Town of Lexington

Summit III

FY 2016 Revenue Allocation Model

December 11, 2014

Town of Lexington-Financial Summit
Policy and Administrative Objectives

1. **Capital, Capital, Capital….**

2. **Reflect Policy Direction** of Selectmen/Summit
   - **Manage Debt Service:** Provide for Future Within-Levy Debt Service (5% growth limit)
   - **Continue Tax Relief**: For Bridge/Bowman/ Estabrook Excluded Debt Service
   - **Plan for Potential Capital Projects** (Fire Station; Police Station; Elementary and Middle School Capacity; Center Streetscape; New Hastings School; High School heating; Hartwell Ave. infrastructure)

3. **Provide for Sustainable/Measured Growth in Operating Budget:** Balanced against Capital Needs

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FY2016 Proposed Revenue Allocation		
	$ 192,981,462	**Projected FY2016 Revenues**
(1)	$ (86,623,929)	FY2015 school budget
(2)	$ (31,957,311)	FY2015 municipal budget
(3)	$ (1,300,000)	FY2016 Minuteman
(4)	$ (5,255,537)	FY2016 Contributory Retirement
(5)	$ (13,810)	FY2016 Non-Contributory Retirement
(6)	$ (23,919,102)	FY2016 Benefits
(7)	$ (200,000)	FY2016 Unemployment comp
(8)	$ (620,000)	FY2016 Workers' comp
(9)	$ (860,309)	FY2016 Property and Liability Insurance
(10)	$ (200,000)	FY2016 Uninsured Lossess
(11)	$ (6,778,150)	FY2016 Debt Service
(12)	$ (900,000)	FY2016 Reserve Fund
(13)	$ (9,911,631)	FY2016 Facilities Department Budget
(14)	$ (14,346,134)	Set-Aside for Designated Uses: set-aside for unanticipated FY15 needs ($200,000); set-aside for potential reduction in federal/state grants ($110,000); set-aside to mitigate the debt service impact of LHS modular classroom financing ($676,000); **appropriation into Capital Project/Debt Service Reserve/Building Renewal Stabilization Fund ($6,525,035)**; cash capital ($2,500,000); appropriation to OPEB Trust ($1,862,194); Street Improvement Program ($2,270,145); Municipal Building Envelope and Systems Program ($182,760); and, Senior Work-Off Program ($20,000).
(15)	**$ 10,095,550**	**Incremental Revenue**
(16)	73.1%	FY15 School Spending as % of FY15 general fund budget exclusive of Shared Expenses and Minuteman.
(17)	26.9%	FY15 Municipal Spending as % of FY15 general fund budget exclusive of Shared Expenses and Minuteman.
(18)	$ 7,374,827	School Share of incremental FY2016 revenue (8.5% increase over FY15 School Budget)
(19)	$ 2,720,722	Municipal Share of incremental FY2016 revenue (8.5% increase over FY15 Municipal Budget)

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	Description	FY2014 Appropriated	FY2015 Appropriated	FY2016 Proposed	FY2015 TO FY2016 Difference ($)	FY2015 TO FY2016 Difference (%)
1	**Projected Revenue**	**$ 174,900,943**	**$ 182,002,252**	**$ 192,981,462**	**$ 10,979,210**	**6.0%**
2	Minuteman (no estimate yet from MM)	$ 1,474,266	$ 1,475,279	$ 1,300,000	$ (175,279)	-11.9%
3	Contributory Retirement	$ 4,805,537	$ 5,005,573	$ 5,255,537	$ 249,964	5.0%
4	Non-Contributory Retirement	$ 12,907	$ 12,400	$ 13,810	$ 1,410	11.4%
5	Benefits *(FY14 Actual, FY15 Projected)*	$ 20,726,589	$ 22,367,651	$ 23,919,102	$ 1,551,451	6.9%
6	Unemployment Comp	$ 200,000	$ 200,000	$ 200,000	$ -	0.0%
7	Workers' Comp	$ 610,915	$ 610,000	$ 620,000	$ 10,000	1.6%
8	Property and Liability Insurance	$ 726,620	$ 776,455	$ 860,309	$ 83,854	10.8%
9	Uninsured Losses	$ 150,000	$ 175,000	$ 200,000	$ 25,000	14.3%
10	Debt Service	$ 5,534,823	$ 5,946,641	$ 6,778,150	$ 831,509	14.0%
11	Reserve Fund	$ 900,000	$ 900,000	$ 900,000	$ -	0.0%
12	Facilities Department	$ 9,760,460	$ 9,932,675	$ 9,911,631	$ (21,044)	-0.2%
14	Set Aside					
15	Cash Capital	$ 4,370,174	$ 3,274,891	$ 2,500,000	$ (774,891)	-23.7%
16	Street Program	$ 1,890,074	$ 2,254,924	$ 2,270,145	$ 15,221	0.7%
17	Mitigation debt service impacts of LHS Modular Classroom Financing		$ 919,000	$ 676,000	$ (243,000)	-26.4%
18	Building Envelope	$ 173,954	$ 178,303	$ 182,760	$ 4,457	2.5%
19	Senior Tax Work Off Program	$ 20,000	$ 20,000	$ 20,000	$ -	0.0%
20	OPEB	$ 775,000	$ 1,119,000	$ 1,862,194	$ 743,194	66.4%
21	Unanticipated Prior Year Expenses	$ 200,000	$ 200,000	$ 200,000	$ -	0.0%
22	Debt Service/Capital Stabilization Fund	$ 3,983,240	$ 6,160,726	$ 6,525,035	$ 364,309	5.9%
23	Set Aside: Federal Budget Reductions	$ -	$ 400,000	$ 110,000	$ (290,000)	-72.5%
24	Unallocated / Unidentified Needs	$ -	$ 1,961,309	$ -	$ (1,961,309)	-100.0%

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Town of Lexington - FY 2016 Budget
FY 2016 PreliminaryCapital Projects

TABLE I: FY2016 PROJECTS - GENERAL FUND DEBT

		AMOUNT FINANCED	TERM	INTEREST RATE	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
MUNICIPAL PROJECTS										
1	Parking Meter Replacement ($500,000)	$ -	5	4.0%		Fund debt service from Parking Meter Fund				
2	Fire Pumper $500,000)	$ -	5	4.0%		Fund from settlement Proceeds				
3	Fire Station Design	TBD	10	4.0%		TBD	TBD	TBD	TBD	TBD
4	Cary Library Internal Reconfiguration ($375,000)	$ -	5	4.0%		Any general fund support to be requested in FY17 capital budget				
5	Software (Police & Fire/EMS)	$ 253,000	5	4.0%		$ 5,060	$ 60,720	$ 58,696	$ 56,672	$ 54,648
6	Center Streetscape Improvements	$ 4,000,000	10	4.0%		$ -	$ 80,000	$ 560,000	$ 544,000	$ 528,000
7	Equipment Replacement ($770,000)	$ 469,000	10	4.0%		$ 9,380	$ 65,660	$ 63,784	$ 61,908	$ 60,032
8	Storm Drainage Improvements and NPDES compliance	$ 194,425	10	4.0%		$ 3,889	$ 27,220	$ 26,442	$ 25,664	$ 24,886
9	Comprehensive Watershed Storm Water Management Study and Implementation	$ 390,000	10	4.0%		$ 7,800	$ 54,600	$ 53,040	$ 51,480	$ 49,920
10	Sidewalk Improvement	$ 600,000	5	4.0%		$ 12,000	$ 144,000	$ 139,200	$ 134,400	$ 129,600
11	Town Wide Culvert Replacement	$ 100,000	10	4.0%		$ 2,000	$ 14,000	$ 13,600	$ 13,200	$ 12,800
12	Hartwell Avenue Infrastructure Improvements	$ 4,750,000	10	4.0%		$ -	$ 95,000	$ 665,000	$ 646,000	$ 627,000
13	Hastings Park Underground Wires	$ 300,000	10	4.0%		$ 6,000	$ 42,000	$ 40,800	$ 39,600	$ 38,400
14	Lincoln Park Field Improvements (Total project cost=$650,000)	$ 236,500	10	4.0%		$ 4,730	$ 33,110	$ 32,164	$ 31,218	$ 30,272
	Subtotal	**$ 11,292,925**				**$ 50,859**	**$ 616,310**	**$ 1,652,726**	**$ 1,604,142**	**$ 1,555,558**
FACILITIES PROJECTS										
1	Renovation & Update of Diamond Kitchen and Cafeteria	$ 1,100,000	10	4.0%		$ 22,000	$ 154,000	$ 149,600	$ 145,200	$ 140,800
2	Clarke Middle School Circulation and Parking Improvements	$ 363,000	5	4.0%		$ 7,260	$ 87,120	$ 84,216	$ 81,312	$ 78,408
3	LHS Phase 2 Overcrowding Completion	$ 90,200	5	4.0%		$ 1,804	$ 21,648	$ 20,926	$ 20,205	$ 19,483
4	Public Facilities Mechanical/Electrical System Replacements	$ 463,000	5	4.0%		$ 9,260	$ 111,120	$ 107,416	$ 103,712	$ 100,008
5	Elementary School Short Term Capacity Increase (Modular Classroom	TBD	10	4.0%		TBD	TBD	TBD	TBD	TBD
6	Lexington Public School Educational Capacity Increase - Design	$ 1,000,000	10	4.0%		$ 20,000	Short term financing within levy limit/Design bond and construction outside levy limit			
7	LHS Heating Systems Upgrade Phases 2 & 3 - Design	$ 518,000	10	4.0%		$ 10,360	Short term financing within levy limit/Design bond and construction outside levy limit			
	Subtotal	**$ 3,534,200**				**$ 70,684**	**$ 373,888**	**$ 362,158**	**$ 350,429**	**$ 338,699**
SCHOOL PROJECTS										
1	LPS Technology Capital Request	$ 1,378,000	5	4.0%		$ 27,560	$ 330,720	$ 319,696	$ 308,672	$ 297,648
2	Additional Time Clock System Funds	$ 208,000	5	4.0%		$ 4,160	$ 49,920	$ 48,256	$ 46,592	$ 44,928
	Subtotal	**$ 1,586,000**				**$ 31,720**	**$ 380,640**	**$ 367,952**	**$ 355,264**	**$ 342,576**
	TOTAL LEVY SUPPORTED GROSS DEBT SERVICE	**$ 16,413,125**				**$ 153,263**	**$ 1,370,838**	**$ 2,382,836**	**$ 2,309,835**	**$ 2,236,834**

	AUTHORIZED LEVY SUPPPORTED DEBT SERVICE	FY14	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
A	Subtotal - Approved and Issued Levy Supported Debt Service			$ 5,175,914	$ 4,346,546	$ 3,131,705	$ 2,485,904	$ 1,621,341
B	Subtotal - Estimated Debt Service - Approved and Unissued Levy Supported Debt Service (short and long-term debt)			$ 1,318,209	$ 2,016,893	$ 1,954,538	$ 1,892,183	$ 1,829,828
C	**Summary - Debt Service on authorized debt**			**$ 6,494,123**	**$ 6,363,440**	**$ 5,086,244**	**$ 4,378,087**	**$ 3,451,170**
D	Subtotal - Projected New Levy Supported Net Debt Service			$ 153,263	$ 1,370,838	$ 2,382,836	$ 2,309,835	$ 2,236,834
E	Subtotal - Other Debt-related costs			$ 130,764	$ 135,341	$ 140,078	$ 144,981	$ 150,055
F	TOTAL - PROJECTED LEVY SUPPORTED DEBT SERVICE	$ 5,534,823	$ 6,730,641	$ 6,778,150	$ 7,869,618	$ 7,609,158	$ 6,832,903	$ 5,838,058
G	PROPOSED USE OF STABILIZATION FUNDS TO MITIGATE DEBT SERVICE IMPACTS OF LHS MODULAR BUILDINGS CONSTRUCTION PROJECT		$ (919,000)	$ (676,000)	$(1,462,500)	$ (882,000)		
H	**PROJECTED NET LEVY SUPPORTED DEBT SERVICE**		**$ 5,811,641**	**$ 6,102,150**	**$ 6,407,118**	**$ 6,727,158**	**$ 6,832,903**	**$ 5,838,058**
	% Change Gross Debt Service		21.6%	0.71%	16.10%	-3.31%	-10.20%	-14.56%
	% Change net of Modular Mitigation		5.0%	5.00%	5.00%	5.00%	1.57%	-14.56%

$5.811 million to $6.102 million.

Policy Issues for Consideration

1. Free Cash Set-Asides

- Potential Federal Budget Reductions: **$ 110,000**
- Cash Capital: **$2,500,000**
- Capital Projects Stab. Fund **$6,525,000**

2.Continue Tax Relief

- Excluded Debt Service (School projects): **$ 350,000**
- High School Modulars: **$ 676,000**