



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

From: Shawn McGoldrick, Town Auditor

Date: May 23, 2025

Re: Highlights and analysis of the fiscal year 2026 operating budget

Dear Chairwoman Boericke,

I would like to provide you with the following information based on our review of the fiscal year 2026 proposed operating budget:

1. The proposed fiscal year 2026 general fund operating budget is \$175,664,045. This represents an increase of \$6,981,353 or 4.14% from the fiscal year 2025 general fund original budget.
2. The fiscal year 2026 budget book itself received a “refresh” to include additional data and detail, which included, but not limited to, current year budget status, budgeting process, community profile, organization/department accomplishments and goals, and forecasting information for future fiscal years.
3. The most noticeable departmental appropriation increases when compared to the fiscal year 2026 budget are:

- a. Finance (Administration) – 232.71% or \$710,250
    - i. The increase represents a salary reserve for collective bargaining cost of living adjustments and represents an approximate 2% reserve.
  - b. Fire – 14.61% or \$1,442,369
    - i. The increase is due to under budgeting to start fiscal year 2025, attributable to salary costs. The required funding was subsequently adjusted in fiscal year 2025. The increase from the projected fiscal year 2025 to fiscal year 2026 is approximately \$313,000 or 2.8%.
  - c. Debt service – 8.9% or \$936,000
    - i. The increase is mainly attributed to issuing debt service to fund a settlement payment. That issuance added approximately \$786,000 to the fiscal year 2026 debt service budget.
4. Please see [Appendix A](#) for a complete picture of education costs for fiscal year 2020 through fiscal year 2024 by funding source as reported to the Department of Secondary and Elementary Education (DESE).
  5. Consistent with prior fiscal years, the funding of the long-term liability, OPEB, from the general fund will not take place in the original budget for fiscal year 2026.
  6. Consistent with prior fiscal years, essentially no excess levy capacity exists, or less than a 10<sup>th</sup> of a percent. Simply put, no additional funding is available to utilize from the tax levy.

<b>Description</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026*</b>
Levy Limit.....	105,333,106	108,508,873	111,747,119	123,526,167	126,121,224
Tax Levy.....	105,311,540	108,432,542	111,663,550	123,478,835	126,121,224
<b>Excess Levy Capacity.</b>	<b>21,566</b>	<b>76,331</b>	<b>83,569</b>	<b>47,332</b>	<b>-</b>

\* Estimated

7. Estimated local receipts (please see [Appendix B](#) for additional graphs and information on local receipts):
  - a. Estimated local receipts increased approximately \$2,000,000 (8.9%) from the prior year budget certified on the tax recap. The main cause of this fluctuation can directly be attributed to motor vehicle excise, trash fee, and license and permit revenue increasing \$396,000, \$500,100, and \$362,000, respectively. The fiscal year 2026 motor vehicle excise and license and permit figures are based on prior actual, funds received to date in fiscal year 2025, and projections. The trash

fee is set to increase another \$50, which is part the 3-year phased in approach to get the fee in line with the cost to run the program.

8. Other financing sources:

a. No free cash is being utilized to balance the fiscal year 2026 budget.

9. Projected general fund free cash balance at the end of fiscal year 2026, based on what is known as of today, will be approximately \$4,100,000. This takes into account free cash used during supplemental #2 in fiscal year 2025.

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

<b>Description</b>	<b>FY21 Ending Balance</b>	<b>FY22 Ending Balance</b>	<b>FY23 Ending Balance</b>	<b>FY24 Ending Balance</b>	<b>FY25 Current Balance</b>
General stabilization.....	8,127	8,234	9,860	4,012,352	4,148,388
Capital stabilization.....	72,771	72,771	72,771	72,771	74,953
School building stabilization.....	78,119	78,371	81,567	86,244	89,518
<b>Totals</b>	<b><u>159,018</u></b>	<b><u>159,376</u></b>	<b><u>164,199</u></b>	<b><u>4,171,368</u></b>	<b><u>4,312,859</u></b>

10. Since the last budgetary submission, the Town has successfully passed a tax override injecting a boost of recurring revenue and increasing the tax levy floor for future fiscal years. Although positive, it is certainly not an ‘end all’ solve for potential budgetary challenges still to come. As noted in previous forecasts and contained in the fiscal year 2026 budget book (see snapshot that follows), appropriations are still projected to outpace available revenue without using reserves. Continuing to implement proactive cost saving measures, increasing current revenue streams, and exploring new revenue options will be important in the coming fiscal years.

Description	FY2025 Projection Budget	FY2026 Proposed Budget	FY2027 Forecast Budget	FY2028 Forecast Budget	FY2029 Forecast Budget
<b>Operating Revenue</b>					
Town Levy / Property Taxes	\$ 122,228,835	\$ 126,121,224	\$ 130,025,372	\$ 134,041,146	\$ 138,180,934
State Aid	\$ 23,502,142	\$ 23,530,221	\$ 23,880,000	\$ 24,220,000	\$ 24,570,000
Local Receipts	\$ 23,015,891	\$ 24,384,100	\$ 25,210,206	\$ 25,633,604	\$ 26,119,129
Other Financing Sources	\$ 3,577,170	\$ 1,650,771	\$ 1,618,500	\$ 1,652,000	\$ 1,686,501
<b>TOTAL REVENUES</b>	<b>\$ 172,324,037</b>	<b>\$ 175,686,316</b>	<b>\$ 180,734,079</b>	<b>\$ 185,546,750</b>	<b>\$ 190,556,564</b>
<i>Annual Revenue Growth w/o FY2025 Free Cash</i>		<i>3.16%</i>	<i>2.87%</i>	<i>2.66%</i>	<i>2.70%</i>
<b>Operating Expenditures</b>					
Schools	\$ 79,532,996	\$ 82,316,651	\$ 85,197,734	\$ 88,179,654	\$ 91,265,942
General Government	\$ 55,713,874	\$ 56,423,533	\$ 57,552,003	\$ 58,703,043	\$ 59,877,104
Debt	\$ 10,219,229	\$ 11,472,220	\$ 11,490,246	\$ 11,673,352	\$ 11,986,906
Benefits & Insurances	\$ 25,196,202	\$ 25,451,642	\$ 27,224,667	\$ 29,616,651	\$ 32,153,495
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 170,662,301</b>	<b>\$ 175,664,045</b>	<b>\$ 181,464,650</b>	<b>\$ 188,172,701</b>	<b>\$ 195,283,447</b>
<i>Annual Spending Growth</i>			<i>3.30%</i>	<i>3.70%</i>	<i>3.78%</i>
<b>Other Financing Sources/Uses</b>					
Transfer (to) from Override Stabilization	\$ (1,500,000)	\$ -	\$ 500,000	\$ 500,000	\$ 500,000
<b>TOTAL OTHER SOURCES</b>	<b>\$ (1,500,000)</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
<b>DIFFERENCE</b>	<b>\$ 161,737</b>	<b>\$ 22,271</b>	<b>\$ (230,572)</b>	<b>\$ (2,125,951)</b>	<b>\$ (4,226,883)</b>
<b>Annual Gap @ % of Annual Revenue</b>	<b>\$ -</b>		<b>-0.13%</b>	<b>-1.15%</b>	<b>-2.22%</b>

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%	
<b>Totals</b>		<b>69,901,417</b>	<b>36,220,060</b>	<b>2,355,912</b>	<b>503,693</b>	<b>1,479,676</b>	<b>101,882</b>	<b>-</b>	<b>1,898,196</b>	<b>1,534,903</b>	<b>113,995,738</b>	<b>100.0%</b>	
% by source		<b>61.3%</b>	<b>31.8%</b>	<b>2.1%</b>	<b>0.4%</b>	<b>1.3%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>1.7%</b>	<b>1.3%</b>			
% by similar source			<b>93.1%</b>				<b>3.9%</b>			<b>3.0%</b>		<b>100.0%</b>	

		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%	
<b>Totals</b>		<b>73,681,507</b>	<b>27,602,452</b>	<b>5,027,914</b>	<b>697,415</b>	<b>983,557</b>	<b>15,030</b>	<b>11,452</b>	<b>2,503,806</b>	<b>285,579</b>	<b>110,808,712</b>	<b>100.0%</b>	
% by source		<b>66.5%</b>	<b>24.9%</b>	<b>4.5%</b>	<b>0.6%</b>	<b>0.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.3%</b>	<b>0.3%</b>			
% by similar source			<b>91.4%</b>				<b>6.1%</b>			<b>2.5%</b>		<b>100.0%</b>	

		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		
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%
<b>Totals</b>		<b>70,462,944</b>	<b>29,964,474</b>	<b>4,130,873</b>	<b>436,799</b>	<b>2,092,786</b>	<b>5,600</b>	<b>-</b>	<b>2,466,016</b>	<b>1,614,090</b>	<b>111,173,582</b>	<b>100.0%</b>
% by source		<b>63.4%</b>	<b>27.0%</b>	<b>3.7%</b>	<b>0.4%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.2%</b>	<b>1.5%</b>		
% by similar source			<b>90.3%</b>				<b>6.0%</b>			<b>3.7%</b>	<b>100.0%</b>	

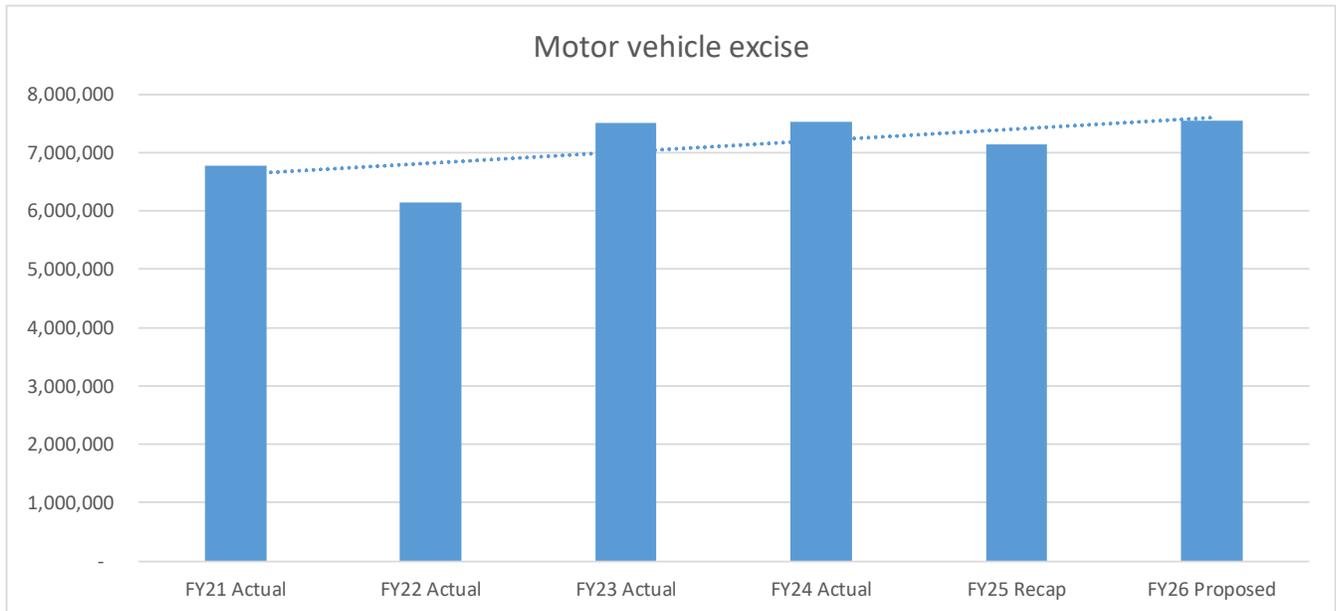
		EXPENSE FUNDING SOURCE										
FY	DESE TYPE	SCH COMM	CITY/TOWN	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	PRIVATE	ATHLETIC FUND	SCHOOL LUNCH	OTHER	Totals	% of Total
		APPROP-RIATIONS	APPROP-RIATIONS				GRANTS & GIFTS			LOCAL RECEIPTS		
23 1 - Administration		1,497,179	508,620	23,013	-	-	-	-	-	-	2,028,812	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%
<b>Totals</b>		<b>68,578,510</b>	<b>50,704,057</b>	<b>4,027,285</b>	<b>769,273</b>	<b>4,928,047</b>	<b>33,278</b>	<b>-</b>	<b>2,328,871</b>	<b>2,089,535</b>	<b>133,458,856</b>	<b>100.0%</b>
% by source		<b>51.4%</b>	<b>38.0%</b>	<b>3.0%</b>	<b>0.6%</b>	<b>3.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.7%</b>	<b>1.6%</b>		
% by similar source			<b>89.4%</b>				<b>7.3%</b>			<b>3.3%</b>	<b>100.0%</b>	

**EXPENSE FUNDING SOURCE**

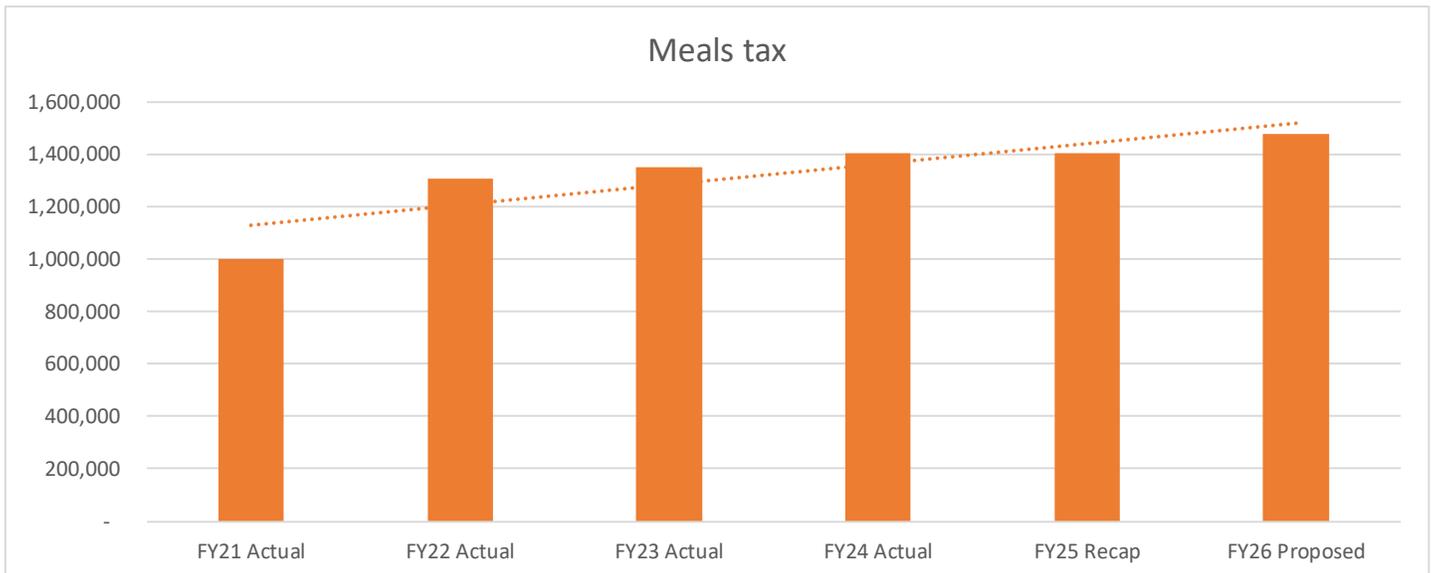
FY	DESE TYPE	EXPENSE FUNDING SOURCE									Totals	% of Total
		SCH COMM APPROP-RIATIONS	CITY/TOWN APPROP-RIATIONS	FEDERAL GRANTS	STATE GRANTS	CIRCUIT BREAKER	PRIVATE GRANTS & GIFTS	ATHLETIC FUND	SCHOOL LUNCH	OTHER LOCAL RECEIPTS		
24 1 - Administration		1,543,140	568,261	1,500	375	-	-	-	-	-	2,113,276	1.6%
24 2 - Instructional		61,901,575	-	1,398,005	903,702	5,569	-	-	-	1,501,643	65,710,494	50.4%
24 3 - Pupil Services		7,015,799	201,767	72,647	208,647	-	-	168,049	3,259,110	264,227	11,190,246	8.6%
24 4 - Operations/Maint		1,405,766	7,826,484	856,008	-	-	453,952	-	-	94	10,542,304	8.1%
24 5 - Benefits & Fixed Charges		325,636	14,207,308	6,535	-	-	-	-	-	-	14,539,479	11.2%
24 6 - Community Services		-	-	-	-	-	-	-	-	-	-	0.0%
24 7 - Acq/Improv/Replace Fixed Assets		-	7,397,203	-	-	-	-	-	-	-	7,397,203	5.7%
24 8 - Debt Retirement and Service		-	6,353,055	-	-	-	-	-	-	-	6,353,055	4.9%
24 9 - Programs w/Other School Districts		3,305,614	3,797,713	1,330,420	-	4,102,948	-	-	-	-	12,536,695	9.6%
<b>Totals</b>		<b>75,497,530</b>	<b>40,351,791</b>	<b>3,665,115</b>	<b>1,112,724</b>	<b>4,108,517</b>	<b>453,952</b>	<b>168,049</b>	<b>3,259,110</b>	<b>1,765,964</b>	<b>130,382,752</b>	<b>100.0%</b>
	<b>% by source</b>	<b>57.9%</b>	<b>30.9%</b>	<b>2.8%</b>	<b>0.9%</b>	<b>3.2%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>2.5%</b>	<b>1.4%</b>		
	<b>% by similar source</b>		<b>88.9%</b>				<b>7.2%</b>			<b>4.0%</b>		<b>100.0%</b>

Appendix B

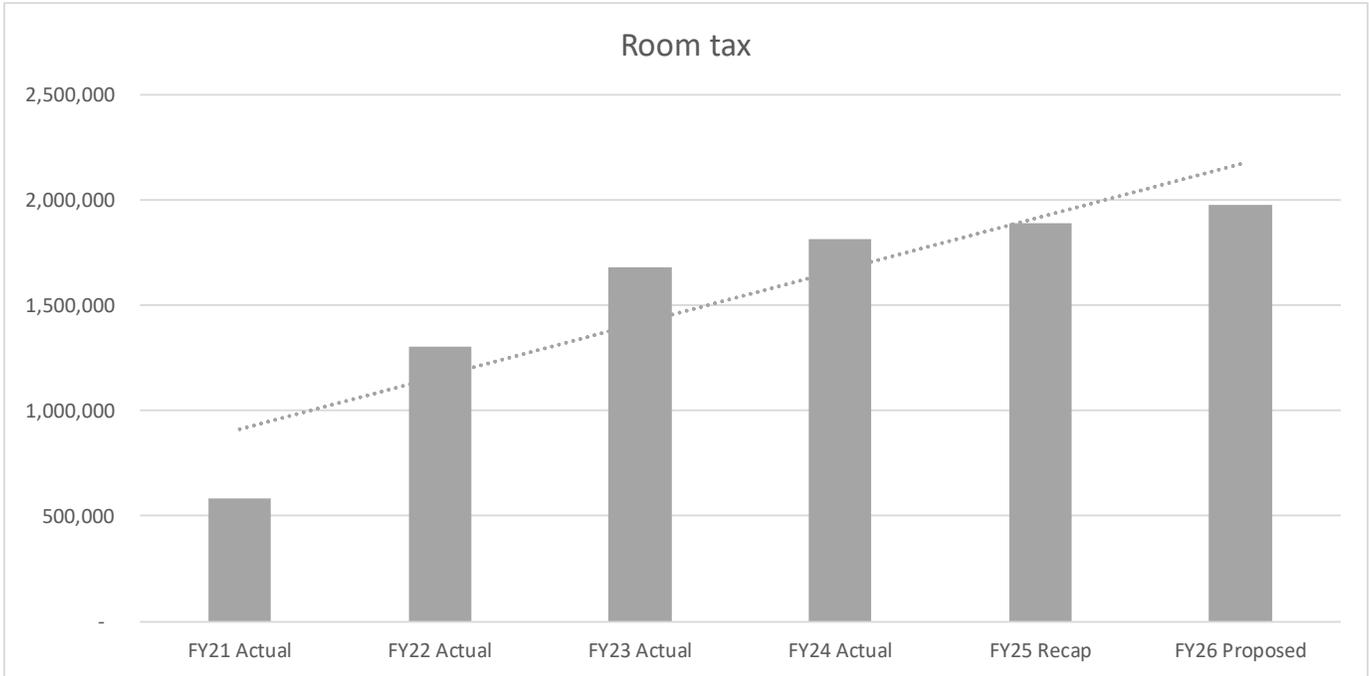
**Local Receipts – History of actuals, prior year recap, and current proposed budget**



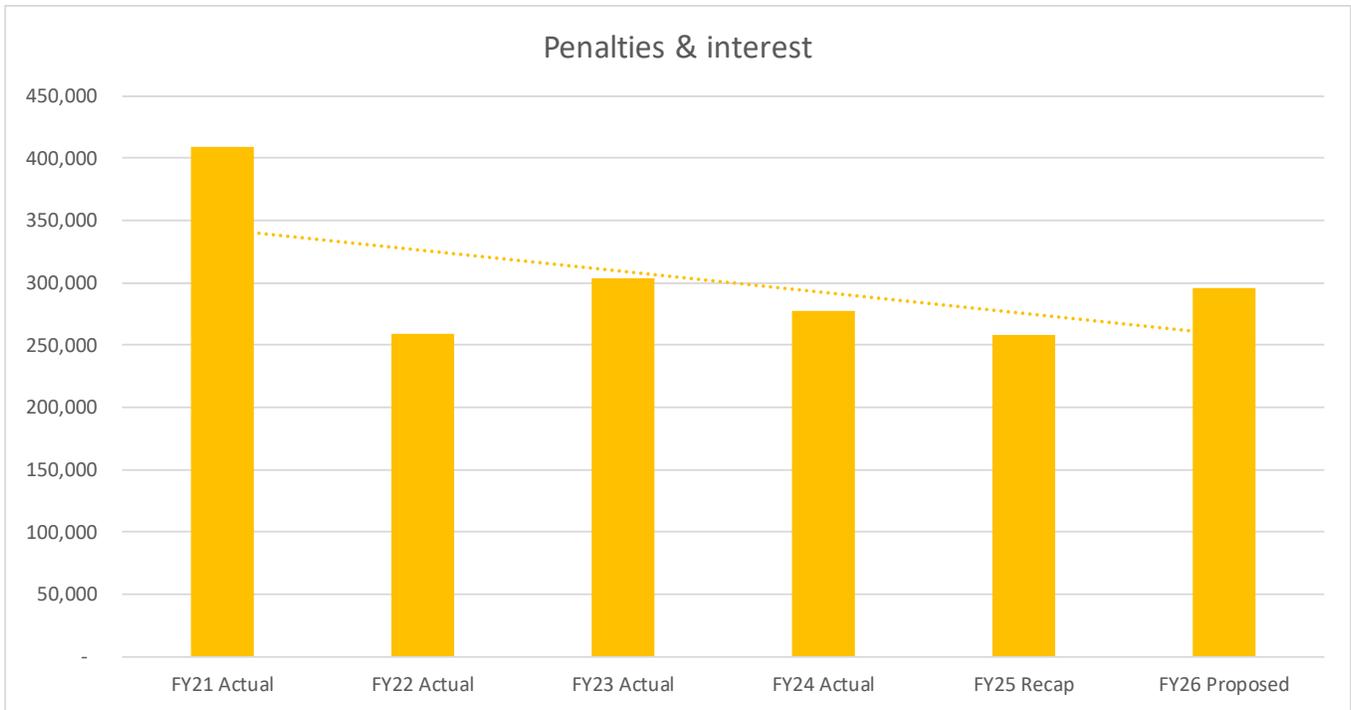
Under Massachusetts General Law Chapter 60A, the Commonwealth imposes an excise in-lieu of property tax on motor vehicles, the proceeds of which are received by the municipality where the vehicle is principally kept. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. Valuations are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



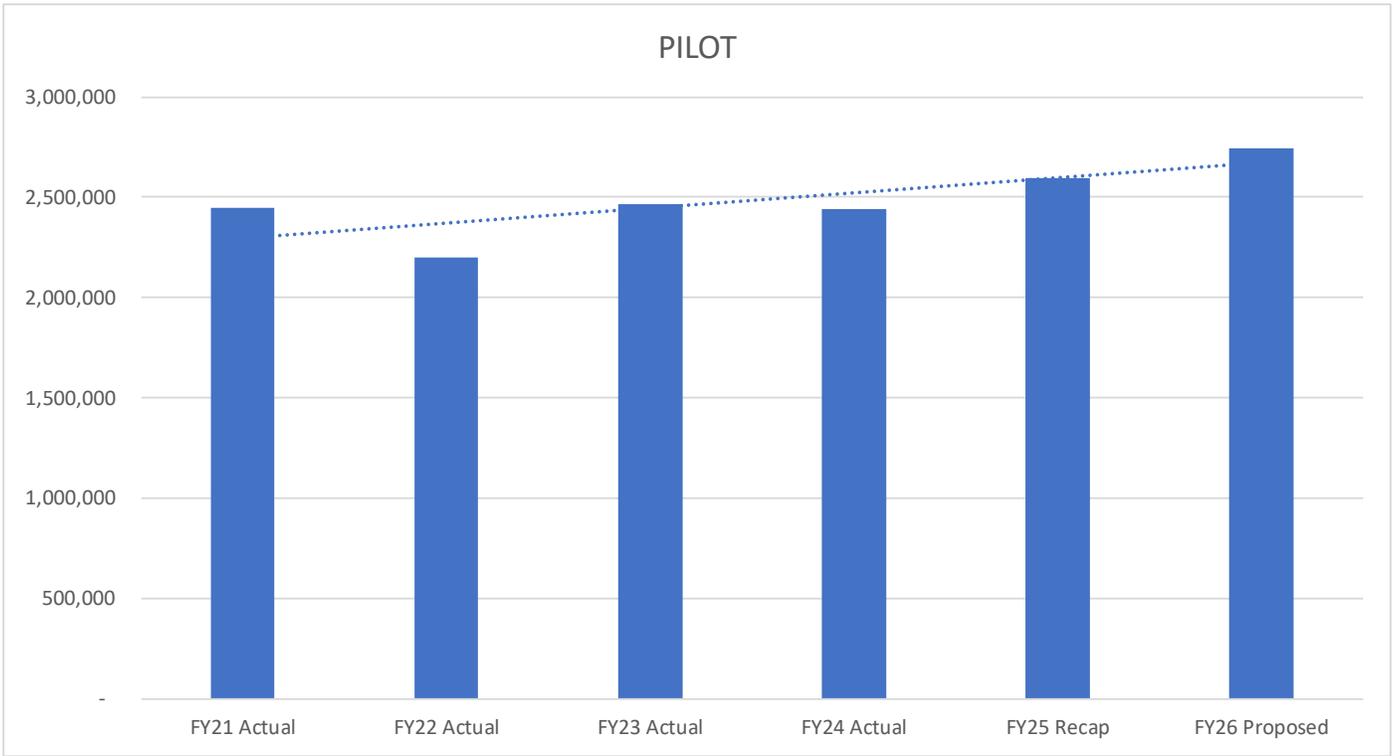
The Town levies 0.75% for the sale of restaurant meals in accordance with Massachusetts General Law, Chapter 64L, Section 2. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions.



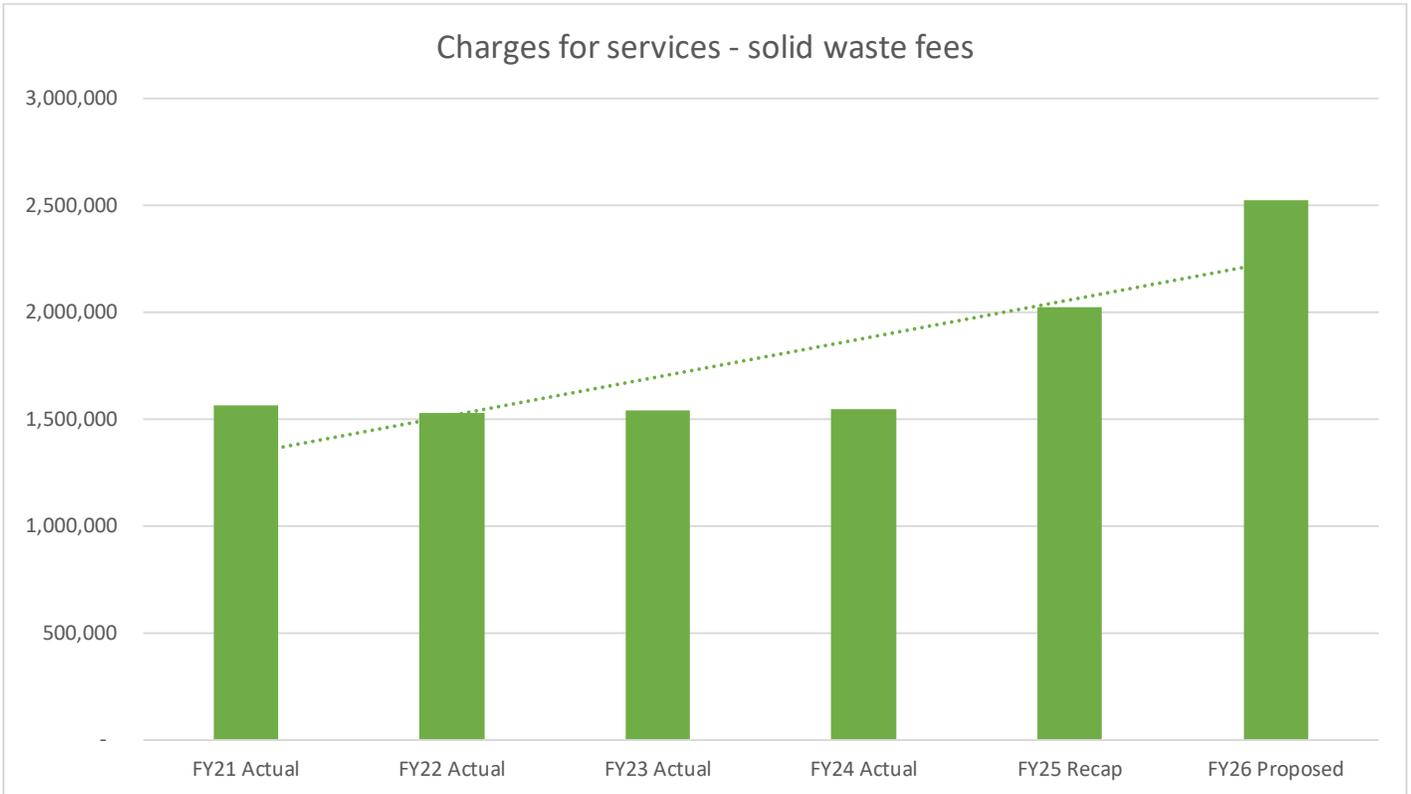
The Town levies 6% of the cost of renting hotel, motel, lodging house and bed and breakfast rooms in accordance with Massachusetts General Law, Chapter 64G, Section 3A. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town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



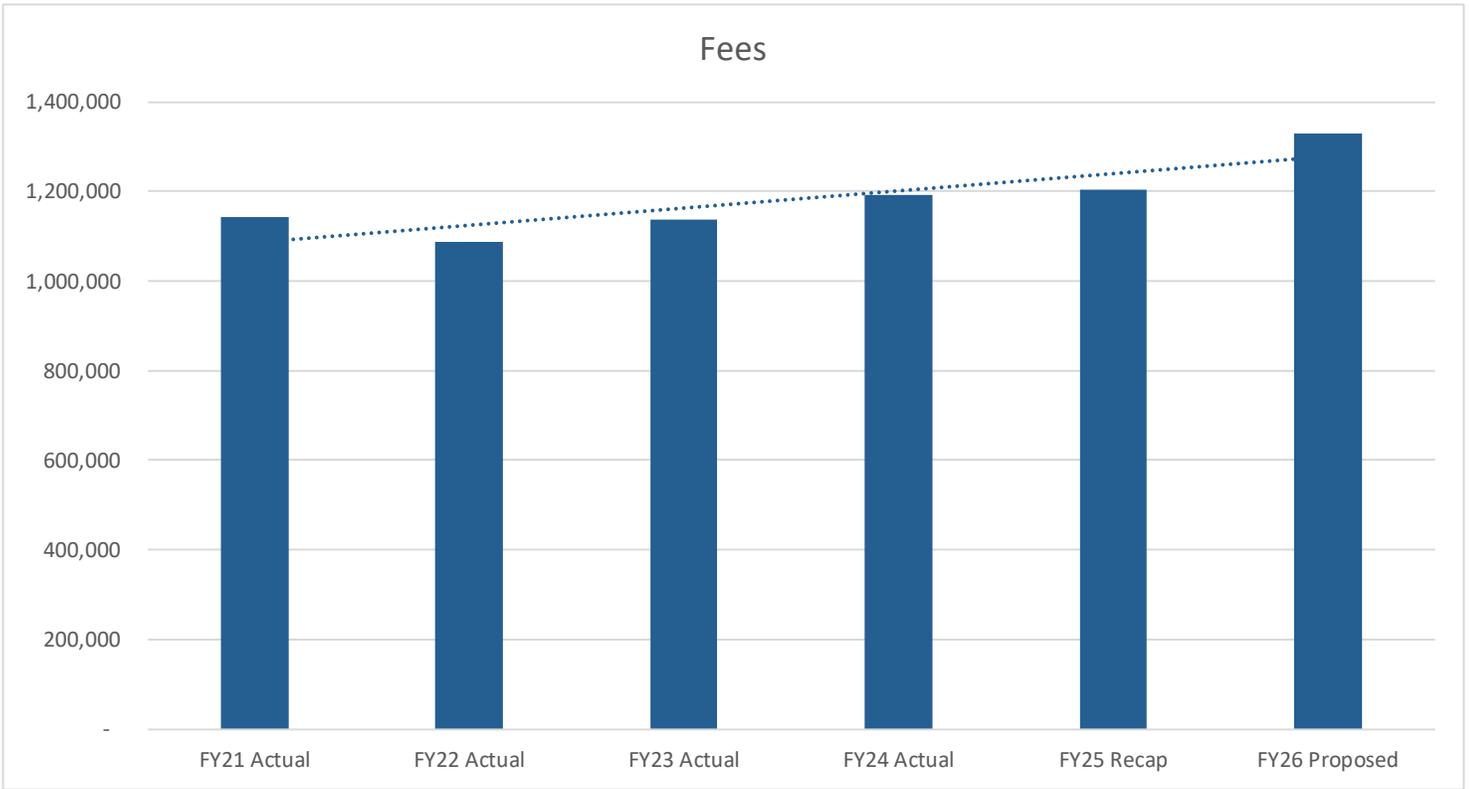
The Town receives penalties and interest when various types of bills are not paid in a timely manner. The most notable types of bills are for real estate and property taxes and motor vehicle excise.



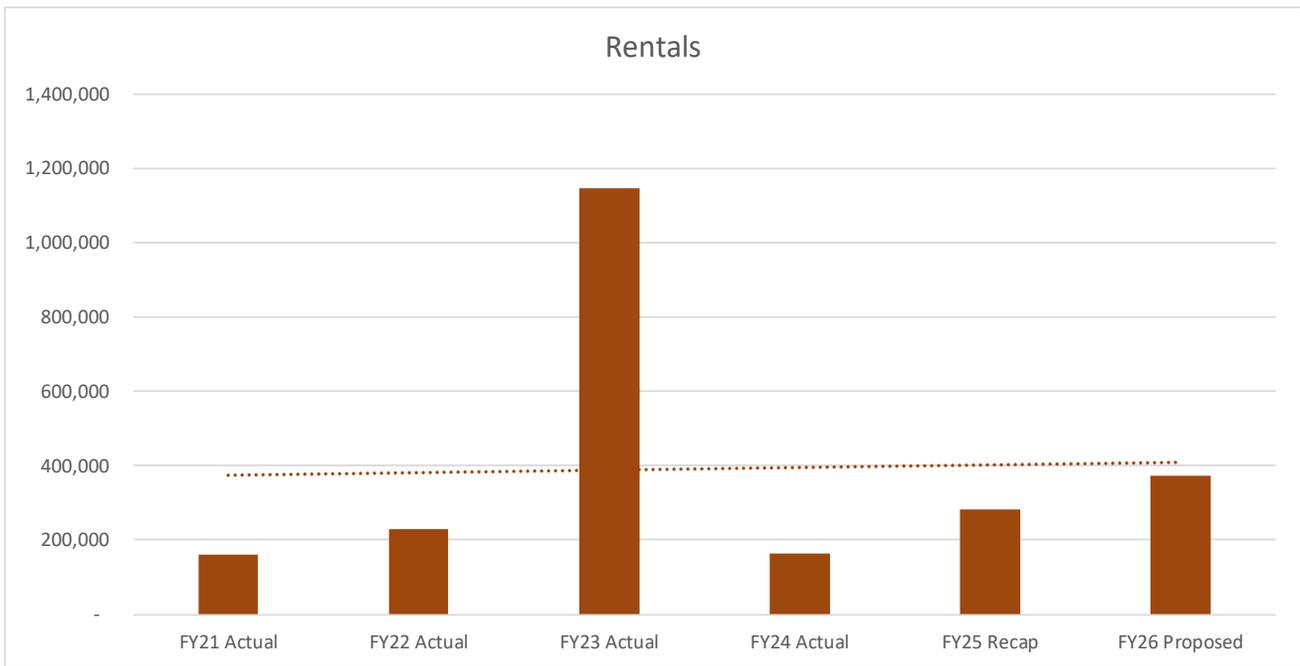
Payments In Lieu Of Taxes (PILOTs) are agreements with tax exempt entities to partially compensate the Town for services rendered to the entities. The most significant PILOT programs areas are as follows: • BELD • Massport • Landing.



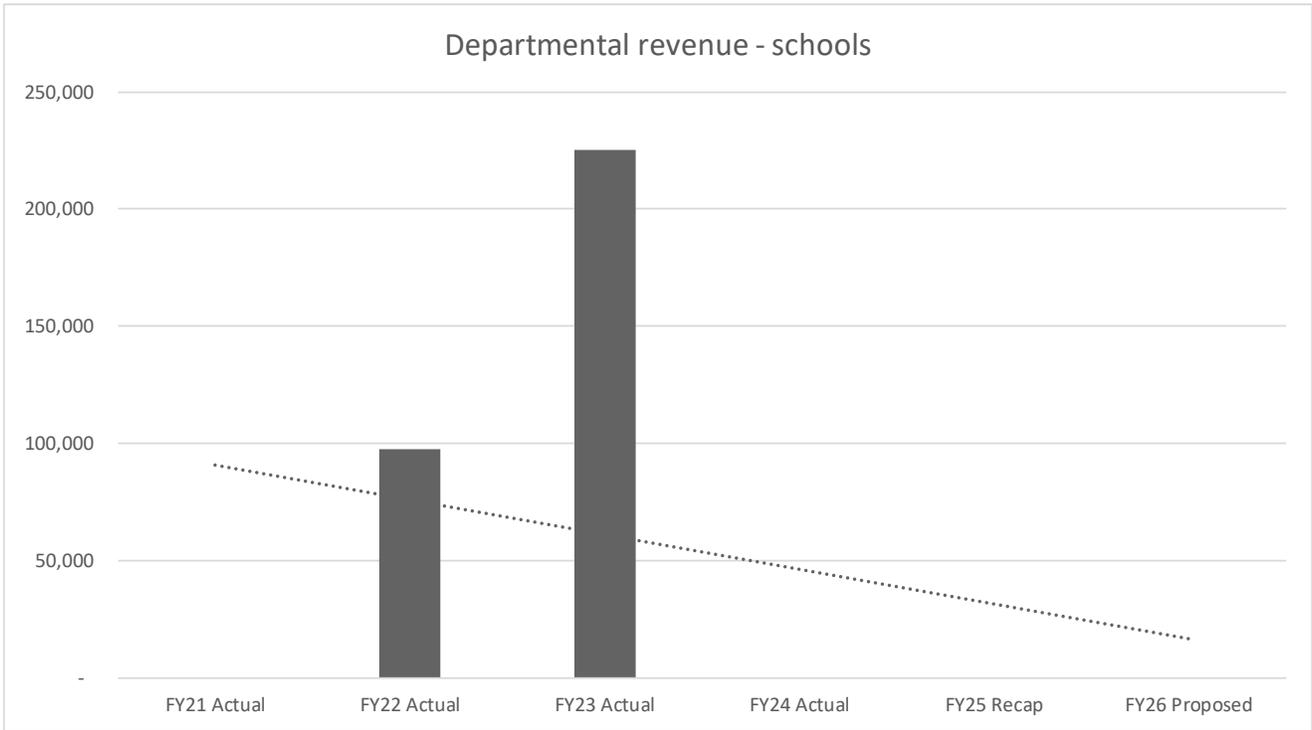
Better known as trash fees, on an annual basis these fees are levied for each residential property that utilizes the collection service. The collection service includes weekly curbside collection.



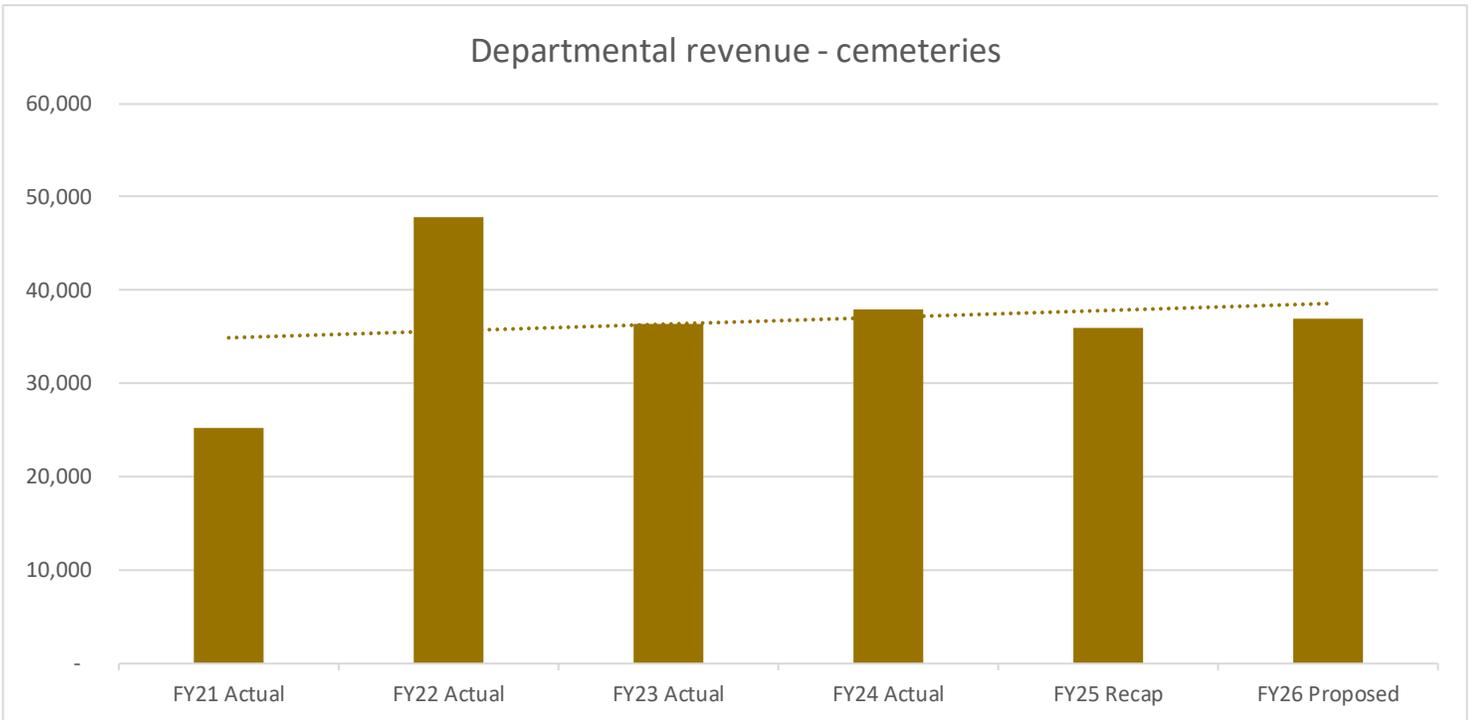
The majority of the fees within this local receipt section relate to SEMASS host fees, which is tied into trash disposal. Other much smaller, but notable fees relate to admin fees for police and fire detail and demand fees.



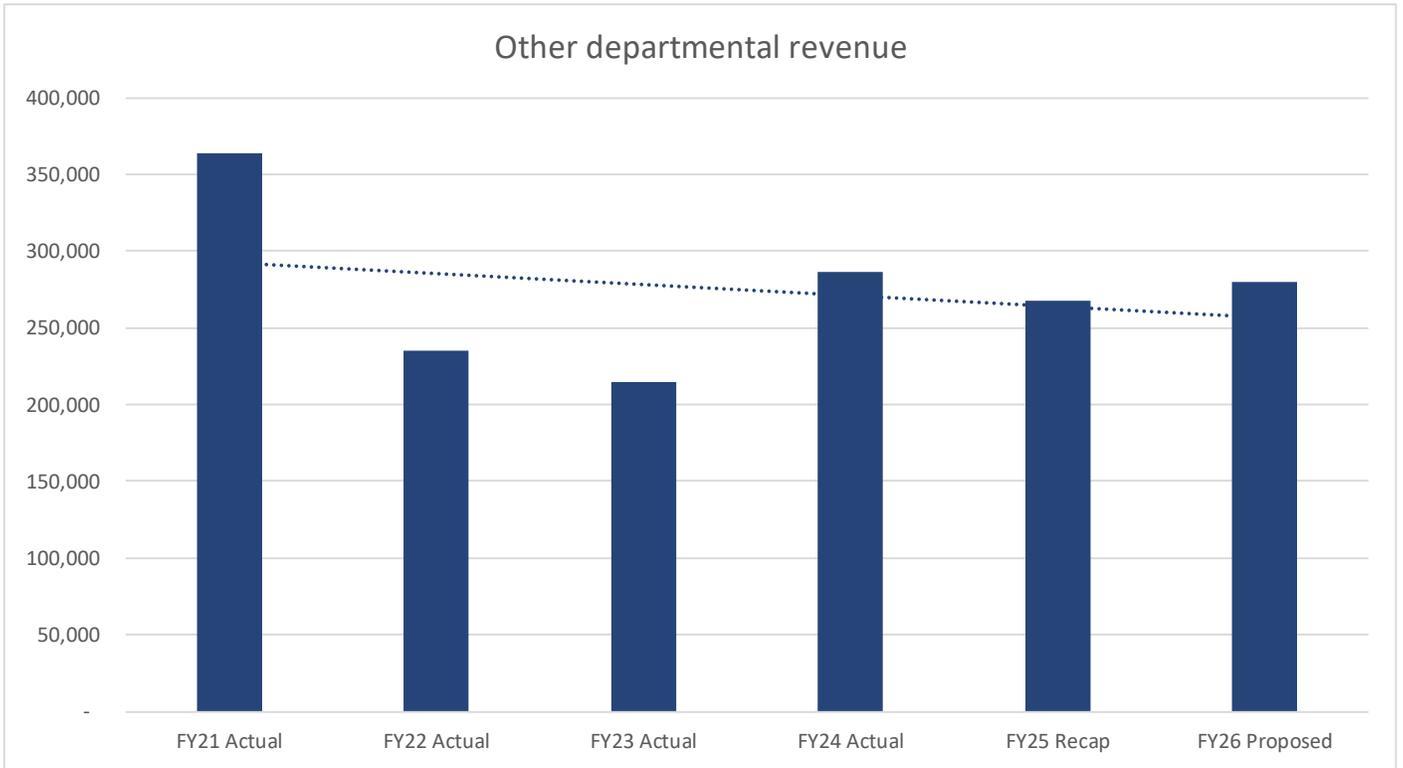
Receipts associated with the rental of town owned property and buildings.



School pupil transportation fees for bussing. No revenue was charged/collected in fiscal year 2021 due to COVID-19 and starting in fiscal year 2024 these receipts started to go directly to a school transportation revolving fund to spend directly against associated costs.



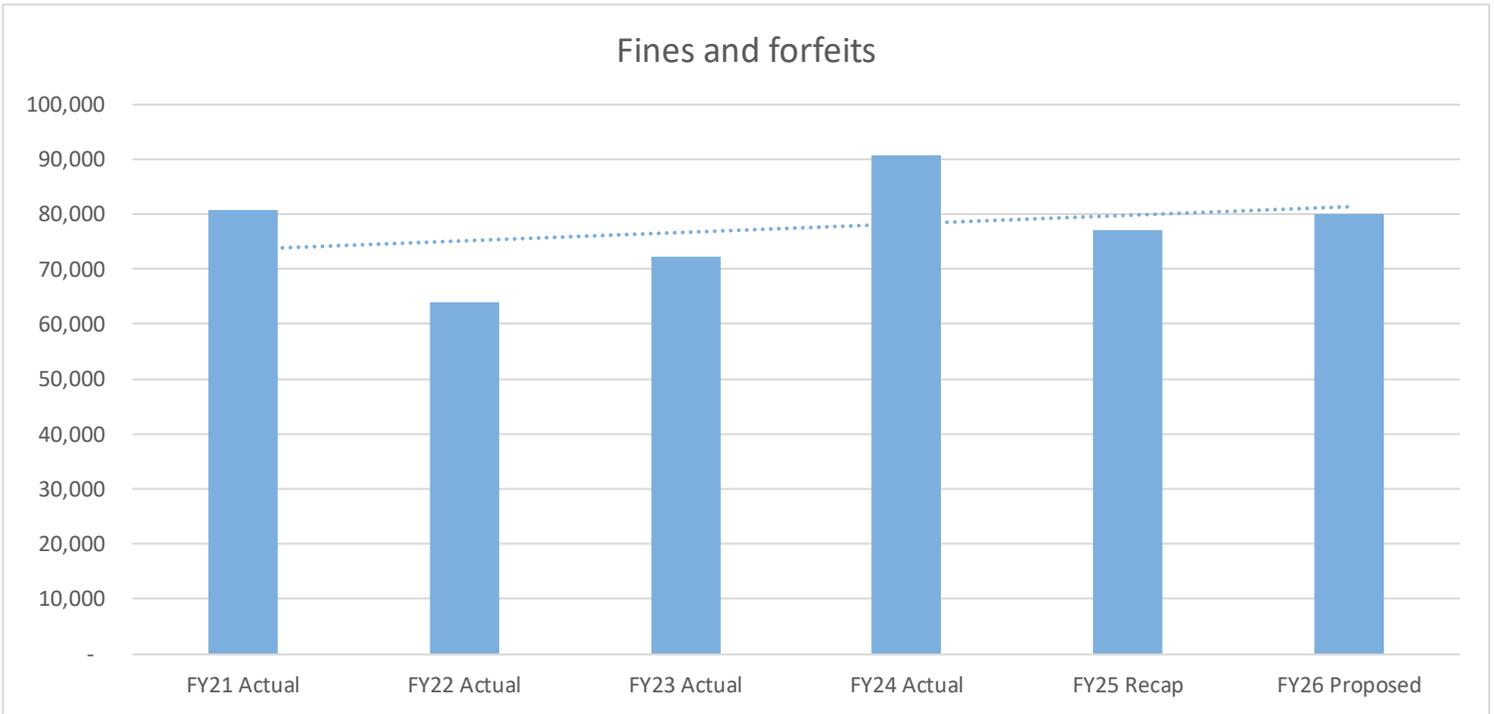
Fees generated from the cemetery department in the form of mainly burial permits.



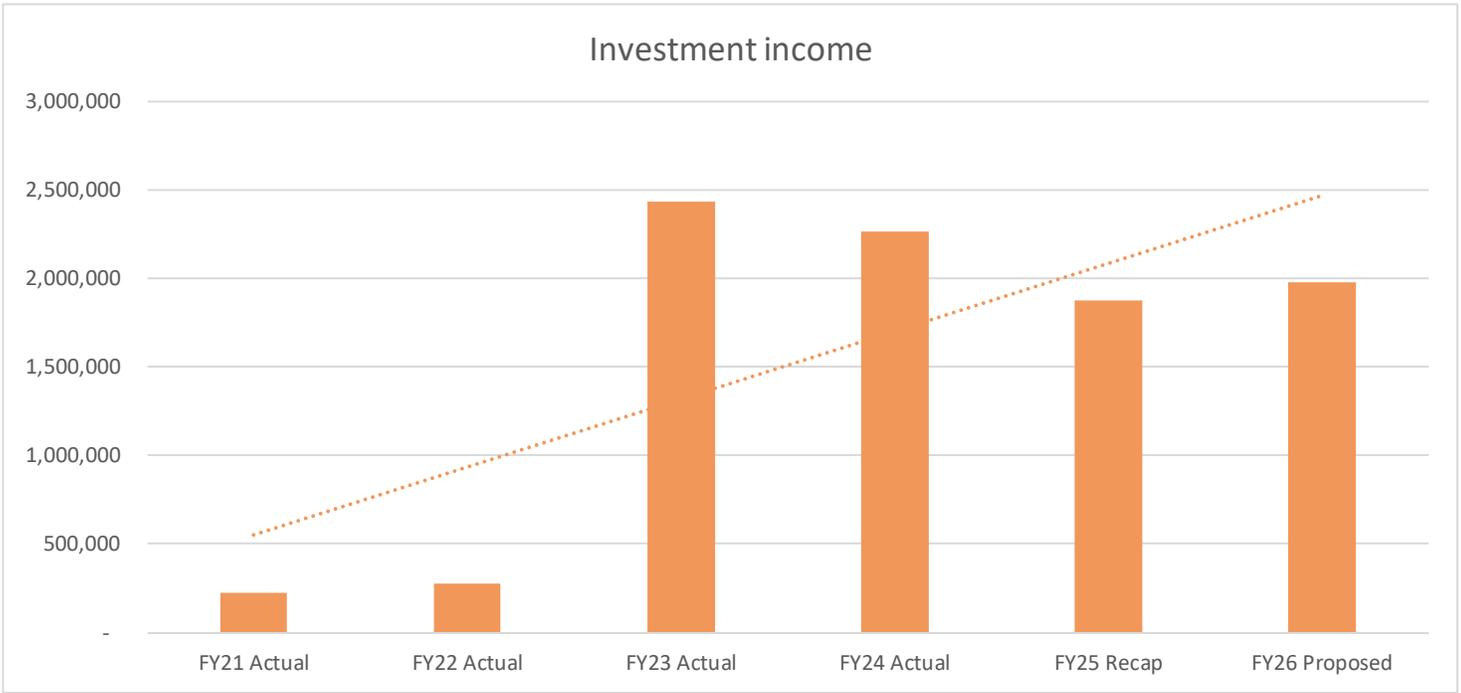
Typically other fee types not broken out by another individual category as noted on this exhibit. Examples could be fire and smoke detector revenue, certified copy fees and various other departmental fees.



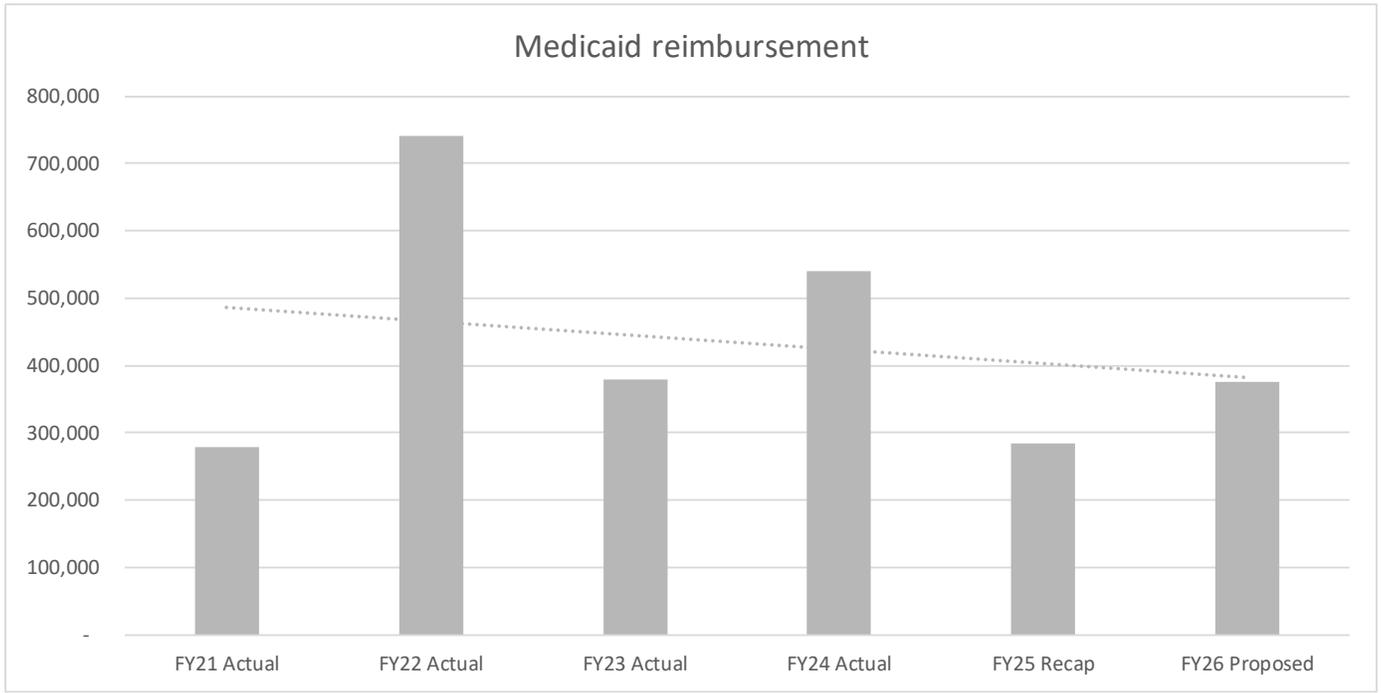
Revenue generated by the Town through license and permit fees for items such as; building permits, plumbing permits, electrical permits, alcohol licenses, and health permits.



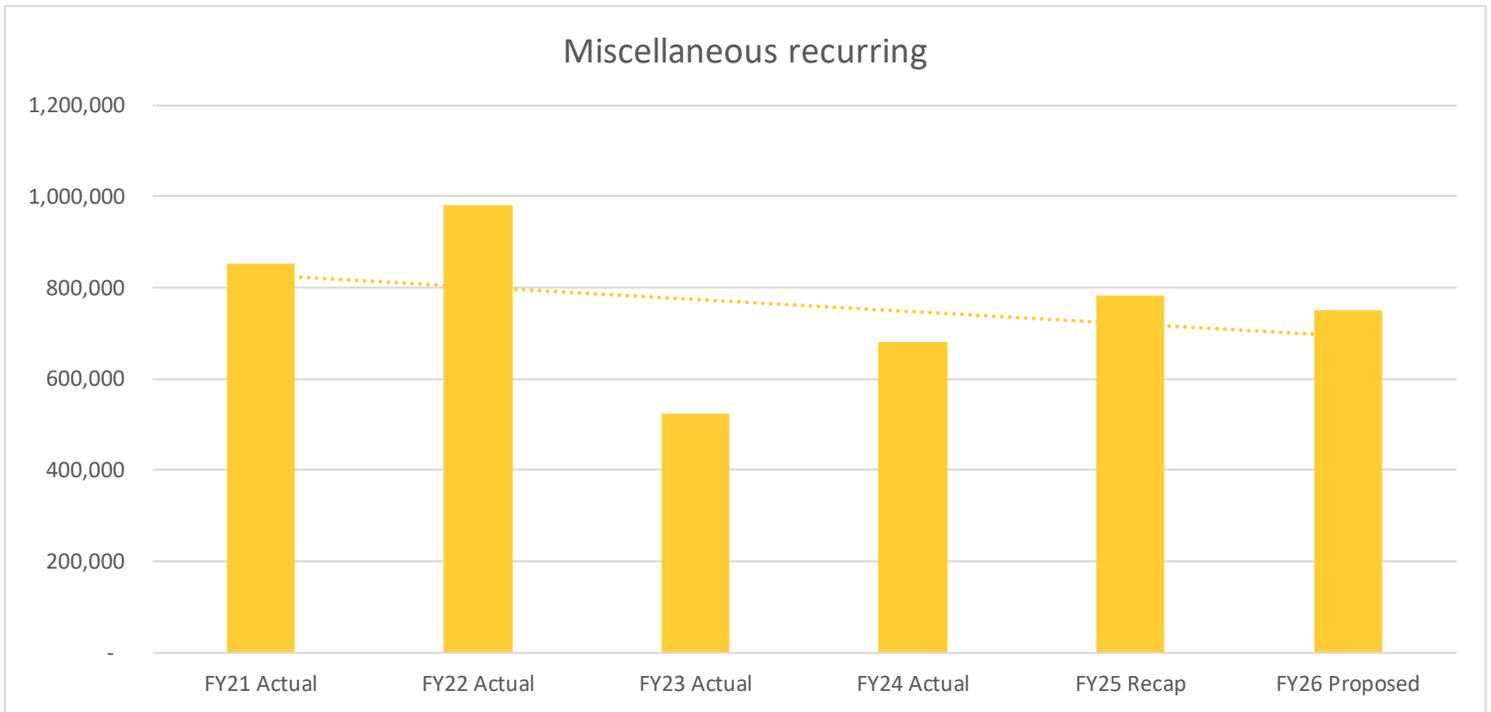
Revenue associated with parking violations, tow fees, and also court fines.



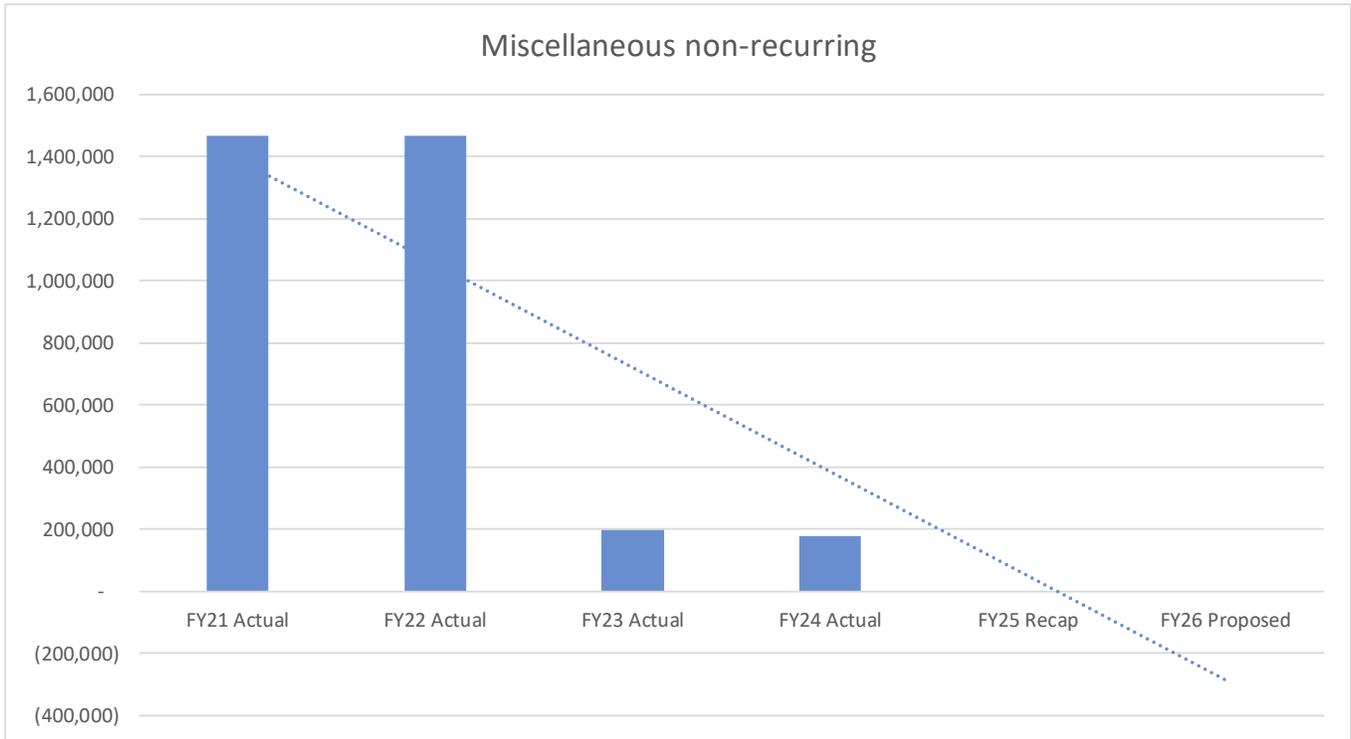
In general, the Town’s level of investment income is a function of prevailing short-term interest rates and daily cash balances.



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**

