



# FY 2026 Budget

Initial Budget Presentation

January 6, 2025





# Budget Approach & Process

## Budget Approach

The Town Manager's Office and Finance Director/Town Accountant have spent the last several weeks reviewing department requests, meeting with departments to better understand their needs, and scrutinizing our revenue projections to ensure we can justify every expense and that we're confident in our projections for revenue to fund those expenses. This has been a very iterative process that has involved every department at Town Hall. Our aim has been to conservatively estimate our revenue to avoid mid-year deficits while also accounting for new growth and new or expanded revenue sources to maximize our funding capacity. This approach has remained consistent in Town and resulted in the Town maintaining a healthy free-cash balance.

## Process/Timeline

Departments were asked to submit their requests two weeks early this year by December 10, 2024 and to craft a budget that maintained level-service and that sought creative approaches to delivering the services residents expect. We spent the weeks following December 10 in multiple meetings with departments refining requests, considering their new requests, and collaborating on a proposed budget that works for everyone.

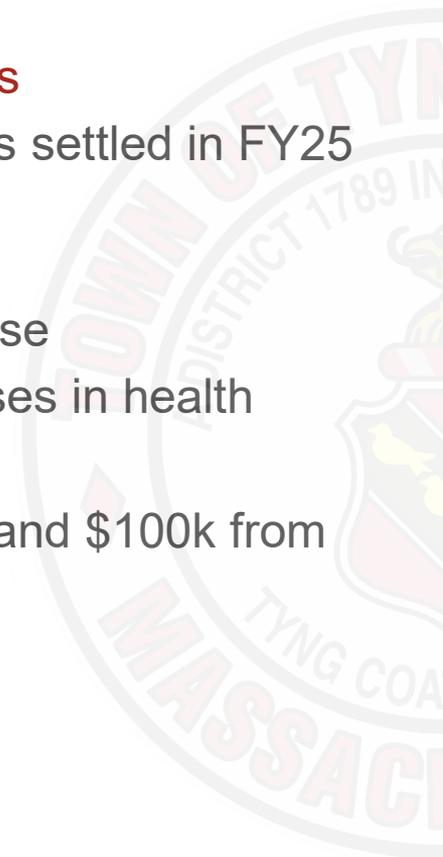
# Landscape Surrounding the FY26 Budget Planning Process



# FY26 Budget Landscape

## Where are we going into the budget planning process? - Expenses

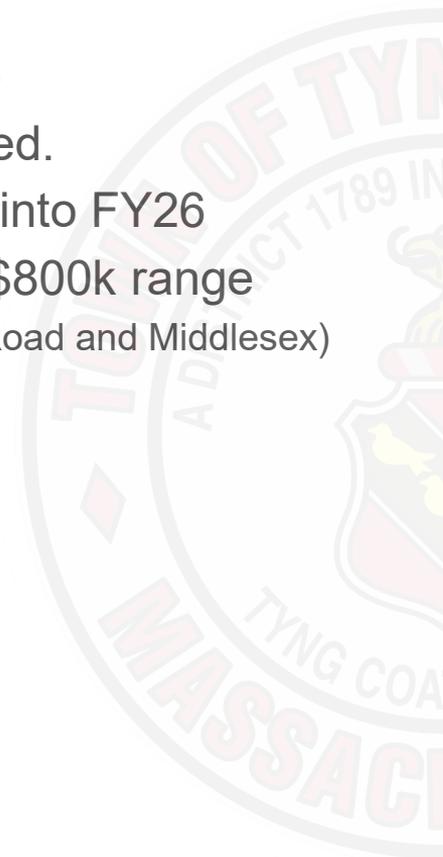
- All but one labor contract on the general government side was settled in FY25 meaning that labor costs are pretty well-known.
  - Reversal from FY25 where most labor costs were still in the air
- School department in the final year of set 2.7% budget increase
- Expecting challenges in terms of higher than previous increases in health insurance based on what we saw on retiree insurance.
- \$1M Contribution to the Middle School Debt (\$900k from GF and \$100k from Lakeview Lease Revenue)



# FY26 Budget Landscape

## Where are we going into the budget planning process? - Revenue

- Some categories are trending very well -- higher than budgeted.
- Earnings on investment trending very well - likely to continue into FY26
- New growth expected to fall short -- Likely land in the \$700k-\$800k range
  - Large projects aren't moving forward as quickly (warehouse on Kendall Road and Middlesex)
  - Toll Brothers not set to be complete by June 30 2025



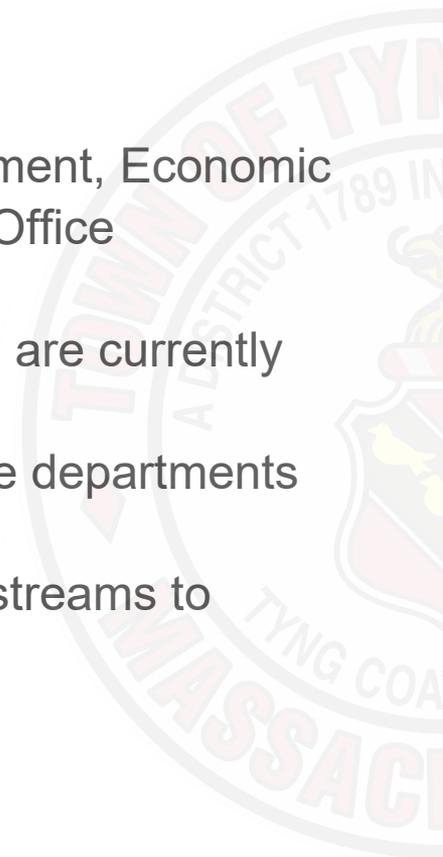
# Revenues



# Revenue Forecast

## How do we calculate the revenue forecast?

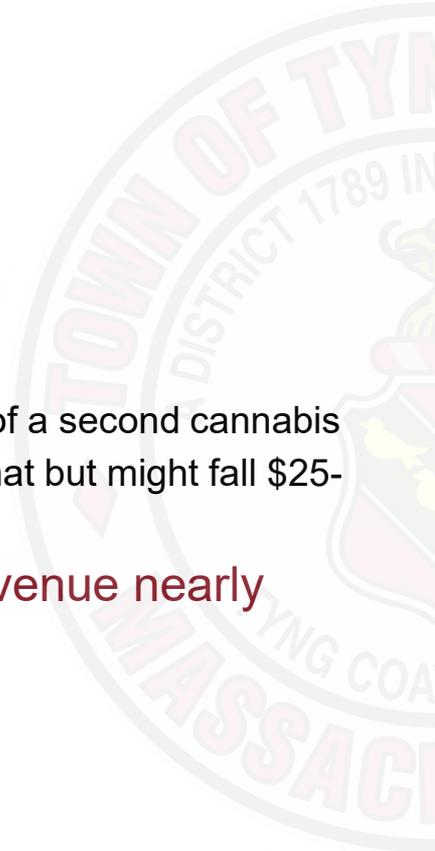
- Collaboration between the Assessors Office, Finance Department, Economic Development, Building Commissioner, and Town Manager's Office
- Look at 5 year trends
- Analyze the current FY trend to identify see how the numbers are currently tracking
- Incorporate anticipated new growth based off of input from the departments listed above
- Consider the factors that play into the various other revenue streams to identify anticipated changes in the coming fiscal year.



# Revenue Forecast

## FY25 Trending

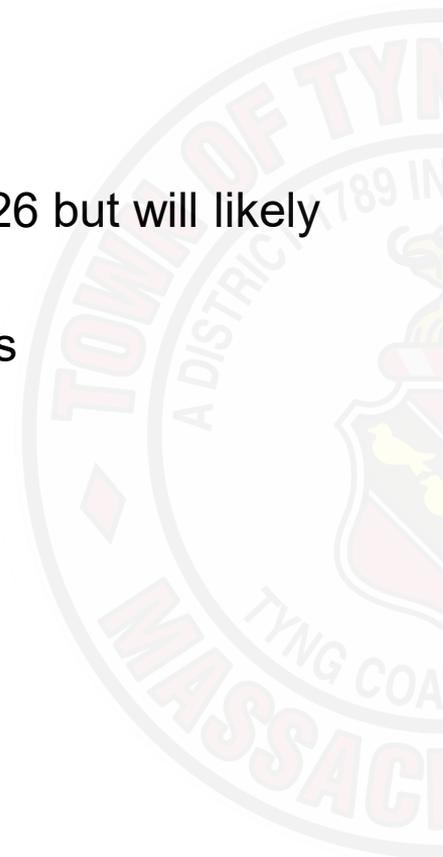
- Positive trending for revenues for fiscal year 2025
  - MV Excise trending toward being \$575k higher than budgeted
  - Licenses & Permits trending \$575k higher than budgeted
  - Earnings on Investments \$360k higher than budgeted
- Revenue areas not trending favorably
  - Marijuana revenue - The original FY25 budget included a half fiscal year of a second cannabis retailer -- 2nd location is set to open this month so we'll correct much of that but might fall \$25-35k short for FY25
- Overall, based on current trends we're likely to close FY25 revenue nearly \$675k higher than budgeted.



# Revenue Forecast

## Considerations for FY26

- Earnings on investment likely to continue to into FY26
- Licenses and Permits will continue to trend positively into FY26 but will likely return to normal levels in FY27
- Marijuana excise to likely be flat with FY25 budgeted numbers
- State aid expected to be stay at same levels as FY25





# Revenue Forecast

Revenue Type	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Projections	% Increase
General Fund Revenue						
RE&PP	\$ 30,138,729.28	\$ 31,473,085.79	\$ 32,789,123.00	\$ 33,908,851.08	\$ 35,556,572.36	<b>4.63%</b>
Tax Liens	\$ 115,201.14	\$ 91,361.82	\$ -			
MV Excise	\$ 2,186,791.19	\$ 2,220,274.31	\$ 2,200,000.00	\$ 2,280,000.00	\$ 2,600,000.00	<b>12.31%</b>
Other Ex	\$ 253,769.51	\$ 282,792.65	\$ 260,000.00	\$ 417,000.00	\$ 420,000.00	<b>0.71%</b>
Cannabis Excise	\$ 213,594.86	\$ 231,446.33	\$ 275,000.00	\$ 400,000.00	\$ 400,000.00	<b>0.00%</b>
Cannabis Impact Fee	\$ 618,012.29	\$ 408,700.85	\$ -	-		
Pen & Int	\$ 120,824.40	\$ 159,452.26	\$ 159,000.00	\$ 232,000.00	\$ 200,000.00	<b>-16.00%</b>
Fees	\$ 119,679.84	\$ 94,126.62	\$ 94,000.00	\$ 75,000.00	\$ 75,000.00	<b>0.00%</b>
Licenses & Permits	\$ 621,759.75	\$ 809,392.32	\$ 797,000.00	\$ 820,000.00	\$ 1,200,000.00	<b>31.67%</b>
Other Dept Rev	\$ 261,203.14	\$ 334,726.92	\$ 334,000.00	\$ 300,000.00	\$ 300,000.00	<b>0.00%</b>
Earnings on Investments	\$ 75,246.82	\$ 161,873.60	\$ 145,200.00	\$ 300,000.00	\$ 550,000.00	<b>45.45%</b>
Fines & Fore	\$ 18,207.28	\$ 37,798.49	\$ 45,000.00	\$ 40,000.00	\$ 40,000.00	<b>0.00%</b>
Miscellaneous Revenue	\$ 645,654.23	\$ 177,288.70	\$ 232,000.00	\$ 200,000.00	\$ 200,000.00	<b>0.00%</b>



# Revenue Forecast

Bond Premium / Proceeds	\$ 1,091,948.22	\$ 7,060,830.00				
TMS Feasibility	\$ 332,967.00	\$ 3,566,469.63				
Cem Rev	\$ 11,935.00	\$ 14,310.00	\$ 10,200.00	\$ 11,000.00	\$ 12,500.00	<b>12.00%</b>
Lib Rev	\$ 1,358.95	\$ 1,632.35	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	<b>0.00%</b>
Medicaid Reimbursement	\$ 127,991.80	\$ 327,027.97	\$ 266,000.00	\$ 150,000.00	\$ 200,000.00	<b>25.00%</b>
Cherry Sheet	\$ 8,870,109.00	\$ 9,357,730.99	\$ 9,640,685.00	\$ 9,572,928.00	\$ 9,600,000.00	<b>0.28%</b>
Cherry Sheet Charges & Assessments			\$ (2,067,320.00)	\$ (1,959,438.00)	\$ (2,000,000.00)	<b>2.03%</b>
Transfer	\$ 207,123.01	\$ 194,826.03				
Rentals	\$ 123,395.88	\$ 126,480.78	\$ 127,946.00	\$ 127,500.00	\$ 127,500.00	<b>0.00%</b>
PILOT	\$ 58,551.93	\$ 35,917.52	\$ 35,900.00	\$ 35,000.00	\$ 20,000.00	<b>-75.00%</b>
Other Available Sources	-	-	\$ 555,891.00	<b>\$ 450,000.00</b>	<b>\$ 450,000.00</b>	<b>0.00%</b>
<b>General Fund Revenue Total (FY26)</b>					<b>\$ 49,953,572.36</b>	

# General Fund Expenditures



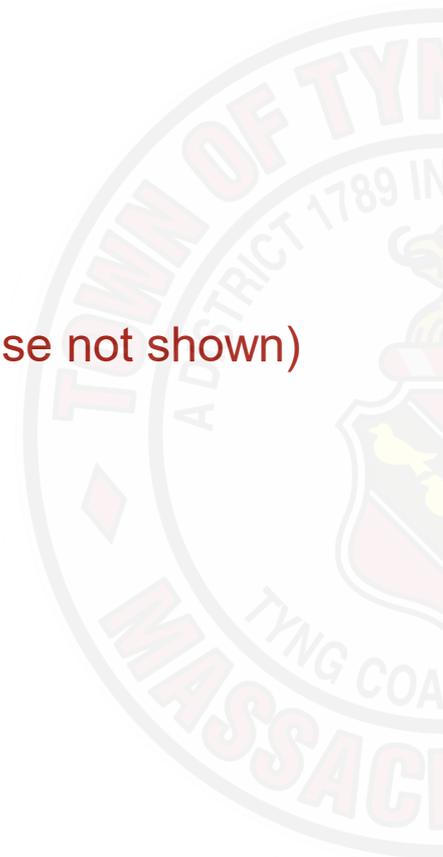
# Expenditures

Total Department Requests: \$50,176,938

Total Department Requests (Minus New Positions): \$49,984,938

## Includes:

- \$900k GF contribution to MS Debt (\$100k from Lakeview Lease not shown)
- (2) new cruiser leases - Police
- Social Media Archiving - IT (\$12k)
- Patrol Officer - Police (\$62k)
- Records Clerk - Police (\$58k)
- Fire Inspector - Fire Department (\$72k)



# Expenditures

Exempt Debt- Exempt debt is the debt service payments that are outside of the general fund (think debt exclusion). The debt service for exempt debt is billed to taxpayers on top of the 2.5% tax levy.

In Fy25 there were three items under our exempt debt (THS Roof, TES Boiler, and Middle School). In Fy26 all of the exempt debt with the exception of the Middle School dropped off.

FY26 Exempt Debt Total: \$2.9M

- \$1,000,000 GF Contribution (\$900k from GF, \$100k from Lakeview Lease)

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**Total Exempt Debt on Tax Bill: \$1.97M** (was \$1.83M in FY25)

# Expenditures

- Projected Available Funds comes from our revenue projects for FY26
  - Assumes \$800k in new growth
- “Unappropriated Funds” is the difference between the revenue we expect to have and the budget.
  - In FY25 this balance was \$350k which is a comfortable place to be (FY24 was \$50k)
  - Ideally, this number because \$200-\$300k
- Total requests number right now does not include new positions

Summary of Requests	
<b>Total Requests</b>	\$ 49,984,937.12
<b>Total Increase over Fy25</b>	\$ 1,427,454.74
<b>Projected Available Funds</b>	\$ 49,953,572.36
<b>Unappropriated Funds</b>	\$ (31,364.76)

# Expenditures

Items that will shake out over the next couple of months:

- Health Insurance (currently budgeted at 10% increase)
- Property Insurance (currently budgeted at 10% but FY26 will include new Middle School)
- GLTHS Assessment (currently budgeting a 3% increase)

Where is there cushion?

- Currently budgeting \$250k from General Fund for Roads Program. Could be reduced and offset by increased appropriation from Road Stabilization

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<b>Projected Available Funds</b>	\$ 49,953,572.36
<b>Unappropriated Funds</b>	\$ (31,364.76)

# Expenditures

## Administration's Priority for New Items

- **Public Safety Administrative Assistant:** Split position with 15 hours weekly doing records in the Police Department and 25 hours weekly in the Fire Department as Administrative Assistant
  - Estimated FY26 Salary: \$51,868
    - Already included in Fire Budget (\$25,140)
  - Net Budget Implication: \$26,728 (+potential Health Insurance implication of roughly \$20k)

## Structural Changes to Budget

- Creation of a Facilities Division within DPW resulting in three salaries being moved out of HWY and into Facilities (previously Public Buildings)



# Paths to a Balanced Budget

## Worst Case Scenario

- Assume that the expenses stay fixed as they are right now (no shift down in insurance or GLTHS assessment)
- Reduce GF contribution to roads by \$100k (down from requested \$250k)
  - Could offset this by appropriating higher balance from Road Stabilization Fund
- Include only one (1) new cruiser lease for PD in FY26
- Include the increase of hours for existing part-time Fire Admin support to create a new Full-Time Public Safety Admin supporting PD and Fire

Close the budget with \$75k in unappropriated funds which is \$25k higher than where FY24 budget was.



# Paths to a Balanced Budget

## Best Case Scenario

- Health Insurance and GLTHS assessment shift down as expected and reduce expenses by between \$100k and \$150k
- Include only one (1) new cruiser lease for PD in FY26
- Include the increase of hours for existing part-time Fire Admin support to create a new Full-Time Public Safety Admin supporting PD and Fire
- Reduce GF contribution by \$50k (down from \$250k)

Close the budget with \$150k in unappropriated funds which is \$125k higher than where FY24 budget was. Still lower than FY25 but more comfortable than worst case scenario.





# Roads Program - FY26

Source	Amount
General Fund	\$250,000
Chapter 90	\$400,000
Fair Share Amendment	\$250,000
Road Stabilization	\$800,000
<b>TOTAL</b>	<b>\$1,700,000.00</b>

## FY26 ROADS PROGRAM

- 1) Phase I Preservation (Westford Road): \$450,000
- 2) Phase II Full-depth Reclamation (Elm, Oak, Pine, Bridget, Lincoln): \$650,000
- 3) 2026 Survey: \$25,000
- 4) Line Striping: \$30,000

**FY26 Planned Total:  
\$1,155,000**



# Financial Reserves

## Financial Reserves Policy (p.27 of the 2018 Financial Policies)

- ***“The goal of the Town is to maintain a sum in overall reserves that is between 5 and 10 percent of General Fund Appropriations. The Town’s operating reserves are defined as Free Cash and General Stabilization Fund.”***

**General Stabilization Fund Balance (as of 7.1.24): \$2,999,164**

**Free Cash (Estimate) going into FY26: \$1,800,000**

**Reserves Total: \$4,799,164**

**Proposed FY26 Budget: \$51,813,101**

**5% of Operating Budget: \$2,590,655**

**10% of Operating Budget: \$5,181,310**



# Financial Reserves

- Bond Rating Note: Aim to achieve General Fund Stabilization equal to 7% of GF appropriations.

**General Stabilization Fund Balance (as of 7.1.24): \$2,999,164**

**Proposed FY26 Budget: \$51,813,101**

**7% of GF Appropriation: \$3,627,337**

**Difference to Meet 7%: \$628,173.07**

**FY26 Proposed Allocation: \$300,000 (6.4%)**

**FY27 Proposed Allocation: \$300,000 (6.7%)**

**FY28 Proposed Allocation: \$300,000 (7 %)**



# Financial Reserves

## Other Reserve Account Balances:

	<b>Balance</b>	<b>Anticipated Deposit (Fy26)</b>
Road Maintenance Stabilization	\$1,200,000 (est. as of 6/30/2025)	Automatic (roughly \$800k annually)
Capital Asset Stabilization	\$1,025,446	\$200,000
Debt Stabilization	\$200,000	\$200,000
Compensated Absence Fund	\$64,485	\$50,000
Special Ed Stabilization	\$134,162	\$150,000
OPEB	\$572,065	\$52,500
Stormwater Stabilization	\$0.00	\$10,000

