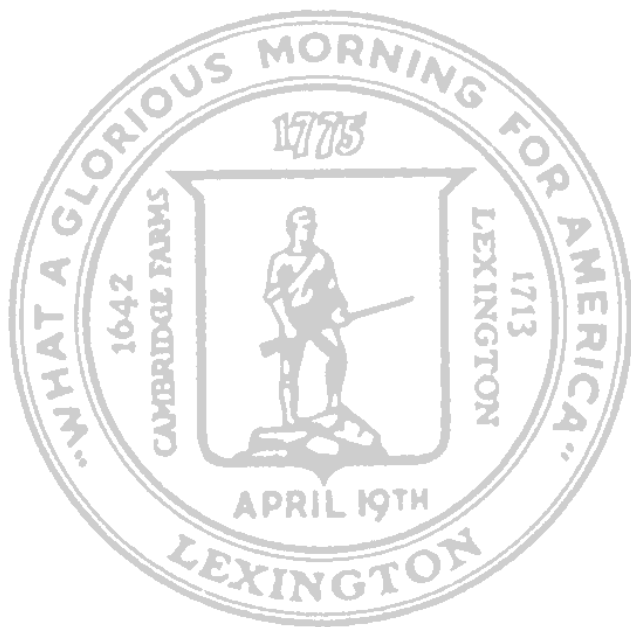


# Section XII: Appendices

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- A: Program Improvement Requests
- B: Budget Information
- C: Financial Information
- D: Glossary

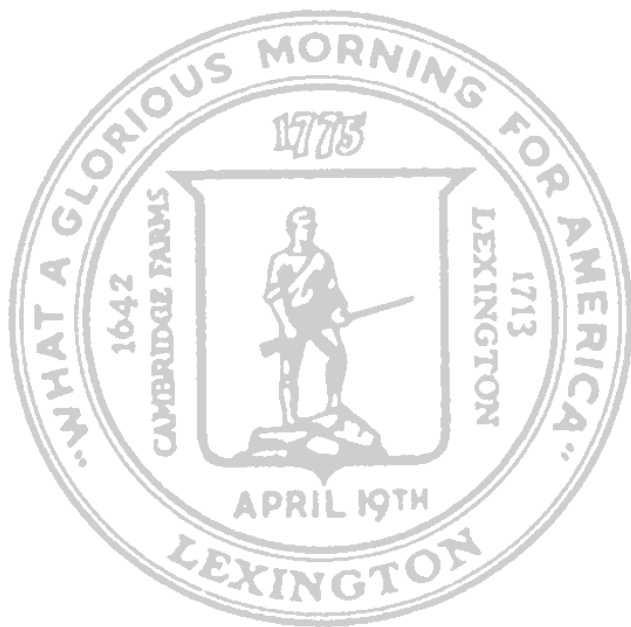
## Section XII: Appendices

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This section includes detailed information about:

- Appendix A: Program Improvement Request Summary A-1
- Appendix B: Budget Information B-1
- Appendix C: Financial Data C-1
- Appendix D: Glossary D-1

# Appendix A: Program Improvement Request Summary





## Appendix A: Program Improvement Requests

Shared & Municipal Programs 2000-8000

FY 2010 Town Manager's Preliminary Budget: Program Restoration/Improvements

Program	Description	Department Request	Town Manager's Recommendation		Selectmen's Recommendations		Notes
			Recommended	Not Recommended	Recommended	Not Recommended	
<b>Shared Expenses</b>							
	2400 Public Facilities	\$ 27,835	\$ -	\$ 27,835	\$ -	\$ 27,835	net of expected cost savings
	<b>sub-total 2000 Shared Expenses</b>	<b>\$ 27,835</b>	<b>\$ -</b>	<b>\$ 27,835</b>	<b>\$ -</b>	<b>\$ 27,835</b>	
<b>Public Works</b>							
	3320 Forestry	\$ 24,000	\$ 14,000	\$ 10,000	\$ 14,000	\$ 10,000	
	3210 Highway	\$ 100,000	\$ 100,000	-	\$ 100,000	-	
	3230 Snow Removal	\$ 8,000	-	\$ 8,000	-	\$ 8,000	
	<b>sub-total 3000 Public Works</b>	<b>\$ 132,000</b>	<b>\$ 114,000</b>	<b>\$ 18,000</b>	<b>\$ 114,000</b>	<b>\$ 18,000</b>	
<b>Police</b>							
	4110 Admin & 4120 Patrol	\$ 54,934	-	\$ 54,934	-	\$ 54,934	
	4110 Admin & 4150 Dispatch	\$ 9,646	-	\$ 9,646	-	\$ 9,646	
	4120 Patrol & Enforcement	\$ 47,640	-	\$ 47,640	-	\$ 47,640	
	4160 Animal Control	\$ 20,644	-	\$ 20,644	-	\$ 20,644	
	4120 Patrol & Enforcement	\$ 55,157	\$ 20,000	\$ 35,157	\$ 20,000	\$ 35,157	
	4120 Patrol & Enforcement	\$ 38,245	-	\$ 38,245	-	\$ 38,245	
	4120 Patrol & Enforcement	\$ 35,114	-	\$ 35,114	-	\$ 35,114	
	<b>sub-total 4100 Police</b>	<b>\$ 261,380</b>	<b>\$ 20,000</b>	<b>\$ 241,380</b>	<b>\$ 20,000</b>	<b>\$ 241,380</b>	
<b>Fire</b>							
	4230 Fire Suppression	\$ 154,459	\$ 154,459	-	\$ 154,459	-	
	4210 Fire Administration	\$ 77,797	-	\$ 77,797	-	\$ 77,797	
	4230 Fire Suppression	\$ 16,181	-	\$ 16,181	-	\$ 16,181	
	<b>sub-total 4200 Fire</b>	<b>\$ 248,437</b>	<b>\$ 154,459</b>	<b>\$ 93,978</b>	<b>\$ 154,459</b>	<b>\$ 93,978</b>	
<b>Recreation</b>							
	5210 Recreation	\$ 12,823	\$ 12,823	-	\$ 12,823	-	
	5220 Pine Meadows	\$ 21,156	\$ 21,156	-	\$ 21,156	-	
	<b>sub-total 5200 Recreation</b>	<b>\$ 33,979</b>	<b>\$ 33,979</b>	<b>\$ -</b>	<b>\$ 33,979</b>	<b>\$ -</b>	
<b>Community Development</b>							
	7120 Regulatory Support	\$ 43,334	-	\$ 43,334	-	\$ 43,334	
	7130 Conservation	\$ 10,000	\$ 10,000	-	\$ 10,000	-	support with fees
	<b>sub-total 7100 Community Development</b>	<b>\$ 53,334</b>	<b>\$ 10,000</b>	<b>\$ 43,334</b>	<b>\$ 10,000</b>	<b>\$ 43,334</b>	
<b>Planning</b>							
	7210 Planning	\$ 100,000	\$ 100,000	-	\$ 100,000	-	
	7210 Planning	\$ 22,100	-	\$ 22,100	-	\$ 22,100	
	<b>sub-total 7200 Planning</b>	<b>\$ 122,100</b>	<b>\$ 100,000</b>	<b>\$ 22,100</b>	<b>\$ 100,000</b>	<b>\$ 22,100</b>	

**Eco. Development/Tourism**

7300 Economic Development	Tourism	\$	50,000	\$	-	\$	50,000	\$	15,000	\$	35,000
<b>sub-total 7300 Economic Development</b>		<b>\$</b>	<b>50,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>50,000</b>	<b>\$</b>	<b>15,000</b>	<b>\$</b>	<b>35,000</b>
<b>Town Manager's Office</b>											
8220 Human Resources	Classification & Compensation Study	\$	16,500	\$	-	\$	16,500	\$	-	\$	16,500
8220 Human Resources	Pre-Employment Physicals	\$	5,000	\$	-	\$	5,000	\$	-	\$	5,000
8210 Organizational Direction & Admin.	P/T Admin. Assist.	\$	20,000	\$	-	\$	20,000	\$	-	\$	20,000
<b>sub-total 8200 Town Manager's Office</b>		<b>\$</b>	<b>41,500</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>41,500</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>41,500</b>
<b>Finance</b>											
8430 Assessor	Principal Municipal Clerk	\$	40,000	\$	-	\$	40,000	\$	-	\$	40,000
8430 Assessor	Residential Appraiser	\$	66,000	\$	-	\$	66,000	\$	-	\$	66,000
8430 Assessor	Fee-Based Profess. Appraisals	\$	24,000	\$	-	\$	24,000	\$	-	\$	24,000
<b>sub-total 8400 Finance</b>		<b>\$</b>	<b>130,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>130,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>130,000</b>
<b>MIS</b>											
8610 MIS Administration	Lastiche Server Upgrade	\$	15,500	\$	15,500	\$	-	\$	15,500	\$	-
<b>sub-total 8600 MIS</b>		<b>\$</b>	<b>15,500</b>	<b>\$</b>	<b>15,500</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>15,500</b>	<b>\$</b>	<b>-</b>
<b>Sub-Total Programs 2000-8000</b>		<b>\$</b>	<b>1,116,065</b>	<b>\$</b>	<b>447,938</b>	<b>\$</b>	<b>668,127</b>				



## Appendix A: Program Improvement Requests

### Shared & Municipal Programs 2000-8000

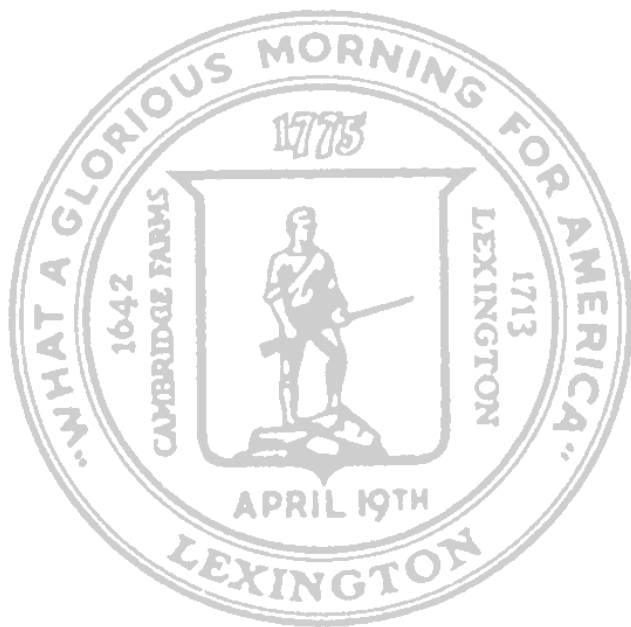
#### FY 2010 Town Manager's Preliminary Budget: Program Restoration/Improvements

Summary

Program	Department Request	Town Manager's Recommendation		Selectmen's Recommendation	
		Recommended	Not Recommended	Recommended	Not Recommended
sub-total 2000 Shared Expenses	\$ 27,835	\$ -	\$ 27,835	\$ -	\$ 27,835
sub-total 3000 Public Works	\$ 132,000	\$ 114,000	\$ 18,000	\$ 114,000	\$ 18,000
sub-total 4100 Police	\$ 261,380	\$ 20,000	\$ 241,380	\$ 20,000	\$ 241,380
sub-total 4200 Fire	\$ 248,437	\$ 154,459	\$ 93,978	\$ 154,459	\$ 93,978
sub-total 5200 Recreation	\$ 33,979	\$ 33,979	\$ -	\$ 33,979	\$ -
sub-total 7100 Community Development	\$ 53,334	\$ 10,000	\$ 43,334	\$ 10,000	\$ 43,334
sub-total 7200 Planning	\$ 122,100	\$ 100,000	\$ 22,100	\$ 100,000	\$ 22,100
sub-total 7300 Economic Development	\$ 50,000	\$ -	\$ 50,000	\$ 15,000	\$ 35,000
sub-total 8200 Town Manager's Office	\$ 41,500	\$ -	\$ 41,500	\$ -	\$ 41,500
sub-total 8400 Finance	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ 130,000
sub-total 8600 MIS	\$ 15,500	\$ 15,500	\$ -	\$ 15,500	\$ -
<b>Total Municipal Program Improvement</b>	<b>\$ 1,116,065</b>	<b>\$ 447,938</b>	<b>\$ 668,127</b>	<b>\$ 462,938</b>	<b>\$ 653,127</b>

# Appendix B: Budget Information

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Compilation Budget Laws  
Override History

# Budget Law – Table of Contents

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Town Budget, Submission to Selectmen	B-3
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<b>CAPITAL EXPENDITURES COMMITTEE</b>	
Capital Expenditures Report	B-8

• • •

This document summarizes local and state law regarding town budget preparation and submission. References are made to Massachusetts General Laws, the By-Laws of the Town of Lexington, the Lexington Selectmen-Town Manager Act, and the Administrative Directives of the Lexington Town Manager. Those references offering the greatest amount of information on the given topic have been listed first.

# The Town Manager

The Town Manager is appointed by the Board of Selectmen to oversee the daily operations of the Town, to administer the policies and procedures of the Board, and to enforce all by-laws and actions passed at Town Meetings. The Manager is the Chief Executive Officer of the Town, and his/her authority and responsibilities are established in the Selectmen-Town Manager Act of 1968 (at page A20107 – Appendix §A201 Special Acts).

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## **REQUEST FOR DEPARTMENTAL BUDGET INFORMATION**

**TO OCCUR:** Annually, at Town Manager's request

**REFERENCE:** Selectmen-Town Manager Act §13 (Appendix §A201 Special Acts at page A20113)

The Town Manager may request all boards, departments, committees, commissions and officers of the Town, except the School Committee, to submit to him/her in writing a detailed estimate of the appropriations required for the efficient and proper conduct of the respective departments and offices during the next fiscal year.

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## **REQUEST FOR SCHOOL BUDGET INFORMATION**

**TO OCCUR:** Annually, at Town Manager's request

**REFERENCE:** Selectmen-Town Manager Act §13 (Appendix §A201 Special Acts at page A20113)

The Town Manager may request from the School Committee a total budget estimate for the next fiscal year.

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## The Town Manager (con't)

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### REQUEST FOR CAPITAL EXPENDITURES INFORMATION

**TO OCCUR:** Annually, at Town Manager's request

**REFERENCE:** Selectmen-Town Manager Act §12 (Appendix §A201 Special Acts at page A20113)  
Sections 29-13 and 29-14 of the Code of the Town of Lexington

All boards, departments, committees, commissions and officers of the Town shall annually submit to the Town Manager and to the Capital Expenditures Committee in writing a detailed estimate of the capital expenditures (as defined below) required for the efficient and proper conduct of their respective departments and offices for the next fiscal year and the ensuing four year period.

#### Definitions of Capital Expenditures

Per Section 29-14 of the Code of the Town of Lexington, "Capital Expenditures shall mean any and all expense of a non-recurring nature not construed as an ordinary operating expense, the benefit of which will accrue to the Town over an extended period of time."

Per the Manager's budget, "A capital project is defined as a major, non-recurring expenditure including at least one of the following:

- acquisition of land for a public purpose;
- construction of, or addition to, a facility such as a public building, water or sewer lines, or playfields, etc.;
- rehabilitation or repair of a building, facility, or equipment; provided the cost is \$25,000 or more and the improvement will have a useful life of 10 years or more;
- purchase of equipment costing \$25,000 or more, with a useful life of 5 years or more (all cars are defined to be non-capital items);
- any planning, engineering or design study related to an individual capital project."

## The Town Manager (con't)

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### **SUBMISSION OF TOWN BUDGET TO SELECTMEN**

**TO OCCUR:** On the specified date

**REFERENCE:** Section 90-12 of the Code of the Town of Lexington  
Selectmen-Town Manager Act §13 (Appendix §A201 Special Acts at page  
A20113)

Section 12. The Town Manager shall annually submit to the Selectmen, the Appropriation Committee, and the Capital Expenditures Committee for their consideration a proposed budget, revenue statement and tax rate estimate on a date specified no later than September 30 by the Selectmen after consultation with the School Committee, Appropriation Committee and the Capital Expenditures Committee.

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### **SUBMISSION OF CAPITAL EXPENDITURES BUDGET TO SELECTMEN**

**TO OCCUR:** Annually

**REFERENCE:** Selectmen-Town Manager Act §12 (Appendix §A201 Special Acts at page  
A20113)

The Town Manager shall submit in writing to the Board of Selectmen and to the Capital Expenditures Committee a careful, detailed estimate of the recommended capital expenditures for the next fiscal year and the ensuing four year period, showing specifically the amount necessary to be provided for each office, department and activity and a statement of the amounts required to meet the interest and maturing bonds and notes or other indebtedness of the Town.

# The Board of Selectmen

Lexington's charter establishes an elected five member Board of Selectmen to oversee the executive branch of Town government. Selectmen are elected for three-year terms and are responsible for the general direction and management of the property and affairs of the Town.

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## **RECOMMENDATIONS ON TOWN BUDGET**

**TO OCCUR:** Prior to the annual Town Meeting

**REFERENCE:** Selectmen-Town Manager Act §13 (Appendix §A201 Special Acts at page A20113)  
Mass. General Law Ch. 41, § 60

The Selectmen shall consider the proposed budget submitted by the Town Manager and make such recommendations relative thereto as they deem expedient and proper in the interest of the Town. The Selectmen shall transmit a copy of the budget together with their recommendations relative thereto to the Appropriation Committee and, for its information, a copy to the Capital Expenditures Committee.

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## **RECOMMENDATIONS ON CAPITAL BUDGET**

**TO OCCUR:** Prior to the annual Town Meeting

**REFERENCE:** Selectmen-Town Manager Act §12-13 (Appendix §A201 Special Acts at page A20113)

The Selectmen shall consider the capital budget submitted by the Town Manager and make such recommendations relative thereto as they deem appropriate and proper in the interests of the Town. The Selectmen shall transmit a copy of the capital budget together with their recommendations relative thereto to the Appropriation Committee and to the Capital Expenditures Committee.

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## Board of Selectmen (con't)

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### **SUBMISSION OF BUDGET TO TOWN MEETING**

**TO OCCUR:** At least four weeks prior to the date when the Annual Town Meeting is scheduled to consider the budget.

**REFERENCE:** Section 90-13 of the Code of the Town of Lexington

The Selectmen shall submit a budget at the annual Town Meeting. The Selectmen's proposed budget shall be distributed to the Appropriations Committee, the Capital Expenditures Committee, and to each Town Meeting Member at least four weeks prior to the date when the Annual Town Meeting is scheduled to consider it.

# The Appropriation Committee

The Appropriation Committee is a nine-member board appointed by the Town Moderator. Members are appointed to three-year overlapping terms and serve to evaluate the fiscal policies and priorities set by the Board of Selectmen and the Town Meeting. The Committee advises Town Meeting Members on financial proposals, analyzes operating budget proposals, makes fiscal projections, and reviews funding for proposed capital improvements. The Committee's approval is required to use reserve funds for unanticipated operating costs.

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## **APPROPRIATION COMMITTEE REPORT ON TOWN BUDGET**

**TO OCCUR:** Prior to the annual Town Meeting

**REFERENCE:** Section 29-11(A) of the Code of the Town of Lexington  
Mass. General Law Ch. 39, § 16

The Committee shall prior to each annual town meeting for the transaction of business prepare, publish and distribute by making copies available at the Office of the Town Clerk and at Cary Memorial Library, and by mailing or otherwise distributing to each town meeting member a review of the budget adopted by the Board of Selectmen to be considered at the Annual Town Meeting. This review will include the Committee's advice and recommendations with reference to the various appropriations of town funds, and other municipal matters coming before such town meeting. The Appropriation Committee shall include in its report an assessment of the budget plan based on all the data available to it concerning the next year's revenues and expenses as well as a projection for future years' revenues and expenses.

This publication may be combined with and distributed at the same time as the Capital Expenditures Committee Report (Section 29-13(B) of the Code of the Town of Lexington).

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## **EXPLANATION OF APPROPRIATION COMMITTEE REPORT**

**TO OCCUR:** At the annual Town Meeting

**REFERENCE:** Section 29-11(B) of the Code of the Town of Lexington

The Appropriation Committee shall explain its report with advice and recommendations and it shall also at each special Town meeting give its advice and recommendations with reference to any appropriation of the Town funds or other municipal matter coming before such special Town meeting.

# The Capital Expenditures Committee

The Capital Expenditures Committee is a five-member board appointed by the Town Moderator. Members are appointed to three-year overlapping terms and consider the relative need, timing and cost of capital expenditure projects proposed for the ensuing five-year period.

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## **CAPITAL EXPENDITURES REPORT**

**TO OCCUR:** Prior to the annual Town Meeting

**REFERENCE:** Section 29-13 of the Code of the Town of Lexington

The Capital Expenditures Committee shall consider the relative need, timing and costs for those capital expenditure requests submitted to the Committee for the ensuing five-year period, and the effect these expenditures might have on the financial position of the Town.

The Capital Expenditures Committee shall prepare, publish and distribute a report of its findings, setting forth a list of all such capital expenditures together with the Committee's recommendations as to the projects that should be undertaken within the five year period and the approximate date on which each recommended project should be started. This report shall be distributed by making copies available at the Office of the Town Clerk and at Cary Memorial Library, and by mailing a copy to each Town Meeting Member.

This publication may be combined with and distributed at the same time as the Appropriation Committee Report.

# Override History

An operating override is an action taken by the voters of a town to exceed the limit placed on tax revenue growth by the State tax limitation law known as Proposition 2 ½. The tax levy limit can be exceeded only if a majority of residents voting approve an override. This sum is then added to the base levy for the next fiscal year and thus becomes a permanent addition to the tax levy limit.

Two provisions within Proposition 2 ½ allow the citizens of a community by popular vote to authorize the Town to raise taxes above the tax levy limit: an operating override or a debt exclusion. The following table shows the history of overrides and debt exclusions in Lexington.

History of Proposition 2 1/2 Override Votes				
Date of Vote	FY	Proposition 2½ Overrides	Amount	Result
Jun 2007	2008	Override		
		Schools	\$3,981,589	Approved
		Debt Exclusion		
		Public Works Facility	\$25,180,000	Approved
Jun 2006	2007	Override		
		Schools #1	\$2,614,509	Not Appr.
		Schools #2	\$551,607	Not Appr.
		Maintenance - Schools & Municipal	\$1,059,100	Approved
		Municipal	\$799,335	Approved
Jun 2004	2005	Override	\$4,224,340	Approved
Jun 2003	2004	Override	\$4,957,000	Not Appr.
Jun 2002	2003	Debt Exclusion - Schools, Roads, Lincoln Park	\$42,550,000	Approved
May/June 2000	2001	Override – Town/School Services and Roads	\$3,440,829	Approved
Dec 1998	2000	Debt Exclusion – School Building Project	\$52,235,000	Approved
Dec 1997	-	Debt Exclusion – School Building Project	\$68,200,000	Not Appr.
Jun 1995	1996	Override – Town/School Services		
		Schools	\$1,172,152	Approved
		Open Space	\$29,000	Approved
		Police	\$102,000	Approved
		Fire	\$196,848	Approved
Jun 1992	1993	Override – Trash Collection	\$2,718,092	Approved
Jun 1990	1991	Override – Town/School Services	\$1,097,829	Approved
Aug 1988	1989	Debt Exclusion – Pine Meadows Golf Course	\$11,000,000	Approved

# Appendix C: Financial Information

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[FY 2008 Fund Balances](#)  
[Revolving Fund Balances](#)  
[FY 2007-2009 CPA Summary](#)  
[Reserve Fund Transfer History](#)  
[Stabilization Fund History](#)  
[Pension History](#)  
[Snow & Ice History](#)

# Summary of Town Fund Balances

## Combined Summary of Revenues & Expenditures - FY 2008 Actual

This spreadsheet shows beginning and ending fund balances for FY 2008. Beginning balances (as of July 1, 2007) are shown on the first line, followed by all revenues received by category (Tax levy, intergovernmental revenue/state aid, fees, etc.) on the left-hand side of the page. Expenditures are shown by service category (education, public safety, public works, etc.). FY 2008 Actual are provided because it is the most recent fiscal year for which data is available.

	General Fund	Sewer	Water	Recreation	Special Revenue	Capital	Trusts	Total All Funds
<b>Beginning Balances</b>	\$12,103,718	\$ 28,000,606	\$ 21,960,047	\$ 2,825,254	\$ 6,277,509	\$ 6,545,319	\$ 6,282,324	\$ 83,994,777
<b>REVENUES</b>								
Property Taxes, net	\$ 109,459,734				\$ 2,763,778			\$ 112,223,512
Intergovernmental	\$ 9,083,558				\$ 9,986,483	\$ 2,160,076	\$ 5,389	\$ 21,235,506
MV & Other Excise Tax	\$ 4,052,260							\$ 4,052,260
Departmental Fees & Charges	\$ 2,843,368	\$ 6,672,748	\$ 6,212,581	\$ 1,738,282	\$ 6,657,876		\$ 13,475	\$ 24,138,331
Investment Income	\$ 1,693,443	\$ 88,769	\$ 88,156	\$ 130,948	\$ 153,152		\$ 443,918	\$ 2,598,386
Special Assessments	\$ 128,963							\$ 128,963
In-Lieu Payments	\$ 803,594							\$ 803,594
Penalties & Interest	\$ 317,016							\$ 317,016
Licenses & Permits	\$ 1,920,467							\$ 1,920,467
Fines & Forfeits	\$ 370,368							\$ 370,368
Bond Proceeds		\$ 1,343		\$ 90,267	\$ 885,000	\$ 30,476,500		\$ 31,453,110
Employee Contributions/Other							\$ 23,030,831	\$ 23,030,831
<b>TOTAL REVENUES:</b>	\$ 130,672,771	\$ 6,762,859	\$ 6,300,737	\$ 1,959,497	\$ 20,446,289	\$ 32,636,576	\$ 23,493,613	\$ 222,272,343
Transfers from other funds	\$ 2,412,942		\$ 25,000	\$ 135,000	\$ 550,000	\$ 1,545,233	\$ 1,828,036	\$ 6,496,211
<b>TOTAL AVAILABLE RESOURCES</b>	\$ 133,085,713	\$ 6,762,859	\$ 6,325,737	\$ 2,094,497	\$ 20,996,289	\$ 34,181,809	\$ 25,321,649	\$ 228,768,554
<b>EXPENDITURES</b>								
General Government	\$ 5,069,020				\$ 1,633,292		\$ 8,072	\$ 6,710,384
Public Safety	\$ 10,351,721				\$ 998,153	\$ 829,739	\$ 20,470	\$ 12,200,083
Education	\$ 66,779,596				\$ 9,546,051	\$ 1,555,570		\$ 77,881,217
Public Works	\$ 7,353,701	\$ 6,695,126	\$ 5,692,699		\$ 2,805,991	\$ 10,786,479		\$ 33,333,996
Health and Human Services	\$ 731,548				\$ 154,411	\$ 56,421		\$ 942,380
Culture and Recreation	\$ 2,728,950			\$ 1,451,680	\$ 25,913	\$ 53,583	\$ 5,856	\$ 4,265,982
State and County Assessments	\$ 686,756							\$ 686,756
Debt Service	\$ 8,207,916	\$ 312,339	\$ 307,678	\$ 100,168		\$ 10,802,000		\$ 19,730,101
Pension/Insurance	\$ 23,406,887				\$ 13,240		\$ 22,964,580	\$ 46,384,707
<b>TOTAL EXPENDITURES:</b>	\$ 125,316,095	\$ 7,007,465	\$ 6,000,377	\$ 1,551,848	\$ 15,177,051	\$ 24,083,792	\$ 22,998,978	\$ 202,135,606
Transfers to other funds	\$ 3,205,233	\$ 737,309	\$ 859,728	\$ 155,848		\$ 137,057	\$ 223,000	\$ 5,318,175
<b>ENDING FUND BALANCES</b>	\$16,668,103	\$27,018,691	\$21,425,680	\$ 3,212,055	\$12,096,748	\$16,506,279	\$8,381,995	\$ 105,309,551

# Summary of Revolving Fund Balances

## FY 2008 Actuals (and first half of FY 2009)

This spreadsheet shows beginning and ending balances for municipal Revolving Funds for FY 2008 and the first half of FY 2009 (July 1, 2007-December 31, 2008). Beginning balances (as of July 1, 2007) are shown on the first line, followed by all revenues received by category (Tax levy, intergovernmental revenue/state aid, fees, etc.) on the left-hand side of the page. Expenditures are shown by service category (education, public safety, public works, etc.). FY 2008 Actuals are provided because it is the most recent fiscal year for which data is available. Rules for the establishment, use and reporting of Revolving Funds is governed by M.G.L. Ch.44, Sec. 53E 1/2.

	7/1/07 Beg Bal	FY08 Revenue	FY08 Expenditures	6/30/2008 End Bal	7/1/08 Beg Bal	July-Dec 08 Revenue	July-Dec 08 Expenditures	12/31/2008 End Bal
Tree	\$ 3,098	\$ 6,438	\$ 4,468	\$ 5,069	\$ 5,069	\$ 275	\$ (277)	\$ 5,621
Burial Container	\$ 41,985	\$ 42,430	\$ 24,834	\$ 59,581	\$ 59,581	\$ 16,470	\$ 9,025	\$ 67,026
Compost Operations	\$ 232,665	\$ 281,643	\$ 241,022	\$ 273,286	\$ 273,286	\$ 129,814	\$ 120,673	\$ 282,427
MHHP Operations	\$ 31,368	\$ 128,792	\$ 144,727	\$ 15,433	\$ 15,433	\$ 107,723	\$ 67,943	\$ 55,214
Council on Aging Programs	\$ 1,204	\$ 79,482	\$ 68,625	\$ 12,062	\$ 12,062	\$ 46,371	\$ 37,299	\$ 21,134
Health Programs	\$ 862	\$ 14,130	\$ 24	\$ 14,967	\$ 14,967	\$ 423	\$ 6,789	\$ 8,601
PEG/Lexington Comm. TV	\$ 558,381	\$ 379,321	\$ 650,377	\$ 287,325	\$ 287,325	\$ 205,975	\$ 77,277	\$ 416,022
School Bus Transportation	\$ -	\$ 205,388	\$ 65,000	\$ 140,388	\$ 140,388	\$ (1,071)	\$ 65,000	\$ 74,317
Public Facilities Revolving Fund	\$ -	\$ -	\$ -	\$ -	\$ 22,785	\$ 187,249	\$ 64,166	\$ 145,868
Liberty Ride	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,263	\$ 67,754	\$ 24,508

## APPENDIX C: COMMUNITY PRESERVATION ACT SUMMARY

	FY07 Actual	FY08 Budget	FY09 Budget
<b>Community Preservation Act - Revenue</b>			
Prior Year Balance (allocated and unallocated)			
Property Surcharge	2,531,494	2,649,000	2,754,960
State Match		2,584,470	1,550,682
Investment Income	48,911	-	-
Donations/Other	20,000	-	-
<b>Total Revenues</b>	<b>2,600,406</b>	<b>5,233,470</b>	<b>4,305,642</b>
<b>Use of Community Preservation Funds</b>			
<b>Open Space Reserve Allocation</b>			
Beginning balance (Art. 25, 2006 ATM)	230,000	230,000	690,847
New Allocation		523,347	430,564
Current projected allocation	230,000	753,347	1,121,411
<u>Appropriations for:</u>			
<i>West Lexington Greenway Corridor (Art. 26(k) 2007 ATM)</i>	-	62,500	-
		-	
<b>(a) subtotal - appropriations</b>	<b>-</b>	<b>62,500</b>	<b>-</b>
<b>(b) Open Space Reserve Balance at end of fiscal year</b>	<b>230,000</b>	<b>690,847</b>	<b>1,121,411</b>
<b>Historic Preservation Reserve Allocation</b>			
Beginning balance (Art. 25, 2006 ATM)	25,000	45,000	-
Donations	20,000	-	-
New Allocation	---	676,045	1,361,900
Current projected allocation	45,000	721,045	1,361,900
<u>Appropriations for:</u>			
<i>Munroe and Old Burial Grounds (Art. 26(b) 2007 ATM)</i>		367,000	
<i>Historic Homes Fire Monitoring Systems (Art. 26(c) 2007 ATM)</i>		18,120	
<i>Buckman Tavern Boiler (Art. 26(d) 2007 ATM)</i>		10,685	
<i>Comprehensive Cultural Resource Survey (Art. 26(e) 2007 ATM)</i>		90,000	
<i>East Lexington Library Study (Art. 26(g) 2007 ATM)</i>		43,000	
<i>Cary Hall Performance Restoration (Art. 26(h) 2007 ATM)</i>		147,130	
<i>Historic Signage (Art. 26(i) 2007 ATM)</i>		18,360	
<i>Muzzey Condominium Study (Art. 26(l) 2007 ATM)</i>		26,750	
<i>Belfry Hill Tree Restoration</i>			9,850
<i>Archive Record Management &amp; Conservation</i>			150,000
<i>School Administration Building/Old Harrington</i>			330,000
<i>Munroe Center Sprinkler System</i>			579,550
<i>Town Office Complex Building Envelope</i>			95,000
<i>East Lexington Fire Station</i>			47,500
<i>ADA Accessible Bathrooms and Signs for TOB</i>			70,000
<i>Town Office Building Use Study &amp; Renovation Design</i>			80,000
<b>(a) subtotal - appropriations</b>	<b>-</b>	<b>721,045</b>	<b>1,361,900</b>
<b>(b) Historic Preservation Reserve Balance at end of fiscal year</b>	<b>45,000</b>	<b>-</b>	<b>0</b>

## APPENDIX C: COMMUNITY PRESERVATION ACT SUMMARY

	FY07 Actual	FY08 Budget	FY09 Budget
<b>Community Housing Reserve Allocation</b>			
Beginning balance (Art. 25, 2006 ATM)	230,000	230,000	198,193
New Allocation	---	523,347	638,293
Current projected allocation	230,000	753,347	836,486
<u>Appropriations for:</u>			
<i>Greeley Village Window Replacement (Art. 26(f) 2007 ATM)</i>		228,404	
<i>Douglas House Specialized Affordable Housing (Art. 26(j) 2007 ATM)</i>		300,000	
<i>Muzzey Condominium Study (Art. 26(l) 2007 ATM)</i>		26,750	
<i>Survey and Define Afford. Housing Assist. Programs</i>			25,000
<i>Vynebrook Village Windows</i>			158,686
<i>Parker Manor Condo Purchases</i>			652,800
<b>(a) subtotal - appropriations</b>	<b>-</b>	<b>555,154</b>	<b>836,486</b>
<b>(b) Community Housing Reserve Balance at end of fiscal year</b>	<b>230,000</b>	<b>198,193</b>	<b>0</b>
<b>Undesignated Reserve (FB Available for Appropriation Reserve)</b>			
Beginning balance (Art. 25, 2006 ATM)	1,530,000	-	-
New Allocation		3,510,731	1,874,884
Current projected allocation	1,530,000	3,510,731	1,874,884
<u>Appropriations for:</u>			
<i>Hancock Clark Restoration (Art 4, 2006 STM - for Hist. Pres.)</i>	25,000		
<i>Lexington Depot (Art. 4, 2006 STM - for Hist. Pres.)</i>	44,000		
<i>Cary Hall Records Vault (Art. 4, 2006 STM - for Hist. Pres.)</i>	60,000		
<i>Police Station Repairs (Art. 28, 2006 ATM - for Hist. Pres.)</i>	100,000		
<i>Cary Hall Records Vault (Art. 28, 2006 ATM - for Hist. Pres.)</i>	60,000		
<i>Fire Station Repairs (Art. 28, 2006 ATM - for Hist. Pres.)</i>	100,000		
<i>Administrative Expenses</i>	20,926		
<i>West Lexington Greenway Corridor (Art. 26(k) 2007 ATM)</i>		62,500	
<i>Center Playfield Drainage Improvements (Art. 26(a) 2007 ATM)</i>		40,000	
<i>Administrative Expenses</i>		50,000	50,000
<i>Old Reservoir Management</i>			55,000
<i>Harrington Pre-School Playground</i>			75,000
<i>Harrington Pre-School Playground (Supplemental Appropriation - Nov. 2008 STM)</i>			35,135
<b>(a) subtotal - appropriations</b>	<b>409,926</b>	<b>152,500</b>	<b>215,135</b>
<b>Close to Year-End Surplus Available for Appropriation</b>	<b>1,120,074</b>	<b>3,358,231</b>	<b>1,659,749</b>
<b>(b) Undesignated Reserve Balance at end of fiscal year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross Year-End Surplus Available for Appropriation</b>	<b>1,685,480</b>	<b>4,443,711</b>	<b>6,103,460</b>
<u>Appropriations from Year-End Surplus Available for Appropriation</u>			
<i>Hancock-Clarke House Restoration</i>	600,000		
<b>Net Year-End Surplus Available for Appropriation<sup>1</sup></b>	<b>1,085,480</b>	<b>4,443,711</b>	<b>6,103,460</b>

<sup>1</sup> FY09 is an estimate as of June 30, 2009

# Stabilization Fund History

Authorized M.G.L. Ch. 40, Sec. 5, The Town of Lexington's general stabilization fund has grown steadily over the last five fiscal years. Stemming from actions of Town Meeting and recommendations of the Selectmen's Ad Hoc Fiscal Policy Committee, annual appropriations to the fund are shown in the table below.

The Fiscal Policy Committee recommended that the Town "*[b]uild a Stabilization Fund large enough to buffer the General Fund from the impact of two to three years of reduced state aid and declining local receipts. Continue to allocate between \$500,000 and \$1 million each year until the Stabilization Fund reaches roughly 7% of the prior year's General Fund revenues.*" (Report of the Financial Policy Committee to BOS, page 4 & 11, March 15, 2006)

Staff further recommended "*While we strongly endorse the policy to establish a target balance of 7% of general fund revenues in the Stabilization Fund, we propose that the fund be built to this level over a 5 to 7 year period and that the primary source of funding be significant one-time revenues e.g., NESWC payments, arbitrage proceeds, etc. Furthermore, as a companion to the Committee's recommendation, we propose that a policy guiding the use of stabilization funds be developed. Generally, the policy should specify permitted uses of the fund such as the replacement of significant losses of operating revenue during economic downturns and the funding of unanticipated costs that outstrip the capacity of the Appropriation Committee's reserve fund; and, a specification of the number of years to return the fund to its target level when it is drawn down below that level.*" (Staff Memo to BOS on FPC Recommendations, September 15, 2006.

	FY04	FY05	FY06	FY07	FY08	FY09 <sup>1</sup>	FY10 <sup>2</sup>
Beginning Balance	\$ 27,634	\$ 139,797	\$ 961,771	\$ 1,615,947	\$ 4,461,675	\$ 5,672,193	\$ 6,776,014
Interest Earned	\$ 1,021	\$ 14,652	\$ 50,529	\$ 195,728	\$ 210,518	\$ 103,821	N/A
T.M. Appropriation	\$ 111,142	\$ 807,322	\$ 603,647	\$ 2,650,000	\$ 1,000,000	\$ 1,000,000	\$ -
T.M. Withdrawal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 139,797</b>	<b>\$ 961,771</b>	<b>\$ 1,615,947</b>	<b>\$ 4,461,675</b>	<b>\$ 5,672,193</b>	<b>\$ 6,776,014</b>	<b>\$ 6,776,014</b>
<b>GF Revenue @ fiscal year end</b>	<b>\$ 99,491,413</b>	<b>\$ 110,144,605</b>	<b>\$ 117,182,016</b>	<b>\$ 124,113,723</b>	<b>\$ 133,085,712</b>	<b>\$ 134,854,618</b>	<b>\$ 139,467,683</b>
<b>% of GF Revenue</b>	<b>0.14%</b>	<b>0.87%</b>	<b>1.38%</b>	<b>3.59%</b>	<b>4.26%</b>	<b>5.02%</b>	<b>4.86%</b>

<sup>1</sup> Interest shown is through 1/31/09.

<sup>2</sup> General Fund revenue at fiscal year end represents estimated FY 2010 revenue as of 2/2009.

## Summary of Reserve Fund Transfers

### FY 2006-2010 (as proposed)

This spreadsheet shows beginning and ending balances for the Appropriation Committee Reserve Fund. The fund, set forth under M.G.L. Ch. 40, Sec. 6, is to be used for extraordinary, unforeseen and unanticipated expenditures, which cannot be paid through regular program appropriations. Specifically, M.G.L. states:

**Chapter 40: Section 6. Towns; reserve funds for extraordinary expenditures; establishment**

*Section 6. To provide for extraordinary or unforeseen expenditures, a town may at an annual or special town meeting appropriate or transfer a sum or sums not exceeding in the aggregate five per cent of the levy of the fiscal year preceding the fiscal year for which the fund, to be known as the reserve fund, is established. No direct drafts against this fund shall be made, but transfers from the fund may from time to time be voted by the finance or appropriation committee of the town, in towns having such a committee, and in other towns by the selectmen; and the town accountant in towns having such an official, and in other towns the auditor or board of auditors, shall make such transfers accordingly.*

Appropriated by Town Meeting annually, the Appropriation Committee approves transfer requests.

	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	
	Rev. Budget	Actual	Rev. Budget	Actual	Rev. Budget	Actual (YTD)	Budget	Actual	Budget	Actual
<b>Reserve Fund</b>	<b>\$ 347,520</b>	<b>\$ 347,520</b>	<b>\$ 537,500</b>	<b>\$ 404,626</b>	<b>\$ 469,868</b>	<b>\$ 140,000</b>	<b>\$ 532,500</b>	<b>\$ 15,000</b>	<b>\$ 550,000</b>	<b>N/A</b>
Legal				\$ 20,000		\$ 140,000		\$ 15,000		
Public Schools				\$ 146,020						
General Insurance		\$ -		\$ 98,284						
Worker's Comp.		\$ 79,500		\$ 50,000						
Uninsured Losses				\$ 41,252						
Social Services		\$ 11,000								
Elections		\$ 25,000		\$ 28,900						
Unemployment		\$ 70,000								
DPW Utilities		\$ 35,000								
BOS Wages				\$ 3,400						
Police Wages				\$ 16,770						
Fire Wages										
Snow Expenses		\$ 86,720								
Library Expenses		\$ 40,300								

# Lexington Retirement System History

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Authorized under M.G.L. Ch 32, the Lexington Retirement System is charged with managing the pensions of most municipal and school employees. Teachers are covered the Massachusetts Teachers Retirement System. State law requires that retirement systems fully fund their pension liabilities by 2027. Lexington is on track to complete full funding of its liability by 2015.

The following table shows information concerning the Pension Liability.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Assessment	\$ 1,584,000	\$ 3,015,532	\$ 3,284,315	\$ 3,342,331	\$ 3,449,284	\$ 3,519,578
% Funded	84.7%	84.7%	88.4%	100.5%	90.8%	NA
Target Date for 100% Liability Funding	2010	2015	2015	2015	2015	2015

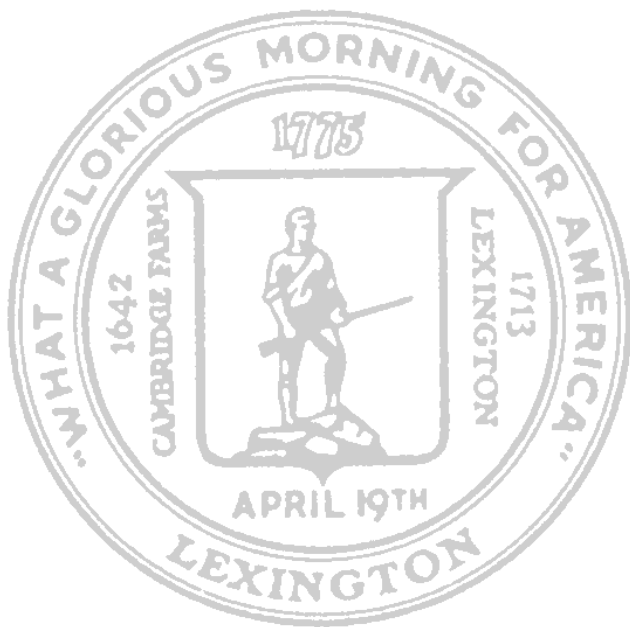
# Snow & Ice History

The Following spreadsheet details Snow & ice expenditures for the Town of Lexington over the last ten (10) Fiscal Years.

FY	Appropriated Budget	Total Expenses	Covered within Budget	Covered with Supplemental Grants	Raised Deficit on Recap
2008	\$ 610,237	\$ 1,645,140	\$ 537,865		\$ (497,038)
2007	\$ 610,173	\$ 759,594	\$ 149,421		\$ -
2006	\$ 600,000	\$ 1,120,337	\$ 378,378		\$ (141,959)
2005	\$ 494,125	\$ 1,741,220	\$ 453,334	\$ 147,073	\$ (646,688)
2004	\$ 297,045	\$ 871,616	\$ 259,171	\$ 133,454	\$ (181,946)
2003	\$ 297,045	\$ 1,187,465	\$ 60,274	\$ 111,000	\$ (719,146)
2002	\$ 297,045	\$ 611,932	\$ 68,933		\$ (245,954)
2001	\$ 297,045	\$ 950,220	\$ 275,302		\$ (377,873)
2000	\$ 285,200	\$ 436,661	\$ 93,264		\$ (58,197)
1999	\$ 285,200	\$ 553,607	\$ 146,234		\$ (122,173)
<b>Total</b>	<b>\$ 4,073,115</b>	<b>\$ 9,877,792</b>	<b>\$ 2,422,176</b>	<b>\$ 391,527</b>	<b>\$ (2,990,974)</b>
<b>5-Yr. Average</b>					
	<b>\$ 522,316</b>	<b>\$ 1,227,581</b>	<b>\$ 355,634</b>	<b>\$ 140,264</b>	<b>\$ (293,526)</b>
<b>10-Yr. Average</b>					
	<b>\$ 407,312</b>	<b>\$ 987,779</b>	<b>\$ 242,218</b>	<b>\$ 130,509</b>	<b>\$ (299,097)</b>

# Appendix D: Glossary

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# Glossary

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**ABATEMENT** - Abatement is a reduction of a tax liability. The Board of Assessors grants abatements for real estate and personal property taxes in cases where an individual's assessed valuation is determined to be in excess of fair market value.

**ACCRUAL BASIS FOR ACCOUNTING** – A method of accounting that recognizes revenue when earned, rather than when collected, and recognizes expenses when incurred, rather than when paid.

**APPROPRIATION** - An authorization granted by the Town Meeting to make expenditures and to incur obligations for specific purposes. Appropriations for any expenditure specify dollar amounts, funding sources, and a period of time within which the funds must be spent. Any funds not expended within the specified time (usually one fiscal year) revert to the Unreserved Fund Balance.

**APPROPRIATED BUDGET** – As used in fund summaries and department summaries within the budget document, represents the current year budget as originally adopted by Town Meeting. It does not include prior year encumbrances or re-appropriation.

**ARTICLE** - An article or item on the Town Warrant. There are four standard financial articles that appear in the Warrant every year. The operating budget appears in the Warrant as Article 4. Article 5 is for "Supplementary Appropriations for the Current Fiscal Year" (the current fiscal year is the one that was appropriated at the previous year's Town Meeting). Prior Years' Unpaid Bills are considered as Article 6, and Article 7 is used for supplementary appropriations for previously authorized capital improvement projects. "New" capital project requests and other special items generally appear as individual articles without a predetermined order.

**ARTICLE TRANSFERS & TRUSTS** - Projects from previous year Town Meeting article appropriations occasionally have unexpended balances not required once the project is complete. The unexpended balance becomes available for future Town Meeting appropriation. Trust fund monies will occasionally be released by the Trustees of Public Trusts to support approved recreation, human services, cemeteries or library programs in accordance with the trust.

**ASSESSED VALUATION** - The valuation of real estate or other property determined by the Town Assessor for tax levying purposes. The Commonwealth certifies the values and methodology in determining those values every three years.

**ASSETS** – Property, plant and equipment owned by the Town.

**AUDIT** – A comprehensive examination as to the manner in which the government's resources were actually utilized concluding in a written report of its findings. An accounting audit is intended to ascertain whether financial statements fairly present the financial position and results of operations of the Town. The Town is required to conduct an audit annually.

**AVAILABLE FUNDS ("FREE CASH")** - The amount certified annually by the Dept of Revenue that represents the unreserved fund balance less all outstanding tax receivables. This balance is created when actual revenues exceed those estimated and/or expenditures are less than appropriations for any given fiscal year. These funds may be appropriated by Town Meeting as a resource for the next fiscal year's operations or any other purpose authorized by state statute.

**BOND** - A written promise to pay a specified sum of money, called the face value or principal amount, at a specified dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between notes, usually one year or two years in length and a bond is that the latter runs for a longer period of time. State statute and the Board of Selectmen establish the length of a bond repayment.

**BOND ANTICIPATION NOTE (BAN)** – A temporary note issued for no more than one or two years.

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This is commonly used to defer the initial pay down of debt or to accommodate reimbursement for borrowed notes from a private source or other governmental entity.

**BUDGET** - A plan of financial operation embodying an estimate of proposed expenditures for a given period with proposed means of financing. Lexington's budget is a financial plan that is established for a single fiscal year that begins on July 1 and ends on June 30.

**BUDGET MESSAGE (Town Manager's Transmittal Letter)** – The opening section of the budget that provides the Board of Selectmen, Town Meeting Members, and the general public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the recommendations of the Town Manager.

**CAPITAL EXPENDITURE** - A major, non-recurring expenditure involving land acquisition, construction or major rehabilitation of a facility, or purchase of equipment costing \$25,000 or more with a useful life of five years or more.

**CAPITAL IMPROVEMENT PROGRAM (CIP)** - A financial planning and management tool which: identifies public facility and equipment requirements; places these requirements in order of priority; and schedules them for funding and implementation.

**CEMETERY FUND** - See Special Revenue Fund.

**CHAPTER 90** - Massachusetts General Laws Chapter 90, Section 34 authorizes the Commonwealth to allocate funds to municipalities through the Transportation Bond Issue for highway construction, preservation and improvement projects that create or extend the life of capital facilities. Routine maintenance operations such as pothole filling and snow and ice removal are not covered. The formula for determining the Chapter 90 level of funding is based on a municipality's miles of public ways, population and level of employment. Municipalities receive Chapter 90 funds on pre-approved projects on a reimbursement basis.

**CHERRY SHEET** - The State allocates a portion of generated revenue to municipalities each year for education and general governmental expenditures. The amount of state aid each community will receive is itemized in a financial statement printed on cherry colored paper (thus the name). The amount of reimbursement is a function of the State budget. Towns usually receive notification in late summer, subsequent to the beginning of the fiscal year.

**COMPETITIVE BIDDING PROCESS** – the process following State law requiring that for purchases of \$25,000 or more a Town must advertise, solicit and publicly open sealed bids from prospective vendors. After a review period, the Town Manager then awards a contract to the successful bidder.

**CONTINUING BALANCE ACCOUNTS** – Continuing Balance Account: At the end of a fiscal year, any unexpended balance in a continuing balance account carries forward to the next year as a type of reserve against future liabilities related to the account. Massachusetts General Laws provides for a number of continuing balance accounts including those for: workers compensation claims, property and liability uninsured losses, and unemployment compensation claims. A continuing balance account is also typically used to fund compensated absence liabilities, facility repair accounts and equipment replacement accounts..

**DEBT EXCLUSION** - The amount of taxes assessed in excess of the Proposition 2-1/2 levy limit for the payment of debt service costs attributable to a vote of the electorate. Two-thirds of the Selectmen and a majority of citizens voting must approve the exclusion. These funds are raised to retire the debt service for the project. They are not added to the tax levy limit for the following fiscal year.

**DEBT SERVICE** - Payment of interest and principal on an obligation resulting from the issuance of bonds.

**DEPARTMENT** – A division of the Town that has overall management responsibility for an operation or group of related operations within a functional area.

**DEPRECIATION** – 1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, and inadequacy of obsolescence. 2) That portion of the cost of a capital asset that is charged as an expense during a particular period. Depreciation is based on historic costs not replacement value.

**EFFICIENCY MEASURES** – Indicate how well resources are being used. They include cost-per-unit and productivity indicators.

**ELEMENT** - The smallest unit of budgetary accountability, which encompasses specific and distinguishable lines of work performed for the purpose of accomplishing a function for which the Town is responsible.

**ENCUMBRANCE** – To encumber funds means to set aside or commit funds for a future expenditure. Encumbrances include obligations in the form of purchase orders, contracts or salary commitments, which are chargeable to an appropriation and for which a part of the appropriation is reserved.

**ENTERPRISE FUND** - An account supported by user fees for a specific service that the Town operates as a separate "business" (e.g. Water, Sewer, Recreation). Enterprise funds do not depend on taxes for operating revenue as user fee revenue and expenses are balanced over the long run. Budgeting for all Enterprise Funds is done on a Generally Accepted Accounting Practices (GAAP) basis.

**EXPENDITURE** – Decrease in net financial resources for the purpose of acquiring and providing goods and services.

**EXPENSES** – Outflows or other using up of assets or incurring of liabilities during a period from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations. Expenses consist of the following objects of expenditure: Utilities, Supplies and Materials, Contractual Services, and Equipment.

**FINES & FORFEITURES** - Revenue collected from court fines, penalty charges for overdue taxes along with non-criminal fines are included in this category.

**FREE CASH** - see Available Funds and Unreserved Fund Balance.

**FUND BALANCE** – The excess of assets over liabilities which is therefore also known as surplus funds. A negative fund balance is a deficit.

**FUNDING SOURCE** – The specifically identified funds allocated to meet budget requirements/expenses.

**GENERAL FUND** - Revenues derived from the tax levy, state aid, local receipts and available funds are considered General Fund revenues. The General Fund is distinguished from Enterprise Funds and Special Revenue Funds.

**GFOA** – Government Finance Officers Association of the United States and Canada. The G.F.O.A. is a professional organization of governmental finance officers. The Town has been awarded the Distinguished Budget Presentation Award annually since the fiscal year commencing July 1, 2001.

**GRANT** – A contribution by one government unit or outside agency to another governmental unit. The contribution is usually made for a specific purpose but is sometimes for general purposes.

**INVESTMENT INCOME** - The Town earns interest on cash held in savings accounts and invested in short term securities. The investment goal is to ensure that all funds are invested. The term of these investments is short-term and risk adverse. The Treasurer is very restricted as to the instruments in which

investments can be made. The amount of investment income is a function of the amount of funds invested and the interest rate.

**LIABILITY** – Debt or other legal obligation which must be paid, renewed or refunded at some future date, but does not include encumbrances.

**LOCAL RECEIPTS** - A category of revenue sources including school department charges for services, investment income, fines and forfeitures, building permits and excise taxes. These revenues are not considered part of the Proposition 2 ½ Tax Levy.

**MODIFIED ACCRUAL BASIS FOR ACCOUNTING** – A method of accounting that recognizes revenue when it is actually received and recognizes expenditures when a commitment is made.

**MOTOR VEHICLE EXCISE** - All Massachusetts vehicle owners who have their vehicle(s) registered in the State of Massachusetts pay an annual motor vehicle excise tax to the city or town in which they reside. The Registry of Motor Vehicles creates a listing of all vehicles registered in Lexington and the book value assigned to each vehicle. The Town uses this information to bill all owners an annual tax equal to 2 ½ percent or \$25 for each \$1,000 of the vehicle's value.

**MWRA** – Massachusetts Water Resources Authority

**OBLIGATION** - A commitment to pay a particular sum of money (e.g. as required by contract or a bond).

**OPERATING BUDGET** – The portion of the budget that pertains to daily operations, which provide basic services for the fiscal year. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel and the proposed means of financing them.

**OPERATING EXPENDITURE** - An ongoing or recurring cost of performing a function or providing a service. Operating expenditures include personal services, supplies and materials, utilities, contractual services, minor equipment, and debt service.

**OTHER EXCISE (Hotel/Motel and Jet Fuel)** - Lexington hotels and motels charge a 9.7% room tax to guests in accordance with local option legislation. The Town of Lexington receives 4% of this tax in semi-annual installments (See page 12 of the Revenue Section).

**OTHER FEES AND CHARGES** - Revenue is received from fees or charges by the Inspectional Services, Engineering and Planning Departments, and the Department of Public Works. Also included in this category are collections from ambulance fees, municipal liens, and building rentals.

**OUTCOME MEASURES** – Indicate how well a service accomplishes the intended purpose. Outcome indicators can be defined as measures of the quality of the program outputs, such as responsiveness, timeliness, compliance, accuracy and customer satisfaction.

**OVERLAY** - The amount raised in the tax levy for funding abatements granted by the Board of Assessors due to overvaluation.

**OVERRIDE** - An action taken by the voters of the town to exceed the limit placed on tax revenue growth by the State tax limitation law known as Proposition 2 ½. The tax levy limit can be exceeded only if a majority of residents voting approve an override. This sum is then added to the base levy for the next fiscal year and this becomes a permanent addition to the tax levy limit.

**PARKING METER FUNDS** - Revenue from town parking meters and parking lot permits are deposited into the Parking Fund. This fund helps offset the costs of LEXPRESS transportation services, Police Department personal services, parking lot maintenance costs, and Department of Public Works expenses

directly related to parking lot maintenance.

**PERFORMANCE MEASURES** – Specific quantitative and qualitative measures of work performed as an objective of the department. Performance Measurement Systems are generally comprised of the following indicators: workload measures, efficiency measures and outcome measures.

**PERSONAL SERVICES** – A line on the program, subprogram and element sheets which refers to the total of the following objects of expenditure: Wages, Overtime, and Other Compensation.

**PROGRAM** - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the Town is responsible.

**PROGRAM BUDGET** – A budget that focuses upon the goals and objectives of an agency or jurisdiction rather than upon its organizational budget units or object classes of expenditures.

**PROPOSITION 2 ½** - A tax limitation measure passed by Massachusetts voters in 1980 which limits the growth of the total property tax levy to 2.5% per year. In other words, the total revenue allowed to be raised through real estate and personal property taxes cannot increase by more than 2.5% from one fiscal year to the next unless the citizens of the town approve a debt exclusion or an operating override. New construction values are in addition to this limit. Two provisions within Proposition 2 ½ allow the citizens of a community by popular vote to authorize the Town to raise taxes above the tax levy limit: an operating override or a debt exclusion.

**RECREATION FEES** - Users of Town recreational facilities and teams participating in Town sponsored sports pay fees for these services. Revenue collected from these fees covers the costs of maintaining facilities, providing coaches and referees, and recreation program management, as well as some recreation related capital improvements. These recreation programs are managed through a Recreation Enterprise Fund.

**RESERVE FUND** - An amount set aside annually within the budget of a city or town to provide a funding source for "extraordinary and unforeseen" expenditures. In a town, the Finance (or Appropriation) Committee can authorize transfers from this fund.

**RETAINED EARNINGS** – The equity account reflecting the accumulated earnings of the enterprise funds.

**RESOURCES** - Total dollar amounts available for appropriation including estimated revenues, fund transfers, and beginning fund balances.

**REVENUE** - Budgetary resources. The various revenues the Town receives are listed in the Revenue Summary in the Budget Overview section.

**REVOVLING FUND** - Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For departmental revolving funds, MGL Ch. 44 §53E½ stipulates that each fund must be re-authorized each year at annual town meeting or by city council action, and that a limit on the total amount that may be spent from each fund must be established at that time. The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the city or town in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single fund.

**SCHOOL BUILDING ASSISTANCE PROGRAM (SBAB)** – A program started by the Commonwealth of Massachusetts for the purpose of assisting municipalities in the reconstruction and renewal of its public schools.

**SCHOOL REVENUE** - Revenue received by Lexington Public Schools from athletic fees, rental of school

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facilities, and bus transportation fees is included in this category.

**SENIOR MANAGEMENT TEAM** – A group of top managers including department heads from eleven departments and the Town Manager’s Office. There are two other cross-department teams in the Town organization: a Management Strategies Group of selected middle managers, and an Employee Strategies Group of selected line employees.

**SEWER & WATER CHARGES** - The Town operates Water and Sewer Enterprise Funds to manage these municipal operations. Users of sewer and water services provided by the Town pay charges depending upon usage. Revenue received from charges for sewer and water services is used to fully support the costs of utility operations, such as Massachusetts Water Resources Authority (MWRA) assessments, debt service obligations, personal service costs, and capital projects. Charges for services are based on an eight-tier block rate structure corresponding to usage. Charges rise as usage increases. The Town pays the MWRA assessments to supply quality water and dispose of Town sewage. Large increases in water and sewer rates have and will continue to occur as the MWRA raises assessments to cover their costs for sewage treatment and Boston Harbor clean-up efforts.

**SPECIAL REVENUE FUND** - A group of accounts that are funded by revenues from other sources such as the Parking and Cemetery Funds.

**STABILIZATION FUND** – Massachusetts General Law Ch.40, Sec. 5B, allows a municipality to appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding fiscal year; the aggregate amount in the fund shall not exceed ten percent of the equalized valuation of the municipality. The treasurer shall be custodian of the fund and may invest the proceeds legally; any interest earned shall remain with the fund. Money from the Stabilization Fund may be appropriated for any lawful purpose by two-thirds vote of Town Meeting.

**SUBPROGRAM** - A group of related activities categorized within a related program by division or department.

**TAX LEVY** - The total amount to be raised through real estate and personal property taxes. Lexington property owners pay taxes to the Town based on the assessed value of their real and/or personal property. Each year the Board of Selectmen conducts a tax classification hearing to determine a tax rate. The Town Assessor makes adjustments to real estate values in order to properly reflect fair market value. In addition to real estate, businesses may also pay a personal property tax (set at the commercial rate) based on the value of their professional equipment, furniture and fixtures. The amount of taxes a property owner pays is determined by multiplying the applicable tax rate by the valuation. For example, if the tax rate is \$10 and a property's assessed value is \$100,000, the property owner will pay \$10 times \$100,000/1,000, or \$1,000. Tax levy revenues are the largest source of funding for the Town. These revenues support most school, police, fire, public works, library, and general governmental services to the community.

**TAX LEVY LIMIT** - The maximum amount that can be raised within Proposition 2 ½.

**TAX RATE** - The amount of tax levied for each \$1,000 of assessed valuation.

**USER FEES** - Fees paid for direct receipt of a public service by the user or beneficiary of the service.

**WORKLOAD MEASURES** – Provide a count of activities of work produced without regard to how well service is accomplished.