



Warrant Committee

October 10, 2023

Agenda

- Call to order and disclosure of video recording
- Approval of September 26, 2003, meeting minutes
- Preliminary 23-24 calendar and minute meeting assignments
- Discussion and Review of Financial Policy compliance for FY 23 (Reserves and Free Cash)
- Preliminary Estimate of Free Cash from FY 23 available for appropriation at 2024 Town Meeting
- Discussion of FY 23 Free Cash Analysis for Budget Turnback's of Revenue and Expenses
- Discussion of General Stabilization Fund and Capital Stabilization Fund
- Discussion of Preliminary Priorities for Free Cash Utilization
- Discussion of Forecasted FY 25 Revenue and Fixed Costs
- Committee Updates
 - School Building Committee and Request to Attend Joint Meeting of SB, SC, and SBC
 - Capital Budget Committee
- Update from Town Finance
- Informational Items
- Other topics not reasonably anticipated 48 hours prior to the meeting

PRELIMINARY FY 25 WARRANT COMMITTEE CALENDAR AND MINUTE RESPONSIBILITY

Meeting Date 2023		Minute Responsibility
September 26, 2023	Schedule; Background on 2024 Budget Process and preliminary forecast.	Peter Michelson
October 10, 2023	Free Cash Analysis, Stabilization and Reserve Funds Review, Shared Revenue and Fixed Costs Budget Reviews	Brent Nelson
October 23, 2023 **	Capital Budgets Review and Shared Revenue and Fixed Costs	Jillian Rafter
November 13, 2023 **	Capital Budgets Review and Shared Revenue and Fixed Costs, Finalize Budget Guidance to School and Town Departments	Bob Sliney
December 12, 2023 (Tentative if needed)		
Meeting Date - 2024		
January 16, 2024	Town Departments Budget Reviews 1	Ed Vozzella
January 30, 2024	Town Departments Budget Reviews 2	Steve Callahan
February 13, 2024	School Department Budget Briefing	Deborah Cartisser
February 27, 2024 (Public Safety Building)	Warrant Articles 1	Mather Eldred
March 11, 2024 **	Warrant Articles 2	Emily McCabe
March 19, 2024 (if needed)		
April 2, 2024	Warrant Committee Public Hearing	Peter Michelson
May 6, 2024	Annual Town Meeting	Brent Nelson
All meetings on Tuesday at 7 pm unless otherwise noted with “ **”.		

The Financial Articles Address All Areas of Town Finance

Tax Bill Impact

**Operating
Budget**

**Reserve and
Stabilization
Accounts**

Capital Assets

**Long Term
Liabilities**

Service Levels

**Balance
Many Needs**

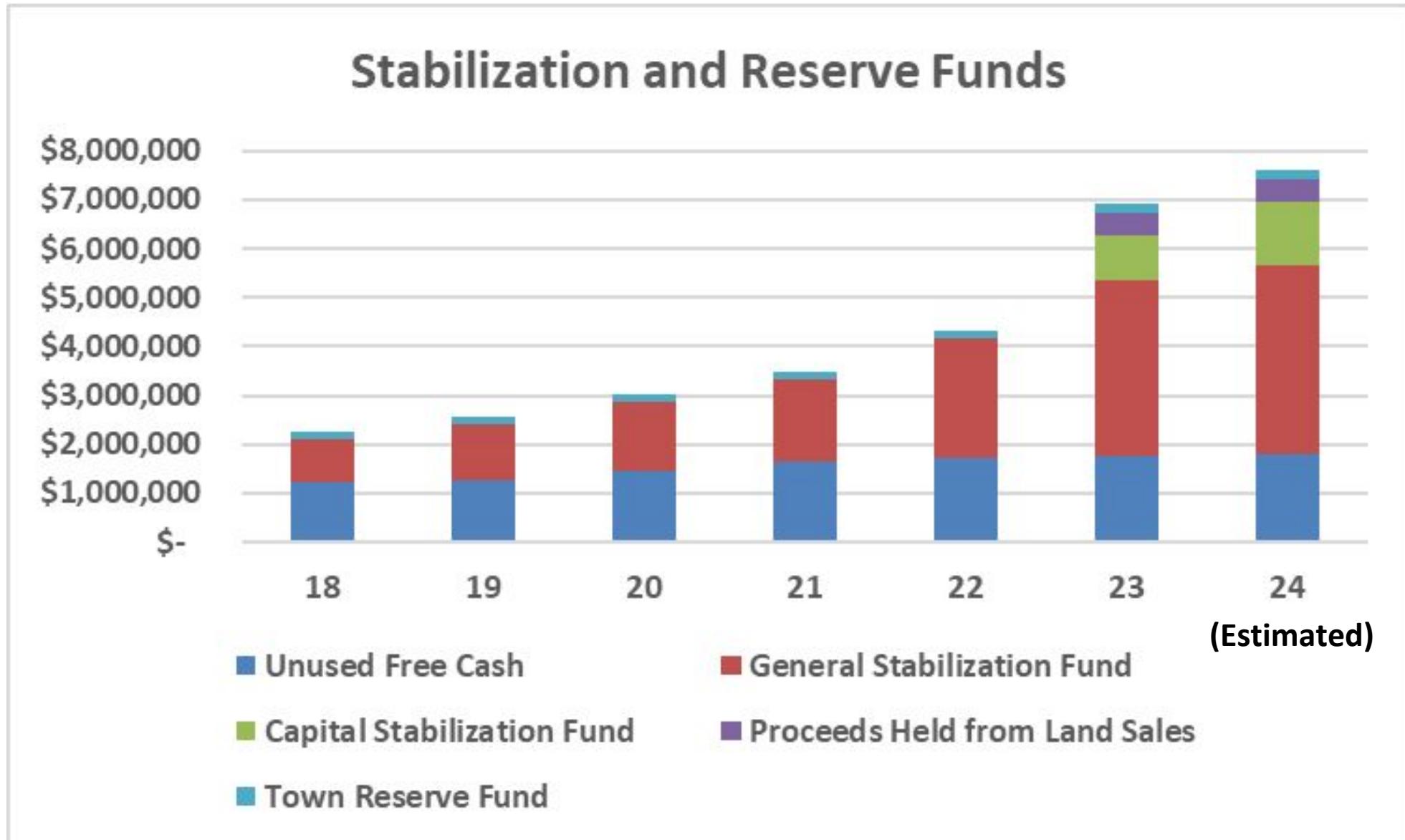


Town's Finances – Complying With Financial Policies

The Financial Policies and Free Cash

- **FY 23 COMPLIANCE**
- **PRELIMINARY ESTIMATE OF FREE CASH**
- **FREE CASH FY 23 ACTUAL TO BUDGET VARIANCES AND TURNBACKS**

Building Up Our Reserves



Building Up Our Reserves

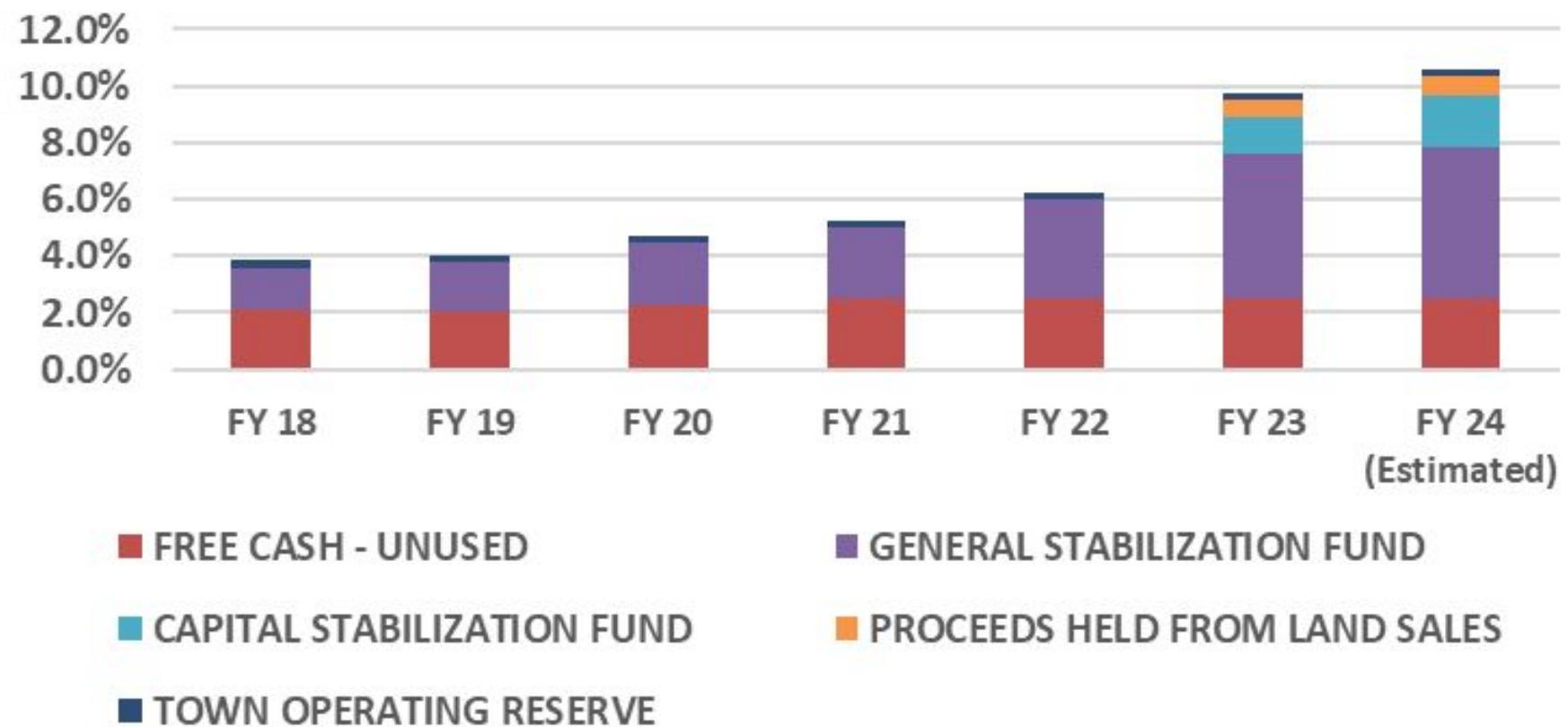
General Stabilization Fund
FY 24 (Estimated) - \$_. M

- Main Reserve Account
- Important component of Credit Rating

Capital Stabilization Fund
FY 24 (Estimated - \$_. M

Capital Items included in the Capital Improvement Plan

Reserves as a % of Operating Revenue (after subsequent spending)



Municipal Building Stabilization Fund

Municipal Building Stabilization Fund						ESTIMATED					
		2020	2021	2022	2023	2024	2025	2026	2027	2028	
End of Year Balance	\$254,639	\$547,086	\$823,217	\$893,417	\$657,998						
Voted Contributions	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863		
Transfers	\$11,764	\$21,322	\$289,740	\$477,560	\$38,173						
Appropriations	(\$782,125)	(\$799,500)	(\$1,090,500)	(\$1,529,000)	(\$1,405,000)	(\$1,131,000)					
Identified Needs (April 2023)					\$1,405,000	\$ 3,031,000	\$ 9,502,000	\$ 1,071,000	\$ 6,750,000		
Schilling Baseball Field Repair (debt service)						\$ 1,200,000					
Turf Field Lights (debt service)						\$ 350,000					
Resurfacing of School Parking lots (debt service)						\$ 350,000					
School Roof Replacement (MSBA Roof Repair Program)							\$ 8,000,000				
Town Roof Replacement										\$ 6,000,000	

CAPITAL STABILIZATION FUND

Capital Stabilization Fund			ESTIMATED							
	2022	2023	2024	2025	2026	2027	2028	2029		
End of Year Balance**	\$ 22,311	\$ 916,311	\$ 1,214,290	\$ 1,114,290						
Contributions	\$ 751,000	\$ 2,000,000	\$ 850,000	\$ 750,000						
ARPA		\$ 235,000	\$ 350,000	\$ 350,000						
Appropriations	\$ (750,686)	\$ (1,106,000)	\$ (796,000)	\$ (1,200,000)						
Identified Needs (Preliminary)			\$ 1,520,000	\$ 1,194,000	\$ 1,534,000	\$ 1,235,000	\$ 580,000			

FREE CASH UTILIZATION AND STABILIZATION/RESERVE FUNDS PROJECTIONS

Expenditures	\$71,883,021	based on current forecast
Less revolving funds	\$345,000	
Less Opioid Settlement Stabilization Fund	\$68,000	
Total	\$71,470,021	
Free Cash required by policy	\$1,786,751	
Free Cash estimate	\$5,142,310	Not certified
Free Cash eligible for appropriation	\$3,355,559	

PRELIMINARY RANGE FREE CASH USES:	Low	High
General Stabilization Fund	\$0	\$130,000
Capital Stabilization Fund	\$750,000	\$1,000,000
Parks and Recreation Capital Projects	\$68,000	\$68,000
New School Tax Impact Mitigation Fund	\$850,000	\$1,000,000
School Building Committee	\$500,000	\$600,000
OPEB	\$551,250	\$551,250
Total	\$2,719,250	\$3,349,250
EXCESS UNUSED FREE CASH BALANCE	\$636,309	\$6,309

PRELIMINARY PROPOSED USE FROM ABOVE	\$2,969,250
Municipal Building Stabilization Fund	\$350,000
TOTAL PRELIMINARY USES	\$3,319,250
EXCESS UNUSED FREE CASH	\$36,309

LOW / HIGH PROJECTED FINANCIAL POLICY TESTS FOR RESERVES

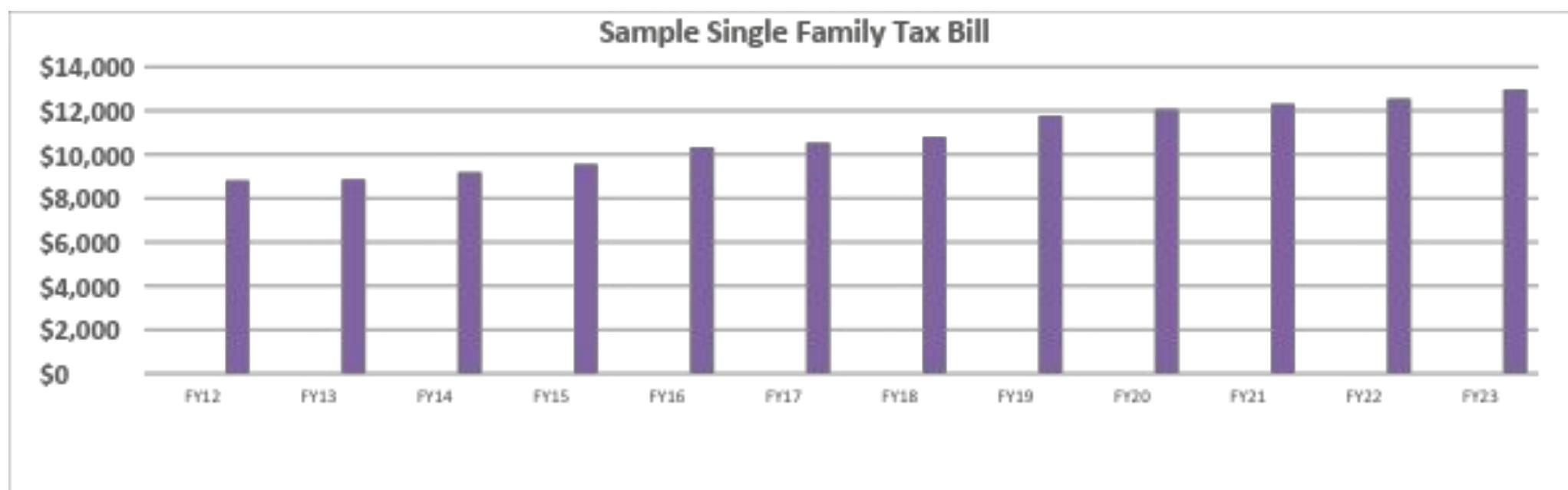
<u>"Low" Scenario</u>			
Reserve balances:	Estimated FY24 balances	Appropriations	Projected balances
Reserve fund	\$170,000		\$170,000
Stabilization Fund Balance	\$3,647,770	\$0	\$3,647,770
Capital Stabilization Fund Balance	\$1,214,290	-\$450,000	\$764,290 Does not include \$700k ARPA offset
Free Cash Balance	\$5,142,310	-\$2,719,250	\$2,423,060
Sale of land proceeds	\$450,000	\$0	\$450,000
New School Tax Impact Mitigation Fund		\$850,000	\$850,000
Total	\$10,624,370		\$8,305,120
as % of expenditures	14.87%		11.62%
<u>"High" Scenario</u>			
Reserve balances:	balances	Appropriation	balances
Reserve fund	\$170,000		\$170,000
Stabilization Fund Balance	\$3,647,770	\$130,000	\$3,777,770
Capital Stabilization Fund Balance	\$1,214,290	-\$200,000	\$1,014,290 Does not include \$700k ARPA offset
Free Cash Balance	\$5,142,310	-\$3,349,250	\$1,793,060
Sale of land proceeds	\$450,000	\$0	\$450,000
New School Tax Impact Mitigation Fund		\$1,000,000	\$1,000,000
Total	\$10,624,370		\$8,205,120
as % of expenditures	14.87%		11.48%

A Look At Medfield's Single Family Tax Bill

	FY 19	FY 20	FY 21	FY 22	FY 23	Estimated FY24
Average Tax Bill Increase	8.9%	2.5%	1.9%	2.1%	3.2%	1.9%
Single Family Average						
Assessed Value	\$ 658,424	\$ 676,528	\$ 692,421	\$ 720,752	\$ 839,765	\$839,765
Average Tax Bill	\$ 11,766	\$ 12,062	\$ 12,297	\$ 12,555	\$ 12,958	\$ 13,204

Medfield's Ranking
in the State Average
Tax Bill

FY12	22
FY13	22
FY14	21
FY15	21
FY16	18
FY17	19
FY18	19
FY19	15
FY20	16
FY21	18
FY22	20
FY23	21





TOWN OF MEDFIELD

Office of the

SELECT BOARD

TOWN HOUSE, 459 MAIN
STREET
MEDFIELD, MASSACHUSETTS
02052-0315

(508) 906-3011 (phone)
(508) 359-6182 (fax)

Kristine Trierweiler
Town Administrator

To: Warrant Committee

From: Kristine Trierweiler, Town Administrator
Medfield Financial Team

Date: October 10, 2023

Re: Medfield Free Cash Balance

The Town Accountant's office currently estimates the Town of Medfield's Free Cash balance for Fiscal Year 2023 to be \$5,142,310. It should be emphasized that this number is an unofficial estimate which has yet to be certified by the Department of Revenue's Division of Local Services ("DLS"). However, we feel confident enough in the figure to use it for initial planning purposes as we begin the Fiscal Year 2025 budget process.

Free Cash is a term used for the Town's remaining, unrestricted funds at the close of the prior fiscal year.

Per DLS, the Town's Free Cash balance comes from three sources:

- Unexpended Free Cash: The prior year's unexpended Free Cash rolls over to the following year.
- Budgetary turnbacks: At the end of the fiscal year, any unspent and unencumbered appropriations in the operating budget accounts close to Free Cash.
- Revenues: If revenues exceed estimated amounts, the additional revenue closes to Free Cash.

Best Practices for Using Free Cash

DLS recommends that Free Cash only be used for one-time, nonrecurring expenses. DLS further recommends that if Free Cash is used to subsidize the operating budget, the Town should set a limit on how much is to be used. The Town's Financial Policies require that the Town maintain at least 2.5% of its operating budget in Free Cash.

From DLS's [guidance on Free Cash](#):

As a nonrecurring revenue source, free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves. If a community incorporates free cash into revenue source projections for next-year

operational expenses, it is prudent to place a percentage restriction on the total free cash to be used.

Overall, [the DLS Technical Assistance Bureau] recommends that communities adopt a free cash policy that avoids supplementing current year departmental operations.

Medfield's Historical Use of Free Cash

From FY2014 through FY2019, the Town used considerable amounts of Free Cash, averaging \$1.4 million. During that time, most of the town's free cash appropriations were used to subsidize the operating budget. In FY2020 and FY2021, the Town reduced its use of Free Cash to \$800,000 and \$792,597, respectively, for this purpose. After further reducing Free Cash appropriated for this purpose to \$209,393 in FY2022, no amount was used to balance the operating budget in either the FY2023 or the FY2024 budgets.

Free Cash was used in the FY2024 budget for the following purposes:

Item	Amount
Transfer to Capital Stabilization	\$850,000
Transfer to General Stabilization	\$500,000
Transfer to OPEB Trust	\$525,000
New Elementary School Feasibility Study	\$250,000
Transfer to Opioid Stabilization Fund	\$92,139
Affordable Housing Trust Consulting Services	\$15,000
Establishment of Vaccines Revolving Fund	\$5,000
Total	\$2,237,139

Fiscal Year 2023 Free Cash Balance

Medfield's estimated Free Cash balance for the close of Fiscal Year 2023 is driven primarily by appropriation turnbacks and higher than expected local receipts.

Budgetary Turnbacks

Each year, unexpended and unencumbered funds in budget accounts close out to Free Cash. Between FY2018 and FY2022, the total amount of Town department and school turnbacks to Free Cash averaged approximately \$1.3 million. In FY2023, the Town and school budget accounts turned back \$1.6 million. The following departmental accounts had lower than anticipated expenditures and contributed the majority of this balance:

- Health insurance: The health insurance budget funds the Town's premium costs for Town and School employees and retirees. The addition of even a few employees to the Town's health insurance plans can result in significant changes in total costs. The Town's family

plan, for example, which is the most subscribers costs the Town \$18,635 in premiums per year. Nine months into calendar year 2023 alone, the Town has seen its health care plan headcount increase by 20.

- Police operations - The Police Department turnback is attributable to vacant positions. In addition, Chief Guerette continues to implement new policies to control personnel costs. The Town is hopeful that Medfield voters will ratify the Police Department's departure from civil service at the Annual Town Election in March, which will assist in recruitment and retention efforts.
- Department of Public Works: As with the Police Department, the several divisions within the Department of Works have a number of personnel vacancies. We are hopeful that the results of the class and compensation currently underway will shed light on whether the compensation offered for these positions, and positions town-wide, are competitive in the current labor market.

A complete list of departmental turnbacks from FY2023 accompanies this memo.

Local Receipt Revenues

During the Town's budget and tax rate setting process, the Town's financial team estimates revenue projections for property taxes, excise taxes, fees, and other sources of funding. If actual revenues exceed estimated revenues, the excess is closed out to Free Cash. The Town typically takes a conservative approach in estimating its revenues since revenue shortfalls will be deducted from Free Cash, or could require mid-year budget cuts.

During the FY2023 budgeting process, we continued the use of conservative revenue estimates to develop a fiscally responsible budget proposal. Revenues exceeded estimates in FY2023, particularly from higher than anticipated investment income, building permits and licensing fees, Medicaid reimbursements from the federal government, and motor vehicle excise tax collections.

A complete list of FY2023 local receipt collections compared to estimates accompanies this memo.

Local Receipts	Actual	Actual	Actual	Actual	Actual	Estimates	Actuals	Variance	
	Fiscal Year	FY2018	FY2019	FY2020	2021	FY2022	FY2023	FY2023	
Motor Vehicle Excise		\$2,217,913	\$2,186,090	\$2,063,219	\$2,445,739	\$2,280,299	\$2,150,000	\$2,398,705.58	\$248,705.58
Other Excise									
Meals		\$153,408	\$175,517	\$158,844	\$135,557	\$195,721	\$150,000	\$209,362.20	\$59,362.20
Penalties and Interest on Taxes		\$61,433	\$73,232	\$71,667	\$141,777	\$87,195	\$75,000	\$73,946.66	-\$1,053.34
Payments in Lieu of Taxes		\$3,396	\$3,529	\$2,240	\$2,623	\$4,359	\$2,624	\$4,642.85	\$2,018.85
Fees		\$66,152	\$71,639	\$27,251	\$77,474	\$55,990	\$50,000	\$69,333.10	\$19,333.10
Rentals		\$241,727	\$242,704	\$222,728	\$257,137	\$268,254	\$261,307	\$198,320.19	-\$62,986.81
Department Revenue									
Schools		\$14,962	\$2,621	\$678	\$5,476	\$66,836	\$500	135,727.23	\$135,227.23
Library		5715			0		\$0	\$0.00	\$0.00
Cemetery		\$28,245	\$33,675	\$38,975	\$36,355	\$40,880	\$35,000	\$36,890.00	\$1,890.00
Recreation									
Other Departmental Revenue		\$543,809	\$508,293	\$462,276	\$543,299	\$454,236	\$339,350	\$675,402.19	\$336,052.19
Licenses and Permits		\$767,129	\$590,861	\$718,177	\$863,641	\$757,758	\$690,600	\$940,883.04	\$250,283.04
Special Assessments		\$340,430	\$332,608	\$257,945	\$229,377	\$155,892	\$101,250	\$118,730.43	\$17,480.43
Fines and Forfeitures		\$22,431	\$18,417	\$12,012	\$3,814	\$6,825	\$3,750	\$5,037.24	\$1,287.24
Investment Income		\$208,676	\$336,472	\$248,127	\$42,275	\$65,648	\$300,000	\$830,386.78	\$530,386.78
Medicaid Reimbursement				\$28,902	\$32,473	\$132,365	\$25,000.00	\$110,387.42	\$85,387.42
Misc. Non Recurring				63664	183453			\$105,467.05	\$105,467.05
Misc. Non Recurring MSBA			\$110,301			\$126,347		\$24,342.00	\$24,342.00
Total	\$4,675,426	\$4,685,959	\$4,376,705	\$5,000,470	\$4,698,605		\$4,184,381	\$5,937,564	\$1,753,183
						Other revenues:			
						State Aid	\$8,212,631.0	\$8,384,126.0	\$171,495.0
						New Growth	\$475,000.0	\$611,675.0	\$136,675.0
								Total Revenue Variance	\$2,061,353

