

# Town of Lunenburg



Finance Committee:  
Mark Erickson, Chairman  
Terri Burchfield, Vice-Chairman  
John Henshaw, Secretary  
Karin Menard  
Jay Simeone

17 Main Street, P.O. Box 135  
Lunenburg, MA 01462-0135  
978.582.4139  
FAX 978.582.4148

RECEIVED & FILED

Lunenburg Finance Committee  
Minutes February 11, 2016

FEB 18 2016

LUNENBURG TOWN  
CLERK OFFICE

Location: Town Hall  
Present: Mark Erickson, Terri Burchfield, Jay Simeone, Karin Menard, John Henshaw  
Also Present: Kerry Lafleur, Town Manager, Karen Brochu, Town Financial Manager/Director of Municipal Finance

- 1) Mark E. called the Finance Committee meeting to order at 7:00 pm. He announced that this meeting is broadcast on the Lunenburg Public Access Cable Channel. The video recording is posted on YouTube at <https://www.youtube.com/user/LunenburgAccess> and select Finance Committee 02.11.16.
- 2) Comments:
  - a. Public: None
  - b. New Communications:
    - i) The Planning Board will meet at Town Hall on February 22 at 6:35 pm at Town Hall to hear and discuss a modification to a site plan review concerning the façade and proposed signage of a pet services facility at 339 Electric Avenue.
    - ii) Mark stated that the Finance Committee currently has five members--two members short of a full committee and only one member more than the quorum. It's a great opportunity to join the committee at the beginning of the budget process and learn a lot about Town finances. He invited anyone interested in joining to fill out a talent bank form at the Town Clerk's office.
    - iii) Mark circulated the February issue of *The Beacon* to the committee.
- 3) Town Manager's Preliminary FY17 Budget Recommendation presented by Kerry Lafleur  
Note:
  - o These minutes are an overview of the Town Manager's budget recommendations for FY2017 with a focus on her explanation and rationale. For specifics details a link this presentation, the Capital Plan, and the Debt Service Schedule is [FY2017 Budget Recommendation](#)
  - o A printed version of this presentation is attached to the copy of these minutes in the Town Clerk's office.
  - i) The recommended budget shows what the Town can afford, not what we want or need; when department heads make their budget presentations they will describe how these funding levels would affect services.
- b. This budget:
  - i) satisfies the Town's financial policies,
  - ii) funds operating from recurring revenues,
  - iii) funds all contractual obligations,
  - iv) doesn't draw on free cash to fund operations, nor on stabilization funds.
  - v) includes everything in the Governor's budget except the proposed increase in Chapter 70 aid as Kerry is concerned about push-back on this during the legislative process.
    - Note: If the Governor's proposed increase came to pass, that would mean about \$291,000 in additional Chapter 70 aid. If the Town received any additional Chapter 70 aid, Kerry recommends it go to the school department.
  - vi) includes \$119,000 in 40S aid, which had been uncertain but has become more settled at least for FY17.

- c. Figures not yet settled, upside potential, or challenges the Town faces:
- i) Unsettled issues:
    - The level of state aid has not been finalized.
    - Monty Tech assessment has not been formally received.
    - It is difficult to support any additional personnel until the Town can quantify future costs in particular of employees. Data on this has been hard to gather.
  - ii) Upside Potential in revenues:
    - New growth may exceed budgeted amount.
    - Motor Vehicle Excise tax, ambulance fees, and local option meals tax are growing fast.
  - iii) Challenges: (See point 4 below for more information and for other future challenges.)
    - Health insurance renewal rates, the prospect of a high tax on the PPO health insurance plan starting in 2020, and the annual increases of 8% to 10% in the retirement assessment.

4) Kerry's Recommendations of Issues to Address:

- Discuss and/or decide the principle goal of the Town's budget process:
  - to arrive at a balanced budget and fund service levels from that, or
  - to aim at a different level of service and work toward a balanced budget.
- Revisit the Debt Policy section of the Town's Financial Policies in light of the information needs and perspective of the rating agencies. Karen Brochu is working on a draft of this policy for the consideration of the committee.
- Develop a more comprehensive capital plan going forward, which would include establishing guidelines linking the timing and amount of non-exempt borrowing available to fund large capital projects indexed to perhaps FY16 non-exempt debt levels. Per Mark's observation, this is within the levels set by the financial policy. See presentation pages 13-15.
  - To set the stage, the Town should not borrow to fund capital projects until that more comprehensive plan is in place.
- Health Insurance:
  - FY17 renewal increase is 12.8%
  - Starting in FY20, the federal government will impose a 40% tax on high cost plans, and the Town wants to avoid paying this tax. There is some risk with the Town's PPO plans assuming inflation of around 8% per year.
- The retirement assessment is an 8.7% increase this year and the Town will see 8% to 10% increases in this assessment until 2040 when the Town's unfunded liability will be paid off. See presentation pages 16 & 17. The Town will pay out pension costs of nearly \$166,000 in FY17.
- The Town's total unfunded pension liability is \$14,700,000; on an annual basis the payment will be \$900,000 in FY17. This will increase each year.

5) Chapter 70 Funding Resolution:

- a. John moved that the Lunenburg Finance Committee call on the Massachusetts Legislature and the Governor of Massachusetts to fully fund and adopt the recommendations of the Foundation Budget Review Commission, Karin seconded.  
Mark briefly listed the focus of the recommended changes was special education, English language learners, and the impact of benefits in the formulas. The committee approved the motion 5-0.

6) Review of Minutes:

- a. Minutes of January 28, 2016 Meeting: Terri made a motion to approve these minutes and Jay seconded the motion. The committee approved the motion by a vote of 4-0. Karin abstained as she did not attend the meeting.
- b. Minutes of February 4, 2016 Meeting: Terri made a motion to approve these minutes, and Karin seconded the motion. The committee approved the motion by a vote of 5-0.

7) Budget Goals and Opportunities: There was no discussion at this meeting.

8) Committee and Department Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	No report.
Capital Planning—John H.	No report.
Public Access Cable—John H.	The PACC postponed its meeting of Monday, February 8 due to the snow storm. The meeting was rescheduled to Monday, February 22.
Library—Terri B.	No report.
Public Safety—Terri B.	Chief Marino wanted to make sure it was clear how the vehicles were being recycled and that there were no lingering questions or issues.
Schools—Karin M.	No report.
Monty Tech—Karin M.	No report.
Council on Aging—Karin M.	No report.
Sewer Commission—Jay S.	No report.
Green Task Force—Jay S.	No report.
School Bldg. Comm.--Mark E.	At the 2/10 meeting there was a discussion on the comparison of turf fields with sod fields in terms of cost and safety. There is more work to be done on this. The committee voted to approve change order #8 for electric work, revised door entry system, and integrated walk-in freezers at a cost of \$17,000, bringing the total charges on the contingency account to a little over \$200,.000. Construction is 79% complete.
Building Re-Use—Mark E.	The committee recommended to the BOS that the Town to re-purpose TC Passios for municipal offices, either in whole or in part.

9) Next meeting: February 18, Police and Fire Departments present their budgets.

10) Adjournment: Terri made a motion to adjourn and Jay seconded the motion. The committee approved the motion 5-0 and the meeting was adjourned at 8:50 pm.

Respectfully submitted by John Henshaw February 17, 2016

Attachment: Town Manager's Proposed Budget Recommendation FY2017



# Town of Lunenburg

## Proposed Budget Recommendation – FY2017

---

February 11, 2016

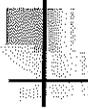
Kerry A. Lafleur, Town Manager



### FY2017 Recommendation

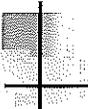
---

- Disclaimers
  - Recommendation still contains a number of assumptions, but fewer than the Financial Forecast.
  - Assumptions will firm up as we get closer to Town Meeting- assessments insurance renewals
  - Uncertainty around State Aid



## FY2017 Recommendation

- Focus of the presentation is to talk more about what we can afford versus what we need or want – Target Budgets
- The department manager's focus when presenting is to talk about what each department needs or wants to best fulfill its mission
- Define terms: Municipal and School



## Preparing the FY2017 Recommendation

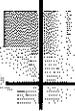
- Going forward, more discussion on budgetary goals would be helpful
  - Is the main goal solely to produce a balanced budget?
  - Are we attempting to get to some other service level?
- Matching dollars with service level needs, i.e. no "flat" increases
- Minimal Strategic Investment for Maximum Impact-Administration (additional hours in Assessor's Office & combined position in Conservation) & Transportation
- Recommendation is roughly equivalent to FY17 Target Budgets with notable exceptions:
  - Debt Service
  - Unclassified & Retirement Assessment



## FY2017 Recommendation

---

- Funding to cover all contractual salary increases
- Budget Targets are roughly equivalent to level services
- Meets Town's financial policies
  - Deposit back to Stabilization Fund to get to 5%
- Balanced budget proposal is based upon use of recurring revenues for operating costs, meaning there is **NO** request for a draw on either Free Cash or the Stabilization Fund



## FY2017 Recommendation - Challenges

---

- Revenue:
  - State Aid
- Expenditure:
  - No Health Insurance Renewal
  - No Monty Tech Assessment
  - Retirement Assessment, received but big increase

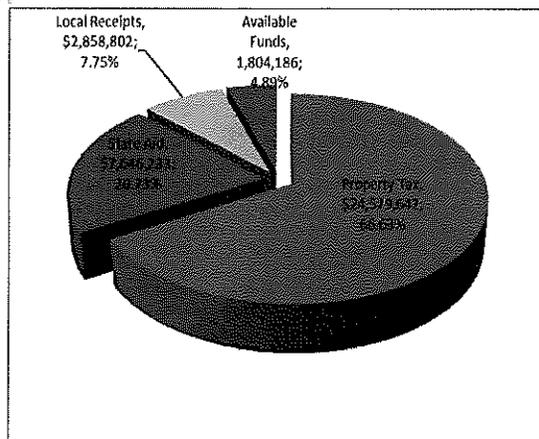


## FY2017- Revenue Estimates

- Sources of Revenue
  - Property Tax
  - State Aid/ Cherry Sheet
  - Local Receipts
  - Available Funds



## FY2017- Revenue Estimates



## FY2017 Revenue Estimates

Revenue	FY2014	FY2015	FY2016	FY2017	FY2017	FY2017	Dollar Increase over Prior Year
	Appropriated	After Recap	After Recap	Forecast	Target	JM Recommend.	
Property Tax	\$ 20,245,392	\$ 21,203,000	\$ 23,324,026	\$ 24,318,739	\$ 24,318,739	\$ 24,379,642	\$ 1,033,616
State Aid	\$ 6,835,401	\$ 7,294,620	\$ 7,318,192	\$ 7,523,034	\$ 7,673,034	\$ 7,646,333	\$ 137,544
Local Receipts	\$ 2,245,359	\$ 2,495,378	\$ 2,491,770	\$ 2,790,924	\$ 2,790,924	\$ 2,833,502	\$ 167,932
Available Funds	\$ 1,969,310	\$ 2,807,441	\$ 2,699,137	\$ 1,662,627	\$ 1,662,627	\$ 1,504,156	\$ 103,049
<b>total</b>	<b>\$ 31,513,561</b>	<b>\$ 33,793,066</b>	<b>\$ 36,433,425</b>	<b>\$ 36,295,345</b>	<b>\$ 36,445,345</b>	<b>\$ 36,858,663</b>	<b>\$ 1,455,438</b>

## FY2017- Property Tax

- Property Tax –
  - Prior Year base plus 2 ½% increase (\$525,979)
  - Estimate for New Growth (\$300,000)- next slide
  - Overrides & Exclusions- capital, debt
    - No Override proposed
    - Debt Exclusion – increase to cover MS/HS Construction Project Debt Service, total = \$2,714,483
    - MS/HS Project = \$1,893,018 (est. impact on Avg AV = \$405.51)
    - Other = \$821,465

Overall Increase is 4.49%; 0.93% of which is to support new exempt debt.  
 State Law requires you to assume 100% collection rate  
 Estimate for FY2017 = \$24,579,642

## FY2017- New Growth

Completed Construction w/ Previous Activity & Contracts of Certainty Issued	Average Building Value	Previous % Complete	Potential Growth Value	Potential Tax
	\$ 250,000	30%	\$ 1,400,000	\$ 27,454
<b>Active Construction</b>	<b>Average Building Value</b>	<b>% Complete</b>	<b>Potential Growth Value</b>	<b>Potential Tax</b>
16 Open Frames	\$ 250,000	75%	\$ 3,000,000	\$ 59,830
<b>Anticipated Construction by 06/30/16</b>	<b>Average Building Value</b>	<b>% Complete</b>	<b>Potential Growth Value</b>	<b>Potential Tax</b>
10 Farms	\$ 250,000	50%	\$ 1,200,000	\$ 24,413
<b>New Vacant Lots</b>	<b>Average Lot Value</b>		<b>Potential Growth Value</b>	<b>Potential Tax</b>
22	\$ 93,500		\$ 2,067,000	\$ 40,638
<b>Other Growth</b>	<b>Value</b>	<b>% Complete</b>	<b>Potential Growth Value</b>	<b>Potential Tax</b>
17 Mills	\$ 3,000,000	100%	\$ 3,000,000	\$ 59,000
275 Prospekt				\$ -
Highfield Village	\$ 6,171,000			\$ -
Emerald Place	\$ 2,185,800	100%	\$ 2,185,800	\$ 42,623
Emerald Place	\$ 5,600,000	50%	\$ 2,800,000	\$ 54,208
Emerald Place	\$ 2,185,800	25%	\$ 497,700	\$ 9,721
500 Leominster Drury Road	\$ 100,000	100%	\$ 100,000	\$ 1,961
1129 Massachusetts Avenue	\$ 100,000	100%	\$ 100,000	\$ 1,961
Unit Residences	\$ 2,000,000			\$ -
			<b>Total estimated New Growth:</b>	<b>\$ 322,010</b>
			<b>Total estimated New Value:</b>	<b>\$ 16,420,700</b>

## FY2017- State Aid

- Governor's Budget, House 2, was released on 01.27.16
- During his tenure, Gov. Baker has shown himself to be an advocate for cities & towns
- Budget Proposal provides targeted funding to meet key goals which directly impact cities & towns

### Investing In Great Communities:

- Increases unrestricted local aid by 4.3%, equal to 100% of the consensus revenue growth rate for state tax revenue.
- Continues the Community Compact program to provide technical assistance to over 100 communities in financial planning, economic development, regionalization and a new program to create a domestic violence prevention training toolkit for communities.

### Making Massachusetts Schools Great:

- Increases Chapter 70 education funding by \$72.1 million.
- Supports \$18.6 million for a redesigned quality kindergarten grant program to assist communities in achieving tuition-free, full-day kindergarten.
- Adds over \$20 million for a revised charter school reimbursement formula to reimburse towns.
- Supports the development of a next generation NICAS with \$5.6 million.
- Directs funds to support children and families who are most at risk in a number of ways, including:
- \$8.3 million for over 1,500 vouchers for the Department of Transitional Assistance's (DTA) Stabilizing the Working Poor Initiative.
- \$4.3 million to fund 600 childcare vouchers for children in DCF care.
- \$1 million for quality improvements at Early Education and Care for better assessments, accreditation assistance, and professional development.

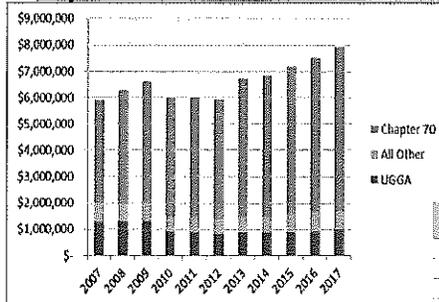


## FY2017- State Aid

- Included Governor's Proposal for all lines except Chapter 70
- TM Recommendation: 2.1% Increase in Chapter 70 = \$122,524
- Governor's Proposal includes 70% reduction in "Over Effort."  
Current is 50%
  - Most communities will only see minimum aid of \$20/ student
  - MMA is lobbying for minimum aid of \$100/ student
  - If Governor's Proposal holds, that means an additional \$291,593
- 4.3% UGGA (\$41,919) ; 23% lower than FY2009, \$300k
- About \$560k lower if aid had been increased 2.5%/ year
- 40S Smart Growth appears to be 50% of FY2016 eligibility
  
- Total estimate for FY17 = \$7,646,233 an increase of 1.7%



## FY2017 - State Aid



FY	UGGA	All Other	Chapter 70	Dollar Increase	Enrollment
2007	\$ 1,285,240	\$ 696,354	\$ 3,921,700		1647
2008	\$ 1,316,140	\$ 665,773	\$ 4,314,259	\$ 392,559	1685
2009	\$ 1,316,140	\$ 701,458	\$ 4,620,790	\$ 306,531	1641
2010	\$ 831,718	\$ 555,416	\$ 4,526,374	\$ (92,416)	1622
2011	\$ 894,449	\$ 589,474	\$ 4,436,389	\$ (28,978)	1605
2012	\$ 828,777	\$ 584,069	\$ 4,522,645	\$ 24,149	1578
2013	\$ 894,449	\$ 604,373	\$ 5,219,837	\$ 697,392	1630
2014	\$ 894,449	\$ 606,259	\$ 5,354,666	\$ 134,759	1607
2015	\$ 915,692	\$ 673,186	\$ 5,605,812	\$ 251,179	1627
2016	\$ 940,663	\$ 743,026	\$ 5,634,483	\$ 228,611	1647
2017	\$ 1,016,777	\$ 672,449	\$ 6,248,530	\$ 414,047	1622



## FY2017- Local Receipts

- Local Receipts – **increased \$167,032, or 6.21%**
  - Motor Vehicle Excise Tax, licenses, permits, fees, fines, investment income
  - Elastic Revenues- very dependent upon the economy
  - MVX is the largest component; first indication of what is happening is through Commitment #1, issued in February
    - Commitment was up \$165,040, or 14.5% (prior year was +5.6%)
    - Estimate for FY2017, **5.0%** increase (each 0.5% = \$7,350)



## FY2017 Revenue Estimates

- Local Receipts
  - 2% increase, except where noted
  - \$47k increase in Dept Revenue (Ambulance)
  - Local Options Meals Tax, collections strong, 20%; \$19,680
  - Solar Net Metering Credits - \$120k
  - Department Revenue- Schools, decreased to eliminate FFLAC Rental Income. If lease is extended, fee will offset operational costs, currently not included in budget recommendation

## FY2017- Revenue Estimates

### ■ Available Funds

- Catch All Category
- Some one-time revenues, causing a wide variance from year to year; difficult to make comparisons between years
- SBA Reimbursement - \$534,198
- Water & Sewer Betterments
  - Fully fund associated debt service & related costs
- Sewer Enterprise Fund to fund Indirect Costs
- Prior Year Unexpended Articles for Capital, \$0
- Free Cash Appropriation to partially offset Capital, \$250k
- School Transportation Fee Offset, \$31,623

## FY2016- Revenue Estimates Summary

Revenue	FY2015 After Recap	FY2016 After Recap	FY2017 Forecast	FY2017 Target	FY2017 TM Recomm.	Dollar Increase over Prior Year
Property Tax	\$ 21,209,099	\$ 23,524,026	\$ 24,316,739	\$ 24,316,739	\$ 24,319,642	\$ 1,053,616
State Aid	\$ 7,194,680	\$ 7,518,492	\$ 7,823,054	\$ 7,673,054	\$ 7,646,233	\$ 127,741
Local Receipts	\$ 2,493,676	\$ 2,691,770	\$ 2,790,924	\$ 2,790,924	\$ 2,858,802	\$ 167,832
Available Funds	\$ 2,807,441	\$ 1,699,137	\$ 1,662,627	\$ 1,662,627	\$ 1,604,166	\$ 103,049
<b>Total:</b>	<b>\$ 33,703,066</b>	<b>\$ 35,433,425</b>	<b>\$ 36,295,345</b>	<b>\$ 36,415,315</b>	<b>\$ 36,888,643</b>	<b>\$ 1,485,438</b>

Revenue Source	Dollar Amount
PY Unused Levy	\$ 10,000
Property Tax	\$ 525,979
New Growth	\$ 300,000
State Aid	\$ 127,741
Local Receipts	\$ 167,032
Available Funds	\$ 103,649
<b>Total for Operations:</b>	<b>\$ 1,235,802</b>
<b>Exempt Debt Service:</b>	<b>\$ 219,636</b>
<b>Annual Total:</b>	<b>\$ 1,455,438</b>

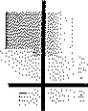
### ■ Opportunities:

- Uncertainty around State Aid
- Potential for slightly higher New Growth
- Potential to increase MVX estimate



## Expenditures – what & who?

- Service Provider Organization
  - Demand for services doesn't decrease due to lack of funding
- Town provides services
  - Services to students
  - Services to seniors
  - Services to residents
- Focus on service levels, not employees
- Allocating resources to services



## Expenditures – how?

- Expenditures are divided into:
  - Functional Categories (Departments)
  - Non-Appropriated Costs
  - Sewer Enterprise Fund
  - Water Enterprise Fund
  - Solid Waste Disposal Enterprise Fund
  - Other Warrant Articles with a Financial Impact

## Forecast- Projected Deficits

### Forecast:

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
		After Recap	Forecast				
Revenue	\$ 33,703,066	\$ 35,433,423	\$ 36,295,345	\$ 37,154,565	\$ 38,102,334	\$ 39,071,691	\$ 39,999,470
Expenditures	\$ 33,501,536	\$ 35,433,423	\$ 36,705,478	\$ 37,366,932	\$ 38,661,262	\$ 39,816,004	\$ 41,149,519
Difference:	\$ 201,211	\$ -	\$ (410,132)	\$ (112,066)	\$ (638,927)	\$ (844,313)	\$ (1,150,049)

### Target:

	FY2015	FY2016	FY2017	FY2017	FY2017
		After Recap	Forecast	Target	TM Reconn.
Revenue	\$ 33,703,066	\$ 35,433,423	\$ 36,295,345	\$ 36,445,345	\$ 36,555,863
Expenditures	\$ 33,501,536	\$ 35,433,423	\$ 36,705,478	\$ 36,445,345	\$ 36,555,863
Difference:	\$ 201,211	\$ -	\$ (410,133)	\$ -	\$ 0.00

Each department was given a Target based upon Forecast

No additional deficit created between Target & Recommendation because I was able to make a couple of revenue adjustments + \$443,518 (net is \$107,472 if you back out exempt debt & sewer debt)

Above Target Requests total \$766,359, none of which have been funded.

21

## Forecast vs Target

Revenue	
Property Tax	\$ 260,903
State Aid	\$ (26,821)
Local Receipts	\$ 67,878
Available Funds	\$ 141,559
total:	\$ 443,518

Property Tax: \$235,902, exempt tax & \$25,000, additional New Growth

State Aid: everything but Chapter 70

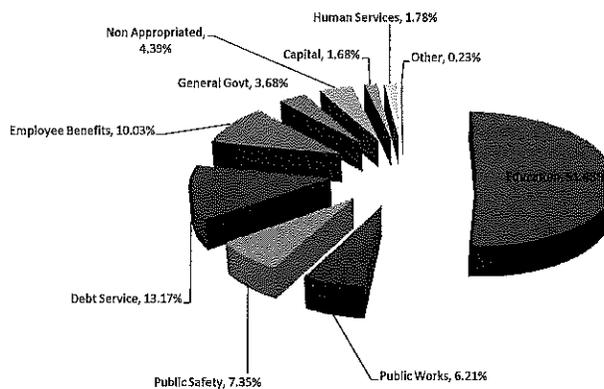
Local Receipts: Adjustments in MVX, Ambulance Receipts, Meals Tax

Available Funds: Sewer Betterments & Sewer Indirects

## Expenditures

- Above Target Requests:
  - Police Department - **\$207k** for 3 Patrol Officers & additional funding
  - Fire Department – **\$210k** for 24/7 ambulance coverage in Target, but not included in Recommended Budget
  - Dispatch- **\$35k** for weekend coverage of Desk
  - Lunenburg Public Schools - **\$313k** to fund Superintendent/ School Committee Recommended Budget

## FY2017 All Expenditures



## FY2017 Expenditures-

<b>Non-Discretionary</b>			
Debt	\$	4,856,831	
Unclassified	\$	2,648,151	
Retirement Assessment	\$	1,051,795	
Cherry Sheet Charges	\$	1,620,392	\$ 10,177,169 28.13%
<b>Less-Discretionary</b>			
Education	\$	18,991,679	
Public Safety	\$	2,711,010	
DPW	\$	2,115,147	\$ 23,817,836 65.83%
<b>Discretionary</b>			
Solid Waste	\$	174,150	
Library & Senior Center	\$	482,685	
Administration & Land U	\$	1,531,684	\$ 2,188,518 6.05%
			\$ 36,183,523 100.00%

## FY2017 Capital

CIP Tracker	Priority 1 Order	Item			Cumulative Cost
PD18-12	1	Police Vehicle, Units 207 & 210	\$	107,000	\$ 107,000
PD16-07	2	Bulletproof Vests, 29 Officers	\$	17,500	\$ 124,500
LPS16-21	3	THMS, Phone System Replacement	\$	22,000	\$ 146,500
LPS16-20	4	THMS, Intercom Replacement	\$	22,000	\$ 168,500
DPW17-01	5	Townsend Harbor Road Bridge	\$	15,000	\$ 183,500
DPW16-11	6	Catch Basin Cleaner Attachment	\$	87,125	\$ 270,625
DPW17-04	7	Mark Dump 6-Wheel, plow & sand	\$	194,750	\$ 465,375
DPW16-07	8	CMC Dump 360 (1-ton w/ptov)	\$	63,900	\$ 518,675
TECH16-25	9	Town Departments (Technology)	\$	30,800	\$ 549,475
FD16-13	10	Pickup, 4 x 4 (4x1) Replacement (2003)	\$	70,000	\$ 619,475
LPS16-19	11	THMS, Astestics Abatement/ Ceiling Replacement	\$	145,600	\$ 764,475
PD16-16	12	4-Wheel Drive, All Terrain Off Road Enforcement Vehicle	\$	16,500	\$ 780,975
<b>Total:</b>			<b>\$</b>	<b>780,975</b>	

- Recommendation only includes funding of items 1 – 10.
  - If additional funding becomes available, other than Chapter 70, I recommend that it go toward funding items 11 & 12.
- I recommend against borrowing for capital as was done in FY15 & 16.

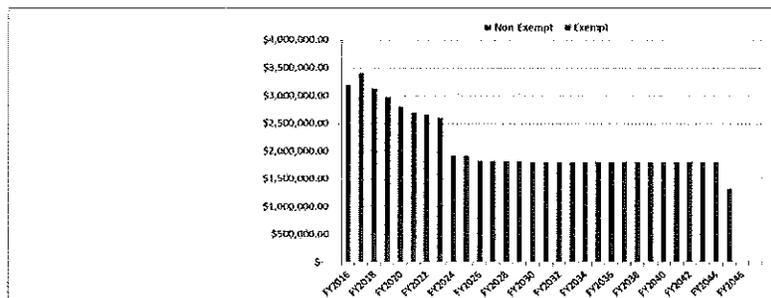
## FY2017 Expenditures- Non-Discretionary- Debt Service

- Total appropriation = \$4,856,831
- Increase of \$219,636
- Includes annual payments for FY15 & 16 Capital - \$258,047
- Includes annual payments on \$33.625M for School Construction - \$1,893,018

	FY2015	FY2016 After Recap	FY2017 Forecast	FY2017 Target	FY2017 TM Reccom.
Total: Debt Service	\$ 2,978,053	\$ 4,557,920	\$ 4,523,519	\$ 4,523,519	\$ 4,856,831
offsets:					
Tax Outside Prop 2 1/2	\$1,031,125	\$ 2,494,847	\$ 2,478,581	\$ 2,478,581	\$ 2,714,483
Sewer Betterment	\$ 770,439	\$ 576,878	\$ 748,441	\$ 748,441	\$ 845,585
Water Betterment	\$ 62,781	\$ 62,781	\$ 62,781	\$ 62,781	\$ 62,781
Septic Receipts	\$ 10,866	\$ 10,868	\$ 10,863	\$ 10,866	\$ 10,866
Bond Premium	\$ 3,278	\$ -	\$ 2,424	\$ 2,424	\$ 2,424
MSBA	\$ 534,199	\$ 534,199	\$ 534,198	\$ 534,198	\$ 534,198
Net Impact General Fund	\$ 565,465	\$ 698,347	\$ 686,227	\$ 686,227	\$ 683,491

## Debt Service, All Outstanding Issues

Exempt vs. Non-Exempt Comparison (Net of Other Funding Sources)



Notes:

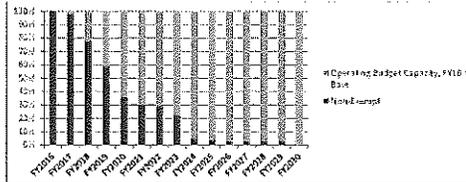
1. All existing Non-Exempt Debt with Impact to the Operating Budget is paid off as of June 30, 2029.
2. Significant drop in Non-Exempt Debt with Impact to the Operating Budget in FY2018 (\$144,644); FY2019 (\$129,801); FY2020 (\$163,079); and FY2024 (\$118,304)

# Non-Exempt Debt

NON-EXEMPT DEBT	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total Reg. Debt - Finance	\$ 1,403,200.35	\$ 1,215,781.93	\$ 1,124,918.35	\$ 1,041,230.11	\$ 964,346.22	\$ 899,959.42	\$ 849,203.39	\$ 797,752.05	\$ 756,144.12
Total Reg. Debt - Internal	\$ 318,859.49	\$ 289,036.14	\$ 254,868.57	\$ 224,705.01	\$ 217,571.12	\$ 181,916.61	\$ 159,929.94	\$ 149,212.29	\$ 133,457.01
System Repair Debt	\$ 1,084,340.86	\$ 926,745.79	\$ 870,049.78	\$ 816,525.10	\$ 746,775.10	\$ 718,042.81	\$ 689,273.45	\$ 648,539.76	\$ 622,687.11
Gov. Administrative Debt	\$ 7,462.52	\$ 15,058.45	\$ 6,738.27	\$ 2,784.80	\$ 6,728.17	\$ 4,761.64	\$ 3,769.19	\$ 2,850.07	\$ 2,178.89
<b>Total Non-Exempt Debt</b>	<b>\$ 1,722,662.91</b>	<b>\$ 1,425,728.12</b>	<b>\$ 1,348,155.42</b>	<b>\$ 1,212,754.97</b>	<b>\$ 1,141,846.97</b>	<b>\$ 1,029,229.95</b>	<b>\$ 922,822.03</b>	<b>\$ 822,816.38</b>	<b>\$ 791,791.71</b>
State Refundment	\$ 722,577.85	\$ 841,134.26	\$ 832,259.24	\$ 823,029.14	\$ 833,100.19	\$ 821,231.97	\$ 784,481.24	\$ 755,421.33	\$ 624,272.29
Capital Reserve	\$ 10,862.00	\$ 10,865.00	\$ 10,865.00	\$ 10,865.00	\$ -	\$ -	\$ -	\$ -	\$ -
Water Refundment	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00	\$ 62,761.00
<b>Net Adjusted Non-Exempt Debt, Impacts to Operating Budget</b>	<b>\$ 659,528.12</b>	<b>\$ 482,491.36</b>	<b>\$ 338,847.49</b>	<b>\$ 408,016.13</b>	<b>\$ 245,977.85</b>	<b>\$ 212,079.84</b>	<b>\$ 209,200.05</b>	<b>\$ 159,026.08</b>	<b>\$ 34,731.88</b>
<b>Adjusted Total Non-Exempt Debt</b>	<b>\$ 659,528.12</b>	<b>\$ 482,491.36</b>	<b>\$ 338,847.49</b>	<b>\$ 408,016.13</b>	<b>\$ 245,977.85</b>	<b>\$ 212,079.84</b>	<b>\$ 209,200.05</b>	<b>\$ 159,026.08</b>	<b>\$ 34,731.88</b>

# Non-Exempt Debt

Non-Exempt Debt, All Outstanding Issues, Identifying Operating Budget Capacity Using FY2016 as Base Year. A debt is allowed, and its full financing capacity is assumed available within the existing budget.



FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
\$ 659,528.12	\$ 482,491.36	\$ 338,847.49	\$ 408,016.13	\$ 245,977.85	\$ 212,079.84	\$ 209,200.05	\$ 159,026.08	\$ 34,731.88

## FY2017 Expenditures, Unclassified

### ■ Insurances-

- 3.5% increase in General Liability & 3.5% Worker's Compensation
  - 2 years of 0%; in FY15, locked in no greater than 2.5% for FY2016
- 5% increase Police/ Fire IOD
- Health Insurance Renewal at the cap of 12.8%, due to poor 24-month loss ratio
  - Net Impact to Municipal is about \$178k which is about 10%. Retirees renewal is on a calendar year basis, and has generally been more favorable.
  - Net Impact to School is about \$158k (in recommendation, based on 8%) + \$96k for additional 4.8% (not in recommendation)
- Public Employee Committee Agreement expires June 30, 2016.
- New Agreement must contemplate plan design change to reduce the FY17 renewal and in preparation for implementation of Cadillac Tax
- Other Post Employment Benefits Unfunded Liability
  - Biennial Valuation + funding to work with Actuary to draft a funding strategy

## FY2017 Expenditures, Retirement Assessment

Summary of Member Data	Member Unit	Worship Regional
<b>Active Members</b>	19,59	6411,00
Average Age	50.39	48.20
Average Service	12.10	10.50
Valuation Salary	\$ 4,438,576.00	\$ 252,328,691.00
Average Salary	\$ 37,413.00	\$ 38,437.00
<b>Retired Members &amp; Beneficiaries</b>	78.00	2840.00
Average Age	73.50	74.10
Total Annual Pension	\$ 1,281,386.00	\$ 48,183,380.00
Average Annual Pension	\$ 16,562.00	\$ 17,318.00
<b>Disabled Members - Accidental</b>	7.00	212.00
Average Age	69.50	63.50
Total Annual Pension	\$ 179,662.00	\$ 6,540,337.00
Average Annual Pension	\$ 25,666.00	\$ 30,851.00
<b>Disabled Members - Ordinary</b>	1.00	35.00
Average Age		63.40
Total Annual Pension	\$ 5,718.00	\$ 593,803.00
Average Annual Pension	\$ 5,718.00	\$ 16,869.00
<b>Inactive Members</b>	43.00	1711.00
Annuitiy Savings Fund	\$ 328,961.00	\$ 12,940,975.00

# Retirement Assessment

Unfunded Actuarial Accrued Liability as of January 1, 2014			
<b>Actuarial Accrued Liability</b>			
Active Members	\$	11,404,611	\$ 640,654,639
Retired Members & Beneficiaries	\$	12,670,335	\$ 454,076,903
Disabled Members, Accidental	\$	1,699,243	\$ 73,406,173
Disabled Members, Ordinary	\$	97,167	\$ 6,516,349
Inactive Members	\$	329,061	\$ 12,940,975
<b>total AAL</b>	<b>\$</b>	<b>26,200,417</b>	<b>\$ 1,087,592,039</b>
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>			
Actuarial Accrued Liability	\$	26,200,417	\$ 1,087,592,039
Actuarial Value of Assets	\$	11,491,909	\$ 488,346,471
<b>Unfunded Actuarial Accrued Liability</b>	<b>\$</b>	<b>14,708,517</b>	<b>\$ 609,245,568</b>
<b>FY2017 Assessment</b>			
Employer Normal Cost (Benefit - Employee Contrib + Admin Costs)	\$	165,797	\$ 9,258,081
Payment on UAL	\$	906,232	\$ 35,970,079
Payment on 2002 ERI	\$	-	\$ 1,321,551
Payment on 2003 ERI	\$	-	\$ 259,106
Payment on 2010 ERI	\$	-	\$ 5,810
<b>Total Assessment</b>	<b>\$</b>	<b>1,072,029</b>	<b>\$ 46,814,607</b>
early payment discount	\$	1,051,795	\$ 45,930,992

# Retirement Assessment

Member Community: Lunenburg	Employer Normal Cost	Payment on UAL	Total Assessment
<b>Total</b>	\$ 165,797	\$ 906,232	\$ 1,072,029
Town	\$ 193,202	\$ 630,380	\$ 724,182
School	\$ 60,526	\$ 243,157	\$ 303,683
Sever Enterprise	\$ 1,949	\$ 5,225	\$ 7,154
<b>total</b>	<b>\$ 165,797</b>	<b>\$ 906,232</b>	<b>\$ 1,072,029</b>
		early payment discount	\$ 1,051,795

■FY2017 Assessment is \$87,761, or 8.7% higher than FY16



## FY2017 Expenditures- Less Discretionary & Discretionary

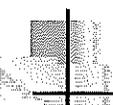
All municipal depts generally funded at Target, which generally means "status quo," but losing ground each year due to increasing service demands

- No increases in Police or Fire personnel
- Fully analysis of current & future costs needs to be conducted before any proposal for increased staffing levels could be presented
- Pavement Management is underfunded; BOS will unveil a plan next month
- Stormwater Management will become an increasingly urgent

School at Target, but \$312k below S/ SC recommend. + additional health insurance expense +\$96k

- Above target requests are to meet the needs of the district
- Grade 3 teacher; Office Clerk at MS/HS; Technology Support; Custodian; Unanticipated Placements; Technology Teacher

Departments will provide an in-depth review of service level needs versus Target Budget during individual presentations



## Highlights- Minimal Strategic Investment

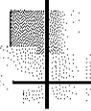
- Transportation
- Conservation administrator
- Increased hours in Assessor's Office
- On the horizon..."light at the end of the tunnel"
  - Pavement Management Plan
  - Funding proposal for existing turf field
  - Energy Efficiency Projects
  - Solution for Municipal Offices which may create new opportunity for consolidation
  - Payoff of Non-Exempt Debt creates opportunity to create a comprehensive CIP funding plan
  - Data to make informed decisions

## FY2017 Expenditures- Conclusions

- Fully funds all contractual obligations
- Balanced based upon use of recurring revenues for operating costs; no draw on Stabilization Fund or Free Cash
- Maintaining Level Services (at FY16 Level) to the greatest extent possible
- Service levels are not what Department Heads recommend & they don't always meet the service demands, but the services we offer are good!
  - Educational offerings; Class size; Public Safety; Road Maintenance
  - Additional Chapter 70 funding should go to Education
  - Other additional funding should go to fund Capital Items 11 & 12

## Conclusion- Next Steps

- Finance Committee will begin a detailed review of the FY17 Budget- Feb 18
- House Ways & Means Budget, end of April
- Senate Budget, end of May
- Town Meeting: May 7
- Town Election: May 21



# Proposed FinCom Schedule

<b>Thursday, February 18, 2016 (Special Meeting)</b>	7:00 8:00	Police Fire
<b>Thursday, February 25, 2016</b>	7:00 8:00	Public Works Land Use & Administration, Unassisted, Debt Service
<b>Thursday, March 3, 2016 (Special Meeting)</b>	7:00 7:30	Library Lunenburg Public Schools
<b>Thursday, March 30, 2016</b>	7:00 7:30	Council on Aging Monty Tech
<b>Thursday, March 17, 2016 (Special Meeting)</b>	7:00 7:30 8:00	Public Access Cable Committee Sewer Commission Other Nominated Articles
<b>Thursday, March 24, 2016</b>	7:00	FY2017 Budget Public Hearing
<b>Thursday, March 31, 2016 (Special Meeting)</b>	7:00	Final Committee votes on FY2016 Budget Final Committee votes on other Warrant Articles