



TOWN OF BOXFORD
Office of the Town Administrator
 7A Spofford Road
 Boxford, MA 01921

DATE: February 12, 2024
TO: Select Board and Finance Committee
FROM: Brendan Sweeney, Assistant Town Administrator/Finance Director
RE: **FY25 Town of Boxford Town Administrator’s Draft Operating Budget**

I am hereby presenting the first draft of the Town of Boxford’s Fiscal Year 2025 (FY25) Operating Budget for review by the Select Board and Finance Committee (FINCOM). The total budget is **\$43,178,704**, a **\$2,789,489 (+6.91%)** increase above FY24. The details underlying this budget are shown in the table below:

	FY23 Budget	FY24 Budget	FY25 Proposed Budget	\$ vs. FY24	% vs. FY24
Education					
Boxford Elementary Schools	\$13,505,697	\$14,401,629	\$16,099,819	\$1,698,190	11.79%
Masconomet Regional Assessment	\$11,131,422	\$11,917,575	\$12,422,026	\$504,451	4.23%
Essex Technical High School Assessment	\$407,347	\$379,485	\$451,006	\$71,521	18.85%
Town Government	\$9,561,586	\$10,328,501	\$10,586,199	\$257,698	2.50%
Essex Regional Retirement Assessment	\$1,551,592	\$1,742,530	\$1,664,251	(\$78,279)	-4.49%
Debt Service					
Excluded	\$746,533	\$555,867	\$573,420	\$17,553	3.16%
Non-Excluded	\$593,585	\$623,372	\$894,375	\$271,003	43.47%
Other					
Other Post-Employment Benefits (OPEB)	\$300,000	\$250,000	\$300,000	\$50,000	20.00%
State Assessments and Charges	\$184,507	\$190,256	\$187,608	(\$2,648)	-1.39%
Total Budget	\$37,982,269	\$40,389,216	\$43,178,704	\$2,789,489	6.91%

Revenue for FY25 is projected to be **\$42,367,328**, a **\$1,490,770** increase above FY24’s estimated revenue collections, though, **after adjustments** (setting aside funding for Free Cash replenishment, Snow and Ice deficits, and tax abatements) **the Town’s FY25 revenue is projected to be \$41,667,328**. Notable factors impacting the FY25 revenue estimate are: a significant increase in new growth revenue from the ongoing construction of the 66-unit Willows at Boxford project and a recent increase in local receipts. The FY25 tax levy is projected to grow at the standard +2.5% increase above the sum of the FY24 tax levy and FY24 new growth, and we are projecting a moderate increase in state aid, based on the FY25 budget that Governor Healey filed with the Legislature in January. The details for this revenue estimate can be found on the next page.

Revenue Source	FY23 Actuals	FY24 Estimates	FY25 Forecast	\$ vs. FY24	% vs. FY24
Tax Levy	\$32,072,823	\$34,449,970	\$35,527,720	\$1,077,750	3.1%
Excluded Debt	\$746,533	\$555,867	\$573,420	\$17,553	3.2%
New Growth	\$166,484	\$211,220	\$500,000	\$288,780	136.7%
Unrestricted State Aid	\$563,118	\$581,138	\$598,572	\$17,434	3.0%
Other State Receipts	\$285,317	\$308,270	\$308,270	\$0	0.0%
Chapter 70 (State School Aid)	\$1,811,833	\$1,855,093	\$1,884,346	\$29,253	1.6%
Motor Vehicle Excise Tax	\$1,704,700	\$1,700,000	\$1,700,000	\$0	0.0%
Trash Sticker Revenue	\$337,193	\$425,000	\$425,000	\$0	0.0%
Other Local Receipts	\$1,209,929	\$790,000	\$850,000	\$60,000	7.6%
Other	\$223,509	\$0	\$0	\$0	N/A
Total Revenue Estimate	\$39,121,439	\$40,876,558	\$42,367,328	\$1,490,770	3.6%

Adjustments to Revenue	FY23 Actuals	FY24 Budget	FY25 Forecast	\$ vs. FY24	% vs. FY24
Snow & Ice Deficit Previous Year	\$200,000	\$240,428	\$350,000	\$109,572	45.6%
Reserved for Abatements	\$143,534	\$150,000	\$150,000	\$0	0.0%
Funds to Replenish Free Cash	\$200,000	\$100,000	\$200,000	\$100,000	100.0%
Total Committed Expenses	\$543,534	\$490,428	\$700,000	\$209,572	42.7%

As currently presented, the **FY25 budget is out of balance by \$1,511,377**, as shown in the table on the next page. In order to balance the budget, one (or some combination of) the following three options will need to be pursued:

- Cut \$1,511,377 from the Town Government or Elementary Schools budget.
 - Through the Masconomet School Committee, the Town could encourage Masconomet Regional School District to further cut their FY25 proposed budget as well, which would reduce the Town’s assessment.
- Utilize up to the \$941,167 of the Town’s excess levy capacity, which would grow the FY25 tax levy above the standard +2.5% increase without requiring an operational override, but would still result in a corresponding increase in the property tax rate.
 - Even if the entirety of the Town’s excess levy capacity is utilized, an operational override of at least \$570,210 would still be required to balance the budget without making any spending cuts.
- Put before the voters of Boxford two (or more) significant operational override votes, totaling at least the amount of the deficit shown above.
 - The Finance Committee guidance for Town departments and both school districts was to present level-service budgets with a target of keeping budget increases for FY25 within +2.5% above their FY24 budget. Furthermore, any amount above that target limit would need to be funded outside the levy limit through an operational override. Two operational overrides for the Boxford Elementary Schools and Masconomet Regional assessment could be structured as shown in the table below.

	FY25 Budget Proposal	+2.5% vs. FY24	Difference
Boxford Elementary Schools	\$16,099,819	\$14,761,670	\$1,338,149
Masconomet Regional Assessment	\$12,422,026	\$12,215,515	\$206,511
TOTAL	\$28,521,845	\$26,977,185	\$1,544,660

FY25 Budget Balance

FY25 Estimated Revenue	\$42,367,328
(Less Adjustments)	(\$700,000)
FY25 Adjusted Revenue	\$41,667,328
Boxford Elementary Schools	\$16,099,819
Masconomet Regional Assessment	\$12,422,026
Essex Technical High School Assessment	\$451,006
Town Government	\$10,586,199
Essex Regional Retirement Assessment	\$1,664,251
Debt Service	\$1,467,795
Other	\$487,608
Total FY25 Proposed Spending	\$43,178,704
FY25 Budget Balance	(\$1,511,377)
Available Excess Levy Capacity	\$941,167

More information about the proposed education budget, including the Elementary Schools and Masconomet Regional assessment, will be reviewed in greater detail during future Finance Committee meetings. The focus of this memo is the Town Government budget; as shown in the table on page 1, the Town Government share of the proposed budget is **\$10,586,199**, a **\$257,698 (+2.50%) increase above FY24**.

The Budget Development Process

The Town’s operating budget is developed in conformance with the goals and objectives established by the Select Board. The Select Board, Finance Committee, Permanent Building Committee, School Superintendents and Town Administrator meet periodically to discuss financial forecasts, revenue projections, the various financial indicators, and the implications of the information for the FY25 budget. The focus when developing a budget remains centered on reflecting the Town’s functional needs and institutional values. Throughout this process, department heads identified areas that would enhance service delivery for the community. As such, the relevant Town staff work diligently to develop a budget with the following goals in mind:

- Develop a FY25 budget that is within the limits of Proposition 2 ½;
- Develop a budget that maintains a basic level of services while identifying opportunities to improve service delivery, efficiency and effectiveness;
- Meet all the Town’s obligations and liabilities;
- Continue to support the educational goals and advancement of our school districts;

- Continue to develop a budget process that results in clear, concise and comprehensive information and ensuring strict management of all proposed expenditures;
- Maintain employee compensation and plan for the future;
- Continue to aggressively manage employee benefits, both short-term and long-term;
- Establish and fund a capital program that recognizes the needs of the community while respecting our fiscal constraints;
- Continue to maximize the pursuit of grant funding to support capital projects and programmatic improvements; and
- Develop a budget document with the recommended guidelines and procedures set forth by the Government Finance Officers Association (GFOA).

Regarding the last point, a formal FY25 Budget Document will be prepared on behalf of the Finance Committee and Select Board at the end of the FY25 budget development process and will be available for all residents of Boxford in advance of Annual Town Meeting.

The Budget Development Timeline

The Town Administrator, with the assistance of the Finance Director, prepares and submits, after consultation with all departments, an annual operating budget and capital improvement program.

In November, preliminary revenue and expenditure projections were prepared and presented to the Finance Committee. The projections forecasted estimated revenue and modeled three spending scenarios (low, medium, and high), which showed whether or not the budget would be balanced in each spending scenario. Using these projections, the Finance Committee set guidance for Town departments and both school districts to follow when creating their budget proposals. **The guidance set by the Finance Committee for FY25 was a total increase in spending of no more than 2.5%.**

The Town Administrator, with the assistance of the Finance Director, prepared and is now submitting, after consultation with all departments, the FY25 draft operating budget. In early December, the Finance Director distributed the Finance Committee’s budget instructions to departments. Using that guidance all Department Heads prepared their budget requests for FY25 and submitted them to the Finance Director in December. During the months of December and January, the Town Administrator and Finance Director met with each department head to review and discuss their requests.

During the months of February and March, the Select Board and Finance Committee will conduct meetings to review, discuss and vote on all recommended budgets. The Finance Committee must submit to the Select Board their recommendations on the budget prior to the Select Board voting to close the Town Meeting Warrant, which will happen no later than 30 days prior to Annual Town Meeting. Town Meeting will vote on the final FY25 budget in May. It is important to remember that financial and budgetary information presented in the annual budget are projections and subject to change prior to Town Meeting.

Proposed FY25 Town Government Budget

This FY25 proposed Town Government budget is essentially a “level services” budget, per the FINCOM guidance to produce a budget that maintains current levels of service provision and limits the sum of all spending increases, including salaries, benefits, and other non-discretionary expenses, to 2.5% above FY24 spending levels. All requests by department heads for increases in non-salary, “discretionary” spending, and requested increases in staffing levels, were reviewed. Only requests that were either deemed necessary for continuity of current operations or those left for the Town’s policymakers – the FINCOM, the Select Board, and, ultimately, Town Meeting – to consider were included in this proposed budget. The breakdown of the Town Government budget by spending category is shown in the table below.

	Actual Expended FY23	Approved Budget FY24	DRAFT Budget FY25	\$ vs. FY24	% vs. FY24
General Government	\$1,682,407	\$1,738,748	\$1,868,779	\$130,032	7.48%
Financial Administration	\$707,274	\$691,402	\$702,044	\$10,643	1.54%
Public Safety	\$2,999,117	\$3,262,137	\$3,371,377	\$109,240	3.35%
Public Works	\$2,382,987	\$2,393,450	\$2,283,416	(\$110,034)	-4.60%
Human Services	\$419,198	\$447,921	\$456,117	\$8,196	1.83%
Culture & Recreation	\$519,735	\$528,432	\$550,404	\$21,972	4.16%
Employee Benefits	\$981,583	\$1,266,412	\$1,354,061	\$87,650	6.92%
Total Town Government	\$9,692,300	\$10,328,501	\$10,586,199	\$257,698	2.50%

Notably, the Town will realize significant savings due to favorable pricing for a new 5-year trash and recycling collection and disposal contract, which will shift the Town to an automated collection system with weekly trash collection and bi-weekly (every other week) recycling collection. This is why the Public Works budget for FY25 is decreasing vs. FY24, though this savings (-\$155 K vs. FY24, a 15% reduction) is offset by \$19 K in increased spending for fuel costs and previously-negotiated salary increases.

Across all Town Government departments, spending on salaries in the FY25 budget increased by \$194 K vs. FY24. The impact of all FY24 non-union employee cost-of-living and merit-based pay increases and FY24 collectively bargained union employee salary increases are being carried in the various salary line-items of the FY25 budget for the first time; these increases were funded from the Salary Reserve in FY24. In addition, all collectively bargained union employee salary increases for the upcoming fiscal year are also being carried in the relevant salary line-items of the FY25 budget. These collective bargaining agreements will be in the second year of the three-year agreements (aside from the Public Works union, which will be in the third and final year of its agreement in FY25). It is worth noting that the \$194 K in FY25 salary increases do not reflect a cost-of-living and merit-based pay increases for non-union employees for the upcoming fiscal year, which will need to be funded from the Salary Reserve in FY25.

Specific to the General Government budget is an estimated \$132 K increase in insurance costs, which is due to an estimated 9% increase in the cost of health insurance (+\$80 K vs. FY24) and an estimated 12% increase in the cost of the Town’s liability insurance (+\$52 K vs. FY24). The General Government budget is also absorbing an estimated \$42 K for increase building maintenance and utilities expenses.

As cybersecurity is a priority area of focus for the Town, this budget does include an additional \$20 K in funding for a migration of the Town's email and file server to the cloud through Microsoft's new Office 365 software, which will enhance the Town's cybersecurity posture.

Conclusion

Included in this memo is the proposed FY25 budget as it would appear on the Town Meeting Warrant, which includes all proposed spending shown in the chart on page 1, except State Assessments and Charges. I would like to thank all those who helped in the creation of the proposal, specifically, Town Accountant Kathy Benevento, who consistently made herself available to answer numerous questions regarding the development of this proposal, and Town Administrator Matt Coogan. As always, please don't hesitate to contact me with any questions or concerns by email at BSweeney@BoxfordMA.gov or by phone at 978-887-6740.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Sweeney', written over a horizontal line.

Brendan Sweeney, Assistant Town Administrator/Finance Director

	Actual Expended FY22	Actual Expended FY23	Approved Budget FY24	DRAFT Budget FY25	\$ Change FY24 to FY25	% Change FY24 to FY25
General Government						
Select Board & Administrator	306,794	342,128	351,284	374,429	23,145	6.59%
Legal	82,447	65,178	88,361	75,000	-13,361	-15.12%
Technology	220,421	220,982	264,616	277,575	12,959	4.90%
Town Clerk	124,275	141,299	140,748	150,384	9,635	6.85%
Land Committee	0	360	500	500	0	0.00%
Land Use	91,238	94,908	104,874	108,177	3,303	3.15%
Utilities & General Maintenance	361,897	399,820	356,041	397,782	41,741	11.72%
Other Insurance	395,144	417,731	432,325	484,933	52,609	12.17%
Total General Government	1,582,217	1,682,407	1,738,748	1,868,779	130,032	7.48%
Financial Administration						
Finance Committee	179	218	1,010	1,010	0	0.00%
Finance Committee Reserve	175,000	175,000	175,000	175,000	0	0.00%
Municipal Finance Departments	495,884	532,056	515,392	526,034	10,643	2.06%
Total Financial Administration	671,063	707,274	691,402	702,044	10,643	1.54%
Public Safety						
Police Salary	1,282,172	1,392,963	1,443,348	1,456,353	13,005	0.90%
Police Non Salary Expenses	84,208	92,471	111,045	119,245	8,200	7.38%
Fire Salary	654,579	670,693	711,760	740,797	29,036	4.08%
Fire Non Salary Expenses	96,239	102,635	187,063	187,343	279	0.15%
Building Inspection/Zoning Bd	164,743	161,765	178,159	192,045	13,886	7.79%
Sealer of Weights & Measures	425	450	431	450	19	4.41%
Animal Inspector	5,335	4,515	0	0	0	0.00%
Animal Control Officer	32,633	36,523	60,000	64,041	4,041	6.74%
Communications Salary	477,540	452,623	459,793	494,765	34,972	7.61%
Communications Non Salary Exp.	80,694	84,480	110,538	116,339	5,801	5.25%
Total Public Safety	2,878,569	2,999,117	3,262,137	3,371,377	109,240	3.35%
Education						
Elementary Schools	13,122,122	13,505,697	14,401,629	16,099,819	1,698,190	11.79%
Essex NS Agricultural/Technical School	402,602	407,347	380,512	451,006	70,494	18.53%
Masconomet Operational Assessment	10,773,426	11,131,422	11,917,575	12,422,026	504,451	4.23%
Total Education	24,298,150	25,044,466	26,699,716	28,972,851	2,273,135	8.51%

	Actual Expended FY22	Actual Expended FY23	Approved Budget FY24	DRAFT Budget FY25	\$ Change FY24 to FY25	% Change FY24 to FY25
Public Works						
Cemeteries	142	672	500	500	0	0.00%
Trash/Recycling Pickup & Disposal	691,800	799,576	1,028,984	873,382	-155,602	-15.12%
Snow & Ice Removal	403,000	471,546	133,000	133,000	0	0.00%
Fuel Depot	93,730	94,564	75,000	94,000	19,000	25.33%
DPW Salaries	648,533	641,760	716,124	742,692	26,568	3.71%
DPW Non Salary Expense	395,976	374,869	439,842	439,842	0	0.00%
Total Public Works	2,233,180	2,382,987	2,393,450	2,283,416	-110,034	-4.60%
Human Services						
Board of Health	160,929	181,925	183,329	179,545	-3,784	-2.06%
Council on Aging	141,763	166,141	182,932	193,731	10,799	5.90%
Veterans' Benefits	40,703	38,036	48,564	49,746	1,182	2.43%
HAWC Program	2,000	2,000	2,000	2,000	0	0.00%
Tri Town Council	31,095	31,095	31,095	31,095	0	0.00%
Total Human Services	376,490	419,198	447,921	456,117	8,196	1.83%
Culture & Recreation						
Library Salaries	356,431	383,371	385,088	406,107	21,019	5.46%
Library Non Salary Expense	126,557	131,756	135,544	135,497	-47	-0.03%
Celebrations/Events	4,425	3,258	4,425	4,425	0	0.00%
Cultural Council	3,000	1,350	3,000	3,000	0	0.00%
Recreation Committee	0	0	0	1,000	1,000	#DIV/0!
Historic District Commission	0	0	375	375	0	0.00%
Total Culture & Recreation	490,412	519,735	528,432	550,404	21,972	4.16%
Employee Benefits						
Health Insurance (non school)	657,629	762,777	884,123	963,694	79,571	9.00%
OPEB Contribution	300,000	300,000	250,000	300,000	50,000	20.00%
Essex Retirement Assessment	1,523,087	1,551,592	1,742,530	1,664,251	-78,279	-4.49%
Medicare/Life Ins (Town/School)	202,146	207,885	217,288	225,367	8,079	3.72%
Unemployment Insurance	13,371	10,921	15,000	15,000	0	0.00%
Salary Reserve	0	0	150,000	150,000	0	0.00%
Total Employee Benefits	2,696,233	2,833,175	3,258,942	3,318,312	59,371	1.82%
Debt Service						
Permanent Debt Service	875,702	1,340,118	1,179,239	1,467,795	288,556	24.47%
Masconomet Debt Assessment	105,545	0	0	0	0	0.00%
Total Debt Service	981,247	1,340,118	1,179,239	1,467,795	288,556	24.47%
Total Budget	36,207,561	37,928,476	40,199,986	42,991,096	2,791,110	6.94%