



TOWN OF STOUGHTON

OFFICE OF THE TOWN MANAGER

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Select Board FY26 Operating Budget

Should residents have questions, comments, or concerns that relate to the Town of Stoughton, they can contact Communications Coordinator Kelsey Lynch at klynch@stoughton-ma.gov or 781-341-1300 ex. 9514. She will discuss your issue with the Town Manager and respond accordingly.

Greetings Stoughton Citizens,

I am pleased to provide a report summarizing the condition of Stoughton's financial affairs. Following a six-month process in the FY26 Operating Budget's creation, I want to provide you with an executive summary. On May 5, 2025, we will present the proposed budget for Town Meeting consideration and vote. Should you have any questions regarding the FY26 Operating Budget, I invite you to contact me at 781 344 1300 ex. 9211.

The FY26 budget process began on October 15, 2024 with the budget committee's recommendation of guidelines to the Select Board. With the Select Board's input, Mr. Marc Tisdelle created a schedule from October 24, 2024 to the Annual Town Meeting. On December 30, 2024, in strict compliance with the Select Board's budget guidelines, the School Committee voted in a 3.8% budget increase for the School Department's FY26 operating budget. The Select Board also voted in a 3.37% budget increase for the municipal departments' operating budget. The total Select Board FY26 budget is \$139,956,816, which is a 3.59% increase over FY25. As required by Charter, the consolidated Town FY26 operating budget was transmitted to the Finance Committee on January 21, 2025. Since its submission, we have responded to many requests for information from residents, Finance Committee members, and Town Meeting Representatives. We appreciate the caliber of collaboration between all stakeholders.

I would like to share a few highlights from the FY26 operating budget.

- We had a 7-year plan to stop the use of free cash and one-time funds to balance our operating budget. Now, in year two of that 7-year plan, we balanced the budget without use of free cash or one-time funds. I am grateful to the Budget Team for their efforts toward resource consolidation and more effective technology use in our efforts to reduce expenses while maintaining services.
- In accordance with DOR guidelines, local receipts are conservatively estimated at 90% of FY24 actuals. The Moody's Bonding Agency commended the Town of Stoughton's conservative budgeting methods.
- The Department of Education, DESE, determined the Stoughton School Foundation budget to be \$65,412,011. Stoughton net school spending is \$22,756,152. Therefore, the Town's total financial support of its schools is \$88,168,163. This education investment represents 63% of the Town's total budget. We should all be proud of this commitment to our town's children and future.

- Through position consolidation and technology utilization, the Municipal Department's FY26 budget includes 4.47 fewer full-time-equivalent (FTE) employees than FY25 and 18.67 fewer FTE employees than FY24.
- As stated, there is no free cash used in the FY26 operating budget. On February 7, 2025 the Town of Stoughton's "free cash" of \$12,722,449 was certified by the Mass Department of Revenue's Division of Local Services.
- Cost of living adjustments of 3% were budgeted for employees not subject to collectively bargained agreements.
- The employee health insurance trust fund is solvent and budgeted at a 3.7% increase in FY26.
- General liability insurance is budgeted at a 10% increase.
- Merit increases are budgeted for employees who consistently exceed expectations. Market comparisons are provided in the budget book. I want to note that, on average, it is 10-20% more expensive to replace a high-performing employee than to increase their salary.
- Wages are adjusted for employees who consistently meet expectations but are paid below market or who are impacted by systemic pay parity inequities.
- Because of job consolidation and effective technology use, water and sewer rates are budgeted at FY25 rates.
- \$500,000 of rubbish and solid waste operational savings allowed us to maintain FY25 rates.
- The VNA Enterprise Fund's current operating structure is not financially sustainable. Strategic planning is necessary to determine its organizational viability. In the next six months we will seek public input on a new strategic approach to reduce costs, increase revenue, and elevate the level of service to Stoughton citizens.
- A budget account in our HR department was created to pay for a yet-to-be-ratified labor contract.
- The FY26 Operating Budget includes a fund balance of \$18,421,000 across five stabilization accounts, a balance never achieved in Stoughton's history. The decision to build our savings reserves is made in recognition of today's uncertain economic times. This is an achievement of which Stoughton residents should be proud. This level of financial stability differentiates our town from similar-sized municipalities across the Commonwealth.

In response to decades of challenges and deficiencies in the town's balance sheet, we completely restructured our Finance and Accounting Department. We recruited a seasoned Finance Manager with Forensic Accounting expertise, as well as two certified municipal accountants well versed in policy and procedure development. Their combined exemplary efforts cleaned up the past while preparing staff to work more effectively in the future. Though training is well underway, the Forensic Accounting project will require another 12 to 18 months to complete.

A considerable portion of the \$12.7 million in certified free cash was realized by closing old balance sheet accounts. Our Finance and Accounting staff's work, in collaboration with Assessing and Treasury,

is truly remarkable. Under Elizabeth Zaleski's leadership, the town is compliant with municipal finance and taxation laws. Our entire accounting staff is on a first name basis with the Division of Local Services, the external support team of the Department of Revenue. We frequently interact, including a visit in February where they congratulated our team on a job well done.

I am extremely proud of this team and grateful for their achievements. Stoughton now stands on a strong financial footing. Impressive economic development, smart growth, and a conservative budgeting strategy combine to ensure a bright financial future.

Please note several changes to the FY26 operating budget's structure. Under Mr. Tisdelle's leadership the format was simplified and enhanced. Our expectation is that with greater clarity and documentation budget examination will be more transparent, allowing for greater financial understanding and management control.

As the nation, Commonwealth, and municipalities face uncertain socioeconomic times, the Town of Stoughton is prepared for whatever may come. Every member of your town government is committed to our citizens' welfare. On behalf of town employees, I pledge to you that we will always do what is best for the Town of Stoughton and its residents. We are both honored and proud to contribute to this wonderful community.

Thank you,

A handwritten signature in black ink, reading "Thomas J. Calter". The signature is written in a cursive, flowing style.

Thomas J. Calter,
Town Manager