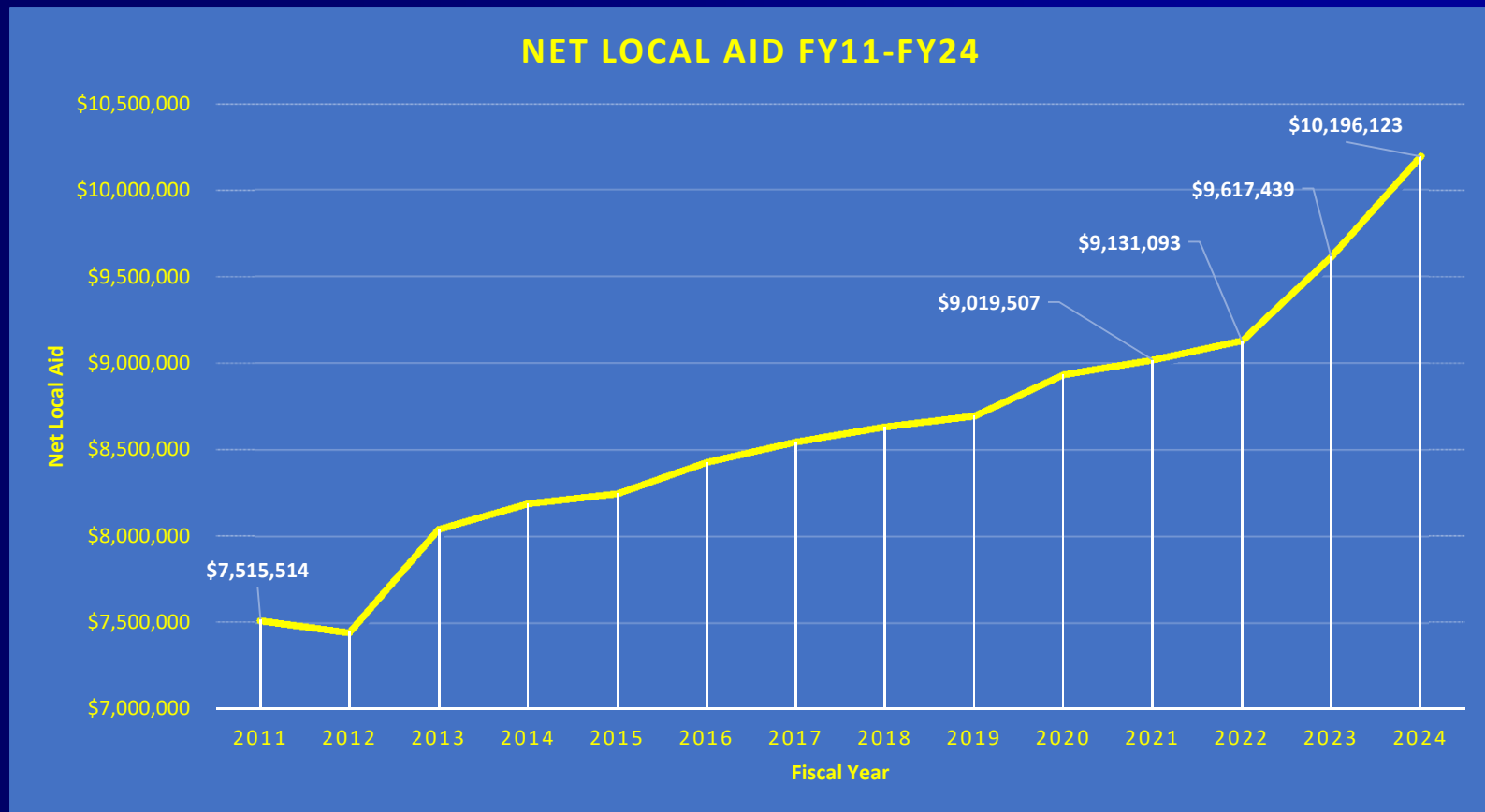


# **Financial Overview**

**May 15, 2023**

# Net State Aid (1)



# Net State Aid (2)

- Aid trends:
  - Since FY11 net state aid growing 2.37%/yr
  - Since FY21 net state aid growing 4.17%/yr
- But...inflation 6.15%/yr since 2020
- State aid is not keeping up with inflation
- In addition:
  - COVID aid money “party” is over
  - Prop. 2½ limits property tax growth

# Revenue Sources / Model

- Net state aid as shown earlier
- Local revenue (excise tax, etc)
  - Expected to be up ~5.95%
- New Growth modeled as \$325,000
  - Usual “low water mark” approach
- Total tax levy up ~3.77%
  - Actual levy change depends on final numbers
  - Adds \$1.2 million in FY23 “excess” new growth due (mostly) to business revaluations in 2022

# Budget Parameters FY24

- Revenue as described
- Fixed costs (insurance and benefits) up \$445,071
- Increase annual capital appropriation to \$2,350,000
  - Increase of \$475k from FY23
  - Preparing for possible debt service
- Continue permanent funding for OPEB liability
  - \$1.5 million/year; in benefits budget
  - Has no incremental impact to operating budgets
- Remain cautious and move towards sustainability

# Budget Highlights

- Operating budget requests
  - School department recommendation includes full funding for tuition-free full day kindergarten
  - Addition of 3 officers for police department
  - Additional hours for library and assessing staff
  - \$37,000 increase to economic development
- Wage Table (article 14) reflects 1.5% COLA
- **No service reductions in any budget**

# School Budget

- Fincom recommendation for operational budget is \$40,529,934
  - Increase of \$1,684,655 (4.34%) over FY23
  - Fully funds free full-day kindergarten
- Fincom also recommending:
  - \$757k in May capital for schools
  - Ongoing OPEB trust funding

# OPEB Update

- Funds have been invested in Massachusetts Pension Reserves Investment Trust since February 2015
- As of 6/30/22 our fund NAV was \$22,436,297
- Last report (June 30, 2022) summary:
  - NAV of OPEB trust ~\$22.5 million
  - Liability increased ~\$11 million (to ~\$60 million total)
  - Funded ratio 37.48%
  - Fully funded in 2040 @ \$1.5 mil/year funding (projected)
- Biennial valuation of the town's liability will be done in FY25 and will reflect standing as of 6/30/24



# Notable Financial Articles

- Article 15: Omnibus budget
  - Employee benefits line: Fincom recommending same total but with \$1.5 mil OPEB funding maintained
- Article 17: Capital spending:
  - Facilities improvements based on capital plan
  - Includes \$757,000 for new roofing at Placentino/Miller
- Article 23: Pinecrest Golf Course improvements
  - \$200,000 from the Pinecrest revolving fund
- Article 25: Improvements to Goodwill Park
  - \$1.1 million in Community Preservation funding

# Override Articles

- Two articles in this warrant are tied to override votes on the ballot for May 23 town election
- Approving these articles does not impact override, which must still be approved by voters on May 23
- Article 21: New DPW facility on Cross Street
  - Plan is to fund 25% of the cost via the override
  - If override vote fails, the project does not proceed
- Article 22: Water/sidewalk infrastructure
  - Addresses Norfolk, Central and Goulding Streets
  - If override vote fails, water, roadway, and existing sidewalk work continues since that funding comes from the water infrastructure fee and other non-override sources

# Summary

- Budget presented tonight reflects fiscal discipline while sustaining the level of service the town expects
- FinCom meetings are usually Tuesdays at 7pm
  - Weekly during budget season (Dec-April)
  - Virtual because it increases public participation
- “Finance” section on [www.townofholliston.us](http://www.townofholliston.us)
  - Budgets are posted prior to presentation to Fincom
- [Fincom@Fincom.Holliston.k12.ma.us](mailto:Fincom@Fincom.Holliston.k12.ma.us)

**Holliston came through the pandemic well due to a combination of fiscal restraint and state/federal pandemic funding. Inflation is now the biggest threat facing our budget due to prop 2½ limitations; early FY25 projections show that inflation will make it a challenging year.**