



Preliminary FY2026 Budget Forecast

JUNE 11, 2024



Goals for Tonight

Budget Process and Schedule Overview

Revenue and Expense Forecast for Fiscal Year 2026 (and beyond)

Budget Goals / Objectives



FY2026 Budget Update

Kicking off budget process now

Consolidate and review all level-budget and needs-based requests

- Needs based requests submitted but not funded in FY2025

Update five-year capital plan

Goal to have department budgets prepared by the end of summer and ready for Warrant Committee Review

Select Board Guidance / Action Item: Override or not?



FY2026 Outlook

Revenue Assumptions:

- Regular property tax increase under Proposition 2 ½
- New Growth
- State Aid
 - Minimum per pupil aid increase for Chapter 70
 - Unrestricted General Government Aid
- Local Receipts
- No Free Cash or other one-time funds



Property Taxes

Property Tax Levy

- Total levy may only increase by 2.5% per year
- Levy is the maximum amount of taxes the town may levy on property owners
- Levy = (Prior year levy + 2.5% increase) + new growth

How else to increase the levy?

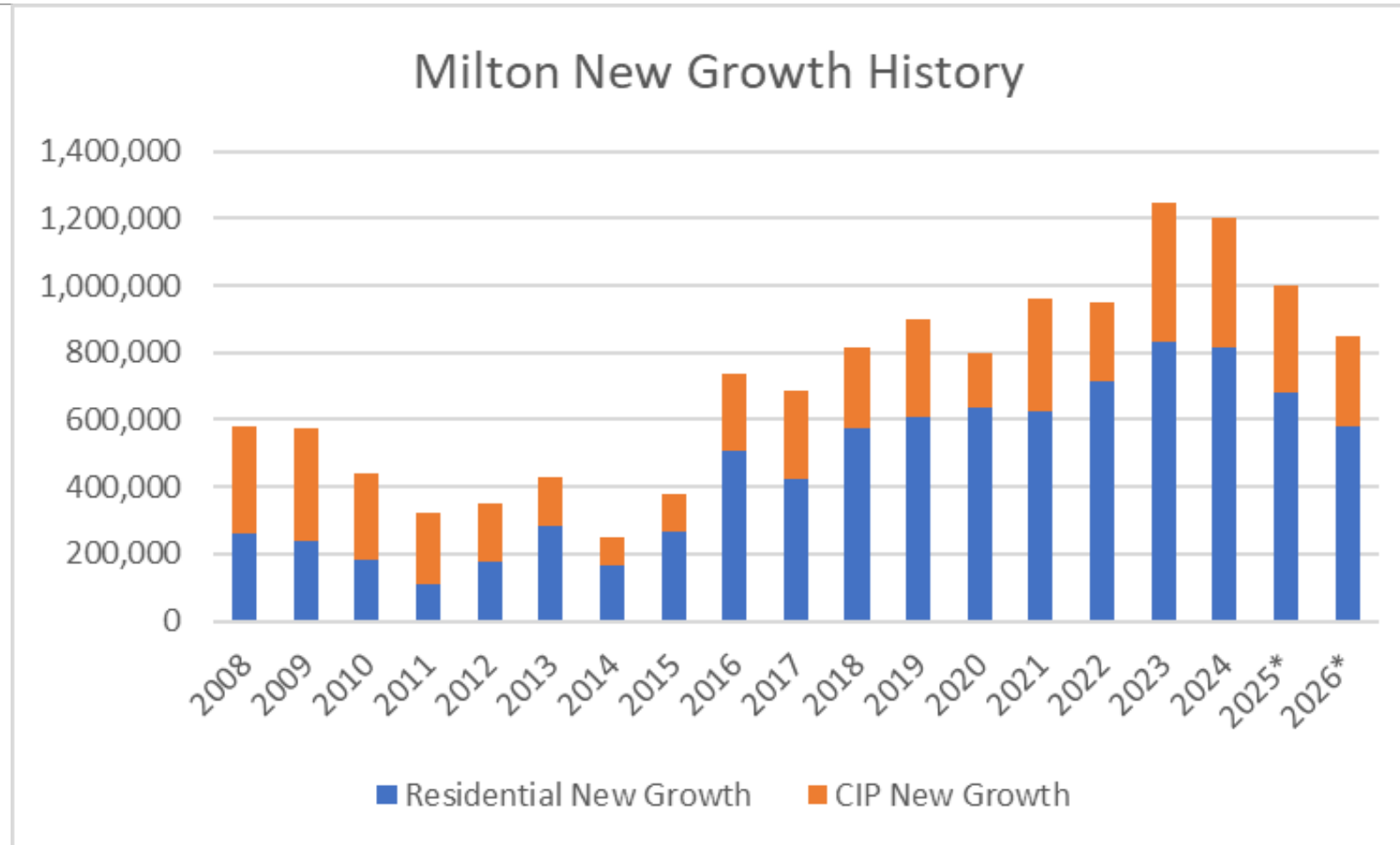
- Proposition 2 ½, allows:
- Operating Override – operating budgets
- Debt Exclusion – capital projects



	FY 2023 BUDGET	FY 2024 BUDGET	FY 2025 Estimate	FY 2026 Estimate
Previous Levy Limit	88,481,913	91,940,200	95,438,796	98,824,766
Add 2.5% Levy	2,212,048	2,298,505	2,385,970	2,470,619
New Growth	1,246,239	1,200,091	1,000,000	850,000
Subtotal	91,940,200	95,438,796	98,824,766	102,145,385
Debt Exclusion	1,959,312	1,869,729	1,794,934	1,336,994
Fire Station Debt Exclusion	369,868	459,451	534,246	992,186
Exclusion for Medical Expenses	500,000	500,000	500,000	500,000
Subtotal	2,829,180	2,829,180	2,829,180	2,829,180
Total	94,769,380	98,267,976	101,653,946	104,974,565
\$ Increase		3,498,596	3,385,970	3,320,619
% Increase		3.69%	3.45%	3.27%

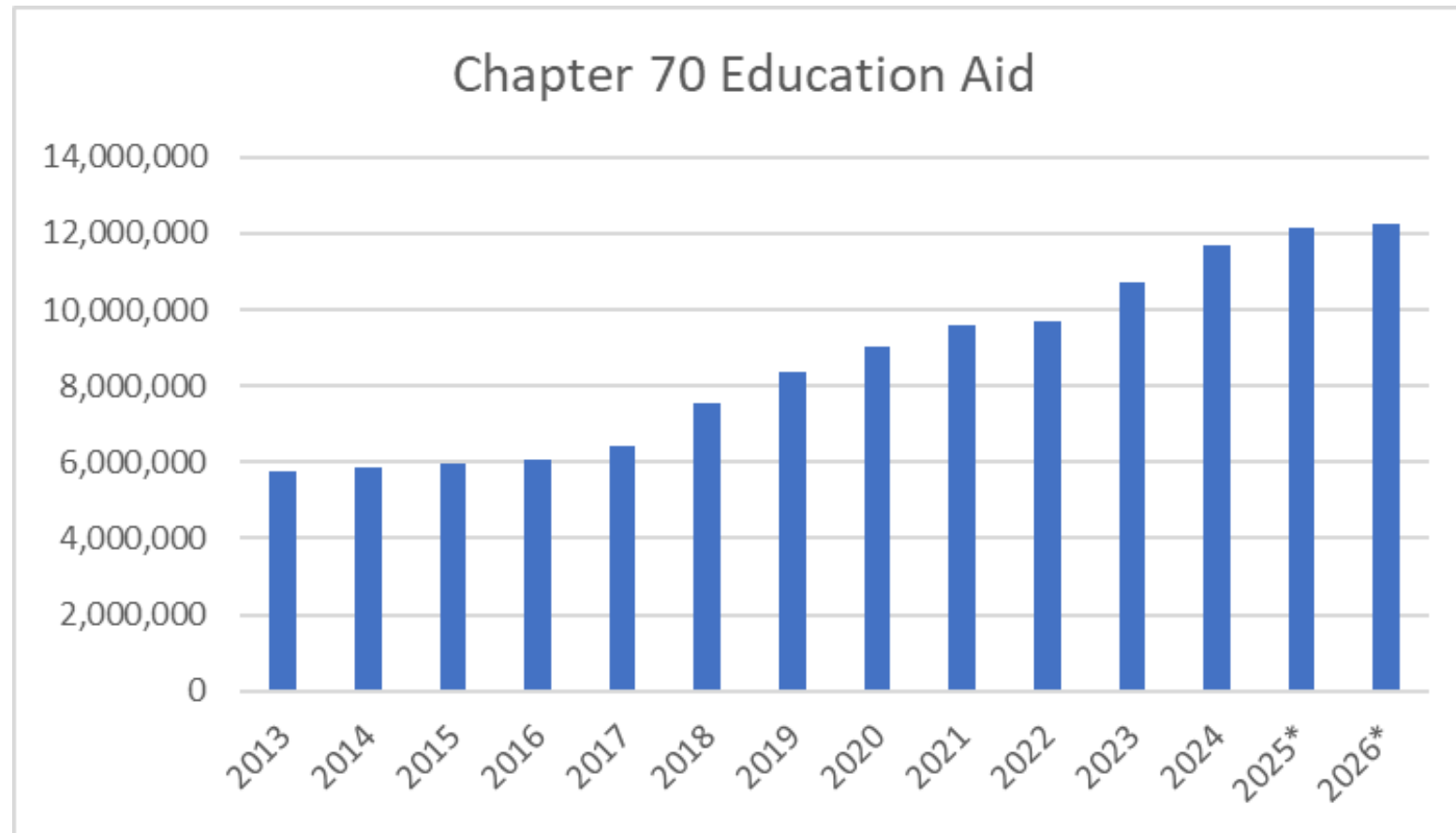


New Growth

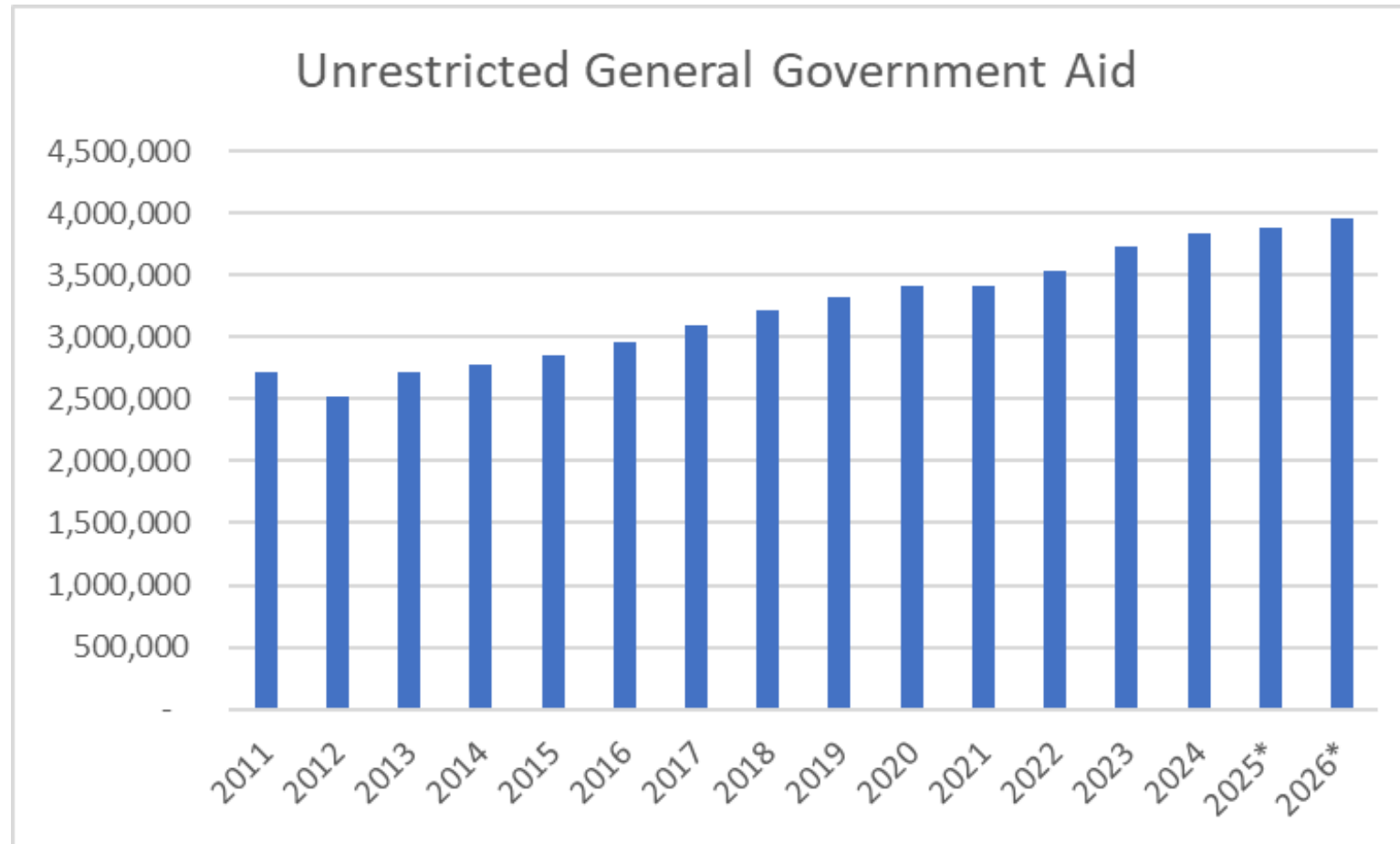




State Aid

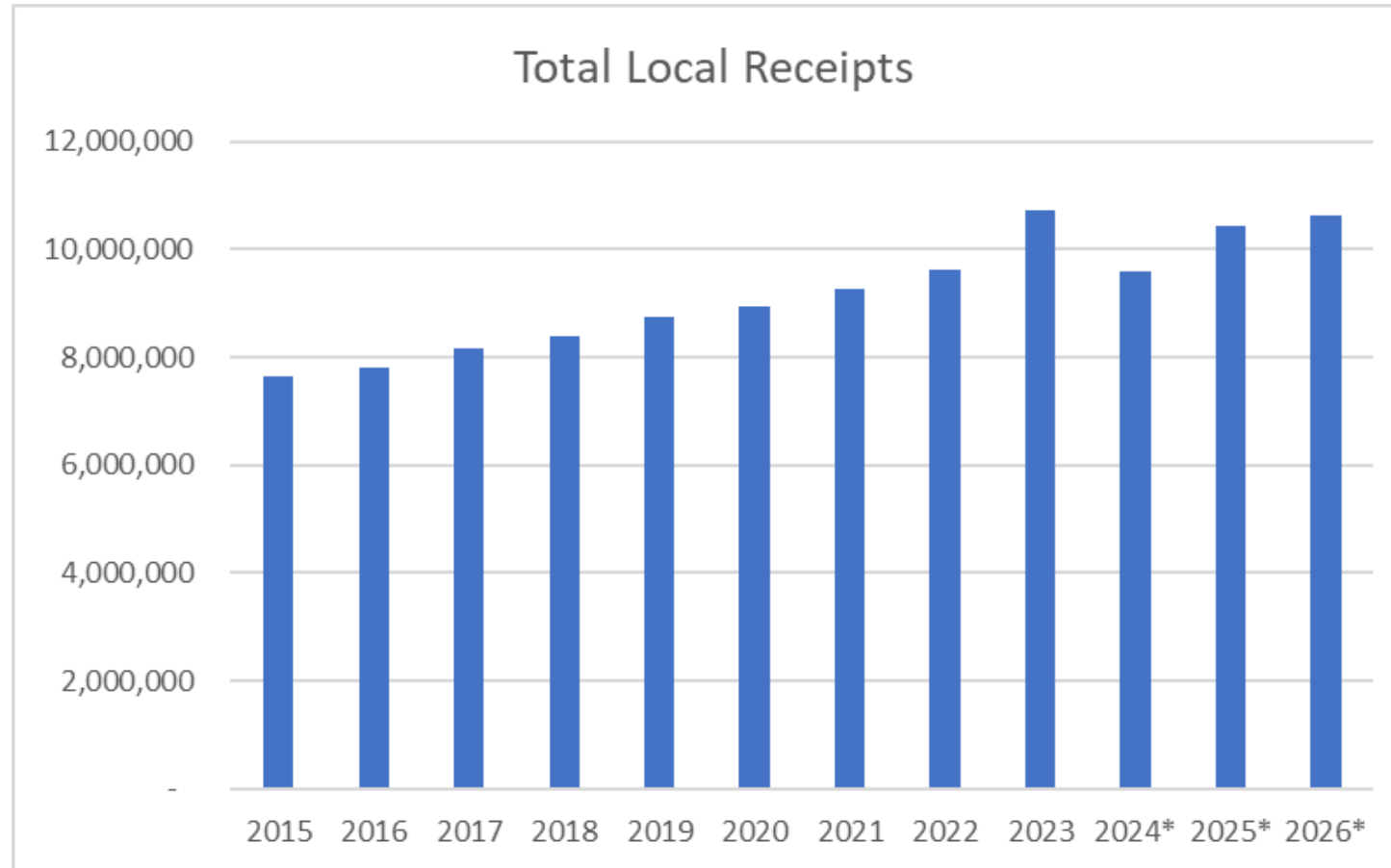


State Aid





Local Receipts





Revenue Outlook

Takeaways:

- Consistently high level of collections
- Local receipts in recent years, driven by interest income (high interest rate environment; fiscal management)
- New growth in recent years (131 Eliot; Wolcott Woods) and anticipated in future years (711 Randolph Ave, Ice House on Blue Hills Parkway, 440 Granite Ave).
 - Other projects approved, but do not have building permits
- State Aid/Chapter 70 increasing with the Student Opportunity Act, but not consistent
- No excess levy capacity
- Reliance on residential/single-families
 - 93% of property tax revenue comes from residential properties
 - 87% of residential value = single family homes



Revenue Outlook

Potential updates to the FY2026 revenue forecast:

- Property Taxes
 - New Growth
- Local Receipts
 - Will review and update once we finalize FY2024; continue to monitor economic conditions throughout FY2025
- State Aid
 - No new information anticipated between now and January 2025 when the Governor releases the FY2026 State Budget
- Free Cash
 - Needs to be certified by the Department of Revenue Division of Local Services
 - Timeline: Fall 2024



FY2026 Expenditures Outlook

Town Departments level service forecast:

- Salaries: 4% increase
- General Expenses: 3% increase

Schools level service forecast (4.4% in FY26; 5.1% in FY27)

No capital funded by Free Cash

Health Insurance: 5% premium increase

Milton Retirement System: normal cost + \$1 million, per approved funding schedule and OPEB Policy

OPEB Trust: \$1.56 million, per approved OPEB Policy

No contribution to Stabilization Funds

Debt Service includes estimates for authorized unissued debt for previously approved projects



FY2026 Outlook

General Fund Revenue: \$135.4 million

General Fund Expenditures: \$140.0 million (level service only)

Surplus/Deficit: **\$4.6 million**

Note: figure may change – and could be higher – as we update budget requests and refine forecast



Financial Indicators

Bond Rating: AAA

- Next ratings call: July/August 2024

Milton Retirement System: Fully-funded

OPEB Liability: \$125.9 million, 1.27% funded

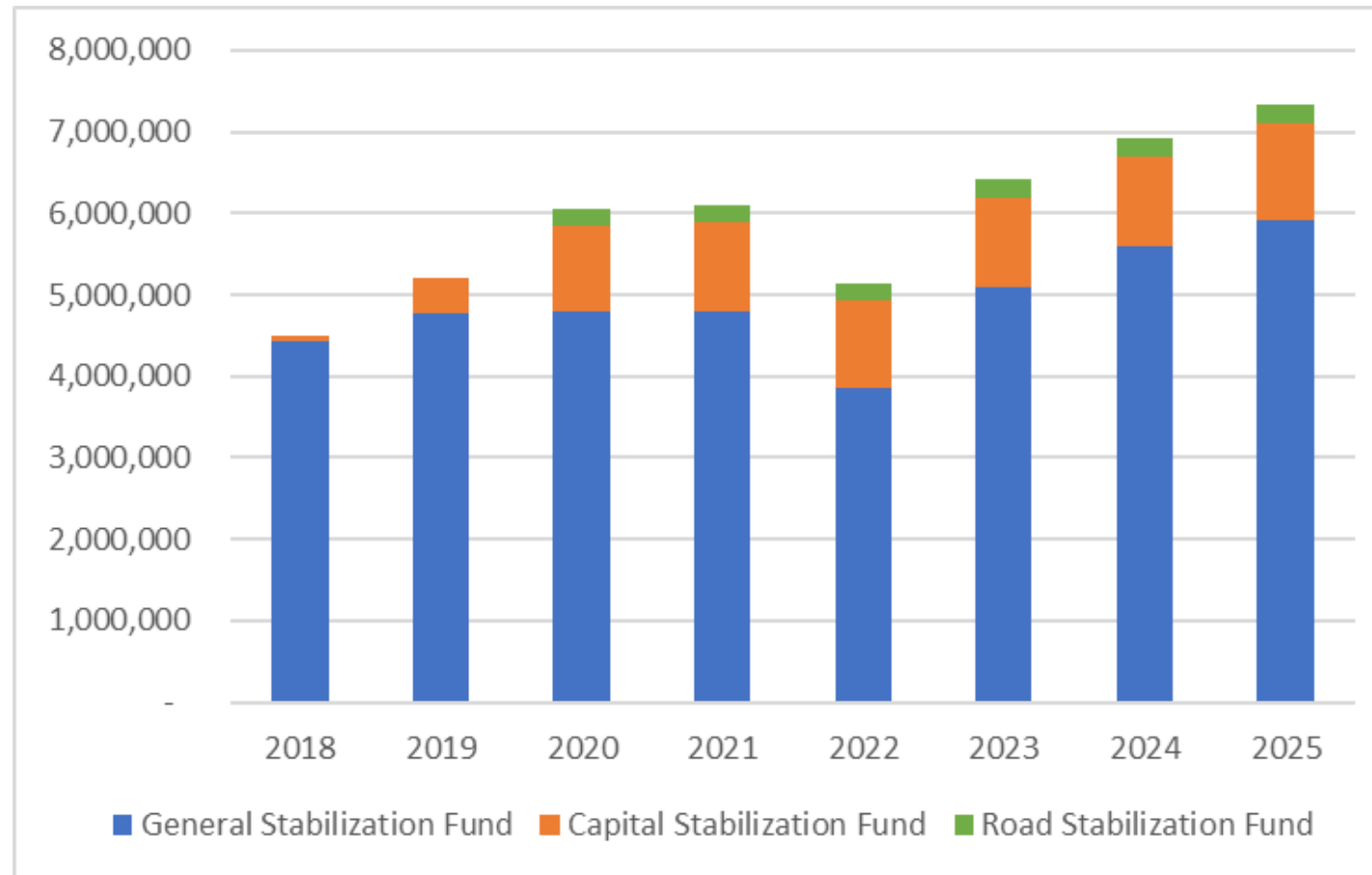
Stabilization Funds, as of March 31, 2024:

- General Stabilization Fund: \$5,924,969
- Capital Stabilization Fund: \$1,180,459
- Road Stabilization Fund: \$227,371

Free Cash Balance: \$0

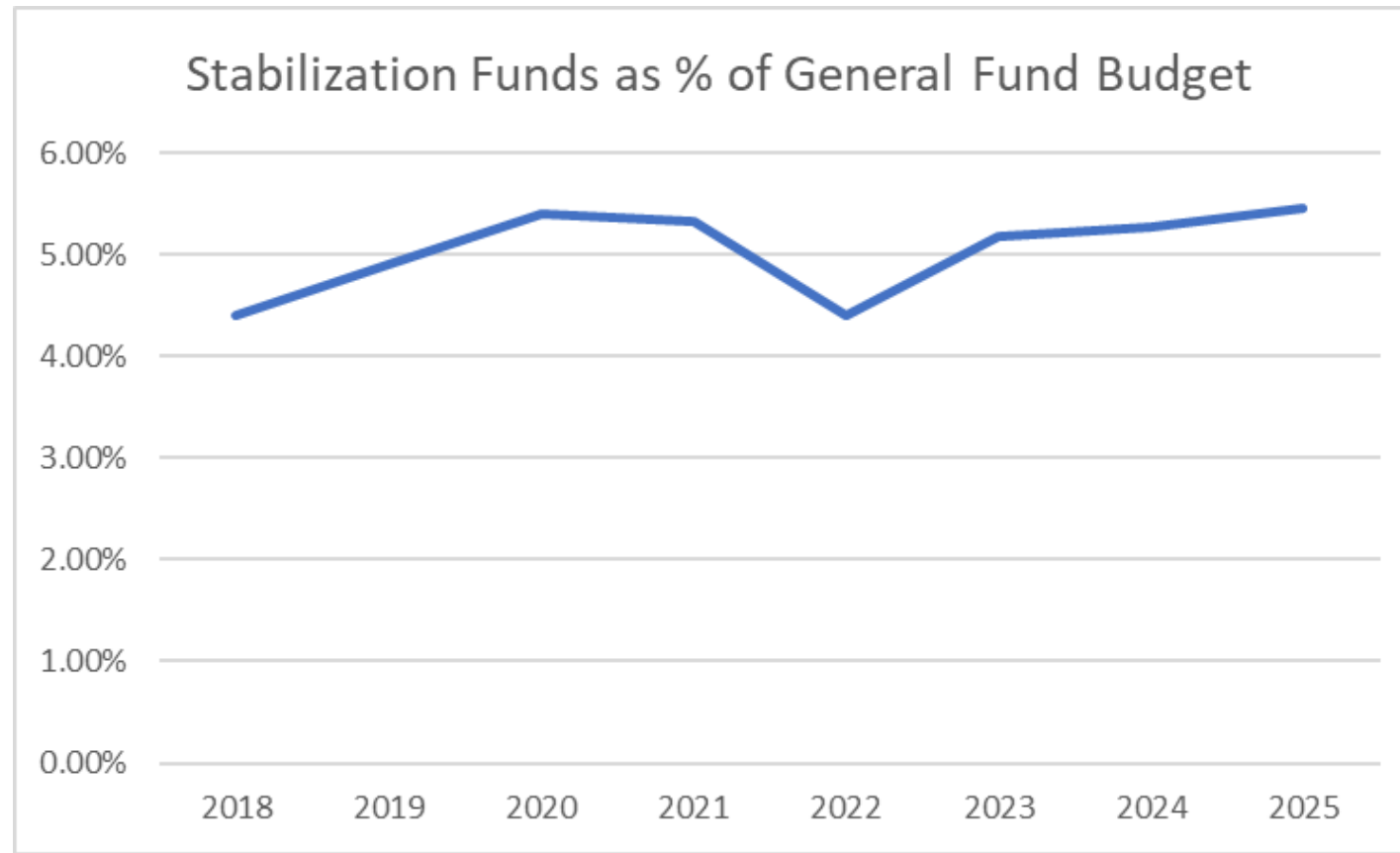


Stabilization Funds





Stabilization Funds





Goals / Objectives

Budget Goals

- Maintain existing level of service
- Provide high level of information regarding financial condition of the Town
- Strengthen the Town's financial resiliency by investing in capital infrastructure and reserves
- Formalize financial practices into policies, including policies on reserves and free cash usage

If moving forward on an override:

- Invest in additional needs and services
- Reduce the Town's structural deficit
- Control costs in future years to prevent need for an override in near-term future