



FY2026 Budget Update

MARCH 11, 2025



Level Service Budget

	FY25	FY26	\$ Change	% Change
Revenue				
Property Tax Levy	\$ 101,944,061	\$ 105,421,933	\$ 3,477,872	3.41%
Local Receipts and Indirect Costs	\$ 11,902,067	\$ 11,783,205	\$ (118,862)	-1.00%
State Aid	\$ 17,923,153	\$ 18,326,806	\$ 403,653	2.25%
Other Funds	\$ 543,427	\$ 421,049	\$ (122,378)	-22.52%
Free Cash	\$ 2,764,658	\$ 1,534,166	\$ (1,230,492)	-44.51%
	<u>\$ 135,077,366</u>	<u>\$ 137,487,159</u>	<u>\$ 2,409,793</u>	<u>1.78%</u>
Expenditures				
Town Departments	\$ 32,640,137	\$ 34,174,442	\$ 1,534,305	4.70%
School Department	\$ 67,225,230	\$ 73,573,914	\$ 6,348,684	9.44%
Blue Hills Regional	\$ 813,159	\$ 954,340	\$ 141,181	17.36%
Capital	\$ 955,000	\$ 878,500	\$ (76,500)	-8.01%
Shared Costs	\$ 33,443,840	\$ 37,405,964	\$ 3,962,123	11.85%
	<u>\$ 135,077,366</u>	<u>\$ 146,987,159</u>	<u>\$ 11,909,793</u>	<u>8.82%</u>
Surplus/(Deficit)	\$ (0)	\$ (9,500,000)	\$ (9,500,000)	



Health Insurance

FY2025: \$13.9 million

FY2026: \$17.1 million

\$ change: \$3.2 million

Factors:

- FY2025 budget included use of federal funds (ARPA) and a premium holiday (one pay period)
- FY2025 budget was based on lower enrollment
- Premium increase recommendation of 14% for active plans under review
- Premium increase projection for Medicare plans of 10%



Fiscal Sustainability

Options:

- Dedicate part of the override to a stabilization fund for use in future years
 - Increase the override amount **or** reduce budget requests
- Establish and appropriate Free Cash into a stabilization fund to be available for use in future years
- SPED Stabilization Fund can provide reserves for schools in years with high special education cost (withdrawal of funds requires approval of both school committee and select board)



Fiscal Sustainability

Forecast and Assumptions

- Revenue:
 - Property taxes at Prop 2 ½ limit
 - State Aid: 2%/year
 - New Growth: \$1 million/year
 - Local receipts: 1% increase/year
- Expenditures:
 - Salaries: COLA / Steps at approx. 4%
 - Expenses: 3%
 - Health Insurance: 7%, following 14% increase in FY26
 - Pension: Approved funding schedule
 - OPEB: Per Select Board policy
 - Debt Service: anticipated debt + set aside for new approved projects in future years

Budgets that grow faster than forecast means another override would be needed sooner



FY 26 OPERATING OVERRIDE SCENARIOS SUMMARY:		Scenario	Scenario	Scenario	
		A	B	C	
Override Amount		\$ 9,500,000	\$ 9,500,000	\$ 9,925,000	
Free Cash/One time funds used for operations		\$ -	\$ -	\$ -	
General Stabilization	FY 26 only; funded w/ Free Cash	\$ 500,000	\$ 500,000	\$ 500,000	
Operating Budget Stabilization	Amount from override - annual	\$ -	\$ 700,000	\$ 425,000	
	Free Cash	\$ 3,000,000	\$ 2,000,000	\$ 3,000,000	
	Total	\$ 3,000,000	\$ 2,700,000	\$ 3,425,000	
Reduction of Circuit Breaker Reserve Replenishment		\$ -	\$ (700,000)	\$ -	
SPED Stabilization Fund	Free Cash	\$ -	\$ 1,000,000	\$ -	
Projected Operating budget deficit		Projected Deficits	Projected Deficits	Projected Deficits	
	FY 26	\$ -	\$ -	\$ -	
	FY 27	\$ -	\$ -	\$ -	
	FY 28	\$ -	\$ -	\$ -	
	FY 29	\$(1,747,526)	\$ -	\$ -	
	FY 30	\$(2,358,427)	\$ (1,389,558)	\$ (1,872,014)	
	FY 31	\$(5,711,190)	\$ (5,695,244)	\$ (5,722,918)	
Sustainability if increase in budget limited to approx. 3%		3 Years	4 Years	4 Years	
		\$ 9,500,000	\$ 9,500,000	\$ 9,925,000	
		Override	Override	Override	Diff
Annual Real Estate Taxes FY 2025 Home value \$1,028,000		\$ 11,406	\$ 11,406	\$ 11,406	
Annual increase related to the proposed Override: Home value \$1,028,000					
	Annual increase	\$ 1,063	\$ 1,063	\$ 1,111	\$ 48.00
	Monthly increase	\$ 88.58	\$ 88.58	\$ 92.58	\$ 4.00



Fiscal Sustainability

Scenario A: \$9,500,000 Override

Operating Budget Stabilization Fund: \$3,000,000 Free cash to be used in future years

No budget reduction: \$0 elimination of circuit breaker reserve replenishment

SPED Stabilization Fund: \$0

Projected Sustainability: 3 years

Scenario B: \$9,500,000 Override including portion of tax levy to Operating Budget Stabilization Fund

Operating Budget Stabilization Fund: \$700,000 from tax levy + \$2,000,000 Free cash to be used in future years

Schools budget reduction: \$700,000 elimination of circuit breaker reserve replenishment

SPED Stabilization Fund: \$1,000,000

Projected Sustainability: 4 years



Fiscal Sustainability

Scenario C: \$9,925,000 Override including portion of tax levy to Budget Stabilization Fund

Operating Budget Stabilization Fund: \$1,000,000 from tax levy + \$3,000,000 Free cash to be used in future years

No budget reduction: \$0 elimination of circuit breaker reserve replenishment

SPED Stabilization Fund: \$0

Projected Sustainability: 4 years