

# **FY24 Financial State of the Town**

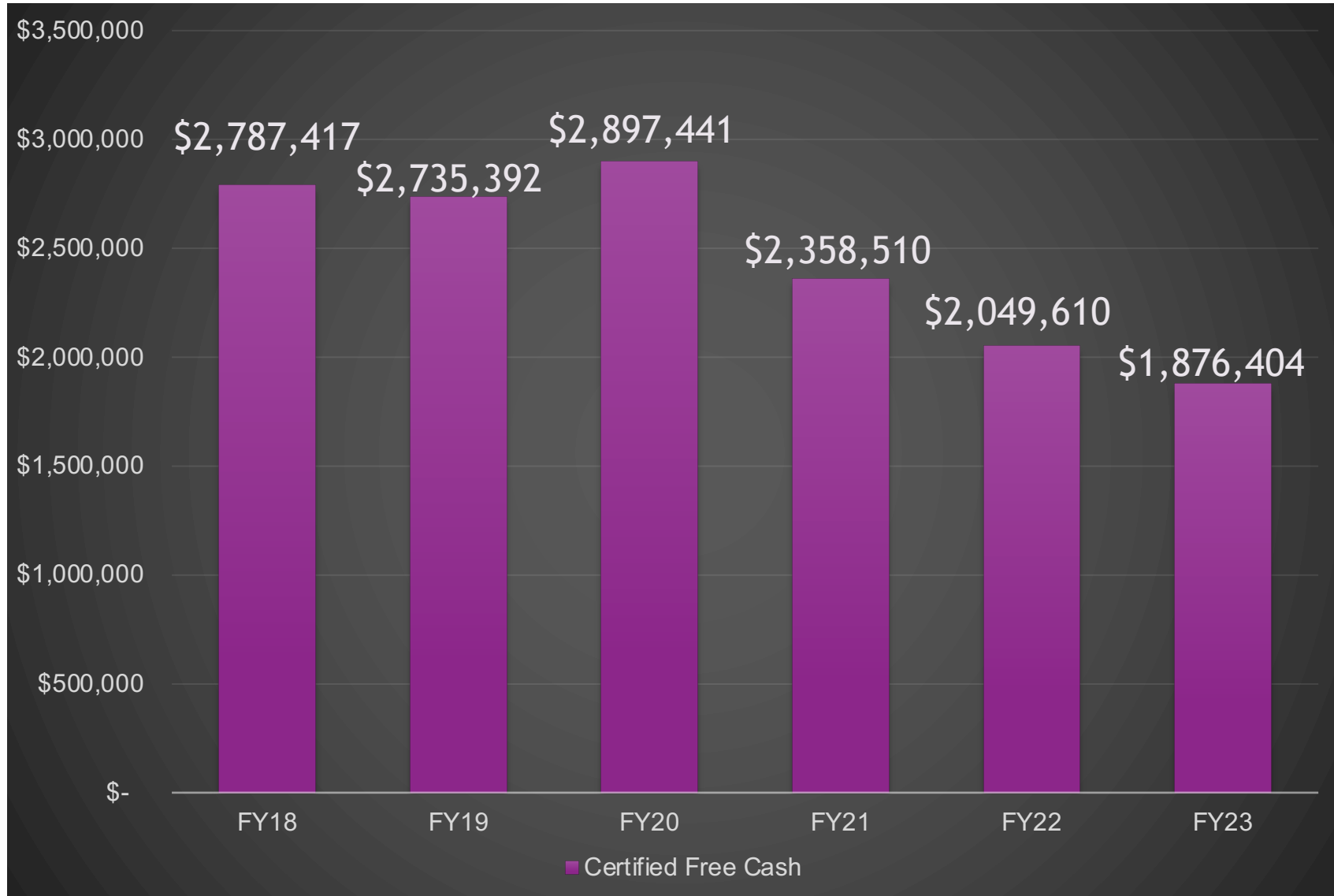
**Town Administrator's Presentation**

**March 14, 2023**



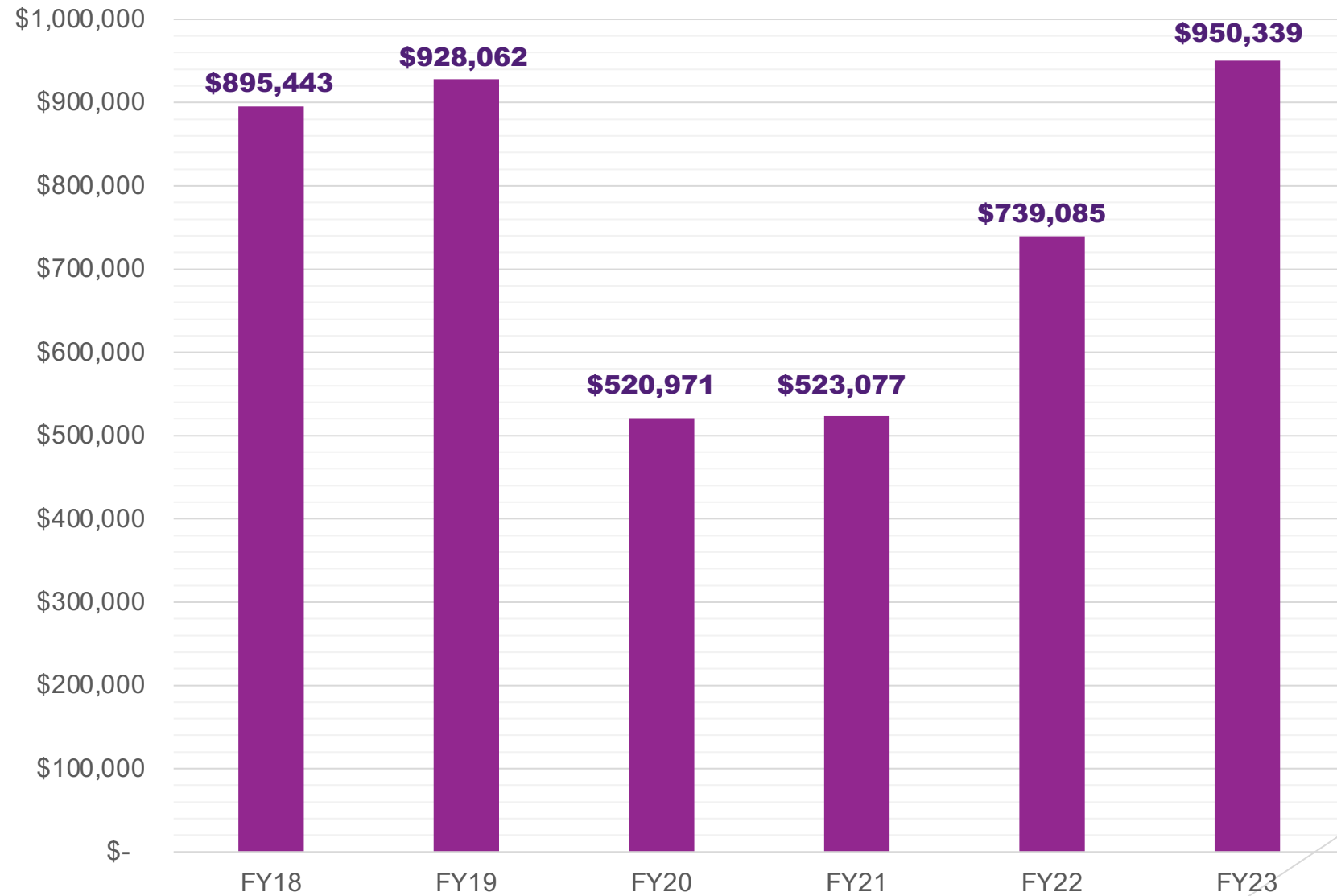
**Denise M. Dembkoski, Town Administrator**

# Certified Free Cash



The Goal is for Free Cash to be on or above 5% of the Annual Budget. For FY23 we are at 5.97%.

# Stabilization Account



\* As of 12/31/2022

# Capital Stabilization Account

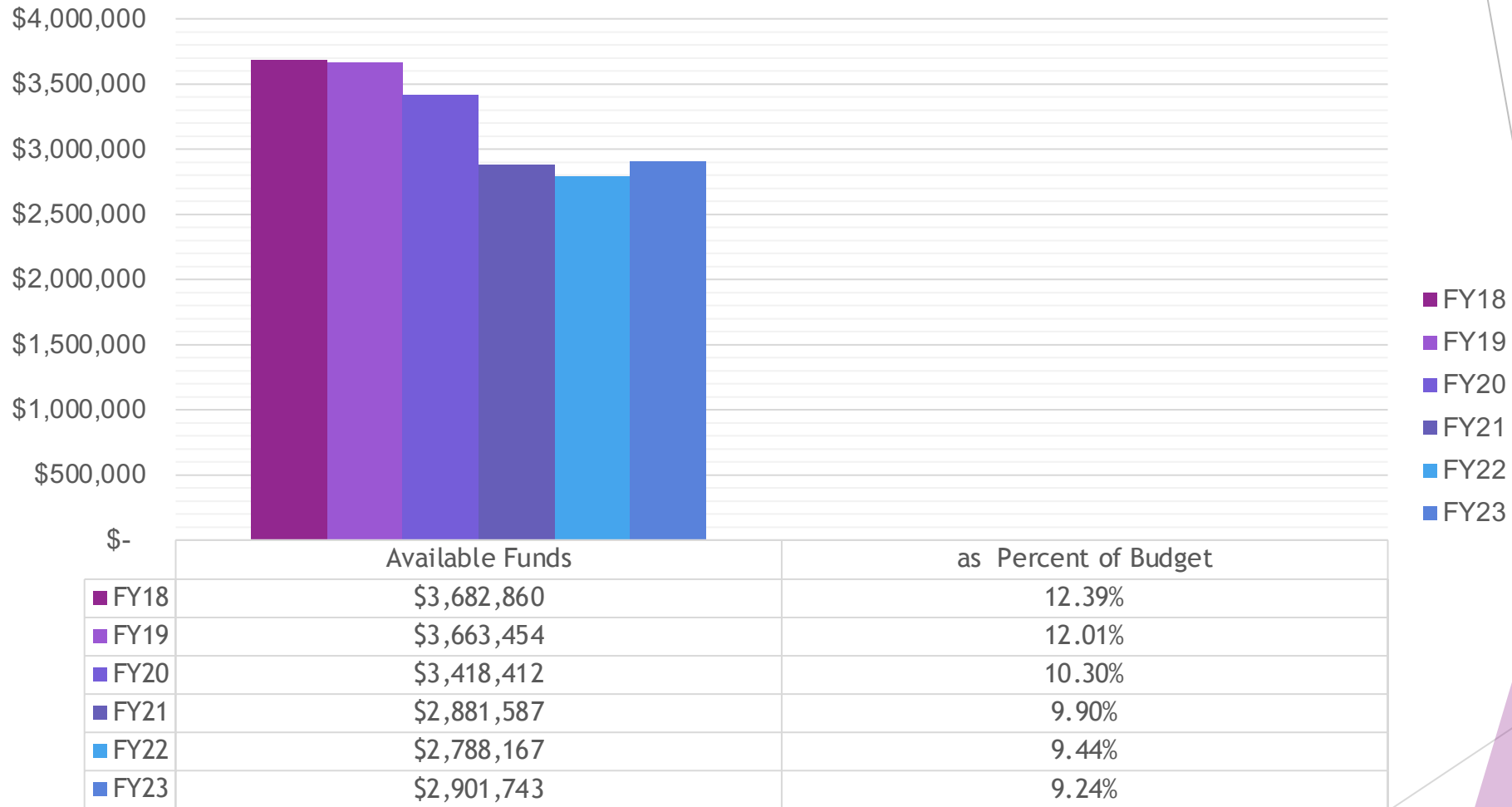


\* As of 12/31/2022

This special purpose stabilization fund shall be known as the Capital Stabilization Fund, which fund shall be used for the purpose of funding any capital-related project or the purchase or acquisition of capital equipment, or payment of debt service related thereto.

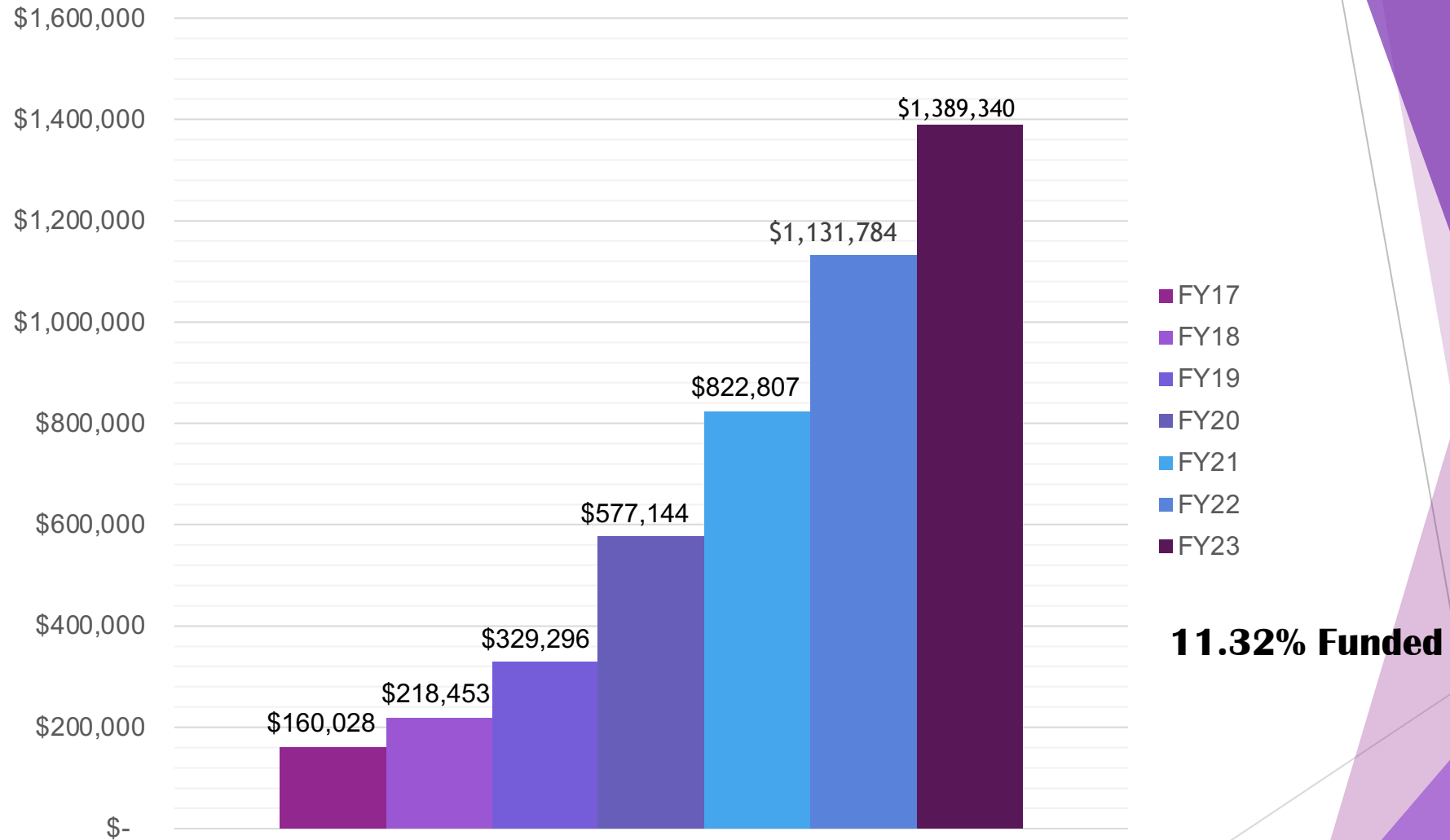
Creation of the account approved at 2022 ATM.

# Available Funds as a % of Budget



Our target range should be 10% - 15%

# OPEB Trust Fund



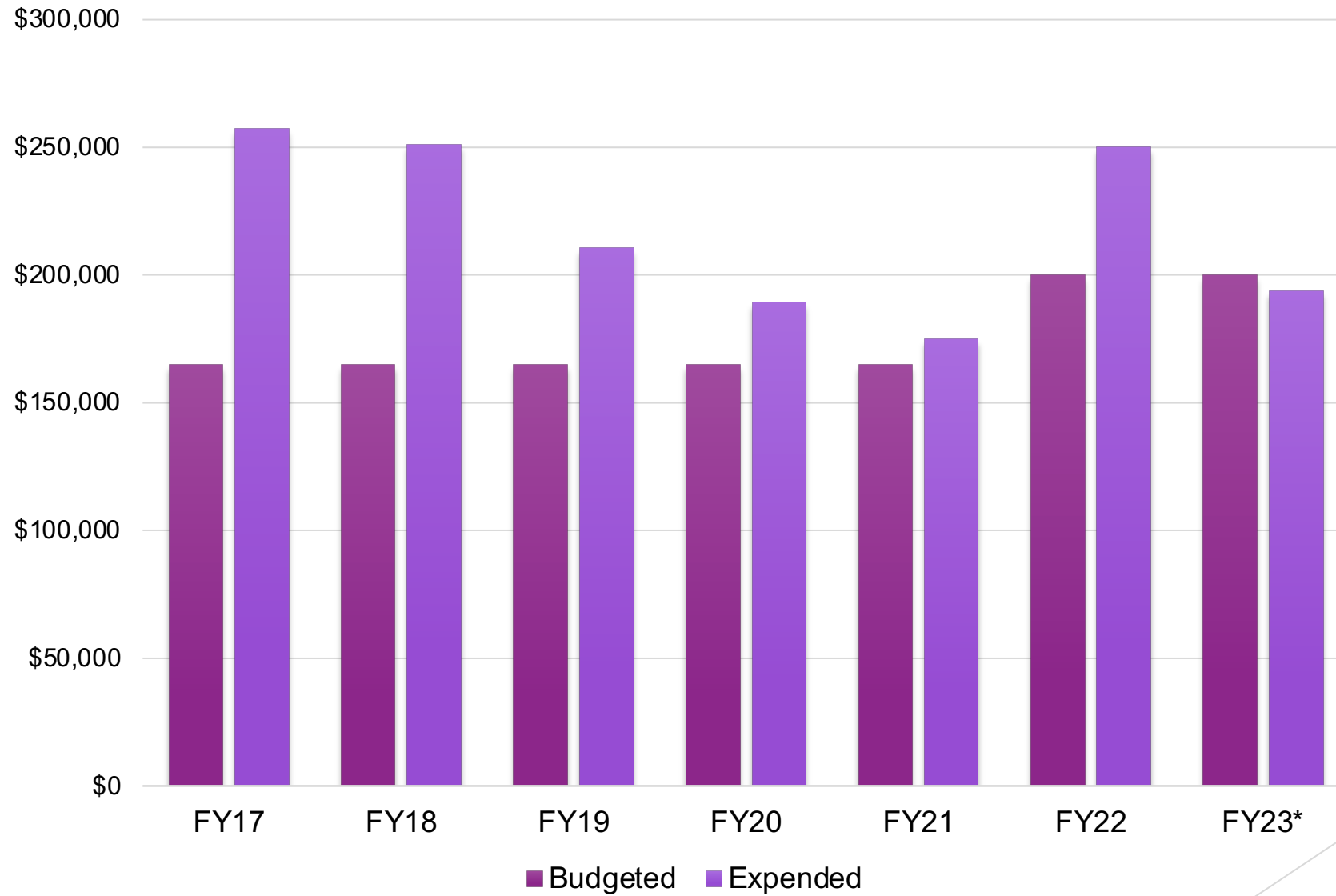
**Current OPEB Liability: \$9,287,198**  
(updated actuary as of January 2023)

# What is OPEB?

## (Other Post-Employment Benefits )

- During years of active service an accounting liability is created based on agreement to provide benefits (health, life insurance) in the future.
- OPEB is part of the compensation employees earn each year, even though those benefits are not received until after employment has ended.
- Stow contracts with an actuary every two years to calculate the future value of the benefits that are being promised

# Snow & Ice



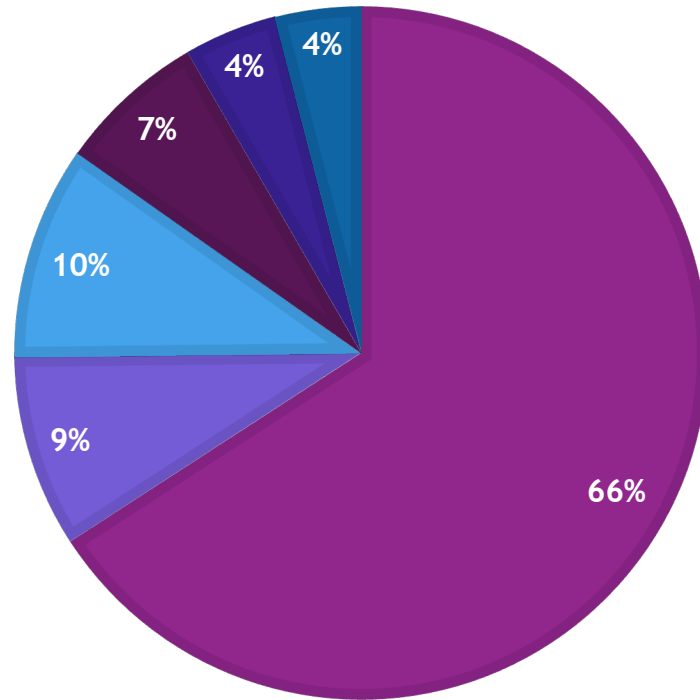
\* As of March 9, 2023



# FY23 Town Meeting Adopted Budget – \$31,408,624

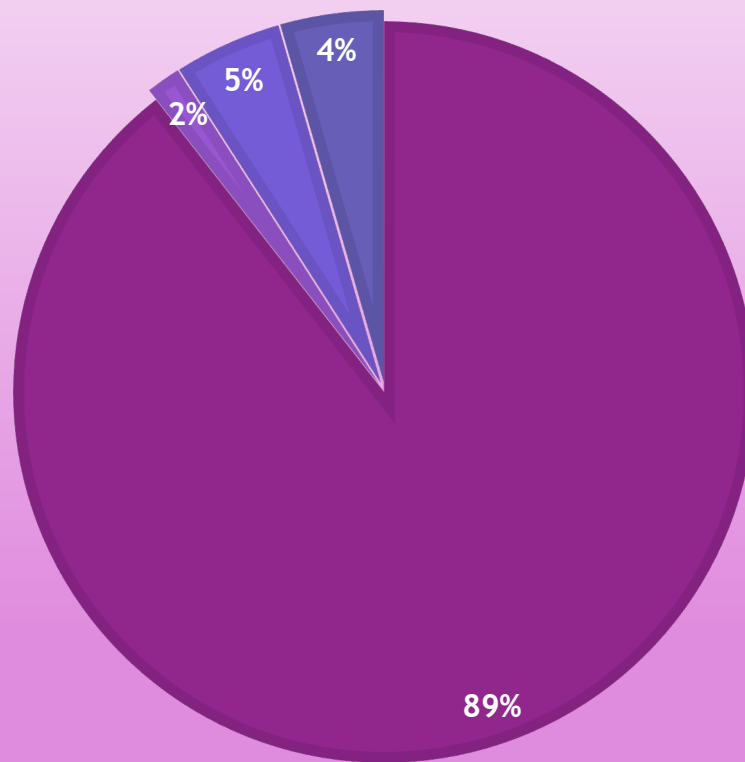
## FY23 BUDGET BREAKDOWN

■ Education ■ Public Safety ■ General Govt ■ Debt ■ Public Works ■ Other

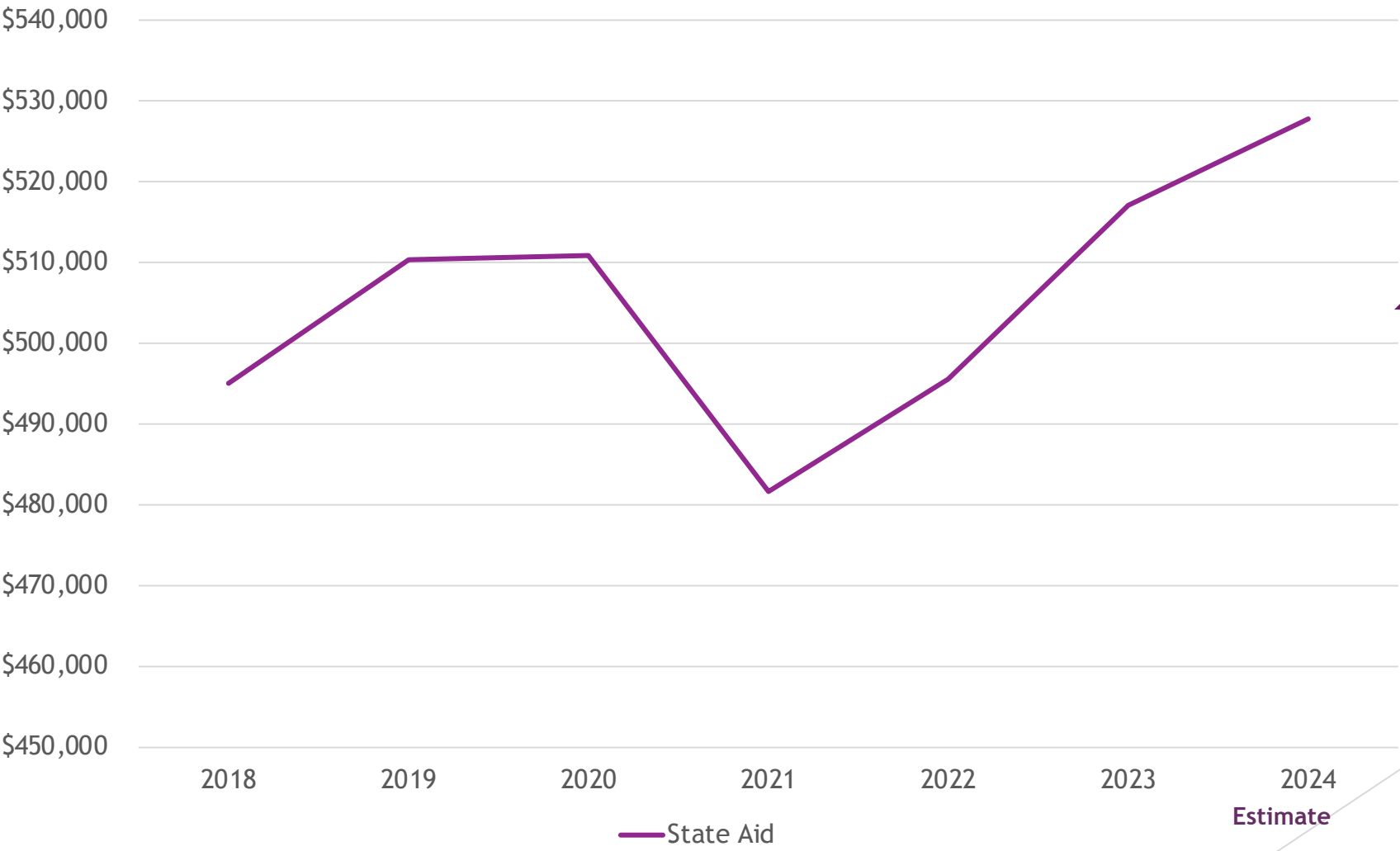


# FY23 Revenue Estimate Breakdown

■ Tax Levy   ■ State Aid   ■ Local Receipts   ■ Other



# State Aid History:



## **FY23 Tax Information:**

Average Single Family Tax Bill: \$11,617

Average Single Family Value: \$640,760

Number of Single Family Parcels: 2,116

Tax Rate: \$18.13

## **FY24 Estimated New Growth**

**\$250,000 down from ~\$351,005 in FY23**

# Tax Rate History:

Fiscal Year	Rate	Increase
2023	18.13	-7.89%
2022	19.56	-2.15%
2021	19.98	-3.15%
2020	20.61	2.33%
2019	20.13	-4.22%
2018	20.98	1.86%
2017	20.59	2.96%
2016	19.98	0.00%
2015	19.98	4.05%
2014	19.17	4.17%
2013	18.37	2.56%
2012	17.90	4.75%
2011	17.05	2.76%
2010	16.58	7.84%

DOR Code	Municipality	Fiscal Year	Single Family Values	Single Family Parcels	Average Single Family Value	Single Family Tax Bill	Single Family Tax Bill as % of Value	DOR Income Per Capita	Average Tax Bill as a % of Income	Rank
286	Stow	2014	879,913,000	2,072	424,668	8,141	1.92	56,053	14.52	34
286	Stow	2015	888,431,900	2,075	428,160	8,555	2.00	54,572	15.68	34
286	Stow	2016	919,098,750	2,078	442,300	8,837	2.00	57,018	15.50	35
286	Stow	2017	934,995,100	2,081	449,301	9,251	2.06	65,981	14.02	31
286	Stow	2018	962,046,800	2,090	460,309	9,657	2.10	63,821	15.13	29
286	Stow	2019	1,013,911,100	2,097	483,506	9,733	2.01	67,147	14.50	32
286	Stow	2020	1,043,085,500	2,104	495,763	10,218	2.06	62,898	16.25	27
286	Stow	2021	1,119,236,400	2,106	531,451	10,618	2.00	66,802	15.89	27
286	Stow	2022	1,173,959,500	2,108	556,907	10,893	1.96	71,446	15.25	34
286	Stow	2023	1,355,848,600	2,116	640,760	11,617	1.81	76,710	15.14	

Per Capita Income has increased by 45.53% since 2014 - Number of single family parcels has increased by 2% and the Value of Single Family homes has increased 50% - and the FY23 tax rate is the lowest it's been since before 2013.

# FY2023 Average Single-Family Tax Bill



State Average Single-Family Tax Bill

\$7,059

State Average Single-Family Value

600,011

State Number of Single-Family Parcels

1,434,311

Number of Cities & Towns Included

344

Municipality

(All)

Average Single Family Tax Bill Data

Tax Bill Range

Less than \$3,000



\$3,000 to \$4,499



\$4,500 to \$5,999



\$6,000 to \$10,499



\$10,500 to \$14,999



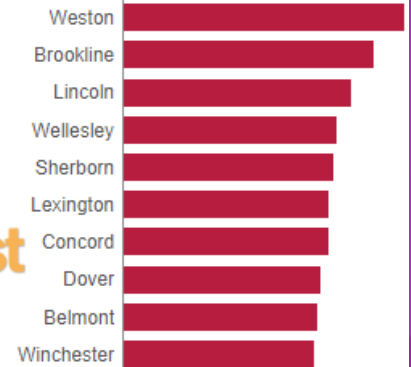
Over \$15,000



Tax Rate Not Set



the top 10 highest



# Comparison to Neighboring Towns:

## Average Single Family Tax Bill for Fiscal Year 2023

Town	Average Single-Family Tax	Ranking * (Highest Single Family Tax Bill)
Acton	\$13,638	19
Harvard	\$12,833	22
Bolton	\$12,463	24
Boxborough	\$11,868	27
Stow	\$11,617	34
Maynard	\$8,824	65

Statewide Average Tax: \$7,059

\* Ranking in terms of highest Single Family Tax Bill is estimated, as 6 communities have not set a FY23 tax rate yet.



# Cost of Service – FY23

Average Single Family Home  
Value: \$640,760

Town Service	Average Taxes		
General Government	\$ 737.16	\$ 2,151,726.00	6.34%
Public Safety	\$ 965.69	\$ 2,818,800.00	8.31%
Education	\$ 7,085.12	\$ 20,681,065.00	60.98%
Public Works	\$ 468.58	\$ 1,367,751.00	4.03%
Health & Human Services	\$ 165.17	\$ 482,120.00	1.42%
Culture & Recreation	\$ 167.23	\$ 488,142.00	1.44%
Debt Service & Costs Not Excluded	\$ 741.37	\$ 2,164,020.00	6.38%
Debt Exclusions-Lower Village	\$ 25.14	\$ 73,388.00	0.22%
Debt Exclusions-Minuteman	\$ 143.52	\$ 418,931.00	1.24%
Debt Exclusion- Elementary school	\$ 230.77	\$ 673,606.00	1.99%
Debt Exclusion-NRSD	\$ 58.85	\$ 171,782.00	0.51%
Debt Exclusion- Snow	\$ 20.15	\$ 58,813.00	0.17%
Debt Exclusion - Elementary School #3	\$ 10.55	\$ 30,800.00	0.09%
Debt Exclusion - Elementary School #2	\$ 150.03	\$ 437,926.00	1.29%
Debt Exclusion - Fitzpatrick land	\$ 4.52	\$ 13,200.00	0.04%
Debt Exclusion- Fire station Comm Center Plans	\$ 7.25	\$ 21,150.00	0.06%
Debt Exclusion- Fire station Comm Center Const	\$ 161.96	\$ 472,750.00	1.39%
Debt Exclusion- Fire Pumper Truck	\$ 18.97	\$ 55,373.00	0.16%
Debt Exclusion- Town Building HVAC	\$ 26.01	\$ 75,936.00	0.22%
Gen. Expense & Employee Benefits	\$ 429.95	\$ 1,255,000.00	3.70%
Total Average Tax Bill	\$ 11,618.00		100.00%

## Cost of Service for Nashoba Regional Schools and Minuteman Vocational School:

Education	\$ 7,085.12	\$ 20,681,065.00	60.98%
Debt Exclusions-Minuteman	\$ 143.52	\$ 418,931.00	1.24%
Debt Exclusion- Elementary school	\$ 230.77	\$ 673,606.00	1.99%
Debt Exclusion-NRSD	\$ 58.85	\$ 171,782.00	0.51%
Debt Exclusion - Elementary School #3	\$ 10.55	\$ 30,800.00	0.09%
Debt Exclusion - Elementary School #2	\$ 150.03	\$ 437,926.00	1.29%
Cost towards Education	\$ 7,678.84		66.09%

**\$.66 cents of every tax dollar paid is for education or education related costs (ie. infrastructure)**

# American Rescue Plan Act Funds (ARPA)

The Town received \$2,162,292 in federal funds through these Coronavirus State and Local Fiscal Recovery Funds. To date the following has been allocated:

\$75,000.00	COVID Response	Testing, PPE, Items not covered by FEMA or CARES
\$500,000.00	PFAS Remediation	Ongoing Crescent St Fire Station Contamination
\$100,000.00	TA Discretionary Funds	Close out projects, engineering costs
\$10,000.00	Consulting Fees	Consulting Fees - Tracking, reporting, and filing fees
\$600,000.00	Capital Projects	Capital projects
\$45,070.00	COVID-19 Negative Impacts	Community Gardens Accessibility and Trails
\$50,000.00	Revenue Replacement	Harvard Rd Culvert
\$40,000.00	Investment in Water Infrastructure	Lake Boon Dam ongoing Engineering
\$9,038.00	Revenue Replacement	TSAC - School Zone Safety Lights
\$15,000.00	Revenue Replacement	TSAC - Traffic Safety Policy Implementation
\$3,993.30	Revenue Replacement	TSAC - 25 MPH Signs
\$100,000.00	Revenue Replacement	TSAC - Hudson Rd/Rt117 Intersection
\$100,000.00	Revenue Replacement	Lower Village Water Study
\$14,961.00	Revenue Replacement	Fix boiler at Hale Middle School
\$65,000.00	Revenue Replacement	Procurement person
\$19,635.00	Revenue Replacement	TSAC - Hudson Rd/Rt117 Intersection
\$517.36	Revenue Replacement	Lower Village Water Study
\$6,000.00	Revenue Replacement	Archive Social - FY24
\$11,000.00	Revenue Replacement	Guilfoil PR - FY24
\$3,000.00	Revenue Replacement	Facility & Technology Work Order System

With \$394,077.34 remaining to be allocated

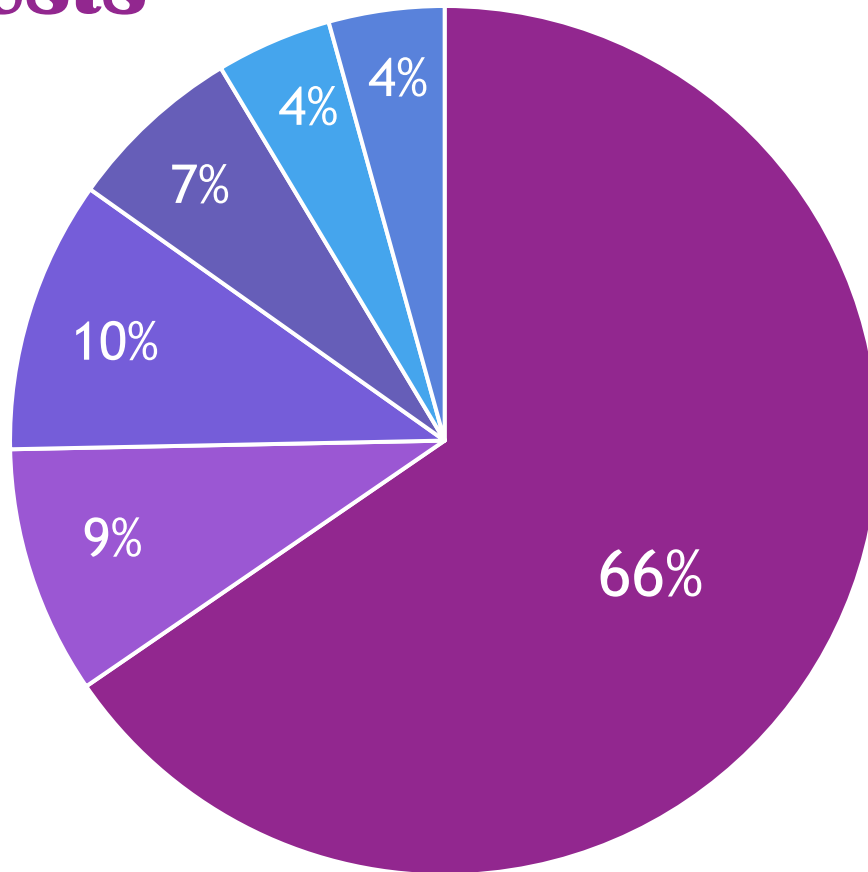
# **FY24 BUDGET DRIVERS**

# **FY24 Department Requested Budgets – \$33,061,973\***

\* With unknowns estimated

- Up \$1.65M from FY23 Budget
- Represents a 5.26% Increase
- Includes estimated Police & Fire Union changes
- The proposed increases from Minuteman High School and the Nashoba Regional School District makes up just under \$1M of the increase

# FY24 Requests



■ Education ■ Public Safety ■ General Govt ■ Debt ■ Public Works ■ Other

**Percentages = same as final FY23 Budget**

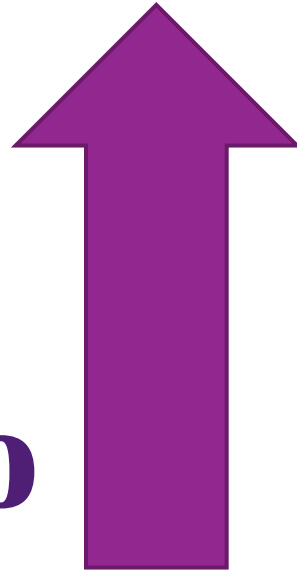
# FY24 Capital Requests

## \$3,047,925\* (approximately)

DEPARTMENT	TOTAL REQUEST AMOUNT
Cemetery	\$95,000.00
Facilities	\$1,061,000.00
Fire	\$436,800.00
Highway	\$410,000.00
IT	\$23,073.87
School	\$255,950.00
Planning	\$450,000.00
Police	\$66,100.00
Administration	\$250,000.00

# Health Insurance Change for FY24

**13.75%**



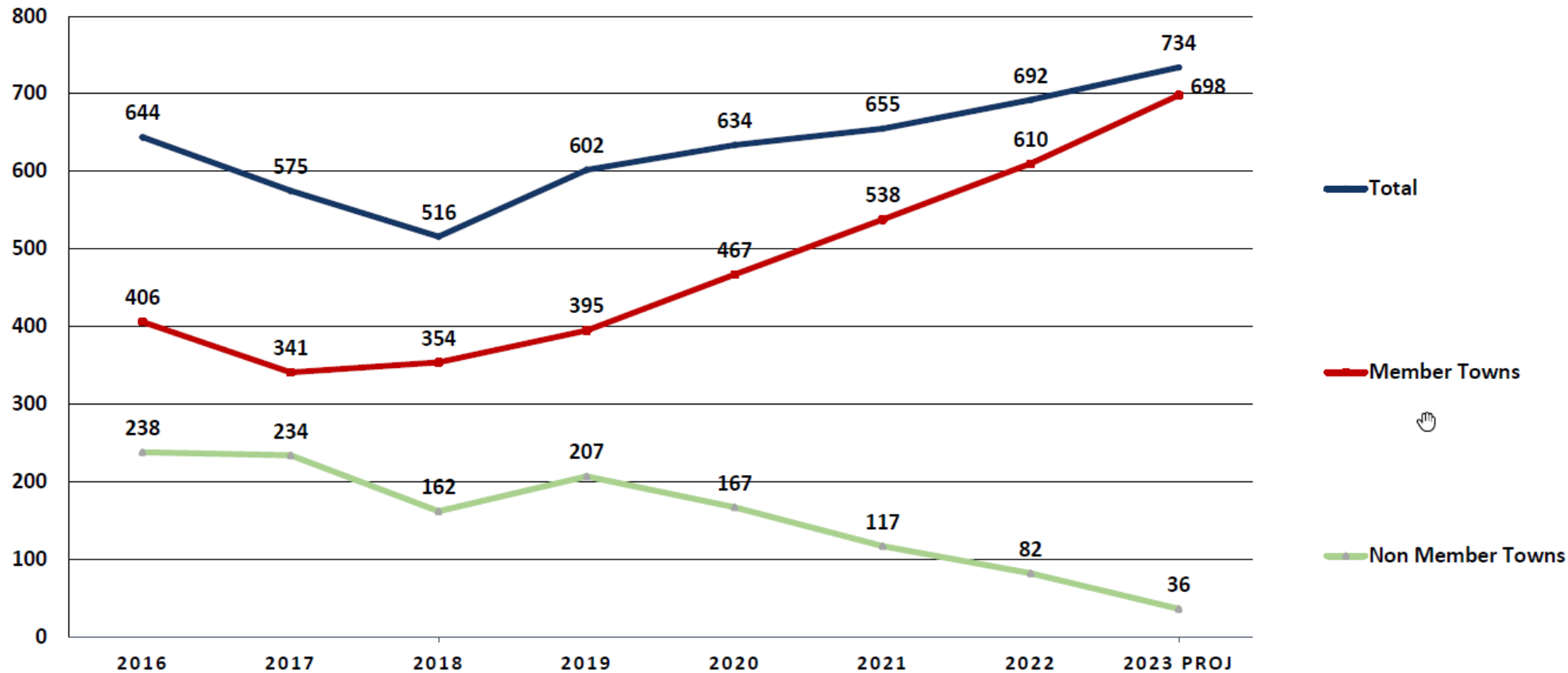
**Increasing**



# Education

# Minuteman High School

## Overall Enrollment as of October 1



# Shift in Enrollment

- Enrollment is Shifting to In-District
- Out of District Enrollment is Decreasing
  - Out of District Tuition Revenue is Decreasing
  - Out of District Capital Fee Revenue is Decreasing
- **Resulting in a Significant Increase in Overall Assessments to Member Towns**
- **Per Pupil Assessment will Remain Consistent**

# Stow: Comparison of Assessment

	FY24	FY23	Difference	% Change
Enrollment	65	57	8	14.0%
Enrollment- 4 Year Rolling Average	50.25	38.75	11.50	29.7%
% Share Operating	10.4%	10.1%	0.3%	3.2%
% Share Capital	9.3%	8.4%	0.9%	11.0%
Minimum Required Contribution	\$1,059,989	\$971,464	\$88,525	9.1%
Transportation	\$57,567	\$48,299	\$9,268	19.2%
Operating	\$855,166	\$596,186	\$258,980	43.4%
Debt & Capital – Operating	\$114,094	\$106,092	\$8,002	7.5%
Debt – Building Project	\$487,708	\$423,062	\$64,646	15.3%
Total Assessment	\$2,574,524	\$2,145,103	\$429,421	20.0%

# Stow: Preliminary Assessment

Minimum Required Contribution	\$ 1,059,989
Transportation Assessment	\$ 57,567
Operating Assessment	\$ 855,166
Debt and Capital Assessment	<u>\$ 114,094</u>
Sub-Total	\$ 2,086,816
Building Project – Debt Service*	<u>\$ 487,708</u>
Total Assessment	<u>\$ 2,574,524</u>

*\*Debt Service excluded from Prop 2 ½ Limitation*

**\$429,421  
or 20%  
INCREASE**

# Nashoba Regional School District

Enrollment as of October 1, 2022

Row Labels	Bolton	Lancaster	Stow	Grand Total
MRE	8	457	8	473
Center	2	6	490	498
FSS	718	6	11	735
LBMS	1	241	1	243
HMS	2	2	266	270
NRHS	260	270	287	817
Grand Total	991	982	1063	3036

# Stow – School Aged Children Breakdown

	Local	Academic	Vocational			Out-of-		In State	Out-of-	
	Public	Regional	Technical		Charter	District	Home	Private and	State	
Grade Level	Schools	Schools	Regional	Collaboratives	Schools	Public	Schooled	Parochial	Private and	Total
Schools			Schools			Schools		Schools	Parochial	
Kindergarten	0	80	0	0	0	0	0	4	0	84
Grade 1	0	90	0	0	0	2	1	3	0	96
Grade 2	0	71	0	0	0	0	2	2	0	75
Grade 3	0	73	0	0	0	2	0	4	0	79
Grade 4	0	87	0	0	0	0	1	5	0	93
Grade 5	0	67	0	0	0	2	0	3	0	72
Grade 6	0	86	0	0	0	2	2	4	0	94
Grade 7	0	77	0	0	2	3	1	4	0	87
Grade 8	0	109	0	0	1	0	1	5	0	116
Grade 9	0	76	19	0	0	1	2	6	0	104
Grade 10	0	68	18	0	4	2	0	5	0	97
Grade 11	0	78	16	0	2	3	3	9	0	111
Grade 12	0	65	12	0	5	1	1	7	0	91
Total	0	1027	65	0	14	18	14	61	0	1199

Updated 3/1/23		Five Year Rolling Foundation Enrollments				
		Preliminary FY24	FY23	FY22	FY21	FY20
Town:	FIVE YEAR TOTAL	1-Oct-22	1-Oct-21	1-Oct-20	1-Oct-19	1-Oct-18
Bolton:	5,119	1,011	1,030	1,054	1,004	1,020
Lancaster:	4,852	1,014	983	969	940	946
Stow:	5,614	1,083	1,124	1,115	1,138	1,154
Total:	15,584	3,107	3,137	3,138	3,082	3,120
UPDATED WITH FOUNDATION ENROLLMENT NUMBERS						

**Bolton FY23: 32.9% of NRSD Enrollment down from 33.09% in FY22**  
**Lancaster FY23: 30.88% of NRSD Enrollment up from 30.55% in FY22**  
**Stow FY23: 36.22% of NRSD Enrollment down from 33.36% in FY22**

*“Operating costs shall be apportioned among the member towns on the basis of the average of the previous five (5) years’ enrollment as of October 1 of each of the preceding years for fiscal year 2000 and thereafter”*

NRSD Regional Agreement



# NRSD FY24 MINIMUM LOCAL CONTRIBUTION

Minimum Local Contribution (House 1)	
Town	Amount
Bolton	\$ 10,037,536
Lancaster	\$ 8,180,813
Stow	\$ <u>10,855,691</u>
Total	\$ 29,074,040
As of March 1, 2023	

## Budget Assessment

Proposed Budget	\$64,902,630	
High School Debt	\$572,140	Subject to Capital Assessment Process
Local Revenue	\$13,041,051	State and Locally Generated Revenue
Amount Assessed	\$51,289,439	Total Amount Assessed
Fixed Assessment	\$29,074,040	Minimum Required Local Contributions
Variable Assessment	\$22,215,399	Remainder of Budget to be Assessed

Towns	Five Year Rolling Assessment Percentage	Fixed Assessment	Variable Assessment	FY 2024 Net Debt Assessment	Capital Assessment Credit	FY 2024 Total Assessment	FY 2023 Total Assessment	FY 2024 Total Dollar Increase	FY 2024 Percentage Increase
Bolton	32.8453542%	\$10,037,536	\$7,296,727	\$182,330.33	\$0	\$17,516,593	\$16,953,808	\$562,785	3.32%
Lancaster	31.1318018%	\$8,180,813	\$6,916,054	\$188,617.58	\$0	\$15,285,485	\$14,591,571	\$693,914	4.76%
Stow	36.0228439%	\$10,855,691	\$8,002,619	\$201,192.09	\$0	<u>\$19,059,502</u>	\$18,535,962	\$523,540	2.82%
Total	100.0000000%	\$29,074,040	\$22,215,399	\$572,140.00	\$0	\$51,861,579	\$50,081,341	\$1,780,238	3.55%

### Net Payment Analysis

	FY 2024 Assessment	SBAB Credit	FY 2024 Net Assessment
Bolton	\$17,516,593	\$0	\$17,516,593
Lancaster	\$15,285,485	\$0	\$15,285,485
Stow	\$19,059,502	\$0	\$19,059,502



**\$523,540 or 2.82%**

# Looking ahead to FY24

Minuteman and Nashoba assessments combine for almost a \$1M increase to FY24

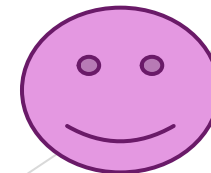
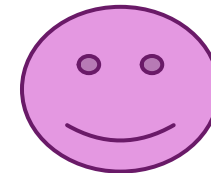
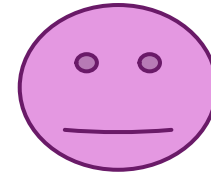
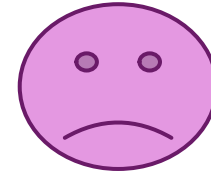
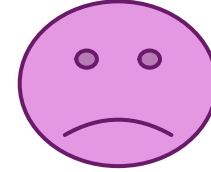
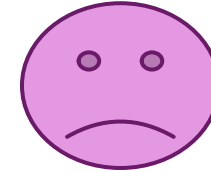
Cost to update facilities and equipment is increasing – delays and supply chain issues still causing problems

Health insurance is increasing by over 13%

ARPA funds availability is limited and will not cover Capital requests this year – but still helps with a lot of ongoing projects

Tax collection rate remains high

Final State Aid school figures should have a positive impact on the Minuteman assessment



# **Town Administrator FY24 Budget Recommendations**

**Continue to fund the OPEB Trust with an annual appropriation of at least \$235,000 from Free Cash**

**Make an annual appropriation to the Stabilization Account – FY24 Recommendation is \$200,000 from Free Cash**

**Make an annual appropriation to the Capital Stabilization Account – FY24 Recommendation is \$75,000 from Free Cash**

**Continue making departments more efficient – roll ZBA into Planning Department; continue with consolidation of Cemetery Department into the Highway Department; move facilities related expensed out of departmental budgets and into main facilities budget (electric and heating bills)**

# **Town Administrator FY24 Budget Recommendations**

**Invest in the Fire Department's hybrid call model by supporting the request to add two (2) full-time firefighters. The hybrid model is sustainable provided we make incremental investments in the staffing levels and facilitate engagement of call members.**

**Given the requirements of the State's Peace Officer Standards and Training Commission (POST) for reserves to be fully training and certified, I am supporting the recommendation to add one (1) full-time patrol officer to the Police Department.**

**Complete procurements of regular services to ensure best cost at highest quality: HVAC, plumbing, electrical, dumpster and recycling collection**

# Town Administrator FY24 Budget Recommendations

Continue to work with our state and federal legislators on earmarked funds for Stow:

\$300,000 from State ARPA Funds to install 6 Fire Cisterns – procurement for cisterns has begun

\$1,135,000 MVP Grant for the Stow Acres Project - waiting on release of funds

\$1,000,000 Grant for the Lake Boon Dam – waiting on release of funds

\$750,000 Federal Earmark for Track Road – MassDOT approved, waiting on release of funds

Continue to seek out and apply for grants in all municipal areas

# Thank you!



# Any Questions?