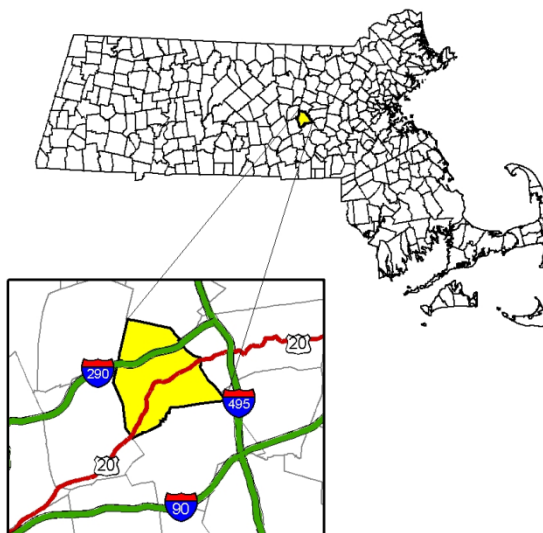


Town of Northborough, MA

Financial Trend Monitoring Report

Fiscal Year 2023



FTM Report covers the period July 1, 2012 (FY2013) through June 30, 2023 (FY2023)

Agenda

Purpose of the meeting is to “set the table” for the FY2024 budget process by:

- Reviewing Final FY2022 Budget Results
- Providing Status update on the FY2023 Budget
- Reviewing Financial Indicators for significant changes
- Reviewing Five-Year Financial Projections
- Analyzing Multiple-year Projected Tax Impacts
- Developing consensus amongst the policy making Boards & Committees about budget assumptions, opportunities and areas of concern

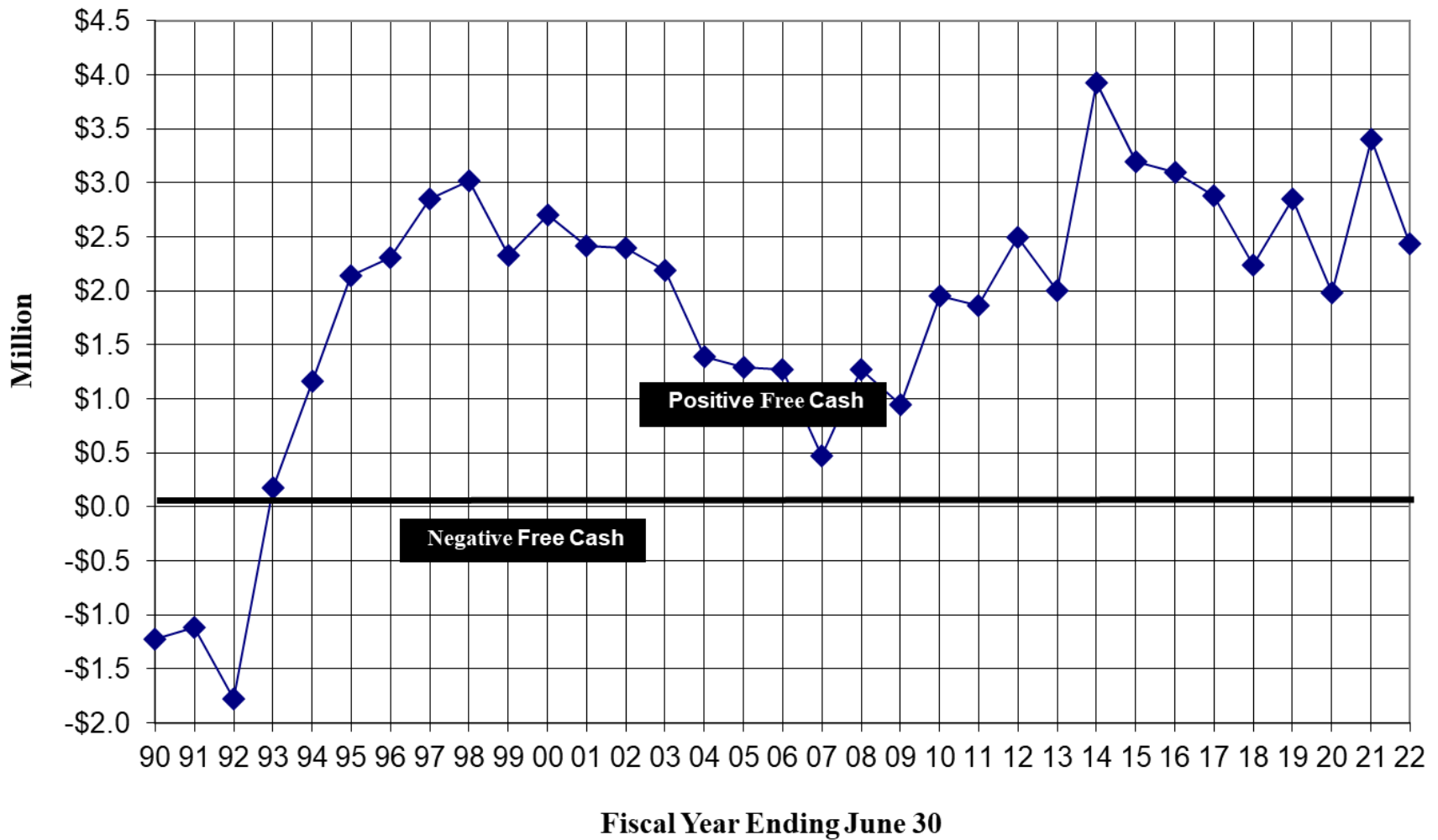
FY2022 Year-end Revenues

Town of Northborough						
Town Accountant's Budgetary Comparison Schedule - General Fund (Unaudited)						
For the Year Ended June 30, 2022						
as of 11/17/2022						
		ORIGINAL	FINAL	YTD	VAR TO	VS
		BUDGET	BUDGET	ACTUAL	BUDGET	BDGT
REVENUE (INFLOWS)						
	TAXES (Property Taxes)	\$ 55,402,449	\$ 55,402,449	\$ 55,266,567	\$ (135,882)	-0.25%
	STATE AID (Intergovernmental)	\$ 5,527,531	\$ 5,527,531	\$ 5,545,126	\$ 17,595	0.32%
	Excise Taxes	\$ 2,799,000	\$ 2,799,000	\$ 3,048,843	\$ 249,843	8.93%
	Interest & Fees on Property & Excise Taxes	\$ 191,000	\$ 191,000	\$ 183,029	\$ (7,971)	-4.17%
	Payment in Lieu of Taxes	\$ 112,000	\$ 112,000	\$ 103,467	\$ (8,533)	-7.62%
	Departmental Charges for Service	\$ 231,000	\$ 231,000	\$ 312,566	\$ 81,566	35.31%
	Licenses & Permits	\$ 491,000	\$ 491,000	\$ 657,410	\$ 166,410	33.89%
	Fines	\$ 56,000	\$ 56,000	\$ 66,077	\$ 10,077	17.99%
	Investment Income	\$ 20,000	\$ 20,000	\$ 75,319	\$ 55,319	276.60%
	Other	\$ 271,000	\$ 271,000	\$ 633,324	\$ 362,324	133.70%
	LOCAL RECEIPTS (Subtotal)	\$ 4,171,000	\$ 4,171,000	\$ 5,080,034	\$ 909,034	21.79%
	TOTAL REVENUE	\$ 65,100,980	\$ 65,100,980	\$ 65,891,727	\$ 790,747	1.21%
	OTHER FUNDS (Transfers in)	\$ 733,933	\$ 733,933	\$ 708,898	\$ (25,035)	-3.41%
	TOTAL REVENUE & TRANSFERS IN	\$ 65,834,913	\$ 65,834,913	\$ 66,600,625	\$ 765,712	1.16%

FY2022 Year-end Expenditures

Town of Northborough						
Town Accountant's Budgetary Comparison Schedule - General Fund (Unaudited)						
For the Year Ended June 30, 2022						
as of 11/17/2022						
		ORIGINAL	FINAL	YTD	VAR TO	VS
		BUDGET	BUDGET	ACTUAL	BUDGET	BDGT
<u>EXPENDITURES (OUTFLOWS)</u>						
	General Government	\$ 3,484,526	\$ 3,480,228	\$ 3,353,414	\$ 126,814	3.64%
	Public Safety	\$ 5,507,291	\$ 5,509,791	\$ 5,389,557	\$ 120,234	2.18%
	Education	\$ 40,559,382	\$ 40,559,382	\$ 40,434,356	\$ 125,026	0.31%
	Public Works	\$ 2,726,376	\$ 2,841,585	\$ 2,830,834	\$ 10,751	0.38%
	Human Services	\$ 792,630	\$ 794,219	\$ 711,109	\$ 83,110	10.46%
	Cultural & Recreation	\$ 1,183,606	\$ 1,183,606	\$ 1,157,266	\$ 26,340	2.23%
	Debt Service	\$ 2,130,726	\$ 2,130,726	\$ 2,035,411	\$ 95,315	4.47%
	Employee Benefits	\$ 9,226,961	\$ 9,111,961	\$ 8,569,682	\$ 542,279	5.95%
	Insurance	\$ 283,557	\$ 283,557	\$ 281,617	\$ 1,940	0.68%
	Intergovernmental	\$ 277,698	\$ 277,698	\$ 265,121	\$ 12,577	4.53%
	TOTAL EXPENDITURES	\$ 66,172,753	\$ 66,172,753	\$ 65,028,367	\$ 1,144,386	1.73%
	Transfers to Other Funds	\$ 337,160	\$ 2,361,160	\$ 2,361,160	\$ -	0.00%
	TOTAL EXPENSE & TRANSFERS OUT	\$ 66,509,913	\$ 68,533,913	\$ 67,389,527	\$ 1,144,386	1.67%

Certified Free Cash FY1990-2022



*Source: Massachusetts Department of Revenue

PRELIMINARY FY2024 FREE CASH PLAN

Free Cash Certification as of 7/1/2022		2,440,073	100%
FY2024	Appropriated Reserve	-175,000	7.2%
FY2024	Operating Budget	-500,000	20.5%
FY2024	Stabilization Fund	-200,000	8.2%
FY2024	Capital Projects	-1,065,073	43.6%
Available Free Cash after FY2024 Plan		500,000	20.5%

FY2023 Status Update

- Final State FY2023 Budget signed July 28, 2022 resulting in \$145,143 above budget; ARHS Assessment came \$81,469 in lower; Market Adjustments and Growth helped off-set projected tax impact
- Final Town FY2023 Budget and tax rate approved November 21, 2022 resulting in average Single Family Home tax bill increase of \$380
- FY2023 Revenues continue to track projections and no issues to report at this stage

Single Family Homes

- Estimated FY2023 Tax impact \$513
- Market Adjustments & Growth (\$110)
- Change to Tax Levy due to:
 - \$145,143 Net Increase in State Aid (\$21)
 - \$81,469 Decrease to ARHS Assessment (\$12)
 - \$20,412 Other Minor Changes/Adjustments \$10
- **Final FY2023 Tax Impact \$380**

What is Financial Condition?

Financial condition is broadly defined as the ability of a Town to:

- Maintain existing service levels,
- Withstand local and regional economic disruptions, and
- Meet the demands of natural growth, decline, and change.

****The FTMS Report is designed to objectively
measure Financial Condition****

Aspects of Financial Condition

- Cash Solvency: The Town's ability to pay immediate obligations during the next 30-60 days
- Budgetary Solvency: Its ability to pay financial obligations within the current fiscal period (balanced Fiscal Year)
- Long-Run Solvency: Its ability to continue paying obligations in future fiscal periods (debt, pensions, etc.)
- Service-Level Solvency: The Town's ability to continue providing the level of services expected by its residents

Financial Trend Monitoring System

- Key financial indicators are analyzed in order to assess the financial direction of the Town. Many of the same benchmarks used by the credit rating industry.
- The full report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis.
- Report developed using the ICMA manual entitled Evaluating Financial Condition, A Handbook for Local Government.

Purpose of the FTMS

- Gain understanding of the Town's financial condition
- Identify hidden or emerging problems before they reach serious proportions
- Present a straightforward picture of strengths and weaknesses to Town Officials and citizens
- Reinforce the need for long-range considerations in the budget process
- Provide a starting place for reviewing and updating financial policies that guide decision-making

Objectives of the FTMS

- Predict: so that the Town can be prepared to deal with fiscal distress before it becomes fiscal crisis
- Avert: and take action to avoid fiscal crisis
- Mitigate: through corrective action and/or policy changes, regain sound financial footing, or at least contain the problem
- Prevent: a recurrence of fiscal distress after the Town addresses the current issue or crisis (e.g., reliance on one-time revenues or health insurance increases)

Fiscal Distress vs. Fiscal Crisis

- Fiscal Distress: temporary imbalance between the level of financial resources the Town has committed and its potential available resources
- Fiscal Crisis: occurs when the local government can no longer pay its bills or provide existing levels of service
- Goal is to protect our policy-making ability by ensuring that important decisions are not controlled by financial problems or emergencies.

Executive Summary

Financial Indicator

FY2023

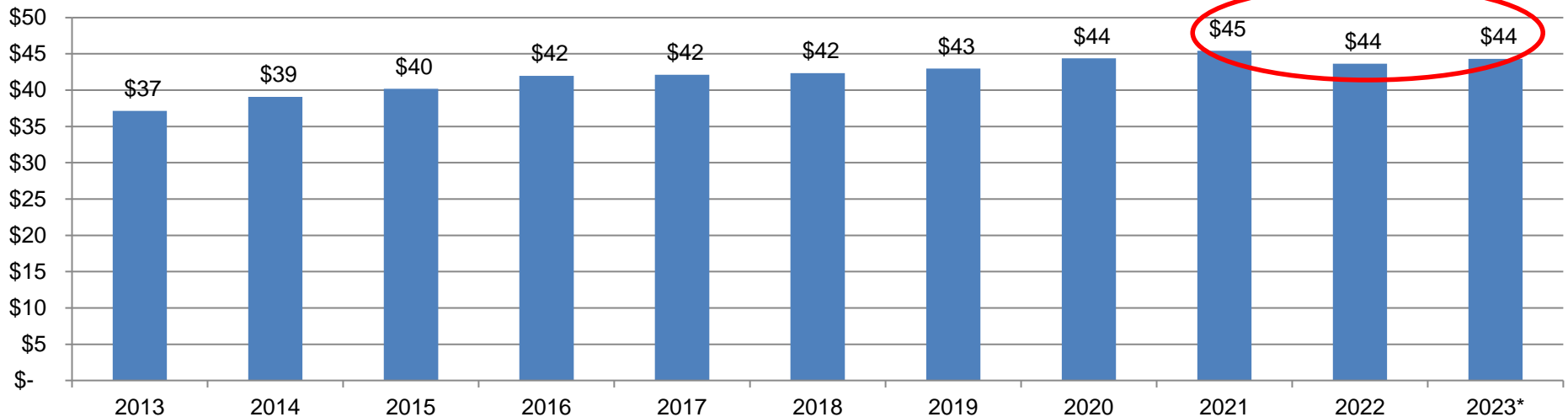
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable
5	Economic Growth Revenues	Stable / Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Stable
8	Employee Benefits	Stable
9	Pension Liability	Favorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserves/Fund Balance	Favorable
13	Capital Investment—Overall fixed asset values	Favorable
14	Capital Investment—Pavement Management	Favorable



Town of Northborough Financial Indicators

Indicator 1: Property Tax Revenue

Net Property Tax Revenues (constant dollars, in millions)



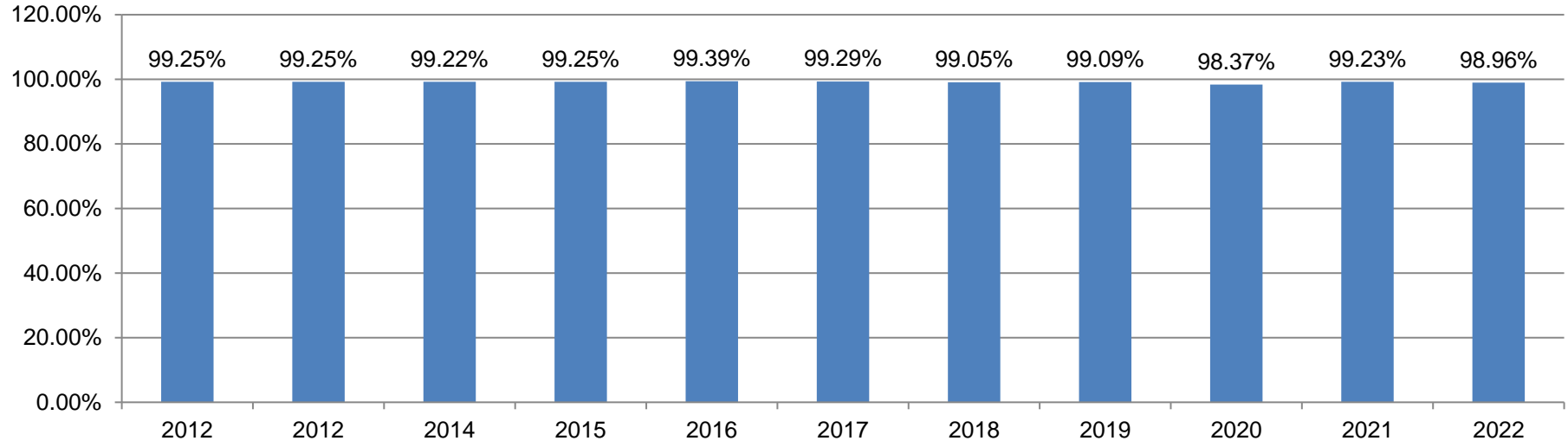
- Formula: Property Tax Revenues in constant dollars
- Warning: Declining tax revenues
- Trend: **Favorable**
- Comments: Taxes represent approximately 80% of the Town's revenue, growth has exceeded the rate of inflation by 1.8% annually on average (ranging from -4% to 5%), depending on amounts of new growth, operational overrides and remaining unused levy capacity



Town of Northborough Financial Indicators

Indicator 2: Uncollected Property Tax Revenue

Percentage of Property Taxes Collected in Current Year



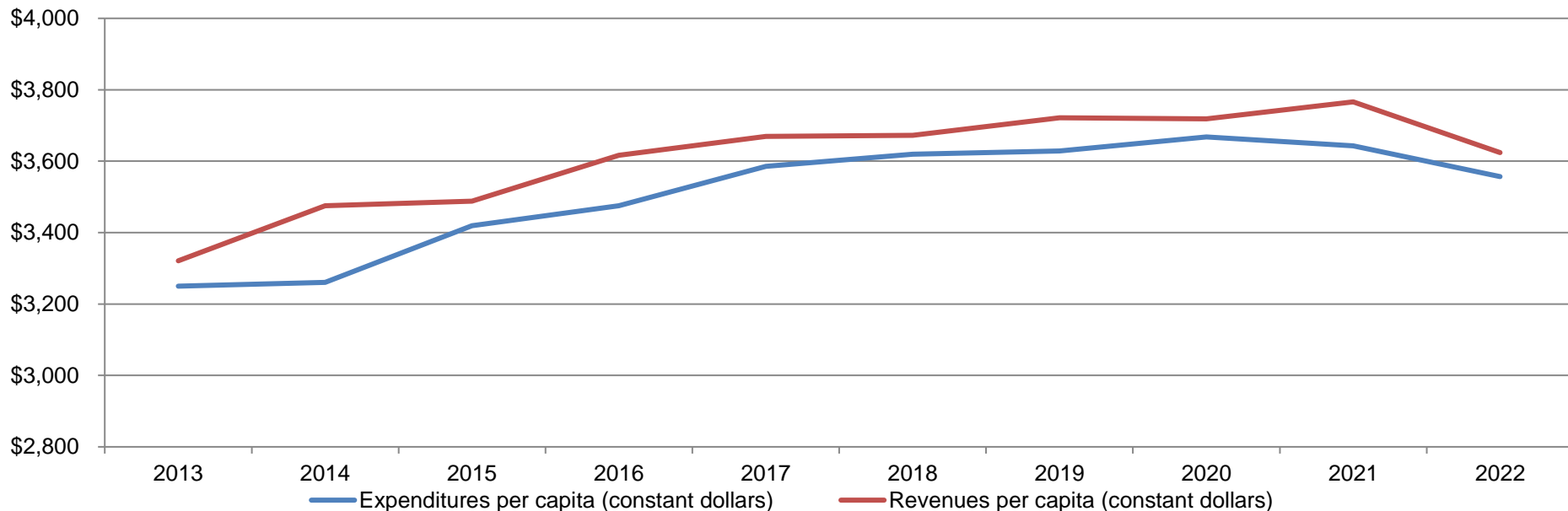
- Formula: Uncollected Property Taxes as % of Net Tax Levy
- Warning: Increasing uncollected property taxes
- Trend: **Favorable**
- Comments: Collection rates below 95% are considered negative by bond rating agencies; Northborough's collection rates are consistently between 98-99%



Town of Northborough Financial Indicators

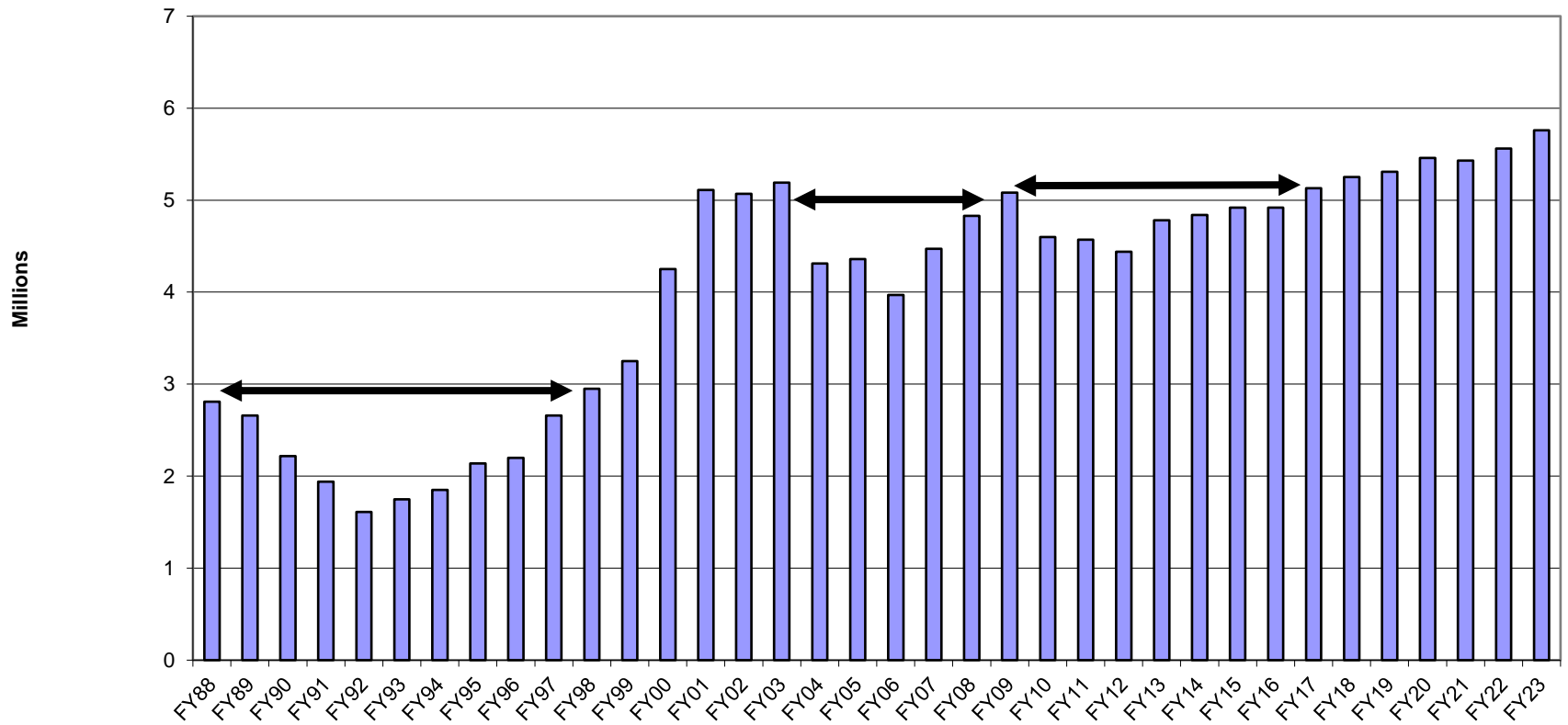
Indicator 3: Revenues & Expenditures per Capita

Operating Revenues & Expenditures Per Capita (constant dollars)



- Formula: Revenues & Expenditures divided by population
- Warning: Expenditures per capita in excess of revenues per capita
- Trend: **Favorable**
- Comments: Since FY10 revenues per capita have exceeded expenditures per capita, although the gap fluctuates based upon economic conditions.

Northborough State Aid FY1988-2023

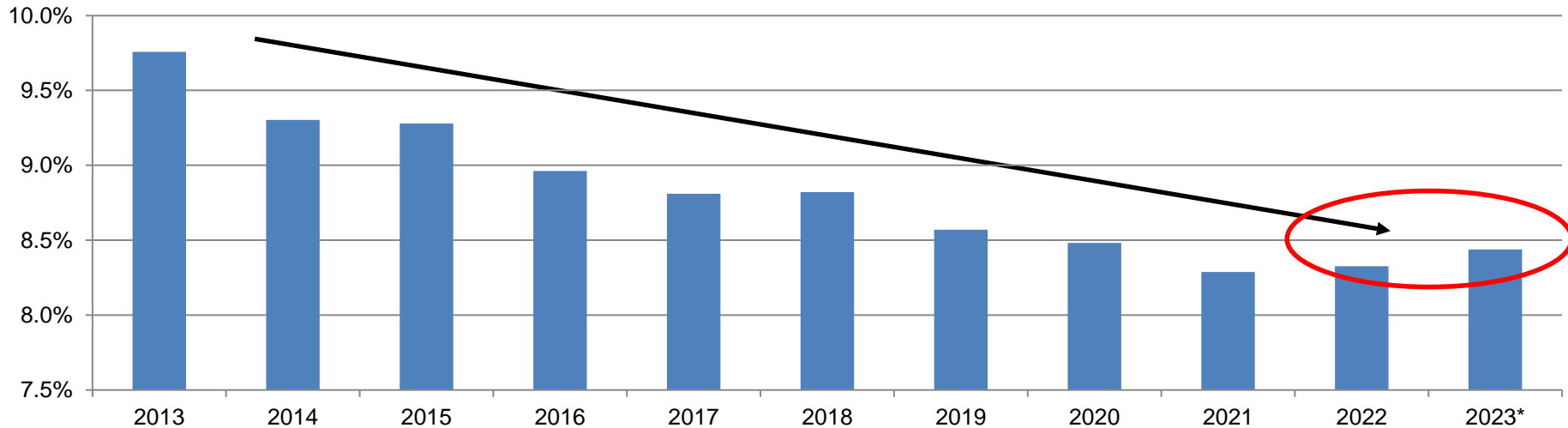




Town of Northborough
Financial Indicators

Indicator 4: State Aid (Intergovernmental Revenues)

State Aid as a % of Operating Revenues (constant dollars)



- Formula: State Aid as a percentage of operating revenues
- Warning: Significant increase or decrease as % operating revenues
- Trend: **Unfavorable**
- Comments: State Aid went from a high of 13.1% of revenues in FY03 to 8.4% in FY23. Future aid remains uncertain given economic conditions and the State's commitment to fund the Student Opportunity Act benefitting low-income districts

FY2024 State Aid Forecasts

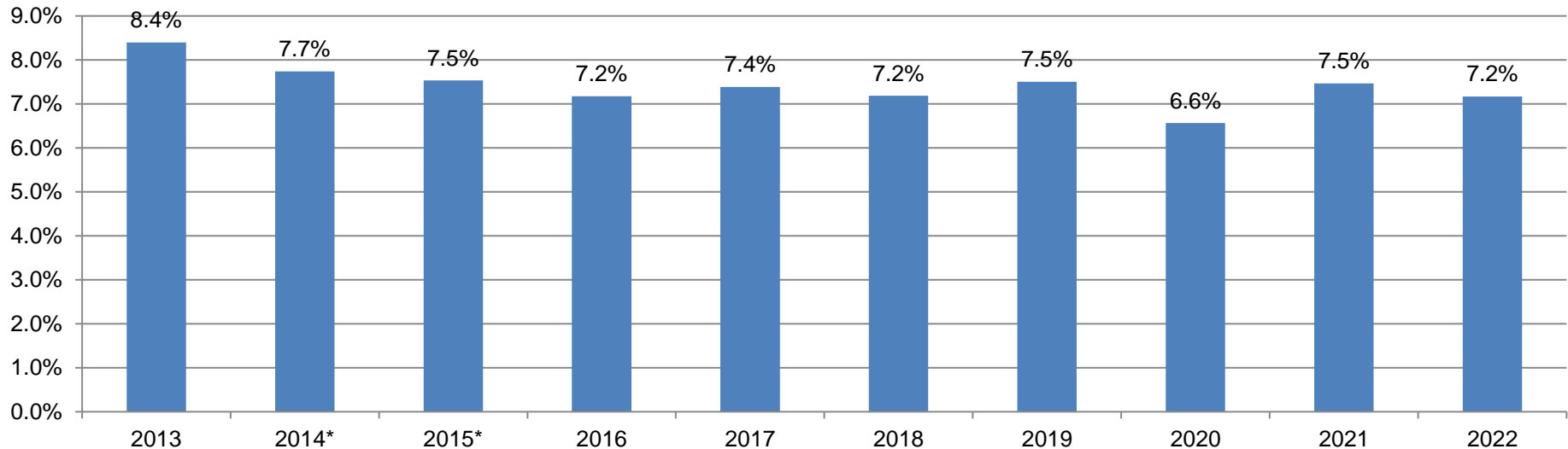
- Legislature was unable to complete their Economic Development Bill prior to July 31, 2022 expiration of the formal session due to State law Chapter 62F that caps growth in tax collections resulting in nearly \$3B in taxes being returned
- Gov. Baker subsequently signed a \$3.7B spending package on Nov. 10th that is a combination of an Economic Development bill using ARPA funds and FY2022 supplemental budget but no bonding authorization
- Thus far, FY2023 State tax collections have surpassed budget year-to-date benchmarks by 5.7%

FY2024 State Aid Forecasts

- Under State law new Governor's FY2024 Budget deadline is pushed from third week in January to March 1st
- State Revenue Consensus Hearing typically held in December has not been announced
- Assuming FY2024 State Aid will increase 1% based upon trends
- Any State Aid received above the Town's estimate can only be used to reduce taxes
- State Aid is a political process and not a math exercise



Economic Growth Revenues as a % of Operating Revenues



- Formula: Economic Growth Revenues divided by net revenues
- Warning: Decreasing Economic Growth Revenues as % revenues
- Trend: **Stable / Uncertain**
- Comments: Economic Growth Revenues went from stable to unfavorable overnight with the impacts of the COVID-19 pandemic. This indicator has improved and stabilized back near pre-pandemic levels. Long-term, as Town approaches buildout new growth & permits likely to decline.

FY2024 Local Receipts

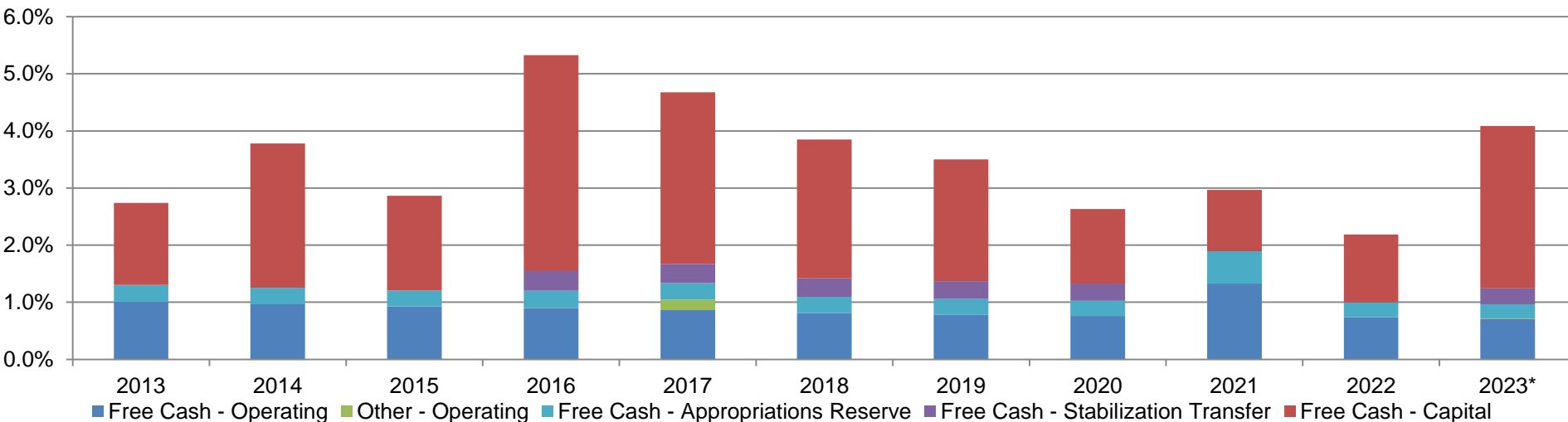
- FY2023 Local Receipts are level budgeted at \$4.2M
- FY2024 Local Receipts forecasted at \$4M
 - Approximate \$230,000 ARHS legal settlement payment from Town of Southborough ended in FY2023 (\$1.7M plus interest over 8 years)
 - Meal taxes are strong and back to pre-pandemic estimates
 - One of Northborough's two hotels remains offline with no anticipated return date
 - Motor Vehicle Excise will not be known until receipt of major commitment in February. Supply chain disruptions and computer chip shortages remain a concern looking forward
 - Building Permits were above target in recent years due to large project fees; however, no large projects are anticipated



Town of Northborough Financial Indicators

Indicator 6: One-Time Revenues

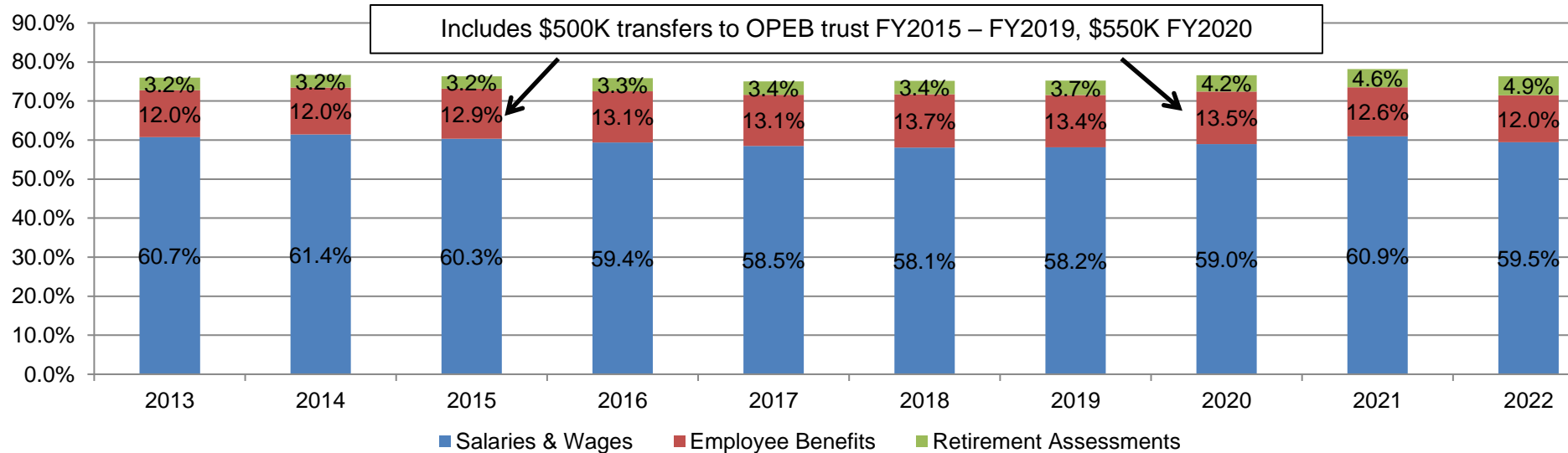
One Time Revenues as a % of Expenditure Budget



- Formula: One-Time Revenues as % of Operating Budget
- Warning: Increasing amount of one-time revenues in the budget
- Trend: **Favorable**
- Comments: Free Cash Policy reduced reliance on one-time revenues from a high of \$1.5 million (4.1%) in FY05 to \$500,000 (.8%) in FY23. Free Cash was diverted to finance \$14.89 million pay-as-you-go capital investments since FY12.



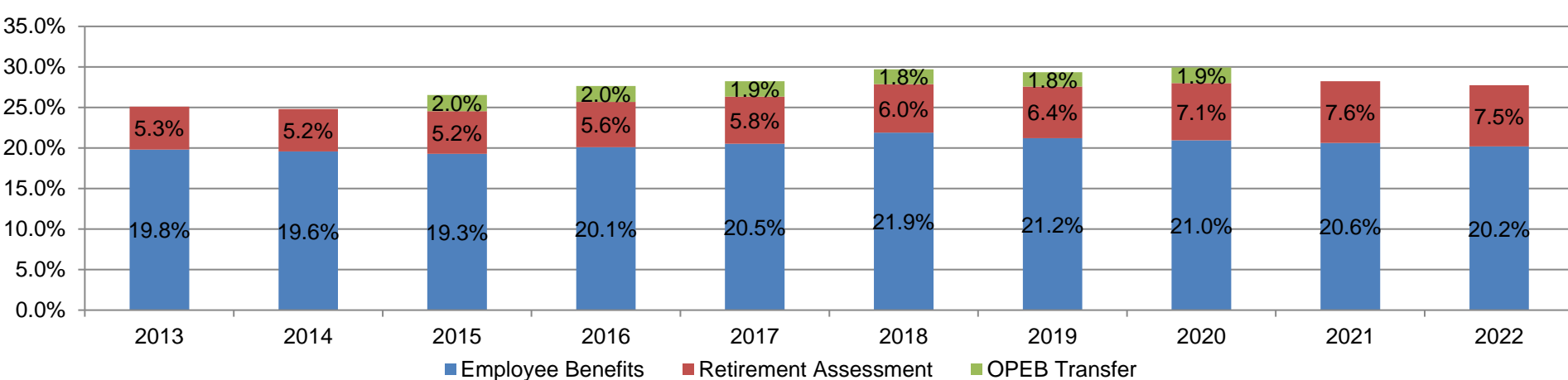
Personnel, Wages, and Benefits as a % of Operating Expenditures



- Formula: Personnel expenses as % of Budget
- Warning: Salaries & wages increasing as % of expenditures
- Trend: **Stable**
- Comments: Personnel wages & benefits represent approximately 76% of the Town's operating budget net of ARHS & Assabet school assessments and remain relatively stable due to health insurance benefit changes, sustainable staffing and wage increases



Employee Benefits Spending as a % of Wages & Salaries



- Formula: Employee benefit costs as % of salaries & wages
- Warning: Increasing employee benefits as % of salaries & wages
- Trend: **Stable**
- Comments: Overall, employee benefits as a % of wages & salaries increased 2.63% from FY13-FY22. FY15 includes the first annual \$500k transfer to the OPEB trust fund. Due to economic impacts of the pandemic Trust Fund contributions were postponed in FY2021, FY2022 and limited to \$300K in FY2023. The retirement assessment is increasing by approximately 10% annually to address the unfunded pension liability by 2036.

FY2024 Health Insurance

- FY2010 Plan Design Changes and adoption of MGL c.32B, Section 18
- FY2012 Teacher contributions increased 5%
- FY2017 Plan Design Changes
- FY2018 Plan Design Changes but still experienced an 8.33% increase
- FY2019 Negotiated Carrier Consolidation resulted in a 3.8% budget increase
- FY2023 Went out to bid with joint procurement with ARHS & Southborough

Health Insurance Budget Increases	
FY2010	0.72%
FY2011	2.99%
FY2012	4.49%
FY2013	3.34%
FY2014	2.00%
FY2015	1.00%
FY2016	3.00%
FY2017	3.00%
FY2018	8.33%
FY2019	3.80%
FY2020	2.00%
FY2021	2.60%
FY2022	2.10%
FY2023	1.00%
Average	2.88%

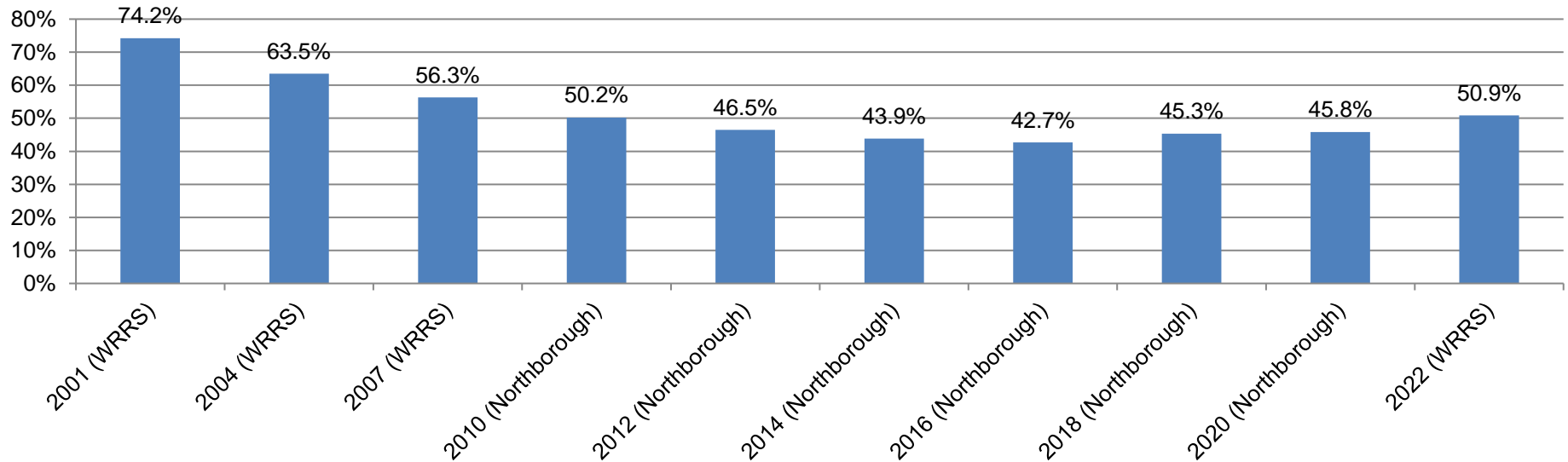
FY2024 Health Insurance

Why is the Health Insurance budget increase so critical?

- 10% increase on \$6.2 million health budget is \$620,000
- 3.5% increase on the Total General Government Budget is approximately \$858,000
- Health Insurance would consume 72% of all new FY2024 revenues for non-school departments. It swamps all other budget considerations
- Town intends to continue the joint procurement with ARHS and Southborough as part of the FY2024 Health Insurance renewals



Pension Liability - % Funded



- Formula: Pension Assets divided by Pension Liabilities
- Warning: Unfunded liability or increase in unfunded liability
- Trend: **Favorable**
- Comments: Northborough is part of Worcester Regional Retirement System which is on schedule to be fully funded by 2036—four years before the 2040 deadline; the new funding schedule, recent pension reform and improving economy are all forces for future improvement. Northborough's share of the current unfunded liability is approx. \$30M.



Town of Northborough Financial Indicators

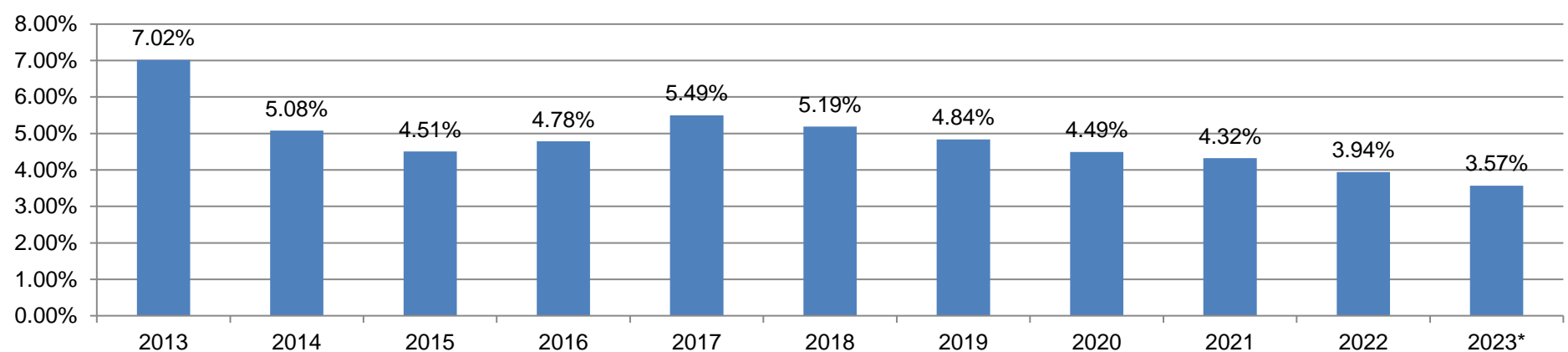
Indicator 10: Other Post-Employment Benefits

Reporting Period	FY2009	FY2009	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
In Millions	Original	Revised										
Total OPEB Liability	\$90.44	\$34.29	\$28.07	\$32.64	\$35.38	\$36.57	\$39.14	\$47.33	\$37.75	\$40.05	\$45.94	\$49.02
Actuarial Value of Assets	-	-	-	-	\$0.50	\$1.05	\$1.73	\$2.44	\$3.11	\$3.74	\$4.83	\$4.65
Net OPEB Liability	\$90.44	\$34.29	\$28.07	\$32.64	\$34.88	\$35.52	\$37.41	\$44.89	\$34.64	\$36.32	\$41.11	\$44.36
Discount Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.00%	5.25%	6.25%	6.25%	6.25%	6.19%
Funded Ratio	0.00%	0.00%	0.00%	0.00%	1.43%	2.87%	4.43%	5.15%	8.25%	9.33%	10.52%	9.49%

- Formula: Other Post-Employment Assets divided by Liabilities
- Warning: Unfunded liability or increase in unfunded liability
- Trend: **Unfavorable / Improving**
- Comments: \$500K in planned annual contributions to the OPEB Trust Fund beginning in FY15 started to improve the Town's funding ratio. As of 10/31/2022 the Fund has \$4.8M. Positive investment income marginally improved the funding ratio despite pandemic impacts preventing financial contributions in FY2021 & FY2022. Reinstatement of the full \$550K annual contributions will be a priority in FY2024 and beyond.



Debt Service as a % of General Fund Expenditures



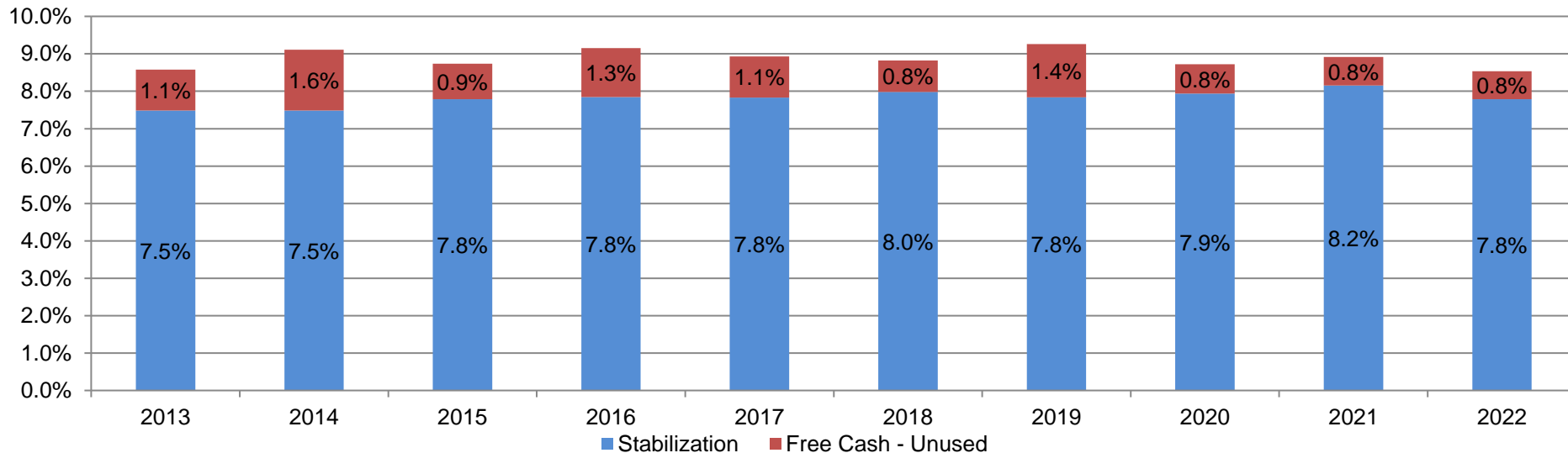
- Formula: Debt Service as % of General Fund Expenditures
- Warning: Increasing debt service as % of operating expenditures
- Trend: **Favorable**
- Comments: Overall, the Town's level of debt service is below the 5% to 10% suggested by the debt policy due to the delay of several large building projects during the pandemic. FY16 & FY17 included \$14.2 million in debt for the Lincoln St. School building project. The Town remains well positioned to finance upcoming building projects, including the new Fire Station planned to move forward next year.



Town of Northborough Financial Indicators

Indicator 12: Reserves/Fund Balance

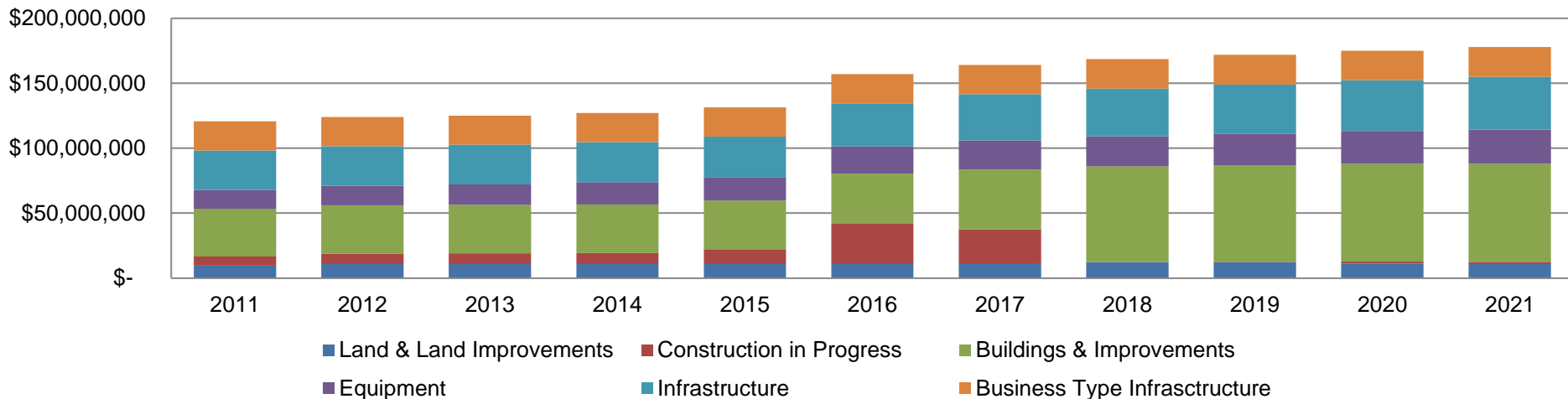
Reserves as a % of Operating Revenue (after subsequent spending)



- Formula: Financial Reserves as % of operating revenues
- Warning: Declining reserves as % of operating revenues
- Trend: **Favorable**
- Comments: Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. FY15-FY20 included \$200K in annual contributions to the Stabilization fund; however, no contributions were made in FY21 or FY22 due to the pandemic. Reinstatement of annual contributions began in FY2023 to maintain ratios as operating budgets increase.



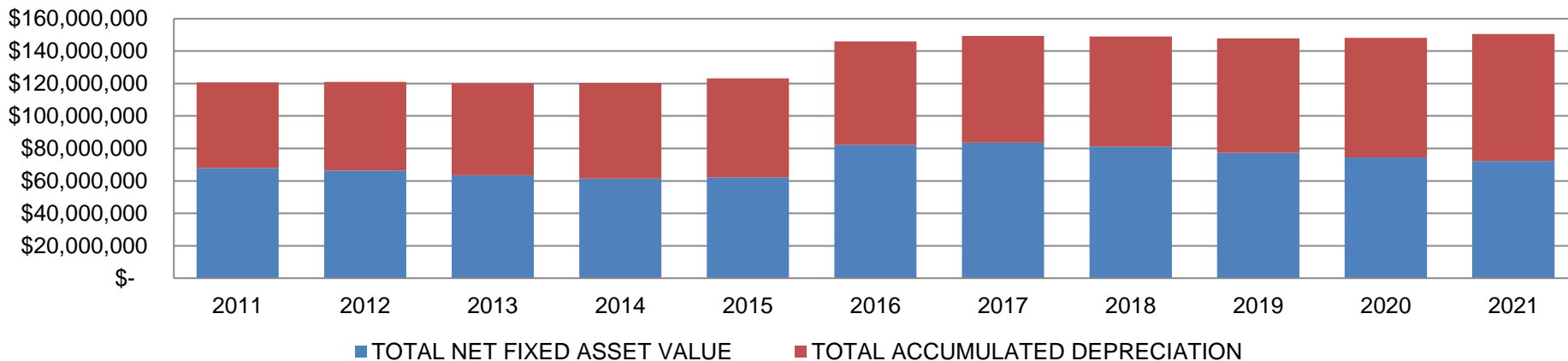
Gross Fixed Asset Value Nominal Dollars - Governmental & Business-Type Activities



- Formula: Value of assets in service before depreciation
- Warning: Declining value of assets
- Trend: **Favorable** (Note FY2022 data is still pending)
- Comments: Reflects Northborough's overall investment in the various categories of capital assets. However, the above chart is not adjusted for inflation and does not reflect routine depreciation of assets.



Fixed Asset Values Constant Dollars - Governmental & Business-Type Activities



- Formula: Total fixed asset values adjusted for inflation
- Warning: Declining values
- Trend: **Favorable** (Note FY2022 data is still pending)
- Comments: Reflects Northborough's continued effort to maintain its fixed asset values even after adjusting for the effects of inflation and depreciation. The blue portion of the bar graph above shows relatively constant asset value indicating regular capital investment.



Town of Northborough Financial Indicators

Indicator 14: Capital Investment–Pavement Management



- Formula: Average Road Surface Rating (RSR, formerly PCI)
- Warning: Declining overall average RSR
- Trend: **Favorable**
- Comments: The minimum annual investment needed to maintain the current average RSR is \$1.1 million. The target was met in FY20 with \$300K in the operating budget, \$300K in the capital plan, and \$518K in State Chapter 90 Funds. The RSR improved from 71 to 73.9 over the last five years but reduced in FY2020 due to needed culvert work. The RSR rating is routinely updated and is expected to remain stable, but without increased investment will decline in the future.

Executive Summary

	Financial Indicator	FY2023
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable
5	Economic Growth Revenues	Stable / Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Stable
8	Employee Benefits	Stable
9	Pension Liability	Favorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserves/Fund Balance	Favorable
13	Capital Investment—Overall fixed asset values	Favorable
14	Capital Investment—Pavement Management	Favorable

FTMS Summary

Current Financial Condition

- Northborough is in relatively good financial condition
- Tax base is strong with good diversification
- Financial Reserves are healthy at 8.2%
- Debt service is manageable at less than 4% of operating budget with preferred Aa1 bond rating
- Reliance on one-time revenues in the operating budget is at the policy target of \$500,000, or less than 1%
- Capital investments were strong leading up to pandemic which allowed for temporary project postponements

FTMS Summary

Potential Emerging Concerns

- Postponement of OPEB funding in FY21 and FY22 requires reassessment and commitment to future investment plans
- Postponement of capital investments in FY21 and FY22, coupled with new large projects must be balanced with tax impacts
- Uncertainty surrounding future levels of State Aid
- Reduced future economic development (new growth) revenues as Town approaches buildout

FY2024 Budget Assumptions

- Taxes include additional increase of \$250K for OPEB to return annual trust fund contribution to \$550K
- State Aid increases 1% over FY2023 Actual
- Local Receipts level funded, less Southborough legal payment
- No additional Free Cash in the operating budget beyond \$500K policy limit
- \$200K Stabilization Fund contribution from Free Cash
- General Government increases 3.5%
- K-8 Schools increase 3.5%
- ARHS Assessment increases 3.5%
- All decisions must be made while maintaining compliance with the Town's adopted Comprehensive Financial Policies (Appendix A of the Budget)

Financial Projections

Overview

- Five-Year Projections
- Assumptions Used for Projections
- Future Tax Impact
- Financial Outlook

Financial Projections

Methodology

- Revenue driven model
 - Based upon the existing revenue sharing model
 - Establishes a revenue ceiling based upon Proposition 2 ½ and backs into the allowable annual budget growth
 - Uses FY2023 as the base and looks out 5 years
- Focuses on the top three revenue sources, or 95%
 - Taxes 82%, State Aid 8%, Motor Vehicle Excise 5%)
- Minimum goal is to maintain level service budget
 - Can we protect and maintain what we have now?
 - Will we be able to address future wants and needs?

Financial Projections

Assumptions

- Taxes increase by allowable Proposition 2 ½
 - New growth \$40 million in value (\$592K in new taxes) for FY2024, \$30 million from FY2025-FY2028
 - Existing unused levy capacity is available for use
- State Aid increases 1% annually
- MVE and other local receipts, projected to increase 2.5% per year from FY2024-FY2028
- Adhere to adopted Financial Policies
 - No one-time revenue gimmicks
 - Maintain financial reserves
 - Continue to invest in Capital Improvement Plan (CIP)

Financial Projections

Assumptions (con't)

- OPEB funding returned to budget in FY2024 at \$550,000 and assumes \$600,000-\$650,000 annually from FY2025-FY2028
- Debt service for major capital projects included
 - Fire Station Project \$25M
 - Proctor Roof \$1.7M
 - Fire Engine \$900K
 - DPW Tight Tank \$400K
 - ARHS Athletic Complex \$4.77M (61% of \$7.82M project)
 - Peaslee Feasibility \$800K
- Key budget increases
 - NB K-8 Schools, ARHS Assessments & General Government 3.5% annually
 - Assabet 5% increase FY2024, then 3.5% annually
 - Attempt is to maintain level services

Does Not include:

- Town Offices Project
- Downtown Master Plan Projects
- Sidewalk Plan/Complete Streets
- White Cliffs

Five-Year Expense Projections

		FY2024 Projection	FY2025 Projection	FY2026 Projection	FY2027 Projection	FY2028 Projection
<u>General Fund Expenses</u>						
<u>Education</u>						
	Northborough K-8	27,627,206	28,594,159	29,594,954	30,630,778	31,702,855
	Algonquin 9-12 Operating	13,282,669	13,747,563	14,228,728	14,726,733	15,242,169
	ARHS Ad/Ren Debt	653,069	660,000	660,000	660,000	-
	ARHS Athletic Complex Debt	-	715,975	692,109	668,244	644,378
	Assabet	1,247,984	1,291,663	1,336,872	1,383,662	1,432,090
	Assabet Debt Service	126,176	122,348	118,520	115,458	113,161
	Education Subtotal	42,937,105	45,131,707	46,631,182	48,184,874	49,134,652
<u>Town Budget</u>						
	General Government Budget	25,359,532	26,247,115	27,165,764	28,116,566	29,100,646
<u>Debt for major projects</u>						
	Other Debt Excluded Debt Service	605,560	580,605	560,810	525,820	504,685
	Lincoln St Sch Bldg Debt Exclusion	973,975	949,275	924,575	901,725	878,875
	Proctor School Roof	-	255,000	246,500	238,000	229,500
	Peaslee School Renovation	-	4,000	36,000	186,000	815,000
	Fire Station Debt Service	325,500	2,804,500	2,731,500	2,658,500	2,585,500
	Fire Engine	-	135,000	130,500	126,000	121,500
	DPW Tight Tank	-	60,000	58,000	56,000	54,000
<u>Other Funds</u>		860,000	860,000	860,000	860,000	860,000
<u>OPEB Trust</u>		550,000	600,000	600,000	650,000	650,000
<u>Stabilization Fund</u>		200,000	200,000	200,000	200,000	200,000
<u>Reserve Fund</u>		175,000	175,000	175,000	175,000	175,000
<u>Free Cash Capital Articles</u>		1,065,073	-	-	-	-
<u>ARPA Funded</u>		TBD				
Total General Fund Expenses		73,051,743	78,002,203	80,319,831	82,878,485	85,309,358
Net Excess/(Deficit)		0	0	0	0	0

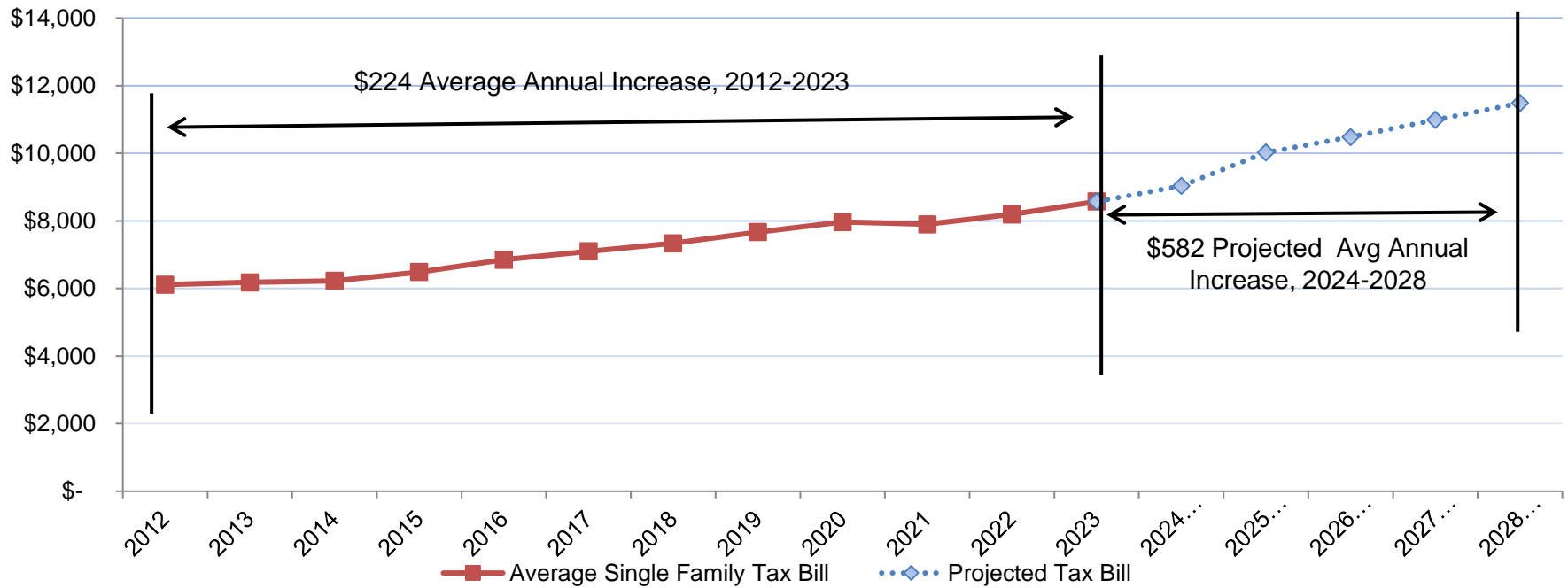
Five-Year Revenue Projections

		FY2024 Projection	FY2025 Projection	FY2026 Projection	FY2027 Projection	FY2028 Projection
<u>General Fund Revenues</u>						
	Prior Year Levy Limit	60,232,198	62,329,603	64,333,055	66,425,831	68,583,069
	2.5%	1,505,805	1,558,240	1,608,326	1,660,646	1,714,577
	New Growth	591,600	445,212	484,451	496,591	510,296
	Levy Limit	62,329,603	64,333,055	66,425,831	68,583,069	70,807,941
	Other Debt Exclusions	542,756	580,605	560,810	525,820	504,685
	ARHS Addition/Renovation	641,488	660,000	660,000	660,000	-
	Lincoln St Sch Bldg Debt Exclusion	973,476	948,821	924,167	901,357	878,546
	Peaslee School Renovation	-	4,000	36,000	186,000	815,000
	Fire Station Debt Exclusion	314,312	2,804,500	2,731,500	2,658,500	2,585,500
	Maximum Levy	64,801,635	69,330,981	71,338,308	73,514,745	75,591,673
	Unused Levy Capacity	(4,367,399)	(3,039,387)	(2,887,841)	(2,664,968)	(2,470,960)
Total Tax Levy		60,434,236	66,291,594	68,450,467	70,849,777	73,120,713
Federal Aid	ARPA	TBD				
State Aid	Cherry Sheet	5,817,434	5,875,608	5,934,364	5,993,708	6,053,645
Local Receipts		4,000,000	4,100,000	4,200,000	4,300,000	4,400,000
Fund Balance Allocations & Transfers						
	Free Cash - Operating Budget	500,000	500,000	500,000	500,000	500,000
	Free Cash - Appropriated Reserve	175,000	175,000	175,000	175,000	175,000
	Free Cash - Transfer to Stabilization	200,000	200,000	200,000	200,000	200,000
	Free Cash - Capital/Other	1,065,073	-	-	-	-
	Other Available Funds	860,000	860,000	860,000	860,000	860,000
Total General Fund Revenues		73,051,743	78,002,202	80,319,832	82,878,485	85,309,358

Projected Tax Impact

		FY2024	FY2025	FY2026	FY2027	FY2028
		Projection	Projection	Projection	Projection	Projection
<u>Projected Tax Impact</u>						
	Tax Base / Valuation	4,072,280,231	4,105,160,956	4,135,218,570	4,165,219,723	4,195,219,746
	Avg Single Fam	608,789	620,965	633,384	646,052	658,973
	Tax Rate	14.84	16.15	16.55	17.01	17.43
	Avg Tax Bill	9,035	10,028	10,484	10,989	11,486
	Increase (\$)	459	993	457	505	496
	Increase (%)	5.4%	11.0%	4.6%	4.8%	4.5%
Note: Tax Impact assumes a 5% increase in FY24, 2% increase in Single Family Home Values annually FY2025-FY2028; Valuation reflects \$40M						
New Growth in FY2024 and \$30M from FY2025-2028 and corresponding growth in residential values						

Historic & Projected Tax Bills



Financial Projections

Financial Outlook

- Budgets increase minimally to maintain services
 - No significant staffing or service level increases
- Existing \$4.79M unused levy capacity drawn down to maintain level services
- Taxes increase between 4.5% to 11.0% annually
 - FY2024 assumes 5% increase in single family home valuations
- Assumes no major budget “surprises”

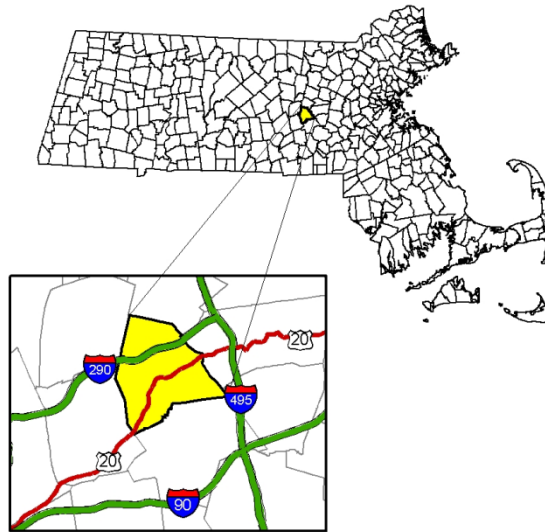
Conclusion

- Postponement of OPEB funding will require reassessment of future investment plans
- Large capital projects and Master Plan priorities will require reassessment of future Capital Improvement Plans
- Continue to monitor Health Insurance costs
- Continue assessing our Financial Condition, work collaboratively to address Town-wide issues, and strive to balance departmental needs with the impact on the taxpayer



Financial Trend Monitoring Report

QUESTIONS?



FTM Report covers the period July 1, 2012 (FY2013) through June 30, 2023 (FY2023)