

Part II

FINANCE SECTION

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NOTE: This year the Finance Committee began an effort to make financial reporting in the warrant easier to understand. Please send your suggestions to FinCom@Sudbury.Ma.Us

Please use the following link to the Finance Committee section of the Town’s website for additional information:

<https://sudbury.ma.us/financecommittee/>

FY22 Finance Committee Report:

Finance Committee Budget Report

This report, and the pages that follow, are intended to assist residents in understanding Sudbury's fiscal year 2022 ("FY22") budget, from July 1, 2021 to June 30, 2022, and the related financial articles that will be presented to you at Town Meeting. We believe, above all, that the participation of an informed voter is essential to the success of Sudbury's democratic process and continued fiscal health.

The Finance Committee's ("FinCom") mission is to make objective and concise recommendations to Town Meeting on the annual budget and any other finance-related warrant articles. To achieve this mission, the Committee reviews and considers any matter that may have a long- or short-term fiscal impact on the Town and communicates with other Town Boards, the Town Manager, the Finance Director, the Superintendents of SPS and LSRHS, and others as needed for the purpose of gathering relevant and accurate information for evaluation, debate, and the formulation of a recommendation.

FinCom is an independent volunteer body appointed by the Town Moderator. The numbers contained in this document are based on FinCom's or Finance Director's calculations as of March 22, 2021, and in some cases are approximations to explain the budget concisely. Please refer to the actual warrant articles which will be voted for exact amounts.

Budget Summary and Recommendation

There are three cost centers that make up the Operating Budget (Article 3): Sudbury Public Schools; Lincoln-Sudbury Regional High School; and the Town Departments. Additional items in the Operating Budget include: The Town's debt service, contributions to the OPEB (other post-employment benefits) Trust Fund for the Town and SPS, and employee benefits for the Town Departments and SPS. The budget for Article 3 of the Warrant is \$107,093,084.

The Finance Committee's deliberation process was thorough, spanning 22 meetings, multiple budget hearings and presentations, and 217 documented questions and responses.

FinCom voted 8-0 to recommend approval of the FY22 budget, representing an increase of 1.40% over FY21 and fitting within the no-override limits of Proposition 2 ½.

- SPS' budget increased 2.58% YoY, to \$40,630,742
- Sudbury's share of the LSRHS budget increased 2.31% YoY, to \$27,330,369
- The Town Departments' operating budget increased 0.89% YoY, to \$21,868,304

FinCom’s budget analysis focused on understanding the year over year changes, including deeper analysis on line items with significant changes. In addition, FinCom worked collaboratively with the above-mentioned cost centers to analyze and seek feedback on line items generating budget pressure during both the present and future budget years. FinCom has highlighted key changes to the budgets in the following sections.

Budget for Town Departments

The Town of Sudbury’s operating budget for Town Departments will increase \$193,426, a modest 0.89% increase over FY21.

Item	YoY Change (\$)	YoY Change (%)
Education -- Vocational	\$15,400	2.8%
General Government	\$71,849	2.26%
Public Safety	\$193,437	2.10%
Public Works	\$91,712	1.64%
Human Services	\$37,953	4.05%
Culture and Recreation	(\$11,542)	-0.76%
Town-Wide Operating and Transfers	(\$205,383)	-29.92%
TOTAL INCREASE	\$193,426	0.89%

Cost of Living Adjustments (COLA) are increases for union employees detailed in three-year collective bargaining contracts. Current contracts end in FY21, and the COLA for FY22 has not yet been determined. In addition to salaries, the Town also pays health benefits, which can vary from year to year. The Town is currently covered by the Group Insurance Commission, which is a statewide insurance program for state and local employees.

FinCom appreciates the thoughtful effort from the Town administration and departments to provide a non-override budget, noting the following strengths:

- Carrying excess levy capacity to reduce taxpayer burden during uncertain times
- Establishing improved capital planning and financial policies as the Select Board’s top goal for this year
- Absorbing costs related to previously added fire personnel into the budget, following the phased reduction of \$90,000 in funds from the SAFER grant
- Adding OPEB contribution back into the levy. It was mostly funded by free cash in FY21 to provide additional tax relief due to COVID-19 uncertainties
- Long-term capital planning by the Department of Public Works proactively anticipating needs

- Successful management of the FY22 budget process by the Town Manager and Finance Department, given many unpredictable challenges from an extended FY21 budget process due to COVID-19

FinCom notes the following areas of concern:

- Significant need for improved 5 and 15-year capital planning related to policies, documentation of maintenance and replacement costs, updated asset inventories, and communication across all departments and cost centers
- FY22 COLA costs are not known as the contracts are not yet settled
- Significant portion of the Town Manager's capital budget is still being funded by free cash, rather than being funded within the levy. This is meant to be a short-term change to provide relief to taxpayers due to COVID-19
- Potential unplanned COVID-19 expenses might not be covered by State and Federal funding
- Significant need for improved financial management policies
- Need for FTEs as well as budgeted dollars to be reported in order to see year over year changes

Due to pressures associated with an accelerated timeline and in part to somewhat unpredictable COVID-19 impacts, the overall budget process was compressed. This required FinCom adding more meetings to fully conclude our FY22 budget and Warrant Articles assessment.

Sudbury Public Schools Budget

The Sudbury Public Schools (SPS) budget represents an increase of 2.58%, or approximately \$1,022,000. FinCom observed a strong budgeting effort from SPS for FY22, especially in the following areas:

- Adopting a proactive approach to support students with needs related to educational progression due to COVID-19, through its proposed SMILE program and other investments
- Restoring three custodians to the budget to support short and long-term needs
- Successfully meeting the increased needs of students by adding curriculum in number theory, aligning algebra sections to guidance, and increasing student services where necessary

In addition to awaiting final numbers from the pending contract negotiation with the teachers' union and COLA increases, FinCom has identified a few areas of concern for the SPS budget, such as

- Evaluation of the need for additional reporting on the use of circuit breaker funds to understand the impact on the SPS budget
- Potential for unplanned COVID-19 expenses not being covered by State and Federal funding, e.g., pool testing
- Continued need for better capital planning within SPS, along with improved coordination with the Town pertaining to the long-term capital plan
- Need for FTEs as well as budgeted dollars to be reported in order to see year over year changes

Lincoln Sudbury Regional High School Budget

The LSRHS assessment to Sudbury increased 2.31% for FY22, or approximately \$618,000. This reflects a reduction in the percentage of LSRHS' budget that is assessed to Sudbury as compared to the prior year. For FY22, LSRHS was able to negotiate a one-year agreement with its teachers' union for a 0% COLA. In addition, LSRHS provides health insurance benefits to its employees separately from the Town and SPS. LSRHS and its union agreed on a new health benefits plan that resulted in an FY22 5.8% reduction in health care costs.

FinCom sees positives from the LS budgeting effort for FY22, especially in the following areas:

- Managing COVID-related expenses utilizing State and Federal grants
- Absorbing a large unexpected increase in out of district (OOD) costs while expanding Mandarin language and Computer Science offerings
- Improving student services while substantially reducing OOD costs with LS Academy
- Negotiating a 1-year contract extension with staff for 0% Cost of Living Adjustment (COLA) for FY22
- Renegotiating health benefits with approval of teachers to substantially reduce costs, amounting to savings of 5.8% YoY
- Demonstrating strong capital planning and management

FinCom has also identified a few areas of concern within the LS budget, including

- Potential need to resort to further use of Excess and Deficiency (E&D) Funds to manage OOD costs in the current budget year. E&D funds are the equivalent of free cash for the high school and these funds should not typically be used for operational expenses. LSRHS has been proactive in managing this situation.
- Potentially diminished circuit breaker carryover which could create an issue in FY22, if there are insufficient funds to manage unexpected OOD costs
- Potential for unplanned COVID-19 expenses not being covered by State and Federal funding, e.g., pool testing
- Maintaining or increasing OPEB contributions in the future
- Potentially putting pressure on FY 23 budget having used many of the levers available to close the budget gap this year
- Need for FTEs as well as budgeted dollars to be reported in order to see year over year changes

In addition, some members of the FinCom believe a review of the regional agreement between Sudbury and Lincoln should be prioritized.

Other impacts to the Town Operating Budget

OPEB

Currently, the Town and SPS pay health care benefits to retirees on a pay-as-you-go basis. Taking all current and future retirees from the Town and SPS and estimating the amount of benefits to be covered over their lifetime yields a future obligation of approximately \$91,748,227. Trust Fund assets are \$8,555,842, making the net accrued liability \$83,192,385.

Ideally, the Town mitigates this liability by putting aside some amount of money each year to cover the current employees' post-employment benefits. Sudbury had continued to make progress towards this by increasing the OPEB contribution each year for both the Town and SPS.

In FY21 due to COVID-19 impact to the overall budget, the OPEB contribution for the Town and SPS was reduced to \$468,382 and funded by free cash. In FY22 the OPEB contribution has been returned to \$625,000, well within the Town's target funding range, and is once again being funded inside the levy.

Benefits

The cost of benefits for Town and SPS staff increased \$533,895 (3.9%) over the prior year.

Debt Service

The debt service decreased by \$1,043,207; however, \$1,605,767 of the FY21 debt service was funded with an MSBA (Massachusetts School Building Authority) reimbursement. MSBA reimbursement stopped after FY21; therefore, continuing debt service funded by real estate taxes in FY22 has increased by \$562,560.

Capital

Capital spending in the Town supports everything from DPW equipment to refrigeration units, IT equipment, Town facilities, and buildings. There are several sources of funding for capital. Capital is presented in several different segments including the Town Manager's Capital Budget (Article 4) as well as individual warrant articles for capital projects exceeding \$100,000, predominantly submitted by DPW and CPC.

In April of 2020, the Division of Local Services (DLS) conducted a review of Sudbury's Capital Improvement Program and compared it to what it considers to be best practices. As part of this review, DLS recommended significant improvements to ensure Sudbury's capital assets can cost effectively sustain the Town's desired service levels into the future. FinCom is eager to see progress towards this end.

Town Manager Capital Budget

For FY22, the Town Manager has a list of capital improvement items that total \$1,102,180. This year, in consideration of the COVID-19 impact from the prior fiscal year and to avoid placing additional burden on Sudbury taxpayers, the Town is proposing to cover \$900K of capital spending from free cash within this budget and only fund the remaining \$202,180 through the tax levy. FinCom would like to see increased progress towards funding more capital within the levy in the future.

Capital Funding Sources

Tax Levy

Typically, the tax levy is the funding source for the Town Manager's Capital Budget, as well as limited debt service. In FY21 and FY22 the Town Manager's Capital Budget is being funded mostly by free cash to mitigate tax increases in light of COVID-19. The hope is to return the Town Manager's Capital Budget to being supported by the levy as soon as possible.

Free Cash

Free Cash is the unencumbered fund balance in the General Fund at the end of a fiscal year. This money is often due to expenses being less than appropriations for a particular budget item, or revenue exceeding expectation. Free cash is normal and healthy in a properly administered Town budget. One of the recommended uses of free cash is asset purchases. Free cash is also used to maintain the level of the Town's stabilization fund at 5% of the operating budget.

The free cash available as certified by the Commonwealth of Massachusetts as of 7/1/2020 was \$4,249,754. FinCom does not establish funding sources in the budget but will opine on the appropriateness of those sources. FinCom agrees with the Town's proposal for FY22 to spend \$2,827,500 on the Town Manager's Capital Budget and additional capital articles.

Capital Exclusion

In addition to using free cash to pay for capital items, Town Meeting may also vote to use a capital outlay expenditure exclusion (capital exclusion) to raise taxes for one year, above the proposition 2 ½ limit, to purchase a major capital item. This capital exclusion must be affirmed by a majority of voters at a town election. There are no capital exclusions for Town Meeting.

Debt Exclusion

Town Meeting may also vote to authorize a debt exclusion to raise taxes above the proposition 2 ½ limit for a multi-year project. This debt exclusion must also be approved by a majority vote at a town election.

As of the writing of this report to the Town for the Warrant, the only debt exclusion we expect may be proposed for Town Meeting is the funding decision on Construction of Housing/Living Addition at Fire Station #2 (Article 16).

CPC Spending

The final source of funding involves articles presented by the Community Preservation Committee (CPC), which is charged with administering the Town's CPA funds and allocating them to fund projects meeting statutory criteria. The Town's CPA funds are the result of a tax surcharge residents pay of 3% above and beyond the levy, and a portion of matching funds from the State which vary from year to year. Articles for these projects may not be amended at Town Meeting. For FY21, final state match has increased from the prior year to 31.4%. Each year, at least 10% of CPA funds must be spent or set aside for each of the following categories: open space and recreation, community housing, and historic preservation, and 5% is allowable for administrative costs.

The CPC can spend available cash it has on hand or it can raise debt, both with the approval of Town Meeting. The amount of debt the CPC can raise is limited by cash flow coming into the fund each year from the Town once current annual debt service is covered.

The CPC is projected to collect an estimated \$2.55M in FY22 from tax revenues. Of this, \$127,500 can be spent on administration. After paying current debt service of \$1,093,035, for past purchases such as Cutting and Dickson, Libby, Nobscot, Pantry Brook and Johnson Farm, this leaves about \$1.33M for new projects, including Feeley Field Improvements (Phase I, FY22) and Smile Playground Improvements. (FinCom's recommendation to support Feeley Field Improvements (Phase I, FY22) does not reflect an opinion on Phase II of the proposed project, as that design is not yet complete, and costs are not fully estimated.)

Sudbury is projected to have a CPA fund cash balance of approximately \$6.23M as of 6/30/21.

Your Property Tax Bill

Under the non-override FY22 budget proposed by the Town and its cost centers, the estimated tax increases for an average residential property in Sudbury (assessed at \$745,255 as of FY21) would consist of

- \$327, attributed to the FY22 operating budget increase.
- \$69, attributed to debt exclusion increase.
- \$31, attributed to the FY22 capital budget increase.

The overall property tax increase for the average residential property is projected to be \$427 or 3.04% YoY for an average residential property in Sudbury, from \$14,033 in FY21 to \$14,460 in FY22. These increases do not account for the CPA 3% surcharge, or future bonding costs related to recently approved debt exclusions such as for the Fairbank Community Center, which will be bonded in future years. In addition, they do not account for any potential Debt Exclusion for the Fire Station #2 project (Article 16), because the funding source proposal has not been proposed as of the writing of this report.

Conclusion

The Town is in good financial condition in terms of our ability to fully fund the operation of the Town and Schools and maintain our AAA bond rating. We continue to grapple with both the direct and indirect impacts of COVID-19. The Finance Committee believes that implementing best practices related to our Capital Improvement Plan and updating financial policies, consistent with the recommendations of the Division of Local Services, should be a high priority for the Town. The Town does have high taxes, high dependency on residential taxes, and

consistent growth in taxes. We seek to provide information in this Warrant to help taxpayers understand relevant issues so we can make informed choices going forward.

The FinCom expended substantial effort this year to onboard and train new members, updated our rules and operating procedures, clarified and documented ownership of the budget process, and began revamping and simplifying the Finance Section of the Warrant. We made a lot of progress this year, and our work will continue to ensure we provide Town Meeting with an understanding of the budgetary risks and challenges. Continued progress is only possible through collaboration with the Town Manager, Finance Department, and Select Board, and we are thankful for their service and the strides made this year.

Respectfully submitted,

Susan Berry

Ron Brumback

Blair Caple

Howard Feng

Michael Joachim

Jean Nam

Eric Poch (Co-Chair)

Sonny Parente

Scott Smigler (Co-Chair)

FY22 Town Meeting Warrant Data Summary:

FY21 MONIED ARTICLES WITH FINANCE COMMITTEE RECOMMENDATIONS

<u>Article</u>	<u>Description</u>	<u>Requested Amount</u>	<u>Finance Committee Recommendation</u>
3	FY22 Budget	\$ 107,093,804	Approval
4	FY22 Capital Budget	\$ 1,102,180	Approval
5	FY22 Transfer Station Enterprise Fund Budget	\$ 309,103	Approval
6	FY22 Pool Enterprise Fund Budget	\$ 464,136	Approval
7	FY22 Recreation Field Maintenance Enterprise Fund Budget	\$ 230,786	Approval
8	FY22 Snow & Ice Transfer	TBD	Report at Town Meeting
9	Unpaid Bills	TBD	Report at Town Meeting
10	Chapter 90 Highway Funding (Consent Calendar)	N/A	Approval
11	Stabilization Fund	\$ 281,268	Approval
12	FY22 Revolving Fund Spending Limits (Consent Calendar)	N/A	Approval
14	Fund Litigation Costs - Eversource	\$ 150,000	Approval
16	Construction of Housing/Living Addition - Fire Station #2	\$ 4,300,000	Approval
17	Marlboro Road Culvert Replacement	\$ 400,000	Approval
18	Front End Loader with Plow	\$ 230,000	Approval
19	Multi-purpose Sidewalk Tractor	\$ 205,000	Approval
20	Six-wheel Combo Dump Truck with Plow and Wing	\$ 285,000	Approval
22	Means Tested Senior Tax Exemption Extension	N/A	Approval
23	Sudbury Public Schools COVID-19 Academic Program	\$ 309,540	Approval
24	Sudbury Public Schools Peter Noyes School Fire Alarm Replacement	\$ 220,000	Approval
25	LSRHS Stadium Field	\$ 337,500	Approval
29	Community Preservation Fund - Dr. Bill Adelson Playground Improvements	\$ 285,000	Approval
30	Community Preservation Fund - Frank Feeley Fields Improvements	\$ 386,000	Approval
31	Community Preservation Fund - Historic Preservation Plan	\$ 32,000	Approval
32	Community Preservation Fund - Housing Production Plan	\$ 36,000	Approval
33	Community Preservation Fund - Housing Trust Allocation	\$ 388,500	Approval
34	Community Preservation Fund - Regional Housing Services Office (RHSO) membership fee	\$ 30,000	Approval
35	Community Preservation Fund - Reversion of Funds	N/A	Approval
36	Community Preservation Fund - General Budget and Appropriations	\$ 1,137,178	Approval

ESTIMATED IMPACT ON FY22 RESIDENTIAL TAX BILL

ESTIMATED IMPACT OF TOWN MEETING SPENDING ON YOUR FISCAL 2022 TAX BILL					
				FY21 Average Property Value	
Property Value	100,000	300,000	500,000	745,255	1,000,000
FY21 Residential Tax Bill	1,883	5,649	9,415	14,033	18,830
FY22 Articles - Estimated Tax Impact:					
3 FY22 Budget:					
Operating Budget	44	132	219	327	439
Debt Exclusions	9	28	47	69	93
4 FY22 Capital Budget	4	12	21	31	41
FY22 Estimated Residential Tax Bill	1,940	5,821	9,702	14,460	19,403
FY22 Estimated Increase (%)	3.04%	3.04%	3.04%	3.04%	3.04%
THESE AMOUNTS ARE ESTIMATES AND MAY NOT CORRESPOND WITH THE FINAL FY22 TAX BILLS.					

Notes:

This chart shows the estimated tax impact of Town Meeting Articles in FY22. The columns shown above represent the FY21 average home value along with other valuations for reference.

This chart pertains to articles for which approval is sought at Town Meeting to raise required funds via tax levy.

To calculate the estimated tax bill for any specific residence, divide the assessed value of the residence by 100,000 and multiply that ratio by the tax impact in the column for \$100,000 residence value.

VALUE OF FREE CASH ARTICLES

VALUE OF TOWN MEETING ARTICLES IN RELATION TO FY21 TAX BILL (FREE CASH SPENDING - NO FY22 TAX IMPACT)							
Article	Amount	Property Value (FY21 Average Property Value is \$745,255)					
		100,000	300,000	500,000	745,255	1,000,000	
4	FY22 Capital Budget	900,000	18.00	54.00	90.00	134.15	180.00
11	Stabilization Fund	281,268	5.63	16.88	28.13	41.92	56.25
14	Fund Litigation Costs - Eversource	150,000	3.00	9.00	15.00	22.36	30.00
16	Construction of Housing/Living Addition - Fire Station #2	500,000	10.00	30.00	50.00	74.53	100.00
17	Marlboro Road Culvert Replacement	400,000	8.00	24.00	40.00	59.62	80.00
18	Front End Loader with Plow	230,000	4.60	13.80	23.00	34.28	46.00
19	Multi-purpose Sidewalk Tractor	205,000	4.10	12.30	20.50	30.56	41.00
20	Six-wheel Combo Dump Truck with Plow and Wing	285,000	5.70	17.10	28.50	42.48	57.00
23	SPS COVID-19 Academic Program	309,540	6.19	18.57	30.95	46.14	61.91
24	SPS Peter Noyes School Fire Alarm Replacement	220,000	4.40	13.20	22.00	32.79	44.00
25	LSRHS Stadium Field	337,500	6.75	20.25	33.75	50.30	67.50
Total		3,818,308	76.37	229.10	381.83	569.12	763.66

Notes:

This chart shows the value of the Town Meeting articles that are funded with Free Cash. These articles have **NO** impact on FY22 residential tax bills.

The values are presented in relation to the FY21 residential real estate tax bills. The amounts represent the estimated amount by which the FY22 residential tax bill would increase if not funded from Free Cash.

HOW THE RESIDENTIAL TAX RATE IS CALCULATED

The property tax levy is the revenue a community can raise through real and personal property taxes. Property tax is an assessment on the ownership of real and personal property. An owner's property tax is based on the Town's assessment, which is the full and fair cash value of the property.

Proposition 2 ½ places constraints on the amount of the levy raised by a city or town and on how much the levy can be increased from year to year. A levy limit is a restriction on the amount of property taxes a community can levy. A levy limit for each community is calculated annually by the Department of Revenue. It is important to note that a community's levy limit is based on the previous year's levy limit and not on the previous year's actual levy.

Each year, a community's levy limit automatically increases by 2.5 percent over the previous year's levy limit. This does not require any action on the part of local officials; the Department of Revenue calculates this increase automatically. Additionally, a community is able to increase its levy limit each year to reflect new growth in the tax base. Assessors are required to submit information on growth in the tax base for approval by the Department of Revenue as part of the tax rate setting process.

A community can temporarily or permanently increase the levy limit by approving debt exclusions, capital exclusions, and overrides. Debt exclusions raise the levy limit for the life of the bonds that are issued, capital exclusions raise the levy limit one time, and overrides permanently increase the levy limit.

The Tax Rate is calculated by dividing the total levy to be raised (annual property taxes) by the total value of the property assessment, multiplied by 1,000. Property taxes are determined by dividing the value of a home by 1,000 and multiplying by the tax rate. The following shows a sample calculation:

Tax Rate Calculation

Real Estate Taxes to Be Raised	86,413,113
Assessed Value (Town-Wide)	4,453,526,306
Tax Levy/Assessed Value	<u>0.019403301</u>
Tax Rate	19.40

Individual Tax Calculation

Home Value	745,255.00
Home Value/1,000	745.26
Property Tax	<u>14,460.41</u>

GENERAL FUND BUDGET SUMMARY OF REVENUES & EXPENDITURES

EXPENDITURES	FY20 Actual	FY21 Budgeted	FY22 Recommended
Education - Sudbury Public Schools (SPS)	38,364,566	39,608,834	40,630,742
Education - LS Regional High School (LS)	25,808,881	26,712,280	27,330,369
Education - Vocational	629,668	550,000	565,400
General Government	3,228,969	3,177,614	3,249,463
Public Safety	8,686,874	9,199,461	9,392,898
Public Works	5,450,692	5,607,520	5,699,232
Human Services	850,626	937,995	975,948
Culture & Recreation	1,316,577	1,515,936	1,504,394
Town-Wide Operating and Transfers	164,274	686,352	480,969
Total Town Departments	84,501,127	87,995,992	89,829,415
Town Debt Service	3,090,425	3,476,446	2,433,239
Employee Benefits (Town and SPS)	12,532,657	13,672,255	14,206,150
OPEB Trust Contribution (Town and SPS)	610,249	468,382	625,000
Total Operating Budget	100,734,458	105,613,075	107,093,804
Capital Expenditures	1,689,567	722,076	1,102,180
TOTAL EXPENDITURES:	102,424,025	106,335,151	108,195,984

REVENUES & AVAILABLE FUNDS	FY20 Actual	FY21 Budgeted	FY22 Recommended
Real Estate and Personal Property Taxes	88,969,947	91,936,403	95,534,495
State Aid	6,367,520	6,346,193	6,411,489
MSBA Reimbursement	1,605,767	1,605,767	-
FEMA Grant	429,755	-	-
SAFER Grant	180,917	180,000	90,000
Local Receipts	5,915,987	4,216,330	4,600,000
Other Available	762,174	660,000	660,000
Free Cash	-	1,390,458	900,000
TOTAL REVENUES & AVAILABLE FUNDS:	104,232,067	106,335,151	108,195,984

See additional budget details in the Town Manager's Proposed Budget which can be found on the Town's website at the following link:

<https://sudbury.ma.us/financecommittee/3-5-21-fy22-sudbury-town-manager-proposed-budget-fincom/>

TOWN MANAGER'S CAPITAL BUDGET

Project Name	Department	Cost	Suggested Funding
Various Building Improvements	Facilities	\$ 75,000	Free Cash/Tax Levy*
Radio Receivers	Police	\$ 30,000	Free Cash/Tax Levy*
Pick Up Truck with Plow - Unit 2	DPW	\$ 70,000	Free Cash/Tax Levy*
Pickup Truck (Fire Dept.) Engine 8	Fire	\$ 55,000	Free Cash/Tax Levy*
Loring School Playground Access Walkway	SPS	\$ 78,000	Free Cash/Tax Levy*
Dump Truck With Plow - Unit 29	DPW	\$ 95,000	Free Cash/Tax Levy*
Fire Department Service Truck	Fire	\$ 55,000	Free Cash/Tax Levy*
Half Ton Pickup Truck	Facilities	\$ 28,309	Free Cash/Tax Levy*
Van	Facilities	\$ 40,144	Free Cash/Tax Levy*
Fire Alarm Monitoring System (Vision 21)	Fire	\$ 91,000	Free Cash/Tax Levy*
Tennis Court Repair and Resurfacing	LSRHS	\$ 39,410	Free Cash/Tax Levy*
Curtis Boiler #3 Replacement	SPS/Facilities	\$ 80,000	Free Cash/Tax Levy*
Car 3 (Fire Dept.)	Fire	\$ 55,000	Free Cash/Tax Levy*
Paging, Clocks, and Bell Systems	SPS	\$ 25,000	Free Cash/Tax Levy*
Aerila Fork Lift (currently 2004)	LSRHS	\$ 35,907	Free Cash/Tax Levy*
Loring Hot Water Heating Main Circulating Pump Replacement	SPS/Facilities	\$ 25,000	Free Cash/Tax Levy*
2012 Chevrolet Express Van-15 Passenger	LSRHS	\$ 39,410	Free Cash/Tax Levy*
Kitchen Equipment Replacement.	SPS	\$ 45,000	Free Cash/Tax Levy*
Document Scanning	Info Systems	\$ 50,000	Free Cash/Tax Levy*
Demolition of 3 Sheds at Broadacres Farm	Facilities	\$ 40,000	Free Cash/Tax Levy*
Town-wide Walkway Design/Construction Improvements	DPW	\$ 50,000	Free Cash/Tax Levy*
Town Manager's Capital Operating Budget		\$ 1,102,180	
Replace Stadium Field Turf (Town Partnership)	LSRHS	\$ 337,500	Free Cash
Noyes Fire Alarm System Replacement	SPS/Facilities	\$ 220,000	Free Cash
6-Wheel 26,000+ GVW Combo Body Dump Truck w/Plow and Spread	DPW	\$ 285,000	Free Cash
Multi-purpose Sidewalk Tractor unit # 53	DPW	\$ 205,000	Free Cash
2004 Volvo L90E Loader unit 48	DPW	\$ 230,000	Free Cash
Marlboro Road Culvert Replacement (Construction)	DPW	\$ 400,000	Free Cash
Capital Additions in Excess of \$100,000		\$ 1,677,500	
Total FY22 Capital Plan		\$ 2,779,680	

* \$900,000 of Free Cash is proposed to fund a portion of the Town Manager's Capital Operating Budget. The balance of \$202,180 will be raised in the Tax Levy.

See additional budget details in the Town Manager's Proposed Budget which can be found on the Town's website at the following link:

<https://sudbury.ma.us/financecommittee/3-5-21-fy22-sudbury-town-manager-proposed-budget-fincom/>

ENTERPRISE FUNDS BUDGETS

EXPENDITURES	FY20	FY21	FY22
	Actual	Budgeted	Recommended
<u>Direct</u>			
Transfer Station	276,294	297,764	291,303
Atkinson Pool	362,090	427,421	438,753
Recreation Field Maintenance	123,863	230,435	205,403
Total Direct Expenditures	762,247	955,620	935,459
<u>Indirect</u>			
Transfer Station	17,214	17,163	17,800
Atkinson Pool	18,956	36,828	25,383
Recreation Field Maintenance	23,198	24,269	25,383
Total Indirect Expenditures	59,368	78,260	68,566
TOTAL:	821,615	1,033,880	1,004,025

RECEIPTS & RESERVES	FY20	FY21	FY22
	Actual	Budgeted	Recommended
Transfer Station	248,340	314,927	309,103
Atkinson Pool	303,046	541,644	464,136
Recreation Field Maintenance	86,539	274,395	230,786
TOTAL:	637,925	1,130,966	1,004,025

See additional budget details in the Town Manager's Proposed Budget which can be found on the Town's website at the following link:

<https://sudbury.ma.us/financecommittee/3-5-21-fy22-sudbury-town-manager-proposed-budget-fincom/>

CPA FUNDS BUDGET

	FY20	FY21	FY22
	Actual	Appropriated	Recommended
Beginning CPA Fund Balance	4,733,401	5,652,903	6,224,893
<u>Revenues</u>			
CPA Surcharge & Fees	2,089,301	2,000,000	2,000,000
Intergovernmental	525,058	570,000	500,000
Investment Income	76,173	20,000	50,000
Total Revenues	<u>2,690,532</u>	<u>2,590,000</u>	<u>2,550,000</u>
<u>Expenditures</u>			
Debt Service	1,140,210	1,111,410	1,052,178
Administrative	16,635	85,000	85,000
Other	614,185	821,600	1,157,500
Total Expenditures	<u>1,771,030</u>	<u>2,018,010</u>	<u>2,294,678</u>
Excess / (Deficiency)	919,502	571,990	255,322
Ending CPA Fund Balance	<u><u>5,652,903</u></u>	<u><u>6,224,893</u></u>	<u><u>6,480,215</u></u>
	FY20	FY21	FY22
	Actual	Appropriated	Recommended
<u>ENDING FUND BALANCE</u>			
Projects (in-use)	1,812,304	1,765,971	1,235,332
Unassigned	3,840,599	4,458,922	5,244,883
	<u><u>5,652,903</u></u>	<u><u>6,224,893</u></u>	<u><u>6,480,215</u></u>

LONG-TERM DEBT BY PROJECT

	Current Long-Term Debt (issued prior to 4/1/2021)										Estimated Future Debt	
	Noyes Green Repair	Nixon Roof and Other	ESCO Loan	Police Station	Johnson Farm	Broadacres	DPW Fuel Island	Stearns Mill Dam	Camp Sewataro	Total	Projects Approved Prior to 4/1/2021*	Projected Total Annual Debt Service
Principal Balance as of 6/30/2021	155,000	290,000	708,613	4,905,000	1,190,000	3,465,000	1,345,000	685,000	11,065,000	23,808,613		
Remaining Debt Service as of 6/30/2021	156,744	314,634	806,500	6,079,606	1,477,619	4,133,206	1,563,149	765,763	13,352,649	28,649,870		
Payment 2022	156,744	95,784	76,900	531,388	127,713	256,431	179,449	166,563	787,201	2,378,172	106,350	2,484,522
Payment 2023	-	92,450	80,000	513,638	123,463	251,998	175,450	161,800	777,362	2,176,160	201,660	2,377,820
Payment 2024	-	84,400	83,000	495,888	119,213	244,997	170,050	151,200	760,363	2,109,110	1,670,111	3,779,221
Payment 2025	-	42,000	86,000	478,138	114,963	237,998	164,650	145,800	743,362	2,012,910	1,667,575	3,680,485
Payment 2026	-	-	89,200	460,388	110,713	230,997	159,250	140,400	731,763	1,922,710	1,665,039	3,587,749
Payment 2027	-	-	92,600	449,738	108,163	223,998	153,850	-	720,162	1,748,510	1,662,504	3,411,014
Payment 2028	-	-	96,000	439,088	105,613	216,997	148,450	-	703,563	1,709,710	1,659,968	3,369,678
Payment 2029	-	-	99,600	433,438	103,063	209,998	143,050	-	687,062	1,676,210	1,657,432	3,333,642
Payment 2030	-	-	103,200	422,638	100,513	202,997	137,650	-	675,763	1,642,760	1,654,896	3,297,656
Payment 2031	-	-	-	411,838	97,963	201,248	131,300	-	664,912	1,507,260	1,652,360	3,159,620
Payment 2032	-	-	-	376,038	95,413	199,497	-	-	654,063	1,325,010	1,649,824	2,974,834
Payment 2033	-	-	-	365,988	92,863	197,398	-	-	645,590	1,301,838	1,565,238	2,867,076
Payment 2034	-	-	-	355,938	90,313	195,297	-	-	636,582	1,278,129	1,564,138	2,842,267
Payment 2035	-	-	-	345,469	87,656	187,935	-	-	627,017	1,248,077	1,563,038	2,811,115
Payment 2036	-	-	-	-	-	185,640	-	-	616,918	802,558	1,561,938	2,364,496
Payment 2037	-	-	-	-	-	183,090	-	-	606,260	789,350	1,560,837	2,350,187
Payment 2038	-	-	-	-	-	180,540	-	-	595,335	775,875	1,559,738	2,335,613
Payment 2039	-	-	-	-	-	177,990	-	-	584,410	762,400	1,558,638	2,321,038
Payment 2040	-	-	-	-	-	175,440	-	-	573,218	748,658	1,557,538	2,306,196
Payment 2041	-	-	-	-	-	172,720	-	-	561,742	734,462	1,556,438	2,290,900
Payment 2042	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2043	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2044	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2045	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2046	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2047	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2048	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2049	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2050	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2051	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2052	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987
Payment 2052	-	-	-	-	-	-	-	-	-	-	1,470,987	1,470,987

Notes:

The “Projects Approved Prior to 4/1/2021” column represents the estimated future debt service for all debt projects that have been approved prior to 4/1/2021, but the long-term debt has not yet been issued.

The projects that have been approved but not issued include the Fairbank Community Center (\$28.8 million), the Dutton Road Bridge (\$1.1 million), the CSX Rail Acquisition (\$820,500), and Sewer SRF Loans (\$500,000).

LS Regional High School Outstanding Debt

	Total	Annual Debt Service	Principal Remaining
FY21 Principal Balance			2,505,000
FY22 Principal	515,000		
FY22 Interest	67,425	582,425	1,990,000
FY23 Principal	510,000		
FY23 Interest	52,050	562,050	1,480,000
FY24 Principal	500,000		
FY24 Interest	36,900	536,900	980,000
FY25 Principal	495,000		
FY25 Interest	21,975	516,975	485,000
FY26 Principal	485,000		
FY26 Interest	7,275	492,275	-
Remaining Debt Service	3,922,275	3,922,275	

NOTE: All of LSRHS' long-term debt is for construction of the high school.

Community Preservation Outstanding Debt by Project

Issues	Nobscot I & II	Cutting/ Dickson	Libby	Pantry Brook	Johnson Farm	Total	Annual Debt Service	Principal Balance
FY21 Principal Balance	2,820,000	665,000	480,000	2,140,000	700,000			6,805,000
FY22 Principal	335,000	230,000	125,000	140,000	50,000	880,000		
FY22 Interest	83,234	12,175	8,988	42,657	25,125	172,178	1,052,178	5,925,000
FY23 Principal	330,000	220,000	120,000	150,000	50,000	870,000		
FY23 Interest	73,275	8,150	6,800	37,043	22,625	147,893	1,017,893	5,055,000
FY24 Principal	330,000	215,000	120,000	150,000	50,000	865,000		
FY24 Interest	62,475	4,300	4,700	34,043	20,125	125,643	990,643	4,190,000
FY25 Principal	330,000	-	115,000	155,000	50,000	650,000		
FY25 Interest	49,275	-	2,300	30,993	17,625	100,193	750,193	3,540,000
FY26 Principal	340,000	-	-	160,000	50,000	550,000		
FY26 Interest	35,975	-	-	27,843	15,125	78,943	628,943	2,990,000
FY27 Principal	330,000	-	-	160,000	50,000	540,000		
FY27 Interest	24,875	-	-	24,643	13,625	63,143	603,143	2,450,000
FY28 Principal	325,000	-	-	165,000	50,000	540,000		
FY28 Interest	16,525	-	-	21,393	12,125	50,043	590,043	1,910,000
FY29 Principal	320,000	-	-	170,000	50,000	540,000		
FY29 Interest	7,988	-	-	18,043	10,625	36,655	576,655	1,370,000
FY30 Principal	90,000	-	-	170,000	50,000	310,000		
FY30 Interest	1,800	-	-	14,643	9,125	25,568	335,568	1,060,000
FY31 Principal	90,000	-	-	175,000	50,000	315,000		
FY31 Interest	900	-	-	11,193	7,625	19,718	334,718	745,000
FY32 Principal	-	-	-	180,000	50,000	230,000		
FY32 Interest	-	-	-	7,643	6,125	13,768	243,768	515,000
FY33 Principal	-	-	-	180,000	50,000	230,000		
FY33 Interest	-	-	-	4,448	4,625	9,073	239,073	285,000
FY34 Principal	-	-	-	185,000	50,000	235,000		
FY34 Interest	-	-	-	1,526	3,125	4,651	239,651	50,000
FY35 Principal	-	-	-	-	50,000	50,000		
FY35 Interest	-	-	-	-	1,563	1,563	51,563	-
Remaining Debt Service	4,066,546	1,200,825	782,113	2,829,226	1,026,938	9,905,647	9,905,647	

Historical Context:

REVENUE BY SOURCE (FY2012 – FY2022)

Fiscal Year	Tax Levy	State Aid	Local Receipts	All Other	Enterprise & CPA Funds	Total Revenue
2012	69,007,532	7,091,024	3,657,000	587,892	3,800,380	84,143,828
2013	71,026,410	7,297,881	3,803,864	776,564	7,543,980	90,448,699
2014	72,951,707	7,409,491	4,420,000	2,913,796	3,451,854	91,146,848
2015	73,549,580	7,564,619	4,777,000	2,568,472	3,343,882	91,803,553
2016	76,997,530	7,541,780	4,787,000	8,181,145	3,278,774	100,786,229
2017	79,892,487	7,777,348	4,545,000	1,810,337	3,352,567	97,377,739
2018	83,323,444	8,001,490	4,625,001	4,102,709	3,478,742	103,531,386
2019	86,384,635	8,061,320	4,836,800	2,718,203	5,075,819	107,076,777
2020	89,733,894	8,226,761	4,763,556	2,019,894	3,091,795	107,835,900
2021	92,444,615	8,247,852	4,493,415	3,631,954	3,423,880	112,241,716
2022 (estimate)	96,059,199	6,723,612	4,600,000	3,818,318	3,554,025	114,755,154

Source: FY2012 - FY2021: Massachusetts Department of Revenue, Division of Local Services

Source: FY2022: Sudbury Finance Department

ASSESSED VALUES BY PROPERTY CLASS (2012 – 2021)

Fiscal Year	Residential	Open Space	Commercial	Industrial	Personal Property	Total	Residential % of Total	CIP % of Total
2012	3,566,779,121	0	145,365,519	59,764,900	66,426,000	3,838,335,540	92.93	7.07
2013	3,590,745,895	0	146,995,002	59,403,300	66,938,910	3,864,083,107	92.93	7.07
2014	3,695,489,903	0	146,588,764	51,549,800	66,955,670	3,960,584,137	93.31	6.69
2015	3,825,857,903	0	147,618,442	51,552,200	63,887,360	4,088,915,905	93.57	6.43
2016	3,953,667,699	0	153,832,208	52,641,600	70,742,800	4,230,884,307	93.45	6.55
2017	4,128,077,415	0	161,710,160	28,896,800	90,269,320	4,408,953,695	93.63	6.37
2018	4,252,412,677	0	172,317,688	29,891,300	106,053,550	4,560,675,215	93.24	6.76
2019	4,396,808,625	0	189,613,218	30,823,000	111,118,740	4,728,363,583	92.99	7.01
2020	4,451,809,500	0	179,424,076	30,823,000	111,016,580	4,773,073,156	93.27	6.73
2021	4,476,309,078	0	193,733,270	32,737,300	109,526,080	4,812,305,728	93.02	6.98

Source: Massachusetts Department of Revenue, Division of Local Services

PROPERTY TAX RATES BY PROPERTY CLASS (FY2012 – FY2021)

Fiscal Year	Residential	Commercial / Industrial
(Tax rates / \$1,000 valuation)		
2012	17.6	22.95
2013	17.99	23.52
2014	18.03	24.94
2015	17.6	24.88
2016	17.8	25.11
2017	17.74	25.01
2018	17.93	24.3
2019	17.91	24.3
2020	18.45	24.97
2021	18.83	25.55

Source: Massachusetts Department of Revenue, Division of Local Services

ESTIMATED RATE OF INCREASE OF RESIDENTIAL TAX RATE AS IT APPEARS ON AVERAGE RESIDENCE TAX BILL (FY2010 – FY2022)

Fiscal Year	Avg Single Family Home Value	Residential Tax Rate	YoY Change	Avg Single Family Tax Bill	YoY Change
2010	650,508	16.08	N/A	10,460	N/A
2011	627,988	17.03	5.91%	10,695	2.24%
2012	621,410	17.6	3.35%	10,937	2.26%
2013	622,862	17.99	2.22%	11,205	2.45%
2014	640,277	18.03	0.22%	11,544	3.02%
2015	658,974	17.6	-2.38%	11,598	0.47%
2016	678,738	17.8	1.14%	12,082	4.17%
2017	705,763	17.74	-0.34%	12,520	3.63%
2018	726,906	17.93	1.07%	13,033	4.10%
2019	745,653	17.91	-0.11%	13,355	2.46%
2020	746,260	18.45	3.02%	13,768	3.10%
2021	745,255	18.83	2.06%	14,033	1.92%
2022 (estimate)	745,255	19.40	3.04%	14,460	3.04%

Source: Sudbury Finance Department

This chart shows the tax rate and the rate of increase of the tax bill of the average single-family residence by year.

NEW GROWTH AND RATE OF INCREASE OF TOTAL TAX LEVY ADJUSTED FOR THE EFFECT OF NEW GROWTH (FY2010–FY2022)

Fiscal Year	Total Tax Levy	% Increase	New Growth	% Increase Net of New Growth
2010	65,529,153	N/A	634,221	N/A
2011	67,418,506	2.88%	440,537	2.21%
2012	69,007,532	2.36%	520,929	1.58%
2013	71,026,410	2.93%	526,287	2.16%
2014	72,951,707	2.71%	634,048	1.82%
2015	73,549,580	0.82%	778,976	-0.25%
2016	76,997,530	4.69%	601,228	3.87%
2017	79,892,487	3.76%	1,248,532	2.14%
2018	83,323,444	4.29%	983,400	3.06%
2019	86,384,635	3.67%	1,401,700	1.99%
2020	89,733,894	3.88%	963,941	2.76%
2021	92,444,615	3.02%	855,336	2.07%
2022 (estimate)	96,059,199	3.91%	855,336	3.04%

Source: Sudbury Finance Department

This chart shows the new property value added each year (New Growth) and the rate of growth of the total tax levy by year.

CPA FUND REVENUE (FY2011 – 2022)

Fiscal Year	Local Surcharge	State Match Total	Total
2011	1,495,563	431,234	1,926,797
2012	1,530,699	431,743	1,962,442
2013	2,072,600	443,953	2,516,553
2014	1,641,500	895,751	2,537,251
2015	1,662,711	559,382	2,222,093
2016	1,756,562	534,729	2,291,291
2017	1,844,751	391,958	2,236,709
2018	1,961,810	342,975	2,304,785
2019	1,961,331	403,176	2,364,507
2020	2,085,432	525,058	2,610,490
2021 (estimate)	2,000,000	570,000	2,570,000
2022 (estimate)	2,000,000	500,000	2,500,000

NOTE: Under the provisions of the Community Preservation Act (CPA), Sudbury established a Community Preservation Committee in 2002. The CPA fund is funded annually by the Town plus a variable state match. The Town portion of the annual funding is calculated as a 3% CPA surcharge that is collected on all residential properties, except those whose owners take advantage of an exemption applied for in the Assessors' Office. The surcharge is applied to the assessed value of each property less \$100,000. The state portion of the annual funding comes from fees collected by Registry of Deeds which is dedicated for the purpose of funding the state matching funds. The state portion varies year to year.

Additional Information:

COLLECTIVE BARGAINING

Bargaining Unit and Contract Financial Terms:

LS Regional High School

The three-year agreement for the period covering schools year 2019, 2020, and 2021 provides for COLA increases in half-year increments of 0.5%, 1.5%, 0%, 3%, 0.5% and 2%, representing an aggregate COLA increase over three years totaling 6.5%, or approximately 2.17% per year on average. LSRHS and the Teachers' Association agreed to a 0% COLA increase for FY22 to help alleviate budget pressures during the Covid-19 pandemic. Future contract years will be negotiated during FY22.

Sudbury Public Schools, K-8

Teachers

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1 1/2%; 7/1/19: 2 1/4%; 7/1/20: 2 1/2%. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Support Staff

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1 1/2%; 7/1/19: 2 1/2%; 7/1/20: 2 1/4%. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Nurses

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1 1/2%; 7/1/19: 2 1/2%; 7/1/20: 2 1/4%. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Custodians

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1 1/2%; 7/1/19: 2 1/2%; 7/1/20: 2 1/4%

Town

Fire

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Police – Patrol Officers

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Police - Sergeants

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Public Works

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Engineering

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Supervisory

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

Civilian Dispatchers

Three-year contract covering fiscal years 2019, 2020 and 2021. Effective dates and Cost of Living Adjustment percentage increases to salary schedule are: 7/1/18: 1%; 7/1/19: 2%; 7/1/20: 1 1/2%; and 6/30/21 at midnight 1% not to impact FY21 budget. The next three-year contract covering fiscal years 2022, 2023, and 2024 remains unsettled as of the printing of this document.

BUDGET TERMS AND DEFINITIONS

Abatements and Exemptions (previously called Overlay): An amount set by the Assessors to create a fund to cover abatements of (and exemptions from) real and personal tax assessments for the current year, and raised on the tax levy. An abatement is a reduction provided by the Assessors in the assessed tax because of bona fide specific conditions or situations not considered when the tax was levied. An exemption is provided for a variety of purposes, which include, but are not limited to: buildings/property used for religious, government, charity, or pollution control. In addition, exemptions may also be provided to the elderly, handicapped, and veterans under certain conditions.

Abatement Surplus: Accumulation of the surplus amounts of Abatements and Exemptions set aside by the Assessors each year to cover abatements of (and exemptions from) real estate and personal property tax assessments. The accumulated amount for previous years no longer committed for abatements may be used by vote of the Town Meeting.

Benefits and Insurance: This account in the shared expenses section of the budget is comprised primarily of benefits such as health insurance and retirement for both school and general government employees.

Capital Exclusion: A temporary increase in the tax levy to fund a capital project or make a capital acquisition.

Cherry Sheet: An annual statement received from the Department of Revenue detailing estimated receipts for the next fiscal year from the various state aid accounts as well as estimated state and county government charges payable to the state. The name “Cherry Sheet” derives from the color of the paper used.

Circuit Breaker Program: School districts are eligible for reimbursements for students with disabilities whose programs cost greater than four times the statewide foundation budget. “Circuit Breaker” means the reimbursement program for certain costs of special education as specified in M.G.L. c. 71B, § 5.

Debt Exclusion: An override to Proposition 2 ½ for the purpose of raising funds for debt service costs; remains for the life of the debt only.

Enterprise Fund: A separate fund, set up to provide a specific Town service, whereby all direct and indirect/overhead costs of providing the service are funded in total from user charges. An appropriation for an enterprise fund is funded in total from enterprise fund revenue unless otherwise noted. Enterprise fund revenue used to fund services provided by other Town departments will be shown in the warrant after the appropriation total for the department. An enterprise fund is required to fully disclose all costs and all revenue sources needed to provide a service.

Free Cash: Free cash is the available, undesignated fund balance of the general fund and is generated when actual revenue collections are in excess of estimates, when expenditures are less than appropriated, or both. A free cash balance is certified as of July 1 each year by the Department of Revenue and once certified, any or all of the certified amount may be used to defray Town expenses by a vote of the Town Meeting.

Funding Sources for Expenditures: Authorizations for the Town to expend monies are made in the form of a motion at Town Meeting. The wording of the motions will specify the funding source; that is, the place from where money is going to come or will be raised. When a motion reads, “to appropriate a sum of money” without a source being identified, that amount will be included in the tax calculation, whereby the total of all sums to be appropriated will be reduced by an estimate of local and state revenue. The balance needed will be provided by property taxes. When items in the warrant are offset or raised from available funds, those items will also appear as offsets in the determination of the tax rate.

Levy Limit: The maximum amount a community can levy in any given year.

Local Receipts: This is the third largest source of revenue for the Town after property taxes and Cherry Sheet receipts. While it is comprised of a number of different items, the largest source is the auto excise tax.

New Growth: Proposition 2 ½ allows a community to increase its levy limit annually by an amount based upon the valuation of certain new construction and other growth in the tax base that is not the result of property revaluation. New growth becomes part of the levy limit and thus increases at the rate of 2.5% each year as the levy limit increases.

Normal Cost (OPEB): Normal cost generally represents the portion of the cost of projected benefits for active employees allocated to the current plan year.

Override: An override is passed by a majority vote at Town Meeting and at the ballot. There are three types of overrides: An Operating Override, which permanently increases the levy limit; a Debt Exclusion, which increases the levy limit only for the life of the debt; and a Capital Project Override, which increases the levy only for the year in which the project is undertaken.

OPEB: Post-employment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee. Other post-employment benefits that a retiree can be compensated for are life insurance premiums, healthcare premiums and deferred-compensation arrangements.

Proposition 2½: A Massachusetts General Law enacted in 1980 to limit property taxes.

Revolving Fund: Funds that may be used without appropriation and that are established for special uses. Recreation fees, for example, may be paid into a revolving fund. Revolving funds are established by state law or Town bylaw.

Reserve Fund: An amount appropriated by the Annual Town Meeting for emergency or unforeseen purposes. The Finance Committee, by state law, is the sole custodian of the Reserve Fund and approves transfers from the Fund into the operating budgets throughout the year if: (1) the need for funds is of an emergency and/or unforeseen nature, and (2) if, in the judgment of the Finance Committee, the Town Meeting would approve such an expenditure if such a meeting was held. The Reserve Fund is, therefore, a mechanism for avoiding the necessity of frequent Special Town Meetings.

Stabilization Fund: Similar to a "savings account", this account has been used to fund large capital projects such as fire trucks and school roofs. A recent amendment to state law allows the Stabilization Fund to be used for the operating budget, as well as capital purchases; however, the Finance Committee would generally be reluctant to recommend doing so. Placing money into, or taking it out of, the Stabilization Fund requires a 2/3 vote of Town Meeting.

Tax Levy: The property tax levy is the revenue a community can raise through real and personal property taxes. In Massachusetts, municipal revenues to support local spending for schools, public safety, general government and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.

Town-wide Operating Expenses: This account in the general government section of the budget is comprised primarily of operating expenses such as postage, telephone and property liability insurance, that support town-wide operations and are not assigned to any one department or cost center.