

Section 7: Program 2000: Shared Expenses

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This section includes detailed information about the FY 2007 Operating Budget & Financing Plan for shared expenses. It includes:

- 2100 Employee Benefits 7-2
- 2200 Debt Service 7-4
- 2300 Operating Articles 7-6

Subprogram: 2100 Employee Benefits

Included in the Employee Benefits subprogram are costs for pension assessments, workers' compensation, property and casualty insurance, unemployment insurance, health insurance benefits and Medicare for all Town and School Department employees

Appropriated/Authorized Staffing

No direct staffing is appropriated in this budget. Portions of three employees, however, are charged to the health insurance trust fund.

Budget Recommendations:

The Employee Benefits FY2007 budget recommendation reflects a \$3,781,122 or 19.85% percent increase over FY06, primarily the result of a 14 percent increase in health insurance costs.

It is recommended that the Employee Benefits/Town Wide Expenses budget be presented in the following manner for FY2007:

1. The health insurance costs for all Town and School employees and retirees be presented in a single consolidated budget. This will allow for better reporting controls and oversight of this budget. For information purposes, an estimate of the benefits costs related to Town and School department operations will be provided.
2. As provided under MGL Chapter 40, Section 13A it is recommended that the Workers' Compensation line item be separately voted by Town Meeting as a "continuing balance" account. As a continuing balance account, any unexpended account balance at the close of the fiscal year will be retained in the account as a reserve against future claims. This is recommended because the Town is self-insured for workers' compensation up to \$400,000 per claim. No reserve account, however, has been established for extraordinary claims. This Worker's Compensation continuing balance reserve account is consistent with the preliminary recommendations of the Financial Policy Committee.
3. As provided under MGL Chapter 40, Section 6, it is recommended that \$35,000 be budgeted in a continuing balance account for uninsured losses/insurance deductibles. The Town maintains insurance deductibles of \$1,000 - \$25,000 on various insurance policies, but has not provided a funding source for these potential losses. This continuing balance reserve account is consistent with the preliminary recommendations of the Financial Policies Committee.

Level Services: This budget request is a level service budget with the following changes: An additional \$35,000 be budgeted for uninsured losses/insurance deductibles.

New Requests Recommended by the Town Manager: It is recommended that \$68,800 be budgeted for new positions recommended for funding in various sections of this budget recommendation.

New Requests Recommended for Proposition 2 ½ Override Vote: It is recommended that \$43,000 be budgeted for new positions recommended for funding related to the Override recommendations made in this budget recommendation.

Subprogram: 2100 Employee Benefits

**Program: Shared Expenses
Town of Lexington FY 2007 Program Budget**

Budget Summary

Appropriations	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Wages, Pensions & Worker's Comp.	\$ 3,334,259	\$ 3,543,806	\$ 3,617,922	\$ 3,617,922	\$ 3,617,922
Benefits	\$ 13,607,887	\$ 14,927,302	\$ 17,853,531	\$ 18,504,916	\$ 18,547,916
Expenses	\$ 569,228	\$ 577,752	\$ 721,744	\$ 706,744	\$ 706,744
Total	\$ 17,511,374	\$ 19,048,860	\$ 22,193,197	\$ 22,829,582	\$ 22,872,582
Funding Sources	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Tax Levy	\$ 17,262,895	\$ 18,734,759	\$ 21,844,660	\$ 22,481,045	\$ 22,524,044
Enterprise Funds (Indirects)	\$ 248,479	\$ 296,901	\$ 331,337	\$ 331,337	\$ 331,337
Directed Funding	\$ -	\$ 17,200	\$ 17,200	\$ 17,200	\$ 17,201
Total	\$ 17,511,374	\$ 19,048,860	\$ 22,193,197	\$ 22,829,582	\$ 22,872,582

Element Summary

	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Total 2110 Contributory Retirement	\$ 3,015,532	\$ 3,284,215	\$ 3,342,331	\$ 3,342,331	\$ 3,342,331
Total 2120 Non-Contributory Retirement	\$ 80,544	\$ 68,000	\$ 62,000	\$ 62,000	\$ 62,000
Total 2130 Medical Insurance	\$ 13,607,887	\$ 14,926,902	\$ 17,853,531	\$ 18,504,916	\$ 18,547,916
Total 2140 Unemployment Benefits	\$ 57,450	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Total 2150 Worker's Compensation	\$ 234,103	\$ 153,965	\$ 190,000	\$ 190,000	\$ 190,000
Total 2160 Property & Liability Insurance	\$ 515,858	\$ 545,378	\$ 625,335	\$ 625,335	\$ 625,335
Total 2170 Uninsured Losses	\$ -	\$ -	\$ 50,000	\$ 35,000	\$ 35,000
Total 2180 Post-Retirement Health	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 17,511,374	\$ 19,048,460	\$ 22,193,197	\$ 22,829,582	\$ 22,872,582

Object Code

	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Compensation					
Regular Wages	\$ 19,488	\$ 21,591	\$ 23,591	\$ 23,591	\$ 23,591
Contributory Retirement	\$ 3,015,532	\$ 3,284,215	\$ 3,342,331	\$ 3,342,331	\$ 3,342,331
Non-Contributory Retirement	\$ 80,544	\$ 68,000	\$ 62,000	\$ 62,000	\$ 62,000
Unemployment Benefits	\$ 57,450	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Worker's Compensation	\$ 161,245	\$ 100,000	\$ 120,000	\$ 120,000	\$ 120,000
<i>sub-total</i>	<i>\$ 3,334,259</i>	<i>\$ 3,543,806</i>	<i>\$ 3,617,922</i>	<i>\$ 3,617,922</i>	<i>\$ 3,617,922</i>
Benefits					
Medicare	\$ 670,581	\$ 750,000	\$ 745,000	\$ 745,000	\$ 745,000
Health Insurance	\$ 12,260,445	\$ 13,572,347	\$ 16,450,938	\$ 17,004,431	\$ 17,047,431
Dental Insurance	\$ 640,578	\$ 595,577	\$ 637,267	\$ 718,159	\$ 718,159
Life Insurance	\$ 36,283	\$ 9,378	\$ 20,326	\$ 37,326	\$ 37,326
<i>sub-total</i>	<i>\$ 13,607,887</i>	<i>\$ 14,927,302</i>	<i>\$ 17,853,531</i>	<i>\$ 18,504,916</i>	<i>\$ 18,547,916</i>
Expenses					
Contractual Services	\$ 569,228	\$ 577,752	\$ 721,744	\$ 706,744	\$ 706,744
<i>sub-total</i>	<i>\$ 569,228</i>	<i>\$ 577,752</i>	<i>\$ 721,744</i>	<i>\$ 706,744</i>	<i>\$ 706,744</i>
Total	\$ 17,511,374	\$ 19,048,860	\$ 22,193,197	\$ 22,829,582	\$ 22,872,582

Subprogram: 2200 Debt Service

Debt service includes general fund principal and interest payments for both exempt and non-exempt debt as well as temporary borrowing. Debt service on water and sewer enterprise projects is shown in elements 3710 and 3810.

Appropriated/Authorized Staffing

No staff is directly attributable to Debt Service. Staff within the Finance Department manages the Town's debt service.

Budget Recommendations

Level-Services: This budget recommends an increase of \$229,311 or 6.57% over FY 2006. This increase is attributable to the issuance of new within-levy debt from projects authorized by Town Meeting during the last two years and assumes issuance costs for new projects in FY 2007. In addition \$10,000 is being added for interest costs related to abatements.

New Requests Recommended by the Town Manager: None.

New Request Recommended for Proposition 2 ½ Override Vote: None.

New Requests Not Recommended by the Town Manager: None.

Subprogram: 2200 Debt Service

**Program: Shared Expenses
Town of Lexington FY 2007 Program Budget**

Budget Summary

	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Appropriations					
Expenses	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061
Total	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061
Funding Sources					
Tax Levy	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061
Enterprise Funds (Indirects)	\$ -	\$ -	\$ -	\$ -	\$ -
Directed Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061

Level-Service Requests

	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Total 2210 Within-Levy Debt - Prin.	\$ 3,701,000	\$ 2,760,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000
Total 2220 Within-Levy Interest	\$ 558,870	\$ 450,750	\$ 1,251,104	\$ 1,251,104	\$ 1,251,104
Total 2230 Within-Levy Temp. Borr.	\$ 242,215	\$ 280,000	\$ 273,957	\$ 273,957	\$ 273,957
Total 2240 Exempt Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061

Object Summary

	FY 2005 Actual	FY 2006 Restated	FY 2007 Requested	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Expenses					
Long-Term Debt - Principal	\$ 3,701,000	\$ 2,760,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000
Long-Term Debt - Interest	\$ 558,870	\$ 450,750	\$ 1,251,104	\$ 1,251,104	\$ 1,251,104
Temporary Borrowing	\$ 242,215	\$ 280,000	\$ 273,957	\$ 273,957	\$ 273,957
<i>sub-total</i>	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061
Total	\$ 4,502,085	\$ 3,490,750	\$ 3,720,061	\$ 3,720,061	\$ 3,720,061

Subprogram: 2300 Reserve Fund

The Reserve fund is under the jurisdiction of the Appropriations Committee and provides for extraordinary and unforeseen expenses during the year.

Municipal Salary Adjustments also are appropriated in a lump sum and are distributed to the appropriate accounts during the year. This account is being moved to Subprogram 8200: Town Manager for FY2007.

Authorized/Appropriated Staffing:

Not Applicable.

Budget Highlights:

Level-Services: Not Applicable.

New Requests Recommended by the Town Manager: The Reserve Fund is being proposed to increase to \$300,000, a \$150,000 from FY 2006. As the size of budgets have grown in Lexington, the amount available for unforeseen and extraordinary contingencies has not. Increasing the Reserve Fund to \$300,000 from \$150,000 is a first step in building sufficient contingency funds into the budget without having to rely upon permanent reserves and free cash. This increase is consistent with the discussions of the Financial Policy Committee.

New Request Recommended for Proposition 2 ½ Override Vote: No other requests presented.

New Requests Not Recommended by the Town Manager: No other requests presented.

Subprogram: 2300 Reserve Fund

**Program: Shared Expenses
Town of Lexington FY 2007 Program Budget**

Budget Summary

Appropriations	FY 2005 Actual	FY 2006 Restated	FY 2007 Dept. Request	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
Total	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
Funding Sources	FY 2005 Actual	FY 2006 Restated	FY 2007 Dept. Request	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Tax Levy	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
Enterprise Funds (Indirects)	\$ -	\$ -	\$ -	\$ -	\$ -
Directed Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000

Level-Service Requests

	FY 2005 Actual	FY 2006 Restated	FY 2007 Dept. Request	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Total 2310 Reserve Fund	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
Total 2320 Municipal Salary Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000

Object Codes

	FY 2005 Actual	FY 2006 Restated	FY 2007 Dept. Request	FY 2007 Rec. (Base)	FY 2007 Rec. Enhance.
Compensation					
Wages & Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
<i>sub-total</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Contractual Services	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
<i>sub-total</i>	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000
Total	\$ -	\$ 150,000	\$ 150,000	\$ 300,000	\$ 300,000