



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

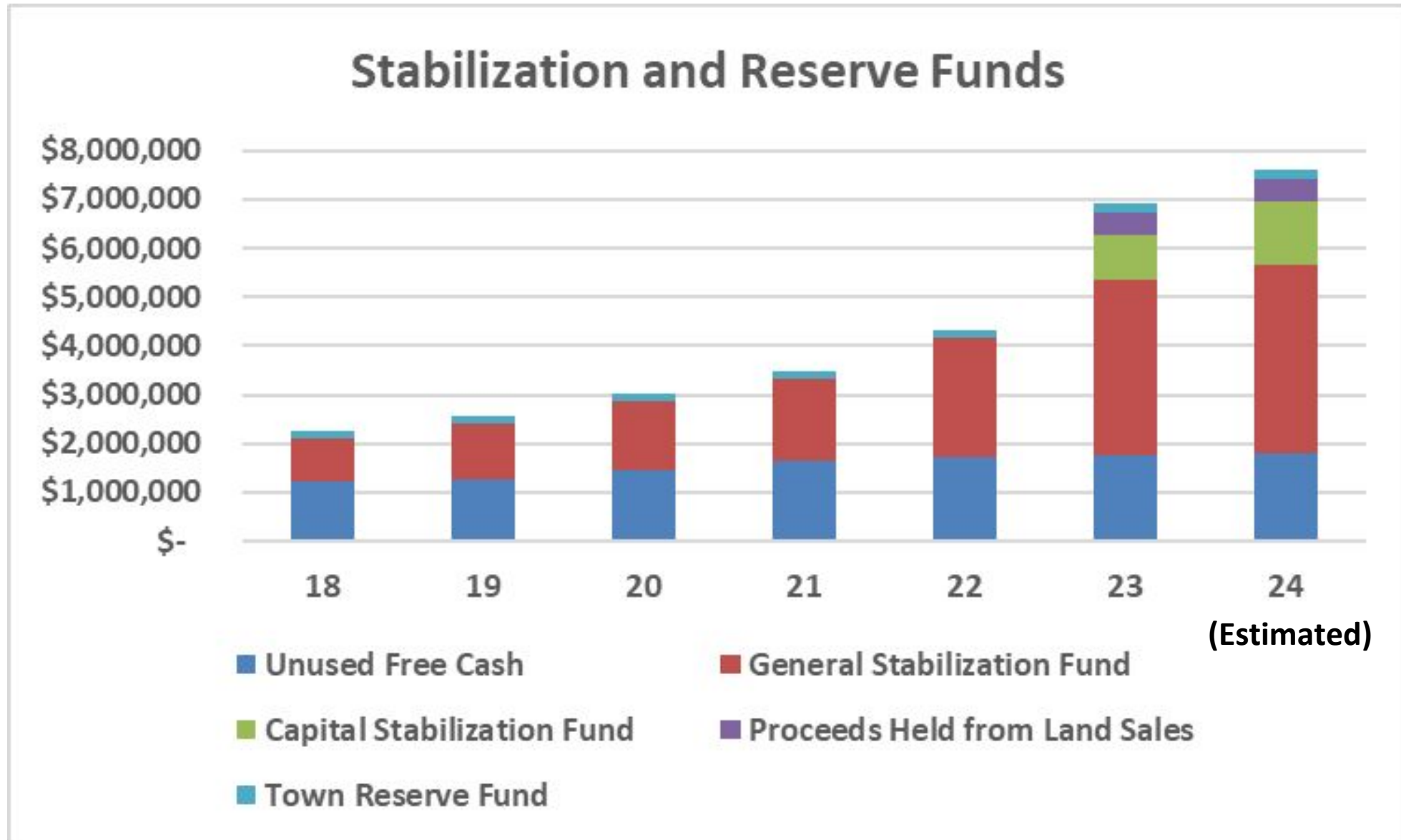
**Balance
Many Needs**

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



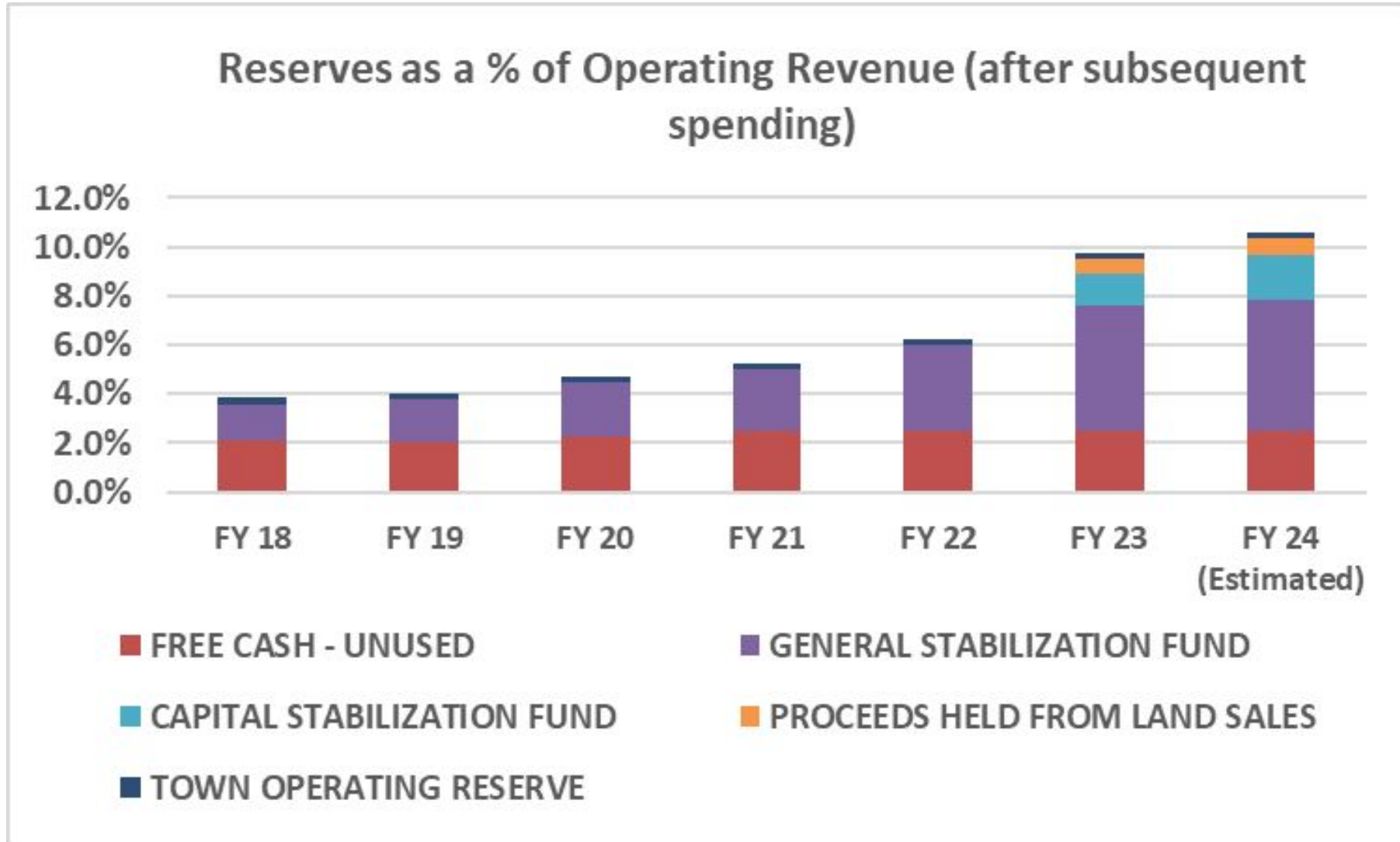
Building Up Our Reserves

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



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
** Does not include \$700,000 of ARPA Funds									

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

"Low" Scenario				
<u>Reserve balances:</u>	Estimated FY24 balances	Appropriation s	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 offs
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%	
"High" Scenario				
<u>Reserve balances:</u>	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 offs
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

Sample Single Family Tax Bill





TOWN OF MEDFIELD

Office of the

SELECT BOARD

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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

Municipal Buildings Stabilization Fund									
Town Meeting	Fiscal Year	Approved Override	Appropriated into Fund from Other Sources	Prior Year Balance	Stabilization Fund Balance Available for Appropriation	Total Project Appropriations	Investment gain/loss	Stabilization Fund Balance	
April 2018	FY 2019	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ (1,000,000)		\$ -	as of June 30, 2019
April 2019	FY 2020	\$ 1,025,000	\$ -	\$ -	\$ 1,025,000	\$ (782,125)	\$ 11,764	\$ 254,639	as of June 30, 2020
June 2020	FY 2021	\$ 1,050,625	\$ -	\$ 254,639	\$ 1,305,264	\$ (779,500)	\$ 21,322	\$ 547,086	as of June 30, 2021
May 2021	FY 2022	\$ 1,076,891	\$ 303,199	\$ 547,086	\$ 1,927,175	\$ (1,090,500)	\$ (13,459)	\$ 823,216	as of June 30, 2022
May 2022	FY 2023	\$ 1,103,813	\$ 477,560	\$ 823,216	\$ 2,404,589	\$ (1,529,000)		\$ 893,417	as of June 30, 2023
May 2023	FY 2024	\$ 1,131,408	\$ 38,173	\$ 893,417	\$ 2,062,998	\$ (1,405,000)		\$ 657,998	estimated June 30, 2024 balance
May 2024	FY 2025	\$ 1,159,693	\$ -	\$ 657,998	\$ 1,817,692	\$ (1,131,000)		\$ 686,692	estimated June 30, 2025 balance
<u>FY2023 Appropriations:</u>									
Article 9		\$1,159,000							
Blake roof repairs		\$300,000.00							
Dale feasibility study		\$70,000							
<u>Sources of appropriations from other funds:</u>									
FY2022									
\$	181,941	MSBA Reimbursements							
\$	121,258	Emergency Reserve Fund							
\$	303,199	Total							
FY2023									
\$	171,882	MSBA Reimbursements							
\$	305,678	Unexpended Reimbursements							
FY2024									
\$	24,342	MSBA Reimbursements							
\$	13,831	Proposed closed articles							
	Remaining Emergency Reserve Fund								