

# Town of Lexington



## Summit II

# FY2020 Revenue Projections and Revenue Allocation

December 6, 2018



# *Town of Lexington*

## *Financial Summit II*

### Overview: FY2019 Estimated, FY2020 Projected Revenues

General Fund Revenue Summary	FY2019 Estimate (as rev. Nov. 2018)	FY2020 Projected	FY2019-20 Change		Brown Book Est.	
			\$	%	FY18-19 Change	FY17-18 Change
Gross General Fund Revenue	\$ 221,321,631	\$ 229,265,581	\$ 7,943,950	3.59%	4.0%	4.9%
Less: Revenue Set-Aside for Designated Expenses	\$ 12,951,982	\$ 12,334,247	\$ (617,735)	(4.77)%		
Net General Fund Revenue	\$ 208,369,649	\$ 216,931,334	\$ 8,561,685	4.11%	6.0%	5.6%



# *Town of Lexington*

## *Financial Summit II*

### **Revenues Set-Aside for Designated Expenses - FY2020**

	Tax Levy	Free Cash	Other	Total
1 Set-Aside for Unanticipated Current Fiscal Year Needs		\$ 200,000		\$ 200,000
2 Other Post-Employment Benefits (OPEB)	\$ 750,000	\$ 1,129,721		\$ 1,879,721
3 Unallocated		\$ 1,000,000		\$ 1,000,000
4 Cash Capital		\$ 3,700,000		\$ 3,700,000
5 Appropriate <u>into</u> Capital Stabilization Fund	\$ 63,241	\$ 1,536,759		\$ 1,600,000
6 Appropriate <u>from</u> Capital Stabilization Fund			\$ 225,000	\$ 225,000
7 Transition Free Cash out of Operating Budget		\$ 700,000		\$ 700,000
8 Street Improvement Program	\$ 2,616,801			\$ 2,616,801
9 Municipal Building Envelope and Systems	\$ 203,865			\$ 203,865
10 Warrant Articles	—			—
11 Subtotal	\$ 3,633,907	\$ 8,266,480	\$ 225,000	\$ 12,125,387
12 Revenue to Support Operating Budget		\$ 2,900,000		\$ 2,900,000
13 Retire Note for Land Purchases - Debt Service		\$ 2,234,614		\$ 2,234,614
14 Grand Total	\$ 3,633,907	\$ 13,401,094	\$ 225,000	\$ 17,260,001



## *Town of Lexington* *Financial Summit II*

### **Revenues Set-Aside for Designated Expenses - FY2017-FY2020**

	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>Variance</b>
1 Set-Aside for Unanticipated Current Fiscal Year Needs	\$ —	\$ —	\$ —	200,000	\$ 200,000
2 Other Post-Employment Benefits (OPEB)	\$ 1,512,318	\$ 1,829,721	\$ 1,829,721	\$ 1,879,721	\$ 50,000
3 Unallocated	\$ —	\$ —	\$ —	\$ 1,000,000	\$ 1,000,000
4 Cash Capital	\$ 2,905,265	\$ 3,683,979	\$ 4,050,245	\$ 3,700,000	\$ (350,245)
5 Appropriate <u>into</u> Capital Stabilization Fund	\$ 6,991,205	\$ 7,690,398	\$ 3,415,331	\$ 1,600,000	\$ (1,815,331)
6 Appropriate <u>from</u> Capital Stabilization Fund	\$ 710,000	\$ 324,500	\$ 573,500	\$ 225,000	\$ (348,500)
7 Transition Free Cash out of Operating Budget	\$ —	\$ —	\$ —	\$ 700,000	\$ 700,000
8 Street Improvement Program	\$ 2,526,835	\$ 2,542,927	\$ 2,600,000	\$ 2,616,801	\$ 16,801
9 Municipal Building Envelope and Systems	\$ 187,329	\$ 194,713	\$ 198,893	\$ 203,865	\$ 4,972
10 Warrant Articles	\$ 70,000	\$ 393,000	\$ 70,000	\$ —	\$ (70,000)
11 Subtotal	\$14,902,952	\$ 16,659,238	\$12,737,690	\$ 12,125,387	\$ (612,303)
12 Revenue to Support Operating Budget	\$ 3,918,300	\$ 3,800,000	\$ 3,740,000	\$ 2,900,000	\$ (840,000)
13 Retire Note for Land Purchases - Debt Service	\$ —	\$ 2,351,487	\$ 3,050,000	\$ 2,234,614	\$ (815,386)
14 Grand Total	\$18,821,252	\$ 22,810,725	\$19,527,690	\$ 17,260,001	\$ (2,267,689)



# Town of Lexington Financial Summit II

## Revenue Allocation History

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
1 Total Revenue	\$180,117,971	\$192,981,462	\$197,586,175	\$209,665,006	\$221,900,289	\$229,265,581
2 Revenue Increase	\$8,191,602	\$12,863,491	\$4,604,713	\$12,078,831	\$12,235,283	\$7,365,292
3 % Revenue Increase	4.8%	7.1%	2.4%	6.1%	5.8%	3.3%
4 Total Allocation	\$8,829,666	\$10,095,549	\$8,999,119	\$8,723,038	\$9,444,671	\$7,945,246
<b>5 % of Prior Year Budget</b>	<b>7.9%</b>	<b>8.5%</b>	<b>7.2%</b>	<b>6.6%</b>	<b>6.9%</b>	<b>5.4%</b>
6 Used - School	86.9%	81.9%	85.9%	70.8%	98.9%	
7 Used - Town	57.0%	59.6%	39.2%	34.8%	90.7%	
8 Unused Allocation	\$1,883,592	\$2,432,273	\$2,389,769	\$3,368,777	\$302,249	
9 % Unused	21.3%	24.1%	26.6%	38.6%	3.2%	



# Town of Lexington Financial Summit II

## FY2020 Revenue Allocation Model

\$229,266		Projected FY2020 Revenue			
		Shared	Municipal	School	(\$s in 000s)
(1)	\$ (108,111)	\$ —	\$ —	\$ (108,111)	FY2019 school budget
(2)	\$ (38,270)	\$ —	\$ (38,270)	\$ —	FY2019 municipal budget
(3)	\$ (214)	\$ —	\$ (214)	\$ —	Tax Levy Support of Community Center (Article 5)
(4)	\$ (2,504)	\$ (2,504)	\$ —	\$ —	FY2020 Minuteman
(5)	\$ (6,406)	\$ (6,406)	\$ —	\$ —	FY2020 Contributory Retirement
(6)	\$ (15)	\$ (15)	\$ —	\$ —	FY2020 Non-Contributory Retirement
(7)	\$ (28,723)	\$ (28,723)	\$ —	\$ —	FY2020 Benefits
(8)	\$ (200)	\$ (200)	\$ —	\$ —	FY2020 Unemployment
(9)	\$ (875)	\$ (875)	\$ —	\$ —	FY2020 Workers' comp
(10)	\$ (882)	\$ (882)	\$ —	\$ —	FY2020 Property and Liability Insurance
(11)	\$ (250)	\$ (250)	\$ —	\$ —	FY2020 Uninsured Losses
(12)	\$ (410)	\$ (410)	\$ —	\$ —	FY2020 Solar Production Payment
(13)	\$ (7,575)	\$ (7,575)	\$ —	\$ —	FY2020 Debt Service
(14)	\$ (900)	\$ (900)	\$ —	\$ —	FY2020 Reserve Fund
(15)	\$ (11,431)	\$ (11,431)	\$ —	\$ —	FY2020 Facilities Department Budget
(16)	\$ (196)	\$ (196)	\$ —	\$ —	Facilities PIRs for Painting and Security
(17)	\$(14,359)	\$ (1,000)	\$ —	\$ —	Set-Aside for as yet identified needs;
		\$ (200)	\$ —	\$ —	Unanticipated Current Fiscal Year Needs;
		\$ (225)	\$ —	\$ —	Debt Service Mitigation
		\$ (1,600)	\$ —	\$ —	Capital Stabilization Fund
		\$ (700)	\$ —	\$ —	Transition Free Cash out of Operating Budget - 1st of 5 years
		\$ (2,235)	\$ —	\$ —	Pay Down Principal for Land Purchases
		\$ (3,700)	\$ —	\$ —	Cash Capital
		\$ (1,880)	\$ —	\$ —	OPEB
		\$ (2,617)	\$ —	\$ —	Street Improvement Program
		\$ (203)	\$ —	\$ —	Building Envelope Program
(18)	\$ (221,321)	\$ (74,726)	\$ (38,484) 26.3%	\$ (108,111) 73.7%	Base Budget - Used for Allocation Percentage - Municipal and School Only
(19)	\$ 7,944		\$ 2,086 5.4%	\$ 5,859 5.4%	Incremental Revenue Percent of Current Budget



# *Town of Lexington*

## *Financial Summit II*

### **Shared Expenses - FY2017-FY2020**

	<b>FY2017 Actual</b>	<b>FY2018 Actual</b>	<b>FY2019 Budget</b>	<b>FY2020 Projected</b>	<b>Variance</b>
1 Minuteman Regional High School	\$ 1,377,449	\$ 1,670,351	\$ 2,126,217	\$ 2,503,546	\$ 377,329
2 Contributory Retirement	\$ 5,442,774	\$ 5,697,982	\$ 6,005,537	\$ 6,405,537	\$ 400,000
3 Non-Contributory Retirement	\$ 14,227	\$ 14,647	\$ 15,070	\$ 15,276	\$ 206
4 Benefits (Health, Dental, Life, Medicare)	\$24,223,413	\$ 24,557,720	\$28,445,872	\$28,722,657	\$ 276,785
5 Unemployment	\$ 70,551	\$ 181,840	\$ 200,000	\$ 200,000	\$ —
6 Workers' Comp	\$ 625,554	\$ 612,552	\$ 882,380	\$ 875,000	\$ (7,380)
7 Property and Liability Insurance	\$ 719,391	\$ 712,531	\$ 769,839	\$ 882,304	\$ 112,465
8 Uninsured Losses	\$ 16,121	\$ 106,561	\$ 250,000	\$ 250,000	\$ —
9 Solar Production Payment	\$ —	\$ 355,257	\$ 410,000	\$ 410,000	\$ —
10 Debt Service	\$ 6,301,120	\$ 6,408,550	\$ 7,213,444	\$ 7,574,887	\$ 361,443
11 Reserve Fund	\$ —	\$ —	\$ 900,000	\$ 900,000	\$ —
12 Facilities Department Budget	\$10,094,176	\$ 10,334,478	\$10,733,728	\$11,627,226	\$ 893,498
<b>13 Grand Total</b>	<b>\$48,884,776</b>	<b>\$ 50,652,469</b>	<b>\$57,952,087</b>	<b>\$60,366,433</b>	<b>\$ 2,414,346</b>



## *Town of Lexington Financial Summit II*

### **Policy Issues for Consideration:**

1. Review plan for eliminating Free Cash in Operating Budget
2. How best to use one-time funding?
  - Retire note for Land Purchases
  - Cash Capital
  - Transfer into Capital Stabilization Fund
3. Future Capital Plan - inventory current needs, prioritize projects
4. Review Policy for Within Levy Debt Service