

TOWN OF SHUTESBURY
Finance Committee

Dear Residents.

The Finance Committee presents a responsible, balanced budget for FY27. The proposed budget reflects an increase of \$565,217, or 7.3%, over FY26. This increase is the result of careful review conducted in close collaboration with all town departments.

The primary drivers of the FY27 budget are:

- **Health insurance:** premiums are anticipated to rise by \$65K (8.8%)
- **Debt service:** first payment on the new library loan (\$121K), and ongoing obligations for Amherst-Pelham Regional School District debt (\$34K) and the PFAS remediation loan (\$19K).
- **Elementary school:** increases of \$34K (44%) for transportation and \$134K (259%) for mandated student services

These are not discretionary items — they are legal and contractual commitments. The Finance Committee's work has been to build a budget around them as judiciously as possible.

PROPERTY TAX LEVY

Shutesbury, like many Massachusetts communities, is feeling the combined effects of inflation, rising operating costs, and essentially flat state aid. With a systemic mismatch between revenue growth and cost growth, a larger share of the budget must be funded through the property tax levy. It is not taken lightly that this places increasing financial pressure directly on residents.

For many years, the town budget was met with annual levy increases of less than 2.5%. The extraordinary expenses of FY26 required a 7% levy increase, which drew on the town's accumulated excess levy capacity — the difference between what we were allowed to levy and what we actually levied in prior years. That cushion is not unlimited, and the FY27 proposed budget shrinks it further.

STRATEGIC USE OF RESERVES

To help offset costs and ease the burden on taxpayers, the proposed FY27 budget draws on \$208,250 in cash reserves. Assuming all warrant articles are approved, total reserves are projected to decline by 29% to approximately \$1.06 million.

This approach follows the precedent set in FY26, when the Finance Committee used \$139,000 in cash reserves to moderate the immediate impact of rising health insurance and regional school costs. Reserves are a tool for short-term relief, not a long-term solution, and we are using them with that distinction in mind.

LONG-TERM OUTLOOK

We recognize the efforts of town employees across all departments to continue to deliver more than our limited resources might suggest is possible. Dedicated committee and board volunteers also carry out many core functions of Shutesbury's local government, reducing costs that would otherwise fall on the budget.

At the same time, the Finance Committee, in collaboration with the Capital Planning Committee, has committed to developing more robust long-range financial planning tools. This work is already underway and is intended to provide clearer visibility into future operating and capital needs, improve coordination across departments, and support more sustainable decision-making in the years ahead.

Even with these contributions, Shutesbury's revenue options are structurally limited in ways that compound these pressures and challenge the town's fiscal sustainability. While we have a wealth of outdoor and community spaces, we have a very small commercial and industrial tax base, and few opportunities for new business development under current conditions.

In addition, the Finance Committee believes the town should actively explore opportunities for collaborating with neighboring communities on sharing services and capital expenses. Given our size and limited tax base, collaboration offers a potential path towards maintaining service levels while controlling costs.

The Finance Committee believes it is time for Shutesbury to begin a serious, community-wide conversation about economic development. If we want to reduce the pressure on homeowners over time, we need to begin asking where and how we can thoughtfully and responsibly support investment and new growth in Shutesbury.

Respectfully,
The Shutesbury Finance Committee

Shutesbury Finance Committee Fiscal Year 27 Budget Report

Shutesbury FY27 Estimated Budget Expenses and Revenue Sources (\$ in thousands)

Expenses

Total budget expenses:	\$8,327K
Budget increase from FY25	\$567K
Increase over FY25	7.3%

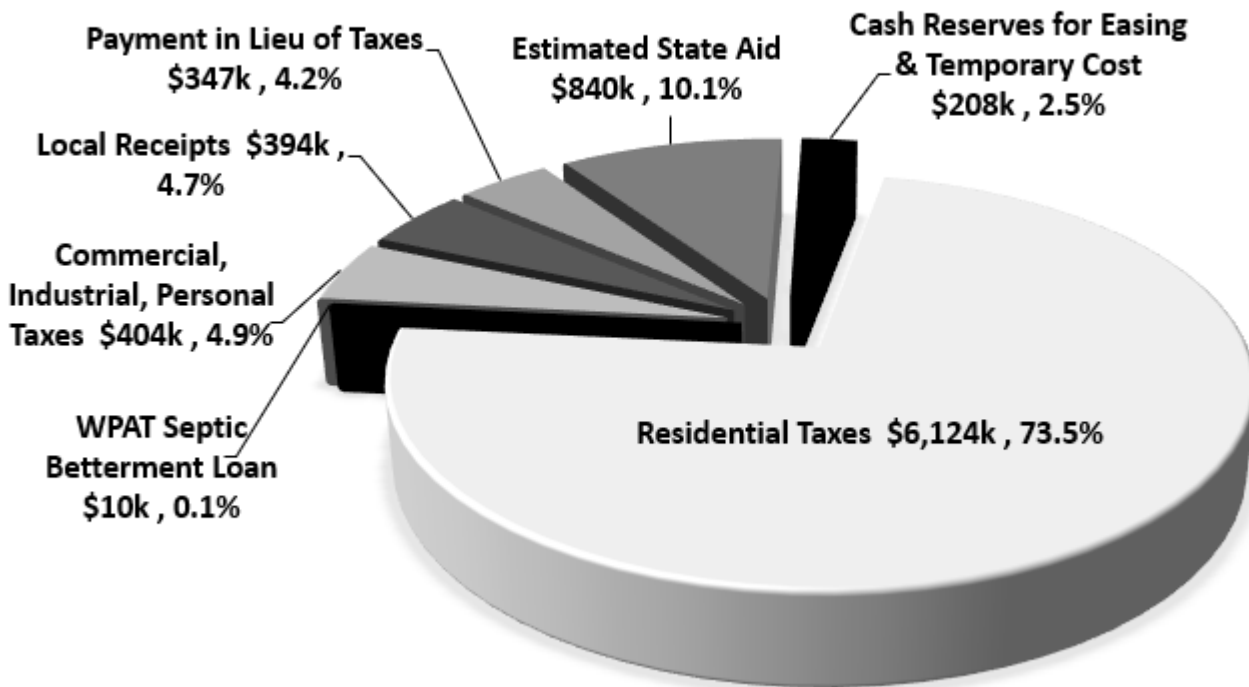
Revenue Sources

Residential taxes *	\$6,124K
Comm.,+Indust.,+ Pers. Prop Taxes	\$404K
Estimated Net State aid	\$840K
PILOT (Payment In Lieu of Taxes)	\$347K
Local Receipts (Excise tax, court fees, etc.)	\$394K
WPAT Septic Betterment Loan	\$10K
Cash Reserves for Easing and Temporary Costs	\$208K
<u>Total Revenues</u>	<u>\$8,327K</u>

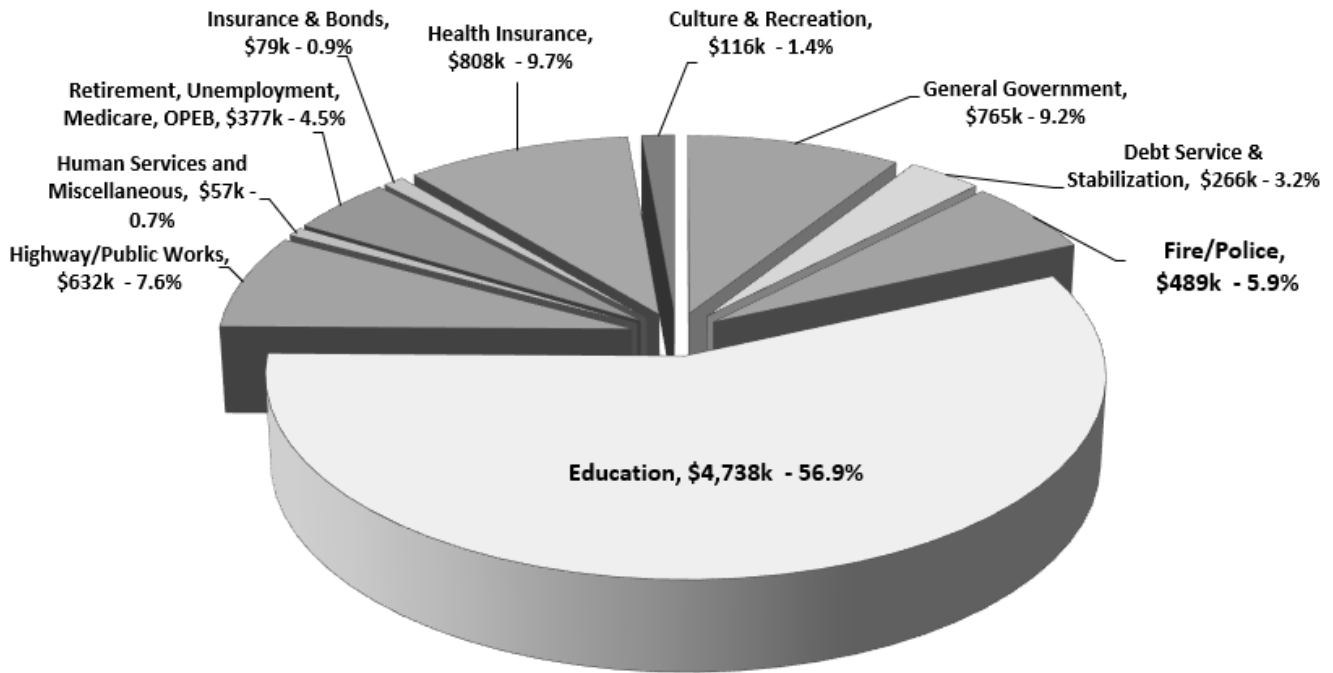
* Estimated FY27 Residential Tax rate:
 Total levy / assessed valuation * 1000
 $\$6,568K / \$378,799K = \$17.34$
 FY26 rate \$16.19

Estimated FY27 Average Single Tax Bill:
 $\$17.34 \times 417.704 = \$7,243$
 FY26 Average = \$6,770

FY27 REVENUE TO FUND THE OPERATING BUDGET, BY CATEGORY TOTAL IS \$8,326,503



FY27 Operating Budget By Category
Total is \$8,326,503



We have prepared a balanced budget for FY27

1. Significant Operating Changes Compared to the FY26 Budget:

Total Budget Increase: \$566K (7.3%)

A. New Budget Items: \$160K

1. Library Debt Service: \$121K
2. Town Building Repairs/Maintenance Fund \$20K
3. PFAS Debt Service: \$19K

B. Budget Increases: \$417K

1. Elementary School: \$163K (6.3%)
2. Health Insurance: \$65K (8.8%)
3. Elementary Transportation: \$36k (44.1%)
4. ARPS Regional Debt: \$34k (99%)
5. OPEB Trust Fund: \$25k (100%)
6. Town Employee COLA increases (excluding contracted & unions): \$15K (2.59%)
7. Regional School: \$13K (0.7%)
8. Highway Dept Machinery Maintenance \$12K (42.9%)
9. All other net expense increases: \$54K

C. Budget Decrease: Police Chief \$11K

2. Notable Projected Revenue Increases/Decreases:

Total Revenue Increase: \$566k

- A. Total Tax Levy Increase in FY26 Budget: \$427K
 - 1. Tax Levy Available: 2.5% increase is \$168K
 - 2. Excess Levy Capacity needed to balance budget \$70K
 - 3. New Growth: \$40K
 - 4. Debt Exclusions increase: \$154K
 - 5. Overlay decrease: \$5K
- B. Estimated State Aid increase: \$38K
- C. Estimated Local Receipts increase: \$31K
- D. Cash Reserves Used increase: \$70K

3. Cash Reserves Summary, beginning balances (after September Special town meeting):

A. Free Cash	\$1,044K
B. Capital Stabilization	\$239K
C. Stabilization – Start of year	\$215K
<u>Less: Special Town Meeting (1)</u>	<u>\$20K</u>
<u>Stabilization</u>	<u>\$195K</u>
Total Cash Reserves	\$1,478K

(1) Appropriated for FY25 snow removal deficit, prior years' bills and FY26 health insurance

4. Capital expenditures and funding for FY27 warrant articles:

A. Capital Budget	
<u>Funded - from Free Cash</u>	<u>\$134K</u>
1. Tractor	\$64K
2. Elem. School Parking Lot Assmnt	\$16K
3. Data Digitization	\$16K
4. Elem. School Cafetorium Divider	\$15K
5. Spayer for Highway Dept	\$11K
6. Snow Blowers (2) for Elem. School	\$6K
7. Clickers for town meetings	\$6K
<u>Funded from borrowing (to begin in FY28)</u>	
1. Fire Truck	\$800K
B. <u>Operating Budget – from Free Cash</u>	<u>\$208K</u>
1. Elementary School	\$130K
2. Health Insurance	\$25K
3. OPEB	\$25K
4. School Transportation	\$15K
5. Veteran's Benefits	\$8K
6. New Library Building Costs	5K
C. Emergency dam Repair – from Stabilization	\$84K

5. Cash Reserves if all warrant articles pass (Section 3 and 4 above):

A. Free Cash (1)	\$702K
B. Capital Stabilization (2)	\$155K
C. <u>Stabilization</u>	<u>\$195K</u>
D. Total cash reserves	\$1,052K

- (1) This balance does not include the addition of Free Cash generated at the end of FY26
- (2) No funds will be transferred into the Capital Stabilization in FY27

6. Upcoming Potential Capital Projects:

- A. Parking Lot Repaving:
 - 1. Elementary School
 - 2. Highway Department
 - 3. Town Hall
- B. Lake Wyola Dam Repairs
- C. Building Repairs – currently being analyzed
- D. Gravel road upgrades
- E. PFAS mitigation

7. Upcoming Potential Impacts on Operating Budget

- A. Personnel Board to review town employee job descriptions and salaries
- B. Elementary school contract negotiation
- C. Current trash and recycling contract expires at end of FY27
- D. Fin Com developing long range planning tools

8. Risk and Opportunities:

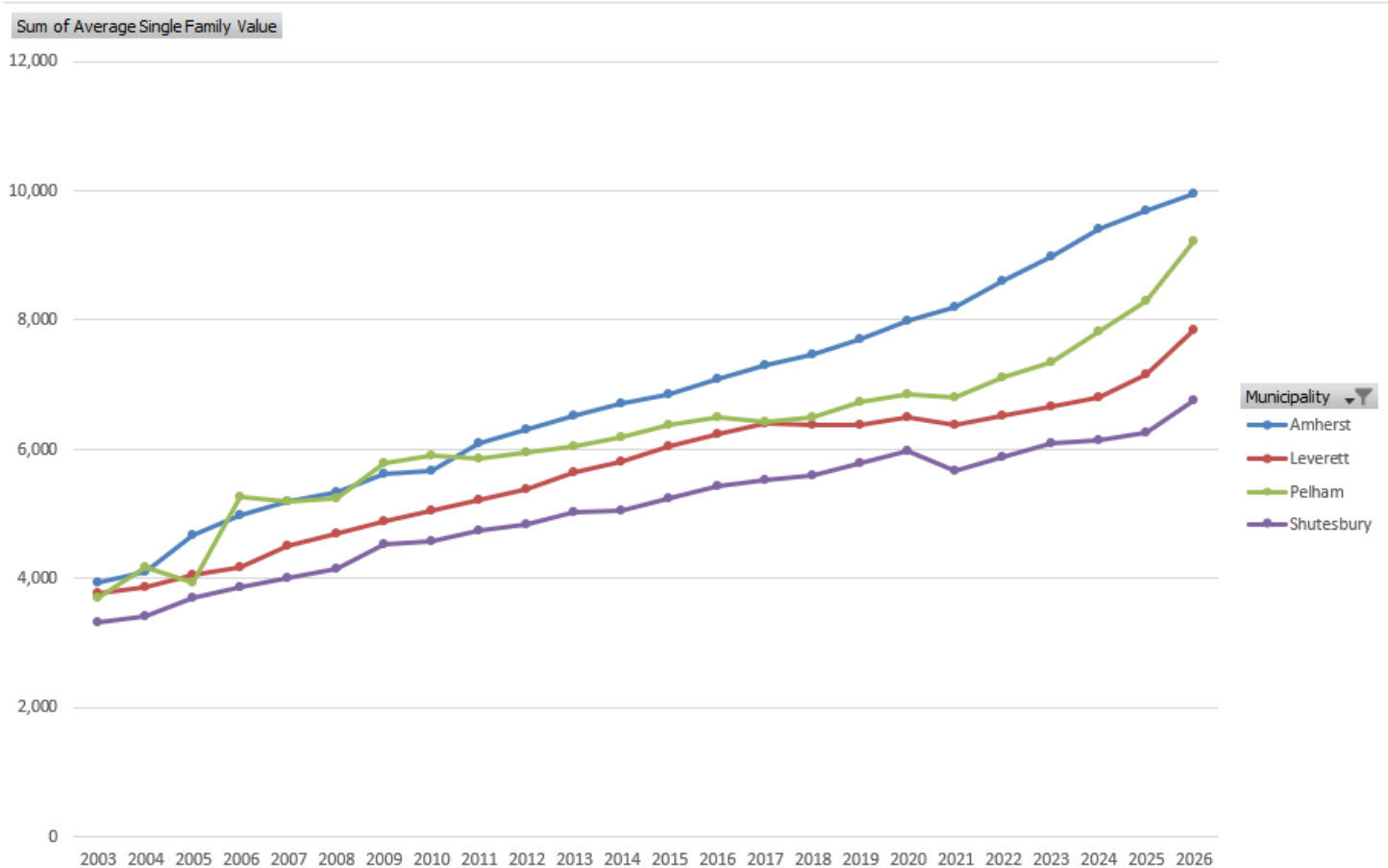
- A. Risks:
 - 1. Ongoing loss of state/federal grants
 - 2. Inflationary factors limiting our ability to maintain level services
 - 3. Health insurance costs for elementary school and town employees
 - 4. Unpaved roads/infrastructure (dirt roads, culverts, bridges, etc.)
 - 5. School costs:
 - a. Ongoing loss of grant funds
 - b. The Regional school OPEB and employee health insurance costs
 - c. Regional school buildings maintenance and capital costs
 - d. Regional school operating budget
 - e. Chapter 70 funding policies have not benefited our local schools and are no longer keeping pace with our school costs
 - f. Charter school costs to local taxpayers
 - g. Mandated student services impact budget and are difficult to plan for
 - 6. Continued maintenance to 50+ year old Shutesbury school building
 - 7. PFAS testing and mitigation
 - 8. Gas contamination at the fire station
 - 9. Storage of public records/need for additional space

10. 94% of Shutesbury's tax levy is from residential taxes. The average town in Massachusetts relies on 83% residential taxes.
11. Diminishing excess levy capacity

B. Opportunities:

1. Quabbin Reservoir/MWRA Payment in Lieu of Taxes increase
2. DCR state land Payment in Lieu of Taxes increase
3. Potential Chapter 70 funding reform/Rural aid
4. Participation in the regional school long range fiscal planning committee
5. Invest in projects that reduce operating costs (i.e. municipal solar photovoltaic systems)
6. Collaborate with other towns to share resources
7. Potential Special Education stabilization account
8. Potential committee to explore economic development

Average Single Family Property Tax Bill by Local Town - 2003 to 2026



Source: DLS Data Analytics and Resources Bureau

Table 1: Shutesbury Historical Tax Trend, 2013-2026

	Tax Rate	Avg SF Bill	YTY Increases	
			\$	%
FY13	\$ 20.27	\$ 5,015		
FY14	\$ 20.60	\$ 5,044	\$ 29	0.6%
FY15	\$ 21.53	\$ 5,246	\$ 202	4.0%
FY16	\$ 22.08	\$ 5,415	\$ 169	3.2%
FY17	\$ 22.76	\$ 5,529	\$ 114	2.1%
FY18	\$ 23.06	\$ 5,600	\$ 71	1.3%
FY19	\$ 23.26	\$ 5,783	\$ 183	3.3%
FY20	\$ 24.04	\$ 5,973	\$ 190	3.3%
FY21	\$ 22.61	\$ 5,662	\$ (311)	-5.2%
FY22	\$ 21.83	\$ 5,876	\$ 214	3.8%
FY23	\$ 18.44	\$ 6,090	\$ 214	3.6%
FY24	\$ 17.83	\$ 6,126	\$ 36	0.6%
FY25	\$ 15.82	\$ 6,257	\$ 131	2.1%
FY26	\$ 16.21	\$ 6,763	\$ 506	7.5%
FY27 Projected	\$ 17.34	\$ 7,248	\$ 485	6.7%