

FY27 Budget Finance Commission Recommendations



**Town of Winthrop Finance Commission
Report to the Town Council**

Presented on June 2, 2026

The Finance Commission

Section 7-3 of the Town Charter establishes the Finance Commission which shall consist of seven voters appointed by the council president and the members of the town council committee to which are referred the budget and other financial matters, as such committee shall be constituted from time to time

Finance Commission

Citizens' Advisory Finance Committee:

Karin Chavis, Chairperson (CAFC)
Matthew Gorzkowicz, Chair, Finance Commission
William Gault
Joe Hanlon
Shannon Poulos
Christian Buonopane
Michael Gillespie

Finance Sub-Committee of the Town Council:

Max Tassinari, Councilor, Chair
Kim Dimes, Councilor
Paul Reardon, Councilor

The Roles & Responsibilities of the Finance Commission

The finance commission shall file a report with the town council, with recommendations concerning the adoption of the annual town budget, with or without amendments, in such detail and at such time as may be provided by ordinance.

The finance commission shall have full and complete access to all information involving all aspects of the budget preparation process as it becomes available, including revenue forecasting, preliminary spending estimates, and the budgets as submitted to the council president and the town council.

FY27 Winthrop Town Budget: Key Dates & Process

Town Council must adopt the budget 15 days prior to the start of the fiscal year, which is July 1st

Initial Briefing:

The Finance Commission's budget deliberations started with a briefing by key town officials on budget recommendations.

Public Hearings for Departments:

Public meetings were organized for departments to present their budgets, promoting transparency.

Budget Disclosure Requirements

Departments are required to disclose all budget-related information, including revenues and expenditures for analysis.

Finance Team Support

The Town’s Finance team provided assistance during meetings, answering questions and offering context about budgets.

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|---------------------------|--|
| ✓ April 21st | FY27 budget presentation at Spring Forum |
| ✓ April 9 th – | Fin Comm Deliberations with Department Heads |
| ✓ May 28 th | |
| ✓ May 28 th | Fin Comm Deliberations on FY27 Budget |
| ✓ June 1st | Fin Comm submits report to Council President |
| ✓ June 2 nd | Fin Comm presents to Town Council |
| ☐ June 9 th | Town Council adopts FY27 Budget – Special Meeting |

Department Head Meetings

Public Hearings Held:

- ✓ Town Manager
- ✓ Finance Department
- ✓ WP School Department
- ✓ Assessor
- ✓ Police Department (911 Center & Harbormaster)
- ✓ Fire Department (Emergency Management)
- ✓ DPW (Water/Sewer, Trash, Cemeteries, and Facilities)
- ✓ Public Health
- ✓ Inspectional Services

Optional:

- ☐ Conservation Commission
- ☐ Planning Board
- ☐ Human Resources
- ☐ Town Clerk
- ☐ MIS Department
- ☐ Library Services
- ☐ Rink
- ☐ Parks and Recreation
- ☐ Council on Aging
- ☐ Veterans Services

FY27 Budget Highlights

FY27 Budget: Key Takeaways

FY2027 Budget Highlights

- The budget remains structurally balanced and funded with recurring revenues.
- The Town continues its practice of not using free cash to support ongoing operating expenses, preserving flexibility for capital investments and stabilization reserves.
- The Town's conservative financial policies have contributed to an improved AA+ bond rating, lowering future borrowing costs and improving long-term financial flexibility.
- The FY2027 budget maintains strong funding for education, public safety, public works, public health, and other core municipal services.
- The budget incorporates a comprehensive five-year capital plan that identifies future infrastructure needs and funding requirements.
- The Town continues to maintain healthy stabilization balances and reserve policies that are viewed favorably by auditors, financial advisors, and bond rating agencies.
- The FY2027 budget continues the Town's base budget methodology, providing greater transparency regarding the allocation of resources between municipal and school operations.

FY27 Revenues

Total FY27 Levy Limit

For FY2027, the Town's maximum allowable levy increased by approximately **\$1.53 million**, driven by:

- \$1.01 million from the 2.5% increase, and
- \$350,000 from estimated new growth.

In addition, voters have approved **debt exclusions**, which allow the Town to raise taxes above the levy limit temporarily to pay debt service on specific capital projects. These exclusions are outside Proposition 2½ limits and expire when the debt is paid off.

FY2027 Levy Capacity Analysis

Item	FY2027 Amount
Levy Limit	\$41,821,896
Town Debt Exclusions	\$985,910
School Debt Exclusions	\$2,468,375
Maximum Levy Including Overrides	\$45,276,181

Growth from FY2026 to FY2027

Item	FY2026	FY2027	Change
Levy Limit	\$40,460,988	\$41,821,896	+\$1,360,908
Maximum Levy Including Overrides	\$43,743,638	\$45,276,181	+\$1,532,543

- Property taxes are the Town's **largest and most dependable revenue source**, providing approximately **66.2% of the FY2027 operating budget revenue**
- The Town has historically maintained a **single tax rate for residential and commercial/industrial/personal (CIP) properties**, meaning no additional tax burden is shifted to businesses
- For FY27 the Levy calculation includes the \$3.5 million override for the school, which per the vote of the residence must go to the School Department. The budget presented by the Town Manger details this calculation and shows how the funds are being used to support the School Department budget – they are not being used for any other purpose

Total FY27 Revenues

Total FY27 Revenues from all sources (General Fund, Enterprise Funds and Revolving Funds) are estimated at \$82 million, an increase of \$5.3 million, or 6.5%, over FY26.

\$in thousands			
Total Revenues by Fund	FY26	FY27	% Total
General Fund	\$ 66,405	\$ 68,361	81%
Enterprise	\$ 14,560	\$ 14,931	18%
Revolving	\$ 210	\$ 242	0%
Capital Stabilization	\$ 888	\$ 689	1%
Totals	\$ 82,063	\$ 84,223	100%
FY25 vs FY24	\$ 2,160		
% change	2.6%		

FY27 General Fund Revenues

General Fund revenues are estimated at \$68.4 million, an increase of ~\$2.0 million (2.9%) over FY26.

\$\$in thousands			
General Fund Revenue by Category	FY26	FY27	% Total
Property Tax	\$ 43,744	\$ 45,276	66%
State Aid	\$ 14,616	\$ 14,839	22%
Local Receipts	\$ 7,575	\$ 7,770	11%
Other Revenue	\$ 744	\$ 776	1%
less Abatements & Other Offsets	\$ (274)	\$ (300)	0%
Totals	\$ 66,405	\$ 68,361	100%
FY26 vs FY25	\$ 1,956		
% change	2.9%		

*State aid is subject to change pending final State budget, expected in July.

66% of the Towns revenues comes from property taxes

22% comes from State aid,* most of which is dedicated to education funding – there is very little to support for the Town.

State Aid totals \$14.8 million, up \$223K over FY26. New growth is projected at \$350K.

FY27 Local Receipts

\$in thousands				
Local Receipts	FY26	FY27	% Total	
Motor Vehicle Excise	\$ 2,250	\$ 2,320	30%	
Room Occupancy Excise	\$ 90	\$ 105	1%	
Meals Excise	\$ 225	\$ 245	3%	
Penalties and Interest	\$ 129	\$ 134	2%	
PILOT from Massport and MWRA Mitigation	\$ 3,090	\$ 3,000	39%	
Departmental Fees	\$ 355	\$ 340	4%	
Rental Receipts	\$ 40	\$ 45	1%	
Departmental Revenue	\$ 71	\$ 65	1%	
Licenses & Permits	\$ 666	\$ 745	10%	
Fines and Forfeits	\$ 263	\$ 280	4%	
Investment Earnings	\$ 156	\$ 250	3%	
Medicaid Reimbursements	\$ 200	\$ 200	3%	
Miscellaneous Revenue	\$ 40	\$ 41	1%	
Total Local Receipts:	\$ 7,575	\$ 7,770	100%	
FY26 vs FY25	\$ 195			
% change	3%			

30% of all Local Receipts come from Motor Vehicle Excise and increased by \$70K over FY26.

39% comes from Massport PILOT payments and MWRA mitigation.

Total Local Receipts grew by \$195K over FY26.

FY27 Expenditures

Total Expenditures: All Funds

\$in thousands			
Total Operating Expenses			
Town Departments:	FY26	FY27	% Total
General Government Services	\$ 3,547	\$ 3,806	6%
Public Works	\$ 2,778	\$ 2,702	4%
Public Safety	\$ 9,404	\$ 9,667	14%
Cultural and Human Services	\$ 1,188	\$ 1,329	2%
Non-Departmental & Shared Expenses	\$ 3,165	\$ 3,591	5%
Vocational Education	\$ 1,636	\$ 1,603	2%
Health & Retirement Benefits	\$ 4,536	\$ 4,404	6%
Subtotal Town Departments:	\$ 26,254	\$ 27,101	
School Department	\$ 40,151	\$ 41,260	60%
Subtotal General Fund:	\$ 66,405	\$ 68,361	100%
Enterprise Fund:			
Solid Waste	\$ 1,847	\$ 1,963	13%
Parks & Recreation	\$ 435	\$ 410	3%
Rink	\$ 355	\$ 369	2%
Harbormaster	\$ 297	\$ 344	2%
Water	\$ 4,789	\$ 5,068	34%
Sewer	\$ 6,693	\$ 6,778	45%
Subtotal Enterprise Funds:	\$ 14,417	\$ 14,931	100%
Revolving Funds	\$ 210	\$ 242	
Capital Stabilization	\$ 888	\$ 689	
Subtotal	\$ 1,098	\$ 931	
Total Operating Expenses	\$ 81,919	\$ 84,223	

- The General Fund accounts for most of the expenses in the Town's operating budget.
- For FY27, expenditures are estimated to be \$68.4 million, an increase of \$1.95 million, or 2.9%, over FY26.
- Town departments account for approximately 40% of the expenses in the General Fund totaling approximately \$27.1 million. The remaining 60%, or \$41.3 million of General Fund, supports the School Department.

FY27 General Fund Expenditures

Employee Benefits

\$\$in thousands		
Employee Relate Benefits - Town	FY26	FY27
Group Health Insurance	\$ 2,405	\$ 2,418
Pension - Town	\$ 2,131	\$ 1,986
Workers Compensation	\$ 53	\$ 53
Unemployment	\$ 30	\$ 20
Retiree Health Insurance/OPEB	\$ 1,360	\$ 1,469
Police Fire Medical	\$ 30	\$ 30
Medicare Town	\$ 200	\$ 260
Total	\$ 6,209	\$ 6,235
FY26 vs FY25	\$ 26	
% change	0%	

Shared Services

\$\$in thousands		
Shared Expenses	FY26	FY27
Electricity	\$ 160	\$ 160
Heat	\$ 47	\$ 45
Telecommunications	\$ 78	\$ 79
Fuel (Gasoline & Desiel)	\$ 150	\$ 190
Property Insurance	\$ 614	\$ 410
Public Safety Medical (111F)	\$ 110	\$ 107
Totals	\$ 1,159	\$ 991
FY26 vs FY25	\$ (168)	
% Change	-17%	

FY27 Total School Funding

The FY27 school budget is fundamentally a **level-service budget**, meaning it is designed to maintain existing programs and staffing levels rather than significantly expand services. Despite the FY26 override, the School Department continues to face costs that are growing faster than revenues permitted under Proposition 2½. The FY27 level service budget request totals **\$42.5 million**, an increase of approximately **\$2.4 million** over FY26. The majority of the increase is attributable to fixed and unavoidable costs rather than program expansion.

School Budget Overview: FY26 vs. FY27

Category	FY26	FY27 Level Service	Change	% Change
Salaries	\$24.75M	\$25.40M	+\$650K	+2.6%
Expenses	\$18.18M	\$19.87M	+\$1.69M	+9.3%
Gross School Budget	\$42.93M	\$45.27M	+\$2.34M	+5.5%
Grant/Revenue Offsets	(\$2.78M)	(\$2.75M)	+\$27K	-1.0%
Net Budget Request	\$40.15M	\$42.52M	+\$2.37M	+5.9%

The School Departments proposed budget for FY27 is \$1.259 million higher than what is available, resulting in a gap for FY27:

The School Department projects:

- FY27 Budget Request: **\$42.52 million**
- Estimated Town Allocation: **\$41.26 million**
- Projected Gap: **\$1.26 million**

This projected gap is important because it demonstrates that even after the override, the School Department is experiencing cost pressures that exceed available revenues.

The Superintendent along with the School Committee will need to identify ways to close the projected gap.

Major FY27 Cost Drivers for the School Department

Special Education

Special education is the single largest budget driver.

- Three student move-ins during FY26 resulting in approximately **\$933,000** in additional costs.
- Two students transitioning to out-of-district placements costing approximately **\$165,000**.
- Three additional behavioral tutors costing approximately **\$132,000**.

These expenses are largely mandated and outside local control.

Employee Benefits

Health insurance remains one of the fastest-growing costs. In FY26 it increased by approximately 19% and in FY27 increased by another 8%. This supports the Finance Commission's recommendation to establish a Health Insurance Review Commission and conduct a comprehensive review of GIC participation.

Transportation

The district reports annual transportation cost increases ranging between 4% and 9%, with significant year-to-year volatility.

Utilities, Technology, and Building Maintenance

The School Department specifically identifies technology replacement and building maintenance as continuing budget pressures. This reinforces the Finance Commission's recommendation that the Town and Schools jointly develop a long-term technology master plan.

Vocational School Funding:

out-of-district tuition for the Northeast Vocational School reached \$1.2 million in FY27, an increase of \$310K when accounting for the increase in debt service for the new school.

Along with the projected growth in enrollment for these programs the current level of funding is projected to grow to nearly \$1.8 million over the next few years putting further pressure on the Town budget.

It should be noted that these costs remain with the Town and are not part of the School Department budget.

FY27 Key Findings

Key Financial Observations For FY27

School Funding

- Schools account for ~60% of General Fund spending.
- The \$3.5M override remains essential and is being used as intended for school operations.
- Future pressures—including special education, transportation, contracts, and inflation—will require long-term planning. Stabilization funds can help but are not a recurring solution.
- While the Education Stabilization Fund may be used to help support future funding needs of the school department, they are one-time and non-reoccurring.
- For FY27, the School Department’s proposed budget is \$1.259 million higher than what is available – further action will be needed to close this gap

Health Insurance

- FY27 includes a 6% increase in health insurance costs.
- Health insurance remains a major long-term financial risk. The Town should establish a formal review process to evaluate cost-control options while maintaining competitive benefits.
- These pressures are the same on the School budget

Solid Waste Enterprise Fund

- Despite increased General Fund support, solid waste costs continue to outpace revenues.
- Long-term sustainability of the fund remains a concern.
- Currently, at \$190 per barrel, it is likely that the annual trash fee will need to increase.
- While progress has been made to increase the revenues paid by the housing authorities more work needs to be done to make sure everyone is paying their share into the fund.
- Higher trash costs ahead, we must pay close attention to this enterprise fund to ensure proper funding sources and control expenses.

Public Health Funding

- Public Health faces more than \$400,000 in lost grant funding and has requested \$97,000 in FY27 in General Fund support.
- Programs provide demonstrated value, but reliance on local funding should be monitored.
- The Town should pursue external funding and assess which programs warrant permanent budget support.

Infrastructure Needs

- The Town faces approximately \$160 million in infrastructure needs over the next two decades — stormwater, water system, roads, etc.
- The Capital Plan identifies nearly \$28 million in projects that will require future debt exclusion between FY28 and FY32.

Grant Dependency

The proposed budget documents approximately \$2.5 million in lost grants.

Identifying and securing grant opportunities will be essential to meeting the Town’s infrastructure needs

Recommendations

Observations and Recommendations

1. Continue emphasis on structural balance and expand the multi-year financial forecast.

Recommendations:

- Continue to enhance the Town's multi-year financial forecast that includes revenues, operating expenses, debt service, enterprise funds, pension obligations, and anticipated capital needs. This should be published alongside the annual operating budget
- Continue conservative revenue forecasting practices to preserve free cash generation.
- Maintain stabilization fund targets and reserve policies consistent with best practices and bond rating agency expectations.
- Conduct annual stress testing of the budget under various scenarios including reduced state aid, slower new growth, and higher-than-anticipated health insurance increases.
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Observations and Recommendations

2. Monitor and enforce short-term rentals.

Recommendations:

- Evaluate software platforms to identify active short-term rental properties.
- Conduct a comprehensive inventory of all active short-term rentals operating within the Town.
- Develop annual reporting on permit compliance, fee collection, and enforcement activity.
- Review current permit fees to ensure they adequately recover administrative and enforcement costs.
- Coordinate enforcement efforts between Inspectional Services and other Town departments.
- Prepare recommendations to the Town Council regarding any needed ordinance updates.

The Commission recommends that the Town Manager provide a report to the Council by the end of FY27 documenting the number of registered and unregistered properties identified and the additional revenues collected.

3. Ensure Solid Waste Enterprise Fund sustainability through long-term planning and predictable fee strategies.

Recommendations:

- Develop a multi-Solid Waste Financial Plan that projects operating costs, fee revenues, retained earnings, and required General Fund contributions.
- Establish a target-retained earnings balance sufficient to address emergencies and market fluctuations.
- Evaluate whether future fee increases should be incremental and predictable rather than periodic large adjustments. This is particularly important as there is continued pressure to increase the trash fee.
- Ensure that everyone that should be paying into the fund is doing so. This includes continuing to make progress to ensure the Housing Authorities are paying into the fund.
- Explore opportunities for cost reductions through operational efficiencies, recycling improvements.

Observations and Recommendations

4. Establish a Health Insurance Review Commission.

The goal should not simply be to reduce costs but to ensure that the Town maintains a competitive benefits package while managing long-term affordability for taxpayers.

Recommendations:

- Establish a Health Insurance Review Commission consisting of representatives from management, bargaining units, retirees, schools, and the Finance Commission.
- Conduct a comparative analysis of communities similar to Winthrop regarding:
 - Employee contribution ratios, Plan design, Buyout programs, Retiree benefits and Recruitment and retention impacts
- Evaluate implementation of a voluntary health insurance buyout program for employees who have access to alternative coverage. This can be modeled after what the State does for its GIC members.
- Review the potential impact of prospective changes for recruitment of future hires.
- Present findings and recommendations to the Town Council before any renewal decision is required.

The Commission believes this review should be completed no later than FY2028 budget development

5. Leverage AI to improve municipal efficiency through pilot projects, reporting, records management and grant support.

The objective should be to allow employees to spend more time on higher-value work and less time on repetitive administrative tasks.

Recommendations:

- Establish an AI Working Group led by the Town Manager (ideally with the help of a Town CIO to be hired).
- Identify pilot projects in:
 - Meeting transcription and summarization
 - Grant writing assistance
 - Records management
 - Public notifications and communications
 - Procurement review
- Pilot low-cost solutions before major investments are made.
- Measure outcomes including time savings, cost reductions, and service improvements.

The Commission recommends annual reporting to the Town Council on AI initiatives, implementation costs, realized savings, and lessons learned

Observations and Recommendations

6. Develop Service Level Agreements for athletic fields.

Clearly defining service expectations would improve transparency and support better budgeting decisions.

Recommendations:

- Develop formal Service Level Agreements (SLAs) for all Town athletic fields.
- Establish maintenance standards for:
 - Mowing frequency
 - Irrigation
 - Lining and field preparation
 - Turf replacement
 - Lighting maintenance
 - Seasonal readiness
- Identify annual maintenance costs by field.

7. Create a long-term EB Newton Building strategy.

The current model relies on a combination of rental income, revolving fund activity, and General Fund support.

Recommendations:

- Develop a comprehensive rent schedule for all tenants and users. This schedule should be publicly available and provide a predictable revenue stream.
- Conduct a market analysis of comparable municipal and nonprofit space.
- Inventory all deferred maintenance needs and estimate long-term capital requirements.
- Establish a cost allocation model for Town departments occupying space in the building.
- Develop a multi-year operating and capital plan for the facility.
- Evaluate opportunities to increase occupancy and improve revenue generation.

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Observations and Recommendations

8. Address Public Health grant exposure.

Several successful programs now face long-term sustainability challenges due to the expiration of temporary grant funding.

Recommendations:

- Develop a grant dependency analysis identifying programs most vulnerable to funding reductions.
- Create a sustainability plan for core programs.
- Establish annual grant renewal tracking and risk assessment procedures.
- Prioritize grant-funded programs that demonstrate measurable outcomes.
- Pursue partnerships with healthcare providers, foundations, universities, and regional organizations.

9. Develop a Town-wide Technology Master Plan and CIO function.

The Commission recommends a comprehensive review of current technology assets and future requirements. It also recommends identifying a key

Recommendations:

- Identify and/or hire a Town-wide CIO to oversee and coordinate IT
- Develop a Town-wide Technology Master Plan.
- Identify opportunities for shared services between Town and School departments.
- Evaluate cybersecurity risks and compliance requirements.
- Incorporate technology needs into the annual capital planning process.

The plan should include estimated costs and funding strategies for major technology investments over the next five years.

10. Support municipal ambulance service development.

11. Continue long-term capital planning with a 10-year outlook.

Observations and Recommendations

10. Support municipal ambulance service development.

Recommendation:

Establishing a Town-operated ambulance service would allow the Fire Department to provide a higher level of service to residents while creating a sustainable revenue source that can be reinvested into public safety operations, equipment, staffing, and training. This initiative represents a strategic investment in the Town's emergency response capabilities and long-term financial stability.

11. Continue long-term capital planning with a 10-year outlook.

Many of the Town's needs extend beyond the current five-year capital plan and will require future policy decisions regarding funding sources. Several projects listed in the current five-year plan require future debt exclusion in the range of \$160 million.

Recommendations:

- Continue updating the five-year capital plan annually.
- Develop a longer-term ten-year capital outlook.
- Prioritize projects using objective criteria including:
 - Public safety
 - Regulatory compliance
 - Asset preservation
 - Service delivery impacts
- Identify potential grant funding opportunities early in project development.
- Continue maintaining dedicated stabilization reserves for capital investments.
- Evaluate future debt capacity and affordability.

Special attention should be given to water and sewer infrastructure, roadway improvements, municipal facilities, coastal resiliency projects, athletic fields, and public safety facilities.

Thank you!