



Restoring a balanced budget

Public presentation on March 7, 2023

Summary

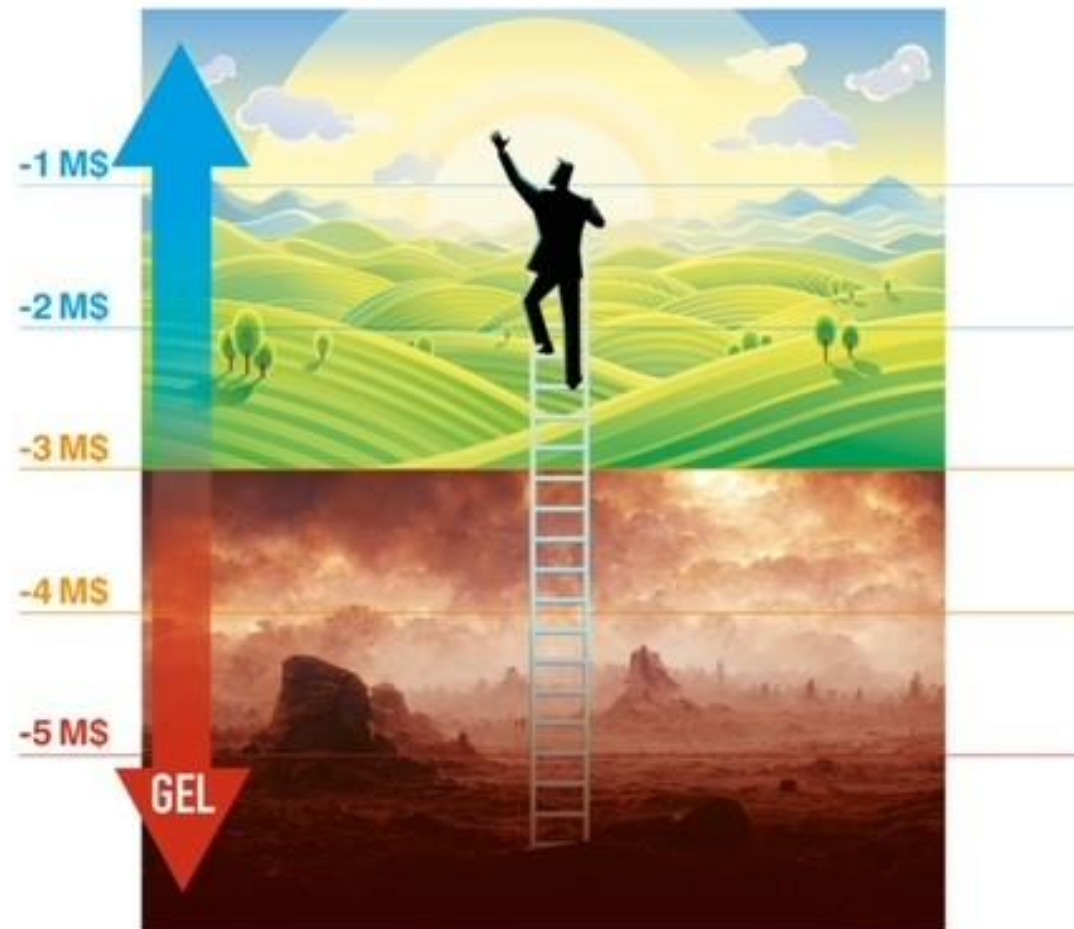
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Restoring a balanced budget

Why?

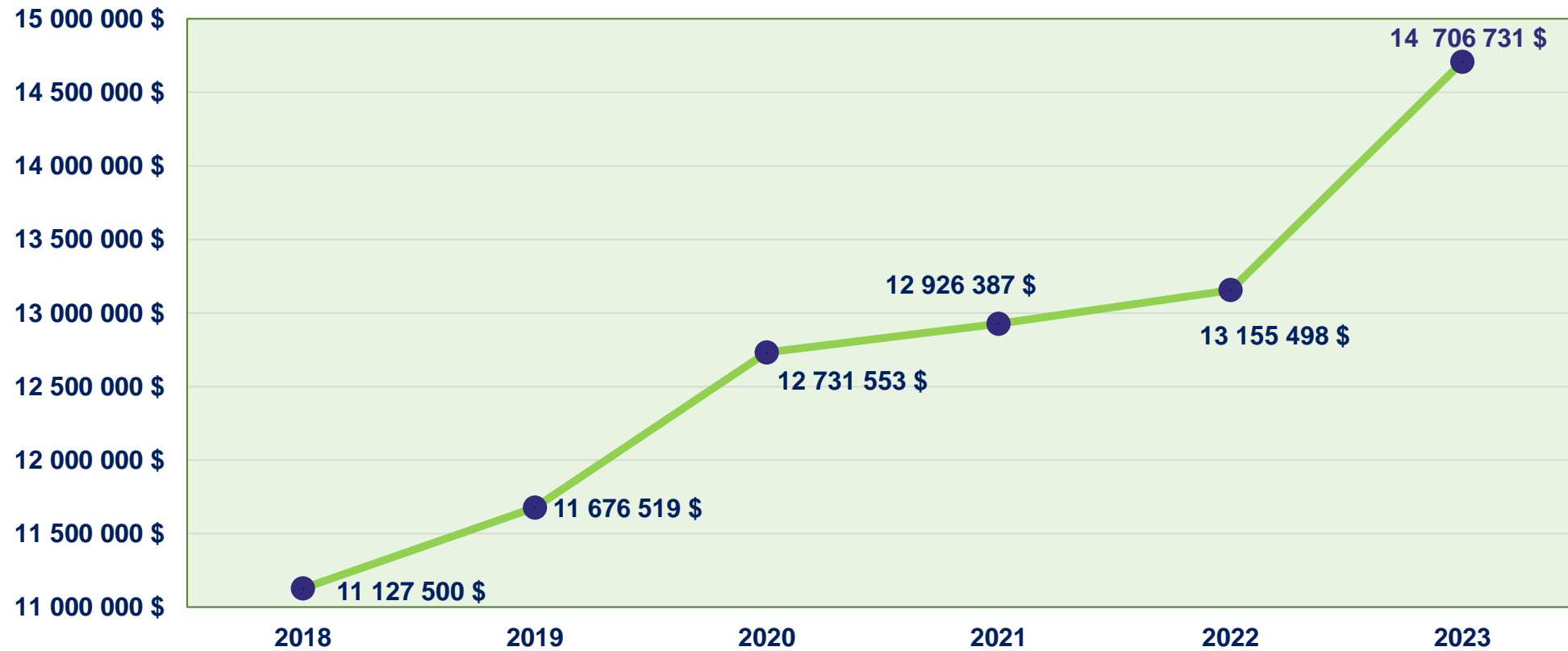
Because we had a shortfall of \$2.2M in 2022.

Only one possible direction:
upward



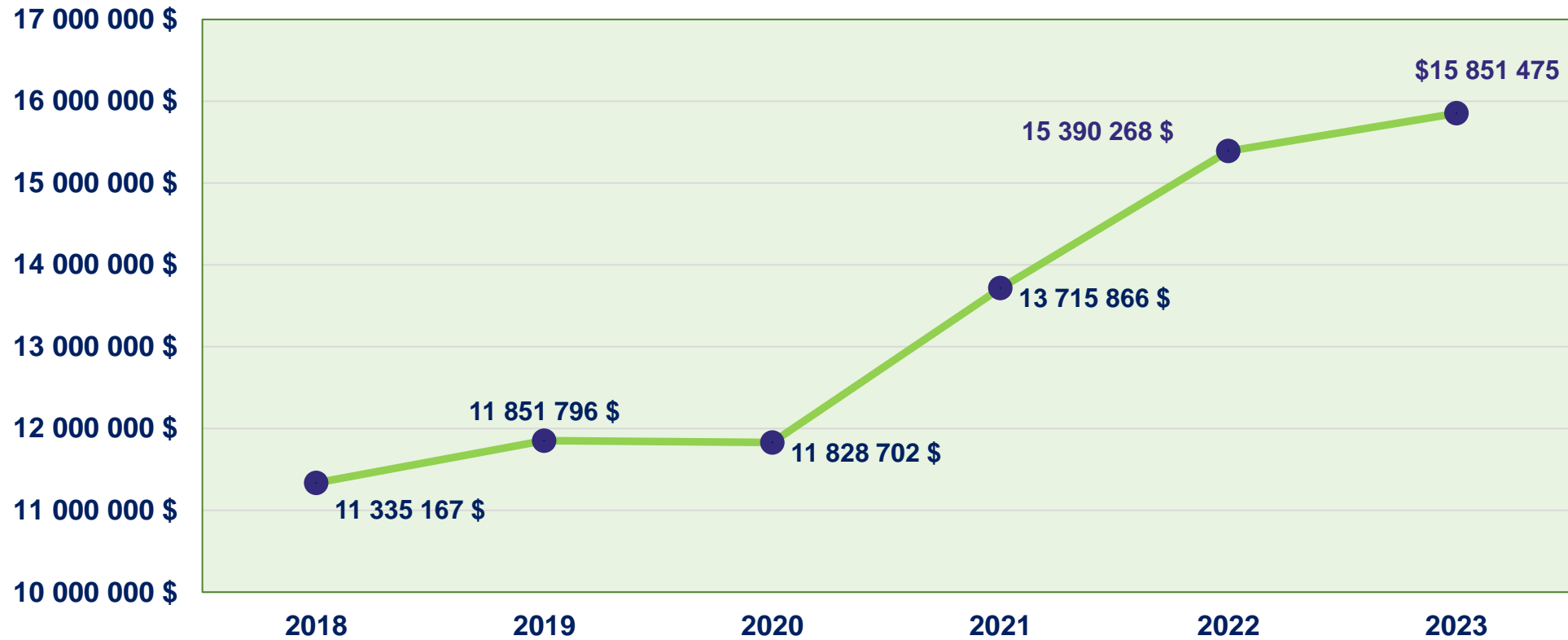
Restoring a balanced budget

Evolution of revenues



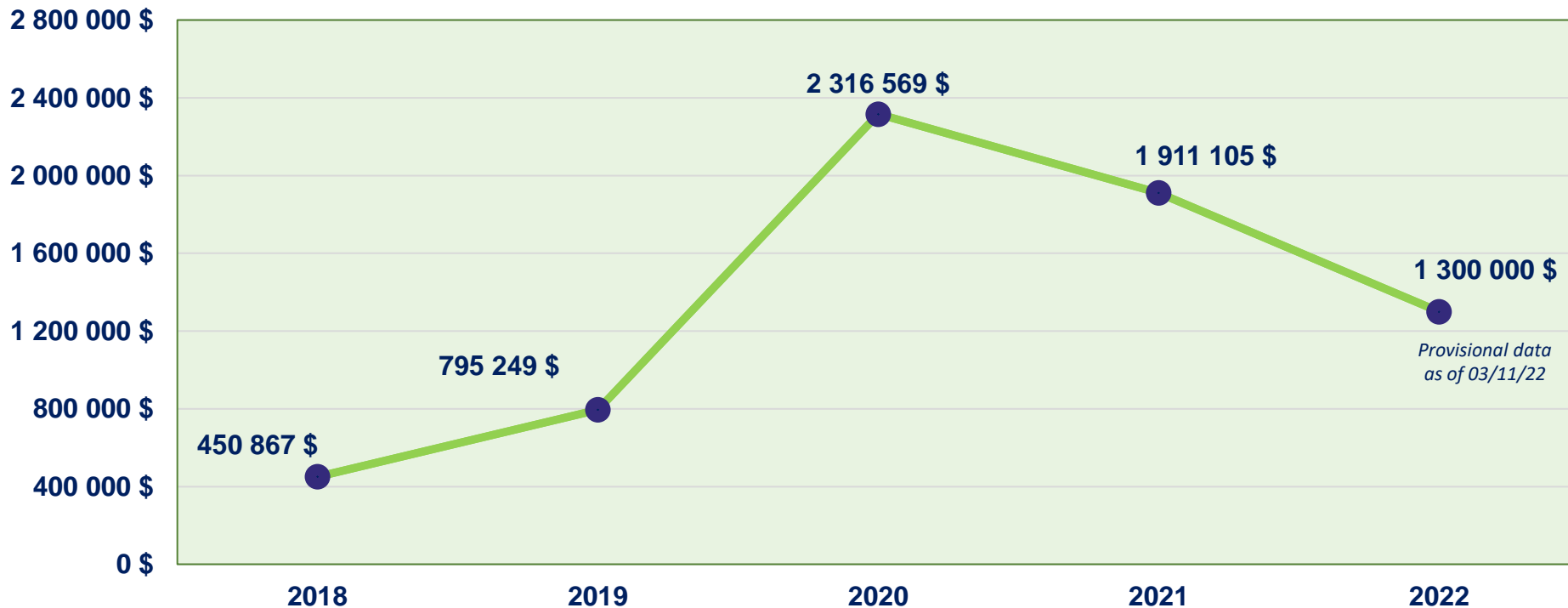
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Evolution of expenses



Restoring a balanced budget

Evolution of surpluses



2022 data: Provisional as of November 3 (final figure to come with 2022 financial statements)
2023 data: Available only at the end of the fiscal year.

Restoring a balanced budget

Status of insufficiencies

PRESENTATION OF the shortfalls	2018	2019	2020	2021	2022	2023
TOTAL REVENUES	11 127 500 \$	11 676 519 \$	12 731 553 \$	12 926 387 \$	13 155 498 \$	14 706 731 \$
TOTAL EXPENSES	11 335 167 \$	11 851 796 \$	11 828 702 \$	13 715 866 \$	15 390 268 \$	15 851 475 \$
TOTAL LOSS OF REVENUE*	-207 667 \$	-175 277 \$	+ 902 851 \$	-789 479 \$	-2 234 770 \$	-1 144 744 \$

** Before the allocations*

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Variation of allocations between 2022 and 2023

SUMMARY OF THE ADOPTED BUDGET	2022	2023	Variation \$	Variation %
TOTAL REVENUES	13 155 498 \$	14 706 731 \$	1 551 233 \$	11,79 %
TOTAL EXPENSES	15 390 268 \$	15 851 475 \$	461 207 \$	3,00 %
TOTAL ALLOCATIONS	-2 234 770 \$	-1 144 744 \$	-1 090 026 \$	-48,78 %
SURPLUS	0 \$	0 \$		

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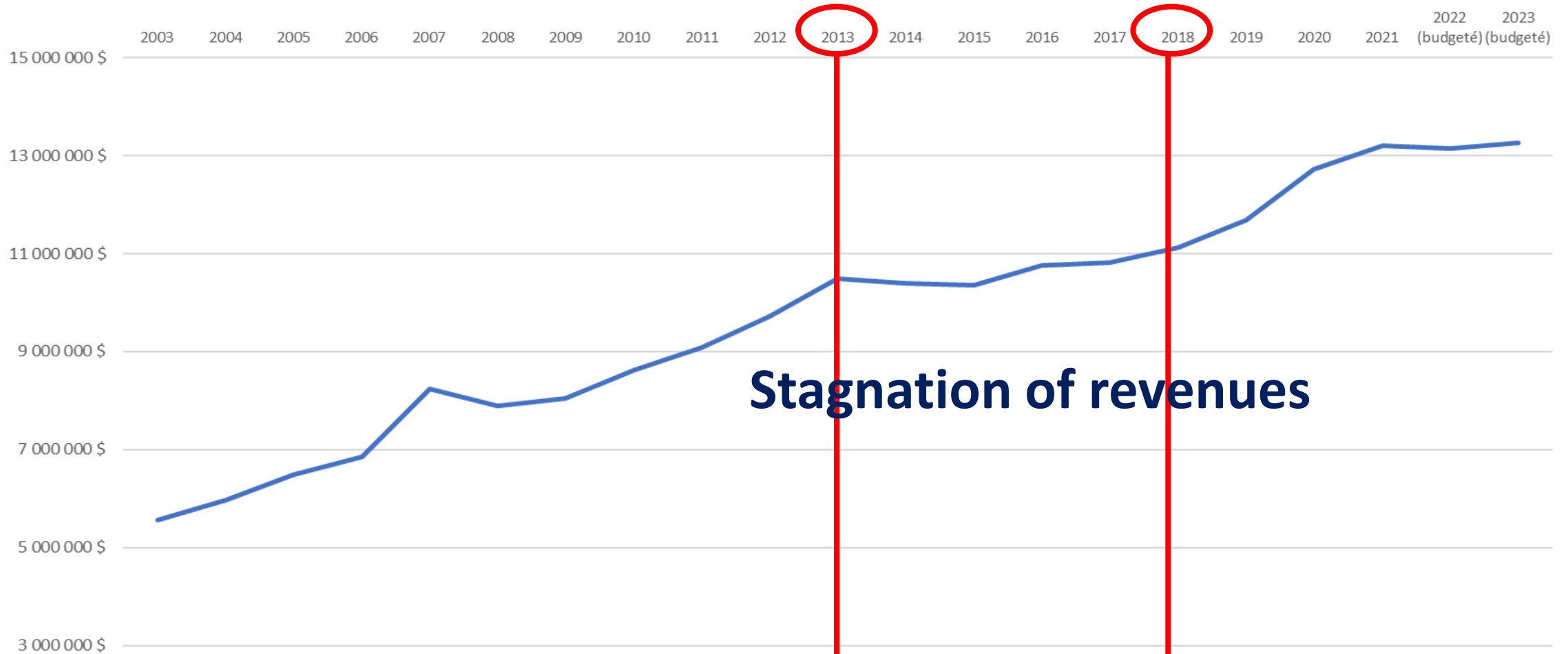
Why a \$2.2 million shortfall in 2022?

- Recurring revenues are not sufficient to cover the operating expenses of the last two years.
- Recurring revenues come from the general residential tax (between 65 and 75% depending on the sector).
- The increase in the general residential tax has not kept pace with the growth in expenditures (2012-2021).
- The unallocated surplus, which emanates from extra revenues including real estate transfer duties, was used to compensate the shortfalls.

➔ Recovery must be achieved by increasing recurring revenues; a decrease of at least 20% in real estate transfer duty revenues is expected in 2023.

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Évolution des revenus



Restoring a balanced budget

Stagnation of revenues between 2013 and 2018

- + Deficient 1st line services
- + Non-competitive employee remuneration
- + High rate of staff turnover
- + Loss of expertise
- + Difficulty in recruiting competent and experienced personnel
- + De-motivation factor
- + Strategic issues important to the development of the community not managed
- + Road maintenance budget four times lower than similar towns like Shefford and Brome Lake

= Result: dissatisfaction of the population

Restoring a balanced budget

Expenditures in constant dollars

Inflation calculation sheet –
Bank of Canada

*Putting the increase in
spending in constant dollars
into perspective*

A "basket" of goods and services

...that cost:

\$ 13,715,866.00 in 2020

...would cost:

\$ 15,430,349.25 in 2023

Clear

Calculate

Percent change:

12.50

Number of years:

3

Average annual rate of
inflation (%) / Decline in
the value of money:

4.00

CPI for first year:

(Jan 2020) 136.8

CPI for second year:

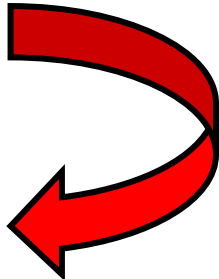
(Jan 2023) 153.9

2002 CPI = 100.0

Data source: [Statistics Canada](#), Consumer Price Indexes for Canada, Monthly (V41690973 series)

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Current vs. constant dollars

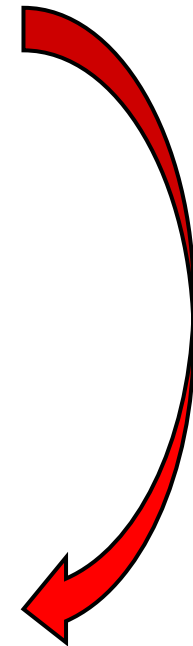
2020 Budget in dollars	13 715 866 \$		
2020 Budget with inflation	15 430 349 \$		+ 2,73 %
Budgeted expenditures in 2023	15 851 475 \$		

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Payroll from 2020 to 2023

Year	Actual Expenditures		
	Remuneration	Benefits	Total
2020	2 850 334,85 \$	523 852,77 \$	3 374 187,62 \$
2021	3 299 568,15 \$	621 388,37 \$	3 920 956,52 \$
2022	3 788 302,64 \$	736 888,88 \$	4 525 191,52 \$
	Amounts in the 2023 budget		
2023	4 307 167,00 \$	887 110,00 \$	5 194 277,00 \$

1 820 090 \$



% of payroll on the municipal budget :

Average similar towns = 38,99 %

Sutton in 2020 = 28,43 % / Sutton in 2023 = 32,76 %



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Human resources in 2023

Service	Permanent full time	Permanent part-time	Temporary	Total	
Finance	4			4	
Municipal clerk	1	1		2	
General Administration	3			3	
Public Safety	0,5	0,75	0,5	1,75	
Public works	4			4	
Environment	1			1	
Urbanism	5			5	
Recreation, Community Life and Culture	4			4	(including library coordinator)
Total	22,5	1,75	0,5	24,75	
Blue collar workers	20		3	23	
TOTAL	42,5	1,75	3,5	47,75	

We have 25 first responders, 18 of whom are also volunteer firefighters.

We have 36 volunteer firemen and 4 auxiliary firemen (in training).

Restoring a balanced budget

Irreducible expenses

The town's budget contains more than **81% of irreducible expenses**.
As a result, **less than 19%** of the budget may be controlled.

Main variations between 2022 and 2023 observed in irreducible expenses :

	2023 Budget	Variation in \$	Variation in %
Repayment of long-term debt:	1 653 083 \$	+172 191 \$	+11,63 %
Contributions to MRC:	662 940 \$	+38 545 \$	+6,17 %
Sûreté du Québec :	1 466 300 \$	+87 820 \$	+6,36 %
Professional services:	738 129 \$	+47 704 \$	+6,91 %
Electricity costs:	256 255 \$	+14 370 \$	+5,94 %
Fuel costs:	440 530 \$	+62 875 \$	+16,65 %
Total payroll:	5 185 032 \$	+114 960 \$	+2,27 %
Communication costs:	171 017 \$	-26 865 \$	-13,58 %
Insurance:	198 370 \$	+9 350 \$	+4,95 %
Depreciation:	2 050 000 \$	0 \$	0,00 %
TOTAL :	12 811 656 \$	+510 750 \$	+4,15 %

Restoring a balanced budget

Irreducible expenses

Impact of inflation on certain products essential to the Town's operation :

	January 2022	November 2022	Variance \$	Variance %
Diesel per liter	1,152 \$	1,934 \$	+0,782 \$	+68 %
Gasoline per liter	1,027 \$	1,195 \$	+0,168 \$	+16 %
Fuel oil per liter	0,948 \$	1,689 \$	+0,741 \$	+78 %
Propane per liter	0,830 \$	0,910 \$	+0,080 \$	+10 %
Transport of glass per trip	600,00 \$	625,00 \$	+25,00 \$	+4 %
Transport of recycling per trip	290,00 \$	325,00 \$	+35,00 \$	+12 %
Transport of household waste per trip	240,00 \$	250,00 \$	+10,00 \$	+4 %
Treatment of household waste per ton	62,40 \$	64,90 \$	+2,50 \$	+4 %
Treatment of organic materials per ton	70,75 \$	73,58 \$	+2,83 \$	+4 %

Restoring a balanced budget

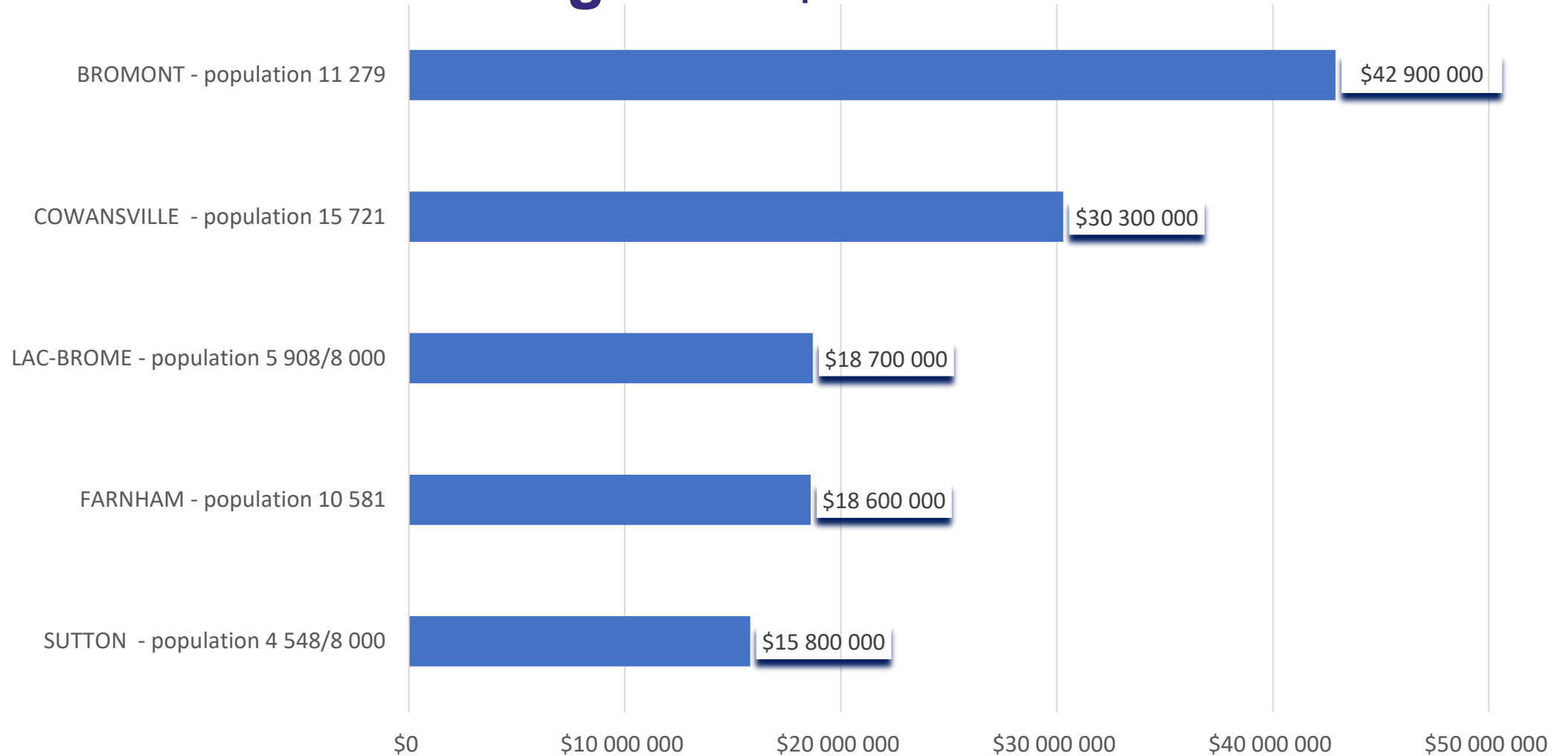
Irreducible expenses (next)

	January 2022	November 2022	Variance \$	Variance %
Salt per ton	88,09 \$	97,79 \$	+9,70 \$	+11%
Granular materials MG 20 per ton	14,09 \$	14,89 \$	+0,80 \$	+6%
Granular materials MG 20B per ton	13,09 \$	13,89 \$	+0,80 \$	+6%
Stones 5-10 mm per ton	20,39 \$	21,64 \$	+1,25 \$	+6%
Transportation by ten-wheeler per hour	92,01 \$	115,92 \$	+23,91 \$	+26%
Transportation by twelve-wheeler per hour	108,83 \$	139,27 \$	+30,44 \$	+28%
Excavator rental per hour	147,00 \$	155,00 \$	+8,00 \$	+5%
<i>Snow removal parts (per unit)</i>				
Plow block blades (LB586132 VBL)	676,00 \$	1 018,00 \$	+342,00 \$	+51%
Cast iron skid for plow	68,00 \$	134,75 \$	+66,75 \$	+98%
Plow blades (3/4X/X144)	345,00 \$	403,00 \$	++58,00 \$	+17%
Steel nose for plow	69,00 \$	89,00 \$	20,00 \$	+29%



Comparison with neighbouring towns

Budgets in \$M



General residential tax rate and overall tax rate (TGT)

Towns in Brome-Missisquoi MRC	General residential tax rate per \$100 of assessment in 2023	TGT in 2022
Sutton	0,489	0,7815
West Bolton	0,530	0,4758
Brome Lake	0,555	0,7259
Abercorn	0,585	0,7431
Bromont	0,558	0,9361
Bedford	0,825	1,4263
Farnham	0,891	1,1045
Cowansville	0,910	1,1772

Comparison between the towns of Farnham, Brome Lake and Sutton (2022)

Comparative elements	FARNHAM	BROME LAKE	SUTTON
Population	10 581 persons	5 908 ou ± 8 000 persons	4 548 ou ± 8 000 persons
Density	115 persons per km ²	25 ou ± 39 persons per km ²	18 ou ± 32 persons per km ²
Total area	92 km ²	205 km ²	247 km ²
Number of permanent and temporary employees	88	54	47,75
Standardized Property Value (RFU)	1 179 888 182 \$	1 980 887 570 \$	1 416 451 922 \$
General residential tax rate per \$100 of assessment	0,66 \$	0,58 \$	0,489 \$
Agregate Taxation Rate (TGT) in 2022	1,1045 \$	0,73 \$	0,78 \$
Fiscal effort Index	104	70	76
Total net long-term debt per \$100 of RFU (2021)	2,00 \$	0,94 \$	0,82 \$
Total net long-term debt in 2021	20 376 328 \$	16 059 291 \$	10 783 055 \$
Total net long-term debt by valuation unit	4 693 \$	3 351 \$	2 142 \$

Comparison between Brome Lake and Sutton (2023)

Comparison chart with a similar town			
Comparative elements	Brome Lake	Sutton	Difference for Sutton
2023 Budget	18 700 000 \$	15 800 000 \$	- 2 900 000 \$
Total number of units	4 791 units	4 810 units	+19 units
Total number of housing units	4 004 housing	4 128 housing	+124 housing
Total number of other facilities	298 facilities	245 facilities	-53 facilities
Value of properties (assessment roll)	2 105 985 000 \$	1 704 164 700 \$	-402 000 000 \$
Increase in the assessment roll	25,2 % (2022)	38,8 % (2023)	N/A
General residential tax rate per \$100 of assessment	0,580 \$	0,489 \$	-0,091 \$
<i>Tax for a house of 300 000 \$</i>	<i>1 740 \$</i>	<i>1 467 \$</i>	<i>-273 \$</i>
<i>Tax for a house of 500 000 \$</i>	<i>2 900 \$</i>	<i>2 445 \$</i>	<i>-455 \$</i>
<i>Tax for a house of 700 000 \$</i>	<i>4 060 \$</i>	<i>3 423 \$</i>	<i>-637 \$</i>
Water tax	210 \$	192 \$	-18 \$
Sewer tax	365 \$	116 \$	-249 \$
Septic tank tax	85 \$	67 \$	-18 \$
Tax for residual materials	215 \$	198 \$	-17 \$

The positive impact of rising property values

Increase in the assessment roll

In comparaison :

Return on an invested portfolio
(60% stocks / 40% bonds)

+ **13 %** annual return on real estate assets
between 2019 and 2022
+ **39 % over 3 years** on the value of the
property

- **12 % to -16 %** return on investment in
2022.
+ **7 % over 3 years** from 2019 to 2022

De-escalate the debate

Tax increase in 2023

Evaluation:	Property with services Village sector		Property with services Mountain sector		Property without water and sewer services	
	Increase Year	Month	Increase Year	Month	Increase Year	Month
100 000 \$	78,66 \$	6,55 \$	94,78 \$	7,89 \$	74,27 \$	6,18 \$
200 000 \$	157,32 \$	13,11 \$	189,56 \$	15,79 \$	148,54 \$	12,37 \$
300 000 \$	235,98 \$	19,66 \$	284,34 \$	23,69 \$	221,81 \$	18,48 \$
468 093 \$	368,21 \$	30,68 \$	443,69 \$	36,97 \$	347,64 \$	28,97 \$
500 000 \$	393,30 \$	32,77 \$	473,90 \$	39,49 \$	371,35 \$	30,94 \$
600 000 \$	471,96 \$	39,33 \$	568,68 \$	47,39 \$	445,62 \$	37,13 \$
700 000 \$	550,62 \$	45,88 \$	663,46 \$	55,28 \$	519,89 \$	43,32 \$
800 000 \$	629,28 \$	52,44 \$	758,54 \$	63,21 \$	594,16 \$	49,51 \$
900 000 \$	707,94 \$	58,99 \$	853,02 \$	71,08 \$	668,43 \$	55,70 \$
1 000 000 \$	786,60 \$	65,55 \$	947,80 \$	78,98 \$	742,70 \$	61,89 \$

De-escalate the debate

Tariffs for residential services

SERVICES	2022	2023	Variation	
			\$	%
WASTE COLLECTION	88,00 \$	88,00 \$	0,00 \$	0 %
RECYCLING MATERIALS COLLECTION	44,00 \$	30,00 \$	-14,00 \$	-31,8 %
ORGANIC MATERIALS COLLECTION	76,00 \$	80,00 \$	4,00 \$	5,3 %
TOTAL RESIDUAL MATERIALS COLLECTION	208,00 \$	198,00 \$	-10,00 \$	- 4,8 %
AQUEDUCT SERVICE (WATER)	192,00 \$	192,00 \$	0 \$	0 %
SEWER SERVICE	116,00 \$	116,00 \$	0 \$	0 %
EMPTYING OF SEPTIC TANKS SERVICE	92,00 \$	67,00 \$	-25,00 \$	-27 %

Our surpluses

Amount of unallocated and reserved surpluses used to balance budgets

2018	2019	2020	2021	2022	2023
65 608 \$	124 999 \$	8 758 \$	1 165 179 \$	1 676 888 \$	900 372 \$
<i>Variance</i>	90,50 %	-92,99 %	13 204,17 %	44,67 %	-46,31 %

Our surpluses

Status and use of unallocated surplus

	Result of the year	Allocation to the budget	Annual usage other than budget	Transfer to reserved surplus	Balance
Balance as of December 31, 2016					1 651 361,25 \$
2017	927 834,00 \$	297 602,00 \$	818 923,87 \$	358 273,24 \$	1 104 396,14 \$
2018	450 867,00 \$		245 243,72 \$	450 642,45 \$	859 376,97 \$
2019	795 596,00 \$	124 999,00 \$	46 910,88 \$	217 482,12 \$	1 265 580,97 \$
2020	2 316 569,00 \$	8 758,00 \$	143 174,19 \$	254 379,27 \$	3 175 838,51 \$
2021	1 955 150,00 \$	929 462,00 \$	612 025,00 \$	189 006,13 \$	3 400 495,38 \$
2022	1 300 000,00 \$	1 561 424,00 \$	515 235,90 \$	180 000,00 \$	2 443 835,48 \$
2023		750 000,00 \$			1 693 835,48 \$

2022 result of the year = estimated

2022 transfer to surplus reserved for services = estimated

Our debt

Debt as of December 31, 2022

TOTAL DEBT AS OF 12/31/2022	12 331 200,00 \$
GOVERNMENTS	3 288 185,21 \$
TOWN OF SUTTON (net debt)	9 043 034,79 \$

7 935 401,67 \$	Collective Debt
1 107 633,12 \$	Sectors Debt
9 043 034,79 \$	TOWN'S TOTAL NET DEBT

RATIOS	SUTTON	MRC	QUÉBEC
Total long term net debt per \$100 of Standardized Property Value (RFU)	2020 → 0,92 \$	→ 1,42 \$	→ 2,19 \$
	2021 → 0,82 \$	→ 1,35 \$	→ 2,16 \$
Total long term net debt per evaluation unit	2020 → 2 275 \$	→ 3 869 \$	→ 7 246 \$
	2021 → 2 142 \$	→ 3850 \$	→ 7 525 \$



Our investment projects

PTI 2023-2024-2025

BY YEAR	2023	2024	2025	TOTAL \$
Infrastructures – aqueduct	2 189 670 \$	2 440 000 \$	3 766 670 \$	8 396 340 \$
Infrastructures – sewers	1 666 670 \$	2 440 000 \$	3 766 670 \$	7 873 330 \$
Infrastructures – public security	0 \$	315 000 \$	0 \$	315 000 \$
Furniture	24 910 \$	6 000 \$	6 000 \$	36 910 \$
Machinery, tools	454 000 \$	0 \$	0 \$	454 000 \$
Computers and softwares	58 300 \$	31 000 \$	31 000 \$	120 300 \$
Infrastructures – roads	6 295 388 \$	10 057 325 \$	10 196 620 \$	26 549 333 \$
Buildings, land	1 948 950 \$	3 556 175 \$	1 800 055 \$	7 305 180 \$
Vehicles, equipment	461 435 \$	654 135 \$	710 000 \$	1 825 570 \$
Infrastructures – recreational	137 600 \$	100 000 \$	100 000 \$	337 600 \$
TOTAL	13 236 923 \$	19 599 635 \$	20 377 005 \$	53 213 563 \$



Our investment projects

Investment projects 2023

Aqueduct: Water meters and upgrades	523 000 \$
Aqueduct, sewers and street: Western North	5 000 000 \$
Missisquoi Valley road network (culvert), Réal/Harold (culvert), public lighting and traffic calming measures	4 648 728 \$
Buildings, grounds: cameras, mechanical storage, purchase of the Vieux Verger land and development of the Filtex land	1 946 040 \$
Vehicles, equipment, wheel loader replacement and fire department vehicle	443 845 \$
IT equipment	68 800 \$
Tools: breathing apparatus and SSI portable pump	434 000 \$
Recreation: participatory budget, basketball court, CCCJS access trail, Goyette-Hill park bulletin board, watering holes	147 600 \$
Furniture: office furniture	24 910 \$
TOTAL	13 236 923 \$



Budgetary orientations

Aim for a balanced budget within 3 years.

Live with a constant annual operating budget of \$16M during this 3-year period.

Reduce the use of the unallocated surplus to zero to balance the annual budget.

To offer all basic services with optimal quality, taking into account the resources available.

Manage reserves as recommended by the Town's auditor.

Conclusion

“We have rebuilt the foundation of the building. We can now build the upper floors.”