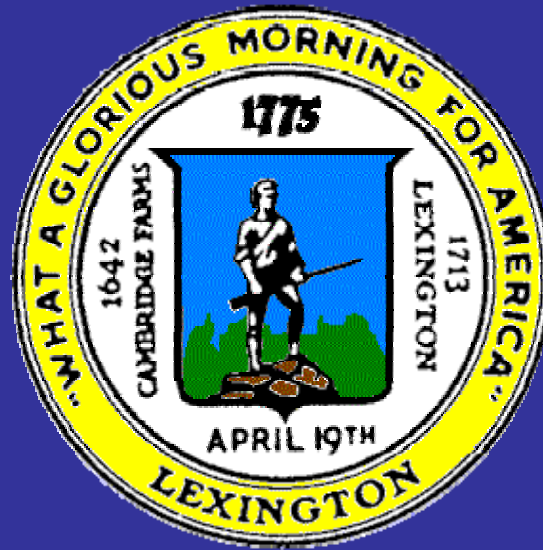


# *Town of Lexington*



## *FY 2010 Recommended Budget & Financing Plan*

*Report of the Town Manager*

March 25, 2009



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# Lexington's Budget Process

- **September 2008:** Budget Summit 1
- **November 2008:** Budget Summit 2: Revenue Projections
- **Oct.-Dec. 2008:** Budget Preparation
- **January 2009:** Preliminary Budget Presented
- **January 2009:** Budget Summit 3: Budget Review
- **Jan.- Feb.2009:** Selectmen's Budget Review
- **February 2009:** Budget Summit 4: Options for Closing Budget Gap Reviewed
- **February 2009:** Budget Summit 5: Consensus Budget
- **March 30, 2009:** Town Meeting To Discuss Budget



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# **The Fiscal Year 2010 Budget and Financing Plan**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **BUDGET BALANCING**

**January 2009:                    \$2,243,000 shortfall**

**Municipal:                    \$ 386,000**

**Education:                    \$1,857,000**

**February 2009:                \$ Budget Balanced**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# **FY2010 REVENUE PROJECTIONS**



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Revenue Summary

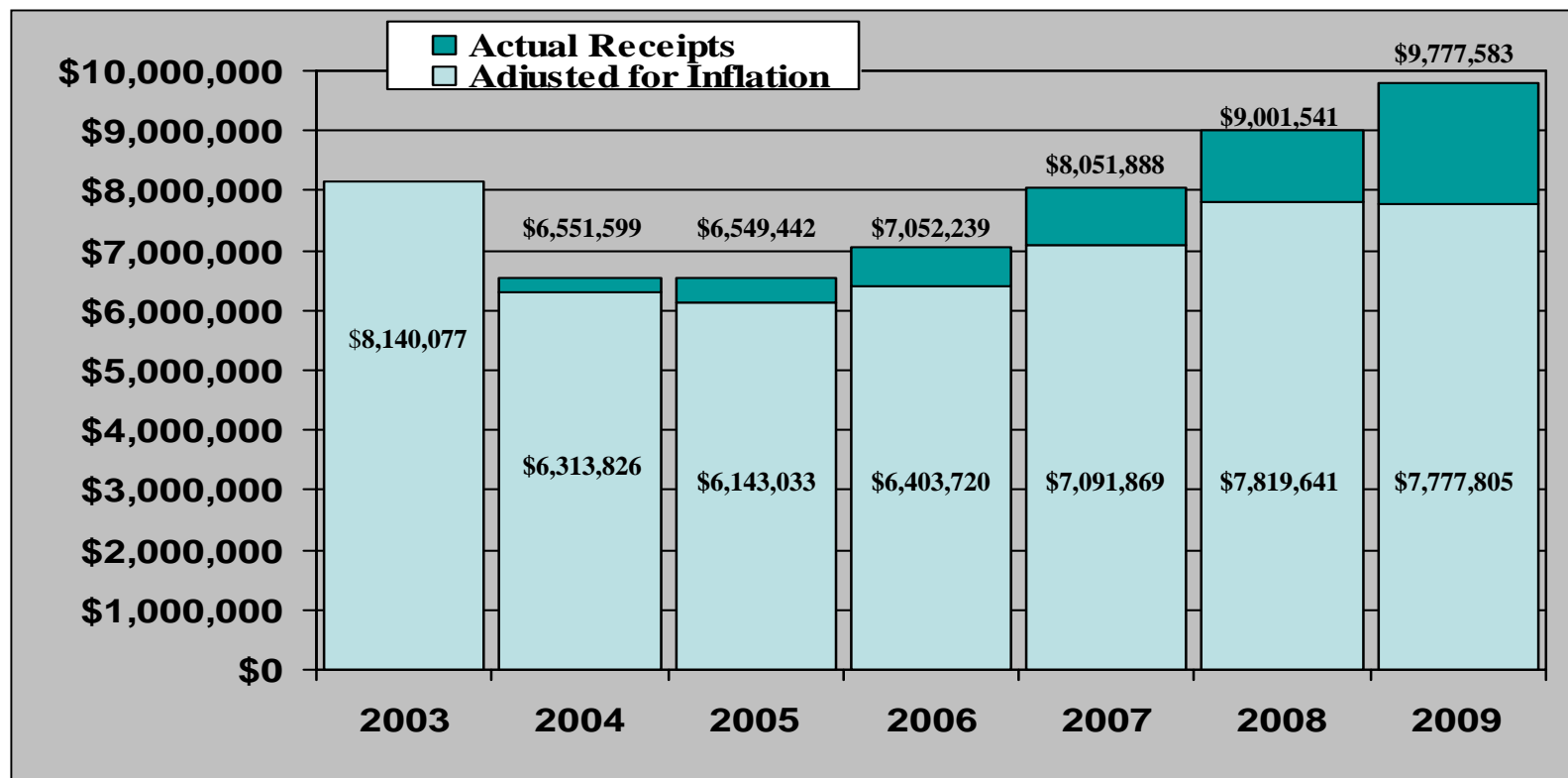
	2008 Actual	2009 Tax Recap	2010 Projected	\$ Inc. FY 2009 - FY 2010	% Inc. FY 2009 - FY 2010
<b>Tax Levy</b>	\$ 104,879,746	\$ 110,705,521	\$ 114,759,106	\$ 4,053,584	3.66%
<b>State Aid</b>	\$ 9,064,275	\$ 9,963,453	\$ 9,058,898	\$ (904,555)	-9.08%
<b>Local Receipts</b>	\$ 12,189,265	\$ 9,395,065	\$ 9,770,000	\$ 374,935	3.99%
<b>Available Funds</b>	\$ 4,216,097	\$ 5,620,168	\$ 6,053,619	\$ 433,451	7.71%
<b>Revenue Offsets</b>	\$ (1,897,006)	\$ (2,540,476)	\$ (1,836,461)	\$ 704,015	-27.71%
<b>Enterprise Funds (Indirect)</b>	\$ 1,752,885	\$ 1,710,887	\$ 1,662,522	\$ (48,365)	-2.83%
<b>Total General Fund</b>	<b>\$ 130,205,261</b>	<b>\$ 134,854,618</b>	<b>\$ 139,467,683</b>	<b>\$ 4,613,065</b>	<b>3.42%</b>



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Lexington's State Aid History





# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### Revenues Related to Economic Activity

	<u><b>FY08-09 YTD</b></u>
<b>1. Building Permit Fees</b>	<b>(\$204,000)</b>
– Indicator of Future Growth in Property Tax Base	
<b>2. Motor Vehicle Excise Taxes</b>	<b>(\$121,000)</b>
<b>3. Interest on Investments</b>	<b>(\$300,000)</b>



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# **FY2010 RECOMMENDED MUNICIPAL BUDGET**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **Selectmen's Operating Principles and Priorities**

- 1. Recurring Revenues, not Reserves or One-time Revenues, to Support the Operating Budget and Debt Service**
- 2. Budget Adequate Reserves/Contingency Funds**
- 3. Sufficient Building Maintenance Budget**
- 4. Maintain Core Services**
- 5. Reduce Water/Sewer PILOT's and Indirect Costs**
- 6. When Possible, Maintain Services Restored with 2006 and 2007 Overrides**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# **Town Manager's Budget Guidelines**

- 1. Submit Level-Service Budget**
- 2. Separately Identify Program Improvements**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# **Process to Close Municipal Budget Gap**

<b>1. Budget Adjustments -</b>	<b>\$241,532</b>
<b>2. Revenue Adjustments -</b>	<b>\$ 43,000</b>
<b>3. Department Adjustments -</b>	<b><u>\$101,115</u></b>
<b>Total</b>	<b>\$385,647</b>



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### FY10 Budget Summary

Expense Summary	FY2008	FY2009	FY2010	Change FY09-10	
	Actual	Adjusted	Recommended	\$ Chg.	%Chg.
Education	\$ 61,387,995	\$ 65,924,737	\$ 68,669,847	\$ 2,745,110	4.16%
Shared Expenses	\$ 35,992,133	\$ 40,201,720	\$ 41,775,141	\$ 1,573,420	3.91%
Municipal	\$ 25,651,592	\$ 25,688,411	\$ 26,526,287	\$ 837,876	3.26%
Capital	\$ 1,355,000	\$ 1,520,750	\$ 1,545,719	\$ 24,969	1.64%
Other	\$ 1,390,000	\$ 1,519,000	\$ 950,690	\$ (568,310)	-37.41%
<b>General Fund Total</b>	<b>\$ 125,776,720</b>	<b>\$ 134,854,618</b>	<b>\$ 139,467,684</b>	<b>\$ 4,613,066</b>	<b>3.42%</b>



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Focus: Health Insurance

Total Benefits (FY 2010): \$22,874,458 or 16.4% of General Fund Budget

Health Insurance Spending as a Percentage of Wages & Salaries



Appropriation has Increased over 65% in last 5 years



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Health Insurance-Monthly Tracking

	FY2009 Budget	FY2010 Projected	% Increase FY09 - 10
<b>Subscribers</b>			
<b><u>Municipal</u></b>			
Individual	71	71	0.0%
Family	196	198	1.0%
<b>subtotal</b>	<b>267</b>	<b>269</b>	<b>0.7%</b>
<b><u>School</u></b>			
Individual	353	333	-5.7%
Family	506	478	-5.5%
<b>subtotal</b>	<b>859</b>	<b>811</b>	<b>-5.6%</b>
<b>Retirees</b>	<b>991</b>	<b>991</b>	<b>0.0%</b>
<b>Total</b>	<b>2117</b>	<b>2071</b>	<b>-2.2%</b>
<b>Budget</b>			
Town	\$ 3,373,198	\$ 3,907,950	15.9%
School	\$ 9,697,449	\$ 10,544,514	8.7%
Retirees	\$ 5,912,702	\$ 6,547,420	10.7%
<b>Total</b>	<b>\$ 18,983,350</b>	<b>\$ 20,999,884</b>	<b>10.6%</b>
<i>budget</i>	<i>\$ 20,473,125</i>		



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

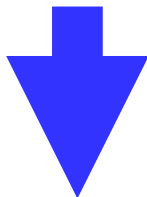
---

### Health Insurance

#### Health Insurance Enrollment:

Municipal Subscribers:

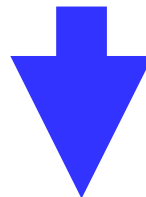
73% take Family Plan  
27% take Individual Plan



Fiscal Year 2010  
Avg. Cost / Subscriber: \$14,250

School Subscribers:

59% take Family Plan  
41% take Individual Plan



Fiscal Year 2010  
Avg. Cost / Subscriber: \$12,800



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **Health Insurance & Coalition Bargaining**

- 1. 16 Unions**
- 2. Coalition Bargaining – 70% Weighted Vote**
- 3. Town Does Not Have Unilateral Decision Making Authority**
- 4. Modest Changes for FY08 and FY09 saved Town approximately \$1,100,000 over the two-year period.**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **Health Insurance Coalition Bargaining**

1. Group Insurance Commission (GIC) Plan
2. Blue Cross GIC Look-Alike Plan
3. Reduce Town's Contribution Rate for Employees and Retirees
4. Reduce Town's Contribution Rate for New Employees
5. Change Dental Coverage Program for Retirees
6. Change Contribution Rate for Surviving Spouses
7. Change Deductibles and Co-Pays (also covered in #1 & 2)
8. Implement an Employee Health Insurance Opt-Out Program
9. Consider Joining a Municipal Group Health Insurance Consortium
10. Retiree enrollment in Medicare Supplement Plan



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### Questions from TMMA Information Session

**1. What percentage of employees/retirees do not take the Town's health insurance?**

- Municipal Employees 11 percent
- School Employees 18 percent
- Retirees 13 percent

---

Total Subscribers: 2117

Total Lives: 3874



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### Questions from TMMA Information Session

2. **What other data does the Town use/collect to manage its health insurance program?**
- Monthly enrollment (individual, family, retirees)
  - Monthly claims activity
  - Extraordinary claims
  - Value of health insurance as a component of total compensation



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **(2 con't.) Town Tracks Comparable Community Plans**

- Premiums for individual and family plans
- Contribution rates for employees
- Contribution rates for retirees
- Contribution rates for surviving spouses of retirees
- Contribution rates for dental plans
- Plan design comparisons including State's plan (GIC)



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **Status of Municipal Collective Bargaining**

#### **Labor Contracts Settled for FY08-09**

- All except Police Union and Fire Union

#### **Labor Contracts Settled for FY10**

- None except School Crossing Guards

- 
- **Currently Negotiating Health Insurance Agreement with Employee Coalition**



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# Reserves



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

---

### Reserve Recommendations

- Uninsured Losses \$ **100,000**
- Reserve Fund \$ **550,000**
- Stabilization Fund \$ **0**
- Special Education Stab. Fund \$ **350,000**
- Other Post Employment Benefits *(retiree health ins.)* \$ **440,690**



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Reserve Summary & Projection

**Fiscal Policy Comm. Recommendation:** *“Build a Stabilization Fund large enough to buffer the General Fund from the impact of 2-3 years of reduced State Aid and declining local receipts. Continue to allocate between \$500,000-\$1,000,000 each year until the Stab. Fund reaches approximately 7% of the prior year’s General Fund revenues.” Note: The Selectmen adopted a slightly different policy.*

	6/30/2006	6/30/2007	6/30/2008	Est. 6/30/2009	Est. 6/30/2010
<b>Stablization Fund</b>	\$ 1,615,947	\$ 4,461,675	\$ 5,672,193	\$ 6,776,014	\$ 6,877,654
<b>Gen. Fund Rev.</b>	\$ 117,182,016	\$ 124,113,723	\$ 133,085,712	\$ 134,854,618	\$ 139,467,683
<b>% of Gen. Fund</b>	1.38%	3.59%	4.26%	5.02%	4.93%



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# Capital Budget and Debt



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Capital Budget

	<u>Cash/Reserves</u>	<u>Debt</u>
• General Fund Capital	\$ 1,545,719	\$3,126,223
• Water Enterprise Fund Capital	\$ 71,600	\$1,019,000
• Wastewater Enter. Fund Capital	\$ 39,400	\$1,563,500
• Recreation Enter. Fund Capital	\$ (see CPA)	\$ 0
• CPA Funding (Town Projects Only, No Land Purchase)	<u>\$ 1,323,700</u>	<u>\$ TBD</u>
– <b>Total</b>	<b>\$ 2,980,419</b>	<b>\$5,708,723</b>



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **Article 15: Appropriate for Municipal Capital Projects**

- Major Road Reconstruction Deferred
- Sidewalk Projects Deferred



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

### Debt Service

Annual Debt Service	FY 2006	FY 2007	FY 2008	FY 2009 Budget	FY 2010 Projected
General Fund	\$ 3,490,750	\$ 3,720,061	\$ 3,798,137	\$ 4,017,541	\$ 4,471,432
Prop. 2 1/2 Excluded	\$ 4,943,313	\$ 5,027,256	\$ 5,272,874	\$ 5,632,643	\$ 5,879,524
Water	\$ 213,150	\$ 398,671	\$ 490,833	\$ 850,350	\$ 1,108,100
Sewer	\$ 275,950	\$ 351,643	\$ 473,256	\$ 569,971	\$ 633,497
Recreation	\$ 100,000	\$ 268,000	\$ 103,917	\$ 106,200	\$ 132,600
<b>Total Debt Service</b>	<b>\$ 9,023,163</b>	<b>\$ 9,765,631</b>	<b>\$ 10,139,017</b>	<b>\$ 11,176,705</b>	<b>\$ 12,225,153</b>
Total Revenues	\$ 133,167,753	\$ 143,478,786	\$ 152,344,315	\$ 157,423,868	\$ 163,126,074
% of Revenues	6.78%	6.81%	6.66%	7.10%	7.50%



# Town of Lexington

## FY 2010 Recommended Budget & Financing Plan

---

### Tax Bill Impact

<b>MEDIAN RESIDENTIAL TAX BILL*</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
Base property tax	\$7,328	\$7,515	<b>\$7,515</b>
Allowable 2.5% increase			<b>188</b>
Proposition 2 1/2 debt exclusion	378	384	<b>438</b>
Community Preservation Act surcharge	196	198	<b>203</b>
<b>Total tax bill</b>	<b>\$7,902</b>	<b>\$8,097</b>	<b>\$8,344</b>

\* home assessed at \$620,000



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### Outstanding Issues

- State Aid
  - Reduced by \$185,000 mid year in FY09
  - Governor proposed a \$630,000 reduction in FY10
- Snow and Ice Expenses
- Financial Assistance to Veteran's
- Special Education Costs



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

### **A Word About the Economy and Lexington**

- FY09 Revenues and Fee-Based Programs
- Staff Vacancies
- Revisit Approved Capital Projects
- Lexington Pension System Funding
- Federal Stimulus Program
- Reserves
- Economic Development Initiatives



# *Town of Lexington*

## *FY 2010 Recommended Budget & Financing Plan*

---

# Thank You

---

**Educational Excellence.**

**Protecting Public Safety, Public Health, Public  
Assets and Lexington's Special Quality of Life.**