



FY25 Budget
Select Board Meeting
January 22, 2024

Stephanie McManus
Assistant Town Administrator/Finance Director

Financial Review And FY25 Budget

- ✓ Previous Board Meetings
 - Reviewed FY23 Year End Close (August 28, 2023)
 - Reviewed Key Financial Items
 - Current Debt Status (detailed update November 13, 2023)
 - Free Cash certification
 - Review Meals/Hotels Tax Revenue

- ✓ December 4, 2023 Meeting
 - Tax Classification Hearing
 - Approved tax shift commercial/residential
 - Reviewed residential bill
 - Final tax bills mailed out January 1st

- ✓ FY23 Audit Completed – Financial Report ACFR submitted on time

- ✓ FY25 Capital Budget Review (January 8, 2024)

- Upcoming Meetings
 - Continued Overall Budget Updates
 - Continue review of FY25 revenue and expense projections
 - Continue review of FY25 Capital Budget requests
 - Review of municipal operating budget
 - Review and preparation of FY25 proposed budget (Feb 1)
 - Budget presentation Fincom (Feb 12)



FY25 Budget Update - 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 not balanced
 - High level summary of proposed expenditures and revenue sources
 - Details on proposed Operating budget
- Next Steps

FY25 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.

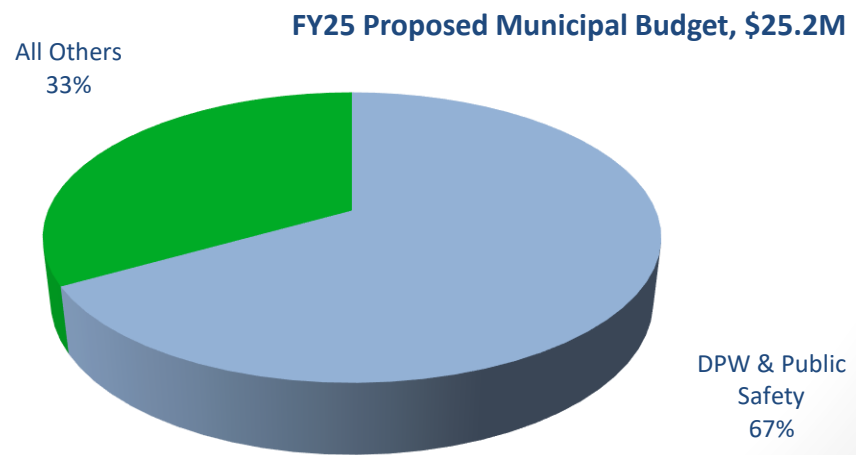
What Are the Components of the Municipal Budget?

- Majority of the budget is Public Safety and Public Works – 67% of the budget
- Police and Fire - 47% of the budget
- DPW services include maintenance of roads, fields and all buildings - 20% of the budget

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

- State required
 - Zoning, Health, Licensing, Veterans

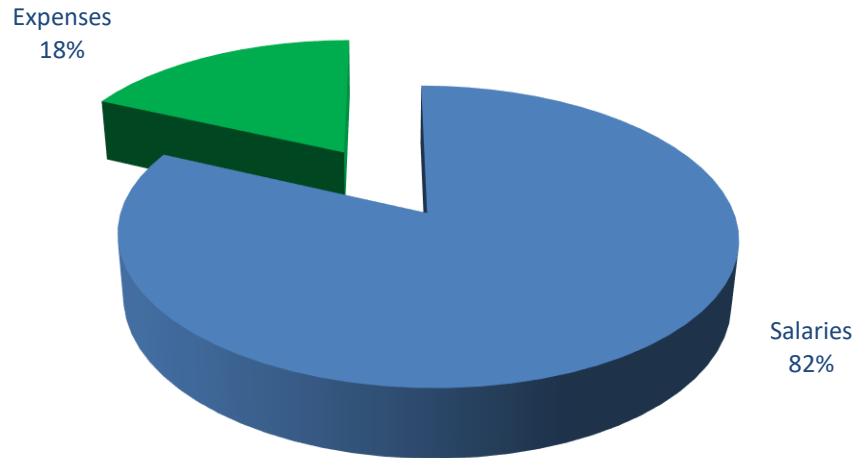
- Administrative Departments



FY25 Proposed Municipal Budget Summary

The municipal budget is salary driven.

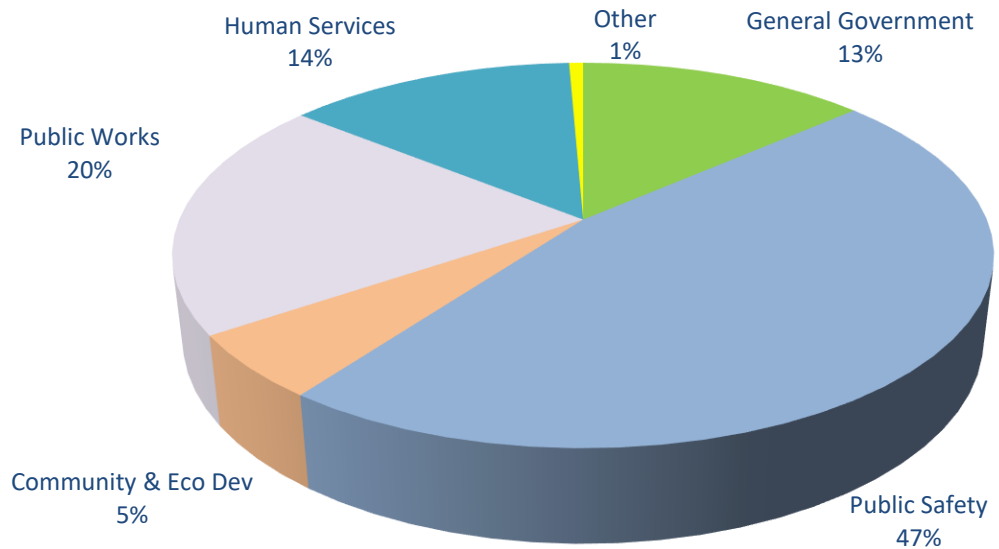
- The major portion of the municipal budget is spent on staffing
- Our primary service delivery is through our staff – police officers, firefighters and DPW workers providing direct services to our residents



FY24 Budget	Function	FY25 Proposed Budget	% of Total
\$19,055,180	Salaries	\$20,668,129	82%
\$4,628,557	Expenses	\$4,557,923	18%
\$23,683,737	Total	\$25,226,052	100%

FY25 Proposed Municipal Budget

How is the municipal budget funding allocated among service areas?



	FY24 Budget	FY25 Proposed	\$ Increase	% Increase
General Government	\$3,223,745	\$3,421,939	\$198,194	6.1%
Public Safety	\$10,731,416	\$11,753,907	\$1,022,491	9.5%
Community & Eco Dev	\$1,354,965	\$1,358,707	\$3,742	0.3%
Public Works	\$4,906,996	\$5,099,740	\$192,744	3.9%
Human Services	\$3,300,115	\$3,425,259	\$125,144	3.8%
Other	\$166,500	\$166,500	\$0	0.0%
Total	\$23,683,737	\$25,226,052	\$1,542,315	6.5%

- Public Works and Public Safety have an increase in FY25 of \$1.2M, which is 79% of the total overall increase.

FY25 Proposed Municipal Budget Summary

What are the salary changes in the FY25 Budget?

Category	FY24 Budget	Proposed FY25 Budget	Difference	
			\$	%
Salaries	\$19,055,180	\$20,668,129	\$1,612,949	8.5%
Expenses	\$4,628,557	\$4,557,923	(\$70,634)	-1.5%
Total	\$23,683,737	\$25,226,052	\$1,542,315	6.5%

Approximately \$1.6M or 100% of the total increase is for salaries, we were able to offset a portion of this increase with reductions to overall expenses. The salary increase includes the following major items:

Department	Item	Amount
All Departments	Salary contractual obligations, COLA/Step increases for all staff	\$769,400
Fire	Addition of 2 new firefighter positions, increased overtime budget to support increased staffing levels approved in FY24	\$550,000
Recreation	Inclusive program manager position budgeted for partial year in FY24, budgeting for remaining salary in FY25	\$38,000
DPW Maintenance	HVAC Technician – net change, offset by decrease to expenses	\$110,000
	Total	\$1,467,400

FY25 Municipal Budget Unfunded New Requests

Not all new requests were included in the FY25 budget due to capacity limits

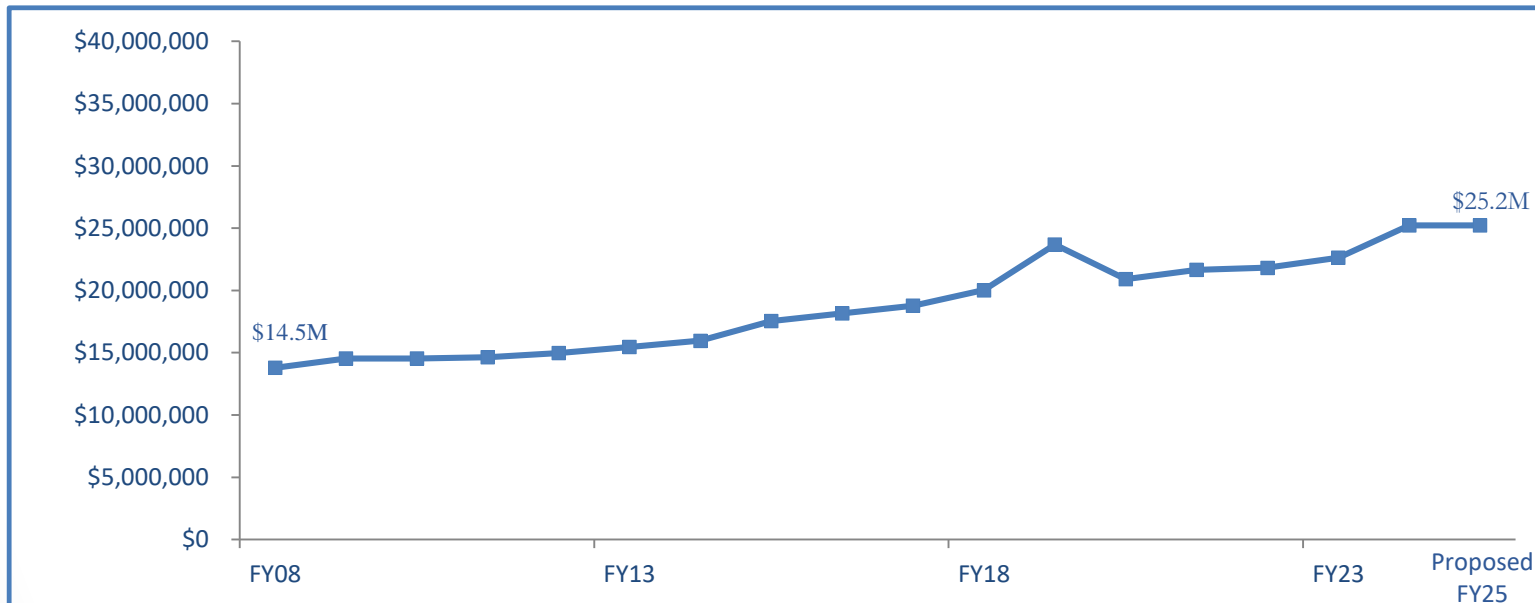
Approximately a total of \$315K to add these items, which would have been an additional 1.3% increase to the FY25 Municipal Budget

Department	Item	Amount
Fire	4 new firefighters were requested, 2 currently included	\$150,000
Library	Children's Librarian	\$56,000
Information Technology	Systems Analyst	\$75,000
Youth & Family Services	Youth Services Counselor, .5 FTE in FY25 (Currently ARPA Funded)	\$34,000
Total		\$315,000

FY25 Proposed Municipal Budget Summary

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

- The municipal base budget has had relatively moderate growth
- The Select Board strives for sustainable budget growth
- This year's budget includes an increase in Public Safety staffing
- In FY25 the current proposed municipal budget increase is 6.5%.



	FY19	FY20	FY21	FY22	FY23	FY24	Proposed FY25
Municipal Budget	3.1%	3.5%	3.57%	3.17%	3.74%	4.6%	6.5%



FY25 Overall Proposed Budget Update

FY25 Overall Proposed Budget Summary

FY25 Proposed Budget is a comprehensive plan that provides for:

- ✓ Maintain high quality of services provided by Town and School
 - Continued stable and sustainable operating budget growth
 - School Budget 3.7%
 - Municipal Budget 6.5%
 - Fixed costs currently 5.3%

- ✓ Base Capital Budget
 - Municipal Capital Improvements - \$1,335,250 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-wide Projects - \$550,000
 - Funded with Meals/Hotels Tax (current balance \$1.3M)
 - Sewer Capital Improvements - \$750,000 Funded with Sewer retained earnings
 - Other Capital Improvements - \$120,000 Funded with Ambulance receipts

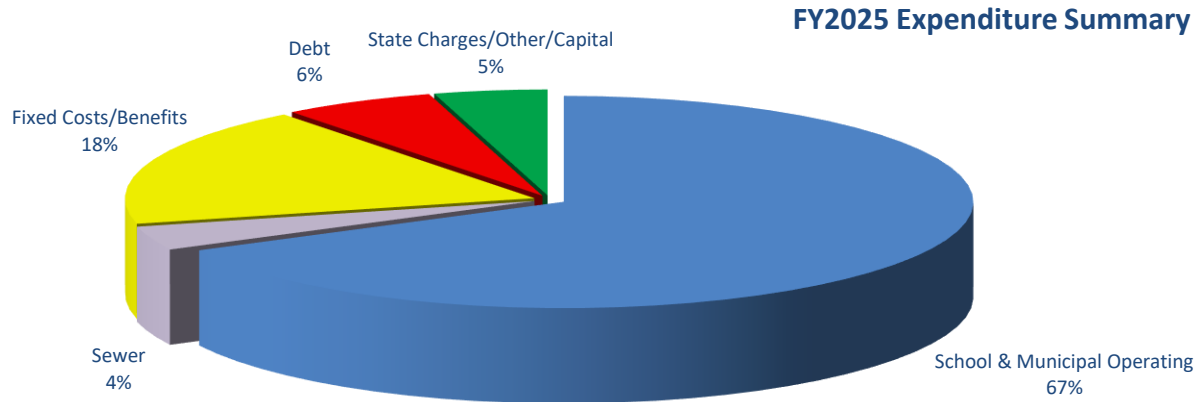
- ✓ Liabilities/Reserves
 - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
 - \$1.565M contributed to OPEB trust fund – keeps on target with required funding

- ✓ Borrowing
 - Capital Projects that would require borrowing:

• Fire Department Squad Vehicle	\$750,000
• High School Roof Restoration	\$2,500,000

- ✓ Overall Proposed Budget is not currently balanced – working towards closing budget gap between projected revenue and expenditures

FY25 Proposed Expenditure Budget Summary

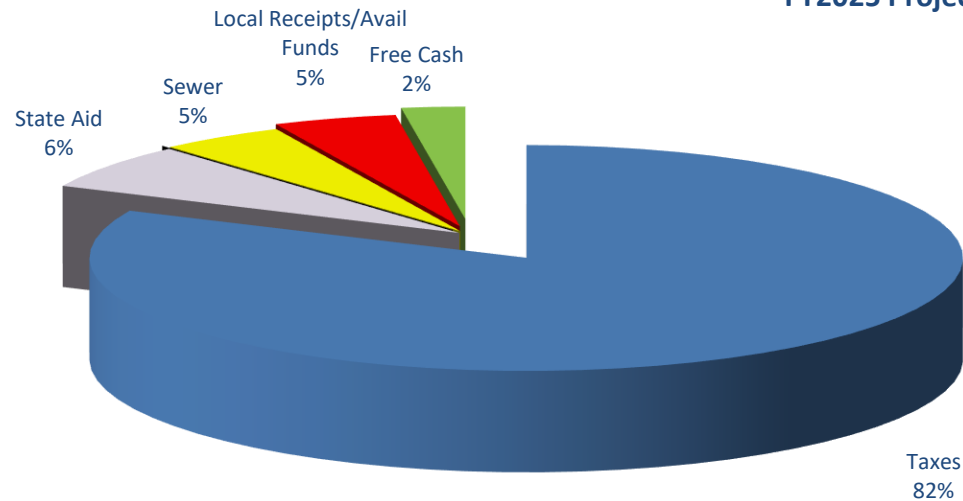


FY2025 Proposed Expenditure Summary

	FY2024	FY2025 Projected	\$ Change	% Change
Operating Budget - School Categories	\$55,038,986	\$57,079,764	\$2,040,778	3.7%
Operating Budget - Municipal	\$23,683,737	\$25,226,052	\$1,542,315	6.5%
Benefits/Reserves/Insurance	\$21,290,095	\$22,420,432	\$1,130,337	5.3%
Sewer - Operating	\$4,486,129	\$4,474,095	(\$12,034)	-0.3%
Debt Service	\$7,709,245	\$7,353,348	(\$355,897)	-4.6%
Total Operating	\$112,208,192	\$116,553,691	\$4,345,499	3.9%
Capital Base Budget - School & Municipal	\$2,372,500	\$2,352,250	(\$20,250)	-0.9%
Capital - Sewer	\$1,260,000	\$750,000	(\$510,000)	-40.5%
Other Appropriations:				
To Stabilization	\$125,000	\$125,000	\$0	0.0%
Additional Capital	\$1,545,000	\$670,000	(\$875,000)	-56.6%
To OPEB Trust	\$1,540,000	\$1,565,000	\$25,000	1.6%
Prior Year/Other Articles	\$598,000	\$0	(\$598,000)	-100.0%
State Charges/Offsets/Overlay/Snow	\$1,359,992	\$1,363,601	\$3,609	0.3%
Total Expenditures	\$121,008,684	\$123,379,542	\$2,370,858	2.0%

FY25 Proposed Budget Revenue

FY2025 Projected Budget Revenue



FY2025 Projected Budget Revenue

	FY2024	FY2025 Projected	\$ Change	% Change
Taxes	\$97,119,785	\$100,121,042	\$3,001,257	3.1%
State Aid	\$8,023,334	\$8,023,334	\$0	0.0%
Sewer Enterprise	\$6,188,863	\$5,685,452	(\$503,411)	-8.1%
Local Receipts	\$4,195,857	\$4,495,857	\$300,000	7.1%
Available Funds	\$434,325	\$434,325	\$0	0.0%
Available Funds - prior yr/other articles	\$650,000	\$120,000	(\$530,000)	-81.5%
Meals/Hotels Tax	\$1,100,000	\$550,000	(\$550,000)	-50.0%
Free Cash	\$3,295,500	\$2,882,250	(\$413,250)	-12.5%
Total	\$121,007,664	\$122,312,260	\$1,304,596	1.1%

Tax Levy Calculation per Proposition 2 ½

Tax Levy Calculation	FY2021	FY2022	FY2023	FY2024	Budget FY2025	
Prior Year Levy Limit	\$79,703,916	\$83,076,625	\$86,718,329	\$90,010,426	\$93,226,730	
Plus 2.5% Increase	\$1,992,598	\$2,076,916	\$2,167,958	\$2,250,261	\$2,330,668	Plus 2.5%
Plus New Growth	\$889,111	\$1,356,788	\$1,017,139	\$725,557	\$550,000	Estimated New growth
New Tax Levy University Station	\$491,000	\$208,000	\$107,000	\$52,746		Estimated Uni Station new growth
TIF*				\$187,740		Estimated one time TIF increase
General Overrides	\$0	\$0	\$0	\$0	\$0	
Tax Levy Limit	\$83,076,625	\$86,718,329	\$90,010,426	\$93,226,730	\$96,107,398	
Exempt Debt*	\$1,217,416	\$1,048,819	\$1,059,561	\$4,369,541	\$4,013,644	Exempt Debt
Levy Capacity	\$84,294,041	\$87,767,148	\$91,069,987	\$97,596,271	\$100,121,042	What we could tax
Actual Levy Assessed	\$83,468,800	\$86,593,963	\$90,274,411	\$97,119,785	TBD	What we do tax (Not finalized)
Excess Levy(Taxes not raised)	\$825,241	\$1,173,185	\$795,576	\$476,486	TBD	Unused Tax Levy (Not finalized)

* One time new growth increase due to TIF transition year

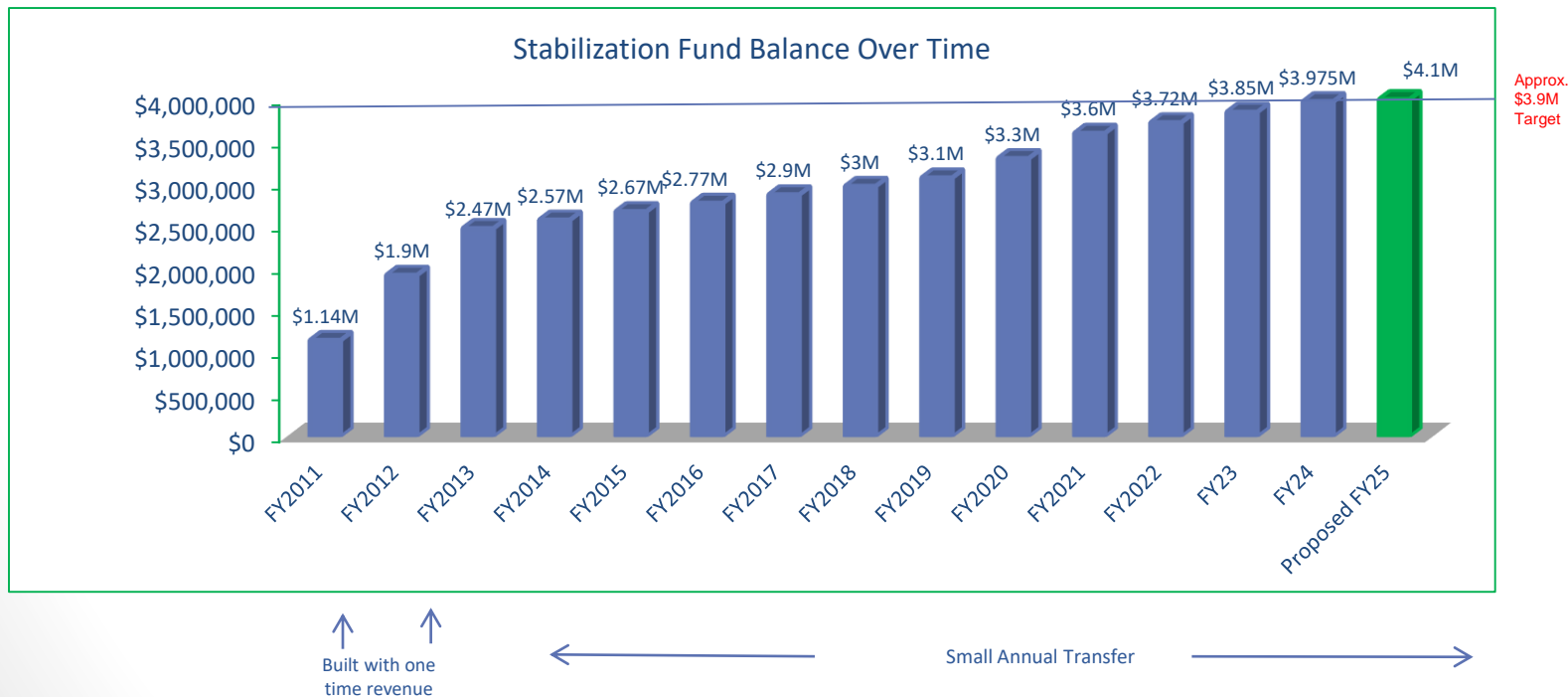
- The Town has not taxed to maximum capacity in past years
- No general override since 2007
- Exempt debt declines slightly in FY25, Elementary school bond payment schedule began in FY24

FY25 Preliminary Look - Revenue

- Tax Levy
 - Total FY25 levy available
 - \$2.3M – increase per 2.5%
 - \$550K new growth estimate FY25
 - \$476K available from prior year if full levy is used
 - FY24 final new growth number \$966k (estimate was \$730k)
- State aid – FY25 Initial Projection – level funding at final FY24 number
 - Governor’s budget typically at end of January, will update when cherry sheet information is released
- Local receipts – FY25 Projection – increase \$300k
 - Local receipts categories include: Motor Vehicle Excise Tax, Permits, Fees and Licensing, and Investment income
 - Local receipts collections: FY21 \$5.6M, FY22 \$5.8M, FY23 \$8.7M
- Free cash current certification \$10.9M
 - Continue with current allocations per finance policies
 - Utilize \$2.3M for base capital, \$125K for stabilization and \$405k for Fincom Reserve Fund
 - Utilize additional free cash for additional capital beyond base/miscellaneous articles.
 - Maintain unallocated balance per policy of \$4M
- Meals/Hotels Fund
 - Current balance is \$1.3M
 - \$1.1M used at May 2023 Town Meeting
 - Available for capital projects

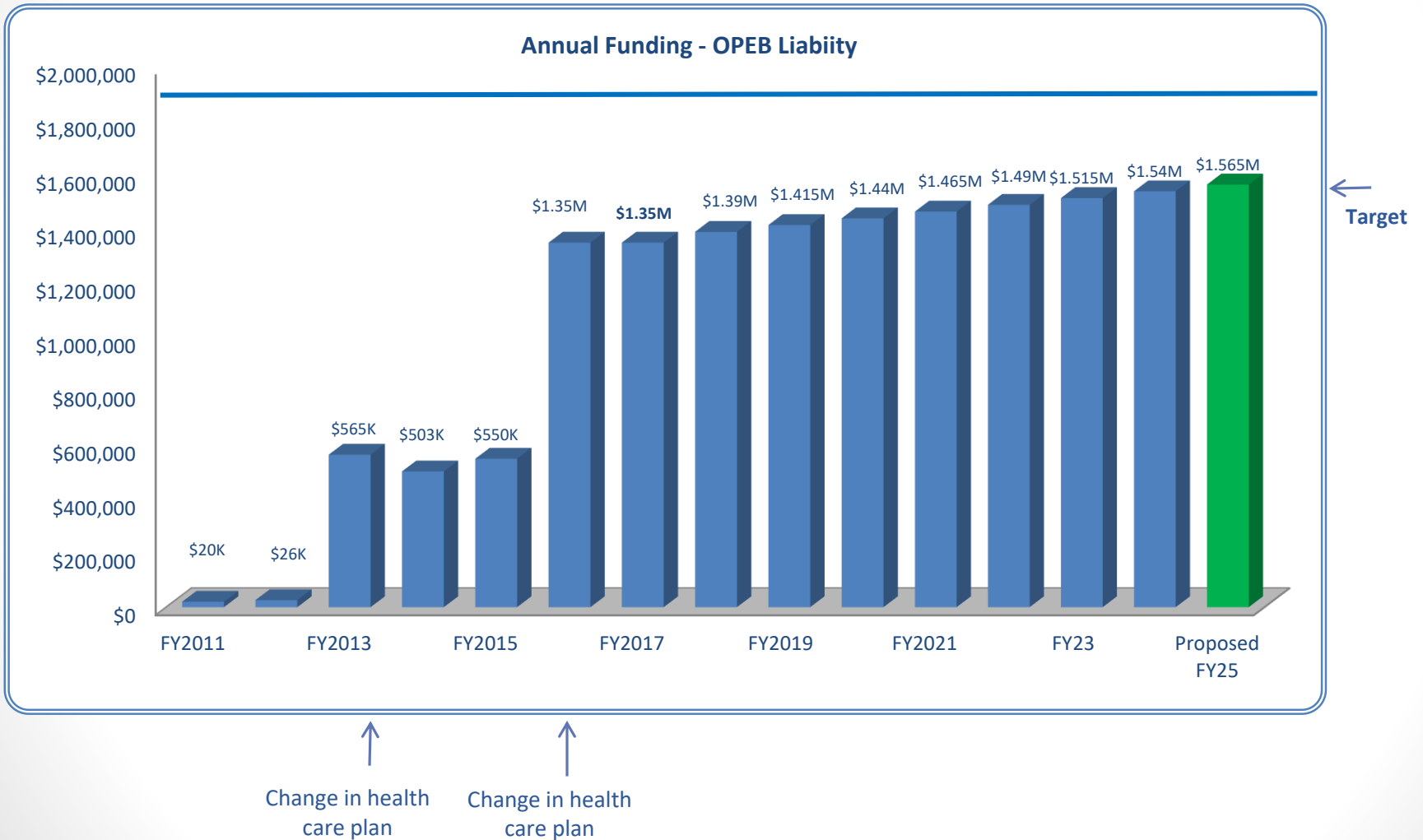
Stabilization Fund – FY25 Appropriation \$125,000

- 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 – FY25 Appropriation \$1,565,000

- On target with funding plan, \$25K additional per year
- Balance in trust fund account as of 12/23 is approximately \$20M





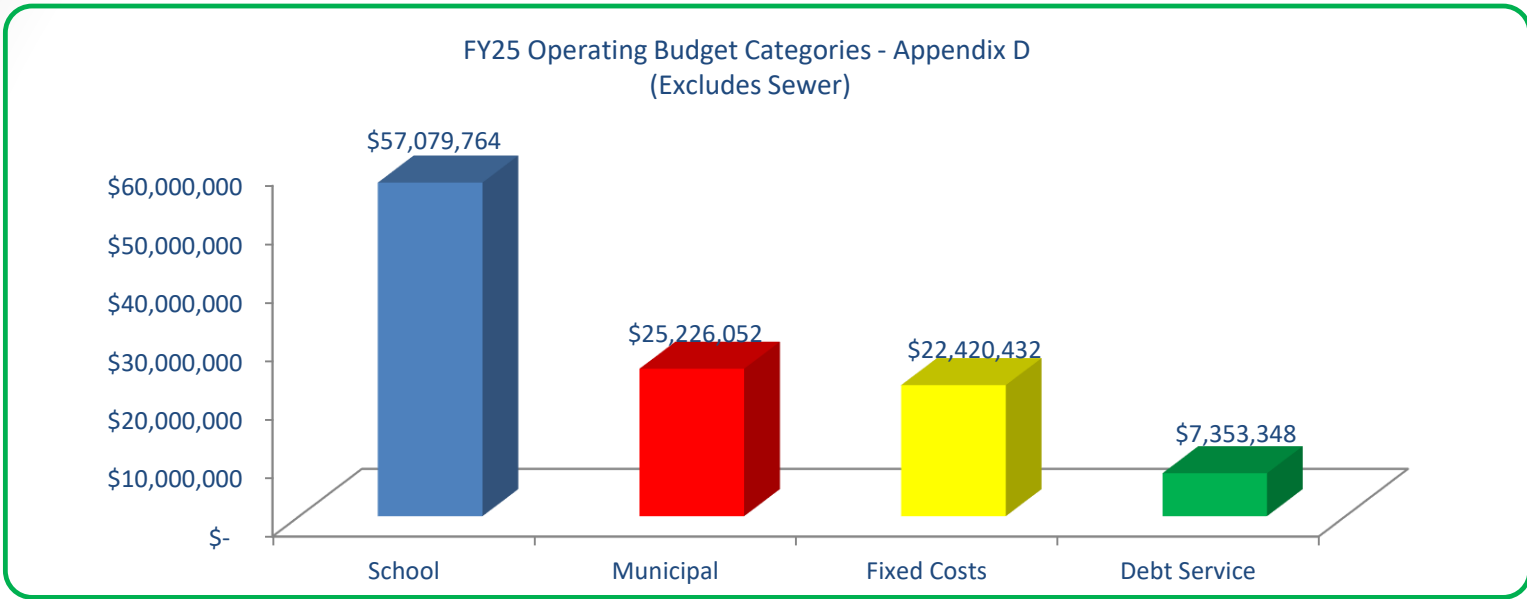
FY25 Proposed Operating Budget Details

Operating Budgets

- Provide for core services to community
 - Strive for operating budget stability for school and municipal budgets.
 - Strive for sustainable budgets
 - Each 1% increase for school and municipal budgets is approximately \$787K:
 - School (FY24 Budget \$55M) - \$550K
 - Municipal (FY24 Budget \$23.6M) - \$236K
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- 2.5% increase in costs \$1.86M.
 - 3% increase in costs \$2.36M
 - 4% increase in costs \$3.15M
 - 5% increase in costs \$3.94M

FY25 Budget - Provide for Consistent, Sustainable Funding

FY25 Proposed Operating Budget - \$116.5M, 3.9% increase



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Proposed FY25
School	5.3%	4.9%	3.4%	3.4%	3.5%	3.6%	3.44%	3.5%	4.5%	3.7%
Municipal	5.2%	3.7%	3.6%	3.1%	3.5%	3.6%	3.17%	3.7%	4.2%	6.5%

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Additional University Station Funding

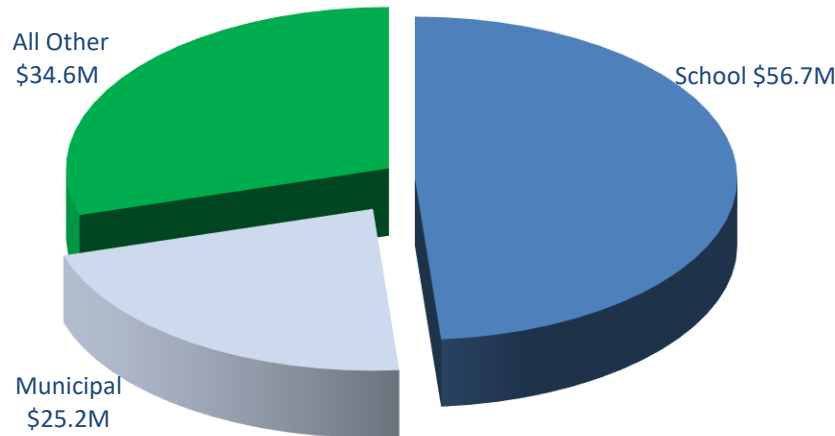
- Important that operating budget have moderate growth and are sustainable.

FY25 Proposed Operating Budget \$116.5M, 3.9% increase

FY25 Proposed Operating Budget

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

FY24 Budget	Category	FY25 Proposed	\$ Change FY25 v FY24	% Change FY25 v FY24
\$ 54,743,565	School Operating	\$ 56,763,603	\$ 2,020,038	3.7%
\$ 23,683,737	Municipal Operating	\$ 25,226,052	\$ 1,542,315	6.5%
\$ 169,054	Blue Hills Regional School	\$ 185,959	\$ 16,905	10.0%
\$ 126,367	Traffic Supervisors	\$ 130,202	\$ 3,835	3.0%
\$ 21,290,095	Fixed Costs	\$ 22,420,432	\$ 1,130,337	5.3%
\$ 7,709,245	Debt Service	\$ 7,353,348	\$ (355,897)	-4.6%
\$ 4,486,129	Sewer	\$ 4,474,095	\$ (12,034)	-0.3%
\$ 112,208,192	Total	\$ 116,553,691	\$ 4,345,499	3.9%



- Continued stable and sustainable operating budget growth.
- Some items are still estimates, including: Health Insurance, Blue Hills Assessment and MWRA Assessment - to be updated

Fixed Costs – Projected Increases in FY25

Fixed Costs – current estimated increase to total fixed costs budget - approx. 5.3%

- Pension Assessment Updated (\$6.72M) increase of .6% over FY24
 - Received FY25 assessment from Norfolk County Retirement System

- Health Insurance (current \$8.4M) increase of 9.6% - Estimate only
 - Current estimate only
 - Group Insurance Commission (GIC) updates FY24 Information
 - Plan Description – February 2023 meeting
 - Final Rates – March 2023 meeting
 - Previous year’s actual increases have been:
 - FY20 5%, FY21 5%, FY22 5%, FY23 7%, FY24 5.7%

- Trash (current \$1.96M) estimated increase of 10.5%

- Other fixed cost increases
 - Comprehensive insurance, 5%
 - Medicare, 0%
 - Payroll tax, 5%

- OPEB Appropriation (current \$1.565M) increase per funding schedule

Increase

\$1.1M

Approx \$38K

Approx \$740K

Approx \$186K

Approx \$108K

\$25K

Next Steps in Budget Cycle

January and February Meetings:

- Continue update and review of FY25 revenue projections.
 - Local Revenue Sources
 - FY25 State Budget
- Continue to review capital budget articles with Select Board
 - Ongoing Capital
 - Timing of larger projects being considered
- FY25 State aid
 - Typically released end of January
- SB proposed budget document Early February 2024
 - Municipal Budget Document
 - Overall Budget Summary
 - Initial Capital Articles
- Present proposed FY25 budget to Fincom February 12, 2024



