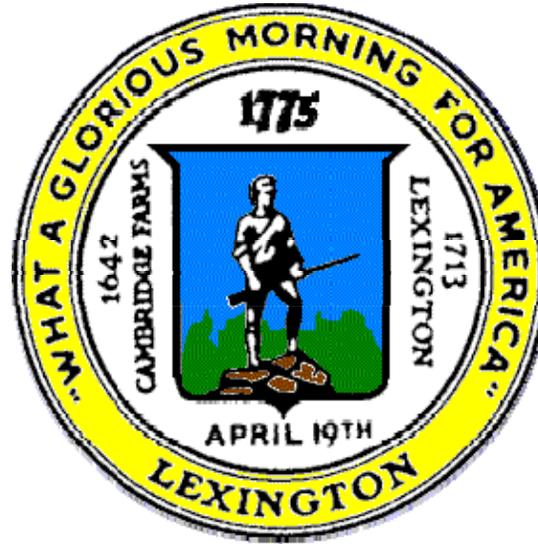


Town of Lexington



FY 2017 Preliminary Budget & Financing Plan

Financial Summit IV

January 14, 2016

Carl F. Valente, Town Manager
Rob Addelson, Assistant Town Manager for Finance
Patty Moore, Budget Officer
And the
Senior Management Team



Town of Lexington
FY 2017 Preliminary Budget & Financing Plan

**Municipal and School
Departments:
Operating and Capital
Budgets**



Town of Lexington
FY 2017 Preliminary Budget & Financing Plan

Balanced Town Budget



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Key Recommendations:

- ***Add \$5 million to Capital Projects Stab. Fund***
- ***Use \$751,000 from Capital Stab. Fund for within-levy debt service***
- ***Limit Program Improvement Requests***
- ***Defer Some Planned Capital Projects***
- ***Provide Contingency of \$983,000***



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

General Fund Revenues

Increase in Revenues Over Prior Year	\$ Chg.	% Chg.
FY 2017 Projected	\$ 5,416,902	2.8%
FY 2016 Budgeted	\$ 9,097,073	4.9%
FY 2015	\$ 4,797,252	2.7%
FY 2014	\$ 9,671,248	9.3%
FY 2013	\$ 7,273,503	4.8%
FY 2012	\$ 5,547,158	4.6%



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Future New Revenue Sources

- Stormwater Management Fee
- Adjust Cemetery Burial Fee
- Adjust Parking Meter Fee for EV's
- Initiate Limited Tax Foreclosure Process
- Recognize Potential Hartwell Solar Revenues



Town of Lexington
FY 2017 Preliminary Budget & Financing Plan

**Recommended FY2017
Operating Budget**



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Financial/Budget Priorities

- **Plan for Capital, Within Tax Levy and Exclude Debt**
- **Manage Operating Budget Increases**
- **Continue Funding of Post Employment Benefits Liability**
- **Continue Road/Intersection/Traffic Calming/Sidewalk Funding**
- **Continue Investments for Pedestrian Safety, per Article 45 Citizen's Petition Approved at the 2015 ATM**



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

FY17 Budget Summary

	FY2016 Appropriated	FY2017 Recommended Budget	\$ Change	% Change
Lexington Public Schools	\$ 92,060,316	\$ 97,727,216	\$ 5,666,900	6.16%
Minuteman High School	\$ 1,172,736	\$ 1,493,400	\$ 320,664	27.34%
Shared Expenses	\$ 50,614,515	\$ 51,310,873	\$ 696,357	1.38%
Municipal Departments	\$ 33,594,270	\$ 34,621,920	\$ 1,027,650	3.06%
Cash Capital-Tax Levy and Free Cash	\$ 4,642,987	\$ 5,474,789	\$ 831,802	17.92%
Other	\$ 10,904,668	\$ 7,975,533	\$ (2,929,134)	-26.86%
Total - General Fund Only	\$ 192,989,493	\$ 198,603,731	\$ 5,614,239	2.9%
<i>LPS Recommended Budget for FY17 includes benefits for new proposed positions which, if approved, becomes a Shared Expense</i>				



Town of Lexington

FY 2017 Recommended Budget & Financing Plan

Shared Expenses

Shared Expenses	FY2016 Appropriation	FY2017 Recommended Budget	\$ Change	% Change
Contributory Retirement	\$ 5,255,537	\$ 5,505,537	\$ 250,000	4.8%
Non-Contributory Retirement	\$ 13,810	\$ 13,837	\$ 27	0.2%
Employee Benefits	\$ 25,250,981	\$ 25,816,987	\$ 566,006	2.2%
Unemployment	\$ 200,000	\$ 200,000	\$ -	0.0%
Workers Compensation	\$ 643,112	\$ 736,002	\$ 92,890	14.4%
Property & Liability Insurance	\$ 860,309	\$ 675,952	\$ (184,356)	-21.4%
Uninsured Losses	\$ 200,000	\$ 225,000	\$ 25,000	12.5%
Debt Service ¹	\$ 7,212,135	\$ 7,244,443	\$ 32,308	0.4%
Reserve Fund	\$ 900,000	\$ 900,000	\$ -	0.0%
Facilities Department	\$ 10,078,631	\$ 9,993,116	\$ (85,515)	-0.8%
Total	\$ 50,614,515	\$ 51,310,873	\$ 696,358	1.4%

¹ This is gross debt service, excluding any use of the Capital Projects Stabilization Fund to offset the High School Modulars debt service.



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Reserve Recommendations

- **Post-Employ. Benefits Fund \$ 1,512,318**
 - Current Balance \$6.98 million

- **Capital Stabilization Fund \$ 4,996,947***
 - Current Balance : \$16.6 million

**Net Amount. Assumes \$751,000 Appropriated from CSF*



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Capital Budget



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

CAPITAL BUDGET - ALL FUNDS ¹

	FY12	FY13	FY14	FY15	FY16	FY17
General Fund Debt	\$ 5,070,678	\$ 4,709,830	\$ 7,424,482	\$ 12,999,656	\$ 11,649,025	\$ 6,672,507
Water Debt/Cash Capital	\$ 145,100	\$ 965,500	\$ 1,095,500	\$ 1,166,500	\$ 1,015,500	\$ 220,500
Sewer Debt/Cash Capital	\$ 1,300,000	\$ 1,340,500	\$ 1,445,500	\$ 1,840,500	\$ 2,590,500	\$ 1,945,500
Recreation Enterprise Capital	\$ 165,000	\$ 46,000	\$ 261,750	\$ 240,000	\$ 261,500	\$ 65,000
Compost Revolving Fund	\$ 117,000	\$ 325,000	\$ -	\$ -	\$ 190,000	\$ -
Cash Capital/Other Available Funds	\$ 2,382,174	\$ 3,697,326	\$ 5,515,202	\$ 5,138,114	\$ 4,827,405	\$ 5,474,789
State Grant Funding ²	\$ 1,113,000	\$ 1,187,638	\$ 924,164	\$ 1,161,925	\$ 961,105	\$ 7,523,165
Total	\$ 10,292,952	\$ 12,271,794	\$ 16,666,598	\$ 22,546,695	\$ 21,495,034	\$ 21,901,461
CPA-Town Projects Only	\$ 1,161,863	\$ 2,020,851	\$ 12,185,500	\$ 9,705,875	\$ 1,639,611	\$ 667,000

¹ Excludes privately funded capital projects

² For FY17, includes Mass. Ave. intersection project and Chapter 90 funding



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Total Levy Supported Debt Service		
	Amount	Chg. Prior Yr.
FY11 Actual	\$ 4,669,173	
FY12 Actual	\$ 5,002,111	7%
FY13 Actual	\$ 5,269,343	5%
FY14 Actual	\$ 5,409,996	3%
FY15 Actual	\$ 5,811,641	7%
FY16 est. ¹	\$ 6,111,960	5%
FY17 proj. ²	\$ 6,420,273	5%
FY18 proj. ³	\$ 7,525,560	17%

¹ net of \$620,567 in debt service mitigation for H.S. Modulars

² net of \$751,000 in debt service mitigation for H.S Modulars

³ An estimated \$785,000 in debt service mitigation would be necessary to reach the target increase of 5% increase in debt service



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Free Cash, Tax Levy, and Other Available Funds			
	Free Cash	Tax Levy/ Other	Total
FY10	\$ 850,000	\$ 695,719	\$ 1,545,719
FY11	\$ 1,270,000	\$ 713,112	\$ 1,983,112
FY12	\$ 1,370,000	\$ 1,012,174	\$ 2,382,174
FY13	\$ 1,467,315	\$ 1,849,011	\$ 3,316,326
FY14 *	\$ 4,474,222	\$ 4,446,526	\$ 8,920,748
FY15	\$ 1,975,000	\$ 3,983,117	\$ 5,958,117
FY16	\$ 2,190,082	\$ 2,452,905	\$ 4,642,987
FY17	\$ 2,760,625	\$ 2,714,164	\$ 5,474,789
FY17-16 \$ Chg.	\$ 570,543	\$ 261,259	\$ 831,802
FY15-16 % Chg.	38.9%	14.1%	25.1%

** includes Free Cash used toward Community Center Purchase.*



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Total Proposition 2 1/2 Excluded Debt Service			
	Gross Excluded Debt Service	General Fund/Debt Service Tax Relief	Net Excl. Debt Service
FY12	\$ 5,751,833		
FY13	\$ 6,599,081	\$ 400,000	\$6,199,081
FY14	\$ 8,527,654	\$ 1,600,000	\$6,927,654
FY15	\$ 8,373,222	\$ 950,000	\$7,423,222
FY16	\$ 8,539,697	\$ 215,000	\$8,324,697
FY17	\$ 8,998,575	\$ -	\$8,998,575



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Significant Capital Projects-General Fund

- **Fire Ladder Truck** \$ 875,000
- **Center Streetscape** \$2,700,000
- **Road Improvements/Construction** \$2,525,835
- **Sidewalk Improvements** \$ 600,000
- **Cary Library Sidewalk** \$ 149,500
- **Pleasant Street Sidewalk** \$ 175,000
- **School Technology** \$1,198,000
- **Municipal and School Maintenance** \$1,514,249



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Significant Capital Projects-Consider for Excluded Debt

- **LHS Heating-Design** \$ 500,000
- **Hastings School Design** \$ 1,500,000
- **Diamond M.S. Renovations** \$44,541,900
- **Clarke M.S. Renovations** \$21,264,100
- **20 Pelham Rd. Purchase** \$ TBD
- **20 Pelham Rd. Access** \$ 150,000



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Capital Projects Recommended for Deferral

Hartwell Ave. Transp. Improve.	\$ 75,000
Fire HQ Exercise Room	\$ 80,000
Phone System-Phase V	\$ 203,000
School Paving Program	\$ 153,750
Visitor's Center	\$ 3,000,000
School Traffic Improvements	\$ 203,800
Mechanical/Electrical Systems	\$ 423,500
LHS Guidance Space Mining	\$ 138,000
LHS Nurse's Office	\$ 161,000
Building Resiliency Plan	\$ 50,000
LHS Visual Arts Sinks	\$ 32,729
Hastings Air Conditioning	\$ 74,650
Sidewalk Improvements	\$ 200,000
Hartwell Ave. Compost Site Imp.	\$ 200,000
Westview Cemetery Building Asses	\$ 270,000
Parking Lot Improvements	\$ 100,000
Staging for Special Events	\$ 60,000
Total	\$ 5,425,429



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Continuing Policy Issues

- **Planning for Large Capital Projects**
- **Continued Use of Capital Stabilization Fund**
- **Appropriation to Capital Stabilization Fund**
- **Continued OPEB Funding**
- **Sufficient Reserve for Contingencies**
- **Potential New Revenue Sources**



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Summit Financial Priorities

- **2005-2010:** Building Operating Reserves
- **2010-2015:** Invest/Address Deferred Maintenance in Existing Buildings and Roads
- **2014-2016:** Community Center: Purchase and Programming
- **2015-2020:** **Planning and Implementation for Significant Capital Projects due to School Enrollment Growth**



Town of Lexington

FY 2017 Preliminary Budget & Financing Plan

Next Steps

Staff to:

- Respond to questions on Operating and Capital Budget
- Develop Capital Projects Financing Model for Selectmen/Summit
- Assist the Board with Policy Issues
- Transmit budget to financial committees/town meeting members-
February 29

School Committee:

- Vote Final Recommended Operating and Cap. Budget – **Feb. 9**

Selectmen to:

- Approve Final Recommended Operating and Cap. Budget – **Feb. 22**