

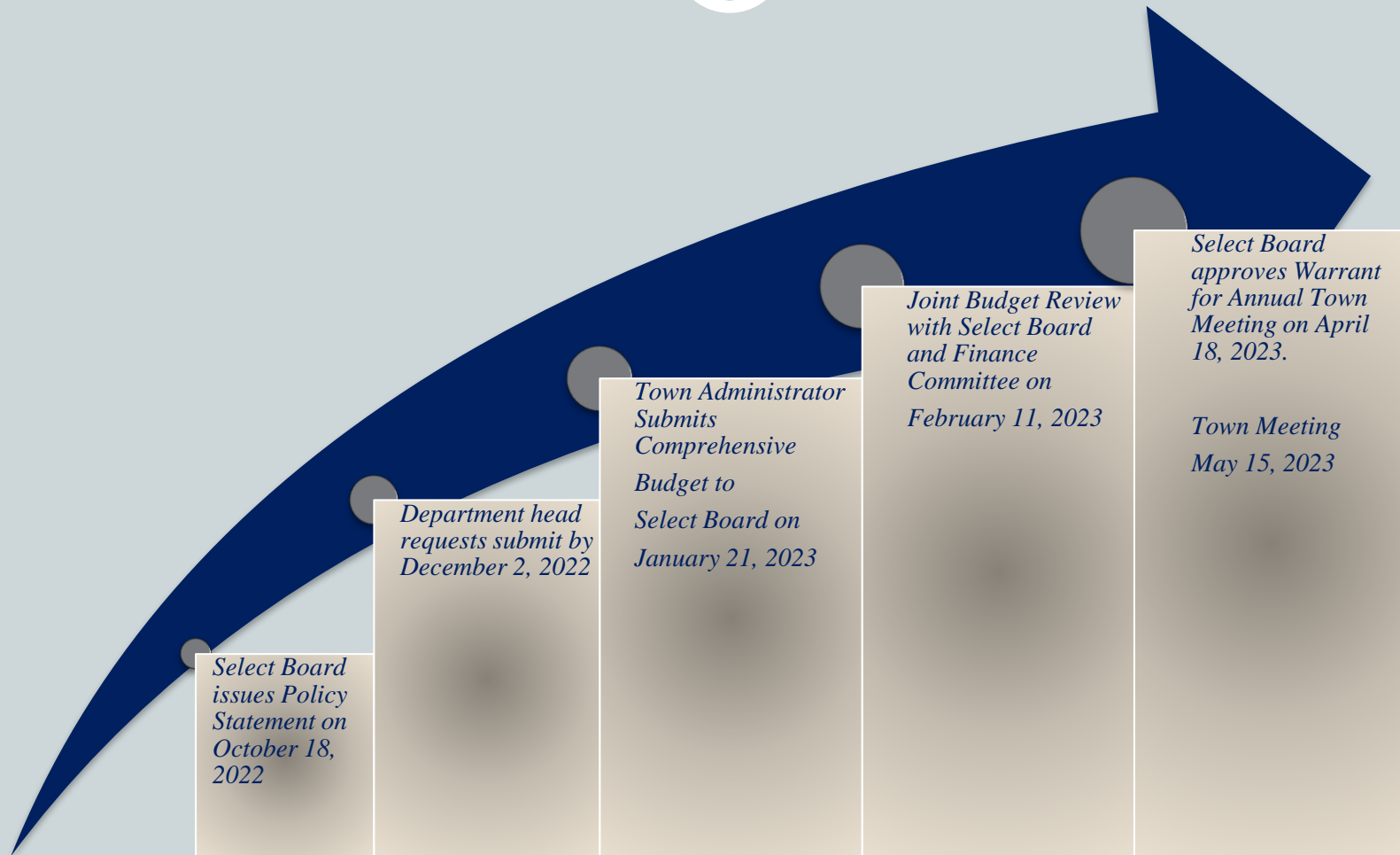


# JOINT BUDGET REVIEW FISCAL YEAR 2024 Town Administrator's Recommended Budget

Greg Johnson, Town Administrator

# Budget Process

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# December 31, 2022 – 1/2 way there

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- Year-to-date budget is on target
- Total expenditures at 46.75%; (47.82% after removing debt which has timing fluctuations)
- Received \$24.25 million in revenue receipts in the General Fund as of December 31, 2022 this is 49.97% of FY2023 target revenues.



Fiscal Year 2024  
Town Administrator  
Recommended Budget

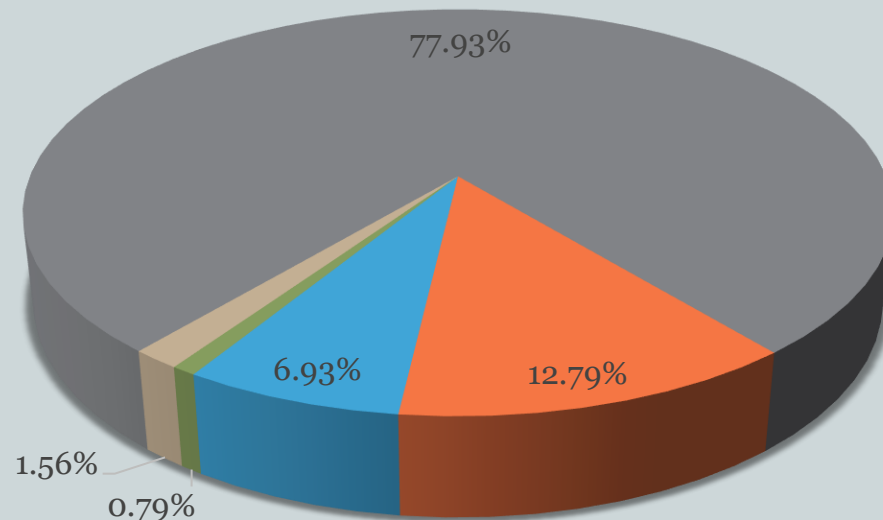


# BUDGET SOURCES

# Summary Budget Sources

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## Revenue Sources



- Real Estate and Personal Property
- State Aid
- Local Receipts
- Other (PEG, Bond Premium Reimb)
- Indirect Transfers (Water, Sewer, Ambulance)

# Summary of Budget Sources

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Revenue Type	Amount
Real and Personal Property Taxes	\$ 38,698,508
State Aid*	5,933,798
Local Receipts	3,215,380
Indirect Charges (Water/Sewer)	821,351
Transfers From PEG Access	210,000
Ambulance Enterprise Transfer	40,000
Amortization of Bond Premium	<u>21,550</u>
<b>Total Budget Sources</b>	<b><u>\$ 48,940,587</u></b>

\*State Aid is inconclusive: Presented figure estimating 2.5% revenue and assessments; and no current MSBA reimbursements (debt for Fowler School paid)

# Real and Personal Property Taxes

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LEVY COMPONENT	AMOUNT
Levy Limit 2023	\$ 34,986,734
Proposition 2 ½ % increase	874,668
New Growth Estimate	300,000
Debt Exclusions	2,537,106
Maximum Allowable Levy FY24	\$ 38,698,508



# New Growth

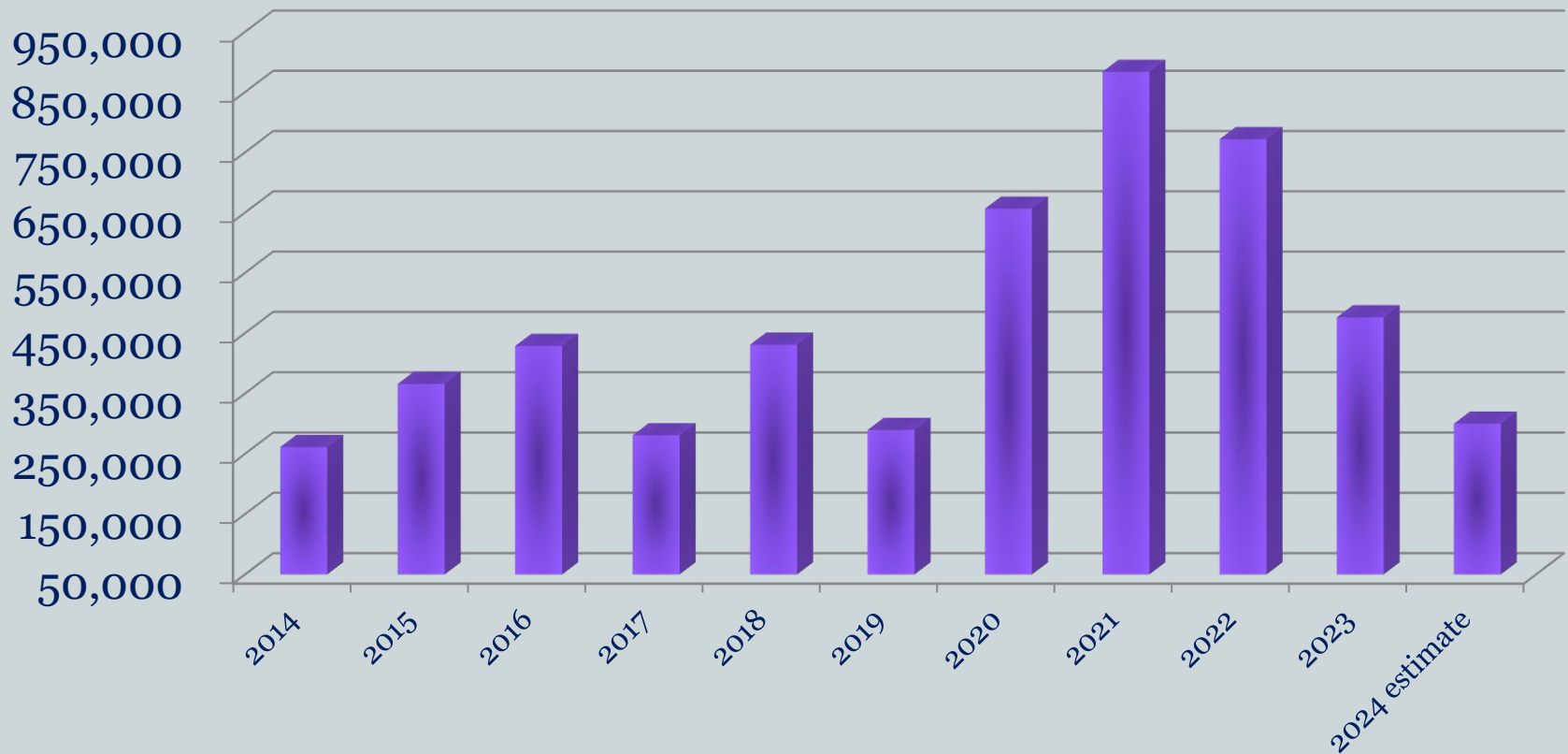
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- Estimate \$300,000
- Based on permit activity and active projects
- Reflects conservative estimate
- Final amounts are not available until after the budget has been presented to Town Meeting

# New Growth

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## Historic New Growth \$



# State Aid and MSBA

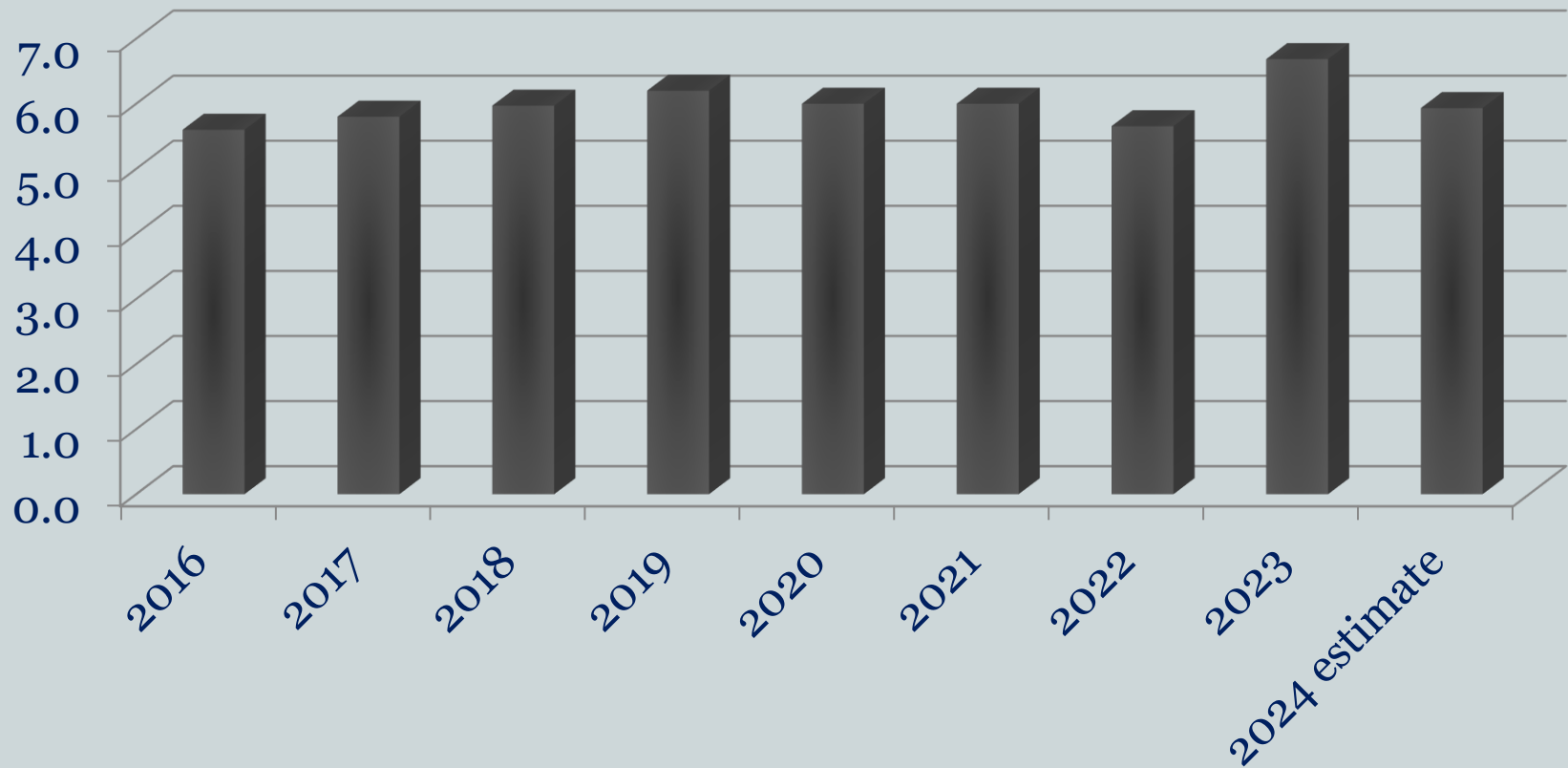
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- FY24 Governor's state budget allocation to Maynard is unknown.
  - New Administration expected to announce "House 1" budget in March 2023
  - Includes General Government Aid and School Reimbursements, less assessments
  - TA Budget (submitted Jan. 21<sup>st</sup>) had projected increase of 2.5% from FY2023
    - In reaction to Gov's Budget, TA will recommend adjustments to the Select Board
  - House and Senate Ways and Means Committees, then Joint Committee, will submit their versions
    - Recommendations for town budget adjustments can be provided
- MSBA reimbursements for Fowler School construction concluded in FY23
  - The High School construction project was on a pay-as-you construct basis and has all been distributed w/ no additional debt burden

# Historic State Aid

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## State Aid in millions



# Local Receipts Projections

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Receipt Type	Amount
Motor Vehicle excise	\$ 1,402,500
Meals Tax excise	185,000
Penalties and interest	100,000
Payment in lieu of taxes	28,560
Licenses and permits	300,000
Fines and forfeits	51,000
Investment income	35,000
Solid Waste Fees	570,000
Other (Fees, Rentals, etc.)	218,320
Medicaid	125,000
Marijuana Excise Tax	200,000
<b>Total Local Receipts</b>	<b>\$ 3,215,380</b>

# Indirect Charges

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- Charges incurred by the General Fund on behalf of the Water and Sewer Enterprise Funds
- Allocated back to Water and Sewer Enterprise Funds based on a reasonable and methodical allocation process
- Includes administrative fees such as Accounting, Treasury, Collector, and Data Processing etc. as well as employee benefits
- Total indirect charges projected \$821,351

# Transfers From Other Funds - Ambulance Receipts

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- Annually, amounts are transferred from the “Ambulance Receipts Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of the ambulance services and capital repairs or replacement which are charged directly to the General Fund within the Fire Department appropriation
- Approved appropriations for a new ambulance and acquisition to replace 21-year old Fire Pumper, has led to reduction of transfer into General Fund over past years
- FY24 proposed amount to transfer to the Gen Fund is **\$40,000** for ambulance operations

# Transfers From Other Funds - PEG Access Funds

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- Annually, amounts are transferred from the “PEG Access Reserved for Appropriation Fund” to the General Fund
- This may be used to subsidize the cost of cable-related services, benefits, IT and associated infrastructure which is charged directly to the General Fund
- FY24 proposed transfer amount is **\$210,000**
  - **100%** to offset School operations/programming
  - In the past, less than 10% was expended for town departments' operations
- Current balance of revenue v expenses is forecasted as a loss as in FY24 in the amount of \$(136,434)
  - Negotiations with Verizon may impact balance further.



# Amortization of Bond Premium

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- Typically, when a municipality issues bonds, proposers offer premiums with the sale
- These premiums become revenue to the municipality at the time of sale
- When the premium arises from an excluded debt situation, the Department of Revenue (DOR) does not allow the use of this revenue all in one year
- Therefore the premium is required to be amortized over the length of the debt payback
- In the FY23 budget, the Town is using **\$23,973** as a budget source against debt service as the current year amortization

# Debt Exclusion

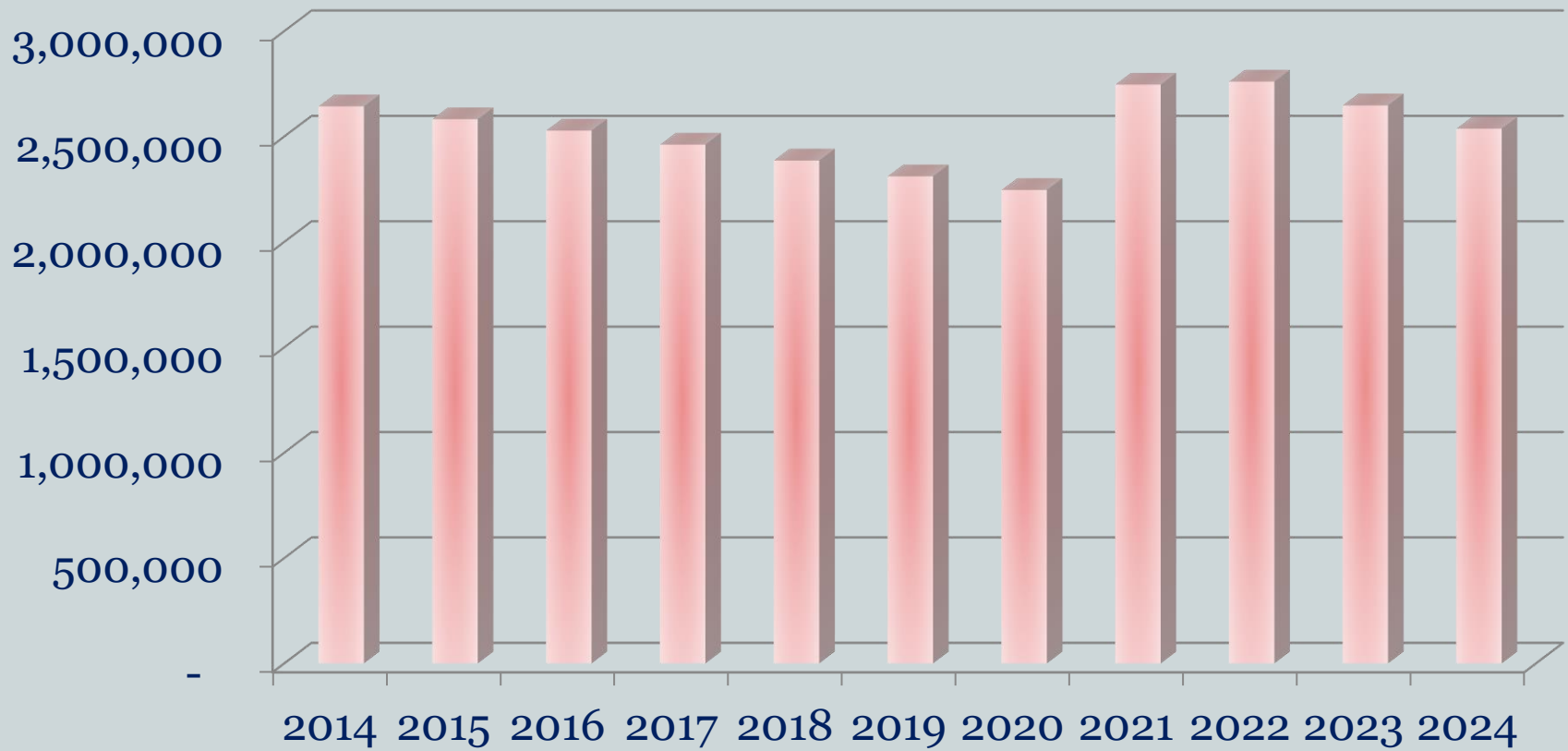
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- It is challenging for the Town to carry out a sufficient capital improvement plan without assistance from the taxpayer outside the boundaries of Proposition 2 1/2
- This is accomplished through debt exclusions, which, when approved by the voters, allows the Town to assess taxes above the Proposition 2 1/2 limits set by law
- Revenue for debt exclusion amounts for fiscal 2023 equal \$2,647,495
- Total debt service for 2023 is expected to be \$3,734,627 for governmental funds (excluded and non-excluded debt)
- Debt service for Enterprise funds for FY2023 is proposed to be \$647,485 for Water and \$778,123 for Sewer

# Historic Debt Exclusion

20

## Excluded debt amount (millions \$)





# BUDGET USES

# Summary Budget Uses

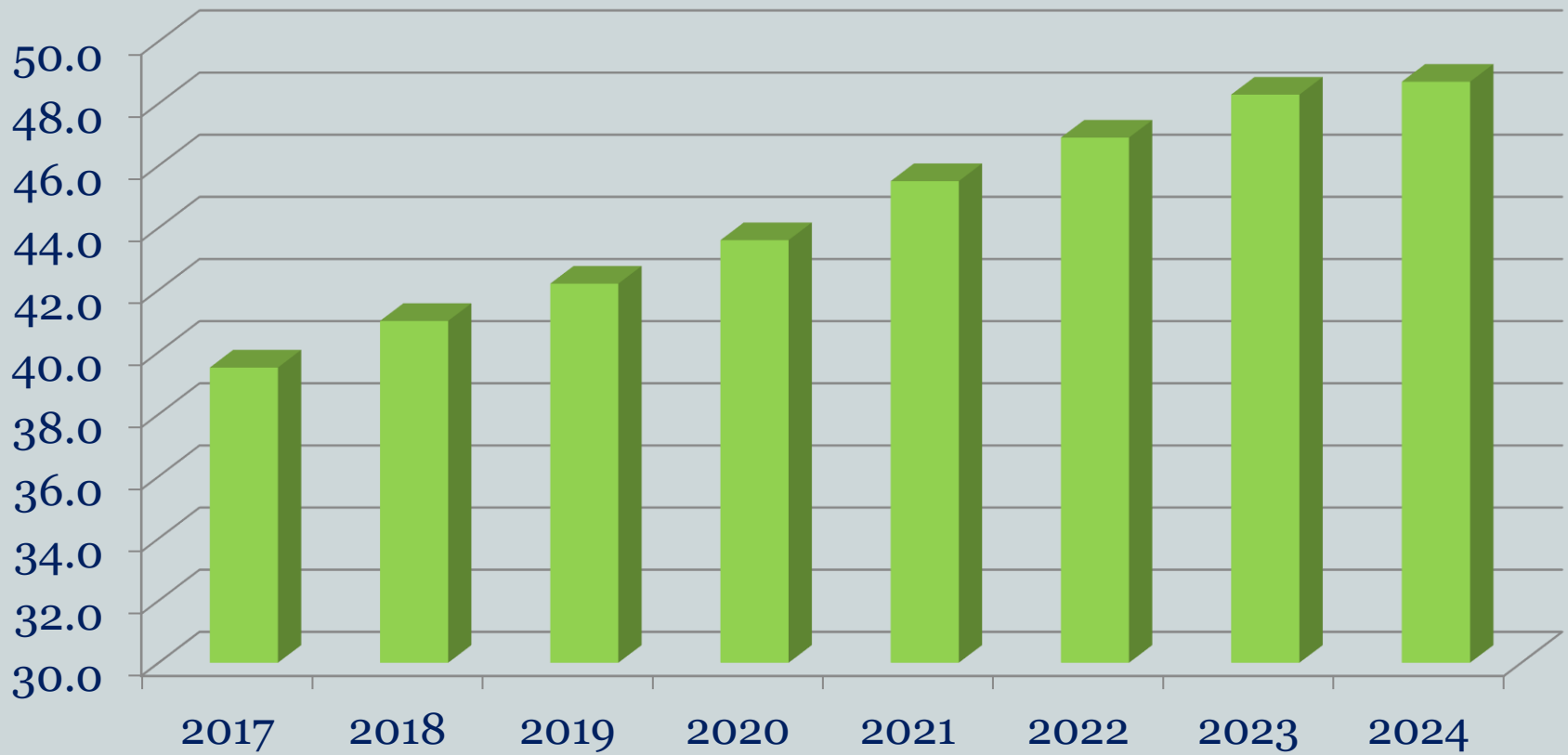
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	FY2020	FY2021	FY2022	FY2023	FY2024	Budget	FY23
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	FY2023 vs	% vs
					TA Recommended	FY24	FY24
TOTAL EXPENSES							
General Government	\$2,908,545	\$2,952,058	\$3,334,360	\$3,513,855	<b>\$3,565,436</b>	\$51,581	1.47%
Public Safety	\$5,017,543	\$5,098,744	\$5,116,894	\$5,253,418	<b>\$5,311,668</b>	\$58,250	1.11%
Public Works	\$2,082,146	\$2,135,089	\$2,152,847	\$2,504,663	<b>\$2,579,839</b>	\$75,176	3.00%
Cultural & Recreation	\$577,274	\$590,844	\$601,344	\$640,750	<b>\$637,348</b>	(\$3,402)	-0.53%
Education - Maynard	\$19,490,953	\$20,292,760	\$21,136,261	\$21,666,408	<b>\$22,229,735</b>	\$563,327	2.60%
Education - Assabet	\$1,122,297	\$1,223,163	\$1,250,559	\$1,190,983	<b>\$1,220,758</b>	\$29,775	2.50%
Employee Benefits	\$8,302,255	\$8,619,816	\$8,767,577	\$9,153,590	<b>\$9,880,480</b>	\$726,890	7.94%
Debt Service	\$3,467,245	\$3,954,218	\$3,917,324	\$3,744,627	<b>\$2,678,889</b>	(\$1,065,738)	-28.46%
Reserve Fund	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$250,000</b>		
PEG Access	\$365,398	\$360,574	\$366,434	\$366,434	<b>\$346,434</b>	(\$20,000)	-5.46%
TOTAL EXPENSES	\$43,583,656	\$45,477,266	\$46,893,600	\$48,284,728	<b>\$48,700,587</b>	\$415,859	0.86%

# Annual Budget Comparison

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## Annual Budget (millions)

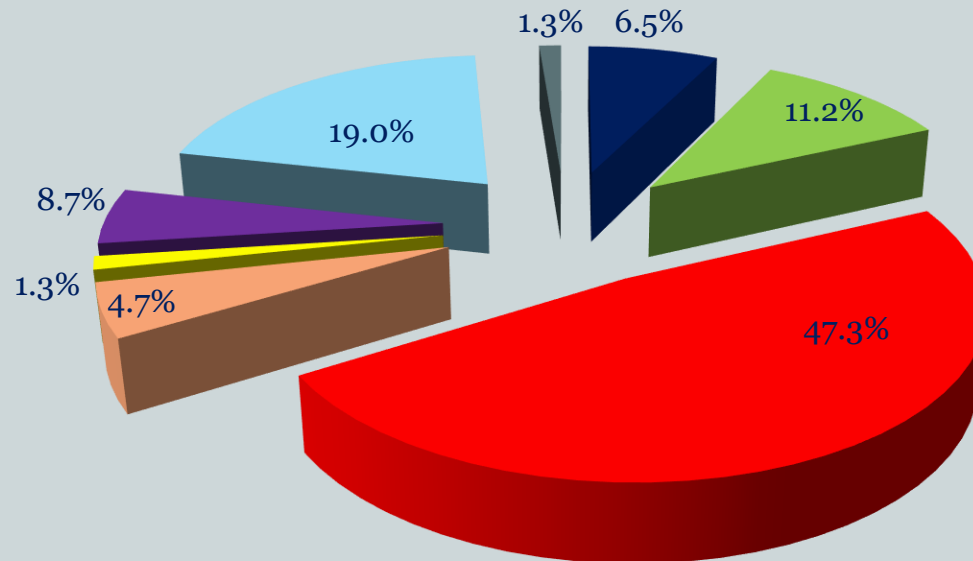


# Summary Budget Uses

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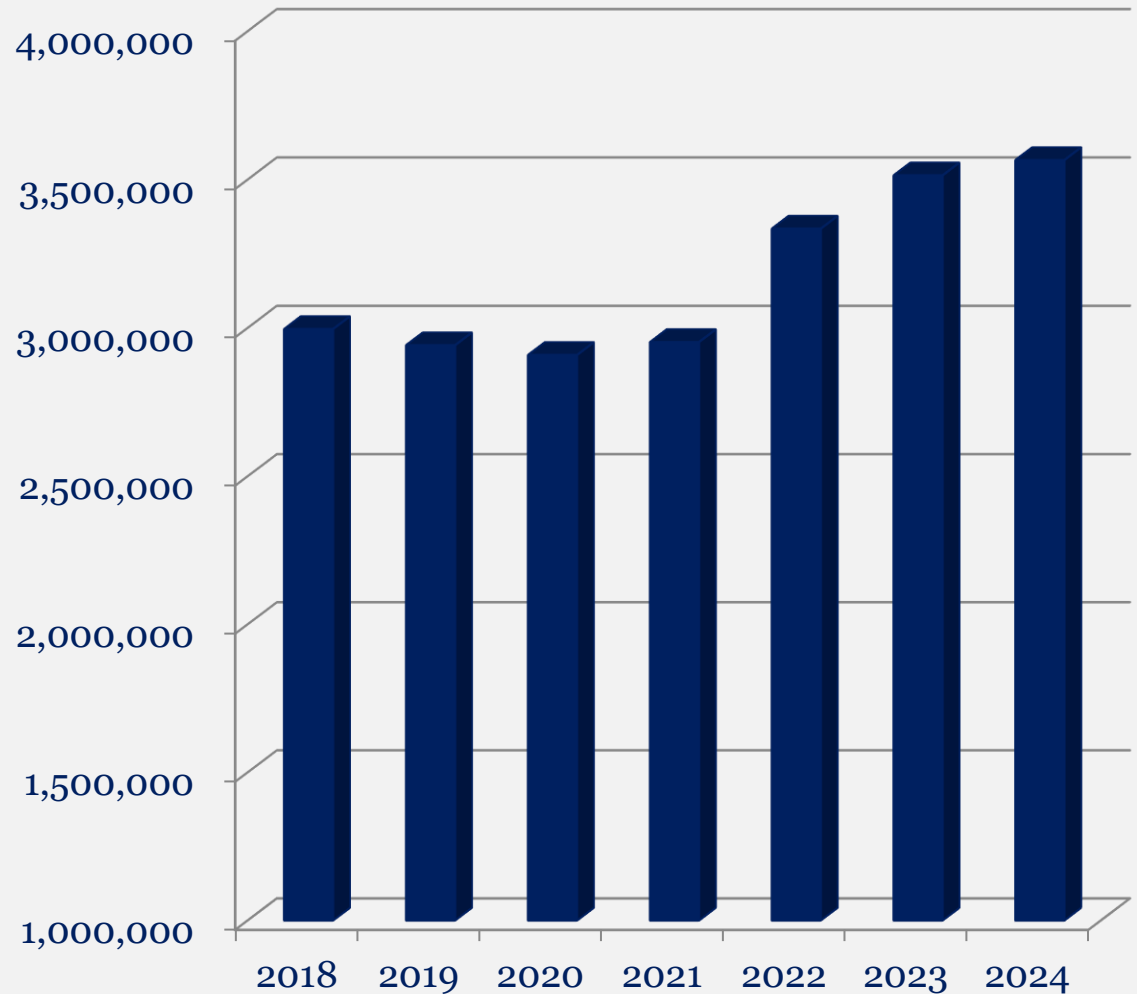
## Budget Uses by Function

- General Government
- Education
- Culture and Recreation
- Fringe Benefits and Other
- Public Safety
- Public Works
- Debt Service
- Other Budget Uses (PEG, Reserve)



- ❑ An increase of \$51,581 over FY23.
- ❑ This reflects contractual obligations for salaries, vendor service contract increases (ie Town Counsel, IT support, energy rates)
- ❑ Does not include Capital-Pay-As-You-Go
- ❑ Does not include unnegotiated personnel contracts (ie Clerical union, Police unions, Police Chiefs, Planning Director, HR Manager, new ATA and new Town Accountant).
  - ❑ Instead, reliant on Free Cash for Personnel Contract line
- ❑ Minor liability insurance increase for new fire station and cyber-security coverage.

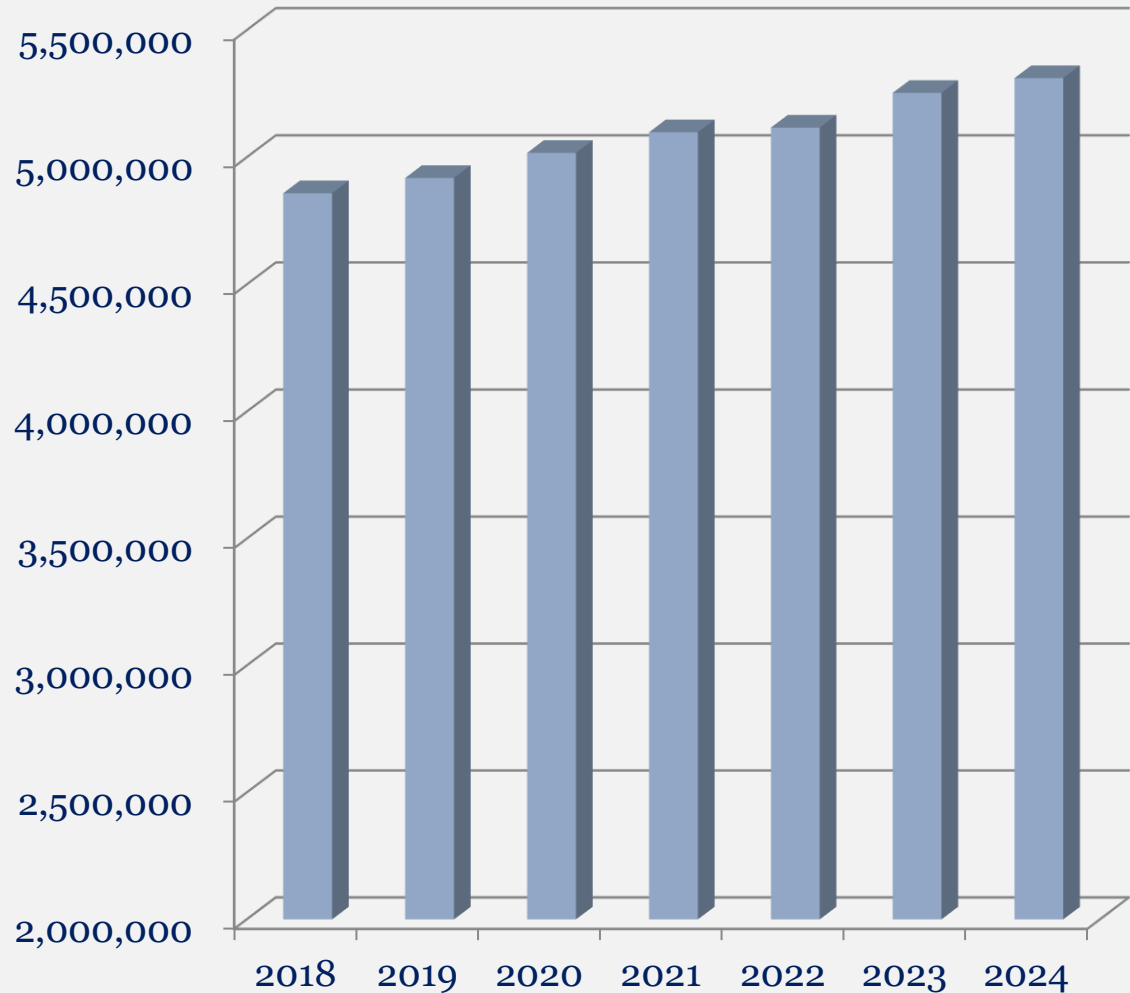
### General Government Budget





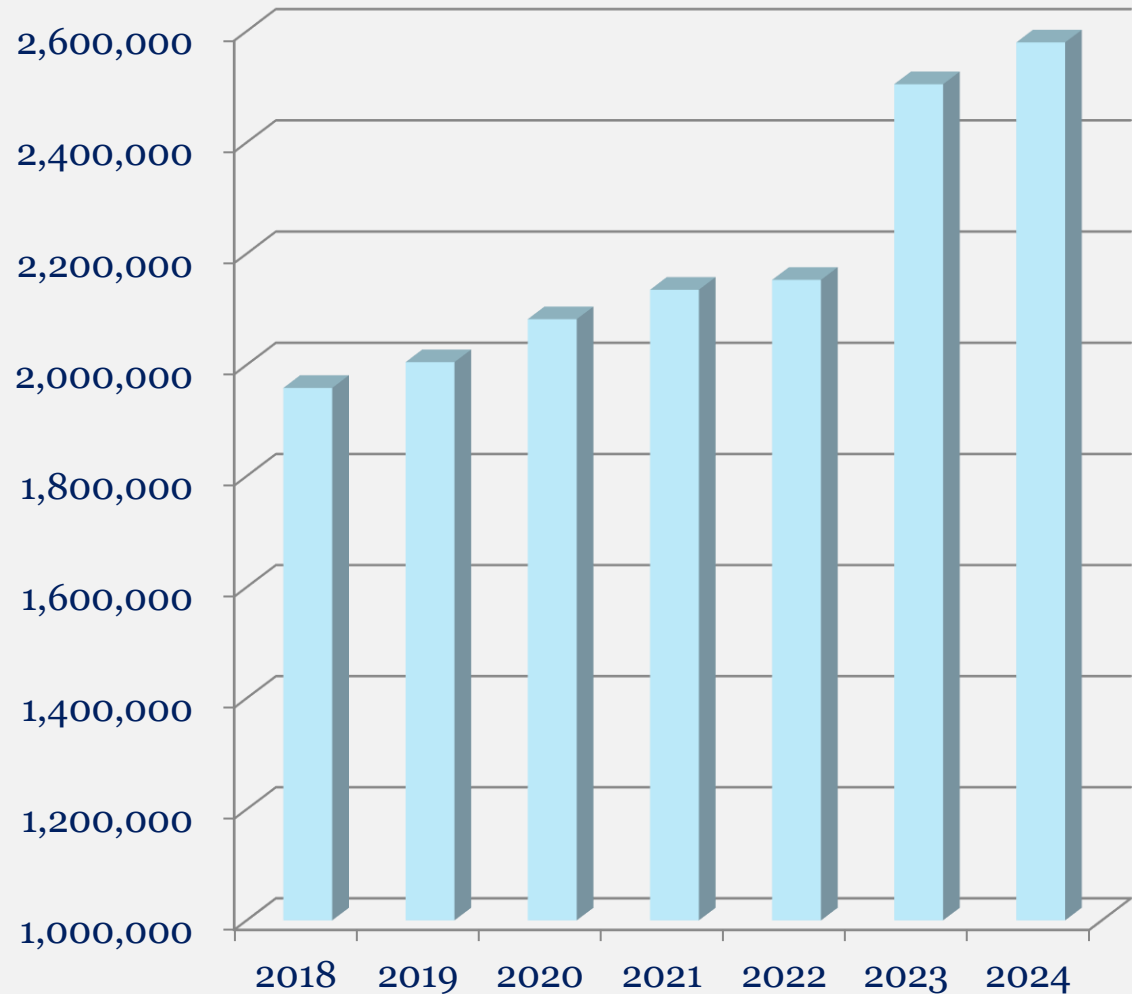
- ❑ Increase of \$58,250 which is 1.11% over the FY2023 budget.
- ❑ This reflects negotiated contractual obligations for salaries for Maynard Fire and Dispatchers, but not Police.
- ❑ Increases to Fire Department operational costs for new fire station occupation, including technology support, vehicle and equipment repairs and maintenance.
- ❑ Deputy Fire Chief is recommended, but not budgeted.

## Public Safety Budget



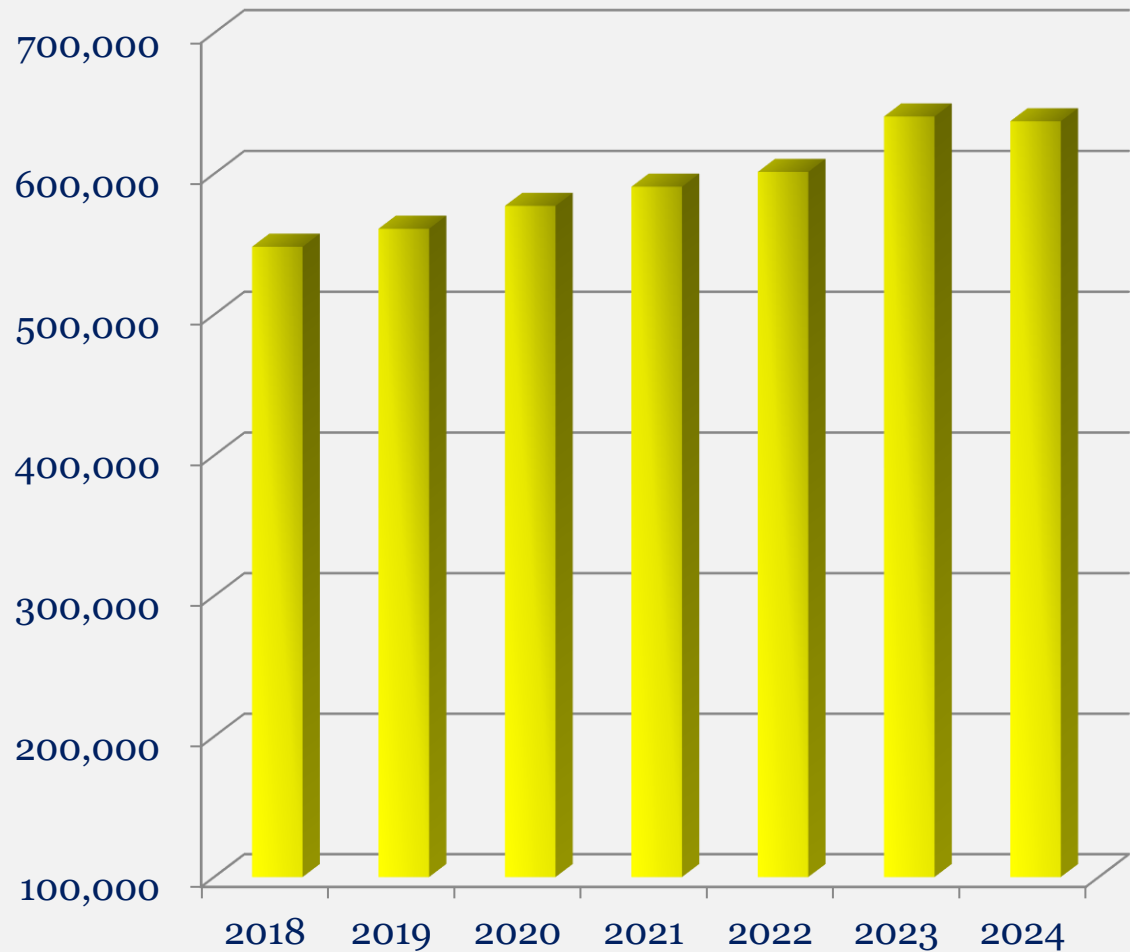
- ❑ Increase of \$75,176 over FY23
- ❑ Reflects increases to contractual obligations, but level funds most support to repairs, maintenance of vehicles, equipment, street lights, buildings/grounds, tree maintenance, and field maintenance.
- ❑ Level funds municipal separate storm sewer systems (MS4s) management.
- ❑ Does not include recommended increase for personnel support (ie Operations Supervisor, Business Manager, crew members)

## Public Works Budget



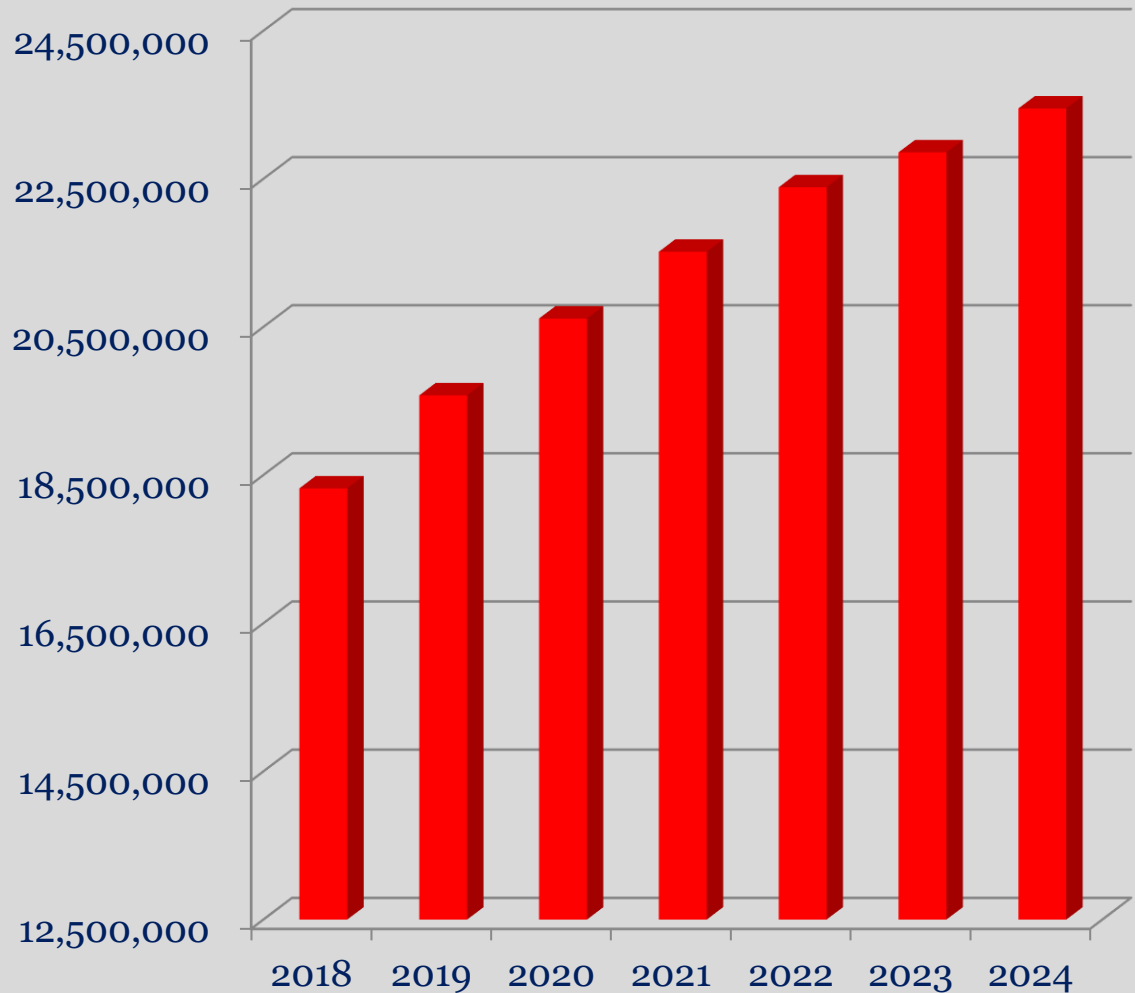
- ❑ Culture and recreation relates primarily to the activities of the Town Library.
- ❑ Does not budget for unnegotiated personnel contracts (ie Clerical union, in which most staff belong)
- ❑ This budget reduces Children's Librarian personnel costs to reflect current actual costs, but increases facility's energy costs.
- ❑ Library Director recommends adding part-time staff member, but not budgeted for in TA recommendation.

**Culture (Library)  
and Recreation Budget**



- ❑ Includes Maynard Public Schools (MPS) and Assabet Regional Technical High School (ARTHS).
- ❑ Increase of \$593,102 from the General Fund, of which \$29,775 is the estimated 2.5% increase for the ARTHS assessment.
- ❑ The TA recommended appropriation for MPS is \$(514,842) less than MPS' "level-service funded" requested amount.
- ❑ With no accurate estimation of Local Aid for the School District from the state until the spring/summer, the Select Board can consider adjusting the District's budget appropriation when information is received.

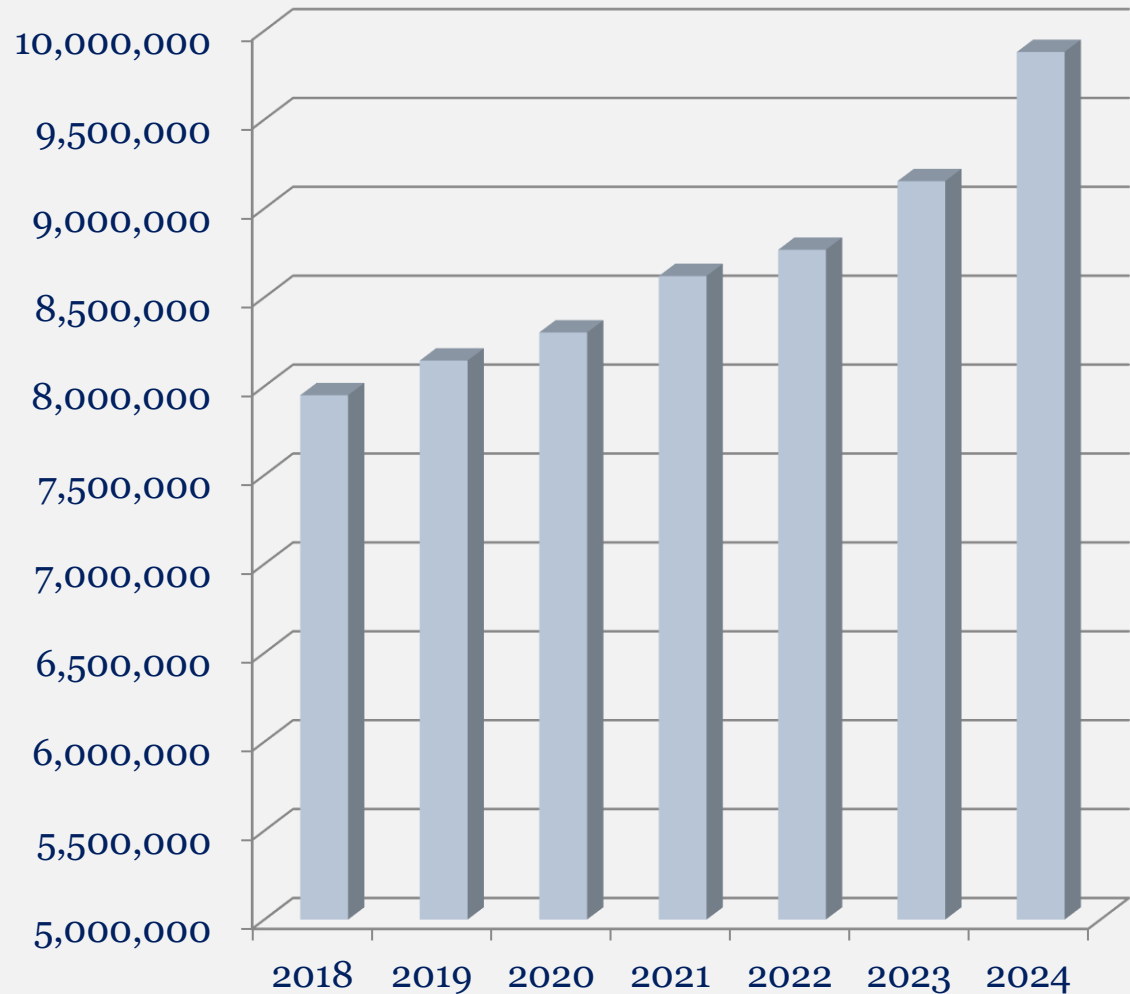
## Education Budget



# Employee Benefits

- ❑ Increases by \$726,890, which is 7.94% over FY23
- ❑ Increases health insurance by \$552,738 (7.8%), and retirement/pension assessment of \$174,152 (6%)
- ❑ Employee benefits include fixed costs related to payroll that consist of pensions, health insurance, Medicare, unemployment and life insurance.
- ❑ MIIA Health and Liability insurance premium final costs will not be known until March or later.
- ❑ Does not factor new employees to be hired.
- ❑ MIIA (provider) indicates increase in post-COVID claims industry wide

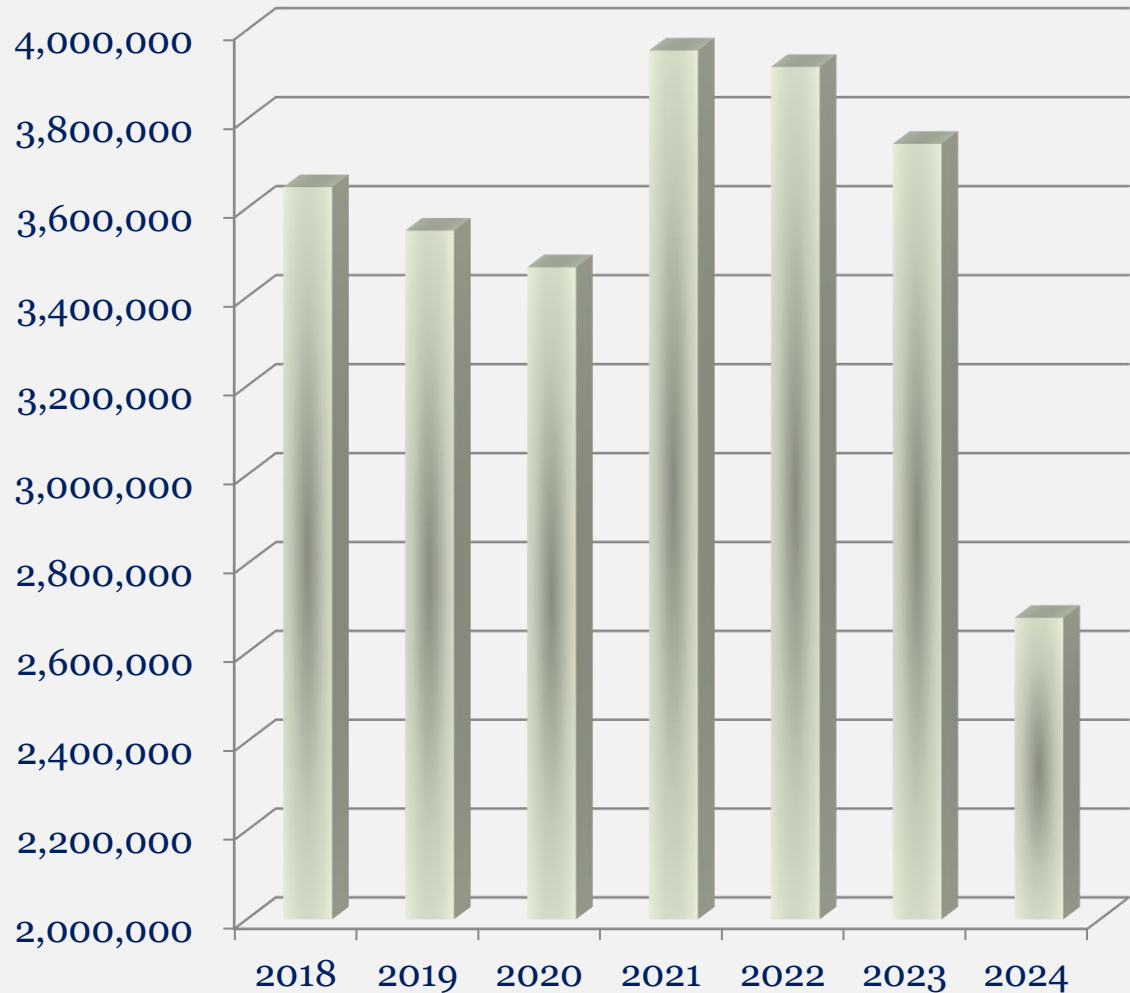
## Employee Benefits Budget



# Debt Service

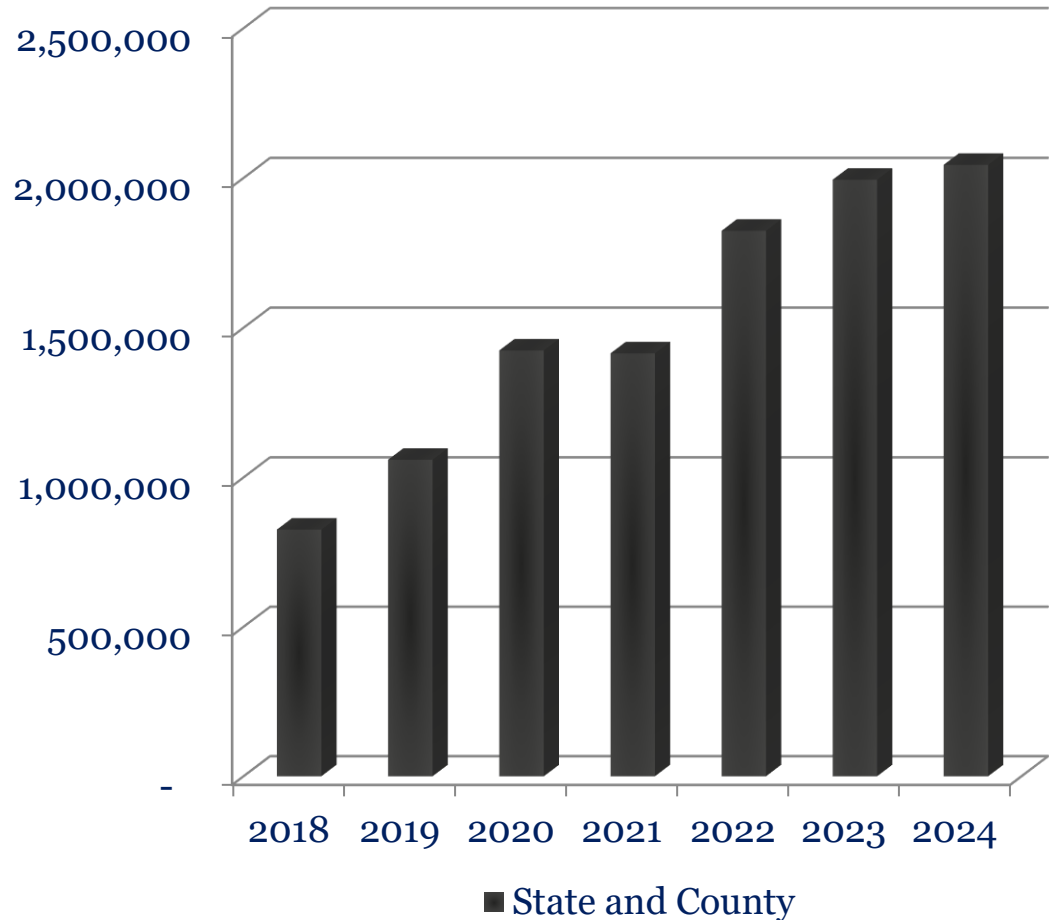
- ❑ Debt service represents the principal payback and interest costs associated with the Town's prior year bond issuances.
- ❑ Decreases debt service by \$(1,065,738), which is (28.46)% less than FY23 budget.
- ❑ Excluded debt decreases by \$(1,010,473) because of conclusion of Fowler School payments.
- ❑ Non-excluded debt service decreases by \$(55,266).
- ❑ Debt as percent of General Fund is 5.47%
- ❑ Possible additional debt could include Alumni Bleachers replacement, and golf course club house envelope renovations

## Debt Service Budget



- ❑ Reserve Fund is an amount annually appropriated for unanticipated expenditures. The Town Administrator proposes this amount be **\$250,000**.
- ❑ Reserve For Abatements are amounts raised on the tax recap to account for abatements that will be filed by the taxpayers. This is not included in the Town Meeting vote. Amount to be budgeted for is \$240,000
- ❑ State and County Assessments are beyond the control of the Town Administrator and assessed annually by the State. The amount included, **\$2,043,967**, is an estimate of 2.5% over FY23, as the Governor's House 1 budget is not yet released.

### State and County





JOINT BUDGET REVIEW  
FISCAL YEAR 2024  
Town Administrator's  
Recommended Budget

Greg Johnson, Town Administrator





# Capital Planning

# Free Cash Analysis

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- Free cash is historically replenished if revenues exceed forecast and/or if appropriation turn-backs exist
- The Town's free cash was certified by the Department of Revenue (DOR) following the Jan 21<sup>st</sup> submission of the TA's recommended budget.
  - Free Cash was certified at \$2,000,974.
- The Town typically appropriates all free cash to stabilization funds and one-time capital items
- Stabilization transfers of any excess free cash have become “mandatory” as part of financial planning goals

# Free Cash Recommendation

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FY22 Certified    \$2,000,974 Recommendations:			FY23 Balance	Total New Balance
Snow/Ice	\$400,000		\$117,000	\$517,000
Capital Stabilization	\$50,000		\$372,969	\$422,969
General Stabilization	\$100,000		\$1,750,021	\$1,850,021
OPEB	\$25,000		\$1,507,462	\$1,532,462
<u>One-Time Expenses</u>				
Personnel Contracts	\$100,000		Active Shooter	\$20,000
Bleachers Design	\$50,000			



# Supplemental Information

# Tax Bill Estimates

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- Current FY23 average single family (ASF) household valuation is \$465,144, with a tax bill of \$8,824
  - In FY24, the ASF value is estimated to increase to \$488,401
  - Using full 2.5% levy limit,
    - ✦ and full amount of estimated New Growth of \$300,000,
    - ✦ as well as existing debt exclusion tax collection,
    - ✦ Estimated FY24 ASF household tax bill increases by \$292
- New Debt Exclusion (Green Meadow) impact not yet determined, without bonding scheme known and construction timing planned.
  - Past estimates could add \$560-645, but too many unknown factors impact confidence: Future values and growth; Building cost estimates; and, Interest rates

# Conclusion

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