

Historical Budgets & Reserve Funds



Town of Tewksbury



AGENDA

Historical Actuals of Stabilization Fund and Division of Local Services Best Practices

Historical Actuals of Free Cash and Division of Local Services Best Practices

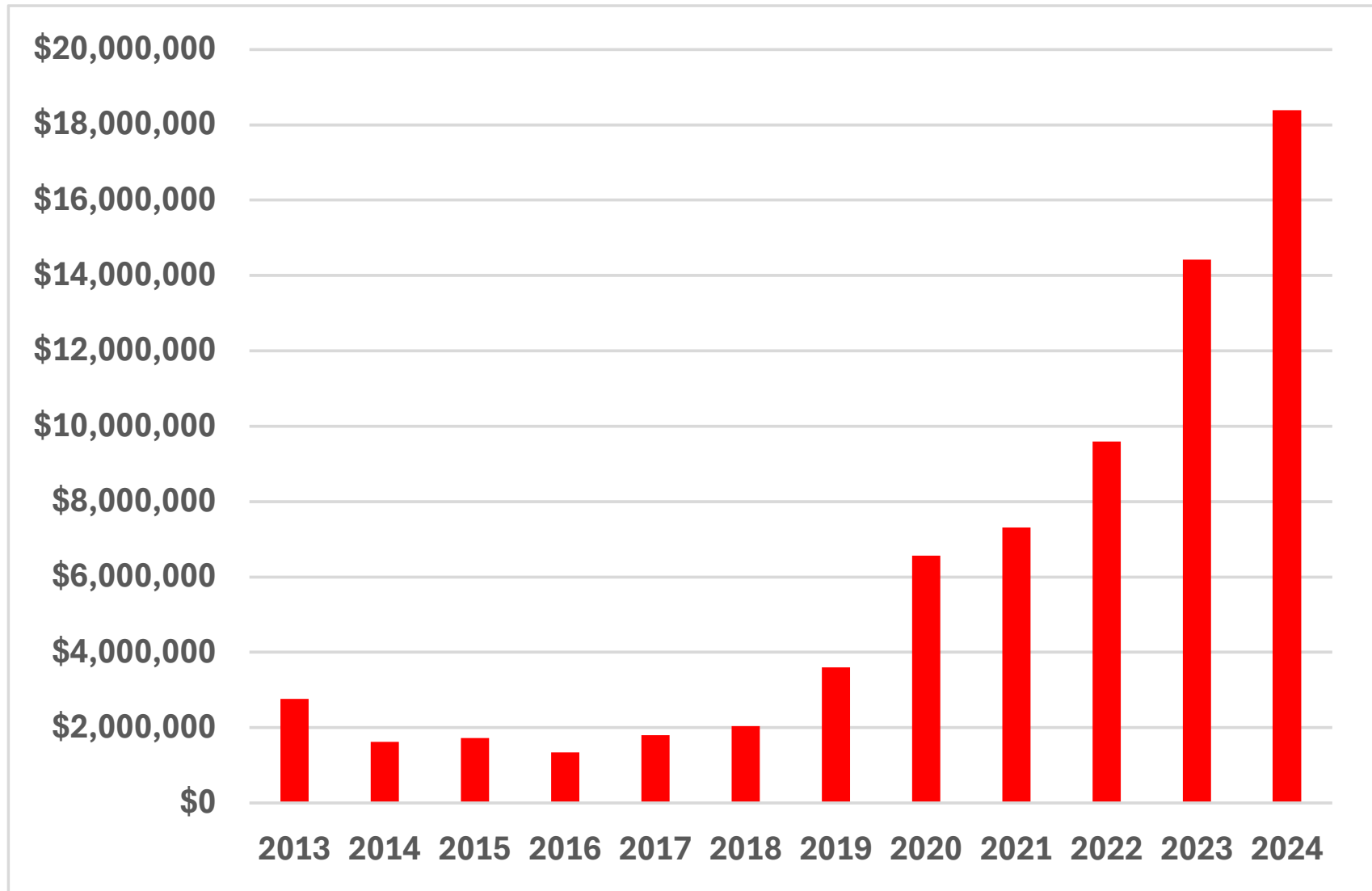
Benchmark Communities Snapshot

Historical ATM General Fund Budgets

Historical Local Receipts

Current & Future Challenges Facing the Town

Stabilization Fund History FY2013 to FY2024

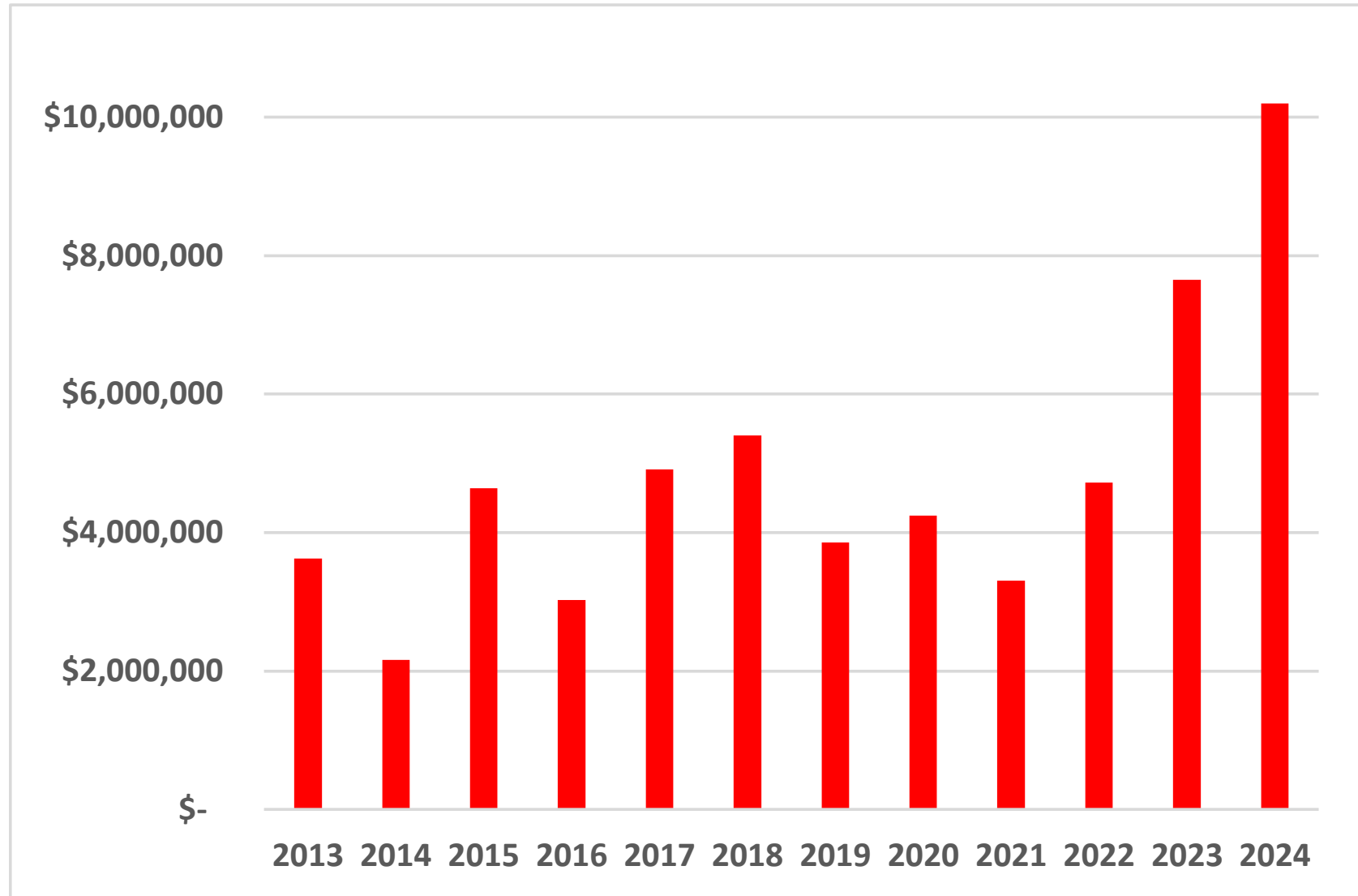


Note: Appropriations out of Stabilization fund require 2/3 vote at town meeting. Stabilization balance as of 2/27/2024 and will not be final until end of fiscal 2024.

Division of Local Services Recommendations on Stabilization Funds

- Cities and towns should manage reserves based on sound formal policies governing their funding, use, and replenishment. Over the last two years, communities have followed conservative budgeting practices, delayed capital investment, and seen an influx of federal assistance which has resulted in historically high reserve levels. Therefore, as we enter this next season of municipal budgeting and financial planning, and with **anticipation gaining for an economic downturn, it is more important than ever for local officials to review and update their strategy on building and expending reserves.**
- When well-planned, a community can use its reserves to **protect from the usual unevenness in revenue and expenditure patterns that occur with changes in economic conditions, finance emergencies and other unforeseen needs**, accrue money for specific future purposes, or in limited instances, serve as revenue sources for the annual budget. It is important **that communities maintain financial flexibility to ensure they are in a position to react and respond to financial challenges without incurring significant financial stress.**
- In all cases, reserves should be used to fund unanticipated or one-time costs rather than to regularly fund operating expenses unless provisions are made to replenish the reserves.

Free Cash History FY2013 to FY2024



Note: Free cash can be appropriated for any lawful purpose, only after approval by DOR director and majority vote at town meeting.

Division of Local Services Recommendations on Free Cash

- The Technical Assistance Bureau (TAB) recommends that communities understand the role free cash plays in **sustaining a strong credit rating** and encourages them to adopt policies on its use. Under sound financial policies, **a community strives to generate free cash in an amount equal to three to five percent of its annual budget**. This goal helps deter free cash from being **depleted in any particular year**, which enables the following year's calculation to begin with a positive balance. To do this, the **community would orchestrate conservative revenue projections and departmental appropriations to produce excess income and departmental turn backs**.
- As a nonrecurring revenue source, **free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves**. When 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, TAB recommends that communities adopt **a free cash policy that avoids supplementing current year departmental operations**. By eliminating the expectation of additional resources later in the fiscal year to backfill budgets, department heads will produce more accurate and realistic annual appropriation requests.

Community Benchmarks

Town of Tewksbury

DLS Community Comparison

Municipality	County	Form of Government	2021 Population	FY 2023 Single Family Tax Bill	FY 2024 Single Family Tax Bill	2024 DOR Income Per Capita	Average Tax Bill as a % of Income	2023 Excess Levy Capacity	2024 Excess Levy Capacity	S&P Bond Rating
Andover	ESSEX	OPEN TOWN MEETING	36,517	11,734	12,330	91,198	13.52%	839,830	1,579,173	AAA
Newton	MIDDLESEX	COUNCIL AND ALDERMAN	87,453	14,793	15,642	163,628	9.56%	18,351	10,098	AAA
Tewksbury	MIDDLESEX	OPEN TOWN MEETING	30,876	7,799	8,068	47,985	16.81%	7,732	11,811	AA+
State Avg.				7,056	7,405	48,696	15.20%			

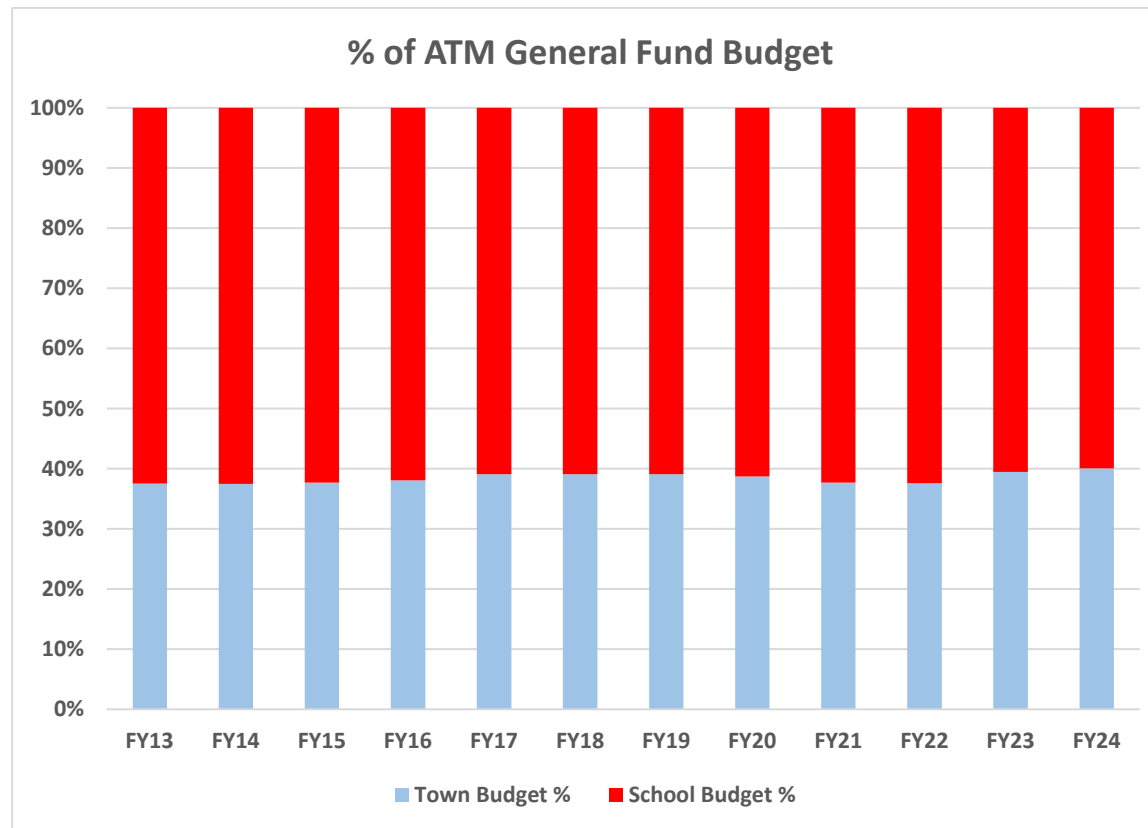
Note: Information can be found on DOR/DLS website.

Historical Budgets and Local Receipts

Town of Tewksbury

Historical Budgets FY2013 to FY2024

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
ATM Budget Appropriation (Net Allocations)	85,995,709	89,215,003	92,515,499	97,338,090	102,633,358	107,129,345	110,946,874	112,974,982	121,560,466	122,849,872	129,245,155	135,315,788
Town (W/O Debt & Net of Allocations)	27,997,004	29,193,344	30,294,881	32,300,832	34,877,270	36,884,867	37,279,163	38,370,009	40,720,660	41,203,727	46,133,770	49,350,380
Town Exempt Debt (P&I)	4,280,649	4,253,259	4,604,468	4,775,021	5,252,587	4,981,076	6,106,524	5,402,142	5,114,204	5,000,834	4,921,494	4,895,369
Total Budget Allocated to Town	32,277,653	33,446,603	34,899,349	37,075,853	40,129,857	41,865,943	43,385,687	43,772,151	45,834,864	46,204,561	51,055,264	54,245,749
% of Total Budget	38%	37%	38%	38%	39%	39%	39%	39%	38%	38%	40%	40%
School (W/O Debt & Net of Allocations)	44,918,991	46,708,416	48,590,759	51,216,672	53,635,278	56,570,806	58,319,785	59,708,554	61,187,066	62,617,856	64,083,661	66,555,405
School Exempt Debt (P&I)	3,174,064	3,089,025	3,033,099	3,217,099	3,144,086	3,071,245	2,982,702	2,771,215	7,484,957	7,041,688	6,603,450	6,408,700
Subtotal School	48,093,055	49,797,441	51,623,858	54,433,771	56,779,364	59,642,051	61,302,487	62,479,769	68,672,023	69,659,544	70,687,111	72,964,105
Shawsheen Regional	5,625,001	5,970,959	5,838,185	5,671,070	5,646,988	5,566,567	6,201,732	6,593,936	6,924,597	6,843,037	7,369,366	8,018,527
Essex North Shore	-	-	154,107.00	157,295.00	77,149.00	54,784.00	56,968.00	129,125.00	128,982.00	142,731.00	133,414.00	87,408.00
Total Budget Allocated to School	53,718,056	55,768,400	57,616,150	60,262,136	62,503,501	65,263,402	67,561,187	69,202,830	75,725,602	76,645,312	78,189,891	81,070,040
% of Total Budget	62%	63%	62%	62%	61%	61%	61%	61%	62%	62%	60%	60%

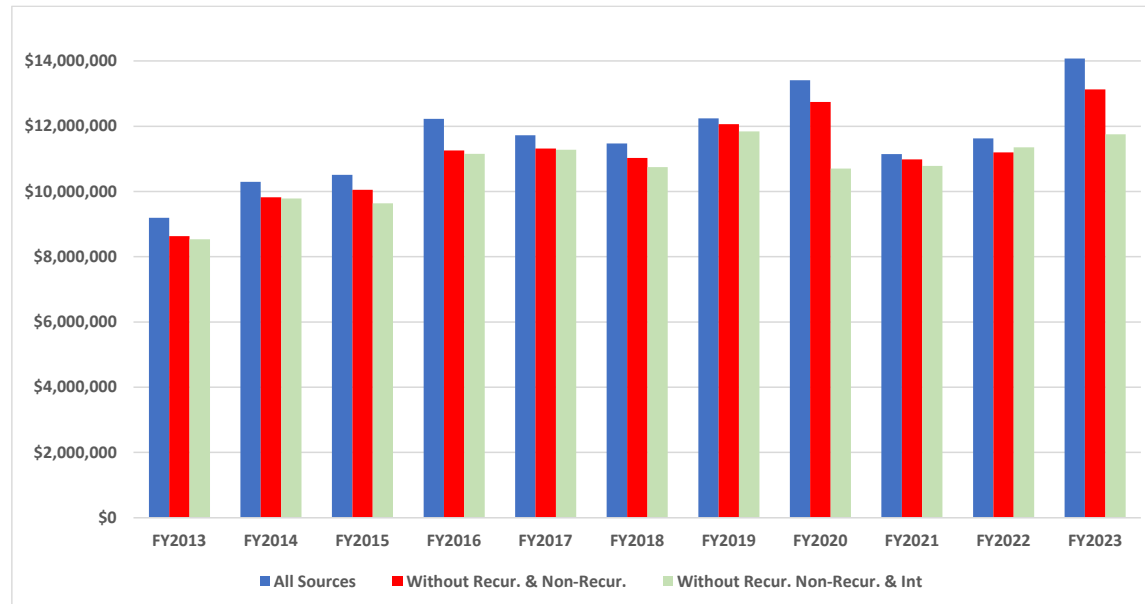


Local Receipts Details	Actual FY13	Actual FY14	Actual FY15	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY21	Actual FY22	Actual FY23
Motor Vehicle Excise Tax	3,920,582	4,237,760	4,310,321	4,633,789	5,024,172	5,097,049	5,313,845	5,024,645	5,340,420	4,959,642	5,010,512
Hotel/Motel Tax	687,085	841,798	1,014,019	1,099,717	1,072,823	1,145,575	1,479,458	982,609	657,734	956,263	1,013,621
Meals Tax	499,179	573,001	526,124	581,319	633,000	637,882	677,732	648,381	504,819	725,821	815,540
Other Excise Tax	2,929	-	2,535	2,868	3,359	3,711	2,581	3,568	3,260	2,857	2,835
Penalties and Interest on Taxes and Excises	438,807	463,913	329,840	301,620	334,917	302,728	218,157	242,631	285,458	242,724	271,654
Payment In-Lieu of Taxes (PILOT)	7,952	7,971	8,035	16,011	8,003	7,997	210,378	-	63,100	8,931	46,962
Charges for Services - Ambulance	930,656	922,608	1,273,075	1,202,681	1,384,138	1,455,737	1,559,006	1,711,836	1,653,000	1,907,074	2,009,173
Fees	632,755	1,434,954	906,562	1,088,973	419,595	365,783	541,647	378,471	480,631	445,209	317,911
Rentals	480,608	452,418	387,195	420,383	532,172	402,301	429,443	606,704	458,847	551,741	454,611
Other Departmental Revenue	-	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	663,299	782,059	791,228	1,178,083	1,313,949	862,667	1,134,581	944,349	1,089,997	1,138,478	1,386,475
Fines and Forfeits	110,599	108,808	80,646	123,454	102,776	97,428	84,003	62,476	46,091	49,395	34,137
Misc. State and Other Revenue	-	-	-	-	-	-	-	-	-	-	-
Recurring Revenue	376,172	681,451	569,991	371,559	455,812	364,881	152,531	333,377	136,461	-	-
Interest Earnings	97,932	36,031	36,505	105,476	128,032	279,050	217,270	2,036,653	204,354	(160,287)	1,374,179
SPED Medicaid Reimbursement	94,263	162,872	69,243	227,490	307,135	368,803	191,709	98,504	197,684	368,403	391,989
Non-Recurring Revenue	250,638	501,071	842,543	1,070,280	995,752	79,321	27,695	335,461	23,451	428,243	943,684
Total Local Receipts	9,193,456	11,206,717	11,147,863	12,423,702	12,715,636	11,470,913	12,240,038	13,409,665	11,145,307	11,624,492	14,073,282

Historical Local Receipts FY2013 to FY2024

Historical Local Receipts FY2013 to FY2024

Local Receipts (All Sources)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Budget	6,977,516	8,065,257	7,799,931	8,962,379	8,634,251	8,706,205	9,458,686	9,580,515	8,705,434	8,722,210	9,169,825
Actual	9,193,456	11,206,717	11,147,863	12,423,702	12,715,636	11,470,913	12,240,038	13,409,665	11,145,307	11,624,492	14,073,282
Surplus/Defecit	2,215,940	3,141,460	3,347,932	3,461,323	4,081,385	2,764,708	2,781,352	3,829,150	2,439,873	2,902,282	4,903,457
Surplus 11 Year Average	3,260,805										
Surplus 5 Year Average	3,371,223										
Surplus 3 Year Average	3,415,204										
Local Receipts (W/O Recurring & Non-Recurring)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Budget	6,977,516	8,065,257	7,799,931	8,962,379	8,634,251	8,706,205	9,458,686	9,580,515	8,705,434	8,722,210	9,169,825
Actual	8,566,646	10,024,194	9,735,328	10,981,864	11,264,072	11,026,711	12,059,812	12,740,826	10,985,395	11,196,250	13,129,598
Surplus/Defecit	1,589,130	1,958,937	1,935,397	2,019,485	2,629,821	2,320,506	2,601,126	3,160,311	2,279,961	2,474,040	3,959,773
Surplus 11 Year Average	2,448,044										
Surplus 5 Year Average	2,895,042										
Surplus 3 Year Average	2,904,591										
Local Receipts (W/O Recurring, Non-Recurring & Int. Income)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Budget	6,977,516	8,065,257	7,799,931	8,962,379	8,634,251	8,706,205	9,389,806	9,504,005	8,583,301	8,641,206	8,985,906
Actual	8,468,714	9,988,163	9,698,823	10,876,388	11,136,040	10,747,661	11,842,541	10,704,173	10,781,041	11,356,537	11,755,419
Surplus/Defecit	1,491,198	1,922,906	1,898,892	1,914,009	2,501,789	2,041,456	2,452,735	1,200,168	2,197,740	2,715,331	2,769,513
Surplus 11 Year Average	2,100,522										
Surplus 5 Year Average	2,267,098										
Surplus 3 Year Average	2,560,861										



Current & Future Challenges Facing Town

Town of Tewksbury

Current & Future Challenges Facing Town

- **Town and School Capital Improvements**
- **Shawsheen Tech Assessment**
- **State 9C cuts and guidance on state aide**
- **Federal Budget and Federal requirement changes that could affect revenue such as Medicaid reimbursements**
- **Solid Waste and Recycling Costs**
- **Unfunded Liabilities: Retirement and OPEB**

Current & Future Challenges Facing Town: 5 Year Projection

TOWN OF TEWKSBURY FINANCIAL RECAP FISCAL YEAR 2024-2030 PROJECTIONS

Appropriations	Approved Budget FY24	Projected Budget FY25	Projected Budget FY26	Projected Budget FY27	Projected Budget FY28	Projected Budget FY29	Projected Budget FY30
General Fund Budget							
School Budget							
Salaries	38,690,763	39,766,126	40,959,110	42,187,883	43,453,520	44,757,125	46,099,839
Operating	15,504,896	15,774,981	16,011,606	16,251,780	16,495,556	16,742,990	16,994,135
Capital Outlay	789,603	789,603	789,603	789,603	789,603	789,603	789,603
Health Insurance	8,692,226	9,478,233	9,952,145	10,449,752	10,972,239	11,520,851	12,096,894
Retirement	1,869,007	1,992,628	2,112,186	2,238,917	2,373,252	2,515,647	2,666,586
Debt	-	-	-	-	-	-	-
Other Fixed Costs	1,008,910	1,131,638	1,165,587	1,200,555	1,236,571	1,273,669	1,311,879
Total School Budget	66,555,405	68,933,209	70,990,236	73,118,489	75,320,742	77,599,885	79,958,935
Exempt Debt School	6,408,700	6,218,200	6,025,638	5,827,138	5,632,388	5,431,888	5,247,188
Shawsheen Tech	8,018,527	8,585,726	8,929,155	9,286,321	9,657,774	10,044,085	10,445,848
Essex Aggie	87,408	117,947	120,306	122,712	125,166	127,670	130,223
Town Budget							
Salaries	21,170,170	21,445,371	22,643,462	23,322,766	24,022,449	24,743,122	25,485,416
Operating	7,613,130	6,468,988	6,566,023	6,664,513	6,764,481	6,865,948	6,968,937
Solid Waste	3,438,814	3,571,296	3,749,861	3,937,354	4,134,221	4,340,932	4,557,979
Health Insurance	5,501,871	5,879,093	6,173,048	6,481,700	6,805,785	7,146,074	7,503,378
Retirement	9,063,541	9,664,114	10,243,961	10,858,598	11,510,114	12,200,721	12,932,765
Debt	2,060,148	2,511,331	2,499,631	2,462,231	2,393,331	2,326,481	2,259,631
North Middlesex RECC	490,809	632,515	696,564	713,978	731,827	750,123	768,876
Other Fixed Costs	1,796,366	1,261,182	1,299,017	1,337,988	1,378,128	1,419,471	1,462,056
Capital Outlay	545,268	404,784	404,784	404,784	404,784	404,784	404,784
Enterprise Fund Allocations	(2,329,738)	(2,471,437)	(2,607,366)	(2,750,771)	(2,902,064)	(3,061,677)	(3,230,069)
Total Town Budget	49,350,379	49,367,237	51,668,984	53,433,141	55,243,057	57,135,981	59,113,752
Exempt Debt Town	4,895,369	4,818,619	4,450,225	4,280,050	3,385,325	2,497,575	1,822,075
Transfer to Enterprise Funds	-	-	-	-	-	-	-
Reserve for Appropriation	-	554,730	-	-	-	-	-
Town Meeting Raise and Appropriation	-	-	-	-	-	-	-
Total Budget Appropriations	135,315,788	138,595,668	142,184,544	146,067,851	149,364,452	152,837,083	156,718,021
Cherry Sheet Offsets	72,002	72,002	72,002	72,002	72,002	72,002	72,002
Other Local Expenditures	413,188	413,188	413,188	413,188	413,188	413,188	413,188
State and County Charges	1,839,524	1,931,500	2,028,075	2,129,479	2,235,953	2,347,751	2,465,138
Total Uses of Funding	137,640,501	141,012,357	144,697,809	148,682,520	152,085,594	155,670,023	159,668,349
Sources of Funding:							
Property Taxes 2.5% Levy Limit	94,155,613	98,471,421	101,983,207	105,582,787	109,272,357	113,054,165	116,930,520
Add 2.5% Growth	2,353,890	2,461,786	2,549,580	2,639,570	2,731,809	2,826,354	2,923,263
New Growth	1,961,918	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Total Property Taxes	98,471,421	101,983,207	105,582,787	109,272,357	113,054,165	116,930,520	120,903,783
Add Debt Exclusions	11,304,069	11,036,819	10,475,863	10,107,188	9,017,713	7,929,463	7,069,263
Amortization of Bond Premiums	(40,644)	(36,283)	(31,750)	(27,044)	(22,166)	(16,603)	(11,057)
Total Property Taxes Levy Limit:	109,734,846	112,983,742	116,026,900	119,352,500	122,049,712	124,843,379	127,961,989
Total Property Taxes Levied:	109,723,034	112,983,742	116,026,900	119,352,500	122,049,712	124,843,379	127,961,989
State Estimated Revenues:	18,210,972	18,210,972	18,210,972	18,210,972	18,210,972	18,210,972	18,210,972
Local Estimated Revenues:	9,706,496	9,817,643	9,817,643	9,817,643	9,817,643	9,817,643	9,817,643
Other Available Funds:	-	-	-	-	-	-	-
Total Sources of Funding	137,640,502	141,012,357	144,055,515	147,381,115	150,078,327	152,871,994	155,990,604
Surplus/(Deficit)	-	-	(642,294)	(1,301,405)	(2,007,268)	(2,798,029)	(3,677,745)

Most Recent Rating Agency Comments

S&P Rating

- Tewksbury's rating reflects a very strong economy, trend of maintaining a solid fiscal profile, as well as well-embedded financial management policies.
- The town's trend of positive operational results is underpinned by a practice of conservative budgeting. Estimates for fiscal 2023 results indicate the town posted another surplus in line with trend.
- Comprehensive set of financial management policies including an annually updated five-year capital improvement and long-range forecasting plans, and a strong institutional framework score; and
- Trend of surplus operating performance has supported year-over-year growth in available reserves that are currently at an all-time high of 22% of expenditures

Downward scenario

If rising fixed costs from retirement liabilities or inconsistent revenue growth lead to declining reserves as a percentage of expenditures, we could lower the rating.

Upward scenario

Over time, if the town continues its trend of positive budgetary performance, supported by consistent economic growth, while mitigating its long-term liabilities, we could raise the rating.