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**Select Board
Override Update**

Location: School Committee Meeting Room, 3rd Flr Town Hall



1/15/2025

Free Cash Spending Plan

Key Takeaways:



OPEB Trust – Maintain contribution to fund liability



Stabilization Funds – Meeting Minimal Targets



Capital Investments – Direct funding for Capital Projects



Maintain Reserves

	FY 2026 Preliminary	FY 2026 Budget w. Override
Revenue		
Free Cash	\$7,838,033	\$7,838,033
Total Rev	\$7,838,033	\$7,838,033
Expenses		
Fiscal 2026 Omnibus Budget	\$6,500,000	\$2,500,000
OPEB Trust Fund	\$250,000	\$565,560
Operational Stabilization Fund	\$0	\$188,110
General Stabilization Fund	\$0	\$538,033
Capital Stabilization Fund	\$400,000	\$1,706,182
Capital Improvement Projects	\$250,000	\$1,450,000
Free Cash Reserve	\$438,033	\$890,148
Total Exp	\$7,838,033	\$7,838,033
Total Excess	\$0	\$0

Scenario last updated in July 2024

Scenario 1: Ideal Use of Free Cash

General Fund Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 31-26 YOY % Change
Major Revenue Sources	\$192,055,870	\$198,028,740	\$204,170,513	\$210,501,636	\$216,999,742	\$227,945,182	3.49%
Free Cash – Operational	\$0	\$0	\$0	\$0	\$0	\$0	
Free Cash – Others	\$4,930,854	\$5,087,622	\$4,928,153	\$5,019,667	\$4,776,613	\$4,996,773	0.27%
Overlay Surplus	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	0.00%
Total GF Revenues	\$197,486,724	\$203,616,361	\$209,598,667	\$216,021,303	\$222,276,354	\$233,441,955	3.40%
Education	\$96,342,782	\$100,196,493	\$104,204,353	\$108,372,527	\$112,707,427	\$117,215,725	4.00%
Town	\$48,842,222	\$50,391,010	\$51,959,032	\$53,611,406	\$55,318,714	\$57,050,404	3.16%
Shared Services	\$58,645,765	\$60,050,623	\$61,753,682	\$63,447,634	\$58,928,194	\$52,866,888	-2.05%
Total GF Operating Expenses	\$203,830,769	\$210,638,126	\$217,917,067	\$225,431,566	\$226,954,335	\$227,133,017	2.19%
Below-the-line Items	\$8,458,512	\$8,642,869	\$8,519,836	\$8,652,843	\$8,455,663	\$12,949,973	8.89%
Total GF Expenses	\$212,289,281	\$219,280,996	\$226,436,902	\$234,084,409	\$235,409,998	\$240,082,989	2.49%
Bottom Line w/o. DR	(\$14,802,557)	(\$15,664,634)	(\$16,838,236)	(\$18,063,106)	(\$13,133,644)	(\$6,641,034)	-
Bottom Line w. DR	\$197,443	(\$289,634)	(\$1,078,861)	(\$1,909,747)	\$3,423,549	\$10,330,088	-

Override Tax Impact

\$12,163,959,770

2025 Taxable Assessed Value

Tax Rate Increase:
FY 26: \$1.23
 (per \$1,000 value)

Type	Median Value	Tax Increase
Residential Condo	\$372,000	\$457
Two-family	\$762,350	\$938
Single-Family	\$780,400	\$960
Apartment – 4-8 Units	\$911,450	\$1,121

Highlights

FY 2026 – FY 2025 % Change:

School % : 11.00% ↑

Town % : 3.16% ↑

Shared %: 3.49% ↑

Free Cash:

- ❖ Operating Budget: \$ -
- ❖ Capital (Stab. & CIP): \$ 4,156,673
- ❖ Stab. Funds: \$524,181
- ❖ OPEB: \$250,000
- ❖ Reserves: \$916,130

Override Scenario

FY 2026: \$15,000,000

Total OR: \$15,000,000

Scenario 2: 5-million Override

General Fund Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 31-26 YOY % Change
Major Revenue Sources	\$192,055,870	\$198,028,740	\$204,170,513	\$210,501,636	\$216,999,742	\$227,945,182	3.49%
Free Cash – Operational	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	0.00%
Free Cash – Others	\$1,274,181	\$1,119,987	\$1,065,686	\$1,245,668	\$1,407,201	\$1,360,959	1.33%
Overlay Surplus	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	0.00%
Total GF Revenues	\$198,830,051	\$204,648,727	\$210,736,199	\$217,247,304	\$223,906,943	\$234,806,141	3.38%
Education	\$91,135,064	\$94,780,467	\$98,571,686	\$102,514,553	\$106,615,135	\$110,879,740	4.00%
Town	\$48,842,222	\$50,391,010	\$51,959,032	\$53,611,406	\$55,318,714	\$57,050,404	3.16%
Shared Services	\$58,845,765	\$60,250,623	\$61,953,682	\$63,647,634	\$59,128,194	\$53,066,888	-2.05%
Total GF Operating Expenses	\$198,823,051	\$205,422,100	\$212,484,399	\$219,773,592	\$221,062,042	\$220,997,032	2.14%
Below-the-line Items	\$4,801,839	\$4,701,462	\$4,684,038	\$4,905,965	\$5,113,831	\$9,342,204	14.24%
Total GF Expenses	\$203,624,890	\$210,123,562	\$217,168,438	\$224,679,558	\$226,175,873	\$230,339,236	2.50%
Bottom Line w/o. DR	(\$4,794,839)	(\$5,474,835)	(\$6,432,239)	(\$7,432,253)	(\$2,268,930)	\$4,466,905	-
Bottom Line w. DR	\$205,161	(\$349,835)	(\$1,179,114)	(\$2,047,800)	\$3,250,134	\$10,123,945	

Override Tax Impact

\$12,163,959,770
2025 Taxable Assessed Value

Tax Rate Increase:
FY 26: \$0.41
(per \$1,000 value)

Type	Median Value	Tax Increase
Residential Condo	\$372,000	\$153
Two-family	\$762,350	\$313
Single-Family	\$780,400	\$320
Apartment – 4-8 Units	\$911,450	\$374

Highlights

FY 2026 – FY 2025 % Change:

- School % : 5.00% ↑
- Town % : 3.16% ↑
- Shared %: 3.49% ↑

Free Cash:

- ❖ Operating Budget: \$4,500,000
- ❖ Capital (Stab. & CIP): \$500,000
- ❖ Stab. Funds: \$524,181
- ❖ OPEB: \$250,000
- ❖ Reserves: \$0

Override Scenario

FY 2026: \$5,000,000

Total OR: \$5,000,000

Scenario 3: Current Scenario

General Fund Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 31-27 YOY % Change
Major Revenue Sources	\$193,624,748	\$199,614,076	\$205,719,352	\$212,007,894	\$218,464,379	\$225,129,717	3.06%
Free Cash - Operational	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	0.00%
Free Cash - Others	\$4,447,885	\$3,554,710	\$3,723,650	\$3,903,632	\$4,221,213	\$4,405,007	-0.19%
Overlay Surplus	\$1,500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	-7.79%
Total General Fund Revenues	\$202,072,635	\$206,668,786	\$212,943,001	\$219,411,526	\$226,185,592	\$233,034,724	2.89%
Education	\$95,491,904	\$99,294,420	\$103,249,037	\$107,361,838	\$111,639,152	\$116,087,558	3.98%
Town	\$47,745,382	\$49,309,750	\$50,926,469	\$52,597,317	\$54,324,129	\$56,108,807	3.28%
Shared Services	\$59,206,737	\$60,628,676	\$62,570,582	\$64,213,889	\$59,577,430	\$53,801,826	-1.90%
Total General Fund Operating Expenses	\$202,444,023	\$209,232,846	\$216,746,089	\$224,173,045	\$225,540,711	\$225,998,191	2.23%
Below-the-line Items	\$7,595,915	\$6,737,309	\$6,947,417	\$7,174,447	\$7,544,492	\$7,785,892	0.50%
Total General Fund Expenses	\$210,039,938	\$215,970,156	\$223,693,506	\$231,347,491	\$233,085,203	\$233,784,083	2.17%
Bottom Line	(\$7,967,303)	(\$9,301,369)	(\$10,750,505)	(\$11,935,965)	(\$6,899,612)	(\$749,358)	-
Bottom Line w. OR	\$32,697	(\$1,101,369)	(\$2,345,505)	(\$3,320,840)	\$1,930,891	\$8,301,907	-

Override Tax Impact

\$12,163,959,770

2025 Taxable Assessed Value

Tax Rate Increase:

FY 26: \$0.66

(per \$1,000 value)

Type	Median Value	Tax Increase
Residential Condo	\$372,000	\$245
Two-family	\$762,350	\$503
Single-Family	\$780,400	\$515
Apartment - 4-8 Units	\$911,450	\$601

Highlights: (With Override)

FY 2026 – FY 2025 % Change:

School % : 10.02%
Town % : 0.78%
Shared %: 4.04%

Free Cash

❖ Operating Budget: \$2,500,000
❖ Overlay Surplus: \$1,500,000

Override Scenario

FY 2026: \$8,000,000

Total OR: \$8,000,000

Scenario 4: Two-year Phased-in Override

General Fund Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 31-26 YOY % Change
Major Revenue Sources	\$193,624,748	\$199,614,076	\$205,719,352	\$212,007,894	\$218,464,379	\$225,129,717	3.06%
Free Cash – Operational	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	0.00%
Free Cash – Others	\$4,447,885	\$3,554,710	\$3,723,650	\$3,903,632	\$4,221,213	\$4,405,007	-0.19%
Overlay Surplus	\$1,500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	-7.79%
Total GF Revenues	\$202,072,635	\$206,668,786	\$212,943,001	\$219,411,526	\$226,185,592	\$233,034,724	2.89%
Education	\$95,491,904	\$99,294,420	\$103,249,037	\$107,361,838	\$111,639,152	\$116,087,558	3.98%
Town	\$47,745,382	\$49,309,750	\$50,926,469	\$52,597,317	\$54,324,129	\$56,108,807	3.28%
Shared Services	\$59,206,737	\$60,628,676	\$62,570,582	\$64,213,889	\$59,577,430	\$53,801,826	-1.90%
Total GF Operating Expenses	\$202,444,023	\$209,232,846	\$216,746,089	\$224,173,045	\$225,540,711	\$225,998,191	2.23%
Below-the-line Items	\$7,595,915	\$6,737,309	\$6,947,417	\$7,174,447	\$7,544,492	\$7,785,892	0.50%
Total GF Expenses	\$210,039,938	\$215,970,156	\$223,693,506	\$231,347,491	\$233,085,203	\$233,784,083	2.17%
Bottom Line w/o. DR	(\$7,967,303)	(\$9,301,369)	(\$10,750,505)	(\$11,935,965)	(\$6,899,612)	(\$749,358)	-
Bottom Line w. DR	(\$3,967,303)	(\$1,201,369)	(\$2,448,004)	(\$3,425,902)	\$1,823,203	\$8,191,526	-

Override Tax Impact

\$12,163,959,770

2025 Taxable Assessed Value

Tax Rate Increase:

FY26 - 27: \$0.66

(per \$1,000 value)

Type	Median Value	Tax Increase
Residential Condo	\$372,000	\$245
Two-family	\$762,350	\$503
Single-Family	\$780,400	\$515
Apartment – 4-8 Units	\$911,450	\$601

Highlights: (With Override)

FY 2026 – FY 2025 % Change:

School % : 10.02%
Town % : 0.78%
Shared %: 4.04%

Free Cash

❖ Operating Budget: \$2,500,000
❖ Overlay Surplus: \$1,500,000

Override Scenario

FY 2026: \$4,000,000

FY 2027: \$4,000,000

Total OR: \$8,000,000

Stabilization Funds



The Town has two **operational stabilization funds** – General and Operational



General

- ✓ Balance - **\$3,592,201** – December 1, 2024
- ✓ Established by Town Meeting for use due to **unforeseen and catastrophic emergencies**
- ✓ Must be appropriated by 2/3 vote of TM



Operational

- ✓ Balance - **\$4,261,497** - December 1, 2024
- ✓ Established by TM for use due to **sustained economic downturn and associated loss of revenue**
- ✓ Must be appropriated by 2/3 vote of TM

Stabilization Funds are not intended to fill budget gaps



Criteria

- Currently don't meet Town Meeting Criteria or Select Board Guidelines for use
- No unforeseen emergency
- No sustained economic downturn



Future

- Used significant Stabilization Funds during COVID – still below target levels of funding
- Use now would leave Town vulnerable to future adverse economic or catastrophic situations



Other Issues

- Use of Stabilization funds for normal operations sign of town's fiscal weakness
- Rating agencies and Creditors will notice – probable downgrade of Town's Bond Rating –significantly increase borrowing costs

Please refer to Glossary of Terms if you have any questions regarding the terminology.

Town Operational Efficiency



Revenue Growth

Fee Adjustments reflect in FY 24 revenue:

\$2,173,140 ↗ +9.2% \$200k
Ambulance Fees

\$4,488,557 ↗ +58.4%, \$2M
License & Permits – Building Permits

Right-sizing dept. staffing

- ❖ Merged School/Town IT Departments, leading to improved efficiencies, security and overall IT staffing/support
- ❖ Reduced 2 positions, 1 each in BOH and CED
- ❖ Added 1 Assistant Fire Chief to manage Overtime
- ❖ Responsibilities & Positions - Improve operational and cost efficiency
 - ✓ Finance
 - ✓ Community Services
 - ✓ Morse Institute Library
 - ✓ Facilities



Regional Dispatch

- ❖ Entered IMA with Framingham to create a **regional dispatch**
- ❖ Costs to be absorbed in coming years by **grants provided** through the state
- ❖ **Financial benefit** may be experienced as early as FY26 or FY27



Non-town Funding

- ✓ BenHem HVAC: \$2M
- ✓ Morse Library System: \$1M+
- ✓ Sustainability Projects: \$1M
- ✓ Other programs:
 - Stormwater
 - Roadway
 - South Natick Park
 - South Natick Dam Removal



Other Highlights

- ❖ Zoning Amendments lead to new development and revenue growth
- ❖ Comprehensive Review of Health Insurance Benefits

