

# FINANCIAL FORECAST | TOWN OF SUTTON

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A COMMUNITY COMPACT CABINET INITIATIVE

AUGUST 2017



**DLS**  
DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

100 Cambridge Street, Boston, MA 02114-9569

[www.mass.gov/dls](http://www.mass.gov/dls)



Christopher C. Harding  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

August 24, 2017

James Smith  
Town Administrator  
4 Uxbridge Road  
Sutton, MA 01590

Dear Mr. Smith,

I am pleased to present the enclosed financial forecast for the Town of Sutton as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or [blakez@dor.state.ma.us](mailto:blakez@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin  
Senior Deputy Commissioner



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## INTRODUCTION

At the request of the town, the Division of Local Services (DLS) Technical Assistance Bureau (TAB) developed a five-year financial forecast for the Town of Sutton. This project is the result of the Community Compact Cabinet initiative ([www.mass.gov/CCC](http://www.mass.gov/CCC)), whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government. In addition to developing the forecast, TAB produced a budget document and guide to fulfill a separate CCC request, which is being provided in a separate report.

As a best practice, a financial forecast is an essential planning and policymaking tool that projects revenues and expenditures over a multiyear period. It is designed to allow a municipality to evaluate the impact of various decisions and policy choices over time (e.g., development and growth, collective bargaining, capital planning, long-term obligations, etc.). As a living document, the forecast includes reasonable assumptions that must be continually evaluated and updated to reflect changing circumstances and events. By doing so, it provides a fair representation of the community's fiscal future to help guide strategic and budget planning processes.

To develop Sutton's forecast, a team from TAB met with local officials, reviewed budget-related documents, and analyzed financial data. This report breaks down the various revenue and expenditure components and provides the assumptions used to construct a five-year financial forecast for the town. It is accompanied by a detailed financial forecasting tool in Excel for local use and a sample forecasting policy for local adoption consideration. The source for all charts and graphs is the DLS databank unless otherwise noted.

## COMMUNITY PROFILE

Sutton (population 13,804) is located in Worcester County in the heart of the Blackstone Valley. The town approved a FY2017 annual operating budget of about \$33 million, which is funded through the property tax levy, state aid, local receipts, and other available revenue sources. The town offers a full range of municipal services, including a full-time police force, fire department, public works department, sewer department, transfer station, library, council on aging, and PK-12 schools.

Sutton has a history of preparing conservative, balanced budgets. Town officials work collectively, projecting revenues that provide for a balance of town and educational services. The adopted FY2018 operating budget is based on recurring revenues, while the use of free cash is limited to

one-time and capital expenditures. The town also has a capital stabilization fund, which was first financed through a \$475,000 stabilization override in FY2008 and increases 2.5 percent annually. The capital stabilization fund is appropriated for multiyear capital debt authorizations and other acquisitions as dictated in Sutton's capital plan and its annually approved capital budget.

Sutton is committed to building reserves for long-term stability and weathering unforeseen events. The town has a general stabilization fund with a balance of over \$2 million, as well as a special education stabilization fund, which was adopted in 2016 with over \$200,000 dedicated for unanticipated shifts in costs. In addition, Sutton adopted [M.G.L. c. 32, §20](#) to establish the town's other postemployment benefits (OPEB) fund, which has a balance of over \$765,000.

As a part of continuing efforts to better position Sutton going forward, the town requested TAB's assistance in developing a multiyear forecast. A revenue and expenditure forecast provides a framework for long-term planning, helps a community detect fiscal challenges sooner, enables the development of strategies to address emerging issues, and allows the opportunity to analyze impacts of multiyear contracts and other financial trends.

The timing of this report coincides with the change in fiscal years. The town's financial officers are now in the process of closing the FY2017 books, reconciling accounts, and preparing annual reports, including the FY2018 tax recap sheet, which will not be completed for a couple months. As such, the financial forecast for FY2018 uses departmental budget information adopted at annual town meeting along with the latest information available from other relevant sources, such as the final state aid amounts.



## **FIVE-YEAR FINANCIAL FORECAST**

Financial forecasting involves projecting revenues and expenditures over a period of time. This allows the town to identify challenges, analyze different scenarios, and budget sustainably for the future. The attached forecast is intended to:

- Capture annual, data-driven snapshots of the town's financial condition
- Project data for five-year period
- Integrate with the town's annual budget process and be updated for each budget cycle
- Serve as a public document that provides financial information to the community, town meeting, and relevant boards and committees
- Protect or otherwise enhance the town's credit rating

In the accompanying Excel workbook, we provide a five-year forecast with summary pages and detailed revenue and expense worksheets. The summary shown on the following page displays the general fund at the top, the combined enterprise funds below, and indicates the amount of available discretionary funds available (surplus) or the revenue gap (shortfall). Also presented are key accounts, with projected fiscal year-end balances based on annual appropriations to the accounts, consistent with policy or practice, nominal annual interest, and scheduled transfers from the accounts. On the succeeding pages, we define each major revenue and expenditure category in greater detail along with the assumptions used to build the forecast.

## FIVE-YEAR FINANCIAL FORECAST

### Summary of Projected Revenues and Expenditures

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>General Fund</b>						
<b>Revenues</b>						
Property Tax Levy	\$22,035,181	\$22,511,207	\$23,922,331	\$24,360,601	\$24,954,983	\$25,551,181
State Aid Cherry Sheet	6,554,709	6,665,238	6,720,284	6,775,817	6,831,850	6,888,396
Estimated Local & Offset Receipts	2,192,900	2,196,487	2,218,452	2,240,636	2,263,043	2,285,673
Available Funds/Other Financing Sources	1,553,925	1,569,436	343,040	332,305	321,568	307,648
<b>Total Revenues</b>	<b>32,336,715</b>	<b>32,942,368</b>	<b>33,204,107</b>	<b>33,709,360</b>	<b>34,371,444</b>	<b>35,032,898</b>
<b>Total Revenue Percentage Change</b>		1.9%	0.8%	1.5%	2.0%	1.9%

### Expenditures

General Government	1,641,764	1,722,204	1,496,376	1,588,045	1,520,585	1,532,236
Public Safety	3,115,324	2,719,780	2,725,570	2,742,442	3,463,876	2,962,505
Education	16,380,735	16,796,883	17,549,688	17,838,227	18,467,351	18,887,901
Public Works	944,135	1,033,057	1,118,559	1,332,663	1,149,031	1,073,330
Health & Human Services	348,809	354,645	357,725	360,781	363,898	367,077
Culture & Recreation	232,203	242,440	243,656	244,876	246,120	247,389
Debt Service	4,008,295	4,068,638	4,154,922	3,931,461	3,844,676	3,745,662
Risk Management	421,975	420,000	472,000	530,760	597,159	672,190
Employee Benefits	3,757,344	4,112,291	4,490,222	4,905,786	5,362,739	5,865,216
Miscellaneous	58,000	56,500	59,000	56,500	59,000	56,500
Other Amounts Raised	470,642	406,900	411,161	415,550	420,070	424,725
State Assessments	168,018	194,986	209,601	225,975	244,375	265,114
Free Cash/Other Financing Uses	901,210	928,040	623,241	638,822	654,793	671,163
<b>Total Expenditures</b>	<b>32,448,454</b>	<b>33,056,364</b>	<b>33,911,721</b>	<b>34,811,888</b>	<b>36,393,672</b>	<b>36,771,007</b>
<b>Total Expenditures Percentage Change</b>		1.9%	2.6%	2.7%	4.5%	1.0%
<b>General Fund Surplus/(Shortfall)</b>	<b>(111,739)</b>	<b>(113,996)</b>	<b>(707,614)</b>	<b>(1,102,528)</b>	<b>(2,022,228)</b>	<b>(1,738,110)</b>

### Enterprise Funds

Enterprise Funds: Revenues	944,408	956,072	906,703	919,966	947,931	933,604
<b>Total Enterprise Revenue Percentage Change</b>		1.2%	-5.2%	1.5%	3.0%	-1.5%
Enterprise Funds: Expenditures	832,669	844,333	794,964	808,227	836,192	821,865
<b>Total Enterprise Expenditures Percentage Change</b>		1.4%	-5.8%	1.7%	3.5%	-1.7%
<b>Enterprise Surplus/(Shortfall)</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>

<b>Grand Total Revenues</b>	<b>33,281,123</b>	<b>33,898,440</b>	<b>34,110,810</b>	<b>34,629,326</b>	<b>35,319,375</b>	<b>35,966,502</b>
<b>Grand Total Expenditures</b>	<b>33,281,123</b>	<b>33,900,697</b>	<b>34,706,685</b>	<b>35,620,115</b>	<b>37,229,864</b>	<b>37,592,873</b>
<b>Total Surplus/(Shortfall)</b>	<b>0</b>	<b>(2,257)</b>	<b>(595,875)</b>	<b>(990,789)</b>	<b>(1,910,489)</b>	<b>(1,626,371)</b>

Financial Impact of COLA Increase	0	0	81,407	164,647	249,701	336,457
<b>Total Surplus/(Shortfall) after COLA</b>	<b>0</b>	<b>(2,257)</b>	<b>(677,282)</b>	<b>(1,155,436)</b>	<b>(2,160,190)</b>	<b>(1,962,828)</b>

	Balance 06/30/2016	Balance 06/30/2017	Balance 06/30/2018	Balance 06/30/2019	Balance 06/30/2020	Balance 06/30/2021
<b>Fiscal Year-End Balances</b>						
General Stabilization	2,047,702	2,057,940	2,068,230	2,078,571	2,088,964	2,099,409
General Stabilization as a Percentage of Budget	6.2%	6.1%	6.0%	5.8%	5.6%	5.6%
Capital Stabilization	310,807	295,507	422,419	725,439	1,055,198	1,412,340
SPED Stabilization	200,230	201,231	202,237	203,249	204,265	205,286
OPEB Fund	657,018	765,828	875,182	985,083	1,095,534	1,206,536

## **REVENUES**

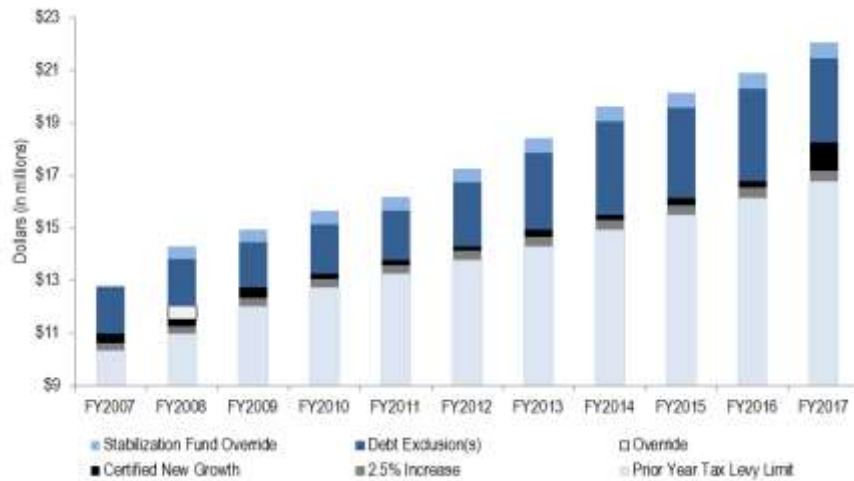
We recommend a moderately conservative approach to forecasting revenues. After reviewing historical information, conservative assumptions should be made about dollar and percentage adjustments to the current year's revenues to arrive at projections for the first forecast year. The same analysis should be made for each successive year, and the forecast should be revised as new information becomes available or circumstances change. If projected revenues increase (e.g., Governor's budget, new growth, user fees, and free cash), then a corresponding expenditure increase may be made to the recommended operating or capital budget. Alternatively, the potential revenue gain could be diverted to reserves or be left unexpended and allowed to close at year-end to free cash. However, in the case of decreased projected revenues, difficult decisions will be required to balance the budget.

### **TAX LEVY**

The property tax levy is the revenue a community raises through real and personal property taxes, with year-to-year increases constrained by Proposition 2½. The annual growth in the tax levy limit increases automatically by 2.5 percent over the previous year's levy limit, plus an allowance for certain new construction and other additions to the tax rolls, known as new growth. A community may choose to increase its levy limit permanently through a voter-approved override or temporarily through a debt exclusion or capital outlay exclusion.

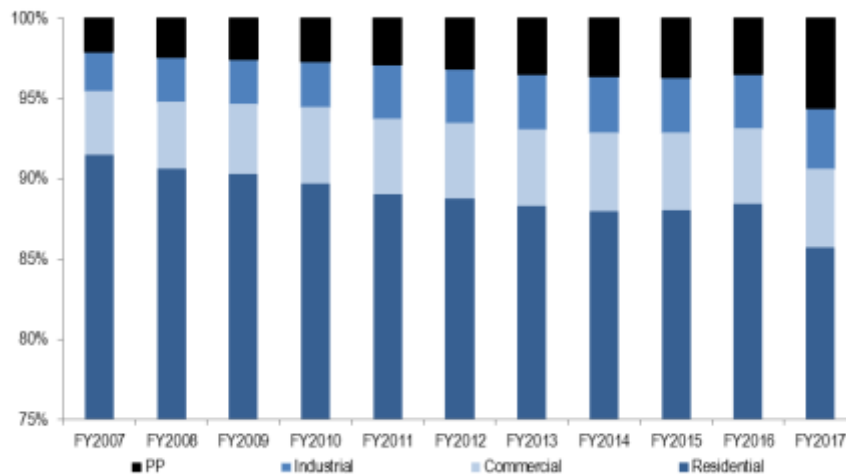
To fund operations, Sutton relies heavily on property taxes, which provide about two-thirds of operating revenues. Since FY2008, Sutton's property tax levy has grown from almost \$12.8 million to over \$22 million. This is an increase of roughly \$9.3 million, or about 72.5 percent. Sutton's property tax levy growth includes one permanent operational override and a capital stabilization fund override, together totaling about \$975,000, as well as debt exclusions for a land purchase, building construction, renovations, and sewer improvements.

### MAXIMUM ALLOWABLE LEVY COMPONENTS



The tax levy is comprised of real and personal property taxes. The real estate portion consists of property classified as residential, commercial or industrial. Personal property, the non-real-estate share of the levy, generally includes goods, equipment, furniture, and other movable objects. In FY2017, Sutton had a large increase in the personal property levy that is primarily due to National Grid's growth in utility personal property.

### TAX LEVY BY CLASS

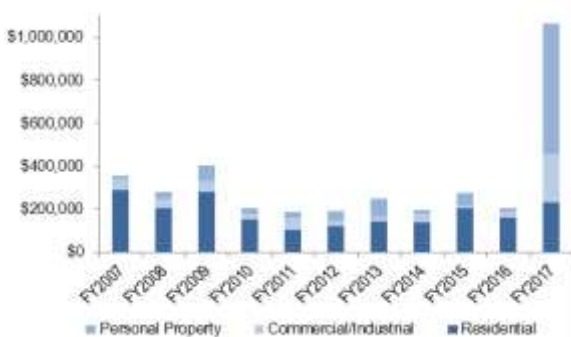


**New Growth:** New growth represents additional value added to the property tax base from new construction or improvements to existing properties and other additions to the tax rolls. It can indicate whether or not the community is experiencing positive real estate development, and in turn, what to expect in terms of property tax growth. Conversely, it also can show what, if any, new expenditures to anticipate with new developments (e.g., additional school children, public

infrastructure, etc.). Town officials should consult with the building and planning departments about permits and proposed construction within the town or nearby communities that might impact this analysis.

Assessors must value all real and personal property within their community as of January 1st each year for the following fiscal year. Typically, trends in new growth follow the general economy, and, for many Massachusetts communities, there were sharp declines caused by the 2008 recession. Sutton's new growth decreased and stayed fairly level from FY2010 to FY2016 but then had an explosive increase in FY2017. In addition to National Grid's personal property, the uptick was attributable to considerable commercial construction along the Route 146 corridor, a propane facility, a solar field (partially in the Town of Northbridge), and new residential housing. Because of these trends, it is useful to analyze multiple time periods when making projections. As illustrated below, Sutton's ten- and five-year total new growth averages are somewhat close, but the three-year average is significantly impacted by FY2017's spike in growth. Although there continue to be projects underway in the community, based on past practice, town officials conservatively estimate new growth at \$150,000 annually, which is reflected in this forecast. The assessors submit new growth and property value information to DLS on Schedule LA-13, typically in the fall. The forecast should be updated to reflect the new growth once certified by DLS.

*NEW GROWTH DOLLARS BY CLASS  
APPLIED TO THE LEVY LIMIT*



*NEW GROWTH AVERAGES THRU FY2017*

	Average Over Last 10 Years	Average Over Last 5 Years	Average Over Last 3 Years
Residential	\$172,948	\$174,510	\$197,068
Commercial/Industrial	54,607	66,942	90,630
Personal Property	97,807	155,915	226,343
	<u>\$325,362</u>	<u>\$397,367</u>	<u>\$514,041</u>

**Debt Exclusions:** In FY2018, Sutton has five voter-approved debt exclusions: three school, one sewer, and one regional school debt assessment. The forecast's debt exclusion figures are based on debt service schedules, net of bond premium amounts, and the FY2018 notice from the Blackstone Valley Technical District. One school issue will be retired in FY2019, and the regional debt is level funded at the FY2018 figure. Also, beginning in FY2019, preliminary figures provided by the town for the new police station exclusion are included. Debt exclusion information is entered on the

Schedule DE-1 on the tax rate. Any additions or changes to excluded debt should be updated on the forecast's *Debt*, *Available Funds* and *Revenue* worksheets to adjust the total tax levy.

**Stabilization Fund Override:** Since its adoption in FY2008, the amount raised through the levy for this fund increases up to 2.5 percent annually in accordance with the statute (see [Informational Guideline Release 17-20](#)). Sutton raised \$593,210 in FY2017 for the capital stabilization fund, the amount projected for FY2018 is \$608,210, and the 2.5 percent increases are factored in each of the succeeding years of the forecast.

## STATE AID

This is the combination of program revenues and reimbursements a community receives from the state as reported on the cherry sheet, which is the official notification from DLS of estimated aid to be paid and charges to be assessed. Aid proposals begin with the Governor's budget to the legislature in late January and continue through the spring and into June, when the House and Senate approve the final budget. The state budget progress, reflecting each aid proposal and the final cherry sheets may, be found on the DLS Municipal Databank/Local Aid Section webpage, <http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/>.

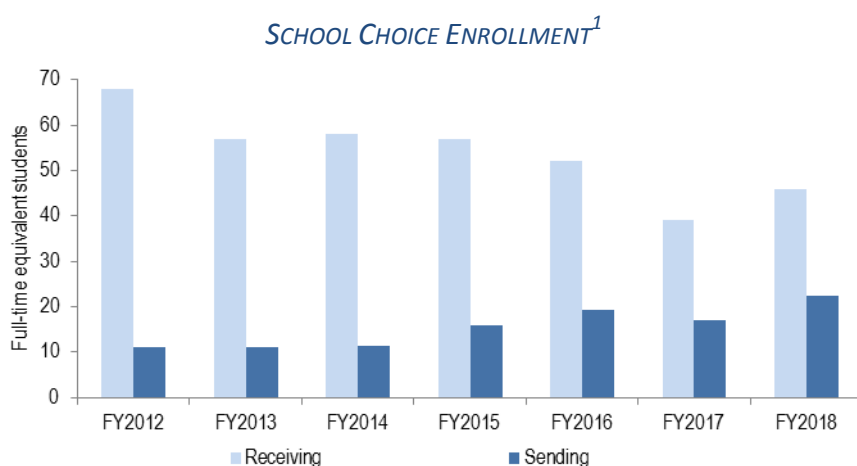
The FY2018 figures used in this forecast are based the approved FY2018 state budget as of July 2017. Local officials should monitor any developments during the fiscal year and update the forecast as necessary.

**Chapter 70:** Using complex formulas, the Department of Elementary and Secondary Education (DESE) annually determines the total school foundation budget, minimum local contributions, and allocation of foundation budget between local and regional school districts. DESE then calculates the distribution of Chapter 70 educational aid and determines required net school spending (NSS) amounts. A community's required local contribution is a historical figure that takes into account an estimate of the percentage change in revenue growth (municipal revenue growth factor, or MRGF), enrollment trends, and inflation levels from the previous year.

This forecast includes the final FY2018 state budget and DESE's amounts. The Sutton Public School District's educational spending is above its foundation budget, even as its foundation enrollment continues to decline. As such, total foundation budget, minimum local contribution, and enrollments are not projected to increase from the FY2018 figures. With no growth in its foundation

budget, Sutton is a minimum aid community. As a minimum aid community, Chapter 70 aid increases are projected using a \$25-per-pupil figure.

**School Choice Receiving Tuition:** Sutton Public School District receives students through the school choice program. Because these students are not included in the foundation budget or counted in the enrollment, tuition received cannot be used to meet the town's NSS requirement. These funds are deposited to a school choice revolving fund and available for expenditure by the school committee without further appropriation. The forecast includes the FY2018 cherry sheet estimate and projects no change because this will not impact the town's appropriation for education or foundation budget support maintenance.



**Unrestricted General Government Aid (UGGA):** Based on equalized property valuation (EQV) and population, UGGA is funded from lottery and gaming revenue to provide general purpose assistance. The FY2018 figure is from the final state budget, and projections reflect a 2.5 percent annual increase.

**Other Local Aid Accounts:** Sutton receives reimbursements for veterans benefits, certain local property exemptions, and state-owned land. Reimbursement for veterans benefits is 75 percent of the amounts spent for allowable financial, medical, and burial benefits in the previous fiscal year. Property tax exemptions granted by the town to qualifying veterans, blind persons, surviving spouses, and elderly persons are fully reimbursed. Revenues lost due to tax-exempt, state-owned land are reimbursed based on property values and the latest three-year statewide average tax rate. Because each of these categories is based on the town's actual experience, the aid amounts can be

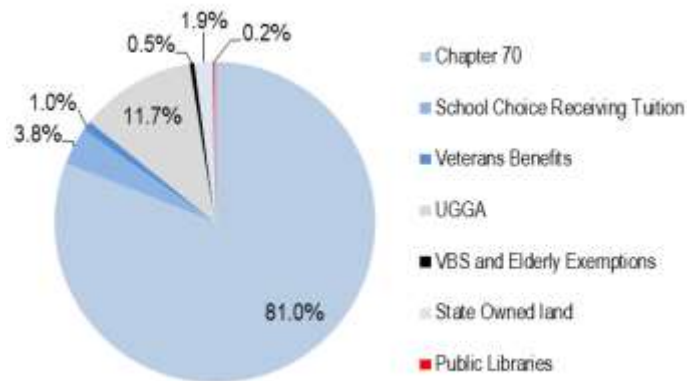
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<sup>1</sup> Department of Elementary and Secondary Education

somewhat predictable. For this forecast, veterans benefits, reimbursements for property exemptions, and state-owned land are all level funded.

To encourage and supplement library services and resources, the state provides additional aid for public libraries to use strictly for library purposes. This amount offsets a corresponding appropriation and is also level funded.

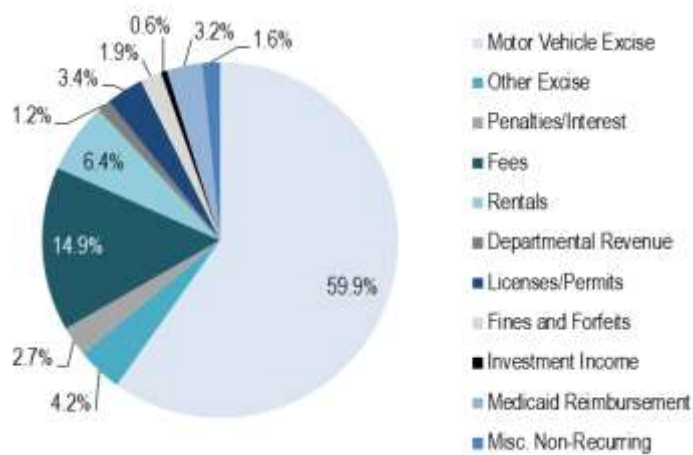
*FY2018 STATE AID*



## LOCAL RECEIPTS

**Local Receipts:** Local receipts are locally generated revenues other than real and personal property taxes. These include motor vehicle and other excises, penalties and interest, investment income, fees, and charges.

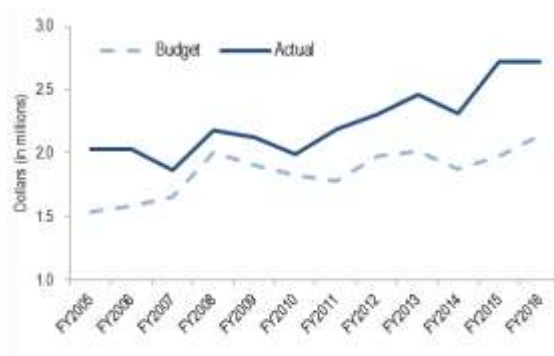
*FY2016 ACTUAL LOCAL RECEIPTS*





Local receipts generally reflect the health of the local economy and can significantly impact free cash. For this reason, Sutton monitors collections of actual receipts and conservatively estimates local receipts.

*LOCAL RECEIPTS: BUDGET VS. ACTUAL*



In this forecast, all receipts have been conservatively projected at a growth of 1 percent (see the *Local Receipts* worksheet). Officials should monitor these receipts by comparing budget to actual to ensure the forecast figures continue to be reasonable. Local receipts are found on page 3 the tax recap sheet.

#### **AVAILABLE FUNDS/OTHER FINANCING SOURCES**

Aside from locally generated revenues and state aid, a community may be able to draw on other funding sources. These can include appropriations of reserves, such as available free cash and stabilization funds, as well as other recurring or nonrecurring sources of revenue and special revenue sources, for instance overlay surplus and receipts reserved for appropriation.

Communities primarily maintain reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Not recommended but sometimes necessary, a town may appropriate from reserves to fund some portion of the current operating budget, in effect using one-time revenue. As a best practice, the town should avoid using free cash, stabilization funds, or any other nonrecurring revenue to support the operating budget, reduce the tax rate, or pay any recurring expenditures.

**Free Cash:** A community's free cash represents the amount of unrestricted funds available for appropriation that have been certified by DLS as of July 1. As displayed in the table below, Sutton has had a history of using free cash to fund the annual budget. However, it is the town's policy to use free cash for the capital plan, unanticipated deficits, and building other reserves. In this forecast, free cash appropriations reflect actions taken at the FY2018 annual town meeting.

Specifically, these are \$696,000 for the capital budget, \$160,000 for the snow and ice deficit, and \$160,000 for a health insurance premium increase due to unanticipated employee enrollments. Future free cash certifications are not projected, so they will not be available for any uses until certified.

#### *FREE CASH APPROPRIATIONS<sup>2</sup>*

	Operating Budget	Snow & Ice Deficit	General Stabilization Fund	Capital Stabilization Fund	SPED Stabilization Fund	OPEB Fund	Capital Projects/ Other	Total
FY2010	524,674							524,674
FY2011	500,000							500,000
FY2012	640,000	50,000				50,000	107,600	847,600
FY2013	480,783							480,783
FY2014	248,551	85,000	70,000			100,000	330,000	833,551
FY2015				178,551			359,523	538,074
FY2016	100,000	150,000		114,438			433,000	797,438
FY2017		33,000	75,000		200,000		614,500	922,500

**Stabilization Funds:** Sutton has three stabilization funds established for different purposes as allowed under [M.G.L. c. 40, §5B](#): general, capital, and special education (SPED). Unlike free cash, the monies accumulated in stabilization funds carry forward from one fiscal year to another and retain the interest earned from investment. Town meeting appropriates funds into the general stabilization fund periodically and established SPED stabilization fund in 2016 to set aside funds for unanticipated tuition costs. The capital stabilization fund was initially financed through a stabilization fund override. The town uses it to fund capital debt authorizations and other purchases in the capital plan and budget annually approved by town meeting. In this forecast, there are no appropriations from the general or SPED stabilization funds because Sutton does not have a historical practice of using them. The capital stabilization fund is projected to be used to fund the Shaw land debt in FY2018-2022, and the \$150,000 that town meeting appropriated in FY2018 towards the final debt payments for the tennis court, school driveway, and fire truck.

#### *FREE CASH AND STABILIZATION BALANCES*

	Free Cash (FC)	FC as % of Budget	General Stabilization Fund	Capital Stabilization Fund	SPED Stabilization Fund	Total Stabilization Funds	Stabilization Funds as % of Budget	Combined Reserves	Combined Reserves as % of Budget
FY2010	656,864	2.4%	1,840,126	66,691		1,906,817	7.0%	2,563,681	9.4%
FY2011	1,102,363	4.2%	1,837,368	102,520		1,939,888	7.4%	3,042,251	11.7%
FY2012	789,005	2.8%	1,812,368	347,238		2,159,606	7.6%	2,948,611	10.4%
FY2013	835,914	2.9%	1,805,411	147,646		1,953,057	6.8%	2,788,971	9.7%
FY2014	778,581	2.6%	1,824,092	111,948		1,936,040	6.4%	2,714,621	9.0%
FY2015	944,500	3.1%	1,895,513	175,448		2,070,961	6.8%	3,015,461	9.9%
FY2016	1,282,674	4.0%	1,882,735	368,767		2,251,502	7.0%	3,534,176	11.1%
FY2017	1,310,106	3.9%	2,047,702	310,807	200,230	2,558,739	7.7%	3,868,845	11.6%

<sup>2</sup> Sutton town meeting minutes.

The Government Finance Officers Association recommends that communities reserve between five and 15 percent of net operating revenue. Furthermore, credit rating agencies look more favorably on communities with healthy reserve levels. The table above shows Sutton's stabilization fund balances relative to its total budget from FY2010 to FY2017. When combined with free cash, the total reserve balances have been 9 percent or better over this period.

**OPEB Fund:** The town adopted M.G.L. c. 32, §20 in October 2010 to establish an other postemployment benefits (OPEB) fund. OPEB refers to benefits earned during employees' active working careers but not actually paid until after they retire. By far, the most significant of these is health insurance, but they may also include life insurance, dental, or other benefits. Since FY2012, the town has made annual contributions to its OPEB Fund. In FY2018, Sutton appropriated \$100,000 from the general fund and \$5,000 from the sewer enterprise fund, and future annual contributions are projected at the same amounts. (Note: See Additional Guidance section).

**Overlay Surplus:** Any balance in the overlay reserve account in excess of the remaining amount of the property tax commitments to be collected or abated may be certified by the assessors as surplus and appropriated for any lawful purpose ([DLS Informational Guideline Release 17-23](#)). Sutton does not routinely use overlay surplus as an available source, and officials regularly review the overlay balances relative to outstanding receivables and other possible claims before declaring any portion as surplus. Any unappropriated overlay surplus at the end of the fiscal year becomes free cash. The forecast does not project the availability or use of overlay surplus during the next five years. Overlay amounts can be found Schedule OL-1 of the tax recap.

**Bond Premiums:** As of November 7, 2016, premiums received for all debt must be used to offset project costs or reserved for future capital projects ([DLS IGR 17-21](#)). For excluded debt issued prior to November 2016, Sutton reserved the funds to offset the stated interest costs of financing the projects and has a schedule to apply them against the debt payments prior to determining the annual debt exclusion amounts ([DLS IGR 17-22](#)), which is reflected in the forecast.

**Title V Special Revenue:** Sutton has a fund to reserve septic betterment apportioned installments and prepayments, which are used to pay the town's bonds issued for its septic loan program (M.G.L. c. 44, §53J). Based on the town's debt schedule, the forecast projects annual appropriations of \$2,792 to offset the annual debt payments through FY2021, when the issue will be retired.

**Cemetery General Care Trust Fund:** From time to time, Sutton appropriates funds from the General Care Trust Fund for cemetery capital improvements. In the forecast, \$50,000 is appropriated in FY2018 for acquiring additional land and nothing thereafter.

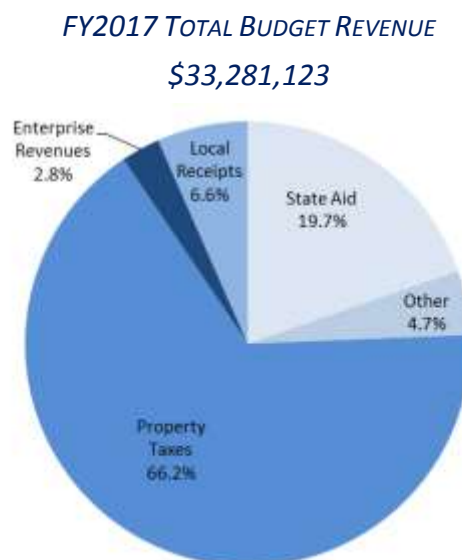
## ENTERPRISE RECEIPTS

An enterprise fund ([M.G.L. c. 44, § 53F½](#)) gives a community the flexibility to establish a separate accounting and financial reporting mechanism for a municipal service for which a fee is charged in exchange for goods or services. The given service's revenues and expenses are segregated into a fund with financial statements separate from the general fund.

Sutton has enterprise funds for the sewer and transfer station, which are both budgeted directly for personal services, expenses, and capital expenditures. Each of them also appropriates for indirect, or shared, expenses from the general fund, such as employee benefits, retirement, and insurances. According to town officials, the indirect costs are annually budgeted at \$89,164 for the sewer fund and \$22,575 for the transfer station annually, amounts that have been in place since each was first adopted. Based on historical practice, the town has fully recovered both enterprises' operating expenses through user charges, other departmental revenue, and investment income, while capital spending was funded by retained earnings of the respective fund. For this forecast, we have set revenue equal to each enterprise's projected budget.

## REVENUE SUMMARY

The *Revenues* worksheet has formula links to the *New Growth*, *NSS*, *Receipts*, and *Available Funds* worksheets. It also displays projected revenues from the *Enterprise Funds* worksheet and calculates a grand total.



## EXPENDITURES

### MUNICIPAL DEPARTMENTS

In this forecast, departments are grouped by major categories consistent with town and state expenditure reporting (see the *Expenditures* worksheet). These include: General Government, Public Safety, Education, Public Works, and Health and Human Services, and Culture and Recreation. Broken out separately are Personal Services, Expenses, and Capital Outlay.

**Personal Services:** The town has two union contracts, for clerical/dispatch/highway/sewer and for police. Both expire June 30, 2018, and the personal service cost projections reflect negotiated wage increases through FY2018 and step increases based on years of service.

All other employees are either elected and receive stipends or are nonunion/exempt and receive salary increases with the passage of the annual town budget. In the forecast, the stipends are level funded annually. In FY2018, the salaries and wages for nonunion/exempt positions are the amounts approved by town meeting. Beyond FY2018, there are no adjustments.

Proposed changes in personnel costs are captured separately in the cost-of-living adjustment (COLA) worksheet. The COLA worksheet estimates the impact of future contract settlements and nonunion increases appropriated by town meeting. By omitting personal service cost changes, the forecast can determine the remaining revenue. At the same time, the COLA information provides policymakers with a tool to analyze future cost impacts.

For illustration purposes, subsequent years (FY2019-2022) are presented with two percent COLAs for nonunion and union town employees. To consider different scenarios, percentage increases can be entered for each year to generate estimated impacts. Because any increase in enterprise fund personal services would be borne by each of the funds independently, these are also included in the COLA worksheet to demonstrate their impacts. However, only the general fund COLA impact is presented on the summary table on the following page. The selectmen's stipends, town clerk's election stipend, school and snow & ice personal services, longevity, and uniform allowance are not included on the worksheet.

### FINANCIAL IMPACT OF COLA

Financial Impact Analysis		2%	2%	2%	2%
(Excludes schools, selectmen's stipends, town clerk's election stipend, snow & ice personal services, longevity, and uniform allowance)					
	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>General Fund:</b>					
Exempt/Non-union Employees	\$2,079,647	\$2,079,647	\$2,079,647	\$2,079,647	\$2,079,647
Teamsters Contract (expires 6/30/18)	808,734	820,842	828,745	833,754	833,816
Police Contract (expires 6/30/18)	<u>1,167,429</u>	<u>1,169,874</u>	<u>1,172,209</u>	<u>1,174,639</u>	<u>1,174,639</u>
	4,055,810	4,070,363	4,080,601	4,088,040	4,088,102
<b>TOTAL GF Financial Impact of COLA</b>	<b>\$0</b>	<b>\$81,407</b>	<b>\$164,647</b>	<b>\$249,701</b>	<b>\$336,457</b>
<b>Enterprise Funds:</b>					
Exempt/Non-union Employees	88,454	88,453	88,452	88,451	88,450
Teamsters Contract (expires 6/30/18)	<u>179,426</u>	<u>181,000</u>	<u>183,005</u>	<u>183,006</u>	<u>183,007</u>
	267,880	269,453	271,457	271,457	271,457
<b>TOTAL Enterprise Financial Impact of COLA</b>	<b>\$0</b>	<b>\$5,389</b>	<b>\$10,926</b>	<b>\$16,574</b>	<b>\$22,334</b>

**Expenses and Capital Outlay:** Expenses are projected to increase by a conservative 2 percent per year. Historical expenditures have fluctuated greatly by department and require yearly examination for proper funding. An exception is the ambulance service expense. This is projected to increase 10 percent annually. The town's five-year capital plan includes a capital budget annually approved by town meeting. These expenditures are discussed in the Debt Service/Capital Plan section.

### Education

DESE determines the town's annual required NSS amount, which is the sum of the Chapter 70 aid plus a required district contribution. The local school's combined projected choice (sending), municipal costs, and local school committee appropriations must meet or exceed the projected NSS requirement. In this forecast, the school department's expenses are projected to increase 3 percent annually.

In addition, Sutton is a member of the Blackstone Valley Technical District (BVT). The forecast includes BVT's FY2018 tuition assessment of \$1,213,828 and its debt assessment of \$29,173. The tuition assessment consists of the required NSS amount determined by DESE for each district member and additional spending above the minimum as determined by each community's percentage share of the student enrollment for the prior October 1. The apportionment of the debt assessment, on the other hand, is determined by computing the sum of pupil enrollments on October 1 for the three preceding years prior to the district committee's authorization of the capital costs by member community as a percentage of the gross three years' enrollment. This establishes

the ratio each member is responsible for over the life of the obligation, and Sutton's project ownership is 5.9 percent. Future tuition projections are increased 4 percent each year, taking into account Sutton's historical average increase of about 3.6 percent and its fluctuating enrollment, from a low of 86 to a high of 102 students. BVT provided Sutton's debt assessment amounts by fiscal year.

#### BLACKSTONE VALLEY TECHNICAL ASSESSMENTS AND ENROLLMENT<sup>3</sup>

	FY2014	FY2015	FY2016	FY2017	FY2018
Tuition Assessment	1,069,060	1,023,874	1,081,107	1,264,889	1,213,828
Debt Assessment	36,022	35,126	31,176	29,957	29,173
Enrollment	93	86	93	102	97

Sutton also has three students attending Norfolk County Agriculture High School. As a nonmember, Sutton is charged an out-of-district tuition assessment of \$22,149/student. The FY2018 rate did not increase from FY2017. Generally, the town does not receive the final acknowledgment of students attending until after annual town meeting, so Sutton appropriated an additional amount over the FY2017 budget in case there might be a tuition increase. This forecast projects from the FY2018 budget a 3 percent annual increase, and town officials should monitor this going forward.

#### **Debt Service and Capital Plan**

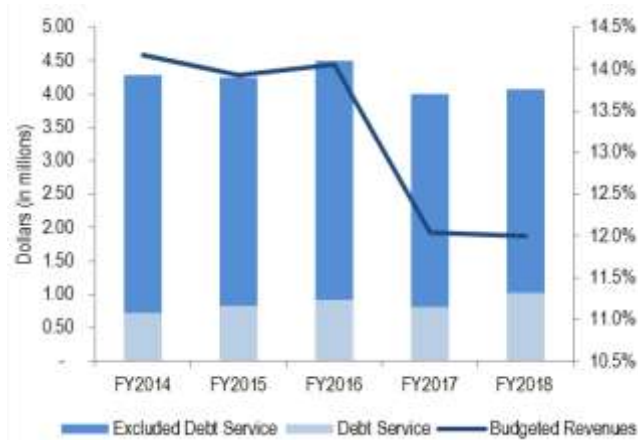
Projections for debt service are based on the town's existing payment schedules with one exception, the new police station, for which town officials have provided only preliminary figures until the final borrowing is completed. The town's other four debt excluded issues make up the majority of Sutton's debt budget. In addition, the town has six non-excluded debt issues in FY2018, four of which are being retired. The remaining two are for a Title V septic loan, which is offset by previously noted special betterment revenues, and the Shaw land purchase for which the town plans to use its capital stabilization fund to cover the full cost in each year of the forecast.

As a generally accepted benchmark, debt service should be maintained at 5 to 10 percent of operating revenue. Sutton is above that due to the various capital projects that have been detailed here. However, it should be noted that a large percentage of the debt is connected to voter-approved debt exclusions.

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<sup>3</sup> Department of Elementary and Secondary Education and town meeting minutes

### *DEBT SERVICE AS PERCENTAGE OF BUDGET*



Following the town's capital policy, the town administrator annually solicits requests from departments, updates a five-year capital plan, and prepares a recommended capital budget with revenues sources that dovetails with the town's spending plan. A summary of the FY2018-FY2022 capital plan is presented in the *CIP* worksheet. Enterprise capital items are distributed to the respective enterprise funds and funded through each budget. Similarly, general fund capital items are distributed to the department responsible for the project and reflected in the capital outlay line.

To provide for the capital plan in FY2018, the town budgeted \$696,000 in free cash, \$50,000 from the cemetery general care trust fund, \$50,000 from sewer retained earnings, \$10,000 from sewer estimated receipts, and \$7,500 from the transfer station retained earnings. In future years, the transfer station capital projects are funded from retained earnings. All other general fund capital spending are projected to be funded by the levy. Again, no free cash is projected or budgeted to support the capital budget after FY2018, and no additional capital stabilization funds are used. Whenever the town wishes to use free cash or capital stabilization to provide for the capital budget in future years, the *Available Funds* and *CIP* worksheets would have to be updated.

### **Risk Management**

Risk management comprises the town's workers' and unemployment compensations, casualty and liability insurances, including police and fire accident insurances, property and auto coverage, and public official bonds, which are all provided through the Massachusetts Interlocal Insurance Association (MIIA). Based on historical fluctuations, claims history, and discussions with local officials, the casualty/liability insurance and workers' compensation are increased 13 percent each year of the forecast, while unemployment compensation is level funded. These amounts should be monitored and revised as needed.



## **Employee Benefits**

Employee benefits include group health and life insurance, Medicare, retirement, and OPEB. Health insurance, Medicare, and retirement are fully budgeted in the general fund, including reimbursements by the enterprise funds for their shares. For the OPEB fund, the general fund and sewer enterprise fund make separate annual contributions. Combined, these benefit expenditures were \$3,762,344, or 11.3 percent of the total budgeted amount in FY2017.

**Group Health and Life Insurance:** Each year, the insurance advisory committee (IAC) reviews the town's health insurance expenses and, if need be, redesigns the health plans to better contain costs. The town had been with MIIA for a few years, but the increase for FY2018 was projected at 13 percent, so the IAC negotiated with a new provider, Fallon Health. Beginning July 1, 2017, the town is offering two HMO plans. Active permanent employees regularly scheduled for 20 hours or more pay 30 percent of the premium (with the town paying the remaining 70 percent), while retirees and the town split the cost 50-50. Because there is no certainty as to the cost of future insurance plans, and it is not possible to predict the percentage of employees who will enroll in them, the projected increase is 10 percent annually, and this will need to be carefully monitored.

The town offers life insurance plans to employees, but those premiums are paid solely by the employees.

**Medicare:** For all employees hired after April 1, 1986, a 1.45 percent Medicare tax is withheld from their paychecks and matching amounts paid by the community. With town union contracts expiring June 30, 2018 and nonunion salary and wage increases subject to town meeting action, this cost is projected to increase .5 percent, providing for those positions with step increases. The forecast will need to be revised with any personnel cost changes.

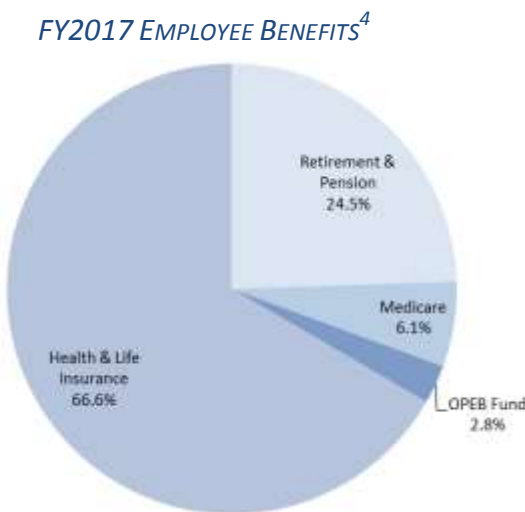
**Retirement:** Sutton is a member of the Worcester Regional Retirement System (WRRS). Its funding schedule increases each year and is estimated to be fully funded in 2035, based on a 7.75 percent assumed rate of investment return. The next biennial actuarial valuation is due in 2018, and the numbers are likely to change and should therefore be revised accordingly. Projections are based on estimated appropriations issued by the Public Employee Retirement Administration Commission and incorporate about a 1.8 percent discount for payments made on July 1. In the January 1, 2016 valuation, the actuary capped the appropriation increases at 9.95 percent per year, and therefore 9.95 percent was also used in the forecast.

Because economic assumptions about investment earnings, future salary increases, and employee population are some of the driving components used to calculate the required appropriations, any instability in these factors can cause great fluctuations and require this budget item to be monitored and updated as amounts become known.

Part-time, seasonal, or temporary workers who are not eligible to participate in the retirement system must participate in an equivalent retirement plan as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). A deferred compensation plan with a contribution level of at least 7.5 percent of an employee's gross compensation per pay period is considered a qualifying retirement plan. All Sutton employees not eligible for WRRS are contributing to OBRA plans.

Annually, Sutton also budgets funds for a contractual obligation to contribute towards a previous town administrator's retirement cost. Based on conversations with the town, the FY2018 budget of \$3,000 is level funded for each year of the forecast.

**OPEB Fund:** As of July 2017, the OPEB Fund has a balance of over \$765,000. The most recent actuarial analysis is dated June 30, 2016 for FY2017 and FY2018. Having established an OPEB fund, the town has annually appropriated to it each year. In the forecast, annual appropriations from the general (\$100,000) and sewer (\$5,000) funds are based on the FY2018 projected amounts.



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<sup>4</sup> Sutton FY2017 budget. OPEB contributions are from the general fund and sewer enterprise.

## **Miscellaneous**

Included here are contractual services and the finance advisory committee's reserve fund. Contractual services are comprised of actuarial and audit expenses. Sutton obtains actuarial analyses of its OPEB obligation every two years and has the figures updated in the interim years. According to officials, the cost of actuarial analysis was \$4,000, and the interim year update expense was \$1,500. These costs are projected at the current figures and alternate each year. The town enters into one-year audit contracts, and the FY2018 audit is budgeted at \$25,000. In the forecast, this figure is level funded and should be adjusted if necessary after signing a new contract. The finance advisory committee's reserve is projected at a level-funded amount of \$30,000.

## **OTHER AMOUNTS TO BE RAISED**

Typically raised on the tax recap sheet rather than through operating budgets, these amounts include prior-year deficits, court judgments, tax titles, cherry sheet offsets, intergovernmental charges, and the allowance for property abatements and exemptions (overlay). Deficits and court judgments are not forecast and would need to be included in the event something materializes. Cherry sheet offsets are expenses that correspond to the aid the state distributes to Sutton for school choice receiving tuition and the Sutton Public Library. The intergovernmental charge is for the Central Massachusetts Regional Planning Council, and it is projected to increase 2.5 percent annually. The overlay is projected to increase 3 percent annually, keeping pace with the projected growth in the town's levy limit.

## **STATE ASSESSMENTS**

Sutton pays various state assessments for participating in state and regional programs reported on the cherry sheet. Sutton's largest assessment is school choice sending tuition. Because there has been growth in the annual enrollments, the forecast projects a 10 percent annual increase. The town's fastest growing assessment is special education. It has grown from \$6,550 (FY2016) to \$9,635 (FY2018), or an average annual increase of almost 23 percent. This assessment is projected to increase by 25 percent annually, and it should be closely monitored and adjusted as needed.

Other state assessments include air pollution, Massachusetts Bay Transportation Authority (MBTA), regional transit, and Registry of Motor Vehicles (RMV) surcharges. Based on historical experience, the MBTA and air pollution assessments are projected to increase 1 percent annually while the regional transit is increased 2.5 percent each year. The RMV is reimbursed for marking licenses or

registrations for nonrenewal due to nonpayment of taxes or fines. Based on a flat trend for years and then a decrease in FY2018, this has been level funded at the FY2018 figure. Again, these estimates should be monitored annually and revised as needed.

## **OTHER FINANCING USES**

These include transfers to other funds, including special revenue and stabilization funds and prior-year expenditures.

The forecast does not project future transfers from free cash into the town's general or special education stabilization funds. However, because of the capital stabilization fund override, the forecast transfers the amount raised in the tax levy into the capital stabilization fund each year.

Once the tax rate is set, the town may use available funds to supplement the current year's budget through June 30 and report the use on the subsequent tax recap. In the current budget year, the prior-year expenditures are reported in this group, making sure that the budgeted revenues balance with gross appropriations as reported on the tax recap. When the fiscal year-end closing is completed, expenses would be reflected in the appropriate department from the prior year.

## **ENTERPRISE FUNDS**

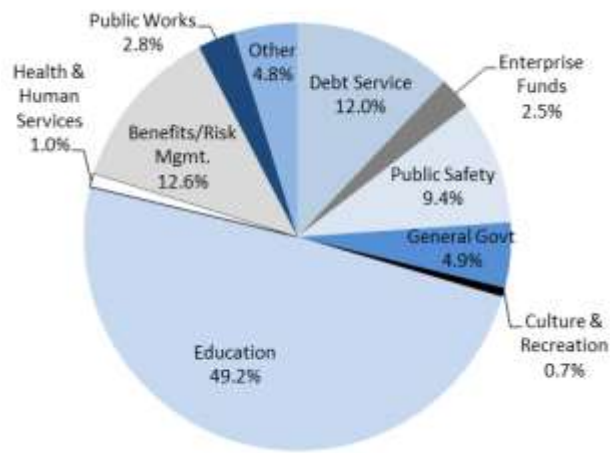
The forecast projections for the sewer and transfer station enterprise funds mirror the town's historical budgeting practices. Each enterprise fund budgets for direct personal services, expenses, and capital. Indirect costs are level funded each year at \$89,164 for the sewer fund and \$22,575 for the transfer station. The forecast also includes an annual \$5,000 OPEB contribution from the sewer enterprise fund.

## EXPENDITURE SUMMARY

The *Expenditures* worksheet has formula links to the *Debt*, *CIP*, *NSS*, *Revenues*, and *Available Funds* worksheets. It also displays projected expenses from the *Enterprise Funds* worksheet and calculates a grand total.

### *FY2017 TOTAL BUDGET EXPENDITURES*

**\$33,281,123**



### FORECAST ASSUMPTIONS TABLE

	FY2018	FY2019	FY2020	FY2021	FY2022
REVENUES:					
Levy	<ul style="list-style-type: none"><li>• Conservative new growth estimates</li><li>• Levy to the maximum allowable amount</li></ul>				
State Aid	<ul style="list-style-type: none"><li>• Chapter 70: Calculated based on:<ul style="list-style-type: none"><li>◦ Total foundation budget and Sutton Public foundation enrollment remain level</li><li>◦ Chapter 70 aid increases are projected at \$25 per pupil based on local enrollment</li></ul></li><li>• School choice receiving tuition is level funded</li><li>• UGGA increased 2.5 percent annually</li><li>• Other local aid accounts are level funded</li></ul>				
Local Receipts	<ul style="list-style-type: none"><li>• Conservative projections, 1 percent</li></ul>				
Available Funds/ Other Financing Resources	<ul style="list-style-type: none"><li>• Free cash certifications are not projected</li><li>• Stabilization funds show available balances as calculated on activity through June 2016.</li><li>• Capital Stabilization Fund reflect annual override contribution and appropriation for annual Shaw land debt</li><li>• All other stabilization funds are not included as funding sources</li><li>• Overlay surplus is not projected</li><li>• Septic Loan Fund matches the annual debt repayment schedule</li></ul>				
Enterprise Receipts	<ul style="list-style-type: none"><li>• Revenues are set equal to annual budget amounts</li></ul>				
EXPENDITURES:					
Personal Services	<ul style="list-style-type: none"><li>• Based on existing contracts and steps increases</li><li>• COLA adjustment worksheet provided to estimate future potential settlements/increases</li><li>• Future COLA increases are included at 2 percent for impact</li></ul>				
Expenses and Capital Outlay	<ul style="list-style-type: none"><li>• Expenses are projected to increase 2 percent annually</li><li>• An exception, ambulance service costs are projected at 10 percent each year</li><li>• Sutton has a five-year capital plan that is allocated to departments</li></ul>				
Education	<ul style="list-style-type: none"><li>• Local school appropriation projected to increase 3 percent annually</li><li>• Annually, Blackstone Valley Technical and Norfolk County Agricultural are projected to increase 4 and 3 percent, respectively</li><li>• School Choice Sending assessment is projected to increase 10 percent annually</li></ul>				
Debt Service	<ul style="list-style-type: none"><li>• Based on existing payment schedules provided</li><li>• Preliminary figures for a pending police station bond issue are included in projections</li></ul>				
Capital Plan	<ul style="list-style-type: none"><li>• Projected based on the current CIP</li></ul>				
Risk Management	<ul style="list-style-type: none"><li>• Casualty/liability insurances and workers' compensation are forecasted to increase 13 percent each year</li><li>• Unemployment compensation is level funded</li></ul>				
Employee Benefits	<ul style="list-style-type: none"><li>• Health and life insurance are projected to increase 10 percent annually</li><li>• Retirement is projected to increase 9.95 percent annually</li><li>• Medicare is projected to increase .5 percent annually and needs to be updated with any personal service cost changes</li></ul>				
Miscellaneous	<ul style="list-style-type: none"><li>• Reserve fund is level funded at \$30,000</li><li>• Audit expense is level funded at \$25,000</li><li>• Actuarial service costs are projected at \$4,000 and \$1,500 that alternate each year</li></ul>				
Other Amounts To Be Raised	<ul style="list-style-type: none"><li>• Cherry sheet offsets expenses are equal to the estimated revenues</li><li>• Intergovernmental charges are projected to increase 2.5 percent each year</li><li>• Overlay is forecast to increase 3 percent annually</li></ul>				

*Continued on Next Page*

	FY2018	FY2019	FY2020	FY2021	FY2022
State Assessments	<ul style="list-style-type: none"> <li>• School choice sending assessment is projected to increase 10 percent annually</li> <li>• Special education assessment is projected to increase 25 percent annually</li> <li>• Regional transit is projected to increase 2.5 percent each year and RMV non-renewal surcharge is level funded</li> <li>• All other assessments are projected to increase 1 percent annually</li> </ul>				
Other Financing Uses	<ul style="list-style-type: none"> <li>• Contribute \$100,000 to the OPEB fund each year</li> <li>• Transfer the amount raised annually from the capital stabilization fund override to the fund</li> </ul>				
Enterprise Funds	<ul style="list-style-type: none"> <li>• Includes direct personal services, expenses, capital expenses</li> <li>• Based on historical practice, indirect cost for sewer and transfer station are level funded at \$89,164 and \$22,575, respectively</li> <li>• Transfer \$5,000 annually from the sewer fund to the OPEB fund</li> </ul>				

## UPDATING THE FORECAST

Annually, the town should update the forecast after the end of the fiscal year. The budget fiscal year should be updated to reflect actual expenditures, the current year's budget entered, and another column added to maintain the five-year forecast model. The process of making these changes is straightforward, but great care should be taken to preserve the spreadsheets and formulas. For these reasons, Sutton should create a copy of the forecast in an Excel workbook before proceeding.

**First:** Insert a column after the last displayed year to each worksheet.

**Second:** Highlight the last projected column from the fiscal year to the bottom, and then from the bottom (a + will be in the corner) drag it to the right, creating a copy of the content and all links under a new fiscal year. Repeat this process in each worksheet. There should always be a blank column between the last projected year and the dark gray column preceding the Average Percent Change and/or Projection Percent columns.

FY2022 Projected		Average Percent Change	Projection Percent
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**Third:** Enter actual expenditures for the recently closed fiscal year and the new budget as adopted. The Projection Percent will carry forward to columns added in the above step, although the historical average percentage should be updated to include the recently closed fiscal year.

Particular attention should be paid to:

- Local Receipts – Enter the actual collections on the lower part of the worksheet.
- Available funds – At the close of the fiscal year, the 6/30 stabilization fund available balances should be entered. Enter free cash and retained earnings amounts when certified by DLS.
- Debt — Enter from debt service payment schedules.

**Fourth:** When the new tax recap is approved by DLS, review and balance the current year's budgeted revenues (*Revenue* worksheet) to the recap figures and the budgeted expenditures balance to the revenues on the *Summary* worksheet (the total surplus/(shortfall) should be zero). It is at this time that the new growth, levy limit, total tax levy, estimated receipts, and other amounts to be raised will be finalized.



## **ADDITIONAL GUIDANCE**

### **OPEB Fund**

In October 2010, Sutton created a trust fund for other postemployment benefits (OPEB) under M.G.L. c. 32B, §20, which allowed the town to create a reserve to finance its OPEB liability. However, the statute at that time did not meet OPEB trust fund guidelines established by the Governmental Accounting Standards Board (GASB), and it was therefore modified by the Municipal Modernization Act. To establish a GASB-compliant OPEB trust, town meeting must reaccept M.G.L. c. 32B, § 20. To make available the options required to meet the investment goals of an OPEB trust, town meeting must also authorize the prudent investor rule as detailed in [M.G.L. c. 203C](#). Further information may be found in the [November 3, 2016 edition of City & Town](#) and in the [Municipal Modernization Act FAQs](#) located on the DLS website.

### **Enterprise Fund Indirect Costs**

Currently, the indirect costs budgeted for the enterprise funds are fixed amounts. They are primarily for reimbursing the general fund for employee benefits, such as insurances, retirement and Medicare costs, and the balance is for indirect support from other town departments. While the town provided a cost allocation spreadsheet that was developed years ago when the costs were first implemented, it is not being used to calculate the annual charges. As a matter of best practice, it is recommended that the town review the current shared costs attributable to each of the enterprise funds and adopt a policy that establishes guidelines on what costs are included and how they are allocated. Accompanying this report is a sample indirect costs allocation policy to aid in implementing this best practice.



## APPENDIX



## REVENUE

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>PROPERTY TAX LEVY</b>								
Prior Year Tax Levy Limit	15,480,869	16,141,064	16,750,999	18,232,317	18,838,125	19,459,078	20,095,555	20,747,944
Amended Prior Growth	-	-	-	-	-	-	-	-
2.5% Increase	387,022	403,527	418,775	455,808	470,953	486,477	502,389	518,699
Certified New Growth	273,173	206,408	1,062,543	150,000	150,000	150,000	150,000	150,000
Override	-	-	-	-	-	-	-	-
<b>TAX LEVY LIMIT TOTAL</b>	<b>16,141,064</b>	<b>16,750,999</b>	<b>18,232,317</b>	<b>18,838,125</b>	<b>19,459,078</b>	<b>20,095,555</b>	<b>20,747,944</b>	<b>21,416,643</b>
Debt Exclusion(s)	3,433,082	3,544,927	3,214,408	3,065,042	3,840,012	3,626,224	3,552,246	3,463,375
Capital Expenditure Exclusion(s)	-	-	-	-	-	-	-	-
Stabilization Fund Override	564,625	578,741	593,210	608,040	623,241	638,822	654,793	671,163
Other Adjustment	-	-	-	-	-	-	-	-
Water/Sewer	-	-	-	-	-	-	-	-
<b>MAXIMUM ALLOWABLE LEVY</b> ①	<b>20,138,771</b>	<b>20,874,667</b>	<b>22,039,935</b>	<b>22,511,207</b>	<b>23,922,331</b>	<b>24,360,601</b>	<b>24,954,983</b>	<b>25,551,181</b>
LESS Excess Tax Levy Capacity	6,708	2,483	4,754	-	-	-	-	-
<b>TOTAL Tax Levy</b> ②	<b>20,132,063</b>	<b>20,872,184</b>	<b>22,035,181</b>	<b>22,511,207</b>	<b>23,922,331</b>	<b>24,360,601</b>	<b>24,954,983</b>	<b>25,551,181</b>

① DLS, Gateway, Taxrate, Levy Limit

② DLS, Gateway, Taxrate, Tax Rate Recap, Page 1

### STATE AID CHERRY SHEET

Chapter 70 Education Aid	5,239,230	5,276,480	5,355,735	5,398,395	5,433,945	5,469,495	5,505,045	5,540,595
Charter Tuition Reimbursement	-	4,455	-	-	-	-	-	-
School Lunch (offset)	4,994	-	-	-	-	-	-	-
School Choice Receiving Tuition (offset)	306,588	292,239	219,083	253,340	253,340	253,340	253,340	253,340
Unrestricted General Government Aid	694,619	719,625	750,569	779,841	799,337	819,320	839,803	860,799
Veterans Benefits	40,392	39,926	59,105	65,384	65,384	65,384	65,384	65,384
Exemptions VBS and Elderly	30,894	32,457	34,128	31,682	31,682	31,682	31,682	31,682
State Owned land	123,408	123,408	125,597	125,478	125,478	125,478	125,478	125,478
Public Libraries (offset)	10,121	10,541	10,492	11,118	11,118	11,118	11,118	11,118
<b>TOTAL Cherry Sheet</b> ③	<b>6,450,246</b>	<b>6,499,131</b>	<b>6,554,709</b>	<b>6,665,238</b>	<b>6,720,284</b>	<b>6,775,817</b>	<b>6,831,850</b>	<b>6,888,396</b>

③ <http://www.mass.gov/doc/local-official-municipal-data-bank-and-local-aid-una/>

<b>TOTAL MSBA REIMBURSEMENT</b>	-	-	-	-	-	-	-	-
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### ESTIMATED LOCAL RECEIPTS

1. Motor Vehicle Excise	1,318,400	1,418,400	1,420,000	1,420,000	1,434,200	1,448,542	1,463,027	1,477,658
2a. Meals Excise	45,000	45,000	50,000	45,000	45,450	45,905	46,364	46,827
2b. Room Excise	30,000	30,000	40,000	45,000	45,450	45,905	46,364	46,827
2c. Other Excise	2,000	2,000	2,500	2,500	2,525	2,550	2,576	2,602
3. Penalties/Interest on Taxes and Excises	60,000	60,000	70,000	70,000	70,700	71,407	72,121	72,842
4. Payment In Lieu of Taxes	-	-	-	-	-	-	-	-
5. Charges for Services-Water	-	-	-	-	-	-	-	-
6. Charges for Services-Sewer	-	-	-	-	-	-	-	-
7. Charges for Services-Hospital	-	-	-	-	-	-	-	-
8. Charges for Services-Solid Waste Fees	-	-	-	-	-	-	-	-
9. Other Charges for Services	-	-	-	-	-	-	-	-
10. Fees	202,577	262,800	293,400	296,987	299,957	302,956	305,986	309,046
11. Rentals	100,000	115,000	128,000	128,000	129,280	130,573	131,879	133,197
12. Dept. Revenue-Schools	-	-	-	-	-	-	-	-
13. Dept. Revenue-Libraries	-	-	-	-	-	-	-	-
14. Dept. Revenue-Cemeteries	-	-	-	-	-	-	-	-
15. Dept. Revenue-Recreation	-	-	-	-	-	-	-	-
16. Other Departmental Revenue	19,000	19,000	22,000	22,000	22,220	22,442	22,667	22,893
17. Licenses/Permits	71,000	71,000	76,000	76,000	76,760	77,528	78,303	79,086
18. Special Assessments	-	-	-	-	-	-	-	-
19. Fines and Forfeits	74,700	74,700	50,000	50,000	50,500	51,005	51,515	52,030
20. Investment Income	40,000	30,000	11,000	11,000	11,110	11,221	11,333	11,447
21. Medicaid Reimbursement	15,000	15,000	30,000	30,000	30,300	30,603	30,909	31,218
22. Misc. Recurring	-	-	-	-	-	-	-	-
23. Misc. Non-Recurring	-	-	-	-	-	-	-	-
<b>TOTAL Local Receipts</b>	<b>1,977,677</b>	<b>2,142,900</b>	<b>2,192,900</b>	<b>2,196,487</b>	<b>2,218,452</b>	<b>2,240,636</b>	<b>2,263,043</b>	<b>2,285,673</b>

### AVAILABLE FUNDS/OTHER FINANCING

Free Cash	538,074	797,438	922,500	1,016,000	-	-	-	-
Other Available Funds	502,853	756,414	631,425	553,436	343,040	332,305	321,568	307,648
<b>TOTAL Available Funds</b>	<b>1,040,927</b>	<b>1,553,852</b>	<b>1,553,925</b>	<b>1,569,436</b>	<b>343,040</b>	<b>332,305</b>	<b>321,568</b>	<b>307,648</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>29,600,913</b>	<b>31,068,067</b>	<b>32,336,715</b>	<b>32,942,368</b>	<b>33,204,107</b>	<b>33,709,360</b>	<b>34,371,444</b>	<b>35,032,898</b>

### ENTERPRISE FUNDS

Sewer Fund	711,342	718,301	727,381	750,773	750,727	761,446	770,335	779,402
Sewer Retained Earnings	35,000	42,000	53,400	50,000	-	-	-	-
Transfer Station	141,867	141,980	143,627	147,799	149,476	151,020	152,595	154,202
Transfer Station Earnings	-	-	20,000	7,500	6,500	7,500	25,000	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>TOTAL Enterprise Funds</b>	<b>888,209</b>	<b>902,281</b>	<b>944,408</b>	<b>956,072</b>	<b>906,703</b>	<b>919,966</b>	<b>947,931</b>	<b>933,604</b>

<b>GRAND TOTAL REVENUES</b>	<b>30,489,122</b>	<b>31,970,348</b>	<b>33,281,123</b>	<b>33,898,440</b>	<b>34,110,810</b>	<b>34,629,326</b>	<b>35,319,375</b>	<b>35,966,502</b>
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## NEW GROWTH

	FY2005 Budget	FY2006 Budget	FY2007 Budget	FY2008 Budget	FY2009 Budget	FY2010 Budget	FY2011 Budget	FY2012 Budget	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Residential New Growth	237,873	283,313	286,533	203,612	278,843	150,877	102,025	121,576	143,798	137,548	202,774	159,302	229,127	125,000	125,000	125,000	125,000	125,000
	0																	
Commercial (C)	29,818	27,321	24,090	8,171	40,209	24,880	17,518	22,552	13,314	17,119	1,823	12,390	114,855	10,000	10,000	10,000	10,000	10,000
Industrial (I)	1,502	16,330	31,405	38,230	14,498	1,010	40,386	3,905	8,767	23,620	13,433	15,044	114,346	2,000	2,000	2,000	2,000	2,000
Personal Property (PP)	15,648	22,386	13,445	30,386	71,904	28,629	24,518	43,058	82,618	17,929	55,143	19,672	604,215	13,000	13,000	13,000	13,000	13,000
CIP New Growth	46,968	66,037	68,940	76,787	126,611	54,519	82,422	69,515	104,699	58,668	70,399	47,106	833,416	25,000	25,000	25,000	25,000	25,000
<b>TOTAL New Growth ①</b>	<b>284,841</b>	<b>349,350</b>	<b>355,473</b>	<b>280,399</b>	<b>405,454</b>	<b>205,396</b>	<b>184,447</b>	<b>191,091</b>	<b>248,497</b>	<b>196,216</b>	<b>273,173</b>	<b>206,408</b>	<b>1,062,543</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>

① DLS, Gateway, Taxrate, LA-13 Tax Levy Base Growth, column K

<b>3-year average</b>																		
Residential		269,240	257,819	256,329	211,111	177,248	124,826	122,466	134,307	161,373	166,541	197,068						
CI		43,489	48,516	52,201	42,333	46,167	36,750	35,481	29,759	26,025	27,810	90,630						
PP		17,160	22,072	38,578	43,640	41,684	32,068	50,065	47,868	51,897	30,915	226,343						
Total		329,888	328,407	347,109	297,083	265,099	193,645	208,012	211,935	239,295	225,266	514,041	0	0	0	0	0	0
<b>5-year average</b>																		
Residential				258,035	240,636	204,378	171,387	159,424	131,165	141,544	153,000	174,510						
CI				46,315	45,229	48,079	42,272	37,408	34,614	32,487	26,393	66,942						
PP				30,754	33,350	33,776	39,699	50,145	39,350	44,653	43,684	155,915						
Total				335,103	319,214	286,234	253,357	246,977	205,129	218,685	223,077	397,367	0	0	0	0	0	0
<b>10-year average</b>																		
Residential									194,600	191,090	178,689	172,948						
CI									40,465	38,858	37,236	54,607						
PP									35,052	39,002	38,730	97,807						
Total									270,116	268,950	254,655	325,362	0	0	0	0	0	0

## SCHOOL AID ANALYSIS

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>Foundation and Local Contribution ①</b>								
Total Foundation Budget	14,865,123	15,127,053	14,838,408	14,879,112	14,879,112	14,879,112	14,879,112	14,879,112
Total Minimum Local Contribution	10,608,161	10,864,388	10,909,888	10,774,156	10,774,156	10,774,156	10,774,156	10,774,156
<b>Share of Total Foundation ①</b>								
Percent Sutton Public	0.9137	0.9070	0.8978	0.9016	0.9016	0.9016	0.9016	0.9016
Percent Blackstone Valley	0.0863	0.0930	0.1022	0.0984	0.0984	0.0984	0.0984	0.0984
<b>Allocations on Foundation Shares ①</b>								
Sutton Public Foundation Budget	13,581,959	13,719,823	13,322,265	13,414,412	13,414,412	13,414,412	13,414,412	13,414,412
Sutton Public Minimum Local Contribution	9,692,460	9,853,703	9,795,149	9,713,548	9,713,548	9,713,548	9,713,548	9,713,548
Foundation Aid	3,889,499	3,866,120	3,527,116	3,700,864	3,700,864	3,700,864	3,700,864	3,700,864
Target aid phase-in								
Aid after increment (held harmless)								
Sutton Public Foundation Enrollment	1,511	1,490	1,441	1,422	1,422	1,422	1,422	1,422
\$/Per Pupil Rate	25	25	55	30	25	25	25	25
Per Pupil Aid	37,775	37,250	79,255	42,660	35,550	35,550	35,550	35,550
Non-operating District Reduction to Foundation								
<b>Total Chapter 70</b>	<b>5,239,230</b>	<b>5,276,480</b>	<b>5,355,735</b>	<b>5,398,395</b>	<b>5,433,945</b>	<b>5,469,495</b>	<b>5,505,045</b>	<b>5,540,595</b>
<b>Required Net School Spending</b>	<b>14,931,690</b>	<b>15,130,183</b>	<b>15,150,884</b>	<b>15,111,943</b>	<b>15,147,493</b>	<b>15,183,043</b>	<b>15,218,593</b>	<b>15,254,143</b>
<b>Indirect Costs Municipal Side</b>								
Charter Tuition	-	11,602	-	-	-	-	-	-
Choice Tuition	93,088	106,098	89,125	114,787	126,266	138,892	152,781	168,060
Charter Reimbursement	-	4,455	-	-	-	-	-	-
Net Choice/Charter	93,088	113,245	89,125	114,787	126,266	138,892	152,781	168,060
Municipal costs	2,796,317	2,936,385	3,238,769	3,238,769	3,238,769	3,238,769	3,238,769	3,238,769
<b>Net Indirect Costs Municipal Side ②</b>	<b>2,889,405</b>	<b>3,049,630</b>	<b>3,327,894</b>	<b>3,353,556</b>	<b>3,365,035</b>	<b>3,377,661</b>	<b>3,391,550</b>	<b>3,406,829</b>
Budgeted School Committee Appropriation ②	12,950,749	13,398,744	13,866,674	15,239,882	15,697,078	16,167,990	16,653,030	17,152,621
<b>Combined Municipal and School Expenditures</b>	<b>15,840,154</b>	<b>16,448,374</b>	<b>17,194,568</b>	<b>18,593,438</b>	<b>19,062,113</b>	<b>19,545,651</b>	<b>20,044,580</b>	<b>20,559,450</b>
<b>Over/(under) Required NSS</b>	<b>908,464</b>	<b>1,318,191</b>	<b>2,043,684</b>	<b>3,481,495</b>	<b>3,914,620</b>	<b>4,362,608</b>	<b>4,825,987</b>	<b>5,305,307</b>

① School Finance, Chapter 70 Program, Chapter 70 State Aid and Spending Requirement

[www.doe.mass.edu/finance/chapter70](http://www.doe.mass.edu/finance/chapter70)

② Figures from budget and the End of Year Report, Schedule 19 as approved by the Department of Elementary and Secondary Education (DESE).

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>Charter Tuition Assessments</b>								
Students FTE		1						
Local Tuition Payment		11,602						
Facilities Aid		893						
Chapter 46 Aid		3,562						
Total Aid		4,455						
<b>Net Cost to District</b>		<b>7,147</b>						
<b>Charter Tuition Assessments ③</b>								
	Final	Final						
Students FTE	1							
Local Tuition Payment	6,956							
Facilities Aid	547							
Chapter 46 Aid	6,166							
Total Aid	6,713							
<b>Net Cost to District</b>	<b>243</b>							

③ School Finance, Charter Schools, Tuition, Reimbursements and Enrollment

[www.doe.mass.edu/charter/finance](http://www.doe.mass.edu/charter/finance)

	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected
<b>School Choice Sending Assessments</b>								
FTE	16	19	17	22				
Tuition	93,088	106,098	89,125	114,787	126,266	138,892	152,781	168,060
<b>School Choice Sending Assessments ④</b>	<b>Final</b>	<b>Final</b>	<b>Final</b>					
FTE	19	18	22					
Tuition	106,031	96,430	118,042					

	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected
<b>School Choice Receiving Tuition ④⑤</b>								
FTE	57	52	39	46				
Tuition	306,588	292,239	219,083	253,340	253,340	253,340	253,340	253,340
<b>School Choice Receiving Tuition ④⑤</b>	<b>Final</b>	<b>Final</b>	<b>Final</b>					
FTE	52	39	46					
Tuition	292,239	219,083	253,340					

④ School Finance, School Choice.

[www.doe.mass.edu/finance/schoolchoice](http://www.doe.mass.edu/finance/schoolchoice)

⑤ All school choice tuition revenue received is deposited to a school choice revolving account and has no impact on the NSS. These funds are available for expenditure by the school committee without further appropriation.

## LOCAL RECEIPTS

Budgeted	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
1. Motor Vehicle Excise	1,318,400	1,418,400	1,420,000	1,420,000	1,434,200	1,448,542	1,463,027	1,477,658
2a. Meals Excise	45,000	45,000	50,000	45,000	45,450	45,905	46,364	46,827
2b. Room Excise	30,000	30,000	40,000	45,000	45,450	45,905	46,364	46,827
2c. Other Excise-Boat	2,000	2,000	2,500	2,500	2,525	2,550	2,576	2,602
3. Penalties/Interest on Taxes and Excise	60,000	60,000	70,000	70,000	70,700	71,407	72,121	72,842
4. Payment In Lieu of Taxes					-	-	-	-
5. Charges for Services-Water								
6. Charges for Services-Sewer								
7. Charges for Services-Hospital								
8. Charges for Services-Solid Waste Fees								
9. Other Charges for Services					-	-	-	-
10. Fees	202,577	262,800	293,400	296,987	299,957	302,956	305,986	309,046
11. Rentals	100,000	115,000	128,000	128,000	129,280	130,573	131,879	133,197
12. Dept. Revenue-Schools								
13. Dept. Revenue-Libraries								
14. Dept. Revenue-Cemeteries					-	-	-	-
15. Dept. Revenue-Recreation					-	-	-	-
16. Other Departmental Revenue	19,000	19,000	22,000	22,000	22,220	22,442	22,667	22,893
17. Licenses/Permits	71,000	71,000	76,000	76,000	76,760	77,528	78,303	79,086
18. Special Assessments								
19. Fines and Forfeits	74,700	74,700	50,000	50,000	50,500	51,005	51,515	52,030
20. Investment Income	40,000	30,000	11,000	11,000	11,110	11,221	11,333	11,447
21. Medicaid Reimbursement	15,000	15,000	30,000	30,000	30,300	30,603	30,909	31,218
22. Misc. Recurring	-				-	-	-	-
23. Misc. Non-Recurring					-	-	-	-
<b>TOTAL Local Receipts-Budget ①</b>	<b>1,977,677</b>	<b>2,142,900</b>	<b>2,192,900</b>	<b>2,196,487</b>	<b>2,218,452</b>	<b>2,240,636</b>	<b>2,263,043</b>	<b>2,285,673</b>

Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual
1. Motor Vehicle Excise	1,426,547	1,628,099						
2a. Meals Excise	52,199	63,275						
2b. Room Excise	36,681	45,999						
2c. Other Excise-Boat	2,937	3,702						
3. Penalties/Interest on Taxes and Excise	178,611	73,408						
4. Payment In Lieu of Taxes								
5. Charges for Services-Water								
6. Charges for Services-Sewer								
7. Charges for Services-Hospital								
8. Charges for Services-Solid Waste Fees								
9. Other Charges for Services								
10. Fees	425,874	406,313						
11. Rentals	120,806	173,147						
12. Dept. Revenue-Schools								
13. Dept. Revenue-Libraries								
14. Dept. Revenue-Cemeteries								
15. Dept. Revenue-Recreation								
16. Other Departmental Revenue	42,406	32,946						
17. Licenses/Permits	91,761	92,900						
18. Special Assessments								
19. Fines and Forfeits	76,078	52,471						
20. Investment Income	28,790	15,375						
21. Medicaid Reimbursement	60,592	87,475						
22. Misc. Recurring								
23. Misc. Non-Recurring	174,917	44,515						
<b>TOTAL Local Receipts-Actual ①</b>	<b>2,718,199</b>	<b>2,719,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Difference: Actual over Budget</b>	<b>740,522</b>	<b>576,725</b>						

① DLS, Gateway, Taxrate, Tax Rate Recap, page 3



## AVAILABLE FUNDS

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>Free Cash-Appropriated</b>								
Prior Year Purposes	7,500	250,000	33,000	320,000				
General Stabilization Fund (SF)			75,000					
Capital SF	178,551	114,438						
SPED SF			200,000					
OPEB Fund								
Transfer to Other Reserve	523							
Special Projects/CIP	351,500	433,000	614,500	696,000				
Current year purposes								
Reduce Tax Rate								
<b>Total Free Cash Appropriated ①</b>	<b>538,074</b>	<b>797,438</b>	<b>922,500</b>	<b>1,016,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Other Available Funds

General stabilization fund (SF)								
Capital SF	401,930	638,730	609,980	483,230	323,830	314,313	304,677	294,925
SPED SF								
Overlay Surplus	40,000	50,000						
Waterways Improvement Fund								
Title V	2,792	2,792	2,792	2,792	2,792	2,792	2,792	0
School Debt Reserve	21,131	64,892	18,653	17,414	16,418	15,200	14,099	12,723
Bond premiums								
Cemetery Funds	37,000			50,000				
Other								
<b>Total Other Available Funds ②</b>	<b>502,853</b>	<b>756,414</b>	<b>631,425</b>	<b>553,436</b>	<b>343,040</b>	<b>332,305</b>	<b>321,568</b>	<b>307,648</b>

<b>TOTAL Available Funds</b>	<b>1,579,001</b>	<b>2,351,290</b>	<b>2,476,425</b>	<b>2,585,436</b>	<b>343,040</b>	<b>332,305</b>	<b>321,568</b>	<b>307,648</b>
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① DLS, Gateway, Taxrate, Tax Rate Recap, pages 2 and 4 and town meeting minutes.

② DLS, Gateway, Taxrate, B2 Other Funds.

Fiscal Year	2015 7/1/14	2016 7/1/15	2017 7/1/16	2018 7/1/17	2019 7/1/18	2020 7/1/19	2021 7/1/20	2022 7/1/21
Total Budget③	30,489,122	31,970,348	33,281,123					
Free Cash Certified Amount ④	944,500	1,282,674	1,310,106					
Free Cash as % of Total Budget	3.10	4.01	3.94					

③ DLS, Gateway, Taxrate, Tax Rate Recap, page 1, 1a

④ DLS, Gateway, Taxrate, B1 Free Cash

Available Balance as of	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	7/1/20
General Stabilization Fund (SF) ⑤	1,895,513	1,882,735	2,047,702					
Capital SF ⑤	175,448	368,767	310,807					
SPED SF ⑤			200,230					
OPEB Fund ⑤	385,598	531,194	657,018					
Combined SF as % of Total Budget	6.79	7.04	7.69					

⑤ Balance Sheet

### Projected SF Balances ⑥:

General Stabilization Fund (SF) Amount	2,057,940	2,068,230	2,078,571	2,088,964	2,099,409
Capital SF	295,507	422,419	725,439	1,055,198	1,412,340
SPED SF	201,231	202,237	203,249	204,265	205,286
OPEB Fund	765,828	875,182	985,083	1,095,534	1,206,536

⑥ Projected fiscal year-end balances are based on annual appropriations to the accounts, consistent with policy or practice, nominal annual interest, and scheduled transfers from the accounts.

## EXPENDITURES

	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>GENERAL GOVERNMENT</b>								
Personal Services	784,823	799,347	867,244	934,244	936,437	936,907	938,024	938,024
Expenses	476,045	464,390	549,520	548,960	559,939	571,138	582,561	594,212
Capital Outlay	60,000	145,500	225,000	239,000	-	80,000	-	-
<b>TOTAL General Government</b>	<b>1,320,868</b>	<b>1,409,237</b>	<b>1,641,764</b>	<b>1,722,204</b>	<b>1,496,376</b>	<b>1,588,045</b>	<b>1,520,585</b>	<b>1,532,236</b>
<b>PUBLIC SAFETY</b>								
Police Personal Services	1,611,879	1,598,611	1,615,439	1,692,967	1,698,192	1,702,929	1,706,946	1,706,946
Police Expenses	95,132	87,849	104,900	107,900	110,058	112,259	114,504	116,794
Police Capital Outlay	91,500	76,500	585,000	79,000	69,000	85,000	75,000	75,000
<b>Total Police</b>	<b>1,798,511</b>	<b>1,762,961</b>	<b>2,305,339</b>	<b>1,879,867</b>	<b>1,877,250</b>	<b>1,900,188</b>	<b>1,896,450</b>	<b>1,898,740</b>
Fire Personal Services	288,281	282,023	291,585	363,011	363,011	363,011	363,011	363,011
Fire Expenses	94,480	100,346	111,560	119,250	121,635	124,068	126,549	129,080
Fire Capital Outlay	80,000	76,000	90,000	65,000	60,000	40,000	750,000	230,000
<b>Total Fire</b>	<b>462,761</b>	<b>458,370</b>	<b>493,145</b>	<b>547,261</b>	<b>544,646</b>	<b>527,079</b>	<b>1,239,560</b>	<b>722,091</b>
<b>Ambulance Service</b>	<b>89,760</b>	<b>89,760</b>	<b>90,000</b>	<b>98,760</b>	<b>108,636</b>	<b>119,500</b>	<b>131,450</b>	<b>144,595</b>
Other Services Personal Services	159,716	163,111	166,076	162,678	163,200	163,200	163,291	163,291
Other Services Expenses	53,129	51,794	60,764	31,214	31,838	32,475	33,125	33,788
Other Capital Outlay	-	-	-	-	-	-	-	-
<b>Total Other Services</b>	<b>212,845</b>	<b>214,906</b>	<b>226,840</b>	<b>193,892</b>	<b>195,038</b>	<b>195,675</b>	<b>196,416</b>	<b>197,079</b>
<b>TOTAL Public Safety</b>	<b>2,563,878</b>	<b>2,525,996</b>	<b>3,115,324</b>	<b>2,719,780</b>	<b>2,725,570</b>	<b>2,742,442</b>	<b>3,463,876</b>	<b>2,962,505</b>
<b>EDUCATION</b>								
Sutton Public Schools	13,999,244	14,385,281	14,861,442	15,239,882	15,697,078	16,167,990	16,653,030	17,152,621
Sutton Public School Capital Outlay	160,000	97,054	158,000	243,000	489,000	255,000	345,000	210,000
<b>Total Sutton Public Schools</b>	<b>14,159,244</b>	<b>14,482,335</b>	<b>15,019,442</b>	<b>15,482,882</b>	<b>16,186,078</b>	<b>16,422,990</b>	<b>16,998,030</b>	<b>17,362,621</b>
Blackstone Valley Voc Tech	1,023,874	1,081,107	1,264,889	1,213,828	1,262,381	1,312,876	1,365,391	1,420,007
Blackstone Valley Voc Tech Debt Assessment	35,126	31,176	29,957	29,173	28,099	27,037	26,346	25,361
<b>Total Blackstone Valley Voc Tech</b>	<b>1,059,000</b>	<b>1,112,283</b>	<b>1,294,846</b>	<b>1,243,001</b>	<b>1,290,480</b>	<b>1,339,913</b>	<b>1,391,737</b>	<b>1,445,368</b>
Norfolk County Agricultural HS	55,430	42,188	66,447	71,000	73,130	75,324	77,584	79,912
<b>TOTAL Education</b>	<b>15,273,675</b>	<b>15,636,806</b>	<b>16,380,735</b>	<b>16,796,883</b>	<b>17,549,688</b>	<b>17,838,227</b>	<b>18,467,351</b>	<b>18,887,901</b>
<b>PUBLIC WORKS</b>								
DPW Personal Services	473,874	483,514	528,735	538,407	544,916	549,947	552,161	552,223
DPW Expenses	164,326	164,334	173,900	199,650	203,643	207,716	211,870	216,107
Snow & Ice Personal Services	88,077	41,228	35,000	35,000	35,000	35,000	35,000	35,000
Snow & Ice Expenses	265,106	182,799	140,000	140,000	140,000	140,000	140,000	140,000
DPW Capital Outlay	37,000	45,000	66,500	120,000	195,000	400,000	210,000	130,000
<b>TOTAL Public Works</b>	<b>1,028,383</b>	<b>916,874</b>	<b>944,135</b>	<b>1,033,057</b>	<b>1,118,559</b>	<b>1,332,663</b>	<b>1,149,031</b>	<b>1,073,330</b>
<b>HEALTH and HUMAN SERVICES</b>								
Personal Services	171,880	183,636	193,059	204,845	204,929	204,929	204,929	204,929
Expenses	104,658	110,752	155,750	149,800	152,796	155,852	158,969	162,148
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL Health &amp; Human Services</b>	<b>276,539</b>	<b>294,389</b>	<b>348,809</b>	<b>354,645</b>	<b>357,725</b>	<b>360,781</b>	<b>363,898</b>	<b>367,077</b>
<b>CULTURE and RECREATION</b>								
Personal Services	159,713	166,634	172,324	182,633	182,653	182,653	182,653	182,653
Expenses	49,253	55,903	59,879	59,807	61,003	62,223	63,467	64,736
Capital Outlay	7,500	-	-	-	-	-	-	-
<b>TOTAL Culture &amp; Recreation</b>	<b>216,466</b>	<b>222,537</b>	<b>232,203</b>	<b>242,440</b>	<b>243,656</b>	<b>244,876</b>	<b>246,120</b>	<b>247,389</b>
<b>DEBT SERVICE</b>								
Debt Service	827,790	915,956	805,191	1,015,355	326,591	317,074	304,677	294,925
Debt Excluded Debt Service	3,419,087	3,578,643	3,203,104	3,053,283	3,828,331	3,614,387	3,539,999	3,450,737
Temporary Interest/Issue Expense	-	-	-	-	-	-	-	-
<b>TOTAL Debt Service</b>	<b>4,246,877</b>	<b>4,494,599</b>	<b>4,008,295</b>	<b>4,068,638</b>	<b>4,154,922</b>	<b>3,931,461</b>	<b>3,844,676</b>	<b>3,745,662</b>

Continued on Next Page

	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>RISK MANAGEMENT</b>								
Casualty Insurance/Workers' Compensation	270,499	311,165	391,975	400,000	452,000	510,760	577,159	652,190
Unemployment Compensation	21,304	15,020	30,000	20,000	20,000	20,000	20,000	20,000
					-	-	-	-
<b>TOTAL Risk Management</b>	<b>291,803</b>	<b>326,184</b>	<b>421,975</b>	<b>420,000</b>	<b>472,000</b>	<b>530,760</b>	<b>597,159</b>	<b>672,190</b>
<b>EMPLOYEE BENEFITS</b>								
Health and Life Insurance	2,154,192	2,347,361	2,506,575	2,805,606	3,086,167	3,394,784	3,734,262	4,107,688
Medicare	222,328	223,460	230,000	237,000	238,185	239,376	240,573	241,776
Retirement	854,433	847,894	916,769	966,685	1,062,870	1,168,626	1,284,904	1,412,752
Special Pension	1,080	1,094	4,000	3,000	3,000	3,000	3,000	3,000
OPEB Fund	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL Employee Benefits</b>	<b>3,332,033</b>	<b>3,519,809</b>	<b>3,757,344</b>	<b>4,112,291</b>	<b>4,490,222</b>	<b>4,905,786</b>	<b>5,362,739</b>	<b>5,865,216</b>
<b>MISCELLANEOUS</b>								
Actuarial Services	4,650	1,500	4,000	1,500	4,000	1,500	4,000	1,500
Annual Audit	23,000	24,000	24,000	25,000	25,000	25,000	25,000	25,000
Reserve Fund	-	-	30,000	30,000	30,000	30,000	30,000	30,000
<b>TOTAL Other/Misc.</b>	<b>27,650</b>	<b>25,500</b>	<b>58,000</b>	<b>56,500</b>	<b>59,000</b>	<b>56,500</b>	<b>59,000</b>	<b>56,500</b>
<b>OTHER AMOUNTS TO BE RAISED</b>								
Deficits/Judgements/Tax title	-	8,384	623	-	-	-	-	-
Cherry Sheet Offsets	321,703	302,780	229,575	264,458	264,458	264,458	264,458	264,458
Intergovernmental	2,269	2,325	2,383	2,442	2,503	2,566	2,630	2,696
Abatements & Exemptions (Overlay)	163,713	139,133	238,061	140,000	144,200	148,526	152,982	157,571
<b>TOTAL Other Amounts Raised</b>	<b>487,685</b>	<b>452,622</b>	<b>470,642</b>	<b>406,900</b>	<b>411,161</b>	<b>415,550</b>	<b>420,070</b>	<b>424,725</b>
<b>STATE ASSESSMENTS</b>								
Air Pollution	2,798	2,804	2,874	2,861	2,890	2,919	2,948	2,977
RMV Non-Renewal Surcharge	8,960	8,960	8,960	7,040	7,040	7,040	7,040	7,040
MBTA	50,455	51,338	53,990	54,528	55,073	55,624	56,180	56,742
Regional Transit	8,745	8,537	6,257	6,135	6,288	6,446	6,607	6,772
Special Education	-	6,550	6,812	9,635	12,044	15,055	18,818	23,523
School Choice Sending Tuition	93,088	106,098	89,125	114,787	126,266	138,892	152,781	168,060
Charter School Sending Tuition	-	11,602	-	-	-	-	-	-
					-	-	-	-
<b>TOTAL State Assessments</b>	<b>164,046</b>	<b>195,889</b>	<b>168,018</b>	<b>194,986</b>	<b>209,601</b>	<b>225,975</b>	<b>244,375</b>	<b>265,114</b>
<b>OTHER FINANCING USES</b>								
Prior Year Purposes	-		33,000	320,000				
Transfer to Capital Stabilization Fund	564,625	578,741	593,210	608,040	623,241	638,822	654,793	671,163
Transfer to Other Funds	523		275,000		-	-	-	-
<b>TOTAL Misc. Appropriations</b>	<b>565,148</b>	<b>578,741</b>	<b>901,210</b>	<b>928,040</b>	<b>623,241</b>	<b>638,822</b>	<b>654,793</b>	<b>671,163</b>
<b>TOTAL GENERAL FUND</b>	<b>29,795,051</b>	<b>30,599,184</b>	<b>32,448,454</b>	<b>33,056,364</b>	<b>33,911,721</b>	<b>34,811,888</b>	<b>36,393,672</b>	<b>36,771,007</b>
<b>ENTERPRISE FUNDS</b>								
Sewer Fund	624,194	651,384	691,617	711,609	661,563	672,282	681,171	690,238
Transfer Station Fund	114,681	112,514	141,052	132,724	133,401	135,945	155,020	131,627
<b>TOTAL Enterprise Funds</b>	<b>738,875</b>	<b>763,897</b>	<b>832,669</b>	<b>844,333</b>	<b>794,964</b>	<b>808,227</b>	<b>836,192</b>	<b>821,865</b>
<b>GRAND TOTAL Expenditures</b>	<b>30,533,926</b>	<b>31,363,081</b>	<b>33,281,123</b>	<b>33,900,697</b>	<b>34,706,685</b>	<b>35,620,115</b>	<b>37,229,864</b>	<b>37,592,873</b>

## ENTERPRISE FUNDS

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>Enterprise Revenues ①</b>								
Sewer Receipts	711,342	718,301	727,381	750,773	750,727	761,446	770,335	779,402
Sewer Retained Earnings	35,000	42,000	53,400	50,000	-	-	-	-
Transfer Station Receipts	141,867	141,980	143,627	147,799	149,476	151,020	152,595	154,202
Transfer Station Retained Earnings			20,000	7,500	6,500	7,500	25,000	-
<b>TOTAL Enterprise Revenues-Budget</b>	<b>888,209</b>	<b>902,281</b>	<b>944,408</b>	<b>956,072</b>	<b>906,703</b>	<b>919,966</b>	<b>947,931</b>	<b>933,604</b>

① DLS, Gateway, Taxrate, A-2 Enterprise Funds

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual
Sewer Receipts	826,258	746,487						
Transfer Station Receipts	147,614	157,728						
<b>TOTAL Enterprise Receipts-Actual</b>	<b>973,872</b>	<b>904,215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Difference: Receipts Actual over Budget

Sewer	114,916	28,186						
Transfer Station	5,747	15,748						

Retained Earning certified as of:	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
Sewer	363,742	281,022	212,632					
Transfer Station	24,229	33,832	60,471					

	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>Enterprise Expenditures</b>								
Personal Services	150,189	183,118	212,214	219,406	220,816	222,820	222,820	222,820
Expenses	418,005	416,266	421,003	427,203	435,747	444,462	453,351	462,418
Debt								
OPEB	21,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Expenditures	35,000	42,000	53,400	60,000	-	-	-	-
<b>Total Sewer</b>	<b>624,194</b>	<b>651,384</b>	<b>691,617</b>	<b>711,609</b>	<b>661,563</b>	<b>672,282</b>	<b>681,171</b>	<b>690,238</b>
Indirect Expenses	89,164	89,164	89,164	89,164	89,164	89,164	89,164	89,164

Personal Services	43,162	46,222	45,352	49,524	49,687	49,687	49,687	49,687
Expenses	71,519	66,292	75,700	75,700	77,214	78,758	80,333	81,940
Debt								
OPEB								
Capital Expenditures	-	-	20,000	7,500	6,500	7,500	25,000	-
<b>Total Transfer Station</b>	<b>114,681</b>	<b>112,514</b>	<b>141,052</b>	<b>132,724</b>	<b>133,401</b>	<b>135,945</b>	<b>155,020</b>	<b>131,627</b>
Indirect Expenses	22,575	22,575	22,575	22,575	22,575	22,575	22,575	22,575

<b>TOTAL Enterprise Direct Expenditures</b>	<b>738,875</b>	<b>763,897</b>	<b>832,669</b>	<b>844,333</b>	<b>794,964</b>	<b>808,227</b>	<b>836,192</b>	<b>821,865</b>
<b>TOTAL Enterprise Indirect Expenditures</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>	<b>111,739</b>
<b>Enterprise Surplus/(Shortfall)</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## DEBT

	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
GF Debt Service	827,790	915,956	805,191	1,015,355	326,591	317,074	304,677	294,925
GG Excluded Debt Service	3,419,087	3,578,643	3,203,104	3,053,283	3,828,331	3,614,387	3,539,999	3,450,737
GG Short-term Interest								
GG Debt Issue Expense								
<b>Total Debt</b>	<b>4,246,877</b>	<b>4,494,599</b>	<b>4,008,295</b>	<b>4,068,638</b>	<b>4,154,922</b>	<b>3,931,461</b>	<b>3,844,676</b>	<b>3,745,662</b>

Title V Septic Program (MWPAT) ①				2,761	2,761	2,761		
Municipal loan 2007-Shaw Land ①②				235,000	235,000	235,000	235,000	235,000
2014 Capital plan ①				96,000				
Tennis Courts ①②				150,000				
ELC/ES Driveway ①②				75,000				
Engine #2 ①②				350,000				
<b>TOTAL GF Debt Service Principal</b>				<b>908,761</b>	<b>237,761</b>	<b>237,761</b>	<b>235,000</b>	<b>235,000</b>

Title V Septic Program (MWPAT) ①								
Municipal loan 2007-Shaw Land ①②				98,230	88,830	79,313	69,677	59,925
2014 Capital plan ①				1,197				
Tennis Courts ①②				1,870				
ELC/ES Driveway ①②				934				
Engine #2 ①②				4,363				
<b>Total GF Debt Service Interest</b>				<b>106,594</b>	<b>88,830</b>	<b>79,313</b>	<b>69,677</b>	<b>59,925</b>
<b>Total GG Debt Service</b>	<b>827,790</b>	<b>915,956</b>	<b>805,191</b>	<b>1,015,355</b>	<b>326,591</b>	<b>317,074</b>	<b>304,677</b>	<b>294,925</b>

Manchaug treatment plant MWPAT ①				429,729	444,378	495,520	506,655	508,720
MS/HS Construction ①				1,295,000	1,295,000	1,295,000	1,295,000	1,295,000
MS/HS Construction ①				250,000	250,000	250,000	250,000	250,000
ELC roof ①				130,000	130,000			
MS/HS Construction BAN								
Police Station-preliminary ③					435,000	435,000	435,000	435,000
<b>Total GF Excluded Principal</b>				<b>2,104,729</b>	<b>2,554,378</b>	<b>2,475,520</b>	<b>2,486,655</b>	<b>2,488,720</b>

Manchaug treatment plant MWPAT ①				83,216	66,166	12,654	3,507	2,754
MS/HS Construction ①				758,688	719,837	668,038	616,237	551,488
MS/HS Construction ①				96,250	91,250	86,250	81,250	75,000
ELC roof ①				10,400	5,200			
MS/HS Construction BAN								
Police Station-preliminary ③					391,500	371,925	352,350	332,775
<b>Total GF Excluded Interest</b>				<b>948,554</b>	<b>1,273,953</b>	<b>1,138,867</b>	<b>1,053,344</b>	<b>962,017</b>
<b>Total GF Excluded Debt Service</b>	<b>3,419,087</b>	<b>3,578,643</b>	<b>3,203,104</b>	<b>3,053,283</b>	<b>3,828,331</b>	<b>3,614,387</b>	<b>3,539,999</b>	<b>3,450,737</b>

- ① From bank debt service schedules provided by the town  
 ② Funded in full or partially with capital stabilization funds  
 ③ Preliminary projected amounts until final borrowing completed

## FY2018 CAPITAL PLAN

dept #	Dept.	Project Name	Category	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
124	Capital Outlay	Rufus Putnam roof	Building			20,000					
124	Capital Outlay	Blackstone St bridge S-33-005 easement	Land			10,000					
124	Capital Outlay	Repeater and equipment Cell Tower	Equipment				30,000				
124	Capital Outlay	Install meeting room table	Building				20,000				
124	Capital Outlay	Repair & Side Coupler	Building				25,000				
124	Capital Outlay	Unity Playground Wilkes	Building				10,000				
124	Capital Outlay	Vets Field Manchaug	Building				10,000				
142	Assessors	Cyclical Revaluation	Professional			180,000			80,000		
146	TC	digitize payroll records	Planning				20,000				
155	DP	Replace computers	Equipment			15,000					
155	DP	Computer server	Equipment				8,000				
155	DP	Phones	Equipment				18,000				
162	Elections	Devices to assist Early Voting	Equipment				5,300				
172	Waters Farm	Roof	Building								
172	Waters Farm	chimney	Building				50,000				
175	Planning	Shaw Lane/Lot upgrade	Planning								
175	Planning	Marion's Camp water/bldg improvements	Building	50,000							
175	Planning	Comprehensive Waste Management Plan	Planning		36,500						
175	Planning	Marion's camp narrative signs	Signage				8,700				
175	Planning	Shaw farm track feasibility	Planning				34,000				
192	Public Buildings	TH windows	Building								
192	Public Buildings	Solar panels	Equipment								
192	Public Buildings	LED TH sensor lights	Equipment	10,000							
192	Public Buildings	Purchase and install LED street lights	Equipment		109,000						
<b>TOTAL General Government</b>				<b>60,000</b>	<b>145,500</b>	<b>225,000</b>	<b>239,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>-</b>
210	Police	Vehicle replacement	Rolling stock	35,000	70,000	75,000	60,000	60,000	75,000	75,000	75,000
210	Police	Station video recording system	Equipment	6,500							
210	Police	New station feasibility	Planning	50,000							
210	Police	New station design & engineering	Building			500,000					
210	Police	Radios	Equipment		6,500						
210	Police	Mobile data terminals	Equipment			10,000	9,000	9,000	10,000		
210	Police	AEDs	Equipment				10,000				
<b>Subtotal Police</b>				<b>91,500</b>	<b>76,500</b>	<b>585,000</b>	<b>79,000</b>	<b>69,000</b>	<b>85,000</b>	<b>75,000</b>	<b>75,000</b>
220	Fire	SCBA equipment	Equipment	80,000	76,000						
220	Fire	Fire engine	Rolling stock	borrowing							
220	Fire	Replace forestry 1--equipment	Rolling stock			90,000					
220	Fire	LED lights in bays Stat 2 & 3	Building				5,000				
220	Fire	Replace garage towards Sta. 1	Building				14,000				
220	Fire	new skid unit for forestry truck	rolling stock				46,000				
220	Fire	Replace hose and motorboat	Equipment					60,000			
220	Fire	Replace Jaws of life	Equipment						40,000		
220	Fire	Replace engine 3 and equipment	Rolling stock							borrowing	
220	Fire	Replace portable radios	Equipment								150,000
220	Fire	replace Car One	Rolling stock								80,000
<b>Subtotal Fire</b>				<b>80,000</b>	<b>76,000</b>	<b>90,000</b>	<b>65,000</b>	<b>60,000</b>	<b>40,000</b>	<b>-</b>	<b>230,000</b>
Other											
<b>Subtotal Other Services</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL Public Safety</b>				<b>171,500</b>	<b>152,500</b>	<b>675,000</b>	<b>144,000</b>	<b>129,000</b>	<b>125,000</b>	<b>75,000</b>	<b>305,000</b>
300	Schools	Asbestos remediation SCEL	Building								
300	Schools	Safety equipment	Equipment								
300	Schools	Tile elementary and ELC classes	Building								
300	Schools	Building security	Equipment	40,000	30,000	30,000	20,000				
300	Schools	Fire alarm radio box	Equipment	10,000							
300	Schools	Math textbooks	Rolling stock	40,000							
300	Schools	Replace tennis courts	Land	borrowing							
300	Schools	Replace tennis courts	Land		7,054						
300	Schools	ES/ELC driveway repair \$200,000	Land			borrowing					
300	Schools	Replace walk in cooler elementary school café	Equipment			40,000					
300	Schools	Technology Replacement	Equipment	70,000	60,000	66,000	60,000	80,000	80,000	80,000	80,000
300	Schools	Wheelchair lift ELC auditorium	Equipment			22,000					
300	Schools	4 filters wastewater plant	Equipment				33,000				
300	Schools	ELC boiler replacement	Equipment				100,000				
300	Schools	ELC sidewalk replacement	Land				30,000				

*Continued on Next Page*

dept#	Dept.	Project Name	Category	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
300	Schools	28 inch wide on floor scrubber or ELC and elem	Equipment					13,000			
300	Schools	Double door ES band entrance	Building					25,000			
300	Schools	ELC auditorium stairs railing	Building					15,000			
300	Schools	Hot water heater ES	Equipment					22,000			
300	Schools	Hot water heater ES	Building					22,000			
300	Schools	Large chiller for ES	Building					200,000			
300	Schools	Replace ES Gym flooring	Building					112,000			
300	Schools	ES boiler replacement	Building						100,000	100,000	
300	Schools	Finish ELC driveway	Building						75,000		
300	Schools	ELC RTU unit three Replacement	Equipment							25,000	
300	Schools	Storage for outdoor fields	Building							50,000	
300	Schools	Replace three light poles basketball courts	Equipment							75,000	
300	Schools	Outdoor bleachers	Equipment							15,000	
300	Schools	ELC RT RTU 1 and 2 replace	Equipment								25,000
300	Schools	ELC RTU 4	Equipment								15,000
300	Schools	Replace second more	Equipment								45,000
300	Schools	ELC handicap accessible upgrades	Building								20,000
300	Schools	MS school sign replacement	Equipment								25,000
<b>TOTAL Education</b>				<b>160,000</b>	<b>97,054</b>	<b>158,000</b>	<b>243,000</b>	<b>489,000</b>	<b>255,000</b>	<b>345,000</b>	<b>210,000</b>
422	Highway	GPS units	Equipment								
422	Highway	Two sander/spreader units	Equipment	borrowing							
422	Highway	4X4 Pickup with plow	Rolling stock	borrowing							
422	Highway	Replace Dump body #16 basin cleaner	Equipment			18,500					
422	Highway	Sander body and plow	Equipment		45,000	48,000					
422	Highway	Replace 2001 #14 Truck small dump w/ plow	Equipment				70,000				
422	Highway	Replace Backhoe	Rolling stock					140,000			
422	Highway	Replace Chipper	Rolling stock					55,000			
422	Highway	Dump #12	Rolling stock						150,000		
422	Highway	Snow equipment for #12	Equipment						50,000		
422	Highway	Wheel Loader	Rolling stock						200,000		
422	Highway	New Highway Facility \$6,000,000	Building						borrowing		
422	Highway	Dump #9	Rolling stock							155,000	
422	Highway	Snow equipment for #9	Equipment							55,000	
422	Highway	replace #17 1 ton pickup	Rolling stock								75,000
422	Highway	Snow equipment for number nine replacement	Equipment								55,000
<b>Subtotal Highway</b>				<b>-</b>	<b>45,000</b>	<b>66,500</b>	<b>70,000</b>	<b>195,000</b>	<b>400,000</b>	<b>210,000</b>	<b>130,000</b>
491	Cemetery	Vehicle	Rolling stock	37,000							
491	Cemetery	Purchase land Pigeon Hill Cemetery	Land				22,000				
491	Cemetery	Paving Pigeon Hill Rd/survey	Land				28,000				
<b>Subtotal Cemetery</b>				<b>37,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL Public Works</b>				<b>37,000</b>	<b>45,000</b>	<b>66,500</b>	<b>120,000</b>	<b>195,000</b>	<b>400,000</b>	<b>210,000</b>	<b>130,000</b>
610	Library	New library \$5,000,000	Building					borrowing			
631	Lake Singletary	Algae management project	Water	7,500							
<b>TOTAL Culture &amp; Recreation</b>				<b>7,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
441	Sewer	Ford F-350	Rolling stock								
441	Sewer	Solar panels	Equipment								
441	Sewer	Motors/valves/flow meters	Equipment	35,000							
441	Sewer	Generator	Equipment		42,000						
441	Sewer	Infiltration & Inflow study, phase 1	Planning			20,000					
441	Sewer	Replace SCADA computer & software	Equipment			18,400					
441	Sewer	Sewer extension feasibility study	Planning			15,000					
441	Sewer	Infiltration & Inflow study, phase 2	Planning				10,000				
441	Sewer	Truck Replacement	Rolling stock				50,000				
<b>TOTAL Sewer</b>				<b>35,000</b>	<b>42,000</b>	<b>53,400</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
445	Transfer Sta.	Replace Trash Containers	Equipment			14,000					
445	Transfer Sta.	Replace Glass Container	Equipment			6,000					
445	Transfer Sta.	Replace second Compactor	Equipment				7,500				
445	Transfer Sta.	Replace tin container	Equipment					6,500			
445	Transfer Sta.	Replace paper container	Equipment						7,500		
445	Transfer Sta.	Station	Equipment							25,000	
<b>TOTAL Transfer Station</b>				<b>-</b>	<b>-</b>	<b>20,000</b>	<b>7,500</b>	<b>6,500</b>	<b>7,500</b>	<b>25,000</b>	<b>-</b>
<b>Total Capital Plan</b>				<b>471,000</b>	<b>482,054</b>	<b>1,197,900</b>	<b>813,500</b>	<b>819,500</b>	<b>867,500</b>	<b>655,000</b>	<b>645,000</b>

## **SAMPLE POLICIES**

### **INDIRECT COST ALLOCATION**

#### **PURPOSE**

To ensure all indirect costs associated with the Town's sewer and transfer station enterprise funds are allocated in a manner that is reasonable and equitable, reflects true shared costs, and is easily replicable from year to year, this policy provides guidelines for the calculation, allocation, and review of those costs.

As enterprise funds, the accounting for these funds is recorded and managed separately from the general fund. These operations have separate financial statements so that their revenues and expenses are not commingled with those of all other governmental activities. Consolidating each program's direct and indirect costs, debt service, and capital expenditures into its own distinct, segregated fund allows the Town to demonstrate to the public the true, total cost of providing the particular utility.

#### **APPLICABILITY**

This policy applies to the Town Administrator, Town Accountant, and the Sewer Commission.

#### **POLICY**

As part of the annual budget process, the Town Administrator and Town Accountant will calculate the indirect costs to the general fund of the Town's sewer and transfer station departments and will review the calculation with the Sewer Commissioners until there is mutual agreement on the resultant totals and signify the agreement in writing. The calculation will take into account expenses for sewer and transfer station personnel budgeted in the general fund, as well as the enterprise related expenses of the Town departments that provide administrative services to the enterprise departments, which include the Town Administrator, Town Accountant, Treasurer, Collector, Human Resources, Legal Services, Data Processing and Highway departments.

The Town Accountant will calculate indirect costs using the most recent fiscal year's appropriations and based on one or more of the following methodologies: actual, transactional, estimated support, and proportional. The following expenses shall be included in the calculations:

- Benefits for active and retired employees, including insurances, Medicare tax, unemployment, and workers' compensation
- Pension Costs
- Vehicle insurance
- Property insurance
- Administrative costs
- Other costs that may be considered and agreed to, such as: materials, supplies, software, infrastructure, and fuel

The Town Accountant will maintain written instructions detailing the calculation methodology and track and record operating transfers between the relevant funds. There are four different indirect cost allocation methods.



1. **Actual cost** uses specific schedules to provide documentation of indirect costs, which generally include non-debt excluded debt service and life, health, and property insurances.
2. The **transaction-based** method is calculated based on the number transactions attributed to a service as a percentage of the whole. For example, the number of bills issued by the collector for sewer service as a percentage of the total bills issued. This percentage is applied against the collector's total budget, including health and life insurance, Medicare, retirement, and any workers' compensation attributable to the department.

$$\frac{\text{Number of transactions for the Sewer Department}}{\text{Total number of transactions processed by the non-enterprise department}} \times \text{Total budget plus benefits of the department processing transactions for the enterprise} = \text{Indirect Departmental Salaries}$$

3. A department or official may be able to provide a reasonable **estimate of support**, or estimate of the average time spent to support a particular service. For example, the town administrator estimates that he/she spends on average of 2 percent of his/her time, on sewer-related activities (e.g., board meetings, sewer commitment/billing, administration of grants, and clerical tasks). This percentage is applied against the department's or official's salary and benefits, including health and life insurance, Medicare, retirement, and any workers' compensation.

$$\frac{\text{Hours worked on enterprise activities per year by individual(s)}}{\text{Total hours worked per year by individual(s)}} \times \text{Salary and benefits of individual(s) working on enterprise activities} = \text{Indirect Departmental Salaries}$$

Any department's or official's expenses related to sewer activities are charged directly to the sewer budget.

4. The **proportional** method is a straightforward calculation of the sewer department's direct budget (net of debt) as a percentage of the gross general fund (net of debt) and enterprise fund (net of debt) budgets. This percentage is applied against a town department's budget, including employees' benefits, that provides support to the sewer department.

## REFERENCES

Division of Local Services Guidance: [Costing Municipal Services: Workbook and Case Study](#)

Government Finance Officers Association (GFOA) Best Practice: [Taking Advantage of Indirect Cost Allocations](#)

GFOA Best Practice: [Measuring the Full Cost of Government Service](#)

## EFFECTIVE DATE

This policy was adopted on [ ]

## **FORECASTING**

### **PURPOSE**

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for evaluating revenue sources and the requirement to determine an expenditure strategy as part of the annual budget process and longer range fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions.

### **APPLICABILITY**

This policy applies to the Board of Selectmen and Finance Advisory Committee in their budget analysis and decision-making responsibilities. It also applies to the job responsibilities of the Town Administrator, Town Accountant and the managers of all revenue-generating departments.

### **POLICY**

#### **A. Revenue Guidelines**

The Town will continuously seek to diversify its revenue to improve the equity and stability of sources. Each year and whenever appropriate, the Town will reexamine existing revenues and explore potential new sources. A balance will be sought between elastic and inelastic revenues to minimize any adverse effects caused by inflation or other economic changes. Additionally, intergovernmental revenues (e.g., local aid, grants) will be reviewed annually to determine their short- and long-term stability in order to minimize detrimental impacts.

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. These one-time revenue sources can include, but are not limited to, free cash, overlay surplus, sale of municipal equipment, legal settlements, insurance proceeds, and gifts. Additionally, the Town hereby establishes the following priority order when appropriating one-time revenues:

- General stabilization fund
- [Capital stabilization fund]
- [Special education stabilization fund]
- [Cash capital budget]
- [OPEB trust fund]
- [Other]

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenue. In such cases, the own Administrator, in consultation with the Town Accountant, can recommend to the Board of Selectmen its use for operational appropriations. Such use will trigger the Town Administrator to develop an action plan with the Town Accountant to avoid continued reliance on one-time revenues.

State laws impose further restrictions on how certain types of one-time revenues may be used. The Town will consult the following General Laws when the revenue source is:

- Sale of real estate: [M.G.L. c. 44, § 63](#) and [M.G.L. c. 44, § 63A](#)
- Gifts and grants: [M.G.L. c. 44, § 53A](#) and [M.G.L. c. 44, § 53A½](#)

This policy further entails the following expectations regarding revenues:

- The Assessing Department will maintain property assessments for the purpose of taxation at full and fair market value as prescribed by state law.
- Town departments that charge fees will annually review their fee schedules and propose adjustments when needed to ensure coverage of service costs.
- Enterprise fund departments will set rates for operations sufficient to cover all their direct, indirect, and capital improvement costs on self-supporting basis.
- The Building Department will notify the Town Administrator of any moderate-to-large developments that could impact building permit volume.
- Department heads will strive to seek out all available grants and other aid and will carefully consider any related restrictive covenants or matching requirements (both dollar and level-of-effort) to determine the cost-benefit of pursuing them.
- Revenue estimates will be adjusted throughout the budget cycle as more information becomes available.

#### B. Expenditure Guidelines

Annually, the Town will determine a particular budget approach for forecasting expenditures, either maintenance (level service), level funded, or one that adjusts expenditures by specified increase or decrease percentages (either across the board or by department). A maintenance budget projects the costs needed to maintain the current staffing level and mix of services into the future. A level-funded budget appropriates the same amount of money to each municipal department as in the prior year and is tantamount to a budget cut because inflation in mandated costs and other fixed expenses still must be covered.

#### C. Financial Forecast Guidelines

To determine the Town's operating capacity for each forthcoming fiscal year, the Town Administrator with the Town Accountant will annually create a detailed budget forecast. The Town Administrator will also annually prepare a [five]-year financial projection of revenues and expenditures for all operating funds. These forecasts will be used as planning tools in developing the following year's operating budget as well as the five-year capital improvement plan.

To ensure the Town's revenues are balanced and capable of supporting desired levels of services, forecasts for property taxes, local receipts, and state aid will be conservatively based on historical trend analyses and will use generally accepted forecasting techniques and appropriate data. To avoid potential revenue deficits, estimates for local receipts (e.g., inspection fees, investment income, license fees) should generally not exceed [90] percent of the prior year's actual collections without firm evidence that higher revenues are achievable.

Additionally, the Town's forecast model should assume that:

- The current level of services will be maintained.
- Property taxes (absent overrides) will grow at the limits of Proposition 2½.

- New growth will be projected conservatively, taking into account the Town's five-year average by property class.
- Local receipts and state aid will reflect economic cycles.
- Historical trends in the growth of specific operating expenses and employee benefits will prevail.
- Potential cost-of-living adjustment estimates for the impact of future compensation increases are included.
- Debt service on existing debt will be paid, and the Town's Capital Planning and Debt Management policies will be followed.
- Annual pension contributions and appropriations to amortize other postemployment benefit liabilities will continue.
- Reserves will be built and maintained in compliance with the Town's Financial Reserves policy.

#### **REFERENCES**

[M.G.L. c. 44, § 20](#)

[M.G.L. c. 44, § 53A](#)

[M.G.L. c. 44, § 53A½](#)

[M.G.L. c. 44, § 63](#)

[M.G.L. c. 44, § 63A](#)

Town of Sutton policies on Capital Planning, Debt Management, and Financial Reserves

DLS Best Practice: [\*Revenue and Expenditure Forecasting\*](#)

DLS Bulletin 2013-01B: [\*Bond Premiums and Debt Exclusions\*](#)

Government Finance Officers Association article: [\*Structuring the Revenue Forecasting Process\*](#)

#### **EFFECTIVE DATE**

This policy was adopted on [date].