



**FISCAL YEAR 2025
PROPOSED MUNICIPAL BUDGET
PUBLIC HEARING**

March 25, 2024

FY2025 Budget Highlights

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- Balanced FY2025 Budget
 - Process
- Taxes increase within Prop 2½ with excess levy capacity available for use
- No financial reserves used beyond \$500K in Free Cash per Town policy
- Fund OPEB Trust Fund at \$600,000 (FY2024 was \$550,000)
- Contributing \$200,000 to Stabilization Fund to maintain reserve ratios
- Continue funding needed Capital Projects

Revenue Assumptions for FY2025

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- Tax Receipts increase under prop 2 1/2
 - New growth at \$30 million value, \$428,400 revenue
- Local Receipts increased to \$4.40 million up from \$4,096,299
- State Aid estimated at \$6.02 million up from \$5,929,537
 - Governor's Budget released 1/24 includes 1.46% increase
 - House & Senate Budget process ongoing
 - We are conservative in state aid
- Other Available Funds include \$500,000 in Free Cash to be used in the operating budget per policy target

FY2025 Budget – New Revenues

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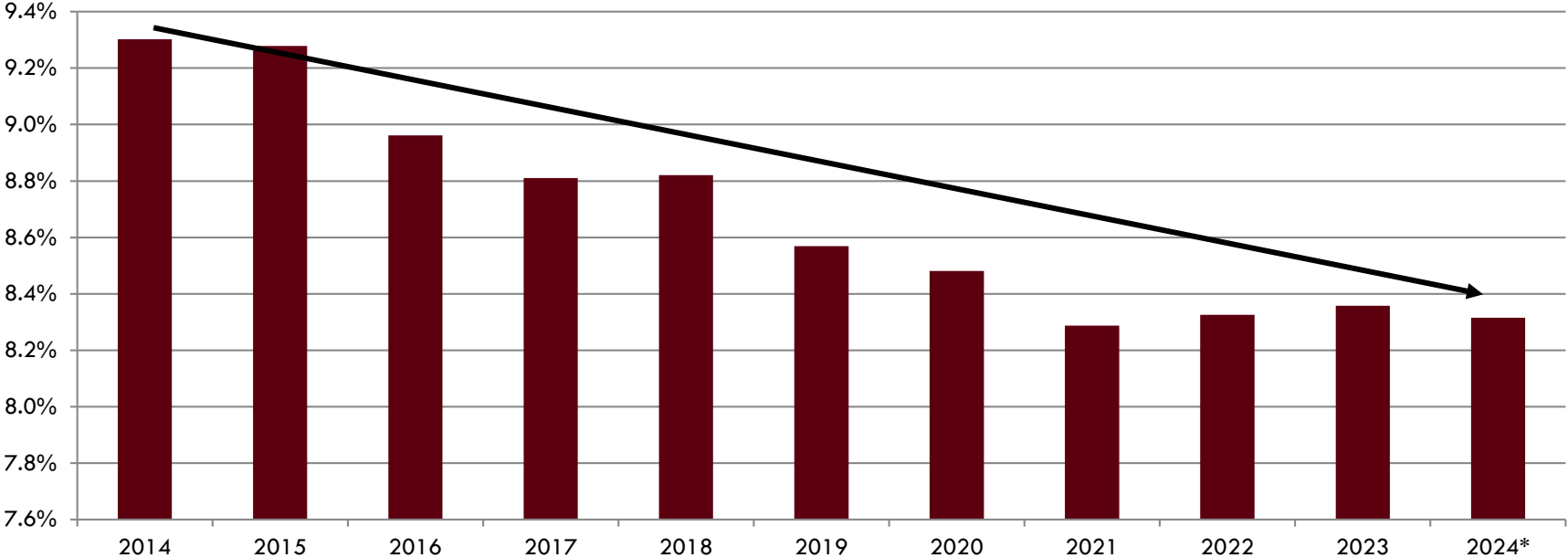
□ Property Taxes	
▣ Proposition 2½ Increase:	\$1,558,606
▣ <u>New Growth (\$30M Value):</u>	<u>\$ 428,400</u>
▣ Subtotal:	\$1,987,006
□ State Aid	
▣ Governor’s Budget (1.46%)	\$ 86,512
□ Local Receipts	
▣ <u>Increased Investment Income</u>	<u>\$ 400,000</u>
TOTAL “NEW” REVENUE	\$2,473,518

FY2025 State Aid Forecast

- Governor's FY2025 Budget released on January 24th includes 1.46% increase for Northborough
- Chapter 70 Education Aid represents 71% of State Aid Unrestricted General Government Aid represents only 23% of State Aid and is only increasing 3%
- Any State Aid received above the Town's estimate can only be used to reduce taxes

State Aid

State Aid as a % of Operating Revenues



Community Demographics FY2024

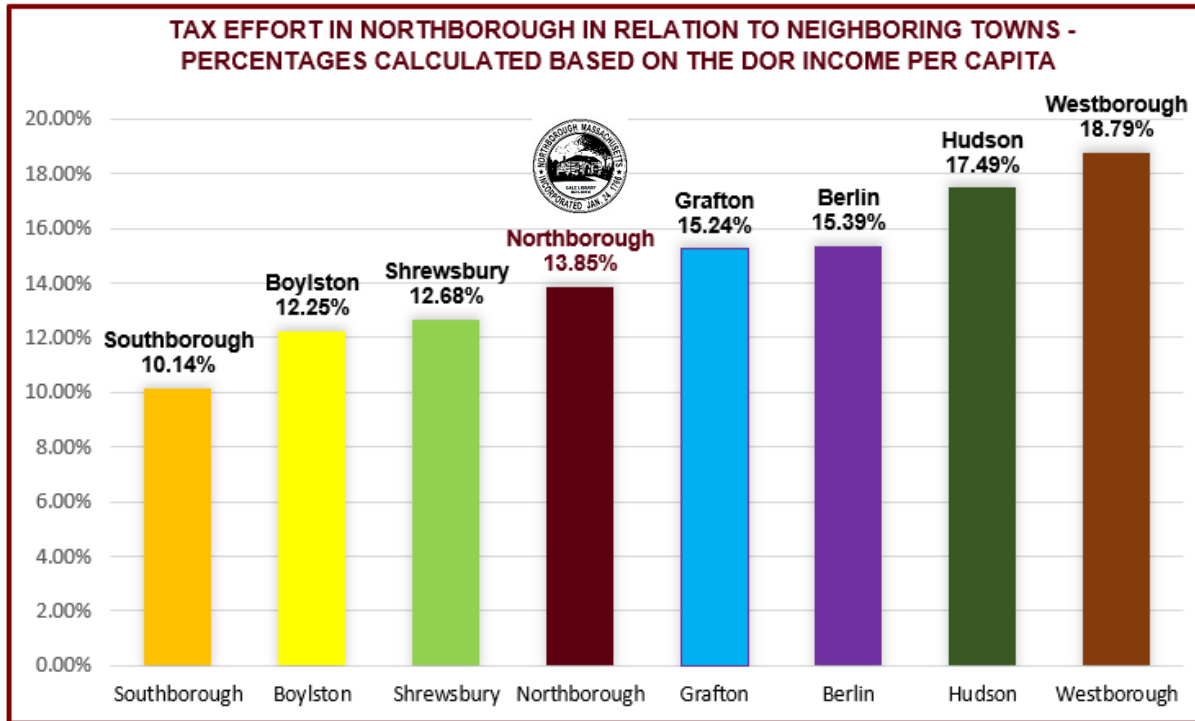
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Item	
Population	15,600+
Average home value	\$624,468
Average tax bill	\$8,917
Total property value	\$4.255B+
Single tax rate	\$14.28 / \$1,000
<u>Residential / CIP</u> (Commercial Industrial Property)	73% / 27%
Income Tax	1,008,916,000
Bond rating	Moody's AA1

Surrounding Communities

Municipality	Population	FY2024 ASFHV	Per Capita Income	2024 Bill	Tax Effort	2023 Rank
Hudson	19,790	\$555,573	\$44,478	\$7,778	17.49%	109
Boylston	4,882	\$581,920	\$65,579	\$8,036	12.25%	92
Berlin	3,674	\$653,359	\$54,143	\$8,330	15.39%	91
Shrewsbury	38,999	\$667,316	\$44,478	\$8,261	12.68%	89
Grafton	19,756	\$596,235	\$55,978	\$8,532	15.24%	82
Northborough	15,667	\$624,468	\$64,398	\$8,917	13.85%	70
Westborough	21,499	\$711,740	\$62,154	\$11,680	18.79%	36
Southborough	10,421	\$893,361	\$122,554	\$12,427	10.14%	28

Tax Effort



Northborough's Tax Stats

DOR
(Department of Revenue)
Income Per Capita:
\$64,398

Fiscal Year 2024 ASFHV
(Average Single Family
Home Value):
\$624,468

Tax Bill: \$8,917

Tax Effort: 13.85%

Northborough's tax effort of 13.85% indicates that for every \$1 of income per capita, \$0.1385 goes towards taxes. As displayed in the graph above, Northborough's tax effort is lower than some neighboring municipalities like Berlin, Grafton, and Hudson, but slightly higher than others like Boylston and Shrewsbury. However, it is notably lower than the overall average tax effort of 14.48% among the listed municipalities.

Considering Northborough's tax effort is below the average and comparable to other municipalities, it suggests that property taxes in Northborough are reasonable, especially given its moderate DOR income per capita and FY2024 ASFHV.

FY2025 Budget – Revenues

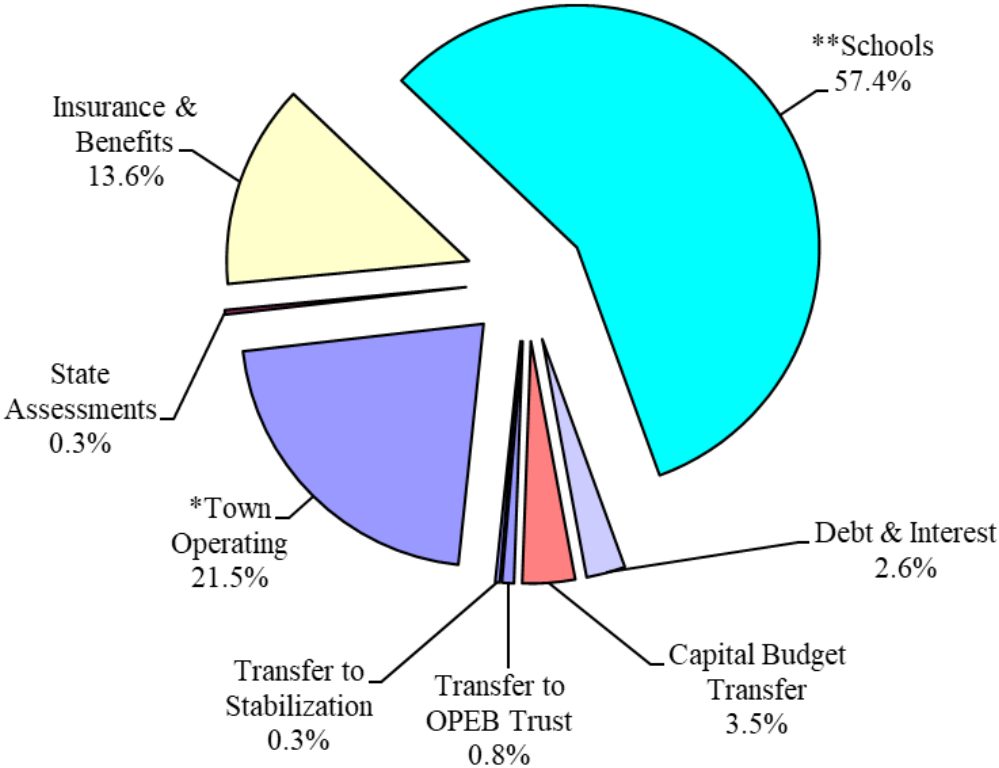
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- Property Taxes – Levy Capacity
 - ▣ Prior Year Unused Capacity: \$4,046,499
 - ▣ Used to Balance Budget: -1,909,543
 - Remaining: \$2,136,956
- Transfers- Underwrite Town Departments
 - ▣ Fire Dept Revolving \$ 377,861
 - ▣ Cable Receipts Reserved \$ 300,847
 - ▣ Recreation \$ 100,000
 - ▣ All Other Estimated \$ 158,935
 - Total Transfers/Other Funds \$ 937,643

FY2025 Proposed Budget

EXPENDITURES	FY2024 Budget	FY2025 Proposed	Variance	% Change
General Government (Town)	\$25,476,532	\$27,422,535	\$1,946,003	7.64%
Schools				
Northborough K-8	\$28,001,227	\$29,119,597	\$1,118,370	3.99%
Algonquin Reg. HS 9-12	\$14,072,539	\$15,193,847	\$1,121,308	7.97%
Assabet Valley	\$1,301,581	\$1,409,186	\$107,605	8.27%
Warrant Articles				
Tax Levy Funded	\$0	\$10,000	\$10,000	
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Transfer to Stabilization	\$200,000	\$200,000	\$0	0.00%
Overlay Surplus Capital	\$0	\$600,000	\$600,000	
Free Cash Capital Projects	\$1,105,000	\$2,197,920	\$1,092,920	98.91%
Transfer to OPEB Trust	\$550,000	\$600,000	\$50,000	9.09%
Library Debt Service	\$288,895	\$278,115	-\$10,780	-3.73%
Senior Center Debt Service	\$316,665	\$302,490	-\$14,175	-4.48%
Lincoln Street Debt Service	\$973,975	\$949,275	-\$24,700	-2.54%
Fire Station Debt Service	\$338,500	\$338,500	\$0	100.00%
Other Funds	\$891,826	\$937,643	\$45,817	5.14%
Adjustments	-\$23,648		\$23,648	-100.00%
Subtotal General Fund	\$73,668,092	\$79,734,108	\$6,066,016	8.23%
Water Enterprise Funds	\$2,772,795	\$2,910,441	\$137,646	4.96%
Sewer Enterprise Fund	\$2,508,481	\$2,760,246	\$251,765	10.04%
Solid Waste Enterprise Fund	\$1,040,684	\$1,302,650	\$261,966	25.17%
Subtotal Enterprise Funds	\$6,321,960	\$6,973,337	\$651,377	10.30%
TOTAL ALL FUNDS	\$79,990,052	\$86,707,445	\$6,717,393	8.40%

Fiscal Year 2025 Expenditures



*Town Expenditures include Reserves for Abatements, Appropriation Reserve Fund, and Offsets
**School Expenditures include Northborough K-8 School operations, Algonquin Regional High School operations, Algonquin Regional High School Debt Service & Assabet Valley Assessment

FY2025 Budget – Expenditures

- School Budget Requested Increases

■ K-8 School Department	3.99%	\$1,118,370
■ ARHS Assessments	7.97%	\$1,121,308
■ <u>Assabet Assessments</u>	8.7%	<u>\$ 107,605</u>
Total Requests		\$2,347,283
		(\$346)

FY2025 Budget – Cost to SFH

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■ Town Budget Fixed Cost Increases		<u>SFH</u>
■ Health Ins	\$ 271,830	(\$40)
■ WRRS Retirement Assessment	\$ 312,374	(\$46)
■ Solid Waste Subsidy	\$ 251,840	(\$37)
■ <u>All Other Fixed Costs</u>	\$ 101,970	<u>(\$15)</u>
Subtotal	\$ 938,014	(\$138)
■ Town Department Requests		
■ <u>Current Total</u>	\$1,007,989	<u>(\$144)</u>
■ Total Town Budget Increase	\$1,993,004	(\$282)

FY2025 Budget – New Positions

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□ Police Department – Patrol Officer	\$ 78,840
▣ Reduce Sergeant/Add Lieutenant	\$ 24,083
□ Town Accountant	\$112,320
□ Town Clerk (19 hours)	\$ 25,083
□ DPW Admin Assistant (50% Enterprise)	\$ 33,408
□ Assistant Library Director	\$ 78,000
▣ Increase Library Assistant hours	\$ 13,314
□ <u>Health Insurance Benefits (4.5 FTE)</u>	<u>\$ 96,965</u>
Total	\$462,013
	(\$68)

FY2025 Budget – Tax Impact

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- ▣ Tax Impact to an ASFHV \$655,691
 - Fixed costs make up 1.55% or \$138
 - School budgets make up 3.88% or \$346
 - Town department requests make up 1.66% or \$148
 - New revenue & other effects reduce by .21% or -\$18
 - **As presented: 6.88% or \$614 (\$8,917 to \$9,531)**

FY2025 Budget – Reserves

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□ Fund Balances / Free Cash Plan

□ Certified Free Cash	\$3,572,920
□ Proposed Capital Plan	- \$2,197,920
□ Operating Budget	- \$ 500,000
□ Appropriations Reserve Fund	- \$ 175,000
□ <u>Transfer to Stabilization</u>	<u>- \$ 200,000</u>
Remaining	\$ 500,000

□ Status of Reserves

□ <u>Stabilization Fund (12/2023)</u>	<u>\$ 5,674,690</u>
□ Reserves with Free Cash	\$ 6,374,690
□ Versus \$80M Budget = 8% (within 5-10% per policy)	

FY2025 Budget – Capital Plan

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- ▣ \$5,389,077 Requests
- ▣ Free Cash \$2,197,920
 - Tax Levy \$242,077 (ARHS Capital)
 - Other Funds \$810,839
 - Includes Overlay Surplus \$600,000, Existing Articles \$172,000, Water Revenues \$20,000, & Premium Reserves \$18,839
 - Enterprise Funds Free Cash \$492,399
 - Borrowing Authorizations \$1,645,842
 - Includes Peaslee School Feasibility \$900,000 & Fire Department Rescue 1 \$745,842

FY2025 Budget – Capital Plan

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- \$5,389,077 Requests
 - Police Department \$140,000 (1 Article/2 Cruisers)
 - Fire Department \$1,250,000 (1 Truck)
 - DPW Facilities \$870,000 (3 Projects)
 - DPW Highway \$1,335,000 (5 Articles)
 - DPW Water/Sewer \$520,000 (2 Articles)
 - K-8 School Department \$1,032,000 (4 Articles)
 - Includes \$900,000 Peaslee Feasibility Borrowing Auth
 - ARHS \$242,077 (Capital within Assessment)

FY2025 Budget – Revenues

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- General Fund's Fund Balance / Free Cash Plan
 - Free Cash Plan - \$3,572,920 Certified
 - Use \$3,072,920 to
 - Fund Capital
 - Reserve Fund
 - Stabilization
 - apply \$500k to Operating Budget,
 - leave \$500k remaining in reserves

Conclusion

- The FY2025 Budget is balanced and within the confines of Prop 2 ½ and Town policies
- Maintains core departmental services and missions
- Add staff based on need and affordability to build in succession planning and add depth in departments.
- Funds OPEB: Liability \$32.5M
 Trust Fund \$6.1M as of 2/29/2024
- Fund stabilization
- Fund capital plan

Questions or Comments

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FY2025 Budget – Commercial & Industrial Tax Base

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60,770,429	Estimated Levy
624,468	Avg Res Value

Residential	3,104,019,303
CIP sub total	<u>1,151,613,025</u>
	4,255,632,328
0.01428	Single Tax Rate
\$8,917.40	FY24 Tax Bill

Residential	3,104,019,303	
CIP sub total	<u>1,094,032,374</u>	(Reduced 5%)
	4,198,051,677	
0.01448	Single Tax Rate	
		Increase
\$9,039.71	Adj Tax Bill	\$122.31

Residential	3,104,019,303	
CIP sub total	<u>1,036,451,723</u>	(Reduced 10%)
	4,140,471,026	
0.01468	Single Tax Rate	
		Increase
\$9,165.43	Adj Tax Bill	\$248.02