



# FY2018 Budget Recommendation and Financial Presentation

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Wednesday, January 25, 2017

# The Budget Picture - FY2018

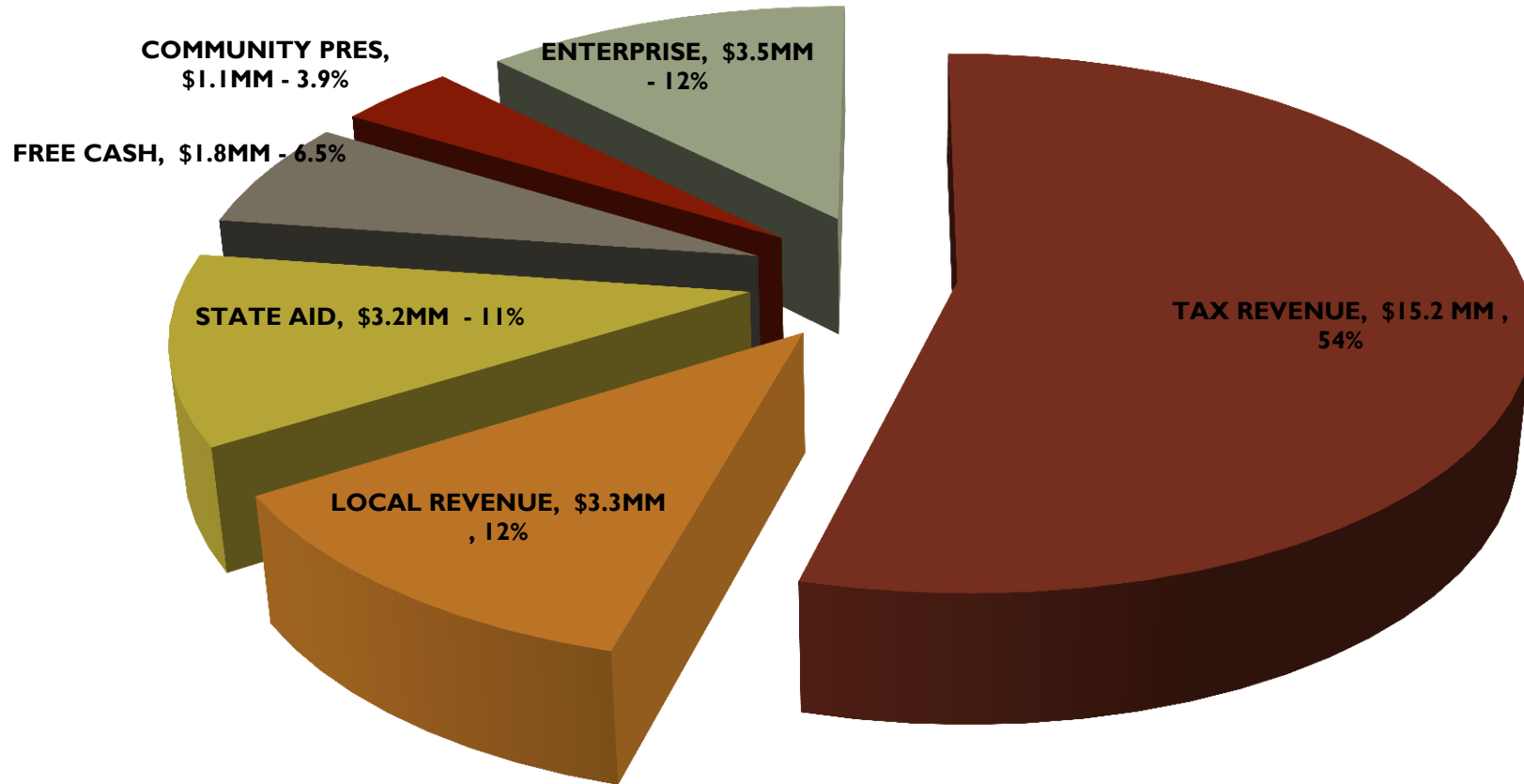
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- ▶ \$28.1 million budget
- ▶ 2.5% levy increase over FY2017; Greater reliance on reserves to fund capital
- ▶ Provides funding for existing services and strategic priorities
- ▶ Conservative local revenue assumptions
- ▶ Assumes flat State aid and assessments

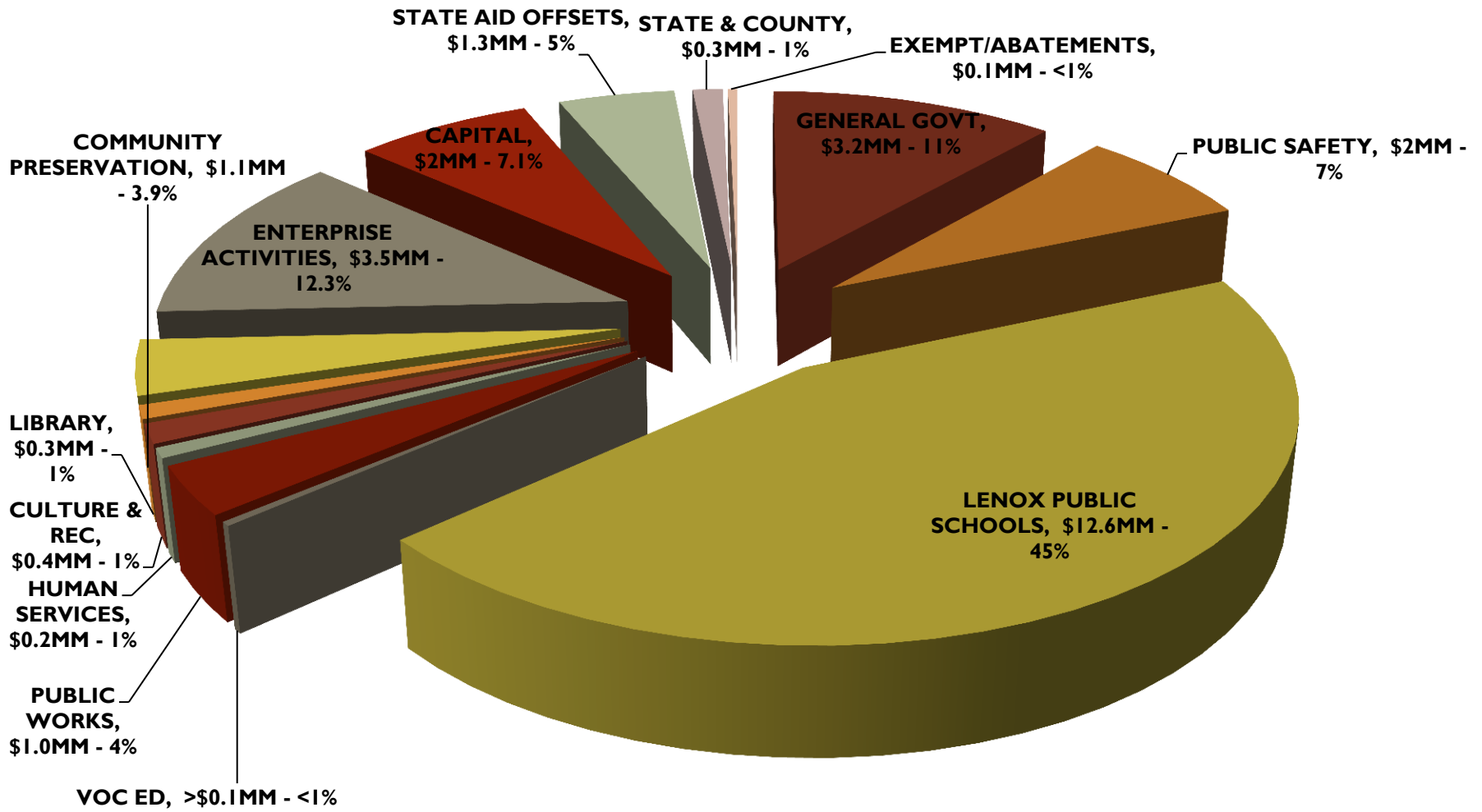


# Where does the money come from?

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# Where does the money go?



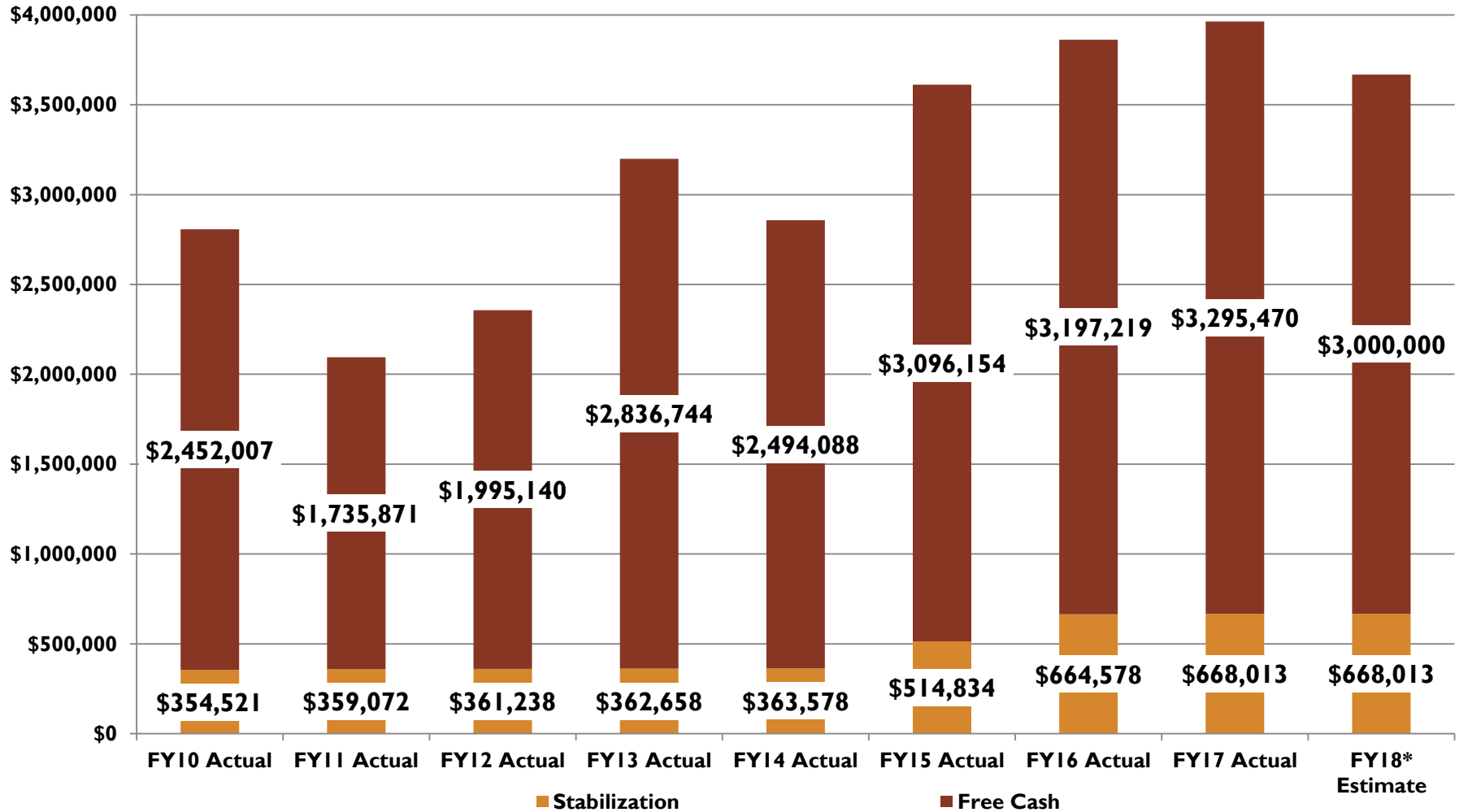
# Current Reserve Positions

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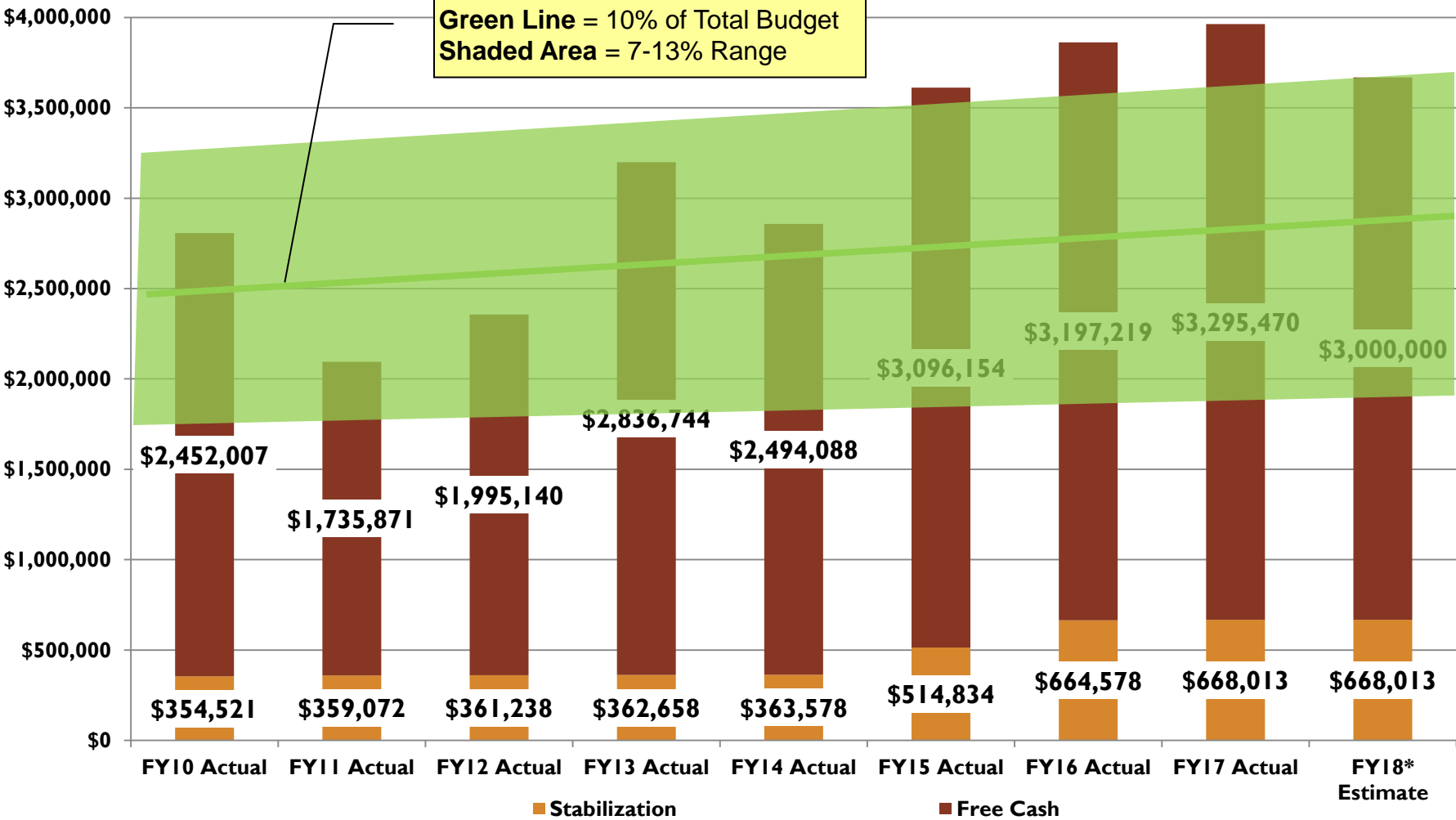
- ▶ Free Cash (available general fund balance) - \$3,295,470
- ▶ Stabilization Funds - \$668,013
- ▶ Other Post Employment Benefits (OPEB) - \$2,318,172
- ▶ Water Enterprise Retained Earnings - \$477,177
- ▶ Waste Water Enterprise Retained Earnings - \$328,839
- ▶ Excess Levy Capacity (a.k.a. “soft” reserve) - \$916,861



# Financial Reserves (FY10 – FY18\*)



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# Financial Metrics Recap

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- ▶ S&P AAA bond rated credit (one of two in the Berkshires)
- ▶ Reserves – Very strong
- ▶ OPEB Plan – Ahead of peers; need to maintain focus
- ▶ Capital – PBC ramping-up; Ahead of peers; out-year challenges
- ▶ Operating – Maintaining core services with several strategic initiatives





# Departmental Budget Highlights

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- ▶ Town Manager's Budget provides for all existing municipal services and several strategic initiatives
  - ▶ Town Manager's Budget fully funds Superintendent of Schools Operating and Capital Budget requests
  - ▶ Strategic Initiatives
    - ▶ Capital Plan – Up \$200k
    - ▶ Enhanced evaluation/mitigation of traffic issues
    - ▶ Additional services in Assessing/Land Use
    - ▶ Staff development/training
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# Departmental Budget Highlights

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## ▶ Strategic Initiatives (continued)

- ▶ Compensated Absences Liability
- ▶ Potential flexibility to bring on HR position
- ▶ Potential flexibility to expand relationship with LXLB
- ▶ Budget accommodates shared CAO decision

## ▶ Additional Costs

- ▶ End of surplus MSBA payments for LMMHS - \$334k
- ▶ Berkshire County Retirement Assessment – Up 8% from FY2017
- ▶ Health Insurance Mitigation Plan (TBD - negotiated)
- ▶ Minimum Wage increases (LCC, Elections)



<b>TOWN OF LENOX</b>	<b>FISCAL 2017</b>	<b>FISCAL 2018</b>	<b>FISCAL 2019</b>	<b>FISCAL 2020</b>
<b>TAX LEVY DASHBOARD</b>	<b>FINAL</b>	<b>PROJECTED</b>	<b>PROJECTED</b>	<b>PROJECTED</b>
<b>MAXIMUM ALLOWABLE TAX LEVY CALCULATION:</b>				
<b>Base</b>	<b>15,532,904</b>	<b>16,072,858</b>	<b>16,624,679</b>	<b>17,190,296</b>
<b>Maximum allowable tax levy increase (2 1/2%)</b>	<b>388,323</b>	<b>401,821</b>	<b>415,617</b>	<b>429,757</b>
<b>New Growth</b>	<b>151,631</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Overrides</b>				
<b>Capital Outlay Exclusions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt Exclusions Current</b>	<b>(333,951)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt Exclusions Authorized/Unissued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MAXIMUM ALLOWABLE TAX LEVY</b>	<b>15,738,907</b>	<b>16,624,679</b>	<b>17,190,296</b>	<b>17,770,054</b>
<b>ACTUAL LEVY</b>	<b>14,822,046</b>	<b>15,192,598</b>	<b>15,719,731</b>	<b>16,339,392</b>
<b>EXCESS LEVY CAPACITY</b>	<b>916,861</b>	<b>1,432,082</b>	<b>1,470,566</b>	<b>1,430,662</b>
<b>Tax Levy % Increase</b>	<b>2.44%</b>	<b>2.50%</b>	<b>3.47%</b>	<b>3.94%</b>



# Items Remaining

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- ▶ Water/Sewer Rates - February
- ▶ State Aid/Assessments
- ▶ Health Insurance Plan Design Mitigation
- ▶ Shared Services discussions



# Future Challenges

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- ▶ Out-year Budget Gaps – FY19/20 projected to exceed 3%
- ▶ Aggressive ramp-up of capital program/investment *especially buildings*
- ▶ Shared services opportunities/strategies
- ▶ External Factors (Rest of River, etc.)



# Next Steps

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- ▶ Select Board, Finance Committee review budget with Town Manager and Department Heads
- ▶ Monitor State budget process – State Aid/Assessments
- ▶ Make adjustments in accordance with new information
- ▶ Annual Town Meeting – Thursday, May 4, 2017

# Questions?

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