

City of Northampton

Financial Trends and Projections for FY2027

MAYOR GINA-LOUISE SCIARRA

JANUARY 29, 2026

AGENDA

1. Budget Process
2. Current FY26 Revenues
3. Current FY26 Expenditures
4. Financial Indicators and Comparative Communities
5. Review of Revenue and Expenditure Trends
6. Fiscal Cliff(s)
7. Reserves
8. FY27 – FY31 Fiscal Stability Plan
9. Revenue and Expenditure Projections for Fiscal Year 2026
10. Fiscal Year 2027 Budget Calendar

Budget Governed by M.G.L and Charter

- The budget process is governed by Massachusetts General Law (MGL) Chapter 44 and the Northampton City Charter.
- MGL Ch. 44, § 31 states that all Massachusetts municipalities are required to prepare balanced annual budgets. This means the revenues match the expenses.
- MGL Ch. 44, § 32 clearly dictates the requirements of the budget and its process for a city. Accordingly, the mayor shall submit to the city council her annual budget which will include the amounts recommended for proposed expenditures of the city for the next fiscal year.
- Per the City Charter 7-2, the mayor calls "a joint meeting of the city council, school committee, trustees of the Smith Vocational and Agricultural High School and the superintendents of both school districts before the commencement of the budget process **to review the financial condition of the city, revenue and expenditure forecasts and other relevant information prepared by the mayor in order to develop a coordinated budget.**"

Budget Process

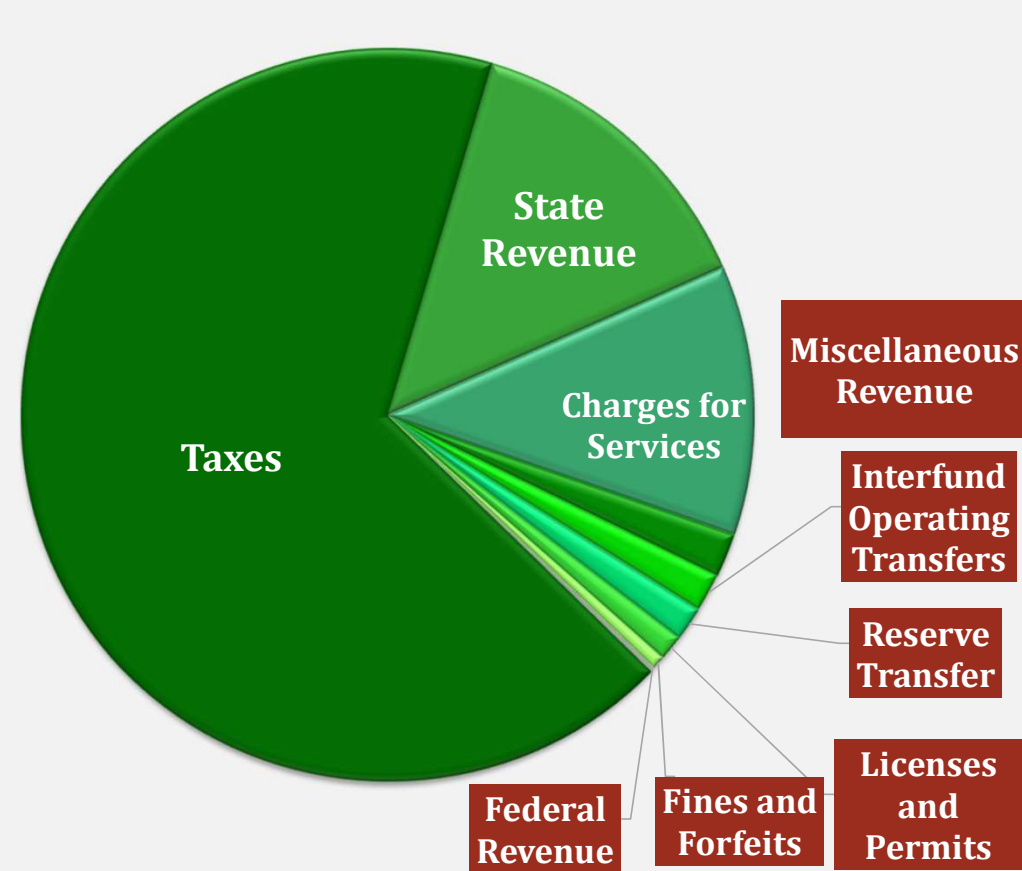
- The mayor initiates the city budget process working closely with the Finance Director and department heads to maintain services and identify needs.
- The School Committee and Trustees of Smith Vocational & Agricultural High School adopt and submit a proposed budget to the mayor 30 days prior to the date the budget is due to be submitted to Council (April 16, 2026).
- The mayor submits the proposed budget to City Council at least 45 days prior to the beginning of the fiscal year (May 15, 2026).
- City Council holds a public hearing and must vote on the proposed budget within 45 days of receipt of the budget.

FY2026 Revenues

OPERATING BUDGET \$130,026,682

FY2026 General Fund Revenues Sources

Majority of our revenue comes from taxes



Taxes	\$ 87,583,181	67.36%
State Revenue	\$ 17,946,915	13.80%
Charges for Services	\$ 15,446,538	11.88%
Miscellaneous Revenue	\$ 2,521,041	1.94%
Interfund Operating Transfers	\$ 2,187,432	1.68%
Reserve Transfer	\$ 1,932,972	1.49%
Licenses and Permits	\$ 1,465,803	1.13%
Fines and Forfeits	\$ 761,000	0.59%
Federal Revenue	\$ 181,800	0.14%
Total	\$ 130,026,682	100.00%

Breakdown of Tax Revenue

93% comes from Real Estate and Personal Property which can't be increased more than 2.5%



Real Estate Taxes	\$ 79,118,606	90.34%
Motor Vehicle Excise	\$ 3,255,000	3.72%
Personal Property	\$ 2,128,719	2.43%
Hotel / Motel Tax (Ch. 145)	\$ 975,000	1.11%
Adult Use Cannabis Excise (Ch. 64N:3)	\$ 900,000	1.03%
Meals Tax (Ch. 64L, s.2A)	\$ 748,000	0.85%
PILOT – Funds	\$ 239,574	0.27%
Interest on Taxes & Tax Titles, Releases	\$ 215,000	0.25%
Boat Excise	\$ 3,281	0.00%
Total	\$ 87,583,181	100%

Term Definitions for the Tax Levy

- **Proposition 2 ½**: Prop 2 ½ sets the maximum limit a City may increase the property tax levy by each year to 2 ½% .
- **Property Tax Levy**: The amount of revenue the community raises through real and personal property taxes. The levy can be any amount up to the maximum allowable levy.
- **Levy Increases**: Every fiscal year, the levy increases by an automatic 2.5% increase over the last year's automatic levy increase, plus the addition of new growth, plus any override the community has voted that year.
- **Maximum Allowable Levy**: The maximum the levy can be in a given year, calculated annually by the Department of Revenue. It is the prior year's levy limit plus an increase by 2.5% increase, plus new growth and any debt exclusions and overrides. FY26 Levy Limit is \$81,293,602. City taxed to \$81,247,326.
- **Excess Levy Capacity**: The difference between the property tax levy (the amount the city taxes to) and the maximum allowable levy. FY26 excess levy is \$46,275.85. This is the remainder after the calculation of dividing the levy limit by the number of parcels. We can't add a full penny more to the rate or it is over the maximum allowable levy. We taxed to capacity.
- **Levy Ceiling**: The absolute cap the levy may be. The levy ceiling is determined by a calculation: 2.5 % of the full and fair cash value of all taxable real and personal property in the City. FY26 Levy Ceiling is \$148,586,917
- **New Growth**: The amount of increased value of new development (building, construction, property divisions) that is not the result of revaluation. FY26 New Growth was estimated at \$875,000 it came in at \$993,237.
- **Proposition 2 ½ General Override**: A vote by the residents of the City to permanently increase the maximum allowable levy base by the amount of the override question allowing the City to tax more. The last override was March 2020 effective FY2022.
- **Levy Ceiling Changes**: The total full and fair cash value of taxable real and personal property can change each year as properties are added or removed from the tax rolls and as market values increase or decrease.

Property Tax Levy Calculation

New Tax Funds for FY2026 – \$2,868,065

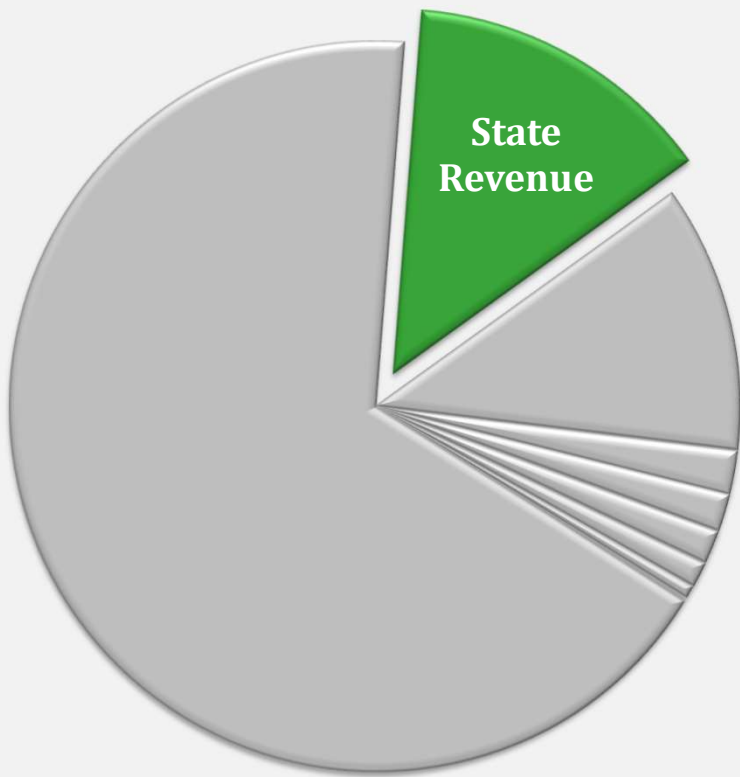
Proposition 2 ½ prohibits a community from raising and collecting more than 2.5% the maximum amount it was legally allowed to collect through property taxation in the previous year.

This refers to the total amount that the City collects from the community and not the amount collected from an individual tax payer.

PROPERTY TAX LEVY CALCULATION					
	FY2024	FY2025	FY2026	\$ Change	% Change
Base Levy From Prior Year	72,260,937	74,989,348	77,857,318	2,867,971	3.82%
2 1/2% Increase	1,806,523	1,874,734	1,946,433	71,699	3.82%
Override	0	0	0	0	0.00%
New Growth	921,887	993,237	933,517	(59,720)	-6.01%
Automatic Levy Increase	74,989,348	77,857,318	80,737,268	2,879,950	3.70%
Police Station	575,932	568,220	556,334	(11,886)	
Subtotal Debt Exclusions	575,932	568,220	556,334	(11,886)	-2.09%
Max Allowable Levy (Levy Increase + Debt Excl)	75,565,280	78,425,538	81,293,602	2,868,065	3.7%
LESS: Property Tax Levy	75,515,707	78,413,454	81,247,326		
Excess Levy Capacity	49,573	12,085	46,276		
Property Tax Levy	75,515,707	78,413,454	81,247,326		
Levy Ceiling (2.5% of Total Valuation)	124,285,232	140,727,663	148,586,917		

State Revenue

Funds distributed from the state budget to support local municipal services



State Revenue is comprised of State Aid (Cherry Sheet) and Intergovernmental State funds. The total makes up 13.80% of our projected budgeted revenue (FY26).

State Aid - 13.60%

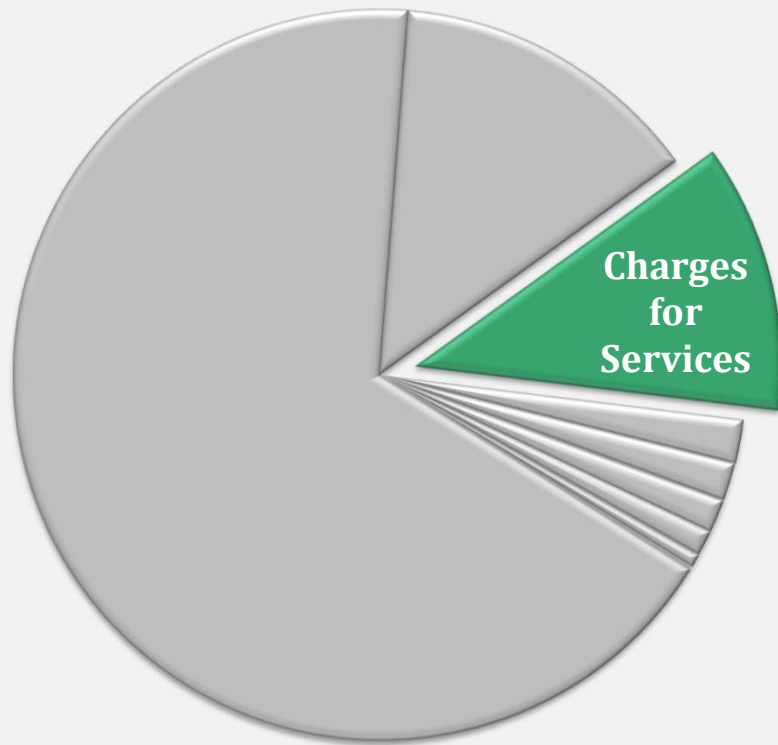
- Chapter 70 School Aid
- Charter Tuition Reimbursement
- Unrestricted General Government Aid (UGGA)
- Payment in Lieu of Taxes (PILOT) for State Owned Land
- Veterans Benefits
- Abatements to Older Adults
- Offset: Incoming School Choice
- Offset: Public Libraries

Intergovernmental State Funds - 0.20%

- Other State Revenue
- MA Ambulance Certified Public Expenditure (CPE)

Charges for Services

Majority is a pass through of SVAHS tuition

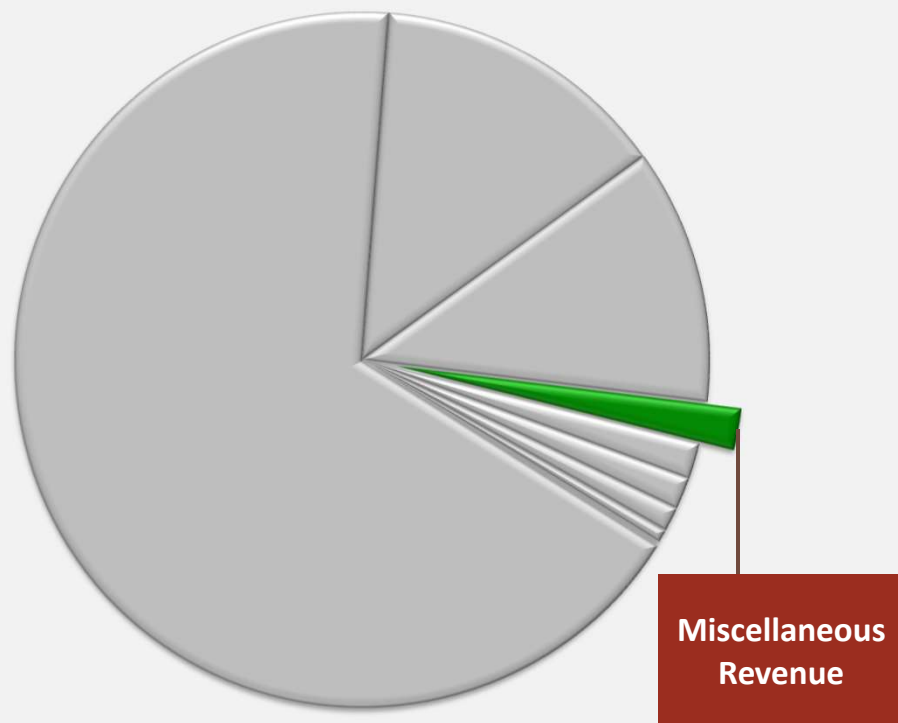


Charges for Services makes up 11.88% of projected revenue (FY26)

- Parking Revenues – Used for operations and maintenance of the Parking System.*
- Departmental Fees (Recreation, Collector, City Clerk, etc.)
- Department Revenues (Building Inspections, Health inspections, etc.)
- Tuition for Smith Vocational & Agricultural High School - tuition from sending communities goes to SVAHS.

* Some of these revenues are restricted and not part of the City's General Fund.

Miscellaneous Revenue

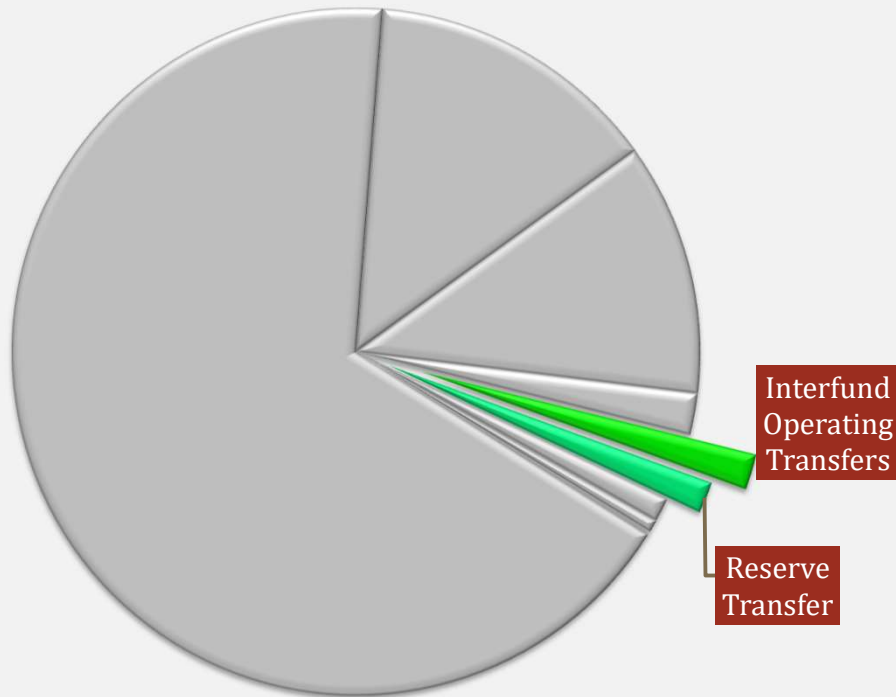


Miscellaneous revenue makes up 1.94% of our projected revenue (FY26)

- PVTA – 5 College Reimbursement
- Interest on investments
- Shared Services (Regional Veterans District, Laserfiche services, Weights and Measures)

Interfund Transfers and Reserve/Gift Funds

Indirect costs and reserves or gift funds supporting the operating budget



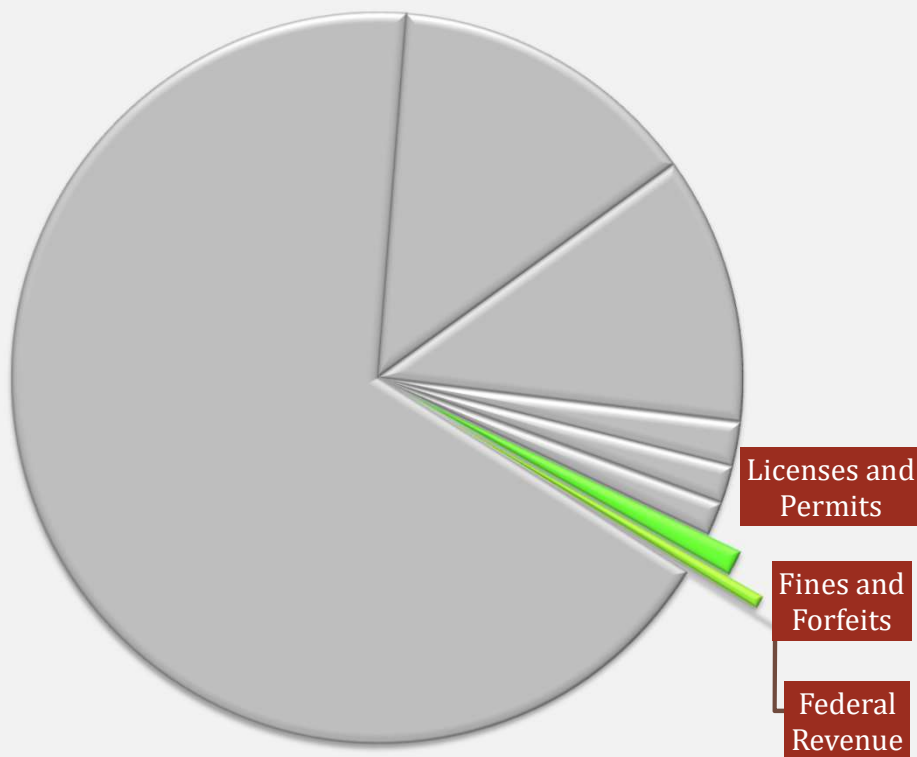
Interfund Operating Transfers - 1.68%

Comprised of the indirect costs from the Enterprise Funds and Community Preservation Act Funds (CPA)

Reserves and Gift Funds - 1.49%

- Smith College Gift funds - \$166,666
- NPS Special Education Stabilization Fund - \$350,000
- Fiscal Stability Stabilization Fund - \$1,403,757

Licenses and Permits, Fines and Forfeits, Federal Revenue



Licenses and Permits -1.13%

Liquor License and Department permits (City Clerk, Health and Fire/Rescue, etc.)

Fines and Forfeits – 0.59%

Civil motor vehicle infractions, reimbursements from RMV and parking fines

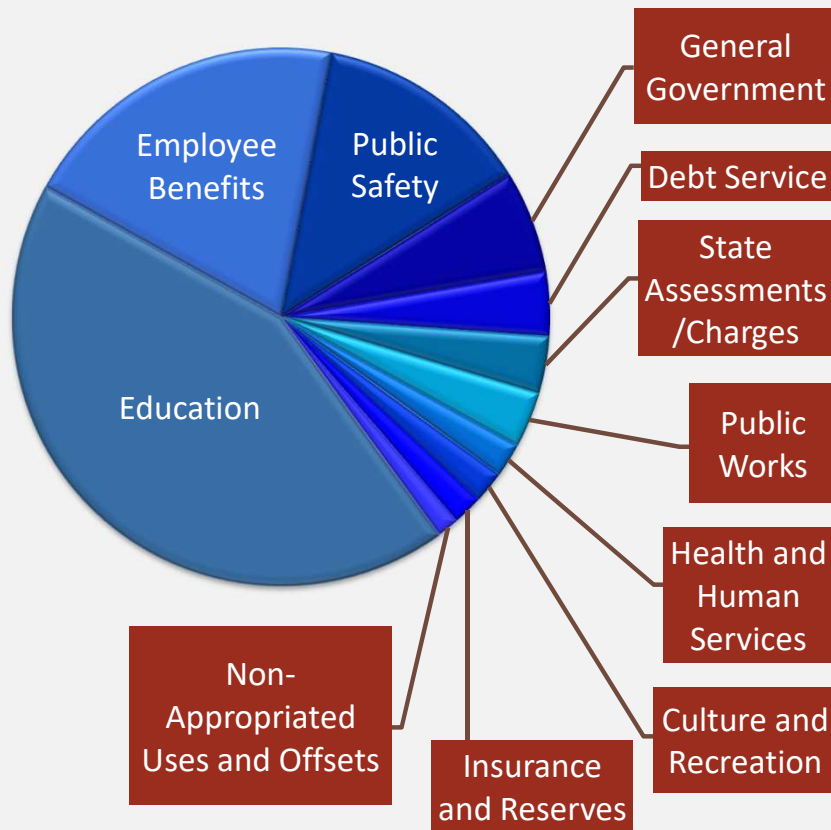
Federal Revenue – 0.14%

Medicaid reimbursements

FY2026 Expenditures

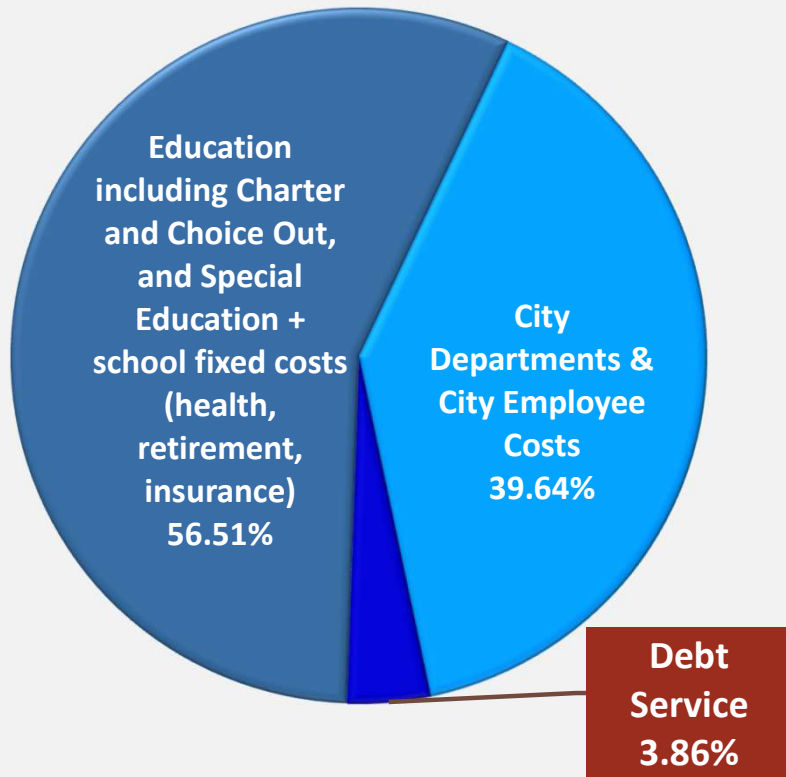
OPERATING BUDGET \$130,026,682

FY2026 Budgeted Expenses Overview



Fiscal Year 2026 - Expenditures		
Category	Total	Percentage
Education	\$ 55,946,917	43.03%
Employee Benefits	\$ 25,979,332	19.98%
Public Safety	\$ 17,042,883	13.11%
General Government	\$ 8,018,019	6.17%
Debt Service	\$ 5,017,022	3.86%
State Assessments/Charges	\$ 4,486,865	3.45%
Public Works	\$ 4,366,651	3.36%
Health and Human Services	\$ 2,616,258	2.01%
Culture and Recreation	\$ 2,525,828	1.94%
Insurance and Reserves	\$ 2,321,601	1.79%
Non- Appropriated Uses and Offsets	\$ 1,705,307	1.31%
TOTAL EXPENDITURES	\$ 130,026,682	100.00%

Total FY26 Budgeted Expenses and Fixed and Indirect Costs Across Education and City Departments



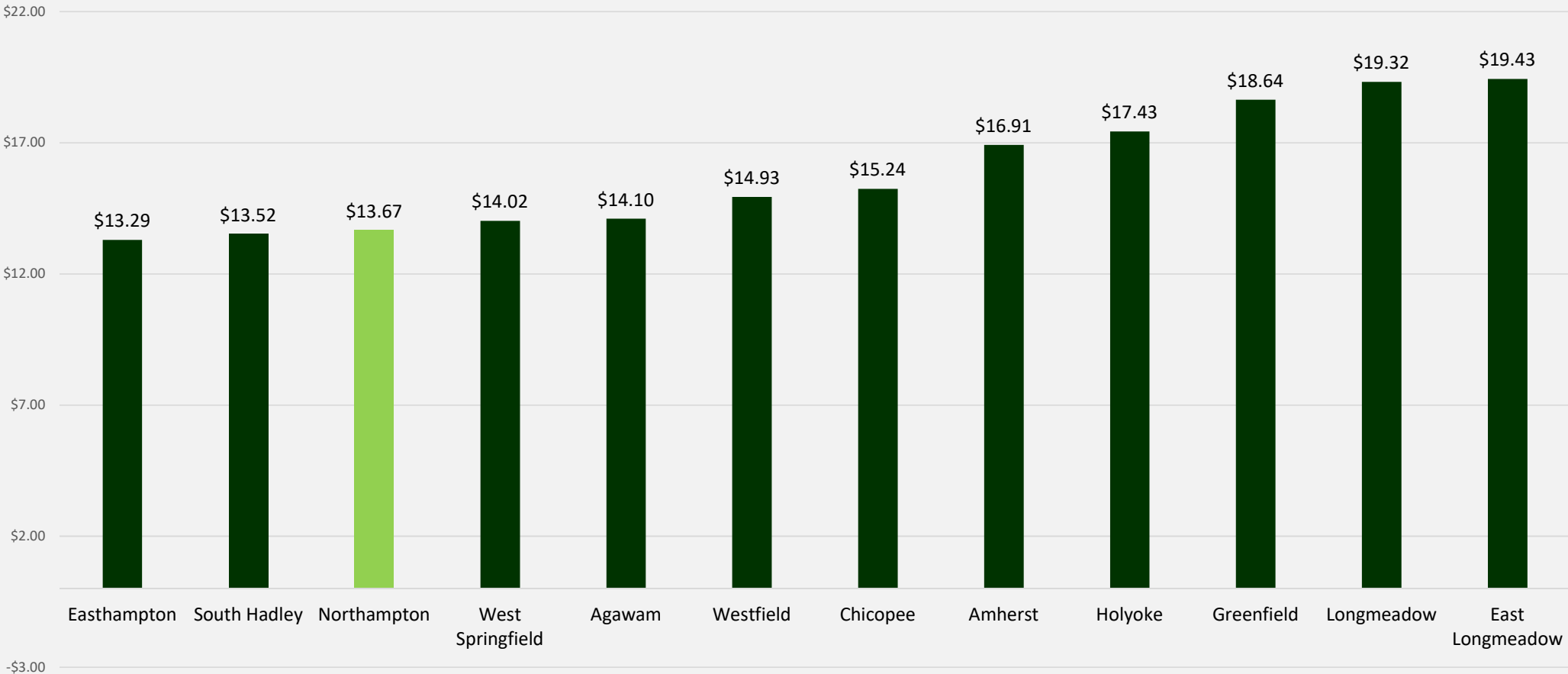
FY2026 - Expenditures		
Category	Total	Percentage
Education including Charter and Choice Out, Special Education and school fixed costs (health, retirement, insurance)	\$ 73,473,014	56.51%
City Departments and city fixed costs (health, retirement, insurance)	\$ 51,536,646	39.64%
Debt Service	\$ 5,017,022	3.86%
TOTAL EXPENDITURES	\$130,026,682	100.00%

Comparison of Key Financial Indicators

HOW NORTHAMPTON COMPARES TO 11 BENCHMARK LOCAL
COMMUNITIES IN TERMS OF MAIN REVENUE GENERATORS

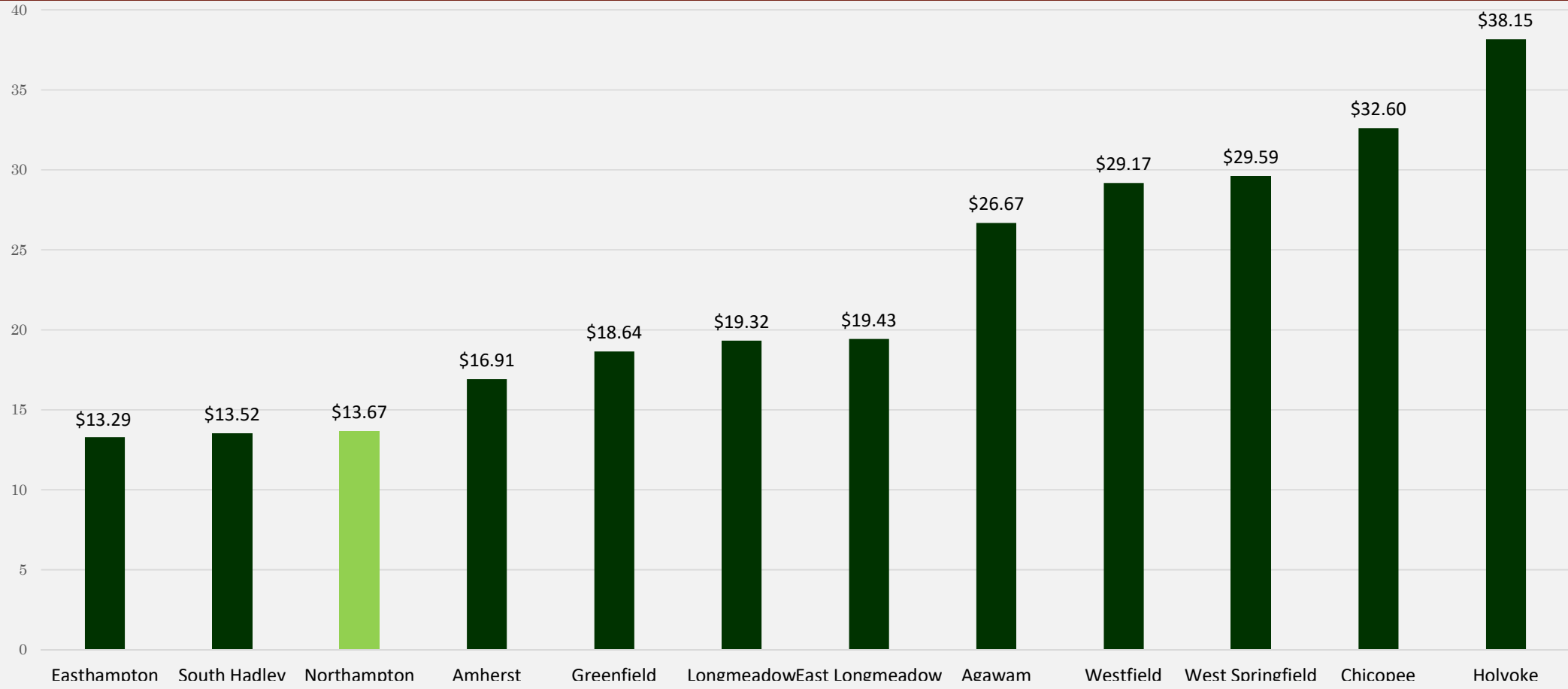
FY2026 Residential Tax Rates

Northampton \$13.67/\$1000

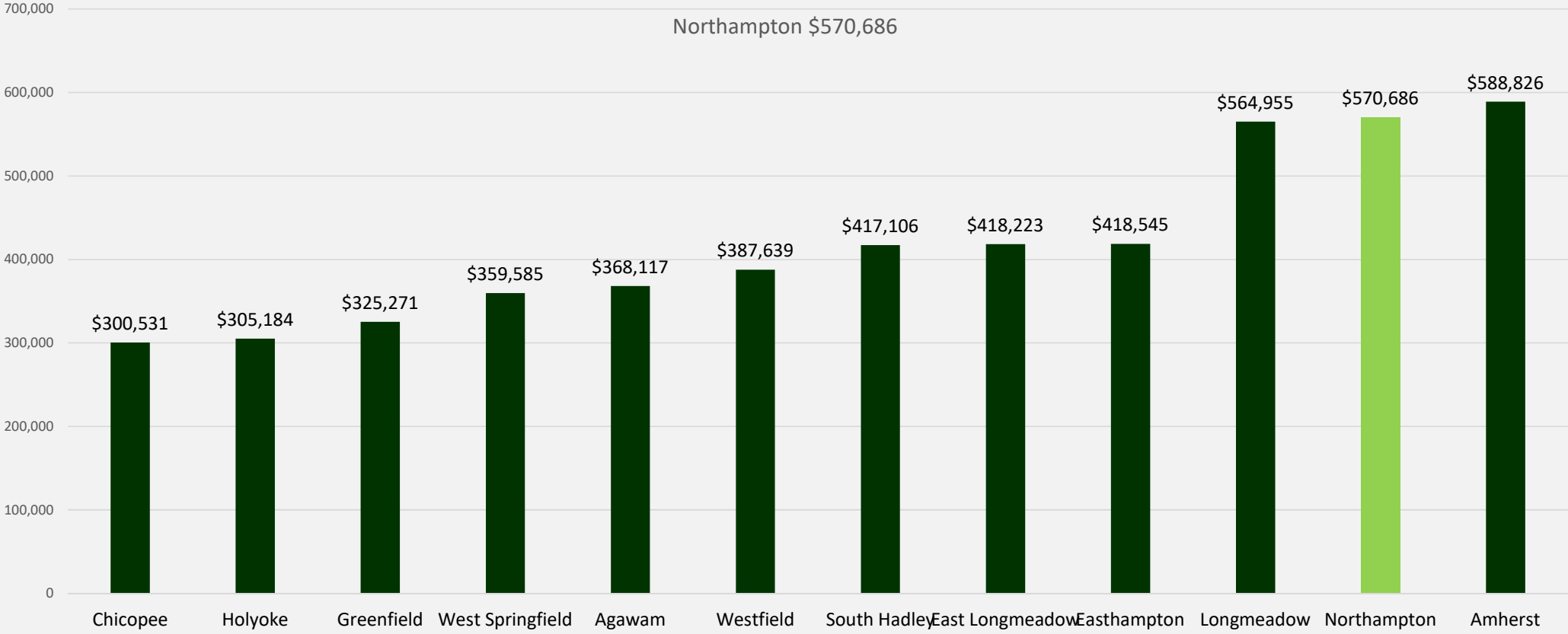


FY2026 Commercial Tax Rates

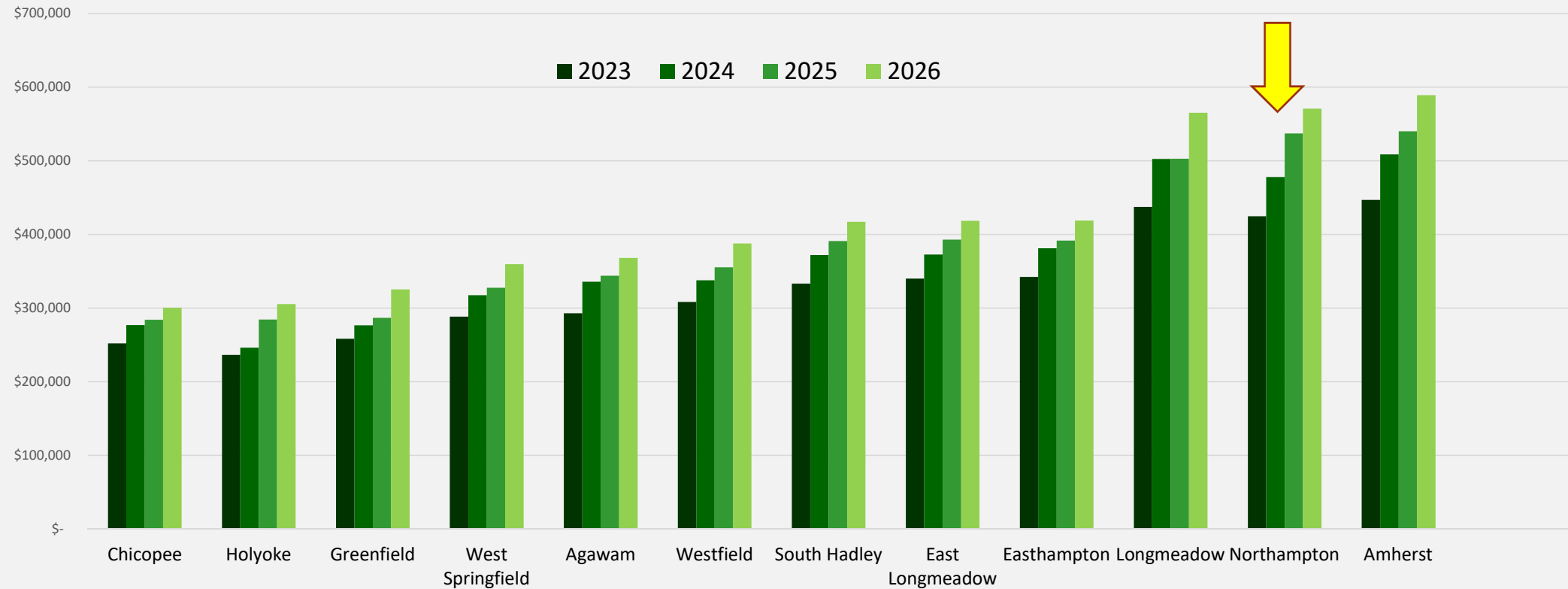
Northampton \$13.67/\$1000



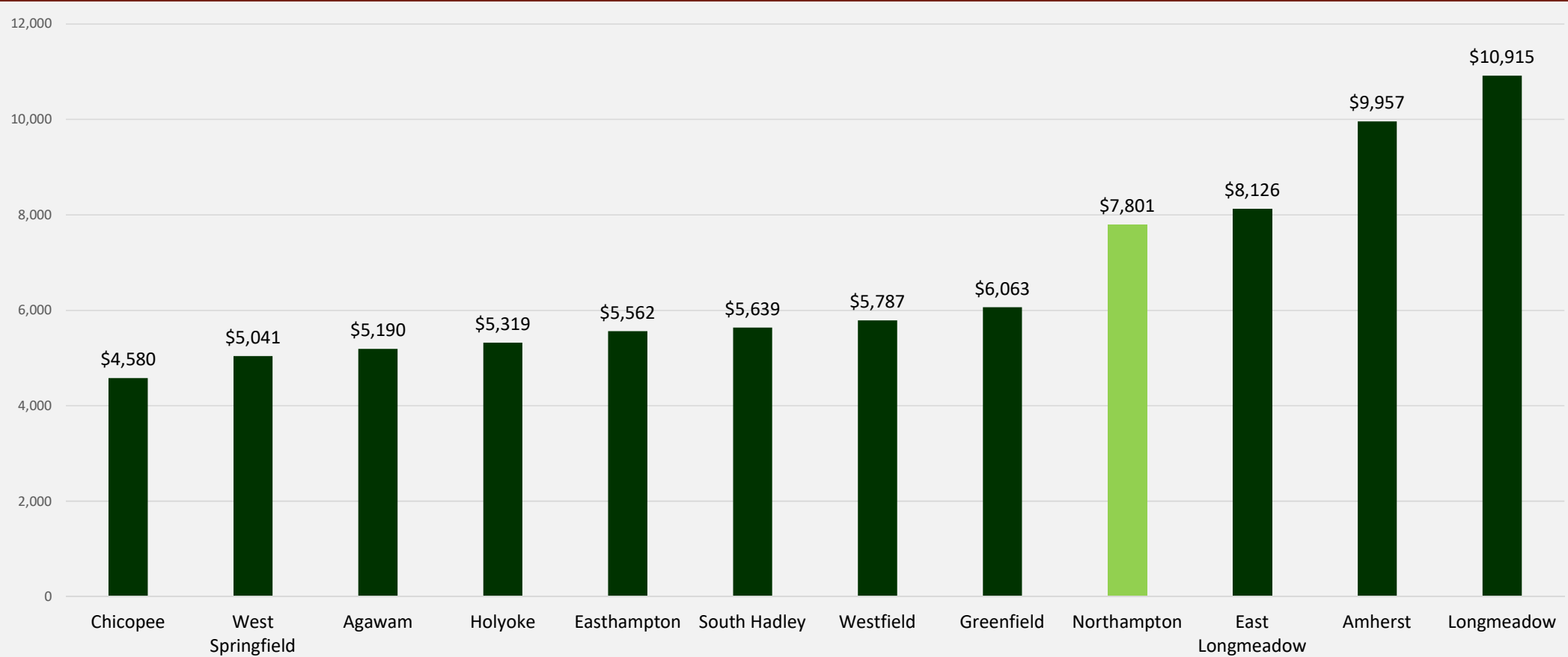
FY2026 Average Single Family Home Value



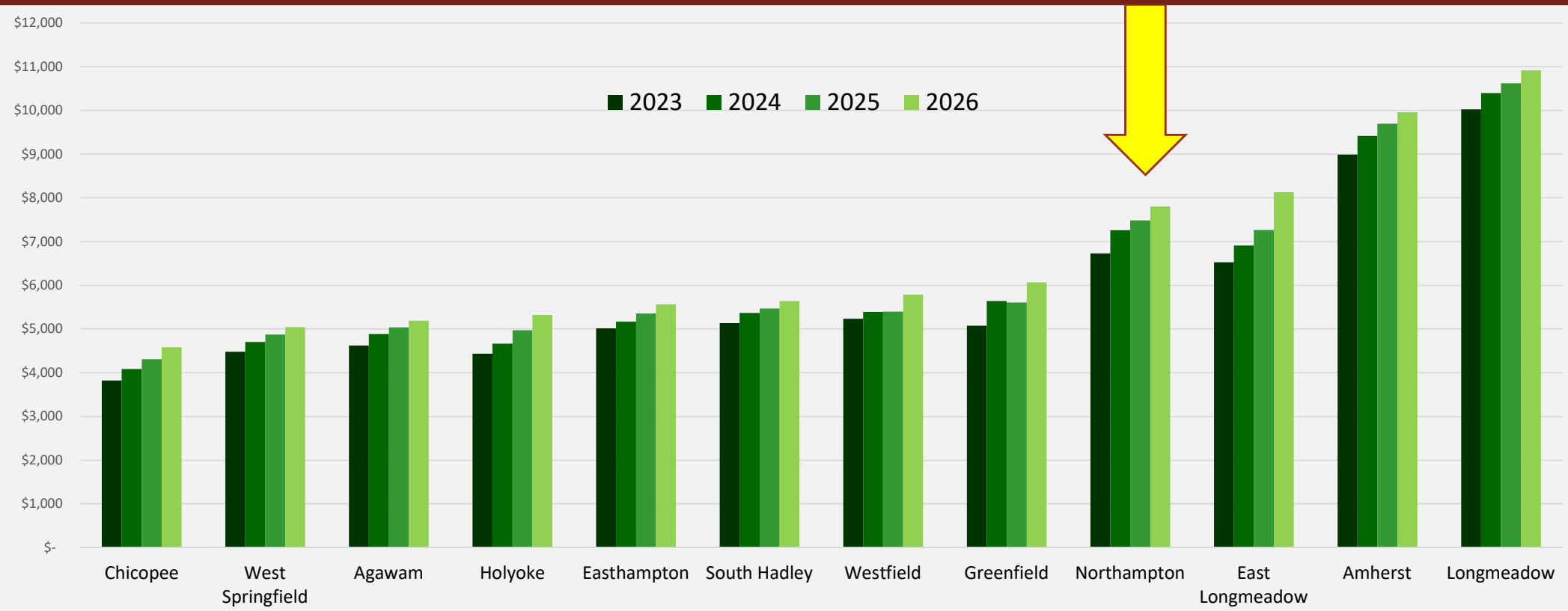
Average Single Family Home Value Over Last Four Fiscal Years



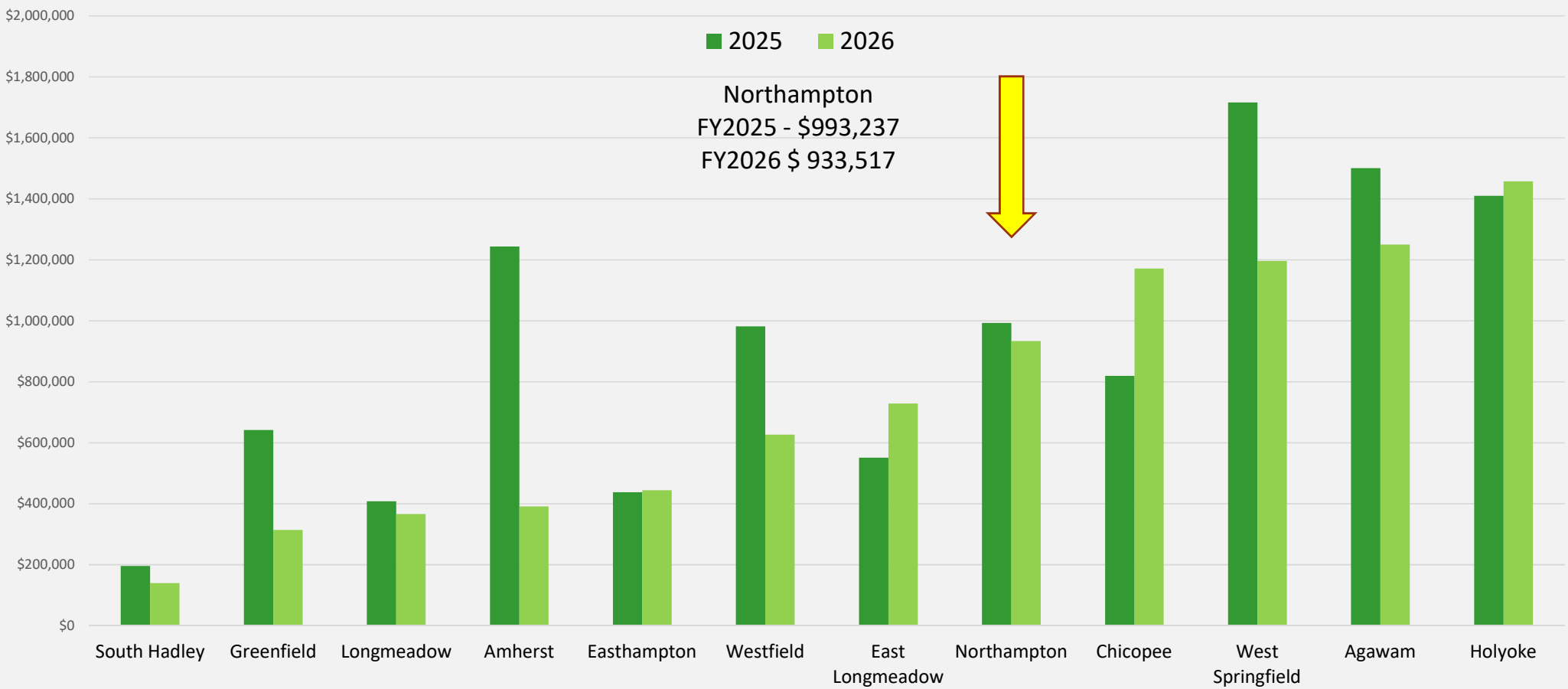
Average Single Family Tax Bill



Average Single Family Tax Bill Over Last Four Fiscal Years



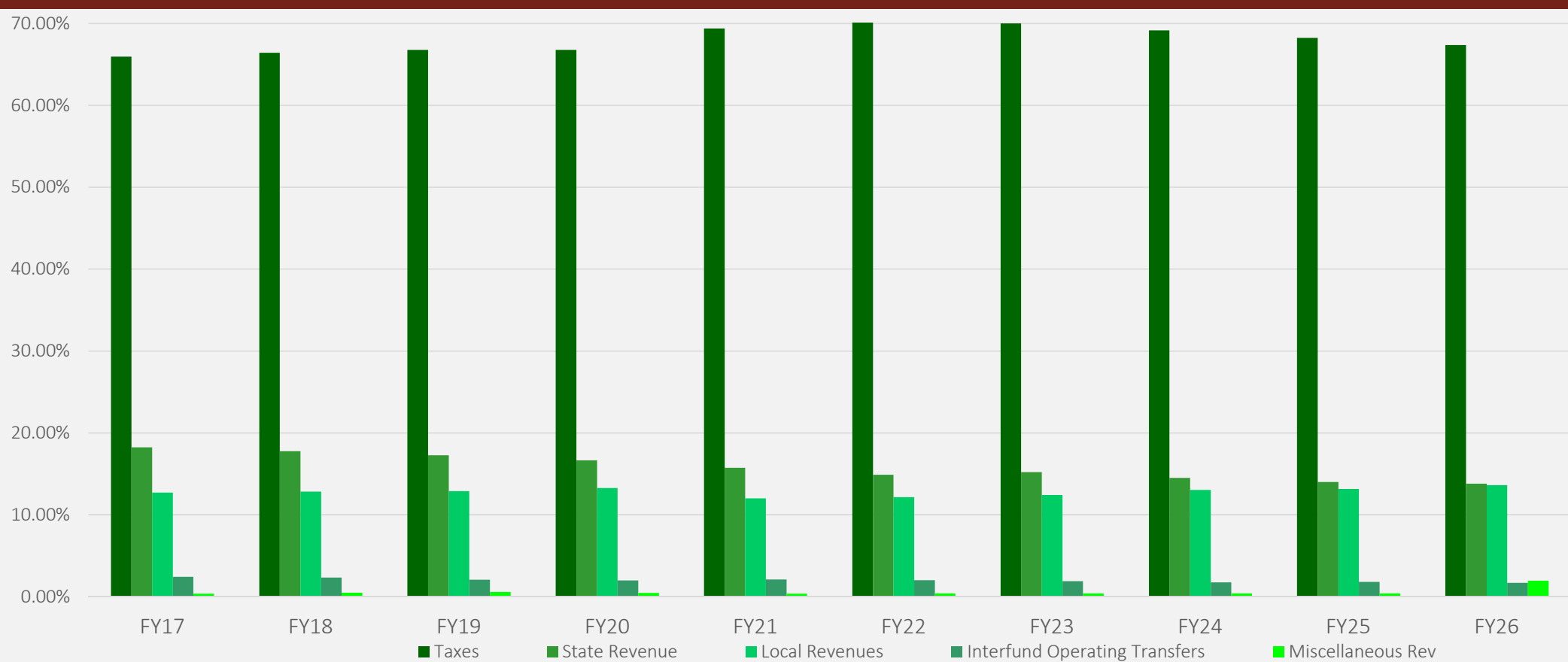
Total New Growth



Revenue Trends

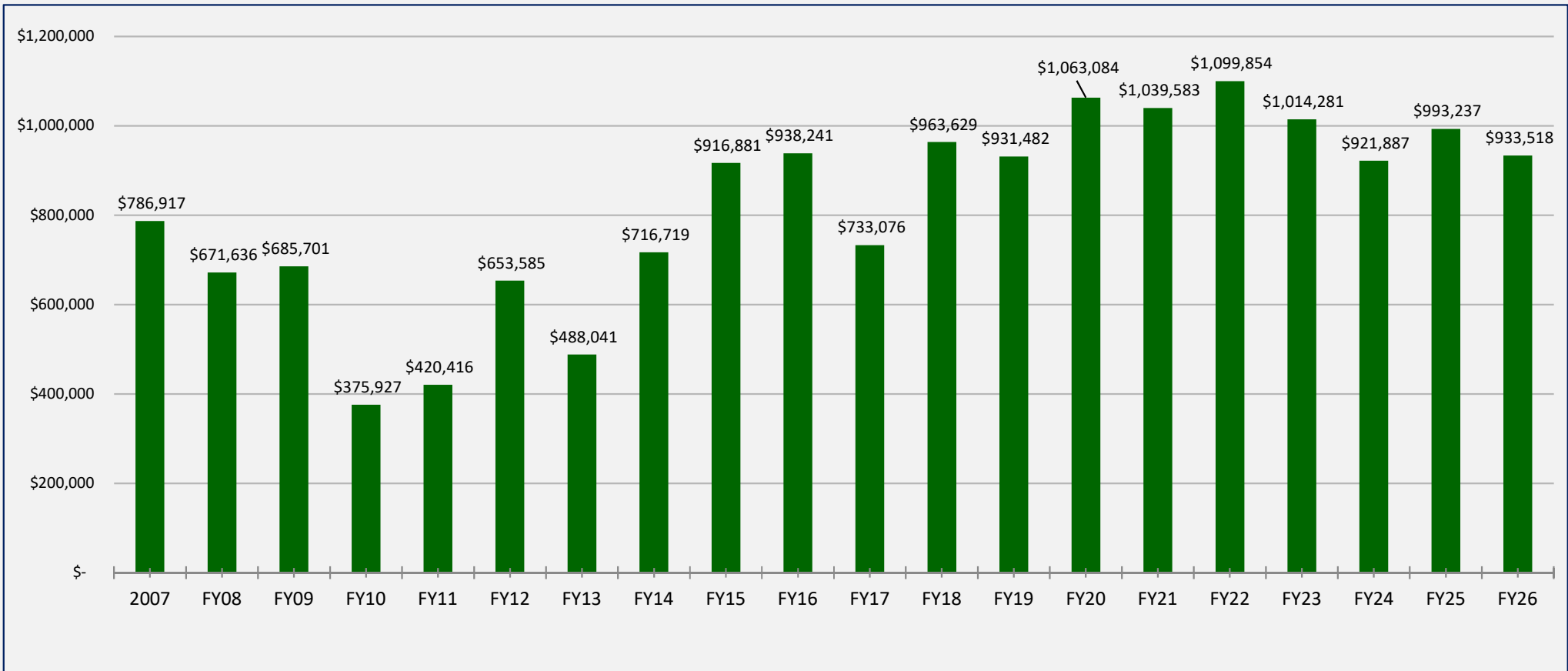
REVENUE TRENDS FOR SOURCES THAT ARE NOT FIXED TO A 2.5% INCREASE FOR REAL AND PERSONAL PROPERTY TAXES

Revenue Categories as a Percentage of the City's Operating Budget

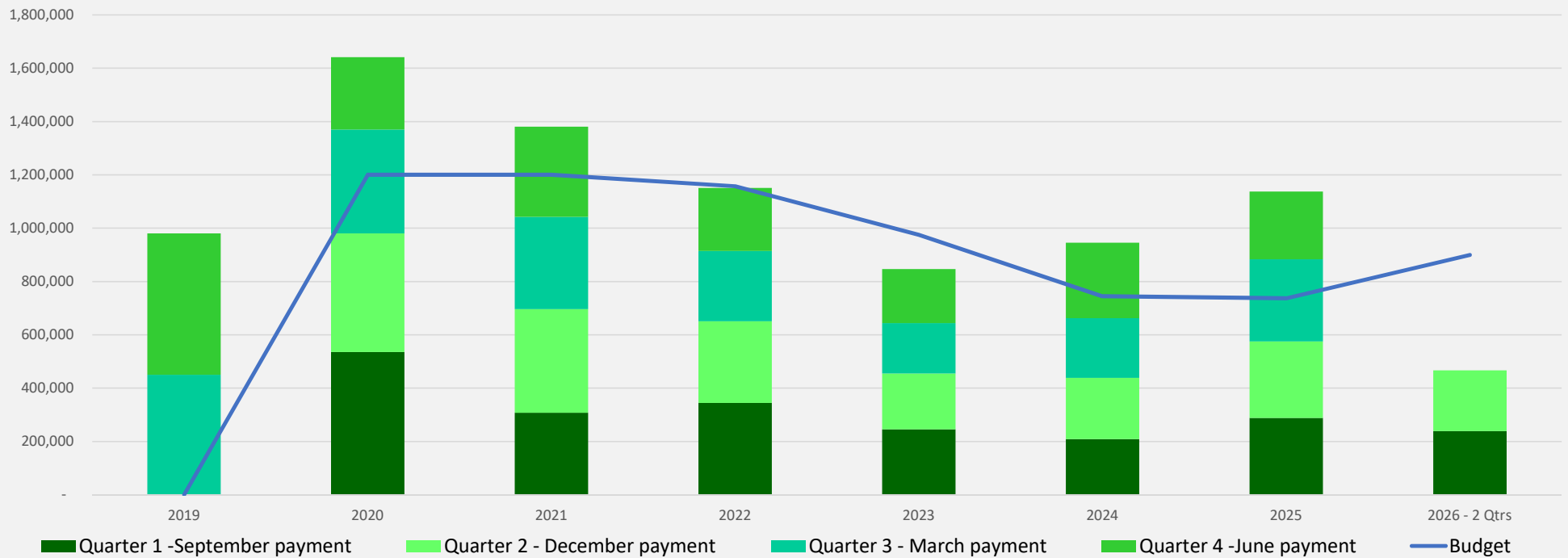


20 Years of New Growth

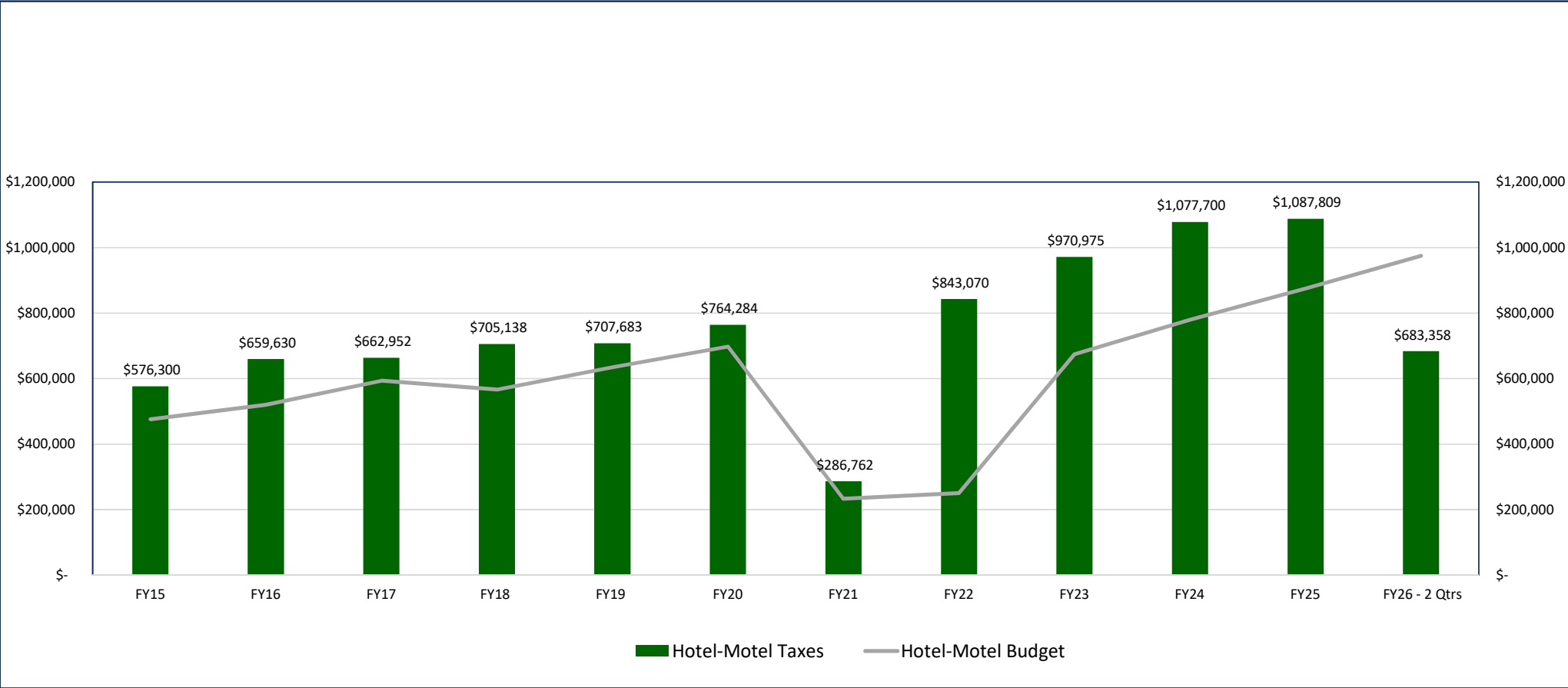
Increase in the tax base from new construction, parcel subdivisions, condominium conversions and property renovations



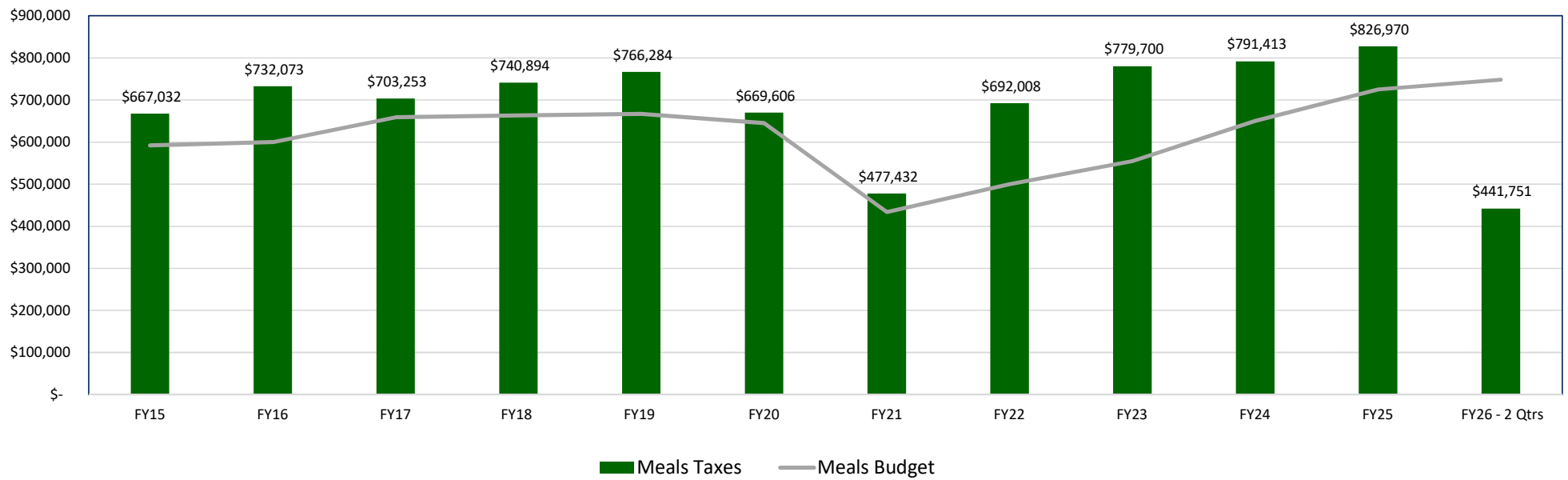
Local Option Cannabis Excise Tax



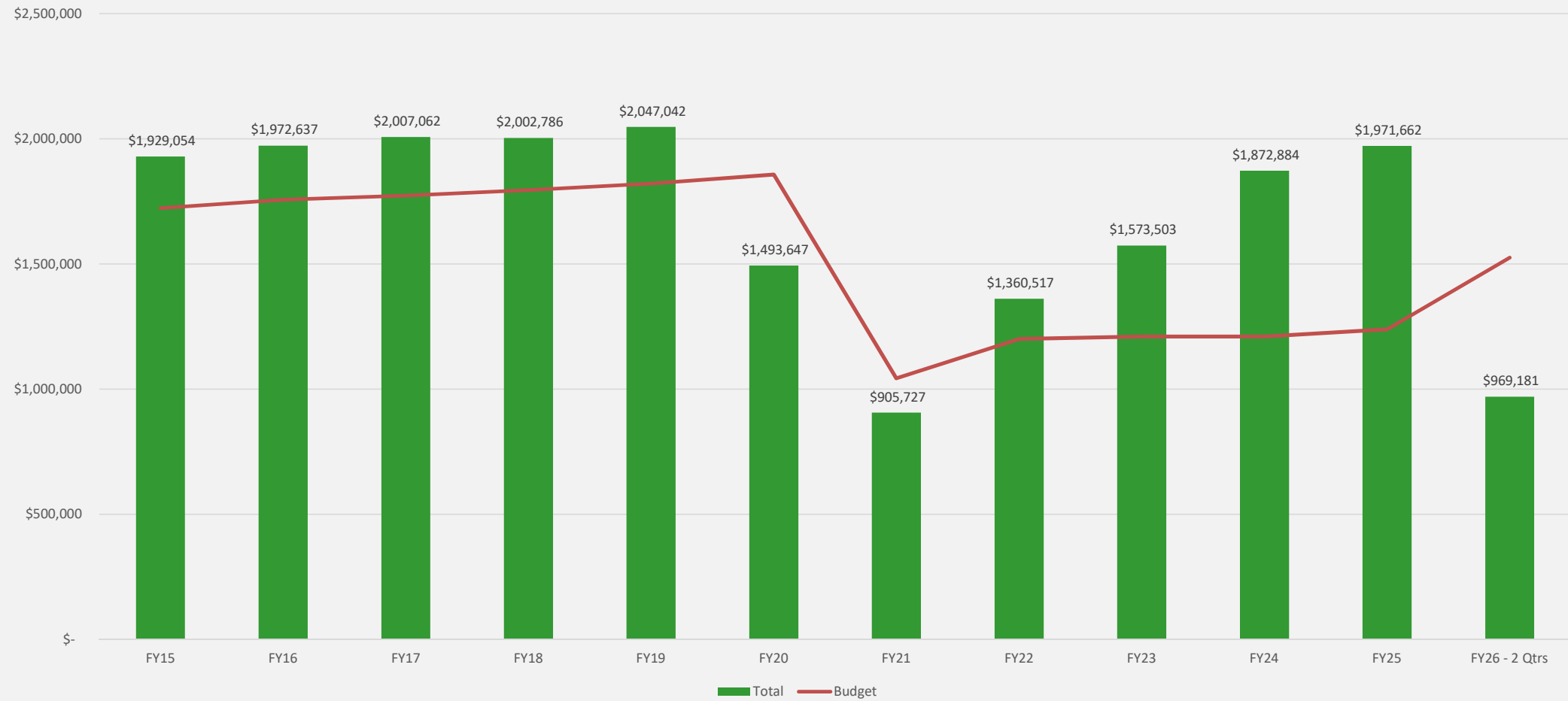
Hotel-Motel Tax FY2015-FY2026 (Q1 & Q2)



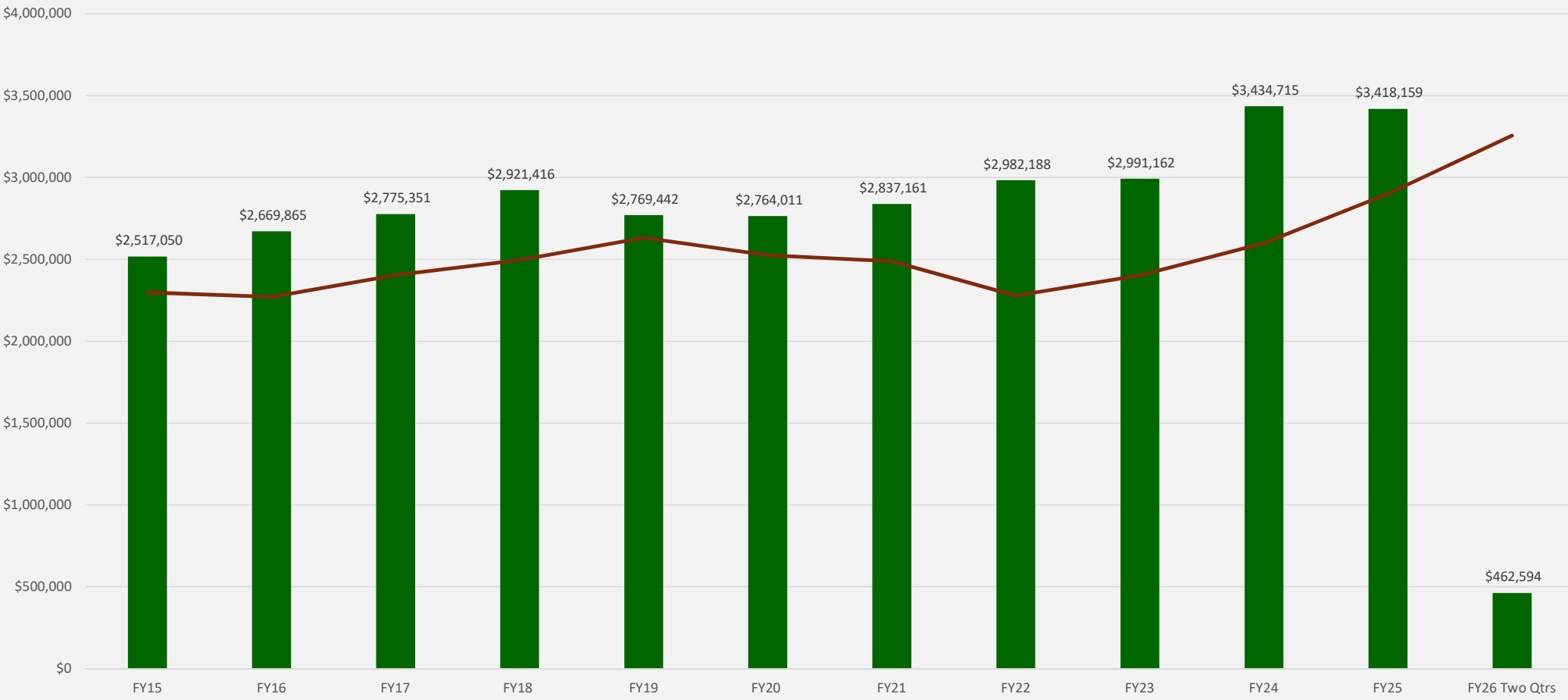
Meals Tax FY2015-FY2026 (Q1 & Q2)



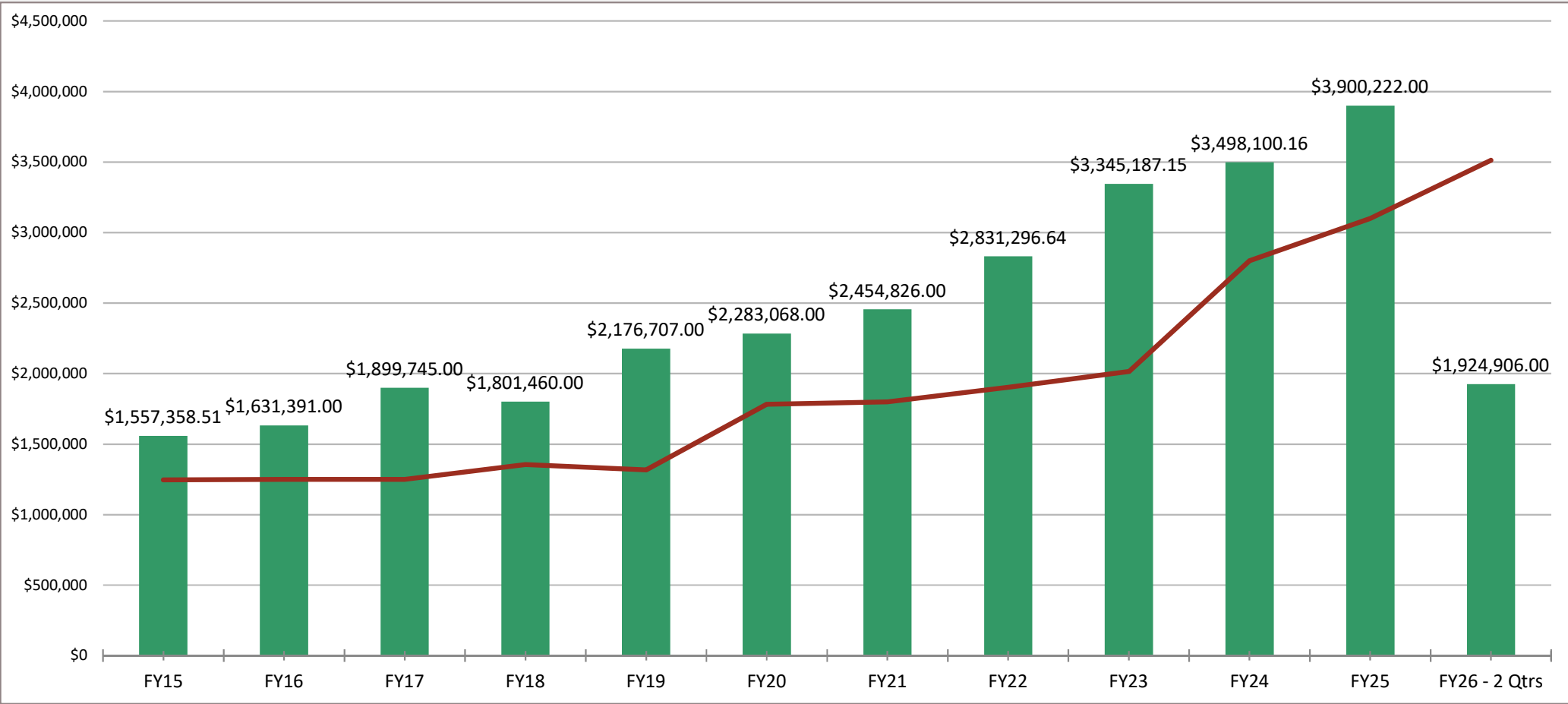
Parking Revenue FY2015-FY2026 (Q1&Q2)



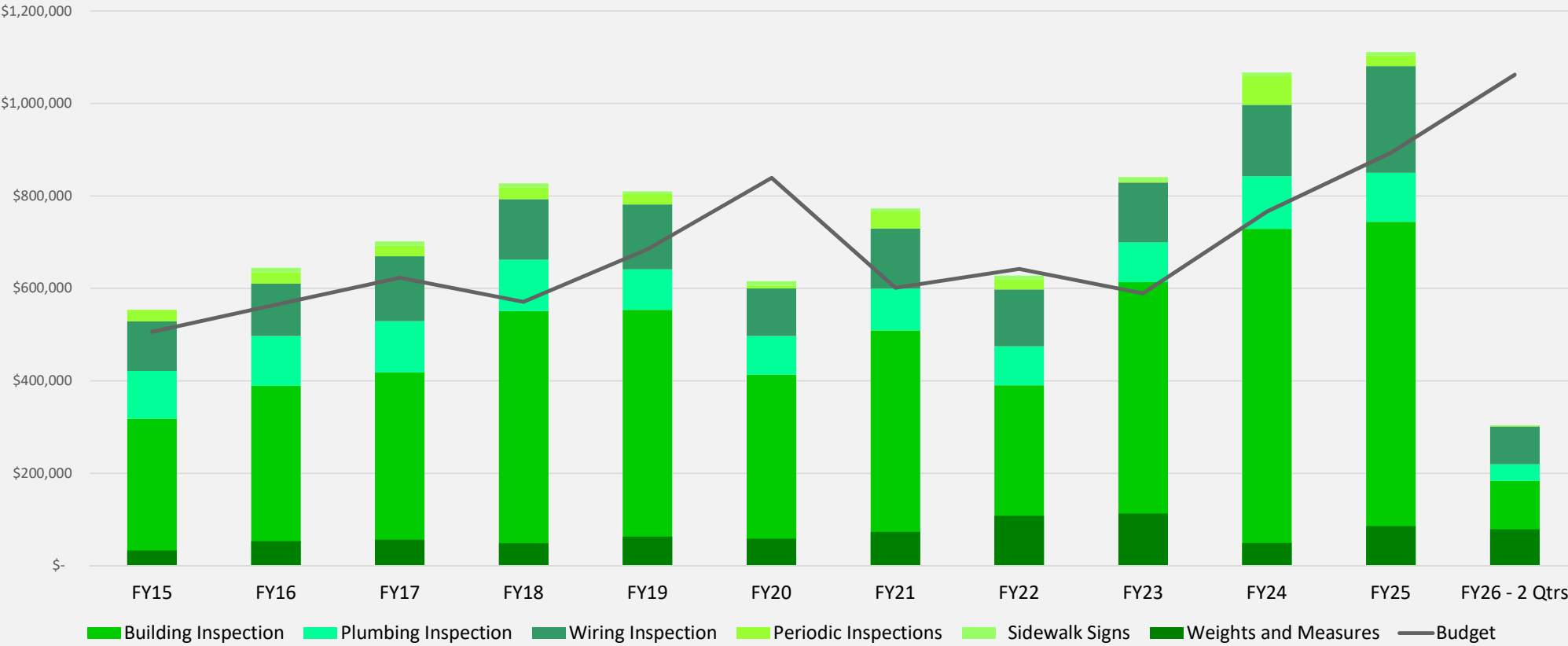
Motor Vehicle Excise FY2015-FY2026 (Q1&Q2)



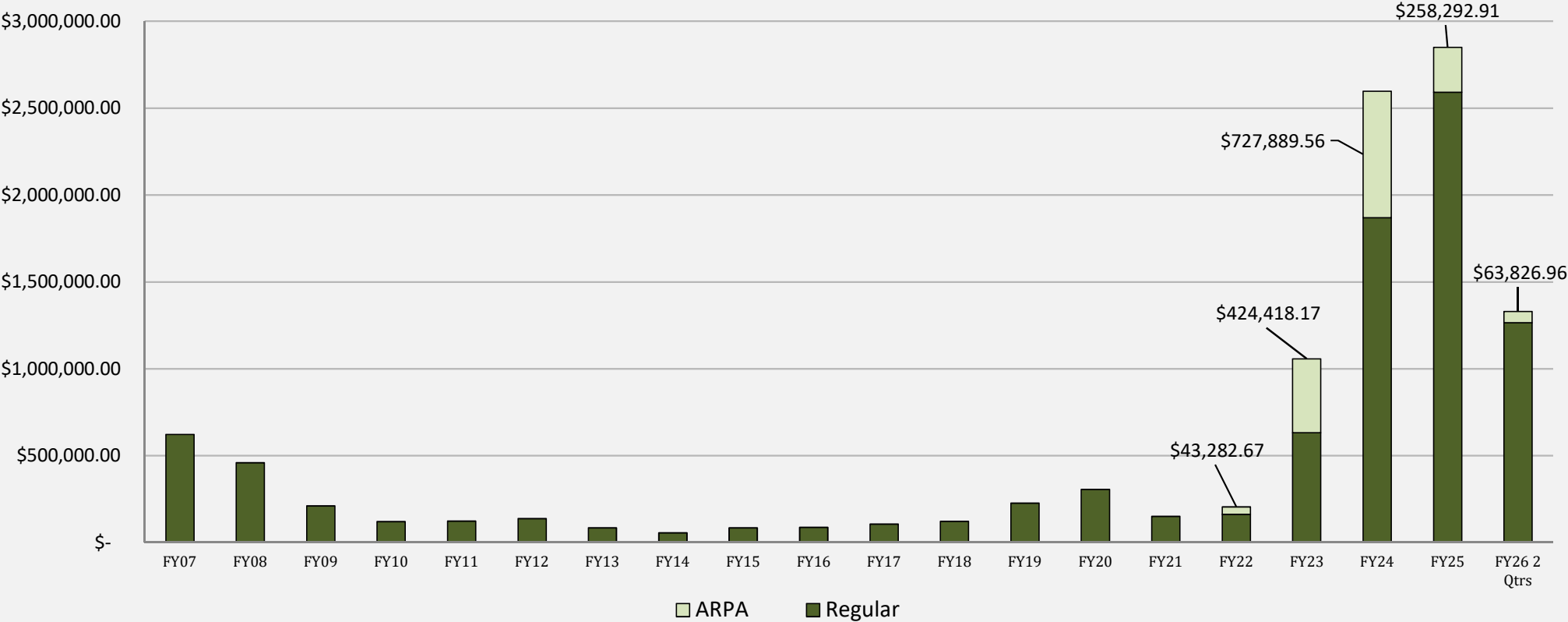
Ambulance Revenue FY2015-FY2026 (Q1&Q2)



Inspections and Permits FY2015-FY2026 (Q1&Q2)

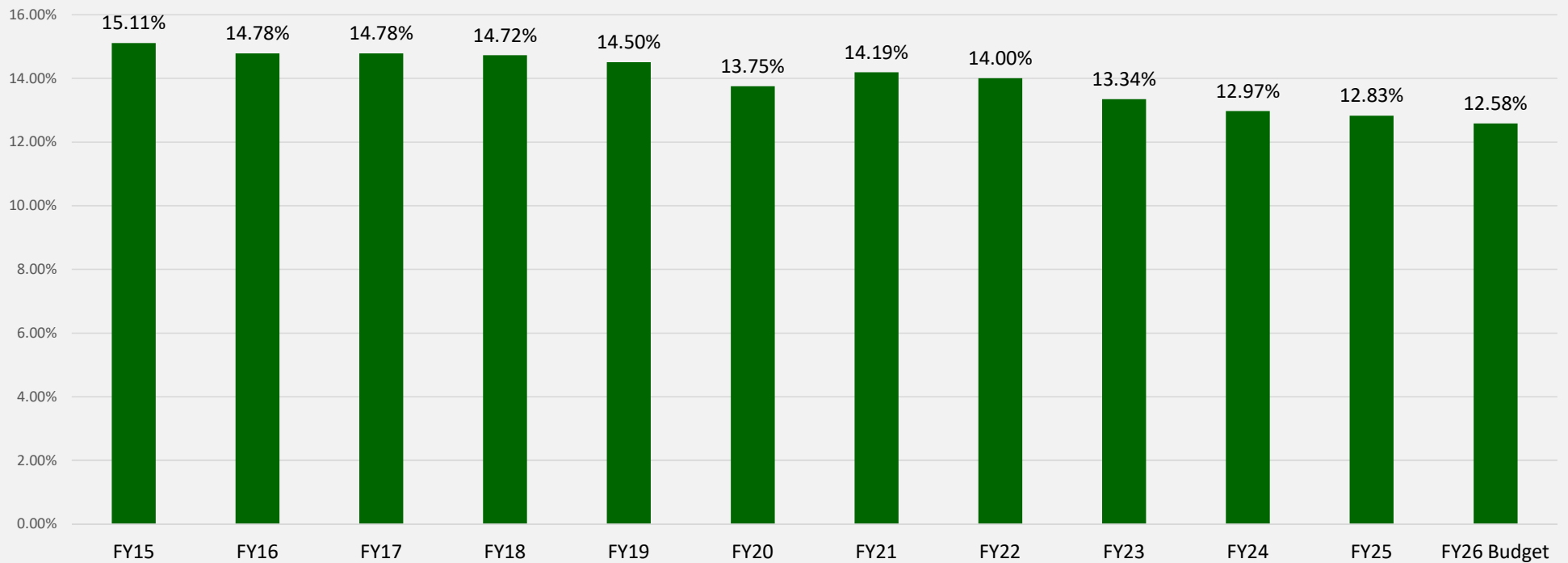


Investment Income FY2007 – FY2026 (Q1 & Q2)



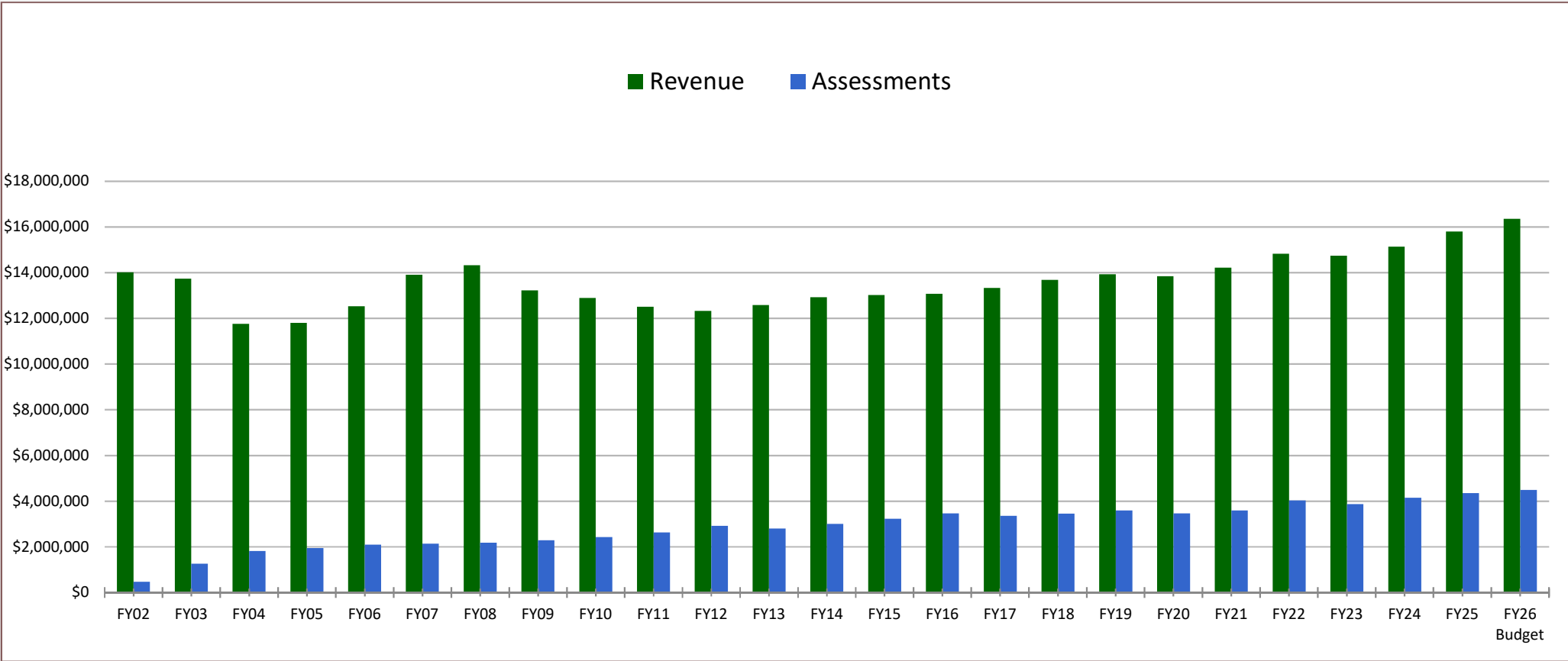
Twelve Year History of Net State Revenue as % Budget

Does not include offsets (School Choice & Library Funds)



25 Years of Net State Aid FY2002-FY2026

Net state aid excludes offsets for school choice and libraries



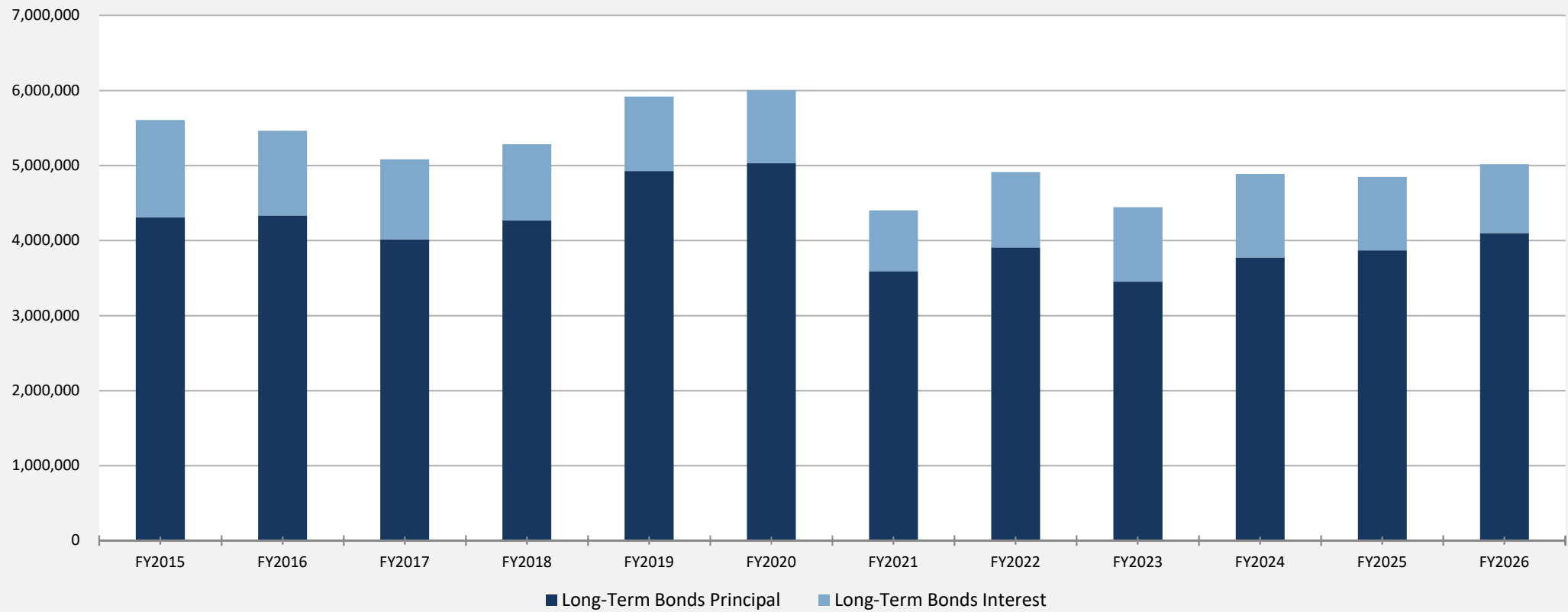
Expenditure Trends

EXPENDITURE TRENDS FOR FIXED AND DEPARTMENTAL COSTS

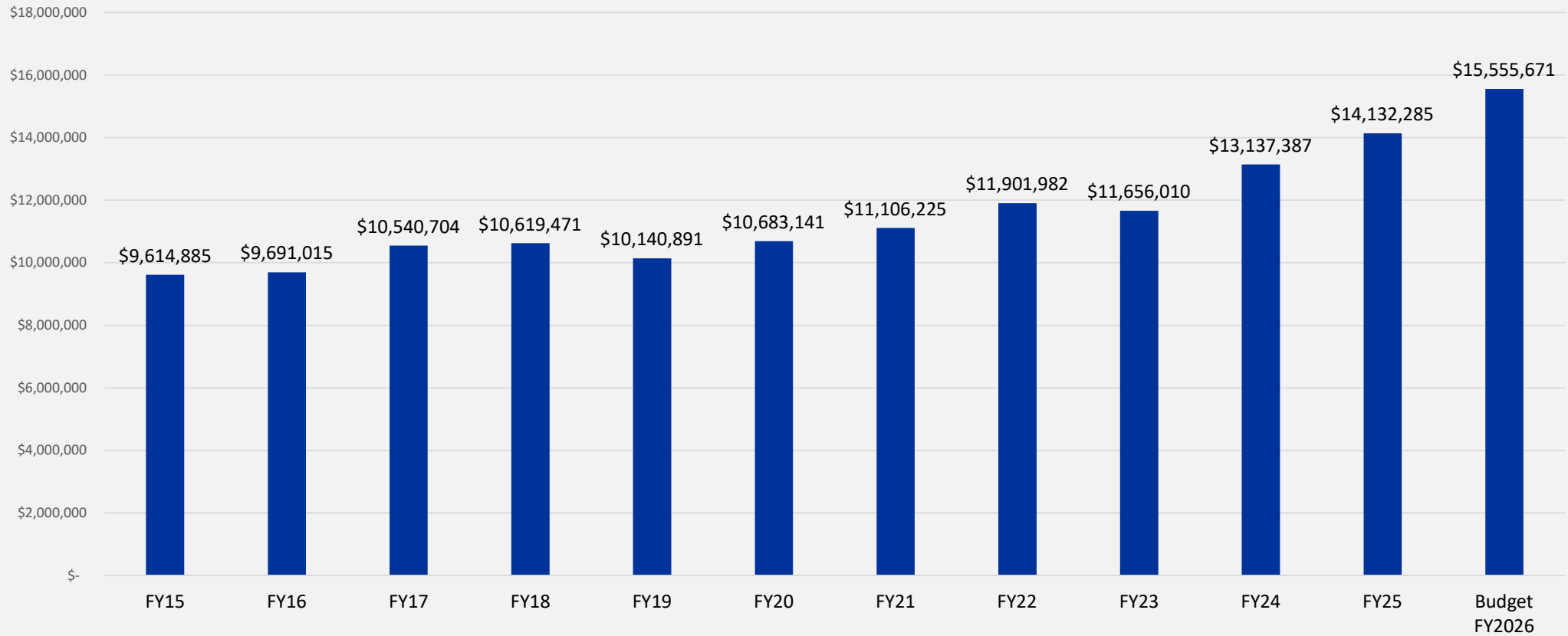
Information on Debt Service

- Bonds are expenditures that are financed through borrowing
- These include payments of principal and interest for a term of 5 to 20 years depending on the life of the project
- These payments come from the general operating budget and are referred to as debt service. These payments use recurring revenues from the general fund, and CPA projects that are funded through borrowing are paid for using CPA funds.
- Bonding is generally reserved for major expenditures but the city strives to have a balance of capital funded by cash and borrowing. The debt schedule is carefully planned to maximize opportunities for larger capital projects to be funded in a timely manner without causing large spikes in the debt service payments that impact the operating budget. We take into account interest rates, economic conditions and the ability to support projects through reserves first before bonding and incurring added extra costs such as interest to projects.
- The Net General Fund Debt Service as a percent of the budget is at 3.9% in FY2026.

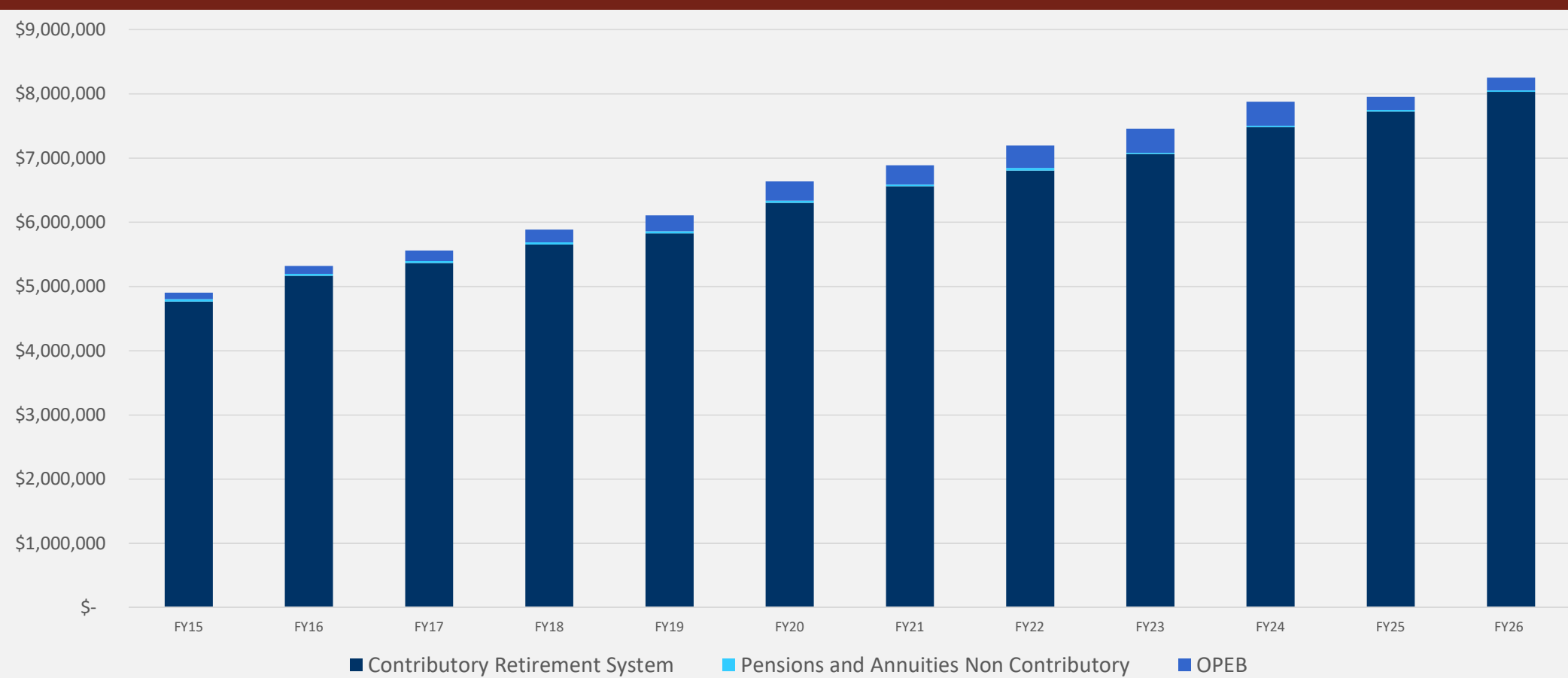
Debt Service FY2015-FY2026



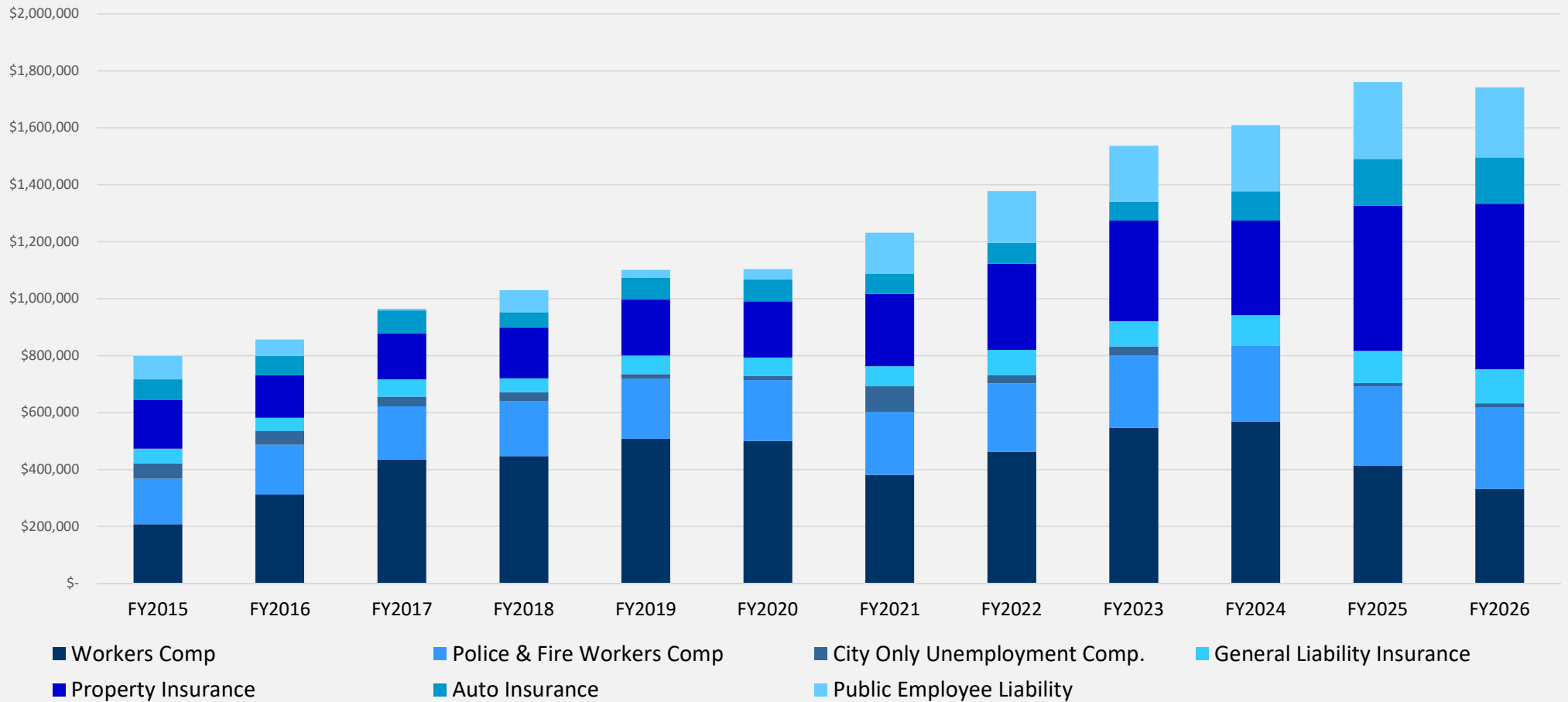
Employee Health Insurance FY2015-FY2026



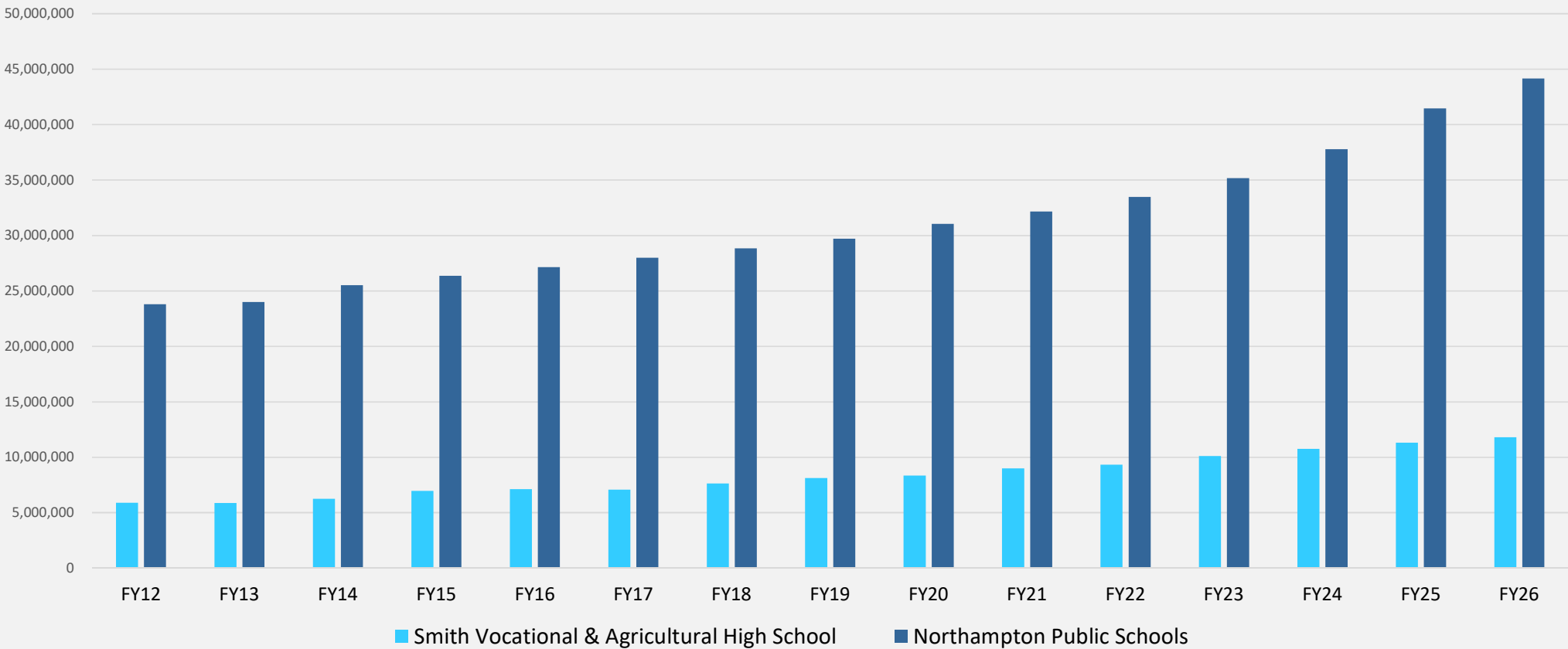
Retirement System Contribution and Other Post Employment Benefits (OPEB) Trust for Retiree Health Insurance FY2015-FY2026



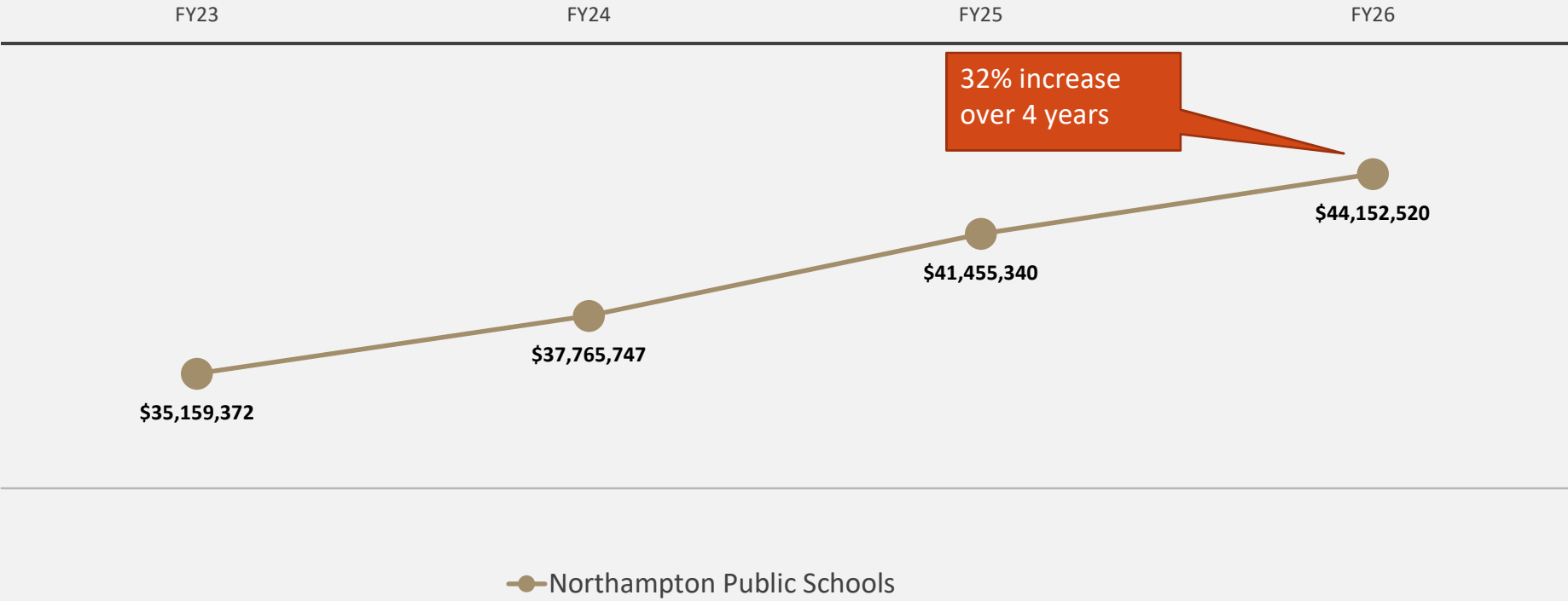
Other Insurances FY2015-FY2026



Education Spending Appropriations for Northampton Public Schools and Smith Vocational & Agricultural High School (which includes tuitions) FY2012-FY2026



Northampton Public Schools Have Increased 32% Over the Last Four Years FY2023-FY2026



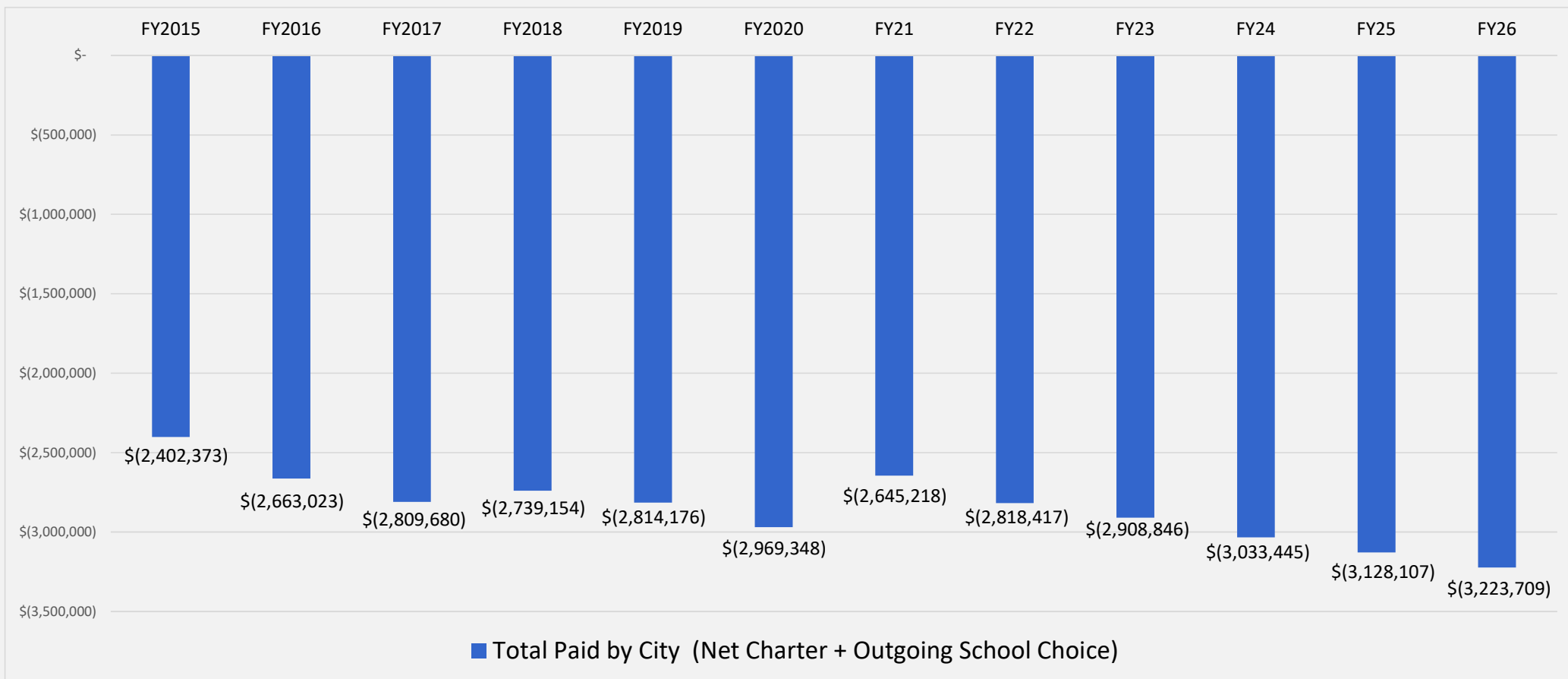
FY2026 Total City Education Funding \$74,145,885

Spending on education, as defined and measured by the Department of Elementary and Secondary Education (DESE), is a combination of the direct appropriation to the schools plus the indirect expenditures not reflected in the school budget. This chart shows the total educational costs funded by the City. This includes Capital Projects funded in FY26. The SVAHS line item spending includes tuition.

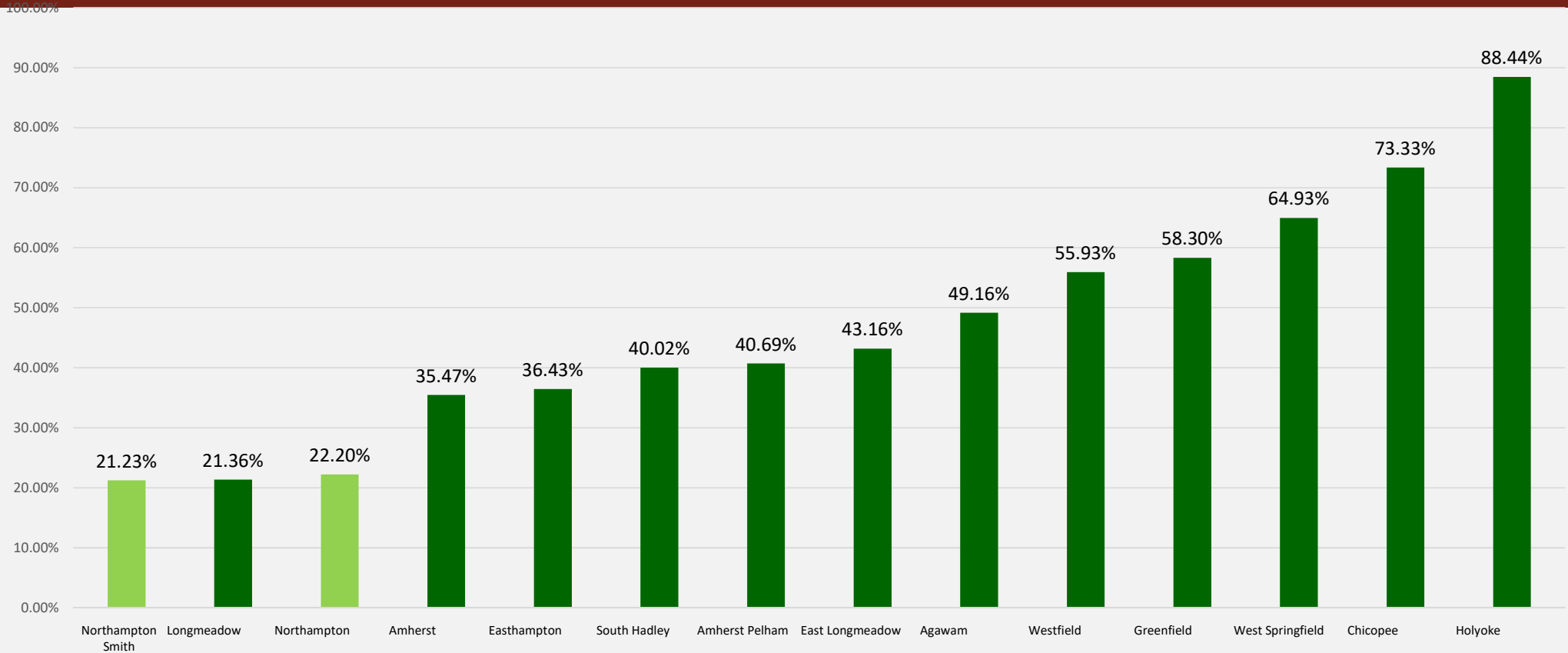
<u>Estimated Indirect Costs</u>	NPS	SVAHS	Total
Employee Benefits	\$ 10,212,933	\$ 2,126,684	\$ 12,339,617
Insurance (Property, Vehicle, Liability)	\$ 235,257	\$ 92,242	\$ 327,499
Debt for School Capital Projects	\$ 245,754	\$ 137,760	\$ 383,514
Capital Spending for FY26	\$ 363,000	\$ 635,000	\$ 998,000
General Government (IT, HR, Auditor, etc.)	\$ 447,158	\$ 113,043	\$ 560,201
Central Services, Forestry, Parks & Rec Division + DPW	\$ 315,682	\$ 50,746	\$ 366,428
Net Charter School Tuition for Outgoing Northampton Students	\$ 2,567,072		\$ 2,567,072
School Choice Tuition for Outgoing Northampton Students	\$ 656,637		\$ 656,637
TOTAL ADDITIONAL SPENDING ON EDUCATION IN FY2026	\$ 15,043,493	\$ 3,155,475	\$ 18,198,968
LINE ITEM SPENDING ON EDUCATION IN FY2026	\$ 44,152,520	\$ 11,794,397	\$ 55,946,917
TOTAL EDUCATIONAL SPENDING IN FY2026	\$ 59,196,013	\$ 14,949,872	\$ 74,145,885

Impact of Charter and School Choice Sending Tuition on the Budget

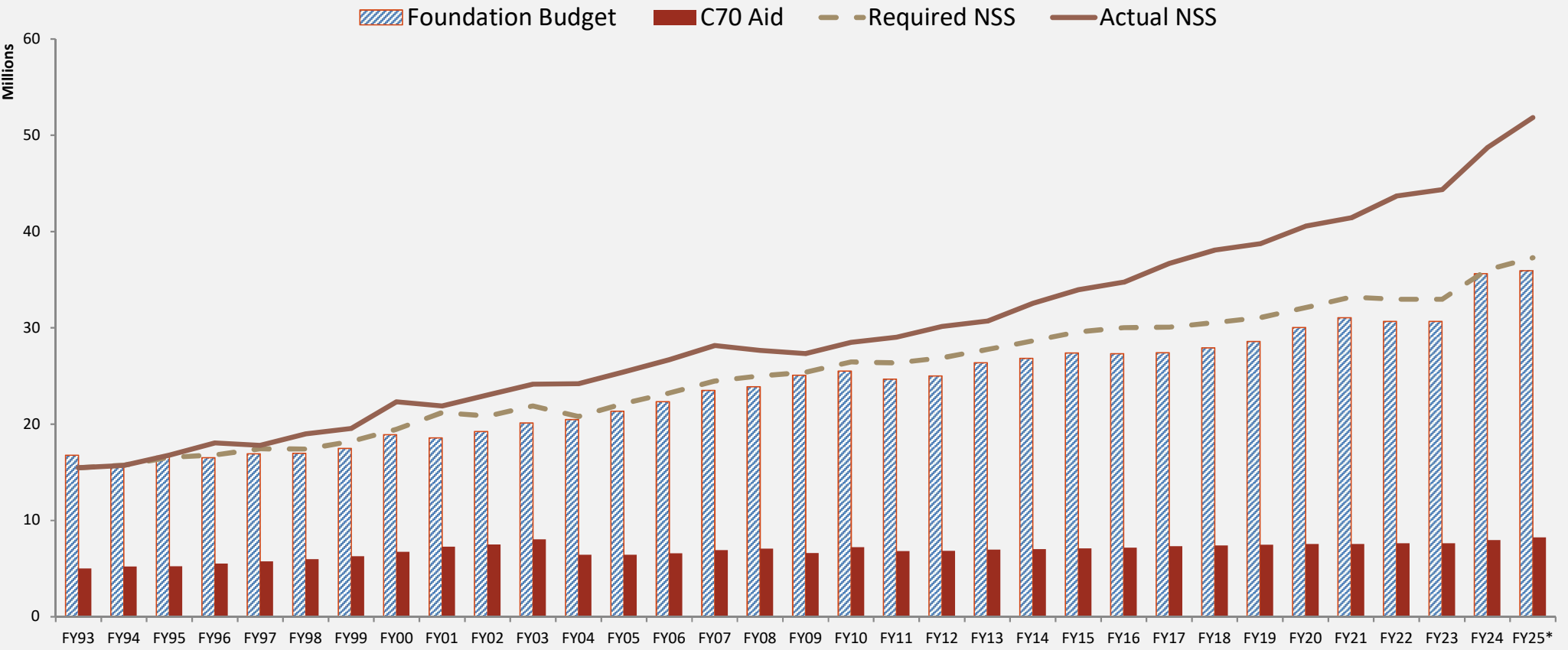
Outgoing School Choice and Net Charter are a Significant and Growing Net Loss



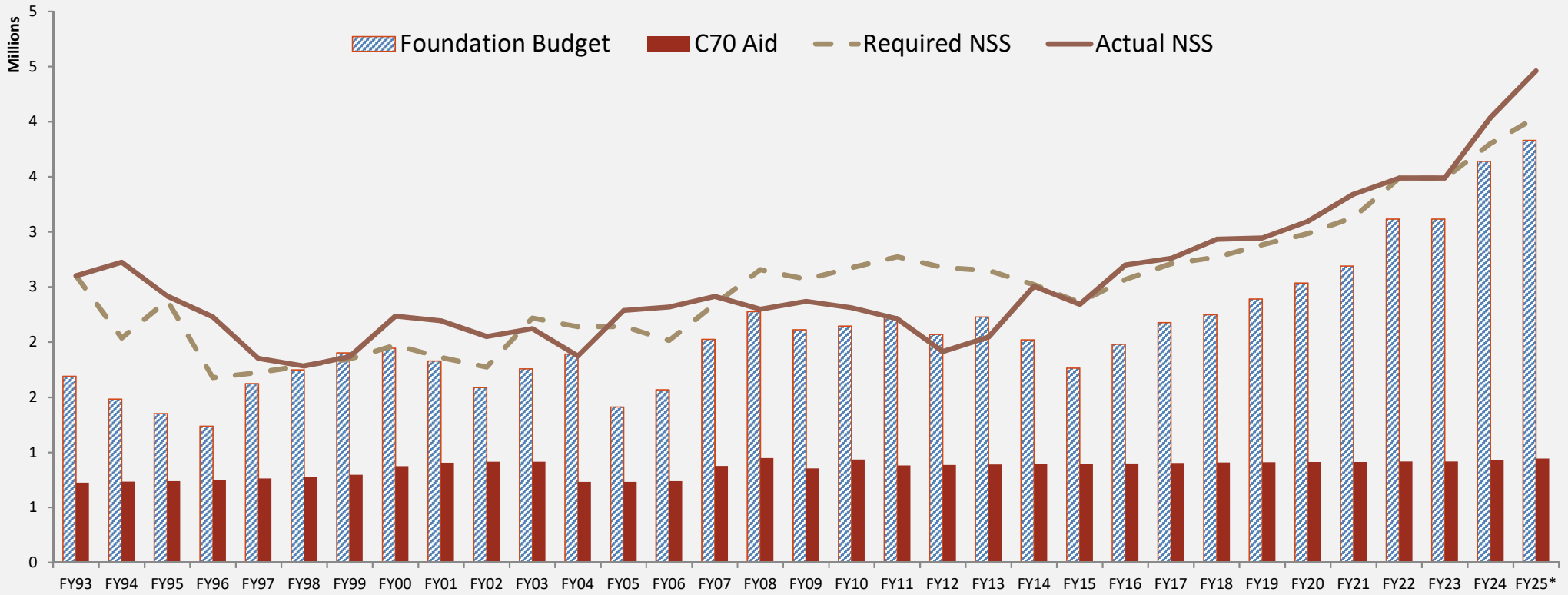
FY2026 Chapter 70 State Aid as Percent of DESE Required Net School Spending (Not Actual Net School Spending)



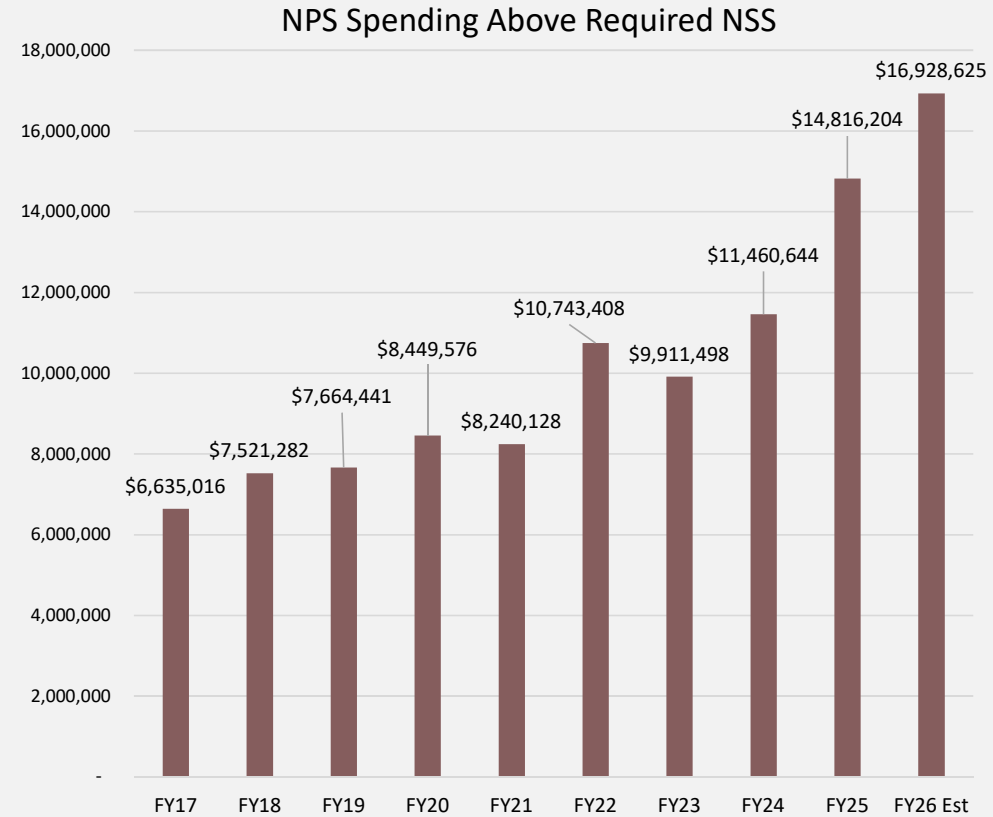
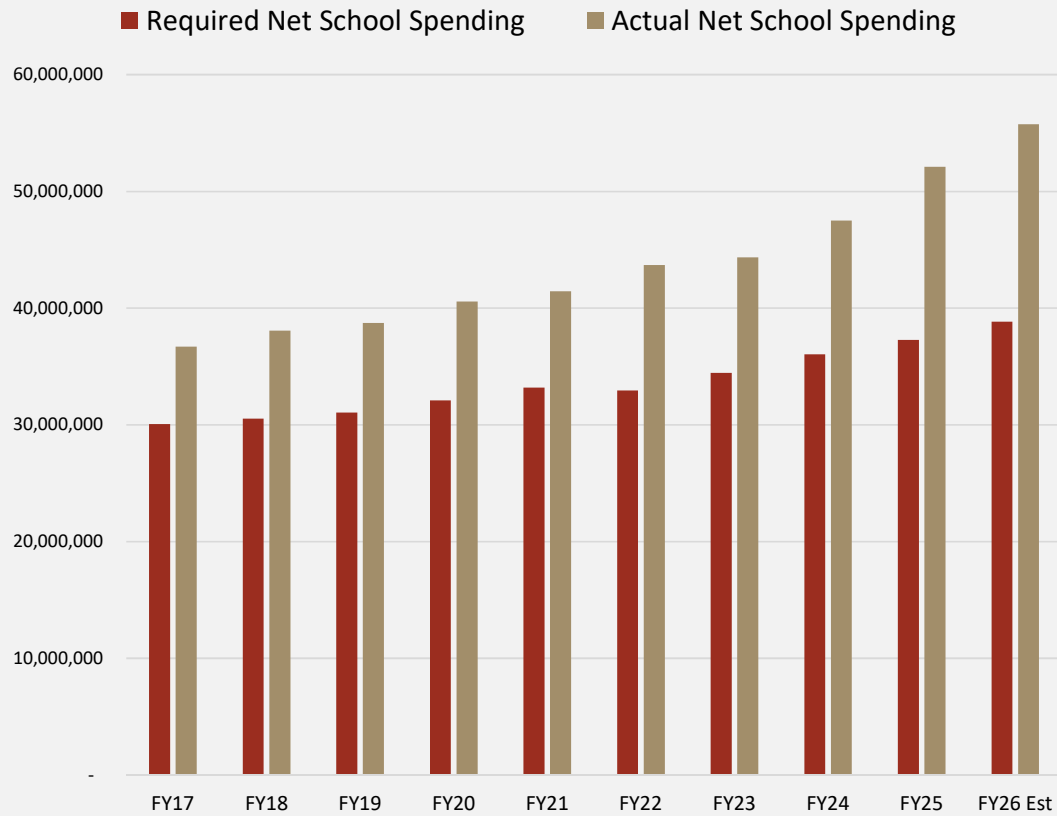
NPS DESE District Profile Since Mass. Education Reform Act in 1993



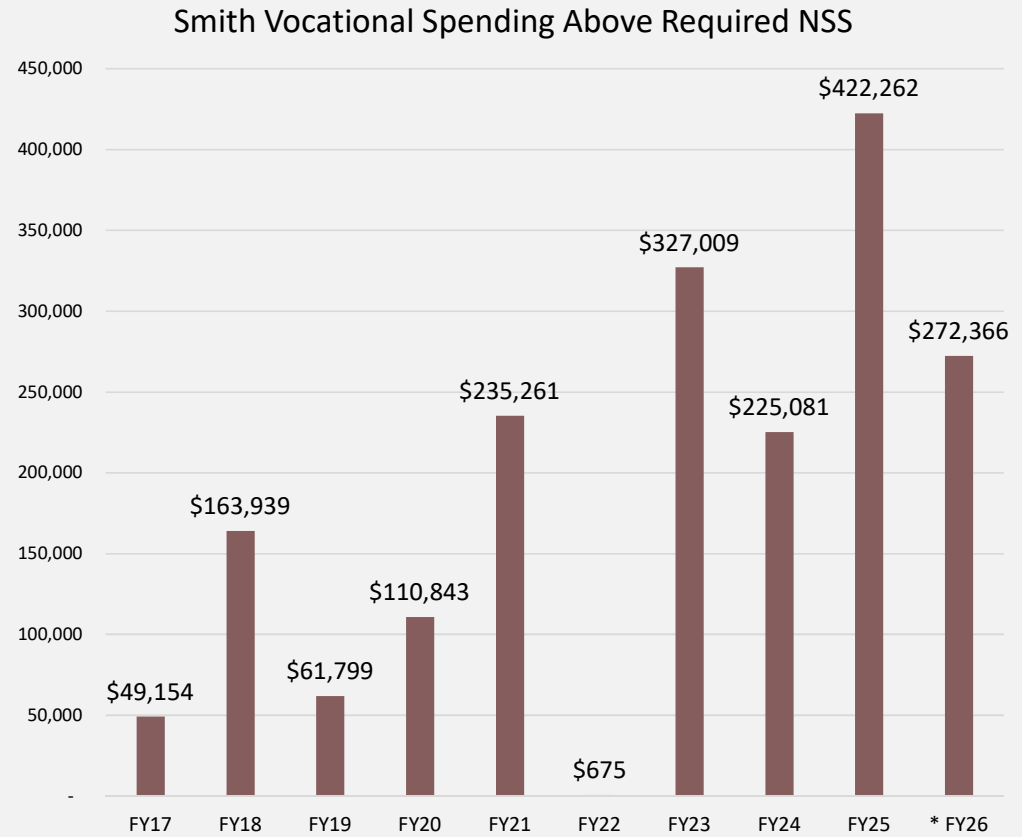
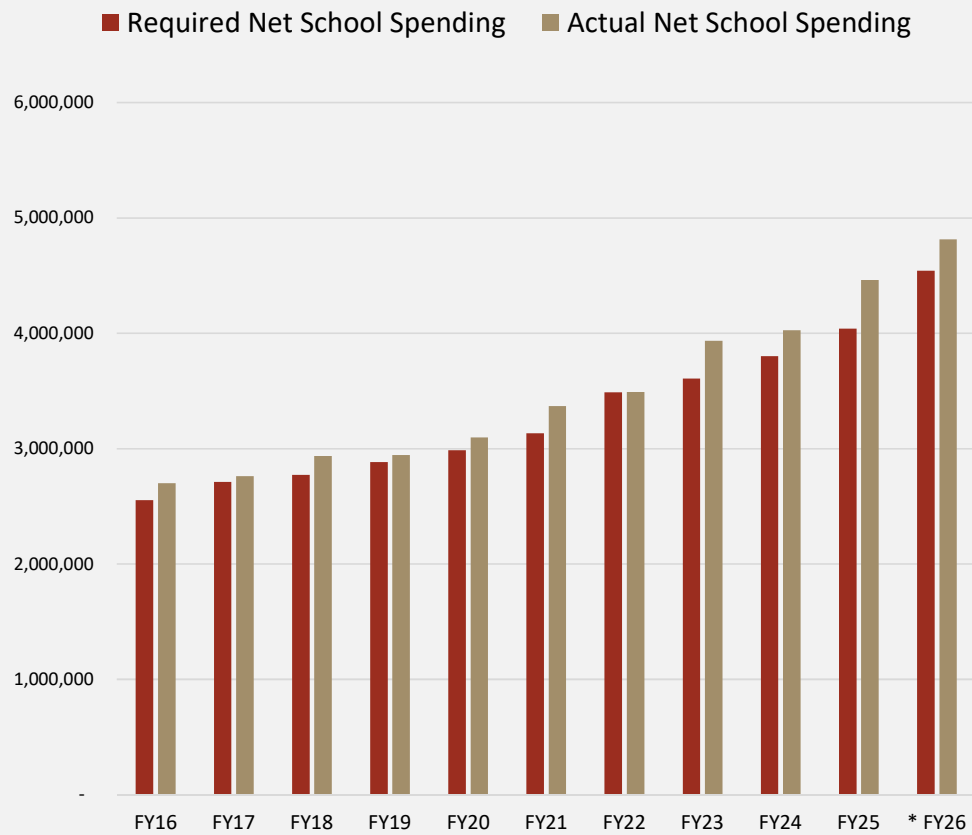
SWAHS DESE District Profile Since Mass. Education Reform Act in 1993



Northampton Public Schools Required Net School Spending Compared to Actual Net School Spending



Smith Vocational & Agricultural High School Required Net School Spending Compared to Actual Net School Spending



Reserves and Free Cash

WHY THEY ARE IMPORTANT AND THEIR USES

Why Are Reserves Important?

Financial reserves provide financial stability when there are:

- Natural weather-related disasters such as flooding, excessive snow and ice, hurricanes, etc.
- Failures of major infrastructure such as a building boiler breaks, a structural issue with a building, etc.
- Revenue volatilities due to regional or national economic downturns, significant change or closure of a tax producing industry, or changes in state or federal revenues, etc.
- Closures and restrictions under health emergencies.

Financial reserves provide operational stability to:

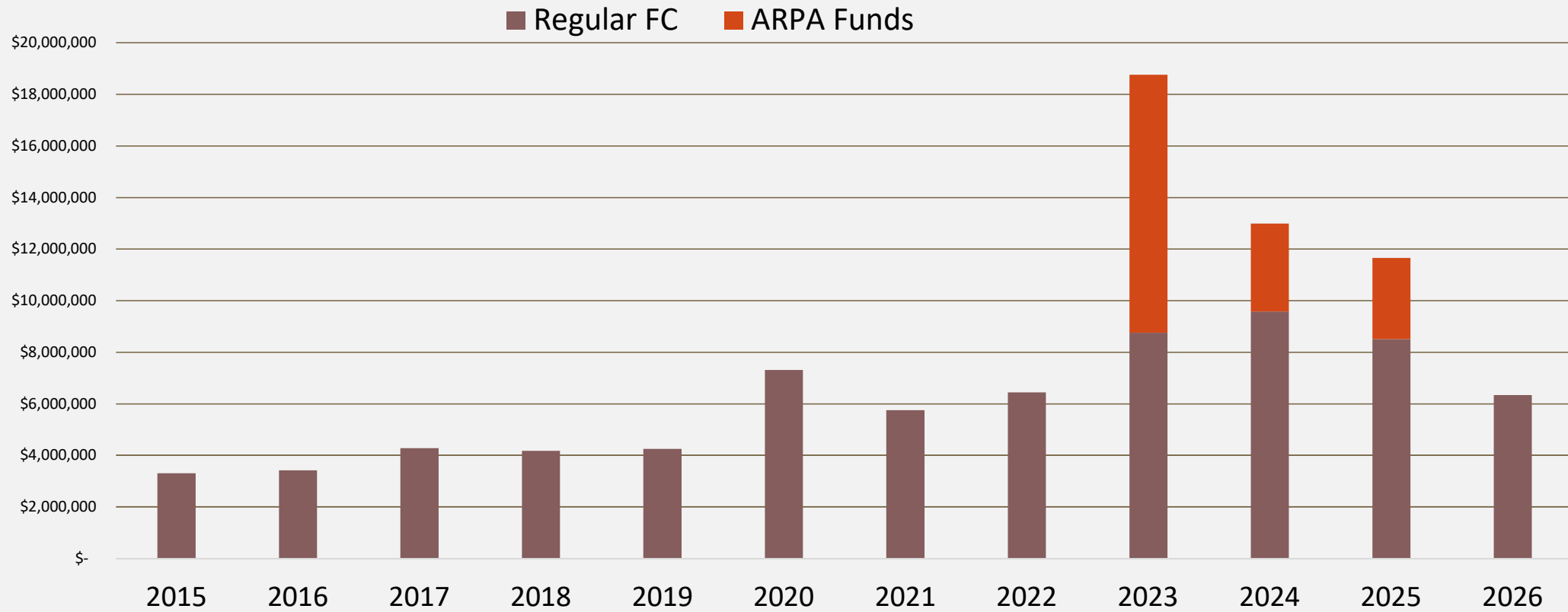
- Fund a Capital Improvement Program that reduces repair costs and improves operational efficiency, maintains infrastructure resulting in taxpayer savings
- Maintain the city's AAA Bond Rating (Standard and Poors) which results in lower borrowing costs for necessary capital improvements
- Provide planned contributions to the operating budget to extend periods of financial stability in keeping with the Fiscal Stability Plan
- Maintaining adequate reserves better positions Northampton to deal with funding issues in difficult times and gives us the tools to provide continuity of services.

Financial Reserves and Free Cash Uses and Balances

GENERAL FUND RESERVES and Free Cash (as of 12/31/25):

- Free Cash (for any one-time use, build reserves or fund capital) - \$6,338,166
- General Fund Stabilization Fund (for emergency or unforeseen costs) - \$4,917,279
- General Fund Capital Stabilization Fund (fund the Capital Plan projects) - \$4,194,337
- General Fund Fiscal Stability Stabilization Fund (intended for operating budget stabilization) - \$1,502,236
- Climate Change Mitigation Stabilization Fund (intended to support climate emergencies, mitigation and Northampton's progress towards carbon neutrality) - \$2,294,600
- Special Education Stabilization Fund – to fund unforeseen and unbudgeted for costs associated with special education at NPS - \$704,580

FY2015 to FY2026 Free Cash



Since the Pandemic, municipalities across the nation have experienced higher-than-usual free cash balances

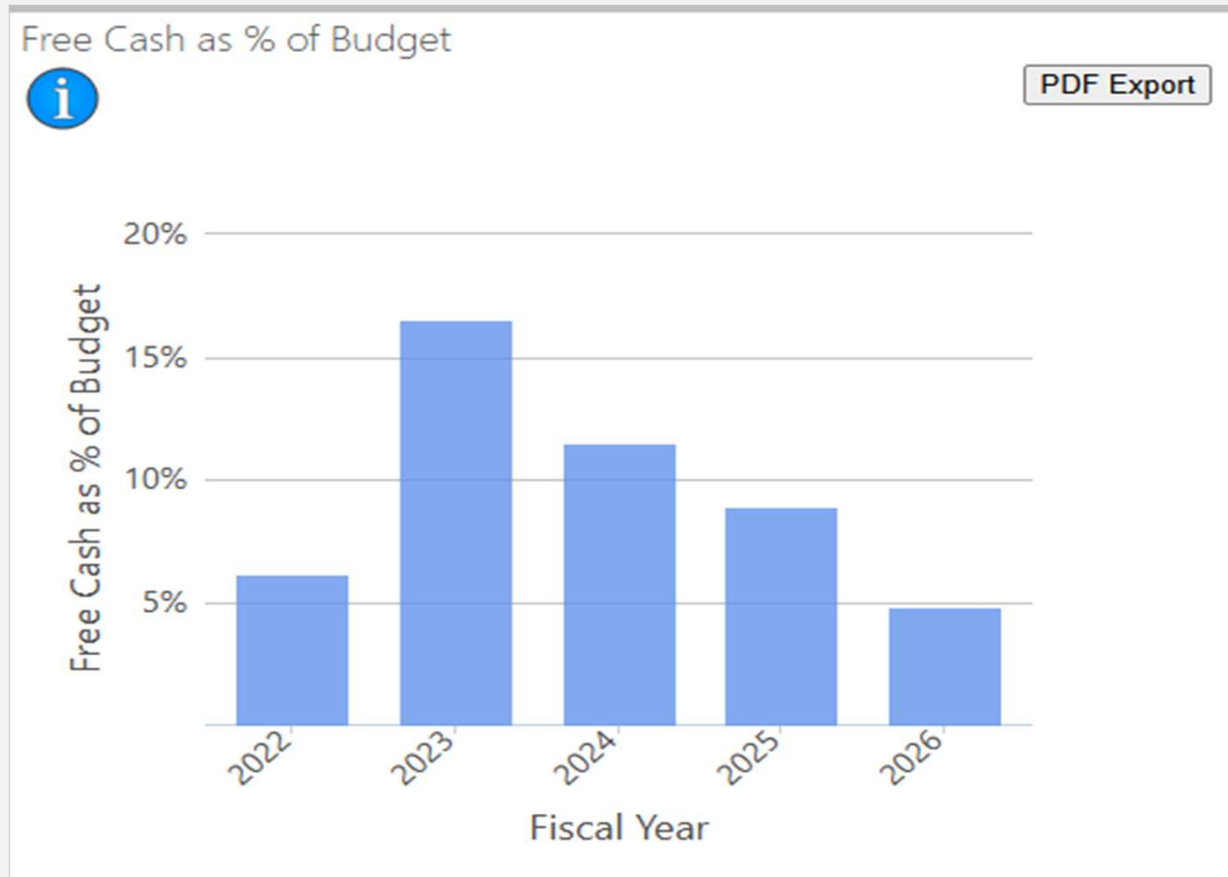
Unprecedented Release of Federal Funds

- Coronavirus Relief Fund Act (CARES) funding
- Federal Emergency Management Agency (FEMA) funding
- American Rescue Plan Act (ARPA) funding

Other Factors

- Reduced spending as projects were stopped or delayed, labor and supply shortages, inflation, high interest rates and economic uncertainty
- Cautious budgeting estimates
- Loss in workforce resulting in turnbacks from vacancies
- Revenues Rebounding in FY2023

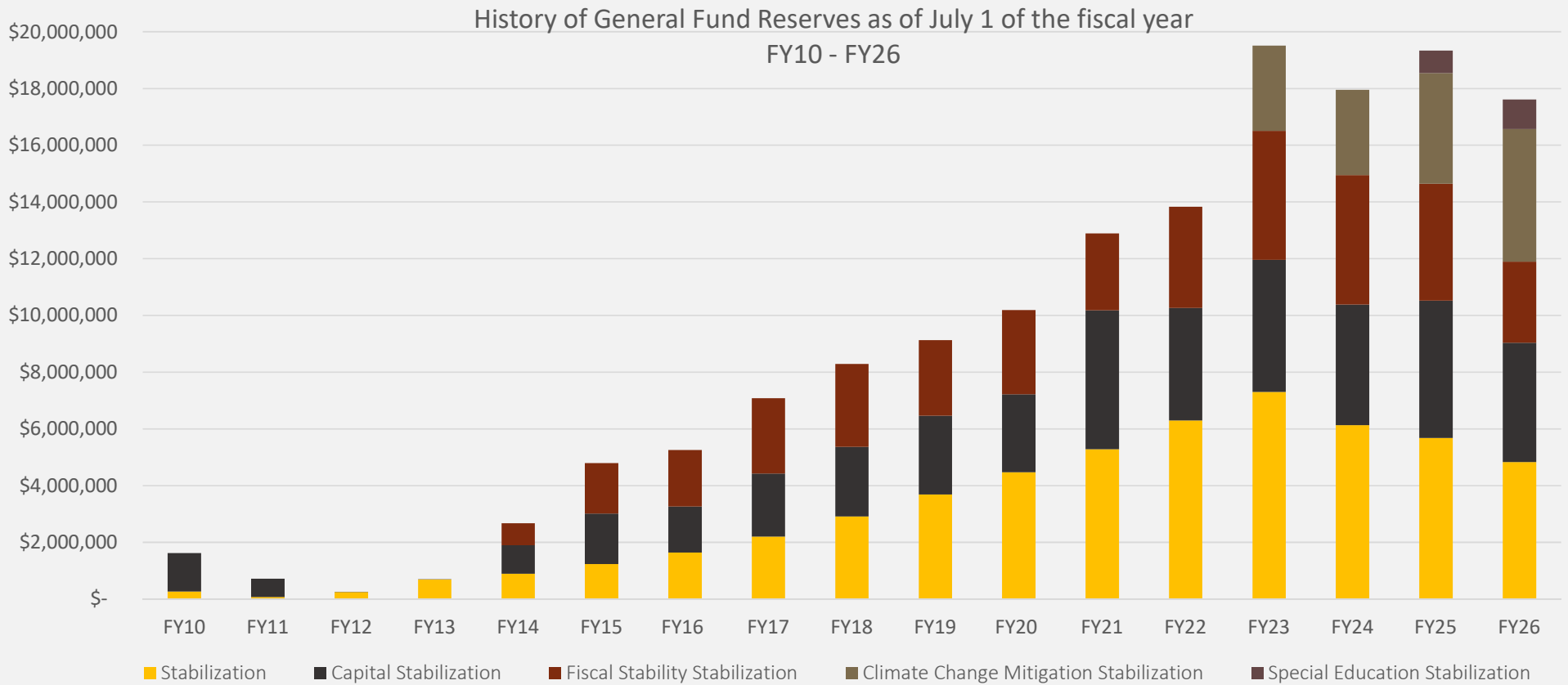
FY2026 Certified Free Cash as a Percent of Department of Revenue Operating Budget



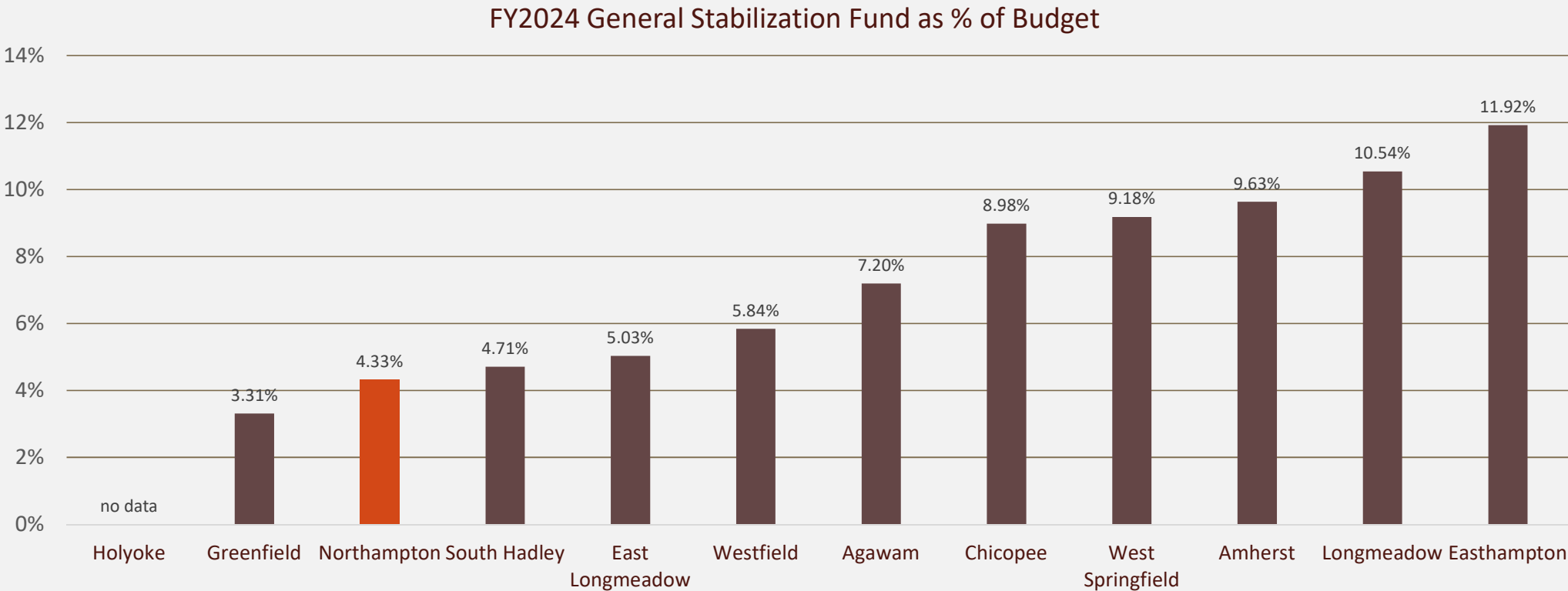
Contributions to Growth in Reserves

- In FY12 total reserves for the City were \$253,811 after the Great Recession
- Development of financial policies based on best practices from the Government Finance Officers Association, Mass DOR Division of Local Services, Financial Management Association, Standard & Poor's, and Northampton City Charter.
- Careful use of one time funds for one time costs
- Cautious budget estimates since the pandemic
- Growth in the last four years is from one-time federal pandemic relief FEMA, CARES Act, and ARPA funds. These one-time federal aid funds which have ended were used to support COVID mitigation activities during the pandemic, which saved the city funds and increased reserves which barring another global catastrophic event, we will not see again.
- Reserves are dropping as indicated in FY2026

Reserves History



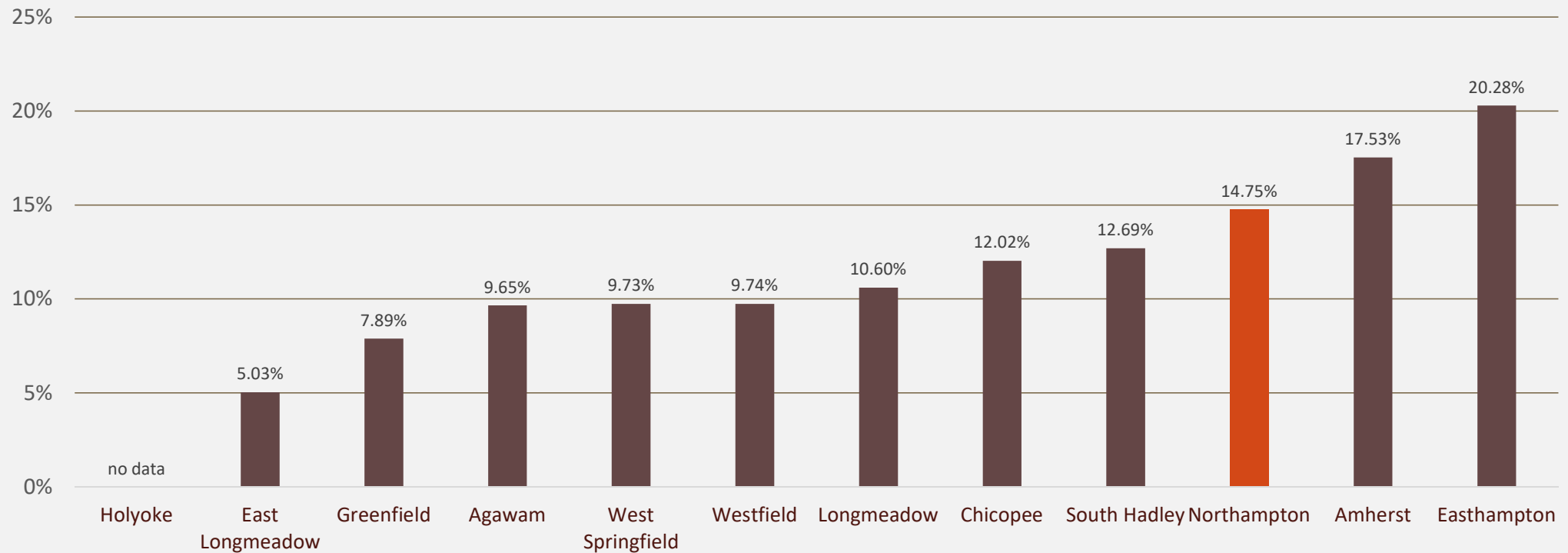
General Stabilization Balance as Percent of Budget for FY2024



Total Stabilization Balance as % of Budget

*Includes General and Special with Northampton Enterprise Funds Removed

FY2024 Adjusted Total Stabilization Fund as % of Budget



Fiscal Stability Plan FY2014 – FY2026

HOW WE PLAN FOR THE FUTURE AND INCREASING COSTS

Purpose and Benefits of the Fiscal Stability Plan

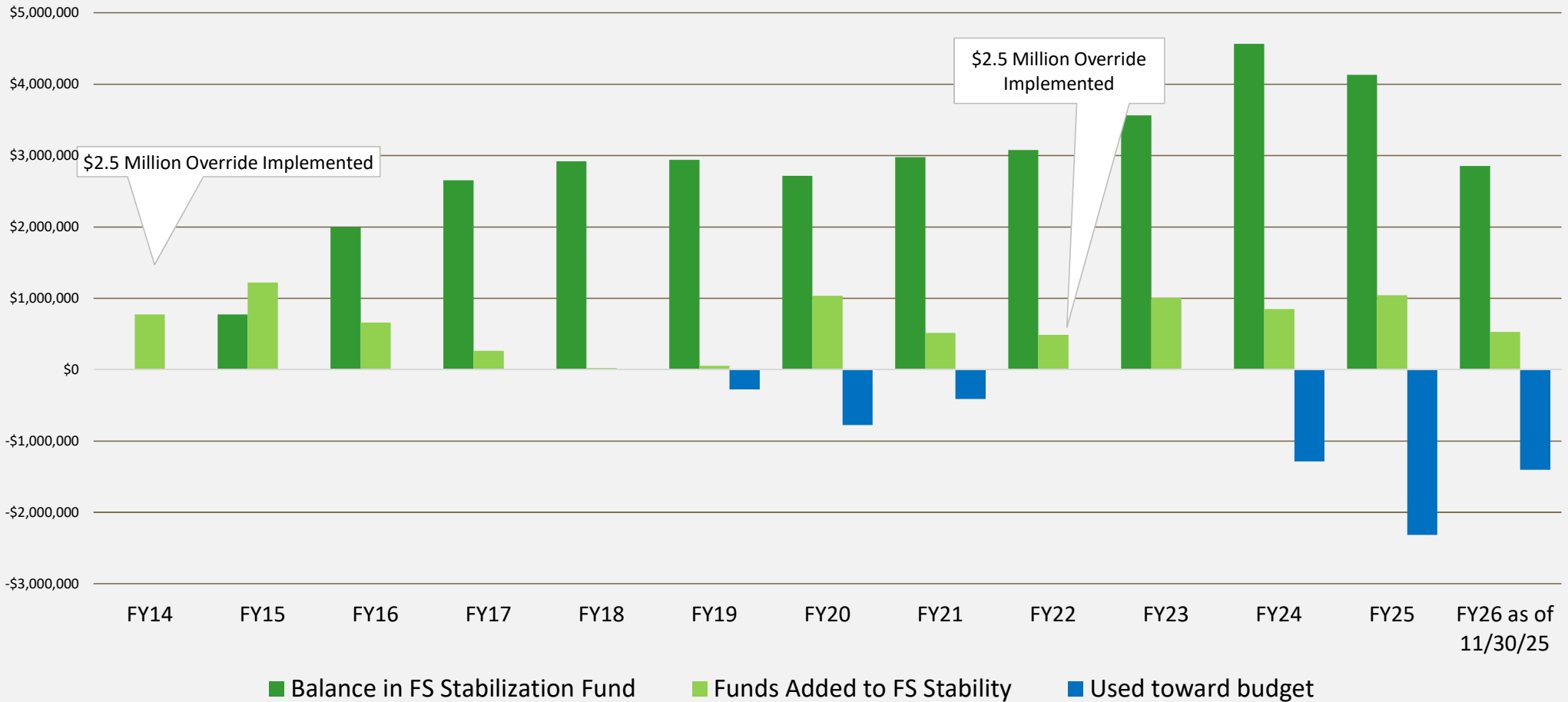
Provides consistent increases and service stability

-
- Enacted in FY2014, with a \$2.5 million override, the plan outlines the budget for five years with planned periodic overrides (generally every 4 to 5 years) to support needed increased revenue for schools and city services beyond the 2.5% allowed under Prop 2.5 in an intentional and sustainable way. The first override provided stability for seven years allowing for steady increases.
 - The second \$2.5 million override voted in March 2020 was not implemented until FY2022 due to the pandemic. It has been four years since it was added to the levy.
 - Commitment to the plan provides stability and predictability to the budget process and it allows for steady increases for all city services and the education of our students.
 - Increasing the budget in excess of the plan puts the fiscal stability of the city's finances in jeopardy, as it increases the amount the next override will need to be to sustain the increases and stretch between overrides.

Fiscal Stability Stabilization Funding and Uses

Fiscal Year	Purpose	Dollars In	Dollars Out
2014	Created	\$ 774,090	
2015	Funds from Budget & Free Cash	\$ 1,213,323	
2016	Funds from Budget & Free Cash	\$ 641,926	
2017	Funds from Free Cash	\$ 250,000	
2019	Used for the General Budget		\$ (277,850)
2020	Funds from Free Cash & Used for the budget	\$ 980,414	\$ (775,874)
2021	Funds from Free Cash & Used for the budget	\$ 500,000	\$ (411,367)
2022	Funds from Free Cash	\$ 500,000	
2023	Funds from Free Cash	\$ 973,123	
2024	Funds from Free Cash & Used for School Budget	\$ 798,127	\$ (1,284,954)
2025	Funds from Free Cash & Used for School Budget	\$ 737,556	\$ (2,020,757)
2026	Funds from Free Cash & Used for School Budget (*Order before Council)	\$ 528,181	\$ (1,403,757)
	Total	\$ 7,896,739	\$ (6,174,559)

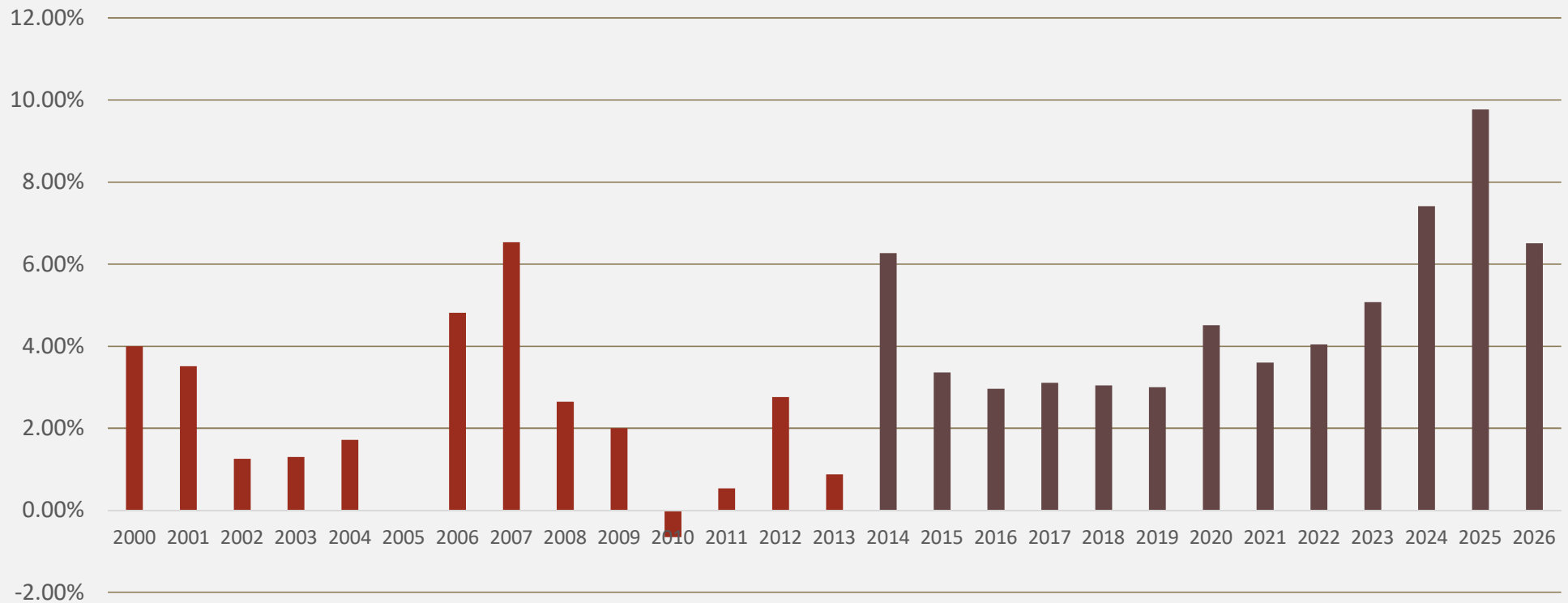
Fiscal Stability Plan Funding In and Out FY2014-FY2026



Percent Increases to Northampton Public Schools: Before and After the Creation of the Fiscal Stability Plan in FY2014

NPS Increases over 26 Years

Average before 2014 = 2.10%, Average 2014 and after = 4.82%



Fiscal Stability Plan

FY2026 - FY2030

REVENUES										
	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated	FY2030	Estimated
	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
Override										
New Growth	933,518		875,000		875,000		875,000		875,000	
Levy Limit	80,737,269	3.70%	83,630,701	3.58%	86,596,469	3.55%	89,636,380	3.51%	92,752,290	3.48%
Unused Levy Capacity	(46,276)									
Debt Exclusions	556,334		544,073		536,807		518,401		497,269	
Sub-total PROPERTY TAX:	81,247,327	3.61%	84,174,774	3.60%	87,133,276	3.51%	90,154,782	3.47%	93,249,559	3.43%
LOCAL RECEIPTS										
Motor Vehicle Excise Tax	3,255,000	12.24%	3,368,925	3.50%	3,486,837	3.50%	3,608,877	3.50%	3,735,187	3.50%
Hotel and Motel and Short Term Rental Local Option Tax	975,000	11.43%	1,009,125	3.50%	1,044,444	3.50%	1,081,000	3.50%	1,118,835	3.50%
Meals Local Option Tax	748,000	3.17%	771,936	3.20%	796,638	3.20%	822,130	3.20%	848,439	3.20%
Adult Use Marijuana Local Option Tax	900,000	22.12%	909,000	1.00%	918,090	1.00%	927,271	1.00%	936,544	1.00%
Boat Excise, Interest on Taxes, Payment in Lieu of Taxes	457,855	16.00%	471,591	3.00%	485,738	3.00%	500,311	3.00%	515,320	3.00%
Parking Meter Receipts	1,525,000	23.09%	1,555,500	2.00%	1,586,610	2.00%	1,618,342	2.00%	1,634,526	1.00%
Ambulance and Recreation Receipts	3,512,223	13.30%	3,652,712	4.00%	3,798,820	4.00%	3,950,773	4.00%	4,108,804	4.00%
Smith Vocational Tuition	10,015,315	4.45%	10,415,928	4.00%	10,832,565	4.00%	11,265,867	4.00%	11,716,502	4.00%
Municipal Service Fees	394,000	4.33%	394,000	0.00%	394,000	0.00%	394,000	0.00%	394,000	0.00%
Licenses and Permits	1,465,803	15.29%	1,502,448	2.50%	1,540,009	2.50%	1,578,510	2.50%	1,617,972	2.50%
Parking and Motor Vehicle Infraction Fines	761,000	22.20%	768,610	1.00%	776,296	1.00%	784,059	1.00%	791,900	1.00%
Medicare and Medicaid Reimbursements	181,800	1.00%	183,618	1.00%	185,454	1.00%	187,309	1.00%	189,182	1.00%
Miscellaneous - PVTA 5 College, Invest Income, Vet Dist	2,521,041	448.26%	2,571,462	2.00%	2,622,891	2.00%	2,675,349	2.00%	2,728,856	2.00%
Sub-total LOCAL RECEIPTS:	26,712,037	18.87%	27,574,854	3.23%	28,468,394	3.24%	29,393,797	3.25%	30,336,066	3.21%
STATE AID										
Chapter 70 School Aid	9,583,160	4.48%	9,678,992	1.00%	9,775,782	1.00%	9,873,539	1.00%	9,972,275	1.00%
Charter School Tuition Assessment Reimbursement	626,866	29.17%	626,866	0.00%	626,866	0.00%	626,866	0.00%	626,866	0.00%
Unrestricted General Government Aid	5,471,559	1.10%	5,620,385	2.72%	5,773,260	2.72%	5,930,293	2.72%	6,091,597	2.72%
Veterans Benefits Reimbursement	358,219	64.29%	358,219	0.00%	358,219	0.00%	358,219	0.00%	358,219	0.00%
Exemptions for Qualifying Elderly, Blind and Veterans	152,020	92.95%	152,020	0.00%	152,020	0.00%	152,020	0.00%	152,020	0.00%
State Owned Land - Payment in Lieu of Taxes	165,614	0.00%	167,270	1.00%	168,943	1.00%	170,632	1.00%	172,339	1.00%
Off-sets - School Choice and Library	1,331,237	0.77%	1,331,237	0.00%	1,331,237	0.00%	1,331,237	0.00%	1,331,237	0.00%
Election Reimbursement, CPE Ambulance, other	258,240	-32.22%	258,240	0.00%	258,240	0.00%	258,240	0.00%	258,240	0.00%
Sub-total STATE AID:	17,946,915	4.14%	18,193,229	1.37%	18,444,566	1.38%	18,701,046	1.39%	18,962,792	1.40%
OTHER FINANCING SOURCES										
Interfund Operating Transfers - Water, Sewer, Solid Waste	2,161,786	-1.43%	2,194,213	1.50%	2,227,126	1.50%	2,260,533	1.50%	2,294,441	1.50%
Police Station Bond Sale Premium	12,966	-10.26%	11,187	-13.73%	9,153	-18.18%	7,119	-22.22%	5,085	-28.57%
CPA Administration	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%
Smith College Gift	166,666	0.00%	166,666	0.00%		0.00%				0.00%
Special Education Stabilization Fund	350,000	0.00%	350,000	0.00%	350,000	0.00%	350,000		350,000	0.00%
Free Cash	12,549	#DIV/0!								
Fiscal Stability Stabilization Fund	1,403,757	-39.38%								
Sub-total OTHER FINANCING SOURCES:	4,120,404	-18.45%	2,734,746	-33.63%	2,598,959	-4.97%	2,630,332	1.21%	2,662,206	1.21%
TOTAL ALL REVENUE SOURCES:	130,026,682	5.57%	132,677,603	2.04%	136,645,195	2.99%	140,879,957	3.10%	145,210,622	3.07%

EXPENDITURES										
	FY2026 Budget	Estimated Change	FY2027 Budget	Estimated Change	FY2028 Budget	Estimated Change	FY2029 Budget	Estimated Change	FY2030 Budget	Estimated Change
DEPARTMENTAL BUDGETS										
General Government	8,018,019	6.13%	8,218,469	2.50%	8,423,931	2.50%	8,634,529	2.50%	8,850,393	2.50%
Public Safety	17,042,883	2.86%	17,619,854	3.39%	18,060,350	2.50%	18,511,859	2.50%	18,974,656	2.50%
Northampton Public Schools	43,635,854	6.51%	45,381,288	3.95%	46,969,633	3.10%	48,848,418	3.97%	50,802,355	3.97%
Northampton Schools: Gift & Medicaid Reimbursement	516,666	0.00%	516,666	0.00%	350,000	0.00%	350,000	0.00%	350,000	0.00%
Smith Vocational	11,794,397	4.23%	12,236,473	3.75%	12,706,692	3.84%	13,195,332	3.85%	13,703,120	3.85%
Public Works	4,366,650	2.98%	4,475,816	2.50%	4,587,712	2.50%	4,702,404	2.50%	4,819,965	2.50%
Health and Human Services	2,616,258	9.43%	2,681,664	2.50%	2,748,706	2.50%	2,817,424	2.50%	2,887,859	2.50%
Culture and Recreation	2,525,828	2.48%	2,588,974	2.50%	2,653,698	2.50%	2,720,040	2.50%	2,788,042	2.50%
Sub-total OPERATING BUDGET:	90,516,555	5.26%	93,719,205	3.54%	96,500,722	2.97%	99,780,008	3.40%	103,176,389	3.40%
DEBT SERVICE AND CAPITAL										
Long/Short Term Debt	5,017,022	2.38%	5,007,000	0%	5,007,731	0.01%	5,225,235	4.34%	5,000,460	-4.30%
Cash Capital Projects	275,000	37.50%		-100.00%		0.00%		0.00%		0.00%
Sub-total DEBT SERVICE AND CAPITAL:	5,292,022	3.76%	5,007,000	-5.39%	5,007,731	0.01%	5,225,235	4.34%	5,000,460	-4.30%
EMPLOYEE BENEFITS										
Retirement	8,060,945	4.36%	8,322,821	3.25%	8,639,243	3.80%	8,531,759	-1.24%	8,853,609	3.77%
OPEB	200,000	0.00%	300,000	50.00%	300,000	0.00%	300,000	0.00%	300,000	0.00%
Health Insurance (Active and Retired)	15,590,671	9.88%	16,993,831	9.00%	18,523,276	9.00%	20,190,371	9.00%	22,007,504	9.00%
Payroll Taxes	1,155,464	5.27%	1,184,351	2.50%	1,213,959	2.50%	1,244,308	2.50%	1,275,416	2.50%
Employee Benefits (Workers Comp, Unemp, Life Ins.)	972,252	-20.55%	1,011,142	4.00%	1,051,588	4.00%	1,093,651	4.00%	1,137,397	4.00%
Sub-total EMPLOYEE BENEFITS:	25,979,332	6.33%	27,812,145	7.05%	29,728,066	6.89%	31,360,090	5.49%	33,573,927	7.06%
INSURANCE AND RESERVES										
Insurances - Liability, Property, Vehicle	1,146,601	-0.47%	1,203,931	5.00%	1,264,128	5.00%	1,327,334	5.00%	1,393,701	5.00%
Capital Stabilization Fund	-	-100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fiscal Stability Stabilization Fund										
Personnel Reserve	900,000	800%	922,500	2.50%	945,563	2.50%	969,202	2.50%	993,432	2.50%
Sub-total INSURANCE AND RESERVES:	2,046,601	34.03%	2,126,431	3.90%	2,209,690	3.92%	2,296,536	3.93%	2,387,132	3.94%
NON-APPROPRIATED USES:										
Overlay for Abatements and Exemptions (mandated reserve)	374,070	-29%	374,070	0.00%	374,070	0.00%	350,000	0.00%	350,000	0.00%
Off-sets - School Choice and Library	1,331,237	0.77%	1,331,237	0.00%	1,331,237	0.00%	1,331,237	0.00%	1,331,237	0.00%
Sub-total NON-APPROPRIATED USES:	1,705,307	-7.71%	1,705,307	0.00%	1,705,307	0.00%	1,681,237	-1.41%	1,681,237	0.00%
STATE ASSESSMENTS										
Charter School and School Choice Sending Tuition	3,850,575	3.85%	3,927,587	2.00%	4,006,138	2.00%	4,086,261	2.00%	4,167,986	2.00%
PVTA, RMV Surcharges, DEP Air Pollution, DESE	636,290	12.83%	642,653	1.00%	649,079	1.00%	655,570	1.00%	662,126	1.00%
Sub-total STATE ASSESSMENT:	4,486,865	5.04%	4,570,239	1.86%	4,655,218	1.86%	4,741,831	1.86%	4,830,112	1.86%
TOTAL ALL EXPENDITURES:	130,026,682	5.57%	134,940,327	3.78%	139,806,734	3.61%	145,084,936	3.78%	150,649,257	3.84%
BUDGET SURPLUS/(SHORTFALL)	(0)		(2,262,724)		(3,161,540)		(4,204,979)		(5,438,635)	

Revenue & Expenditure Projections

WHAT DO WE KNOW NOW AND WHAT ARE WE EXPECTING
FOR FY2027

Real Estate and Personal Property Tax Revenue For FY2027

Additional Real Estate And Personal Property Tax Revenue For The FY27 Budget	
Proposition 2 1/2 Increase	\$ 2,018,432
New Growth Preliminary Estimate	<u>\$ 875,000</u>
Total:	\$ 2,893,432

**Property Tax Revenue Trend
FY2017 - FY2026**



Net State Aid: Current State Budget

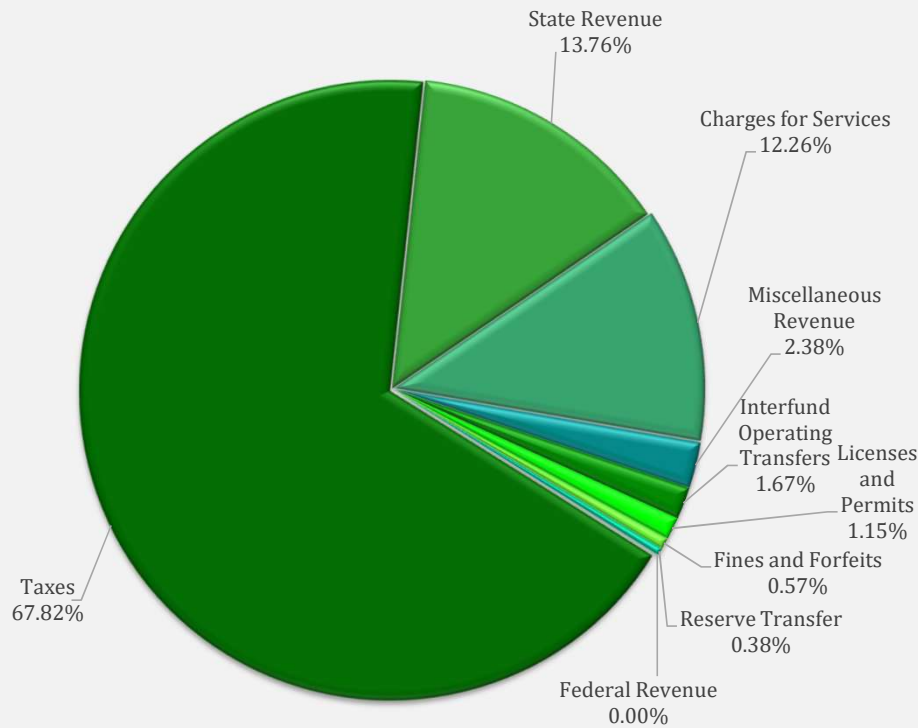
	Actual FY23	Actual FY24	Actual FY25	Final FY26	Budget FY27 Budget	Increase/ (decrease)	%
CHERRY SHEET - REVENUE							
Chapter 70 School Aid	8,722,254	8,889,234	9,172,010	9,583,160	9,780,035	196,875	2.05%
Charter Tuition Assessment Reimb.	423,378	573,067	655,904	626,866	708,647	81,781	13.05%
Unrestricted Government Aid	5,091,468	5,254,395	5,412,027	5,471,559	5,608,027	136,468	2.49%
Veterans Benefits	218,860	209,580	275,538	358,219	364,947	6,728	1.88%
Lieu of Taxes - State Owned Land	145,984	161,560	165,605	165,614	165,863	249	0.15%
Abatements to Blind, Elderly, Surviving Spouse	140,628	49,049	115,833	152,020	141,319	(10,701)	-7.04%
Total Cherry Sheet Revenue:	14,742,572	15,136,885	15,796,917	16,357,438	16,768,838	411,400	
CHERRY SHEET - ASSESSMENTS							
Air Pollution Districts	8,832	8,932	9,160	9,465	9,260	(205)	-2.17%
RMV Non-Renewal Surcharge	52,500	52,500	56,520	56,520	67,100	10,580	18.72%
Regional Transit Assessment (PVTAs) <i>*increased by letter 1/27/26</i>	443,732	458,345	479,712	570,305	822,693	252,388	44.25%
Special Education (Ch. 71B, ss. 10, 12)	24,583	17,811	18,523		155	155	100%
Charter School Sending Tuition	2,636,660	2,871,793	3,035,519	3,193,938	3,435,988	242,050	7.58%
School Choice Sending Tuition	700,216	739,329	748,492	656,637	896,616	239,979	36.55%
Total Cherry Sheet Assessments:	3,866,523	4,148,710	4,347,926	4,486,865	5,231,812	715,248	
NET STATE AID:	10,876,049	10,988,175	11,448,991	11,870,573	11,537,026	(333,547)	-2.81%
Net New Aid from Previous Year:	72,754	112,126	460,816	421,582	(333,547)		

Projected Changes in Revenue for FY27

Revenue Source	Status	Estimated Increase
Proposition 2 1/2	Actual	2,018,432
Unused Levy Capacity	Actual	46,276
New Growth	Estimate	875,000
Debt Exclusion Police Station	Actual	(12,261)
Tax Title and Interest on Taxes	Estimate	167,719
Motor Vehicle	Estimate	145,000
Hotel/Motel/ Meals	Estimate	127,000
Cannabis	Estimate	115,000
Pilot Assessments	Estimate	4,442
Parking Revenue	Estimate	70,000
Ambulance	Estimate	287,777
Fines and Forfeits	Estimate	7,610
State Aid * Excludes offset	Governor's Budget	411,400
Licenses and Permits	Estimate	79,297
Fees and Dept Revenue	Estimate	106,000
Ambulance CPE	Estimate	(33,240)
Intergov't Federal (Medicaid Reimbursement)	Estimate	(181,800)
Use of Reserves in FY26	Actual	(1,416,304)
Interfund Transfers	Estimate	56,786
Miscellaneous	Estimate	117,547
Investment Income	Estimate	561,412
Preliminary Estimate of Increases		3,553,093

Preliminary FY2027 Revenues

Preliminary General Fund Revenues - FY2027 \$134,275,725



Fiscal Year 2027 - Revenues

Taxes	91,069,790	67.82%
State Revenue	18,470,182	13.76%
Charges for Services	16,461,157	12.26%
Miscellaneous Revenue	3,200,000	2.38%
Interfund Operating Transfers	2,244,218	1.67%
Licenses and Permits	1,545,100	1.15%
Fines and Forfeits	768,610	0.57%
Reserve Transfer	516,668	0.38%
Federal Revenue	0	0.00%
	134,275,725	100.00%

Projected Changes in Expenditures for FY27

Expenditure Category	Status	Estimated Increase
Retirement Contribution	Actual	335,364
Debt Service	Proposed	131,421
Charter School Sending Tuition	Governors Budget	242,050
School Choice Sending Tuition	Governors Budget	239,979
Cherry Sheet Charges <i>*change in PVRTA assessment not reflected here</i>	Governors Budget	233,219
Health Insurance	Estimate	1,385,010
Smith Vocational & Agricultural HS	Proposed	44,474
NPS	Proposed	2,518,972
Cash Capital for Capital Projects	Actual	(275,000)
Total Projected Known Increases		4,855,489
Estimated New Revenue		3,553,093
Remaining Revenue for Unknowns:		(1,302,396)
Other Benefits / Payroll Tax		?
City Departmental Increases		?
Other Insurances		?

Concerns for the Budget?

Federal Funding received by the city in FY2026:

- Northampton Public School receiving an estimated \$1.5M - expect Title II, Title III and Title IV grants totaling approximately \$119K to be eliminated
 - *School grants support special education costs, support English Language learners and high risk students, promote safe and healthy learning environments*
- Smith Vocational and Agricultural High School receiving an estimated \$482K
- All non-school city departments receive an estimated \$2M
- Medicaid reimbursements dropping
- Reserves supporting the budget for the last three years
- Economic uncertainty

FY2027 Budget Calendar

- January 29, 2026** Mayor's Joint meeting of the City Council, Northampton School Committee, Smith Vocational & Agricultural Trustees and School Superintendents
- April 16, 2026** Deadline for Northampton Public Schools and Smith Vocational & Agricultural High School to submit adopted budgets to the Mayor
- May 15, 2026** Mayor submits proposed City of Northampton FY2027 Budget to the City Council
- June 30, 2026** Deadline for City Council to hold a public hearing and vote on the proposed FY2027 Budget

Thank you!
