

Boxborough's Finance Committee (FinCom) is comprised of between five and nine members (currently at 7) appointed by the Moderator for individual three-year terms. FinCom meetings are open with public participation in person and via Zoom. All meetings are broadcast live on local cable TV and are recorded. FinCom are responsible for oversight of the Town's finances and for initiating and managing the Town's budget process.

This process of formulating the budget involves extensive communication with Town Management and Departments, Town Commissions and Boards, and the Select Board. FinCom presents the Operating Budget as well as recommendations on Warrant Articles, including sources of funds to be used, at Annual Town Meeting (ATM).

Overview

FY26 is a challenging budget year because of several years of increasing costs, limitations of proposition 2 ½ and limited new commercial growth. For FY26 the Town will operate within, but very close to, the Levy Limit. This ATM will also be asked to authorize additional debt for several capital items as well as design fees for a planned new Fire Station. FinCom anticipates that a Proposition 2 ½ operating override is likely to be needed for FY27.

FY26 Budget

Operating Budget

Note that all figures presented in this report were correct at time of Warrant printing and are subject to change. Final figures will be presented at ATM.

The proposed FY26 Operating Budget of \$29,295,132 is an increase over FY25 of 4.6%.

Notable increases in the FY26 budget are: Employee Benefits increased \$13,125 (13.3%), Retirement Assessment increased \$172,150 (13.0%), Town Insurances increased \$216,488 (13.8%), Recreation Commission (Culture and Recreation) increased \$16,875 (23.2%) due to additional administrative support staff, Non ABRSD Education (vocational schools) increased \$41,908 (24.4%) due to increased enrolment, Information Technology increased \$31,008 (11.6%) due to centralization of software services.

Notable decreases are: Retirement of Debt decreased \$153,601 (-15.1%), Community Services decreased \$11,885 (-19.4%) (not including an ATM warrant article for \$18,001), Council on Ageing decreased \$11,980 (-11.6%) due to transfer of administrative support to Culture and Recreation, Building and Maintenance decreased \$42,701 (-17.0%), Town Planner decreased \$16,046 (-4.2%) due to salary adjustments and software consolidation.

Operating Budget Overview

	FY26 Proposed	FY25	Increase
Non ABRSD	\$12,470,762	\$12,054,923	3.5%
ABRSD	\$16,824,370	\$15,960,274	5.4%
Total Operating Budget	\$29,295,132	\$28,015,197	4.6%

Reserve Fund. The Operating Budget also includes a planned allocation to the Reserve Fund for unforeseen or emergency expenses. In FY26 the Reserve Fund allocation will be 0.6% of the Operating Budget (\$175,000) based on policy developed by FinCom.

Warrant and CPA Articles

Proposed warrant articles total \$5,262,068. Items in the warrant include long term and large costs that have been identified on the Capital Plan.

	R&A	Free Cash	Bond	CPA	TNC	Total
Administration		\$300,000				\$300,000
Community Services	\$20,000					\$20,000
CPA				\$88,500		\$88,500
Culture and Recreation		\$102,950				\$102,950
DPW	\$20,000	\$70,000	\$460,000		\$858	\$550,858
Health Services	\$18,002					\$18,002
Protection		\$302,000	\$3,822,445			\$4,124,445
Town Government	\$37,737	\$46,415				\$84,152
Return closed articles		(\$26,839)				(\$26,000)
Total	\$95,739	\$794,526	\$4,282,445	\$88,500	\$858	\$5,262,068

Tax Rate Calculation

Property Tax is budgeted to raise \$28,188,076. This includes the Operating Budget and Warrant Articles funded through Raise and Appropriate (R&A). The estimated tax rate will be \$15.12 per \$1,000 of property valuation based on an estimated total Town valuation of \$1,863,847,043. This is within the limit of property tax increase allowed by Proposition 2 ½. The Proposition 2 ½ limit for FY26 (maximum allowable levy) is estimated at \$29,100,061.

	FY24	FY25	FY26 Model
Previous Year Levy Limit	\$25,300,653	\$26,290,419	\$27,331,698
Allowed Levy Increase (2.5%)	\$632,516	\$657,260	\$683,292
New Growth Revenue	\$357,250	\$384,019	\$200,000
Levy Limit	\$26,290,419	\$27,331,698	\$28,214,991
Excluded Debt	\$947,048	\$885,070	\$885,070
Maximum Allowable Levy	\$27,237,467	\$28,216,768	\$29,100,061
Levy Ceiling	\$41,538,919	\$44,377,311	\$46,596,176
Levy	\$24,906,736	\$26,874,899	\$28,188,076
Assessed Value	\$1,661,556,766	\$1,775,092,422	\$1,863,847,043*
Tax Rate	\$14.99	\$15.14	\$ 15.12 *
Average Value	\$844,900	\$895,688	\$940,472
Average Tax	\$12,665	\$13,561	\$14,223

*Estimates

Use of Reserves

Reserves (Free Cash) will be used to balance the budget. The planned Free Cash reserve post ATM is above the policy guideline of 5.0% of the Operating Budget.

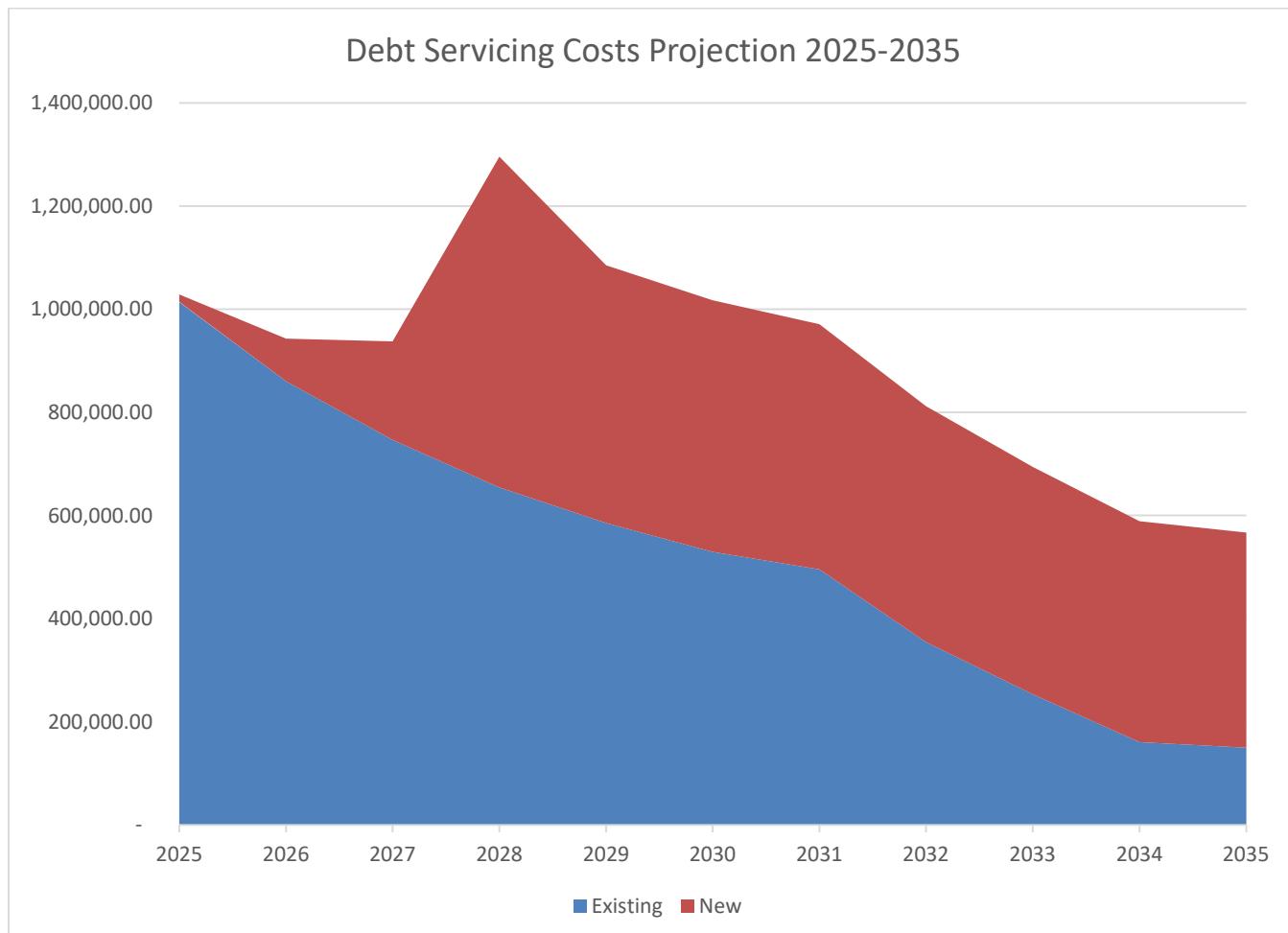
FY25	Pre ATM	Action	Proposed Post ATM	As % of Operating Budget
Reserve Fund	\$147,467	Return surplus to Free Cash. Fund FY26 at 0.6%	\$175,000	0.6%
Free Cash	\$3,218,230	\$794,526 for Warrant Articles.	\$2,423,704	8.3%

Debt

Debt servicing costs for the existing debt of \$5,827,000 are budgeted at \$905,685. New debt servicing costs for bonds authorized by this ATM will add \$641,303 in debt servicing costs by FY28.

\$4,360,000 of new debt will be authorized if all Bond funded articles are passed. Debt will be in the form of a BAN (Bond Anticipatory Note) in advance of issuance of a Bond. Typically, a Bond is not issued until a minimum amount of debt has been accrued on BANs. This debt will not be due until FY27 or FY28.

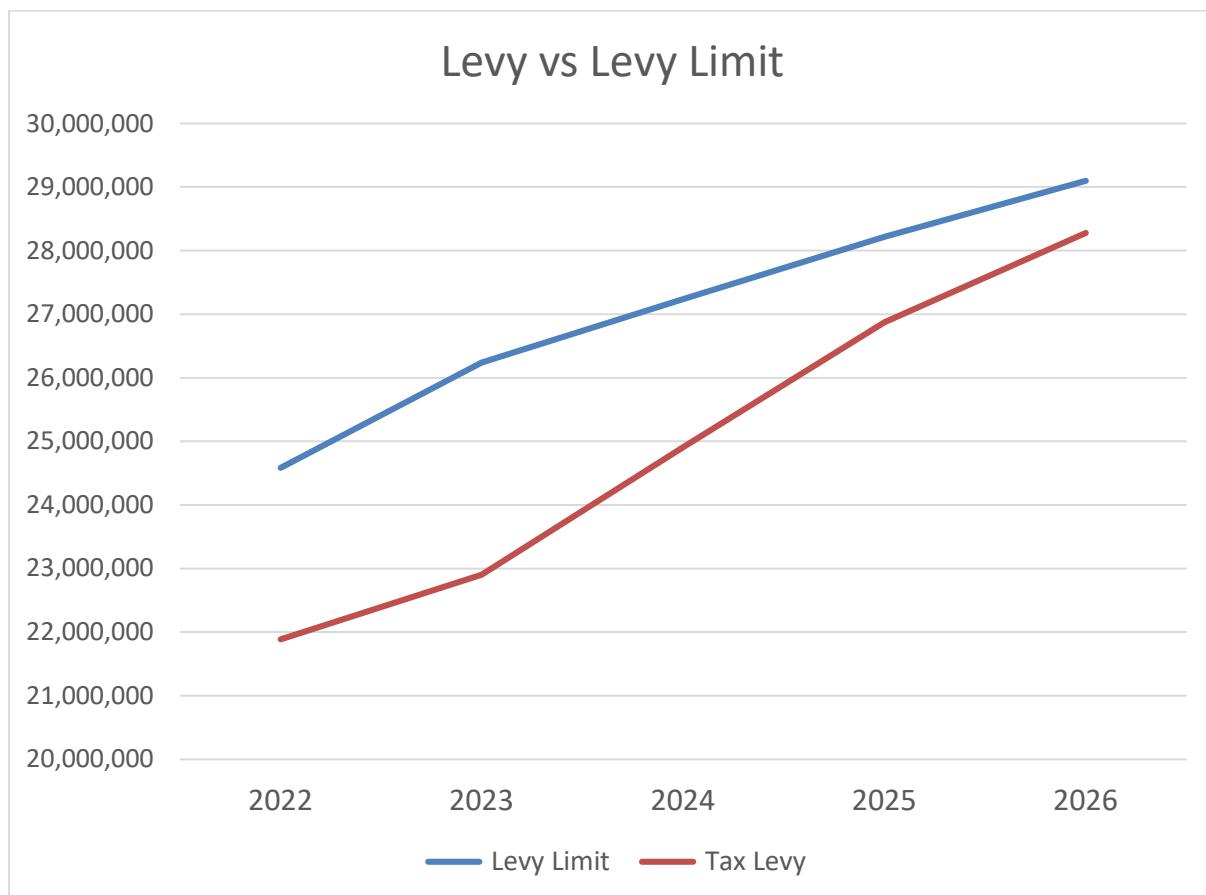
Debt servicing costs for the proposed new fire station will begin in FY28 (not included below). Costs for the new Fire Station are estimated at ~\$32M.



FY27 Operational Override

In the last 10 years FY2016-FY2026 the Tax Levy has increased an average of 5.5% each year. The Levy Limit is calculated from the previous year's Levy Limit plus 2 ½ % as well as an allowance for new growth. For Boxborough this has meant an average increase of 4.3%. Excess levy capacity has decreased and this will likely necessitate an Operational Override for FY27. The override will be designed to provide levy capacity for several future years. The last override in Boxborough was in 2006.

	Levy Limit Increase %	Levy Increase %
2017	3.6%	6.4%
2018	5.5%	2.7%
2019	3.9%	5.4%
2020	3.4%	3.0%
2021	5.6%	4.9%
2022	3.8%	5.6%
2023	6.7%	4.6%
2024	3.8%	8.8%
2025	3.6%	7.9%
FY26	3.1%	5.2%
10 year Annual Increase (Avg.)	4.3%	5.5%
10 year Total Increase	47%	60%



Budget Overview

The proposed budget balances the Operating Budget and taxed Warrant Articles with Receipts in order to calculate a taxation requirement. Other sources and uses of funds are balanced. In this budget Free Cash and Debt are used to minimize taxation impact.

Overview

Outgoing	
Operating Budget Non ABRSD	\$12,470,762
ABRSD Assessment	\$16,824,370
Sub Total Operating Budget	\$29,295,132
Other Costs	\$397,205
ATM Articles	\$5,262,068
Overlay Reserve Fund	\$100,000
Total	\$35,054,405

Incoming	
Revenues	\$1,700,000
From Reserves (Free Cash)	\$794,526
Bonding	\$4,282,445
CPC Funds	\$88,500
TNC	\$858
Sub Total Other Sources	\$6,866,329
Levy (Taxation)	\$28,188,076
Total	\$35,054,405

Note: Revenues are estimated

Max Allowable Levy	\$29,100,061
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Capital Plan

The Capital Committee is comprised of the Town Administrator, 2 members of FinCom, 2 members of Select Board. A Capital Plan has been developed and will continue to be updated in collaboration with Town departments and committees.

	FY25	FY26	FY27	FY28	FY29	Five Year Total
Fire	\$1,027,000	\$1,390,000	\$160,000	\$178,000	\$25,000	\$2,780,000
Public Works	\$544,000	\$530,000	\$602,000	\$586,000	\$324,000	\$2,586,000
Recreation						
Police	\$114,000		\$125,000	\$68,500	\$122,000	\$429,500
Town Wide	\$417,000		\$2,403,000			\$2,820,000
Steele Farm			\$100,000			\$100,000
Town Hall	\$143,500	\$130,000	\$90,000	\$50,000	\$45,000	\$458,500
Library	\$90,000	\$50,000	\$53,000	\$30,000	\$0	\$223,000
Conservation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Museum		\$52,950				\$52,950
Cemeteries						\$0
Planning	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
Technology	\$48,000	\$16,000	\$64,000	\$64,000	\$64,000	\$256,000
Personnel			\$15,000			\$15,000
Total	\$2,423,500	\$2,208,950	\$3,652,000	\$ 1,016,500	\$620,000	\$ 9,920,950

** Above figures do not include anticipated capital costs for proposed Fire Station

Financial Policies

The Finance Committee has developed a comprehensive Financial Policies document that guides the budgeting process. An abbreviated summary of the Financial Policies is below.

Budget Policy

- The Operating Budget should be developed to balance expenses, revenues, and use of Free Cash.
- Free Cash should be maintained at a minimum of 5% of the Operating Budget.
- Fees and user charges should be reviewed annually in relation to the cost of providing the service.
- New positions in the town should be added to the warrant as an article in the first year and then will be added to the Operating Budget in following years.
- Recurring expenses (non-bonded) in the town will be added to the warrant as an article in the first year and then will be added to the Operating Budget in following years.
- A Reserve Fund should be allocated at 0.6% of the total Operating Budget

Capital Planning

- Both the incremental operating costs and debt service costs for any proposed capital project must be considered before any approval is granted.
- Capital improvement items must be approved as articles at ATM or STM

Conclusion

The budget presented is balanced and takes into consideration the current financial status of the Town. Budget pressures are likely to make a proposition 2 1/2 operational override necessary for FY27. Town debt is increased as a result of this budget. Further significant increases in debt will be required for the planned new Fire Station from FY27.

Finance Committee Members

Antony Newton (Chair)

John Connor (Vice-Chair)

John Greven

Becky Neville

Maria Neyland

Keshava Srivastava

Joe Stulpin

Meeting Clerk: Gary Kushner (non-member)

Additional Resources

- Levy and Levy Limit. <https://www.mass.gov/doc/levy-limits-a-primer-on-proposition-2-12-0/download>
- FinCom meetings, most recent budgets, financial dashboards. <https://www.boxborough-ma.gov/334/Finance-Committee>
- Financial Policies <https://www.boxborough-ma.gov/DocumentCenter/View/3583/Financial-Policies-PDF>