

# TOWN OF LUNENBURG

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Financial Forecast Presentation

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# What is a Financial Forecast?

- A financial planning and policymaking tool that projects revenues and expenditures conservatively over a multi-year period
- It is a “living document” that is used to evaluate the budget over a five year period

# Why Forecast?

- Provides a starting point from which a balanced budget is developed
- Projects likely outcomes based on historical practices
- Allows to look at “what if” scenarios
- Indicates future budget gaps
- Projects revenues and expenditures conservatively over a five year period
- Bond Rating Agencies look favorably upon communities that annually prepare a forecast document
- Required by Town’s Charter, Section 4-2 (s)

# Forecasting v. Budgeting

- Forecast provides a long-term and “big picture” financial perspective on service delivery using both known information & assumptions on future revenues and expenditures.
- The Budget is a specific plan detailing service delivery in the coming fiscal year.

# Goals of Forecasting

- Gain a long-term perspective/ basis for planning
- Determine whether fiscal problems are on the horizon
- Time to plan for change, favorable or unfavorable
- Reinforce the need for long-range considerations during the annual budget process

# Forecasting- Key Concepts

- Uses reasonable, conservative assumptions that must be evaluated and updated each year with changing financial data
- Represents the community's projected financial position
- Is a tool to evaluate the impact of various budgeting decisions and policy choices over time
- Is a living document that can be adjusted
- Once you develop baseline projections, the underlying assumptions can be adjusted to address issues
- A forecasted shortfall needs to be examined and does imply that some action will be taken, or at least planned, to avoid the financing problem
  - Action to balance the budget
  - Raise revenue; Reduce expenditures

# Forecasting Tools & Guides

- MGL, Town Bylaws, other Generally Accepted Standards
- Financial Policies
- Historical Trend Analysis
- Debt Service Schedules
- Union and Employment Contracts
- Assumptions

# Financial Policies

- Current Financial Management Policies & Objectives include:
  - **Exempt and Non-Exempt Borrowing & Debt Burden:**
    - Reg. Debt no more than 4% of regular tax levy
    - Total of annual debt for exempt debt no more than 11% of tax levy
    - Net Debt Service of Exempt and Non-Exempt no more than 14% of the tax levy
  - **Stabilization Fund Account:** The deposit from Free Cash will be made in order to maintain a min. balance of 5% of the current FY Omnibus Budget
  - **Use of Free Cash:** 1) Reg. Stab. Account (above), 2) Fund non-reoccurring expenditures (Capital), 3) OPEB 4) Special Purpose Stabilization Fund
  - **Capital Projects/ Purchases:** Projects/Assets cost \$20,000 or more and useful life of 3+ yrs
  - **OPEB Funding:** 10% of certified Free Cash from previous fiscal year



# Trend Analysis & Contractual Obligations

- Look at historical data to see what type of trends in revenues have occurred over periods of time. Use of historical data can assist in predicting future trends
- Current Union Contracts, Salary Administration Plan increases for non-union employees accepted by town meeting vote, employment contracts
- Other known contractual increases
- Forecast uses only the existing debt service schedules and allows us to project what available capacity there is to take on new debt

# Assumptions for Financial Forecast- FY2023 - FY2027

Use data obtained from all sources mentioned to make assumptions about:

- **Revenues**

- Property Taxes, State Aid, Estimated Local Receipts, Other Available Funds (Stabilization, Free Cash)

- **Expenditures**

- All operational costs to provide equivalent staffing levels as FY22 and related expenses for existing programs. The FY2023-FY2027 Financial Forecast includes the long term staffing plan for Police and Fire and provides a scenario for staffing increases for the Lunenburg Public Schools.
- Debt Service
- Assessments for Regional Services
- Pension costs, Health/Life Insurance, General Insurance, OPEB
- Reserve Fund, Stabilization
- State Assessments

# REVENUES

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# Revenues: Known Figures and Assumptions

- **Property Taxes:** Forecast for FY23 increases property taxes by 2.5% (per Proposition 2 ½) and uses an estimate of \$213,523 for New Growth; Forecast for FY24-FY27 increases property taxes by 2.5% and uses an estimate of \$300,000 for New Growth based on the 5 year average.
- **Debt Exclusions:** Debt Exclusions are added to the Tax Levy Limit and are known figures per the debt schedule as of this point in time. Forecast for FY23-FY27 increases or decreases the debt exclusion amounts each year to account for exempt borrowing.
- **State Aid:** Forecast for FY23 level funds State Aid from FY22, FY24-FY27 assumes a 2.5% increase from previous fiscal year.

# Revenues: Known Figures and Assumptions

- **Local Receipts:** Forecast assumes level funding all local receipt categories with the exception of the Motor Vehicle category (increased by \$50K) for FY23 and assumes a 2.5% increase for MV Excise and a 2% increase in all other local receipt categories for FY24-FY27.
- **Other Available Funds:** Forecast for FY23 uses \$1,616,692 of our certified free cash. \$1M of that amount towards the FY23 Capital Plan, \$100K into the Stabilization Account, \$250K into the Special Purpose Stabilization Account and \$266K into the OPEB Trust Fund to comply with our financial policies. The Forecast for FY24-FY27 does not predict the use of any Free Cash and “other available funds” are consistently used across FY23-FY27. Other available funds include funds from the Artificial Turf Revolving Fund to pay for turf field debt and MSBA funds reserved for debt service totaling approx. \$535K (drops off in FY24). Forecast assumes use of Special Purpose Stabilization funds in years with large fire apparatus capital projects.
- Forecast for all five years assumes no draw on the regular stabilization account and assumes no new borrowing. Separate debt scenarios can be run for possible projects.

# Revenues-Property Taxes

## Revenue Projections

	FY2021 Budget	FY2022 Budget	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>PROPERTY TAX LEVY</b>							
Prior Year Tax Levy Limit	25,107,062	26,049,570	27,131,063	28,059,103	29,114,941	30,197,175	31,252,104
Amended Prior Growth							
2.5% Increase	627,677	651,239	678,277	701,478	727,874	754,929	781,303
Certified New Growth	308,732	430,254	213,523	300,000	300,000	300,000	300,000
Override							
<b>TAX LEVY LIMIT TOTAL</b>	<b>26,043,471</b>	<b>27,131,063</b>	<b>28,022,863</b>	<b>29,060,581</b>	<b>30,142,815</b>	<b>31,252,104</b>	<b>32,333,407</b>
Debt Exclusion(s)	2,852,779	2,828,812	2,831,932	2,477,704	2,313,898	2,213,678	2,199,353
Capital Expenditure Exclusion(s)							
Stabilization Fund Override	-	-					
Other Adjustment							
Water/Sewer							
<b>MAXIMUM ALLOWABLE LEVY ①</b>	<b>28,896,250</b>	<b>29,959,875</b>	<b>30,854,795</b>	<b>31,538,285</b>	<b>32,456,713</b>	<b>33,465,782</b>	<b>34,532,760</b>
LESS Excess Tax Levy Capacity	4,113	3,399	-	-	-	-	-
<b>TOTAL Tax Levy ②</b>	<b>28,892,137</b>	<b>29,956,476</b>	<b>30,854,795</b>	<b>31,538,285</b>	<b>32,456,713</b>	<b>33,465,782</b>	<b>34,532,760</b>

# Revenues-State Aid

## Revenue Projections

	FY2021 Budget	FY2022 Budget	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>STATE AID CHERRY SHEET</b>							
Chapter 70 Education Aid	7,773,938	7,823,618	7,823,618	8,019,208	8,219,689	8,425,181	8,635,810
Charter Tuition Reimbursement	64,708	28,140	28,140	28,844	29,565	30,304	31,061
Charter Facility Reimbursement	-	-	-	-	-		
Smart Growth	138,069	79,717	79,717	81,710	83,753	85,846	87,993
School Lunch (offset)	-	-	-	-	-		
School Choice Receiving Tuition (offset)	176,265	175,332	175,332	179,715	184,208	188,813	193,534
Unrestricted General Government Aid	1,122,928	1,162,230	1,162,230	1,191,286	1,221,068	1,251,595	1,282,884
Veterans Benefits	42,316	58,371	58,371	59,830	61,326	62,859	64,431
Exemptions VBS and Elderly	62,042	58,214	58,214	59,669	61,161	62,690	64,257
State Owned land	26,905	32,522	32,522	33,335	34,168	35,023	35,898
Police Career Incentive	-	-	-	-	-		
Public Libraries (offset)	20,448	22,227	22,227	22,783	23,352	23,936	24,534
<b>TOTAL Cherry Sheet</b> ③	<b>9,427,619</b>	<b>9,440,371</b>	<b>9,440,371</b>	<b>9,676,380</b>	<b>9,918,290</b>	<b>10,166,247</b>	<b>10,420,403</b>

# Revenue- MSBA Reimbursement

## Revenue Projections

	FY2021 Budget	FY2022 Budget	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>TOTAL MSBA REIMBURSEMENT</b>	474,239	474,239	474,239				



# Revenues- Local Receipts

## Receipt Projections

	FY2021 Budget	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
1. Motor Vehicle Excise	1,671,640	1,721,640	1,771,640	1,815,931	1,861,329	1,907,863	1,955,559
2a. Meals Excise	100,980	100,980	100,980	103,000	105,060	107,161	109,304
2b. Room Excise	-	-	-				
2c. Other Excise-Boat	-	-	-				
3. Penalties/Interest on Taxes and Excises	154,670	200,000	200,000	204,000	208,080	212,242	216,486
4. Payment In Lieu of Taxes	1,648	1,648	1,648	1,681	1,715	1,749	1,784
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	164,267	176,052	176,052	179,573	183,165	186,828	190,564
11. Rentals	-	-	-				
12. Dept. Revenue-Schools	60,207	60,207	60,207	61,411	62,639	63,892	65,170
13. Dept. Revenue-Libraries							
14. Dept. Revenue-Cemeteries	4,100	4,100	4,100	4,182	4,266	4,351	4,438
15. Dept. Revenue-Recreation	-	-	-				
16. Other Departmental Revenue	262,600	257,370	257,370	262,517	267,768	273,123	278,586
17. Licenses/Permits	331,188	331,188	331,188	337,812	344,568	351,459	358,489
18. Special Assessments	11,844	11,844	11,844	12,081	12,322	12,569	12,820
19. Fines and Forfeits	27,213	13,263	13,263	13,528	13,799	14,075	14,356
20. Investment Income	62,935	25,000	25,000	25,500	26,010	26,530	27,061
21. Medicaid Reimbursement	-	-	-				
22. Misc. Recurring	-	-	-				
23. Misc. Non-Recurring	212,699	211,699	211,699	215,932	220,251	224,656	229,149
<b>TOTAL Local Receipts-Budget ①</b>	<b>3,065,991</b>	<b>3,114,991</b>	<b>3,164,991</b>	<b>3,237,149</b>	<b>3,310,971</b>	<b>3,386,497</b>	<b>3,463,766</b>

# Revenues- Local Receipts

Receipt Projections vs. Actual for FY21				
	FY2021 Projection	FY2021 Actual	Dollar Increase	Percent Increase
1. Motor Vehicle Excise	1,671,640	1,978,799	307,159	18.37%
2a. Meals Excise	100,980	125,662	24,682	24.44%
2b. Room Excise	-	-	-	-
2c. Other Excise-Boat	-	-	-	-
3. Penalties/Interest on Taxes and Excises	154,670	259,184	104,514	67.57%
4. Payment In Lieu of Taxes	1,648	3,921	2,273	137.91%
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	164,267	200,429	36,162	22.01%
11. Rentals	-	-	-	-
12. Dept. Revenue-Schools	60,207	72,688	12,481	20.73%
13. Dept. Revenue-Libraries	-	-	-	-
14. Dept. Revenue-Cemeteries	4,100	5,100	1,000	24.39%
15. Dept. Revenue-Recreation	-	-	-	-
16. Other Departmental Revenue	262,600	254,362	(8,238)	-3.14%
17. Licenses/Permits	331,188	334,109	2,921	0.88%
18. Special Assessments	11,844	15,468	3,624	30.60%
19. Fines and Forfeits	27,213	13,263	(13,950)	-51.26%
20. Investment Income	62,935	35,585	(27,350)	-43.46%
21. Medicaid Reimbursement	-	-	-	-
22. Misc. Recurring	-	-	-	-
23. Misc. Non-Recurring	212,699	357,936	145,238	68.28%
<b>TOTAL Local Receipts-Budget ①</b>	<b>3,065,991</b>	<b>3,656,506</b>	<b>590,516</b>	<b>19.26%</b>

# Revenues- Free Cash and Other Available Funds

## Revenue Projections

	FY2021 Budget	FY2022 Budget	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>AVAILABLE FUNDS/OTHER FINANCING</b>							
Free Cash	858,356	1,485,604	1,616,692	-	-	-	-
Other Available Funds	143,964	256,084	511,780	99,290	41,483	470,454	1,184,454
<b>TOTAL Available Funds</b>	<b>1,002,320</b>	<b>1,741,688</b>	<b>2,128,472</b>	<b>99,290</b>	<b>41,483</b>	<b>470,454</b>	<b>1,184,454</b>

- The FY23 Free Cash amount reflects the recommended amount to be appropriated to capital, the OPEB Trust Fund , the Special Purpose Stabilization Fund and the regular stabilization fund. This leaves a remaining balance of **\$1,050,270** in free cash.
- Other available funds includes the MSBA Reserve for Debt from Premiums, the annual amount from the Artificial Turf Revolving fund to pay for the turf field, unexpended capital, and funds from the Health Insurance Stabilization Account.
- No projection of free cash for FY24-FY27.A Financial Forecast is not supposed to project Free Cash for future years that a certified amount is not known.

# Revenue Assumptions- Enterprise Funds

- Revenues from Enterprise Funds are segregated from the general fund. These funds are self-supporting
- Receipts = Projected Expenses plus indirect costs budgeted in the general fund
- Sewer, Water, Solid Waste, and Public Access
- Forecast includes indirect costs in revenue projections such as health insurance, retirement costs for enterprise employees, and associated enterprise debt payments.

# EXPENDITURES

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# Expenditures

- Forecast uses conservative approach
- Looks at actual expenditures from previous years for historical trends
- Uses the current budget year as the base
- Personnel costs: Covers obligations in collective bargaining contracts, employment contracts, and approved wage and classification plans for non-union personnel.
- Provides a 2% COLA scenario if all collective bargaining units whose contracts are up for renewal, expiring employment agreements, and expiring COLA for non-union employees. This will indicate the net effect.
- Expenses: Look at annually, historical expenditures, forecast conservatively and maintains current programs.

# Expenditure Categories

- Personnel and expenses related to providing the same programs and staffing levels which includes contractual obligations with the exception of long term Police and Fire Staffing Plans. Provides scenario for long term staffing plan for LPS
- Education costs
- Debt Service (General Fund, Enterprise Funds, Temp. Interest)
- Capital
- Group health/life insurance, retirement, general insurance
- Amounts to be raised: Tax Title, Overlay, Cherry Sheet Offsets, Prior year deficits, snow and ice deficits, court judgments
- State Assessments
- Reserve Fund, Special Articles, transfers to stabilization, special purpose stabilization, OPEB

# Expenditure Assumptions

- Forecast document:
  - Adheres to adopted financial policies
    - Deposits funds into the Stabilization Fund to maintain required balance
    - Deposits funds into the OPEB Trust Fund per policy
- Forecast for FY23 reflects target budget figures that departments were asked to meet when developing their budget
- State Assessments and Cherry Sheet Offsets level funded for FY23 and assumes 2.5% increase for FY24-27
- Level funds the Tax Title Cost \$24,000 for FY23 and increases by 2% in FY24-FY27.
- Funds the Overlay Account in FY23 at \$120,000 and increases the Overlay Account by \$10K each subsequent year of the forecast based on historical data
- Assumes level funding the Reserve Account



# Expenditure Assumptions Cont.

- FY 2023 Assumptions:
  - Known contractual increases for existing staff;
  - Adds one FT Patrolman and one FT Firefighter
  - 6% increase in Health Insurance
  - 10% increase in Retirement Assessment
  - 5% increase in other insurance costs
  - 2.5% in LPS and Monty Tech
  - Increases Pavement Management by \$50K
  - Level funds reserve and departmental expense accounts
  - \$700K in tax revenues for Capital
  - \$266K for OPEB
  - \$100K in Regular Stabilization
  - \$250K in Special Purpose Stabilization

# Expenditure Assumptions Cont.

- **FY2024-FY 2027 Assumptions:**
  - Known contractual increases for existing staff
  - Adds one FT Patrolman
  - 8% increase in Health Insurance
  - 10% increase in Retirement Assessment
  - 5% increase in insurance costs
  - 2.5% in LPS and Monty Tech
  - Increases the Pavement Management Plan by \$50K each year
  - FY24 Stormwater costs projected at \$120K instead of level funded
  - Assumes no new debt
  - Increases the \$700K in FY23 by 2.5% for each future year for Capital
  - Increases the FY23 \$100K for Stabilization by 2.5% each year
  - \$100K into OPEB each year

# Expenditures

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Expenditures</b>						
General Government	1,738,191	1,757,386	1,784,175	1,803,616	1,820,161	1,837,093
Public Safety	3,943,712	4,215,081	4,380,691	4,546,206	4,698,147	4,857,093
Education	22,545,667	23,108,867	23,686,146	24,277,858	24,884,362	25,506,029
Public Works	1,912,839	1,982,013	2,078,881	2,179,088	2,240,601	2,321,224
Facilities & Buildings	797,965	810,728	827,823	842,649	857,781	871,416
Recycling Program	354,634	354,887	355,144	355,407	355,675	355,949
Health & Sanitation	89,540	90,320	91,269	92,237	93,225	94,232
Library	439,541	447,916	464,930	482,672	482,672	482,672
Public Assistance	273,093	278,283	281,753	285,325	289,002	291,796
Debt Service	4,562,594	4,497,723	3,515,757	2,939,910	2,547,440	2,537,578
General Government Unclassified	3,130,386	3,711,833	3,982,655	4,274,899	4,590,294	4,930,710
Central Purchasing	75,580	57,406	58,554	59,725	60,919	62,138
Other Amounts Raised	1,875,719	2,025,736	2,209,693	2,410,630	2,635,423	2,881,130
State Assessments	1,102,728	1,130,296	1,158,554	1,187,517	1,217,205	1,247,636
Free Cash/Other Financing Uses	2,729,539	2,356,741	2,239,671	2,286,382	2,332,086	2,378,932
<b>Total Expenditures</b>	<b>\$ 45,571,726</b>	<b>\$ 46,825,216</b>	<b>\$ 47,115,696</b>	<b>\$ 48,024,121</b>	<b>\$ 49,104,995</b>	<b>\$ 50,655,629</b>

# Expenditures-Debt

Debt	Issue Date	FY2022 Budget	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
Total General Fund Regular Debt		\$ 492,914.02	\$ 443,112.38	\$ 331,110.15	\$ 314,208.65	\$ 148,739.74	\$ 155,539.25
Total General Fund Excludable Debt		\$ 3,363,591.91	\$ 3,366,433.55	\$ 2,537,672.52	\$ 2,313,902.52	\$ 2,213,677.52	\$ 2,199,352.52
Total General Fund Short-term Interest		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sewer Debt		\$ 702,691.70	\$ 685,558.29	\$ 645,143.85	\$ 310,433.44	\$ 183,792.63	\$ 181,593.46
<b>Grand Total Debt Service</b>		<b>\$ 4,559,197.63</b>	<b>\$ 4,495,104.22</b>	<b>\$ 3,513,926.52</b>	<b>\$ 2,938,544.61</b>	<b>\$ 2,546,209.89</b>	<b>\$ 2,536,485.23</b>
Premiums/MSBA Reimb Excludable Debt		\$ 534,779.55	\$ 534,501.26	\$ 59,968.64	\$ 4.19	\$ -	\$ -
<b>Net Excludable Debt - Tax Levy - DE1</b>		<b>\$ 2,828,812.36</b>	<b>\$ 2,831,932.29</b>	<b>\$ 2,477,703.88</b>	<b>\$ 2,313,898.33</b>	<b>\$ 2,213,677.52</b>	<b>\$ 2,199,352.52</b>
Regular Debt Administrative Fees		\$ 211.51	\$ 185.10	\$ 158.15	\$ 130.66	\$ 102.62	\$ 74.01
Sewer Debt Administrative Fees		\$ 3,184.46	\$ 2,434.03	\$ 1,672.43	\$ 1,234.72	\$ 1,127.85	\$ 1,019.12
<b>Transfer from Sewer Enterprise - Sewer Debt Service</b>		<b>\$ 705,876.16</b>	<b>\$ 687,992.32</b>	<b>\$ 646,816.28</b>	<b>\$ 311,668.16</b>	<b>\$ 184,920.48</b>	<b>\$ 182,612.58</b>
<b>Transfer from Septic Receipts Reserved</b>							
<b>Meadow Woods Water Betterment Revenue</b>		<b>\$ 54,837.50</b>	<b>\$ 58,837.50</b>	<b>\$ 57,587.50</b>	<b>\$ 56,337.50</b>	<b>\$ 55,087.50</b>	<b>\$ 58,837.50</b>
<b>Transfer from Artificial Turf Revolving</b>		<b>\$ 44,318.19</b>	<b>\$ 42,134.74</b>	<b>\$ 39,321.78</b>	<b>\$ 41,478.43</b>	<b>\$ 38,453.78</b>	<b>\$ 35,396.90</b>
<b>Net Regular Debt Service</b>		<b>\$ 393,969.84</b>	<b>\$ 342,325.24</b>	<b>\$ 234,359.02</b>	<b>\$ 216,523.38</b>	<b>\$ 55,301.08</b>	<b>\$ 61,378.86</b>
<b>% of Net Regular Debt to Levy (cap of 4% per Policy)</b>		<b>1.45%</b>	<b>1.22%</b>	<b>0.81%</b>	<b>0.72%</b>	<b>0.18%</b>	<b>0.19%</b>
<b>Net Excludable Debt</b>		<b>\$ 2,828,812.36</b>	<b>\$ 2,831,932.29</b>	<b>\$ 2,477,703.88</b>	<b>\$ 2,313,898.33</b>	<b>\$ 2,213,677.52</b>	<b>\$ 2,199,352.52</b>
<b>% of Excludable Debt to Total Levy (cap of 11% per Policy)</b>		<b>9.44%</b>	<b>9.17%</b>	<b>7.85%</b>	<b>7.13%</b>	<b>6.61%</b>	<b>6.37%</b>
<b>% of Aggregate Debt Service Costs to Total Levy (cap of 14% per Policy)</b>		<b>10.76%</b>	<b>10.28%</b>	<b>8.60%</b>	<b>7.79%</b>	<b>6.78%</b>	<b>6.54%</b>

# Five Year Forecast: Revenues vs. Expenditures

## Summary of Projected Revenues and Expenditures

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Grand Total Revenues</b>	\$47,301,681.43	\$46,891,789.90	\$45,345,815.00	\$46,193,941.83	\$47,840,845.85	\$49,601,382.96
<b>Grand Total Expenditures</b>	\$47,301,681.41	\$46,825,215.63	\$47,115,696.32	\$48,024,121.12	\$49,104,994.94	\$50,655,628.85
<b>Total Surplus/(Shortfall)</b>	0	66,574	(1,769,881)	(1,830,179)	(1,264,149)	(1,054,246)

# DEBT CAPACITY PER CURRENT DEBT POLICY

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# Debt Capacity

	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>Net Regular Debt Service</b>	\$ 342,325.24	\$ 234,359.02	\$ 216,523.38	\$ 55,301.08	\$ 61,378.86
<b>% of Net Regular Debt to Levy (cap of 4% per Policy)</b>	1.22%	0.81%	0.72%	0.18%	0.20%
<b>Net Excludable Debt</b>	\$ 2,831,932.29	\$ 2,477,703.88	\$ 2,313,898.33	\$ 2,213,677.52	\$ 2,199,352.52
<b>% of Excludable Debt to Total Levy (cap of 11% per Policy)</b>	9.18%	7.86%	7.13%	6.61%	6.55%
<b>% of Aggregate Debt Service Costs to Total Levy (cap of 14% per Policy)</b>	10.29%	8.60%	7.80%	6.78%	6.74%
<b>Levy Limit w/o Debt Exclusions</b>	\$28,022,863.00	\$29,060,581.00	\$30,142,815.00	\$31,252,104.00	\$32,333,407.00
<b>Levy Limit w/ Debt Exclusions</b>	\$30,854,795.29	\$31,538,284.88	\$32,456,713.33	\$33,465,781.52	\$34,532,759.52
<b>Max Net Regular Debt (4%)</b>	\$ 1,120,914.52	\$ 1,162,423.24	\$ 1,205,712.60	\$ 1,250,084.16	\$ 1,293,336.28
<b>Max Net Excludable Debt (11%)</b>	\$ 3,394,027.48	\$ 3,469,211.34	\$ 3,570,238.47	\$ 3,681,235.97	\$ 3,556,674.77
<b>Max Aggregate Debt (14%)</b>	\$ 4,319,671.34	\$ 4,415,359.88	\$ 4,543,939.87	\$ 4,685,209.41	\$ 4,526,676.98
<b>Annual Debt Capacity Reg.</b>	\$ 778,589.28	\$ 928,064.22	\$ 989,189.22	\$ 1,194,783.08	\$ 1,231,957.42
<b>Annual Debt Capacity Excludable</b>	\$ 562,095.19	\$ 991,507.46	\$ 1,256,340.14	\$ 1,467,558.45	\$ 1,357,322.25
<b>Annual Debt Capacity Agg.</b>	\$ 1,145,413.81	\$ 1,703,296.98	\$ 2,013,518.16	\$ 2,416,230.81	\$ 2,265,945.60

# IMPACT OF 2% COLA ON EXPIRING AGREEMENTS FOR UNION, NON- UNION AND EMPLOYEES WITH EMPLOYMENT AGREEMENTS

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# 2% COLA Financial Impact

## Town of Lunenburg

Financial Impact Analysis (Excludes schools and other negotiated benefits in a CBA)	2%	2%	2%	2%	2%	2%
	FY2022 Projected	FY2023 Projected	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected
<b>General Fund:</b>						
Employees with Employment Contracts			\$4,461	\$ 9,744.32	\$ 9,939.21	\$10,137.99
Clerical Contract (expired 6/30/21)	\$12,444	\$13,076	\$13,330	\$13,399	\$13,469	\$13,518
Fire Contract (expires 6/30/23)			\$18,256	\$18,712	\$19,180	\$19,659
DPW Contract (expires 6/30/24)				\$12,466	\$12,730	\$13,000
Police Contract (expires 6/30/22)		\$28,445	\$31,012	\$33,638	\$35,972	\$38,386
Non-union Employees (expires 6/30/22)		\$14,163	\$14,334	\$14,509	\$14,646	\$14,771
<b>TOTAL GF Financial Impact of COLA</b>	<b>\$12,444</b>	<b>\$55,685</b>	<b>\$81,393</b>	<b>\$102,469</b>	<b>\$105,937</b>	<b>\$109,473</b>
<b>Cost to Fund First Year of COLA</b>	<b>\$12,444</b>	<b>\$42,609</b>	<b>\$31,586</b>	<b>\$22,211</b>	<b>\$50,618</b>	<b>\$53,157</b>
<b>Enterprise Funds:</b>						
PEG Non-Union Employee (expires 6/30/22)		\$944	\$963	\$983	\$1,002	\$1,022
Sewer Non-Union Employees (expires 6/30/22)		\$1,349	\$1,376	\$1,404	\$1,432	\$1,460
<b>TOTAL Enterprise Financial Impact of COLA</b>		<b>\$2,294</b>	<b>\$2,340</b>	<b>\$2,386</b>	<b>\$2,434</b>	<b>\$2,483</b>

# SCHOOL FIVE YEAR STAFFING PLAN

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# School Five Year Staffing Plan Expenditures

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
	Actual Per Recap	Projected	Projected	Projected	Projected	Projected
<b>EDUCATION</b>						
Lunenburg Public Schools	21,123,602.00	22,695,772.05	23,818,846.35	24,711,437.51	25,617,232.45	26,808,032.26
Curriculum Update - Non-Recurring	17,686.00	17,686.00	17,686.00	17,686.00	17,686.00	17,686.00
Monty Tech Assessment	888,684.00	910,901.10	933,673.63	957,015.47	980,940.85	1,005,464.38
<b>Total Education</b>	<b>22,029,972.00</b>	<b>23,624,359.15</b>	<b>24,770,205.98</b>	<b>25,686,138.98</b>	<b>26,615,859.30</b>	<b>27,831,182.64</b>

The Proposed Five Year Staffing Plan for the School includes an additional \$365,521 in FY23, an incremental amount of \$283,785 in FY24, an incremental amount of \$987,082 in FY25, an incremental \$415,804 in FY26, and an incremental \$123,429 in FY27. This carries forward all associated costs for any new positions in the five year staffing plan, including health insurance costs at 3% increase. This scenario is based on these amounts being on top of the projected 2.5% each year of the forecast.

# Five Year Forecast: Net Effect of LPS Staffing Plan

## Summary of Projected Revenues and Expenditures

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Grand Total Revenues</b>	<b>\$47,301,681.43</b>	<b>\$46,891,789.90</b>	<b>\$45,345,815.00</b>	<b>\$46,193,941.83</b>	<b>\$47,840,845.85</b>	<b>\$49,601,382.96</b>
<b>Grand Total Expenditures</b>	<b>\$47,301,681.41</b>	<b>\$46,825,215.63</b>	<b>\$47,115,696.32</b>	<b>\$48,024,121.12</b>	<b>\$49,104,994.94</b>	<b>\$50,655,628.85</b>
Financial Impact of LPS Staffing Plan		365,521	649,306	1,636,388	2,052,192	2,175,621
<b>Total Surplus/(Shortfall) after LPS Staffing Plan</b>	<b>0</b>	<b>(260,631)</b>	<b>(2,406,580)</b>	<b>(3,475,036)</b>	<b>(3,328,278)</b>	<b>(3,245,340)</b>

# Forecast Conclusions

- **Conclusions:**
  - Indicates deficits in Fiscal Years 24-27. This is largely due to the fact that the Revenue projections for FY24-FY27 does not assume the use of Free Cash but has expenditures on the Expenditure projections that are annually offset by the use of Free Cash.
  - Continue to review a long term staffing plan for the School to achieve their intended results.
  - Review Debt Schedule to look at funding scenarios for proposed TCP Building project and THES

# Forecast Next Steps

- Continued discussion of Assumptions and Scenarios
- Firm up State Aid Estimates for FY23 when receive the Governor's FY23 Proposed Budget
- Received insurance rate range January 21st and renewals early March
- TM work with Superintendent on budget that is ultimately approved by School Committee
- Monty Tech Assessment mid-March
- Currently reviewing FY23 Budget submissions
  - Town Manager's FY23 Prelim. Budget–February 15, 2022
  - BOS & FinCom Review, February – March 2022
  - Annual Town Meeting- May 7, 2022