

Minutes
Lincoln Finance Committee
Oct. 8, 2009
7:30 PM

Present: Peter Braun, Karl Geiger, Sanj Kharbanda, John Koenig, Laura Sander,

Absent at beginning of meeting: Ellen Meyer Shorb, Robert Steinbrook

The Committee approved the minutes of its October 1, 2009 meeting.

The Committee discussed a number of issues with respect to the FY '10 budget as follow up from its prior meeting. John Koenig reported that the available balance of the Town Insurance Budget is greater than the \$101,000 shown in the Board of Selectmen's impact statement and, the Town has agreed to utilize \$68,000 of that balance as an FY'10 budget reduction, meaning that only \$44,000 of free cash will need to be utilized. John Koenig also reported that the Town is aggressively seeking all possible telecom tax revenues. He also reported that the Town's contract with the police stipulates that Town is not responsible for the Commonwealth's share of the educational incentive program known as the Quinn Bill and will not pay the Commonwealth's unfunded share for FY'10, which is about \$60,000, according to Tim Higgins.

Ellen Meyer Shorb arrived to the meeting.

The Committee reviewed the model with respect to setting the budget guideline for FY '11.

John Koenig reported on his meeting with principals of the Deaconess project. Their "realistic" projection is that 80% of Phase I, which consists of the congregate building, 38 cottages and 30 rental apartments, will be completed by June 30, 2010. Due to greater interest in the congregate building than the cottages, they are contemplating revising Phase II to include an expansion of the congregate building and fewer cottages. They are also contemplating the addition of a nursing home to the facility. A nursing home might be tax exempt, in which case the Town would look to recover payments in lieu of taxes. The Committee concluded that it should continue to discount the projected property tax revenues from this project by 75%

Robert Steinbrook arrived to the meeting.

After further discussion, the Committee approved setting an operating budget guideline (exclusive of fixed costs) for FY '11 of -0.5% (minus ½ percent). The guideline is based on, among others, a FY '11 capital budget of \$450,000 and an allocation of \$100,000 to the GASB-45 fund for future post employment health and life insurance benefits for current retirees and active employees.

The Committee discussed a proposal to clarify its statement with respect to the Lincoln School Committee's deliberations regarding Magic Garden, and agreed that no further clarification was needed at this time.

The Committee agreed to cancel its meeting scheduled for October 15, 2009.

The Committee scheduled its next meeting for:

Thursday, October 29, 2009.

There being no further business, the meeting was adjourned at 9:37 PM.

Submitted By: John L. Koenig

Approved: 10/29/2009

Revenues

Revenues

	2008	%incr	2009	%incr	2010	%incr	2011	%incr	2012	%incr	2013	%incr	2014	%incr
Levy Limit	18,627,015		19,541,628		20,429,516		21,167,713		22,110,161		22,995,015		23,851,765	
New Construction	87,988	-68%	389,607	343%	221,912	-43%	403,175	82%	324,000	-20%	275,000	-15%	275,000	0%
Exclusions (Debt & Capital)	1,117,009		1,051,565		844,665		1,354,415		1,315,689		1,276,551		1,216,714	
OVERRIDE	350,000													
Excess Levy Capacity	(352,823)		(8,829)											
Total Taxes (+ adjustments)	19,829,189	1%	20,973,870	6%	21,496,092	2%	22,925,303	7%	23,749,849	4%	24,546,565	3%	25,343,479	3%
Local Revenues	2,558,931	16%	2,326,339	-9%	2,254,539	-3%	2,254,539	0%	2,322,175	3%	2,391,840	3%	2,463,596	3%
Net State Aid	2,425,236	6%	2,563,189	6%	1,574,530	-39%	1,259,624	-20%	1,259,624	0%	1,297,413	3%	1,336,335	3%
Other Available Funds	139,700	0%	140,700	1%	140,700	0%	140,700	0%	140,700	0%	140,700	0%	140,700	0%
Less Abatements	(107,089)		(101,096)		(110,000)		(110,000)		(110,000)		(110,000)		(110,000)	
Stabilization Fund	0		0		0		0		0		0		0	
OneTime Non-Tax Change	0													
Net Revenues	24,845,987	2%	25,903,002	4%	25,355,861	-2.11%	26,470,166	4%	27,362,348	3%	28,266,518	3%	29,174,110	3%

FY10 Changes and Assumptions

- ***changed New Growth from \$491K to \$222K - (deaconess project delayed-361K estimate vs actual growth of \$92K)
- ***changed state aid to reflect final cherry sheets -decrease of \$176K
- ***reduced capital budget by \$\$122K
- ***reduced K-8 budget by 125K
- ***reduced K-8 budget by 87K
- ***reduced General Insurance budget by 68K
- ***applied \$44k from free cash

FY11 assumptions: SEPT 2009

- *** changed fc summary certified beg free cash to 3.385M- certified by DOR- Less \$44 to balance FY10
- ***changed new growth to reflect timing issue with Deaconess project-80% complete by 6/30/10 less 25% conservative estimate
- ****decrease state aid 20% (assumes -10% mid year FY10 cut and additional -10% cut for FY11)
- ****level fund local receipts
- ***uses 12% increase for pensions and insurance
- *** capital budget at \$450K (FY10 budget before STM reductions)
- ***Other articles funded at \$225
- ***GASB Fund contribution \$100K
- *** Assumes -restoring all FY10 budgets to March Tm votes to be used as base for calculating FY11 budgets
- *** uses 2.5% inc in disc spending for budgets- for free cash summary-to see potential override

FY12 assumptions: SEPT 2009

- ***fc cert at 2.8M
- ***3% growth in local receipts
- ***Level funded state aid
- ***uses 18% increase for pensions and insurance (make up losses exp due to recession-loss on investments)
- ***Level fund capital budget
- ***GASB Fund contribution \$100K
- ***Discretionary spending 3%-for free cash summary-to see potential override

Funds Available Analysis (FAA)													
(Funds Available for Discretionary Spending)													
Budget Year													
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Est. Free Cash Generated(from prior year)				0	0	0	0	0	0				
Certified Beginning FreeCash Balance	1,152	1,181	1,179	1,389	1,216	1,537	2,593	3,085	3,197	3,272	2,800	2,119	2,225
(+) Net Revenues	19,291	20,040	20,892	21,390	22,904	24,255	24,846	25,903	25,356	26,470	27,362	28,267	29,174
Total Revenues + FreeCash	20,443	21,221	22,071	22,779	24,120	25,792	27,439	28,988	28,553	29,742	30,162	30,386	31,400
Certified FreeCash remaining	163	144	96	300	334	252	728	877	982	860	887	937	986
Total Funds Available	20,280	21,077	21,975	22,479	23,786	25,540	26,711	28,111	27,570	28,882	29,276	29,449	30,413
Less Required Annual Expenditures:													
Reserve Fund	350	450	450	450	287	450	450	450	450	450	450	450	450
NESWC	203	226	250	186	80	85	95	95	98	101	104	107	110
LSRHS Debt	15	104	193	268	408	485	455	429	422	387	375	364	352
LSRHS Pensions & Insurance	234	308	333	365	383	435	515	545	613	674	708	743	781
Minuteman	111	105	135	155	180	160	111	87	68	68	68	69	69
Debt Services	1,762	1,703	1,742	1,609	1,644	1,613	1,301	1,282	448	993	965	938	890
Pensions & Insurance	2,441	2,739	2,803	3,179	3,390	4,040	4,627	5,165	5,380	6,102	7,200	7,920	8,712
OPEB-GASB 45									100	100	100	100	100
Capital Plan	546	372	507	395	432	549	691	646	330	450	450	450	450
Other Articles	450	278	172	232	86	137	269	305	254	225	225	300	300
Snow & Ice	104	0	0	0	0	0	0	0	0	0	0	0	0
School Spec Ed Medicaid Reimb (CH766)								46	53	36			
Misc. Items													
Total Required Expenditures	6,216	6,286	6,135	6,840	6,889	7,954	8,514	9,049	8,215	9,585	10,646	11,441	12,214
Total Funds For Discretionary Spending	14,064	14,791	15,840	15,639	16,897	17,586	18,197	19,062	19,355	19,297	18,630	18,009	18,199
% Growth Rates:		%	%	%	%	%	%	%	%	%	%	%	%
Total Revenue + FreeCash Applied		3.9	4.3	2.3	5.8	7.4	4.6	5.2	-1.9	4.8	1.4	0.6	3.3
Townwide Required Expenditures		1.1	(2.4)	11.5	0.7	15.5	7.0	6.3	(9.2)	16.7	11.1	7.5	6.8
Guideline for Discretionary Spending		5.2	7.1	(1.3)	8.0	4.1	3.5	4.8	1.5	(0.3)	(3.5)	(3.3)	1.1
Add'l Funds for Discretionary Spending			\$1,049	(\$201)	\$1,258	\$689	\$611	\$865	\$293	(\$58)	(\$668)	(\$621)	\$191
						351							
						145							
							32						
							6.36						
						-35	5						

Summary

	Budgeting Period									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Estimated Free Cash Generated (from prior year)	0	0	0	0	0		1,188	1,164	1,233	1,289
Certified Beginning FreeCash	1,389	1,216	1,537	2,593	3,085	3,197	3,272	2,800	2,119	2,225
Net Revenues	21,390	22,904	24,255	24,846	25,903	25,356	26,470	27,362	28,267	29,174
Fixed (Required) Expenditures	6,840	6,889	7,954	8,514	9,049	8,215	9,585	10,646	11,441	12,214
Net Discretionary Expenditures	15,639	16,468	17,198	18,197	19,061	19,355	19,974	20,574	21,438	22,338
Certified BFC + Net Rev - Net Exp	300	762	639	728	877	983	182	(1,057)	(2,493)	(3,152)
Certified FreeCash Remaining	300	334	252	728	877	982	860	887	937	986
Surplus (Deficit)	(0)	428	387	0	0	1	(677)	(1,944)	(3,429)	(4,139)
Growth Rates:										
Net Revenues	2.4%	7.1%	5.9%	2.4%	4.3%	-2.1%	4.4%	3.4%	3.3%	3.2%
Total Expenditures	2.3%	3.9%	7.7%	6.2%	5.2%	-1.9%	7.2%	5.6%	5.3%	5.1%
Net Discretionary Expenditures	-1.3%	5.3%	4.4%	5.8%	4.8%	1.5%	3.2%	3.0%	4.2%	4.2%
Modeling Increments:										
(Annual Expenditure Change)	0	0	0	0	0	0	0	0	0	0
(One-time Expenditure Change)	0	0	0	0	0	0	0	0	0	0
Change to Free Cash Generated	0	0	0	0						
One-time NON-TAX Revenue Change	0	0	0	0						
OVERRIDE	212	490	0	0				0	0	0

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Tax Impact:										
% Overall Real Estate Tax Increase	4.1%	7.7%	4.1%	1.0%	5.8%	2.5%	4.8%	3.6%	3.4%	3.2%
Ave. RE Taxes per ave. house/year	\$9,730	\$10,498	\$10,790	\$10,870	\$11,466	\$11,870	\$12,437	\$13,114	\$13,554	\$13,994
Ave.RE Tax INCREASE per house/year	\$975	\$768	\$293	\$79	\$596	\$404	\$567	\$678	\$440	\$440