



Town of Sutton

Fiscal Year 2024 Final Budget Presentation

April 18, 2023



FY 2024 Budget Overview

FY 2024 Total Town Budget =
\$37,819,797

\$1,640,559 or 4.53% over FY2023 final budget

- We are proposing to raise the tax levy by \$1,241,799 which is 2 ½% plus new growth of \$200,000 and the rolled forward new growth of \$490,000. In the past, we used this excess new growth for capital purposes, but we no longer have that luxury.



FY 2024 Budget – Big Picture

- The Town of Sutton, like everyone else, is affected by inflation. This includes increases in fuel, diesel, heating oil, bus contracts, and even paper.
- The most significant increase in costs continues to be Special Education Out of District. We have mentioned this issue in the last few fiscal year budget messages. In FY23, we planned to use \$700,000 in free cash for two years until that number was forecast to come down. Unfortunately, the reality is, that in FY24 the number grew to \$600,000 over what was projected. That number has increased from \$1 million in FY20 to \$2.5 million in FY24.
- The required contribution to Worcester Regional Retirement System was double the amount that it was in previous years. We typically contribute 9.95%, however due to a number of factors, our contribution is approximately 18%.



FY 2024 Budget – School Big Picture

- Biggest budget challenge is the Out of District Special Education costs within the school department. That number has grown from \$1 million in FY20 to of \$2.5 million in FY24. In FY24, we will utilize \$700,000 free cash as planned. This will be a separate article and the funds can only be used for out of district special education costs.
- We are \$3.6 million over net school spending required. Blackstone Vocational Technical school had 12 fewer students attending and we are level funding. At Norfolk Agricultural school we currently have a number of additional students, for a total of 15, at a cost of \$26,000/student.

Changes since FY24 Preliminary Budget

- We have increased the School Department budget by \$172,686 of which \$38,820 is the Gov.'s Chapter 70 allocation.
- To make this budget work, reduced town counsel from \$70,000-\$50,000, reduce the reserve fund from \$30,000-\$25,000, reduced Treas.tax title from \$19,000-\$10,000, and increased our local receipts \$413,955.



Special Education Out of District Costs

Projected Special Education Out of District (OOD) Placements

TUITIONS:	FY19 ACTUAL	FY20 ACTUAL	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 PROJECTED	FY25 PROJECTED	FY26 PROJECTED
ACTUAL:	\$ 910,639	\$ 1,044,529	\$ 1,225,507	\$1,717,853	\$ 2,301,120	\$ 2,535,058	\$ 2,366,026	\$ 1,640,252
PERCENTAGE: Year/Year (+/-)	-	14.70%	17.33%	40.18%	33.95%	10.17%	- 6.68%	-30.67%

- Anticipated special education private school tuition rates will increase approximately 14% in FY24.
- Possible new placements, if needed should be based on an average of \$ 112,603/year.



FY 2024 Budget

\$2.8 Million in ARPA funding

- The School wastewater treatment plant has been rehabbed and is good for another 15 to 20 years. Town Hall septic system is ready to go out to bid and the 5.6MM Wilkinsonville sewer project will be ready to go out to bid shortly. At that point, ARPA monies will be done.

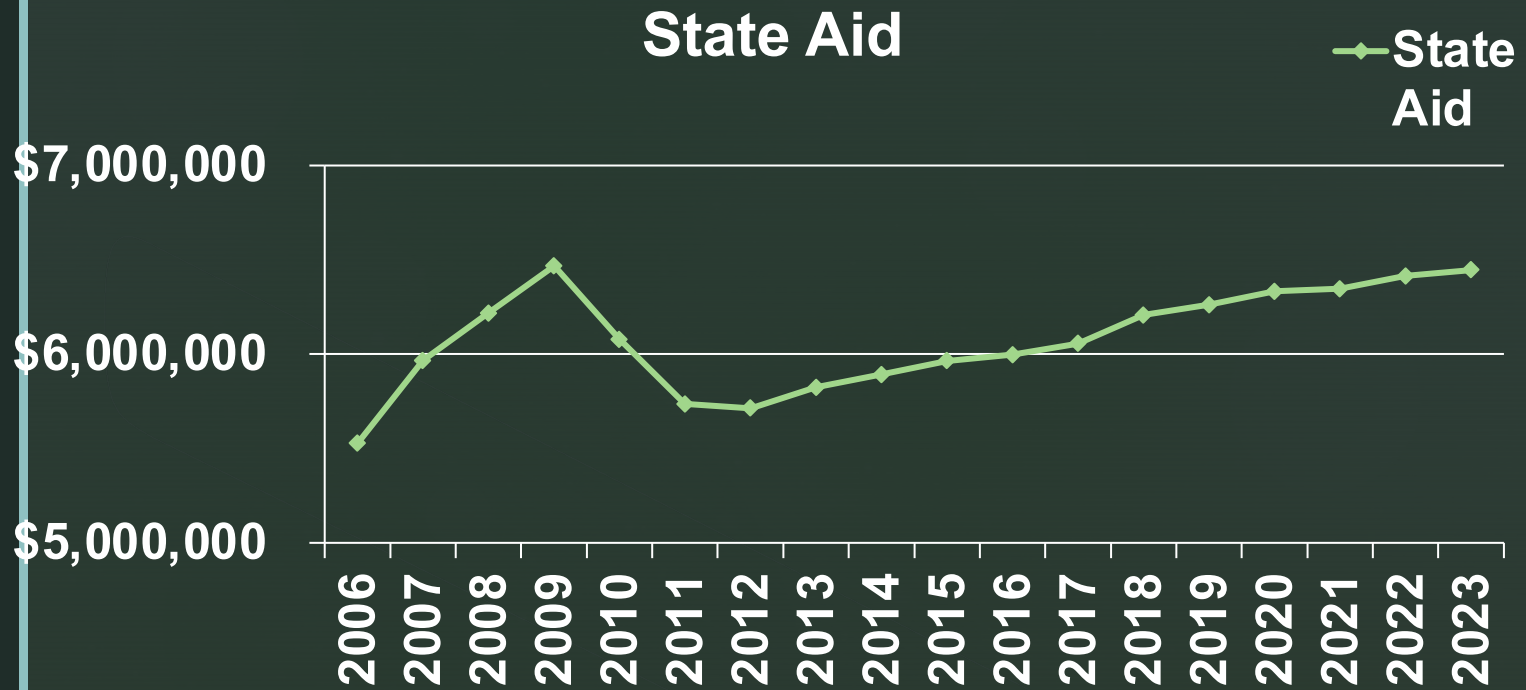


FY 2024 Budget – Health Care Big Picture

- Two years ago, we left Fallon Health and went back to Massachusetts Interlocal Insurance Association (MIIA). All eligible employees transitioned to a Health Savings Account (HSA) and the town agreed to match the deductible. MIIA offered a great proposal and we believe it is better to be part of a larger pool, than as a stand alone entity with 300+ employees.
- FY24 is year three of a three-year agreement and our costs will increase 6.4%. In year 1, our rate went down 6.1%. In year 2, our rate was 3.75%.



Revenue Trends



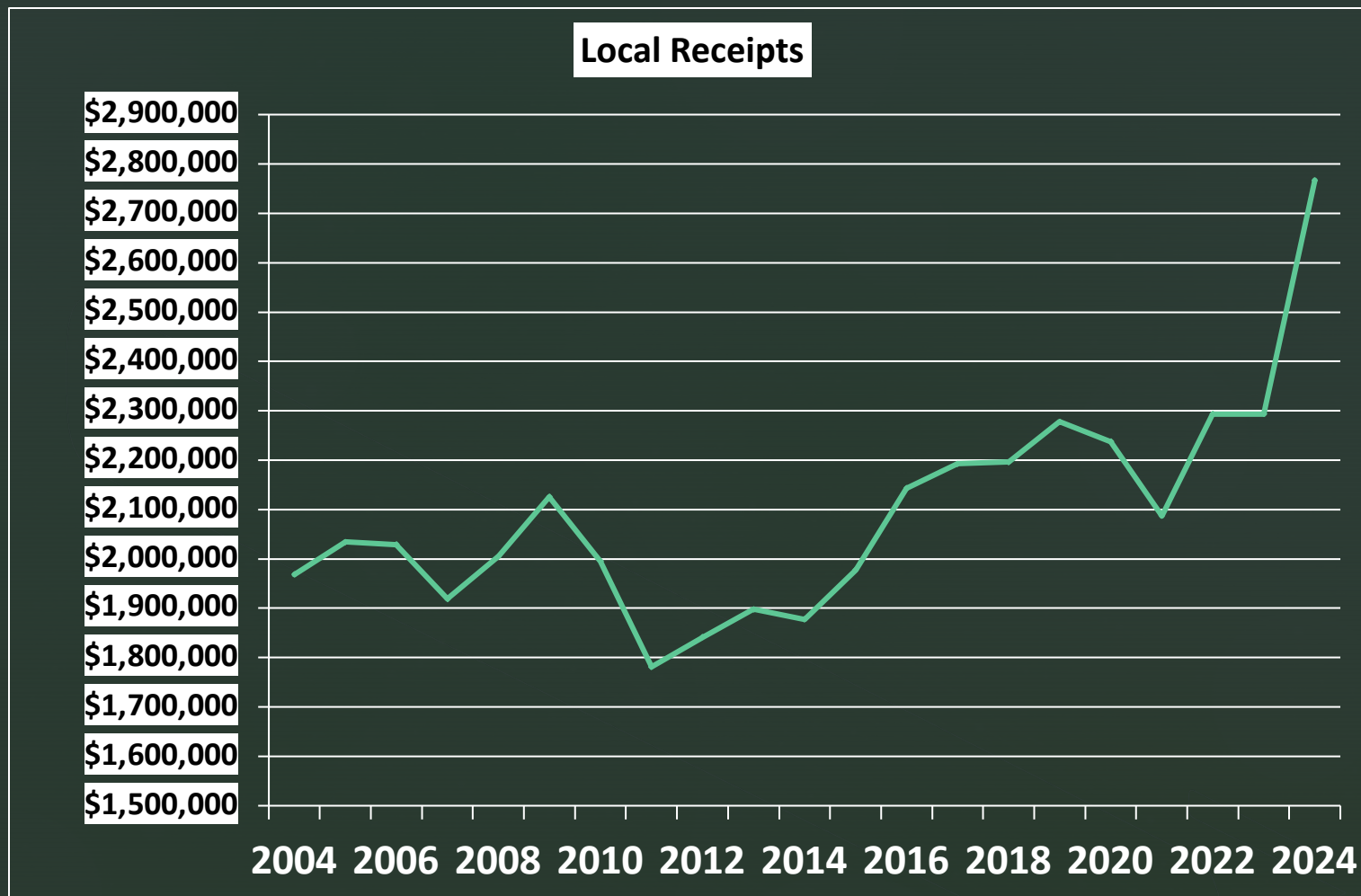


State Aid vs. Town

- The Town of Sutton continues to pick up a bigger financial burden relative to the State. In FY10 the taxpayers of Sutton picked up 59% of the budget and the state picked up 26%.
- In FY13 the town picked up 69% of the budget and the state picked up 21%.
- In the upcoming FY24 budget the town will pick up 75% and the state is scheduled to pick up 17%. Our budget is increasing over \$1.3 million and we are anticipating \$50,000 or \$60,000 from the state.



Revenue Trends





Employee Benefits

- Pensions increased from \$1,564,366 to \$1,847,518. A 18% increase or \$283,152. The pension plan should be fully funded by 2040 according to Worcester Regional Retirement Board.
- In FY24 healthcare increase is 6.4%.
- All of our eligible all active employees are enrolled in an HSA with a \$4000 deductible for families and a \$2000 deductible for individuals. The town contributes 50% of the deductible for all employees.



School Department

- Capital Plan \$453,000
- Appropriation Increase \$1,172,686
- Separate article SPED \$700,000
- The town will pick up \$75,000 in data processing costs for the School/Town.



Enterprise Funds

- Sewer – User fees remain the same.
- Transfer Station/Trash – Considering an increase in bag fees. Transfer Station Stickers will stay at \$50.



Capital Plan

Total Plan for FY2023

\$1,228,500

- School Dept. \$453,000
- Fire \$113,000
- Police \$122,000
- Highway \$385,000
- Senior Center \$20,000
- Town Clerk \$5,500
- Town \$130,000



Big Picture

- Up until this point, the Town has successfully adjusted to cost increases. One item that we cannot control is Special Education Out of District costs. These costs have increased from \$1mm in FY20 to \$2.5mm in FY24. Additional inflationary costs of busing, salaries, heating oil, gas and diesel, and Worcester Retirement put additional cost pressures on the budget. It appears that without large new growth on the horizon, we may hit the funding “cliff” in FY25.
- The Town has a solid stabilization fund (\$2,600,000), other post employment benefits trust fund (\$4,220,000), SPED Stabilization fund of \$846,000, a health insurance stabilization fund of \$402,000 and a five year capital plan fund.
- For the second year we will create a separate article solely for out of district special education costs. We will fund it with \$700,000 in one time funds.



Questions?

