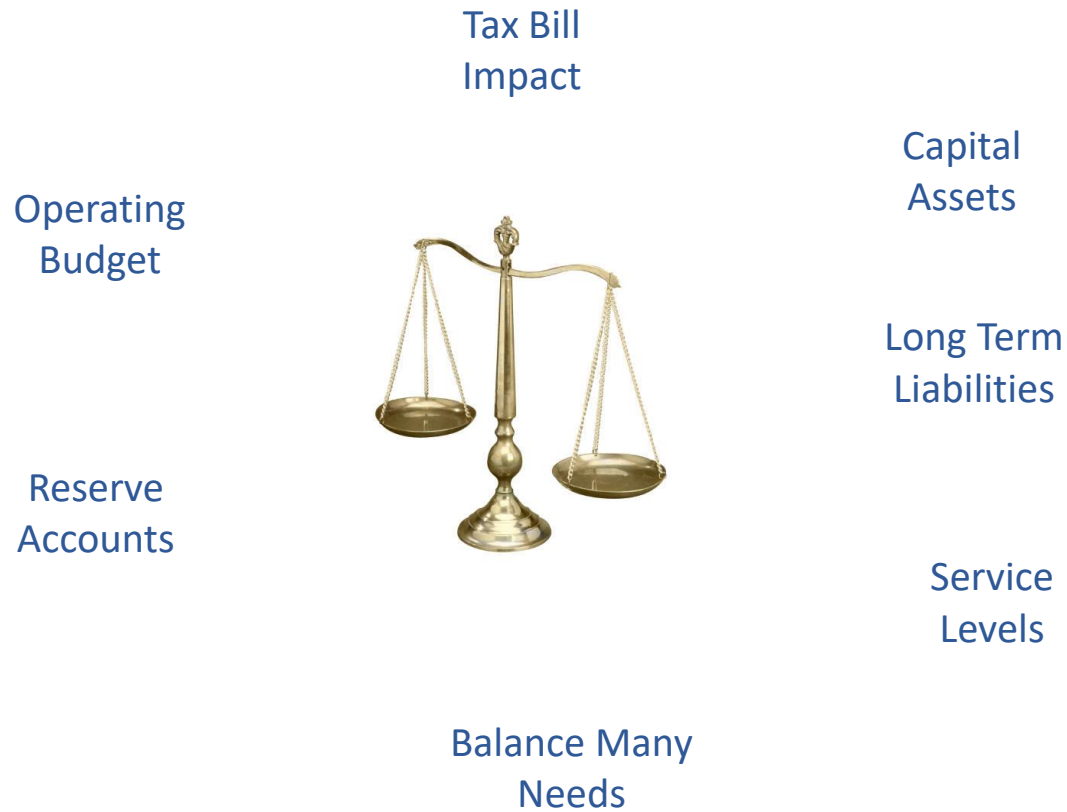




# FY26 Budget Finance and Warrant Commission February 12, 2025

Stephanie McManus  
Assistant Town Administrator/Finance Director

# The FY26 Budget Address All Areas of the Town's Finances



- The overall budget is a comprehensive plan that must address multiple needs to provide for quality services and financial strength
- The goal is to provide a high level of service while balancing the impact on the taxpayers

# Budget Development

- The Town's budget is approved at Town Meeting
- The Annual Town Budget development process is continuous



# FY26 Budget Presentation Overview

- Proposed Municipal Budget
  - Review of services included in the proposed budget
  - Highlighted changes to salaries and expenses
  - History of increases
- Proposed Operating budget
  - Municipal, School, Debt and Fixed Costs
- Proposed Overall Budget
  - Proposed budget is currently balanced
    - High level summary of proposed expenditures and revenue sources
- 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 high level services
- Next Steps



# FY26 Proposed Municipal Budget

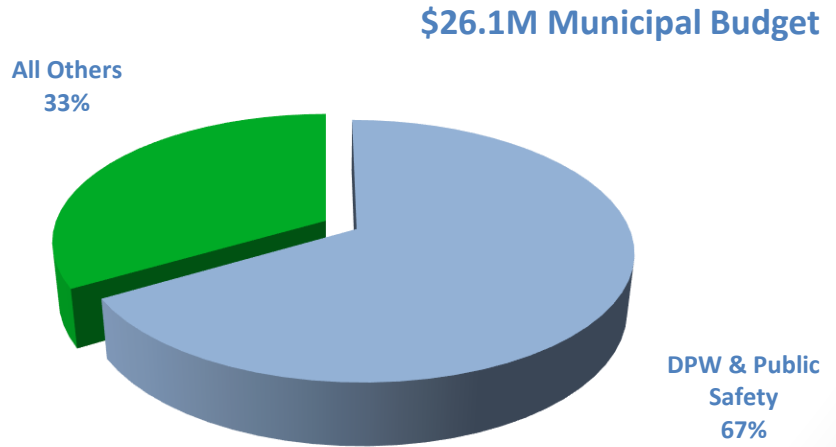
# FY26 Proposed Municipal Budget Summary

## What does the Municipal Budget Provide?

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

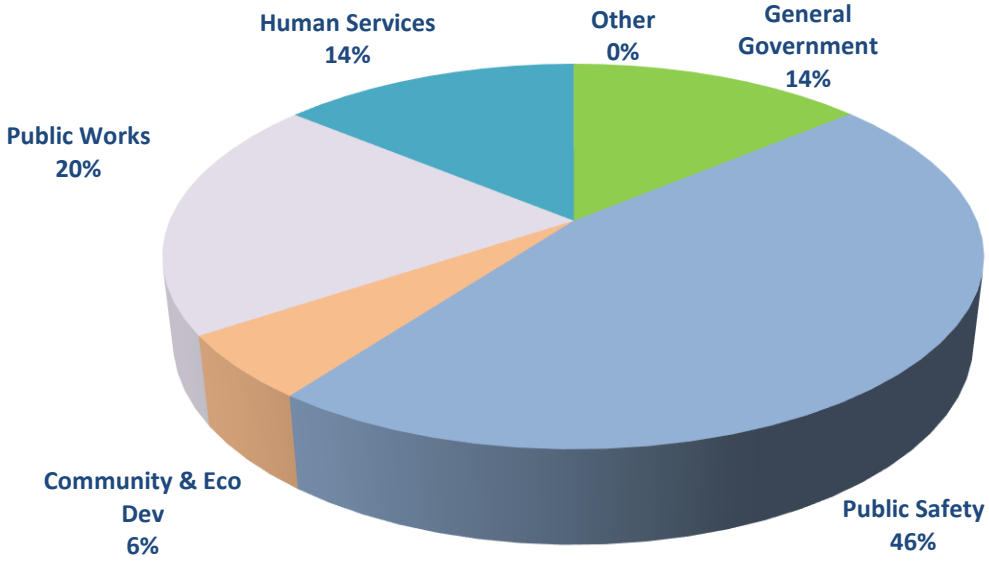
## What Are the Components of the Municipal Budget?

- 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 - \$26.1M

How is the municipal budget funding allocated among service areas?



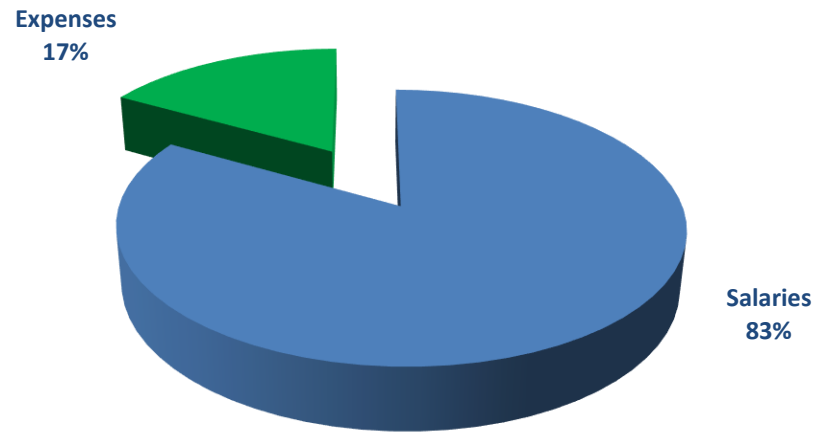
|                     | <b>FY25 Budget</b>  | <b>FY26 Proposed</b> | <b>\$ Increase</b> | <b>% Increase</b> |
|---------------------|---------------------|----------------------|--------------------|-------------------|
| General Government  | \$3,421,939         | \$3,633,523          | \$211,584          | 6.2%              |
| Public Safety       | \$11,453,907        | \$12,090,658         | \$636,751          | 5.6%              |
| Community & Eco Dev | \$1,358,707         | \$1,421,834          | \$63,127           | 4.6%              |
| Public Works        | \$5,099,740         | \$5,309,949          | \$210,209          | 4.1%              |
| Human Services      | \$3,387,272         | \$3,662,776          | \$275,504          | 8.1%              |
| Other               | \$166,500           | \$500                | -\$166,000         | -99.7%            |
| <b>Total</b>        | <b>\$24,888,065</b> | <b>\$26,119,240</b>  | <b>\$1,231,175</b> | <b>4.9%</b>       |

- 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

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     | \$21,740,911         | 83%         |
| \$4,557,923         | Expenses     | \$4,378,329          | 17%         |
| <b>\$24,888,065</b> | <b>Total</b> | <b>\$26,119,240</b>  | <b>100%</b> |

# FY26 Proposed Municipal Budget Summary

What are the salary changes in the FY26 Budget?

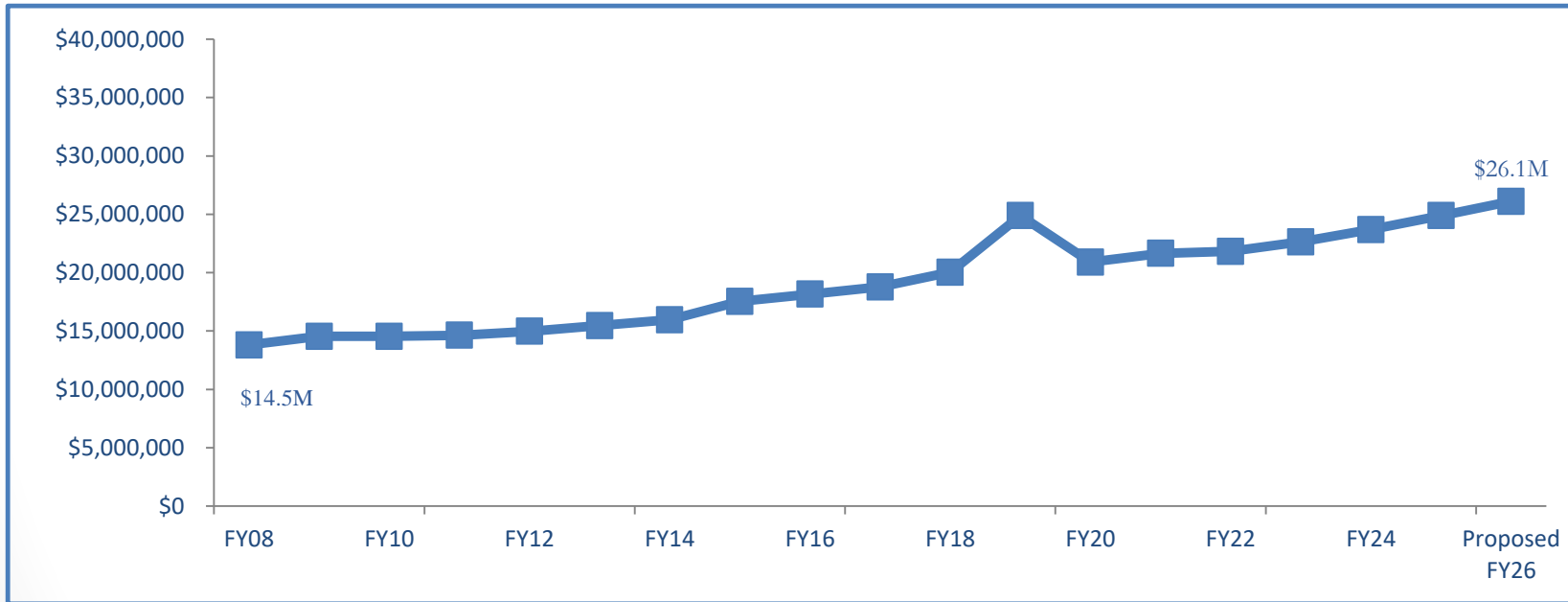
| Category     | FY25<br>Budget      | Proposed<br>FY26<br>Budget | Difference         |             |
|--------------|---------------------|----------------------------|--------------------|-------------|
|              |                     |                            | \$                 | %           |
| Salaries     | \$20,330,142        | \$21,740,911               | \$1,410,769        | 6.9%        |
| Expenses     | \$4,557,923         | \$4,378,329                | (\$179,594)        | -3.9%       |
| <b>Total</b> | <b>\$24,888,065</b> | <b>\$26,119,240</b>        | <b>\$1,231,175</b> | <b>4.9%</b> |

- Approximately \$1.4M or 100% of the total increase is for salaries.
  - This includes salary contractual obligations, COLA and step increases for staff and any mid year adjustments that happened during FY25.
- We were able to offset a portion of this increase with reductions to overall expenses without reducing funding for the most critical services and program areas.

# 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
- 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 Proposed Operating Budget Details

# Components of the Operating Budget

The Operating Budget is the summary budget for all functions Town and School wide, including:

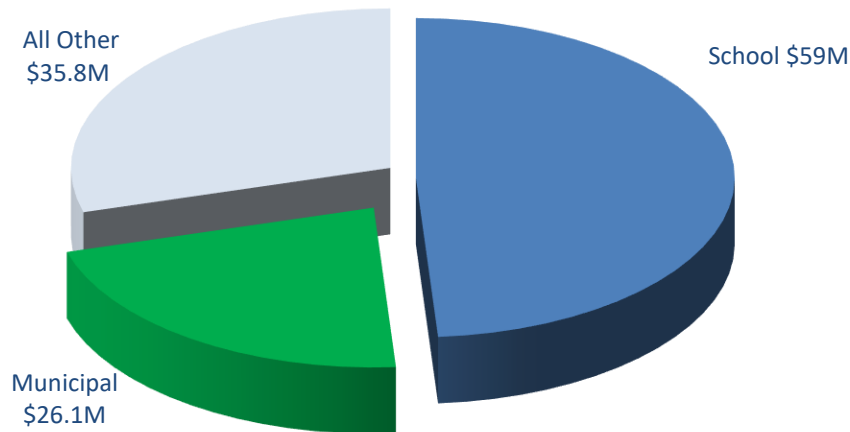
- Municipal Budget
- Schools Budget
- Fixed Costs
- Debt
- Sewer Enterprise

# FY26 Proposed Operating Budget \$120.7M, 4.4% increase

## FY26 Proposed Operating Budget - Updated

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

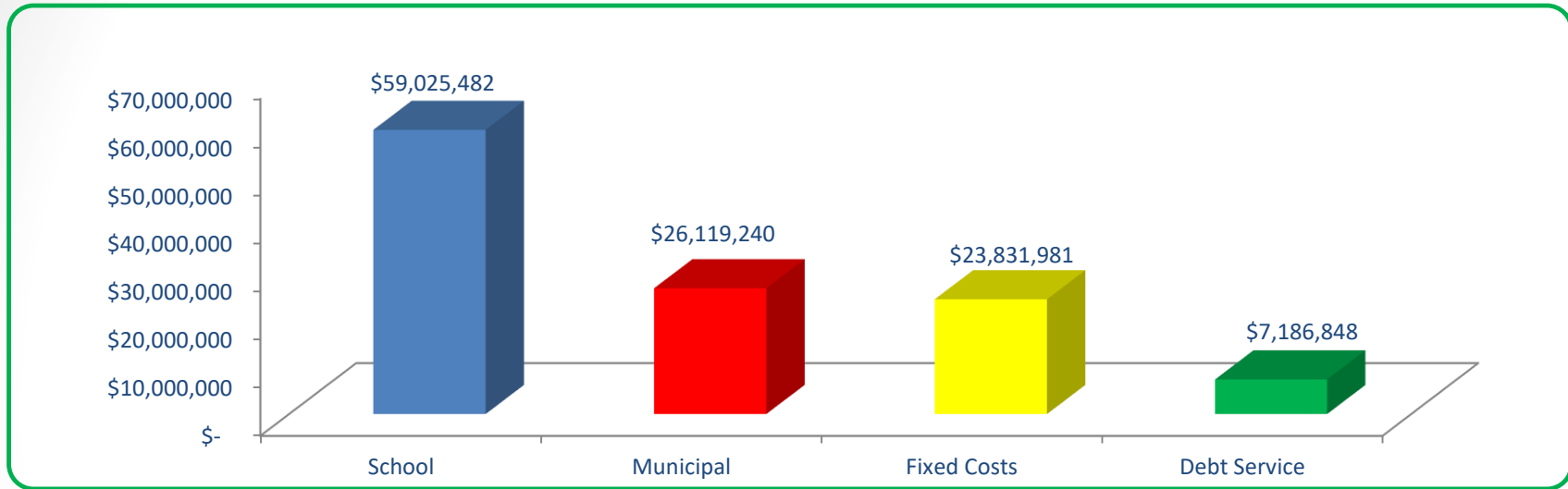
| FY25 Budget           | Category                   | FY26 Proposed         | \$ Change FY26 v FY25 | % Change FY26 v FY25 |
|-----------------------|----------------------------|-----------------------|-----------------------|----------------------|
| \$ 56,763,603         | School Operating           | \$ 58,761,682         | \$ 1,998,079          | 3.5%                 |
| \$ 24,888,065         | Municipal Operating        | \$ 26,119,240         | \$ 1,231,175          | 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                | \$ 23,831,981         | \$ 1,692,525          | 7.6%                 |
| \$ 7,353,348          | Debt Service               | \$ 7,186,848          | \$ (166,500)          | -2.3%                |
| \$ 4,250,004          | Sewer                      | \$ 4,569,785          | \$ 319,781            | 7.5%                 |
| <b>\$ 115,643,559</b> | <b>Total</b>               | <b>\$ 120,733,336</b> | <b>\$ 5,089,777</b>   | <b>4.4%</b>          |



- Strive for stable and sustainable operating budget growth.
- Some items are still estimates, including: Health Insurance, Blue Hills Assessment and MWRA Assessment

# Operating Budgets

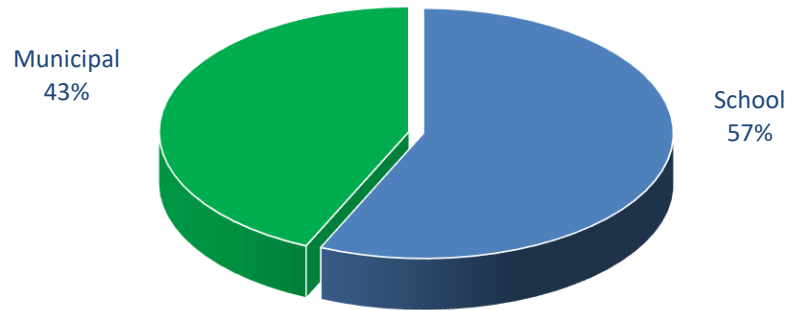
- Town Meeting approves structurally sound budgets that provide for core services to community
- Strive for operating budget stability for school and municipal budgets



- Each 1% increase for school, municipal and fixed cost budgets is approximately:
  - School (Budget \$59M) - \$590K
  - Municipal (Budget \$26.1M) - \$261K
  - Fixed Costs (Budget \$23.8M) - \$238K

# Fixed Costs – Significant Piece of Annual Budget

- The fixed costs budget provides for all employee benefit accounts, shared fixed costs, and insurance/reserve accounts.
- The employee benefits/cost accounts include:
  - Pension
  - Health insurance
  - Unemployment
  - Workers' Compensation
  - Other payroll taxes



Fixed Costs approximately 20% of total budget.

# A Look at Fixed Costs/Shared Costs – Proposed FY26 Budget

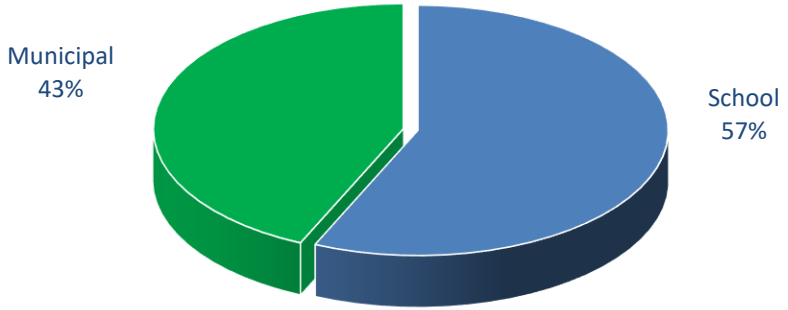
Fixed Costs – Employee Benefits Costs, Shared Costs/Trash/Reserve Accounts

- Fixed costs are approximately 20% of the Operating Budget

| Budget Provides For                            |                     |
|--|---------------------|
| Municipal and School Employee Benefits Costs   | \$19,172,187        |
| Municipal and School Insurance/Shared Accounts | \$1,759,795         |
| Trash Services                                 | \$2,080,000         |
| Town Wide Reserves                             | <u>\$820,000</u>    |
| <b>Total FY26</b>                              | <b>\$23,831,982</b> |

|                              | School       | Municipal   | Total        |
|------------------------------|--------------|-------------|--------------|
| Fixed Employee Related Costs | \$10,878,571 | \$8,293,616 | \$19,172,187 |

**Employee Benefit Related Costs**



# Fixed Costs – Projected Increases in FY26

Increase

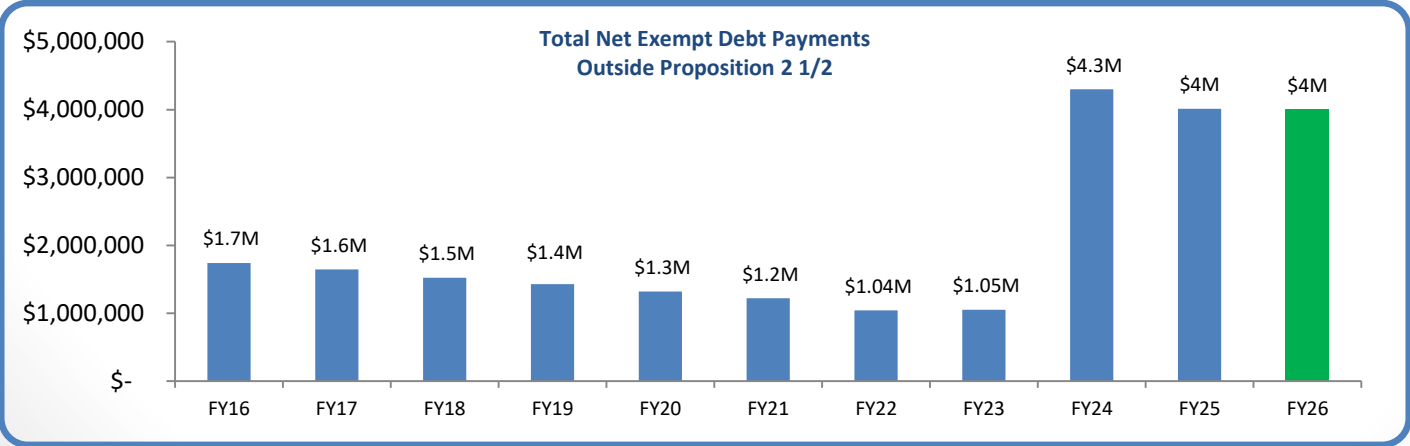
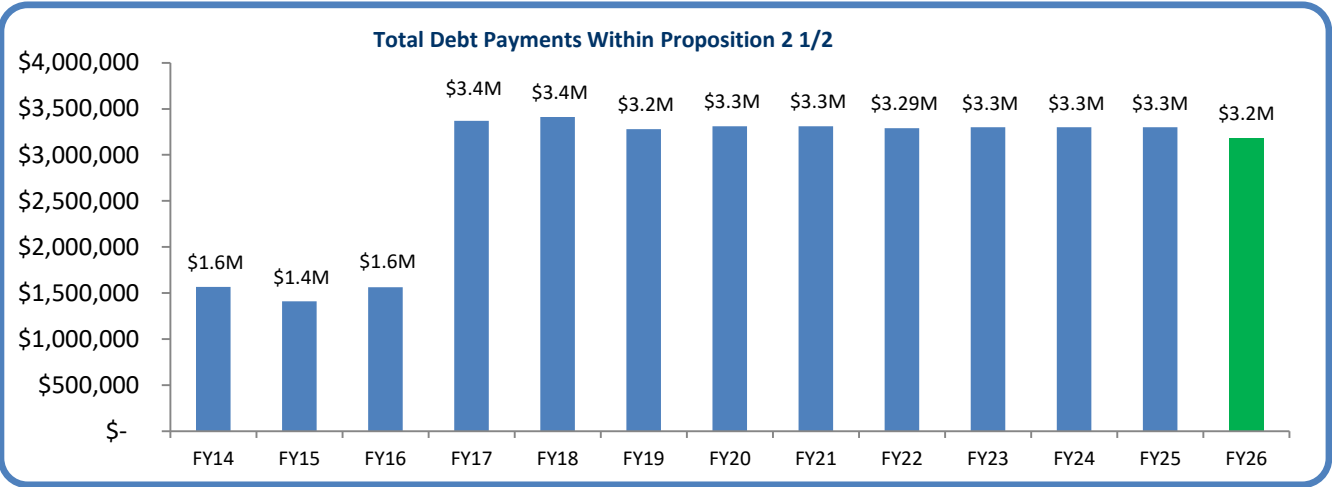
Current estimated increase to total fixed costs budget - approx. 7.6% **\$1.69M**

- Pension Assessment FY26 \$7.17M, increase of 7% over current year (FY25 \$6.7M) **\$451K**
  - Received FY26 assessment from Norfolk County Retirement System
  
- Health Insurance current FY26 budget \$9.18M **Approx \$835K**
  - Increase of 10% over current year (FY25 \$8.35M)
  - Current estimate only
  - Group Insurance Commission (GIC) updates FY25 Information
    - Final Rates – scheduled to be voted at February 27th meeting
  - Previous year’s actual increases have been:
    - FY23 7%, FY24 5.7%, FY25 8.3%
  
- Waste Collection/Disposal FY26 budget \$2.08M (FY25 \$1.91M) estimated increase of 9% **Approx \$170K**

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

# FY26 Debt Budget - \$7.2M, decrease of 2.3%

|                 | FY25 Budget        | FY26 Budget        | \$ Change          | % Change     |
|-----------------|--------------------|--------------------|--------------------|--------------|
| Exempt Debt     | \$4,013,644        | \$4,000,144        | (\$13,500)         | -.3%         |
| Non Exempt Debt | <u>\$3,339,704</u> | <u>\$3,186,704</u> | <u>(\$153,000)</u> | <u>-4.6%</u> |
| Total           | \$7,353,348        | \$7,186,848        | (\$166,500)        | -2.3%        |





# FY26 Overall Proposed Budget

# FY26 Overall Budget

- FY26 Proposed Overall Budget includes:
  - Projected Revenue Sources
    - Tax Levy
    - State Aid
    - Local Receipts
    - Sewer Enterprise Fund
    - Meals and Hotel Tax
    - Free Cash
  - Proposed Expenditures
    - Operating Budget (Appendix D)
    - Capital Articles
    - Stabilization Fund
    - OPEB Trust Fund
    - State and County Charges

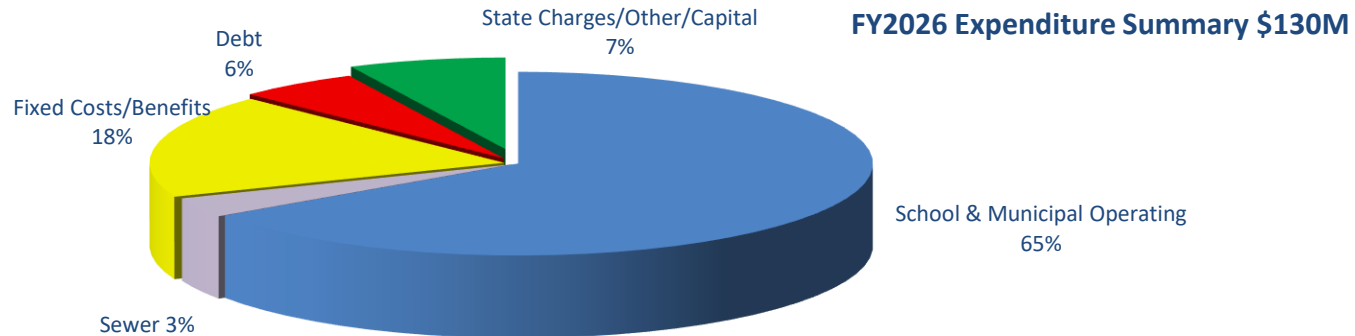


# FY26 Overall Proposed Budget Summary Updated

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 7.6%
- 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 currently balanced between projected revenue (\$130M) and expenditures (\$130M)

# FY26 Proposed Expenditure Budget Summary - \$130M



## FY2026 Proposed Expenditure Summary

|  | FY2025               | FY2026<br>Projected  | \$ Change          | % Change    |
|--|----------------------|----------------------|--------------------|-------------|
| Operating Budget - School Categories     | \$57,012,686         | \$59,025,482         | \$2,012,796        | 3.5%        |
| Operating Budget - Municipal             | \$24,888,065         | \$26,119,240         | \$1,231,175        | 4.9%        |
| Benefits/Reserves/Insurance              | \$22,139,456         | \$23,831,981         | \$1,692,525        | 7.6%        |
| Sewer - Operating                        | \$4,250,004          | \$4,569,785          | \$319,781          | 7.5%        |
| Debt Service                             | \$7,353,348          | \$7,186,848          | (\$166,500)        | -2.3%       |
| <b>Total Operating</b>                   | <b>\$115,643,559</b> | <b>\$120,733,336</b> | <b>\$5,089,777</b> | <b>4.4%</b> |
| 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%      |
| <b>Other Appropriations:</b>             |                      |                      |                    |             |
| 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          | \$300,000            | (\$732,000)        | -70.9%      |
| State Charges/Offsets/Overlay/Snow       | \$1,343,400          | \$1,386,441          | \$43,041           | 3.2%        |
| <b>Total Expenditures</b>                | <b>\$122,931,209</b> | <b>\$130,081,777</b> | <b>\$7,150,568</b> | <b>5.8%</b> |

# FY26 Proposed Capital Budget Articles

The Select Board has supported continued reinvestment in the Town's assets and infrastructure. Capital Articles are built each year from the submissions included in the 5 Year Capital Improvement Plan, which was distributed in November. All projects listed in the articles, are detailed in that document.

The FY26 Budget:

- Continues high level of Capital Investment
  - Important to maintain Town and School buildings and infrastructure
  - Important to ensure safe and efficient capital equipment
  - Consistent investment through base capital
  - Continue efforts for additional funding beyond base for important projects
- Base Capital Budget – Funded with Free Cash
  - Municipal Capital Improvements - \$1,525,000
  - School Capital Improvements- \$1,140,000
  - Recommendation to increase these amounts from current allocation – have been level funded for 6 years (total increase of \$312k over FY25)
- Additional 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
- Additional Capital Articles with projects that would require borrowing
  - Sewer \$500,000 MWRA No interest loan

# FY26 Capital Budget – Proposed Municipal Capital Article

| Item   | Requesting Department | Amount                    | Funding Source |
|--|-----------------------|---------------------------|----------------|
| Wheelchair Accessible Van                    | COA                   | \$62,000                  | Free Cash      |
| One Ton Dump Truck (Truck 15)                | DPW                   | \$80,000                  | Free Cash      |
| One Ton Dump Truck (Truck 16)                | DPW                   | \$80,000                  | Free Cash      |
| Tree Chipper                                 | DPW                   | \$80,000                  | Free Cash      |
| Roadway Improvement                          | DPW                   | \$250,000                 | Free Cash      |
| Turnout Gear Replacement                     | Fire                  | \$75,000                  | Free Cash      |
| Radio Upgrade and Replacement                | Fire                  | \$30,000                  | Free Cash      |
| Fire Suppression Equipment Replacement       | Fire                  | \$50,000                  | Free Cash      |
| End User Technology                          | IT                    | \$75,000                  | Free Cash      |
| Library Patron/Staff End User Technology     | Library               | \$25,000                  | Free Cash      |
| Police Vehicles                              | Police                | \$325,000                 | Free Cash      |
| Safety Equipment                             | Police                | \$68,000                  | Free Cash      |
| Municipal Communication - Police, Fire & EMS |                       |                           |                |
| Radio Infrastructure                         | Police                | \$95,000                  | Free Cash      |
| Building Facilities Maintenance              | DPW Facilities        | \$150,000                 | Free Cash      |
| Energy Efficiency                            | DPW Facilities        | \$50,000                  | Free Cash      |
| Municipal Parking Lots                       | DPW Facilities        | \$30,000                  | Free Cash      |
|  | <b>Total</b>          | <b><u>\$1,525,000</u></b> |                |

This Article is to be Funded with Free Cash  
 This is the annual base capital for Municipal

# FY26 Capital Budget – Proposed Schools Capital Article

| Item                               | Amount             | Funding Source |
|------------------------------------|--------------------|----------------|
| Technology                         | \$100,000          | Free Cash      |
| HVAC and Controls                  | \$100,000          | Free Cash      |
| Vehicles                           | \$160,000          | Free Cash      |
| Building Improvements              | \$430,000          | Free Cash      |
| Roofing                            | \$200,000          | Free Cash      |
| Furniture, Fixtures, and Equipment | \$150,000          | Free Cash      |
| Total                              | <u>\$1,140,000</u> |                |

This Article is to be Funded with Free Cash  
This is the annual base capital for Schools

# FY26 Capital Budget – Proposed Additional Capital

| Item                                      | Requesting Department | Amount             | Funding Source           |
|---|-----------------------|--------------------|--------------------------|
| Generator Replacement (COA and Library)   | DPW Facilities        | \$250,000          | Meals/Hotels Tax         |
| Library Lighting System Replacement       | DPW Facilities        | \$300,000          | Meals/Hotels Tax         |
| DPW Garages                               | DPW Facilities        | \$75,000           | Meals/Hotels Tax         |
| Additional Study Room Project             | Library               | \$62,000           | Meals/Hotels Tax         |
| Meeting Room Technology                   | Select Board          | \$90,000           | Meals/Hotels Tax         |
| Town/School Financial Enterprise Software | IT                    | \$475,000          | Meals/Hotels Tax         |
|   | Total                 | <u>\$1,252,000</u> | Meals/Hotels Tax Revenue |

Funded by Meals/Hotels Tax Revenue

# FY26 Capital Budget – Proposed Additional Capital

| <b>Item</b>                          | <b>Requesting Department</b> | <b>Amount</b>    | <b>Funding Source</b> |
|--------------------------------------|------------------------------|------------------|-----------------------|
| Town Hall Renovation/Reconfiguration | Select Board                 | \$150,000        | Free Cash             |
| Town Hall Roof Replacement           | DPW Facilities               | \$250,000        | Free Cash             |
| Sheehan Electrical Upgrade           | Schools                      | \$520,000        | Free Cash             |
|                                      | Total                        | <u>\$920,000</u> | Free Cash             |

Funded by Free Cash

# FY26 Capital Budget – Proposed Other Capital Articles / Sewer

## Sewer Capital Improvements

| Item           | Amount                 | Funding Source          |
|----------------|------------------------|-------------------------|
| Stormwater MS4 | \$75,000               | Sewer Retained Earnings |
| <b>Total</b>   | <u><u>\$75,000</u></u> | Sewer Retained Earnings |

## Sewer Capital Borrowing

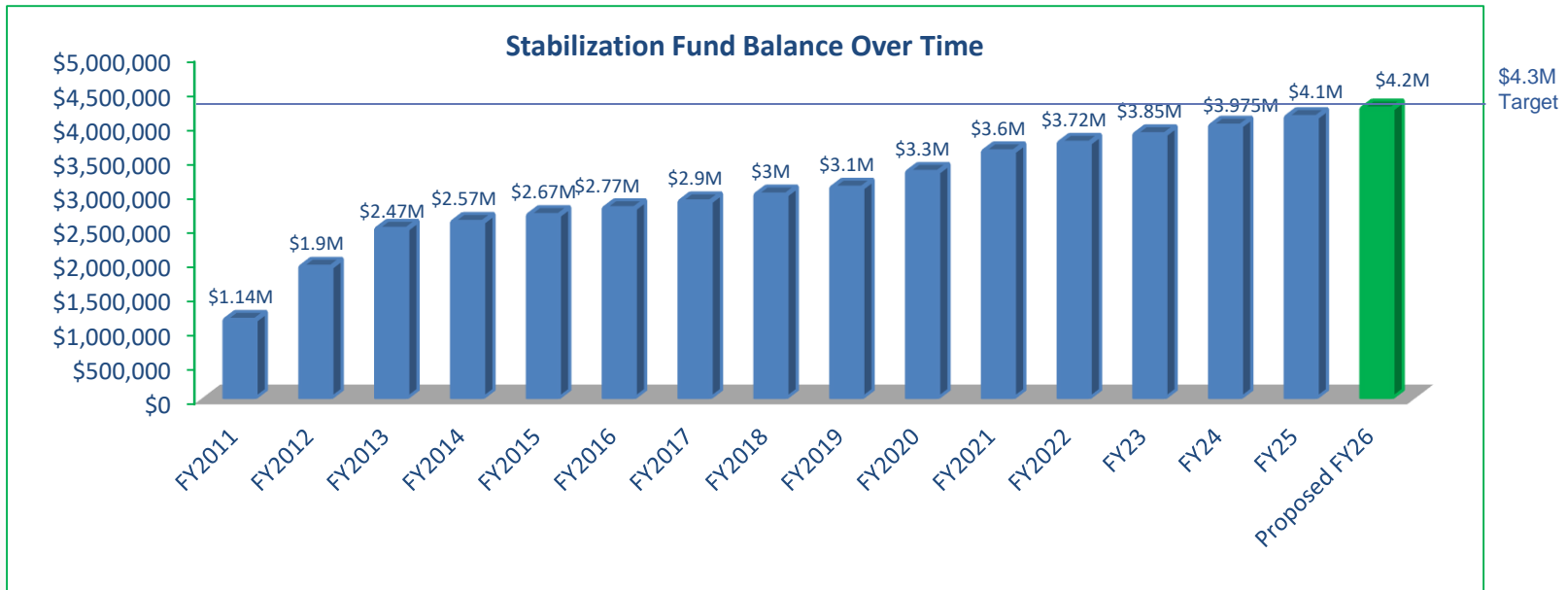
| Item                            | Amount    | Funding Source |
|---------------------------------|-----------|----------------|
| Inflow and Infiltration Program | \$500,000 | MWRA Loan      |

## Other Revenue Sources

| Item                           | Requesting Department | Amount                    | Funding Source     |
|--------------------------------|-----------------------|---------------------------|--------------------|
| Cemetery Tractor               | DPW                   | \$50,000                  | Cemetery Trust     |
| Rescue Upgrade and Replacement | Fire                  | \$35,000                  | Ambulance Receipts |
| Fire Engine Replacement        | Fire                  | <u>\$950,000</u>          | Ambulance Receipts |
| <b>Total</b>                   |                       | <u><u>\$1,035,000</u></u> |                    |

# 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.
- 
- Did not need to use during COVID:
    - Outside COVID funding
    - No cuts to State Aid



↑  
↑  
Built with one  
time revenue

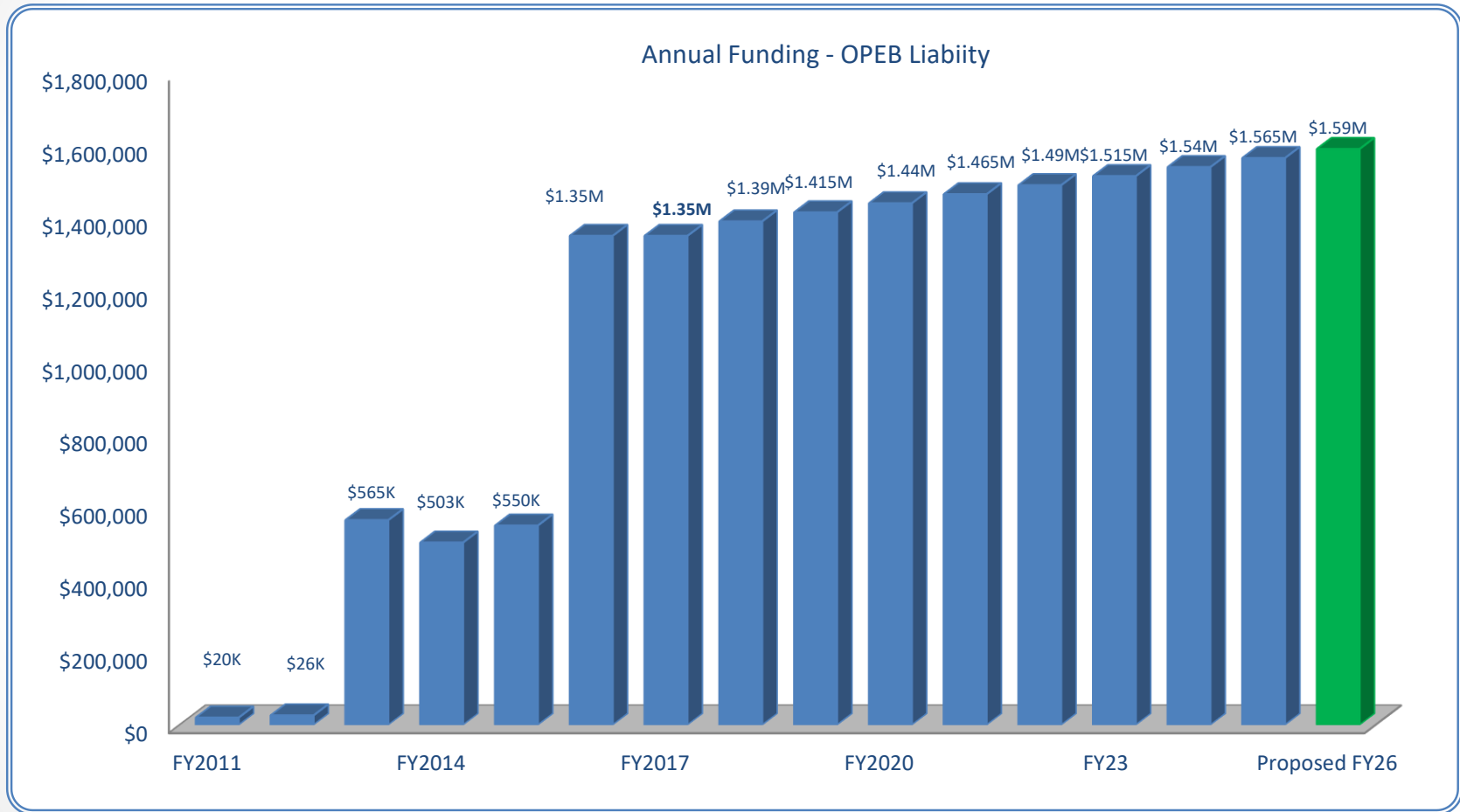


Small Annual Transfer



# 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



↑  
Change in health care plan

↑  
Change in health care plan

# Aid to the Elderly Fund – FY26 Appropriation \$300,000

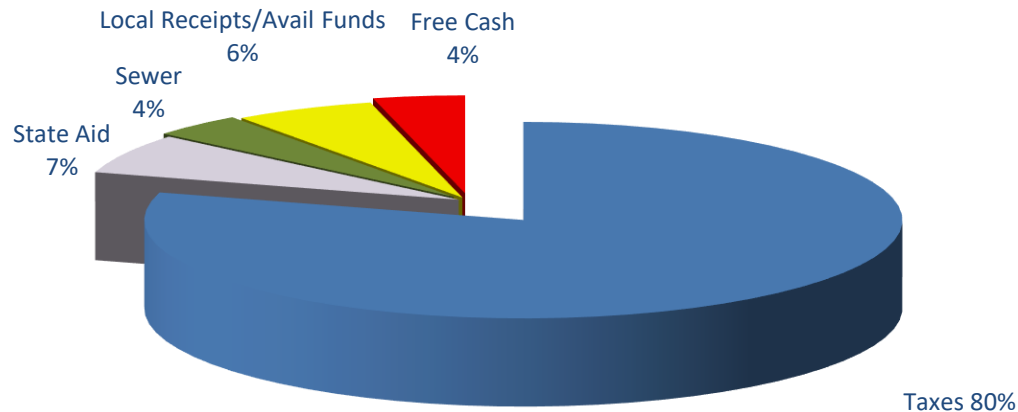
- Aid to the Elderly Fund
  - The Fund was established by Town Meeting in 1999
  - Approximately \$100K per year distributed to approximately 55 senior residents
  - Pays approximately 25% of tax bill (FY24 payment was \$1,500)
- Other programs available to residents for senior tax relief:
  - Senior Workoff:
    - In place since 2003
    - Up to 100 seniors eligible
    - Town Meeting adopted maximum amount allowed by State – currently \$2,000
  - Tax Deferral:
    - Tax payments are delayed until the home is sold
    - Town Meeting adopted a reduced interest rate of 3%
    - Town Meeting set income level at State allowed maximum
  - Chapter 41C:
    - \$1,000 tax exemption for residents age 65 and older
- FY26 Budget Article Proposal – additional funding to Aid to the Elderly program
  - \$300k funded with Free Cash

# FY26 Proposed Budget Revenue - \$130M

## 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          | \$8,585,510          | \$235,846          | 2.8%        |
| Sewer Enterprise                          | \$5,461,361          | \$5,128,003          | (\$333,358)        | -6.1%       |
| Local Receipts                            | \$4,595,857          | \$5,080,857          | \$485,000          | 10.6%       |
| Available Funds                           | \$434,325            | \$456,905            | \$22,580           | 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          | \$5,092,000          | \$1,204,750        | 31.0%       |
| <b>Total</b>                              | <b>\$122,931,209</b> | <b>\$130,081,777</b> | <b>\$7,150,568</b> | <b>5.8%</b> |

## FY2026 Projected Budget Revenue \$130M



# Tax Revenue

## FY26 Total Projected Revenue Budget - \$130M

- Taxes are approximately 80% of revenue - most important component of financial stability
- Proposition 2 ½
  - Limits total property taxes a community can raise – can increase 2.5% plus new growth
    - Calculation not applied to individual tax bills
  - Town Meeting can approve a debt exclusion which allows for additional property taxes to be levied in an amount equal to the debt service payments associated with the project
- For FY26, the projected property tax revenue supporting the overall budget is \$103.5M
  - Includes exempt debt

# Tax Levy Calculation per Proposition 2 ½

| Tax Levy Calculation              | FY2022              | FY2023              | FY2024              | FY2025               | Budget<br>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<br>TIF* | \$208,000           | \$107,000           | \$52,746            | \$187,740            |                      |                                 |
| General Overrides                 | \$0                 | \$0                 | \$0                 | \$0                  | \$0                  |                                 |
| <b>Tax Levy Limit</b>             | <b>\$86,718,329</b> | <b>\$90,010,426</b> | <b>\$93,226,730</b> | <b>\$96,489,130</b>  | <b>\$99,451,358</b>  |                                 |
| <b>Exempt Debt*</b>               | <b>\$1,048,819</b>  | <b>\$1,059,561</b>  | <b>\$4,369,541</b>  | <b>\$4,139,002</b>   | <b>\$4,000,144</b>   | Exempt Debt                     |
| <b>Levy Capacity</b>              | <b>\$87,767,148</b> | <b>\$91,069,987</b> | <b>\$97,596,271</b> | <b>\$100,628,132</b> | <b>\$103,451,502</b> | 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

# Local Receipts

Locally generated revenues, other than real and personal property taxes.

## Prior Year Revenue Budget and Actuals

- Local Receipts
  - Largest drivers are motor vehicle excise and departmental fees/permits
  - Conservative budgeting provides cushion for fluctuations in activity, such as motor vehicle sales

| Local Receipts | FY20     | FY21     | FY22     | FY23     | FY24     | FY25     | FY26    |
|----------------|----------|----------|----------|----------|----------|----------|---------|
| Budget         | \$4.195M | \$4.195M | \$4.195M | \$4.195M | \$4.195M | \$4.595M | \$5.08M |
| Actual         | \$5.6M   | \$5.6M   | \$5.8M   | \$8.7M   | \$9.5M   |          |         |

- Motor Vehicle Excise is largest category:
  - Motor vehicle – FY24 \$4.2M collections – increased from \$3.7M in FY23
    - Major billing done in February each year

| MV Excise | FY20    | FY21    | FY22    | FY23    | FY24    | FY25    | FY26    |
|-----------|---------|---------|---------|---------|---------|---------|---------|
| Budget    | \$2.68M | \$2.68M | \$2.72M | \$2.72M | \$2.72M | \$3.02M | \$3.22M |
| Actual    | \$3.4M  | \$3.65M | \$3.4M  | \$3.73M | \$4.18M |         |         |

# Preliminary FY26 State Aid Revenue – Per Governor’s Budget

- State Aid is approximately 7% of the Total Revenue budget for FY26
- State aid steady– no mid year cuts or disruptions for several years.



|                        | FY25 Final      | FY26 Prelim     | \$ Change        | % Change        |
|------------------------|-----------------|-----------------|------------------|-----------------|
| Chapter 70             | \$ 7,370,026    | \$7,583,326     | \$63,669         | 2.9%            |
| Municipal Unrestricted | \$898,330       | \$918,093       | \$19,763         | 2.2%            |
| All Other              | <u>\$81,308</u> | <u>\$84,091</u> | <u>\$2,783</u>   | 3.4%            |
| <b>Total Revenue</b>   | \$8,349,664     | \$8,585,510     | \$235,846        | 2.8%            |
| <b>State Charges</b>   | <b>FY25</b>     | <b>FY26</b>     | <b>\$ Change</b> | <b>% Change</b> |
|                        | \$805,382       | \$846,453       | \$41,071         | 5.1%            |

# Other Funding Sources for Articles - Current Balances

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

## 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 ambulance account (12/31/24) before appropriation - \$1.7M

## Sewer Retained Earnings

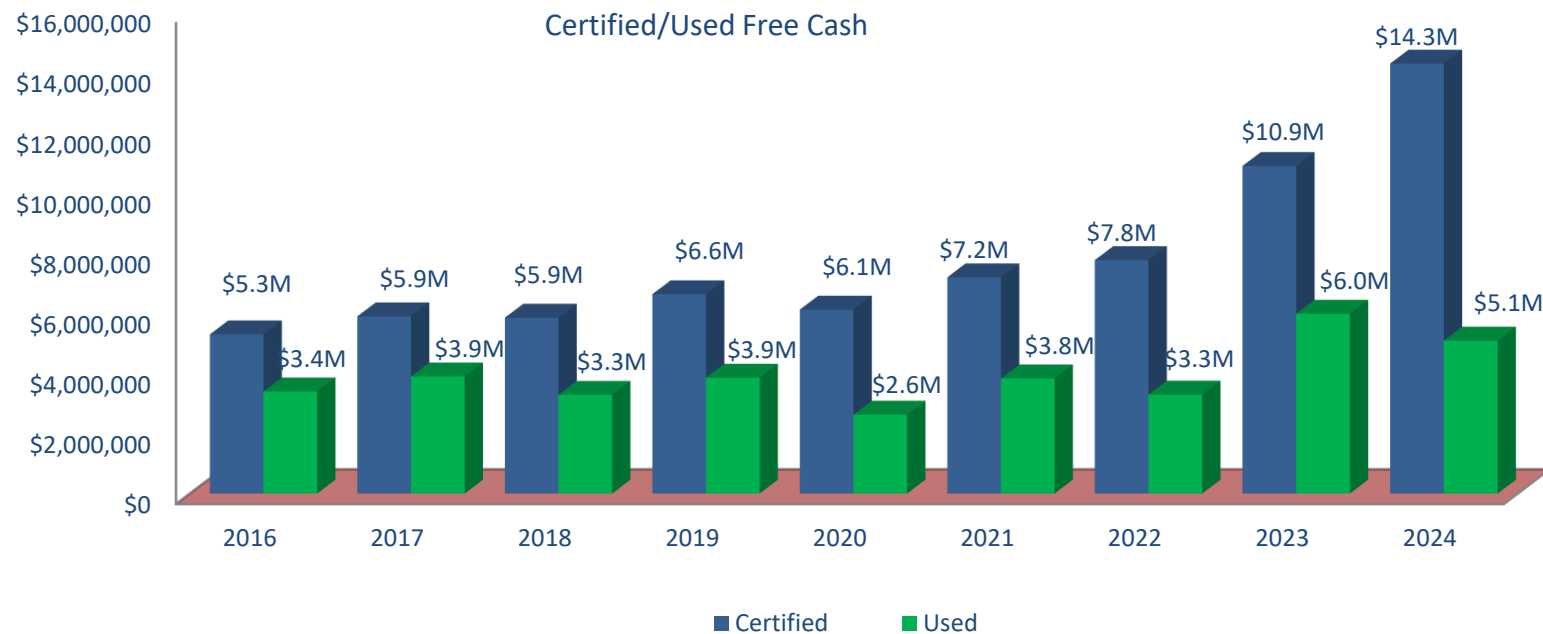
- FY24 final unreserved fund balance \$2.9M

## 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)

# Free Cash Certification

- Certified Free Cash as of June 30, 2024 is \$14,302,047
  - Town's retained earnings – calculation of unrestricted funds from previous year
  - Includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ended, plus unexpended free cash from the previous year.
    - Offset by property tax receivables and certain deficits.
- Disciplined use of free cash prior year balance.
  - Not applied to ongoing operating expenses. Not using full allowance.
  - In line with Financial Policy, available amounts used for capital needs.
- FY26 Proposed Budget uses \$3.5M for capital , \$125,000 for Stabilization and \$1.0M for the Fincom and Select Board Reserves/Fixed Costs and \$300K for the Aid to the Elderly.



- Financial Policy target is approximately \$4.2M unallocated.

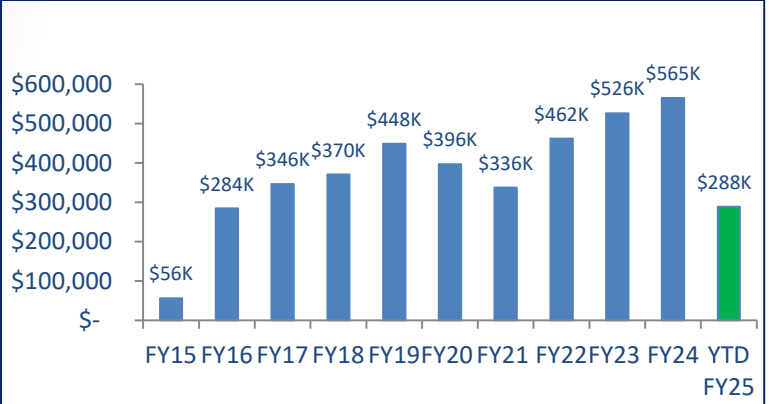
# Meals and Hotels Tax

## Use of Funds

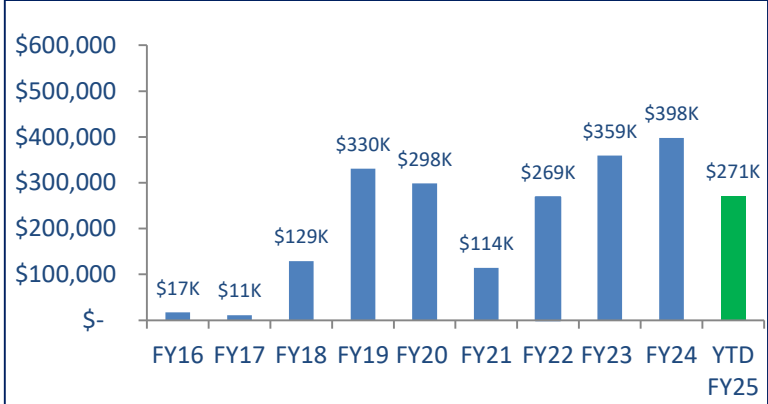
Any use of funds must be appropriated by Town Meeting. All use requires a majority vote by Town Meeting. Funds have been used for capital projects.

- Proposal for May 2025 meeting includes usage of \$1.2M of funds
  - Generator upgrade and replacement at COA and Library \$250K, Library building projects \$362K, Repairs to DPW garages \$75K, Meeting Room Technology \$90K and Town/School Enterprise Software \$475K

Annual Meals Tax Revenue



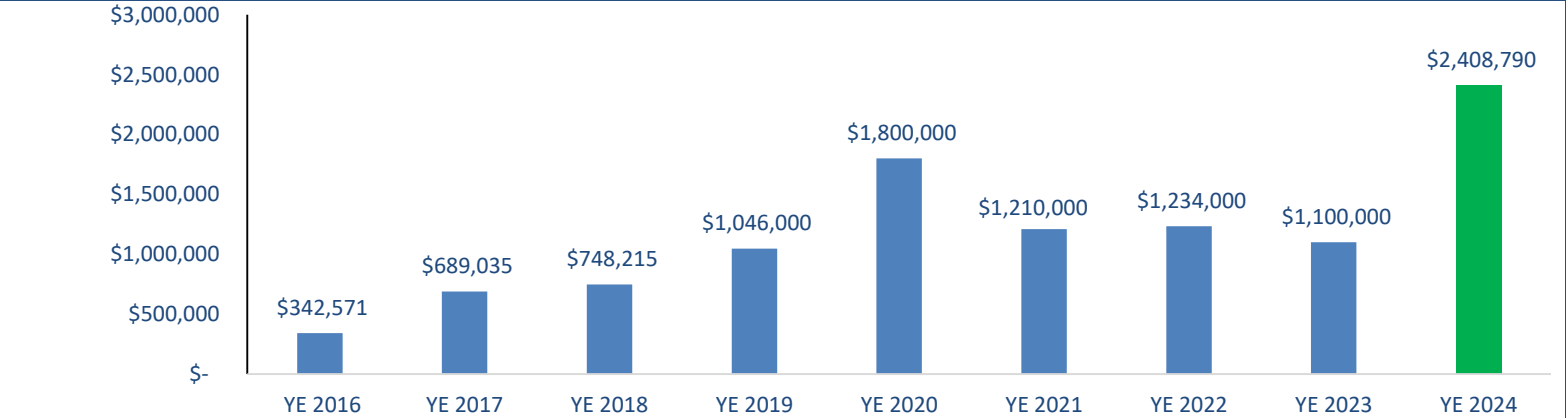
Annual Hotels Tax Revenue



## Balance in the Account

- The balance at December 31, 2024 is \$2.4M

History of Meals/Hotels Tax Account Balance  
Fiscal Year End Balance



# Next Steps in Budget Cycle

- February and March Meetings:
  - Continue update and review of FY26 revenue projections
    - FY26 State Aid Budget
  - Continue review of expenditures/other updates
    - Assessments (Blue Hills, MWRA)
    - Health Insurance
  - Continue to review capital budget articles
- Prepare Articles 1 and 2 FY25 Budget Supplements
  - Article 1: Transfers from one budget to another
  - Article 2: Supplement budget with additional funds (free cash)
  - Select Board will finalize mid March in advance of Finance Commission final public hearing in March
- Subcommittee Meetings
- Any updates will be presented to Finance and Warrant Commission in advance of Fincom Public Hearings



