

Financial Update

Holliston Finance Committee

October 16, 2023

FY24 Updates Since ATM

- Net state aid for Holliston slightly lower than expected (-\$708); no impact to May budget
- Override votes passed at May Town Election
 - Tax increases will follow once debt is incurred
 - Amount of increase will depend on dollar value of debt
- Free cash certified on October 13
 - After Fincom report “went to press”
 - To align with certified amount, Fincom recommendations for Articles 3 and 5 are changed from what was published

Understanding Free Cash

- What is “free cash?”
 - Unexpended monies from prior fiscal year (FY23)
 - Local receipts (actual vs estimate) from prior year
 - Unanticipated / one-time revenue (settlements, etc)
- State recommends ‘biasing’ for 3-5% free cash
 - We are currently in that range
- **Good financial practice: only use for one-time items**

Free cash can be highly volatile due to economic factors and timing of receipts; it can be negative which is why Fincom policy prohibits use for operational expenses

Free Cash Reconciliation

- Final free cash of \$2,661,149
 - Down ~30% from last year
 - This is why free cash should not be used for operations
- Fincom recommended use:
 - \$561,500 to stabilization funds
 - Articles 1, 2, 8
 - \$1,849,649 to Capital Expenditure Fund (Article 3)
 - Note change from published report
 - \$1,150,000 to fund one-time article expenses
 - Articles 6, 10, 12, 13, 15

Reserves

- Town financial policies require a stabilization fund minimum of 12%, target of 18% of general fund expenditures to maintain Holliston's AAA rating
 - Article 1 recommendation keeps us in target range
- \$1,849,649 appropriation to Cap. Expenditure Fund
 - Total capital allocation for FY24 of ~\$4.2 million
 - May and October appropriations total ~\$10.4 million
- \$250,000 appropriation to Pension Stabilization
 - Will bring balance to \$896,143

Warrant Articles of Note

- **Article 3:** Note updated recommendation to appropriate \$1,849,649
- **Article 5:** Ongoing ADA repairs to sidewalks
 - Recommendation now \$900,000 (from \$1 million)
 - Maintains >\$1 million/year average
- **Articles 7, 8:** Segregates money from multi-state opioid settlement according to DOR recommendations
- **Article 15:** Unfunded mandate

Reminders

- FinCom meetings are usually Tuesdays at 7pm, virtual
 - Weekly during budget season (Dec-April)
- fincom@fincom.holliston.k12.ma.us
- Next Town meeting: May 6, 2024

Summary

- This TM is all capital and one-time spending
- Moves several projects forward
- None of the articles change the operating budget
- Reserves staying strong to maintain our AAA rating

The Finance Committee continues to keep a close eye on town finances to ensure that the progress made to date is maintained.