



Town of Sudbury

Finance Committee

278 Old Sudbury Road
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October 26, 2015

To: Board of Selectmen of the Town of Sudbury
Mr. Scott Nassa, Chair of the Sudbury Public School Committee
Ms. Elena Kleifges, Chair of the Lincoln Sudbury Regional School District Committee
Mr. David R. Manjarrez, Minuteman Regional High School Representative
Ms. Bella Wong, Superintendent of Lincoln-Sudbury Regional High School
Ms. Maryanne Bilodeau, Acting Town Manager for the Town of Sudbury
Dr. Anne Wilson, Superintendent of the Sudbury Public Schools

RE: Fiscal Year 2017 Budget Guidelines

Dear Town and School Officials and Administrators:

The Finance Committee (the “FinCom” or the “Committee”) looks forward to working with you on the FY17 budget. The FY17 budgeting process could prove to be challenging again this year given the uncertainty introduced by labor contract negotiations still pending and continued economic uncertainty at the state and federal level. We thank all of you and your various committees for past efforts that put the best interests of Sudbury and the Regional District first. It is the Committee’s desire to continue in this vein as we proceed with this year’s budget process.

The deadline for submitting a budget to Andrew Vanni is Friday, **January 8th** to be provided on 3-hole punched paper. Please see page 3 for the full submission schedule.

Exhibit I shows a summary of the drivers of the current estimate for FY17 No Override allowable budget growth. This preliminary projection will be refined throughout the budget process as we obtain additional information regarding State Aid and other revenue assumptions leading up to our Annual Town Meeting in May 2016.

Although each cost center has certain unique characteristics, it is important that there be a level of consistency in which all budget submissions are prepared and compared. As a result, we ask that with your FY17 budget submission you provide the FinCom with a spreadsheet showing the breakdown of your budget according to the table entitled “FY17 Budget Reconciliation.”

If the cumulative increase for the three cost centers is greater than 2.6%, there will be the need for negotiations and compromises in some or all of your budgets in order to reach a No Override budget submission for Sudbury’s Annual Town Meeting. Therefore, if your budget submission is more than 2.6% over FY16, please include with your submission a detailed explanation of how your cost center would reach a budget with a 2.6% increase. Also keep in mind that changes in the revenue estimates may cause changes in the cumulative % increase that will get us to a No Override budget.

FY17 Budget Reconciliation

	Amounts	Notes
FY16 Operating Budget	\$	
Salary and Benefits Changes		
* COLA	\$	[]% of total increase
* Steps & lanes	\$	[]% of total increase
* Benefits	\$	
OPEB Normal cost (increase to reach 2/3)	\$	
OOD Tuition & Transportation inc/(dec)		
Known (based on FY16 information)	\$	
Estimated (based on historical info)	\$	
Total OOD cost inc/dec	\$	
Circuit breaker inc/dec	\$	includes change in reserves
New Additions - Mandated		
Mandated FTEs (i.e., for increased SPED students)	\$	
Mandated Program changes (Non FTEs - break out by program if more than one)	\$	
New Additions - Critical Needs		
FTEs	\$	
Program changes (Non FTEs - break out by program if more than one)	\$	
Reductions		
FTE reductions	\$	
Program reduction(s)	\$	
(Break out by program if more than 1)		
Other (utilities, supplies, misc.) - should be no more than 10% of total change		
If more than 10% of total change, break out largest items individually	\$	
FY17 Proposed Budget (including OOD offsets)	\$	
Other Offsets	\$	
TOTAL Net	\$	

* Calculated for existing staff

A spreadsheet for entering this information is attached for your convenience.

As with previous years, we expect the budget liaison meetings to play a continuing role in the budget review process. As of this writing, liaisons should have met at least once with their cost center and obtained some of the information in the list of questions in Exhibit II. Liaisons will be in touch to schedule further meetings to review the remainder of the information requested in Exhibit II. In addition, similar to past years, we are asking for budget data to be summarized in a spreadsheet format that will better enable us to understand the underlying trends in the cost of various services provided by the Town and Schools.

It is our intention to have the FinCom liaisons present the answers and information requested in Exhibit II to the Committee at its meeting on **December 14th**. We also request that the cost centers have their own representatives at this meeting to elaborate or clarify, as necessary, and insure a thorough understanding by the entire Committee of the information requested.

We would like to proceed with the following schedule:

- By **December 7th**: FinCom budget liaisons to have completed their meetings with their respective Cost Centers to review the answers and information requested. **Please plan to provide the information to your liaison in electronic form by that date if not completely covered in liaison meetings so that your liaison can make it available to the full Finance Committee in advance of the December 14th FinCom meeting.** From this information, the Committee will look to review cost trends and determine if costs are tracking in line with budgeted expectations, what unexpected costs or events have occurred, and what impacts these may have on FY17 budget requests.
- **December 14th**: Regularly scheduled FinCom meeting will include a review and discussion of the results of the liaison meetings.
- We also suggest that a follow up liaison meeting be scheduled **subsequent to December 14th and prior to any budget presentations that may need to be made to others** so that all parties have the opportunity to discuss issues that may arise at the December 14th FinCom meeting.
- By **January 8th**, submission of the FY17 budget to Andrew Vanni and the FY17 Budget Reconciliation to the Chair of the Finance Committee.
- By **January 22nd**, the addition of FY17 budget numbers to the FinCom spreadsheet, to be delivered in electronic form.

We hope that this process will again allow for greater input and information flow prior to formal hearings. Your cooperation is very much appreciated.

Respectfully,

Members of the Sudbury Finance Committee

Cc: Peter Rowe, Business Manager, Lincoln-Sudbury Regional High School
Thomas Travers, Chair of the Capital Improvement Advisory Committee
Michael Fee, Moderator, Town of Sudbury
Peyton Marshall, Finance Committee Chair, Town of Lincoln
Andrew Vanni, Finance Director/Treasurer, Town of Sudbury
Mary Will, Director of Business & Finance, Sudbury Public Schools

Exhibit I: FY17 No Override Revenue Forecast Assumptions

Set forth below in Table 1 is a summary of the drivers that result in FinCom's initial estimate for allowable, No Override budget growth of 3.05% for FY17.

Table 1

REVENUES	FY16 Budget	FY17 Prelim	CHG \$	CHG %
State Aid (Cherry Sheet)	5,923,494	5,936,012	12,518	0.21%
Local Receipts	4,630,000	4,892,000	262,000	5.66%
Tax Levy General	74,129,592	76,557,832	2,428,240	3.28%
LS Revenue (Sudbury's share)*	2,785,432	2,746,697	-38,735	-1.39%
	87,468,518	90,132,541	2,664,023	3.05%

*Uses estimated blended allocation (Statutory Method)

While discussions continue regarding opportunities to diversify our tax base, the vast majority of tax revenues continue to come from property taxes, both residential and commercial. Fortunately, from a forecasting perspective, growth of these tax revenues has been fairly consistent over the past several years. Including new growth, and excluding tax revenue from capital exclusions or other debt service, revenues from property taxes have grown at an annual rate of approximately 3% per annum over the last three years.

While difficult to forecast, the reality is that State Aid is a relatively small component of our overall tax base. Based on information available from the State at this point, for FY17 we have assumed a 0.21% increase from the FY16 budget number and we will continue to review and revise these estimates throughout the budget process.

Offsets to the Lincoln Sudbury (LS) operating budget are netted out prior to calculating the assessment to each member town. Anticipated offsets include receipts, Chapter 70 state aid, and reimbursement from the state for regional transportation. The FY17 estimate for Sudbury's share of LS Revenue is -1.39% due to a decrease in the expected transportation reimbursement.

The last of our tax base, local receipts, have increased year to year since FY11. For FY17 we again are predicting an increase although a smaller % increase than was predicted at this time in our budgeting cycle last year.

Exhibit II: Questions and information to discuss prior to the formal budget submission

- 1) Update on FY16 budget pressures and anticipated FY17 pressures.
 - 2) Any new initiatives contemplated for FY17, their expected cost, and revenue source.
 - 3) Details on use of grants in excess of \$50,000 received for FY16, as well as grantor, amount, likelihood of continuation, and change from previous fiscal year.
 - 4) Details of new costs and events, which were not anticipated and are impacting the FY16 budget and their potential to impact the FY17 budget.
 - 5) Actual student enrollment statistics vs. budget.
 - 6) Actual OOD tuition and transportation costs and reimbursement vs budgeted.
 - 7) Actual number of OOD student vs budgeted.
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- 8) An update on the impact of the FY16 appropriated budget, including specifics on any cuts in staff and services and the resulting budgeted average FTE count for the fiscal year.
 - 9) Based upon the FY16 budget:
 - a) the status and projected full year cost, including benefits, of all new positions hired within the budget, with specifics as to positions,
 - b) new positions hired but not included in the budget, and
 - c) the total number of actual and budgeted FTE's by position.
 - 10) An update of any new or existing cost savings/revenue enhancement programs or initiatives presented during the last budget process.
 - 11) Any new cost savings/revenue enhancement programs or initiatives being contemplated for the FY17 budget and their projected monetary impacts, if available.
 - 12) An update to the compensation information on employees paid over \$100,000 contained in Appendix III of the May 2015 Warrant to include FY16 data.

Due 1/8/16, an update to the "FinCom Spreadsheet" (an electronic copy of which will be distributed separately). This year, the FinCom will be asking for a few additional pieces of information to be included in the worksheet.

Due 1/8/16 the FY17 Budget Reconciliation spreadsheet