



Town of Sutton

Fiscal Year 2024 Preliminary Budget Presentation



February 21, 2023



■ FY 2024 Preliminary Budget Overview

FY 2024 Total Town Budget =
\$37,489,691

▲ \$1,310,453 or 3.62% over FY 2023 final budget

- Currently there is a \$700,000 deficit - a combination of \$390,00 on the Town side and approximately \$300,000 in the School Department.
- 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 Preliminary 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 Preliminary 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.
- Sutton Teachers Association is currently in contract negotiations. The School Department has budgeted a 1% contract increase.
- We are \$3.6 million over net school spending required. Blackstone Vocational Technical school had 12 fewer students attending and we are level funding. We currently have 2-3 additional students, for a total of 11, attending Norfolk Agricultural at a cost of \$26,000/student.



Special Education Out of District Costs

Projected SPED Out of District (OOD) Placements

TUITIONS	FY19 ACTUAL	FY20 ACTUAL	FY21 ACTUAL	FY22 PROJ	FY23 PROJ	FY24 PROJ	FY25 PROJ
ACTUAL:	\$ 910,639	\$ 1,044,529	\$1,503,141	\$1,762,373	\$1,929,745	\$1,987,122	\$1,448,481
Percent Increase:		13%	31%	15%	9%	2%	-38%

- All data based on 3% annual increase. All tuitions subject to change under OSD approval of requested rate increases.
- No new placements are forecasted.



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
ACTUAL:	\$ 910,639	\$ 1,044,529	\$ 1,503,141	\$1,762,373	\$ 2,282,269	\$ 2,538,120
PERCENTAGE: Year/Year (+/-)	-	14.70%	43.90%	17.25%	29.50%	11.21%

- 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 \$ 133,581/year.



FY 2024 Preliminary Budget

- \$2.8 Billion 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 Wilkinsonville sewer project will be ready to go out to bid shortly. At that point, ARPA monies will be done.
- We have increased the rate of pay for electrical and plumbing Inspectional Services. Current rate is \$75 per day and the building commissioner recommended we increase that to \$125 per day to be consistent with surrounding communities.
- We are eliminating the ClearGov app on our homepage. The numbers are not current and the budget presentation has all of the information.



FY 2024 Preliminary Budget

- The Police Chief has decided to work another six months, resulting in a deferral of his sick leave buyback until FY25.
- Finance Director's position – Funded additional hours for the Finance Director position. He will be working Tuesday, Wednesday and Thursday rather than Tuesday and Friday. This is an increase of 4 hours per week. Tim will be reappointed for another 3-year term in the near future.
- We would like to change Jen Hager's title to Community Development Director to more accurately cover the wide array of projects she works on.



FY 2024 Preliminary 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. In year 1, our rate went down 6.1%. In year 2, our rate was 3.75%. In year 3, the worse we can do is the high end of the range. Our experience has been trending about average. We budgeted 8% as a placeholder.



FY 2024 Preliminary Budget – Public Safety

- We have increased our public safety budgets by 2.95%. We have increased the pay for our part time plumbing and electrical inspectors from \$75/day to \$125/day. With the additional inspections we would like to retain these valuable retired inspectors.
- We are in the process of hiring a fourth Sergeant that was budgeted in FY23 to provide a greater pool of internal candidates when the Chief retires.
- The Police Chief is planning on retiring in the summer of 2024 of FY25. We will budget his buyback of time in the FY25 budget.
- The town signed a contract to have fiber through the Wilkinsonville village. The work should take place within the next year. Fiber is generally a long lead item so it will take a while to get the materials for installation.



Revenues

Revenue	Total	Change from FY23
Local Property Tax	\$28,193,211	4.61%
Total State Aid	\$6,533,468	0.77% \$50K
State Aid (Chapter 70)	Unknown	
State Aid (Lottery)	Unknown	
Local Receipts	\$2,402,920	2.13%
Total	\$37,489,691	3.62%

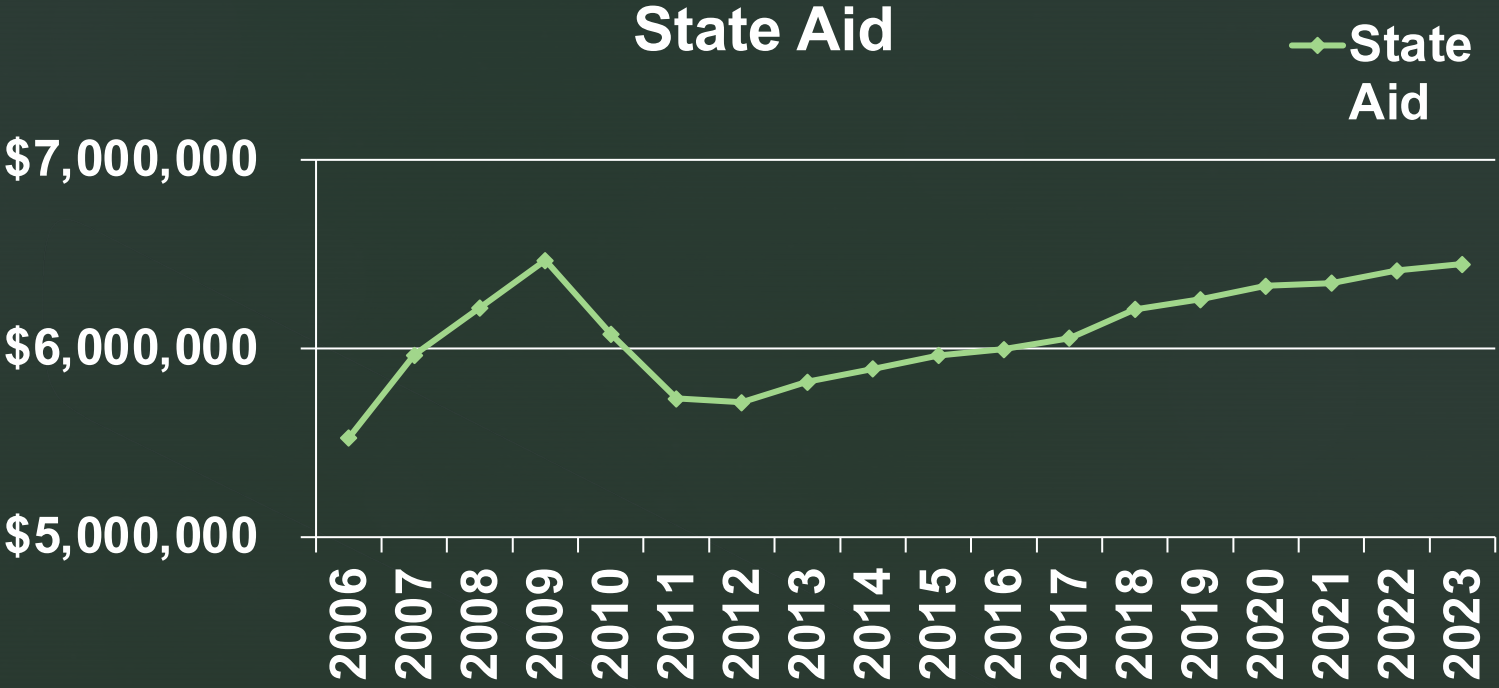
Separate Article to fund SPED Out of District

Free Cash/ or Sped Stab Fund \$700,000

(our goal is to carry forward \$1mm into next year)



Revenue Trends



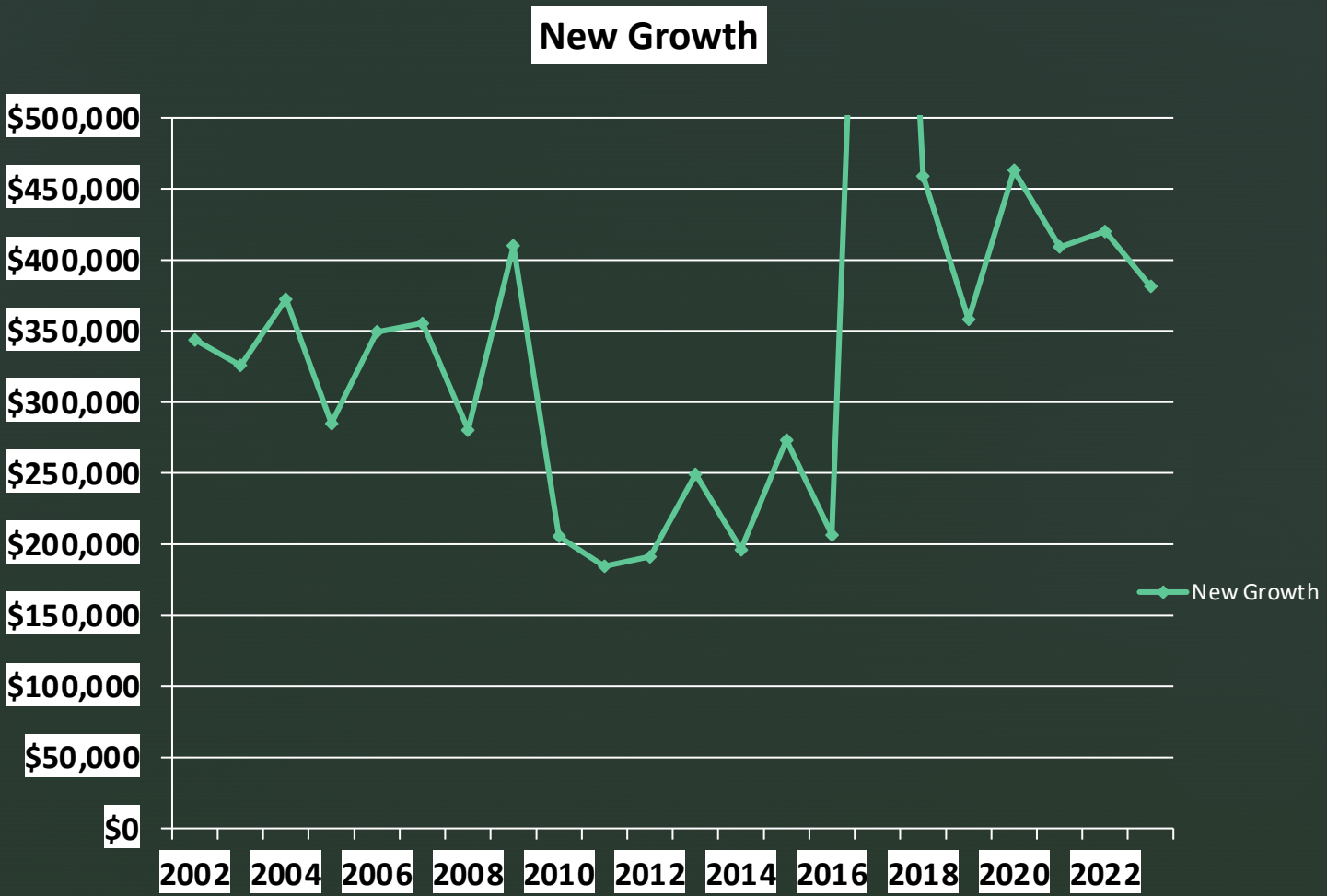


State Aid vs. Town

- 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.

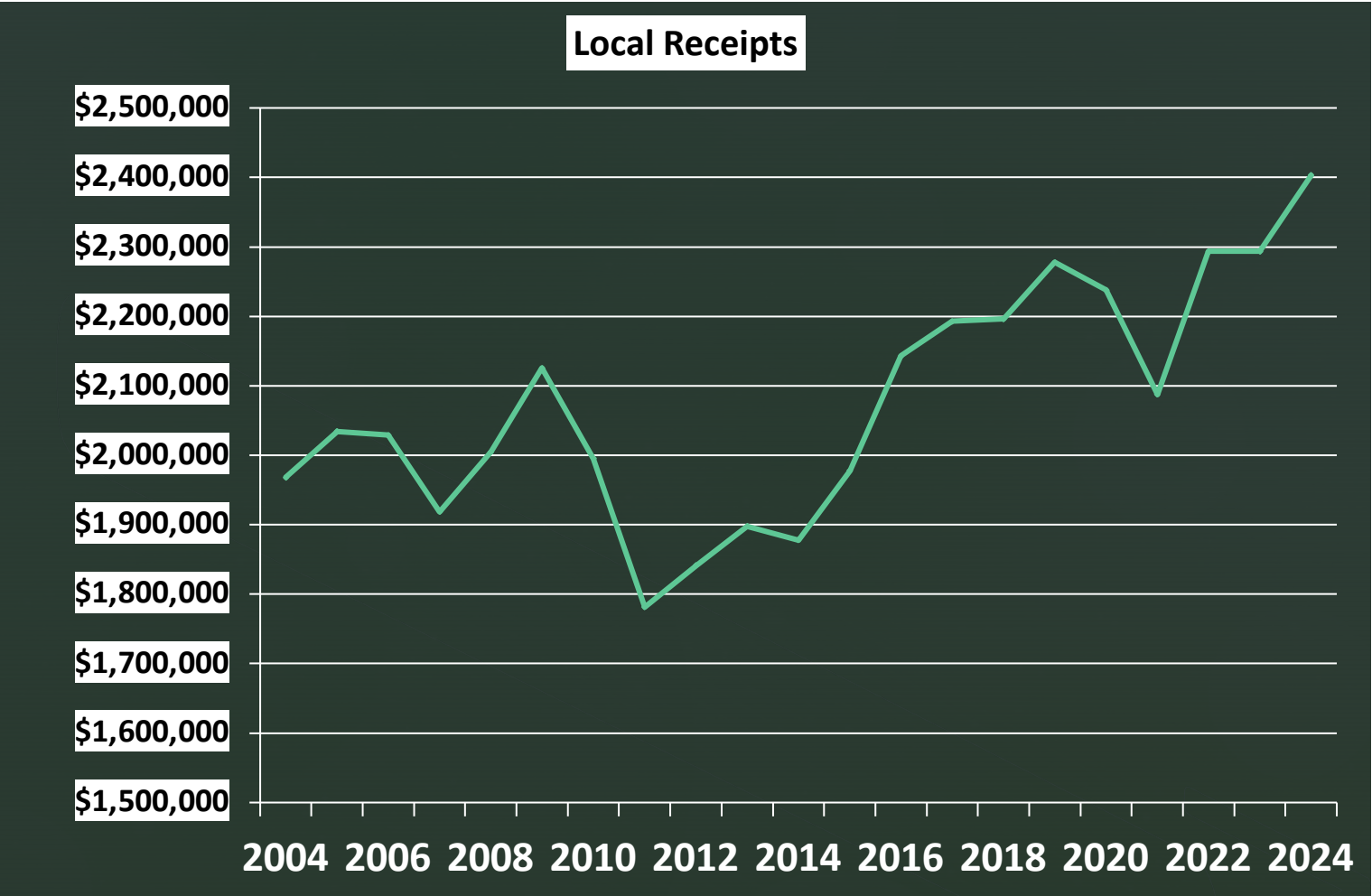


Revenue Trends





Revenue Trends





Expenditures

▪ <u>Departments</u>	<u>Appropriation</u>	<u>\$ increase</u>	<u>% Inc</u>
▪ General Govt	\$1.962mm	\$87,666	4.68%
▪ Education	\$20.833mm	\$1,152,666	5.66%
▪ Public Safety	\$3.260mm	\$93,557	2.95%
▪ Public Works	\$1.107mm	\$14,277	1.31%
▪ Health and HS	\$361,696	-\$11,646	-3.12%
▪ <u>Culture & Rec</u>	<u>\$288,338</u>	<u>\$5,025</u>	<u>1.77%</u>
▪ Benefits	\$6.085mm	\$517,152	9.29%



Employee Benefits

- Pensions increased from \$1,564,366 to \$1,847,518. An 18% increase or \$283,152. The pension plan should be fully funded by 2040 according to Worcester Regional Retirement Board.
- FY24 is the third year of a three-year agreement with MIIA. We are expecting an 8% worse case scenario. In year one, we had a 6.1% decrease. In year two, our rate increased 3.5%.
- All eligible 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 \$1,000,000
- 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 \$1,298,500

- School Dept. \$453,000
- Fire \$113,000
- Police \$182,000
- Highway \$385,000
- Senior Center \$30,000
- 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.
- Our plan is to create a separate article solely for out of district special education costs. We will fund it with \$700,000 in one time funds.



Questions?

