

Town of Lunenburg

FY 2025 Preliminary Budget, Town Manager Recommendation

February 21, 2024

Heather R. Lemieux, Town Manager

FY2025 Budget Process and Calendar

The Budget Year is July 1st – June 30th

August	Sept.	October	Nov.	Dec.	January	February	March	April	May
Capital Planning has Kick-off Meeting	Town Manager sends Capital Plan Forms	Capital Budget Requests Due	Capital Planning Committee begins to review requests with Depts.	Capital Planning Committee sends Town Manager prioritized list of capital projects	<p>Operating budget requests due to Town Manager</p> <p>Town Manager presents Prelim. Capital Plan</p> <p>Governor releases House 1 Budget Proposal</p>	<p>Town Manager presents Prelim. Budget Rec.</p> <p>Finance Committee begins to review budget requests with Depts.</p> <p>Final Health Insurance Rates</p>	<p>Monty Tech Assessment voted on by SC</p> <p>ATM Warrant closes 3/18/24 at 4 PM</p> <p>Finance Committee Public Hearing 3/28/24 at 7 PM</p>	Warrant booklets mailed to residents	<p>Annual Town Meeting 5/4/24</p> <p>Annual Town Election 5/18/24</p>

Preparing the FY2025 Recommendation

- Goal each year is to create a balanced budget that funds operating budgets using recurring revenues
- Original target budget used in December and preliminary budget use conservative revenue projections.
- Incremental changes in personnel=Smart Growth to ensure Long Term Fiscal Sustainability
- Certified Free Cash not used on operating budget and abides by the Town's Financial Policies:
 - \$1,016,722 Free Cash** towards Capital Items;
 - \$187,061 of Free Cash** towards OPEB liability costs (10% of previous year's certified free cash);
 - \$100,000 of Free Cash** deposited into the regular Stabilization Account per the town's policy.
 - \$250,000 of Free Cash** deposited into the Special Purpose Stabilization Account.

FY2025 Target Budget

FY2025 Target Budget

- On the Revenue side:
 - **Property Taxes:** Included adding 2 ½ % to previous year's levy, \$400,000 for New Growth, and debt exclusion amounts.
 - **State Aid:** Level funded State Aid based on the FY24 State Aid figures that were approved in July 2023.
 - **Local Receipts:** Included a \$50,000 increase over previous FY's estimate for Motor Vehicle Excise Taxes but level funded all other local receipts.
 - **Other available funds:** Included Free Cash and unexpended Capital for the FY25 Capital Plan, Sewer and Public Access Indirect Costs, and Artificial Turf revenue for debt payment.

FY2025 Target Budget

- On the Expenditure side:
 - Level funded Cherry Sheet Offsets, State & County Charges and Choice/Charter Assessments using FY24 amounts
 - Departments were sent target budgets in early January that included all known contractual increases and level funded other expense categories except:
 - Known Principal and Interest debt payments for FY25
 - Included a **10% rate increase** for Health Insurance for active employees and a **6% rate increase** for retirees
 - **5% Increase** for General Insurances and Police/Fire IOD Insurance
 - Included a **10% increase** for Worc. County Retirement
 - Included **2.5% increase** for LPS and Monty Tech

FY2025 Preliminary Budget Vs. Target Budget: Assumptions and “Unknowns”

- **Revenues:**

- State Aid: Uses the Governor’s State Aid Proposal released in late January, reduction of \$342,192 in 40S funding.
- New Growth: Maintains the **\$400,000** estimate; continue to monitor and adjust if needed between now and Town Meeting
- Other Available Funds: Recommends using **\$105,762** from the Health Insurance Stabilization Account.

- **Expenditures:**

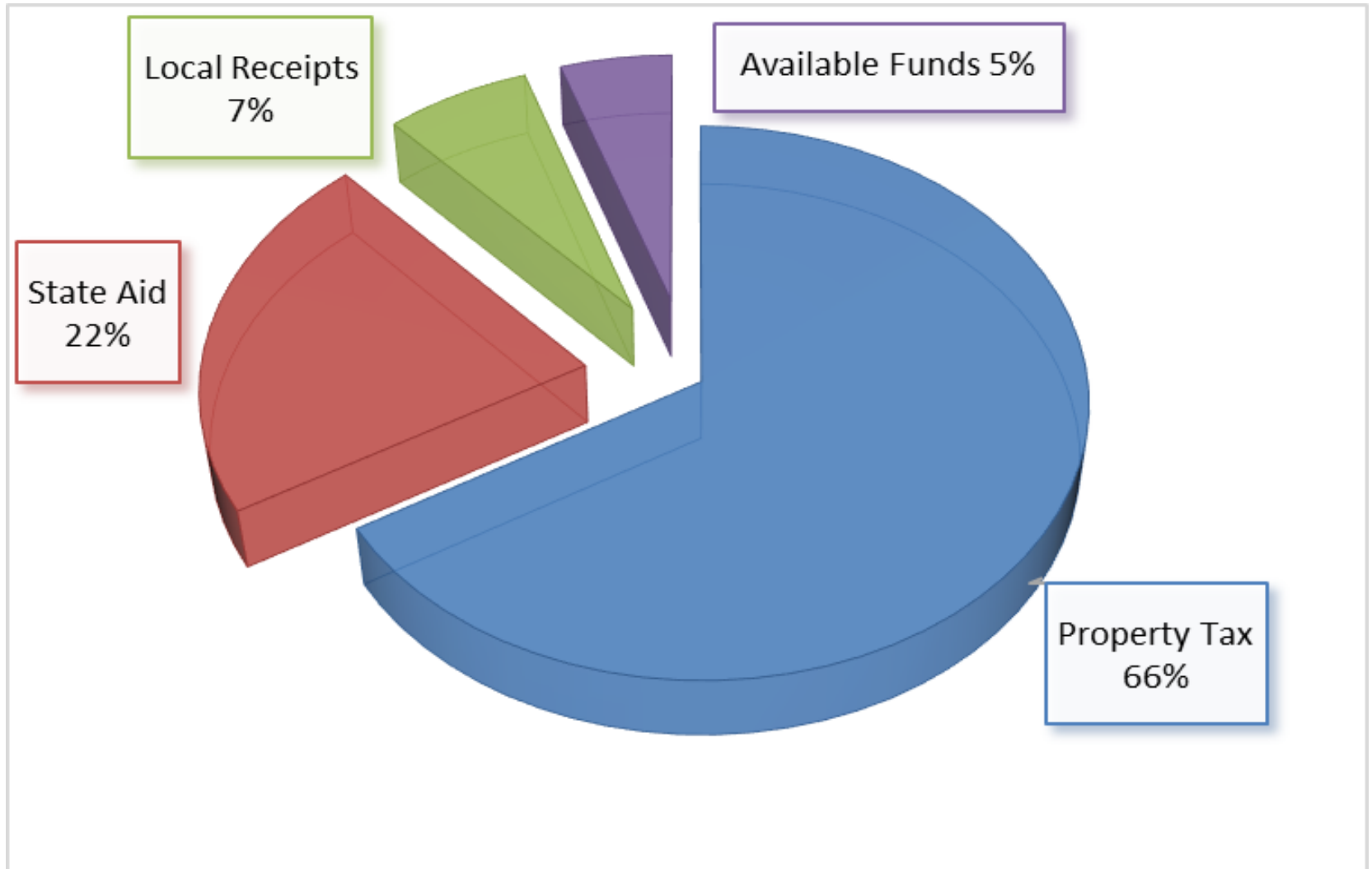
- Cherry Sheet Offsets and State Assessments: Uses the Governor’s State Aid Proposal released in late January, reduction in state/county charges and assessments.
- Health Insurance: Final rate is **5.7% increase** for active employees and **6% rate increase** for retirees.
- Liability, WC and IOD Insurance: Maintains a **5% increase**. Renewals typically received in March.
- LPS: Includes a **3% increase**.
- Monty Tech: Includes a **3.75% increase**.
- Town Departments: Various incremental changes to staffing and 1 FTE position added

FY 2025 Revenues

FY2025- Projected Revenues

• Property Tax	\$ 32,587,335
• State Aid	\$ 10,682,086
• Local Receipts	\$ 3,266,491
• Other Avail. Funds	\$ 2,431,884
• Total	\$48,967,795

FY2025- Revenue Estimates



FY 2025 Revenue Estimates

	FY22	FY23	FY24 TM	FY25 TM	Dollar Increase
	Final	Final	Final	Prelimin	Over PY
Revenue					
Property Tax*	\$29,959,876	\$30,875,656	\$31,622,520	\$32,587,335	\$964,815
State Aid	\$ 9,440,371	\$ 10,500,128	\$ 10,793,838	\$ 10,682,086	-\$111,752
Local Receipts	\$ 3,114,991	\$ 4,074,830	\$ 3,217,741	\$ 3,266,491	\$48,750
Available Funds**	\$ 3,034,289	\$ 3,790,732	\$ 3,814,237	\$ 2,431,884	-\$1,382,353
total:	\$45,549,526	\$49,241,346	\$49,448,336	\$48,967,795	\$206,990
*Property Tax includes starting tax levy, 2 1/2%, New Growth, Excludable Debt					
** Available funds will fluctuate mainly due to use of free cash.					

Noteworthy highlights:

- State Aid is \$111,752 lower than the final FY24 State Aid due to no longer being eligible for Smart Growth School Reimbursement Costs
- Estimate for local receipts remains conservative as these are elastic revenues
- Available funds is less than the previous year as the certified Free Cash amount was greater at the closeout of FY22 than the closeout of FY23

FY2025- Property Tax

	FY22	FY23	FY24 TM	FY25 TM	Dollar Increase
	Final	Final	Final	Prelim. Budget	Over PY
Property Tax					
Prior Year Levy Limit	\$ 26,049,570.00	\$ 27,131,063.00	\$ 28,043,723.00	\$ 29,144,816.07	\$1,101,093
2 1/2% Increase	\$651,239	\$678,277	\$701,093	\$728,620	\$27,527
New Growth	\$430,254	\$234,383	\$400,000	\$400,000	\$0
Debt Exclusions	\$2,828,813	\$2,831,933	\$2,477,704	\$2,313,898	-\$163,806
Taxes: Total	\$29,959,876	\$30,875,656	\$31,622,520	\$32,587,335	\$964,815

- **Property Tax:**
 - Prior Year base (\$29,144,816) plus 2 ½% increase (\$728,620)
 - Estimate for New Growth (\$400,000)
 - No New Overrides or Exclusions
 - Excluded Debt from previous projects for FY25 = \$2,313,898
 - Maximum allowable tax levy for FY2025=\$32,587,335

History of New Growth

New Growth Dollars by Property Class

	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Budget	FY2024 Projected	FY2025 Projected
Residential New Growth	173,768	160,452	325,257	169,631	210,000	300,000
Open Space (OS)	0	0	0	0	0	0
Commercial (C)	3,187	9,272	12,096	8,330	100,000	10,000
Industrial (I)	31,840	0	1,318	909	0	0
Personal Property (PP)	157,436	139,008	91,583	55,513	90,000	90,000
CIP New Growth	192,463	148,280	104,997	64,752	190,000	100,000
TOTAL New Growth ①	366,231	308,732	430,254	234,383	400,000	400,000

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

3-year average

Residential	258,208	206,461	219,826	218,447	234,963	226,544
Open Space	0	0	0	0	0	0
C	42,020	22,556	8,185	9,899	40,142	39,443
I	23,026	22,247	11,053	742	742	303
PP	116,834	131,235	129,342	95,368	79,032	78,504
Total	440,088	382,500	368,406	324,456	354,879	344,794

5-year average

Residential	299,895	269,675	252,067	222,854	207,822	233,068
Open Space	0	0	0	0	0	0
C	29,924	30,040	29,486	17,619	26,577	27,940
I	14,100	14,100	14,079	13,794	6,813	445
PP	29,924	30,040	29,486	108,160	106,708	93,221
Total	373,844	343,854	325,117	362,427	347,920	354,674

10-year average

Residential	270,504	275,212	266,930	258,542	254,171	266,482
Open Space	0	0	0	0	0	0
C	0	0	0	0	0	0
I	16,905	17,779	18,988	19,307	28,776	28,932
PP	16,905	17,779	18,988	19,307	28,776	28,932
Total	304,314	310,769	304,906	297,156	311,722	324,346

FY2025- State Aid

10 Year History

STATE AID CHERRY SHEET

	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Budget	FY2024 Budget	FY2025 Projected	% Inc. Over PFY
Chapter 70 Education Aid	5,834,483	6,351,257	7,272,505	7,538,072	7,771,740	7,773,938	7,823,618	8,722,228	8,819,128	8,957,078	1.56%
Charter Tuition Reimbursement	133,545	33,934	78,091	17,860	36,345	64,708	28,140	144,037	96,747	123,124	27.26%
Charter Facility Reimbursement						-	-	-	-	-	
Smart Growth	166,960	119,257	119,257	29,195	35,372	138,069	79,717	119,575	342,192	-	-100.00%
School Lunch (offset)	-	-	-	-		-	-	-	-	-	
School Choice Receiving Tuition (offset)	227,741	268,906	281,212	241,647	182,658	176,265	175,332	113,539	116,976	93,261	-20.27%
Unrestricted General Government Aid	974,858	1,016,777	1,056,431	1,093,406	1,122,928	1,122,928	1,162,230	1,224,990	1,264,190	1,302,115	3.00%
Veterans Benefits	55,238	81,303	45,280	35,873	55,161	42,316	58,371	51,450	53,304	52,875	-0.80%
Exemptions VBS and Elderly	63,425	66,101	58,172	55,517	61,979	62,042	58,214	56,114	23,866	75,681	217.11%
State Owned land	47,844	47,275	47,230	47,230	26,222	26,905	32,522	41,747	47,467	47,692	0.47%
Police Career Incentive			-			-	-	-	-	-	
Public Libraries (offset)	14,398	14,137	14,615	15,534	16,524	20,448	22,227	26,448	29,968	30,260	0.97%
TOTAL Cherry Sheet ③	7,518,492	7,998,947	8,972,793	9,074,334	9,308,929	9,427,619	9,440,371	10,500,128	10,793,838	10,682,086	-1.04%

FY2025- Local Receipts

- Estimated Local Receipts – increased \$50,000, or 1.51% over the previous year's estimates
 - Motor Vehicle Excise Tax, licenses, permits, fees, fines, investment income
 - Elastic Revenues- very dependent upon the economy
 - Conservative estimates assist with funding the following year's capital needs, depositing funds into stabilization accounts and depositing funds into the OPEB Trust Fund.

FY2025 –Local Receipts

Local Receipts: Estimate is an overall increase of 1.51% over the previous fiscal year estimates.

	FY2022 Actual	FY2023 Actual	FY2024 Estimated	FY2025 Estimated
1. Motor Vehicle Excise	1,839,920	2,092,535	1,821,640	1,871,640
2a. Meals Excise	133,028	138,348	100,980	100,980
2b. Room Excise				
2c. Other Excise-Boat				
3. Penalties/Interest on Taxes and Excises	506,518	139,955	140,000	140,000
4. Payment In Lieu of Taxes	7,985	1,629	1,648	1,648
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	234,113	234,118	176,052	176,052
11. Rentals				
12. Dept. Revenue-Schools	198,650	161,890	60,207	60,207
13. Dept. Revenue-Libraries				
14. Dept. Revenue-Cemeteries	5,900	3,500	3,500	3,500
15. Dept. Revenue-Recreation				
16. Other Departmental Revenue	281,838	335,731	257,370	257,370
17. Licenses/Permits	372,560	418,755	331,188	331,188
18. Special Assessments	15,900	14,124	11,844	11,844
19. Fines and Forfeits	13,897	12,021	12,013	12,013
20. Investment Income	24,440	264,599	85,600	85,600
21. Medicaid Reimbursement				
22. Misc. Recurring				
23. Misc. Non-Recurring	444,644	357,810	215,699	214,449
TOTAL Local Receipts-Actual ①	4,079,394	4,175,015	3,217,741	3,266,491
Difference: Actual over Budget	964,403	1,006,025		

FY2025- Available Funds

- **Available Funds**

- Uses Free Cash towards the FY25 Capital Plan, regular Stabilization Account, Special Purpose Stabilization Account, and the OPEB Trust Fund.
- Uses \$300,397 from unexpended capital towards the FY25 Capital Plan
- Uses \$105,762 from Health Insurance Stabilization Fund to offset health insurance costs
- Water & Sewer Betterments
 - Fully funds associated debt service for water and sewer debt
- Sewer Enterprise Fund covers their Indirect Costs
- Public Access Enterprise Fund covers their Indirect Costs
- Transfers \$41,478 from the Artificial Turf Revolving Fund to pay the associated costs for the Artificial Turf Field Debt for FY25

FY 2025 - Available Funds

	FY2022 TM	FY2023	FY2024	FY2025 TM
	After Recap	After Recap	After Recap	Prelim Budget
Overlay Surplus				
Free Cash	\$ 1,485,604.00	\$ 2,150,230.39	\$ 2,625,123.98	\$ 1,553,783.36
Bond Premium				
Unexpended Articles	\$ 111,281.58	\$ 212,089.61	\$ 14,951.93	\$ 300,397.62
Borrowing				
Health Insurance Stabilization Fund			\$ 271,000.00	\$ 105,762.48
Special Purpose Stabilization Fund				
Stabilization Fund				
Stabilization Fund, Tax Levy				
MSBA Reimbursement (Both debt and R	\$ 534,779.55	\$ 534,501.26	\$ 59,968.64	\$ 4.20
MSBA Reserve Reimbursement Applied				
Sewer Enterprise Retained Earnings	\$ 90,587.20	\$ 105,976.15	\$ 99,551.87	\$ 90,600.91
Sewer Debt	\$ 705,876.16	\$ 687,992.32	\$ 646,816.28	\$ 311,668.16
Septic Loan Revenue				
PEG Retained Earnings	\$ 46,842.00	\$ 47,808.00	\$ 47,503.00	\$ 28,189.00
Prior Year Capital (Unused)				
Bond Premium				
Sale of Cemetery Lots	\$ 15,000.00	\$ 10,000.00	\$ 10,000.00	\$ -
Artificial Turf Revolving Fund	\$ 44,318.19	\$ 42,134.74	\$ 39,321.78	\$ 41,478.43
School Transportation Fee Offset	\$ -	\$ -	\$ -	\$ -
total:	\$ 3,034,288.68	\$ 3,790,732.47	\$ 3,814,237.48	\$ 2,431,884.16
Dollar Increase Over Prior Year	\$ 662,571	\$ 756,444	\$ 23,505	\$ (1,382,353)
Percentage Increase Over Prior Year	27.94%	24.93%	0.62%	-36.24%

FY2025 Expenditures

Expenditures

- Expenditures are a reflection of the cost of providing a level of services to residents of all ages in our community, to visitors traveling or doing business in Lunenburg, and maintaining or improving our assets.
- As a town, we provide services to students, we provide health and human services to seniors and veterans, recreational services, public safety to all
- The balance is to provide the best services possible given the available resources, maintain our assets, and plan for the future by putting funding into reserves.

Expenditures

- Expenditures are divided into the following categories:
 - Departments
 - Non-Appropriated Costs: Cherry Sheet Offset Charges, Allowance for Abatements, Tax Title, Retirement Assessment
 - Sewer Enterprise Fund
 - Water Enterprise Fund
 - Solid Waste Disposal Enterprise Fund
 - Cable Access Enterprise Fund
 - Other Warrant Articles with a Financial Impact including transfers into Stabilization accounts, OPEB Trust Fund, and Capital Plan

FY2025 TM Preliminary Budget:

- General Govt: Funds increase in hours for IT Administrative Assistant, includes adding a part time position in Assessors Department to assist with data collection, and includes \$50K for grant writing contracted services. Overall **increase of \$197K**
- Police- Includes funding for an Operations Lieutenant for ½ year as part of 10-year staffing plan; other contractual expenses. Decrease in Lock-Up Expenses. Overall **increase of \$129K**
- Fire – Funds an increase in costs for EMS supplies and equipment line due to increased call volume, an increase in IT software specific to Fire. Overall **increase of \$36K**
- Radio Watch- The assessment for Nashoba Dispatch decreased by \$12K and the salary reserve line for desk coverage after the day shift was cut to fund the 2nd Lieutenant position, which will be available to come to the front desk during the second shift. Overall **decrease of \$55K**.
- Other Protection: Eliminates non-reoccurring expense of kennel behind PSB and change in personnel resulted in reduction in salary costs. Overall **decrease of \$10K**
- Facilities- Funds an increase in hours for Recreation Director, an increase in landscaping costs, and adds a new line item for repairs and maintenance not covered by the incoming revenue for the TCP Building in the amount of \$30,000. Overall increase of **\$50K**
- DPW- Includes level service increases General Highway account for drainage related costs, stormwater projects and purchase of services and tree removal expense line; additional \$50K for Pavement Management; a slight increase in the seasonal cemetery salaries line. Overall increase of **\$99K**.
- COA- Funds an increase in hours for the Meal Site Manager. Overall increase of **\$35K**

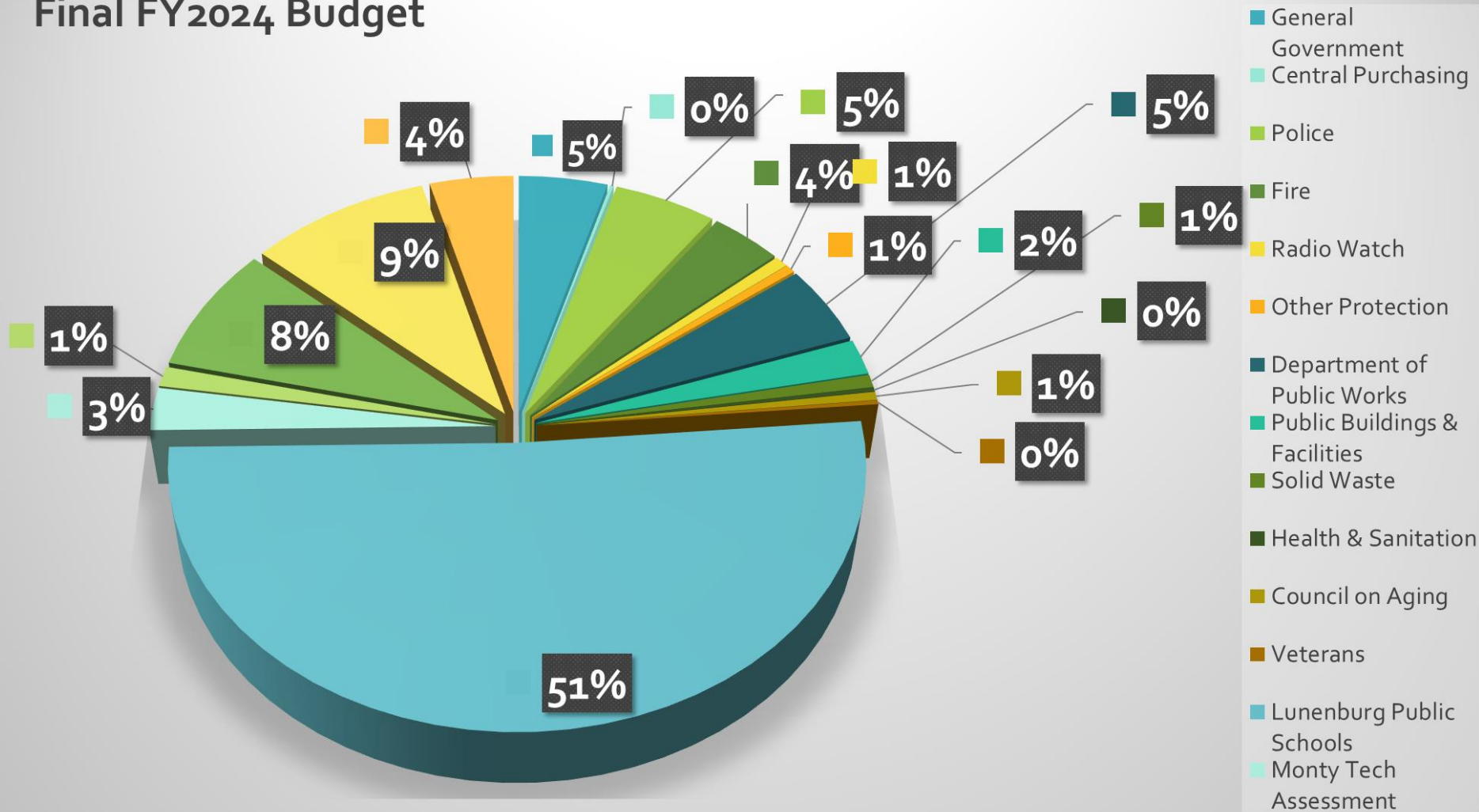
FY2025 TM Preliminary Budget:

- Library- Increase in hours for Teen Librarian, \$4K increase in programming line, increases the Library Materials line to meet the min. 16% towards Library Materials that maintains certification. Includes certain IT requests in IT budget. Overall increase of **\$33K** in library budget.
- Worcester Reg. Retirement: 10.94% increase or **\$209K** more than the previous FY.
- Unclassified- Includes final rate increase for active employees of 5.7% and 6% rate increase for retirees. The other insurances are estimated at 5% and the Reserve and Salary Reserve Accounts are funded at \$100K. The overall increase is **\$71K**.
- Debt Service- Due to expiring debt, our overall debt is **decreasing by \$576K**
- Lunenburg Public Schools – Recommendation includes **increasing LPS budget by \$673K** (2.94%). Does not meet any of the budget scenarios provided by Superintendent.
- Monty Tech- Recommendation includes a 3.75% increase of **\$44K**.
- Solid Waste/Recycling Program- Includes estimate of **\$17K increase**.

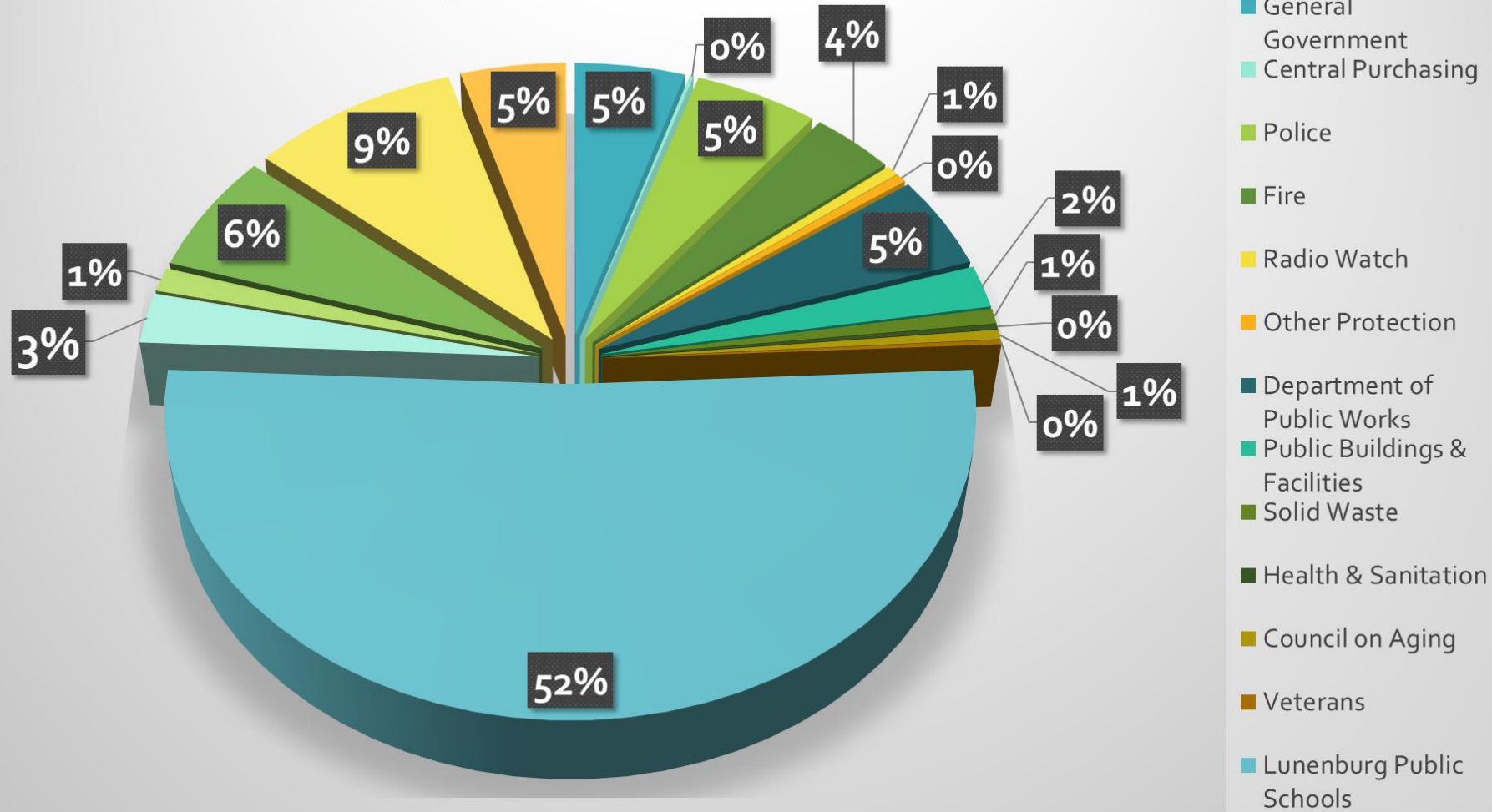
FY2025 Expenditures

	FY2024 TM	FY2025 TM	FY2025 Prelim. Budget	FY2025 Prelim. Budget
	Final	Prelim Budget	Dollar Inc. over PFY	% increase over PFY
Expenditures:				
General Fund Expenditures:				
General Government	\$ 2,029,301	\$ 2,227,148	\$ 197,848	9.75%
Central Purchasing	\$ 80,300	\$ 80,300	\$ -	0.00%
Police	\$ 2,353,668	\$ 2,493,210	\$ 139,541	5.93%
Fire	\$ 1,642,260	\$ 1,678,515	\$ 36,255	2.21%
Radio Watch	\$ 312,993	\$ 257,416	\$ (55,578)	-17.76%
Other Protection	\$ 228,829	\$ 217,919	\$ (10,910)	-4.77%
Department of Public Works	\$ 2,175,540	\$ 2,275,277	\$ 99,737	4.58%
Public Buildings & Facilities	\$ 983,852	\$ 1,034,595	\$ 50,743	5.16%
Solid Waste	\$ 352,775	\$ 369,775	\$ 17,000	4.82%
Health & Sanitation	\$ 108,705	\$ 117,819	\$ 9,114	8.38%
Council on Aging	\$ 229,648	\$ 236,296	\$ 6,648	2.90%
Veterans	\$ 110,775	\$ 110,775	\$ -	0.00%
Lunenburg Public Schools	\$ 22,901,128	\$ 23,574,522	\$ 673,394	2.94%
Monty Tech Assessment	\$ 1,181,390	\$ 1,225,646	\$ 44,256	3.75%
Library	\$ 555,781	\$ 589,100	\$ 33,319	6.00%
Debt Service	\$ 3,518,013	\$ 2,941,322	\$ (576,691)	-16.39%
Unclassified	\$ 4,144,601	\$ 4,215,863	\$ 71,262	1.72%
Retirement Assessment	\$ 1,917,969	\$ 2,127,801	\$ 209,832	10.94%
			\$ -	
sub-total:	\$ 44,827,528	\$ 45,773,298	\$ 945,770	2.11%

Final FY2024 Budget



FY2025 TM Prelim Budget



FY2025 Expenditures-

Non-Discretionary- Debt Service

	FY2022	FY2023	FY2024	FY2025	Dollar Increase
	After Recap	After Recap	Final	TM Prelim.	Over PFY
Total: Debt Service	\$ 4,562,594	\$ 4,495,104	\$ 3,518,013	\$ 2,941,322	\$ (576,691)
					\$ -
offsets:					\$ -
Tax, Outside Prop 2 1/2	\$2,828,813	\$2,831,933	\$2,477,704	\$2,313,898	\$ (163,806)
Sewer Betterment	\$ 705,876	\$ 687,992	\$ 646,816	\$ 311,668	\$ (335,148)
Water Betterment	\$ 54,838	\$ 58,838	\$ 57,588	\$ 56,338	\$ (1,250)
MSBA	\$ 534,780	\$ 534,501	\$ 59,969	\$ 4	\$ (59,964)
Net Impact: General Fund	\$ 438,288	\$ 381,840	\$ 275,937	\$ 259,413	\$ (16,523)

Total appropriation for FY2025 Debt Service = \$2,941,322

FY2025 Expenditures

Non-Discretionary –Debt Service

Debt						
	Issue Date	FY2024 Budget	FY2025 Projected	FY2026 Projected	FY2027 Projected	FY2028 Projected
Total General Fund Regular Debt		\$ 333,365.86	\$ 315,620.16	\$ 148,739.74	\$ 155,539.25	\$ 152,239.06
Total General Fund Excludable Debt		\$ 2,537,672.52	\$ 2,313,902.52	\$ 2,213,677.52	\$ 2,199,352.52	\$ 2,169,602.52
Total General Fund Short-term Interest		\$ -	\$ -	\$ -	\$ -	\$ -
Total Sewer Debt		\$ 645,143.85	\$ 310,433.44	\$ 183,792.63	\$ 181,593.46	\$ 184,797.21
Grand Total Debt Service		\$ 3,516,182.23	\$ 2,939,956.12	\$ 2,546,209.89	\$ 2,536,485.23	\$ 2,506,638.79
Premiums/MSBA Reimb Excludable Debt		\$ 59,968.64	\$ 4.20	\$ -	\$ -	\$ -
Net Excludable Debt - Tax Levy - DE1		\$ 2,477,703.88	\$ 2,313,898.32	\$ 2,213,677.52	\$ 2,199,352.52	\$ 2,169,602.52
Regular Debt Administrative Fees		\$ 158.15	\$ 130.66	\$ 102.62	\$ 74.01	\$ 44.82
Sewer Debt Administrative Fees		\$ 1,672.43	\$ 1,234.72	\$ 1,127.85	\$ 1,019.12	\$ 908.49
Transfer from Sewer Enterprise - Sewer Debt Service		\$ 646,816.28	\$ 311,668.16	\$ 184,920.48	\$ 182,612.58	\$ 185,705.70
Transfer from Septic Receipts Reserved						
Meadow Woods Water Betterment Revenue		\$ 57,587.50	\$ 56,337.50	\$ 55,087.50	\$ 58,837.50	\$ 57,637.50
Transfer from Artificial Turf Revolving		\$ 39,321.78	\$ 41,478.43	\$ 38,453.78	\$ 35,396.90	\$ 37,306.80
Net Regular Debt Service		\$ 236,614.73	\$ 217,934.89	\$ 55,301.08	\$ 61,378.86	\$ 57,339.58
% of Net Regular Debt to Levy (cap of 4% per Policy)		0.81%	0.72%	0.18%	0.19%	0.17%
Net Excludable Debt		\$ 2,477,703.88	\$ 2,313,898.32	\$ 2,213,677.52	\$ 2,199,352.52	\$ 2,169,602.52
% of Excludable Debt to Total Levy (cap of 11% per Policy)		7.84%	7.10%	6.58%	6.33%	6.04%
% of Aggregate Debt Service Costs to Total Levy (cap of 14% per		8.58%	7.77%	6.74%	6.50%	6.20%

FY2025 Expenditures, Non-Discretionary- General Government Unclassified

- Insurance Estimates

- Liability, Worker's Compensation, and Police/Fire Injured On Duty insurance include a 5% estimated increase. Actual renewals are received in March.
- Health Insurance Renewal Rate is a 5.7% increase for active employees and 6% rate increase for retirees:
 - 42% of Health Insurance budget is for active town employees; 13% is retiree health insurance for town employees and 45% is retiree health insurance for school employees. The active portion is approx. \$1.3M out; School retirees account for \$1.4M and Town retirees account for \$420K.
 - Retirees renewal is on a calendar year basis and is based on a 6% increase for MedEx2, Managed Blue and Medicare.

FY2025 Expenditures, Non-Discretionary- Worcester County Retirement Assessment

Summary of Member Data	FY24 Annual App.	FY25 Annual App.
Active Members	179.32	179.32
Average Age	45.20	45.20
Average Service	8.00	8.00
Valuation Salary	7,238,609.00	7,238,609.00
Average Salary	\$39,773.00	\$39,773.00
Retired Members & Beneficiaries	101.00	101.00
Average Age	73.00	73.00
Total Annual Pension	2,323,366.00	2,323,366.00
Average Annual Pension	\$23,004.00	\$23,004.00
Disabled Members - Accidental	3.00	3.00
Average Age	77.60	77.60
Total Annual Pension	80,766.00	80,766.00
Average Annual Pension	\$26,922.00	\$26,922.00
Disabled Members- Ordinary	1.00	1.00
Average Age	56.70	56.70
Total Annual Pension	7,244.00	7,244.00
Average Annual Pension	\$7,244.00	\$7,244.00
Inactive Members	56.00	56.00
Annuity Savings Fund	\$727,352.00	\$727,352.00

FY2025 Expenditures, Non-Discretionary- Worcester County Retirement Assessment

Summary of Member Data		FY2024	FY2025
Actuarial Accrued Liability			
Active Members		16,376,021.00	16,376,021.00
Retired Members & Beneficiaries		23,337,252.00	23,337,252.00
Disabled Members, Accidental		649,136.00	649,136.00
Disabled Members, Ordinary		124,186.00	124,186.00
Inactive Members		727,352.00	727,352.00
total AAL=		41,213,947.00	41,213,947.00
Unfunded Actuarial Accrued Liability (UAAL)			
Actuarial Accrued Liability		41,213,947.00	41,213,947.00
Actuarial Value of Assets		20,787,944.00	20,787,944.00
Unfunded Actuarial Accrued Liability		20,426,003.00	20,426,003.00
FY2023 Assessment			
Employer Normal Cost (Benefit - Employee Contrib + Admin Costs)		628,713.00	645,909.00
Payment on UAL		1,322,813.00	1,519,121.00
Payment on 2002 ERI			
Payment on 2003 ERI			
Payment on 2010 ERI			
Total Assessment:		1,951,526.00	2,165,030.00
early payment discount		(33,557.00)	(37,229.00)
Total if paid on July 1st		1,917,969.00	2,127,801.00

FY2025 Expenditures-Non-Appropriated Expenditures

Noteworthy Highlights:

- Cherry Sheet Charges and Cherry Sheet Offsets reflect the Governor's Local Aid Proposal, House 1
- The Overlay Account is currently level funded at \$120K and Tax Title level funded at \$29K

FY2025 Capital Plan

[illegible]

Education

- **Lunenburg Public Schools:**
 - Preliminary Budget Recommendation is a 2.94% (\$673K) increase that exceeds the 2.5% target budget but does not meet the funding required in the Superintendent's budget recommendation to the SC in January or other scenarios.
- **Montachusett Regional High School:**
 - Preliminary Budget Recommendation is a 3.75% increase. We receive our assessment around the beginning of March.

FY2025 Expenditures

Conclusions

- State Aid figure is the Governor's Local Aid Proposal, House 1, which is a decrease due to ineligibility of Smart Growth School Reimbursement
- Fully funds all contractual obligations and increased costs for non-personnel related expenditures.
- Recommendation draws **\$105K** Health Insurance Stabilization Account
- Increases hours for certain town staff and additional 1FTE town employee.
- Does not meet all the needs of the departments.
- Includes a 2.94% increase for the Lunenburg Public Schools, which does not meet the current School Preliminary budget.
- Current Free Cash recommendation uses \$1,016,722 on the Capital Plan, \$187,061 on OPEB Trust Fund, \$100,000 on the regular stabilization account and \$250,000 into the Special Purpose Stabilization account. Typically recommend leaving a portion to fall to next year's free cash.

Looking Ahead

FY25-29 Projected Debt & Capacity Per Town Policy

	FY2025	FY2026	FY2027	FY2028	FY2029
	Projected	Projected	Projected	Projected	Projected
Net Regular Debt Service	\$ 217,667.12	\$ 55,301.08	\$ 61,378.86	\$ 57,339.58	\$ 63,484.04
% of Net Regular Debt Service to Levy (cap of 4% per Policy)	0.73%	0.18%	0.19%	0.18%	0.19%
Net Excludable Debt	\$ 2,313,898.33	\$ 2,213,677.52	\$ 2,199,352.52	\$ 2,169,602.52	\$ 2,147,402.52
% of Excludable Debt to Total Levy (Cap of 11% per Policy)	7.18%	6.72%	6.48%	6.22%	6.02%
% of Aggregate Debt Service Costs to Total Levy (cap of 14% per Policy)	7.85%	6.88%	6.67%	6.38%	6.20%
Levy Limit w/o Debt Exclusions	29,924,155	30,747,978	31,716,677	32,709,594	33,527,334
Levy Limit w/ Debt Exclusions	32,238,053	32,961,655	33,916,029	34,879,196	35,674,736
Max Net Regular Debt (4%)	1,196,966	1,229,919	1,268,667	1,308,384	1,341,093
Max Net Excludable Debt (11%)	3,546,186	3,625,782	3,730,763	3,836,712	3,924,221
Max Aggregate Debt (14%)	4,513,327	4,614,632	4,748,244	4,883,087	4,994,463
Annual Debt Capacity Regular	979,299	1,174,618	1,207,288	1,251,044	1,277,609
Annual Debt Capacity Excludable	1,232,287	1,412,105	1,531,411	1,667,109	1,776,818
Annual Debt Capacity Aggregate	1,981,762	2,345,653	2,487,513	2,656,145	2,783,576

Financial Indicators of Fiscal Stability and Strength

<u>Fund</u>	<u>Balance</u>
2023 Certified Free Cash	\$1,870,612
Current Stabilization Fund Balance	\$2,862,006
Current Special Purpose Stabilization Fund Balance	\$2,211,683
Current Other Post-Employment Benefits (OPEB) Fund Balance	\$1,310,058
Moody's Bond Rating	Aa3
Standard and Poor (S&P) Bond Rating	AA+
Unfunded Pension Liability	The Town increased its funded ratio for pension obligations from 43.4% in 2014 to 45.3% in 2018. Currently, the Town is scheduled to fully fund its pension liability in 2036 per State requirements.

FY2025 Budget Calendar

- Departments will present a more in-depth review of their programs, services, and needs during individual presentations beginning on February 22nd
- House Ways & Means Budget, end of April
- Senate Budget, end of May
- Town Meeting: May 4th
- State Budget: Conference Committee by June 30th with State Aid typically finalized by July

FinCom Budget Meeting Schedule

Wednesday, February 21, 2024, 7 PM		
	7:00	Town Manager's Preliminary Budget Presentation
Thursday, February 22, 2024, 7 PM		
		Council on Aging
		Library
Thursday, February 29, 2024, 7 PM		
		Information Technology
		Police
Thursday, March 7, 2024, 7 PM		
		DPW
		Facilities
Thursday, March 14, 2024, 7 PM		
		Fire
		Lunenburg Public Schools
Wednesday, March 20, 2024, 7 PM		
		Administration, Unclassified, Debt Service
		Monty Tech
Thursday, March 21, 2024, 7 PM		
		Public Access Committee
		Sewer
		Other Monied Articles
Thursday, March 28, 2024, 7 PM		
		FY2025 Budget Public Hearing and Vote on Recommendations

Questions?