



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

DATE: March 1, 2023
TO: Finance Committee
FROM: Brendan Sweeney, Assistant Town Administrator
RE: **FY24 Town of Boxford Draft Operating Budget Update**

In my memo to the Finance Committee (FINCOM) dated February 3rd, I presented the first draft of the Town of Boxford's Fiscal Year 2024 (FY24) Operating Budget. The proposed budget at that time was \$40,609,947, a \$2,812,185 (+7.44%) increase above FY23. After review and further amendments to the proposed budget from this committee and the Town Administrator's office, the proposed FY24 budget is currently **\$40,363,104**, a **\$2,565,342 (+6.79%)** increase above FY23.

Included within the original figure from the February 3rd memo was the proposed FY24 budget for the Town of Boxford Elementary Schools and the Town of Boxford's FY24 assessment from the Masconomet Regional School District, which was \$14,722,097 and \$12,117,265, respectively. Since that time, the Masconomet Regional School District's assessment has been reduced by a net \$113,852 to \$12,003,413. This change incorporates the removal of Boxford's portion of the proposed assessment for the design costs of a new turf field from the operating budget (originally budgeted at \$235,281, now budgeted at \$167,451; to be funded through a separate warrant article) and the increase in the Town of Boxford's assessment of \$121,429 since the release of Masco's original FY24 draft budget earlier this year.

In that same memo, the Town Government share of the proposed FY24 budget was \$10,141,469, a \$579,882 (+6.06%) increase above FY23. Since that time, the FINCOM and the Town Administrator's office have worked with department heads to find responsible cost savings that would not impact service provision and would reduce the increase of the proposed FY24 budget. The actions that have yielded these budget savings are shown in the table below:

Reductions from Original FY24 Budget Presentation

-\$75,000	Removal of Fire Department Medical Response Pilot Program from Operating Budget (to be presented as a separate warrant article)
-\$18,730	Level funding of Fuel Depot account instead of originally proposed funding increase
-\$10,000	Reduction of Town Counsel account to match prior years' spending
-\$8,098	Reduction of proposed Fire OT to align with historical data for previous 3 FYs
-\$5,726	Maintaining current split of partial grant funding for recently added Dispatch operator position
-\$15,437	Sum of other reductions/adjustments
-\$132,991	TOTAL

The current iteration of the FY24 Town Government budget now stands at **\$10,008,478**, a **\$446,891 (+4.67%) increase above FY23**. Notably, this draft proposal does not include the \$75,000 necessary to maintain the Fire Department’s operation of the Medical Response Pilot Program, as is shown in the table above.

It is the goal of the Town Administrator’s Office to work with the FINCOM to find additional cost savings to bring the proposed Town Government budget down to a 4% increase vs. FY23, which would require reducing the Town Government budget by an additional \$64,428 from the current proposal. Additional spending cuts will be considered during this process as well. A few such measures are outlined for the consideration of the FINCOM in the table below. Please note, this list is not all encompassing.

-\$64,428 Remaining "cut target" to reach 4% increase vs. FY23

Potential Additional Reductions

-\$61,000	Move annual purchase of police cruiser to capital (free cash)
-\$35,000	Move annual computer hardware replacements to capital (free cash)
-\$24,034	Level fund Building/Ground Maintenance and Utilities
-\$10,316	Remove increased funding for new soil and treatment regimen for Town fields
-\$8,700	Remove requested increase in funding for Stiles Pond testing by BOH and level fund testing account to FY21 & FY22 actuals
-\$139,050	TOTAL

As was outlined in the February 3rd memo, much of the FY24 Town Government budget increase is due to the implementation of the compensation plan for non-union, benefitted employees. Additionally, other notable increases include assumptions regarding the ongoing collective bargaining process that the Town is engaging in with five of our municipal unions and increased health insurance costs. Of the \$446,891 increase in the current proposal of the FY24 Town Government budget, **\$297,893 – 67% of the total FY24 increase – is for these “non-discretionary” payroll and benefits cost increases.**

Included in this memo is the accompanying detail for the proposed FY24 Town of Boxford operating budget, in the format that it will appear on the Annual Town Meeting warrant. Additionally, I’ve included an updated FY24 revenue/expense forecast, which factors in the revised FY24 budget, as detailed above, as well as updated revenue assumptions. On the revenue side, most of these changes come from the [FY24 Governor’s Budget Recommendation](#), which was released earlier today. I will walk through this updated forecast during your meeting on Thursday, March 2nd.

One factor within the Town’s revenue calculations that is worth singling out for discussion is trash sticker revenue. Due to the Town’s shift to an automated collection system, trash sticker revenue is estimated to be \$23,520, a reduction of \$306,480 from the estimated \$330,000 that the Town will bring in from trash sticker revenue in FY23 under the current manual collection system. This roughly \$300 K loss in revenue accounts for 0.95% of the proposed 8.97% tax levy increase, shown in the FY24 revenue/expense forecast on pages 6-7, that is required to balance the budget, as currently proposed.

Currently, the average homeowner spends roughly \$134/year on trash stickers annually under the Town’s manual collection system. Conceivably, this is how much the average homeowner will save per year due to the Town’s switch to an automated collection system (and the elimination of the need for trash stickers aside from rare occurrences). As shown in the table on page 10 that amounts to 14% of the proposed FY24 tax increase for the median value homeowner.

A second FY24 revenue/expense forecast is shown on pages 8-9 of this memo. This forecast models a 4% increase in FY24 spending for the Town Government, Elementary Schools, and Masconomet Regional School District budgets/assessments. As stated above, it is the goal of the Town Administrator’s office to meet this 4% increase mark for the Town Government budget. If the Elementary Schools and Masco are able to do so as well, the tax levy would need to increase 5.35%, as opposed to 8.97%, an increase that could be covered within the allowable 2.5% increase under state law plus utilization of \$917,733 of the Town’s excess levy capacity.

Finally, an updated history of the Town’s free cash balance and spending for the past 5 fiscal years, plus this year’s proposal, is included in the last page of this memo.

FY24 Town Budget

As it will appear on Town Meeting Warrant

As of 3/1/2023

	Actual		Approved	Draft		
	Expended	Budget	Budget	Budget	\$ Change	% Change
	FY21	FY22	FY23	FY24	FY23 to FY24	FY23 to FY24
General Government						
Select Board & Administrator	325,833	306,794	329,663	351,284	21,621	6.56%
Legal	136,899	82,447	98,361	88,361	-10,000	-10.17%
Technology	220,400	220,421	226,576	264,616	38,040	16.79%
Town Clerk	128,920	124,275	131,213	140,748	9,535	7.27%
Land Committee	0	0	500	500	0	0.00%
Land Use	88,868	91,238	93,958	105,444	11,486	12.22%
Utilities & General Maintenance	331,341	361,897	332,007	356,041	24,034	7.24%
Other Insurance	383,829	395,144	421,780	432,325	10,545	2.50%
Total General Government	1,616,090	1,582,217	1,634,058	1,739,318	105,260	6.44%
Financial Administration						
Finance Committee	0	179	1,010	1,010	0	0.00%
Finance Committee Reserve	175,000	175,000	175,000	175,000	0	0.00%
Municipal Finance Departments	459,379	495,884	541,556	515,392	-26,165	-4.83%
Total Financial Administration	634,379	671,063	717,566	691,402	-26,165	-3.65%
Public Safety						
Police Salary	1,264,032	1,282,172	1,379,937	1,443,348	63,411	4.60%
Police Non Salary Expenses	88,769	84,208	104,020	111,045	7,025	6.75%
Fire Salary	649,651	654,579	688,530	711,760	23,230	3.37%
Fire Non Salary Expenses	83,903	96,239	107,009	112,063	5,054	4.72%
Fire Medical Response Pilot Program	0	0	0	0	0	#DIV/0!
Building Inspection/Zoning Bd	146,609	164,743	169,821	178,159	8,338	4.91%
Sealer of Weights & Measures	431	425	431	431	0	0.00%
Animal Inspector	5,279	5,335	5,830	0	-5,830	-100.00%
Animal Control Officer	36,963	32,633	45,722	57,000	11,278	24.67%
Communications Salary	398,344	477,540	445,374	459,793	14,419	3.24%
Communications Non Salary Exp.	103,518	80,694	108,511	110,538	2,027	1.87%
Total Public Safety	2,777,498	2,878,569	3,055,185	3,184,137	128,952	4.22%
Education						
Elementary Schools	12,802,280	13,122,122	13,505,697	14,722,097	1,216,400	9.01%
Essex NS Agricultural/Technical School	274,070	402,602	407,347	407,347	0	0.00%
Masconomet Operational Assessment	10,961,352	10,773,426	11,131,422	12,003,413	871,991	7.83%
Total Education	24,037,702	24,298,150	25,044,466	27,132,857	2,088,391	8.34%

FY24 Town Budget

As it will appear on Town Meeting Warrant

As of 3/1/2023

	Actual		Approved	Draft		
	Expended FY21	Budget FY22	Budget FY23	Budget FY24	\$ Change FY23 to FY24	% Change FY23 to FY24
Public Works						
Cemeteries	994	142	500	500	0	0.00%
Trash/Recycling Pickup & Disposal	720,684	691,800	737,382	778,984	41,602	5.64%
Snow & Ice Removal	376,360	403,000	133,000	133,000	0	0.00%
Fuel Depot	58,764	93,730	75,000	75,000	0	0.00%
DPW Salaries	610,042	648,533	678,357	716,124	37,767	5.57%
DPW Non Salary Expense	378,736	395,976	433,364	439,842	6,478	1.49%
Total Public Works	2,145,579	2,233,180	2,057,603	2,143,450	85,847	4.17%
Human Services						
Board of Health	150,741	160,929	179,817	186,329	6,512	3.62%
Council on Aging	130,984	141,763	171,910	182,932	11,022	6.41%
Veterans' Benefits	47,000	40,703	45,000	48,564	3,564	7.92%
HAWC Program	2,000	2,000	2,000	2,000	0	0.00%
Tri Town Council	29,614	31,095	31,095	31,095	0	0.00%
Total Human Services	360,339	376,490	429,822	450,921	21,099	4.91%
Culture & Recreation						
Library Salaries	319,414	356,431	374,952	385,088	10,136	2.70%
Library Non Salary Expense	110,150	126,557	134,184	135,544	1,360	1.01%
Celebrations/Events	3,904	4,425	4,425	4,425	0	0.00%
Cultural Council	0	3,000	3,000	3,000	0	0.00%
Historic District Commission	0	0	375	375	0	0.00%
Total Culture & Recreation	433,468	490,412	516,936	528,432	11,496	2.22%
Employee Benefits						
Health Insurance (non school)	668,836	657,629	815,913	888,529	72,616	8.90%
OPEB Contribution	300,000	300,000	300,000	300,000	0	0.00%
Essex Retirement Assessment	1,423,044	1,523,087	1,551,592	1,742,530	190,938	12.31%
Medicare/Life Ins (Town/School)	194,193	202,146	209,503	217,288	7,785	3.72%
Unemployment Insurance	15,595	13,371	15,000	15,000	0	0.00%
Salary Reserve	0	0	110,000	150,000	40,000	36.36%
Total Employee Benefits	2,601,668	2,696,233	3,002,008	3,313,348	311,340	10.37%
Debt Service						
Permanent Debt Service	852,459	875,702	1,340,118	1,179,239	-160,879	-12.00%
Masconomet Debt Assessment	111,736	105,545	0	0	0	#DIV/0!
Total Debt Service	964,195	981,247	1,340,118	1,179,239	-160,879	-12.00%
Total Budget	35,570,917	36,207,561	37,797,762	40,363,104	2,565,342	6.79%
(Less Excluded Debt)			(746,533)	(590,490)		
Revised Total Budget			37,051,229	39,772,614	2,721,385	7.34%

FY24 Revenue/Expense Projection - Current FY24 Budget Proposal

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Forecast	Comments
Revenue							
*Tax Levy (before excluded debt)	28,223,169	29,259,250	29,943,000	30,969,271	32,075,815	33,048,357	2.5% increase above (FY23 Tax Levy + New Growth)
Excuded Debt Added Tax Levy	1,236,303	1,159,689	610,168	691,782	746,533	590,490	
New Growth added to tax rate	227,546	191,761	219,222	310,699	166,484	166,484	FY23 Actuals
Unrestricted State Aid	502,630	516,201	516,201	534,268	563,118	574,380	FY24 Governor's Budget Proposal
Other State Receipts	180,561	203,236	197,869	228,091	285,317	308,296	FY24 Governor's Budget Proposal
Chapter 70	1,726,753	1,750,975	1,747,903	1,768,093	1,811,833	1,833,463	FY24 Governor's Budget Proposal
Motor Vehicle Excise Tax	1,726,665	1,627,627	1,619,559	1,500,000	1,600,000	1,700,000	Estimate \$6 sticker, less \$1/bag pickup fee for WM and \$0.10 estimated production cost, multiplied by estimated 2 overflow bags per year for 2,400 households (estimate based on current curbside collection usage data from Waste Management)
Trash Sticker Revenue	261,708	261,807	325,881	321,729	330,000	23,520	Estimate based on FY22 actual and first quarter FY23 receipts
Other Local Receipts	778,741	818,134	965,318	777,646	770,000	775,000	
Other (Masco debt reimb FY23)	431,993	-	150,000	-	183,169	-	
Subtotal	35,296,069	35,788,680	36,295,121	37,101,579	38,532,269	39,019,990	
Less Local Receipts to Replenish Free Cash	300,000	200,000	100,000	200,000	200,000	200,000	
Total Revenue Estimate	34,996,069	35,588,680	36,195,121	36,901,579	38,332,269	38,819,990	
Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095	

FY24 Revenue/Expense Projection - Current FY24 Budget Proposal

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Forecast	Comments
Adjustments to Revenue							
Snow & Ice Deficit Previous Year	196,290	187,172	199,969	200,661	200,000	200,000	Estimate
Essex Technical High School	289,030	304,486	269,300	402,602	407,347	407,347	FY23 Actuals. FY24 budget still under development
Reserved for Abatements	149,331	145,832	155,951	161,378	150,000	150,000	Estimate
State Charges	152,733	168,077	172,759	180,236	174,489	191,954	FY24 Governor's Budget Proposal
Subtotal	787,384	805,567	797,979	944,877	931,836	949,301	
Excluded Debt:							
MASCO Debt (excluded)	410,037	409,017	111,736	105,545	-	-	
Other Excluded Debt (Permanent)	540,282	522,765	498,432	586,237	710,091	590,490	
Other Excluded Debt (BAN ESTIMATE)	225,871	168,794	-	-	36,442	-	
Subtotal	1,176,190	1,100,576	610,168	691,782	746,533	590,490	
Total Committed Expenses	1,963,574	1,906,143	1,408,147	1,636,659	1,678,369	1,539,791	
Other Appropriations:							
	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Draft	
Masconomet Budget	10,206,544	10,668,997	10,961,352	10,773,426	11,131,422	12,003,413	<u>Does not</u> include \$167,451 Town of Boxford assessment for design costs of a new turf field
Elementary School Budget	12,218,594	12,513,767	12,702,686	13,079,977	13,505,697	14,722,097	
Town Departmental Budget	8,188,414	8,506,596	8,454,541	8,777,365	9,561,586	10,008,478	
Other Post-Employment Benefits (OPEB)	350,000	300,000	300,000	300,000	300,000	300,000	
Non-Excluded Debt Service	116,297	30,369	92,613	167,628	593,585	588,749	
Essex Regional Retirement Assessment	1,268,935	1,339,233	1,423,044	1,523,087	1,551,592	1,742,530	
Total Town & School Budgets	32,348,784	33,358,962	33,934,236	34,621,483	36,643,882	39,365,267	
Total Estimated Expenses	34,312,358	35,265,105	35,342,382	36,258,142	38,322,251	40,905,058	
Balance	683,711	323,575	852,738	643,437	10,018	-2,085,068	
Amount to draw from Excess Levy Capacity	0	0	0	0	0	2,085,068	
Available Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095	
Remaining Amount to be Raised Above Excess Levy Capacity	0	0	0	0	0	347,973	
% Increase of Tax Levy Above +2.5%						6.47%	
Revised Total % Increase of Tax Levy Above FY23						8.97%	

FY24 Revenue/Expense Projection - 4% Spending Increase (Town and Schools) vs. FY23

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Forecast	Comments
Revenue							
*Tax Levy (before excluded debt)	28,223,169	29,259,250	29,943,000	30,969,271	32,075,815	33,048,357	2.5% increase above (FY23 Tax Levy + New Growth)
Excuded Debt Added Tax Levy	1,236,303	1,159,689	610,168	691,782	746,533	590,490	
New Growth added to tax rate	227,546	191,761	219,222	310,699	166,484	166,484	FY23 Actuals
Unrestricted State Aid	502,630	516,201	516,201	534,268	563,118	574,380	FY24 Governor's Budget Proposal
Other State Receipts	180,561	203,236	197,869	228,091	285,317	308,296	FY24 Governor's Budget Proposal
Chapter 70	1,726,753	1,750,975	1,747,903	1,768,093	1,811,833	1,833,463	FY24 Governor's Budget Proposal
Motor Vehicle Excise Tax	1,726,665	1,627,627	1,619,559	1,500,000	1,600,000	1,700,000	Estimate \$6 sticker, less \$1/bag pickup fee for WM and \$0.10 estimated production cost, multiplied by estimated 2 overflow bags per year for 2,400 households (estimate based on current curbside collection usage data from Waste Management)
Trash Sticker Revenue	261,708	261,807	325,881	321,729	330,000	23,520	Estimate based on FY22 actual and first quarter FY23 receipts
Other Local Receipts	778,741	818,134	965,318	777,646	770,000	775,000	
Other (Masco debt reimb FY23)	431,993	-	150,000	-	183,169	-	
Subtotal	35,296,069	35,788,680	36,295,121	37,101,579	38,532,269	39,019,990	
Less Local Receipts to Replenish Free Cash	300,000	200,000	100,000	200,000	200,000	200,000	
Total Revenue Estimate	34,996,069	35,588,680	36,195,121	36,901,579	38,332,269	38,819,990	
Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095	

FY24 Revenue/Expense Projection - 4% Spending Increase (Town and Schools) vs. FY23

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Forecast	Comments
Adjustments to Revenue							
Snow & Ice Deficit Previous Year	196,290	187,172	199,969	200,661	200,000	200,000	Estimate
Essex Technical High School	289,030	304,486	269,300	402,602	407,347	407,347	FY23 Actuals. FY24 budget still under development
Reserved for Abatements	149,331	145,832	155,951	161,378	150,000	150,000	Estimate
State Charges	152,733	168,077	172,759	180,236	174,489	191,954	FY24 Governor's Budget Proposal
Subtotal	787,384	805,567	797,979	944,877	931,836	949,301	
Excluded Debt:							
MASCO Debt (excluded)	410,037	409,017	111,736	105,545	-	-	
Other Excluded Debt (Permanent)	540,282	522,765	498,432	586,237	710,091	590,490	
Other Excluded Debt (BAN ESTIMATE)	225,871	168,794	-	-	36,442	-	
Subtotal	1,176,190	1,100,576	610,168	691,782	746,533	590,490	
Total Committed Expenses	1,963,574	1,906,143	1,408,147	1,636,659	1,678,369	1,539,791	
Other Appropriations:							
	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Draft	
							4% increase vs. FY23 (does not include \$167,451 Town of Boxford assessment for design costs of a new turf field)
Masconomet Budget	10,206,544	10,668,997	10,961,352	10,773,426	11,131,422	11,576,679	
Elementary School Budget	12,218,594	12,513,767	12,702,686	13,079,977	13,505,697	14,045,925	4% increase vs. FY23
Town Departmental Budget	8,188,414	8,506,596	8,454,541	8,777,365	9,561,586	9,944,049	4% increase vs. FY23
Other Post-Employment Benefits (OPEB)	350,000	300,000	300,000	300,000	300,000	300,000	
Non-Excluded Debt Service	116,297	30,369	92,613	167,628	593,585	588,749	
Essex Regional Retirement Assessment	1,268,935	1,339,233	1,423,044	1,523,087	1,551,592	1,742,530	
Total Town & School Budgets	32,348,784	33,358,962	33,934,236	34,621,483	36,643,882	38,197,932	
Total Estimated Expenses	34,312,358	35,265,105	35,342,382	36,258,142	38,322,251	39,737,723	
Balance	683,711	323,575	852,738	643,437	10,018	-917,733	
Amount to draw from Excess Levy Capacity	0	0	0	0	0	917,733	
Available Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095	
Remaining Amount to be Raised Above Excess Levy Capacity	0	0	0	0	0	0	
% Increase of Tax Levy Above +2.5%						2.85%	
Revised Total % Increase of Tax Levy Above FY23						5.35%	

Property Tax Impact of Proposed FY24 Budget

	FY23 Value	FY23 Tax Rate	FY23 Tax Bill	1% of FY23 Tax Bill	Average Trash Sticker Spending	% of Tax Bill Increase Tied to "Trash Sticker Savings"
Median Home Value	\$782,200	\$13.84/thousand	\$10,825.65	\$108.26	\$134.05	N/A
Average Home Value	\$840,866	\$13.84/thousand	\$11,637.59	\$116.38	\$134.05	N/A

Current Proposal	Assumed 2.5% Increase over FY23	Incremental Increase Above 2.5%	Proposed FY24 Tax Bill Increase	Proposed FY24 Tax Bill	Average Trash Sticker Spending	% of Tax Bill Increase Tied to "Trash Sticker Savings"
Median Home Value	\$270.64	\$700.42	\$971.06	\$11,796.71	\$134.05	14%
Average Home Value	\$290.94	\$752.95	\$1,043.89	\$12,681.48	\$134.05	13%

4% Spending Increase	Assumed 2.5% Increase over FY23	Incremental Increase Above 2.5%	Proposed FY24 Tax Bill Increase	Proposed FY24 Tax Bill	Average Trash Sticker Spending	% of Tax Bill Increase Tied to "Trash Sticker Savings"
Median Home Value	\$270.64	\$308.53	\$579.17	\$11,404.82	\$134.05	23%
Average Home Value	\$290.94	\$331.67	\$622.61	\$12,260.20	\$134.05	22%

Town of Boxford Free Cash	FY18	FY19	FY20	FY21	FY22	FY23
Certified Free Cash (Starting Balance)	\$3,833,134	\$3,525,824	\$3,632,461	\$2,654,126	\$3,699,386	\$3,451,805
Less 5% of Previous FY Operating Budget (per FINCOM policy)	\$1,607,061	\$1,637,100	\$1,710,886	\$1,754,404	\$1,778,555	\$1,818,551
Free Cash Available to Spend	\$2,226,073	\$1,888,724	\$1,921,575	\$899,722	\$1,920,831	\$1,633,254
Total Free Cash Appropriated (for the following Fiscal Year)	\$1,367,111	\$1,405,992	\$1,240,150	\$566,268	\$1,431,600	\$916,060
Remaining Free Cash Balance	\$858,962	\$482,732	\$681,425	\$333,454	\$489,231	\$717,194

Current Stabilization Fund Balance: \$879,374.51