



FY2026 Budget Summit III

January 23, 2025



FY2026 Fiscal Summit III

Presentation Overview

- FY2026 Revenue Forecast
- Update on Use of Override Mitigation Fund (OMF)
- Municipal Budget Presentation
- Shared Services Budgets
- School Presentation
- Budget Timing
- Questions & Comments



Budget Successes

Revenue-First Model

- Select Board Goals and Objectives
- Manage Growth Rates to sustain Override

Restructure/Reorganize

- Community Services improvements
- IT Department vision
- Police Staffing with removal of Civil Service
- Replacing out-dated CAMA system
- Treasurer enhancements

Managing Increasing Costs

- Health Insurance
- School Custodians



FY2026 - Anticipated Budget Challenges

Municipal – Additional \$833K (2.5%)

- Constraint of 2.5% increase - difficult to meet needs of all departments.
- Two new buildings will open in FY2026; funding needed to support operations (utilities and staff).
- IT - financial support to succeed.
- Contract negotiations to stay competitive and attract applicants

Shared Services

- Facilities will work to incorporate the results of a building assessment
- Health insurance increases

Schools

- ARPA funding will not be available in FY2026



FY2026 Revenue Forecast - Operating Budget

General Fund Revenue Summary	FY2025 Estimated	FY2026 Projected	FY2025-26 Change	
Property Tax Levy (Operating)	\$ 118,432,211	\$ 122,260,111	\$ 3,827,900	3.2%
State Aid	\$ 15,096,554	\$ 15,498,069	\$ 401,515	2.7%
Other Funds	\$ 7,822,109	\$ 6,522,333	\$(1,299,776)	(16.6)%
Use of Free Cash - Operating/OPEB	\$ 3,000,000	\$ 3,000,000	\$ —	—%
Use of Override Mitigation Fund	\$ —	\$ 100,118	\$ 100,118	—%
Total General Fund Operating Revenues	\$ 144,350,874	\$ 147,380,631	\$ 3,029,757	2.1%

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Tax Levy - Operating Budget + Exempt Debt Service

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Estimated	FY2026 Projected
Tax Levy	\$ 89,250,198	\$ 92,590,155	\$ 96,008,913	\$ 99,443,942	\$102,870,712	\$106,441,425	\$118,439,132
Prop. 2.5%	\$ 2,231,255	\$ 2,314,754	\$ 2,400,223	\$ 2,486,099	\$ 2,571,768	\$ 2,661,036	\$ 2,960,978
New Growth	\$ 1,108,702	\$ 1,104,005	\$ 1,034,806	\$ 940,671	\$ 998,945	\$ 936,672	\$ 860,000
Override/Excess Levy Capacity	\$ (27,162)	\$ (154,293)	\$ (12,099)	\$ (84,219)	\$ (84,508)	\$ 8,393,079	\$ —
Subtotal - Op. Budget	\$ 92,562,993	\$ 95,854,621	\$ 99,431,844	\$102,786,493	\$106,356,917	\$118,432,211	\$122,260,111
<i>Base Tax Levy Growth</i>	8.95%	3.56%	3.73%	3.37%	3.47%	11.35%	3.23%
Exempt Debt Service*	\$ 8,746,407	\$ 13,638,294	\$ 12,288,095	\$ 13,719,329	\$ 13,143,693	\$ 14,077,401	\$ 16,589,465
Combined Tax Levy	\$101,309,400	\$109,492,915	\$111,719,939	\$116,505,822	\$119,500,610	\$132,509,612	\$138,849,576
<i>Combined Levy Growth</i>	14.42%	8.08%	2.03%	4.28%	2.57%	10.89%	4.78%

New Growth was certified above the \$860,000 projected by the Board of Assessors. The excess funds have been used to reduce the drawdown from the Override Mitigation Fund (OMF) in FY2026.

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State Aid – Chapter 70 and UGGA

State Aid-Cherry Sheet	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Cherry Sheet	FY2026 Projected
Education:							
Chapter 70	\$9,519,647	\$9,755,929	\$9,891,949	\$10,158,889	\$11,784,535	\$12,254,719	\$12,595,069
	\$1,719,414 22.0%	\$236,282 2.5%	\$136,020 1.4%	\$266,940 2.7%	\$1,625,646 16.0%	\$470,184 4.0%	\$340,350 2.8%
General Government:							
Unrestricted General Government Aid (UGGA)	\$2,397,629	\$2,397,629	\$2,481,546	\$2,615,549	\$2,669,247	\$2,780,224	\$2,841,389
	\$141,982 6.3%	\$— —%	\$83,917 3.5%	\$134,003 5.4%	\$53,698 2.1%	\$110,977 4.2%	\$61,165 2.2%

In FY2025, Belmont was one of 220 "Minimum Aid" communities, which are considered fully funded under the Chapter 70 formula. For those communities, the prior year's school aid is rolled forward and an amount per student in the October 1st snapshot is added. The Student Opportunity Act (SOA) sets that amount at \$30 per student, which is what was used in the Preliminary FY2026 Revenue Projection. The Governor's FY2026 budget (released 1/22) includes \$75 per student from the Fair Share amendment, which is \$202,560 above the base revenue projections.



Updated Forecast – Override Mitigation Fund (OMF)

Box 1	Revenue Budget (\$M)	FY25 Budget	FY26 Projected	FY27 Projected	FY28 Projected
	Total Available Revenue	142.39	146.41	150.55	154.78
	Change		4.02	4.14	4.23
	% Growth		2.82%	2.83%	2.81%
Box 2	Original Use of OMF		0.92	2.82	1.15
	Revised Available Revenue		147.33	153.37	155.93
	Revised Change		4.94	6.04	2.56
	Revised % Growth		3.47%	4.10%	1.67%
	Balance of OMF	4.61	3.84	1.15	
Box 3	Anticipated Recurring Revenue Updates		0.81	0.82	0.83
	Revised OMF from Reduced Draw		0.11	2.00	2.78
	Revised OMF Balance	4.61	4.65	2.78	--
	Revised Available Revenue		147.33	153.37	158.39
	Revised Change		4.94	6.04	5.02
	Revised % Growth		3.47%	4.10%	3.27%



Multi-Year Forecast Projections

Key Revenue and Cost Assumptions	FY26	FY27	FY28	FY29
School Salaries Expense Growth Rates	5.30%	5.20%	5.10%	5.00%
Schools Non-Salary SPED Expense Growth Rates	7.00%	6.50%	6.50%	6.00%
Schools Operating Expense Growth Rates	3.00%	3.00%	3.00%	3.00%
Total Municipal Expense Growth Rates	2.50%	2.50%	2.50%	2.50%
Total Benefits Expense Growth Rates	3.90%	3.90%	3.90%	3.90%

Note: Multi-Year Budget Advisory Committee will be considering growth rates in future Fiscal Years.



FY2026 High-Level Summary

Budget Area	FY2025 Appropriated	FY2026 Projected	Change	%
Total General Fund Operating Revenues	\$ 144,350,874	\$ 147,380,631	\$ 3,029,757	2.10%
Total Shared Services	\$ 41,255,451	\$ 42,541,876	\$ 1,286,425	3.12%
Tax Levy Transfers to Stabilization	\$ 2,833,575	\$ —	\$ (2,833,575)	(100)%
<u>Base Model Assumptions</u>				
School Salaries/Expenses	\$ 66,885,704	\$ 70,629,379	\$ 3,743,675	5.60%
Municipal Salaries/Expenses	\$ 33,376,144	\$ 34,209,375	\$ 833,231	2.50%
Subtotal - School/Municipal	\$ 100,261,848	\$ 104,838,754	\$ 4,576,906	4.56%
Total Expenses	\$ 144,350,874	\$ 147,380,631	\$ 3,029,757	2.10%
Remaining Revenue/(Shortfall)	\$ —	\$ —		



Municipal Services - Summary

Municipal Program Area	FY2025 Appropriated	FY2026 TA Recommend	Change	%
General Government	\$ 5,708,750	\$ 6,068,213	\$ 359,463	6.30%
Public Safety	\$ 14,482,995	\$ 14,696,297	\$ 213,302	1.47%
Public Services	\$ 9,753,750	\$ 9,490,457	\$ (263,293)	(2.70)%
Human Services	\$ 3,430,649	\$ 3,954,408	\$ 523,759	15.27%
Total Municipal Services	\$ 33,376,144	\$ 34,209,375	\$ 833,231	2.50%

Department budgets do not currently reflect the results of open collective bargaining contract negotiations.



Municipal Services - General Government

Municipal Program Area	FY2025 Appropriated	FY2026 TA Recommend	Change	%
General Government	\$ 5,708,750	\$ 6,068,213	\$ 359,463	6.30%

Hired new Chief Innovation Officer in August 2024.

- Conducted a full review of IT infrastructure and software licenses.
- Improve communication with residents, Town Meeting Members
- Centralize equipment

New Municipal Skating Rink and Sports Facility opening late 2025.

- FY2026 builds in a full year of salary for the Rink Manager, as well as operating expenses for a partial year.
- Will also propose creating a Revolving Fund



Municipal Services - Public Safety

Municipal Program Area	FY2025 Appropriated	FY2026 TA Recommend	Change	%
Public Safety	\$ 14,482,995	\$ 14,696,297	\$ 213,302	1.47%

Police Staffing

- Positive impacts following removal from Civil Service
- Department budget does not reflect potential salary increases for successor Patrol contract.

Fire vacancies

- Difficult to fill Paramedic roles - statewide shortage.
- Department budget does not reflect potential salary increases for successor Fire contract.



Municipal Services - Public Services

Municipal Program Area	FY2025 Appropriated	FY2026 TA Recommend	Change	%
Public Services	\$ 9,753,750	\$ 9,490,457	\$ (263,293)	(2.70)%

Recreation moved to Community Services under Human Services (\$323K)

Public Works -

- New AFSCME contract included a market rate adjustment, reduced FTE count by 4
- Recommend implementing a bulk rate fee including mattresses

Planning & Building

- Continue to implement transition of Community Development. Budgeting for higher staff planner position to better support the Director.



Municipal Services - Human Services

Municipal Program Area	FY2025 Appropriated	FY2026 TA Recommend	Change	%
Human Services	\$ 3,430,649	\$ 3,954,408	\$ 523,759	15.27%

Community Services created by combining Council on Aging and Veterans' Services and adding Recreation from Public Services (+\$323K).

- Realigned staff and reinvested any savings in enhanced program supports.
- Budget does not capture Facilities support to building

Library -

- Transitional Budget Year into new Building
- Restoring Custodians (1.5 FTEs)



Shared Services - High-Level Summary

Shared Service Area	FY2025 Appropriated	FY2026 Projected	Change	%
Pension Assessment	\$ 9,873,396	\$ 10,128,274	\$ 254,878	2.58%
Employee/Retiree Benefits	\$ 16,506,301	\$ 17,239,076	\$ 732,775	4.44%
Insurance & Reserves	\$ 1,726,305	\$ 1,591,788	\$ (134,517)	(7.79)%
Facilities	\$ 7,573,801	\$ 7,898,460	\$ 324,658	4.29%
Capital-Related Expenses	\$ 5,575,648	\$ 5,684,279	\$ 108,631	1.95%
Total Shared Services	\$ 41,255,451	\$ 42,541,876	\$ 1,286,425	3.12%

- **Benefits** projects a 6% rate increase for FY2026, but that will be revisited as more data on actual claims is received. Other communities are projecting much larger increases.
- **Facilities** is absorbing new collective bargaining agreements for both Municipal and School custodians. Proposal to charge time spent by custodians supporting School Lunch to that revolving fund. (\$170K)
- **Insurance and Reserves** includes \$165K for SIS. Growth would be 2% without that.
- **Capital** - proposing to dedicate remaining Free Cash to next Chenery project. (Rooftop Units)



Proposed Use of Free Cash - FY2026

Fiscal Year	FY2023	FY2024	FY2025	FY2026	
Free Cash Available	\$ 15,026,459	\$ 15,553,790	\$ 11,874,537	\$ 8,303,502	Main drivers have been carryforward of Remaining Balances, and staff vacancies
Operating Budget	\$ 5,380,478	\$ 9,693,014	\$ 2,559,636	\$ 2,559,636	Reflects dedicating \$3M in total Free Cash to offset Operating Budget and OPEB
OPEB	\$ 579,275	\$ 552,695	\$ 440,364	\$ 440,364	Will recalculate for FY2026
General Stabilization		\$ 950,000			Transferred excess Free Cash to bring carryforward down to 3% of revenues
Opioid Settlement \$			\$ 107,020		
Capital Projects	\$ 649,699		\$ 1,500,000	\$ 978,800	Fuel Tanks in FY23; Chenery Boilers in FY25 and Rooftop Units in FY26
Override Mitigation			\$ 3,129,439		
Total Uses	\$ 6,609,452	\$ 11,195,709	\$ 7,736,459	\$ 3,978,800	
Remaining Balance	\$ 8,417,007	\$ 4,358,081	\$ 4,138,078	\$ 4,324,702	Town fiscal policy to carryforward 3-5%



School Presentation



FY2026 Budget Process

Sept. 2024 - 26 - Budget Summit #1	Oct. 2024 - 23 - Budget Summit #2, - revenue forecasts/ allocations	Nov. 2024 - 5 - National Election 7 - League Night 18 - Special Town Meeting	Dec. 2024 - <i>Budget work with Boards/Committees</i>
Jan. 2025 - 17 - Preliminary Budgets posted 22 - Governor's Budget 23 - Budget Summit #3 - review preliminary budgets	Feb. 2025 - <i>Budget review with Boards/Committees</i>	March 2025 - 21 - Final Budgets posted 27 - Budget Summit #4 - review final budgets	April 2025 - 17 - League Night; reports due prior to Town Meeting
			May 2025 - 5 - Start Annual Town Meeting



Questions & Comments