



Town of Webster



Finance Committee Report

MAY 12, 2025



Finance Committee Report

Article 6 – Finances and Fiscal Procedures of the Charter of the Town of Webster provides a road map for the fiscal year budgets and capital improvements program processes and Chapter 110 - Finance Committee of the Town By-Laws, provides direction to the Finance Committee for their role throughout these processes. The Finance Committee works with Town Management and provides oversight for fair and comprehensive annual budgets and capital improvements program.

The following report provides summaries of Finance Committee meeting discussions which may provide you with additional perspective for your own considerations.

On Monday, April 28, 2025 the Finance Committee opened a public hearing for proposed fiscal year 2026 operating budgets for the Town's general, sewer and water funds. In addition, the Finance Committee included the fiscal year 2026 code enforcement revolving was part of the public hearing.

Rick LaFond, Town Administrator began his FY26 presentation with a comparison total increase to the general fund of nearly \$5 million from \$62 million to \$67 million of which approximately \$1 million was for excluded debt service. He next discussed FY26 general fund estimated revenue components and amounts. The estimated FY26 tax levy was reviewed also.

After having a preliminary discussion of estimated revenues, the focus turned to estimated costs. This led to a discussion of significant increases from the prior year. Much of the increases were from shared costs such as debt service, special education transportation, health insurance, retirement appropriation. Many of these costs are required by law or contracts. The School Superintendent and Business Manager provided addition information about certain school costs.

As the discussion proceeded, finance committee members asked questions from which certain revenue and cost items were discussed in greater depth. One area of additional discussion, was the proposed balancing of the general fund budget with the recommendation to use free cash of \$1.3 million as a funding source. One member expressed concerns with using free cash to balance the budget. The Town Administrator and Finance Director agreed with his concerns; however, Town Management has been preparing for such a scenario where it might be appropriate. Using free cash to balance the budget for a year or two will provide Town Management with time to identify additional funding sources or plan for cost reductions.

The Town Administrator and Finance Director further explained how the \$1.3 million amount was determined. There is some symmetry with respect to the increase for special education transportation and the likelihood that FY25 excess interest earning will replenish it with the next free cash certification. Through February 2025 interest earnings exceed budget by about \$900,000 with the projected excess interest earnings by yearend to be about \$1.3 to \$1.5 million. Management has maintained estimating interest income at historic levels knowing general fund cash balance will be

returning to historic levels with the completion of COVID grants and large capital projects such as the Bartlett High School remodel and PFAS treatment plants.

The public hearing turned to a brief discussion of FY26 budgets for the water, sewer and code enforcement funds. After these discussions, the Committee voted to close the public hearing and then unanimously voted approval of the FY26 budgets.

After discussion and votes to approve two finance reserve transfers, discussion return free cash and the FY26 Capital Improvement Program. Much of the discussion focused on FY26 capital projects funded from free cash. There was discussion a few of the FY26 requests and the Finance Director mentioned the estimated costs for one of the requested was revised this morning with an increase of \$10,000 from \$25,000 to \$35,000.

From Committee member questions, discussion returned to free cash and Stabilization fund reserves. If all free cash appropriations including those mentioned above and the return of \$550,000 to the Stabilization fund, the available free cash balance is project to approximate about \$2.9 million or 4.38% of the FY26 general fund budget which is at the higher end of the policy to maintain free cash of 1% to 5% of the annual budget.

By returning \$550,000 to the Stabilization fund, the balance is projected to approximate \$6.1. When combining estimated free cash and Stabilization fund reserves, the total estimated reserves approximate about 13.4% of the FY26 general fund budget. When adding the projected \$1.3 million of FY25 excess investment income, reserves approximate 15.4%. Rating agencies recommend a minimum reserve range of 15% to 18% with preferred reserves of 20% or more.

The Town Administrator and Finance Director spoke about trying to find the balance to meet the Town's needs, rating agency recommendations and not have too much or too little reserves. Based on above considerations and many discussions Town Finance Team believes using \$1.3 million of free cash to fund FY26 operations comes close to accomplishing this.

On Wednesday, May 7, 2025 the Finance Committee met to formally review and discuss Town Warrant Articles for the Special and Annual Town Meetings scheduled May 12, 2025. Since the content of most Special and Annual Town Meeting articles was at the April 28th meeting as part of the FY26 budgets or FY26 Capital Improvement Program, questions were few and article discussion was brief.

The Committee unanimously voted 4 – yes, 0 – no to recommend Special Town Meeting Warrant articles 1 through 15. Afterwards, the Committee unanimously voted 4 -yes, 0 – no to recommend Annual Town Meeting Warrant articles 1 through 9. Since Annual Town Meeting Articles 10 and 11 are Citizen Petition articles, the Committee voted 4 – yes, 0 – no to recommend refer to sponsor.

The Finance Committee Chair gave a brief summary of the draft Finance Committee Report and Report Tables. There was discussion as how to best finalize the report and tables prior to Town Meeting. The Committee unanimously voted to have the Vice Chair working with the Finance Director complete the report and tables.

The Finance Committee is scheduled to meet at 6:15 pm Monday, May 12, 2025, prior to the Town Meetings. Should there be any significant discussions during that meeting, the Finance Committee will provide a verbal update during the appropriate Town Meeting(s).

In addition, the Finance Committee provides the schedules listed below on the following pages:

- Schedule of Available and Remaining Free Cash, May 12, 2025
 - Schedule of Projected Stabilization Fund Balance, May 12, 2025
 - Schedule of Available and Remaining Sewer Retained Earnings, May 12, 2025
 - Schedule of Available and Remaining Water Retained Earnings, May 12, 2025
 - Schedule of Short- and Long-Term Debt for the year ended June 30, 2024
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TOWN OF WEBSTER, MASSACHUSETTS
SCHEDULE OF AVAILABLE AND REMAINING FREE CASH
MAY 12, 2025

		Purpose Amount	Article Total	Remaining Balance
General Fund Free Cash, certified as of July 1, 2024:				\$ 6,530,492.00
Annual Town Meeting 10/21/24:				
Article 2	Additional Funding for Police Vehicles	\$ (33,000)	\$ (33,000)	6,497,492
Special Town Meeting 5/12/25:				
Article 4	Fiscal Year 2025 Snow and Ice Deficit	(250,000)	(250,000)	6,247,492
Article 5	Special Education Transportation Deficit	(400,000)	(400,000)	5,847,492
Article 6	FY25 General Liability Insurance Deficit	(70,260)	(70,260)	5,777,232
Article 7	Stabilization Fund	(550,000)	(550,000)	5,227,232
Article 8	Inventory of Town buildings/structures and their systems program	(50,000)		
Article 8	Town Hall West (Church St.) Entrance Renovation	(60,000)		
Article 8	Town Hall Front (Main St.) Entrance Renovation	(160,000)		
Article 8	Town Hall East (library side) Entrance Renovation	(120,000)		
Article 8	Cruiser/SUV Replacement Plan - 3rd Vehicle	(90,000)		
Article 8	Replace 20 Cameras	(35,000)		
Article 8	Replace 10 Portable Radios	(53,000)		
Article 8	Server Room AC Unit	(25,000)		
Article 8	Replace Building uninterruptible power supply (UPS) system	(70,000)		
Article 8	In Car Cruiser Cameras	(35,000)		
Article 8	Plow for 10-wheeler	(65,000)		
Article 8	F350 Pickup	(85,000)		
Article 8	Park Ave Elementary Electrical Controller Head Replacement	(30,000)		
Article 8	BHS Tennis Courts: Short-Term Remediation	(40,000)		-
Article 8	BHS & WMS Exterior Basketball Courts: Short-Term Remediation	(50,000)	(968,000)	4,259,232
Annual Town Meeting 5/12/25:				
Article 3	Fund Fiscal Year 2026 Budget	(1,300,000)	(1,300,000)	2,959,232
Article 9	Webster Lake Maintenance	(25,000)	(25,000)	2,934,232
Projected remaining Free Cash, if all articles are approved		\$ 6,530,492	\$ (3,596,260)	\$ 2,934,232
Projected percentage of fiscal year budget, if all articles are approved				4.38%

Free Cash Balance Policy:

The Town will set a year-to-year goal of maintaining its Free Cash in the range of 1% to 5% of the annual budget.

Estimated General Fund fiscal year 2026 budget	\$ 67,065,811	
Goal Percentage	Maintain Goal Balance	Over (Under) Goal Balance
1%	\$ 670,658.11	\$ 2,263,573.89
2%	1,341,316.22	1,592,915.78
3%	2,011,974.33	922,257.67
4%	2,682,632.44	251,599.56
5%	3,353,290.55	(419,058.55)

TOWN OF WEBSTER, MASSACHUSETTS
SCHEDULE OF PROJECTED STABILIZATION FUND BALANCE
MAY 12, 2025

Stabilization Fund balance as of July 1, 2024: \$ 5,537,916.00

Fiscal Year 2025 Activity:

Reverse 6/30 market value adjustment	\$ (123,602.00)		
Recorded interest income through December 2024	67,677.00		
Estimated interest for quartering ended March 2025	41,263.00		
Investment earnings, net of market value adjustment		(14,662.00)	

Estimated balance as of May 12, 2025 5,523,254.00

Special Town Meeting 5/12/25:

Article 7	Fund Stabilization from General Fund	550,000.00	550,000.00	6,073,254.00
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Projected Stabilization Fund balance, if all articles are approved \$ 6,073,254.00

Projected percentage of fiscal year budget, if all articles are approved 9.06%

Stabilization Fund Balance Policy:

The Town will endeavor to maintain a minimum of 5% of the annual budget.

Estimated General Fund fiscal year 2026 budget	\$	67,065,811		
	Goal %	Maintain Goal Balance	Over (Under) Goal Balance	
	5%	3,353,291.00	\$ 2,719,963.00	

TOWN OF WEBSTER, MASSACHUSETTS
SCHEDULE OF AVAILABLE AND REMAINING SEWER RETAINED EARNINGS
MAY 12, 2025

		Purpose Amount	Article Total	Remaining Balance
Sewer Fund Retained Earnings, certified as of July 1, 2024:				\$ 1,920,735.00
Annual Town Meeting 10/21/24:				
N/A	None	\$ -	\$ -	1,920,735
Special Town Meeting 5/12/25:				
Article #	Wastewater Plant replacement bar rack screens and teeth	(48,000)		
Article #	HACH All Weather Automatic Sampler Upgrade	(8,500)		
Article #	HACH Online pH Sensors for Aeration	(6,000)		
Article #	HACH Online Notrate/NH3 Sensors for Aeration	(12,000)	(74,500)	1,846,235
Annual Town Meeting 5/12/25:				
Article 4	Fund Fiscal Year 2026 Budget	(250,000)	(250,000)	1,596,235
Projected remaining Certified Retained Earnings, if all articles are approved		\$ 1,920,735	\$ (324,500)	\$ 1,596,235
Projected percentage of fiscal year budget, if all articles are approved				28.19%

Certified Retained Earnings Balance Policy:

The Town will endeavor to maintain a reserve amount at 20% of the annual total budget, at minimum, but any reserve may be significantly higher if major infrastructure improvement are necessary.

Estimated Sewer Fund fiscal year 2026 budget	\$ 5,662,475.00	
Goal Percentage	Maintain Goal Balance	Over (Under) Goal Balance
20%	\$ 1,132,495.00	\$ 463,740.00

TOWN OF WEBSTER, MASSACHUSETTS
SCHEDULE OF AVAILABLE AND REMAINING WATER RETAINED EARNINGS
MAY 12, 2025

		Purpose Amount	Article Total	Remaining Balance
Water Fund Retained Earnings, certified as of July 1, 2024:				\$ 1,920,735.00
Annual Town Meeting 5/13/24:				
Article 5	Fund Fiscal Year 2025 Budget	\$ (477,000)	\$ (477,000)	1,443,735
Annual Town Meeting 10/21/24:				
N/A	None	-	-	1,443,735
Special Town Meeting 5/12/25:				
Article 10	Water Main Design (Worcester Rd & Old Worcester Rd)	(200,000)	(200,000)	1,243,735
Annual Town Meeting 5/12/25:				
Article 5	Fund Fiscal Year 2026 Budget	(250,000)	(250,000)	993,735
Projected remaining Certified Retained Earnings, if all articles are approved		\$ 1,920,735	\$ (927,000)	\$ 993,735
Projected percentage of fiscal year budget, if all articles are approved				22.00%

Certified Retained Earnings Balance Policy:

The Town will endeavor to maintain a reserve amount at 20% of the annual total budget, at minimum, but any reserve may be significantly higher if major infrastructure improvement are necessary.

Estimated Sewer Fund fiscal year 2026 budget		\$ 4,517,952.00		
	Goal Percentage	Maintain Goal Balance	Over (Under) Goal Balance	
	20%	\$ 903,590.40	\$ 90,144.60	

TOWN OF WEBSTER, MASSACHUSETTS
SCHEDULE OF SHORT AND LONG TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance July 1, 2023</u>	<u>FY 2024 Increase</u>	<u>FY 2024 Decrease</u>	<u>Balance June 30, 2024</u>
SHORT TERM DEBT				
BANS - Bond Anticipation				
Town Hall Roof Replacement	\$ 580,500.00	\$ -	\$ (580,500.00)	\$ -
Bartlett High School Building Feasibility Study	332,944.00	-	(332,944.00)	-
Lincoln, Whitcomb, Nelson St. Water Mains	<u>2,100,000.00</u>	<u>-</u>	<u>(2,100,000.00)</u>	<u>-</u>
Total Short Term Debt	<u>\$ 3,013,444.00</u>	<u>\$ -</u>	<u>\$ (3,013,444.00)</u>	<u>\$ -</u>
LONG TERM DEBT				
Inside the Debt Limit				
Buildings	\$ -	\$ 486,500.00	\$ (695,000.00)	\$ (208,500.00)
Departmental equipment	595,000.00	-	(200,000.00)	395,000.00
School buildings	2,085,000.00	-	(335,000.00)	1,750,000.00
School other	-	-	-	-
Sewer	7,039,514.00	2,277,500.00	(748,904.00)	8,568,110.00
Other inside debt	<u>-</u>	<u>1,916,000.00</u>	<u>-</u>	<u>1,916,000.00</u>
Total Inside Debt Limit	9,719,514.00	4,680,000.00	(1,978,904.00)	12,420,610.00
Outside the Debt Limit				
School Buildings	31,970,000.00	269,000.00	(955,000.00)	31,284,000.00
Water	<u>11,912,725.00</u>	<u>8,096,000.00</u>	<u>(926,985.00)</u>	<u>19,081,740.00</u>
Total Outside Debt Limit	<u>43,882,725.00</u>	<u>8,365,000.00</u>	<u>(1,881,985.00)</u>	<u>50,365,740.00</u>
Total Long Term Debt	<u>\$ 53,602,239.00</u>	<u>\$ 13,045,000.00</u>	<u>\$ (3,860,889.00)</u>	<u>\$ 62,786,350.00</u>