



Financial Update/FY24 Budget  
Select Board Meeting  
December 5, 2022

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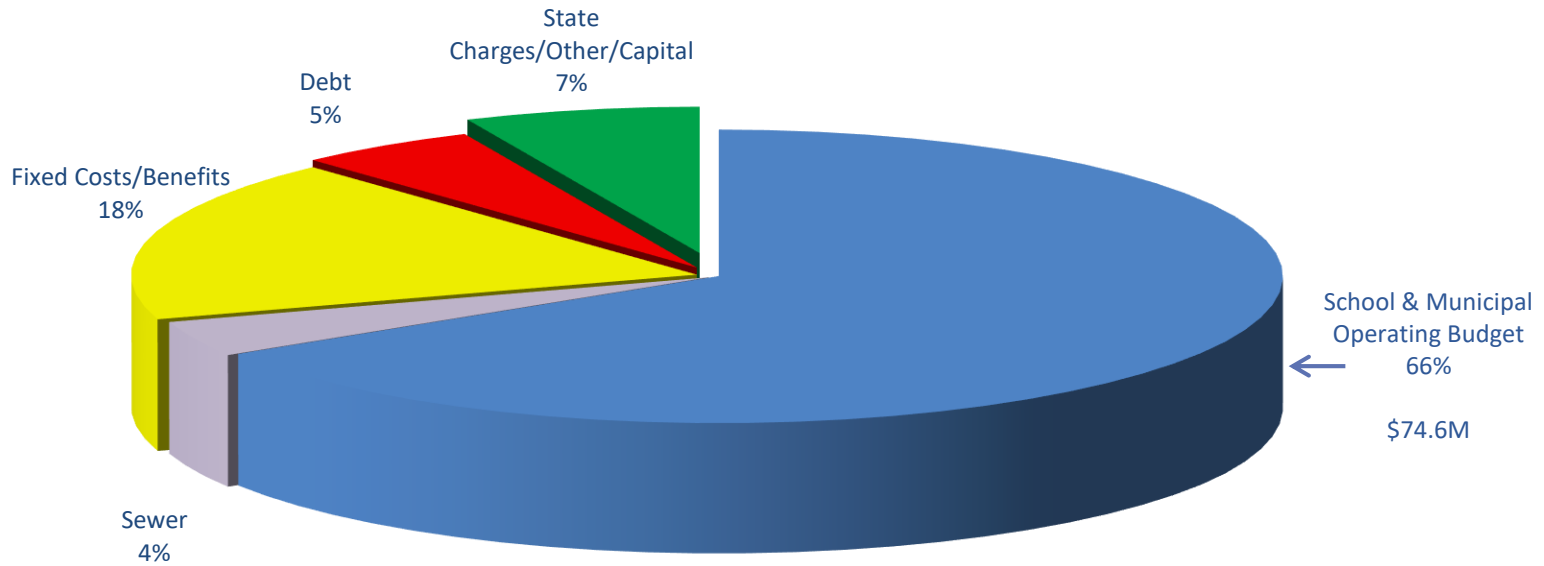
# Financial Review And FY24 Budget

- ✓ Previous Board Meetings This Fall
  - Review FY22 Year End Close (October 11, 2022)
  - Review of Key Financial Items
    - Current Debt
    - OPEB liability status
    - Free Cash certification
  - Review Meals/Hotels Tax Revenue
  
- ✓ November 21 Meeting
  - Tax Classification Hearing
    - Approved tax shift commercial/residential
    - Reviewed residential bill
  
- Upcoming December and January Meetings
  - Continued Overall Budget Updates
  - Continue review of FY24 revenue and expense projections
  - Review of Capital Budget requests
  - Review of municipal operating budget
  - Review and preparation of FY24 proposed budget (Feb 1)



# FY23 Total Budgeted Expenditures

FY2023 Budgeted Expenditure Summary - \$113.6M



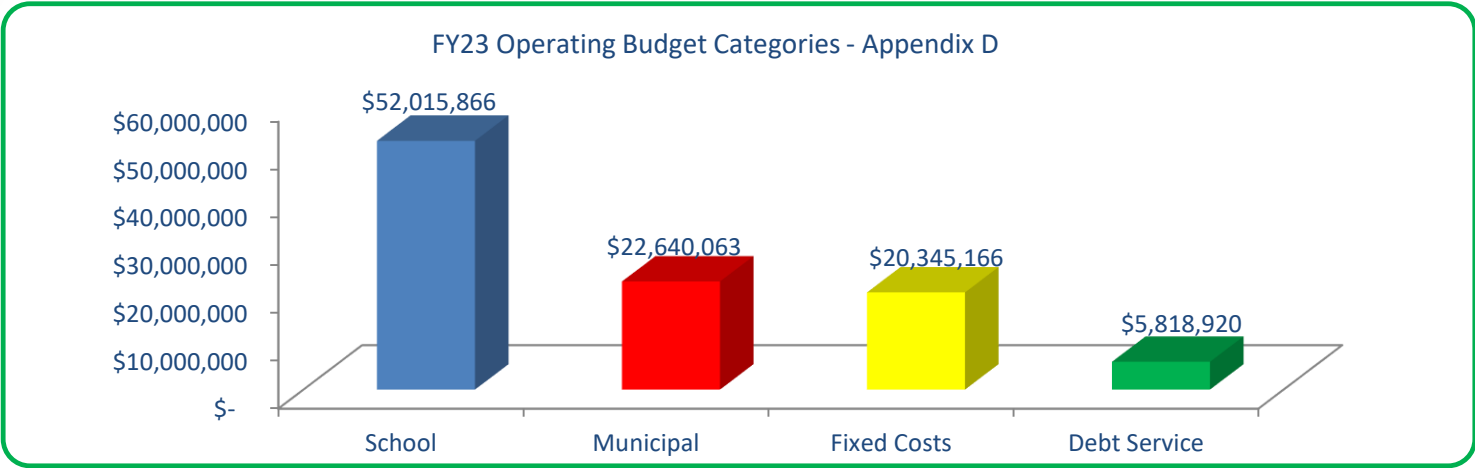
Largest area of expenditure is the operating budgets

## Operating Budgets

- Provide for core services to community
  - 80% of operating budget is staffing.
- Strive for sustainable budgets
- Strive for operating budget stability for school and municipal budgets.

# FY23 Operating Budget \$105.2M, 3.9% increase

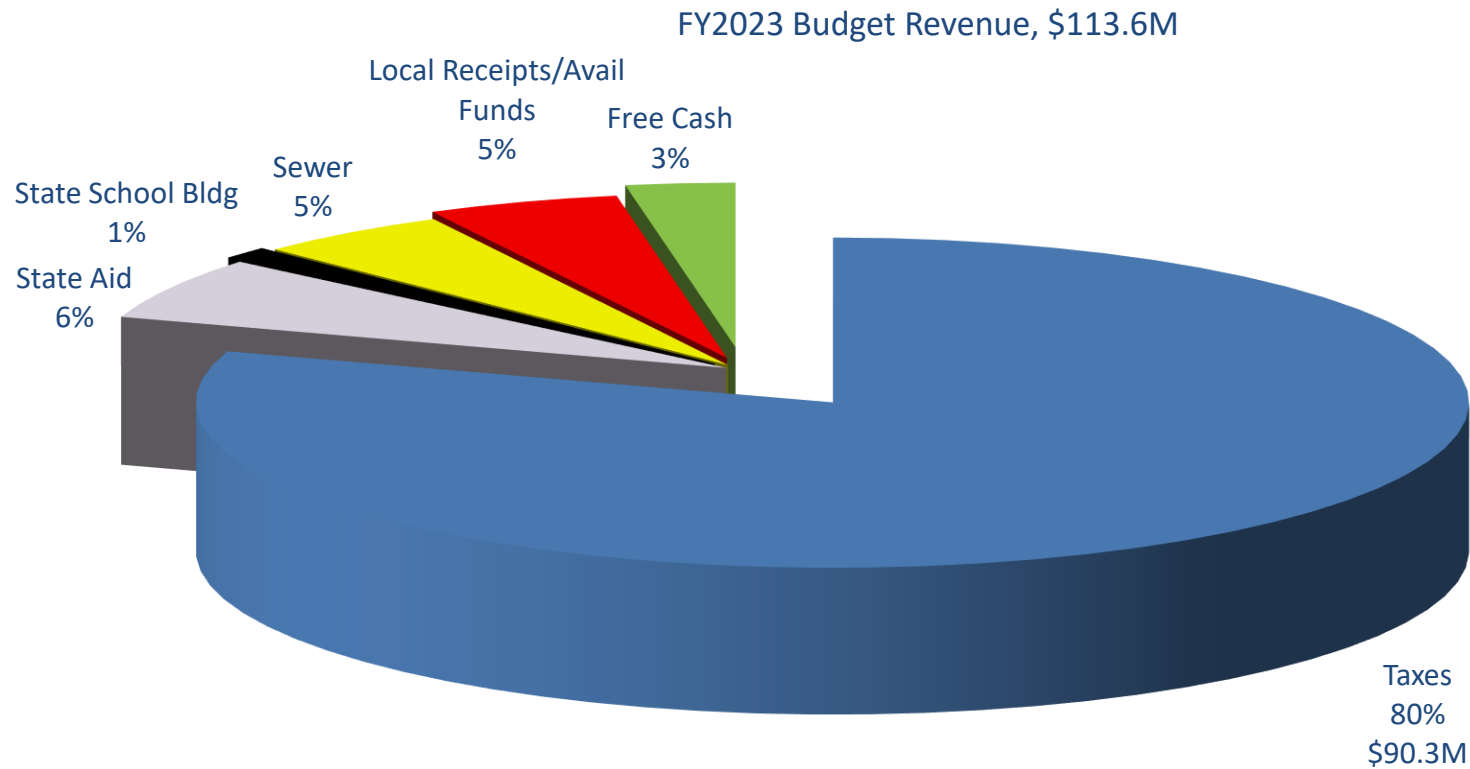
Maintain high quality of services provided by Town and School departments



| FY22 Budget    | Category                   | FY23 Proposed  | \$ Change<br>FY23 v FY22 | % Change<br>FY23 v FY22 |
|----------------|----------------------------|----------------|--------------------------|-------------------------|
| \$ 50,012,588  | School Operating           | \$ 51,762,397  | \$ 1,749,809             | 3.50%                   |
| \$ 21,823,709  | Municipal Operating        | \$ 22,640,063  | \$ 816,354               | 3.74%                   |
| \$ 129,617     | Blue Hills Regional School | \$ 131,397     | \$ 1,780                 | 1.37%                   |
| \$ 119,241     | Traffic Supervisors        | \$ 122,072     | \$ 2,831                 | 2.37%                   |
| \$ 19,064,056  | Fixed Costs                | \$ 20,345,166  | \$ 1,281,110             | 6.72%                   |
| \$ 5,749,331   | Debt Service               | \$ 5,818,920   | \$ 69,589                | 1.21%                   |
| \$ 4,421,757   | Sewer                      | \$ 4,463,674   | \$ 41,917                | 0.95%                   |
| \$ 101,320,299 | Total                      | \$ 105,283,689 | \$ 3,963,390             | 3.9%                    |

Continued stable and sustainable operating budget growth.

# Town Budget Revenue Sources



- Typical suburban community revenue chart
- Always a challenging financial model:
  - Main revenue source is restricted (Prop 2 ½)
  - Must balance tax bill impact

# Tax Levy Calculation per Proposition 2 ½

| Tax Levy Calculation              | FY2020              | FY2021              | FY2022              | FY2023              | Budget<br>FY2024    |                                  |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| Prior Year Levy Limit             | \$76,623,854        | \$79,703,916        | \$83,076,625        | \$86,718,329        | \$90,010,426        |                                  |
| Plus 2.5% Increase                | \$1,915,596         | \$1,992,598         | \$2,076,916         | \$2,167,958         | \$2,250,261         | Plus 2.5%                        |
| Plus New Growth                   | \$661,466           | \$889,111           | \$1,356,788         | \$1,017,139         | \$450,000           | Estimated New growth             |
| New Tax Levy - University Station | \$503,000           | \$491,000           | \$208,000           | \$107,000           | \$100,000           | Estimated Uni Station new growth |
| General Overrides                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | General Override                 |
| <b>Tax Levy Limit</b>             | <b>\$79,703,916</b> | <b>\$83,076,625</b> | <b>\$86,718,329</b> | <b>\$90,010,426</b> | <b>\$92,810,687</b> |                                  |
| <b>Exempt Debt</b>                | <b>\$1,320,986</b>  | <b>\$1,217,416</b>  | <b>\$1,048,819</b>  | <b>\$1,059,561</b>  | <b>\$4,369,541</b>  | Exempt Debt                      |
| <b>Levy Capacity</b>              | <b>\$81,024,902</b> | <b>\$84,294,041</b> | <b>\$87,767,148</b> | <b>\$91,069,987</b> | <b>\$97,180,228</b> | What we could tax                |
| Actual Levy Assessed              | \$80,224,068        | \$83,468,800        | \$86,593,963        | \$90,274,411        | TBD                 | What we do tax                   |
| Excess Levy(Taxes not raised )    | \$800,834           | \$825,241           | \$1,173,185         | \$795,576           | TBD                 | Unused Tax Levy                  |

# FY24 Overall Budget Goals

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FY24 Overall Budget Seeks to Provide:

- Maintain high quality of Town and School services
  - Maintain moderate growth and sustainable operating budgets.
- Continue high level of Capital Investment
  - Important to maintain infrastructure and capital equipment
  - Base Capital \$2.3M
  - Continue efforts for additional funding beyond base for important projects
- Continue compliance with reserve and long term liabilities
  - Continue progress on OPEB liability
  - Continue small transfer to Stabilization to remain on track with policies
- Continue review of Fixed Costs estimates
- Continue discussion to incorporate future large capital items
- Balance Tax Bill Impact
  - Capital within Proposition 2 ½
  - Use of Tax Levy
- Develop an overall comprehensive budget plan.



# Next Steps in Budget Cycle

## January and February Meetings:

- Continue update and review of FY24 revenue projections.
  - Local Revenue Sources
  - FY24 State Budget
- Continue to review capital budget articles with Select Board
  - Ongoing Capital
  - Timing of larger projects being considered
- Review FY24 municipal budget requests
  - Base budget
  - Any Requested new positions/programs.
- FY24 State aid
  - Governor's budget typically at end of January, however with new administration, will be delayed.
- BOS proposed budget document February 1, 2023
  - Municipal Budget Document
  - Overall Budget Summary
  - Initial Capital Articles
- Present proposed FY24 budget to Fincom February 14, 2023.





