



Town of Lexington

Financial Summit I

*Indicator Analysis, Fiscal Year 2000-2010
Projections & Estimates, Fiscal Year 2012-2014
October 6, 2010*



Town of Lexington

Summit I - October 6, 2010

Table of Contents

	Page
Introduction	1
Indicator Analysis	
I.1 Revenues	2
I.2 State Aid	3
I.3 Revenues Related to Economic Growth	4
I.4 Property Tax Revenues	5
I.5 Uncollected Property Taxes	6
I.6 Expenditures per Household	7
I.7 Personnel Costs	8
I.8 Employee Benefits	9
I.9 Unfunded Liabilities	10
I.10 Participants in Lexington Retirement System	11
I.11 Pension Liability	12
I.12 Debt Service	13
I.13 Long-Term Debt	14
I.14 Reserves/Fund Balance	15
I.15 Population	16
Revenue and Expenditure Projections	
FY 2012-2014 Projection- Introductions	17
Revenue/Expenditure Projection- FY2012-FY2014	18
FY 2012- Policy Issues	19
Appendices	
A Chapter 70 Aid	20
B Pupils as a Percentage of Population	21
C Other Post Employment Benefits (OPEB)	22
D Other Reserves & Continuing Balance Accounts	23
E Average Residential Tax Bill	24
F Revenue/Expenditure History	25



Town of Lexington

Summit I - October 6, 2010

Introduction

This packet of information is designed to achieve three goals:

- a) Evaluate the fiscal health of the Town of Lexington through a series of financial indicators and, where appropriate, comparative benchmarks.
- b) 3 year Revenue and Expenditure Projection
- c) Outline the FY 2012 Budget Calendar and Issues.

This material provides policymakers with an informed snapshot of Lexington's financial condition into the FY 2012 Budget Process.

Using a series of recognized metrics from professional organizations, including the International City/County Management Association, (ICMA), the Government Finance Officer's Association (GFOA), Moody's Investor's Service, and data from the Town of Lexington, Mass. Department of Revenue, the Mass. Department of Education, and the U.S. Census Bureau, Town staff has compiled 15 indicators with which to evaluate the Town's fiscal health.

Lexington's financial condition, is generally sound. In particular,

- Lexington has good revenue growth, stable labor costs as a percentage of total operating costs, adequate pension funding, a good balance of revenues related to economic growth, low debt service, and adequate reserves, given the economic climate.
- Lexington is satisfactory in the areas of expenditure growth.
- Lexington is unsatisfactory in the areas of state aid and employee liabilities (with the exception of pension funding). In particular, Lexington continues to witness significant increases in employee benefit costs, and unreliable levels of state aid.

Notwithstanding these measures, there is no suggestion from outside rating agencies (i.e Moody's Investor Service) that these various trends will jeopardize Lexington's Aaa credit rating.



Town of Lexington

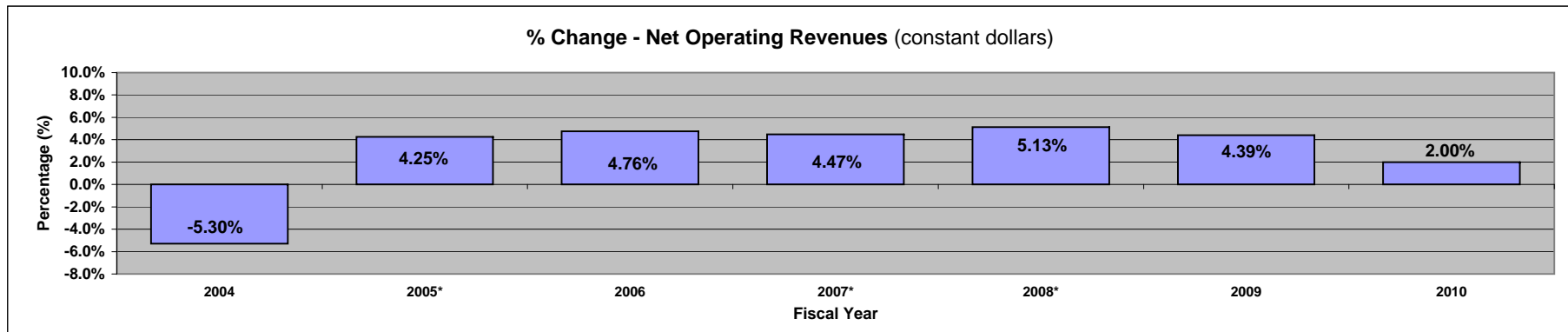
Financial Summit I

Indicator Analysis, Fiscal Year 2000-2010

October 6, 2010



A decrease in net operating revenues (constant dollars) is considered a warning indicator.



Fiscal Year	2000*	2004	2005*	2006	2007*	2008*	2009 ¹	2010
Gross operating revenue/transfers	\$ 81,597,556	\$ 100,005,960	\$ 107,961,955	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 144,131,700	\$ 146,061,329
Less: Excluded Debt Service	\$ 120,000	\$ 4,189,338	\$ 5,325,085	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385
Net Operating Revenues	\$ 81,477,556	\$ 95,816,622	\$ 102,636,870	\$ 111,059,616	\$ 119,618,616	\$ 128,181,412	\$ 138,499,057	\$ 140,314,944
CPI-U, prior calendar year	176.0	203.9	209.5	216.4	223.1	227.4	235.4	233.8
CPI-U, adjustment for constant dollars	100%	86.3%	84.0%	81.3%	78.9%	77.4%	74.8%	75.3%
Net Operating Revenues (constant dollars)	\$ 81,477,556	\$ 82,705,863	\$ 86,224,769	\$ 90,325,751	\$ 94,365,201	\$ 99,204,203	\$ 103,563,896	\$ 105,636,245
Percent Change from prior year	-	-5.30%	4.25%	4.76%	4.47%	5.13%	4.39%	2.00%

¹Gross Operating Revenue includes \$799,539 in federal stimulus funds used to offset the fourth quarter cut in Chapter 70 aid.

Notes:

*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

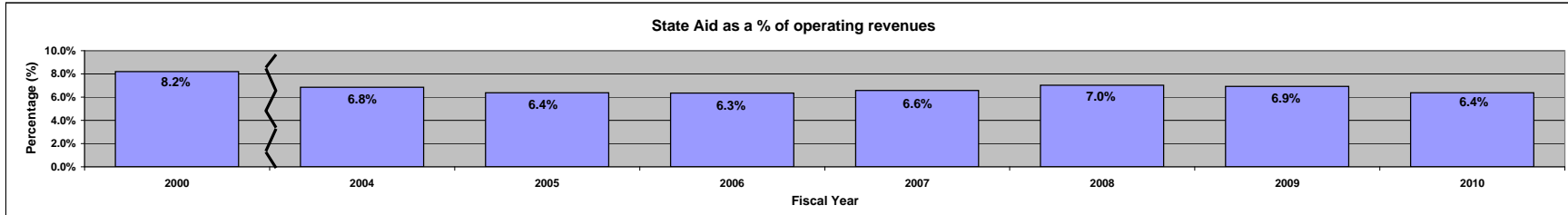
Revenues:

Revenue growth is one measure of the Town's ability to maintain existing service levels. Lexington has witnessed some fluctuations in revenues in constant dollars during the first half of this decade; despite this, growth has, for the most part, been positive. Negligible revenue growth in FY2010 is indicative of the sharp downturn in the national economy.

Lexington Trend	
favorable	X
marginal	
unfavorable	
uncertain	



Reductions in State Aid, as a percentage of operating revenues, is considered a warning indicator, particularly if the Town does not have adequate reserves to offset reductions.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009 ¹	2010
Cherry Sheet Revenues (Less Offset Items)	\$ 7,553,282	\$ 6,737,418	\$ 6,737,138	\$ 7,239,935	\$ 8,051,888	\$ 9,001,541	\$ 9,589,026	\$ 8,962,015
Less: School Building Reimbursements	\$ 863,984	\$ 185,819	\$ 187,696	\$ 187,696	\$ 187,696	\$ -	\$ -	\$ -
Net State Aid Revenues	\$ 6,689,298	\$ 6,551,599	\$ 6,549,442	\$ 7,052,239	\$ 7,864,192	\$ 9,001,541	\$ 9,589,026	\$ 8,962,015
Net Operating Revenues	\$ 81,477,556	\$ 95,816,622	\$ 102,636,870	\$ 111,059,616	\$ 119,618,616	\$ 128,181,412	\$ 138,499,057	\$ 140,314,944
State Aid as a % of operating revenues	8.2%	6.8%	6.4%	6.3%	6.6%	7.0%	6.9%	6.4%
CPI-U, prior CY	176.0	203.9	209.5	216.4	223.1	227.4	235.4	233.8
CPI-U, adjustment for constant dollars	100%	86.3%	84.0%	81.3%	78.9%	77.4%	74.8%	75.3%
Net State Aid Revenues (constant dollars)	\$ 6,689,298	\$ 5,655,132	\$ 5,502,157	\$ 5,735,647	\$ 6,203,935	\$ 6,966,616	\$ 7,170,279	\$ 6,747,062
Percent change from prior year (constant dollars)	-	-22.4%	-2.7%	4.2%	8.2%	12.3%	2.9%	-5.9%

¹ Net Operating Revenue and Cherry Sheet Revenue include \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter cut in Chapter 70 aid

Notes:

Source: Massachusetts Department of Revenue "Cherry Sheets" (one page summarizing all state aid to a municipality), FY 2000-2010.
Data shown above excludes money appropriated for METCO. Although part of annual State Aid appropriation to the Town for the purpose of funding targeted educational programs, the Department of Revenue no longer includes METCO funding on the Cherry Sheet.

State Aid:

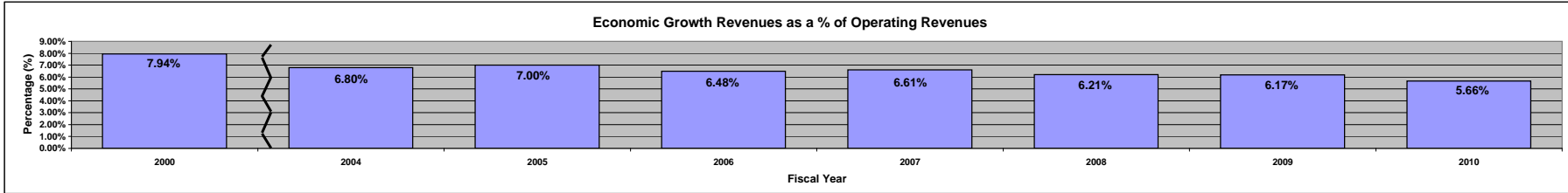
While the Town does not rely significantly on State Aid, any dependence on such aid may be difficult to manage when there is a reduction in this funding. In order to protect itself in this situation, the Town has a contingency plan for reductions in State Aid. The Board of Selectmen adopted the recommendation of the 2006 Ad Hoc Financial Policy Committee to create reserves capable of offsetting cyclical downturns in state aid and local receipts.

On a constant dollar basis, State Aid has steadily increased from 2004-2009, before decreasing in FY 2010 as a result of the economic downturn.

<i>Lexington Trend</i>	
favorable	
marginal	
unfavorable	X
uncertain	



Decreasing economic growth revenues, as a percentage of net operating revenues, is considered a warning indicator.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009 ¹	2010
Net operating revenues	\$ 81,477,556	\$ 95,816,622	\$ 102,636,870	\$ 111,059,616	\$ 119,618,616	\$ 128,181,412	\$ 138,499,057	\$ 140,314,944
Building-Related Fees & Permits	\$ 853,523	\$ 1,058,594	\$ 1,316,046	\$ 1,106,521	\$ 1,980,816	\$ 1,718,789	\$ 1,107,437	\$ 1,801,500
Motor Vehicle Excise (MVE)	\$ 3,642,106	\$ 3,543,225	\$ 4,179,205	\$ 4,233,625	\$ 3,891,369	\$ 3,758,043	\$ 4,161,316	\$ 3,664,628
Levy Growth from New Residential Construction	\$ 353,976	\$ 836,241	\$ 866,131	\$ 1,037,304	\$ 1,093,643	\$ 1,156,124	\$ 1,526,313	\$ 1,206,197
Levy Growth from New Industrial/Commercial Growth	\$ 897,607	\$ 125,767	\$ 320,315	\$ 127,221	\$ -	\$ 474,999	\$ 533,896	\$ 206,414
Levy Growth from Personal Property	\$ 719,000	\$ 953,565	\$ 505,674	\$ 689,801	\$ 943,146	\$ 854,527	\$ 1,216,440	\$ 1,058,669
Total: Economic Growth Revenues	\$ 6,466,212	\$ 6,517,392	\$ 7,187,371	\$ 7,194,472	\$ 7,908,974	\$ 7,962,482	\$ 8,545,402	\$ 7,937,408
CPI-U, prior calendar year	176.0	203.9	209.5	216.4	223.1	227.4	235.4	233.8
CPI-U, adjustment for constant dollars	100%	86.3%	84.0%	81.3%	78.9%	77.4%	74.8%	75.3%
Revenues related to economic growth (constant dollars)	\$ 6,466,212	\$ 5,625,606	\$ 6,038,078	\$ 5,851,326	\$ 6,239,262	\$ 6,162,451	\$ 6,389,900	\$ 5,975,685
Economic Growth Revenues as a % of Operating Revenues	7.94%	6.80%	7.00%	6.48%	6.61%	6.21%	6.17%	5.66%
Percent increase over prior years (constant dollars)	-	1.4%	7.3%	-3.1%	6.6%	-1.2%	3.7%	-6.5%

¹Net Operating Revenue includes \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter cut in Chapter 70 aid.

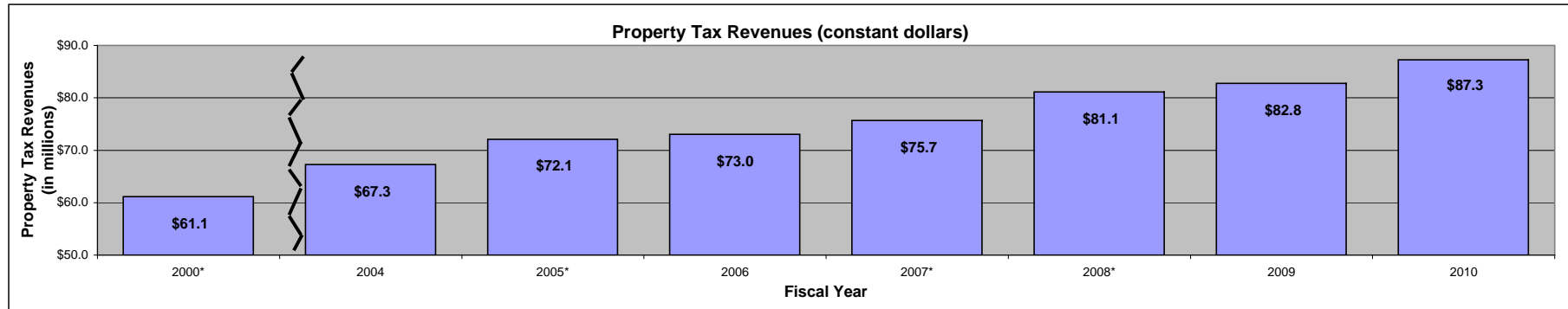
Notes:
Building Related Fees & Permits inclusive of all Building, Wiring, Gas & Plumbing permits, FY 2000-2010.

Revenues Related to Economic Growth:
Economic growth revenues are responsive to changes in the economic base and inflation. A balance between growth and other (non-economic growth) revenues mitigates the effects of economic growth or decline. During a recession, a high percentage of non-economic growth revenue is an advantage. During a slowing economy, the Town should maintain sufficient reserves to protect against slowing revenue growth. A decrease in building permit fees may also be a leading indicator of smaller future increases in the tax levy. The large increase in FY2010 building-related fees is partially a result of large one-time permits, including Patriot Partners (\$392,761) and Cubist (\$216,000).

Lexington Trend	
favorable	x
marginal	
unfavorable	
uncertain	



A decline in property tax revenues (constant dollars) is considered a warning indicator.



Fiscal Year	2000*	2004	2005*	2006	2007*	2008*	2009	2010
Property Tax Levy	\$ 61,263,838	\$ 82,109,041	\$ 91,156,424	\$ 94,740,660	\$ 103,604,078	\$ 112,856,608	\$ 119,093,124	\$ 124,695,369
Less: debt exclusions	\$ 120,000	\$ 4,189,338	\$ 5,325,085	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385
Less: Comm. Pres. Act surcharge	N/A	N/A	N/A	N/A	\$ 2,529,288	\$ 2,649,949	\$ 2,754,960	\$ 3,027,909
Net Property Tax Revenues	\$ 61,143,838	\$ 77,919,703	\$ 85,831,339	\$ 89,797,347	\$ 95,947,534	\$ 104,833,785	\$ 110,705,521	\$ 115,921,075
CPI-U, 2000 base year	176.0	203.9	209.5	216.4	223.1	227.4	235.4	233.8
CPI-U, adjustment for constant dollars	100%	86.3%	84.0%	81.3%	78.9%	77.4%	74.8%	75.3%
Property Tax Revenues (constant dollars)	\$ 61,143,838	\$ 67,257,811	\$ 72,106,519	\$ 73,032,962	\$ 75,691,466	\$ 81,134,635	\$ 82,781,033	\$ 87,271,297
Percent increase over prior year (constant dollars)	-	1.2%	7.2%	1.3%	3.6%	7.2%	2.0%	5.4%

Notes:

*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

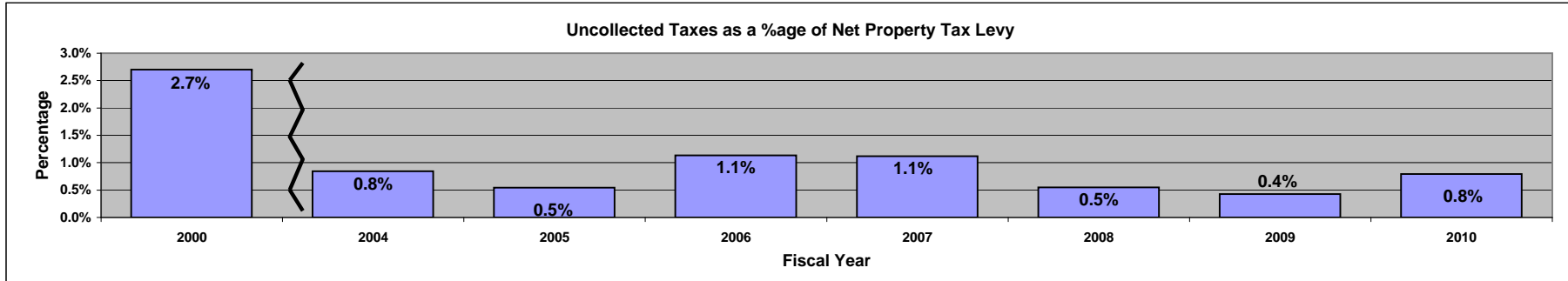
Property Tax Revenues:

Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Any decrease in property tax revenues should be monitored to ensure that collections are at a high level. Increases due to operating overrides should be noted for their impact on taxpayers' ability to pay.

Lexington Trend	
favorable	X
marginal	
unfavorable	
uncertain	



Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator by the bond rating organizations.



Fiscal year	2000	2004	2005	2006	2007	2008	2009	2010
Property Tax Levy ¹	\$ 61,263,838	\$ 82,109,041	\$ 91,156,424	\$ 94,740,660	\$ 101,074,790	\$ 110,206,659	\$ 116,338,164	\$ 121,667,460
Reserved for Abatements & Exemptions	\$ 763,112	\$ 500,142	\$ 899,183	\$ 504,780	\$ 602,579	\$ 1,139,127	\$ 1,276,988	\$ 850,587
Net Property Tax Levy	\$ 60,500,726	\$ 81,608,899	\$ 90,257,241	\$ 94,235,880	\$ 100,472,211	\$ 109,067,533	\$ 115,061,176	\$ 120,816,873
Uncollected Taxes as of June 30 ²	\$ 1,632,556	\$ 690,723	\$ 488,794	\$ 1,068,620	\$ 1,125,701	\$ 597,349	\$ 493,115	\$ 960,210
Uncollected Taxes as a Percentage of Net Property Tax Levy	2.7%	0.8%	0.5%	1.1%	1.1%	0.5%	0.4%	0.8%

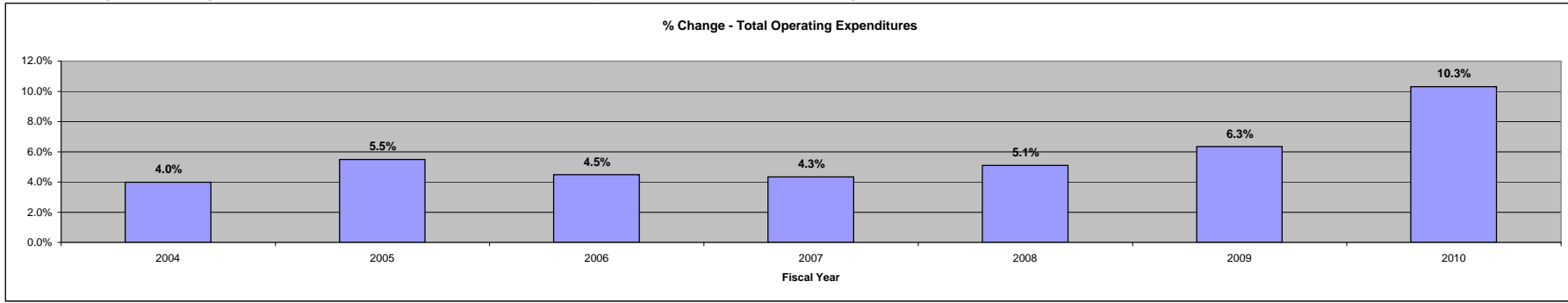
¹ Includes exempt debt; excludes Community Preservation Act Surcharge

Uncollected Property Taxes:

An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating agencies generally consider uncollected taxes in excess of five percent as a warning trend. Lexington has maintained a strong position on this indicator, even during the current economic downturn.

Lexington Trend	
favorable	x
marginal	
unfavorable	
uncertain	

Increasing operating expenditures, in constant dollars, may be considered a warning indicator if increases are the result of fixed or unsustainable costs.



Fiscal year	2000*	2004	2005*	2006	2007*	2008*	2009 ²	2010 ³
Education	\$ 45,998,542	\$ 54,865,939	\$ 57,637,773	\$ 61,482,994	\$ 63,436,428	\$ 67,308,821	\$ 63,828,802	\$ 66,621,593
Shared Expenses (Benefits, Debt)	\$ 12,548,933	\$ 18,650,411	\$ 22,013,459	\$ 22,433,112	\$ 25,481,057	\$ 26,971,492	\$ 29,195,602	\$ 31,239,975
Public Works	\$ 6,537,136	\$ 7,047,542	\$ 7,809,282	\$ 8,106,383	\$ 8,267,110	\$ 9,481,706	\$ 8,300,676	\$ 8,424,261
Public Facilities ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,430,075	\$ 8,763,578
Public Safety	\$ 7,287,524	\$ 7,297,867	\$ 8,385,478	\$ 8,798,303	\$ 9,139,072	\$ 9,790,600	\$ 9,953,574	\$ 10,530,736
Library	\$ 1,354,201	\$ 1,537,002	\$ 1,726,755	\$ 1,754,474	\$ 1,906,172	\$ 1,926,195	\$ 1,886,081	\$ 1,907,300
Human Services	\$ 412,759	\$ 362,058	\$ 508,214	\$ 399,114	\$ 580,902	\$ 579,374	\$ 493,666	\$ 376,979
Community Development	\$ 875,758	\$ 802,195	\$ 850,236	\$ 931,287	\$ 1,044,281	\$ 1,266,880	\$ 1,245,197	\$ 1,260,291
General Government	\$ 2,224,652	\$ 2,476,938	\$ 2,472,879	\$ 2,635,386	\$ 2,866,743	\$ 3,439,445	\$ 4,084,851	\$ 4,718,100
Total Operating Expenditure	\$ 77,239,505	\$ 93,039,952	\$ 101,404,076	\$ 106,541,053	\$ 112,721,765	\$ 120,764,513	\$ 127,418,524	\$ 133,842,812
CPI-U, 2000 base year	176.0	203.9	209.5	216.4	223.1	227.4	235.4	233.8
CPI-U, adjustment for constant dollars	100.0%	86.3%	84.0%	81.3%	78.9%	77.4%	78.0%	81.9%
Total Operating Expenditure (constant dollars)	\$77,239,505	\$80,309,130	\$85,189,104	\$86,650,764	\$88,924,387	\$93,463,998	\$99,392,620	\$109,637,770
Percent change from prior years	-	4.0%	5.5%	4.5%	4.3%	5.1%	6.3%	10.3%

¹ From FY 2000-FY 2008 cost of Public Facilities are components of spending in Public Works and Education

² Includes \$799,359 of Health Insurance costs that were financed with federal stimulus funds paid to the Town to offset the fourth quarter cuts in Chapter 70 Aid.

³ FY2010 does not include prospective cost of contractual settlements.

Notes:

* Years of successful overrides

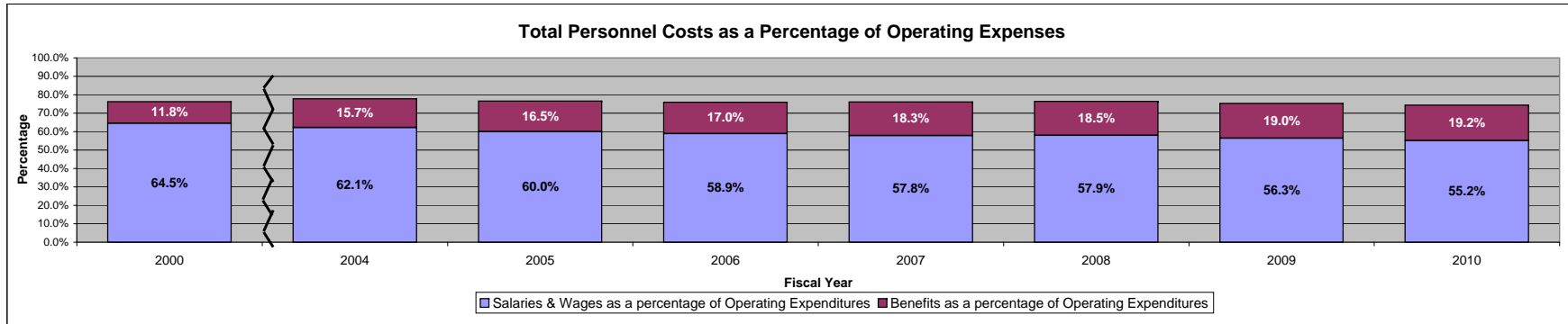
Expenditures:

Increasing operating expenditures can indicate that the cost of providing services is exceeding the Town's ability to pay. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services.

Lexington Trend	
favorable	
marginal	x
unfavorable	
uncertain	



Increasing personnel costs as a percentage of total spending is considered a warning indicator.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009 ²	2010
Operating Expenditures	\$ 77,239,505	\$ 93,039,952	\$ 101,404,076	\$ 106,541,053	\$ 112,721,765	\$ 120,764,513	\$ 127,418,524	\$ 133,842,812
Municipal Wages	\$ 13,153,420	\$ 13,226,616	\$ 14,675,347	\$ 15,499,278	\$ 16,141,524	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531
School Wages	\$ 36,641,456	\$ 44,584,245	\$ 46,185,654	\$ 47,255,639	\$ 49,061,328	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560
Public Facilities Wages ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074
Benefits	\$ 9,108,833	\$ 14,574,454	\$ 16,703,963	\$ 18,151,124	\$ 20,619,283	\$ 22,388,517	\$ 24,163,229	\$ 25,702,400
Total Wage & Benefit Costs	\$ 58,903,709	\$ 72,385,315	\$ 77,564,964	\$ 80,906,041	\$ 85,822,135	\$ 92,316,884	\$ 99,142,054	\$ 103,132,564
Salaries & Wages as a percentage of Operating Expenditures	64.5%	62.1%	60.0%	58.9%	57.8%	57.9%	56.3%	55.2%
Benefits as a percentage of Operating Expenditures	11.8%	15.7%	16.5%	17.0%	18.3%	18.5%	19.0%	19.2%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	76.3%	77.8%	76.5%	75.9%	76.1%	76.4%	75.3%	74.4%

¹ Between FY 2000-FY2008 Public Facilities Wages were part of the amounts shown in "Municipal" and "School" Wages.

² Includes \$799,359 in both Operating Expenditures and Benefits costs that were financed with federal stimulus funds paid to the Town to offset the FY 09 fourth quarter cuts in Chapter 70 Aid.

Personnel Costs:

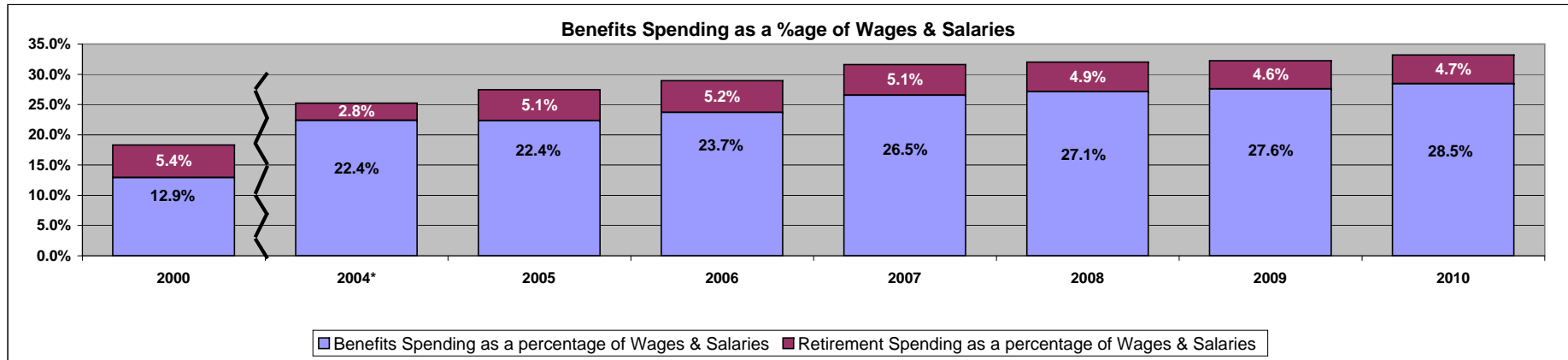
Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: 1) First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. 2) Second, if salaries and wages as a percent of operating expenditures are increasing, it may be an indicator of deferred maintenance of the Town's infrastructure.

Wages and benefits as a percentage of total expenditures have remained relatively constant, a positive indication that the Town is not sacrificing capital and maintenance in order to fund personnel.

Lexington Trend	
favorable	
marginal	x
unfavorable	
uncertain	



Increasing benefit costs as a percentage of wages and salaries are considered a warning indicator.



Fiscal Year	2000	2004*	2005	2006	2007	2008	2009 ¹	2010
Medical Benefits	\$ 6,442,875	\$ 12,947,995	\$ 13,607,887	\$ 14,874,738	\$ 17,293,355	\$ 18,965,998	\$ 20,681,318	\$ 22,030,891
Retirement Benefits	\$ 2,665,958	\$ 1,626,459	\$ 3,096,076	\$ 3,276,386	\$ 3,325,928	\$ 3,422,519	\$ 3,481,911	\$ 3,671,509
Wages & Salaries - Municipal	\$ 13,153,420	\$ 13,226,616	\$ 14,675,347	\$ 15,499,278	\$ 16,141,524	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531
Wages & Salaries - Schools	\$ 36,641,456	\$ 44,584,245	\$ 46,185,654	\$ 47,255,639	\$ 49,061,328	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560
Wages & Salaries - Public Facilities ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074
Total Wages & Salaries	\$ 49,794,876	\$ 57,810,861	\$ 60,861,001	\$ 62,754,917	\$ 65,202,852	\$ 69,928,368	\$ 74,978,826	\$ 77,430,164
Benefits Spending as a percentage of Wages & Salaries	12.9%	22.4%	22.4%	23.7%	26.5%	27.1%	27.6%	28.5%
Retirement Spending as a percentage of Wages & Salaries	5.4%	2.8%	5.1%	5.2%	5.1%	4.9%	4.6%	4.7%
Total Benefits Spending as % of Wages	18.3%	25.2%	27.4%	28.9%	31.6%	32.0%	32.2%	33.2%

¹ Includes \$799,359 of Health Insurance costs that were financed with federal stimulus funds paid to the Town to offset the fourth quarter cuts in Chapter 70 Aid.

² Between FY 2000-FY2008 Public Facilities Wages were part of the amounts shown in "Municipal" and "School" Wages

Notes:

*Pension holiday taken by Town in FY 2004.

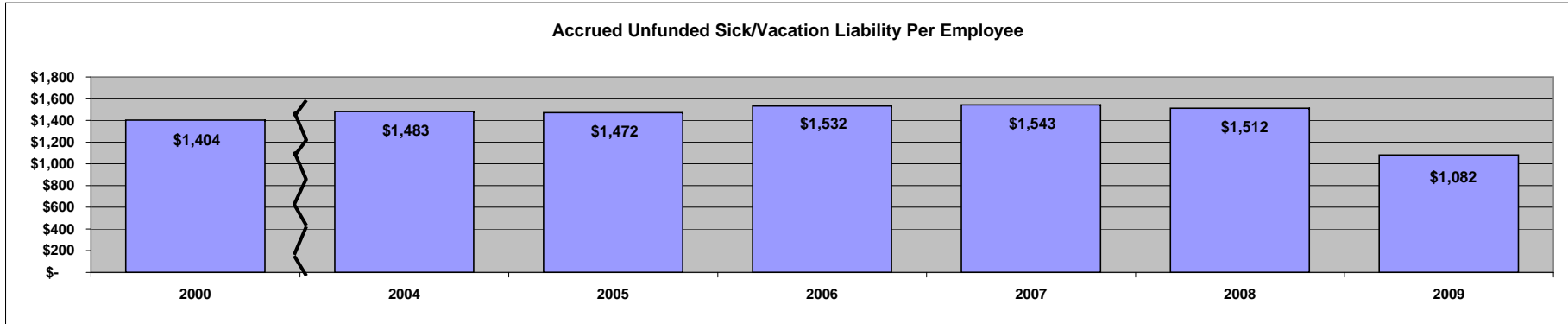
Employee Benefits:

Fringe benefits represent a significant and increasing share of the Town's operating costs. Further, this analysis excludes fringe benefits such as sick leave buy-back liabilities and vacation accruals. Regardless, benefit spending as a percentage of wages and salaries has almost doubled since 2000.

<i>Lexington Trend</i>	
favorable	
marginal	
unfavorable	x
uncertain	



Increasing unfunded liabilities per municipal employee is considered a warning indicator.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009
Unfunded sick and vacation leave	\$ 1,549,398	\$ 1,568,142	\$ 1,611,624	\$ 1,744,247	\$ 1,880,286	\$ 1,944,221	\$ 1,465,129
Amount funded	\$ -	\$ -	\$ -	\$ -	\$ 51,158	\$ 82,348	\$ 86,547
Net unfunded liability	\$ 1,549,398	\$ 1,568,142	\$ 1,611,624	\$ 1,744,247	\$ 1,829,128	\$ 1,861,873	\$ 1,378,582
Total Employees (Gen. Fund FTE's)	1103.9	1057.6	1094.78	1138.79	1185.16	1231.52	1274.62
Accrued Unfunded Sick/Vacation liability per employee	\$ 1,404	\$ 1,483	\$ 1,472	\$ 1,532	\$ 1,543	\$ 1,512	\$ 1,082

Unfunded Liabilities:

The Town allows employees to accumulate a portion of unused vacation and sick leave, to be paid at termination or retirement (for retirees, some contracts provide for a one-time attendance benefit based upon the last three years of service).

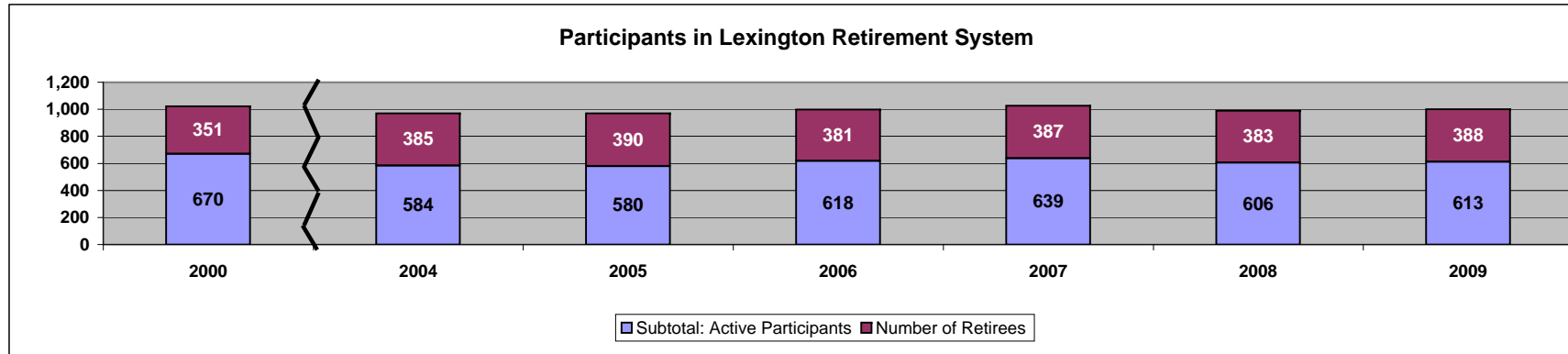
Lexington's unfunded sick/vacation liability is decreasing over the course of the last couple of years. Beginning in FY 2007, the Town has begun a modest allocation of \$50,000 per year to begin to fund this liability.

Accounting for the Town's unfunded liabilities and creating adequate reserves to meet those liabilities was a recommendation of the Financial Policy Committee.

<i>Lexington Trend</i>	
favorable	
marginal	
unfavorable	x
uncertain	



Increasing numbers of participants in the retirement system, without fully funding the associated post-retirement health costs, is considered a warning trend.



Calendar Year (as of December 31)	2000	2004	2005	2006	2007	2008	2009
Number of School Employees (Non-teaching)	N/A	N/A	296	325	365	314	311
Number of Municipal Employees	N/A	N/A	284	293	274	292	302
Subtotal: Active Participants	670	584	580	618	639	606	613
Number of Retirees	351	385	390	381	387	383	388
Total	1021	969	970	999	1026	989	1001

Retirement Participants:

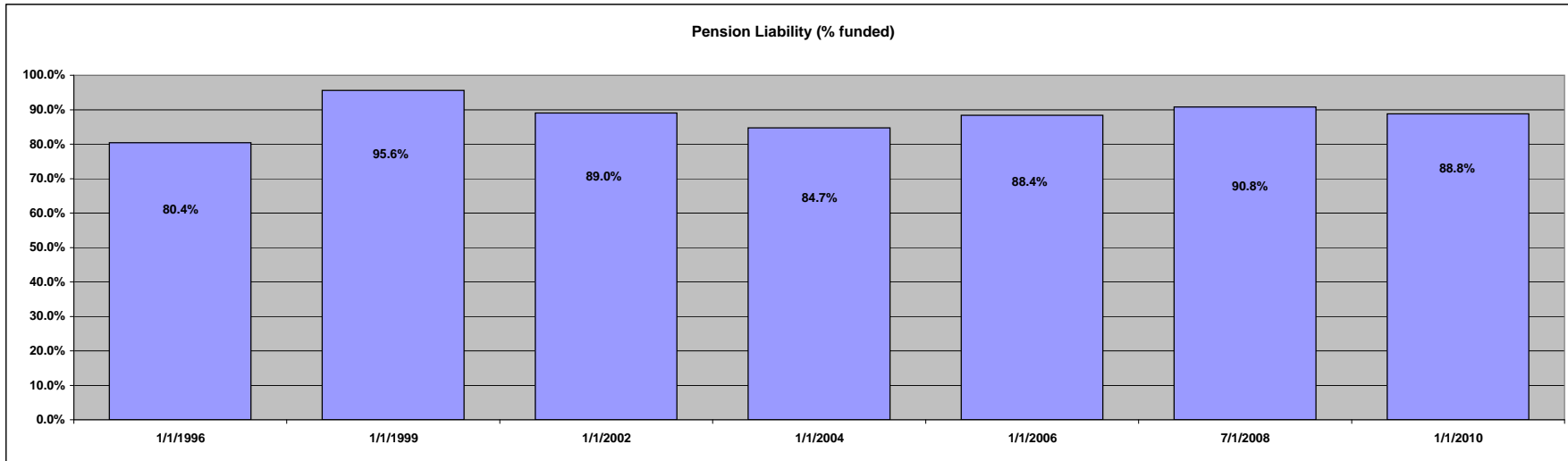
All employees except teachers belong to the Lexington Retirement System as required by the Commonwealth of Massachusetts. Systems facing increases in numbers of employees and retirees without corresponding increases in funding associated liabilities is problematic.

Lexington has an aggressive approach to funding its pension liabilities, but does not have a comprehensive plan to fund its post-employment health liabilities. For more information on the Town's Other Post Employment Liabilities, (OPEB), please refer to Appendix C, OPEB.

<i>Lexington Trend</i>	
favorable	X
marginal	
unfavorable	
uncertain	



An unfunded pension liability or increase in the unfunded liability is considered a warning indicator.



Actuarial Date	1/1/1996	1/1/1999	1/1/2002	1/1/2004	1/1/2006	7/1/2008	1/1/2010
Total Liability	\$ 55,140,000	\$ 74,362,000	\$ 86,500,000	\$ 98,031,000	\$ 111,724,000	\$ 125,412,000	\$133,456,115
Pension Assets	\$ 44,348,000	\$ 71,069,000	\$ 77,015,000	\$ 83,050,000	\$ 98,759,000	\$ 113,880,000	\$118,558,908
Pension Liability (unfunded)	\$ 10,792,000	\$ 3,293,000	\$ 9,485,000	\$ 14,981,000	\$ 12,965,000	\$ 11,532,000	\$14,897,207
Percent Funded	80.4%	95.6%	89.0%	84.7%	88.4%	90.8%	88.8%

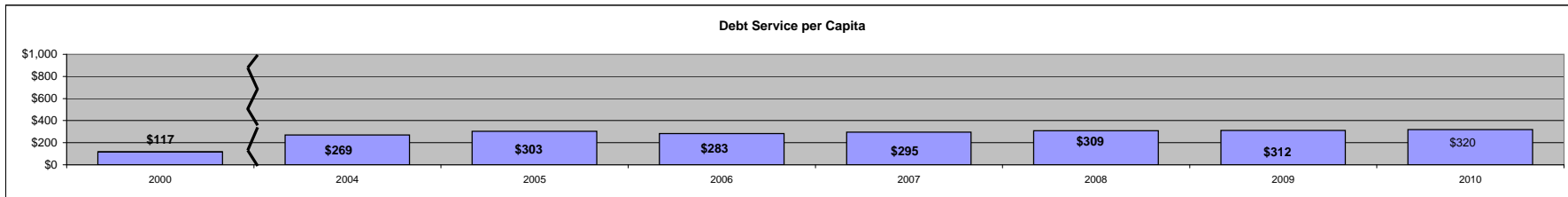
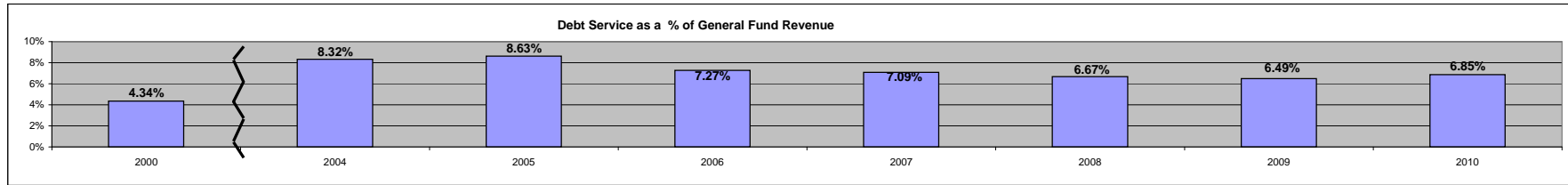
Pension Liability:

The Lexington Retirement System had an actuarial study completed as of January 1, 2008 at which time the system's pension liability was fully funded. As a result of the dramatic decline in the stock market in the first six months of 2008, the Lexington Retirement Board chose to update the value of the system as of July 1, 2008 to more accurately present the system's condition. Preliminary results of the valuation as of January 1, 2010 show that the system's total liability and total assets have increased, resulting in a 2 percent reduction in the system's funding ratio.

<i>Lexington Trend</i>	
favorable	x
marginal	
unfavorable	
uncertain	



Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009	2010
Exempt Debt Service	\$ 120,000	\$ 4,180,558	\$ 5,325,094	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385
Within Levy Debt Service	\$ 3,419,863	\$ 4,135,120	\$ 3,994,668	\$ 3,490,750	\$ 3,720,061	\$ 3,530,207	\$ 3,755,361	\$ 4,263,233
Total Debt Service	\$ 3,539,863	\$ 8,315,678	\$ 9,319,762	\$ 8,434,063	\$ 8,847,317	\$ 8,903,081	\$ 9,348,733	\$ 10,009,618
Gross Operating Revenue	\$ 81,597,556	\$ 100,005,960	\$ 107,961,955	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 144,131,700	\$ 146,061,329
Population	30,355	30,949	30,765	29,771	30,002	28,852	29,959	31,325
Debt Service as a % of General Fund Revenue	4.34%	8.32%	8.63%	7.27%	7.09%	6.67%	6.49%	6.85%
Debt Service per Capita	\$ 117	\$ 269	\$ 303	\$ 283	\$ 295	\$ 309	\$ 312	\$ 320

¹Gross Operating Revenue figure includes \$799,539 in federal stimulus funds used to offset cuts in FY 09 Chapter 70 monies.

Debt Service:

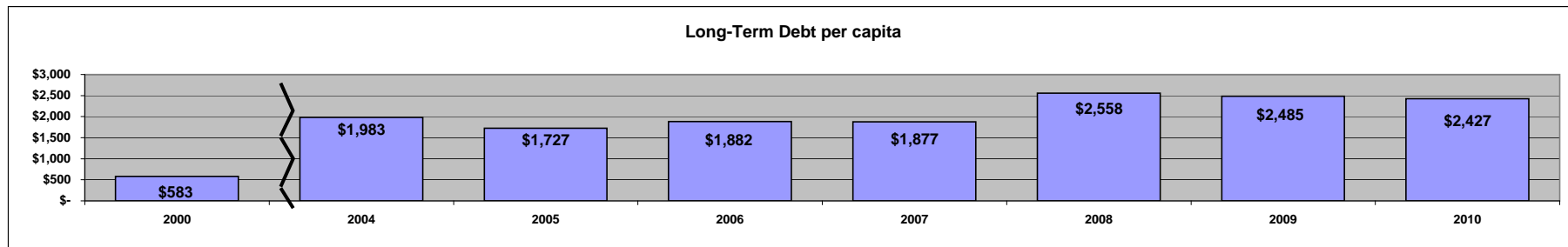
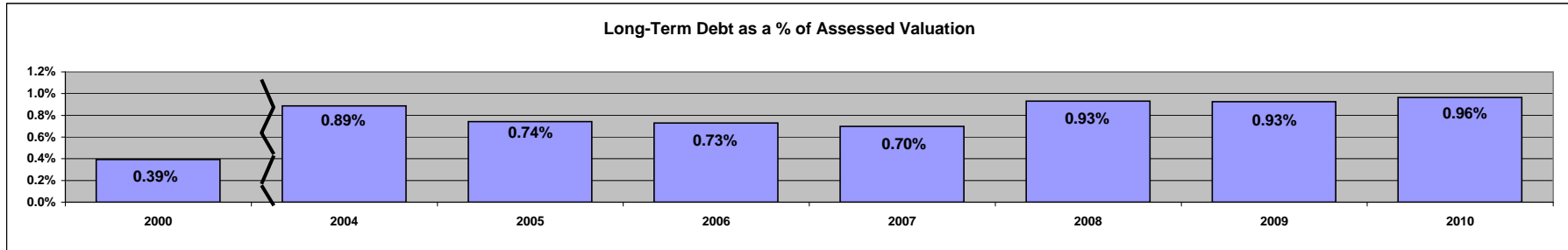
Over the course of the last ten years, the Town of Lexington has invested extensively in new capital projects. Five separate school reconstruction projects, new athletic fields, a street reconstruction project, and a \$26 million Public Services Building have been funded through the successful passage of debt exclusion votes by the citizens of Lexington. This increase in exempt debt service has resulted in increases in the budget and consequently in taxes to Lexington citizens.

Within-levy debt has fluctuated slightly throughout the last five years, dependent upon the short-term capital needs of the community. However, since FY 2004 the amount of debt per capita and per household has remained relatively steady.

Lexington Trend	
favorable	x
marginal	
unfavorable	
uncertain	



Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by bond rating agencies.



Fiscal Year	2000	2004	2005	2006	2007	2008	2009	2010
Bonds Outstanding (all funds)	\$ 17,686,201	\$ 61,377,927	\$ 53,124,210	\$ 56,019,434	\$ 56,304,583	\$73,803,344	\$74,457,027	\$76,034,111
Assessed Valuation	\$ 4,506,277,290	\$ 6,911,176,060	\$ 7,146,167,360	\$ 7,686,268,530	\$ 8,059,234,580	\$7,929,164,350	\$8,033,608,130	\$7,891,590,610
Population	30,355	30,949	30,765	29,771	30,002	28,852	29,959	31,325
Long-Term Debt as a % of Assessed Valuation	0.39%	0.89%	0.74%	0.73%	0.70%	0.93%	0.93%	0.96%
Long-Term Debt per capita	\$ 583	\$ 1,983	\$ 1,727	\$ 1,882	\$ 1,877	\$ 2,558	\$ 2,485	\$ 2,427

Notes:

Sources: Outstanding Long-term Debt & Assessed value information from Bond Prospectus & Operating Statements

Population from U.S. Census Bureau, Town of Lexington annual census

Per Capita income estimated from U.S. Census Bureau & Bureau of Economic Analysis, adjusted for inflation, using 2000 Census as base

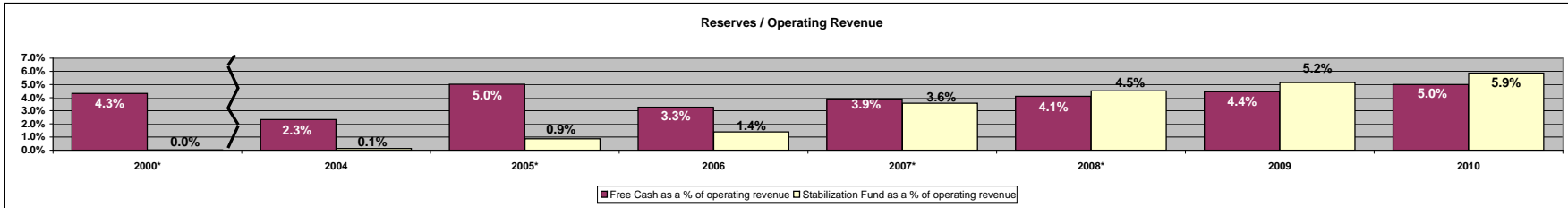
Long-Term Debt:

These financial indicators are evaluated by the credit rating organizations because they are measures of both the community's debt burden as well as its level of effort in investing in its capital facilities. On both measures, Lexington has a strong profile.

<i>Lexington Trend</i>	
favorable	x
marginal	
unfavorable	
uncertain	



Declining reserves as a percentage of operating revenues is considered a warning indicator. The Government Finance Officers Association (GFOA) recommends that undesignated fund balance be at least 10% of operating revenues.



Fiscal Year	2000*	2004	2005*	2006	2007*	2008*	2009 ¹	2010 ²
Undesignated Fund Balance ¹	\$ 5,013,984	\$ 3,340,358	\$ 7,104,444	\$ 6,244,118	\$ 6,836,856	\$ 9,267,359	\$ 10,445,940	\$ 11,254,915
Certified Free Cash	\$ 3,528,323	\$ 2,323,202	\$ 5,409,985	\$ 3,802,347	\$ 4,861,516	\$ 5,481,716	\$ 6,159,509	\$ 7,000,000
Stabilization Fund	\$ 18,280	\$ 138,776	\$ 947,119	\$ 1,615,948	\$ 4,461,675	\$ 6,022,840	\$ 7,133,877	\$ 8,234,948
Net Operating Revenues	\$ 81,597,556	\$ 100,005,960	\$ 107,961,955	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 138,499,057	\$ 140,314,944
Free Cash as a % of operating revenue	4.3%	2.3%	5.0%	3.3%	3.9%	4.1%	4.4%	5.0%
Stabilization Fund as a % of operating revenue	0.0%	0.1%	0.9%	1.4%	3.6%	4.5%	5.2%	5.9%
Net Reserves as a % of Operating Revenue	4.3%	2.5%	5.9%	4.7%	7.5%	8.6%	9.6%	10.9%

¹Net Operating Revenues include \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter cut in Chapter 70 aid.

²This number reflects an estimate of the free cash amount for FY10, pending certification by the Department of Revenue.

Notes:

*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

Reserves & Fund Balance:

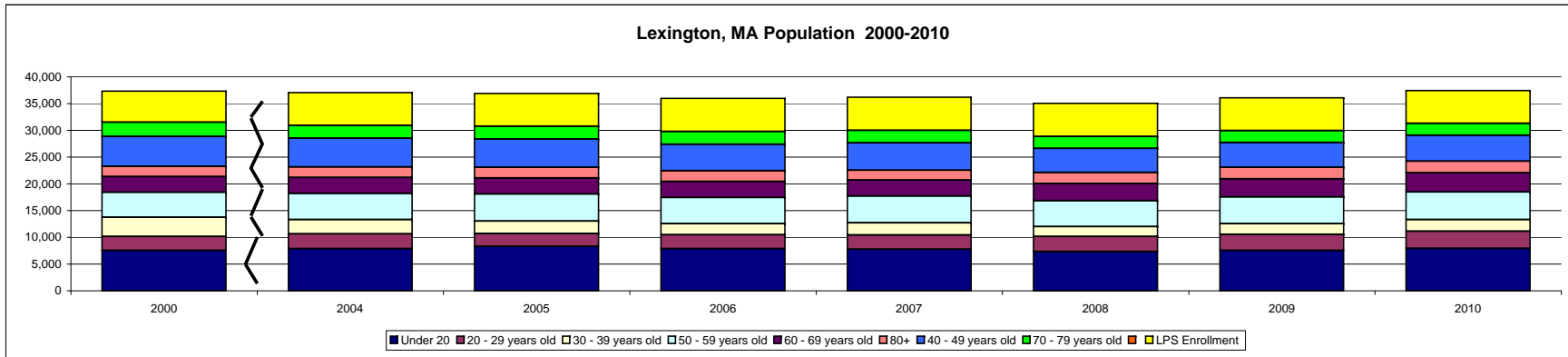
The Town of Lexington has several types of reserves. Historically, the Town has relied upon Free Cash as its primary source of reserves. The Selectmen's Ad Hoc Financial Policy Committee made a series of recommendations to further strengthen the Town's reserves and create a series of small, targeted reserves for specific purposes.

In recent years, the Town has strengthened its reserve position by augmenting and transferring money into the Town's Stabilization Fund. This adds financial flexibility to the Town's operations and provides a buffer against economic downturns. (See Indicator I.2)

Lexington Trend	
favorable	x
marginal	
unfavorable	
uncertain	



Rapid changes in population which may effect service levels may be considered a warning indicator.



Calendar Year	2000	2004	2005	2006	2007	2008	2009	2010	% Change CY 2000-2010
Under 20	7,566	7,900	8,311	7,881	7,757	7,317	7,540	7,949	5.1%
20 - 29 years old	2,573	2,750	2,378	2,586	2,686	2,836	3,018	3,185	23.8%
30 - 39 years old	3,617	2,664	2,371	2,065	2,260	1,860	1,992	2,197	-39.3%
40 - 49 years old	5,606	5,379	5,263	4,946	5,150	4,536	4,654	4,853	-13.4%
50 - 59 years old	4,657	4,918	5,027	4,912	4,995	4,851	5,000	5,122	10.0%
60 - 69 years old	2,922	2,971	3,015	3,015	2,990	3,192	3,389	3,597	23.1%
70 - 79 years old	2,637	2,414	2,394	2,366	2,314	2,211	2,231	2,240	-15.1%
80+	1,929	1,952	2,006	2,000	1,850	2,049	2,135	2,182	13.1%
Totals	31,507	30,948	30,765	29,771	30,002	28,852	29,959	31,325	-0.6%
LPS Enrollment	5,807	6,123	6,135	6,199	6,195	6,191	6,104	6,131	6.7%

Notes:

Annual Population figures 2000-2009 come from Town of Lexington, Town Clerk.
LPS Enrollment figures source: School Department Recommended Budget

Population:

Over the course of the last seven-eight years, Lexington has witnessed a fluctuation of between 3-7% in total residents, with major decreases in the 20-39 age range. In addition, the Lexington Public Schools has witnessed small but steady growth in its enrollment over the same time period.

This steady change in population demographics, combined with steady enrollment in the public schools, is a leading indicator which policymakers and professionals should use to adequately prepare for and implement changes in service delivery and programs.



Town of Lexington

Financial Summit I

Revenue and Expenditure Projections- FY2012-2014

October 6, 2010



Executive Summary - Projections

Budget decisions that are made within a given fiscal year often have significant implications for subsequent fiscal years. The revenue and expenditure projection within this packet is intended to facilitate discussion among community "stakeholders" with the hope that it will result in the identification of issues that call for further discussion and analysis as the FY09 budget cycle unfolds.

This forecast projects general fund revenues and expenditures for the period FY2012 to FY2014. It is important to emphasize that the projection is not a proposed or recommended budget. It is a tool for planning, not budgeting.

The forecasting methodology is a maintenance budget approach; that is, the projected increase in costs needed to maintain the "current level of services" reflected in the adopted FY08 budget. As a general rule, it only includes increases driven by estimated inflationary pressures, current collective bargaining agreements and other existing purchase of service contracts.

Revenues are generally projected based on historical experience.

The difference between projected revenues and expenditures is characterized as "surplus/shortfall"; that is, those surplus funds that can be used to "variable cost drivers", e.g., finance capital projects, provide for salary increases, restore services eliminated or reduced in a prior fiscal year, fund reserves, etc.

Summary of Revenue/Expense Projections (supporting detail on page 18)

Revenue Summary	FY2011		B FY2012		C FY2013		D FY2014		
	Estimated/Adjusted		Projection		Projection		Projection		
Total Revenues	\$	145,094,767	\$	150,575,267	\$	151,869,276	\$	157,214,651	
Revenues set aside for non recurring expenses	\$	-	\$	-	\$	-	\$	-	
Net Revenues	\$	145,094,767	\$	150,575,267	\$	151,869,276	\$	157,214,651	
Expense Summary									
Total Expenses	\$	145,175,822	\$	151,321,023	\$	155,098,278	\$	159,933,438	
Less non-recurring expenses	\$	-	\$	-	\$	-	\$	-	
Net Expenses	\$	145,175,822	\$	151,321,023	\$	155,098,278	\$	159,933,438	
Surplus/(Shortfall)	\$	(81,055)	\$	(745,756)	\$	(3,229,003)	\$	(2,718,788)	
Variable Cost Drivers									
Municipal Wages	\$	-	\$	-	\$	235,514	\$	240,931	Annual cost of every 1% of COLA increase beginning in FY 2013
School Wages	\$	-	\$	-	\$	617,811	\$	637,524	Annual cost of every 1% of COLA increase beginning in FY 2013
New Debt Services	\$	-	\$	160,000	\$	315,625	\$	466,875	Cost per \$1 million Debt Service annually

Notes:

Does NOT include Exempt Debt



Revenue/Expenditure Projections					
Revenue Summary	A FY2011 Estimated	B FY 2012 Projection	C FY 2013 Projection	D FY 2014 Projection	Comments
1 Property Tax Levy	\$120,379,244	\$125,188,725	\$130,118,443	\$135,171,406	Reflects statutory annual growth of 2.5% and assumed new growth of \$1.8 million annually
2 State Aid	\$8,508,839	\$8,508,839	\$8,508,839	\$8,508,839	Assumes level funding of Final FY11 Cherry Sheet Aid
3 Local Receipts	\$9,957,450	\$9,802,100	\$10,109,550	\$10,429,963	Assumes modest growth in economically sensitive categories of receipts
Available Funds	\$6,619,892	\$7,537,610	\$3,533,000	\$3,533,000	Estimated \$7.0M F.C. in FY12 of which approx. \$4.6M for op. budg; \$3.0M annually thereafter. (Also includes Parking, Cemetery, TDM)
4 Revenue Offsets	(\$1,986,631)	(\$2,016,848)	(\$1,893,848)	(\$1,921,848)	\$900K for overlay in 2012 & \$750K thereafter, \$300K set-aside for snow & ice deficit annually
5 Other Revenues	\$1,615,973	\$1,554,841	\$1,493,292	\$1,493,292	Reduced W/S Indirects in FY12 and FY13 per 6-year phase-down; level recreation indirects
7 Total Revenues	\$145,094,767	\$150,575,267	\$151,869,276	\$157,214,651	
Expenditure Summary	A FY 2011 Adjusted ¹	B FY 2012 Projection	C FY 2013 Projection	D FY 2014 Projection	
Education					
8 LPS Wages	\$58,028,883	\$60,166,296	\$61,781,141	\$63,134,575	Assumes COLA in FY2012, plus negotiated Steps annually (net of turnover) in FY2012, FY2013 and FY2014
9 LPS Expenses	\$11,198,543	\$11,534,499	\$11,880,534	\$12,236,950	Assumes average of 3% inc. for all expenses.
10 Minuteman	\$1,538,811	\$1,615,752	\$1,696,539	\$1,781,366	Assumes 5% growth annually
Municipal					
11 Municipal Wages	\$22,735,104	\$23,160,674	\$23,551,423	\$23,857,592	Assumes COLA in FY2012, plus negotiated Steps annually in FY2013 and FY2014
12 Municipal Expenses	\$13,461,813	\$13,711,665	\$14,200,037	\$14,639,207	Assumes average of 3% increase for Con. Serv, Transp. & Supplies with noted exceptions: non- fixed rate utilities and solid waste contract
Shared Expenses					
13 Debt Service	\$4,669,173	\$5,046,377	\$4,645,111	\$3,852,994	Outstanding Within-Levy Debt (inclusive of 2010 Town Meeting Appropriation)
14 Retirement	\$3,760,549	\$3,893,950	\$3,982,161	\$4,074,776	Contrib. & Non-Contrib. (as per PERAC Assessment schedule)
15 Benefits	\$25,037,936	\$26,967,933	\$29,579,050	\$32,446,587	10% inc. in health, 5% inc. in Medicare, 7% dental, level-funded life
16 Reserve Fund	\$550,000	\$550,000	\$550,000	\$550,000	Assumes no increase.
17 Workers Compensation	\$480,302	\$494,711	\$529,341	\$566,395	Average 7% increase annually
18 Unemployment	\$198,600	\$221,094	\$227,727	\$234,559	Level-Funded at anticipated amount of FY 2010 Actual (plus 3% COLA)
19 Property & Lib. Insurance	\$585,800	\$620,948	\$658,205	\$697,697	Average of 6% inc. annually for property & liability insurance.
20 Uninsured Losses	\$117,796	\$142,796	\$167,796	\$192,796	\$25,000 increase annually due to increase need (2007 - 3 incidents)
21 Capital	\$1,983,112	\$1,580,940	\$1,599,213	\$1,617,944	\$850,000 for cash capital: Street and Building Set Aside increase annually by 2.5%
22 Reserves	\$350,000	\$0	\$0	\$0	
23 Other	\$0	\$562,000	\$50,000	\$50,000	FY12: Sr.Tax. work-off at \$45K + \$200k set-aside for FY11, return of bond premium to CPA (\$217K) + library settlement (\$100K); Sr.Tax Work-@ \$50K in FY13 and FY14.
24 Non-Recurring Expenses	\$479,399	\$1,051,390	\$0	\$0	\$500,000 to OPEB; \$400,000 of free cash as a potential source to replenish the AC Reserve Fund, and \$151,390 for as yet identified needs.
25 Total Expenditures	\$145,175,822	\$151,321,023	\$155,098,278	\$159,933,438	
26 Surplus/(Shortfall)	(\$81,055)	(\$745,756)	(\$3,229,003)	(\$2,718,788)	

Variable Cost Drivers

	FY2011	FY2012	FY2013	FY2014	
27 Municipal Wages	\$ -	\$0	\$235,514	\$240,931	Annual cost of every 1% of COLA increase beginning in FY 2013
28 School Wages	\$ -	\$0	\$617,811	\$637,524	Annual cost of every 1% of COLA increase beginning in FY 2013
29 New Debt Service	\$ -	\$160,000	\$315,625	\$466,875	Cost per \$1 million Debt Service annually

¹ FY2011 adjusted reflects changes to salaries and health insurance as a result of coalition agreement.

Notes:

Does NOT include Exempt Debt

Pending FY2011 Budget Issues

- Appropriations Committee Reserve
- Facilities Budget Shortfall
- Investment Income Adjustment
- New Growth Adjustment



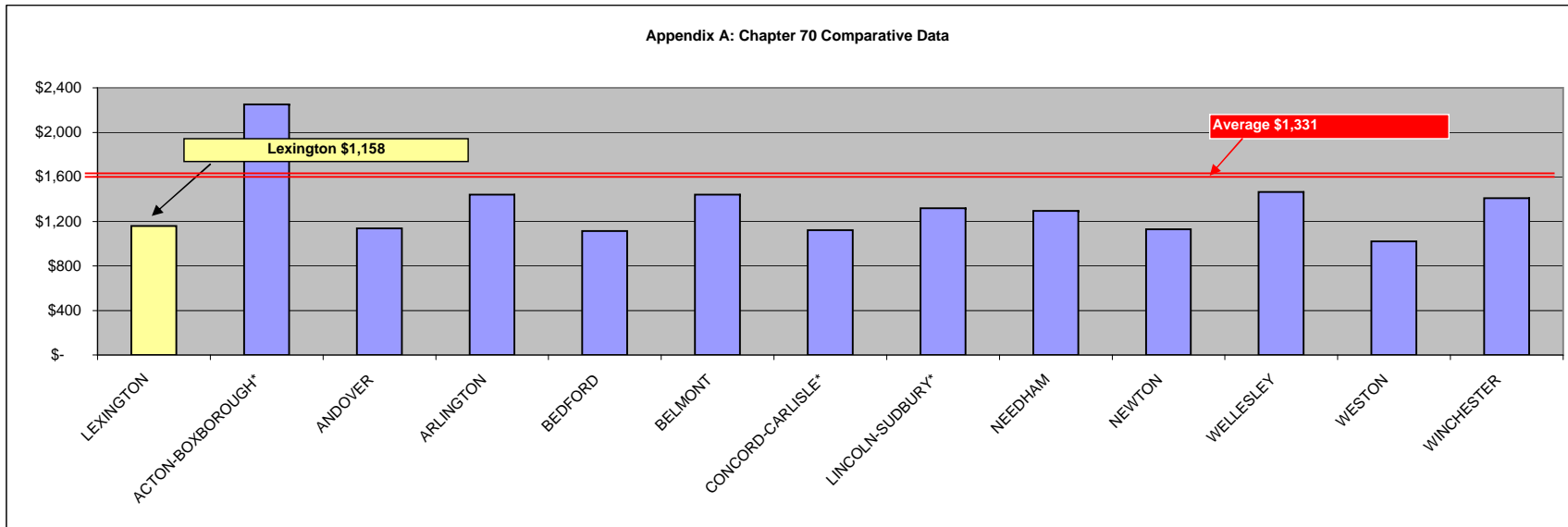
Town of Lexington

Summit I - October 6, 2010

Executive Summary- Projections

FY2012 Budget Policy Issues

1. Use of Stabilization Fund Reserves to Offset State Aid Reductions
2. Potential for Debt Exclusion Question for Bridge & Bowman Schools and Roads
3. Ability to Continue to Fund General Fund Capital at \$3-4 Million Annually
4. Impact of Federal Health Care Reform on Employee Health Insurance Plans



District	FY11 Foundation Enrollment	FY11 Chapter 70 Aid	FY11 Per Pupil Average
LEXINGTON	6,056	\$ 7,013,863	\$ 1,158
ACTON-BOXBOROUGH*	2,863	\$ 6,447,635	\$ 2,252
ANDOVER	6,054	\$ 6,891,063	\$ 1,138
ARLINGTON	4,602	\$ 6,632,057	\$ 1,441
BEDFORD	2,507	\$ 2,791,448	\$ 1,113
BELMONT	3,849	\$ 5,541,573	\$ 1,440
CONCORD-CARLISLE*	2,474	\$ 2,774,331	\$ 1,121
AVERAGE	4,638	\$ 6,013,921	\$ 1,331

District	FY11 Foundation Enrollment	FY11 Chapter 70 Aid	FY11 Per Pupil Average
LINCOLN-SUDBURY*	3,716	\$ 4,899,155	\$ 1,318
NEEDHAM	5,094	\$ 6,590,957	\$ 1,294
NEWTON	11,805	\$ 13,343,503	\$ 1,130
WELLESLEY	4,889	\$ 7,163,571	\$ 1,465
WESTON	2,359	\$ 2,406,938	\$ 1,020
WINCHESTER	4,032	\$ 5,684,874	\$ 1,410

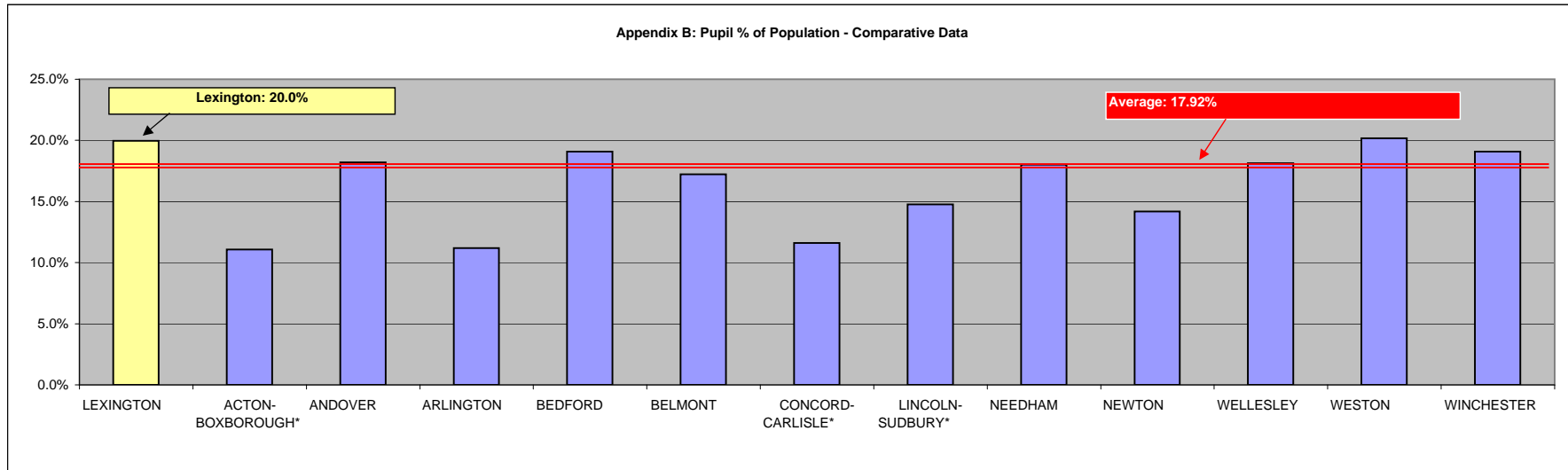
Notes:

*Includes Ch. 70 aid to both regional & local districts.
Source: Mass. Dept. of Education

Chapter 70 Assistance:

The Chapter 70 formula is based on a variety of educational factors. The table at right shows that Lexington receives slightly below the average amount of Chapter 70 aid for comparable communities.

What the table does not show is the small percentage State Aid is of the total per pupil aid given to students in Lexington. Lexington receives only \$1,158 per pupil from the State and spends nearly \$11,000 per pupil on an annual basis.



District	FY11 Foundation Enrollment	Population 7/1/2007	Pupils as % of Population
LEXINGTON	6,056	30,332	20.0%
ACTON-BOXBOROUGH*	2,863	25,850	11.1%
ANDOVER	6,054	33,284	18.2%
ARLINGTON	4,602	41,114	11.2%
BEDFORD	2,507	13,146	19.1%
BELMONT	3,849	22,356	17.2%
CONCORD-CARLISLE*	2,474	21,322	11.6%
AVERAGE	5,022	29,531	17.92%

District	FY11 Foundation Enrollment	Population 7/1/2007	Pupils as % of Population
LINCOLN-SUDBURY*	3,716	25,153	14.8%
NEEDHAM	5,094	28,263	18.0%
NEWTON	11,805	83,271	14.2%
WELLESLEY	4,889	26,985	18.1%
WESTON	2,359	11,698	20.2%
WINCHESTER	4,032	21,137	19.1%

Notes:

*Includes Ch. 70 aid to both regional & local districts.

Source: Mass. Dept. of Education, Mass. Dept. of Revenue. U.S. Census Bureau

Pupil/Population Data:

This chart shows the ratio of pupils as a percentage of the total population of a municipality (or in the case of joint school districts, municipalities).

Compared to the average for similar communities & school systems, Lexington has more students as a percentage of the population. (Also see Indicator I.15)



Schedule of Employer Contributions (8.0% Discount Rate)

(A) FY Ending	(B) Normal Cost	(C) Amortization Payments	(D) Total Town ARC (B)+(D)	(E) Retiree H.C. Appropriation	(F) Medicare Part D Subsidy	(G) Annual Unfunded Liability (D)-(E)-(F)
2007	\$ 3,280,000	\$ 4,870,000	\$ 8,150,000	\$ 4,810,000	\$ 400,000	\$ 2,940,000
2008	\$ 3,440,000	\$ 5,330,000	\$ 8,770,000	\$ 5,291,000	\$ 440,690	\$ 3,038,310
2009	\$ 3,620,000	\$ 5,810,000	\$ 9,430,000	\$ 5,820,000	\$ 479,399	\$ 3,130,601
2010	\$ 3,800,000	\$ 6,310,000	\$ 10,110,000	\$ 6,402,110	\$ 331,610	\$ 3,376,280

Notes:

Source: Financial Risk Analysts, Town of Lexington Post-Retirement Benefits Analysis as of June 30, 2006 March 9, 2007.

Retiree H.C. Appropriation amount provided from actuarial and inflated by 10% annually.

Medicare Part D Subsidy actual receipts, FY 2007-FY2010

Other Post Employment Benefits (OPEB):

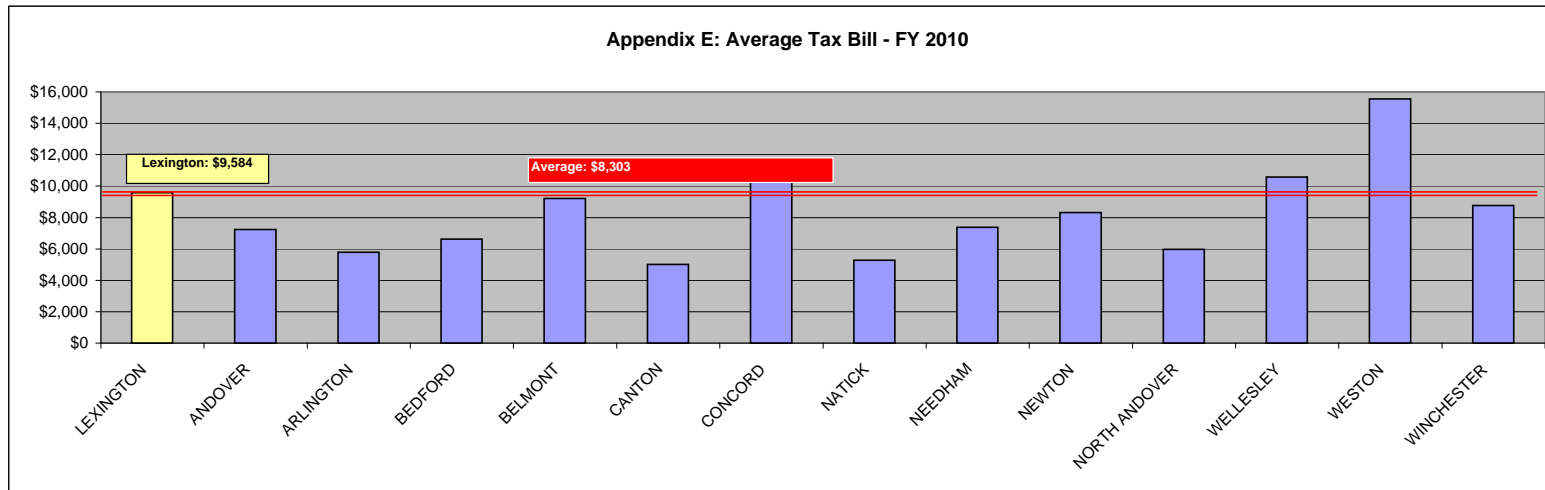
The Government Accounting Standards Board issued GASB Statement 45, which requires governments to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Unlike pension obligations, there is no requirement that Massachusetts municipalities begin to fund this liability. Nonetheless, over the last 3 fiscal years, Town Meeting has appropriated the prior year's Medicare Part D payments made to the Town by the federal government to begin to fund the Town's OPEB liability.

The data above is from the valuation of the Town's liability performed in 2007.



ENDING BALANCES AS OF FISCAL YEAR END

	FY07	FY08	FY09	FY10	As of 7/1/2010
Management/Public Transportation	\$ -	\$ -	\$ 222,697	\$ 216,693	\$ 255,063
Traffic Mitigation Stabilization Fund	\$ -	\$ 226,278	\$ 253,310	\$ 284,515	\$ 160,528
School Bus Stabilization Fund	\$ -	\$ 140,338	\$ 74,583	\$ 4,603	\$ 16
Special Education Stabilization Fund	\$ -	\$ 350,647	\$ 357,863	\$ 710,970	\$ 1,060,970
Other Post Employment Benefits (OPEB)				\$ 1,291,971	



Municipality	Single Family Parcels (2010)	Average Value Single Family (2010)	Residential Tax Rate (2010)	Average Single Family Tax Bill (2010)
LEXINGTON	8,944	\$691,470	\$13.86	\$9,584
ANDOVER	8,484	\$548,860	\$13.19	\$7,239
ARLINGTON	7,978	\$477,218	\$12.11	\$5,779
BEDFORD	3,318	\$506,620	\$13.08	\$6,627
BELMONT	4,516	\$757,904	\$12.16	\$9,216
CANTON	5,292	\$462,419	\$10.83	\$5,008
CONCORD	4,568	\$835,697	\$13.09	\$10,939
NATICK	8,459	\$452,621	\$11.67	\$5,282
NEEDHAM	8,334	\$700,739	\$10.53	\$7,379
NEWTON	16,929	\$799,218	\$10.41	\$8,320
NORTH ANDOVER	6,173	\$469,012	\$12.74	\$5,975
WELLESLEY	7,283	\$1,009,640	\$10.48	\$10,581
WESTON	3,343	\$1,400,149	\$11.10	\$15,542
WINCHESTER	5,594	\$762,067	\$11.51	\$8,771
AVERAGE	7,087	\$705,260	\$11.91	\$8,303

Average Tax Bill:

This table shows the average single-family tax bill for comparable communities to Lexington for FY 2008. Lexington is slightly above average compared to other communities.

Source: Mass. Dept. of Revenue, Div. Of Local Services.



Revenue Summary	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 ² Actual	FY 2010 Actual
Property Tax Levy	\$ 82,189,495	\$ 91,192,659	\$ 93,955,886	\$ 100,432,867	\$ 109,459,733	\$ 115,977,132	\$ 121,010,869
State Aid	\$ 7,894,598	\$ 7,871,465	\$ 8,603,524	\$ 8,245,295	\$ 9,045,501	\$ 9,589,026	\$ 8,962,015
Local Receipts	\$ 8,978,316	\$ 10,246,954	\$ 13,321,875	\$ 12,910,181	\$ 11,889,778	\$ 10,161,999	\$ 11,067,649
Available Funds	\$ 943,551	\$ 1,728,160	\$ 2,188,182	\$ 4,923,000	\$ 4,216,097	\$ 5,620,168	\$ 6,053,619
Revenue Offsets	\$ (3,186,402)	\$ (3,077,283)	\$ (3,145,438)	\$ (1,530,137)	\$ (1,897,006)	\$ (1,508,732)	\$ (1,713,630)
Total General Fund Revenues	\$ 96,819,558	\$ 107,961,955	\$ 114,924,029	\$ 124,981,206	\$ 132,714,103	\$ 139,839,593	\$ 145,380,521
Other Revenues							
Revolving Funds	\$ -	\$ 78,266	\$ 542,343	\$ 793,431	\$ 1,623,180	\$ 2,059,045	\$ 2,298,265
Grants	\$ -	\$ -	\$ 173,390	\$ 173,390	\$ 122,732	\$ 141,454	\$ 136,553
Enterprise Funds (Direct)	\$ 15,652,349	\$ 13,393,865	\$ 13,826,318	\$ 15,459,138	\$ 15,468,471	\$ 15,468,451	\$ 15,829,462
Enterprise Funds (Indirect)	\$ 1,683,197	\$ 1,783,197	\$ 1,789,916	\$ 1,772,313	\$ 1,752,885	\$ 1,649,339	\$ 1,701,209
<i>sub-total Other Revenues</i>	<i>\$ 17,335,546</i>	<i>\$ 15,255,328</i>	<i>\$ 16,331,967</i>	<i>\$ 18,198,272</i>	<i>\$ 18,967,268</i>	<i>\$ 19,318,289</i>	<i>\$ 19,965,489</i>
Total Revenues	\$ 114,155,104	\$ 123,217,283	\$ 131,255,996	\$ 143,179,478	\$ 151,681,372	\$ 159,157,882	\$ 165,346,010
Expense Summary	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Education							
Lex. Pub Schools Compen.	\$ 44,584,245	\$ 46,185,654	\$ 47,255,639	\$ 49,061,328	\$ 52,775,796	\$ 53,372,059	\$ 54,440,560
Lex. Pub Schools Expenses	\$ 9,380,263	\$ 10,618,852	\$ 13,397,121	\$ 12,325,466	\$ 13,338,808	\$ 8,946,145	\$ 10,469,479
<i>sub-total Lex. Pub. Schools</i>	<i>\$ 53,964,508</i>	<i>\$ 56,804,506</i>	<i>\$ 60,652,760</i>	<i>\$ 61,386,794</i>	<i>\$ 66,114,605</i>	<i>\$ 62,318,204</i>	<i>\$ 64,910,039</i>
Minuteman Reg. School 3	\$ 901,431	\$ 833,267	\$ 830,234	\$ 1,024,817	\$ 1,194,216	\$ 1,510,598	\$ 1,711,554
<i>sub-total Education</i>	<i>\$ 54,865,939</i>	<i>\$ 57,637,773</i>	<i>\$ 61,482,994</i>	<i>\$ 62,411,611</i>	<i>\$ 67,308,821</i>	<i>\$ 63,828,802</i>	<i>\$ 66,621,593</i>
Municipal							
Municipal Compen.	\$ 13,226,616	\$ 14,675,347	\$ 15,499,278	\$ 16,141,524	\$ 17,274,644	\$ 18,401,946	\$ 19,379,531
Municipal Expenses	\$ 6,296,986	\$ 7,071,497	\$ 7,125,669	\$ 7,662,756	\$ 9,402,310	\$ 7,562,099	\$ 7,785,739
<i>sub-total Municipal</i>	<i>\$ 19,523,602</i>	<i>\$ 21,752,844</i>	<i>\$ 22,624,947</i>	<i>\$ 23,804,280</i>	<i>\$ 26,676,954</i>	<i>\$ 25,964,045</i>	<i>\$ 27,165,269</i>
Shared Expenses							
Benefits & Insurance	\$ 14,574,454	\$ 17,511,374	\$ 19,015,811	\$ 21,720,932	\$ 23,425,240	\$ 25,233,150	\$ 26,993,423
Debt (within-levy)	\$ 4,075,957	\$ 4,502,085	\$ 3,417,301	\$ 3,760,125	\$ 3,572,204	\$ 3,755,361	\$ 4,315,849
Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Facilities ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,430,075	\$ 8,763,578
<i>sub-total Shared Expenses</i>	<i>\$ 18,650,411</i>	<i>\$ 22,013,459</i>	<i>\$ 22,433,112</i>	<i>\$ 25,481,057</i>	<i>\$ 26,997,444</i>	<i>\$ 37,418,585</i>	<i>\$ 40,072,851</i>
<i>Revolving Funds</i>		\$ 78,266	\$ 542,343	\$ 793,431	\$ 1,132,958	\$ 911,217	\$ 1,393,743
<i>Grants</i>			\$ 173,390	\$ 173,390	\$ 122,732	\$ 140,974	\$ 136,549
Capital & Reserves							
Cash Capital (inc of roads)	\$ 796,322	\$ 500,000	\$ 1,153,000	\$ 1,195,000	\$ 1,355,000	\$ 1,520,750	\$ 1,545,719
Stabilization Fund	\$ -	\$ 807,322	\$ 603,647	\$ 2,650,000	\$ 1,000,000	\$ 1,000,000	\$ 669,843
CPA	\$ -	\$ -	\$ -	\$ 2,556,362	\$ 2,776,904	\$ 2,897,349	\$ 3,015,893
<i>sub-total Capital & Reserves</i>	<i>\$ 796,322</i>	<i>\$ 1,307,322</i>	<i>\$ 1,756,647</i>	<i>\$ 6,401,362</i>	<i>\$ 5,131,904</i>	<i>\$ 5,418,099</i>	<i>\$ 5,231,455</i>
Enterprise Funds							
Water	\$ 5,240,049	\$ 5,343,239	\$ 5,408,102	\$ 5,630,539	\$ 5,609,660	\$ 7,241,305	\$ 7,190,800
Wastewater (Sewer)	\$ 7,221,566	\$ 6,673,087	\$ 6,279,508	\$ 6,686,970	\$ 6,618,170	\$ 8,083,478	\$ 8,083,388
Recreation	\$ 1,446,673	\$ 1,377,539	\$ 1,381,912	\$ 1,425,861	\$ 175,399	\$ 1,790,263	\$ 1,701,957
Enterprise Capital	\$ 710,000	\$ -	\$ 80,000	\$ 75,000	\$ 25,000	\$ 85,305	\$ 111,000
<i>sub-total Enterprise Funds</i>	<i>\$ 14,618,288</i>	<i>\$ 13,393,865</i>	<i>\$ 13,149,522</i>	<i>\$ 13,818,370</i>	<i>\$ 12,428,229</i>	<i>\$ 17,200,352</i>	<i>\$ 17,087,145</i>
Exempt Debt							
Municipal	\$ 490,200	\$ 786,575	\$ 771,013	\$ 1,299,188	\$ 1,445,451	\$ 2,551,420	\$ 2,853,441
School	\$ 3,699,138	\$ 4,538,510	\$ 4,172,300	\$ 3,828,068	\$ 3,927,422	\$ 3,081,223	\$ 2,892,944
<i>sub-total Exempt Debt</i>	<i>\$ 4,189,338</i>	<i>\$ 5,325,085</i>	<i>\$ 4,943,313</i>	<i>\$ 5,127,256</i>	<i>\$ 5,372,873</i>	<i>\$ 5,632,643</i>	<i>\$ 5,746,385</i>
Total Expenses	\$ 112,643,900	\$ 121,508,614	\$ 127,106,268	\$ 138,010,757	\$ 145,171,914	\$ 156,514,717	\$ 163,454,990
Balance	\$ 1,511,204	\$ 1,708,669	\$ 4,149,728	\$ 5,168,721	\$ 6,509,457	\$ 2,643,165	\$ 1,891,020

¹ From FY 2000-FY 2008 cost of Public Facilities are components of spending in Public Works and Education

² Net Operating Revenue and Cherry Sheet Revenue includes \$799,539 in federal stimulus funds used to offset the fourth quarter cut in Chapter 70 aid.

Note:

FY 2008 figures unaudited. Preliminary reconciliation only.

