



FY24 Budget

Finance and Warrant Commission

February 14, 2023

Stephanie McManus
Assistant Town Administrator/Finance Director

FY24 Budget Presentation Overview

- Collaborative process for both Municipal and Overall Operating Budgets
 - Budget Steering Committee meetings
 - Working collaboratively with Municipal Department heads to present a well rounded budget that preserves a high level of services.
- Proposed Municipal Budget
 - Review of services included in the proposed budget
 - Highlighted changes to salaries and expenses
 - History of increases
- Proposed Overall Budget
 - Proposed budget is currently balanced
 - High level summary of proposed expenditures and revenue sources
 - Details on proposed Operating budget
- Next Steps



FY24 Proposed Municipal Budget

FY24 Proposed Municipal Budget Summary

What does the Municipal Budget Provide?

- High quality services that respond to all areas and all age groups throughout the Town.

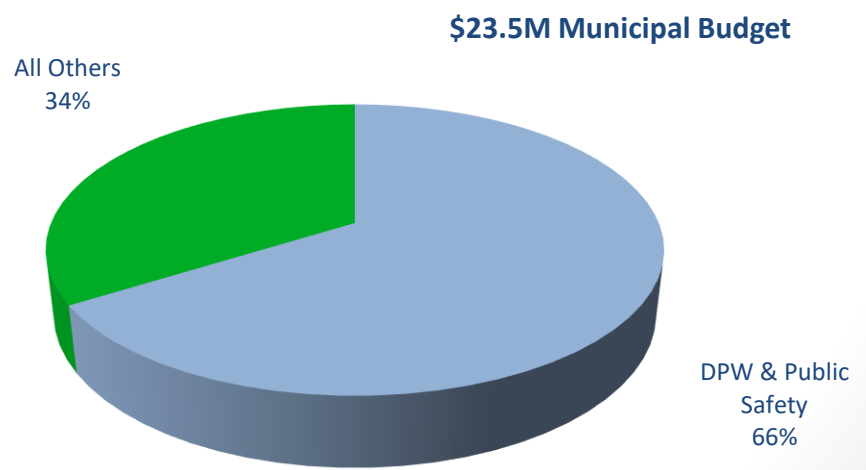
What Are the Components of the Municipal Budget?

- Majority of the budget is Public Safety and Public Works – 66% of the budget
- Police and Fire - 45% of the budget
- DPW services include maintenance of roads, fields and all buildings - 21% of the budget

- Programs and services for all ages in Town:
 - Council on Aging
 - Library
 - Recreation

- State required
 - Zoning, Health, Licensing, Veterans

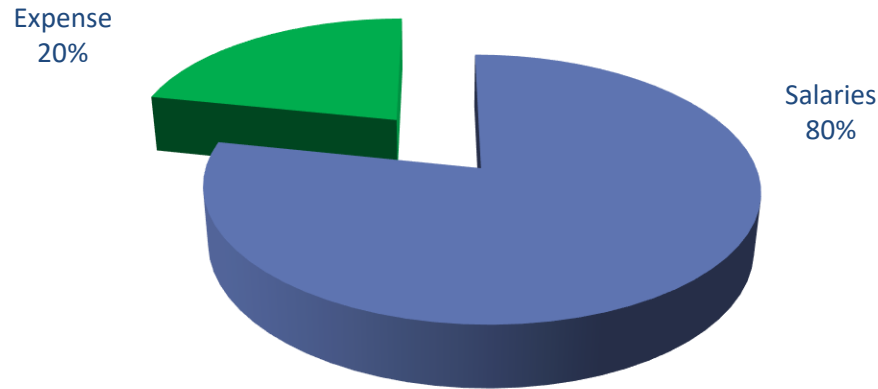
- Administrative Departments



FY24 Proposed Municipal Budget Summary

The municipal budget is salary driven.

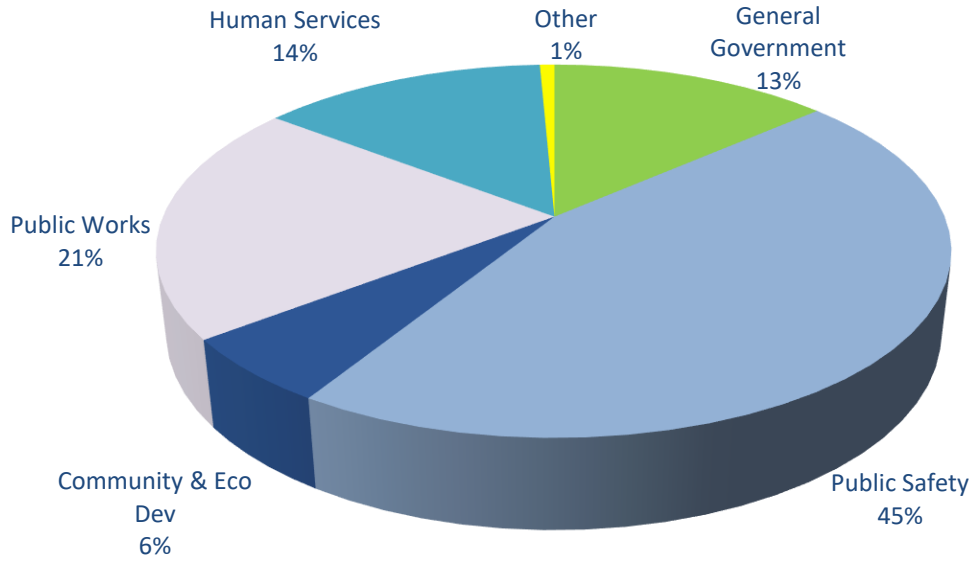
- The majority of the municipal budget is spent on staffing
- Our primary service delivery is through our staff – police officers, firefighters and DPW workers providing direct services to our residents



| FY23 Budget | Function | FY24 Proposed Budget | % of Total |
|------------------------|-----------------|---------------------------------|-------------------|
| \$18,193,366 | Salaries | \$18,990,180 | 80% |
| \$4,446,697 | Expenses | \$4,605,557 | 20% |
| \$22,640,063 | Total | \$23,595,737 | 100% |

FY24 Proposed Municipal Budget

How is the municipal budget funding allocated among service areas?



| | FY23 Budget | FY24 Proposed | \$ Increase | % Increase |
|---------------------|---------------------|----------------------|--------------------|-------------------|
| General Government | \$3,063,897 | \$3,200,745 | \$136,848 | 4.5% |
| Public Safety | \$10,341,457 | \$10,691,416 | \$349,959 | 3.4% |
| Community & Eco Dev | \$1,318,804 | \$1,354,965 | \$36,161 | 2.7% |
| Public Works | \$4,718,021 | \$4,906,996 | \$188,975 | 4.0% |
| Human Services | \$3,031,884 | \$3,275,115 | \$243,231 | 8.0% |
| Other | \$166,000 | \$166,500 | \$500 | 0.3% |
| Total | \$22,640,063 | \$23,595,737 | \$955,674 | 4.2% |

- Public Works and Public Safety have an increase in FY24 of \$538K, which is 57% of the total overall increase.

FY24 Proposed Municipal Budget Summary

What are the salary changes in the FY24 Budget?

| Category | FY23 | Proposed | Difference | |
|--------------|---------------------|---------------------|------------------|-------------|
| | Budget | FY24 | \$ | % |
| Salaries | \$18,193,366 | \$18,990,180 | \$796,814 | 4.4% |
| Expenses | \$4,446,697 | \$4,605,557 | \$158,860 | 3.6% |
| Total | \$22,640,063 | \$23,595,737 | \$955,674 | 4.2% |

Approximately \$796K or 83% of the total increase is for salaries and includes the following major items:

| Department | Item | Amount |
|-----------------|--|------------------|
| All Departments | Salary contractual obligations, COLA/Step increases for all staff | \$624,500 |
| Human Services | Restructuring in FY23 with new division head, and increased admin support | \$63,000 |
| Human Resources | Impact on FY24 of restructuring in FY23 | \$57,500 |
| Recreation | Inclusive program manager position approved in FY23, budgeted for partial year, as hiring planned for fall | \$40,000 |
| | Total | \$785,000 |

FY24 Proposed Municipal Budget Summary

What are the expenses in the FY24 proposed budget?

| Category | FY23 | Proposed | Difference | |
|--------------|---------------------|---------------------|------------------|-------------|
| | Budget | FY24 | \$ | % |
| Salaries | \$18,193,366 | \$18,990,180 | \$796,814 | 4.4% |
| Expenses | \$4,446,697 | \$4,605,557 | \$158,860 | 3.6% |
| Total | \$22,640,063 | \$23,595,737 | \$955,674 | 4.2% |

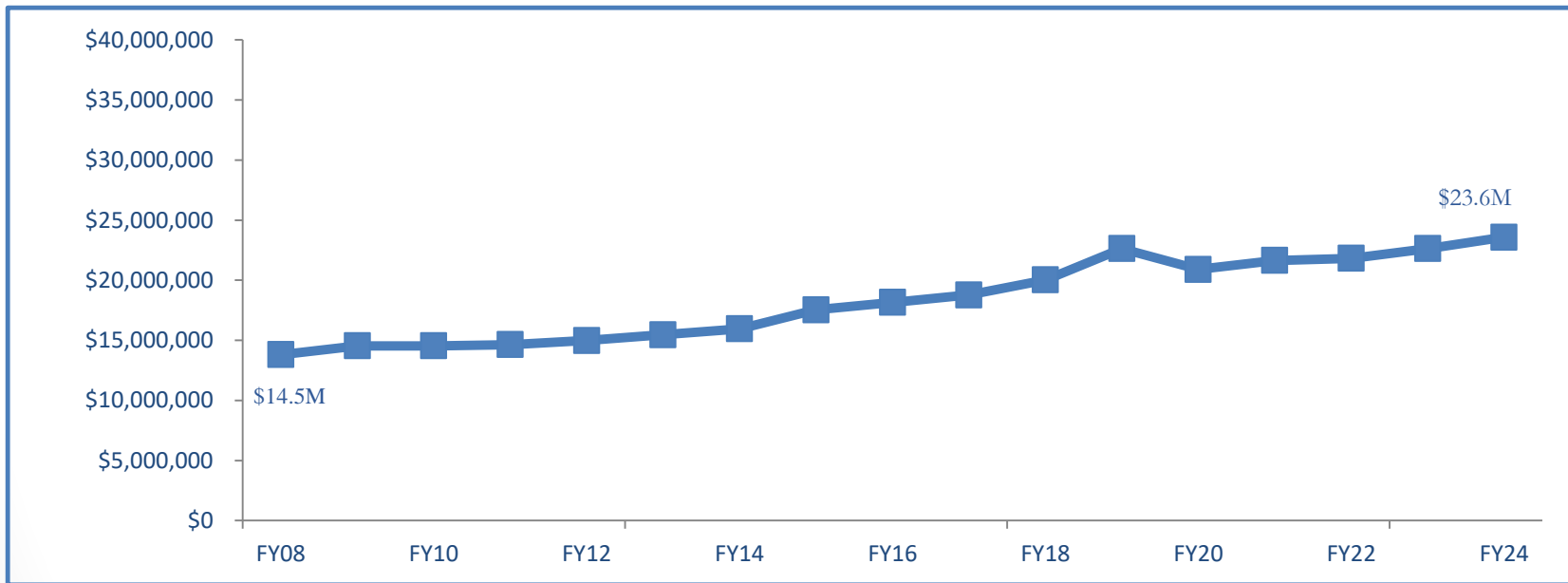
Approximately \$158K or 17% of the total budget increase is in the expense line.

| Department | Item | Amount |
|----------------------|---|------------------|
| Building Inspection | Professional services increase due to State weights and measures requirements | \$10,000 |
| Training | DPW new requirements in OSHA Training | \$10,000 |
| Building Maintenance | Increased cost due to purchase of American Legion building | \$35,000 |
| Building Maintenance | Increased utility costs for all Town buildings | \$53,000 |
| Fire Department | Emergency Management Project | \$5,000 |
| | | |
| Total | | \$113,000 |

FY24 Proposed Municipal Budget Summary

How has the municipal budget increased over the last several years?

- The municipal base budget has historically had relatively moderate growth.
- The Select Board strives for sustainable budget growth.
- Additional, separate University Station funding has been used to help increase the staffing in Public Safety.
- In FY24 the proposed municipal budget increase is 4.2%.



| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | Proposed FY24 |
|------------------|------|------|------|-------|-------|-------|---------------|
| Municipal Budget | 3.6% | 3.1% | 3.5% | 3.57% | 3.17% | 3.74% | 4.2% |



FY24 Overall Proposed Budget

FY24 Overall Summary Book

- Section 1 - FY24 Proposed Budget:

- Projected Revenue
- Tax Levy
- Proposed Expenditures
 - Operating Budget
 - Capital Articles

- Section 2 - Information to Know:

- Tax Bill
- State Aid
- Meals/Hotels Tax
- Debt
- University Station
- Free Cash
- Stabilization funds
- OPEB/Pension



FY24 Overall Proposed Budget Summary

The FY24 Proposed Budget is a comprehensive plan that consists of the operating budget, the capital budget, and various liabilities and reserves.

- ✓ Maintain high quality of services provided by Town and School
 - Continued stable and sustainable operating budget growth.
 - School Budget 4.5%
 - Municipal Budget 4.2%
 - Fixed costs currently 5.1%

- ✓ Base Capital Budget
 - Municipal Capital Improvements - \$1,355,500 Funded with Free Cash
 - School Capital Improvements- \$1,017,000 Funded with Free Cash

- ✓ Supplemental Capital Budget – Funded with Meals/Hotels Tax/Other funding
 - Appropriation for additional capital as done in prior year
 - Town and School Projects - \$1,100,000
 - Funded with Meals/Hotels Tax (current balance \$1.7M)
 - Sewer Capital Improvements - \$1,260,000 Funded with Sewer retained earnings
 - Other Capital Improvements - \$445,000 Funded with Ambulance receipts

- ✓ Liabilities/Reserves
 - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
 - \$1.540M contributed to OPEB trust fund – keeps on target with required funding

- ✓ Borrowing
 - Capital Projects that would require borrowing:

| | |
|---|-------------|
| • Fire Department Replacement of Ladder 1 | \$1,850,000 |
| • Cemetery Expansion Construction | \$1,500,000 |
| • Sewer Inflow and Infiltration Program (MWRA Loan) | \$500,000 |

- ✓ Fincom Reserve Fund \$405k – funded with Free Cash.

FY24 Total Expenditures Summary - \$119.9M, 5.6% Increase

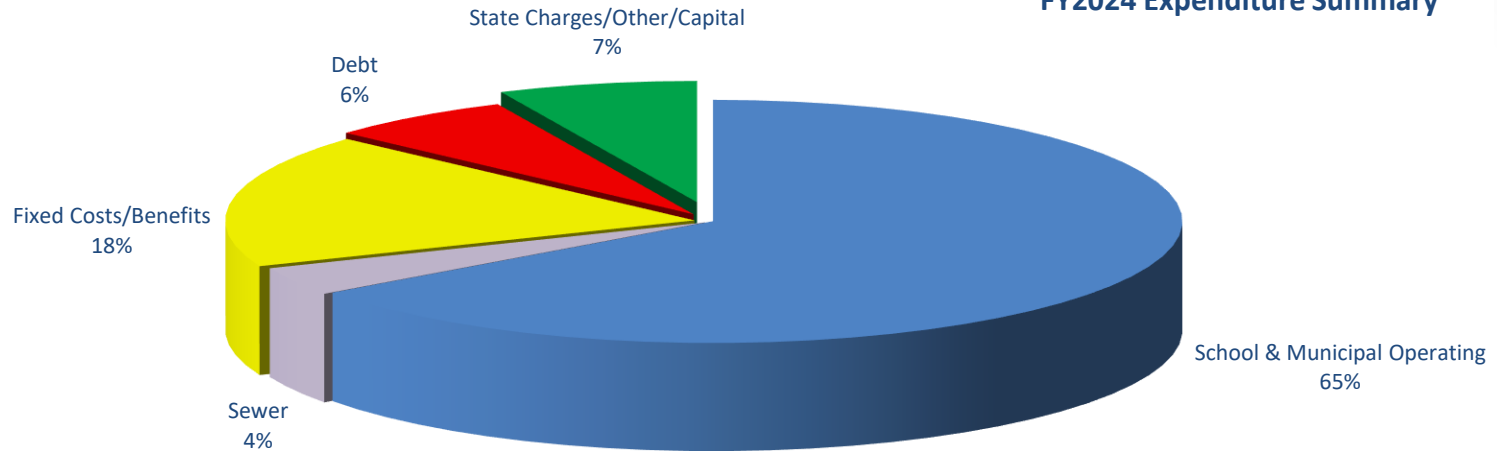
| FY2024 Proposed Expenditure Summary | | | | |
|--|----------------------|----------------------|--------------------|-------------|
| | FY2023 | FY2024 Proposed | \$ Change | % Change |
| Total Operating | \$105,283,689 | \$111,675,977 | \$6,392,288 | 6.1% |
| Capital Articles | \$3,755,250 | \$5,177,500 | \$1,422,250 | 37.9% |
| OPEB & Stabilization | \$1,640,000 | \$1,665,000 | \$25,000 | 1.5% |
| Prior Year/Other Articles | \$1,527,000 | \$0 | (\$1,527,000) | -100.0% |
| Other Amounts to be Raised | \$1,360,515 | \$1,395,227 | \$34,712 | 2.6% |
| Total Expenditures | \$113,566,454 | \$119,913,704 | \$6,347,250 | 5.6% |

There are five major categories of the Expenditure Budget:

- Operating budget – includes Municipal, Schools, Fixed Costs, Sewer and Debt
- Capital Articles – includes base Municipal, base School, Sewer, Additional, Borrowing
- OPEB and Stabilization – annual appropriations to reserve accounts in compliance with Financial Policies
- Prior Year/Other Articles – adjustments made to current fiscal year budget
 - All of these categories are appropriations made by Town Meeting action
- Other Amounts to be Raised – charges assessed by State and County

FY24 Proposed Expenditure Budget - \$119.9M, 5.6% Increase

FY2024 Expenditure Summary



FY2024 Proposed Expenditure Summary

| | FY2023 | FY2024 Proposed | \$ Change | % Change |
|--|----------------------|----------------------|--------------------|-------------|
| Operating Budget - School Categories | \$52,015,866 | \$54,372,961 | \$2,357,095 | 4.5% |
| Operating Budget - Municipal | \$22,640,063 | \$23,595,737 | \$955,674 | 4.2% |
| Benefits/Reserves/Insurance | \$20,345,166 | \$21,412,176 | \$1,067,010 | 5.2% |
| Sewer - Operating | \$4,463,674 | \$4,585,858 | \$122,184 | 2.7% |
| Debt Service | \$5,818,920 | \$7,709,245 | \$1,890,325 | 32.5% |
| Total Operating | \$105,283,689 | \$111,675,977 | \$6,392,288 | 6.1% |
| Capital Base Budget - School & Municipal | \$2,373,250 | \$2,372,500 | (\$750) | 0.0% |
| Capital - Sewer | \$700,000 | \$1,260,000 | \$560,000 | 80.0% |
| Other Appropriations: | | | | |
| To Stabilization | \$125,000 | \$125,000 | \$0 | 0.0% |
| Additional Capital | \$682,000 | \$1,545,000 | \$863,000 | 126.5% |
| To OPEB Trust | \$1,515,000 | \$1,540,000 | \$25,000 | 1.7% |
| Prior Year/Other Articles | \$1,527,000 | | (\$1,527,000) | -100.0% |
| State Charges/Offsets/Overlay/Snow | \$1,360,515 | \$1,395,227 | \$34,712 | 2.6% |
| Total Expenditures | \$113,566,454 | \$119,913,704 | \$6,347,250 | 5.6% |

FY24 Proposed Capital Budget Articles

The Select Board has supported continued reinvestment in the Town's assets and infrastructure.

The FY24 Budget:

- ✓ Continues high level of Capital Investment
 - Important to maintain Town and School buildings and infrastructure
 - Important to ensure safe and efficient capital equipment
 - Efforts to increase base capital
 - Continue efforts for additional funding beyond base for important projects

- ✓ Base Capital Budget
 - Municipal Capital Improvements - \$1,355,500 Funded with Free Cash
 - School Capital Improvements- \$1,017,000 Funded with Free Cash
 - Sewer Capital Improvements - \$1,260,000 Funded with Sewer retained earnings
 - Sewer Capital Borrowing - \$500,000 Funded with MWRA loan
 - Other Capital Improvements - \$445,000 Funded with Ambulance receipts

- ✓ Additional Capital Budget – Funded with Meals/Hotels Tax
 - Appropriation for additional capital as done in prior years
 - Additional Capital Improvements - \$1,100,000 Funded with Meals/Hotels Tax Revenue

- ✓ Additional Capital Articles with projects that would require borrowing

Capital Budget - Important reinvestment in buildings, equipment and assets

- Important to maintain Town and School assets – buildings, infrastructure, and equipment.

Base Capital for School and Municipal



Target Per
Financial
Policies
Approx.
\$2.6M

FY24 continues improvement in ongoing capital funding.

- Could not meet policy target for many years during difficult economic budget cycles.
- The Town has made steady progress in increasing the ongoing capital budget.

Capital Budget – Additional Capital Article Beyond the Base

- Since FY17, the Town Meeting has approved an “additional” capital budget article
- FY24 Proposed Budget includes an Additional Capital Article of \$1.1M
- Effort to fund:
 - Capital that has been deferred by years of not meeting financial goal
 - Larger items that do not easily fit within base capital budget articles:

Prior Years

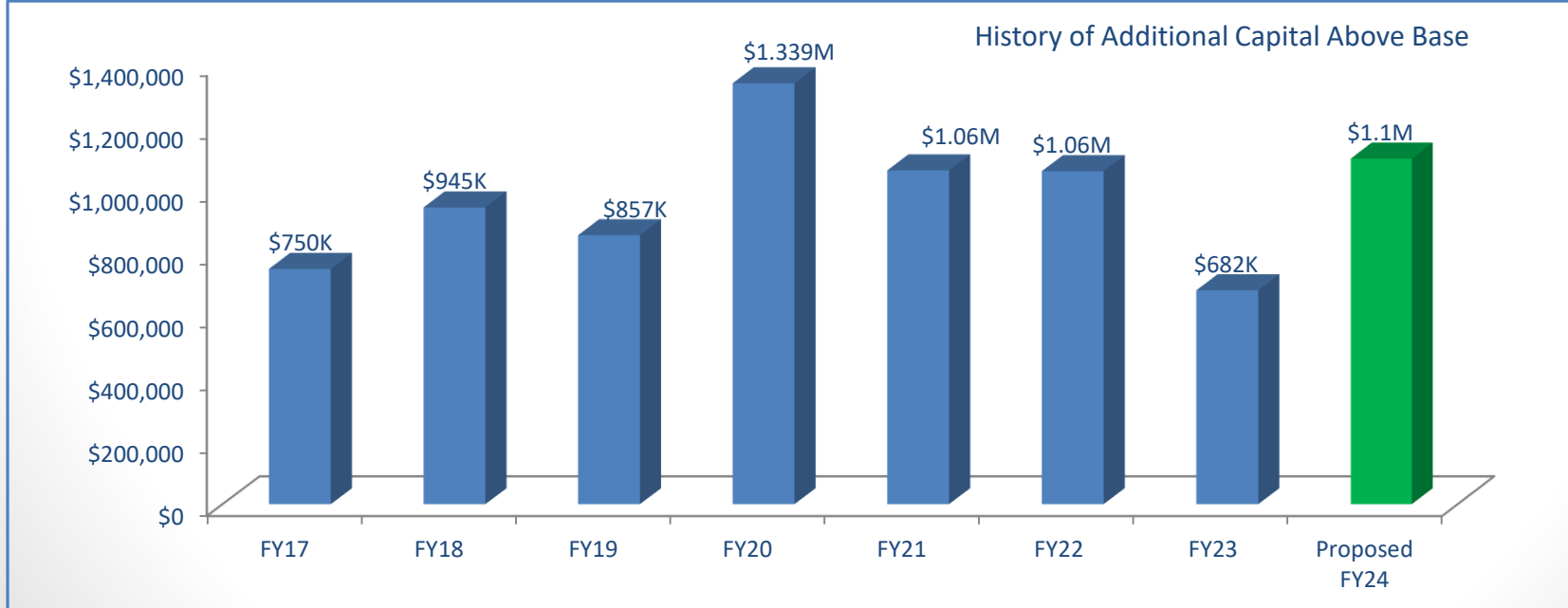
- School IT network
- High School Tennis Court Lighting
- Thurston/Senior Center HVAC

FY22

- H.S. Multipurpose Turf Field Replacement
- Pool repairs

FY23

- School Street Playground
- Schools Network Project
- Fire systems upgrade
- Library parking lot



Addresses important capital needs with available funding, such as free cash and meals/hotels tax.

FY24 Capital Budget–Proposed Municipal Capital Article

| Item | Amount | Funding Source |
|---|--------------------------|----------------|
| DPW – One Ton Pickup with Plow (Truck 3) | \$80,000 | Free Cash |
| DPW - Bucket Truck (Truck 33) | \$225,000 | Free Cash |
| DPW - One Ton Dump Truck with Plow (Truck 17) | \$80,000 | Free Cash |
| Fire - Replacement of Command Staff Vehicles | \$72,500 | Free Cash |
| Fire - Turnout Gear Purchase and Replacement | \$10,000 | Free Cash |
| Fire - Radio Upgrade and Replacement | \$28,000 | Free Cash |
| Fire - Training Equipment and Props | \$15,000 | Free Cash |
| IT - End User Technology | \$75,000 | Free Cash |
| Library - Library Technology | \$45,000 | Free Cash |
| Library - Media Suite | \$50,000 | Free Cash |
| Police - Police Vehicles | \$275,000 | Free Cash |
| Police - Safety Equipment | \$65,000 | Free Cash |
| Police - Radio Telecom Infrastructure | \$85,000 | Free Cash |
| Buildings - Facility Maintenance | \$135,000 | Free Cash |
| Buildings - Energy Efficiency | \$50,000 | Free Cash |
| Buildings - Municipal Parking Lots | \$30,000 | Free Cash |
| Buildings - Police Station Flooring | \$35,000 | Free Cash |
| | <u>Total \$1,355,500</u> | |

This Article is to be Funded with Free Cash
 This is the annual base capital for Municipal

FY24 Capital Budget – Proposed Schools Capital Article

| Item | Amount | Funding Source |
|------------------------------------|--------------------------|----------------|
| Technology | \$120,000 | Free Cash |
| HVAC and Controls | \$132,000 | Free Cash |
| Vehicles | \$125,000 | Free Cash |
| Building Improvements | \$400,000 | Free Cash |
| Roofing | \$100,000 | Free Cash |
| Furniture, Fixtures, and Equipment | \$80,000 | Free Cash |
| Copiers / Duplicators | \$60,000 | Free Cash |
| | <u>Total \$1,017,000</u> | |

This Article is to be Funded with Free Cash
This is the annual base capital for Schools

FY24 Capital Budget – Proposed Other Capital Articles / Sewer

Sewer Capital Improvements

| Item | Amount | Funding Source |
|-----------------------------|---------------------------|-------------------------|
| Stormwater MS-4 Requirement | \$75,000 | Sewer Retained Earnings |
| Pump Station Upgrade | \$500,000 | Sewer Retained Earnings |
| One Ton Truck (Truck 28) | \$95,000 | Sewer Retained Earnings |
| Sewer Vac Truck Replacement | \$590,000 | Sewer Retained Earnings |
| Total | <u>\$1,260,000</u> | Sewer Retained Earnings |

Sewer Capital Borrowing

| Item | Amount | Funding Source |
|-------------------------------|-----------|----------------|
| Inflow & Infiltration Program | \$500,000 | MWRA Loan |

Other Capital Improvements - Ambulance

| Item | Amount | Funding Source |
|--|-------------------------|--------------------|
| Fire - Replace Ambulance (A1) (rotating cycle) | \$400,000 | Ambulance Receipts |
| Fire - Rescue Upgrade and Replacement | \$45,000 | Ambulance Receipts |
| Total | <u>\$445,000</u> | Ambulance Receipts |

FY24 Capital Budget – Proposed Additional Capital

| Item | Amount | Funding Source |
|------------------------------|--------------------|--------------------------|
| DPW - Backhoe/Loader (JCB 1) | \$175,000 | Meals/Hotels Tax Revenue |
| Buildings - Library Projects | \$125,000 | Meals/Hotels Tax Revenue |
| School - Network upgrade | \$400,000 | Meals/Hotels Tax Revenue |
| School - WHS Auditorium | \$400,000 | Meals/Hotels Tax Revenue |
| Total | <u>\$1,100,000</u> | Meals/Hotels Tax Revenue |

Funded by Meals/Hotels Revenue

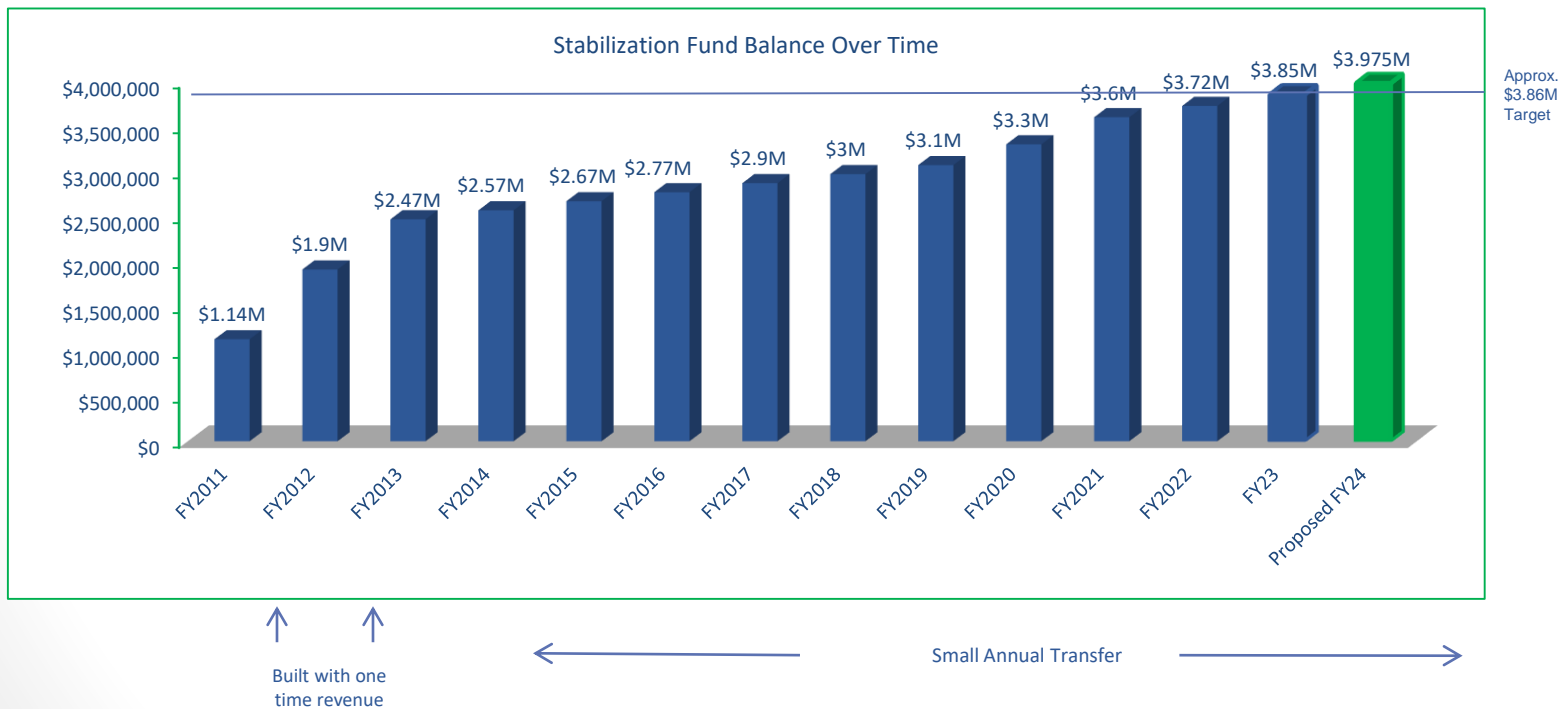
FY24 Capital Budget – Projects that would require borrowing

| Item | Amount | Funding Source |
|---------------------------------------|--------------------|-------------------------|
| Fire - Replace Ladder 1 (estimate) | \$1,850,000 | Would require borrowing |
| DPW - Cemetery Expansion Construction | \$1,500,000 | Would require borrowing |
| Total | <u>\$3,350,000</u> | |

These projects would be funded as a borrowing article.
Cemetery borrowings are funded with cemetery lot sales receipts.

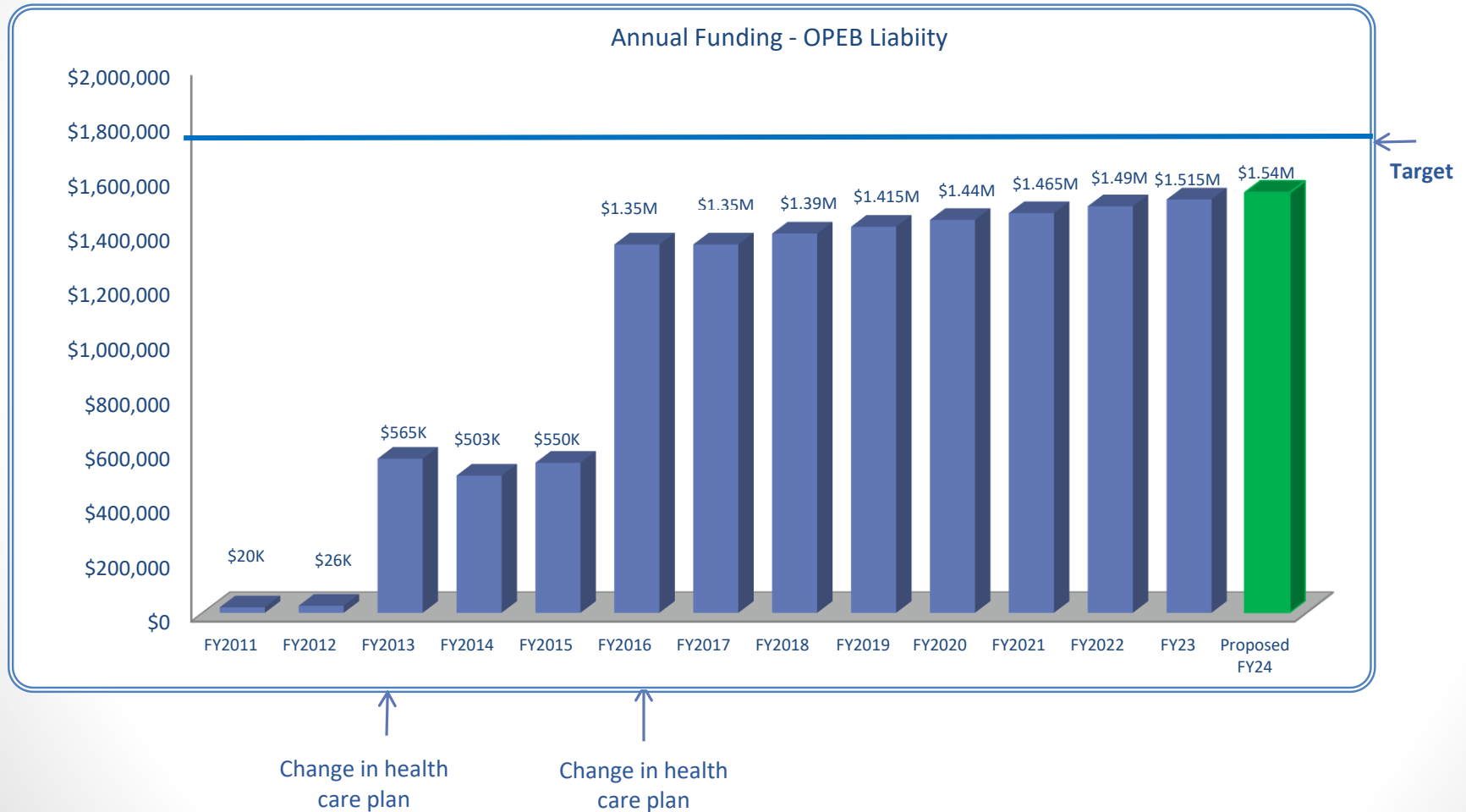
Stabilization Fund – FY24 Appropriation \$125,000

- The Stabilization Fund is the Town’s main reserve account.
 - Protects the Town against emergencies.
 - Very important for credit rating (AAA).
 - Can help mitigate budget disruptions such as economic decline.
-
- Did not need to use during COVID:
 - Outside COVID funding
 - No cuts to State Aid



OPEB Liability Trust Fund – FY24 Appropriation \$1,540,000

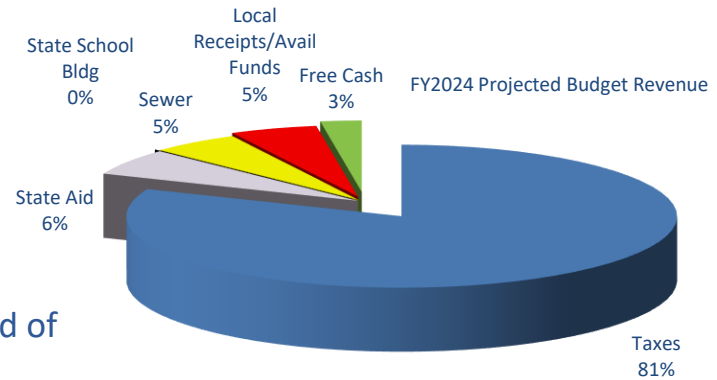
- On target with funding plan, \$25K additional per year
- Balance in trust fund account as of 12/22 is approximately \$17.9M.



FY24 Proposed Budget Revenue - \$119.9M, 5.6% Increase

There are eight major categories of the Expenditure Budget:

- Taxes – main revenue source
- State Aid – annual revenue program
- Sewer Enterprise – funds both operating and capital
- Local Receipts – biggest driver motor vehicle excise
- Available Funds – conservation & ambulance receipts
- Prior Year/Other Articles – funds offset costs to general fund of providing support services
- Meals/Hotel Tax – funds one time cost
- Free Cash – Town’s retained earnings, certified by DOR



FY2024 Projected Budget Revenue

| | FY2023 | FY2024 Proj | \$ Change | % Change |
|---|----------------------|----------------------|--------------------|-------------|
| Taxes | \$90,274,411 | \$97,360,228 | \$7,085,817 | 7.8% |
| State Aid | \$6,944,202 | \$7,193,452 | \$249,250 | 3.6% |
| State School Bldg Reimbursement | \$1,401,276 | \$0 | (\$1,401,276) | -100.0% |
| Sewer Enterprise | \$5,597,007 | \$6,288,592 | \$691,585 | 12.4% |
| Local Receipts | \$4,195,857 | \$4,195,857 | \$0 | 0.0% |
| Available Funds | \$446,453 | \$428,075 | (\$18,378) | -4.1% |
| Available Funds - prior yr/other articles | \$224,000 | \$445,000 | \$221,000 | 98.7% |
| Meals/Hotels Tax | \$650,000 | \$1,100,000 | \$450,000 | 69.2% |
| Free Cash | \$3,833,250 | \$2,902,500 | (\$930,750) | -24.3% |
| Total | \$113,566,456 | \$119,913,704 | \$6,347,248 | 5.6% |

Tax Levy Calculation per Prop 2 1/2

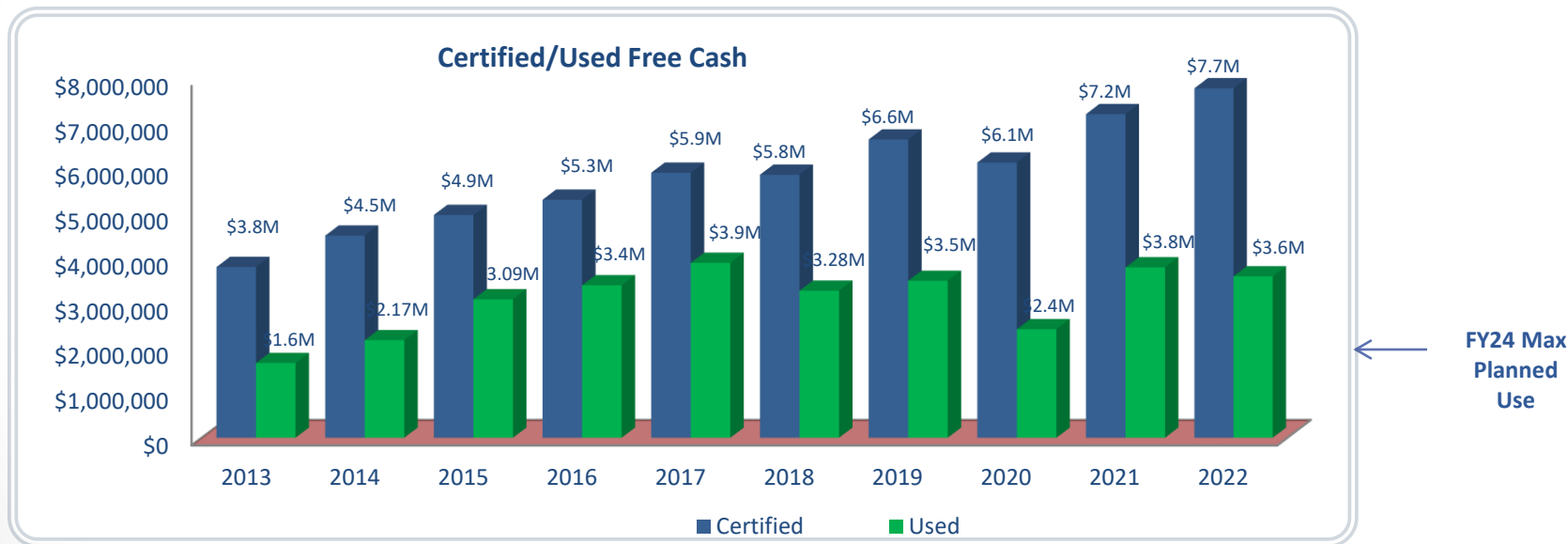
| Tax Levy Calculation | FY2020 | FY2021 | FY2022 | FY2023 | Budget FY2024 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Prior Year Levy Limit | \$76,623,854 | \$79,703,916 | \$83,076,625 | \$86,718,329 | \$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 | New growth |
| New Tax Levy - University Station TIF* | \$503,000 | \$491,000 | \$208,000 | \$107,000 | \$100,000 | Uni Station growth |
| General Overrides | \$0 | \$0 | \$0 | \$0 | \$0 | General Override |
| Tax Levy Limit | \$79,703,916 | \$83,076,625 | \$86,718,329 | \$90,010,426 | \$92,990,687 | |
| Exempt Debt* | \$1,320,986 | \$1,217,416 | \$1,048,819 | \$1,059,561 | \$4,369,541 | Exempt Debt |
| Levy Capacity | \$81,024,902 | \$84,294,041 | \$87,767,148 | \$91,069,987 | \$97,360,228 | What we could tax |
| Actual Levy Assessed | \$80,224,068 | \$83,468,800 | \$86,593,963 | \$90,274,411 | \$97,360,228 | What we do tax |
| Excess Levy(Taxes not raised) | \$800,834 | \$825,241 | \$1,173,185 | \$795,576 | \$0 | Unused Tax Levy |
| Increase in Actual Levy (including new growth) | 4.2% | 4.0% | 3.7% | 4.3% | 7.8% | |
| Increase in Levy without new growth | 2.73% | 2.32% | 1.87% | 2.95% | 7.24% | |

* One time growth due to TIF transition year.

- Exempt debt - This is the net principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.
- New Growth - This represents taxes from new residential and commercial development.
- Note: FY24 will be the first year for the Hanlon/Deerfield project construction bond payment.
- No general override since 2007

Free Cash Certification

- DOR Certified Free Cash as of June 31, 2022 is \$7,772,702.
- Disciplined use of free cash balance.
 - Not applied to operating budgets. Not using full allowance.
 - In line with Financial Policy, apply higher amounts to capital needs, not operating budget.
 - Good FY22 budget to actual results.
- FY23 current budget is funded by \$2,798,250 of free cash :
 - \$2,373,250 for school and municipal capital
 - \$125,000 for Stabilization
 - \$300,000 for Town Meeting Article – Aid to the Elderly Fund



Financial policy target approximately \$3.5M unallocated

- FY24 proposed budget is funded by \$2,902,500 of free cash :
 - \$2,372,500 for school and municipal capital
 - \$125,000 for Stabilization
 - \$405,000 for the Fincom Reserve Fund.

Meals and Hotels Tax

Background

In 2009 the State allowed municipalities to adopt by local vote a local revenue component of the State Meals and Hotel tax. The Department of Revenue collects the fee and sends the Town's portion on a quarterly basis.

Meals Tax

- Municipalities are allowed to add a .75% charge to the State 6.25% excise tax on restaurant meals.
- Westwood adopted the additional meals tax at the 2014 Fall Town Meeting and it became effective January 1, 2015.

Hotel Tax

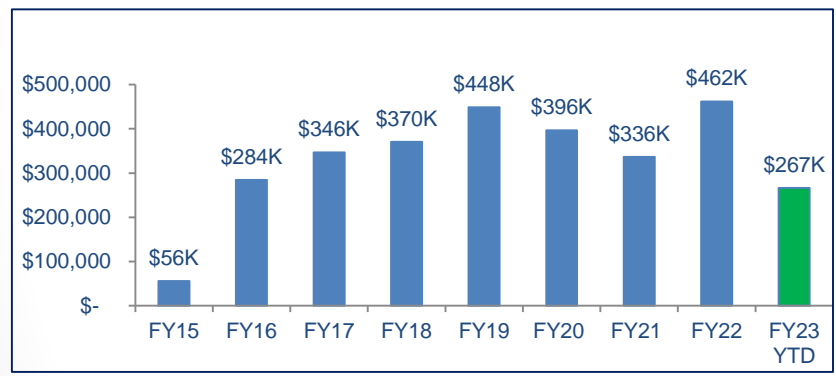
- Municipalities are allowed to charge a local hotel tax up to 6%.
- Westwood adopted the 6% charge at the 2016 Annual Town Meeting.

Restricted Funding

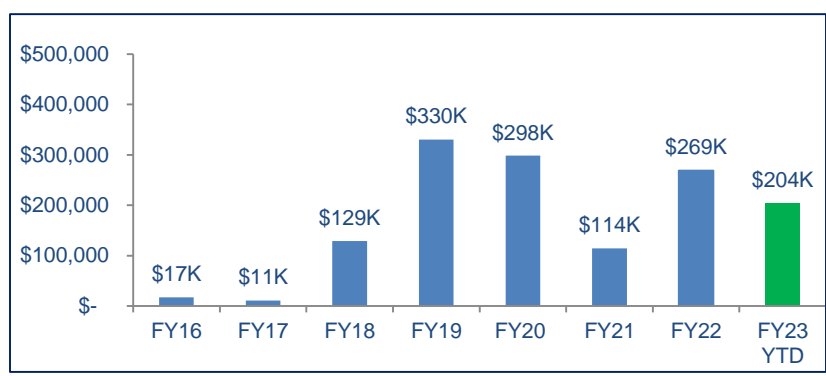
- At the November 2017 Town Meeting, the residents approved establishing a special purpose fund to hold all Hotel and Meals Tax revenue until appropriated by future Town Meetings. All use of funding requires a 2/3 vote by Town Meeting.

Revenue

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



Most Recent Quarterly Receipts

| | Meals | Hotels |
|----------|-----------|-----------|
| 9/30/21 | \$112,419 | \$54,637 |
| 12/31/21 | \$119,050 | \$81,954 |
| 3/31/22 | \$114,352 | \$60,515 |
| 6/30/22 | \$116,228 | \$71,669 |
| 9/30/22 | \$137,818 | \$110,950 |
| 12/31/22 | \$128,956 | \$93,006 |

Meals and Hotels Tax

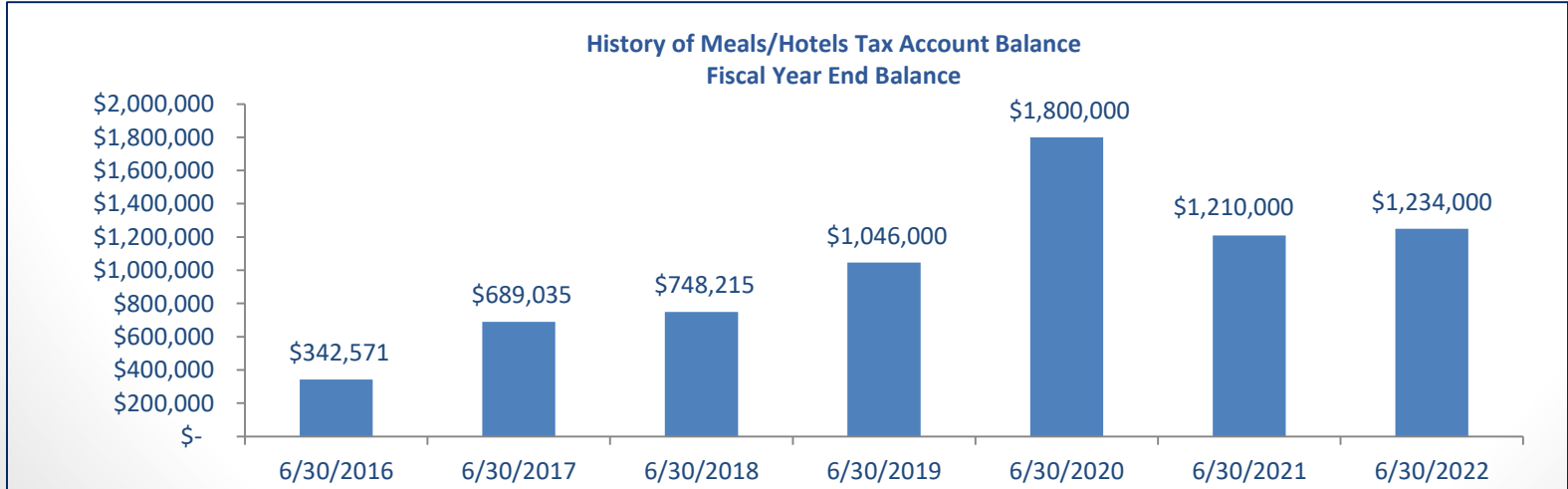
Use of Funds

Any use of funds must be appropriated by Town Meeting. All use requires a 2/3 vote by Town Meeting.

- Funds have been used for capital projects.
- May 2018 Town Meeting appropriated \$432K of funds:
 - Lighting of the High School tennis courts
 - HVAC project at the High School pool
 - These facilities receive extensive use by residents of all ages.
- May 2019 Town Meeting appropriated \$515K of funds:
 - Design of Recreation Field Lighting
 - Thurston Middle School HVAC project
 - Council on Aging HVAC project
- No Funding was used at the June 2020 Town Meeting
- May 2021 Town Meeting appropriated \$1,060,000 of funds
 - High School Multipurpose Turf Field replacement
 - Pool – Deck surfacing
 - Pool – Drainage and Refurbishment
 - These facilities receive extensive use by residents of all ages.
- May 2022 Town Meeting appropriated \$650,000 of funds
 - School Street Playground - \$60,000
 - Fire – Self contained breathing system - \$215,000
 - Building Maintenance – Library parking lot - \$75,000
 - Schools network upgrade - \$300,000
- Proposal for May 2023 Town Meeting, \$1.1M
 - Truck for DPW - \$175,000
 - Building Maintenance – Library projects - \$125,000
 - Schools Network and HS Auditorium - \$800,000

Balance in the Account

- The balance at December 31, 2022 is \$1.7M



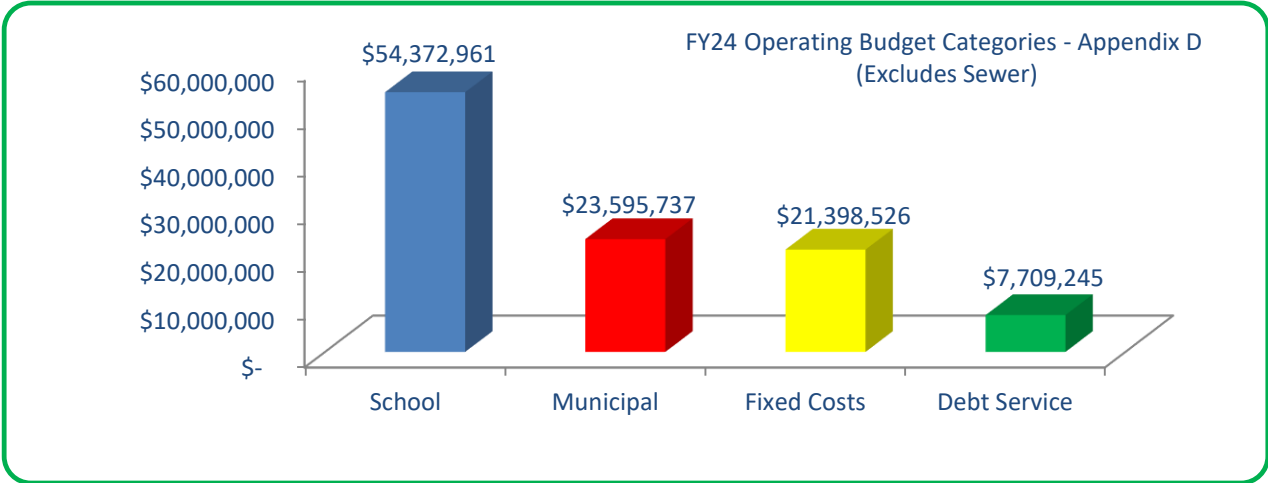


FY24 Proposed Operating Budget Details

FY24 Proposed Operating Budget

FY24 Proposed Operating Budget - \$111.6M, 6.1% increase

- This increase is driven by debt issuance, with first payment being made in FY24
- The Operating Budget excluding debt is \$103.9M or a 4.3% increase



- Current FY24 overall operating budget increase at 6.1% is higher than the last year (3.9%), due to the sale of debt for the Hanlon Deerfield School project. Without the debt, the Operating Budget increase would have been 4.3%.

History of Budget Growth

- Town Meeting approves structurally sound budgets
 - No one time subsidies.
 - Conservative revenue budgets – no inflation of revenue projections.
 - Meals/Hotels tax revenue to separate fund.
 - Purposefully building reserve accounts to target levels within financial policies.
 - Finances are designed to maintain essential services during rainy day disruption.

Percentage Change in School and Municipal Budget Over Time:

| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 Proposed |
|-----------|------|------|------|------|------|------|-------|------|---------------|
| School | 5.3% | 4.9% | 3.4% | 3.4% | 3.5% | 3.6% | 3.44% | 3.5% | 4.5% |
| Municipal | 5.2% | 3.7% | 3.6% | 3.1% | 3.5% | 3.6% | 3.17% | 3.7% | 4.2% |

↑ ↑
Additional University Station Funding

- It is important that the operating budget has moderate growth and is sustainable.
- FY24 Municipal and School budgets are higher than the normal range of increase.
- Still have a well balanced budget that follows the financial policies.

FY24 Proposed Operating Budget \$111M, 6.1% increase

FY24 Proposed Operating Budget

- ✓ Maintain high quality of services provided by Town and School departments

| FY23 Budget | Category | FY24 Proposed | \$ Change FY24 v FY23 | % Change FY24 v FY23 |
|----------------|----------------------------|----------------------|--------------------------|-------------------------|
| \$ 51,762,397 | School Operating | \$ 54,102,057 | \$ 2,339,660 | 4.5% |
| \$ 22,640,063 | Municipal Operating | \$ 23,595,737 | \$ 955,674 | 4.2% |
| \$ 131,397 | Blue Hills Regional School | \$ 144,537 | \$ 13,140 | 10.0% |
| \$ 122,072 | Traffic Supervisors | \$ 126,367 | \$ 4,295 | 3.5% |
| \$ 20,345,166 | Fixed Costs | \$ 21,412,176 | \$ 1,067,010 | 5.2% |
| \$ 5,818,920 | Debt Service | \$ 7,709,245 | \$ 1,890,325 | 32.5% |
| \$ 4,463,674 | Sewer | \$ 4,585,858 | \$ 122,184 | 2.7% |
| \$ 105,283,689 | | Total \$ 111,675,977 | \$ 6,392,288 | 6.1% |



- Some items are still estimates, including: Health Insurance, Blue Hills Assessment and MWRA Assessment, to be updated.
- Total Debt Service increase of 32.5% significantly higher due to issuance of Hanlon Deerfield Project debt as approved at May 2022 Town Meeting.

A Look at Fixed Costs/Shared Costs – Proposed FY24 Budget

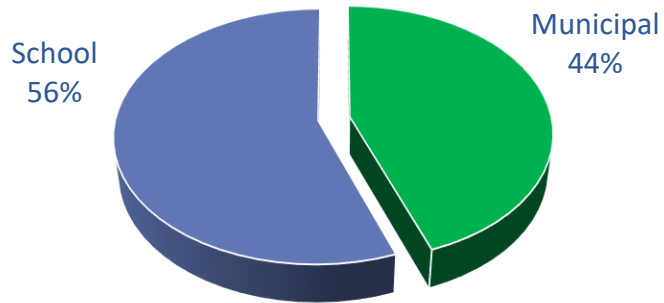
Fixed Costs – Employee Benefits Costs, Shared Costs/Trash/Reserve Accounts

- Fixed costs are approximately 20% of the Operating Budget

| Budget Provides For | |
|--|---------------------|
| Municipal and School Employee Benefits Costs | \$17,410,969 |
| Municipal and School Insurance/Shared Accounts | \$1,467,207 |
| Trash Services | \$1,774,000 |
| Town Wide Reserves | <u>\$760,000</u> |
| Total FY24 | \$21,412,176 |

| | School | Municipal | Total |
|------------------------------|-------------|-------------|--------------|
| Fixed Employee Related Costs | \$9,803,723 | \$7,607,246 | \$17,410,969 |

Employee Benefit Related Costs



Fixed Costs – Projected Increases in FY24

| | |
|--|----------------------|
| <u>Fixed Costs</u> – current estimated increase to total fixed costs budget - approx. 5.1% | \$1.0M |
| ▪ Pension Assessment Updated (\$6.68M) increase of 1.7% over FY23 <ul style="list-style-type: none">▪ Received FY24 assessment from Norfolk County Retirement System | Approx \$108K |
| ▪ Health Insurance (current \$7.8M) increase of 8% - <u>Estimate only</u> . <ul style="list-style-type: none">▪ Current estimate only▪ Group Insurance Commission (GIC) updates FY24 Information<ul style="list-style-type: none">• Plan Description – February 2023 meeting• Final Rates – March 2023 meeting▪ Previous year’s actual increases have been:<ul style="list-style-type: none">▪ FY20 5%, FY21 5%, FY22 5%, FY23 7% | Approx \$580K |
| ▪ Trash (current \$1.7M) estimated increase of 4.7% | Approx \$80K |
| ▪ Other fixed cost increases <ul style="list-style-type: none">▪ Comprehensive insurance, 5%▪ Medicare, 0%▪ Payroll tax, 10% | Approx \$168K |
| ▪ OPEB Appropriation (current \$1.540M) increase per funding schedule | \$25K |
| ▪ Other Shared Costs – Increases in Town and School energy/sustainability and communications. | Approx \$80K |

Next Steps in Budget Cycle

February and March Meetings:

- Continue update and review of FY24 revenue projections.
 - Local Revenue Sources
 - FY24 State Budget
 - Governor's budget will be delayed beyond the typical end of January time frame, by an estimated 5 weeks.
- Continue review of expenditures/other updates
 - Assessments (Blue Hills, MWRA)
 - Health Insurance
- Continue to review capital budget articles with Select Board
 - Ongoing Capital
 - Timing of larger projects being considered
- Prepare Articles 1 and 2 FY23 Budget Supplements
- Any updates will be presented to Finance and Warrant Commission in advance of Fincom March Public Hearings



