

Shutesbury Finance Committee Fiscal Year 22 Budget Report

5/19/21

Shutesbury FY22 Estimated Budget Expenses and Revenue Sources (\$ in thousands)

Expenses

Total budget expenses: \$6,628K
Increase over FY21 0.4%

Revenue Sources

Residential taxes *	\$5,000K
Comm.,+Indust.,+ Pers. Prop Taxes	\$320K
Overlay (adjustment to tax revenue)	(\$40K)
Local Receipts (Excise tax, court fees, etc.)	\$256K
PILOT (Payment In Lieu of Taxes DCR, etc)	\$336K
Estimated Net State aid **	\$708K
Free Cash for Operating Budget FY22	\$28K
WPAT Septic Betterment Loan	\$20K
Total Revenues	\$6,628K

* Estimated Tax rate:

Total levy / assessed valuation * 1000

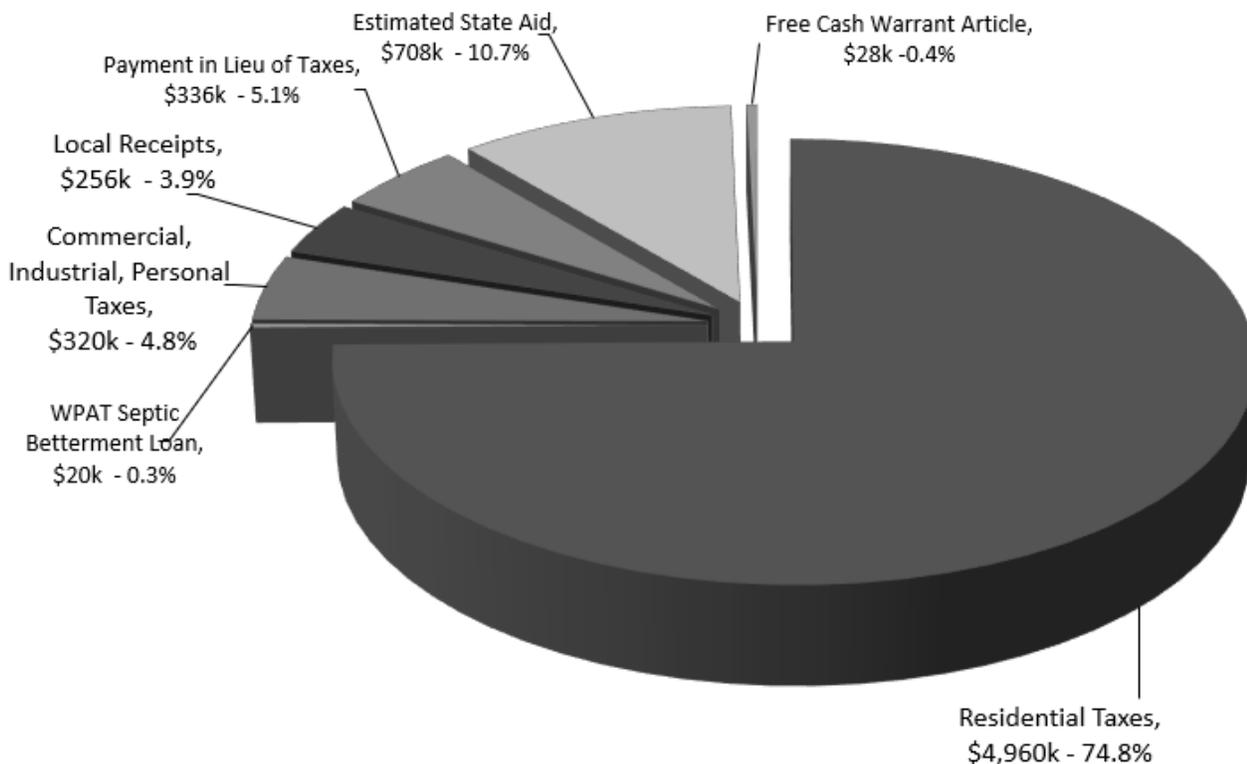
\$5,320K / \$227,578K = \$23.37

(current rate \$22.61) increase 3%

** State aid: Estimated reduction 2.27%

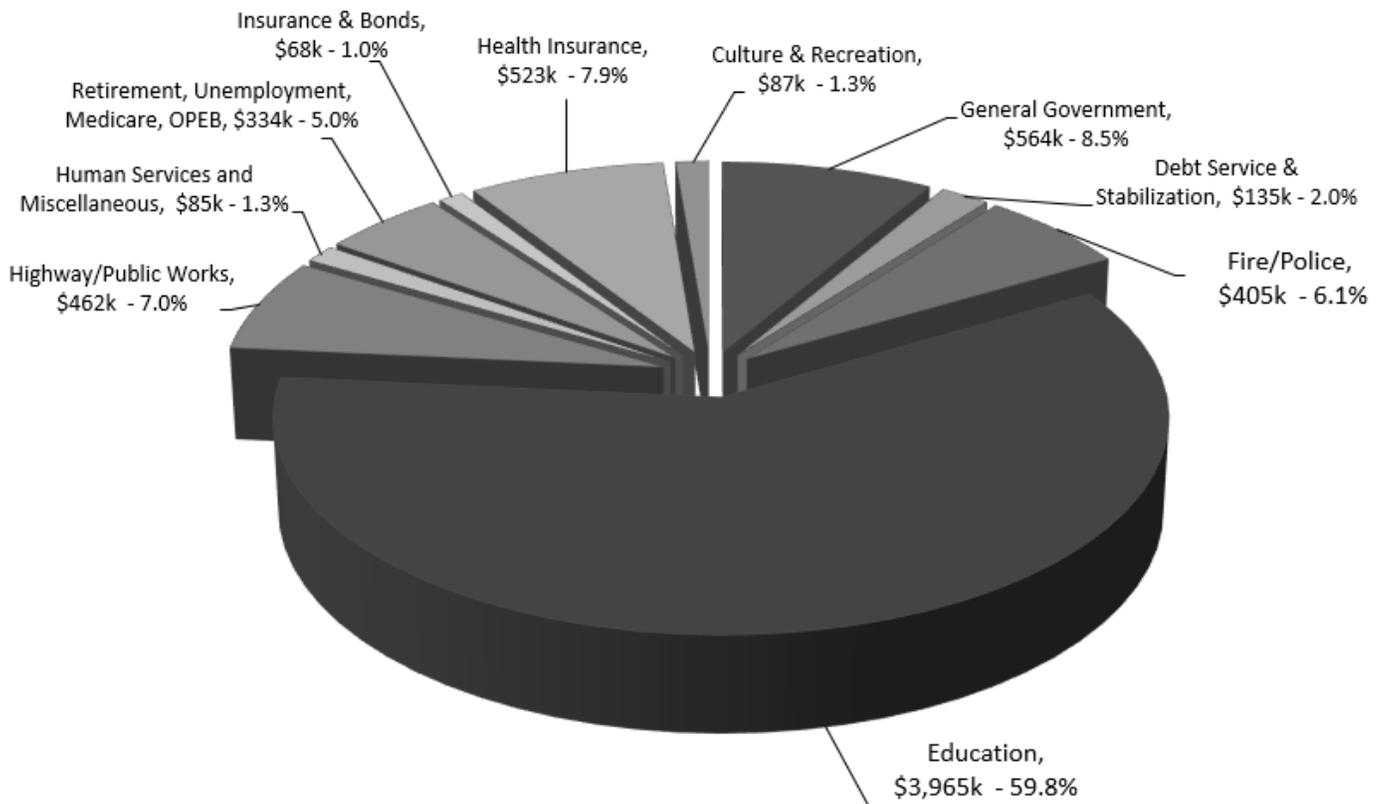
FY22 Revenue By Category

Total is \$6,627,635



FY22 Budget By Category

Total is \$6,627,635



We have prepared a balanced budget for FY22

1. Significant Operating Increases and Decreases Compared to the FY21 Budget:

- A. Total Budget: \$27K increase (0.4%)
- B. Elementary School: \$44K increase (2.0%)
- C. Health Insurance: \$15K increase (3.0%)
- D. Town Employees Salary (excluding schools): \$16K increase (3.2%)
- E. Retirement County: \$12K increase (5.3%)
- F. Regional School decreased regional budget from FY21. With continued change in assessment method toward Statutory at 65%: \$65K decrease for Shutesbury (-3.9%)
- G. Police wages: \$7K decreased (-3.3%)
- H. Planning Board: \$5K increase for one-time newspaper legal notice expenses

2. Larger Projected Revenue Increases/Decreases:

- A. Net Tax Levy Used in FY22 Budget
 - 1) Tax Levy: 2.5% increase \$141K
 - 2) Change to Excess Levy Capacity from FY21: decrease \$19K (-3.6%)
- B. New Growth: \$10K

3. Cash Reserves Summary, beginning balances:

A. Free Cash (as of 7/1/2020)	\$1,379K
B. Capital Stabilization	\$508K
C. <u>Stabilization</u>	<u>\$319K</u>
Total Cash Reserves	\$2,206K

4. Finance Committee FY22 warrant article capital expenses recommended:

A. Elementary School Roof, Part I	\$300K from Free Cash Reserves
B. Locks Pond Rd. Culvert	\$250K from Capital Stabilization \$350K state grant \$500K borrow at est. rate of 2.75%
C. Engineering and design for HVAC Controls at Elementary School	\$17K from Stabilization
D. HVAC project (might be grant-funded)	\$200K from Stabilization

5. Free Cash to be used in Operating budget (non-recurring items):

A. Asst. Treasurer	\$1K
B. Asst. Tax Collector	\$2K
C. <u>Library Building Fund</u>	<u>\$25K</u>
	\$28K

6. Free Cash to pay bills from 2020: Assessors Stipend \$2K, Mirabito Electric \$2K

7. Cash Reserves if all warrant articles pass (Section 4 and 5 above), plus warrant article to transfer \$350K from Free Cash to Stabilization:

A. Free Cash	\$697K
B. Capital Stabilization	\$258K
C. <u>Stabilization</u>	<u>\$565K</u>
Total cash reserves	\$1,519K (-31%)

8. Upcoming Potential Capital Projects for FY23 and beyond:

- A. Elementary School Roof Part II (grant funding?) \$600K
- B. New Library Building \$650K - \$800K
- C. Police Cruiser replacement \$50K
- D. Whole Building Ventilation for Elementary School (might be grant funded) \$175K - \$350K range
- E. Capital Plan Needs beyond FY23: dump truck, backhoe, and refurbish fire vehicle

9. OPEB (Other Post-Employment Benefits) Trust Fund:

- A. Actuarial liability \$2,489K as of 6/30/19
- B. Saved so far \$679K before FY22 funding
- C. Annual funding from operating budget \$50K
- D. State gives towns 30 years to fund their liability, starting in 2010
- E. Actuarial Report due in Fall 2021. Finance Committee will reevaluate

10. Thoughts on the Future:

- A. Continued maintenance to 40+ year old school building
- B. Storage of Public Records/Need for Additional Space
- C. Invest in projects that reduce operating costs (i.e. municipal solar photovoltaic systems)
- D. School costs:

- 1) Ongoing loss of grant funds for early childhood education.
 - 2) Towns in region unable to agree on a long-term school budget assessment allocation method
 - 3) The Regional School OPEB and Employee Health Insurance costs.
- F. Health Insurance Costs for Elementary School and Town Employees
- G. Unpaved roads/infrastructure (dirt roads, culverts, bridges, etc.)
- H. Explore new revenue sources – Residential taxes account for 94% of Shutesbury’s tax revenues.
The average town in Massachusetts relies on 82% residential taxes. We have a very narrow tax base.