

# Town of Manchester Budget Update

January 13, 2026

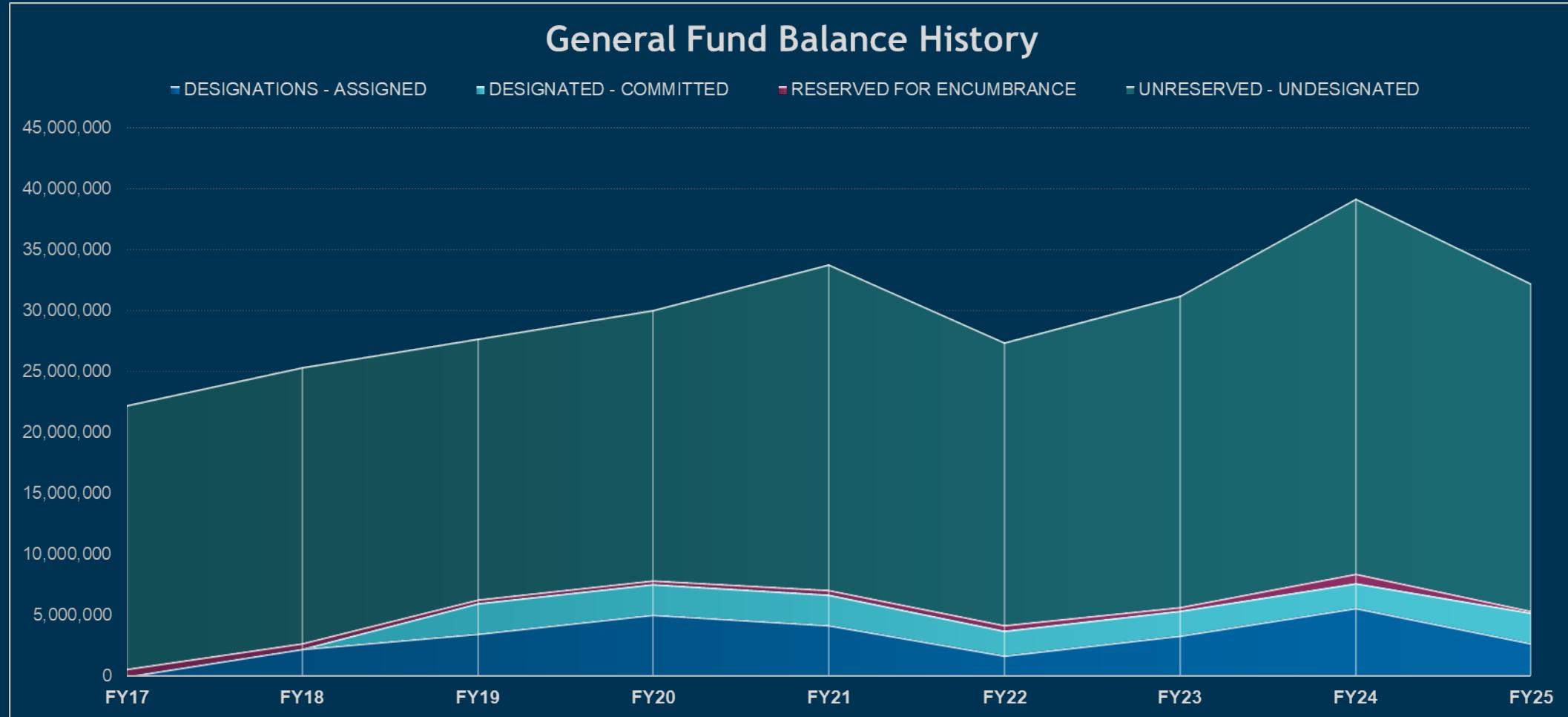
# Recap from Last Year

- Closing out with a very positive FY24 General Fund net result
  - Absorption of \$4M in Fire District merger funds
- Anticipated a reversal of those gains in FY25
  - Appropriation of Fire District merger funds on 7/1/24
  - Pending mall settlement
  - Planned for combination of designated fund balance & operating surplus to manage the impact

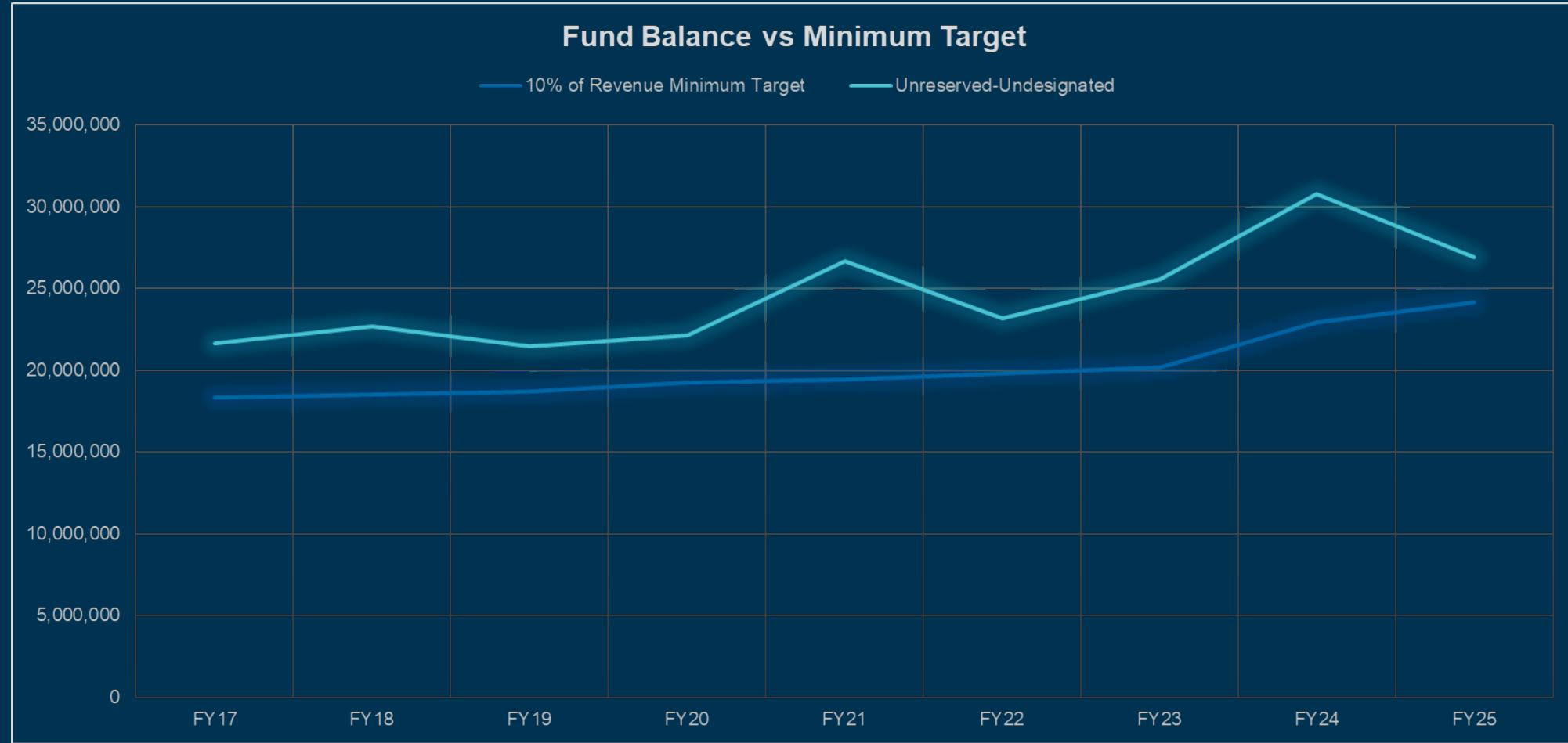
# Actual Results

- FY24 saw a positive net result of \$7.9M
  - \$2.75M set aside (designated) as a buffer
  - Unreserved/undesignated increased by \$5.2M
- As expected, FY25 saw negative result of operations of -\$6.9M
  - Entirely due to revenue shortfalls
  - Thanks to strategic use of designations, unreserved/undesignated only dropped by \$3.6M

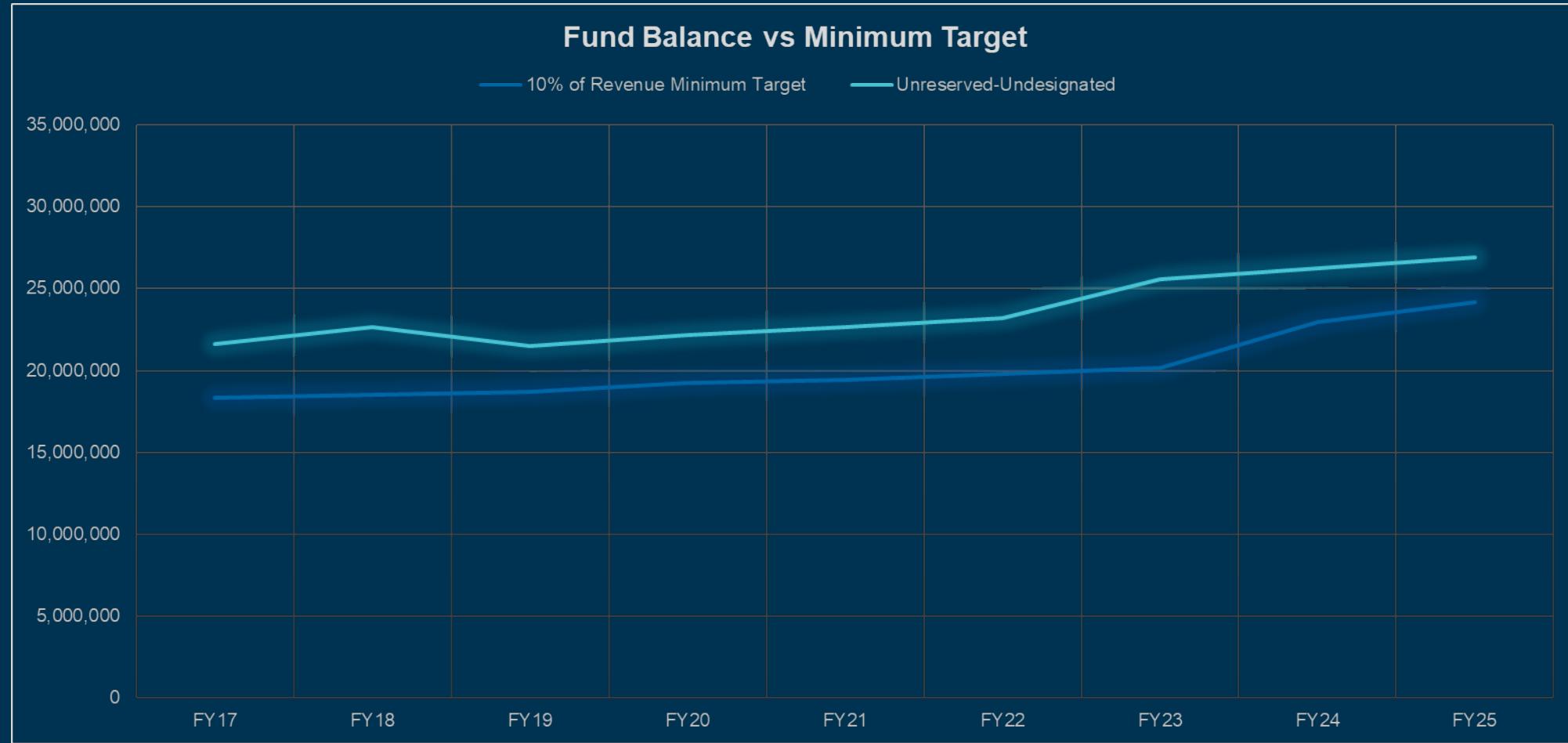
# Financial Position



# Financial Position



# Financial Position (Smoothed)



# Target Result

- Enough of a positive result to keep pace with inflation
  - 10% of increase to overall budget
  - In FY26, target result would be about +\$1.2M
- Surpluses must be over and above budgeted use of fund balance
  - \$2.5M budgeted use of fund balance = hurdle we need to clear

Therefore, revenue + expenditure surpluses would need to exceed **\$3.7M** for a net result of +\$1.2M

# FY25 Results

- Expenditure Surplus: \$4.4M (1.8%)
  - Mostly vacancy & turnover savings
- Revenue Deficit: -\$8.2M (-3.4%)
  - -\$2.5M budgeted use of fund balance (so \$5.7M short not incl. this item)
  - -\$5.0M real estate & personal property taxes
  - -\$2.1M motor vehicle taxes
  - +\$570k state aid (mostly MRSA)
  - +\$250k fees (mostly Fire Marshal & Building Inspection; low on Town Clerk)
  - +\$430k interest earnings

# Current Year Projections

- Expenditures
  - Not anticipating as high of a surplus- possibly \$2-3M
  - Lower vacancy & turnover rate
  - Inflationary pressures on purchased services & collective bargaining

# Current Year Projections

- Revenues
  - Hospital closing will provide significant one-time delinquent tax revenue
  - Other tax collections will be low (new mall value, motor vehicle collections)
  - Additional \$1.5M in state aid vs budget (MRSA & Grants for Municipal Projects)
  - Town Clerk Fees & Interest likely to come in below budget
  - Overall projection: +\$4.5M (%)

# Current Year Projections

- Net Projection
  - +\$2.5M expenditure surplus
  - -\$2.5M use of fund balance
  - +\$4.5M revenue surplus
  - +\$4.5M overall projected result

# FY27 Revenues

- Negative factors
  - Adjusting grand list for new mall value and lost hospital revenue
  - Adjusting motor vehicle collections assumptions
  - Town Clerk & interest revenues
  - Local veterans tax exemption
- Positive factors
  - Grand list growth (?)
  - State aid (?)
  - PILOT for hospital- not until FY28
  - Positive FY26 result will provide some flexibility

# FY27 Expenditures

- Debt service
  - Third & final year of Library issuances plus DPW
  - FY26 used \$2.4M in accumulated debt premium to offset costs
  - FY27- likely need to reduce that to \$1.2M
- Personnel Costs
  - Expected to be significantly higher than prior years
  - Post “Great Resignation”- many employees on step plans
- Other Costs
  - Utilities
  - Inflationary impact on supplies and services
  - Healthcare costs, most notably retiree health
- Education
  - Superintendent indicated current service budget would result in 6% increase

# FY27 Overview

- Hoping positives offset the negatives for revenues
- Expenditure challenges + revenue adjustments = difficult starting point for mill rate
- Strategies
  - Phase-in impacts where possible
  - Look for any & all alternate funding sources
  - Cost-cutting measures
  - Consider service level options

# Budget Reductions- Recent Years

- Froze 5 positions in FY26
- Reduced community agency funding by 15%
- Significant use of one-time reserves (debt premium, ARPA, etc)
- Centralized motor vehicle/fuel & printing/toner costs to achieve savings
- Reduced Field Services budget & funded a snow & supply contingency
- Reduced library hours in FY21



# Questions?