

Shutesbury Finance Committee Fiscal Year 23 Budget Report

5/9/2023

Shutesbury FY23 Estimated Budget Expenses and Revenue Sources (\$ in thousands)

Expenses

Total budget expenses:	\$6,700K
Increase over FY22	1.1%

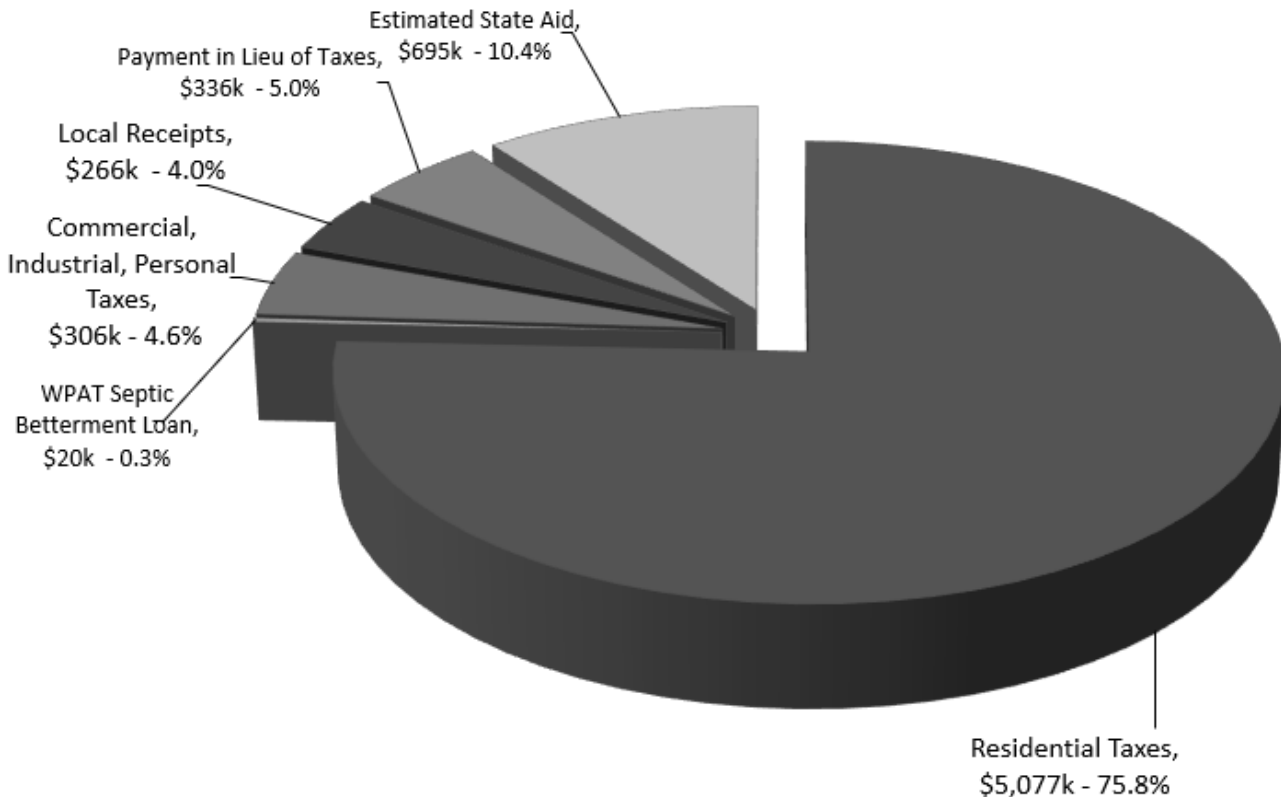
Revenue Sources

Residential taxes *	\$5,117K
Comm.,+Indust.,+ Pers. Prop Taxes	\$306K
Overlay (adjustment to tax revenue)	(\$40K)
Local Receipts (Excise tax, court fees, etc.)	\$266K
PILOT (Payment In Lieu of Taxes DCR, etc)	\$336K
Estimated Net State aid **	\$695K
WPAT Septic Betterment Loan	\$20K
Total Revenues	\$6,700K

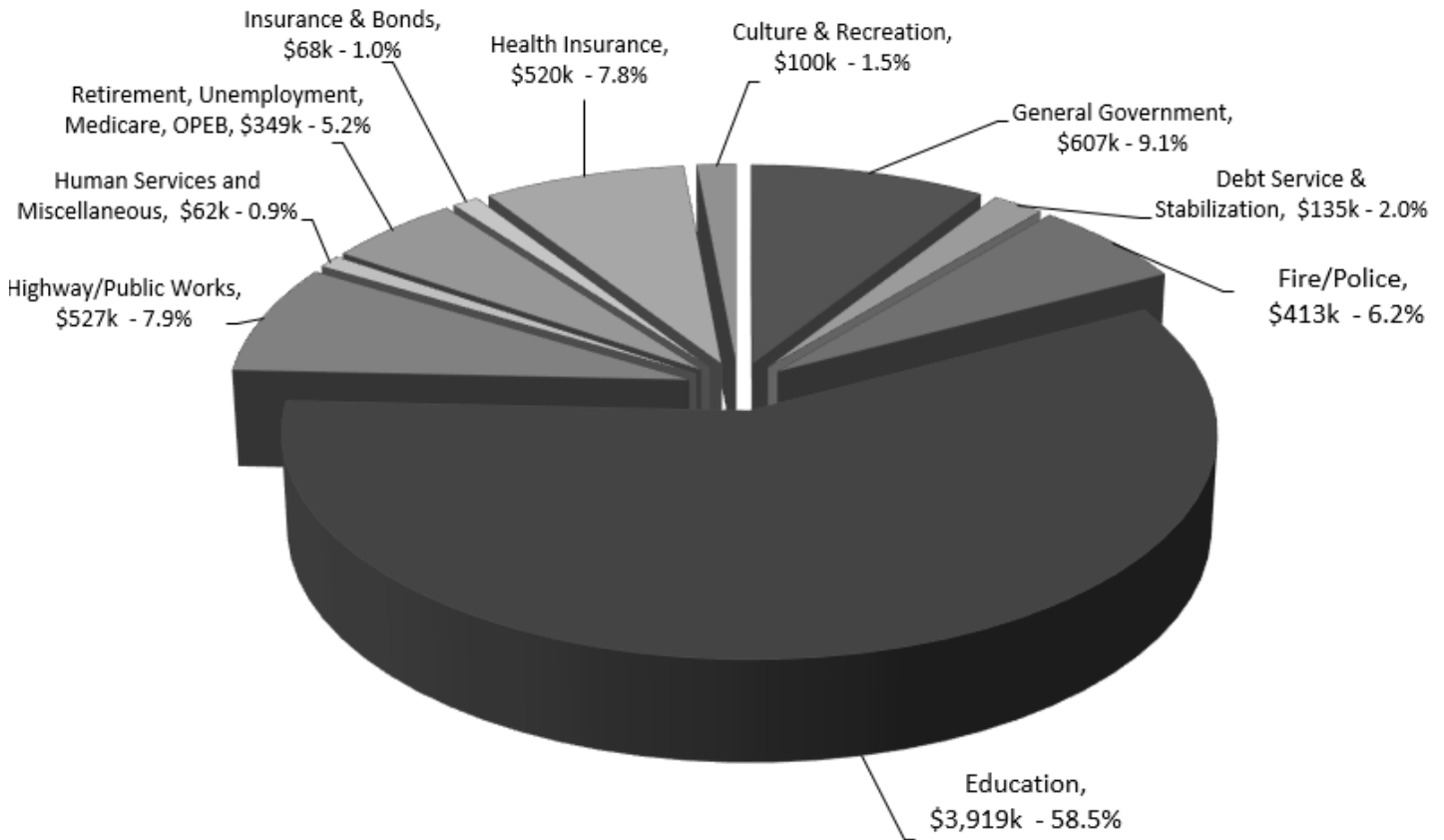
* Estimated FY23 Tax rate:
 Total levy / assessed valuation * 1000
 \$5,383K / \$242,944K = \$22.16
 FY22 rate \$21.83

** State aid: Estimated reduction 0.54%

FY23 Revenue By Category Total is \$6,699,774



FY23 Budget By Category
Total is \$6,699,774



We have prepared a balanced budget for FY23

1. Significant Operating Increases and Decreases Compared to the FY22 Budget:

- A. Total Budget: \$72K increase (1.1%)
- B. Rubbish and Recycling Hauling increase \$60K
- C. Town Employees Salary increase (excluding schools): \$47K
 - 1) COLA (2.4%) \$17K
 - 2) Market Alignment \$30K
- D. Elementary School: \$13K increase
- E. Retirement County: \$13K increase
- F. Assessor Expenses: \$9K increase
- G. All other expense increases: \$19K
- H. Regional School decreased regional budget from FY22. Reached regional agreement of 100% Statutory: \$64K decrease for Shutesbury
- I. Annual Library Building Fund Contribution: \$25K decrease

2. Notable Projected Revenue Increases/Decreases:

- A. Net Tax Levy Used in FY23 Budget: \$104K (2.0%)
- 1) Tax Levy Available: 2.5% increase is \$145K, Less the levy not needed to fund the budget which adds \$41K to the Excess Levy Capacity
- B. New Growth: \$10K

3. Cash Reserves Summary, beginning balances:

A. Free Cash (as of 7/1/2021)	\$1,174K
B. Capital Stabilization	\$371K
C. <u>Stabilization</u>	<u>\$456K</u>
Total Cash Reserves	\$2,001K

4. Finance Committee FY23 warrant article capital expenses recommended:

- | | |
|-------------------------------------|--|
| A. Engineering School Roof, Part II | \$60K from Free Cash Reserves |
| B. Highway Dump Truck | \$225K from Borrowing |
| C. Police Cruiser | \$54K from Free Cash Reserves |
| D. Fire Dept SUV | \$45K from Free Cash Reserves |
| E. Accounting Software | \$20K from Free Cash Reserves |
| F. Electronic Speedboards | \$12K from Free Cash Reserves |
| G. New Library Building | \$1,811K from Reserves & Borrowing (See 7 below) |

5. Cash Reserves if all warrant articles pass (Section 3 and 4 above) and School Roof funding (estimated \$750k) is approved at a Special Town Meeting in FY23:

A. Free Cash *	\$458K
B. Capital Stabilization	\$245K
C. <u>Stabilization</u>	<u>\$131K</u>
Total cash reserves **	\$834K (-58%)

* This balance does not include the addition of Free Cash generated at the end of FY22

** This total assumes the school roof grant is rejected (see 8 below)

6. Upcoming Potential Capital Projects:

- A. Elementary School Roof Part II (grant funding?) ~\$750K (FY23 See 5 above)
- B. Elementary School Bldg Painting and Kitchen Floor: \$55K (FY24)
- C. Refurbish fire vehicle: \$250K (FY24)
- D. Elementary School Parking Lot Repaving: \$100K (FY25)
- E. Regional School Roof and Track (FY25/FY26)

7. Library:

- A. Total Cost \$6.4M
- B. Funding:
- State Grant \$3,947K
 - State credit for land value \$58K
 - Library Building Fund (voter approved) \$253K
 - Fund Raising (current balance) \$324K
 - Free Cash \$250K
 - Stabilization Fund \$238K
 - Capital Stabilization Fund \$150K
 - Borrowing (debt exclusion override) \$1,173K

- C. Borrowing
 - 20 year loan
 - First year tax impact for average home \$122.50
 - Tax impact will decrease each year (interest cost decreases each year)
 - Debt excluded override requires a ballot vote after annual town meeting
- D. Fund raising campaign will continue and should lower funding amount needed

8. School Roof

- A. Engineering study to determine design and cost (see: 4A above)
- B. Will required contractor bid proposals (Estimated cost range \$600K - \$750K)
- C. Grant funding potential of 50% of cost
- D. Funding plan if state grant is rejected
 - 1) Free Cash \$275K
 - 2) Stabilization \$175K
 - 3) American Rescue Plan (ARPA) \$300K
- E. Special town meeting in fall 2022 (FY23)

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

- A. Actuarial liability \$3,570K as of 6/30/21
- B. Saved so far \$712K before FY23 funding
- C. Annual funding from operating budget \$50K
- D. Continue to monitor funding need and may adjust funding in the future

10. Thoughts on the Future:

- A. Capital Plan Recommendations and Reserve Fund Summary docs available on Selectboard web page
- B. Continue to consider economic factors impacting our community
- C. Storage of Public Records/Need for Additional Space
- D. Invest in projects that reduce operating costs (i.e. municipal solar photovoltaic systems)
- E. School costs:
 - 1) Ongoing loss of grant funds for early childhood education
 - 2) The Regional School OPEB and employee health insurance costs
 - 3) School Committee policy for use of school choice funds for the budget
 - 4) Continued maintenance to 40+ year old Shutesbury school building
 - 5) Regional school buildings maintenance and capital 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.