



To: Meredith Boericke, Chairwoman Ways and Means

Cc: Peter Morin, Vice Chairman Ways and Means
Julia Flaherty, Member Ways and Means
Joseph Reynolds, Member Ways and Means
Elizabeth Maglio, Member Ways and Means
Charles Ryan, President of the Council
Susan Cimino, Clerk of the Council
Katherine Pomeroy, Town Auditor

From: Shawn McGoldrick, Town Auditor

Date: May 22, 2024

Re: Highlights and analysis of the fiscal year 2025 operating budget

Dear Chairwoman Boericke,

I would like to provide you with the following information based on our review of the fiscal year 2025 proposed operating budget:

1. The proposed fiscal year 2025 general fund operating budget of \$162,182,692 is balanced with \$162,182,692 of revenues and other financing sources. This would represent an increase of only \$1,777,091 or 1.11% from the fiscal year 2024 general fund original budget. If the proposition 2½ override passes, then the new proposed fiscal year 2025 general fund operating budget would be increased to \$168,682,692 and would represent an increase of \$8,277,091 or 5.16% from the fiscal year 2024 general fund original budget.
2. The fiscal year 2025 budget is unlike other budget proposals in the past, for numerous reasons, but most notably due to the proposed \$8,000,000 tax levy override. If the \$8,000,000 override is passed by the taxpayers those funds will be used for the following purposes:

- a. Police Department – \$1,500,000
- b. School Department – \$4,000,000
- c. Public Works Department – \$1,000,000
- d. Stabilization Fund – \$1,500,000*

* Not included in the \$168,682,692 budget figure from bullet #1 above.

3. The highest departments for growth in terms of percentages, if the override was to pass, are as follows:

- a. Police – 17.7% or \$2,218,400
 - i. Mainly attributed to Patrol Bureau, Detective Bureau, and Administration divisions which would see increases of approximately \$969,000, \$435,000, and \$394,000, respectively.
- b. Blue Hills Regional Technical School (BHRTS) – 12.9% or \$393,386
 - i. BHRTS saw an overall budget increase of \$1,451,906 or 5.8%. The impact to the Town of Braintree, as noted above was \$393,386. The enrollment for the Town of Braintree went from 157 students as of 10/1/22 to 160 students as of 10/1/23, a 3-student increase.
- c. Municipal licenses and inspections – 6.5% or \$67,278
 - i. Mainly attributed to the Administration and Health division’s personnel cost increases.
- d. Education – 6.4% or \$4,800,128
 - i. Simply looking at general fund education budgets over the past few years will not paint a full picture for the ‘normal’ increases as there have been numerous moving components. As examples, some years the estimated cost of living adjustments (COLAs) were not directly part of the education budget, school facilities appropriations were realigned to the DPW umbrella, and operating costs were shifted to other funding sources such as federal and state grants, that were available during those years. The following are some of the cost drivers for the school along with other sources that were used in the past.
 - 1. The salary tables for the fiscal year 2025 teacher’s collective bargaining agreement have increases that at a minimum represent a 5% increase (3.5% for COLA and 1.5% for “market adjustment”) from the prior year salaries. In addition, “stepping” (going up from one step to the next before maxing out at step 10) would provide anywhere from an additional 4.8% to 8.1% increase for a total increase of anywhere from 9.8% to 13.1% per individual not at the top step.

2. Inflationary pressures, especially with special education (SPED) tuition costs, have increased significantly. An approximate 14% increase is being felt by school districts around the Commonwealth in fiscal year 2024, with another approximate 5% increase planned for in fiscal year 2025.
 3. In fiscal year 2022, additional funding sources were used to help supplemental the school general fund operating budget:
 - a. The Elementary and Secondary School Emergency Relief (ESSER) federal grants of approximately \$2.7M.
 - b. The American Rescue Plan Act (ARPA) federal grant of approximately \$1.7M.
 4. In fiscal year 2023, these additional funding sources were used to help supplemental the school general fund operating budget:
 - a. The Elementary and Secondary School Emergency Relief (ESSER) federal grants of approximately \$1.5M.
 - b. The American Rescue Plan Act (ARPA) federal grant of approximately \$1.8M.
 - c. State Circuit Breaker, a Commonwealth special education reimbursement program that exists to provide financial assistance to help offset special education services, additional reserves of approximately \$2.8M.
 5. In fiscal year 2024, these additional funding sources were used to help supplemental the school general fund operating budget:
 - a. The Elementary and Secondary School Emergency Relief (ESSER) federal grants of approximately \$86K.
 - b. State Circuit Breaker, a Commonwealth special education reimbursement program that exists to provide financial assistance to help offset special education services, additional reserves of approximately \$2.5M.
- ii. Please see [Appendix A](#) for a complete picture of education costs for fiscal year 2020 through fiscal year 2023 by funding source as reported to the Department of Secondary and Elementary Education (DESE).
- e. Public Works – 5.1% or \$809,634
 - i. The increase can mainly be attributed to school utilities increasing approximately \$627K to be more in line with actual expectations.
4. The funding of the long-term liability, OPEB, from the general fund will not take place in the original budget for fiscal year 2025.

5. Fiscal year 2025 will be similar to the five prior fiscal years where essentially no excess levy capacity exists, or less than a 10th of a percent. Simply put, no additional funding is available to utilize from the tax levy.

Description	2022	2023	2024	2025*	2025*^
Levy Limit.....	105,333,106	108,508,873	111,747,119	115,064,189	123,064,189
Tax Levy.....	105,311,540	108,432,542	111,663,550	115,064,189	123,064,189
Excess Levy Capacity	21,566	76,331	83,569	-	-
	* Estimated				
	^ Includes a potential override				

6. Estimated local receipts (please see [Appendix B](#) for additional graphs and information on local receipts):
- a. Estimated local receipts increased approximately \$1,400,000 (6.6%) from the prior year budget certified on the tax recap. The main cause of this fluctuation can directly be attributed to investment income, trash fee, and hotel/motel tax revenue increasing \$530,000, \$509,000, and \$257,000, respectively. Large interest rate hikes in recent years have had a tremendously positive impact on the Town’s ability to generate revenue through this local receipt. The budgeted amount in fiscal year 2025 is in line with fiscal year 2024 actuals. The trash fee is increasing for the first time since the establishment of the fee over a decade ago, from \$150 annually to \$200 annually. This \$50 increase is part of a 3-year phased in approach to get the fee in line with the cost to run the program. Hotel/motel taxes are continuing to rebound and the budgeting in fiscal year 2025 reflects this, see below for a brief history of not only hotel/motel tax, but also meals tax.

Meals Tax Actuals/Estimated					
FY	September	December	March	June	Totals
FY19	307,988	303,125	322,251	316,191	1,249,555
FY20	340,429	327,066	332,919	178,261	1,178,675
FY21	198,630	268,075	253,816	279,280	999,801
FY22	324,644	335,275	306,409	340,919	1,307,246
FY23	345,598	309,335	336,535	356,524	1,347,992
FY24	351,065	329,301	349,043	363,136	1,392,545
	Estimated				
Hotel/Motel Tax Actuals/Estimated					
FY	September	December	March	June	Totals
FY19	523,547	527,718	318,824	340,290	1,710,379
FY20	523,530	552,826	268,672	137,755	1,482,783
FY21	192,729	105,985	148,838	137,464	585,016
FY22	311,110	401,799	291,328	299,128	1,303,365
FY23	492,672	523,574	315,020	349,625	1,680,891
FY24	549,248	558,610	351,743	350,000	1,809,601
	Estimated				

7. Other financing sources:

- a. \$921,000 of free cash is being utilized to balance the fiscal year 2025 budget, but will be rescinded upon adoption of 3 proposed local options filed by the Governor in the 2024 Municipal Empowerment Act. These local options that are subject to the approval by the State legislature first, then Town Council, which are:
 - i. An increase in local meals tax from 0.75% to 1.0%.
 - ii. An increase in hotel/motel tax from 6% to 7%.
 - iii. A new vehicle excise tax surcharge of 5%.

- b. \$1,201,344 of indirect charges. \$106,149 from the golf enterprise fund, \$1,037,517 from the water/sewer enterprise fund, and \$57,678 from the stormwater enterprise fund.

8. Expected general fund free cash balance after the fiscal year 2025 budget vote is projected to be \$3,481,508.

	Amounts
Description	Received
Free cash certified (1/29/24).....	11,912,508
Fiscal year 2024 supp.....	(2,010,000)
Fiscal year 2025 non-recurring supp..	(1,500,000)
Fiscal year 2025 budget.....	(921,000)
Transfer to stabilization.....	(4,000,000)
Free cash used	(8,431,000)
Free cash balance.....	3,481,508

- a. The following is the most recent history of the Town’s stabilization funds balances:

	FY20	FY21	FY22	FY23	FY24
	Ending	Ending	Ending	Ending	Current
Description	Balance	Balance	Balance	Balance	Balance
General stabilization.....	148,788	8,127	8,234	9,860	11,509
Capital stabilization.....	69,194	72,771	72,771	72,771	72,771
School building stabilization...	288,902	78,119	78,371	81,567	85,066
Totals	506,884	159,018	159,376	164,199	169,347

Note: The general stabilization fund would grow to \$4,011,509 upon successful vote to use free cash, see next bullet.

9. As part of the fiscal year 2025 budget motions, but not the fiscal year 2025 original budget itself, two motions exist, #8 and #9 that use free cash to move \$4M into the stabilization fund and put \$1.5M into a human resource administration payroll restricting reserve. Think of these two appropriations as “supplemental” or “special articles” for fiscal year 2025. Since these are not normal recurring operating transactions, it is my belief the Town wants to show these separately and not part of the normal operating budget so that an “apples to apples” comparison, year over year can be shown when looking at original budget comparisons. The \$4M stabilization transfer is an initial effort to start building back up the fund and the reserve transfer is for \$1.5M of non-recurring appropriations. The expectation as described to me for the \$1.5M appropriation would be that most, if not all, of the spending would be in the HR department; including, unemployment compensation, sick leave/vacation buyouts, and any

buy out or special one-time separation payments that could be required as a result of a reduction in workforce.

10. As documented in recent years as part of my “Auditor Report Highlights and Analysis” for the annual budgets, the projected tipping point is upon the Town. Expenses have consistently been growing at a faster pace than recurring funding sources of the Town and have only been exacerbated by contractual obligations and inflation. This budgetary issue did not occur overnight, nor will it be solved overnight, but a tax override would certainly go a long way to maintaining most service levels while injecting additional recurring revenue to the Town. Combined with local efforts to implement proactive cost saving measures and building reserves, there is a pathway to success and in time, sustainability going forward.

If there are any direct questions relating to my summary and analysis, please just let me know and I will attempt to answer them as quickly and thoroughly as I can.

Appendix A

		EXPENSE FUNDING SOURCE											
FY	DESE TYPE	SCH COMM	CITY/TOWN	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	PRIVATE	ATHLETIC FUND	SCHOOL LUNCH	OTHER	Totals	% of Total	
		APPROP-RIATIONS	APPROP-RIATIONS				GRANTS & GIFTS			LOCAL RECEIPTS			
20 1 - Administration		1,252,054	608,752	-	-	-	-	-	-	-	1,860,806	1.6%	
20 2 - Instructional		53,077,339	-	1,616,146	188,843	654	97,334	-	-	1,053,204	56,033,520	49.2%	
20 3 - Pupil Services		5,342,792	215,471	-	236,096	-	4,548	-	1,898,196	213,373	7,910,476	6.9%	
20 4 - Operations/Maint		6,087,724	1,384,051	-	78,754	-	-	-	-	183,136	7,733,665	6.8%	
20 5 - Benefits & Fixed Charges		17,500	12,891,228	-	-	-	-	-	-	-	12,908,728	11.3%	
20 6 - Community Services		24,145	19,791	-	-	-	-	-	-	85,189	129,125	0.1%	
20 7 - Acq/Improv/Replace Fixed Assets		-	14,302,836	-	-	-	-	-	-	-	14,302,836	12.5%	
20 8 - Debt Retirement and Service		81,425	3,730,861	-	-	-	-	-	-	-	3,812,286	3.3%	
20 9 - Programs w/Other School Districts		4,018,438	3,067,070	739,765	-	1,479,022	-	-	-	-	9,304,296	8.2%	
Totals		69,901,417	36,220,060	2,355,912	503,693	1,479,676	101,882	-	1,898,196	1,534,903	113,995,738	100.0%	
% by source		61.3%	31.8%	2.1%	0.4%	1.3%	0.1%	0.0%	1.7%	1.3%			
% by similar source			93.1%				3.9%			3.0%	100.0%		

		EXPENSE FUNDING SOURCE											
FY	DESE TYPE	SCH COMM	CITY/TOWN	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	PRIVATE	ATHLETIC FUND	SCHOOL LUNCH	OTHER	Totals	% of Total	
		APPROP-RIATIONS	APPROP-RIATIONS				GRANTS & GIFTS			LOCAL RECEIPTS			
21 1 - Administration		1,289,611	484,587	88,923	432	-	7,541	-	-	-	1,871,094	1.7%	
21 2 - Instructional		55,751,105	-	2,644,011	235,256	17,420	7,489	-	-	204,642	58,859,923	53.1%	
21 3 - Pupil Services		5,022,934	164,794	928,021	356,953	-	-	11,452	2,503,806	36,933	9,024,893	8.1%	
21 4 - Operations/Maint		6,330,243	909,059	347,564	2,033	-	-	-	-	28,668	7,617,567	6.9%	
21 5 - Benefits & Fixed Charges		181,063	12,854,642	60,929	-	-	-	-	-	-	13,096,634	11.8%	
21 6 - Community Services		60	201,356	-	3,129	-	-	-	-	15,336	219,881	0.2%	
21 7 - Acq/Improv/Replace Fixed Assets		-	4,888,878	-	-	-	-	-	-	-	4,888,878	4.4%	
21 8 - Debt Retirement and Service		-	5,052,811	-	-	-	-	-	-	-	5,052,811	4.6%	
21 9 - Programs w/Other School Districts		5,106,491	3,046,325	958,466	99,612	966,137	-	-	-	-	10,177,031	9.2%	
Totals		73,681,507	27,602,452	5,027,914	697,415	983,557	15,030	11,452	2,503,806	285,579	110,808,712	100.0%	
% by source		66.5%	24.9%	4.5%	0.6%	0.9%	0.0%	0.0%	2.3%	0.3%			
% by similar source			91.4%				6.1%			2.5%	100.0%		

EXPENSE FUNDING SOURCE

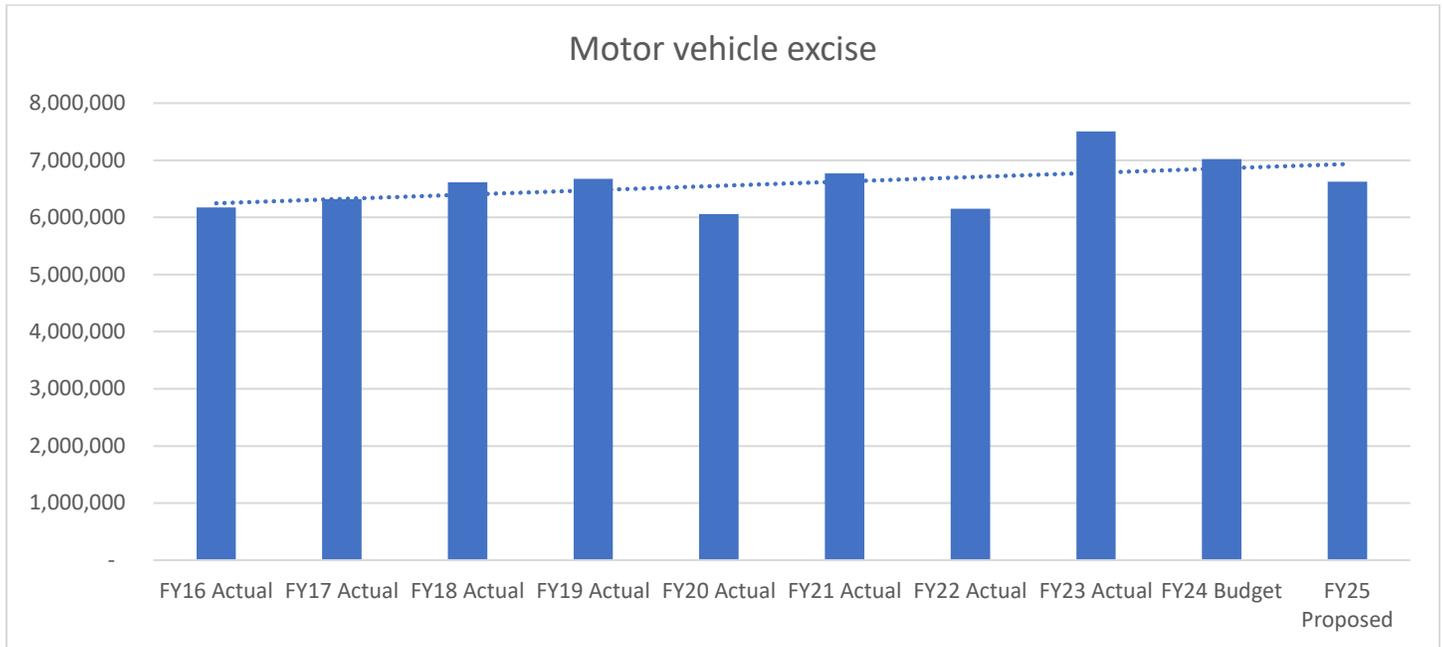
FY	DESE TYPE	SCH COMM	CITY/TOWN				PRIVATE			OTHER	Totals	% of Total
		APPROP-RIATIONS	APPROP-RIATIONS	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	GRANTS & GIFTS	ATHLETIC FUND	SCHOOL LUNCH	LOCAL RECEIPTS		
22	1 - Administration	1,402,884	485,416	54,649	-	-	-	-	-	-	1,942,949	1.7%
22	2 - Instructional	51,485,877	-	3,181,093	106,703	11,910	5,600	-	-	1,033,969	55,825,152	50.2%
22	3 - Pupil Services	5,917,662	175,682	7,228	330,096	-	-	-	2,466,016	511,929	9,408,613	8.5%
22	4 - Operations/Maint	6,589,191	1,231,607	171,495	-	-	-	-	-	31,385	8,023,678	7.2%
22	5 - Benefits & Fixed Charges	370,080	14,093,854	-	-	-	-	-	-	-	14,463,934	13.0%
22	6 - Community Services	571	-	-	-	-	-	-	-	36,807	37,378	0.0%
22	7 - Acq/Improv/Replace Fixed Assets	-	3,028,725	30,385	-	-	-	-	-	-	3,059,110	2.8%
22	8 - Debt Retirement and Service	-	7,907,298	-	-	-	-	-	-	-	7,907,298	7.1%
22	9 - Programs w/Other School Districts	4,696,679	3,041,892	686,023	-	2,080,876	-	-	-	-	10,505,470	9.4%
Totals		70,462,944	29,964,474	4,130,873	436,799	2,092,786	5,600	-	2,466,016	1,614,090	111,173,582	100.0%
% by source		63.4%	27.0%	3.7%	0.4%	1.9%	0.0%	0.0%	2.2%	1.5%		
% by similar source			90.3%				6.0%			3.7%	100.0%	

EXPENSE FUNDING SOURCE

FY	DESE TYPE	SCH COMM	CITY/TOWN				PRIVATE			OTHER	Totals	% of Total
		APPROP-RIATIONS	APPROP-RIATIONS	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	GRANTS & GIFTS	ATHLETIC FUND	SCHOOL LUNCH	LOCAL RECEIPTS		
23	1 - Administration	1,497,179	508,620	23,013	-	-	-	-	-	-	2,028,812	1.5%
23	2 - Instructional	57,148,374	-	1,941,639	230,743	2,115	-	-	-	1,394,230	60,717,101	45.5%
23	3 - Pupil Services	6,304,083	198,113	12,232	531,731	-	-	-	2,328,871	695,305	10,070,335	7.5%
23	4 - Operations/Maint	1,075,277	6,753,156	440,221	-	-	33,278	-	-	-	8,301,932	6.2%
23	5 - Benefits & Fixed Charges	303,156	14,121,505	210,417	6,799	-	-	-	-	-	14,641,877	11.0%
23	6 - Community Services	-	-	-	-	-	-	-	-	-	-	0.0%
23	7 - Acq/Improv/Replace Fixed Assets	-	19,396,825	-	-	-	-	-	-	-	19,396,825	14.5%
23	8 - Debt Retirement and Service	-	6,334,075	-	-	-	-	-	-	-	6,334,075	4.7%
23	9 - Programs w/Other School Districts	2,250,441	3,391,763	1,399,763	-	4,925,932	-	-	-	-	11,967,899	9.0%
Totals		68,578,510	50,704,057	4,027,285	769,273	4,928,047	33,278	-	2,328,871	2,089,535	133,458,856	100.0%
% by source		51.4%	38.0%	3.0%	0.6%	3.7%	0.0%	0.0%	1.7%	1.6%		
% by similar source			89.4%				7.3%			3.3%	100.0%	

Appendix B

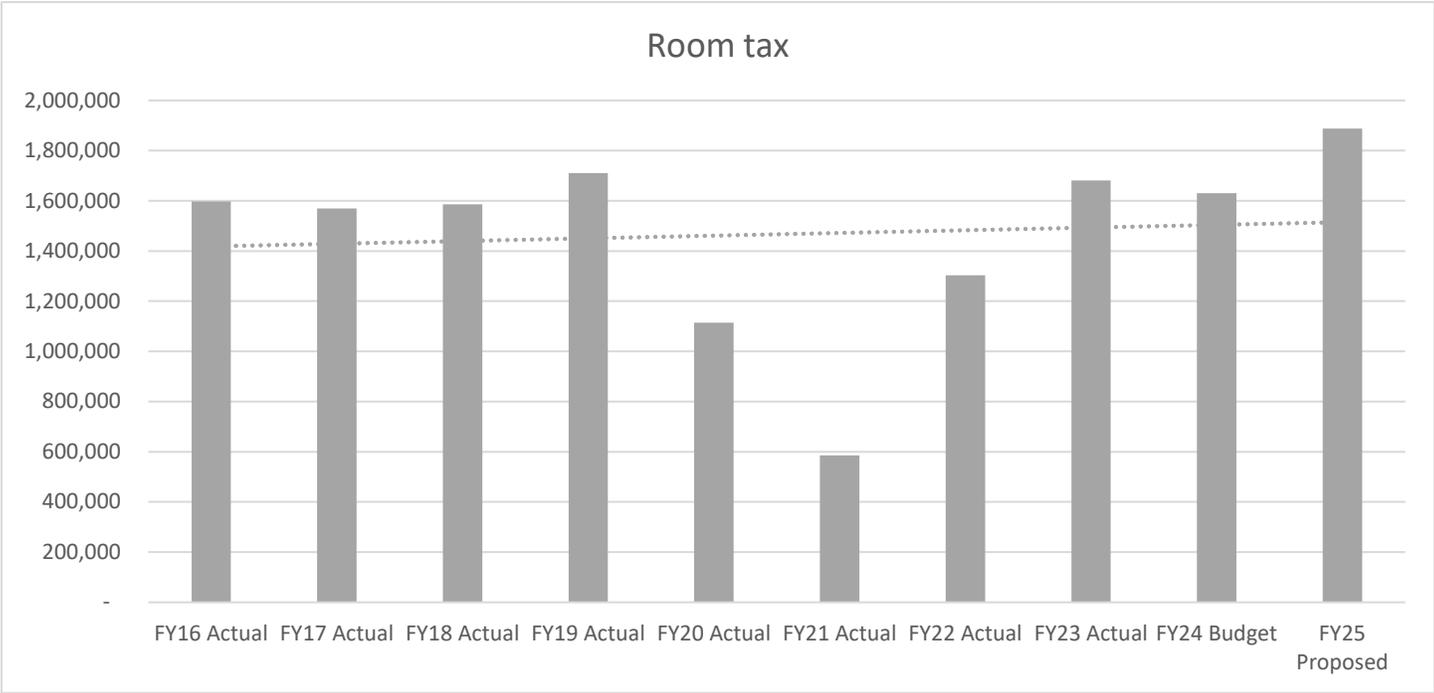
Local Receipts – History of actuals, prior year budget, and current proposed budget



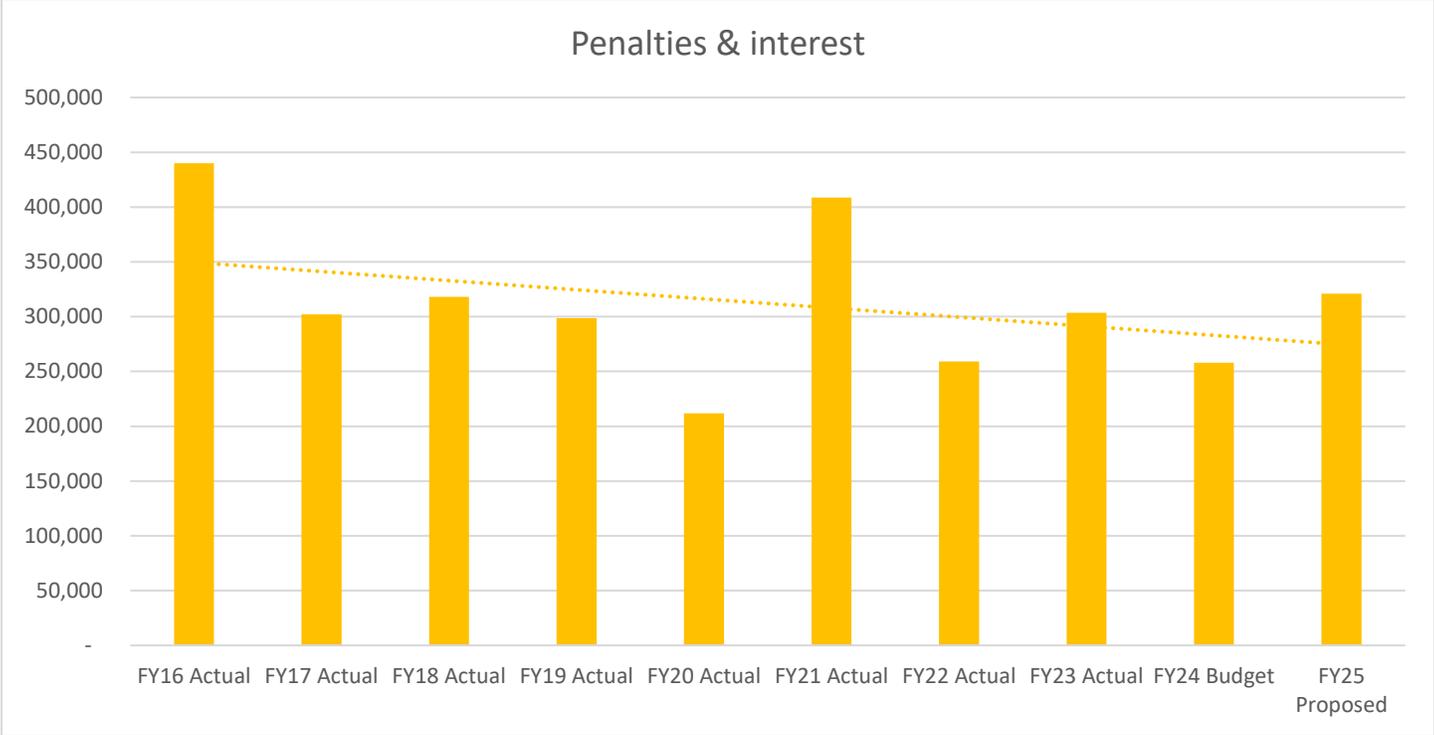
Under Massachusetts General Law Chapter 60A, the Commonwealth imposes an excise in-lieu of property tax on motor vehicles, the proceeds of which are received by the municipality where the vehicle is principally kept. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. Valuations are determined by a statutorily defined depreciation schedule based on the manufacturer’s list price and the year of manufacture.



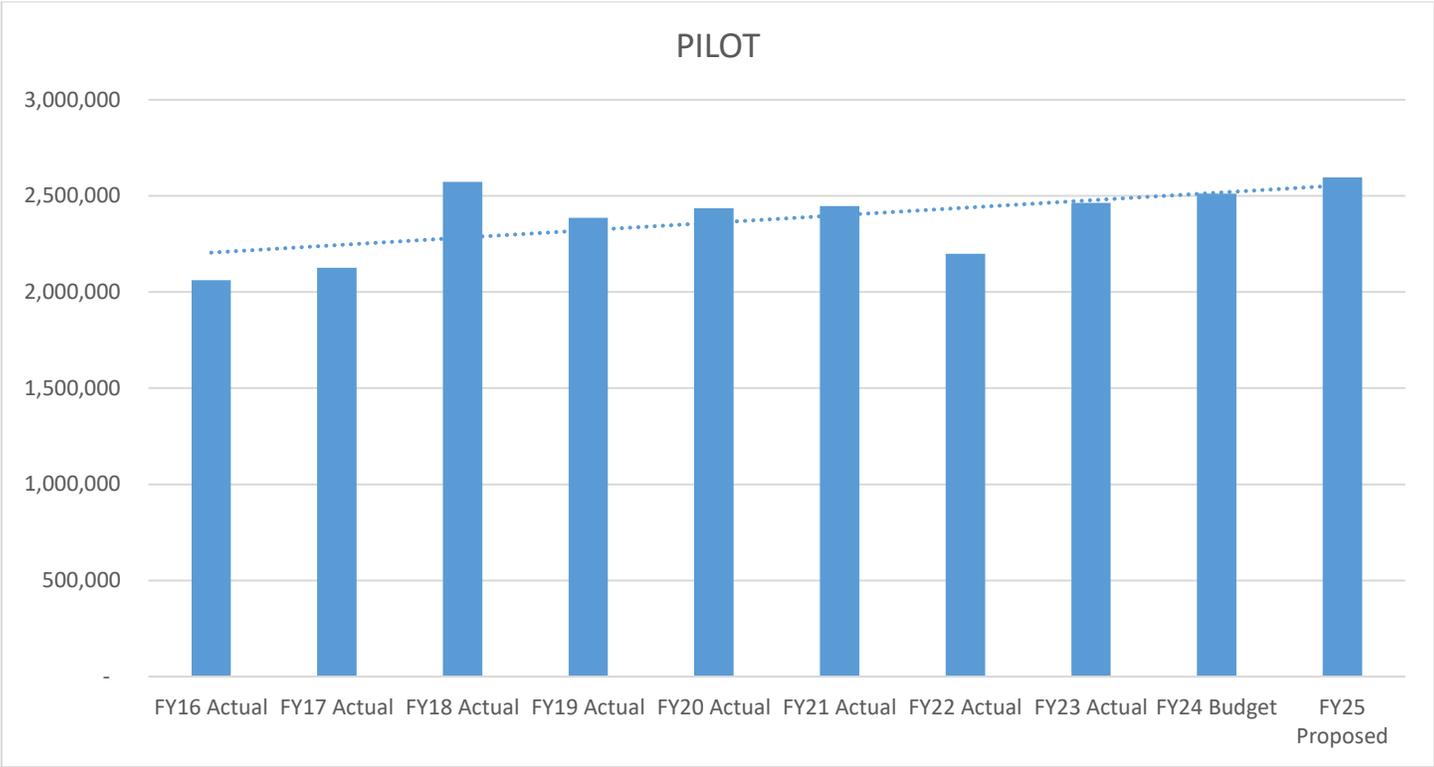
The Town levies 0.75% for the sale of restaurant meals in accordance with Massachusetts General Law, Chapter 64L, Section 2. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions.



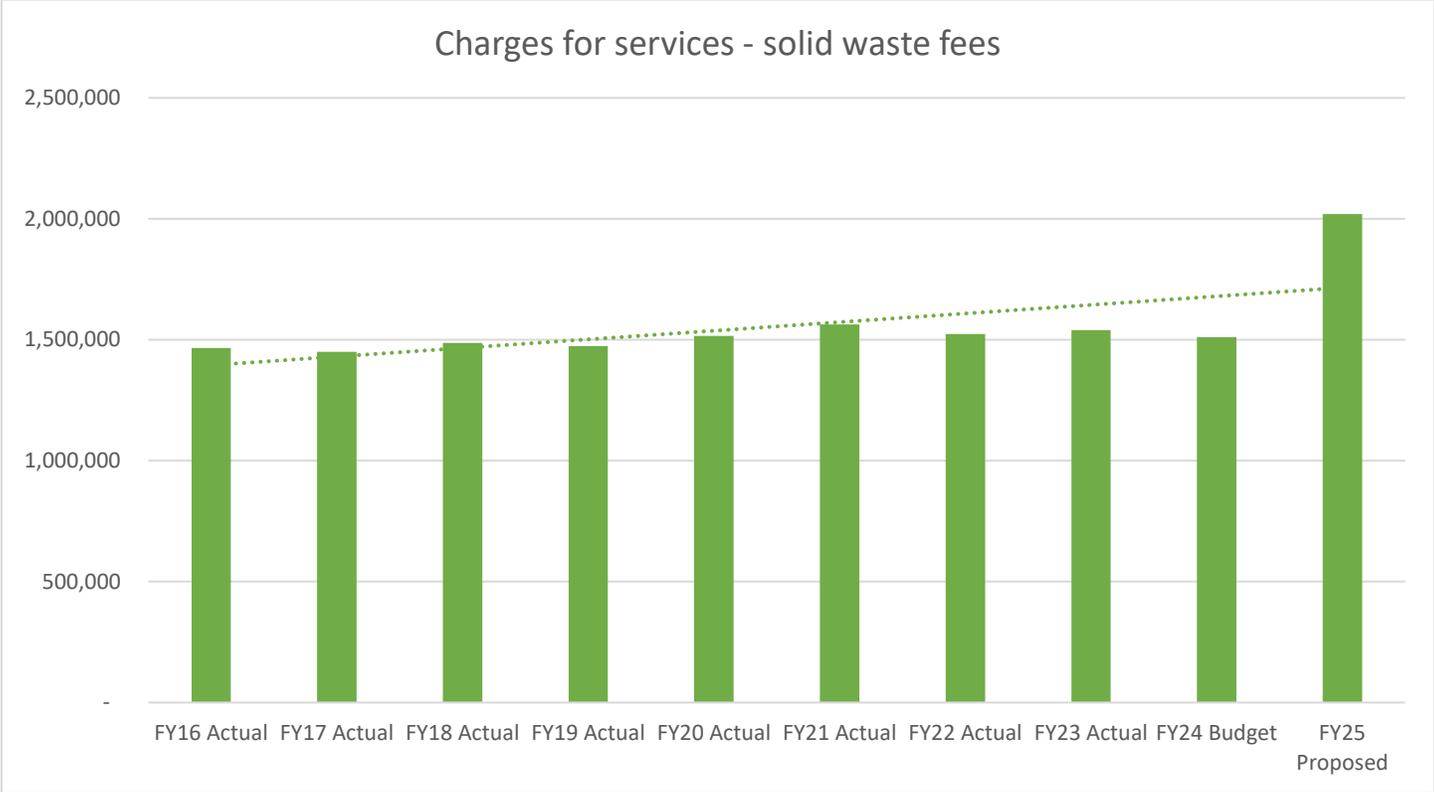
The Town levies 6% of the cost of renting hotel, motel, lodging house and bed and breakfast rooms in accordance with Massachusetts General Law, Chapter 64G, Section 3A. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions.



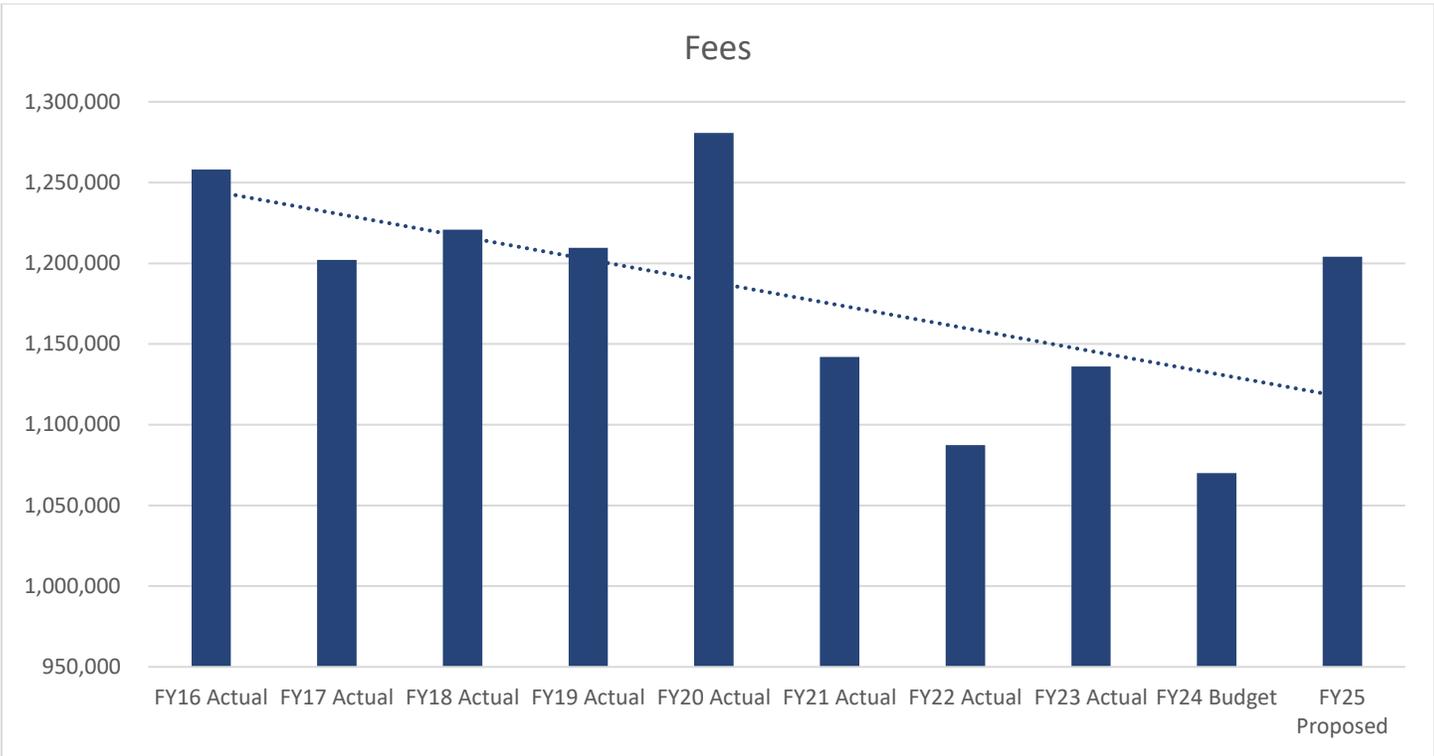
The Town receives penalties and interest when various types of bills are not paid in a timely manner. The most notable types of bills are for real estate and property taxes and motor vehicle excise.



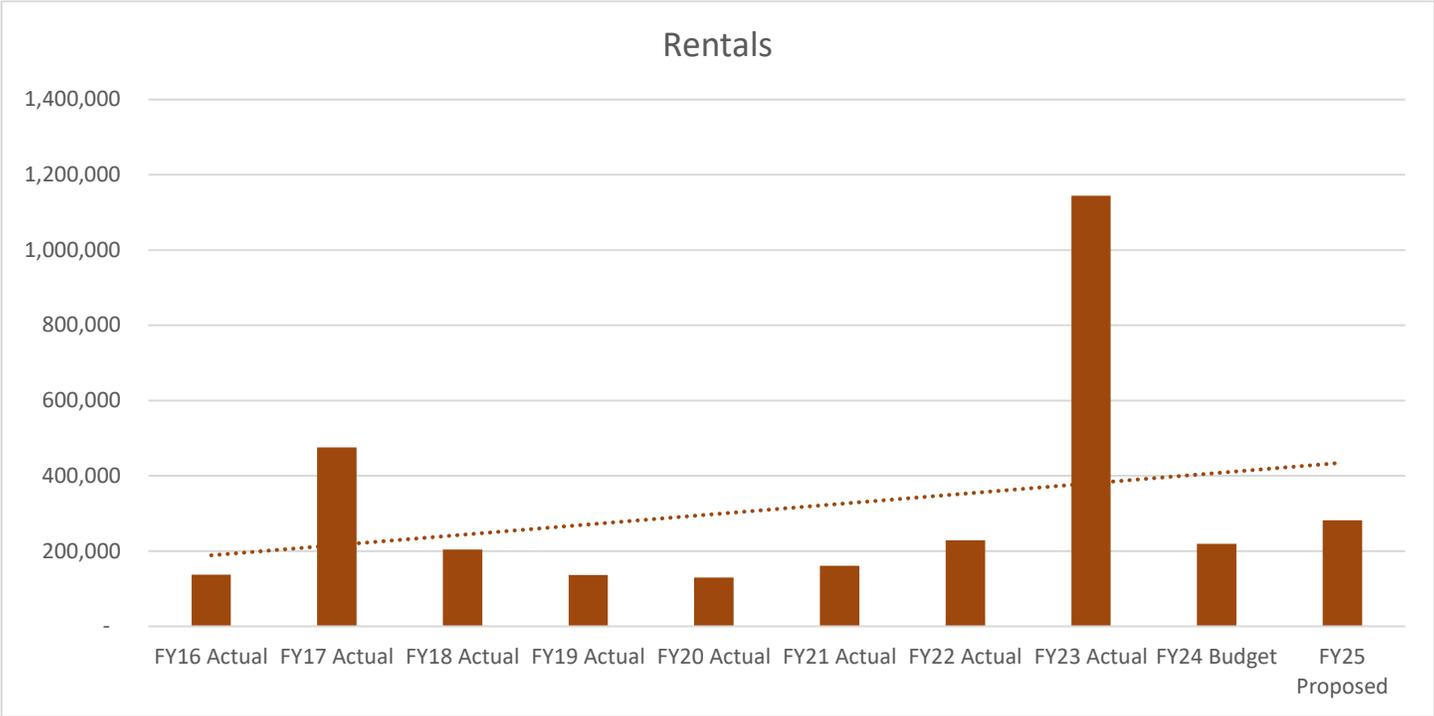
Payments In Lieu Of Taxes (PILOTs) are agreements with tax exempt entities to partially compensate the Town for services rendered to the entities. The most significant PILOT programs areas are as follows: • BELD: \$1,500,000 • Massport: \$350,000 • Landing: \$312,500.



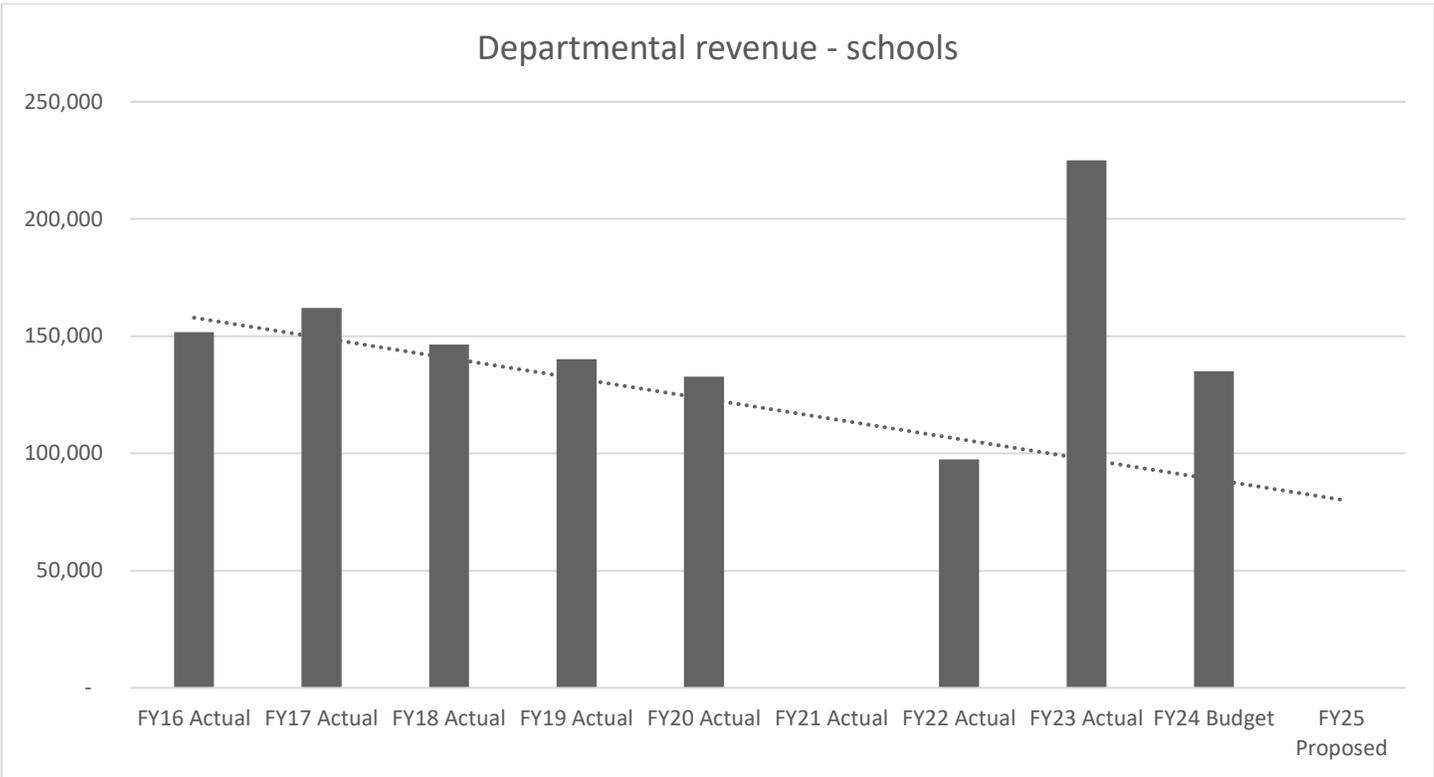
Better known as trash fees, on an annual basis these fees are levied for each residential property that utilizes the collection service. The collection service includes weekly curbside collection.



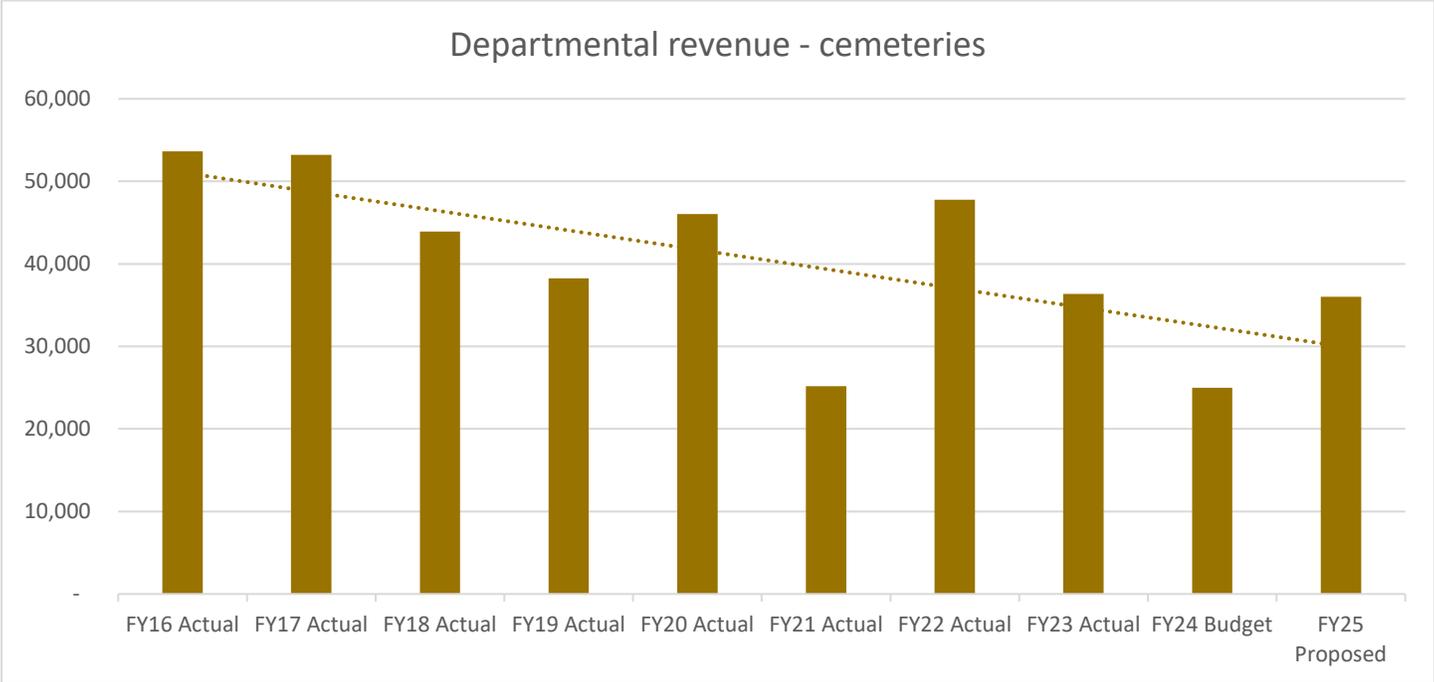
The majority of the fees within this local receipt section relate to SEMASS host fees, which is tied into trash disposal. Other much smaller, but notable fees relate to admin fees for police and fire detail and demand fees.



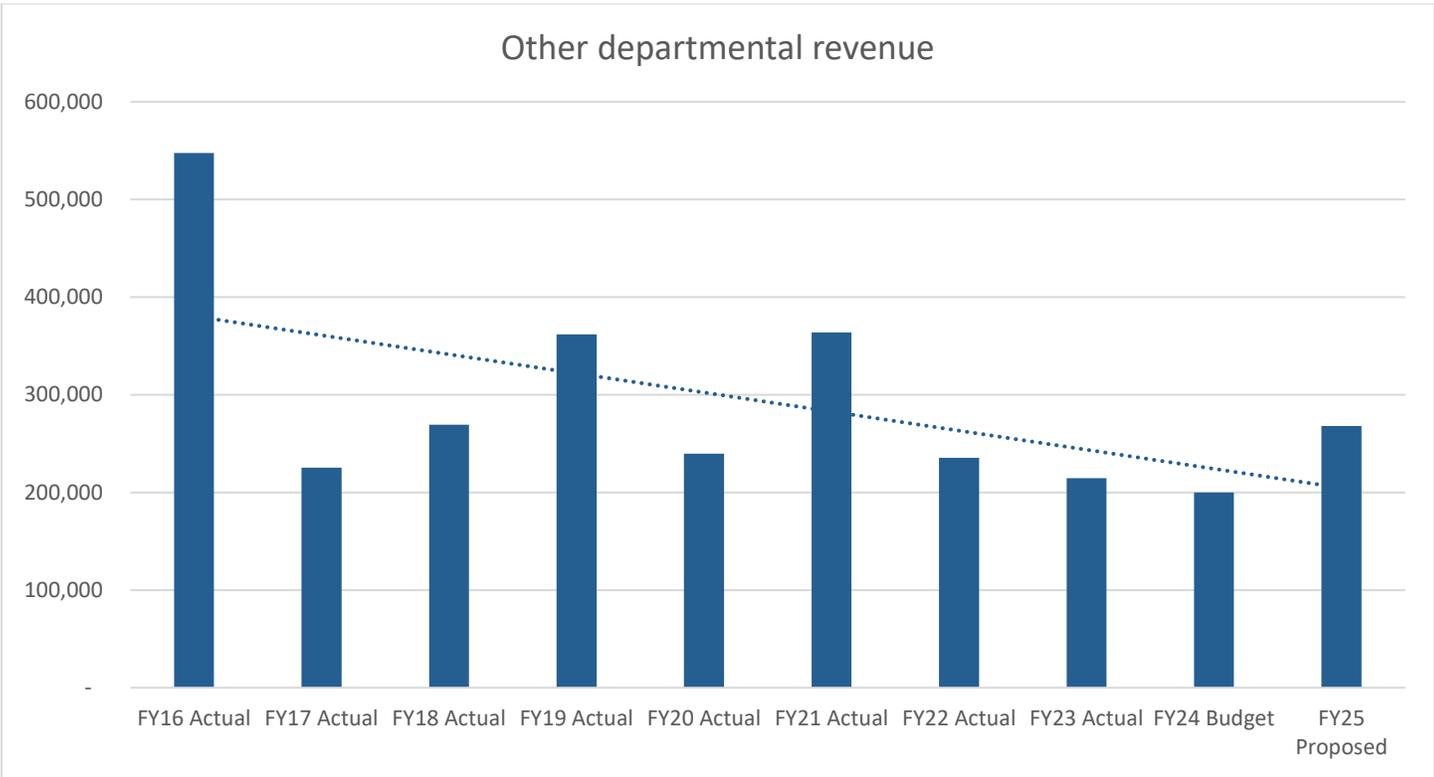
Receipts associated with the rental of town owned property and buildings.



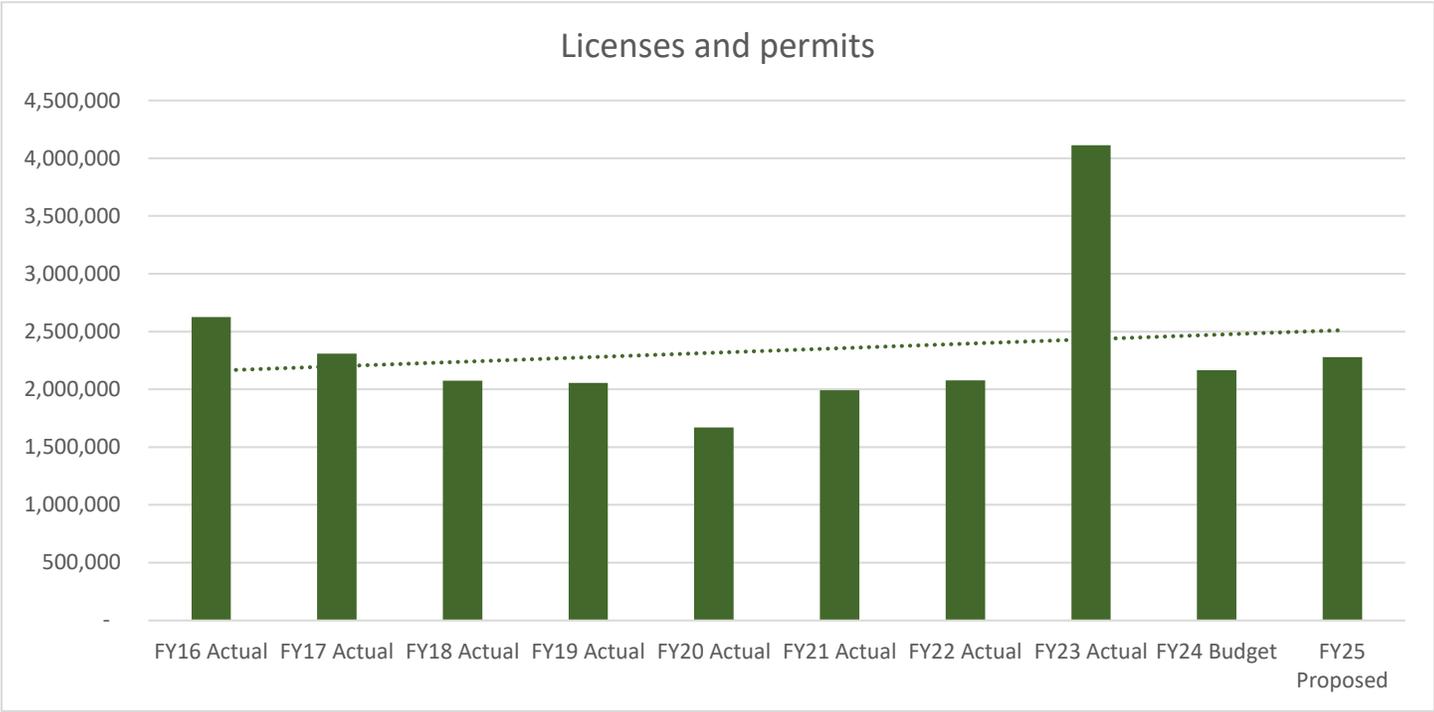
School pupil transportation fees for bussing. No revenue was charged/collected in fiscal year 2021 due to COVID-19 and in fiscal year 2025 these receipts will go directly to a school transportation revolving fund to spend directly against associated costs.



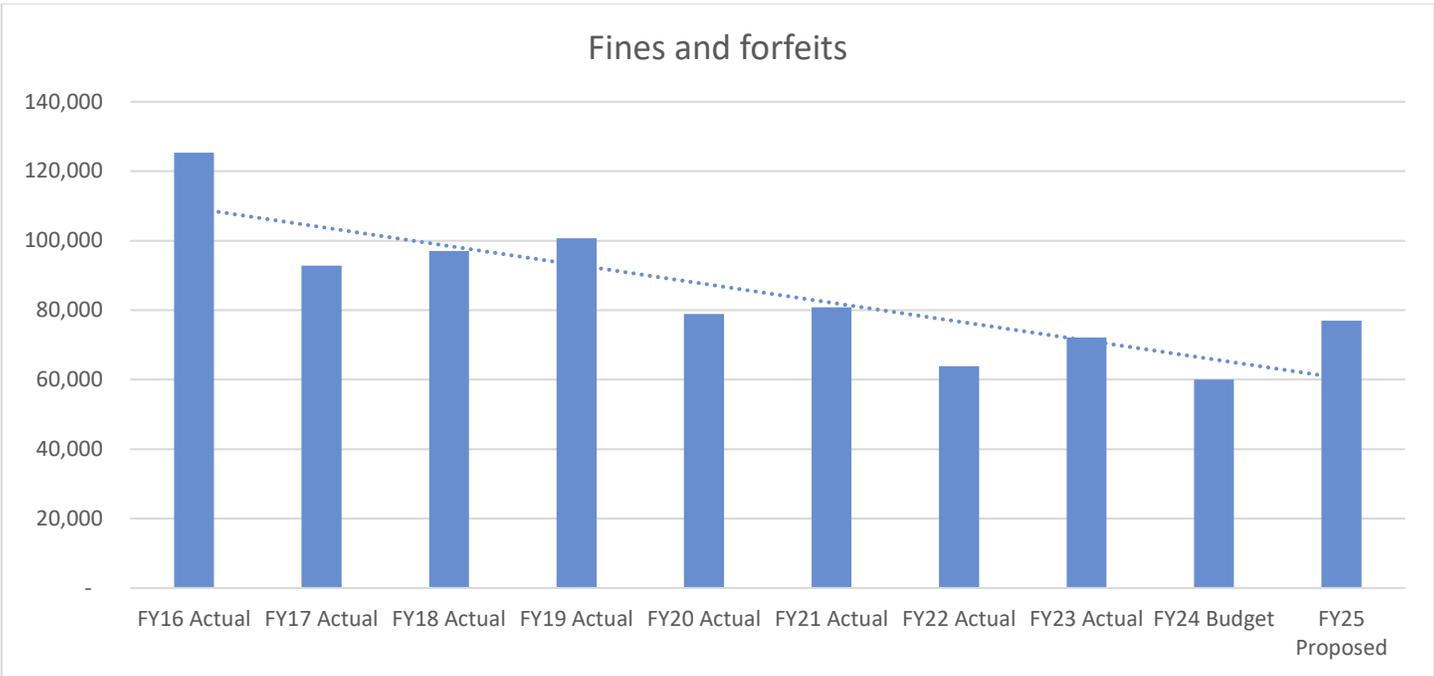
Fees generated from the cemetery department in the form of mainly burial permits.



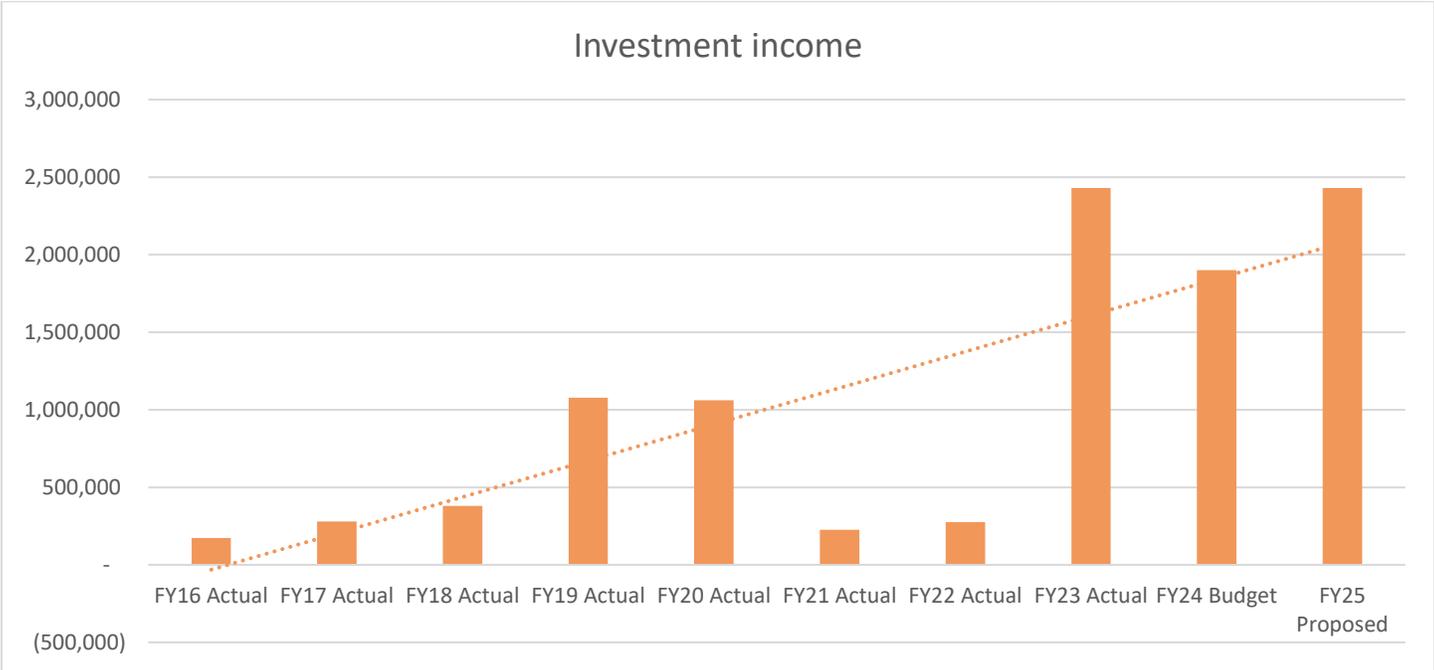
Typically other fee types not broken out by another individual category as noted on this exhibit. Examples could be fire and smoke detector revenue, certified copy fees and various other departmental fees.



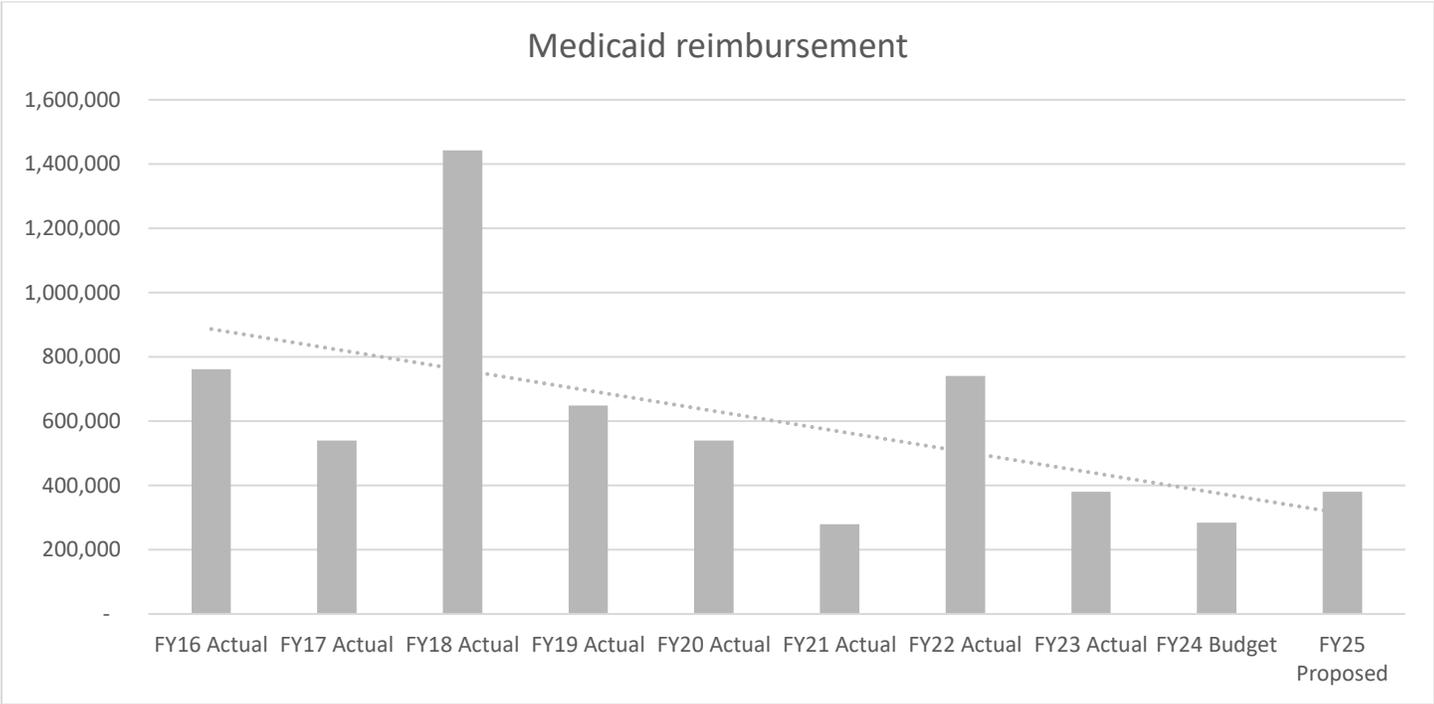
Revenue generated by the Town through license and permit fees for items such as; building permits, plumbing permits, electrical permits, alcohol licenses, and health permits.



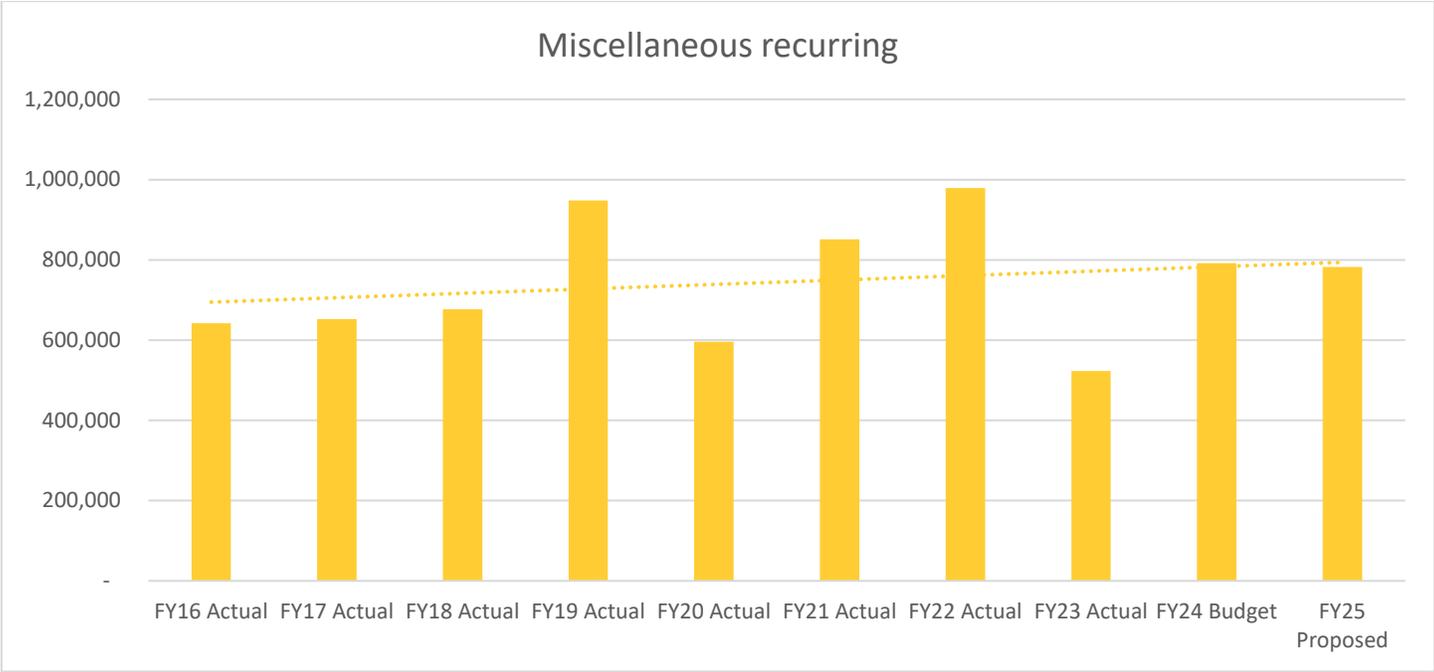
Revenue associated with parking violations, tow fees, and also court fines.



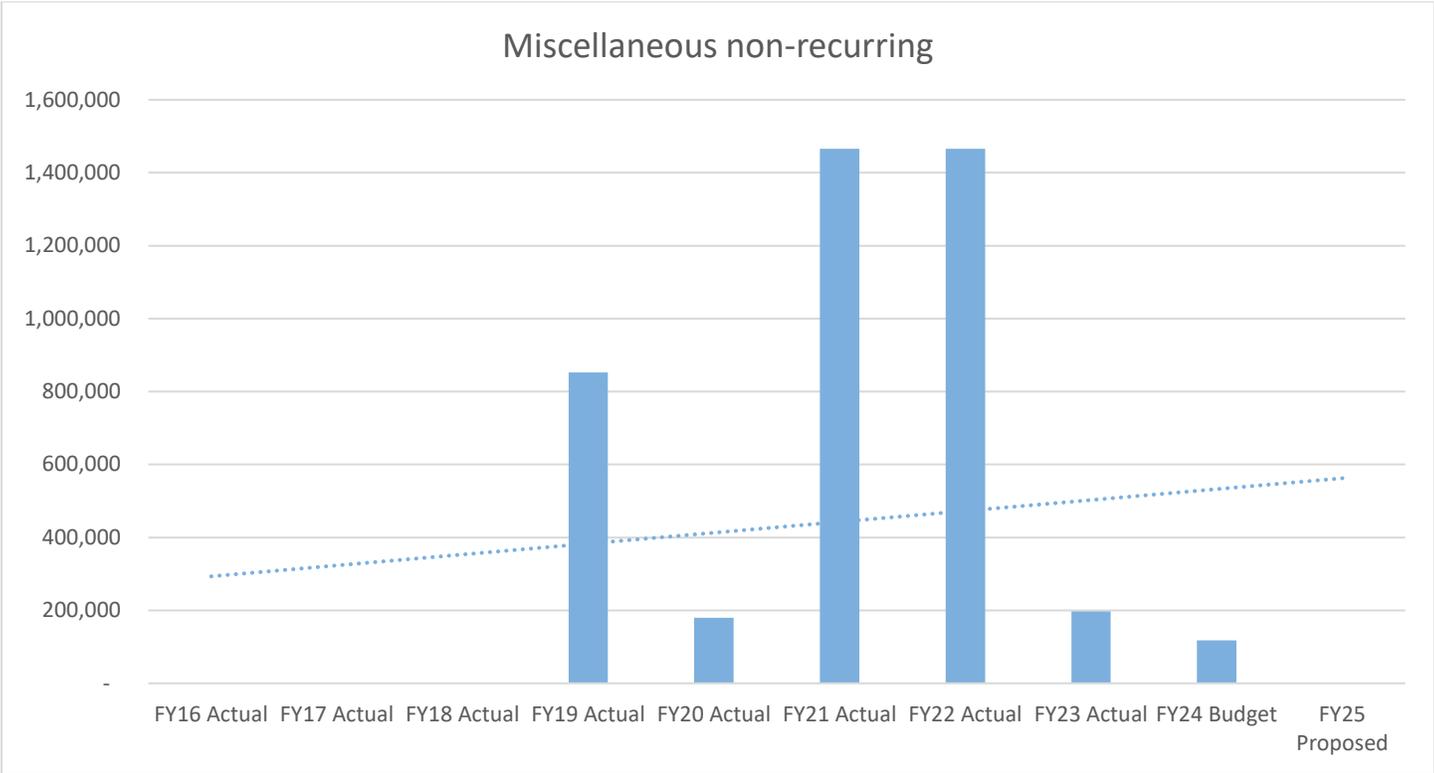
In general, the Town’s level of investment income is a function of prevailing short-term interest rates and daily cash balances.



Mainly represents funds received as reimbursement for school quarterly Medicaid filing.

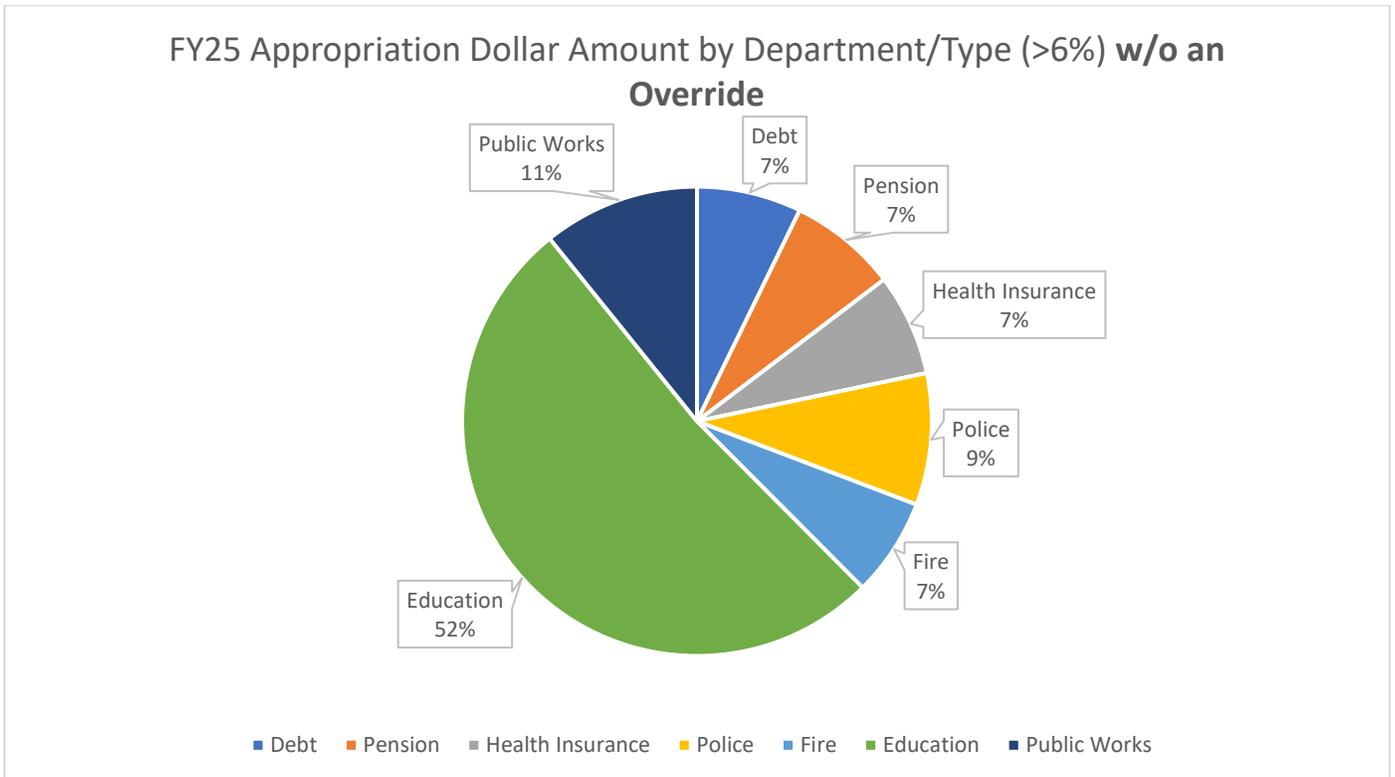
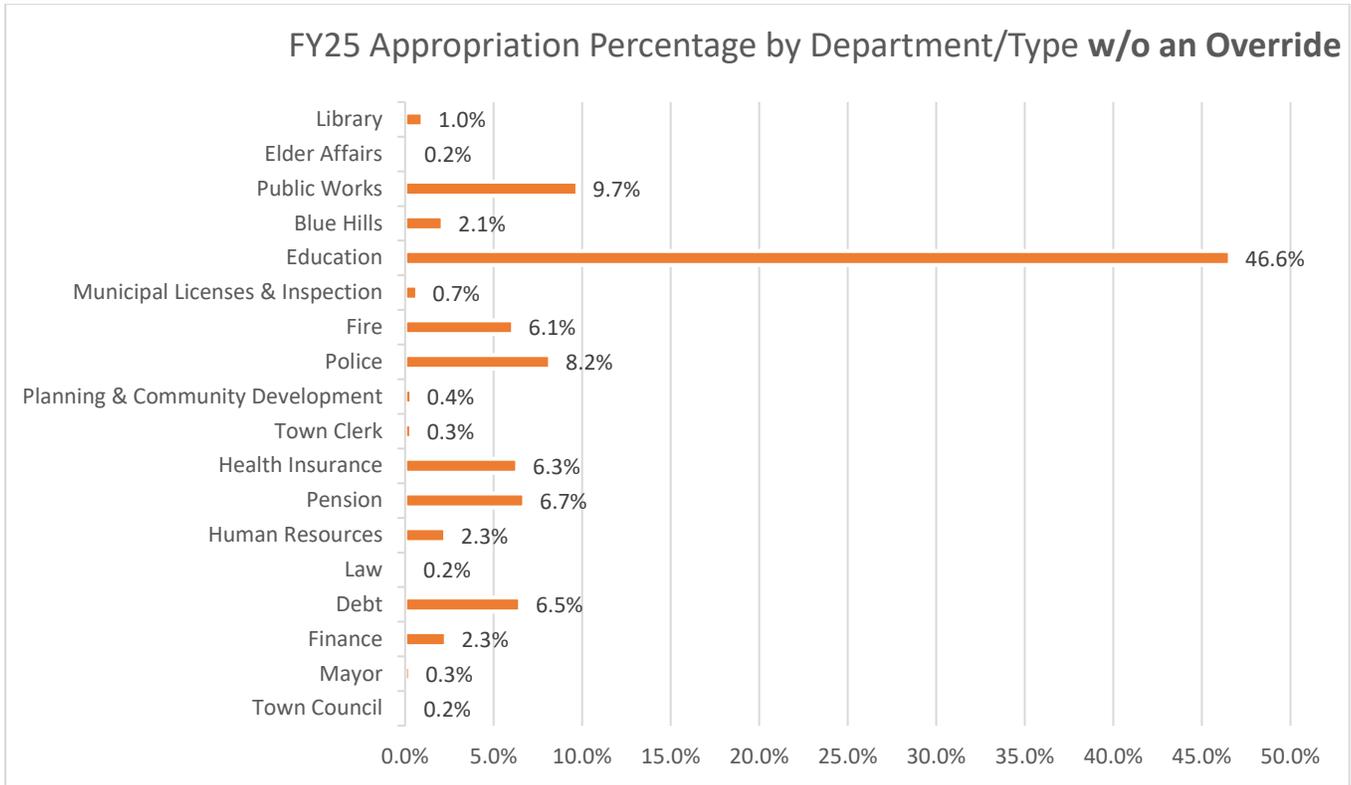


The majority of this category consists of revenues from the South Shore Plaza mitigation agreement along with other governmental reimbursements.

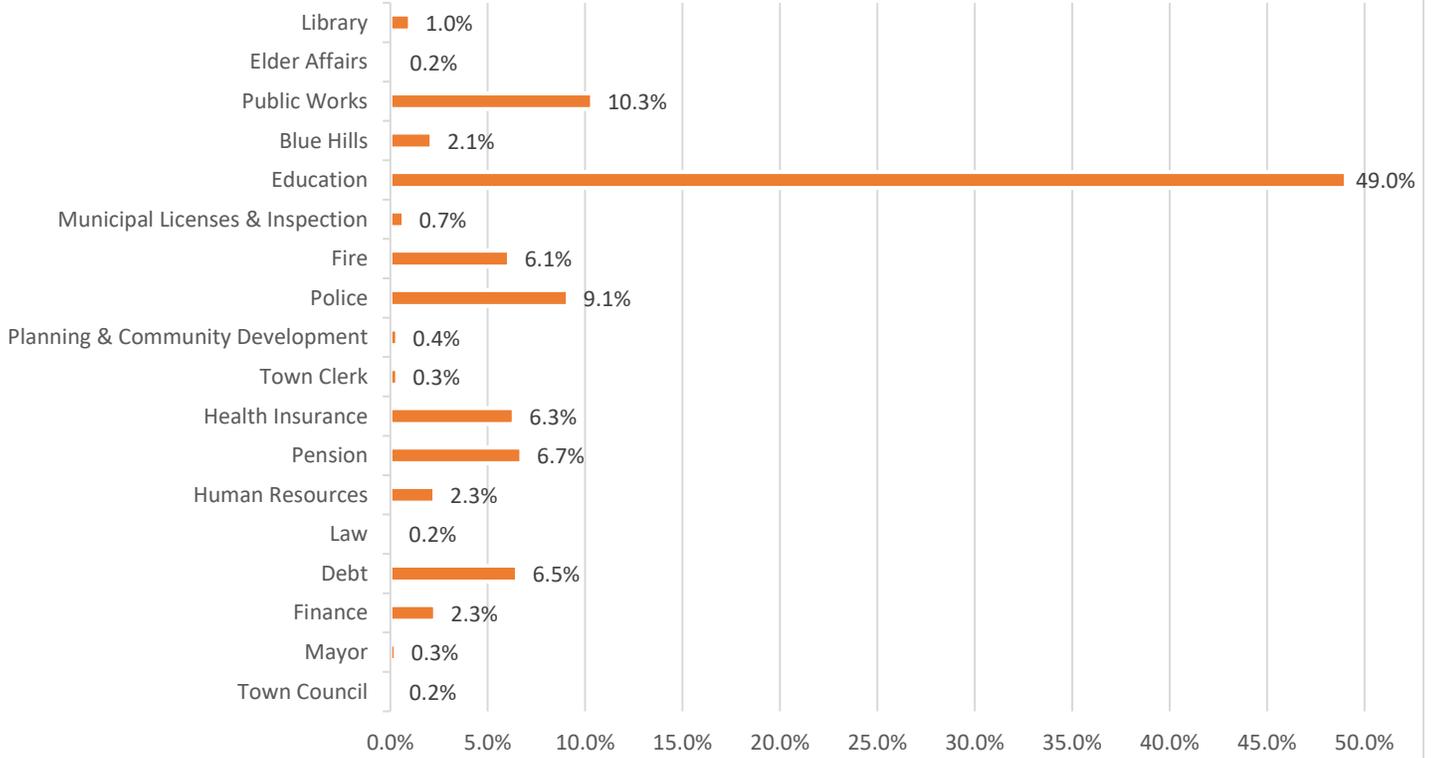


Non-recurring, “one-time” revenues that flow through the general fund. Examples could be FEMA reimbursements or sale of town owned land.

Fiscal Year 2025 Appropriation Summaries



FY25 Appropriation Percentage by Department/Type w/an Override



FY25 Appropriation Dollar Amount by Department/Type (>6%) w/an Override

