



Town of Hudson

MASSACHUSETTS 01749-2134

To: Select Board
Finance Committee

From: Thomas Gregory

Date: March 13, 2023

Re: FY2024 Budget Adjustments

Reference is made to my memorandum to the Select Board and Finance Committee dated January 13, 2023. Now that the Governor has filed her budget (House 1), communities in Massachusetts know the starting point for the FY2024 local aid budget cycle. I had requested in January that the Select Board delay the signing of the Annual Town Meeting Warrant until March 27, 2023 so that I could update several FY2024 budget items. This memorandum outlines these new recommendations.

Ch. 70 Education Aid

The Governor's Ch. 70 figure was \$633,804 higher than the small increase I had originally carried in my December 19, 2022 budget filing. And, while the Charter School Tuition Reimbursement line was reduced by \$543,555 over FY2023, the Charter School Tuition Assessment was essentially level funded. I had originally carried a 10% increase in this assessment. Because of the significant increase in Ch. 70 funding, I am recommending that the appropriation to the Hudson Public Schools be increased \$600,000 to \$43,305,340 which represents an increase of \$1,742,965 or 4.19% over FY2023.

New Growth

As you know, in May we estimate a new growth figure in the tax calculation. The new growth figure is the last budget item to be finalized when it is certified by the Department of Revenue (DOR) in November shortly before the tax rate is set. New growth represents the value of new construction that comes online during the prior fiscal year. The estimate used in recent fiscal years has been \$750,000. In FY2021 and FY2022, the actual new growth figure exceeded the estimate by a considerable amount: certified new growth in FY2021 was \$1,021,453; and, in FY2022 it was \$1,065,846. In FY2023, however, certified new growth was \$649,374. I had carried \$700,000 as an estimate for new growth in my December 19, 2022 budget filing. I have decided to reduce this figure even further, to \$650,000, as I continue to hear about supply chain delays and increasingly unfavorable market conditions relative to construction.

Health Insurance

With the Select Board's acceptance of Sections 21-22 of General Laws, Chapter 32B on February 27, 2023, a period of negotiation with all of the Town's bargaining units will soon commence. These negotiations will focus on introducing new plan design features as well as changes to employer/employee premium contributions. To anticipate next year's savings in the budget, I have reduced the FY2024 health insurance appropriation to \$5,425,000 which is \$87,000 or 1.58% less than FY2023.

Appropriation into Stabilization Fund

Finally, I am recommending that \$100,000 be raised and appropriated into the Stabilization Fund. As you know, the Stabilization Fund is a reserve that, along with Free Cash, may be used for any lawful purpose. Making routine appropriations into the Stabilization Fund is a prudent way to build reserves over time. The balance in the Stabilization Fund as of September 30, 2022 is \$2,258,890. This will be the first recommended appropriation into the Stabilization Fund since my arrival in Hudson.

Attached to this memorandum is the FY2024 Financial Plan Control Sheet showing in red the budget figures that have changed since December 19, 2023. I note that this budget recommendation anticipates excess tax levy capacity of \$314,673.

I am available to answer any questions.

cc: Neil Vaidya, Finance Director
Fernanda Santos, HR and Licensing Manager
Marco Rodrigues, Superintendent, Hudson Public Schools
Daniel Gale, Director of Finance and Operations, Hudson Public Schools

FINANCIAL PLAN CONTROL SHEET					
2/27/2023 rev. 5		FY2023	FY2024	Increase / (Decrease)	% Change
REVENUES					
PROPERTY TAX		61,124,540.00	64,288,336.00	3,163,796.00	5.1800%
STATE AID					
	GENERAL GOVERNMENT	2,561,624.00	2,553,264.00	(8,360.00)	-0.3300%
	EDUCATION	14,716,197.00	14,860,338.00	144,141.00	0.9800%
		17,277,821.00	17,413,602.00	135,781.00	0.7900%
LOCAL RECEIPTS					
		16,916,214.00	7,499,000.00	(9,417,214.00)	-55.6700%
INDIRECT COSTS REIMBURSEMENT					
		N/A	1,929,170.00	1,929,170.00	
AVAILABLE FUNDS					
	FREE CASH	1,861,277.00	1,795,358.00	(65,919.00)	-3.5400%
	L&P SURPLUS	225,000.00	225,000.00	-	0.0000%
	STABILIZATION	-	-	-	-
	DPW STABILIZATION	-	-	-	-
	CABLE RECEIPTS	453,750.00	432,125.00	(21,625.00)	-4.7700%
	SALE OF REAL ESTATE	-	-	-	-
	TRANFSER	-	-	-	-
		2,540,027.00	2,452,483.00	(87,544.00)	-3.4500%
TOTAL REVENUE					
		97,858,602.00	93,582,591.00	(4,276,011.00)	-4.3700%
EXPENSES					
EDUCATION					
	HUDSON PUBLIC SCHOOLS	41,562,375.00	43,305,340.00	1,742,965.00	4.1900%
	ASSABET ASSESSMENT	2,797,549.00	2,931,411.00	133,862.00	4.7800%
		44,359,924.00	46,236,751.00	1,876,827.00	4.2300%
GENERAL GOVERNMENT					
	DEPARTMENTS	21,288,922.00	17,875,113.00	(3,413,809.00)	-16.0400%
	HEALTH & LIFE	5,512,000.00	5,425,000.00	(87,000.00)	-1.5800%
	MEDICARE	780,000.00	795,600.00	15,600.00	2.0000%
	GENERAL INSURANCE	462,463.00	473,337.00	10,874.00	2.3500%
	PENSION ASSESSMENT	6,794,331.00	7,443,000.00	648,669.00	9.5500%
		34,837,716.00	32,012,050.00	(2,825,666.00)	-8.1100%
DEBT SERVICE					
	PRINCIPAL	5,290,911.00	3,496,000.00	(1,794,911.00)	-33.9200%
	INTEREST	2,304,418.00	1,058,074.00	(1,246,344.00)	-54.0800%
	OTHER DEBT SERVICE	381,047.00	369,827.00	(11,220.00)	-2.9400%
	DEBT SERVICE ON RECAP	-	176,068.00	-	-
		7,976,376.00	5,099,969.00	(2,876,407.00)	-36.0600%
TOWN MEETING					
	ARTICLES	964,592.00	712,225.00		
	OPEB	50,000.00		(50,000.00)	-100.0000%
	CAPITAL PLAN	1,675,435.00	1,765,258.00	89,823.00	5.3600%
	STABILIZATION	-	-	-	-
	RESERVE FUND	100,000.00	100,000.00	-	0.0000%
	MAY RETRO WAGES	-	-	-	-
	NOVEMBER TOWN MEETING	195,133.10	-	-	-
		2,985,160.10	2,577,483.00	(407,677.10)	-23.1100%
CHARGES					
	TAX TITLE	30,000.00	25,000.00	(5,000.00)	-16.6700%
	OFFSETS	1,135,744.00	1,072,310.00	(63,434.00)	-5.5900%
	SNOW DEFICIT	-	-	-	-
	STATE ASSESSMENTS	5,859,655.00	5,812,500.00	(47,155.00)	-0.8000%
	OVERLAY DEFICITS	-	-	-	-
	OVERLAY RESERVE	678,662.00	746,528.00	67,866.00	10.0000%
		7,704,061.00	7,656,338.00	(47,723.00)	-0.6200%
TOTAL TO BE RAISED					
		97,863,237.10	93,582,591.00	(4,280,646.10)	-4.3700%
TAX CALCULATIONS					
	PRIOR YEAR LEVY LIMIT	56,642,572.00	58,708,010.00		
	2.5 PERCENT	1,416,064.00	1,467,700.00		
	NEW GROWTH	649,374.00	650,000.00		
	CURRENT YEAR LEVY LIMIT	58,708,010.00	60,825,710.00		
	DEBT EXCLUSION TAX YIELD	3,851,726.00	3,777,299.00		
	MAXIMUM ALLOWABLE LEVY	62,559,736.00	64,603,009.00		
	TAX	61,124,540.00	64,288,336.00		
	EXCESS	1,435,196.00	314,673.00		

2/27/2023 rev. 5						
		FY2023	FY2024	Increase / (Decrease)	% Change	
	Control Rev	97,858,602.00	93,582,591.00			
	Control to be raised	97,863,237.10	93,582,591.00			
		(4,635.10)	-			
	CPA	1,010,549.00				
	Dispatch Offset Receipts	618,748.00				
	FY2024 Water Expenses		4,076,812.00			
	FY2024 Sewer Expenses		3,991,603.00			
	FY2024 Stormwater Expenses		929,788.00			
	TOTAL PROJECTED FY2024 EXPENDITURES		102,580,794.00			
	Increase over FY2023		4,717,556.90	4.82%		