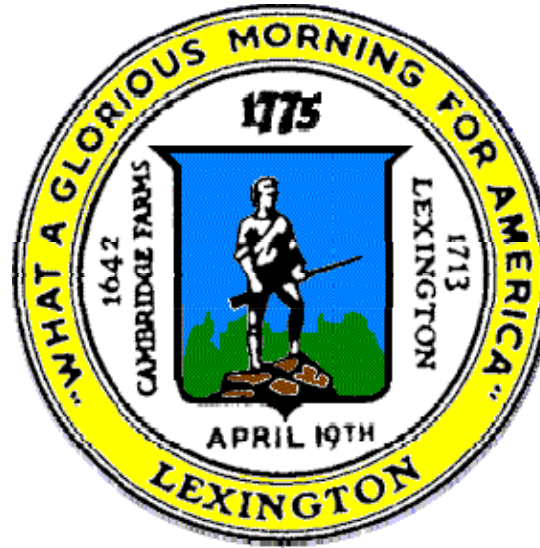


Town of Lexington



FY2019 Preliminary Budget & Financing Plan

Presented to the Board of Selectmen

January 22, 2018

Carl F. Valente, Town Manager
Carolyn Kosnoff, Assistant Town Manager for Finance
Jennifer Hewitt, Budget Officer
And the
Senior Management Team



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

***The Proposed Budgets
Recommended by the
Town Manager and
Superintendent of Schools
provide for a
Balanced Town Budget***



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Key Operating, Capital and Reserve Recomm.:

- ***Address Key Capital Projects***
- ***Appropriate \$3.5 million into Capital Stab. Fund***
- ***Appropriate \$380,000 from Capital Stab. Fund for within-levy debt service***
- ***Appropriate \$3.6 million from Capital Stab. Fund for excluded debt service to provide property tax relief***
- ***Provide Unallocated Revenue of \$371,000***



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Part 1:

General Fund Revenue Projections

Increase in Revenues Over Prior Year	\$ Chg.	% Chg.
FY2019 Projected	\$ 7,715,137	3.6%
FY2018 Estimated	\$ 9,427,551	4.6%
FY2017	\$ 6,526,145	3.3%
FY2016	\$12,569,390	6.8%
FY2015	\$ 4,748,051	2.6%
FY2014	\$ 9,671,248	9.4%
FY2013	\$ 7,273,503	4.7%
FY2012	\$ 5,547,158	4.6%



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Revenue Allocation Model

	Schools	Municipal	Total
FY2019 Revenue Allocation (as revised)	\$ 108,644,540	\$ 38,166,056	\$ 146,810,596
FY2019 Recommended Budget	\$ 108,614,663	\$ 37,746,832	\$ 146,361,495
Difference	\$ 29,877	\$ 419,224	\$ 449,101

For the purpose of the Revenue Allocation Model, the Total excludes Shared Expenses, Capital and Appropriations to reserves.



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Proposed New Revenue Sources

- 1. Adjust Plumbing and ZBA Permit Fees**
 - 2. Consider Visitor/Tourist Based Fees and Fundraising Options for Visitors Center**
-

- Consider Stormwater Management Fee*



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

Part 2:
Recommended FY2019
Operating Budget



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Selectmen's Goals/Priorities

- 1. Police Facility Design**
- 2. Pedestrian, Bicycle, Vehicle Safety**
- 3. Implementation of 20/20 Report on Diversity Advisory Task Force** *(BOS and SC)*
- 4. Improving Public Information/Citizen Outreach**
- 5. Community Mental Health Programs** *(BOS and SC)*



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Continuing Financial/Budget Priorities

- **Continue/Update Plan for Financing Capital**
 - **Within the Tax Levy**
 - **Excluded Debt**
- **Limit Operating Budget Increases**
- **Continue Funding of Capital Stabilization Fund**
- **Continue Funding of Post Employment Benefits Liability**



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

FY2019 Budget Summary

	FY2018 Appropriated	FY2019 Recommended Budget	\$ Change	% Change
Lexington Public Schools	\$ 101,655,183	\$ 108,614,663	\$ 6,959,480	6.85%
Minuteman High School	\$ 1,670,351	\$ 2,149,281	\$ 478,930	28.67%
Shared Expenses	\$ 56,999,638	\$ 58,922,490	\$ 1,922,853	3.37%
Municipal Departments	\$ 35,485,563	\$ 37,437,719	\$ 1,952,156	5.50%
Cash Capital-Tax Levy and Available Funds	\$ 6,421,619	\$ 6,948,893	\$ 527,274	8.21%
Other	\$ 10,133,271	\$ 6,200,306	\$ (3,932,965)	-38.81%
Total - General Fund Only	\$ 212,365,625	\$ 220,273,352	\$ 7,907,728	3.7%

LPS Recommended Budget for FY2019 includes benefits for new proposed positions which, if approved, become a Shared Expense



Town of Lexington

FY2019 Recommended Budget & Financing Plan

Shared Expenses

Shared Expenses	FY2018 Restated Budget	FY2019 Recommended Budget	\$ Change	% Change
Contributory Retirement	\$ 5,755,537	\$ 6,005,537	\$ 250,000	4.3%
Non-Contributory Retirement	\$ 14,620	\$ 15,070	\$ 450	3.1%
Employee Benefits	\$ 27,773,351	\$ 28,013,213	\$ 239,862	0.9%
Unemployment	\$ 200,000	\$ 200,000	\$ -	0.0%
Workers Compensation	\$ 807,136	\$ 867,059	\$ 59,923	7.4%
Property & Liability Insurance	\$ 738,893	\$ 769,839	\$ 30,946	4.2%
Uninsured Losses	\$ 250,000	\$ 250,000	\$ -	0.0%
Solar Producer Payments	\$ 410,000	\$ 410,000	\$ -	0.0%
Within-Ley Debt Service ¹	\$ 9,557,115	\$ 10,775,744	\$ 1,218,629	12.8%
Reserve Fund	\$ 900,000	\$ 900,000	\$ -	0.0%
Facilities Department	\$ 10,592,986	\$ 10,716,027	\$ 123,042	1.2%
Total	\$ 56,999,638	\$ 58,922,490	\$ 1,922,853	3.4%

¹ This is gross within-levy debt service, excluding any use of the Capital Projects Stabilization Fund and other reserve accounts.



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Part 3

Reserves and Unallocated Revenue



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Appropriate Into Reserve Funds

- Post-Employ. Benefits Fund \$ 1,842,895

- Current Balance \$12.091 million
- Updated Liability thru 2047 \$ 200 million

- Capital Stabilization Fund \$ 3,500,000*

- Current Balance : \$28.3 million

* Recommendation is to Appropriate \$3,980,000 from CSF



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

Unallocated Revenue

\$371,000



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

Part 4:

Capital Budget



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Significant Capital Projects-General Fund

- **Center Ath. Complex:Track/Field & Lights** \$ 4,315,000
- **Road Improvements/Construction** \$ 2,600,000
- **Sidewalk Improvements** \$ 800,000
- **LCP Construction** \$11,798,000
- **Police Station Design** \$ 1,163,000
- **Fire Station Construction** \$18,821,000
- **Pelham Road/Sidewalk Improve.** \$ 1,400,000
- **Westview Cemetery Bldg. Constr.** \$ 3,040,000
- **Visitors Center Design** \$ 200,000
- **Center Streetscape Design** \$ 450,000



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

CAPITAL BUDGET: ALL FUNDS - APPROPRIATED

	FY14	FY15	FY16	FY17	FY18	FY19
General Fund Debt ¹	\$ 7,424,482	\$ 12,999,656	\$ 7,569,025	\$ 6,672,507	\$ 8,094,626	\$ 7,090,545
Exempt Debt	\$ -	\$ -	\$ 9,466,000	\$ 63,697,200	\$ 69,095,718	\$ 32,481,164
Water Debt/Cash Capital	\$ 1,095,500	\$ 1,166,500	\$ 1,015,500	\$ 220,500	\$ 1,095,000	\$ 1,480,000
Sewer Debt/Cash Capital	\$ 1,445,500	\$ 1,840,500	\$ 2,590,500	\$ 1,945,500	\$ 1,820,000	\$ 2,175,000
Recreation Enterprise Capital	\$ 261,750	\$ 240,000	\$ 261,500	\$ 65,000	\$ 55,000	\$ 60,000
Compost Revolving Fund	\$ -	\$ -	\$ 190,000	\$ -	\$ 725,000	\$ -
Cash Capital/Other Available Funds	\$ 5,515,202	\$ 5,138,114	\$ 4,827,405	\$ 5,474,789	\$ 6,421,619	\$ 7,043,693
Westview Cemetery Building	\$ -	\$ -	\$ -	\$ -	\$ 270,000	\$ 3,040,000
Street Betterments	\$ -	\$ -	\$ -	\$ -	\$ 147,000	\$ -
CPA-Town Projects Only	\$ 12,185,500	\$ 9,705,875	\$ 1,639,611	\$ 667,000	\$ 3,767,030	\$ 4,241,000
Total	\$ 27,927,934	\$ 31,090,645	\$ 27,559,540	\$ 78,742,496	\$ 91,490,993	\$ 57,611,402
CPA- Other Projects	\$ -	\$ -	\$ -	\$ -	\$ 136,462	\$ 200,000
State Grant Funding ²	\$ 924,164	\$ 1,161,925	\$ 961,105	\$ 7,523,165	\$ 971,016	\$ 969,936

¹ Excludes Police Station Design (prospective exempt debt) which is included in the exempt debt category

³ Chapter 90 funding; FY17 includes Mass. Ave. intersection project



Town of Lexington

FY20189 Preliminary Budget & Financing Plan

Total Levy Supported Debt Service		
	Amount	Chg. Prior Yr.
FY11 Actual	\$ 4,614,721	
FY12 Actual	\$ 4,631,164	0.4%
FY13 Actual	\$ 5,624,308	21.4%
FY14 Actual	\$ 5,416,793	-3.7%
FY15 Actual	\$ 5,605,620	3.5%
FY16 Actual ¹	\$ 6,109,594	9.0%
FY17 Actual ²	\$ 6,327,701	3.6%
FY18 Estimated ³	\$ 6,870,008	8.6%
FY19 Projected ⁴	\$ 7,213,737	5.0%

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, Amt. budgeted @ \$6,489,000

³ Net of \$324,500 in debt service mitigation, \$11,120 for projects supported by non-tax revenue and \$2,351,487 to retire notes for 173 Bedford St. and 20 Pelham Rd. land purchases.

⁴ Net of \$380,000 in debt service mitigation, \$132,007 for projects supported by non-tax revenue and \$3,050,000 to retire notes for 173 Bedford St. and 20 Pelham Rd. land purchases.



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Total Cash Capital Funding			
	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	\$ 2,842,143	\$ 5,474,789
FY18	\$ 3,350,000	\$ 2,737,640	\$ 6,087,640
FY19	\$ 4,150,000	\$ 2,893,693	\$ 7,043,693
FY18-19 \$Change	\$ 800,000	\$ 156,053	\$ 956,053
FY18-19 %Change	23.9%	5.7%	28.8%

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



Town of Lexington

FY2019 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	% Change
FY12	\$ 5,751,833	\$ -	\$ 5,751,833	
FY13	\$ 6,599,081	\$ 400,000	\$ 6,199,081	7.8%
FY14	\$ 8,527,654	\$ 1,600,000	\$ 6,927,654	11.8%
FY15	\$ 8,373,222	\$ 950,000	\$ 7,423,222	7.2%
FY16	\$ 8,539,697	\$ 215,000	\$ 8,324,697	12.1%
FY17	\$ 8,330,185	\$ -	\$ 8,330,185	0.1%
FY18	\$ 10,692,689	\$ 2,400,000	\$ 8,292,689	-0.5%
FY19	\$ 13,648,527	\$ 3,600,000	\$ 10,048,527	21.2%



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

**FY 2019 Residential Tax Bill Impact
of Excluded Debt**

With Capital Stabilization Fund Mitigation

3.2% - 3.7%



Town of Lexington
FY2019 Preliminary Budget & Financing Plan

Paydown of Land Purchases

Fiscal Year	Total Purchase Amount	BAN Paydown	Remaining Balance
FY17	12,443,000	\$ -	\$ 12,443,000
FY18		\$ 2,351,487	\$ 10,091,513
FY19		\$ 3,050,000	\$ 7,041,513



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Part 5:

Continuing Policy Issues

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



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Budget History-Selectmen/Summit 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 and Public Safety Needs
- **2020–2025:** **New Five-Year Capital Master Plan (School Facilities, Community Center)**



Town of Lexington

FY2019 Preliminary Budget & Financing Plan

Next Steps

- Municipal and School Staff to Respond to questions on Operating and Capital Budget
- BOS/Summit to Review Policy Issues
- Transmit BOS recommended budget to financial committees/town meeting members - **March 5**
- Approve Final Recommended Operating and Cap. Budget – **Feb. 26**

Earliest Date for Town Meeting to Consider Financial Articles – April 2