user to set different percent changes for each revenue included to better model a likely recovery of these revenues.

Growth – This worksheet is a summary of the new growth amounts that the Town can raise within the limits of Proposition 2 ½ for the fiscal year. Once the final growth amount is calculated by the Assessors, the Selectmen set the tax rate, and the tax recap is approved by the State, the final amounts will need to be added to the worksheet. When updating the forecast each year, the Town’s finance team should discuss any changes in the growth projections. This worksheet is not interactive with other worksheets.

Receipts – This worksheet details historical estimated and actual local receipts by category. It is useful to evaluate the amount by which actuals exceed estimates and contribute to the Town’s certified free cash balance. This worksheet is not interactive with other worksheets.

Enterprises – This worksheet provides detailed projections of revenues and expenses for the Town’s water pollution control facility (WPCF) enterprise fund and airport enterprise fund. The projections from this worksheet flow directly into the Revenue and Expenditure Projection worksheets.

Expenditure Projections – This worksheet lists the details of the various departments and other expense categories that are in the Town budget warrant article. In addition, it lists all the financial appropriation warrant articles for Town Meeting. Finally, it lists other expenditure categories that do not require Town Meeting approval but that are expenses that must be included in the tax rate setting process. Subsequent wage and salary increases are shown in the COLA worksheet and brought forward to the Summary worksheet to show the potential fiscal impact. The user must also enter manually or use the cost increase straight-line factor for the other cost items listed.

Education – This worksheet contains the “affordable assessment” calculations that determine the Town’s assessment to the Gill-Montague RSD. Franklin County Technical School enrollment data is in this worksheet as well, but the projections for this assessment occur in the “Expenditure Projections” worksheet.

Reserves – This worksheet calculates the Town’s required contributions to various reserves according to the Town’s financial policies. It also includes a calculation of the Town’s capital spending target of 2 percent of the current year gross operating revenue.

Debt Summary – This worksheet summarizes all the Town’s debt service by fiscal year and calculates the total amount of debt that is excluded from the limits of Proposition 2 ½. This worksheet must be updated whenever the Town issues permanent debt and/or adds new debt authorizations approved by Town Meeting.

Pension – This worksheet lists the current PERAC retirement appropriation for the Montague Retirement System as a whole and Montague’s share of the total. It further allocates the Town’s share between the general fund and the WPCF enterprise fund.

COLA – This worksheet provides the user with the ability to generate multiple “what if” scenarios on the potential impact of wage and salary increases. Factors entered into the COLA input cells (highlighted in yellow) automatically update to the bottom line of the Summary worksheet to show the potential impact of these potential wage/salary increases. The user can forecast a cost-of-living increase as well as the impact of step increases to determine the potential cost of future salary increases.

### ***Steps to Update***

The process for updating the forecast spreadsheet to reflect a new base year must be done systematically and with care as changes to certain data and formulas will be needed. As a result, it is strongly recommended that users save a separate back-up file of the spreadsheet before any changes are saved in the spreadsheet they are updating.

Generally, the updating of the Revenue and Expenditure spreadsheets should occur after the end of the current fiscal year after the Town's budget for next year has been adopted by Town Meeting and final cherry sheets are issued. Both spreadsheets must be updated one final time when the tax rate recap is approved by the State.

This final step will update the structure of the forecast to make room for a new Year 5. To do this, insert a column to the right of the last Projection year in both the Revenue and Expenditure spreadsheets and copy the formulas from the prior column. This step will add the data for the last year of the five-year forecast. This same process should be followed for all tabs of the worksheet.

Data for what was previously the base year of the forecast must also be updated with actuals. For the FY2022-FY2026 forecast, the base year was FY2021 and included revenues and expenditure expectations approved in the Town's adopted budget. The actuals for FY2021 should be entered as soon as final figures are available. The new base year will then need to be updated using that year's approved budget. The first update will change the forecast to FY2023-FY2027, and FY2022 will become the base year.

After the base year has been updated, the user is now ready to prepare the five-year forecast working with the appropriate individual worksheets. To forecast the first year revenues or expenditures, a percent change is applied to the base year to yield the projected amount. To project the second year, the percent change is applied to the first forecast year as the base. In other words, the selected percent change is applied to each year of the forecast. This is accomplished by modifying, if appropriate, the percentage change column to reflect recent experience, new information, and changing assumptions.

In some instances, the user may find that it is easier to simply enter values for certain items. This is fine as long as the user remembers to replace the formulas later if they want to determine the projections based on percent change in other years.

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**APPENDIX: FY2022-FY2026 FORECAST SPREADSHEETS**

**TOWN OF MONTAGUE**  
**5 YEAR SUMMARY OF PROJECTED REVENUES AND EXPENDITURES**

All revenues from Revenue Projections Tab

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
<b>Revenues</b>						
Property Tax Levy	19,701,827	20,320,659	20,895,607	21,551,104	22,223,856	22,911,222
State Aid	1,849,672	1,904,256	1,813,929	1,813,563	1,862,349	1,912,570
Local Receipts	1,637,121	1,614,838	1,628,273	1,643,297	1,665,270	1,690,018
Enterprise Funds	2,680,146	2,721,907	2,779,100	2,837,580	2,897,375	2,958,516
Available Funds/Other Financing	943,117	513,453	513,453	513,453	513,453	513,453
Free Cash	602,743	272,500	272,500	272,500	272,500	272,500
<b>Total Revenues</b>	<b>27,414,626</b>	<b>27,347,612</b>	<b>27,902,862</b>	<b>28,631,497</b>	<b>29,434,803</b>	<b>30,258,280</b>

All revenues Expenditure Projections Tab

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
<b>Expenditures</b>						
General Government	1,439,587	1,404,752	1,409,944	1,415,229	1,420,609	1,426,087
Public Safety	2,221,489	2,330,853	2,333,624	2,336,423	2,339,250	2,342,105
Education	11,987,724	12,171,859	12,500,324	12,950,794	13,449,710	13,973,443
Public Works	2,356,434	2,466,531	2,482,481	2,521,348	2,561,890	2,604,186
Human Services	271,368	294,828	295,381	295,940	296,504	297,074
Culture & Recreation	572,289	587,488	589,092	590,711	592,347	593,999
Debt Service	1,128,500	1,066,809	1,023,942	1,025,922	1,027,785	1,027,628
Intergovernmental	111,179	111,609	113,208	114,856	116,556	118,308
Employee Benefits	2,334,057	2,512,861	2,667,326	2,831,821	3,007,023	3,193,657
Enterprise Funds	2,902,110	2,973,135	3,028,998	3,085,978	3,144,097	3,203,379
Other Amounts to be Raised	160,369	166,993	171,493	176,128	180,902	185,819
State and County Assessments	94,593	91,919	93,894	95,918	97,993	100,120
Special Articles/Capital	438,533	946,761	805,185	818,445	833,150	848,271
Appropriations to Reserves	1,396,394	217,581	287,048	292,844	298,027	303,781
<b>Total Expenditures</b>	<b>27,414,626</b>	<b>27,343,979</b>	<b>27,801,939</b>	<b>28,552,357</b>	<b>29,365,843</b>	<b>30,217,858</b>

<b>Surplus/Deficit</b>	<b>0</b>	<b>3,634</b>	<b>100,923</b>	<b>79,140</b>	<b>68,959</b>	<b>40,422</b>
<b>Estimated COLAs and other benefits</b>			<b>136,138</b>	<b>276,419</b>	<b>420,972</b>	<b>569,929</b>
<b>Surplus/Deficit with future COLAs/other</b>	<b>0</b>	<b>3,634</b>	<b>-35,215</b>	<b>-197,279</b>	<b>-352,012</b>	<b>-529,508</b>

## TOWN OF MONTAGUE FIVE-YEAR REVENUE PROJECTION

Revenue Projections MONTAGUE	FY2019 Recap	FY2020 Recap	FY2021 Budget	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	Projection Percent	Notes
<b>PROPERTY TAX LEVY</b>										
Prior Year Tax Levy Limit	16,267,561	17,184,562	18,178,839	19,037,452	19,663,388	20,304,973	20,962,597	21,636,662		
2.5% Increase	406,689	429,614	454,471	475,936	491,585	507,624	524,065	540,917		
Prop 2 1/2 Override	0	0	0	0	0	0	0	0		
Certified New Growth	520,073	564,663	404,142	150,000	150,000	150,000	150,000	150,000		Actual New Growth for FY2021
TAX Levy Limit Total	17,194,323	18,178,839	19,037,452	19,663,388	20,304,973	20,962,597	21,636,662	22,327,579		
Debt Exclusions	742,178	925,371	1,165,193	1,157,271	1,090,634	1,088,507	1,087,193	1,083,643		See Debt Summary
Maximum Allowable Levy	17,936,501	19,104,210	20,202,645	20,820,659	21,395,607	22,051,104	22,723,856	23,411,222		
Excess Tax Levy Capacity	3,389	300,815	500,818	500,000	500,000	500,000	500,000	500,000		
<b>TOTAL Actual Tax Levy</b>	17,933,112	18,803,395	19,701,827	20,320,659	20,895,607	21,551,104	22,223,856	22,911,222		
<b>STATE AID CHERRY SHEET</b>										
Unrestricted General Government Aid	1,481,823	1,521,832	1,521,832	1,575,096	1,496,341	1,496,341	1,541,231	1,587,468		See Recession tab
Veterans Benefits	60,443	104,740	47,000	51,188	51,188	51,188	51,188	51,188		0.00%
Exemptions VBS and Elderly	38,594	35,811	37,279	36,914	36,545	36,179	35,818	35,459		-1.00%
State-Owned Land	192,222	221,320	229,400	224,065	212,862	212,862	217,119	221,461		See Recession tab
Public Libraries Offset	14,094	14,470	14,161	16,993	16,993	16,993	16,993	16,993		0.00%
<b>TOTAL Cherry Sheet</b>	1,787,176	1,898,173	1,849,672	1,904,256	1,813,929	1,813,563	1,862,349	1,912,570		Total CS for FY21 does not match final
<b>ESTIMATED LOCAL RECEIPTS</b>										
Motor Vehicle Excise	657,000	346,037	675,000	647,500	653,975	663,784	680,379	700,790		See Recession tab
Other Excise	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000		0.00%
Meals Excise	0	30,000	30,000	40,000	44,000	46,200	48,510	49,723		See Recession tab
Penalties and Interest on Taxes	70,000	101,000	115,000	110,000	110,000	110,000	110,000	110,000		0.00%
Payments in Lieu of Taxes	5,000	5,000	15,000	14,000	14,000	14,000	14,000	14,000		0.00%
Charges for Service - Solid Waste	190,000	233,000	238,000	238,000	238,000	238,000	238,000	238,000		0.00%
Rentals	155,922	158,729	161,586	164,495	167,455	170,470	173,538	176,662		1.80% Kearsarge rent increases 1.8% per yr.
Other Dept. Revenue	43,760	52,760	53,760	54,760	54,760	54,760	54,760	54,760		0.00%
Licenses and Permits	102,000	136,000	130,500	125,000	125,000	125,000	125,000	125,000		0.00% Reflects temporary FY21 75% reduction
Fines and Forfeits	7,000	14,000	19,000	19,000	19,000	19,000	19,000	19,000		0.00%
Investment Income	5,000	9,000	5,000	5,000	5,000	5,000	5,000	5,000		0.00%
Miscellaneous Recurring	187,792	171,500	193,275	196,083	196,083	196,083	196,083	196,083		0.00%
Miscellaneous Non-Recurring	0	0	0	0	0	0	0	0		0.00%
<b>TOTAL Local Receipts</b>	1,423,474	1,258,026	1,637,121	1,614,838	1,628,273	1,643,297	1,665,270	1,690,018		
<b>ENTERPRISE FUNDS</b>										
WPCF Revenue/Retained Earnings	2,241,379	2,756,923	2,625,857	2,515,743	2,568,297	2,622,034	2,676,980	2,733,162		See Enterprise Tab
Airport Revenue/Retained Earnings	36,096	47,196	54,289	206,164	210,803	215,546	220,396	225,354		See Enterprise Tab
<b>TOTAL Enterprise Funds</b>	2,277,475	2,804,119	2,680,146	2,721,907	2,779,100	2,837,580	2,897,375	2,958,516		
<b>AVAILABLE FUNDS/OTHER FINANCING</b>										
Colle Building Receipts Reserved	247,375	95,400	79,750	78,950	78,950	78,950	78,950	78,950		Colle debt issue paid off in FY2021
Other Available Funds	85,715	25,000	800,867	127,992	127,992	127,992	127,992	127,992		60+FCTS Stab+Cannabis Impact St
Other Available Funds - Capital Purposes			62,500	306,511	306,511	306,511	306,511	306,511		56,511 GMRSD 25K Town Cap Stab
<b>TOTAL Other Available Funds</b>	333,090	120,400	943,117	513,453	513,453	513,453	513,453	513,453		
<b>FREE CASH</b>										
Free Cash - Operating Expenses	208,926	206,065	12,040	0	0	0	0	0		
Free Cash Appropriated to Reserves	40,150	51,500	413,443		0	0	0	0		OPEB funding
Free Cash for Capital Outlay	256,035	890,189	177,260	272,500	272,500	272,500	272,500	272,500		
<b>TOTAL Free Cash</b>	505,111	1,147,754	602,743	272,500	272,500	272,500	272,500	272,500		
<b>TOTAL REVENUES</b>	<b>24,259,438</b>	<b>26,031,867</b>	<b>27,414,626</b>	<b>27,347,612</b>	<b>27,902,862</b>	<b>28,631,497</b>	<b>29,434,803</b>	<b>30,258,280</b>		

Expenditure Projections MONTAGUE	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	Projection Percent	Notes
<b>GENERAL GOVERNMENT</b>										
Town Meeting	1,800	4,038	2,090	2,140	2,140	2,140	2,140	2,140	0.00%	See COLA tab for salary projections
Selectmen									0.00%	
Salaries	161,134	167,266	175,314	177,821	177,821	177,821	177,821	177,821		Includes salary increases for FY22
Expenses	11,356	13,719	16,700	17,150	17,322	17,495	17,670	17,846	1.00%	
<b>Subtotal</b>	<b>172,490</b>	<b>180,985</b>	<b>192,014</b>	<b>194,971</b>	<b>195,143</b>	<b>195,316</b>	<b>195,491</b>	<b>195,667</b>		
Finance Committee Expenses	673	464	1,000	700	700	700	700	700		
Reserve Fund	0	0	110,000	60,000	60,000	60,000	60,000	60,000		
Town Accountant										
Salaries	71,338	73,905	75,014	76,139	76,139	76,139	76,139	76,139		
Expenses	6,134	6,469	6,920	7,261	7,334	7,407	7,481	7,556	1.00%	
<b>Subtotal</b>	<b>77,472</b>	<b>80,374</b>	<b>81,934</b>	<b>83,400</b>	<b>83,473</b>	<b>83,546</b>	<b>83,620</b>	<b>83,695</b>		
Assessors										
Salaries	146,005	151,250	156,997	123,301	123,301	123,301	123,301	123,301		
Expenses	26,694	33,678	38,425	56,651	57,218	57,790	58,368	58,951	1.00%	
<b>Subtotal</b>	<b>172,699</b>	<b>184,928</b>	<b>195,422</b>	<b>179,952</b>	<b>180,519</b>	<b>181,091</b>	<b>181,669</b>	<b>182,252</b>		
Treasurer/Collector										
Salaries	167,143	173,735	186,740	176,194	176,194	176,194	176,194	176,194		
Expenses	39,683	45,677	52,820	52,970	53,500	54,035	54,575	55,121	1.00%	
<b>Subtotal</b>	<b>206,826</b>	<b>219,412</b>	<b>239,560</b>	<b>229,164</b>	<b>229,694</b>	<b>230,229</b>	<b>230,769</b>	<b>231,315</b>		
Town Counsel	62,051	47,390	80,000	85,000	85,000	85,000	85,000	85,000		
Information Technology	46,324	56,002	62,100	97,800	97,800	97,800	97,800	97,800		
Shared Costs	81,055	59,437	74,759	77,579	78,355	79,138	79,930	80,729	1.00%	
Town Clerk										
Salaries	144,346	131,248	145,266	130,049	130,049	130,049	130,049	130,049		
Expenses	20,453	21,728	21,735	25,330	25,583	25,839	26,098	26,358	1.00%	
<b>Subtotal</b>	<b>164,799</b>	<b>152,976</b>	<b>167,001</b>	<b>155,379</b>	<b>155,632</b>	<b>155,888</b>	<b>156,147</b>	<b>156,407</b>		
Planning										
Salaries	108,699	107,911	113,537	115,471	115,471	115,471	115,471	115,471		
Expenses	4,668	15,453	7,650	7,650	7,727	7,804	7,882	7,961	1.00%	
<b>Subtotal</b>	<b>113,367</b>	<b>123,364</b>	<b>121,187</b>	<b>123,121</b>	<b>123,198</b>	<b>123,275</b>	<b>123,353</b>	<b>123,432</b>		
Zoning Board of Appeals	611	790	1,200	700	700	700	700	700		
MEDIC	883	930	5,000	5,000	5,000	5,000	5,000	5,000		
Utilities - Public Buildings	92,715	77,443	106,320	109,846	112,592	115,407	118,292	121,249	2.50%	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,193,765</b>	<b>1,188,533</b>	<b>1,439,587</b>	<b>1,404,752</b>	<b>1,409,944</b>	<b>1,415,229</b>	<b>1,420,609</b>	<b>1,426,087</b>		
<b>PUBLIC SAFETY</b>										
Police										
Salaries & Wages	1,364,602	1,407,887	1,468,774	1,572,635	1,572,635	1,572,635	1,572,635	1,572,635		
Expenses	186,295	187,400	183,763	189,310	191,203	193,115	195,046	196,997	1.00%	
Capital Outlay	34,000	51,600	53,000	53,000	53,530	54,065	54,606	55,152	1.00%	
<b>Subtotal</b>	<b>1,584,897</b>	<b>1,646,887</b>	<b>1,705,537</b>	<b>1,814,945</b>	<b>1,817,368</b>	<b>1,819,815</b>	<b>1,822,287</b>	<b>1,824,784</b>		
Dispatch										
Salaries & Wages	295,344	305,519	315,584	305,291	305,291	305,291	305,291	305,291		
Expenses	4,365	7,560	8,000	5,000	5,050	5,101	5,152	5,203	1.00%	
<b>Subtotal</b>	<b>299,709</b>	<b>313,079</b>	<b>323,584</b>	<b>310,291</b>	<b>310,341</b>	<b>310,392</b>	<b>310,443</b>	<b>310,494</b>		
Building Inspector										
Salaries & Wages	118,989	124,689	132,474	134,810	134,810	134,810	134,810	134,810		
Expenses	5,230	10,401	8,970	8,270	8,353	8,436	8,521	8,606	1.00%	
<b>Subtotal</b>	<b>124,219</b>	<b>135,090</b>	<b>141,444</b>	<b>143,080</b>	<b>143,163</b>	<b>143,246</b>	<b>143,331</b>	<b>143,416</b>		
Sealer of Weights/Measures	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750		
Emergency Management	5,490	5,765	5,765	6,265	6,265	6,265	6,265	6,265		
Animal Control - Shared	19,157	20,200	20,414	21,527	21,742	21,960	22,179	22,401	1.00%	
Forest and Tree Warden	18,677	17,420	21,995	31,995	31,995	31,995	31,995	31,995		
<b>TOTAL PUBLIC SAFETY</b>	<b>2,054,899</b>	<b>2,141,191</b>	<b>2,221,489</b>	<b>2,330,853</b>	<b>2,333,624</b>	<b>2,336,423</b>	<b>2,339,250</b>	<b>2,342,105</b>		
<b>EDUCATION</b>										
Franklin County Tech	974,338	1,085,004	1,255,456	1,221,005	1,343,106	1,477,416	1,625,158	1,787,673	10.00%	
Gill-Montague RSD	9,811,160	10,229,737	10,732,268	10,950,854	11,157,219	11,473,378	11,824,552	12,185,769		See Education tab
<b>TOTAL SCHOOL EXPENSES</b>	<b>10,785,498</b>	<b>11,314,741</b>	<b>11,987,724</b>	<b>12,171,859</b>	<b>12,500,324</b>	<b>12,950,794</b>	<b>13,449,710</b>	<b>13,973,443</b>		
<b>PUBLIC WORKS &amp; FACILITIES</b>										
Public Works										
Salaries	865,567	921,712	967,583	1,026,849	1,026,849	1,026,849	1,026,849	1,026,849	0.00%	FY22 wage increases for Parks, Building Main. & Streets



Expenditure Projections MONTAGUE	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	Projection Percent	Notes
Expenses	427,070	432,568	473,825	496,075	501,036	506,046	511,107	516,218	1.00%	
Capital lease	21,320	21,320	24,090	21,321	0	0	0	0	0.00%	
<b>Subtotal</b>	<b>1,313,957</b>	<b>1,375,600</b>	<b>1,465,498</b>	<b>1,544,245</b>	<b>1,527,885</b>	<b>1,532,895</b>	<b>1,537,956</b>	<b>1,543,067</b>		
<b>Snow Removal</b>										
Salaries	69,523	54,763	107,050	107,050	107,050	107,050	107,050	107,050		
Expenses	130,620	128,557	171,000	171,000	172,710	174,437	176,181	177,943	1.00%	
<b>Subtotal</b>	<b>200,143</b>	<b>183,320</b>	<b>278,050</b>	<b>278,050</b>	<b>279,760</b>	<b>281,487</b>	<b>283,231</b>	<b>284,993</b>		
<b>Solid Waste</b>										
Salaries	11,600	13,822	13,486	12,796	12,796	12,796	12,796	12,796		
Expenses	446,548	468,070	585,400	612,000	642,600	674,730	708,467	743,890	5.00%	
<b>Subtotal</b>	<b>458,148</b>	<b>481,892</b>	<b>598,886</b>	<b>624,796</b>	<b>655,396</b>	<b>687,526</b>	<b>721,263</b>	<b>756,686</b>		
<b>Charging Station</b>	<b>0</b>	<b>7,940</b>	<b>7,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>		
<b>Cemeteries</b>	<b>6,995</b>	<b>5,555</b>	<b>7,000</b>	<b>13,440</b>	<b>13,440</b>	<b>13,440</b>	<b>13,440</b>	<b>13,440</b>		
<b>TOTAL PUBLIC WORKS &amp; FACILITIES</b>	<b>1,979,243</b>	<b>2,054,307</b>	<b>2,356,434</b>	<b>2,466,531</b>	<b>2,482,481</b>	<b>2,521,348</b>	<b>2,561,890</b>	<b>2,604,186</b>		
<b>HUMAN SERVICES</b>										
<b>Board of Health Salaries</b>										
Salaries	116,580	104,916	113,951	117,710	117,710	117,710	117,710	117,710		
Expenses	12,824	17,636	22,037	42,797	43,225	43,657	44,094	44,535	1.00%	
<b>Subtotal</b>	<b>129,404</b>	<b>122,552</b>	<b>135,988</b>	<b>160,507</b>	<b>160,935</b>	<b>161,367</b>	<b>161,804</b>	<b>162,245</b>		
<b>Council on Aging</b>										
Salaries	30,444	31,613	32,835	33,996	33,996	33,996	33,996	33,996		
Expenses	13,445	10,509	14,145	12,525	12,650	12,777	12,905	13,034	1.00%	
<b>Subtotal</b>	<b>43,889</b>	<b>42,122</b>	<b>46,980</b>	<b>46,521</b>	<b>46,646</b>	<b>46,773</b>	<b>46,901</b>	<b>47,030</b>		
<b>Veterans' Services</b>	<b>74,175</b>	<b>74,474</b>	<b>88,400</b>	<b>87,800</b>	<b>87,800</b>	<b>87,800</b>	<b>87,800</b>	<b>87,800</b>		
<b>TOTAL HUMAN SERVICES</b>	<b>247,468</b>	<b>239,148</b>	<b>271,368</b>	<b>294,828</b>	<b>295,381</b>	<b>295,940</b>	<b>296,504</b>	<b>297,074</b>		
<b>CULTURE AND RECREATION</b>										
<b>Library</b>										
Salaries & Wages	253,607	272,466	285,844	294,178	294,178	294,178	294,178	294,178	0.00%	
Other Expenses	148,355	139,103	141,106	143,566	145,002	146,452	147,916	149,395	1.00%	
<b>Subtotal</b>	<b>401,962</b>	<b>411,569</b>	<b>426,950</b>	<b>437,744</b>	<b>439,180</b>	<b>440,630</b>	<b>442,094</b>	<b>443,573</b>		
<b>Recreation</b>										
Salaries	117,694	123,760	127,344	131,149	131,149	131,149	131,149	131,149		
Expenses	12,846	16,621	16,195	16,795	16,963	17,133	17,304	17,477	1.00%	
<b>Subtotal</b>	<b>130,540</b>	<b>140,381</b>	<b>143,539</b>	<b>147,944</b>	<b>148,112</b>	<b>148,282</b>	<b>148,453</b>	<b>148,626</b>		
<b>Historical Commission &amp; Memorials</b>	<b>801</b>	<b>938</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>		
<b>TOTAL CULTURE &amp; RECREATION</b>	<b>533,303</b>	<b>552,888</b>	<b>572,289</b>	<b>587,488</b>	<b>589,092</b>	<b>590,711</b>	<b>592,347</b>	<b>593,999</b>		
<b>DEBT SERVICE</b>										
Debt Service - Excluded	543,634	731,455	978,302	980,162	975,681	977,934	981,001	981,831	See Debt Summary Tab	Does not include the Gill-Montague Excluded Debt
Debt Service - Non Excluded	63,037	77,338	70,198	48,547	48,261	47,988	46,784	45,797	See Debt Summary Tab	
Short-term Interest	18,677	15,554	80,000	38,100	0	0	0	0		
<b>TOTAL DEBT SERVICE</b>	<b>625,348</b>	<b>824,347</b>	<b>1,128,500</b>	<b>1,066,809</b>	<b>1,023,942</b>	<b>1,025,922</b>	<b>1,027,785</b>	<b>1,027,628</b>		
<b>INTERGOVERNMENTAL</b>										
Franklin Regional Council Govts	53,454	55,514	55,957	52,856	52,856	52,856	52,856	52,856	0.00%	
FRCOG Emerg Communications	6,592	6,948	7,455	7,679	8,063	8,466	8,889	9,334	5.00%	
FCSWMD	26,171	27,254	30,887	31,274	31,899	32,537	33,188	33,852	2.00%	
FRCOG REPC	150	0	150	150	150	150	150	150		
Veterans' District	14,457	14,986	16,730	19,650	20,240	20,847	21,472	22,116	3.00%	
<b>TOTAL INTERGOVERNMENTAL</b>	<b>100,824</b>	<b>104,702</b>	<b>111,179</b>	<b>111,609</b>	<b>113,208</b>	<b>114,856</b>	<b>116,556</b>	<b>118,308</b>		
<b>EMPLOYEE BENEFITS/RISK MAN.</b>										
Non-Contributory Retirement	2,860	1,363	2,045	2,045	2,045	2,045	2,045	2,045		
County Retirement	926,159	912,706	973,492	1,066,196	1,121,638	1,179,964	1,241,322	1,305,870	See Retirement tab	
Workers' Compensation Insurance	40,175	42,895	45,000	43,000	46,225	49,692	53,419	57,425	7.50%	
Unemployment	12,674	0	10,000	10,000	10,300	10,609	10,927	11,255	3.00%	
Group Health Insurance	1,013,427	1,010,437	1,126,320	1,194,420	1,284,002	1,380,302	1,483,824	1,595,111	7.50%	\$60K reduction at 10/13 STM taken from Health Ins.
Group Life Insurance	15,020	14,800	17,200	17,200	17,716	18,247	18,795	19,359	3.00%	
Medicare (Town Share)	58,673	58,606	64,000	65,000	66,950	68,959	71,027	73,158	3.00%	
General Insurance	85,912	92,318	96,000	115,000	118,450	122,004	125,664	129,434	3.00%	
<b>TOTAL BENEFITS &amp; RISK MANAGEMENT</b>	<b>2,154,900</b>	<b>2,133,125</b>	<b>2,334,057</b>	<b>2,512,861</b>	<b>2,667,326</b>	<b>2,831,821</b>	<b>3,007,023</b>	<b>3,193,657</b>		
<b>ENTERPRISE FUND</b>										
Waste Water	2,441,379	2,971,923	2,846,416	2,766,971	2,818,710	2,871,485	2,925,314	2,980,221	See Enterprise tab	

<b>Expenditure Projections MONTAGUE</b>	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	Projection Percent	Notes
Airport	48,539	53,290	55,694	206,164	210,287	214,493	218,783	223,159		
<b>TOTAL ENTERPRISE FUND</b>	<b>2,489,918</b>	<b>3,025,213</b>	<b>2,902,110</b>	<b>2,973,135</b>	<b>3,028,998</b>	<b>3,085,978</b>	<b>3,144,097</b>	<b>3,203,379</b>		
<b>OTHER AMOUNTS TO BE RAISED</b>										
Cherry Sheet offset	14,094	14,470	14,161	16,993	16,993	16,993	16,993	16,993		C.S. offsets come from Revenue Projections sheet
Overlay	424,470	133,913	146,208	150,000	154,500	159,135	163,909	168,826	3.00%	
CPA Other Unappropriated/Unreserved	0	0	0	0	0	0	0	0		
<b>TOTAL AMOUNTS RAISED</b>	<b>438,564</b>	<b>148,383</b>	<b>160,369</b>	<b>166,993</b>	<b>171,493</b>	<b>176,128</b>	<b>180,902</b>	<b>185,819</b>		
<b>STATE and COUNTY ASSESSMENTS</b>										
Air Pollution	2,249	2,262	2,303	2,305	2,363	2,422	2,482	2,544	2.50%	
RMV Non-Renewal Surcharge	13,460	13,460	12,920	12,920	12,920	12,920	12,920	12,920	0.00%	
Regional Transit	82,164	77,849	79,370	76,694	78,611	80,577	82,591	84,656	2.50%	
<b>TOTAL ASSESSMENTS</b>	<b>97,873</b>	<b>93,571</b>	<b>94,593</b>	<b>91,919</b>	<b>93,894</b>	<b>95,918</b>	<b>97,993</b>	<b>100,120</b>		
<b>SPECIAL ARTICLES/CAPITAL</b>										
Colle Building Expenses	247,375	95,400	79,750	78,950	78,950	78,950	78,950	78,950		
Free Cash - Capital	256,035	941,689	177,260	272,500	272,500	272,500	272,500	272,500		
Other Capital Investment	12,500	25,000	164,453	345,311	345,311	345,311	345,311	345,311		Projection includes \$250K/year from Capital Stabilization
Other Purposes/2% Bld. Renew./Equip Repl.		0	17,070	250,000	108,424	121,684	136,389	151,510	See Reserves Tab	
<b>TOTAL</b>	<b>515,910</b>	<b>1,062,089</b>	<b>438,533</b>	<b>946,761</b>	<b>805,185</b>	<b>818,445</b>	<b>833,150</b>	<b>848,271</b>		
<b>APPROPRIATIONS TO RESERVES</b>										
Appropriations to OPEB Trust	50,000	50,000	118,000	50,000	50,000	50,000	50,000	50,000		
Appropriations to General Stabilization	37,811	57,654	61,507		66,120	68,228	69,943	71,976	See Reserves Tab	
Appropriations to Capital Stabilization Fund	76,294	121,015	1,073,911	127,691	130,320	133,277	136,001	138,965	See Reserves Tab	
Appropriations to Other Stabilization Funds	37,811	90,007	142,976	39,890	40,608	41,339	42,083	42,840		
<b>TOTAL</b>	<b>201,916</b>	<b>318,676</b>	<b>1,396,394</b>	<b>217,581</b>	<b>287,048</b>	<b>292,844</b>	<b>298,027</b>	<b>303,781</b>		
<b>TOTAL EXPENDITURES</b>	<b>23,419,429</b>	<b>25,200,914</b>	<b>27,414,626</b>	<b>27,343,979</b>	<b>27,801,939</b>	<b>28,552,357</b>	<b>29,365,843</b>	<b>30,217,858</b>		

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## ***ABOUT THE CENTER***

The Edward J. Collins, Jr. Center for Public Management in the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston was established in 2008 to improve the efficiency and effectiveness of all levels of government. The Center is funded by the Commonwealth and through fees charged for its services.



*Edward J. Collins, Jr. Center for Public Management  
John W. McCormack Graduate School of Policy and Global Studies  
University of Massachusetts Boston  
100 Morrissey Blvd.  
Boston, MA 02125  
(617) 287-4824 (t)  
(617) 287-5566 (f)  
<http://www.umb.edu/cpm>*



**EDWARD J. COLLINS, JR. CENTER FOR PUBLIC MANAGEMENT**  
JOHN W. McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES  
UNIVERSITY OF MASSACHUSETTS BOSTON