

Shutesbury Finance Committee
Presentation of the FY27 Budget
Thursday, May 7, 2026, Town Hall Hybrid

Members Present: Ajay Khashu - chair, Susie Mosher, April Stein, Laura Soito, J Molly Moss, Jim Walton and George Arvanitis; Absent: None; Non-Members Attending: Hayley Bolton – Town Administrator, Nettie Harrington Pangallo – Town Moderator, David Grenier – Highway Department Superintendent, Selectboard: Rita Farrell, Eric Stocker and Melissa Makepeace-O’Neil, General Public – attendance list not compiled

Meeting called to order at 6:33 p.m.

- I. Finance Committee presentation of the FY27 budget, annual report and key themes:
 - A. Ajay introduced the committee and summarized the purpose and structure of this meeting
 - B. Ajay described the FY27 budget development process:
 - i. Budget request letters were sent to all departments in the fall
 - ii. The letters requested level service budgets, but noted that cuts may be needed
 - iii. Then we met with the department heads to review and ask questions about the struggles they faced in developing their budgets
 - iv. The budget was compiled in March
 - v. He noted three changes to the process this year:
 1. Added an onboarding process to explain the town budget, issues affecting it and the budget development process to new members
 2. Conducted two meetings with town officials and department heads to collaborate in the development of the budget and address the fiscal challenges
 3. Established regular communications to keep the community informed as we developed the budget
 - vi. Noted that this is April Stein’s last year on the FinCom and recognized her important contributions to the committee
 - C. April summarized the budget and laid out the drivers of the budget increase
 - i. Noted that almost all towns across the state are struggling with the same issues impacting our town
 - ii. Noted that the Mass Municipal Association reported that three out of four towns are at their levy limit and would need an override to fund significant budget increases
 - iii. Our proposed budget increase is \$565K, 7.3% higher than FY26:
 - iv. The prime budget drivers making up almost half of the budget increase are:
 1. Health Insurance increases by \$65K, an 8.8% increase
 2. Debt service for the first year of the library building is \$121K
 3. The increase for the regional school capital projects is \$34k
 4. The first year for the PFAS loan is \$19K
 5. The elementary school cost increase
 6. Noted all managers provided budgets that maintain the same level services as previous years

- D. Laura described the revenue needed to fund the budget:
 - i. Reviewed the budgets funding sources: State aid, payments in lieu of taxes, local revenue, the tax levy, debt exclusion items and cash reserves
 - ii. Provided the share of total revenue by funding sources
 - iii. Noted that there are limits to how much taxes can be raised
 - iv. Noted the debt exclusion additions: the library building and increased regional school debt
 - v. Noted that excess levy capacity will be needed to fund the budget and explained what excess levy capacity is
 - vi. Explained the reasoning for using cash reserves: easing large increases into the operating budget, covering one time expenses and fund costs that will be reimbursed
 - vii. Noted that the use of excess levy capacity and the use of cash are temporary solutions that we cannot rely on
- E. Susie provided the state and regional level perspective:
 - i. Described the challenges facing all municipalities, notably inflation and inadequate revenue increases
 - ii. Characterized the budget challenges as a revenue problem and highlighted how Massachusetts compares to other states' level of financial support for education
 - iii. Pointed out that new growth has been decreasing in most Western Mass communities
 - iv. Explained that we are working with the towns in our regional school district and along with many local communities, we are working with the local legislators to address the revenue issues
 - v. Noted that we don't need an override because we have been maintaining excess levy capacity. This is because historically the tax levy increases needed to fund our budgets have been below 2.5%
 - vi. Explained that the FinCom estimates that this budget will result in a \$500 increase in the average single family tax bill and will provide the same level of services as the current and prior years
- F. Jim reflected on how we approach developing budgets:
 - i. We've used a disciplined approach in developing a well thought out budget
 - ii. Pointed out that having a tax base where 95% of taxes come from residential taxpayers contributes to the budget funding challenge
 - iii. Discussed developing a long range plan to enable us to develop budgets that provide the services needed while maintaining affordable taxes
 - iv. Discussed exploring opportunities for collaborating with other towns to provide on services and win grants
- G. Ajay described the challenges in recent years as structural:
 - i. The drivers are not due to the expansion of town government, but mostly due to increased obligations that all towns are confronting: Health insurance, debt service and inflationary pressures
 - ii. Explained the need for economic growth in order to reduce the property tax burden on residences
 - iii. Described a proactive approach to identify new revenue sources and to help us be prepared for projects proposed in our community

II. Question and answer session – Moderator presented questions from the general public

- A. How is each budget expense amount determined and how can the public contribute?
 - i. Department heads provide the costs needed to maintain level services
 - ii. No department has requested increased services, but the cost of operating the Highway Department has been under funded for years and always needed additional funds each year. Therefore, we have increased this budget
 - iii. We increase budgets when needed, but do not use an inflation factor in the budgets. Managers provide their requests based on current costs
 - iv. The public is welcome to attend our meetings which are posted with the meeting on Shutesbury.org
 - v. It was noted that the FinCom had not recommendation the request for creating a facilities manager position due to the current funding challenges. The benefit of creating this position was summarized
 - vi. It was also noted that there were increased costs due to the new library building
 - vii. Noted that the current period spending for each budget line is available on the Shutesbury web site. The FinCom uses this information during the budget process and it's available to the public on Shutesbury.org
- B. When is the budget finalized?
 - i. The end of February is when the full budget is compiled – all info is loaded into the budget template
 - ii. In March the committee reviews and debates the lines and reaches back to some managers with follow-up questions
 - iii. Once the warrant is complete, the budget can't be changed
 - iv. Revenues can be difficult to project as the state aid info is not available until the summer
- C. What types of changes can be made from amendments at ATM? Amendments that could create a large increase in the tax levy could be rejected by the moderator
- D. Are there multi steps in the approval processes for large purchase? FinCom discussed the capital project approval process: The Capital Planning Committee recommends which items to purchase, Finance Committee determines funding and voters accept or reject each item
- E. Explain Excess Levy Capacity? This is the difference between the amount of property taxes needed to fund the budget and the amount a town is allowed to collect property taxes
- F. How will the flagpole repair be completed? It's been replaced
- G. Did Shutesbury receive SREC funds? This will need to be researched
- H. Is the cost of providing childcare at town meeting in the budget?
 - i. This year it's covered by a grant, but is not funded in the FY27 budget
 - ii. The FinCom will meet with the moderator to determine the participation rate
 - iii. We can use the FinCom reserve to fund FY27 if needed and build it into future budgets
 - iv. The moderator noted that 19 out of 20 slots have been filled for the upcoming town meeting
- I. Has the FinCom calculated the impact on the tax rate if the fire truck is approved?
 - i. The debt payments for the fire truck would not impact the FY27
 - ii. The impact on the tax rate depends on the length of the loan
 - iii. Some towns are financing fire trucks for as long as 15 years

- iv. Assuming no trade-in or down payment and the current 4.5% interest rate, if we financed the truck for seven years, the first year's debt service would be \$150k. This would result in a \$165 increase in the average single family tax bill
- J. Can you estimate the additional annual debt load if the \$.8M fire truck is approved? The debt service payments for a seven year loan will decrease by \$5,100 each year
- K. What ideas are the FinCom considering for economic growth that won't entail cutting down forests and interfering with residents' quiet enjoyment of their homes and property?
 - i. It was noted that this would be a community wide effort
 - ii. The Town Administrator explained the benefit of developing a process responding to proposed projects in town and research ways similar communities are growth opportunities
 - iii. We should be proactive in order to be prepared for future project proposals
- L. What is the \$15,725 for data digitization if half of the job has been completed by the Land Use Clerk?
 - i. This request is for the remaining data in the downstairs meeting rooms and upstairs hallway data
 - ii. The Land Use Clerk noted that the Conservation Commission and Zoning Board of Appeals' records have been completed
 - iii. The Town Administrator noted the level of effort to complete this work and the lack of resources to do so
- M. Can someone explain differences in the School Choice funding amounts reported by the elementary school and the town and state (DESE)? This will be researched and available for town meeting
- N. How much will the balance be in the stabilization fund if all warrant articles are approved?
 - i. \$703K in Free Cash and a total of \$350K will in the stabilization accounts
 - ii. The free cash number estimate is the lowest possible estimate and will be higher once certified at year end due mostly to underspent expenses lines, unexpected revenue and interest income during FY26
- O. Conversation about the new revenue potential \$50k from the state due to the Quabbin Reservoir bill. The bill is likely to pass, but the FinCom is not using this to fund the FY27 budget, but it would lower the tax levy if approved
- P. The Moderator stated that the questions regarding justifications for capital requests were not the responsibility of the FinCom and would all be addressed at town meeting

Next meeting is the annual town meeting on Saturday, May 9 at 9:00 a.m. at the Shutesbury Elementary School

Meeting adjourned at 7:58 p.m.