



Photo Credit: Joe Rosetti

Town of Fairhaven, Massachusetts

Fiscal Year 2024 – Preliminary Budget Recommendations

March 1, 2023

FY 2024 Budget Proposal

Balanced & Structurally Sound – recurring revenues covering recurring expenses

- Tight revenue estimates could impact future Free Cash generation.

Level Service Operating Budget – while providing opportunity for improvement

- Addition of 4 Fire Department positions, partially funded by an increase in Ambulance Receipts
- Addition of a part-time finance intern in accounting office to provide support and succession planning
- Addition of position in DPW for vehicle maintenance funded 1/3rd each by General, Water, Sewer Funds
- Addresses increased costs & inflationary pressures
- Salary budgets do not reflect total costs due to unsettled contracts. A “Salary Reserve” is required to fund anticipated settlements.

Estimated impact to the median residential taxpayer is an increase of \$134 (3.8%) and maintaining a very low tax burden relative to other communities.

Required Tax Levy to maintain a balanced budget as presented exceeds the estimated levy limit by \$450,000, which would require a Proposition 2 ½ override vote.

TOWN OF FAIRHAVEN, MASSACHUSETTS
FISCAL YEAR 2024 GENERAL FUND BUDGET SUMMARY - Preliminary

	PROPOSED FY 2024				FY 2023 ORIGINAL BUDGET				
	Operating Budget	Capital Budget	Other Budget Items	Total Budget	Operating Budget	Capital Budget	Other Budget Items	Total Budget	
APPROPRIATIONS									
General Govt. Services (100's)	3,742,558			3,742,558	3,620,269	These Columns Incomplete for FY 23 Comparison		3,620,269	
Public Safety (200's)	9,004,944			9,004,944	8,272,882			8,272,882	
Education (300's)	26,538,641			26,538,641	25,309,190			25,309,190	
Public Works (400's)	4,044,006			4,044,006	3,899,762			3,899,762	
Health & Human Services (500's)	1,212,675			1,212,675	1,049,110			1,049,110	
Cultural & Recreation (600's)	1,331,665			1,331,665	1,253,661			1,253,661	
Debt Service (700's)	1,131,020			1,131,020	1,029,204			1,029,204	
Unallocated (900's)	10,186,560			10,186,560	9,761,927			9,761,927	
Salary Reserve	833,000			833,000	500,000			500,000	
General Articles			475,200	475,200					-
Reserve Funds			1,355,000	1,355,000	350,000				350,000
Capital Plan (FY 23 Other Operating)		2,541,267		2,541,267					-
Subtotal Local Appropriations	58,025,069	2,541,267	1,830,200	62,396,536	55,046,005		-	-	55,046,005
State & County Assessments	729,378			729,378	724,907			724,907	
Total Appropriations	58,754,447	2,541,267	1,830,200	63,125,914	55,770,912	-	-	55,770,912	
FUNDING									
Property Taxes	34,363,263			34,363,263	32,785,290			32,785,290	
Less: Provision for Abatements	(450,000)			(450,000)	(516,151)			(516,151)	
Local Receipts	8,895,000			8,895,000	8,545,547			8,545,547	
State Aid	13,051,078			13,051,078	12,414,089			12,414,089	
Other Available Funds	1,600,000		55,000	1,655,000	1,293,500			1,293,500	
EF Indirect Cost Sharing	1,295,106			1,295,106	1,248,637			1,248,637	
Free Cash		2,541,267	1,775,200	4,316,467				-	
Total Funding	58,754,447	2,541,267	1,830,200	63,125,914	55,770,912	-	-	55,770,912	
Budget Variance	-	-	-	-	-	-	-	-	
Bond Authorization Articles Proposed		3,862,320							



Funding

TOWN OF FAIRHAVEN, MASSACHUSETTS
FY 2024 PRELIMINARY BUDGET RECOMMENDATIONS
MARCH 1, 2023

Funding – Property Taxes

Provides funding for 57.72% of Operating Budget. (Prior Year 57.86%)

Historically, average tax burden is lower than more than 90% of Massachusetts communities. Proposed budget is expected to maintain this favorable approximate position.

First draft budget proposes a \$134 increase in property tax burden for the median valued residential owner, a 3.8% increase, representing the smallest increase in median property tax burden in at least 3 years. (FY 23 increase was \$139 or 4.2%) (FY 22 increase was \$192 or 6.1%)

Proposed property tax levy would require an increase in the allowable property tax levy via a Proposition 2 ½ override. At \$450,000, this additional levy capacity adds 11 cents to the tax rate and increases median property tax burden by \$47, or about \$11 per \$100,000 of property value.

Calculated levy amounts assumes continued high level of “New Growth” of \$425,000. Final amount will not be determined till after Town Meeting so some amount of “cushion” must be maintained.

Without an override, other recurring funding sources would need to be identified or cost/service reductions made to maintain a balanced budget.

Any changes made to the levy in the final budget proposal will increase/decrease tax burden approximately 3 cents per \$100k. Which is \$13.50 for a median valued home at estimated values presented.

	FY 2021	FY 2022	FY 2023	FY 2024 Projected
Property Tax Levy Calculation				
Prior Levy	28,484,856	29,530,591	30,732,195	31,985,813
2.5% Incr.	712,121	738,265	768,306	799,645
New Growth	333,613	463,407	485,312	425,000
Override			-	450,000
Subtotal	29,530,591	30,732,262	31,985,813	33,660,459
Exclusions	936,296	817,860	830,719	811,327
Max. Levy	30,466,887	31,550,122	32,816,532	34,471,786
Actual Levy	30,465,633	31,496,394	32,785,289	34,363,264
Excess Levy	1,254	53,728	31,243	108,522
Estimated Residential Property Taxpayer Impact (requires estimating value change)				
Valuation/Allocation	2,032,700,211 / 22,948,939	2,322,148,470 / 23,731,493	2,501,382,209 / 24,888,690	2,651,465,142 / 26,086,597
Tax Rate	11.29	10.22	9.95	9.84
Median SFH Value	280,000	328,150	351,000	368,550
Median SFH Tax (Rank (avg.) out of 351)	3,161 (53)	3,354 (32)	3,492 (TBD)	3,626 (TBD)
Per Capita Income % Tax burden to Inc.	29,397 10.75%	31,353 10.70%	32,597 10.71%	TBD

Comparative Property Tax Data

FY2022 Average Single-Family Tax Bill



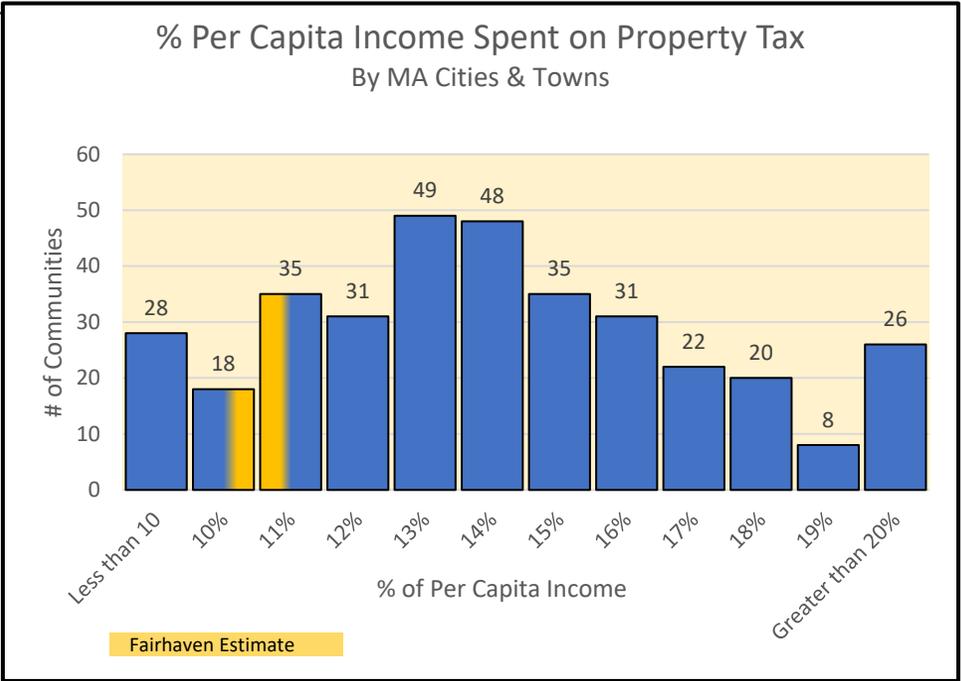
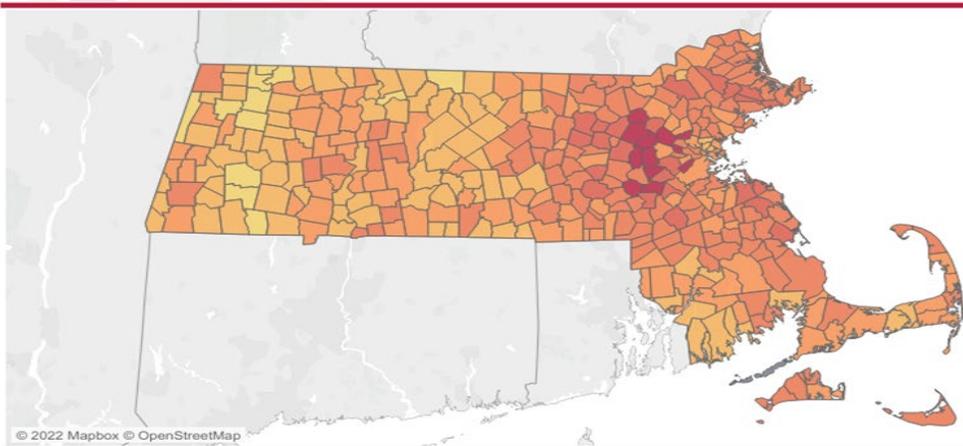
Average Single-Family Tax Bill

State Average Single-Family Tax Bill	State Average Single-Family Value	State Number of Single-Family Parcels	Number of Cities & Towns Included
\$6,724	\$525,781	1,431,717	350

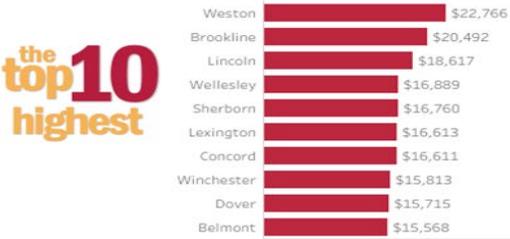
Select City/Town
All

Reset City/Town

Average Single Family Tax Bill Data



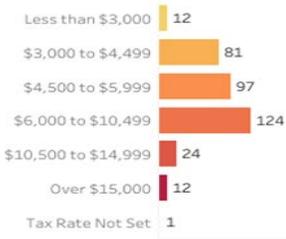
Cities/Towns with the Highest and Lowest Average Single-Family Tax Bill



the top 10 lowest



Number of Cities/Towns



Source: DLS Gateway application extracted 02/10/22. The population estimate was obtained from the U.S. Census Bureau, 2020 Census Redistricting Data. Dashboard published March 2022. The average single-family tax bill cannot be calculated for comm...

Funding – Estimated Receipts

Local estimated receipts provide funding for about 15.14% of operating budget. (Prior year 15.32%). Overall local receipt funding increased \$349,453 on a budgeted basis (4.1%)

Local recurring estimated receipts budgeted for FY 24 are 92.50% of last full year (FY 22) actual receipts. This is an aggressive budgetary position. Prior year was 97% (excluding new cannabis revenue).

Cannabis Host Fees total \$477k and due to new legislation continued collections at this level is doubtful – this will result in a structural budgetary issue that needs to be addressed.

Solid Waste Fees are reduced due to

FY 22 Non-recurring local receipts included a large collection due to tax-lien sales that only occurs occasionally, and at a reduced rate in the future.

Although not budgeted, non-recurring receipts can cover for a revenue short fall in a given year, and if unused, contribute to the Town’s Free Cash in the following fiscal year.

State Aid provides funding for about 22.21% of the operating budget. (Prior year 22.25%). Currently estimated based on 2/23/23 Cherry Sheet estimates – these amounts will change. Overall increase is \$636,989 (5.1%).

Ch. 70 Aid increased \$604,550 for FY 24 all other accounts netted an increase of \$32,439.

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget
Motor Vehicle Excise	2,042,202	1,949,783	2,492,025	2,035,000	2,400,000
Meals Excise	370,998	315,888	415,188	400,000	400,000
Rooms Excise	256,736	229,610	361,258	350,000	350,000
Cannabis Excise/Host Fees	178,880	121,076	878,759	800,000	850,000
Solid Waste Fees	169,744	184,785	300,684	175,000	75,000
Recreation Fees	233,579	84,503	155,524	100,000	100,000
Other Departmental Fees	234,064	269,974	268,811	241,000	241,000
Licenses/Permits	427,930	641,971	673,096	650,000	650,000
Departmental Revenue	999,007	774,837	759,750	750,000	775,000
Departmental Rev. – Schools	2,890,617	2,806,262	2,780,238	2,610,547	2,590,000
Interest	279,241	55,397	39,243	25,000	45,000
Pnlty/Int. on Taxes & PILOTS	441,037	432,513	323,370	305,000	315,000
Misc. and other	196,537	175,989	167,413	104,000	104,000
Subtotal Recurring Local Receipts	8,720,572	8,042,588	9,615,359	8,545,547	8,895,000
Non-Recurring Local Receipts	88,728	350,392	1,350,113		
State Aid	11,343,958	11,458,092	11,529,099	12,414,089	13,051,078
Total Estimated Receipts	20,153,258	19,851,072	22,494,571	20,959,636	21,946,078

Funding – Other Avail. Funds

Provides funding for about 2.72% of the operating budget. (Prior year 2.32%). Amounts funding operating budgets are recurring revenues collected and maintained in funds other than the GF.

Funding provided by the Ambulance Fund increased by \$300,000 in order to support increased Fire Department budget for new positions. The total amount of \$1,500,000 to support the operating budget is an aggressive amount that will need to be supported by actual collections on hand, and will need to re-occur, annually.

Enterprise Fund reimbursement for costs budgeted in the GF are based upon a DOR approved cost allocation plan. Recovers costs representing 2.20% of the operating budget (2.24% in prior year).

Free Cash is primarily generated from collecting Estimated Receipts in excess of budgeted amounts and savings from unspent appropriations, as well as receipt of unbudgeted, non-recurring revenues. Amounts generated are added to unspent amounts from the prior year. Certified Free Cash as of 7/1/22 was \$6,448,734 (\$1.35m from one-time tax lien sale), of which, \$278,654 was appropriated at a Special Town Meeting leaving an available balance of \$6,170,080.

The Town historically has maintained a Free Cash reserve equal to approximately 3% of the Operating Budget to maintain an acceptable Fund Balance level. The amount set-aside for the FY 24 reserve is \$1,750,000, leaving \$4,420,080 available for appropriation.

Free Cash is a non-recurring revenue and should not be used to fund recurring expenses (i.e. Departmental Operating Budgets).

The Town relies heavily on Free Cash to fund its Capital Budget, thereby reducing interest, bonding and borrowing costs. Tightening revenue and department budgets will reduce the amount of Free Cash generated and available to subsequent year capital needs.

	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget	FY 2024 Budget
Operating Budget					
Ambulance Fund - Salaries	1,000,000	1,200,000	1,200,000	1,200,000	1,500,000
Wetlands Protection Fund	40,000	6,000	7,500	7,500	10,000
Waterways Improvement Fund	64,500	50,000	50,000	50,000	52,000
COA Social Day Program	36,000	18,000	18,000	18,000	20,000
Animal Control Gift Account	6,000	6,000	8,000	8,000	8,000
Stormwater Subdivision Fees	10,000	10,000	10,000	10,000	10,000
Subtotal OAF	1,156,500	1,290,000	1,293,500	1,293,500	1,600,000
Enterprise Fund Reimb of GF Costs	Analysis not completed			1,248,637	1,295,106
Capital Budget					
Free Cash - Capital Budget	Analysis not completed for comparative presentation purposes				2,541,267
Other Budget Items					
Ambulance Fund Trs. To Replace. Rsrv.	Analysis not completed for comparative presentation purposes				55,000
Free Cash – Capital Stabilization					1,000,000
Free Cash – OPEB Stabilization					300,000
Free Cash - Supplemental Articles					475,200
Subtotal OBI Free Cash					1,775,200



Appropriations

TOWN OF FAIRHAVEN, MASSACHUSETTS

FY 2024 PRELIMINARY BUDGET RECOMMENDATIONS

MARCH 1, 2023

Appropriations – Operating Budget

Public Safety increases largely due to addition of 4 Fire Department positions, partially funded by \$300,000 increase from Ambulance Fund Receipts.

Police Department is budgeting for two anticipated retirements requiring a higher than usual buy-out.

Human Services budget increases largely due to veteran’s services anticipating significant benefit and service cost increases due to growing case load.

Salary Reserve to provide funding for anticipated collective bargaining settlements. Amount provided in prior year was about \$100,000 less than needed contributing to a larger percentage increase this year. Still need to refine amounts provided in the Salary Reserve and determine final request.

Tax Levy as proposed does not support OPEB funding without contributing to a larger override request. Funding for OPEB provided outside of Operating Budget via a Free Cash article.

New debt service for departmental equipment previously authorized under a bond issue is now scheduled and coming due. Amounts were not voted as “exempt” debt, which means the existing tax levy must accommodate this increase at the expense of using it for operating departments.

Budget Element	FY 23 Original	FY 24 Preliminary	\$ Change	% Change
General Government	3,620,269	3,742,558	122,289	3.38%
Public Safety	8,272,882	9,004,944	732,062	8.85%
Public Works	3,899,762	4,044,006	144,244	3.70%
Health & Human Services	1,049,110	1,212,675	163,565	15.59%
Cultural & Recreation	1,253,661	1,331,665	78,004	6.22%
Salary Reserve	500,000	833,000	333,000	66.66%
OPEB Funding	350,000	-	(350,000)	(100%)
Subtotal Town Only Appropriations	18,945,684	20,168,848	1,223,164	6.45%
Education	25,309,190	26,538,641	1,229,451	4.86%
Unallocated	9,761,927	10,186,560	424,633	4.35%
Debt Service	1,029,204	1,131,020	101,816	9.89%
Total Operating Budget	55,046,005	58,025,069	2,979,064	5.41%

Appropriations – Capital Budget

- Based upon 5-Year Capital Plan.
- Reviewed, scored and recommended by Capital Planning Committee.
- Deliberative process, including justification of need, prioritization of requests, and review with Capital Planning Committee of draft plan/budget requests.
- Town Administrator to make final recommendations.
- Being impacted by current supply chain issues, inflationary pressures, and bid environment.
- Most items self-funded through Free Cash. Large projects proposed for borrowing authorization.
- Recommended plan requests:
 - Funding of routing requests in a capital budget article totaling \$2,541,267
 - Authorize Borrowing required for needed capital projects – 3 recommended projects (highlighted). \$3,862,320
 - Debt Service costs expected to impact FY 25 Operating Budget
 - No capital exclusions

Anticipated FY 2024 Capital Budget Requests & Borrowing Requests

Dept	Project	Score	Requested FY 2024
GENERAL FUND			
School Dept.	Middle School Roof Replacement	57	2,397,320
BPW-Parks	Overlay of Bike Path from Weeden Rd to Mattapoisett	54	134,000
Info. Tech.	Computer Hardware Equipment Replacement	51	30,000
Police	Police Cruiser Replacements	51	156,261
BPW-Highway	Roadwork	48	425,000
BPW- Admin	BPW Adm. Building -Replace HVAC system	46	21,000
COA/Rec.	COA/Rec Bldg. Roof Replacement (design & construction)	45	530,000
BPW-Highway	Replace Backhoe	44	175,000
Recreation	Gym Divider Curtain Replacement	40	26,500
Fire	Brush Truck (Unit 5) Replacement	38	250,000
Police	Street Camera Computer Server	38	36,500
BPW-Parks	Trash Truck	37	125,000
Fire	Fire Prevention Vehicle (FP1) Replacement	37	95,000
BPW-Parks	Replace Emergency Lighting at Cushman Park	36	30,000
Library	Millicent Library HVAC	34	935,000
Town Hall	Town Hall Generator	34	140,000
Town Hall	Replacement of protective sheathing on east side windows	32	31,000
Harbor/Shellfish	Replacement of Engines on Harbormaster Boat	31	24,605
BPW-Highway	Pave Senior Center Parking lot	30	80,000
Town Clerk	Purchase Poll Pads for Election Efficiency	28	9,550
Town Hall	Digitize paperwork in town hall	26	440,000
Recreation	Outdoor Fitness Court in Park	23	170,000
Town Clerk	Storage Shed for Election Equipment	23	6,200
Fire	Air Conditioners (Split Units)	21	47,000
Police	Tactical Ballistics Equipment	21	19,168
Police	Ballistics Shields & Riot Gear	19	39,483
Cons. Comm.	West Island Town Beach Restoration Project	0	30,000

Appropriations – Other Budget Items

- Funding of reserves
 - Target Balances for Stabilization Funds?
 - Combined balance of Unrestricted Stabilization & Free Cash is approx. 8% of Operating Budget.
 - OPEB Funded from Free Cash in lieu of tax levy funding.
 - Will need to weigh the importance of funding OPEB with current resources given Town's short-term needs.
 - Consideration of establishing an IOD & compensated absence fund to address unusual/infrequent budgetary issues.
- Other Budget Items
 - Funding necessary to achieve Town goals, but neither operating nor capital in nature.
 - Article requests due March 1, being compiled.

APPROPRIATIONS		
<u>Element</u>	<u>Amount</u>	<u>Source</u>
Appropriations to Financial Reserves		
Stabilization Fund – Capital	1,000,000	Free Cash
Stabilization Fund - OPEB	300,000	Free Cash
Stabilization Fund - Ambulance Replacement	55,000	Ambulance Fund
Injured on Duty Fund		
Compensated Absence Fund		
Other Budget Requests (Articles)		
Articles – requests in process (set-aside amount)	475,200	Free Cash
Total Other Budget Items	1,830,200	

PROJECTED BALANCES OF RESERVES			
<u>Fund</u>	<u>Current Balance</u>	<u>Contribution</u>	<u>Expected Balance</u>
Stabilization Fund Unrestricted	3,199,514		3,199,514 (5.5%)
Stabilization Fund - Capital	5,852,792	1,000,000	6,852,792
Stabilization Fund - OPEB	1,684,557	300,000	1,984,557
Stabilization Fund – School SPED	438,407		438,407
Stabilization Fund – Ambulance	310,835	55,000	365,835
GF - Unspent Free Cash		(estimate)	1,450,000 (2.5%)