



# FY2026 Budget Summit IV

March 27, 2025



## FY2026 Fiscal Summit IV

### Presentation Overview

- FY2026 Budget Successes and Challenges
- Revenue Updates and Use of Override Mitigation Fund (OMF)
- Proposal - Free Cash Carryforward
- Capital Updates
- Budget Growth - FY2014 to FY2026; Municipal Impacts
- School Presentation
- Budget Calendar
- Questions & Comments



## FY2026 - Budget Successes

### Revenue-First Model

- Budget Growth Aligned with 2024 Override Projections
- FY2026 Budget Balanced without Using OMF, Extending Impact of Override

### Restructure/Reorganize

- Community Services Department
- IT Department enhanced - leverage efficiencies
- Police Staffing with removal of Civil Service
- Treasurer/Collectors - Elected to Appointed
- Board of Assessors - Elected to Appointed

### Managing Increasing Costs

- Health Insurance
- Identify and Implement Process Improvements
- Leveraging Grants
- Comprehensive Capital Multi-Year Outlook
- Align One-Time Funds with One-Time Costs



## FY2026 - 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).
- Contract negotiations to stay competitive and attract applicants

### Shared Services

- Facilities will work to incorporate the results of a building assessment; all buildings
- Anticipated Electric Rate Increases
- Health insurance increase limited to 6% - larger increases anticipated in the future

### Schools

- ARPA funds will not be available in FY2026



### FY2026 Budget Summary

	FY2025 Appropriated	FY2026 Recommended	\$ Change	% Change
Belmont Public Schools	\$ 66,885,704	\$ 70,618,619	\$ 3,732,915	5.6%
Exempt Debt Service (Library/Rink)	\$ 14,281,505	\$ 16,645,867	\$ 2,364,361	16.6%
Shared Services (Benefits, Facilities, Debt, Voc. Ed.)	\$ 36,745,242	\$ 37,907,146	\$ 1,161,904	3.2%
Municipal Departments	\$ 33,376,144	\$ 34,174,375	\$ 798,231	2.4%
Capital (Includes Roads, Sidewalks)	\$ 5,624,894	\$ 6,880,876	\$ 1,255,982	22.3%
<i>Subtotal - Town Operations</i>	\$ 156,913,489	\$ 166,226,883	\$ 9,313,394	5.9%
General/Capital Stabilization Funds	\$ 2,003,842	\$ —	\$ (2,003,842)	(100.0)%
Override Mitigation Fund	\$ 4,425,683	\$ —	\$ (4,425,683)	(100.0)%
School One-Time Investment	\$ 165,000	\$ —	\$ (165,000)	(100.0)%
<i>Subtotal - One-Time Purposes</i>	\$ 6,594,525	\$ —	\$ (6,594,525)	(100.0)%
<b>Total Spending</b>	<b>\$ 163,508,014</b>	<b>\$ 166,226,883</b>	<b>\$ 2,718,869</b>	<b>1.7%</b>
Projected Recurring Revenue	\$ 155,632,379	\$ 161,052,078	\$ 5,419,699	3.5%
"Recurring" Free Cash	\$ 3,000,000	\$ 3,000,000	\$ —	—%
<i>Subtotal - Recurring Revenue</i>	\$ 158,632,379	\$ 164,052,078	\$ 5,419,699	3.4%
One-Time Revenue - Capital/Fund Transfers	\$ 4,875,635	\$ 2,174,805	\$ (2,700,830)	(55.4)%
<b>Total Revenue</b>	<b>\$ 163,508,014</b>	<b>\$ 166,226,883</b>	<b>\$ 2,718,869</b>	<b>1.7%</b>
Surplus/(Deficit)	\$ —	\$ —	\$ —	—%

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### FY2026 Revenue Summary

	FY2025 Tax Recap	FY2026 Estimated	\$ Change	% Change
Property Taxes - Operations	\$ 118,432,211	\$ 122,260,111	\$ 3,827,900	3.2%
Property Taxes - Debt Service	\$ 14,077,401	\$ 16,589,465	\$ 2,512,064	17.8%
State Aid	\$ 15,096,554	\$ 15,498,069	\$ 401,515	2.7%
Local Receipts	\$ 9,570,798	\$ 8,339,390	\$ (1,231,408)	(12.9)%
Available Funds	\$ 1,520,645	\$ 1,474,778	\$ (45,867)	(3.0)%
"Recurring" Free Cash	\$ 3,000,000	\$ 3,000,000	\$ —	—%
State Assessments/Overlay (Abatements)	\$ (3,065,230)	\$ (3,109,735)	\$ (44,505)	1.5%
<i>Subtotal - Recurring Revenue</i>	\$ 158,632,379	\$ 164,052,078	\$ 5,419,699	3.4%
One-Time Funding Sources	\$ 4,875,635	\$ 2,174,805	\$ (2,700,830)	(55.4)%
<b>Total Revenue</b>	<b>\$ 163,508,014</b>	<b>\$ 166,226,883</b>	<b>\$ 2,718,869</b>	<b>1.7%</b>

The reduction in Local Receipts is solely due to recognition of \$1.425M in one-time Investment Income in FY2025 from bond proceeds on the Rink and Library which was transferred to the Capital Stabilization Fund. Those revenues will not recur in FY2026.

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### FY2026 Revenue Changes since January 17th

Revenue Category	Preliminary Budget	Final Budget	Change
State Aid - Governor's Budget (Ch. 70/UGGA)	\$ 15,228,337	\$ 15,436,458	\$ 208,121
Local Receipts - Parking Fines	\$ 200,000	\$ 300,117	\$ 100,117
Override Mitigation Fund (OMF)	\$ 308,238	\$ —	\$ (308,238)
Net Change - General Fund Revenue	\$ 15,736,575	\$ 15,736,575	\$ —

The proposed drawdown from the Override Mitigation Fund (OMF) in FY2026 has been eliminated due to identifying two new sources of funding. Those amounts will recur in future years, allowing future OMF drawdowns to also be reduced, thereby preserving the balance and extending the effect of the override.



### Updated Forecast – Override Mitigation Fund (OMF)

Revenue Budget (\$M)	FY25 Budget	FY26 Projected	FY27 Projected	FY28 Projected
Total Available Revenue (Aug.'24)	142.39	146.41	150.55	154.78
Change		4.02	4.14	4.23
% Growth		2.82%	2.83%	2.81%
New Recurring Revenue		0.92	0.92	0.93
Revised OMF Transfer Due to New Rev.		0.00	1.90	2.99
Projected OMF Balance 4.61		4.79	2.99	--
Revised Available Revenue		147.33	153.37	158.7
Revised Change		4.94	6.04	5.33
Revised % Growth		3.47%	4.10%	3.48%



### 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	
General Stabilization		\$ 950,000		\$ 3,324,702	Transfer Excess Free Cash
Opioid Settlement \$			\$ 107,020		
Capital Projects	\$ 649,699		\$ 1,500,000	\$ 978,800	Fuel Tanks and Chenery projects
Override Mitigation			\$ 3,129,439		
<b>Total Uses</b>	<b>\$ 6,609,452</b>	<b>\$ 11,195,709</b>	<b>\$ 7,736,459</b>	<b>\$ 7,303,502</b>	
Remaining Balance	\$ 8,417,007	\$ 4,358,081	\$ 4,138,078	\$ 1,000,000	Reserve for ATM/STM requests or shortfalls.

Proposal - Reduce Free Cash carryforward to \$1,000,000 and transfer the balance of \$3,324,702 to the General Stabilization Fund. That will result in more realistic Free Cash figures as of June 30, 2025.



### Balance of Available One-Time Funding Sources

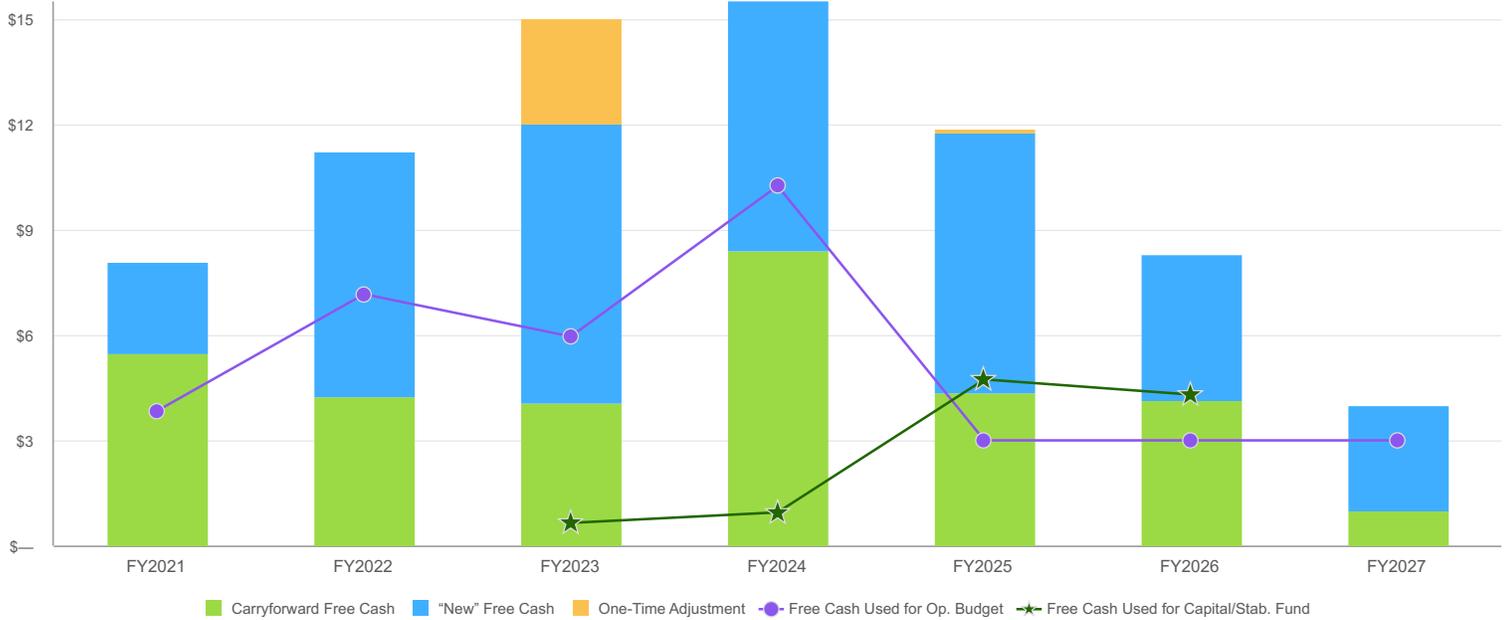
Fund Name	FY2022	FY2023	FY2024	FY2025	FY2026*
General Stabilization Fund	\$1,839,401	\$1,916,237	\$3,743,655	\$3,859,143	\$7,183,845
Capital Stabilization Fund	\$—	\$—	\$781,718	\$2,806,284	\$1,804,147
Override Mitigation Fund	\$—	\$—	\$3,129,439	\$4,493,096	\$4,493,096
Certified Free Cash	\$15,553,790	\$11,874,537	\$8,303,502	\$4,000,000	\$4,000,000
<b>Total Available Funds</b>	<b>\$17,393,191</b>	<b>\$13,790,774</b>	<b>\$15,958,313</b>	<b>\$15,158,523</b>	<b>\$17,481,088</b>

If an additional \$3.32M is transferred to the General Stabilization Fund, it will bring the total balance to \$7.18M, which is 4.9% of the FY2026 Operating Budget (\$147.2M; no exempt debt or one-time revenue sources). Current financial policies set a target of 2-4% in the General Stabilization Fund and 3-5% in Free Cash, or 5-9% combined.

Staff will engage with the Warrant Committee in the coming weeks to further vet this option and refine as needed.



## Free Cash Experience in Recent Fiscal Years, and Potential for FY2027 (\$ millions)



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## FY2026 Budget Realignment - Capital

Discretionary Capital	Preliminary Budget	Final Budget	Change
Tax Levy	\$ 2,041,298	\$ 2,041,298	\$ —
Free Cash	\$ 978,800	\$ 978,800	\$ —
Capital Turnbacks*	\$ —	\$ 193,869	\$ 193,869
Transfer from Capital Stabilization*	\$ —	\$ 1,002,136	\$ 1,002,136
Available Revenue from Capital Endowment Fund	\$ 91,316	\$ 151,897	\$ 60,581
<b>Total Discretionary Capital Revenue</b>	<b>\$ 3,111,414</b>	<b>\$ 4,368,000</b>	<b>\$ 1,256,586</b>
Discretionary Capital Projects	\$ 3,111,414	\$ 4,368,000	\$ 1,256,586

The Comprehensive Capital Budget Committee (CCBC) has proposed drawing \$1M from the Capital Stabilization Fund to support the next phase of the Chenery mechanical and roof replacement. The items with an asterisk (\*) are still in flux and may be updated prior to the final motions at Annual Town Meeting.

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## FY2026 Proposed Capital Projects

Type	Project	Request	Tax Levy	Other Funding	Type Total
Non-Discretionary	Pavement Management	\$ 2,000,617	\$ 2,000,617	\$ —	\$ 2,512,883
	Sidewalks	\$ 512,266	\$ 512,266	\$ —	
Discretionary	Chenery Rooftop Units*	\$ 3,700,000	\$ 1,719,064	\$ 1,980,936	\$ 4,368,000
	Street Tree Planting	\$ 35,000	\$ 35,000	\$ —	
	DPW Highway Equipment	\$ 100,000	\$ 100,000	\$ —	
	Ambulance Replacement	\$ 118,000	\$ 118,000	\$ —	
	Breathing Apparatus Fill Station	\$ 90,000	\$ 90,000	\$ —	
	Fiber/Cabling and AV Upgrades	\$ 100,000	\$ 100,000	\$ —	
	IT Infrastructure Upgrade Plan*	\$ 150,000	\$ 150,000	\$ —	
COA Transportation Accessible Van*	\$ 75,000	\$ 75,000	\$ —		
Enterprise	Water/Sewer Equipment/Lines	\$ 2,896,575	\$ —	\$ 2,896,575	\$ 2,896,575
Combined Total		\$ 9,777,458	\$ 4,899,947	\$ 4,877,511	

Reflects current list of proposed projects, not including CPA. Those with an asterisk (\*) have grants pending (MSBA, Green Communities, MassSave, MA Community Compact, MA EOE, etc.)



## Comparison of Budget Growth - FY2014 to FY2026

Budget Area	FY2014 Budget	FY2026 Budget	% Growth
Belmont Public Schools	\$ 35,047,755	\$ 70,618,619	101.5%
Municipal Departments	\$ 26,900,318	\$ 34,174,375	27.0%
Shared Services	\$ 22,545,209	\$ 44,788,023	98.7%
Total Operating Budget	\$ 84,493,282	\$ 149,581,017	77.0%
Exempt Debt	\$ 4,787,146	\$ 16,645,867	247.7%
Total Budget	\$ 89,280,428	\$ 166,226,883	86.2%

Staff recently realigned approved FY2014 operating budgets to the FY2026 structure, shown above. While the overall Belmont budget increased 86.2%, direct spending on Belmont Schools has doubled, as has Shared Services (Pension, Benefits, Facilities, Capital, etc.) The bulk of those increases was born by Municipal Departments, which have grown 27.0% in the same time period. (31% if the Recreation Revolving Fund is added back.)



## Impact of Stunted Municipal Growth

- Since 2022, Municipal (not including Facilities) departments have lost many positions.
  - DPW - Lost 6 positions
  - Fire - Lost 1 position
  - Police - Lost 2 positions
  - Other Departments - Lost part-time supporting positions
- The impacts of the decreases are becoming more apparent.
  - Critical tasks are left to just one person; if they leave, the work comes to a halt.
  - New buildings are being added without additional staff.
  - To settle contracts, we're cutting positions within the department.
  - Have lost staff to other towns that offer higher pay.
  - Closure of some offices due to an inability to adequately staff
  - Playing field maintenance is underfunded.

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## Responses to Stunted Growth

- Restructured and Reorganized Departments
  - Community Development to Planning and Building, Engineering within DPW
  - Community Services
  - Treasurer/Collector
- Managed health insurance increases through the use of the Health Insurance Trust
- Hired a Chief Innovation Officer to leverage IT and achieve more with less.
- Multi-Year Budget Advisory Committee formed to develop a multi-year model
- **Proposal - reduce Warrant Committee Reserve from \$500,000 to \$400,000, and dedicate the resulting \$100,000 to field maintenance within DPW**

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# School Presentation

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## Multi-Year Forecast - Operating Revenue and Expense Summary

	Override Year										
	1	2			3			4			
	FY2025 Estimated	FY2026 Projected	Variance	%	Projected FY2027	Variance	%	Projected FY2028	Variance	%	
1	<b>Revenue Budget</b>										
1	Tax Levy (Base + New Growth + 2.5%)	\$ 118,432,211	\$ 122,260,111	\$ 3,827,900	3.2%	\$ 126,176,613	\$ 3,916,503	3.2%	\$ 130,191,029	\$ 4,014,415	3.2%
2	State Aid	\$ 15,096,554	\$ 15,498,069	\$ 401,515	2.7%	\$ 15,691,037	\$ 192,968	1.2%	\$ 15,885,141	\$ 194,104	1.2%
3	Other Revenue Sources	\$ 7,822,109	\$ 6,648,031	\$(1,174,078)	(15.0)%	\$ 6,698,972	\$ 50,940	0.8%	\$ 6,751,005	\$ 52,033	0.8%
4	Use of Free Cash/Stabilization	\$ 3,000,000	\$ 3,000,000	\$ —	—%	\$ 3,000,000	\$ —	—%	\$ 3,000,000	\$ —	—%
5	Use of Override Mitigation	\$ —	\$ —	\$ —	—%	\$ 1,900,558	\$ 1,900,558	—%	\$ 2,910,628	\$ 1,010,070	53.1%
	<b>Total Available Revenue</b>	<b>\$ 144,350,874</b>	<b>\$ 147,406,211</b>	<b>\$ 3,055,337</b>	<b>2.1%</b>	<b>\$ 153,467,180</b>	<b>\$ 6,060,969</b>	<b>4.1%</b>	<b>\$ 158,737,803</b>	<b>\$ 5,270,623</b>	<b>3.4%</b>
	<b>Expense Budgets</b>										
6	Total School Budget	\$ 66,885,704	\$ 70,618,619	\$ 3,732,915	5.6%	\$ 74,409,755	\$ 3,791,136	5.4%	\$ 78,339,092	\$ 3,929,337	5.3%
7	Total Municipal Budget	\$ 33,376,144	\$ 34,174,375	\$ 798,231	2.4%	\$ 35,028,734	\$ 854,359	2.5%	\$ 35,906,157	\$ 877,422	2.5%
8	Total Facilities Budget	\$ 7,573,801	\$ 7,898,459	\$ 324,658	4.3%	\$ 8,095,921	\$ 197,462	2.5%	\$ 8,298,319	\$ 202,398	2.5%
9	Total Benefits	\$ 26,379,697	\$ 27,378,110	\$ 998,413	3.8%	\$ 28,472,790	\$ 1,094,680	4.0%	\$ 29,591,123	\$ 1,118,333	3.9%
10	Total Other Shared Expenses	\$ 5,026,391	\$ 1,591,788	\$(3,434,603)	(68.3)%	\$ 1,659,563	\$ 67,775	4.3%	\$ 1,711,530	\$ 51,967	3.1%
11	Total Capital-Related Expenses	\$ 5,109,137	\$ 5,744,860	\$ 635,723	12.4%	\$ 5,800,416	\$ 55,556	1.0%	\$ 5,919,464	\$ 119,048	2.1%
	<b>Total Expenses</b>	<b>\$ 144,350,873</b>	<b>\$ 147,406,211</b>	<b>\$ 3,055,337</b>	<b>2.1%</b>	<b>\$ 153,467,179</b>	<b>\$ 6,060,968</b>	<b>4.1%</b>	<b>\$ 159,765,684</b>	<b>\$ 6,298,504</b>	<b>4.1%</b>
	<b>Net Budget Surplus/(Deficit)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>		<b>\$ —</b>	<b>\$ —</b>		<b>\$ (1,027,881)</b>	<b>\$(1,027,881)</b>	

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# FY2026 Budget Process

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



# Questions & Comments