

Town Manager's FY2025 Recommended Budget and Financial Plan



Select Board
February 26, 2024

FY2025 Budget Goals

- Develop an FY 2025 budget that is within the limitations of Proposition 2 ½ and in compliance with Town and Select Board financial policies and goals and objectives;
- Maintain a level service budget, while identifying opportunities to improve service delivery through efficiency and a commitment to collaboration and innovation;
- Maintain employee compensation in a manner that provides opportunities for equity through modest adjustments and that is consistent with the Town's long-term financial planning efforts;
- Continue to aggressively manage employee benefits and associated impacts, both short and long term;

FY2025 Budget Goals

- Identify opportunities to reduce the Town's unfunded liabilities including pension and OPEB costs;
- Continue developing a long-term financial model that provides for predictability and sustainability of operations;
- Make improvements to the budget model so that expenses are appropriately classified within the overall budget framework;
- Establish a capital program that is based on an annual spending target (5.72%) for cash and debt appropriations that provides the Town with the ability to expand capital capacity and fund investments in both infrastructure and facilities within the limitations of Proposition 2 ½; and
- Develop a budget document consistent with the recommended guidelines and best practices set forth by the Government Finance Officers Association (GFOA).

FY2025 Revenue Assumptions

- **Tax Levy** to increase by the 2.5% (less Excess Levy Capacity) as allowed by Proposition 2 ½ plus New Growth;
- **New Growth (\$1,931,422)** projection is based on an adjusted 10-year average
- **Local Receipts (\$11,981,109)** projection based on trend analysis on each individual category
- **State Aid** projections (**\$16,852,064**) reflects the Governor's preliminary local aid estimates
- **Free Cash (\$1,919,128)** to be appropriated only for one-time capital expenditures while maintaining a balance that will provide for a stable amount of Free Cash in future years.

FY2025 Expense Assumptions

- **Town and School Operating Budgets** to increase only by the amount of funds available after meeting the funding requirements of all obligations. The town operating budget will increase 2.75% and the school operating budget will increase 3.75%.
- **Solid Waste & Recycling Disposal** are being classified as a fixed cost and funds are being allocated for the costs of disposal services prior to allocating funds for operating budgets.
- **Retirement** assessment will total \$7,481,089, per the existing funding schedule established by the Retirement Board. Debt service for the pension obligation bond will total \$11,325,906 for FY 2025. Additionally, \$1,056,908 will be appropriated/transferred to the Pension Obligation Reserve Account.
- General Fund **Other Post Employment Benefit (OPEB)** funding will increase by 2.5% Additionally, the incremental savings in health insurance resulting from the OPEB Funding Plan will be appropriated into the trust;
- Employee **Health Insurance** expense to increase by 5.46%.
- Total appropriation to fund **Capital Expenditures** (cash and non-exempt debt) will be based on a percentage of budget (5.62%).

FY2025 Notable Budget Changes

Department	Increase over FY24	Description
School Department	+\$3,735,032	Increase of 3.75% over the FY2024 budget. Transfers \$537,625 to Debt Service and \$320,000 to Technology.
Business Services & Strategy	+\$170,880	Re-alignment of existing positions for the establishment of a new division within Administration & Finance.
Legal Department	+\$166,891	Transition to an in-house Town Counsel function.
Elections & Town Meeting Costs	+\$75,000	Continuing appropriation warrant article for costs associated with administering elections and town meetings.
Public Works – Business Office	(\$132,737)	Position transfer from Public Works to Administration & Finance
Public Works – Engineering	(\$68,797)	Position transfer from the General Fund to the Water Enterprise Fund to coincide with attributable resources to the Water Department.

Tax Implications

Assuming that each classification (Residential, Commercial/Industrial, and Personal Property) remains the same as a percentage of the total levy, the projected average single-family tax bill increase for FY2025 is **5.22%**

Budget Components	% Increase	\$ Increase	Factors
Budget Development	3.65%	\$451	Subject to valuations and changes in levy share
Senior Tax Exemption*	0.12%	\$13	Subject to changes in the state circuit breaker
West Elementary New Exempt Debt – Issuance #3	1.45%	\$180	Subject to valuations and changes in the levy share

**Subject to change based on changes to the state circuit breaker effective for FY2025*