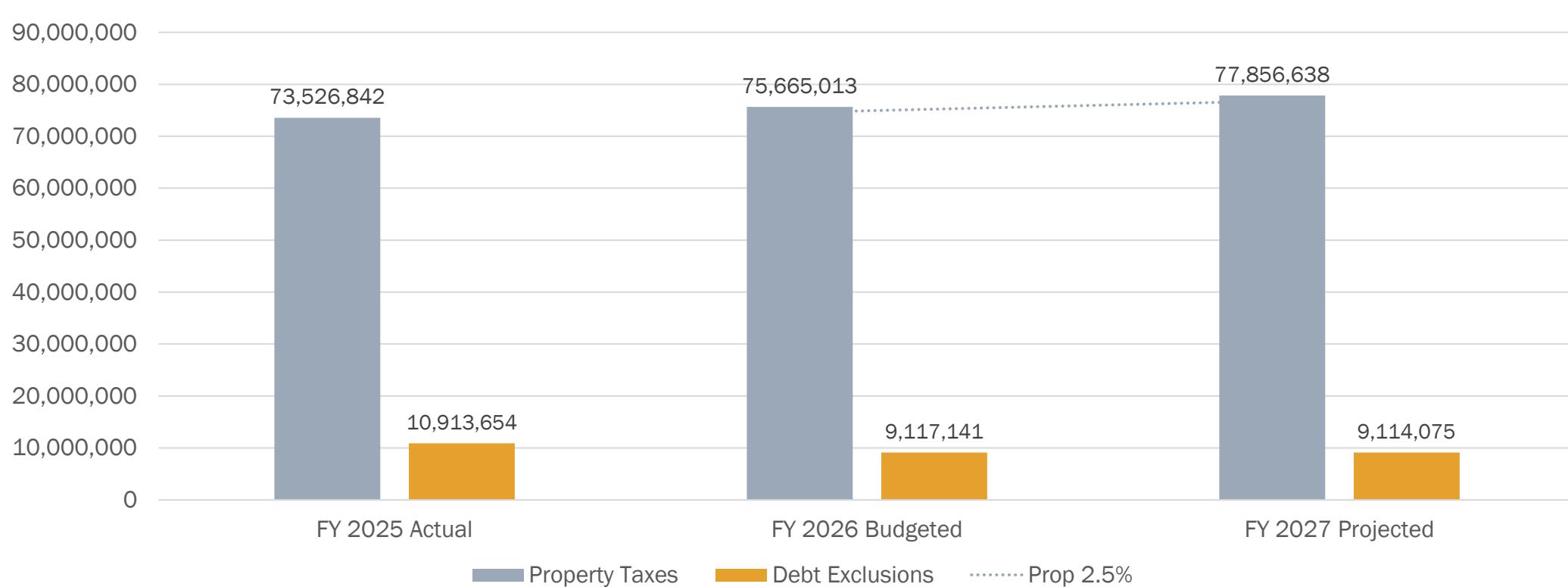


Town of Marblehead Financial Forecast

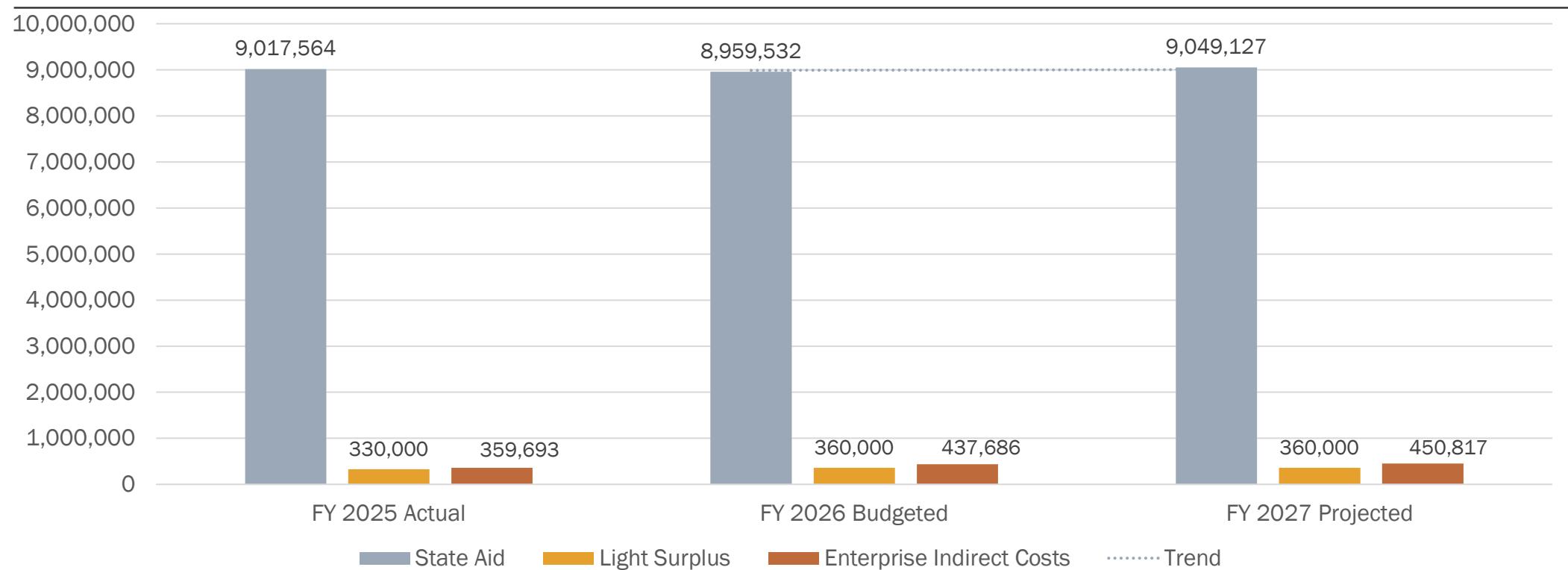
ALEESHA NUNLEY BENJAMIN, CFO

Property Taxes & Debt Exclusions



Proposition 2.5% cap on property taxes equates to approximately \$2.2M year over year and accounts for 80% of Revenue

State Aid, MMLD Surplus, Enterprise Indirect Costs



Estimating a 3% increase in enterprise indirect costs, with the MMLD surplus remaining flat. FY26 marked the first adjustment to the surplus in many years—rising \$30K from \$330K to \$360K.

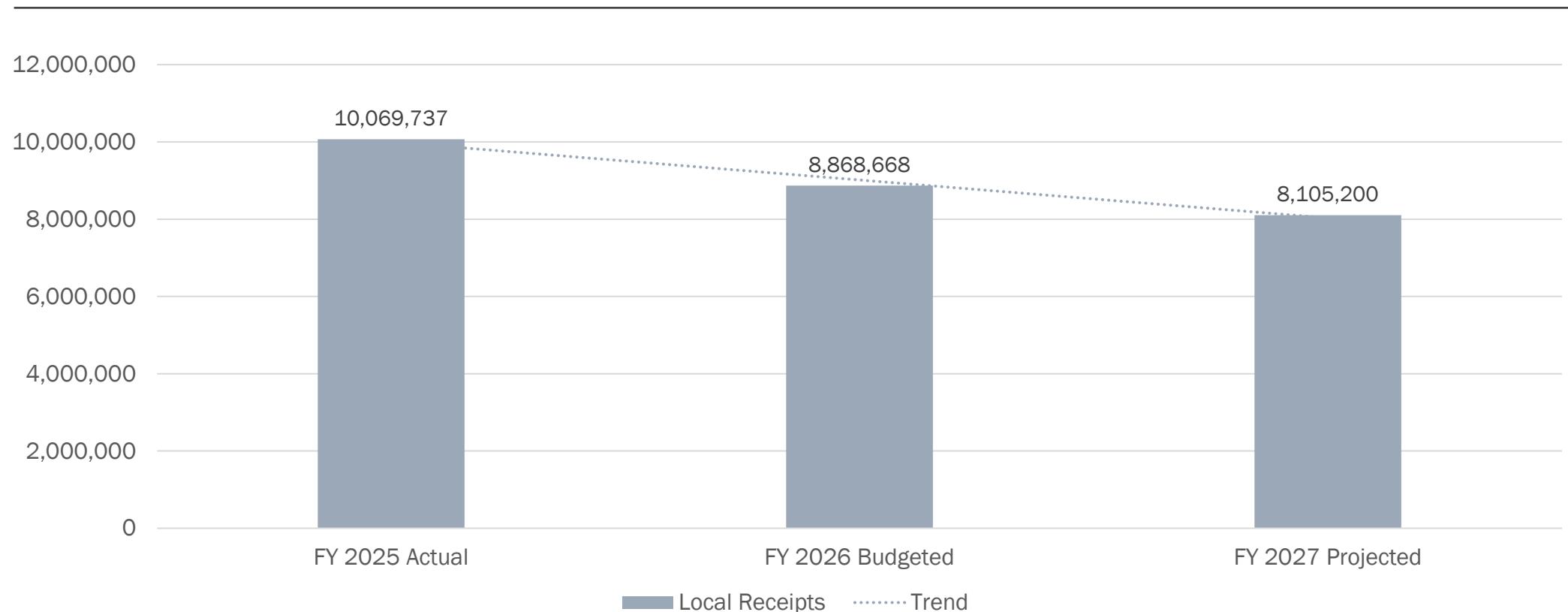
State Aid

Education			General Government		
Education	2025	2026	General Government	2025	2026
Chapter 70	6,623,479	7,006,279	Unrestricted General Government Aid	1,402,160	1,417,584
School Transportation	0	0	Local Share of Racing Taxes	0	0
Charter Tuition Reimbursement	623,966	556,349	Regional Public Libraries	0	0
Smart Growth	0	0	Veterans Benefits	39,411	59,135
Education Offset Items	-	-	Exemp: VBS and Elderly	93,165	129,339
School Choice Receiving Tuition	0	0	State Owned Land	0	0
Total Education	-	-			
Sub-Total, All Education Programs	7,247,445	7,562,628			



- State Aid increased **\$315,183** for Schools under the **Student Opportunity Act** and **\$71,322** for the Town.
- Chapter 70 funding rose **\$382,800**, while Charter Tuition Reimbursement decreased **\$67,617**.
- Unrestricted General Government Aid for the Town increased **\$15,424**.
- For FY27, State Aid is expected to increase 1%, not keeping pace with inflation or increasing budget costs.

Local Receipts



Motor Vehicle Excise taxes remain the Town's largest local receipt but show minimal growth and economic sensitivity. Interest income has declined as rates fell from 5% in FY24 to 3.75% in FY26, while the Town continues to draw down remaining ARPA funds.

Local Receipts

	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Actual</u>	<u>2025 Actual</u>	<u>2026 Budget</u>	<u>2027 Projected</u>
Motor Vehicle Excise	3,131,483	4,277,692	3,693,870	3,945,356	4,120,629	3,800,000	3,600,000
Meals Excise	-	-	-	-	277,850	200,000	200,000
Rooms Excise	-	-	-	-	423,616	400,000	400,000
Penalties & Interest on Taxes & Excise	310,570	389,939	458,423	401,704	494,279	400,000	400,000
Payments In Lieu of Taxes	39,034	42,701	17,405	11,624	12,796	9,000	9,000
Charges for Services - Trash Disposal	136,712	183,429	158,194	250,787	174,657	140,000	340,000
Departmental Revenue - Recreation	237,993	235,220	241,187	252,756	253,316	235,000	235,000
Departmental Revenue - Cemetery	104,615	83,245	94,206	101,425	95,438	80,000	90,000
Other Charges for Services	478,967	470,704	478,411	499,410	444,014	420,000	420,000
Fees	77,450	38,422	45,251	141,875	135,306	120,000	120,000
Rentals	64,789	62,540	52,476	386,272	414,076	390,000	390,000
Departmental Revenue - Libraries	287	1,931	1,209	1,289	1,780	1,274	1,200
Licenses & Permits	1,037,062	1,341,652	1,272,378	1,545,466	1,496,360	1,100,394	1,000,000
Fines and Forfeits	50,406	78,562	63,943	62,188	70,277	60,000	60,000
Earnings on Investments	176,186	66,232	1,349,593	2,397,428	1,584,677	1,473,000	↓800,000
Misc Rev (Not otherwise Classified)	-	46,301	23,166	23,916	24,114	-	-
Medicaid Reimbursement	-	72,875	78,870	45,831	46,556	40,000	40,000
Total Local Receipts	5,845,554	7,391,445	8,028,582	10,067,327	10,069,741	8,868,668	8,105,200

Revenue Summary Projections

	FY 2025 Actual	FY 2026 Budgeted	FY 2027 Projected
PROPERTY TAXES	73,526,842	75,665,013	77,856,638
NEW REVENUE FROM PROPERTY TAXES 2.5%	2,109,862	2,138,171	2,191,625
LESS RESERVE FOR OVERLAY (ABATEMENTS / EXEMPTIONS)	-441,711	-657,722	-700,000
DEBT EXCLUSIONS	10,913,654	9,117,141	9,114,075
FREE CASH TO BUDGET <small>(declining should be funded with general override, free cash is one-time revenues not guaranteed)</small>	5,500,000	7,000,000	5,000,000
STATE AID	9,017,564	8,959,532	9,049,127
LIGHT SURPLUS	330,000	360,000	360,000
ENTERPRISE FUNDS INDIRECT COSTS	359,693	437,686	450,817
LOCAL RECEIPTS	10,069,737	8,868,668	8,105,200
CONCOM TRANSFER	9,000	9,000	9,000
TOTAL REVENUES	109,284,780	109,759,318	109,244,857
\$ Change			-514,461

Revenue is declining as Free Cash decreases and limited property tax growth (\$2,191,625 – \$2,000,000 free cash reduction = \$191K) results in a projected -\$514K revenue decline. Interest income continues to fall—from \$2.4M in FY24 to \$900K projected for FY26—as rates drop from 5.0% to 3.75%. Major cost pressures include an \$800K–\$1M increase in the trash contract, a 14% rise in health insurance, and inflation above 3%, outpacing the 2.5% property tax cap.

Financial Summary

FY27 Revenue is projected to decline by **-\$514,641**.

Budget Pressure: Inflation (3%+) continues to outpace the 2.5% property tax cap. Expenses have grown faster than revenues since 2020.

ARPA Funding: Federal relief funds supporting capital projects will be **fully spent by end of 2026**.

Grant Reductions: Fewer federal grants and **MBTA 3A non-compliance** limit access to state funding.

Capital & Bond Rating: Ongoing capital investment and temporary debt exclusions have maintained the Town's **AAA bond rating**, but operations and maintenance funding need attention.

Rising Costs:

- Trash contract up **\$800K–\$1M (FY27)**
- Insurance **+14%**
- Personnel \approx **80% of budget**, contracts at **3% increases**

Free Cash Warning: Using Free Cash to balance budgets is unsustainable; it should fund one-time capital needs only.

Next Steps:

- First general override since 2005 likely needed to sustain high-quality services.
- More information at the State of the Town Address (Jan/Feb 2026).