

Boxborough's Finance Committee is comprised of between five and nine members (currently at 8) appointed by the Moderator for individual three-year terms. The Finance Committee are tasked by town bylaw with the responsibility to consider "all matters of business included within the articles of any warrant for Town Meetings" and "shall after due consideration report thereon in print its recommendation as to each article." The FinCom are responsible for initiating and managing the Town's budget process. This process of formulating the budget for a fiscal year beginning on July 1 typically begins the previous October and culminates in the presentation of the Finance Committee recommendation for the operating budget at the Annual Town Meeting (ATM) in May. Finally, the Finance Committee seeks to communicate to the voters the key financial and operating issues within town government so as to develop informed debate at town meetings and in other forums. The Finance Committee operates as an open meeting with public participation in person and via Zoom. All meetings are broadcast live on local cable TV and are recorded for later viewing.

Overall Town Finances

Boxborough continues to maintain a AAA bond rating due to high reserves and other favorable budgetary, debt, OPEB planning and financial management metrics as measured by Standard & Poor's. FY25 will be a challenging year due to the budgetary challenges detailed below. The Town is in the process of hiring a full time Accountant/ Financial Director which will greatly benefit management of the ongoing financial issues.

FY25 Budget

Operating Budget

Note that all figures presented in this report were correct at time of Warrant printing and are subject to change. Final figures will be presented at Town Meeting.

The proposed FY25 Operating Budget of \$27,996,663 is an increase over FY24 of 7.87%.

The main challenge impacting the FY25 budget is the significant increase in the Acton Boxborough Regional School District (ABRSD) assessment. The assessment increased by 14.46% for FY25 (assuming Acton passes their override). Increases were driven by large unexpected charges from the School insurance trust, increases in Special Education (SPED) costs and SPED transportation costs. This was compounded by an adjustment to the Boxborough share of the assessment driven by increased Boxborough student enrollment. The increase in the school budget was despite reductions from 'level service' including some staff reductions and program eliminations. The proposed FY25 R&A budget of \$27,996,663 increases spending over FY24 by 7.87%. The primary budget driver in FY25 is the school assessment at a 14.46% increase. The non ABRSD Budget increased by 0.23%. The non ABRSD budget benefited from reductions in long term debt payments and the regionalization of Dispatch. Due to these savings improvements to services have been proposed in the FY25 budget.

	FY25 Proposed	FY24	Increase
Non ABRSD	\$12,036,389	\$12,009,110	0.23%
ABRSD	\$15,960,274	\$13,944,299	14.46%
Total R&A	\$27,996,663	\$25,953,409	7.87%

Operating Budget Drivers

Other Education. Boxborough students have the option of attending any vocational school of their choice if space exists. For FY24 the Town had 2 students attend Minuteman, 1 Nashoba and 1 Assabet. For FY25, FinCom expects enrollment to remain level at Assabet and Minuteman

Salaries. Higher salaries reflect CPI-U increases plus steps. Total salaries decreased 0.3% due to the impact of dispatch regionalization.

	FY25	FY24	Increase
Total Salaries - Town Government	\$1,209,939	\$1,123,267	7.7%
Total Salaries - Protection	\$3,047,870	\$3,193,569	-4.6%
Total Salaries - Public Works	\$804,089	\$787,164	2.2%
Total Salaries - Health Services	\$138,796	\$131,841	5.3%
Total Salaries - Culture & Rec	\$362,994	\$343,615	5.6%
Total Salaries	\$5,563,688	\$5,579,456	-0.3%

Benefits. Employee benefits continue to be one of the largest and fastest growing line items in the budget and for FY25 will increase 11.5%

Debt Service. Overall costs for debt service will fall by 22.9% in FY25 for a favorable impact on the budget. For FY25 items planned for bonding include road maintenance, a new ambulance, and necessary updates to the Hager well.

Reserve Fund. The Operating Budget also includes a planned allocation to the Reserve Fund for unforeseen or emergency expenses. In FY24 the Reserve Fund allocation will be 0.6% of the Operating Budget (\$168,000) based on policy developed by FinCom.

Warrant and CPA Articles

Proposed warrant articles total \$2,873,800. Items in the warrant include long term and large costs that have been identified on the Capital Plan.

	R&A	Free Cash	CPA	Bond	Revolving	Stabilization	Total
CPA			\$245,500				\$245,500
Culture and Rec.		\$97,500					\$97,500
DPW				\$496,000	\$108,000		\$604,000
Employee Benefits		\$50,000				\$150,000	\$200,000
Health Services	\$20,000				\$5,000		\$25,000
Protection	\$448,500	\$349,000		\$149,000	\$403,300	\$21,000	\$1,370,800
Town Government	\$167,000	\$164,000					\$331,000
Debt Service							\$0
Total	\$635,500	\$660,500	\$245,500	\$645,000	\$516,300	\$171,000	\$2,873,800

Revenues

In addition to Property Tax, funds are available from Local Receipts and State Aid, CPA funds and other minor sources.

Revenues	Estimated FY25	Budget FY24
State Aid	\$352,014	\$352,933
Local Receipts	\$1,355,800	\$1,653,500
CPA Funds	\$245,500	\$379,550
Other Funds		\$120,255
Total Receipts	\$1,953,314	\$2,506,238

Tax Rate Calculation

Property Tax is budgeted to raise \$27,321,554. This will generate a tax rate of \$15.66 per \$,000 of property valuation based on a total Town valuation of \$1,744,634,604 (preliminary estimate). This is within the limit of property tax increase allowed by Proposition 2 ½. The Proposition 2 ½ limit for FY25 (maximum allowable levy) is estimated at \$28,185,095.

	FY23	FY24	FY25 (Prelim)
Previous Year Levy Limit	\$23,615,104	\$25,300,653	\$26,290,419
Allowed Levy Increase (2.5%)	\$590,378	\$632,516	\$657,260
New Growth Revenue	\$1,095,171	\$357,250	\$300,000
Levy Limit	\$25,300,653	\$26,290,419	\$27,247,679
Excluded Debt	\$937,416	\$947,048	\$937,416
Maximum Allowable Levy	\$26,238,069	\$27,237,467	\$28,185,095
Levy	\$22,900,834	\$24,906,736	\$27,321,554
Assessed Value	\$1,481,813,416	\$1,661,556,766	\$1,744,634,604*
Tax Rate (\$ per \$,000)	\$ 15.52	\$ 14.99	\$15.66
Average Value	\$764,691	\$844,900	\$887,145*
Average Tax	\$11,868	\$12,665	\$13,893

*estimate

Use of Reserves

Reserves (Free Cash and Stabilization Fund) will be used to balance the budget. It should be noted that the planned Free Cash reserve post ATM is below the policy guideline.

FY25	Pre ATM	Action	Proposed Post ATM	As % of Operating Budget
Reserve Fund	\$155,000	Return surplus to Free Cash. Fund FY25 at 0.6%	\$168,000	0.60%
Stabilization Fund	\$1,586,587	\$171,000 for Warrant Articles	\$1,415,587	5.38%
Free Cash	\$2,043,338	\$660,500.00 for Warrant Articles. Add surplus Reserve Fund	\$1,537,838	4.96%

Use of Debt

\$645,000 of new debt will be assumed as the result of this budget. Debt will be in the form of a BAN (Bond Anticipatory Note) in advance of issuance of a Bond. Typically, a Bond is not issued until a minimum amount of debt has been accrued on BANs.

Budget Overview

The proposed budget balances the Operating Budget and taxed Warrant Articles with Receipts in order to calculate a taxation requirement. Others sources and uses of funds are balanced. In this budget Free Cash and Debt are used to minimize taxation impact.

FY25	Outgoing		Incoming
Operating Budget 2025	\$27,996,663	Taxation	\$27,321,554
Warrant Articles (R&A)	\$635,500		
Sub Total	\$28,632,163		\$27,321,554
Warrant Articles (Non R&A)	\$2,238,300	Local Receipts	\$1,355,800
State Charges	\$97,205	State Aid	\$352,014
Overlay Reserve	\$300,000	From Reserves (Free Cash)	\$660,500
		From Reserves (Stabilization)	\$171,000
		Debt	\$645,000
		CPA Funds	\$245,500
		Other Funds	\$516,300
Sub Total	\$2,635,505		\$3,946,114
	\$31,267,668		\$31,267,668

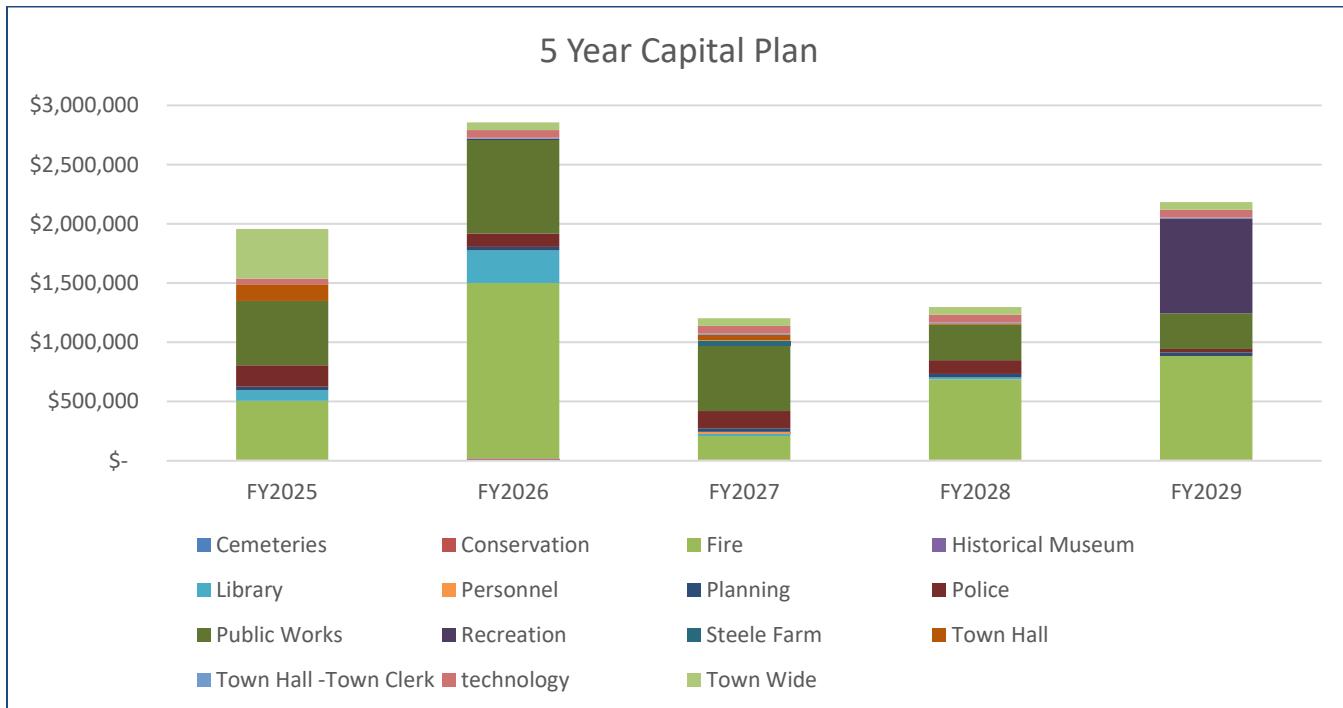
Note: Revenues are estimates

Capital Plan

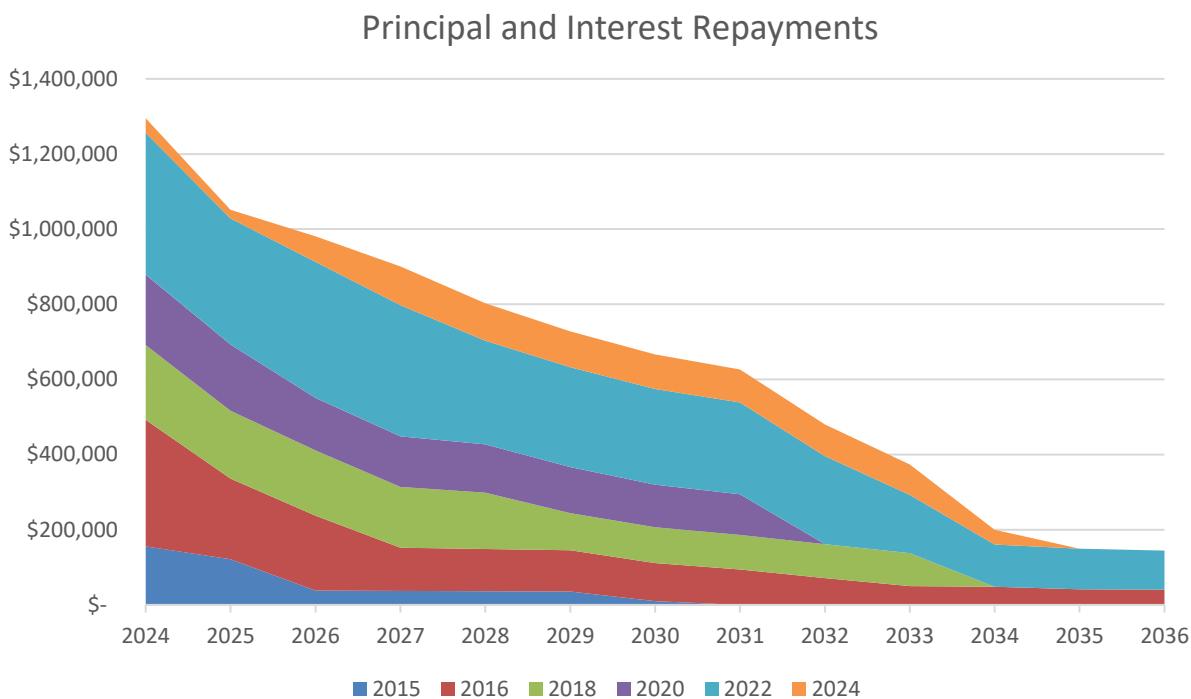
A Capital Committee has been formed comprised of the Town Administrator, 2 members of FinCom, 2 members of Select Board. An updated Capital Plan has been developed and will continue to be updated in collaboration with Town departments and committees.

	FY2025	FY2026	FY2027	FY2028	FY2029	5 year total
Cemeteries		\$10,000	\$0	\$0	\$0	\$10,000
Conservation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Fire	\$495,000	\$1,480,000	\$200,000	\$678,000	\$875,000	\$3,728,000
Library	\$90,000	\$275,000	\$18,000	\$15,000	\$0	\$398,000
Personnel	\$0	\$0	\$15,000	\$0	\$0	\$15,000
Planning	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
Police	\$180,000	\$113,500	\$146,000	\$116,000	\$30,000	\$585,500
Public Works	\$544,000	\$789,000	\$555,000	\$300,000	\$300,000	\$2,488,000
Recreation	\$0	\$10,000	\$0	\$0	\$800,000	\$810,000
Steele Farm	\$0	\$0	\$40,000	\$0	\$0	\$40,000
Town Hall	\$141,891		\$50,000	\$10,000	\$0	\$201,891
Town Hall -Town Clerk	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Technology	\$48,000	\$64,000	\$64,000	\$64,000	\$64,000	\$304,000
Town Wide	\$417,000	\$64,000	\$64,000	\$64,000	\$64,000	\$673,000
Total	\$1,955,891	\$2,855,500	\$1,202,000	\$1,297,000	\$2,183,000	\$9,493,391

** Above figures do not include anticipated capital costs for proposed Fire Station



Debt Long term debt will decrease over the next 10 years. Through proper capital planning the town can take on additional debt for future projects such as the Fire station and ABRSD refurbishments.



Note the above chart does not include future projects. Financial Policies

The Finance Committee has developed a comprehensive Financial Policies document that guides the budgeting process. An abbreviated summary of the Financial Policies is below.

Budget Policy

- The Operating Budget should be developed in order to balance expenses, revenues, and use of Free Cash.
- Free Cash should be maintained at a minimum of 5% of the Operating Budget.
- Fees and user charges should be reviewed annually in relation to the cost of providing the service.
- New positions in the town should be added to the warrant as an article in the first year and then will be added to the Operating Budget in following years.
- Recurring expenses (non-bonded) in the town will be added to the warrant as an article in the first year and then will be added to the Operating Budget in following years.
- A Reserve Fund should be allocated at 0.6% of the total Operating Budget

Capital Planning

- Both the incremental operating costs and debt service costs for any proposed capital project must be considered before any approval is granted.
- Capital improvement items must be approved as articles at ATM or STM

The Capital Plan shows the projected item and the year in which the item is planned to be purchased. This forecast will change on an annual basis and will not reflect all the unplanned projects that arise on future warrant articles.

Debt Management

- Debt service should not exceed 10% of revenues.

Conclusion

The budget presented is balanced and takes into consideration the current financial status of the Town as well as potential future needs. The Town is currently in a solid financial condition however budgetary challenges may make a proposition 2 1/2 override necessary in the future.

The Finance Committee has developed, and will continue to review, policies to help guide future budgeting and long-term capital planning activities.

It is the objective of the Finance Committee to provide clear financial information to the Town to allow informed decision making.