Town of Dracut
MASSACHUSETTS

FY2025
BUDGET

FY2025 Revenue Drivers

- **Property Taxes – Increase $1,826,045**
  - ➢ 2.5% Increase - $1,401,045
  - ➢ Estimated New Growth - $425,000

- **State Aid (Governor's Budget) - Increase $392,781 (1.22% increase)**
  - ➢ Chapter 70 – increase $114,990 (.42% increase)
    - *Chapter 70 History next slide*
  - ➢ Unrestricted Local Aid – increase $125,656 (3% increase)
  - ➢ Charter School – increase $166,768 (37.76% increase)
  - ➢ Other State Aid – decrease ($14,633)
  - ➢ *** Final State Aid Numbers will not be determined until June 2024, but historically the Governor's numbers do not change by much from the final numbers.*

FY2025 Chapter 70 History

Fiscal Year	Amount	Increase	% Increase
FY2025 - Chapter 70	$ 27,285,133	$ 114,990	0.42%
FY2024 - Chapter 70	$ 27,170,143	$ 2,851,983	11.73%
FY2023 - Chapter 70	$ 24,318,160	$ 3,304,749	15.73%
FY2022 - Chapter 70	$ 21,013,411	$ 885,047	4.40%
FY2021 - Chapter 70	$ 20,128,364	$ 714,507	3.68%

FY2025 Revenue Drivers

- **Local Receipts – Increase $246,000 (3% incr.)**
  - ➢ Increase Permits, Investment Income and Meals Tax

- **Cannabis Impact Fees**
  - ➢ Changes in Cannabis Commission Regulation will impact the amount the Town can collect going forward.
  - ➢ The Town has never used these funds to balance its operating budget, however, it will severely impact its Free Cash availability at the end of the fiscal year.

- **Free Cash Usage – Decrease $548,200**
  - ➢ FY2024 Town used Free Cash at the Fall Town meeting to balance the increase in the School Budget.

FY 2025 Projected Revenue Increase

$1,947,426

FY2025 Expense Drivers (Fixed Cost)

- Health Insurance - $1,200,000 increase (10.7% increase)
- Charter School Assessment - $458,118 increase (12.9% increase)
- Middlesex Retirement Assessment - $466,843 increase (6.5% increase)
- Regional Dispatch Center - $195,000 increase (69.6% increase)
- Refuse/Recycling - $388,105 increase (12.2% increase)
- GLTHS Assessment - $828,240 increase (15.4% increase)
- Medicare Tax - $39,644 increase (5% increase)
- Property/Liability Insurance - $110,250 increase (15% increase)
- Workers Comp Insurance - $30,800 increase (7% increase)
- Unemployment Insurance - $2,880 increase (3% increase)

FY 2025 Projected Expense Fixed Cost Increase

$3,719,880

Estimated Major Revenue & Expense Drivers - FY25

Revenue	FY2024	Est FY2025	Difference	% Chg
Property Taxes (less Exempt Debt)	$ 56,041,792	$ 57,867,837	$ 1,826,045	3.26%
State Aid	32,288,742	32,681,523	392,781	1.22%
Other Revenue	10,880,956	10,609,556	(271,400)	-2.49%
Total Revenue (less Exempt Debt)	**$ 99,211,490**	**$ 101,158,916**	**$ 1,947,426**	**1.96%**
Expenses				
Health Insurance	$ 11,190,000	$ 12,390,000	$ 1,200,000	10.72%
Charter School Assessment	3,548,661	4,006,779	458,118	12.91%
Middlesex Retirement System	7,223,000	7,689,843	466,843	6.46%
Regional Dispatch Center	280,000	475,000	195,000	69.64%
Refuse/Recycling	3,185,000	3,573,105	388,105	12.19%
GLTHS - Assessment	5,374,000	6,202,240	828,240	15.41%
Medicare Tax	800,000	839,644	39,644	4.96%
MIIA Property / Liability Insurance	735,000	845,250	110,250	15.00%
Workers Compensation Insurance	440,000	470,800	30,800	7.00%
Unemployment Insurance	96,000	98,880	2,880	3.00%
Total Expenses	**$ 32,871,661**	**$ 36,591,541**	**$ 3,719,880**	**11.32%**
Net Available (Revenues - Expenses FY2025)			**$ (1,772,454)**	

FY 2025
Net Available after Fixed Cost
DEFICIT

($1,772,454)

FY2025 Town & School Proposed Budgets

- **Town Manager Dept. Salaries – Increase $439,727 (2.76% increase)**
- **Town Manager Dept. Expenses – Increase $156,984 (3.80% increase)**
  - *Expense increase list on next slide*
- **Stormwater Enterprise Fund – Increase $8,229 (1.92% increase)**
- **Dracut School Budget – Increase $1,042,487 (2.68% increase)**
- **Dracut Transportation Budget – Increase $165,684 (5.56% increase)**
- **Essex Regional & Other Expense/Assessments – Increase $26,723**

FY2025 Town Manager Dept. Expense Increases

Department	Description		Amount
Planning	Training	$	2,000
Building Maintenance	Electricity	$	20,000
Building Maintenance	Service Contracts	$	6,000
Building Maintenance	Postage	$	7,000
Police	Telephone	$	3,000
Police	Service Contracts	$	11,700
Fire Department	Service Contracts	$	15,000
Sealer and Weights	Service Contracts - NMCOG	$	4,000
Engineer	Service Contracts - Consultant	$	15,000
DPW Vehicle	Fuel	$	65,000
Board of Health	Testing Materials	$	500
Veterans Services	Dues and Publications	$	300
Library	Service Contracts - Assessment	$	7,484
Total Budget Increases (already built into the FY25 budget)		**$**	**156,984**

FY2025 Summited Budgets

Revenues	FY2024	Est FY2025	Increase	% Chg
Taxes (within Prop 2 1/2)	$ 56,041,792	$ 57,867,837	$ 1,826,045	3.26%
Taxes (Exempt Debt)	2,780,081	2,408,567	(371,514)	-13.36%
Local Receipts	8,230,000	8,476,800	246,800	3.00%
State Aid	32,288,742	32,681,523	392,781	1.22%
Transfers / Chapter 90	2,421,118	2,451,118	30,000	1.24%
Free Cash (FY25 Sick Leave Buyback)	1,048,200	500,000	(548,200)	-52.30%
Total Revenues/Transfers	**$ 102,809,933**	**$ 104,385,845**	**$ 1,575,912**	**1.53%**
Expenses				
Town Managers Departments	$ 20,491,854	$ 21,096,794	$ 604,940	2.95%
Regional Dispatch Center	280,000	475,000	195,000	69.64%
Refuse/Recycling	3,185,000	3,573,105	388,105	12.19%
Dracut School Budget	38,926,213	39,968,700	1,042,487	2.68%
Dracut Transportation	2,979,000	3,144,684	165,684	5.56%
Lowell Regional Vocational Sch.	5,374,000	6,202,240	828,240	15.41%
Essex Vocational School	17,000	22,000	5,000	29.41%
Total Other Expenses/Assessments	10,556,266	10,577,989	21,723	0.21%
Total Insurance & Benefits	21,000,000	22,880,417	1,880,417	8.95%
Total Expenses	**$ 102,809,333**	**$ 107,940,929**	**$ 5,131,596**	**4.99%**
Total Deficit	**$ 600**	**$ (3,555,084)**		

FY 2025
DEFICIT

($3,555,084)

School Net School Spending
$3.5M Deficit

	FY2024	FY2025	Increase	% Chg
School Budget	$ 38,926,213	$ 39,968,700	$ 1,042,487	2.68%
School Chargebacks	15,796,593	16,914,553	1,117,960	7.08%
Total Net School Spending	**$ 54,722,806**	**$ 56,883,253**	**$ 2,160,447**	**3.95%**
DESE Net School Spending	***$ 54,539,267***	***$ 55,254,927***	***$ 715,660***	***1.31%***
Over Net School Spending	**$ 183,539**	**$ 1,628,326**		

DESE Net School Spending Requirement FY2021 – FY2025

Fiscal Year	Amount	Increase	% Increase
FY2025 - Net School Spending	$ 55,254,927	$ 715,660	1.31%
FY2024 - Net School Spending	$ 54,539,267	$ 4,120,566	8.17%
FY2023 - Net School Spending	$ 50,418,701	$ 4,360,138	9.47%
FY2022 - Net School Spending	$ 46,058,563	$ 1,950,787	4.42%
FY2021 - Net School Spending	$ 44,107,776	$ 1,680,793	3.96%

FY2025 – Options to Address $3.5M Deficit

- **Options**
  - ➢ Budget Cuts for Town & School ($833K, $1.5M, $2M, 2.5M and full Cuts)
  - ➢ Free Cash
  - ➢ Stabilization and Other Funds
  - ➢ Override
  - ➢ Trash fees

- **Town Manager's Recommendation**
  - ➢ Town/School Cuts Totaling $1.5M
  - ➢ Free Cash and Other Funds

FY2025 Budget Cuts - $1.5M

- **Town Positions and Overtime Cuts - $338K**
  - Economic Development Planner
  - Assistant Building Supervisor
  - Police Admin Specialist (currently vacant)
  - DPW Highway Division MEO (currently vacant)
  - Fire Overtime
  - Fire Inspector (currently vacant)
  - Part-Time (currently vacant – DPW/COA)
  - Overtime
- **Town Position Cuts Insurance & Benefits - $68,124**

FY2025 Budget Cuts - $1.5M

- **Refuse & Recycling - $95,000**
  - Fee to Dispose Mattresses ($35 per Mattress)
- **Town IT - $9,000**
- **Town Veterans Benefits - $20,000**
- **Town Building Maintenance - $18,900**
- **Town Other Expense Cuts – 194,311**
- **School Cuts - $756,000** *(includes $81K for school's insurance/ benefits)*

Use of One Time Revenues & Reserves

Account	Notes	Amount
Reserves Other Funds	State, Police Drug, Polling, Cemetery	$ 130,000
State Aid - Library	Inc Library Budget - Already Reduced - 40K	$ 40,000
Stabilization Funds	Tip Fees and IT	$ 90,000
Chapter 90	Eligible Expenses in Operating Budget	$ 90,000
Reserves - Available Funds - Free Cash		$ 1,705,000
Total One-Time Revnues and Reserves		**$ 2,055,000**

Divisional of Local Services – Mass Department of Revenue (regarding use of Free Cash)

The Technical Assistance Bureau (TAB) recommends that communities understand the role free cash plays in sustaining a strong credit rating and encourages them to adopt policies on its use. Under sound financial policies, a community strives to generate free cash in an amount equal to three to five percent of its annual budget. This goal helps deter free cash from being depleted in any particular year, which enables the following year's calculation to begin with a positive balance. To do this, the community would orchestrate conservative revenue projections and departmental appropriations to produce excess income and departmental turn backs.   As a nonrecurring revenue source, free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves.

FY2025 Budget - Balance $3.5M Deficit

Item/Department		Amount
Town Manager Dept Cuts	$	676,111
Town Insurance & Benefit Cuts		68,124
School Department Cuts		675,000
School Insurance & Benefit Cuts		81,000
Total Cuts	**$**	**1,500,235**
Total One Time Revenues	**$**	**2,055,000**
Total Cuts & One Time Revenue	**$**	**3,555,235**
Deficit	**$**	**(3,555,084)**
Difference	***$***	***151***

FY2025 Adjusted Budget

Revenues	FY2024	Est FY2025	Increase	% Chg
Taxes (within Prop 2 1/2)	$ 56,041,792	$ 57,867,837	$ 1,826,045	3.26%
Taxes (Exempt Debt)	2,780,081	2,408,567	(371,514)	-13.36%
Local Receipts	8,230,000	8,476,800	246,800	3.00%
State Aid	32,288,742	32,681,523	392,781	1.22%
Transfers / Chapter 90	2,421,118	2,451,118	30,000	1.24%
Free Cash (FY25 Sick Leave Buyback)	1,048,200	500,000	(548,200)	-52.30%
Free Cash & One Time Revenues	0	2,055,000	2,055,000	0.00%
Total Revenues/Transfers	**$ 102,809,933**	**$ 106,440,845**	**$ 3,630,912**	**3.53%**
Expenses				
Town Managers Departments	$ 20,491,854	$ 20,515,682	$ 23,828	0.12%
Regional Dispatch Center	280,000	475,000	195,000	69.64%
Refuse/Recycling	3,185,000	3,478,105	293,105	9.20%
Dracut School Budget	38,926,213	39,293,700	367,487	0.94%
Dracut Transportation	2,979,000	3,144,684	165,684	5.56%
Lowell Regional Vocational Sch.	5,374,000	6,202,240	828,240	15.41%
Essex Vocational School	17,000	22,000	5,000	29.41%
Total Other Expenses/Assessments	10,556,266	10,577,989	21,723	0.21%
Total Insurance & Benefits	21,000,000	22,731,293	1,731,293	8.24%
Total Expenses	**$ 102,809,333**	**$ 106,440,693**	**$ 3,631,360**	**3.53%**
Total Deficit/Surplus	**$ 600**	**$ 151**		

Town Manager's Departments
Salaries & Expenses

Salaries	FY2024	FY2025 No Cuts	% Budget	FY2025 Cuts	% Budget
General Government	$ 3,124,067	$ 3,176,695	19.12%	$ 3,026,519	18.60%
Public Safety	10,291,033	10,586,451	63.72%	10,472,092	64.36%
DPW	1,732,992	1,788,738	10.77%	1,712,766	10.53%
Stormwater	233,579	241,808	1.46%	238,808	1.47%
Library	634,393	670,328	4.03%	670,328	4.12%
Snow & Ice	150,000	150,000	0.90%	150,000	0.92%
Total Salaries	**$ 16,166,064**	**$ 16,614,020**	***78.75%***	**$ 16,270,513**	***79.31%***
Expenses					
General Government	$ 1,983,605	$ 2,034,405	45.38%	$ 1,914,405	45.10%
Public Safety	796,400	830,100	18.52%	827,350	19.49%
DPW	672,100	737,100	16.44%	694,500	16.36%
Stormwater	196,000	196,000	4.37%	156,000	3.67%
Library	239,685	247,169	5.51%	214,914	5.06%
Snow & Ice	438,000	438,000	9.77%	438,000	10.32%
Total Expenses	**$ 4,325,790**	**$ 4,482,774**	***21.25%***	**$ 4,245,169**	***20.69%***
Total Salaries & Expenses Budget	**$ 20,491,854**	**$ 21,096,794**		**$ 20,515,682**	

Town Manager's Departments
General Government Expenses

General Government		FY2024		FY2025 No Cuts	% Budget		FY2025 Cuts	% Budget
Utilities (Electric, Gas, Water, St. Lights)	$	405,000	$	425,000	20.89%	$	425,000	22.20%
Veterans Benefits		155,000		155,000	7.62%		135,000	7.05%
Legal Fees		290,000		290,000	14.25%		290,000	15.15%
Service, IT and Other Contracts		540,500		561,500	27.60%		550,600	28.76%
Town Audit		75,000		75,000	3.69%		75,000	3.92%
Postage		38,000		45,000	2.21%		45,000	2.35%
Election Expense		74,000		74,000	3.64%		71,400	3.73%
Other Expenses		406,105		408,905	20.10%		322,405	16.84%
Total General Government Expenses	**$**	**1,983,605**	**$**	**2,034,405**		**$**	**1,914,405**	

Town Manager's Departments
Total Salaries/Expenses

	FY2024	FY2025 No Cuts	% Budget	FY2025 Cuts	% Budget
General Government	$ 5,107,672	$ 5,211,100	24.70%	$ 4,940,924	24.08%
Public Safety	11,087,433	11,416,551	54.12%	11,299,442	55.08%
DPW	2,405,092	2,525,838	11.97%	2,407,266	11.73%
Stormwater	429,579	437,808	2.08%	394,808	1.92%
Library	874,078	917,497	4.35%	885,242	4.31%
Snow & Ice	588,000	588,000	2.79%	588,000	2.87%
Total Salaries	**$ 20,491,854**	**$ 21,096,794**		**$ 20,515,682**	

School Net School Spending
School Cuts

	FY2024	FY2025	Increase	% Chg
School Budget	$ 38,926,213	$ 39,293,700	$ 367,487	0.94%
School Chargebacks	15,796,593	16,833,554	1,036,961	6.56%
Total Net School Spending	**$ 54,722,806**	**$ 56,127,254**	**$ 1,404,448**	**2.57%**
DESE Net School Spending	**$ 54,539,267**	**$ 55,254,927**	**$ 715,660**	**1.31%**
Over Net School Spending	**$ 183,539**	**$ 872,327**		

FY2025 – FY2027 Est Budget

Revenues	Deficit FY25	$1.5M Cuts FY25	Est FY2026	Est FY2027
Taxes (within Prop 2 1/2)	$ 57,867,837	$ 57,867,837	$ 59,764,533	$ 61,708,646
Taxes (Exempt Debt)	2,408,567	2,408,567	2,144,025	1,922,246
Local Receipts	8,476,800	8,476,800	8,476,800	8,476,800
State Aid	32,681,523	32,681,523	33,661,969	34,671,828
Transfers / Chapter 90	2,451,118	2,451,118	2,451,118	2,451,118
Free Cash (FY25 Sick Leave Buyback)	500,000	500,000	500,000	500,000
Free Cash & One Time Revenues	0	2,055,000	1,100,000	1,100,000
Trash Fee	0	0	3,000,000	3,000,000
Total Revenues/Transfers	**$ 104,385,845**	**$ 106,440,845**	**$ 111,098,444**	**$ 113,830,638**

Expenses	Deficit FY25	$1.5M Cuts FY25	Est FY2026	Est FY2027
Town Managers Departments	$ 21,096,794	$ 20,515,682	$ 21,106,759	$ 21,714,977
Regional Dispatch Center	475,000	475,000	630,000	645,750
Refuse/Recycling	3,573,105	3,478,105	3,756,353	4,056,862
Dracut School Budget	39,968,700	39,293,700	40,472,511	41,686,686
Dracut Transportation	3,144,684	3,144,684	3,396,259	3,667,959
Lowell Regional Vocational Sch.	6,202,240	6,202,240	6,636,397	7,100,945
Essex Vocational School	22,000	22,000	23,100	24,255
Total Other Expenses/Assessments	10,577,989	10,577,989	10,517,659	10,442,736
Total Insurance & Benefits	22,880,417	22,731,293	24,485,313	26,378,903
Total Expenses	**$ 107,940,929**	**$ 106,440,693**	**$ 111,024,351**	**$ 115,719,073**
Total Deficit/Surplus	**$ (3,555,084)**	**$ 151**	**$ 74,094**	**$ (1,888,435)**

FY 2026 & FY 2027 Estimates Assume

- New Growth $450K
- State Aid - 3% Increase
- Town & School Budget - 3% Increase
- School Transportation 8% Increase
- Lowell Regional High School – 8% Increase
- Regional Dispatch - 100% Cost
- Refuse & Recycling – 8% Increase
- State Assessments – 3% Increase

FY 2026 & FY 2027 Estimates Assume

- **Medicare Tax – 5% Increase**
- **Retirement Assessment – 7% Increase**
- **Workers Comp – 7% Increase**
- **Unemployment – 5% Increase**
- **Health Insurance – 8.5% Increase**
- **Dental – 2% Increase**
- **Liability Insurance – 10% Increase**

Future Revenue Options to address Deficit

- **Trash Fee**
  - Approximately - $300 per household
- **Bulky Item Charge (Cabinet, Door, Couches, Chairs, etc)**
  - Town is looking into the cost to dispose of these with Republic, but the charge will be very similar to the white goods, which each resident currently pays for the removal of these.
- **Mattress Pickup Charge**
  - Cost of $35 per Mattress
- **Proposition 2 ½ Override**
  - See next slide for a summary
- **School Activity Fees**
- **Free Cash**
  - With the use of one time non reoccurring revenues, it will have a financial impact in future years.
- **Elimination of Community Preservation Tax**
  - Average Tax Bill $110
- **Further Town and School Cuts - *<u>(Services will be severely impacted)</u>***

Proposition 2 ½ Override Estimate
Annual Tax Increase

Assessed Value	$1M Override	$2M Override	$5M Override	$7M Override	$10M Override
$ 350,000	$ 63	$ 126	$ 315	$ 441	$ 630
$ 450,000	$ 81	$ 162	$ 405	$ 567	$ 810
$ 550,000	$ 99	$ 198	$ 495	$ 693	$ 990
$ 650,000	$ 117	$ 234	$ 585	$ 819	$ 1,170
$ 750,000	$ 135	$ 270	$ 675	$ 945	$ 1,350
$ 850,000	$ 153	$ 306	$ 765	$ 1,071	$ 1,530
$ 950,000	$ 171	$ 342	$ 855	$ 1,197	$ 1,710
$ 1,050,000	$ 189	$ 378	$ 945	$ 1,323	$ 1,890
$ 1,150,000	$ 207	$ 414	$ 1,035	$ 1,449	$ 2,070
$ 1,250,000	$ 225	$ 450	$ 1,125	$ 1,575	$ 2,250
$ 1,350,000	$ 243	$ 486	$ 1,215	$ 1,701	$ 2,430

Proposition 2 ½ Override Estimate
Ladder Approach

	Year 1	Year 2	Year 3	Year 4
Estimated Cumulative Deficit	**$ 3,100,000**	**$ 5,100,000**	**$ 7,500,000**	**$ 10,000,000**
Amount Use Prior Year		$ 3,100,000	$ 5,100,000	$ 7,500,000
Override Use	$ 3,100,000	$ 2,000,000	$ 2,400,000	$ 2,500,000
Surplus	**-**	**-**	**-**	**-**

Balance Available Override

	Amount Used	Balance Override
Override Voted	***$ 10,000,000***	$ 10,000,000
Year 1 Use	$ 3,100,000	$ 6,900,000
Year 2 Use	$ 2,000,000	$ 4,900,000
Year 3 Use	$ 2,400,000	$ 2,500,000
Year 4 Use	$ 2,500,000	$ -

Proposition 2 ½ Override Estimate
Ladder Approach w/Trash Fee

	Year 1	Year 2	Year 3	Year 4
Estimated Cumulative Deficit	**$ 3,100,000**	**$ 5,100,000**	**$ 7,500,000**	**$ 10,000,000**
Trash Fee	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
Amount Use Prior Year		$ 100,000	$ 2,100,000	$ 4,500,000
Override Use	$ 100,000	$ 2,000,000	$ 2,400,000	$ 2,500,000
Surplus	**-**	**-**	**-**	**-**

Balance Available Override

	Amount Used	Balance Override
Override Voted	***$ 10,000,000***	$ 10,000,000
Year 1 Use	$ 100,000	$ 9,900,000
Year 2 Use	$ 2,000,000	$ 7,900,000
Year 3 Use	$ 2,400,000	$ 5,500,000
Year 4 Use	$ 2,500,000	$ 3,000,000