

Reasonably anticipated topics of discussion at the October 10, 2023, Warrant Committee meeting include:

AGENDA

Call to order and disclosure of video recording

Approval of September 26, 2023 and October 10, 2023 meeting minutes

Preliminary 23-24 calendar and minute meeting assignments

Discussion of Capital Stabilization Fund FY 25 Appropriation Requests

Discussion of 5- year revenue and expenditure forecast

Discussion of Forecasted FY 25 Revenue and Fixed Costs

Local Receipts (estimates and assumptions for Interest Income, Other Departmental Revenue and Building Licenses and Permits)

Pension Reserve and assessment from Norfolk County

Committee Updates

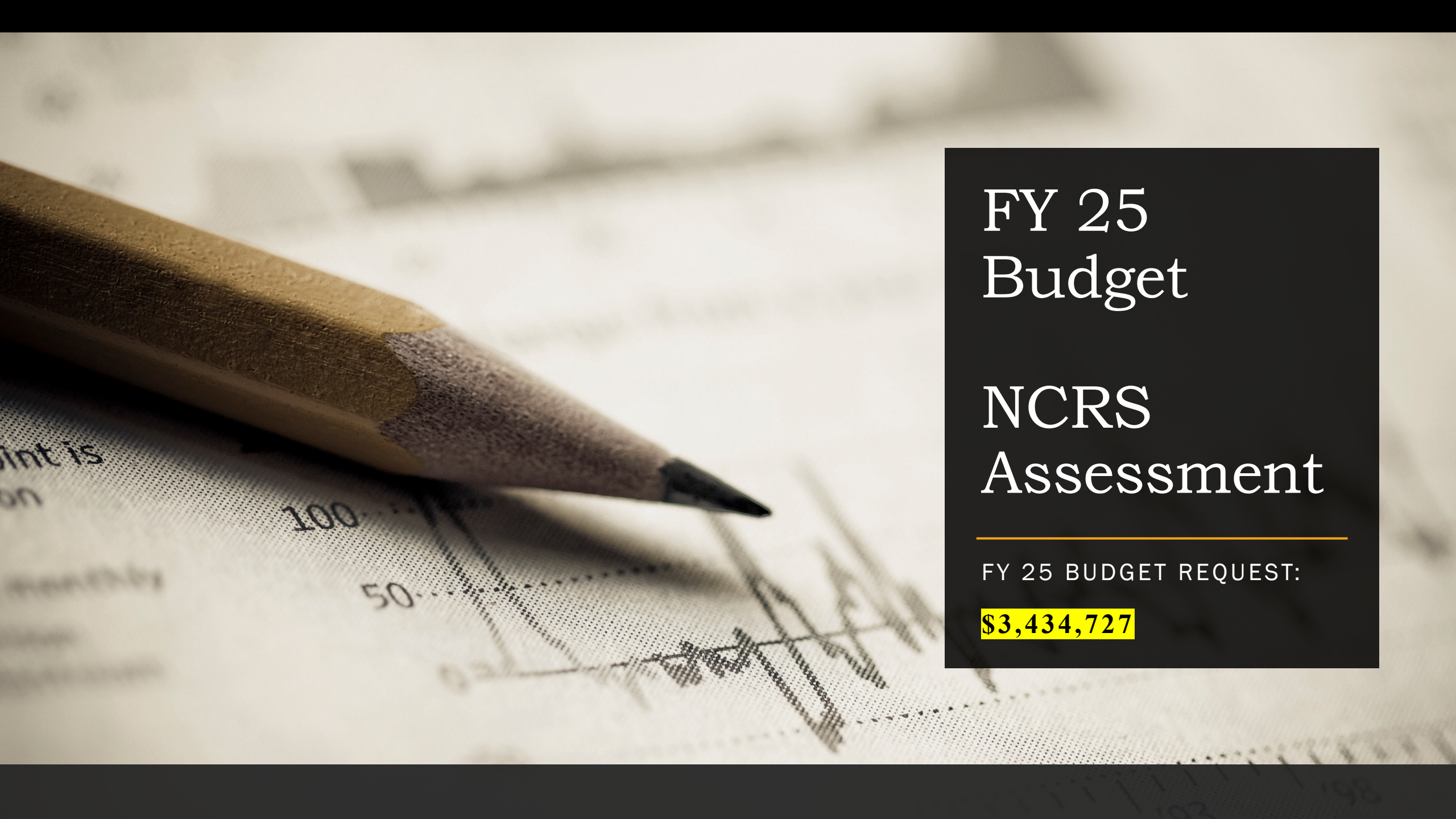
School Building Committee

Capital Budget Committee

Update from Town Finance

Informational Items

Other topics not reasonably anticipated 48 hours prior to the meeting



FY 25
Budget

NCRS Assessment

FY 25 BUDGET REQUEST:

\$3,434,727

Norfolk County Retirement System (NCRS)

- ☐ Background and Benefits
- ☐ Contributions
- ☐ Actuarial Assessments and Valuations
- ☐ Funding Schedule
- ☐ MGL Chapter 40, Section 5D, Pension Reserve Fund
- ☐ Medfield NCRS assessment forecasts

NCRS – Background and Benefits

BACKGROUND

- ❑ NCRS - a cost-sharing multi-employer defined benefit pension plan covering eligible employees of the 41 member units with Norfolk County. Does not include current or retired teachers.
- ❑ Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

BENEFITS

- ❑ The system provides for retirement allowance benefits up to a maximum of 80% of a member's **highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members on or after that date.**
- ❑ Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become **vested after ten years of creditable service.**

NCRS - Contributions

EMPLOYEES CONTRIBUTIONS

- ❑ Chapter 32 of the MGL governs the contributions of plan members and member units.
- ❑ Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000.

TOWN CONTRIBUTIONS

- ❑ Required to pay into the NCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll.
- ❑ The required contribution is an amount, that, when combined with the plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

NCRS -Actuarial Assessments

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
NCRS Assesment **	\$ 2,578,193	2,826,048	\$ 3,026,978	\$ 3,162,435	\$ 3,394,258	\$ 3,296,275	\$ 3,434,727
Amount of Increase (Decrease)	\$ 224,064	\$ 247,855	\$ 200,930	\$ 135,457	\$ 231,823	\$ (97,983)	\$ 138,452
Percentage Increase (Decrease)	9.5%	9.6%	7.1%	4.5%	7.3%	-2.9%	4.2%

** Beginning in FY 24 assumes onetime payment in July and lower budgeted amount

NCRS - Actuarial Valuation of Liability

FY 2018

FY 2019

FY 2020

FY 2021

FY 2022

Net Pension
Liability*

\$19,954,056

\$23,536,703

\$21,746,679

\$18,950,015

\$ 16,308,949

- ❑ The actuarial valuation is complicated and involves making assumptions about numerous data points occurring in the future. Examples of these future expected data points are:

Long Term Investment Returns

Discount Rates

Life Expectancies

Projected Salary Increases

Inflation Rate

*Valuation of Liability measured as of January 1st of each fiscal year.

NCRS – Funding Schedule

Most Recently Approved Funding Forecast – December 2022

Norfolk County Contributory Retirement System

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[https://shermanactuary-my.sharepoint.com/personal/dan_shermanactuary_com/Documents/Recovered Data/Norfolk/Val22/\[Norfolk22_Val 775pct v6.xlsx\]Approp. Results](https://shermanactuary-my.sharepoint.com/personal/dan_shermanactuary_com/Documents/Recovered%20Data/Norfolk/Val22/[Norfolk22_Val%20775pct%20v6.xlsx]Approp.%20Results)

Appropriation Forecast

Fiscal Year	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**	Unfunded Accrued Laibility
2023	\$30,568,955	\$11,234,768	\$82,301,555	\$93,536,323	27.5	71.8	\$505,359,983
2024	\$32,224,289	\$11,444,546	\$87,369,920	\$98,814,466	27.8	74.6	\$459,529,716
2025	\$33,966,701	\$11,650,454	\$91,293,423	\$102,943,877	27.8	78.2	\$406,330,779
2026	\$35,800,676	\$11,851,718	\$95,393,157	\$107,244,875	27.7	81.9	\$345,020,661
2027	\$37,730,927	\$12,047,504	\$99,677,041	\$111,724,545	27.6	86.0	\$274,791,605
2028	\$39,762,403	\$12,236,911	\$104,153,347	\$116,390,258	27.5	90.3	\$194,765,206
2029	\$41,900,307	\$12,418,968	\$106,463,510	\$118,882,478	26.9	95.0	\$103,986,572
2030	\$44,150,104	\$12,592,631	\$2,060,901	\$14,653,532	3.2	99.8	\$3,830,240
2031	\$46,517,534	\$12,756,774	\$2,143,337	\$14,900,111	3.1	99.9	\$2,026,997
2032	\$49,008,629	\$12,910,191	\$0	\$12,910,191	2.6	100.0	\$0

Assumptions:
Discount Rate
– 7.75% !!!

While PERAC
has approved
this funding
forecast, they
have advised
that the
discount rate
used by NCRS
is high
compared to
most of other
town's average
(6.75%- 7.0%)

MGL Chapter 40, Section 5D, Pension Reserve Trust Fund

- ❑ Purpose - funds shall be appropriated into the Pension Reserve Trust Fund for the purpose of offsetting costs of the Norfolk County Retirement System assessments.
- ❑ Pension Reserve Trust Fund was first **established in 1978** and funded with **\$10,000**.
- ❑ Pension Reserve Trust Fund has been **invested for over 40 years** with occasional small transfers out of the fund (typically less than \$100,000 and occasionally greater than investment income). There does not appear to be any significant contributions/appropriation into the Pension Reserve Trust in the past 20 years.
- ❑ **Balance in Pension Reserve Trust Fund as of June 30, 2023 - \$3,399,853**

Forecast of Medfield NCRS Assessment and Pension Reserve

FY 21	\$	3,026,978				\$	(75,000)									
FY 22	\$	3,162,435	\$	135,457	\$	11,755,970	26.9%	\$	(75,000)	\$	3,616,000	\$	3,087,435		26.3%	
FY 23	\$	3,394,258	\$	231,823	\$	12,343,769	27.5%	\$	(200,000)	\$	3,399,853	\$	3,194,258		25.9%	
FY 24	\$	3,296,275	\$	(97,983)	\$	12,837,519	25.7%	\$	(275,000)	\$	3,249,847	\$	3,021,275	\$	3,021,275	23.5%
FY 25	\$	3,434,727	\$	138,452	\$	13,351,020	25.7%	\$	(337,920)	\$	3,028,404	\$	3,096,807	\$	3,096,807	23.2%
FY 26	\$	3,606,463	\$	171,736	\$	13,885,061	26.0%	\$	(432,236)	\$	2,700,014	\$	3,174,227	\$	3,174,227	22.9%
FY 27	\$	3,786,787	\$	180,323	\$	14,440,463	26.2%	\$	(533,204)	\$	2,253,483	\$	3,253,583	\$	3,253,583	22.5%
FY 28	\$	3,976,126	\$	189,339	\$	15,018,082	26.5%	\$	(641,204)	\$	1,676,771	\$	3,334,922	\$	3,334,922	22.2%
FY 29	\$	4,174,932	\$	198,806	\$	15,618,805	26.7%	\$	(756,637)	\$	956,939	\$	3,418,295	\$	3,418,295	21.9%
FY 30	\$	519,794			\$	16,243,557	3.2%					\$	519,794			Additional Budget Flexibility and Contr. To OPEB
FY 31	\$	523,692			\$	16,893,300	3.1%					\$	523,692			
FY 32	\$	456,795			\$	17,569,032	2.6%					\$	456,795			
	\$	31,858,981	\$	1,012,497				\$	(3,326,201)			\$	28,532,780			

Assumptions:						
(1) Medfield projected yearly assessment escalation average						5.0%
(2) Medfield payroll costs estimated to increae.						4%
(3) Transfer out of Pension Reserve Fund in FY 24					\$	(275,000)
(4) Investment Return on balance in Pension Reserve Fund						4.0%
(4) Yearly limit of net projected pension costs after transfers through FY 2029						2.5%
(5) Pension Reserve Fund Balance June 30, 2023					\$	3,399,853
(6) Significant budget flexibility starts in FY 30 due to fully funded status of NCRS Pension Plan in FY 29						

- Approval must be obtained from PERAC each fiscal year.
- PERAC Approval for FY 25 has not occurred yet

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
REVENUES	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Property Tax Levy	\$49,521,862	\$51,282,909	\$53,009,981	\$54,791,231	\$57,186,012	\$59,640,662
2 1/2 Levy Increase	\$1,238,047	\$1,282,073	\$1,325,250	\$1,369,781	\$1,429,650	\$1,491,017
New Growth	\$400,000	\$445,000	\$456,000	\$1,025,000	\$1,025,000	\$425,000
Debt Exclusions	\$2,590,854	\$2,382,869	\$1,894,656	\$1,852,457	\$1,812,345	\$1,812,345
Total Property Tax Levy	\$53,750,763	\$55,392,850	\$56,685,887	\$59,038,469	\$61,453,007	\$63,369,023

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
OTHER REVENUES	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
State Aid	\$8,481,363	\$8,639,196	\$8,725,588	\$8,812,843	\$8,900,972	\$8,989,982
Local Receipts	\$4,307,337	\$4,847,307	\$5,277,425	\$4,985,879	\$5,033,252	\$4,682,301
Other Available General Funds	\$730,772	\$784,887	\$860,164	\$961,020	\$1,069,020	\$1,184,453
Enterprise Fund Offset	\$2,263,466	\$2,219,432	\$2,100,355	\$2,063,993	\$2,027,200	\$1,990,407
Free Cash (OPEB)	\$525,000	\$551,250	\$0	\$0	\$0	\$0
Total Other Revenue	\$16,307,938	\$17,042,071	\$16,963,532	\$16,823,736	\$17,030,444	\$16,847,143

Total Revenue	\$70,058,700	\$72,434,922	\$73,649,419	\$75,862,204	\$78,483,451	\$80,216,166
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SHARED FIXED COSTS - INSURANCE/BENEFITS	FY24 Town Meeting Approved	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
Workers Compensation Insurance	\$280,878	\$294,922	\$309,668	\$325,151	\$341,409	\$358,479
Property, General Liability, and Professional	\$279,507	\$293,482	\$308,156	\$323,564	\$339,743	\$356,730
Police and Fire 111F Injured on Duty Insurance	\$95,000	\$90,000	\$94,500	\$99,225	\$104,186	\$109,396
Unemployment Trust Fund	\$30,000	\$25,000	\$50,000	\$50,000	\$50,000	\$50,000
Life Insurance	\$15,900	\$16,000	\$16,320	\$16,646	\$16,979	\$17,319
Health Insurance	\$4,928,810	\$5,175,251	\$5,485,766	\$5,814,911	\$6,163,806	\$6,533,635
Medicare Tax	\$665,000	\$708,000	\$729,240	\$751,117	\$773,651	\$796,860
Norfolk County Retirement	\$3,296,275	\$3,434,727	\$3,606,463	\$3,786,787	\$3,976,126	\$4,174,932
OPEB	\$525,000	\$551,250	\$578,813	\$607,753	\$638,141	\$670,048
Total Town and School Employee Benefits	\$10,116,370	\$10,588,632	\$11,178,926	\$11,775,155	\$12,404,041	\$13,067,398

DEBT SERVICE	FY24 Town Meeting Approved	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
Town Debt - Principal	\$2,914,709	\$2,931,249	\$2,587,821	\$2,604,425	\$2,616,062	\$2,472,734
Town Debt - Interest	\$1,160,574	\$1,035,984	\$913,288	\$811,122	\$715,580	\$618,336
Lease Purchase Finance Payment	\$48,095	\$48,095	\$48,095	\$48,095	\$48,095	\$48,095

Total Debt	\$4,123,378	\$4,015,328	\$3,549,204	\$3,463,642	\$3,379,737	\$3,139,165
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EXPENDITURES NOT REQUIRING APPROPRIATION	FY24 Town Meeting Approved	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
Snow Deficit/Land Damages/Tax Title	\$25,000	\$25,000	\$0	\$0	\$0	\$0
State Aid Offsets	\$30,132	\$31,337	\$31,651	\$31,967	\$32,287	\$32,610
Deficit to be raised on the Recap	\$0	\$0 -	-	-	-	-
State Assessments	\$936,146	\$749,762	\$757,259	\$764,832	\$772,480	\$780,205
Overlay	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Not Requiring Approp	\$1,191,278	\$1,006,099	\$988,910	\$996,799	\$1,004,767	\$1,012,815

VOCATIONAL SCHOOL ASSESSMENT	FY24 Town Meeting Approved	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
Vocational School Assessment	\$107,355	\$110,039	\$114,440	\$119,018	\$123,779	\$128,730
Total Vocational School Assessment	\$107,355	\$110,039	\$114,440	\$119,018	\$123,779	\$128,730

TOTAL SHARED/FIXED COSTS	\$15,538,381	\$15,720,098	\$15,831,480	\$16,354,615	\$16,912,323	\$17,348,108
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OPERATING BUDGETS:	FY24 Town Meeting	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
School Department	\$41,176,784	\$42,822,663	\$44,536,810	\$46,318,282	\$48,171,013	\$50,097,854
Town Departments	\$13,343,535	\$13,892,161	\$14,425,560	\$14,979,516	\$15,555,588	\$16,225,378
Total	\$54,520,319	\$56,714,824	\$58,962,370	\$61,297,798	\$63,726,601	\$66,323,232

3.96% 3.96% 3.96% 4.07%

OPERATING BUDGETS:	FY24 Town Meeting Approved	FY25 Forecast	FY26 Forecast	FY27 Forecast	FY28 Forecast	FY29 Forecast
Total Operating Revenues	\$70,058,700	\$72,434,922	\$73,649,419	\$75,862,204	\$78,483,451	\$80,216,166
Total Operating Expenditures	\$70,058,700	\$72,434,922	\$74,793,850	\$77,652,412	\$80,638,925	\$83,671,340
Total	\$0	\$0	-\$1,144,431	-\$1,790,208	-\$2,155,474	-\$3,455,174

Department	FY19	FY20	FY21	FY22	FY23	FY25	Notes
Selectmen	\$14,047	\$2,447	\$1,691	\$28,975	\$1,539	\$ -	
Town Admin	\$2,413	\$15,131	\$ -	\$99	\$92,139	\$ -	FY23: Opioid settlement \$ transferred to opioid stabilization
Misc Revenue	\$8,588	\$12,699	\$35,253	\$104,145	\$1,577	\$ -	FY22: Closing of aged accounts etc.
Tailings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Assessors	\$510	\$235	\$499	\$250	\$511	\$500	
Treas/Coll	\$10,495	\$2,897	\$2,087	\$4,071	\$3,584	\$3,000	
Lien Certificates	\$16,975	\$30,100	\$38,575	\$21,700	\$11,410	\$11,000	
Town Clerk	\$ -	\$1,542	\$13,549	\$ -	\$7,001	\$ -	
Conservation	\$ -	\$1,268	\$25	\$ -	\$ -	\$ -	
Planning	\$1,265	\$4,865	\$1,565	\$6,550	\$39,700	\$2,000	FY23: Trinity planning fees
Zoning				\$ -	\$ -	\$ -	
Zoning & Appeals	\$11,200	\$16,850	\$6,815	\$5,300	\$1,851	\$1,500	
P Bldg Fac+Maint			\$240	\$ -	\$54	\$ -	
Police Admin	\$885	\$828	\$1,707	\$803	\$535	\$500	
Pol Detail admin fee	\$14,212	\$8,410	\$7,897	\$4,016	\$4,969	\$4,000	
Pol Op -Acad Trng reimb							
Pub S Bldg-SREC rev	\$6,896	\$12,696	\$12,142	\$11,155	\$12,046	\$12,000	
Fire Admin	\$16,200	\$14,738	\$22,161	\$15,700	\$13,994	\$15,000	Permits and inspections
Ambulance Chgs	\$208,818	\$121,983	\$129,093	\$73,705	\$178,852	\$120,000	BLS
Inspections	\$ -	\$182	\$ -	\$ -	\$ -		
Sealer	\$2,614	\$2,188	\$3,398	\$1,600	\$690	\$2,000	
Highway-Com Trash		\$ -	\$ -	\$ -	\$ -		
Highway	\$24,230	\$14,458	\$35,440	\$35,393	\$40,807	\$35,000	Street opening permits, mattress disposal, scrap metal disposal, etc.
Trfr Stn stickr \$40 1st car/\$20 for add'l cars	\$165,486	\$198,775	\$274,437	\$138,405	\$251,605	\$250,000	
Health	\$3,460	\$ -	\$1,155	\$ -	\$6,236		
Council on Aging	\$ -	\$ -	\$266	\$ -	\$ -		
PUBLIUC	\$ -	\$ -	\$ -	\$2,370	\$ -		
Historical Commission	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Other Dept rev to go on tax recap	\$508,293	\$462,292	\$587,996	\$454,236	\$669,100	\$456,500	

Capital stabilization fund requests			
Department	Project #	Project	FY2025 Request
Land Use, Building Inspections, Public Works	TWN 1	OpenGov Software	80,000
Fire	MFD 11	Large and Small DIA Hose	91,000
Public Works	PW 11	Ford F550	105,000
Public Works	PW 17	6-Wheel Dump Truck	262,000
Public Works	PW 26	Cemetery Mower	17,000
DPW Pavement Management	PAVE 7	Pavement Management and Improvement - Various Projects	185,000
Public Works	PW 29	Variable Sign	30,000
Police	MPD 13	Police vehicle	33,000
Police	MPD 20	Taser Update	72,000
Information Technology - School	IT 5	School Information Technology	300,000
Facilities	FACILITIES 4	Vehicle replacements	60,000
		Total	1,235,000
HELD:			
Public Works	PW 16	Sidewalk Master Plan Implementation	150,000
Parks and Recreation	PARKS 11	Stephen Hinkley Memorial Park - Parking Lot	105,000
		Total	255,000
REMOVED:			
Information Technology	IT 7	Town departmental computer and server upgrades	30,000
		Total	30,000

Department	Project #	Project	Project Description	Funding Source	FY2025 Request
Fire	MFD 1	Replace Engine 3	Replace Engine 3, a 1989 Pierce due to age, maintenance costs, and reliability. This vehicle was purchased to replace the previous Engine 3, a 1983 Mack, which had an electrical fire. This vehicle was replaced with a lease purchase financing agreement. \$48,095 per year for 10 years	Tax Levy / Local Receipts	48,095
Dam Improvements	DAMS 2	Danielson Pond Dam Restoration	Restore and improve the Danielson Pond Dam. The Town has submitted a grant to the Massachusetts Dam and Seawall Repair or Removal program in FY22.	Grant	808,000
Public Works	PW 12	Road Improvements	Chapter 90 road improvements, including crack sealing, mll and overlay, and reclamation	Chapter 90	412,000
DPW Water Division	WATER 15	Water Main Replacement	Water main replacements at locations to be identified and prioritized through study currently underway	Water Enterprise Fund	280,000
DPW Sewer Division	SEW 8	WWTP Improvement	Replace DAF with Gravity Belt/Flotation Thickener	Sewer Enterprise Fund	200,000
DPW Sewer Division	SEW 14	Annual I&I Improvements	Annual I&I work	Sewer Enterprise Fund	25,000
Parks and Recreation	PARKS 10	Lighting at Metacomet Tennis	The lighting system at Metacomet is old and out of date. The timing system is not adequate and we waste money having to leave lights on longer than necessary. A new system would include LED lighting, new timers and controls and ability to access remotely from a tablet or smart phone.	Donation/ Grant/Earmark	165,000