



FY26 Budget
Select Board Meeting
January 22, 2025

Stephanie McManus
Assistant Town Administrator/Finance Director

Financial Review And FY26 Budget

- ✓ Previous Board Meetings
 - Reviewed FY24 Year End Close (September 30, 2024)
 - Reviewed Key Financial Items
 - Final Expenditures and Revenues (Local receipts, M&H Tax)
 - Free Cash certification
- ✓ December 4, 2024 Meeting
 - Tax Classification Hearing
 - Approved tax shift commercial/residential
 - Reviewed residential bill
 - Final tax bills mailed out January 1st
- ✓ FY24 Audit Completed – Financial Report ACFR submitted on time
- ✓ FY26 Capital Budget Review (December 9, 2024 and January 6, 2025)
- ✓ Initial Budget Articles Review with Fincom (January 11, 2025)
- Tonight's Meeting and Upcoming Meetings
 - Continued Overall Budget Updates
 - Continue review of FY26 revenue and expense projections
 - Continue review of FY26 Capital Budget requests
 - Review of municipal operating budget
 - Review and preparation of FY26 proposed budget
 - Budget presentation to Fincom (Feb 12)



FY26 Budget Update - Overview

- Collaborative process for both Municipal and Overall Operating Budgets
 - Budget Steering Committee meetings
 - Working collaboratively with Municipal Department heads to present a well rounded budget that preserves a high level of services
- Proposed Municipal Budget
 - Review of services included in the proposed budget
 - Highlighted changes to salaries and expenses
 - History of increases
- Proposed Overall Budget
 - Proposed budget is currently not balanced
 - High level summary of proposed expenditures and revenue sources
 - Details on proposed Operating budget
- Next Steps
 - February 3rd Select Board Meeting – Vote the FY26 Municipal Budget
 - Will need to be balanced
 - Municipal Budget Book and Overall Budget Book will then be distributed

FY26 Proposed Municipal Budget Summary

What does the Municipal Budget Provide?

- High quality services that respond to all areas and all age groups throughout the Town.

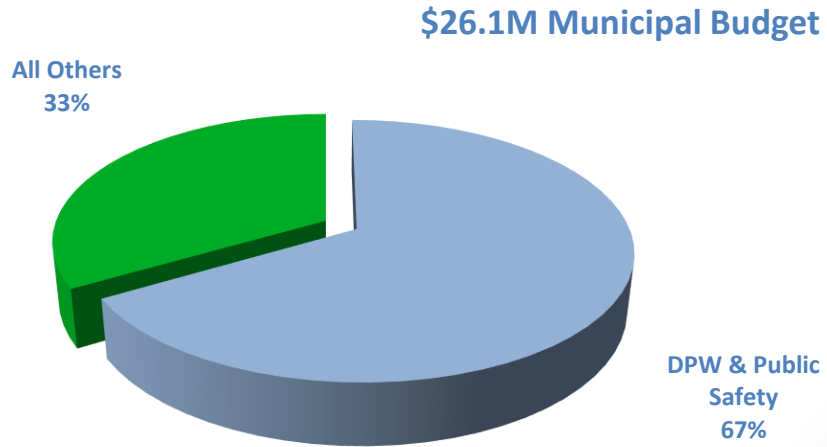
What Are the Components of the Municipal Budget?

- Majority of the budget is Public Safety and Public Works – 67% of the budget
- Police and Fire - 46% of the budget
- DPW services include maintenance of roads, fields and all buildings - 21% of the budget

- Programs and services for all ages in Town:
 - Council on Aging
 - Library
 - Recreation

- State required
 - Zoning, Health, Licensing, Veterans

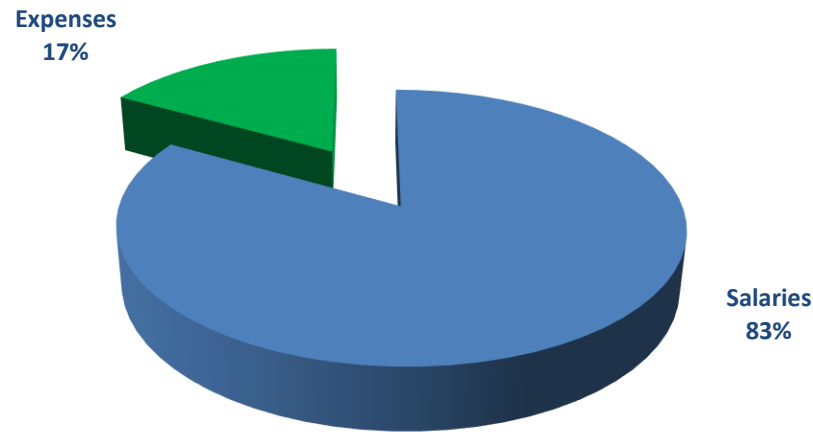
- Administrative Departments



FY26 Proposed Municipal Budget Summary

The municipal budget is salary driven.

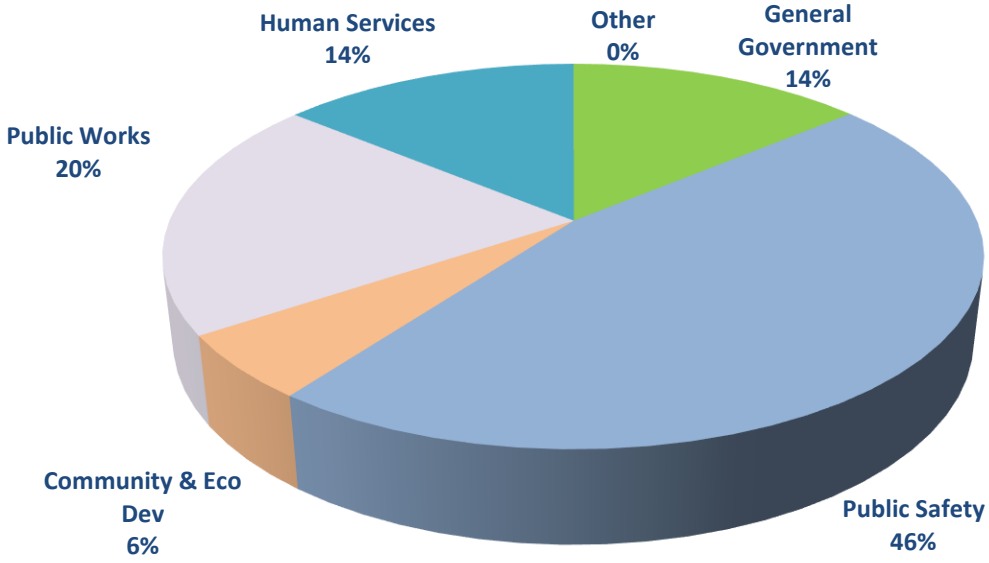
- The major portion of the municipal budget is spent on staffing
- Our primary service delivery is through our staff – police officers, firefighters and DPW workers providing direct services to our residents



FY25 Budget	Function	FY26 Proposed Budget	% of Total
\$20,330,142	Salaries	\$21,732,739	83%
\$4,557,923	Expenses	\$4,382,929	17%
\$24,888,065	Total	\$26,115,668	100%

FY26 Proposed Municipal Budget

How is the municipal budget funding allocated among service areas?



	FY25 Budget	FY26 Proposed	\$ Increase	% Increase
General Government	\$3,421,939	\$3,627,964	\$206,025	6.0%
Public Safety	\$11,453,907	\$12,094,680	\$640,773	5.6%
Community & Eco Dev	\$1,358,707	\$1,416,799	\$58,092	4.3%
Public Works	\$5,099,740	\$5,312,949	\$213,209	4.2%
Human Services	\$3,387,272	\$3,662,776	\$275,504	8.1%
Other	\$166,500	\$500	-\$166,000	-99.7%
Total	\$24,888,065	\$26,115,668	\$1,227,603	4.9%

- Public Works and Public Safety have an increase in FY26 of \$853K, which is 70% of the total overall increase.

FY26 Proposed Municipal Budget Summary

What are the salary changes in the FY26 Budget?

Category	FY25	Proposed	Difference	
	Budget	FY26	\$	%
Salaries	\$20,330,142	\$21,732,739	\$1,402,597	6.9%
Expenses	\$4,557,923	\$4,382,929	(\$174,994)	-3.8%
Total	\$24,888,065	\$26,115,668	\$1,227,603	4.9%

Approximately \$1.4M or 100% of the total increase is for salaries, we were able to offset a portion of this increase with reductions to overall expenses. The salary increase includes the following major items:

Department	Item	Amount
All Departments	Salary contractual obligations, COLA/Step increases for all staff	\$998,000
	Total	\$998,000

FY26 Municipal Budget Unfunded New Requests

Not all new requests were included in the FY26 operating budget due to capacity limits

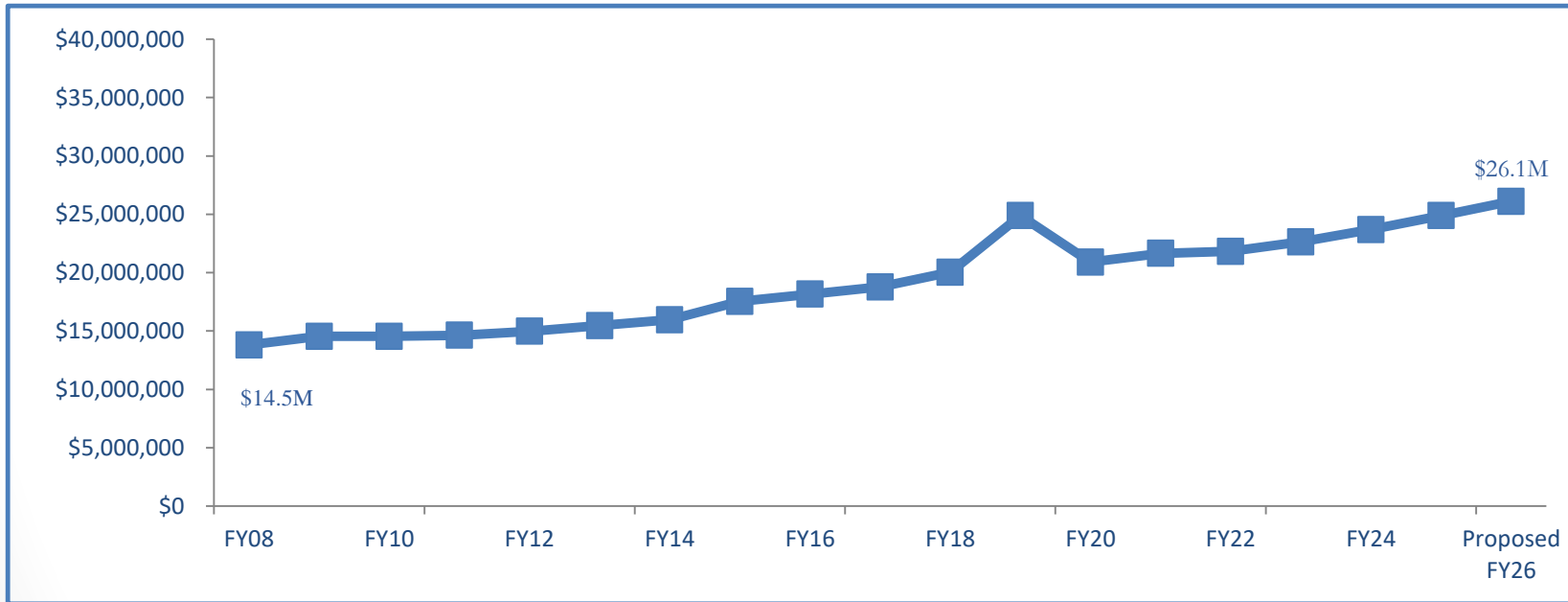
Approximately a total of \$1.067M to add these items, which would have been an additional 4.3% increase to the FY26 Municipal Budget

Department	Item	Amount
Fire	2 Firefighters	\$185,000
Library	Children's Librarian – programming and outreach	\$41,000
Police	Lieutenant	\$145,000
Youth & Family Services	Youth Services Counselor (Currently ARPA Funded) – 2 nd request	\$82,000
Building Inspection	Part Time Local Building Inspector	\$45,000
Administration	Language Access and DEI Training	\$45,000
Conservation Commission	Recording Secretary	\$3,500
Fire and Police	Overtime Budget Increase	\$521,000
Total		\$1,067,500

FY26 Proposed Municipal Budget Summary

How has the municipal budget increased over the last several years?

- The municipal base budget has had relatively moderate growth
- The Select Board strives for sustainable budget growth
- This year's budget includes an increase in Public Safety staffing
- In FY26 the current proposed municipal budget increase is 4.9%.



	FY20	FY21	FY22	FY23	FY24	FY25	Proposed FY26
Municipal Budget	3.5%	3.57%	3.17%	3.74%	4.6%	5.1%	4.9%



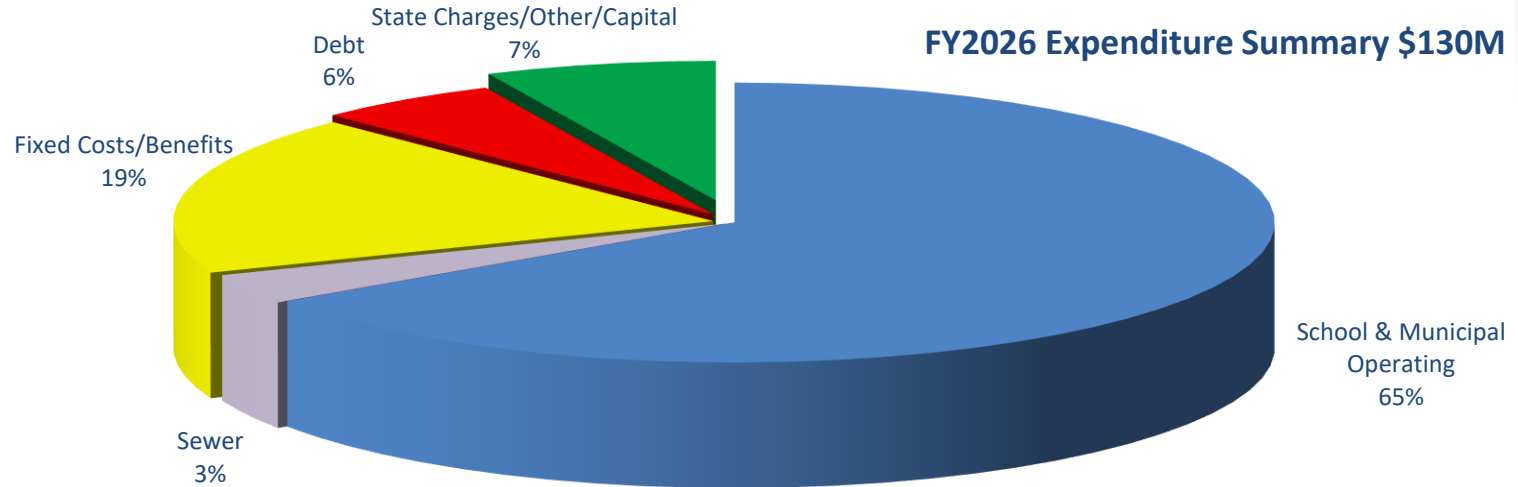
FY26 Overall Proposed Budget Update

FY26 Overall Proposed Budget Summary

FY26 Proposed Budget is a comprehensive plan that provides for:

- Maintain high quality of services provided by Town and School
 - Overall operating budget growth
 - School Budget 3.5%
 - Municipal Budget 4.9%
 - Fixed costs currently 9%
- Base Capital Budget – Funded with Free Cash
 - Municipal Capital Improvements - \$1,525,000
 - School Capital Improvements- \$1,140,000
- Supplemental Capital Budget – Funded with Free Cash / Meals Hotels Tax / Other Funding Sources
 - Appropriation for additional capital as done in prior years
 - Additional Capital Improvements - \$1,252,000 Funded with Meals/Hotels Tax Revenue
 - Additional Capital Improvements - \$920,000 Funded with Free Cash
 - Sewer Capital Improvements - \$75,000 Funded with Sewer retained earnings
 - Other Capital Improvements - \$1,035,000 Funded with Ambulance receipts and Cemetery Trust
- Liabilities/Reserves
 - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
 - \$1.59M contributed to OPEB trust fund – keeps on target with required funding
- Additional Capital Articles with projects that would require borrowing
 - Sewer \$500,000 MWRA No interest loan
- Additional Senior Tax Relief via Aid to the Elderly Fund \$300,000 – funded with Free Cash
- Overall Proposed Budget is not currently balanced – working towards closing budget gap between projected revenue (\$128.5M) and expenditures (\$130M)

FY26 Proposed Expenditure Budget Summary, \$130M

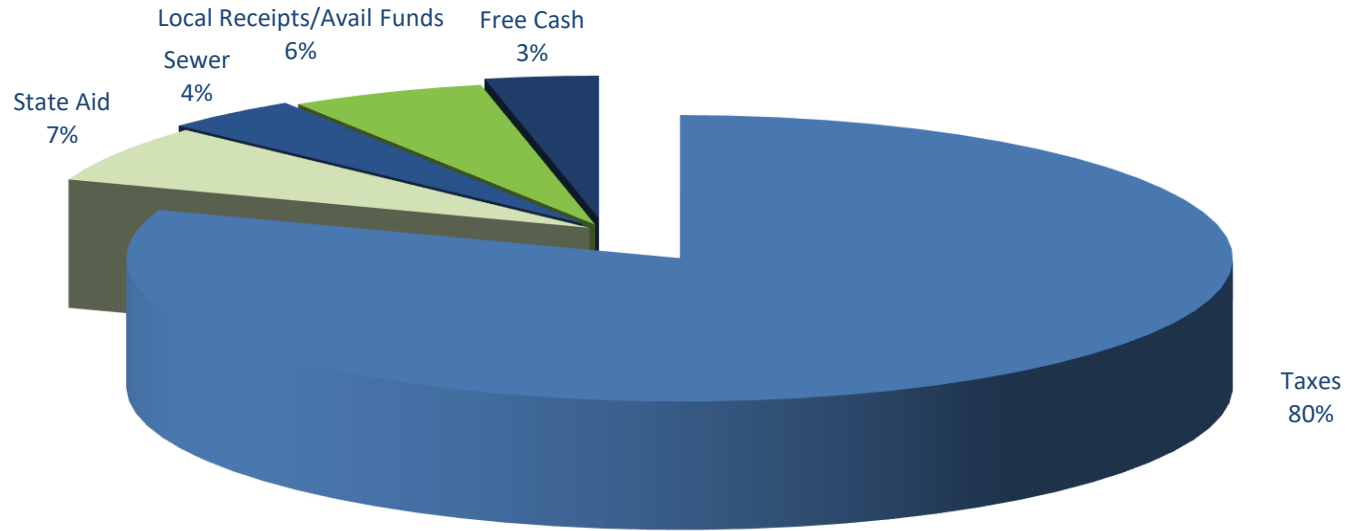


FY2026 Proposed Expenditure Summary

	FY2025	FY2026 Projected	\$ Change	% Change
Operating Budget - School Categories	\$57,012,686	\$59,025,482	\$2,012,796	3.5%
Operating Budget - Municipal	\$24,888,065	\$26,115,668	\$1,227,603	4.9%
Benefits/Reserves/Insurance	\$22,139,456	\$24,111,729	\$1,972,273	8.9%
Sewer - Operating	\$4,250,004	\$4,569,785	\$319,781	7.5%
Debt Service	\$7,353,348	\$7,186,848	(\$166,500)	-2.3%
Total Operating	\$115,643,559	\$121,009,512	\$5,365,953	4.6%
Capital Base Budget - School & Municipal	\$2,352,250	\$2,665,000	\$312,750	13.3%
Capital - Sewer	\$750,000	\$75,000	(\$675,000)	-90.0%
Other Appropriations:				
To Stabilization	\$125,000	\$125,000	\$0	0.0%
Additional Capital	\$120,000	\$3,207,000	\$3,087,000	2572.5%
To OPEB Trust	\$1,565,000	\$1,590,000	\$25,000	1.6%
Prior Year/Other Articles	\$1,032,000	\$0	(\$1,032,000)	-100.0%
State Charges/Offsets/Overlay/Snow	\$1,343,400	\$1,347,039	\$3,639	0.3%
Total Expenditures	\$122,931,209	\$130,018,551	\$7,087,342	5.8%

FY26 Proposed Budget Revenue \$128.5M

FY2026 Projected Budget Revenue \$128.5M



FY2026 Projected Budget Revenue

	FY2025	FY2026 Proj	\$ Change	% Change
Taxes	\$99,900,752	\$103,451,502	\$3,550,750	3.6%
State Aid	\$8,349,664	\$8,349,664	\$0	0.0%
Sewer Enterprise	\$5,461,361	\$5,128,003	(\$333,358)	-6.1%
Local Receipts	\$4,595,857	\$4,595,857	\$0	0.0%
Available Funds	\$434,325	\$456,891	\$22,566	5.2%
Available Funds - prior yr/other articles	\$302,000	\$1,035,000	\$733,000	242.7%
Meals/Hotels Tax	\$0	\$1,252,000	\$1,252,000	
Free Cash	\$3,887,250	\$4,270,000	\$382,750	9.8%
Total	\$122,931,209	\$128,538,917	\$5,607,708	4.6%

Tax Levy Calculation per Proposition 2 ½

Tax Levy Calculation	FY2022	FY2023	FY2024	FY2025	Budget FY2026	
Prior Year Levy Limit	\$83,076,625	\$86,718,329	\$90,010,426	\$93,226,730	\$96,489,130	
Plus 2.5% Increase	\$2,076,916	\$2,167,958	\$2,250,261	\$2,330,668	\$2,412,228	Plus 2.5%
Plus New Growth	\$1,356,788	\$1,017,139	\$725,557	\$931,732	\$550,000	Estimated New growth
New Tax Levy - Un Station TIF*	\$208,000	\$107,000	\$52,746	\$187,740		
General Overrides	\$0	\$0	\$0	\$0	\$0	
Tax Levy Limit	\$86,718,329	\$90,010,426	\$93,226,730	\$96,489,130	\$99,451,358	
Exempt Debt*	\$1,048,819	\$1,059,561	\$4,369,541	\$4,139,002	\$4,000,144	Exempt Debt
Levy Capacity	\$87,767,148	\$91,069,987	\$97,596,271	\$100,628,132	\$103,451,502	What we could tax
Actual Levy Assessed	\$86,593,963	\$90,274,411	\$97,119,785	\$100,121,042	\$103,451,502	What we do tax (Not finalized)
Excess Levy(Taxes not raised)	\$1,173,185	\$795,576	\$476,486	\$507,090	\$0	Unused Tax Levy (Not finalized)

- Taxes are approximately 82% of the FY25 revenue budget
- Excess levy is after certified new growth number for FY25, captured in FY26 new base
- No general override since 2007
- Exempt debt declines slightly in FY26, Elementary school bond payment schedule began in FY24

FY26 Preliminary Projections - Available Revenue

- Tax Levy
 - Total FY26 levy increase available: \$2.96M
 - \$2.4M – increase per 2.5%
 - \$550K new growth estimate FY26
 - \$507K available from prior year (excess levy capacity for FY25)
 - FY25 final new growth number \$931k (estimate was \$550k)
 - Full levy is being used for FY26 budget
- State aid – FY26 Initial Projection – level funding for now at final FY25 number (\$8,349,664)
 - Governor’s budget January 24, 2025, will update when Cherry Sheet information is released
- Local receipts – FY26 Projected level funded \$4.6M
 - Estimate was increased in FY25 budget by \$400k
 - Local receipts categories include: Motor Vehicle Excise Tax, Permits, Fees and Licensing, and Investment income
- Free cash current certification \$14.3M - Continue with current allocations per finance policies
 - Potential to increase amount for base capital schools and municipal, currently \$2.6M
 - Utilize \$125K for stabilization, \$405k for Fincom Reserve Fund and \$155k for Select Board Reserve
 - Utilize additional free cash for additional capital beyond base/misc. articles, currently \$920k
- Meals/Hotels Fund for Capital
 - Utilize additional free cash for additional capital beyond base/misc. articles
- Other Funding Source for Capital
 - Ambulance receipts and Cemetery Perpetual Care Receipts

Capital Funding Sources - Current Balances

There are two main funding sources for the base capital articles and additional capital article:

Free Cash

- As of July 1, 2024 - The Town's free cash has been certified by the Department of Revenue in the amount of \$14,302,047.
- Per the financial policies, the Free Cash balance needs to be maintained at 4% of general fund operating budget, net of debt service
 - For FY25, amount is \$4.2M

Meals/Hotels Tax

- At the November 2017 Town Meeting, the residents approved establishing a special purpose fund to hold all Hotel and Meals Tax revenue until appropriated by future Town Meetings
- Funds have been used by Town Meeting for capital projects, not operating budgets
- Current balance in account \$2.4M

There are also other dedicated funding sources for capital articles, including:

Ambulance Receipts

- Current unreserved balance in account is \$1.66M

Sewer Retained Earnings

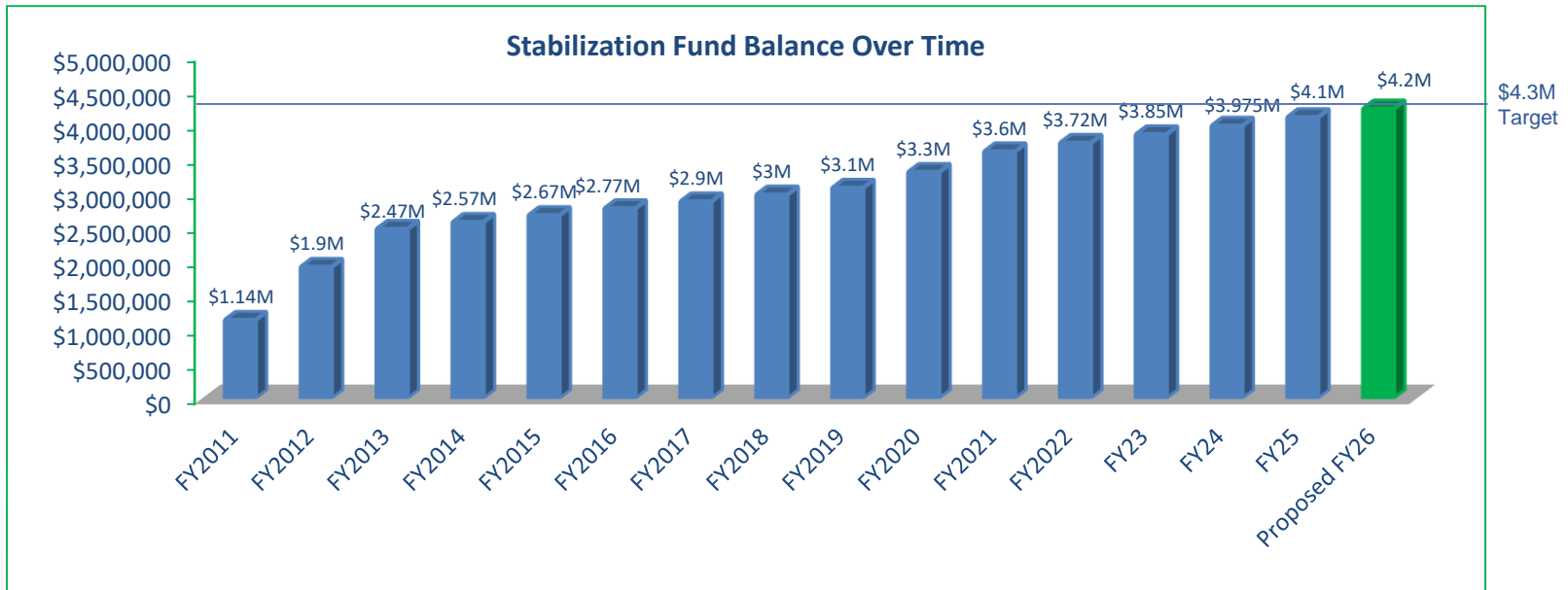
- FY24 final unreserved fund balance \$2.9M

Cemetery Perpetual Care Receipts (Trust Fund)

- Receipts in the fund may not be expended, but the earnings on them may
- The current balance of the expendable portion of the fund is \$60k (10/31/2024)

Stabilization Fund – FY26 Appropriation \$125,000

- The Stabilization Fund is the Town’s main reserve account.
 - Protects the Town against emergencies.
 - Very important for credit rating (AAA).
 - Can help mitigate budget disruptions such as economic decline.
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- Did not need to use during COVID:
 - Outside COVID funding
 - No cuts to State Aid



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Built with one
time revenue

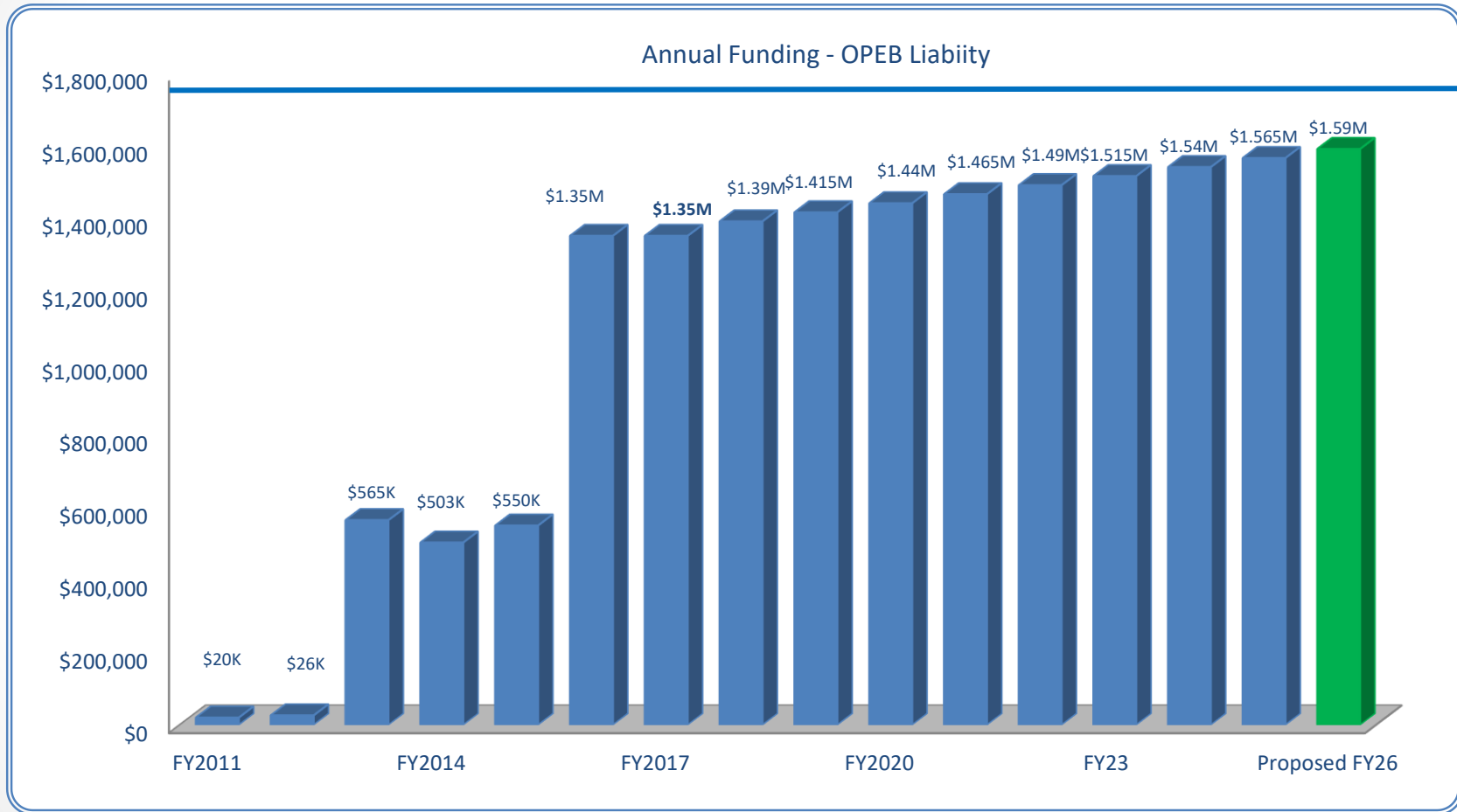


Small Annual Transfer



OPEB Liability Trust Fund – FY26 Appropriation \$1,590,000

- On target with funding plan, \$25K additional per year
- Balance in trust fund account as of 8/24 is approximately \$24.5M



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Change in health care plan

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Change in health care plan



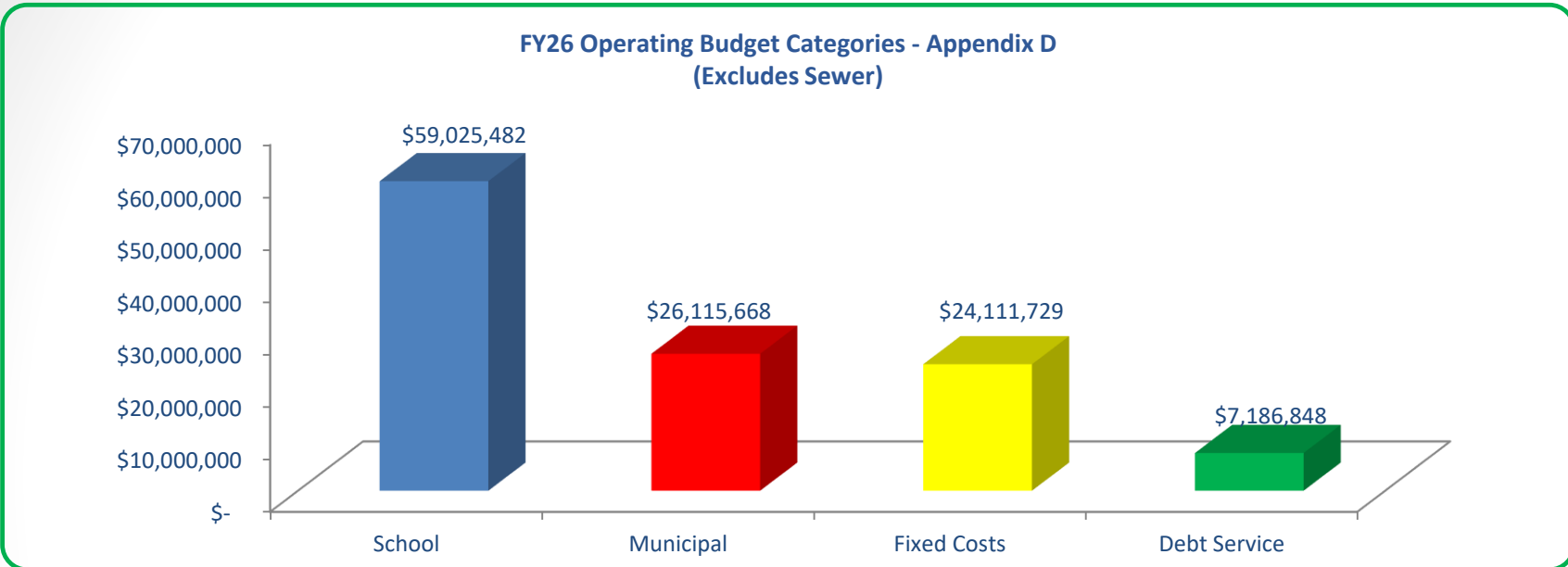
FY26 Proposed Operating Budget Details

Operating Budgets

- Provide for core services to community
 - Strive for operating budget stability for school and municipal budgets.
 - Strive for sustainable budgets
 - Each 1% increase for school and municipal budgets is approximately \$819K:
 - School (FY25 Budget \$57M) - \$570K
 - Municipal (FY25 Budget \$24.8M) - \$248K
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- 2.5% increase in costs \$2.05M.
 - 3% increase in costs \$2.45M
 - 4% increase in costs \$3.27M
 - 5% increase in costs \$4.09M

FY26 Budget - Provide for Consistent, Sustainable Funding

FY26 Proposed Operating Budget - \$121M, 4.6% increase



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proposed FY26
School	4.9%	3.4%	3.4%	3.5%	3.6%	3.44%	3.5%	4.5%	3.7%	3.5%
Municipal	3.7%	3.6%	3.1%	3.5%	3.6%	3.17%	3.7%	4.2%	5.1%	4.9%

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Additional University Station Funding

- Important that operating budget have moderate growth and are sustainable.

FY26 Proposed Operating Budget \$121M, 4.6% increase

FY26 Proposed Operating Budget

- ✓ Maintain high quality of services provided by Town and School departments

FY25 Budget	Category	FY26 Proposed	\$ Change FY26 v FY25	% Change FY26 v FY25
\$ 56,763,603	School Operating	\$ 58,761,682	\$ 1,998,079	3.5%
\$ 24,888,065	Municipal Operating	\$ 26,115,668	\$ 1,227,603	4.9%
\$ 118,881	Blue Hills Regional School	\$ 130,769	\$ 11,888	10.0%
\$ 130,202	Traffic Supervisors	\$ 133,031	\$ 2,829	2.2%
\$ 22,139,456	Fixed Costs	\$ 24,111,729	\$ 1,972,273	8.9%
\$ 7,353,348	Debt Service	\$ 7,186,848	\$ (166,500)	-2.3%
\$ 4,250,004	Sewer	\$ 4,569,785	\$ 319,781	7.5%
\$ 115,643,559	Total	\$ 121,009,512	\$ 5,365,953	4.6%



- Continued stable and sustainable operating budget growth.
- Some items are still estimates, including: Health Insurance, Blue Hills Assessment and MWRA Assessment - to be updated

Fixed Costs – Updated Projected Increases in FY26

Increase

Current estimated increase to total fixed costs budget - approx. 9% **\$1.99M**

- Pension Assessment increase of 9% over current year (FY25 \$6.7M) **Approx \$600K**
 - Received FY26 preliminary assessment from Norfolk County Retirement System
 - Still needs to be finalized – estimate only

- Health Insurance increase of 10% over current year (FY25 \$8.35M) **Approx \$918K**
 - Current estimate only
 - Group Insurance Commission (GIC) updates FY26 Information
 - Plan Description – February meeting
 - Final Rates – February 27th meeting
 - Previous year’s actual increases have been:
 - FY21 5%, FY22 5%, FY23 7%, FY24 5.7%, FY25 8.3%

- Waste Collection/Disposal (current FY25 \$1.91M) estimated increase of 9% **Approx \$170K**

- Other fixed cost increases **Approx \$190K**
 - Comprehensive insurance, 5%
 - Payroll tax, other 5%

- OPEB Appropriation (current \$1.59M) increase per funding schedule **\$25K**

Current Budget – FY25 final increase was 4% (\$850k)

Next Steps in Budget Cycle

January and February Meetings:

- Continue update and review of FY26 revenue projections.
 - Local Revenue Sources
 - FY26 State Budget
- Continue to review capital budget articles with Select Board
 - Ongoing Capital
 - Timing of larger projects being considered
- FY26 Assessments
 - Blue Hills, MWRA, Health Insurance
- SB proposed budget document Early February 2025
 - Municipal Budget Document
 - Overall Budget Summary
 - Initial Capital Articles
- February 3, 2025 Select Board Meeting
 - Provide any updates/changes to the Municipal budget
 - Present a balanced budget for approval
 - Including steps taken to get to a balanced overall budget
- Present proposed FY26 budget presented to Fincom February 12, 2025



