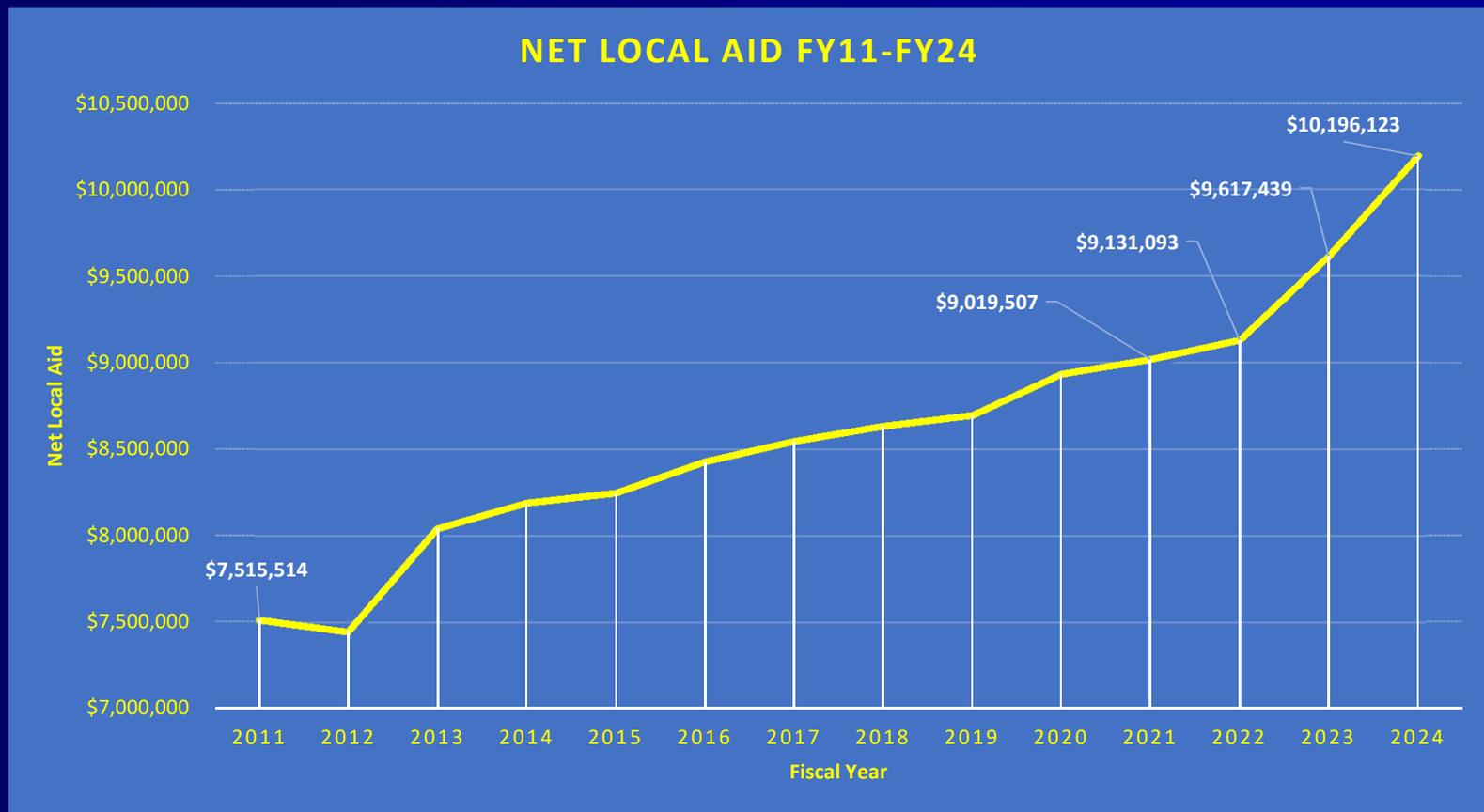


Financial Overview

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
 - Budgets are posted prior to presentation to Fincom
- 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.