

Town of Lunenburg

Annual Budget, Preliminary Presentation

July 1, 2023 - June 30, 2024



Fiscal Year 2024

February 14, 2023

Heather R. Lemieux
Town Manager

TOWN OF LUNENBURG

TOWN MANAGER

Tom Alonzo, Chairman
Michael-Ray Jeffreys, Vice Chairman
Lou Franco, Clerk
Todd Dwyer, Member



17 Main Street
P.O. Box 135
Lunenburg, MA 01462
Phone 978-582-4144
Fax 978-582-4175

Heather R. Lemieux, Town Manager

To: Select Board
Finance Committee

From: Heather R. Lemieux, Town Manager

Re: FY 2024 Budget Message and Preliminary Budget Proposal

Date: February 14, 2023

In accordance with the Town Charter, the Town Manager presents a preliminary budget recommendation in mid-February each year and a corresponding budget message. The budget message is an overview of the operating and capital budget, identifies major variations from the current operating budget, and explains the Town Manager's rationale for budget recommendations. The FY 2024 preliminary budget recommendation includes conservative revenue projections, level funds state aid amounts at the FY 2023 amounts and reflects increases in various programs. This preliminary budget recommendation is unlike other years in my time as your Town Manager, as there are currently more unknowns than prior years and in order to maintain these service levels, it includes a recommendation to use stabilization funds until we have the Governor's state aid figure. This proposal provides for maintaining the current service levels in most departments and reserves use of Free Cash at this time for abatement requests related to FY 2023 tax bills.

Looking Back:

The Town has continued to face many challenges that are the result of the pandemic over this last year. Across both town and school departments, like many other professions, we have faced staffing shortages, a limited pool of qualified applicants for vacancies, an increase in sick related absences of staff, while still aiming to provide a high level of service to our residents and businesses and education to our students. These obstacles are felt across both public and private spheres but are nonetheless hurdles in maintaining an expected level of services to our residents. Thank you to all the volunteers, town staff and school staff that work hard to meet these expectations and that make Lunenburg a special place to live, work, and visit.

For Fiscal Year 2023 the Town Meeting approved many operating, capital, and financial planning measures that were the product of long-term staffing plans, long range capital planning, and a plan to build up our various reserves. This included an additional police officer and firefighter/paramedic for the Police and Fire Departments, funding for a new Facilities Director position, an increase of \$70,000 for Snow and Ice operations based on historical spending, additional Library staff to open on Fridays, a new Meal Site Manager at the Council on Aging, a 3.1% increase for the Lunenburg Public Schools, and a 20% increase in the Montachusett Regional Vocational School assessment. These changes in the budget were supported by recurring revenues and within the tax levy per Proposition 2 ½. The Town also voted to deposit funds into the regular stabilization account, Special Purpose Stabilization account, the Other Post Employment Benefit Trust Fund, and fund our FY 2023 Capital Plan at \$2,162,849. Overall, these decisions strengthened our long-term financial stability and focused on needs across town and school departments.

In addition to our regular revenue sources, the Town has received \$3.5M in American Rescue Plan Act (ARPA) funding and the School has received \$1.9M in ESSER funds and other COVID related grants. The Select Board is in the process of deciding how to expend the ARPA funds and the School has supplemented their annual budget with ESSER and other grant funds. The combination of these different relief funds alleviated the need for additional local tax dollars but simultaneously require discussion about how to fund those expenses if they are still needs once the grant funds run out.

The development of the FY 2024 budget has proven as volatile as the start of the pandemic due to this year's valuations that significantly affected land values of property owners surrounding the town's lakes. Due to the high number of anticipated abatement applications, and that any abatements granted need to be covered by an account called the Overlay Account, a complete shift in how the budget is normally approached was necessary. Typically, we use our Free Cash that is certified in the fall towards the next year's Capital Plan, to deposit into our regular Stabilization Fund, our Special Purpose Stabilization Fund, the Other Post-Employment Benefits Trust Fund, and any monetary articles at the Annual Town Meeting. As the financial picture becomes clearer on how much will be needed to be set aside for abatements, the budget recommendation will be amended to dedicate amounts available for appropriation towards stabilization accounts, the FY24 Capital Plan, and the OPEB Trust Fund.

Looking Ahead to Fiscal Year 2024:

This year's budget recommendation is starkly different than prior years in that each year I have presented a budget recommendation that is based on the use of reoccurring revenues for operating costs and does not use free cash or stabilization towards the operating budget. This budget proposal does not use free cash towards the operating budget but does recommend supplementing our health insurance costs with funds from the Health Insurance Stabilization Account. This is mainly due to two reasons. The first is the Town has not received their health insurance rate renewal yet and the current estimate is a 8.5% increase for all active town and school employees. The second is typically the Governor releases their state budget (House 1), including state aid figure which is one of the town's revenue sources, by the third week of January. New governors

are statutorily allowed until the beginning of March to release their budget proposal. Once we receive our actual health insurance renewal rate and Governor Healey releases the state aid figure, my recommendation would be to readdress using funds from the Health Insurance Stabilization and to use reoccurring revenues for the operating budget.

In light of recommending use of funds from the Health Insurance Stabilization Account at this point in the budget process, the budget proposal is a balanced budget. Fiscal sustainability has been an important feature of all previous budget recommendations and the availability of these funds is proof of that financial planning.

Outside of the current level funded amount for state aid, other revenue sources include local receipts and the amount to be levied in taxes. The preliminary budget increases the estimate for Motor Vehicle Excise taxes for FY24 by \$50,000 and level funds all other local receipt categories, for an overall increase of 1.58%. Revenues from property taxes also includes a conservative estimate for New Growth of \$200,000, which is additional tax revenue from new construction, renovations, or other increases in the property tax base. We will revisit the New Growth estimate and determine whether it can be increased based on additional new building permits or other increases in the property tax base.

Another source of funding that will impact the FY24 budget, and budgets for the next few years, are the COVID funding from the Elementary and Secondary School Emergency Relief (ESSER) funds and ARPA funding. These funds are outside of the omnibus budget that is voted at town meeting. The proposed FY24 School budget includes some positions that would be paid through grant funds and the town is currently beginning the process to prioritize expenses that will be able to be covered by the \$3.5M the Town received in ARPA funding.

In mid-February the Town Manager prepares a preliminary budget recommendation that is presented to the Select Board and Finance Committee. The framework for the budget begins with looking at the levy capacity, estimated revenues, contractual increases, and using reasonable estimates for certain expenditures. This year departments were asked to meet a target budget that included known contractual increases and level funded expense categories. On the expenditure side, the target budget included an additional \$50,000 for pavement management per an established past practice in order to achieve a total of \$1,000,000 in the operating budget for pavement management by 2033. For any requests above the target budget, departments were directed to provide a justification such as the effect on town services, if the increase would generate revenues, or address a need for increased service levels. This year's budget includes a lot of "unknowns" and unlike previous years, recommends using stabilization funds at this point in the budget process with the stipulation that this be revisited once more of our revenue sources and costs become known.

Reserves, FY 2024 Capital Plan:

The preliminary budget recommendation proposes to use the Special Purpose Stabilization Fund, unexpended capital, and tax revenues to fund the FY 2024 Capital Plan. This preliminary budget reflects an unappropriated free cash balance of approximately \$2,838,550. As more of the unknowns become known, most notably what is needed in the Overlay Account, additional funds

from free cash may be designated towards the FY 2024 Capital Plan, Stabilization, the OPEB Trust Fund, and other money articles to be voted on at the Annual Town Meeting.

Given the current significant unknowns, it would be my recommendation to revisit the prioritized projects to be funded in FY 2024 as the budget develops. The FY 2024 Capital Plan recommendation at this time is to fund 6 out of the 29 capital project requests totaling \$1,360,500. For more details on the projects being proposed to be funded at this point and other details related to the capital plan, the presentation can be viewed at: <https://www.lunenburgma.gov/files-docs/23-02-06/fy24-town-manager-capital-plan-presentation>.

This budget is a preliminary recommendation for FY 2024. As previously state, as of writing this budget message, the Governor’s budget has not been released. Each year we use the Governor’s budget proposal as our foundation estimate for state aid. The state budget is not finalized until July but historically state aid has not fell below the Governor’s budget proposal. Other revenues such as “Local Receipts” and “New Growth” are conservative estimates that may be changed based on new information before the Annual Town Meeting. On the expenditure side, the Town is awaiting health and general insurance renewal rates, the actual assessment from Montachusett Regional Vocational Technical School, funding requests for monetary articles at the Annual Town Meeting, and the amount of Free Cash needed to cover abatements in the Overlay Account. As these figures become known, the financial projections will change, and adjustments will be made that will ultimately be recommended to voters at the Annual Town Meeting on May 6, 2023.

Here is how you, the public, can learn more about the FY 2024 budget and follow the development of the budget over the coming months:

- A presentation on the preliminary budget will be held at the February 16th Finance Committee meeting. All meetings are being held both in person and through Zoom. To view the agendas for those meetings, visit the town calendar on the website at <https://www.lunenburgma.gov/Calendar>.
- Information on the FY 2024 preliminary budget will be available on February 14th on the town website at www.lunenburgma.gov under the “Town Meetings and Town Finances” link on the homepage and can also be obtained from the Select Board’s Office and the Town Clerk’s Office.
- The Finance Committee will be meeting weekly to hear budget presentations from departments. To view the schedule of those meetings, visit the town website under the “Town Meetings and Town Finances” link on the homepage.
- The Finance Committee will hold a public hearing on the FY 2024 budget and town meeting articles that have a financial impact on Thursday, March 30th at 7 p.m. and a second hearing before town meeting, if needed.
- The Annual Town Meeting will be held on Saturday, May 6, 2023 at the MS/HS Auditorium.

Acknowledgements:

In closing, there are many people that deserve recognition in developing this year’s preliminary budget and capital plan. The Capital Planning Committee invested many hours from August until December to develop a prioritization of capital requests that were based on information provided

by departments and reviewed in great detail by the members of the Capital Planning Committee. I would like to sincerely thank all the town department heads for their thoughtful assessment of the needs of their department and the ways in which they strive to provide the best possible services to residents and businesses with limited resources. I share my appreciation for Superintendent Dr. Kate Burnham and School Business Manager Michael Cassidy and their leadership team. Lastly, I want to thank Finance Director Karen Brochu who is retiring at the beginning of Fiscal Year 2024 after 38 years with the Town. Karen is an invaluable resource for all those fortunate to have worked with her and a consummate professional. Not unlike prior years, she has been my primary support during the budget process and her direct involvement in this year's budget process and her expertise was instrumental in developing the FY 2024 preliminary budget recommendation.

Respectfully,
Heather R. Lemieux
Town Manager

FY2024 Budget Process:

The FY2024 budget process kicked off with the Capital Planning Committee's first meeting on August 3, 2022. The capital planning documents were sent to departments in September and the Capital Planning Committee met with departments late October until early November to review all the capital project requests as a group. This year the Town Manager transitioned the forms to the same software used for budgeting, ClearGov, and all the relevant information was submitted through this platform. The data collected is based on the UMass Collins Center Capital Planning documents that include various categories such as effectiveness of government, the effect on operating costs, effect on revenues, whether the project is mandated by the State or Federal government, whether grant funds are available, and how the project contributes to such things as economic growth, public safety, public health and education. Each category receives a rating and an overall score based on the aggregate score of all the categories (the higher the rating, the higher the priority). The Capital Planning Committee evaluates capital requests based on the responses to these categories and as a group, the CPC reviews the merits of all the projects. Each member submits their ranking of each project, and these are averaged to achieve a composite ranking. The Capital Planning Committee provided a prioritized list to the Town Manager on December 28th.

The Town Manager presented the FY 2024 Capital Plan to the Select Board and Finance Committee in January. The Capital Plan presented included the same projects that were recommended by the Capital Planning Committee, but the Town Manager's recommendation reprioritized some of the projects. At this point in time, my recommendation is to fund 6 of the 29 capital requests for FY 2024 totaling \$1,360,500. Once a solid estimate for what is needed in the Overlay Account to cover the potential costs of approved abatements, the remaining unallocated free cash will be recommended to use towards the FY2024 Capital Plan, the OPEB Trust Fund, and stabilization.

The development of the FY 2024 preliminary budget was a collaborative process that the entire management team participated in by expressing the needs of their departments and putting forth recommendations to continue providing the a high level of services. In December departments were sent target budgets to meet that included known personnel costs for existing staff, known contractual increases, level funded expense line items and included conservative estimates for the "unknowns", such as health insurance, general insurance, the retirement assessment, and other regional assessments. The managers of each town department and the Superintendent and the School Business Manager met with the Town Manager prior to their budget submissions to discuss any variations in services from the previous fiscal year and their long-term needs. This preliminary budget recommendation reflects many of those "above target" requests to enhance the performance of the department, includes a conservative health insurance increase of 8.5% that will change once the Town receives the rate renewal later this month, a 13.55% increase in the Worcester Regional Retirement assessment, includes a 3.1% increase for Lunenburg Public Schools, and an estimated 2.5% increase for the Montachusett Technical School assessment.

When beginning the budget development process for FY 2024 in December, the target budget for the Lunenburg Public Schools included a 2.5% increase or a \$558,132 increase over the previous fiscal year. In January Superintendent Burnham presented the School Committee a recommended

budget, which equated to a 3.1% increase or \$691,479 over the previous fiscal year's appropriation. Once the actual health insurance rate renewal is received, the total amount needed will decrease accordingly. Other school related expenses in the preliminary budget include a 2.5% increase or a \$26,359 for the town's assessment for Montachusett Regional Vocational Technical School with the actual assessment received by mid-March.

In 2018 the Police and Fire Chiefs developed long term staffing plans. These plans were created to address the staffing needs of these public safety departments that over the years have not kept up with the growth of the Town and translated to additional service calls for our public safety departments. The five-year staffing plan for the Fire Department was achieved in FY 2023 and the department received Paramedic Licensure in January 2023. Due to the impact of the most recent Collective Bargaining Agreement and addressing wages that were falling behind comparable communities, the additional officer for FY 2024 is being recommended to be put on hold this upcoming year. Based on payroll projections for FY 2025, the Town should be able to resume the Ten-Year Staffing Plan in FY 2025.

Health insurance is one of the larger expenses within both the town and school budgets. The preliminary budget recommendation currently includes an 8.5% increase for active health insurance and a 5% increase for retiree health insurance costs. The Town will receive our actual renewal rate this month. We were fortunate from in fiscal years 2020, 2021, and 2022 with receiving a full month holiday premium in FY 2022 that amounted to a \$369,334 savings that was deposited into a Health Insurance Stabilization account, a rate decrease of .03% in FY22 for active plans, and a .66% rate increase in FY 2021 for active plans, and a rate decrease of 2.45% in FY 2020 for active plans. Due to changes in our active and retiree enrollment estimates, there will be a substantial increase in town and school related health insurance costs. Based on this significant increase and the other budgetary needs and unknown state aid figure at this time, the preliminary budget recommendation is to use \$271,000 from the Health Insurance Stabilization account. This offers a balanced budget at this point in the budget process, which can be amended once the Governor releases the proposed state aid figure. At that point, any increase in state aid can offset use of Health Insurance Stabilization funds.

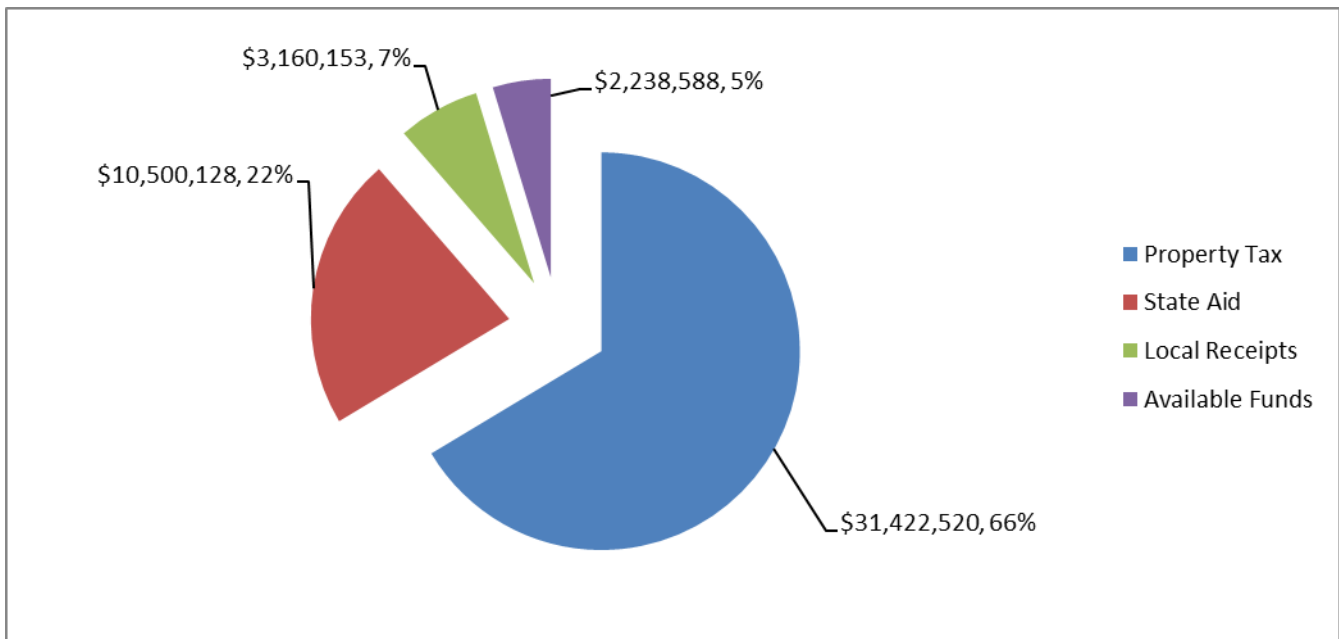
The preliminary budget that will be presented the week of February 13th to the Finance Committee represents most needs of the departments, utilizes stabilization funds at this point in time due to level funding the state aid figure, reserving use of free cash until an amount is determined for the Overlay Account, and the current health insurance estimate. As the more "unknowns" become known, recommendations will be made to adapt to new information.

FY 2024 Revenue Overview:

The Town has four (4) sources of Revenue: Property Tax, State Aid, Local Receipts, and Available Funds. For FY 2024 the projected revenues are:

- Property Tax: \$ 31,422,520
- State Aid: \$ 10,500,128
- Local Receipts: \$ 3,160,153
- Other Avail. Funds: \$ 2,238,588
- Total: \$ 47,321,389

The chart below breaks out the revenue sources by percentage:



Property Taxes

Property taxes are the largest, single revenue source for the Town, approximately 66%. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by non-manufacturing businesses. A revaluation of all taxable real property is done every five years based on fair market value and cyclical inspections are required every ten years. Under the provisions of Proposition 2 1/2, property taxes, in the aggregate, may not exceed 2 1/2 percent of their full and fair cash value. This limit is known as the levy ceiling. Annual levy increases shall not exceed 2 1/2% more than the previous year’s levy plus the taxes added from any new properties added to the tax rolls (“New Growth”). Any Proposition 2 1/2 override and/or debt exclusion amounts voted are added to the levy limit.

	FY21	FY22	FY23	FY24 TM	Dollar Increase	% Increase
	Final	Final	Final	Prelim. Budget	Over PY	over Prior Year
Revenue						
Property Tax*	\$28,896,249	\$29,959,876	\$30,874,124	\$31,422,520	\$548,396	1.78%
State Aid	\$ 9,427,619	\$ 9,440,371	\$ 10,500,128	\$ 10,500,128	\$0	0.00%
Local Receipts	\$ 3,600,669	\$ 3,060,153	\$ 3,110,153	\$ 3,160,153	\$50,000	1.61%
Available Funds**	\$ 2,427,555	\$ 3,089,126	\$ 3,849,570	\$ 2,238,588	-\$1,610,982	-41.85%
total:	\$44,352,093	\$45,549,526	\$48,333,975	\$47,321,388	-\$1,012,587	-2.09%
*Property Tax includes starting tax levy, 2 1/2%, New Growth, Excludable Debt						
**Available funds will fluctuate mainly due to use of free cash.						

For FY2024, the Town’s Property Tax revenues are projected to increase by \$548,396 and includes the maximum allowable levy including a 2 1/2 % increase over the previous fiscal year’s ending levy. The New Growth estimate is \$200,000 for FY 2024. The Finance Director, Town Manager, and Principal Assessor reviewed the current building permits and estimated new growth for personal property accounts and the estimate is a conservative estimate. The debt exclusion figure is based on the current debt schedule that has a reduction in the principal and interest payments for existing debt-excludable projects for FY 2024.

	FY21	FY22	FY23	FY24 TM	Dollar Increase
	Final	Final	Final	Prelim. Budget	Over PY
Property Tax					
Prior Year Levy Limit	\$25,107,061.90	\$ 26,049,570.00	\$ 27,131,063.00	\$ 28,043,722.60	\$912,660
2 1/2% Increase	\$627,677	\$651,239	\$678,277	\$701,093	\$22,816
New Growth	\$308,732	\$430,254	\$232,852	\$200,000	-\$32,852
Debt Exclusions	\$2,852,779	\$2,828,812	\$2,831,932	\$2,477,704	-\$354,228
Taxes: Total	\$28,896,249	\$29,959,876	\$30,874,124	\$31,422,520	\$548,396

State Aid

State Aid is the Town’s second largest revenue source (22%) and is the amount of funding each community receives from the Commonwealth to help fund Education and General Government Services. The FY2024 State Aid estimate in the preliminary budget is level funded based on the FY 2023 State Aid figure.

The Governor’s Budget Proposal is the first step in the process until a final state budget is approved. The House Ways & Means will propose their version of the budget near the end of April, the Senate Ways & Means will submit a proposed budget near the end of May, it will then head to Conference Committee and a final budget will be voted upon in July. Below is a chart with a history of the approved State Aid amounts for FY2015-FY2023 and the level funded amount for FY 2024, that will change to the Governor’s House 1 figure once released:

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Budget	FY2024 Projected
STATE AID CHERRY SHEET										
Chapter 70 Education Aid	5,605,872	5,834,483	6,351,257	7,272,505	7,538,072	7,771,740	7,773,938	7,823,618	8,722,228	8,722,228
Charter Tuition Reimbursement	50,717	133,545	33,934	78,091	17,860	36,345	64,708	28,140	144,037	144,037
Charter Facility Reimbursement							-	-	-	-
Smart Growth	183,618	166,960	119,257	119,257	29,195	35,372	138,069	79,717	119,575	119,575
School Lunch (offset)	7,451	-	-	-	-	-	-	-	-	-
School Choice Receiving Tuition (offset)	241,290	227,741	268,906	281,212	241,647	182,658	176,265	175,332	113,539	113,539
Unrestricted General Government Aid	940,983	974,858	1,016,777	1,056,431	1,093,406	1,122,928	1,122,928	1,162,230	1,224,990	1,224,990
Veterans Benefits	40,539	55,238	81,303	45,280	35,873	55,161	42,316	58,371	51,450	51,450
Exemptions VBS and Elderly	61,689	63,425	66,101	58,172	55,517	61,979	62,042	58,214	56,114	56,114
State Owned land	47,844	47,844	47,275	47,230	47,230	26,222	26,905	32,522	41,747	41,747
Police Career Incentive				-			-	-	-	-
Public Libraries (offset)	14,647	14,398	14,137	14,615	15,534	16,524	20,448	22,227	26,448	26,448
TOTAL Cherry Sheet (3)	7,194,650	7,518,492	7,998,947	8,972,793	9,074,334	9,308,929	9,427,619	9,440,371	10,500,128	10,500,128

Local Receipts

Local Receipts are made up of Motor Vehicle Excise taxes, fees, fines, permits, licenses, and other departmental revenue or charges for services. These are often labeled “elastic revenues” as they may fluctuate with the economy. Local Receipts account for 7% of the town’s revenues. The estimate for Local Receipts for the FY24 budget assumes an overall increase of 1.58% or \$50,000 over the FY2023 Local Receipts estimate. As with previous years, the estimate for local receipts is conservative due to the elastic nature of these types of revenues and maintaining conservative Local Receipts contributes to a healthy Free Cash figure when actual Local Receipts exceed the Local Receipts estimate. Used for non-operating expenditures, Free Cash allows the Town to address their capital needs and put funds into reserves.

	FY2021	FY2022	FY2023	FY2024
	Actual	Actual	Estimate	Estimate
1. Motor Vehicle Excise	1,978,799	1,839,920	1,771,640	1,821,640
2a. Meals Excise	125,662	133,028	100,980	100,980
2b. Room Excise			-	-
2c. Other Excise-Boat			-	-
3. Penalties/Interest on Taxes and Excises	259,184	506,518	200,000	200,000
4. Payment In Lieu of Taxes	3,921	7,985	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	200,429	234,113	176,052	176,052
11. Rentals			-	-
12. Dept. Revenue-Schools	72,688	198,650	60,207	60,207
13. Dept. Revenue-Libraries				
14. Dept. Revenue-Cemeteries	5,100	5,900	4,100	4,100
15. Dept. Revenue-Recreation			-	-
16. Other Departmental Revenue	254,362	281,838	257,370	257,370
17. Licenses/Permits	334,109	457,295	331,188	331,188
18. Special Assessments	15,468	15,900	11,844	11,844
19. Fines and Forfeits	13,263	13,897	13,263	13,263
20. Investment Income	35,585	24,440	25,000	25,000
21. Medicaid Reimbursement			-	-
22. Misc. Recurring			-	-
23. Misc. Non-Recurring	357,936	444,644	215,699	214,449
TOTAL Local Receipts-Budget ①	3,656,506	4,164,128	3,168,991	3,217,741
Difference: Actual over Budget	590,516	1,049,138		

Available Funds (Reserves and Other Financing Sources)

Available funds covers a variety of categories including any use of certified Free Cash, borrowing amounts, reimbursement funds from MSBA for an old school project, transfers from the Sewer Enterprise and PEG Enterprise to fund indirect charges within the General Fund, transfers from Sewer and Water Enterprises to the General Fund to pay the cost of Sewer and Water debt service, Sale of Cemetery Lot funds, and the Artificial Turf Revolving Fund. Available funds make up 5% of our revenues. At this point in the budget process it appears as a decrease in available funds in FY24 compared to the previous fiscal year primarily that free cash is not being recommended as an available source of funds right now and the drop-off of the \$434,000 reimbursement from MSBA as the debt is expiring. The below chart identifies the financing sources and use of reserves that are a portion of the revenues available for the FY2024 budget.

	FY2021	FY2022 TM	FY23 TM	FY24 TM
	After Recap	After Recap	After Recap	Prelim. Budget
Available Funds				
Free Cash	\$ 858,356.21	\$ 1,485,604.00	\$ 2,150,230.39	\$ -
Bond Premium				
Unexpended Articles	\$ 6,825.61	\$ 111,281.58	\$ 212,089.61	\$ 17,710.91
Borrowing				
Health Insurance Stabilization Fund				\$ 271,000.00
Special Purpose Stabilization Fund				\$ 986,000.00
MSBA Reimbursement (Both debt and R	\$ 535,051.19	\$ 534,779.55	\$ 534,501.26	\$ 59,968.64
MSBA Reserve Reimbursement Applied				
Sewer Enterprise Retained Earnings	\$ 72,682.00	\$ 90,587.20	\$ 105,976.15	\$ 109,529.43
Sewer Debt	\$ 804,329.90	\$ 705,876.16	\$ 687,992.32	\$ 646,816.28
Water Debt (Meadowwoods)	\$ 55,837.50	\$ 54,837.50	\$ 58,837.50	\$ 57,587.50
Septic Loan Revenue				
PEG Retained Earnings	\$ 48,000.00	\$ 46,842.00	\$ 47,808.00	\$ 50,653.00
Sale of Cemetery Lots	\$ -	\$ 15,000.00	\$ 10,000.00	
Artificial Turf Revolving Fund	\$ 46,473.00	\$ 44,318.19	\$ 42,134.74	\$ 39,321.78
School Transportation Fee Offset	\$ -	\$ -	\$ -	\$ -
total:	\$ 2,427,555.41	\$ 3,089,126.18	\$ 3,849,569.97	\$ 2,238,587.54
Dollar Increase Over Prior Year	\$ (607,670)	\$ 661,571	\$ 760,444	\$ (1,610,982)
Percentage Increase Over Prior Year	-20.02%	27.25%	24.62%	-41.85%

The FY2024 proposed budget accounts for using \$986,000 from the Special Purpose Stabilization Account and \$17,710 towards the FY24 Capital Plan, \$271,000 from the Health Insurance Stabilization Account towards the FY24 health insurance costs, \$59,968.64 reimbursement from MSBA for remaining debt payment for an old school construction project, transfers \$109,529 from the Sewer Enterprise for indirect costs paid for in the General Fund, transfers \$646,816 from the Sewer to fund the Sewer's debt for FY24, transfers \$50,653 from the PEG account for indirect costs paid for in the General Fund, transfers \$57,587 from the Water Enterprise account to fund the Water's debt for FY24, and transfers \$39,321 from the Artificial Turf Revolving Fund to pay for the turf field debt for FY24.

FY2024 Expenditure Budget Overview

The Town's expenditures are divided into functional categories which become the legal budget appropriated at Town Meeting. These categories include: General Government; Central Purchasing; Police; Fire; Other Protection; Department of Public Works; Solid Waste/Recycling; Health & Sanitation; Council on Aging; Veterans; Lunenburg Public Schools; Monty Tech Assessment; Library; Debt Service; Unclassified General Government; Retirement Assessment. Other expenditures in the budget include non-appropriated costs, such as Cherry Sheet Charges, Cherry Sheet Offsets, Snow & Ice Deficit, and funds for the Overlay Account. The final budgeting category is the remaining Town Meeting warrant articles that have a financial impact.

The preliminary FY2024 budget for Operating Expenses is projected to increase by \$1,097,046 or 2.53% over FY2023. The largest increases being in Lunenburg Public Schools (\$691,479 or 3.1% over PFY), Unclassified (\$536,458 or 15.88% over PFY), the Worcester County Retirement (\$228,822 or 13.55% over PFY), and Police (\$197,780 or 18.03% over PFY). The Solid Waste (Recycling) expenses are expected to increase by \$40,000 based on the current year's recycling

commodity costs and the amount towards Debt Service is expected to decrease by \$979,711 based on the current debt schedule.

	FY2023	FY2024 TM	FY24 Prelim. Budget	FY24 Prelim. Budget
	After Recap	Prelim. Budget	Dollar Inc. over PFY	% increase over PFY
Expenditures:				
General Fund Expenditures:				
General Government	\$ 1,872,758	\$ 1,974,322	\$ 101,564	5.42%
Central Purchasing	\$ 77,800	\$ 80,300	\$ 2,500	3.21%
Police	\$ 2,149,392	\$ 2,347,172	\$ 197,780	9.20%
Fire	\$ 1,575,468	\$ 1,607,993	\$ 32,524	2.06%
Radio Watch	\$ 312,145	\$ 308,720	\$ (3,425)	-1.10%
Other Protection	\$ 218,242	\$ 222,242	\$ 4,000	1.83%
Department of Public Works	\$ 2,108,142	\$ 2,168,288	\$ 60,145	2.85%
Public Buildings & Facilities	\$ 897,566	\$ 981,645	\$ 84,079	9.37%
Solid Waste	\$ 312,634	\$ 352,775	\$ 40,141	12.84%
Health & Sanitation	\$ 100,941	\$ 104,961	\$ 4,021	3.98%
Council on Aging	\$ 189,169	\$ 224,307	\$ 35,138	18.57%
Veterans	\$ 110,775	\$ 110,775	\$ -	0.00%
Lunenburg Public Schools	\$ 22,342,995	\$ 23,034,474	\$ 691,479	3.09%
Monty Tech Assessment	\$ 1,054,376	\$ 1,080,735	\$ 26,359	2.50%
Library	\$ 503,956	\$ 539,126	\$ 35,171	6.98%
Debt Service	\$ 4,497,723	\$ 3,518,013	\$ (979,711)	-21.78%
Unclassified	\$ 3,378,711	\$ 3,915,169	\$ 536,458	15.88%
Retirement Assessment	\$ 1,689,147	\$ 1,917,969	\$ 228,822	13.55%
			\$ -	
sub-total:	\$ 43,391,940	\$ 44,488,987	\$ 1,097,046	2.53%

The FY2024 Preliminary Budget includes all known contractual increases, including current salary and related expenses per current union agreements, and known increases for employees with a Employment Agreement. The Annual Town Meeting will include an article on the recommendation based on a compensation and classification study with proposed wage increases for non-union employees under the Salary Administration Plan and there are two expiring collective bargaining agreements for the clerical and fire units.

Below are highlights of the preliminary budget recommendations made by the Town Manager:

General Government

The General Government category includes the Administrative, Financial, Technology, and Planning Offices of the town. Total spending in this category is recommended at \$1,964,322, which is an increase of 5.42% or \$101,564. The proposal includes all known contractual increases, audit costs, legal costs, and expenditures to provide general government services. The above target requests include:

- An increase in hours for the Assistant Town Manager from 28 to 32 hours/week.
- Increasing the Treasurer/Collector's hours from 36 to 40 hours/week.
- Treasurer's Contracted Services line increased by \$4,500 for increases related to advertising unclaimed property and Unibank fees.

- Addressing IT internet costs for fiber, an increase in line item for replacement of workstations, security upgrades, and increased costs for email hosting. The overall increase in the IT budget was 26.58% or \$84,010.

Central Purchasing

This category increased by \$2,500 to cover increases a new lease agreement for a large copier at the Library. This account also includes the copier lease agreements for other town departments, managed print services, telephone charges for town facilities and office equipment maintenance.

Police Department

The Lunenburg Police Department employs one full time Police Chief, a Lieutenant, a Detective, 4 Sergeants, 11 full time Police Officers, 1 School Resource Officer, 1 Traffic Officer and 4 Reserve Intermittent Police Officers, a Public Safety Coordinator, a part time administrative assistant (currently vacant), and a Public Safety Desk Clerk. The Police Department is in operation 24 hours a day, 7 days a week. For many years the prior Chief had requested additional staffing based upon the department's level of activity. In 2018 former Police Chief James Marino proposed a 10 year plan of adding one additional full time officer each fiscal year to reach adequate staffing levels and making these changes incrementally. The last five fiscal years, an additional police officer was added each year. Due to a new collective bargaining agreement and the cost impact in FY 2024, I am recommending we "pause" the plan this year and resume it in FY 2025.

The primary overall increase in the Police Department budget are wage related increases as a result of the current collective bargaining agreement. Also, the amount of hours required for In-Service/Specialized Training has increased, thus impacting this line item. The budget also reflects a further decrease on top of the decrease in FY23 for the Police Lock-Up line due to the use of the lock-up facility at the Worcester County House of Corrections. The total increase over the previous fiscal year is \$197,779, which is a 9.2% increase.

Fire Department

The Fire Department is comprised of a full time Fire Chief, 6 full time Firefighter/EMTs, 3 full time Firefighter/Paramedics, an EMS Coordinator, and 30-40 on call reserve firefighters and on call EMT's.

Similar to the Police Department, an increase in service calls due to the growing population, as well as the need for growing the Department to be able to run at the paramedic level in order to provide a higher level of medical care alongside a growing percentage of residents in their senior years led to a long-term staffing plan. In 2018 Chief Sullivan proposed a five-year plan to add one firefighter/paramedic each fiscal year to reach adequate staffing to operate a 24/7 Paramedic Level Service. This plan was accelerated at the May 2018 Annual Town Meeting through a citizen's petition to hire two firefighter/EMT's instead of one firefighter/Paramedic in FY19 and in FY20 a seventh full time firefighter was not included in the budget due to a need to address a significant rise in overtime costs. The FY 2023 budget funded the last year of the five-year plan and the achieved the goal of being able to provide paramedic level of service by receiving their Paramedic

Licensure in January of 2023. Monday thru Saturdays are covered by three full time staff (1 officer/2FF/EMT or Paramedic). Sundays are covered by two per diem firefighter/EMT's or Paramedic and one on call duty officer. The Department saw a 16% increase in EMS related calls in calendar 2022 vs 2021 and 2020. This trend is anticipated to continue to increase now that the Town has their paramedic license.

The FY 2024 above target increases include:

- An increase in costs for equipment maintenance and EMS supplies line items. The equipment maintenance increase of \$9,000 is to cover preventative maintenance and service contracts for the Lifepak Defibrillator/Monitors, LUCAS Automated CPR Devices, and Electronic Medication Dispenser/Locker.
- An increase of \$3,000 for EMS Supplies to cover anticipated increases in EMS supply costs for replacement of Paramedic Level Medications and increased replacement of disposable and ancillary EMS Equipment.
- A new line item for IT software that is only utilized by the Fire Department totaling \$9,000.
- Hydrant Expense increase of \$1,806 is to cover an increase in the City of Leominster Hydrant Rental fee for Leominster Hydrants located with the Town of Lunenburg.

The total increase over the previous fiscal year is \$32,524, which is an 2.06% increase.

Radio Watch

The Radio Watch expenses are related to the Desk coverage at the Public Safety Building, the town's assessment as part of the Nashoba Regional Dispatch Center. Although our assessment to Nashoba is estimated to increased by 4%, due to a change in personnel for desk coverage at the Public Safety Building, the overall budget decreased by \$3,424 or -1.1%.

Other Protection

The above target requests for categories under Other Protection totaled \$4,000. This expense is related to installing a small kennel behind the Public Safety Building for vicious dogs.

Facilities, Grounds, Parks

As part of the FY 2023 budget, Facilities and Grounds and Parks was removed from the umbrella of the Department of Public Works and a new department was created. This new department is headed by the newly created Facilities Director position, includes a Facilities Superintendent, Facilities Custodian, a part-time Recreation Director (currently vacant), seasonal Beach Director, and seasonal lifeguards. This department is responsible for the upkeep and maintenance of our eleven town buildings (Town Hall, Ritter Memorial, Library, Teen Center, Eagle House, Public Safety Building, DPW Building, Town Beach house, TC Passios, Brooks, and old Primary School), grounds (town commons), parks (Marshall Park, McNally Field, Fitzgerald Field, Wallis Park, and Veterans Park), and town beach. The TC Passios and Brooks buildings are occupied primarily by the School Department and most regular maintenance is performed by their custodial

staff and regular expenses are paid out of the TCP/Brooks House Receipts Reserved Account. All of these facilities and grounds require regular maintenance and there are a multitude of large capital projects that need to be managed on a regular basis.

Above target requests include:

- A \$15,000 increase in the Facilities Contracted Services account due to additional smaller projects under the \$20,000 threshold for capital.
- A new line item under the Parks and Recreation budget for salaries related to programming totaling \$5,000.
- An increase of \$8,500 under the Parks and Recreation Contracted Services line to address an increase in smaller projects and insufficient funding.

Since parts of the new Facilities and Grounds budget were previously under the Department of Public Works budget (Parks and Recreation) and certain costs under the Facilities and Grounds are being moved to the Department of Public Works in FY24, both budgets will look either artificially inflated or reduced. Compared to FY23, the Facilities and Grounds budget increased \$84,079 or 9.37%.

Department of Public Works

The Department of Public Works budget includes Highway, Cemetery, Snow and Ice, Traffic Signs, and Vehicle Maintenance, addresses some identified needs by our DPW Director. These include:

- An increase in expenses for the Cemetery Department for capital needs less than \$20,000 for a \$10,000 hedge/shrub project.
- An overall increase in the General Highway account for drainage related costs, purchase of services, and ADA Public Rights of Way expenses totaling \$20,250.
- A new line item for Purchase of Service under the Snow and Ice account for \$5,000.
- An increase to the tree removal Purchase of Service by \$4,307.

As in previous years, this proposed budget reflects the unwritten plan to increase the pavement management line by \$50,000 a year, which is an increase that is supported by the additional growth in the Motor Vehicle Excise Account in Local Receipts. The goal is to sustain the condition of our pavement by the completion of the Pavement Management Plan Debt Exclusion, which we are currently in the last year of the previously approved pavement management plan. The Town has undertaken the process of updating the Pavement Management Plan that will put a plan in place to upkeep all our roads for the next five years.

As noted under the Facilities and Grounds budget, certain accounts are being further separated for FY24 from DPW and alternatively, from Facilities and Grounds to DPW. The FY24 preliminary budget shows a removal of the Parks and Recreation from DPW and moving costs related to Streetlights to DPW, as well as the Lake Shirley Dam and Landfill Monitoring line items.

The total increase over the previous fiscal year for the DPW is \$60,145, or a 2.85% increase.

Solid Waste/Recycling Program

In Fiscal Year 2020 there was a substantial increase in the Solid Waste/Recycling costs due to the global market changes in recycling stemming from China's National Sword Policy. The Town began paying for its recyclables on July 1, 2019, adding approximately \$62,000 to the cost of that program and an increase in Pay-As-You-Throw (PAYT) bags. After going out to bid and receiving one bid from EL Harvey, we saw a significant increase in both the tonnage rate for disposal of trash and recycling. Our contract did include a cost sharing model but with no history and data to determine the effect of this cost sharing model, the FY22 budget reflected the full rate for recycling with any offsets for cost sharing. At the close of FY22 we saw a surplus in the recycling costs based on the commodity costs at that time of \$70,000 and therefore reduced that budget by \$40,000, leaving a buffer in the event in a shift in the commodity market. Based on FY23 recycling costs and we are paying more than FY22 due to a change in the commodity market, the preliminary budget is recommending increasing this line item by \$40,000, which is approximately a 12% increase.

This year we have hired a Trash and Recycling consultant paid for by our annual Recycling Dividends Grant funds. The consultant has performed outreach and resolution of any issues

Lunenburg Public Schools

The Town Manager's recommended preliminary FY2024 budget for Lunenburg Public Schools is \$23,034,474 or a 3.1% increase. This total includes \$17,686 towards Curriculum Update expenses, which is in addition to the Curriculum Adoption within the School Operating budget and reflects the amount the Superintendent presented to the School Committee in January as the FY24 proposed budget. This proposal is an increase of \$691,479 over the previous fiscal year's appropriation. The Superintendent's current budget proposal includes two new positions funded through the local appropriation and four grant funded positions. The four grant funded positions are funded from a federal SPED grant, ESSER II funds, and ESSER III funds.

Montachusett Regional Vocational School

Other school related expenses in the preliminary budget include a 2.5% increase or an increase of \$26,359 for the town's assessment for Montachusett Regional Vocational Technical School with the actual assessment received by mid-March.

Health & Sanitation

Last year we saw a significant increase (22%) for the assessment for Nashoba Associated Boards of Health due to the calculation method that changed as a result of the 2020 Census data. The FY24 assessment for Nashoba Associated Boards of Health is a 7.5% increase and the overall Health and Sanitization budget is a 3.98% increase or \$4,020.

Council on Aging

The preliminary budget recommendation addresses identified needs at the Council on Aging, including:

- An increase in the Outreach Coordinator's hours from 27 to 36 hours/week and a new 10 hour/week Outreach Assistant. This would enable the Center to be open two evenings a week and address outreach for residents that are unable to come during daytime hours.
- Moves the entire payroll expense for the Assistant Meal Site Manager to the operating budget instead of being split between the operating budget and Formula Grant Funds. This creates more reliability in payroll expenses and the difference will be offset with other Formula Grant related expenses.

The overall increase for FY24 for the Council on Aging is \$35,137 over the previous fiscal year or a 18.57% increase.

Library

The preliminary budget recommendation includes the Library Department's request for a change in the organizational structure by creating an Assistant Library Director position but not changing the overall headcount of employees. It also includes operational increases and increasing the programs line to decrease dependence on the Friends of the Library annual contributions to programming, and an increase to the Library Materials line that currently exceeds the 16% spending requirement on library materials. Above target requests for a new large copy machine to replace the existing one and needed security upgrades are included in the Central Purchasing budget and the IT budget, respectively. The overall recommended increase for FY24 is \$35,171 more than the previous fiscal year or a 6.98% increase.

Debt Service

In FY23 debt service payments for the DPW Renovations, the Public Safety Building Construction and the Primary School construction will be expiring and therefore there will be an overall decrease in the Town's debt service for FY24 totaling \$979,711.

Unclassified General Government

The Unclassified category of the operational budget includes Health Insurance, Workers Compensation Insurance, Liability Insurance, Police/Fire Injured on Duty Insurance, and Reserves.

Health insurance is one of the larger expenses within both the town and school budgets. The Town purchases Health Insurance for all active and retired employees through the Massachusetts Inter-local Insurance Association (MIIA). By purchasing insurance through this cooperative, we are able to receive the benefit of being a part of the largest municipal joint purchasing group. As a result of our membership in MIIA and due to the fact that we have favorable claims history, our rates have also been favorable.

Our current estimate for the rate renewal for active health insurance is a 8.5% increase and a 5% increase for retirees. At the annual MMA meeting in January, MIIA announced members will be receiving rates of an increase/decrease based on a range within a minimum of 1%, an average of 5.6% and a maximum of 10.5%. Our insurance representative recommended waiting to adjust our estimate until we received our actual renewal rates later this month. Based on our loss ratios we hope to see the actual rate to be between 5-6% for active employee plans. We have been fortunate the last three years with receiving a full month holiday premium in FY22 that amounted to a \$369,334 savings that was deposited into a Health Insurance Stabilization account, a rate decrease of .03% in FY22 for active plans, and a .66% rate increase in FY21 for active plans, and a rate decrease of 2.45% in FY20 for active plans.

Outside of the annual rate increase, another reason our health insurance costs have increased is an increase in enrollment estimates for both active and retirees. Some of these are due to employees that had qualifying events that allowed for more expensive health plans and a greater number of retirees than estimated that have impacted insurance contributions. At this point in the budget, due to the current estimate for health insurance and the significant overall increase, I am recommending we subsidize this budget with \$271,000 from Health Insurance Stabilization account that results in a balanced budget. Once we receive our actual health insurance renewal rate and the State Aid figure, we can adjust the budget accordingly and pull back on use of the Health Insurance Stabilization funds.

Another noteworthy point is that 39% of the Health Insurance budget is health insurance for active town employees, 46% is health insurance school retirees and 15% for health insurance for town retirees. The active health insurance is approx. \$1,127,991 out of the \$2,895,966 school retirees' account for \$1,323,064 and Town retirees account for \$444,911.

The preliminary budget estimates a 5% increase for Workers Compensation, Liability insurance and Police/Fire Injured on Duty insurance. It also adds additional funding to the existing training line, as that was an identified need for both existing and new employees by the Town Manager. We will readjust the Workers Compensation and Liability insurance once renewals are received in March.

The total recommended budget for Unclassified General Government is \$3,915,169 or a \$536,458 (15.88%) increase over the previous fiscal year.

Capital

The Capital Planning Committee received thirty (29) capital project requests totaling \$2,941,010. As noted in the FY 2024 Budget Process section, the Town Manager's recommendation at this time is to fund 6 of the 29 projects totaling \$1,360,500 (in the chart below). The preliminary budget recommendation proposes to use the Special Purpose Stabilization Fund, unexpended capital, and tax revenues to fund the FY 2024 Capital Plan. This preliminary budget reflects an unappropriated free cash balance of approximately \$2,838,550. As more of the unknowns become known, most notably what is needed in the Overlay Account, additional funds from free cash may be designated towards the FY 2024 Capital Plan, Stabilization, the OPEB Trust Fund, and other money articles to be voted on at the Annual Town Meeting.

TM Priority #	CPC Priority #	Collins Score	CIP #	Dept.	Project Title	FY2024 Projected Costs
1	1	34	FD17-03	Fire	Replacement Rescue 1	\$506,000.00
2	2	31	LPS23-08	School	THES Exterior Door Upgrades/Replacements	\$160,000.00
3	3	34	LPS23-09	School	THES Security Upgrades	\$131,000.00
4	4	33	LPS23-10	School	Primary Security Upgrades	\$83,500.00
5	6	32	DPW 17-14	DPW	6 Wheel Dump/Spreader/Plow Truck	\$240,000.00
6	5	29	DPW23-18	DPW	6 Wheel Dump/Spreader/Plow Truck 2	\$240,000.00
						\$1,360,500.00
				Funding:	Raise & Appropriate	\$356,789.09
					Free Cash	\$0.00
					Unexpended Capital	\$17,710.91
					Special Purpose Stabilization	\$986,000.00
						\$1,360,500.00

For more details on the projects being proposed to be funded at this point and other details related to the capital plan, the presentation can be viewed at: <https://www.lunenburgma.gov/files-docs/23-02-06/fy24-town-manager-capital-plan-presentation>.

Use of Free Cash on Capital and Reserves

Most notably different in this year’s preliminary budget recommendation is reserving the use of certified Free Cash at this point. This directly impacts my recommendation on funding for the FY24 Capital Plan, deposits into the OPEB Trust Fund, deposits into the regular Stabilization Account, deposits into the Special Purpose Stabilization Account, and the amount that is available for Snow and Ice deficits and any monetary articles for the Annual Town Meeting. My typical recommendation is to only use Free Cash on one time expenditures (Capital) and deposits into the town’s reserves as this promotes fiscal sustainability. It should be noted that due to the fact that we use conservative revenue estimates and have created the OPEB Trust Fund, the Special Purpose Stabilization Account, and the Health Insurance Stabilization Account, we are in a position that we are able to address our needs this year and the impact from increasing the Overlay Account without jeopardizing the operating budget and maintaining a healthy reserve balance.

Retirement Assessment

The Worcester Regional Retirement System annually provides each member Town an assessment based upon anticipated retirement benefits to be paid out. The Town’s FY2024 assessment has been certified at \$1,917,969, which includes an early payment discount of approximately \$33,557. The FY 2024 assessment is an overall increase of \$228,822 or a 13.55% increase from last fiscal year.

Non-Appropriated Expenditures

Cherry Sheet Charges, Cherry Sheet Offsets, funds for the Overlay account, and Tax Title make up the non-appropriated expenditures that are raised on the tax recapitulation sheet that is submitted to the Department of Revenue to set the tax rate. The Cherry Sheet Charges and Cherry Sheet Offsets are based on the final FY 2023 Cherry Sheet Charges and Cherry Sheet Offsets amounts. The estimate for the Overlay Account for FY24 is currently level funded at \$120,000 but will be revisited with the Board of Assessors to weigh the impact of the FY23 tax assessments on abatement applications in FY24.

Conclusion

The preliminary budget presented utilizes both the Health Insurance Stabilization Account and the Special Purpose Stabilization Account to offset the use of Free Cash towards Capital and that one of our largest revenue sources, State Aid, is currently level funded at the FY23 amounts. Once the State Aid figure is released from the Governor and an amount for the Overlay Account is determined, my recommendation will be updated to pull back on the use of stabilization funds. It will also address any potential increases beyond the preliminary budget estimate for the Montachusett Regional Vocational School assessment, additional funding towards the Capital Plan, and articles for the Annual Town Meeting that will require funding.

As outlined in this document, there are many needs requested by departments that address the desired needs of the community and non-discretionary expenses such as Worcester Country Retirement, Health Insurance costs, and other insurances. Given the information known at this point in time and unknown revenue projections and expenses, the Town Manager's proposed FY24 budget aims to address the needs of the community but clearly identifies the need to modify the recommendation once these unknowns become known.

As we move forward in the budget process, we will receive certain information such as the actual Health Insurance renewal rates, General Insurance renewal rates, the Monty Tech Assessment amount, and be able to adjust the State Aid figure based on the Governor's House 1 budget proposal. This year is not typical and a different approach was required to present a balanced budget, not one I would have anticipated. However, our strong fiscal health from decisions that were made to build our reserves has kept this budget year from becoming a situation where severe cuts would be recommended to a crisis that we can overcome. As these large unknowns become more clear, we will adapt accordingly and move towards getting back on track with our typical focus on addressing capital needs and maintaining our strong reserves. As we prepare for Fiscal Year 2024, I am confident we will continue to adequately address the challenges of the times and simultaneously provide the best services possible given our available resources for the people who live, work, and visit the Town of Lunenburg.