

# *Town of Lexington*



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## *Financial Summit I*

*Indicator Analysis:*

*Fiscal Years 2000-2014*

*Revenue and Expenditure Projections:*

*Fiscal Years 2016-2018*

**October 8, 2014**



# Town of Lexington

Summit I – October 8th 2014

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# Town of Lexington

Summit I – October 8th 2014

## Introduction

This packet of information includes:

- a) An evaluation of the fiscal health of the Town of Lexington, presented through a series of financial indicators and, where appropriate, comparative benchmarks.
- b) A 3-year Revenue and Expenditure Projection
- c) Key policy issues facing the Town in FY2016.

This material provides an informed snapshot of Lexington's financial condition to assist policymakers in preparing for the FY 2015 Budget Process.

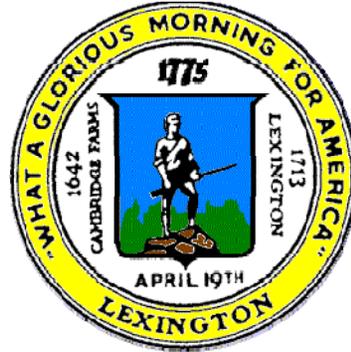
Using a series of recognized metrics from professional organizations, including the International City/County Management Association, (ICMA), the Government Finance Officer's Association (GFOA), Moody's Investor's Service, and data from the Town of Lexington, Massachusetts Department of Revenue, the Massachusetts Department of Elementary and Secondary Education, and the U.S. Census Bureau, Town staff has compiled 14 indicators with which to evaluate the Town's fiscal health.

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

- Lexington has positive revenue growth, stable labor costs as a percentage of total operating costs, adequate pension funding, low debt service, and adequate reserves.
- Lexington's financial condition is satisfactory in the areas of expenditure growth and revenues related to economic growth,
- Lexington's Health Insurance spending as a percentage of employee wages has dropped almost three percent (from 26.9% in FY2012 to 2.1% in FY2014) since last year, largely as a result of savings that the Town was able to realize due to its joining the Commonwealth's Group Insurance Commission (GIC)

While this document does not provide any data on federal grants, there is still ongoing uncertainty regarding unresolved federal budget issues. Nevertheless, the data in this report suggests that the Town's financial condition is strong and the Town is expected to maintain its Aaa credit rating.

# *Town of Lexington*



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## Financial Summit I

Indicator Analysis:

*Fiscal Years 2000-2014*



Indicator Summary		2011	2012	2013	2014
I.1	Revenues	F	F	F	F
I.2	State Aid	U	U	U	F
I.3	Revenues Related to Economic Growth	F/M	F/M	F/M	F/M
I.4	Property Tax Revenues	F	F	F	F
I.5	Uncollected Property Taxes	F	F	F	F
I.6	Expenditures per Department	M	F	F	F
I.7	Personnel Costs	F/M	F	F	F
I.8	Employee Benefits	U	M	F	F
I.9	Participants in Lexington Retirement System	F/M	F	F	F
I.10	Pension Liability	F	M	M	M
I.11	Debt Service	F	F	F	F
I.11a	Projected Exempt Debt Service	-	F	M	M
I.12	Long-Term Debt	F	F	F	F
I.13	Reserves and Fund Balance	F	F	F	F
I.14	Population	M	M	M	M

**Chart Key**

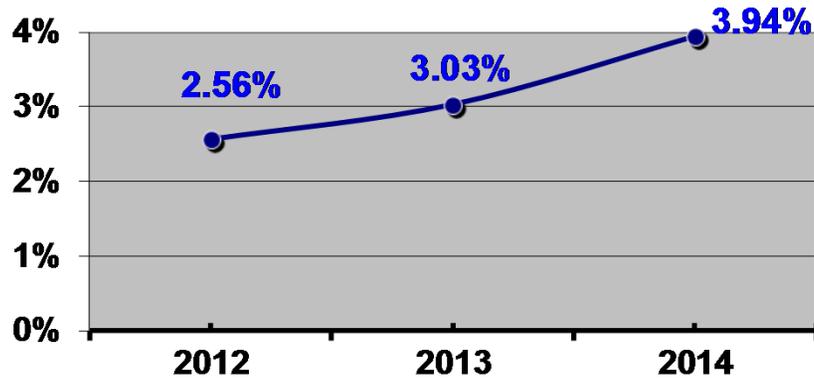
F	Favorable
F/M	Favorable/Marginal
M	Marginal
U	Unfavorable



## Favorable Indicators

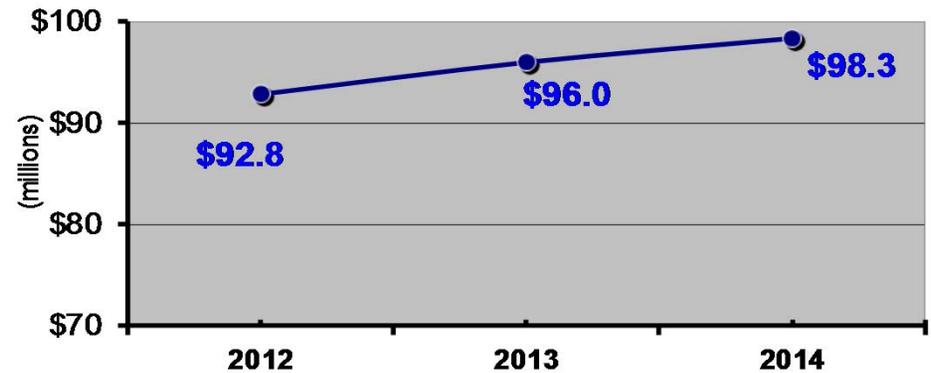
### Indicator I.1: Revenues

% Change In Net Operating Revenues (constant dollars)



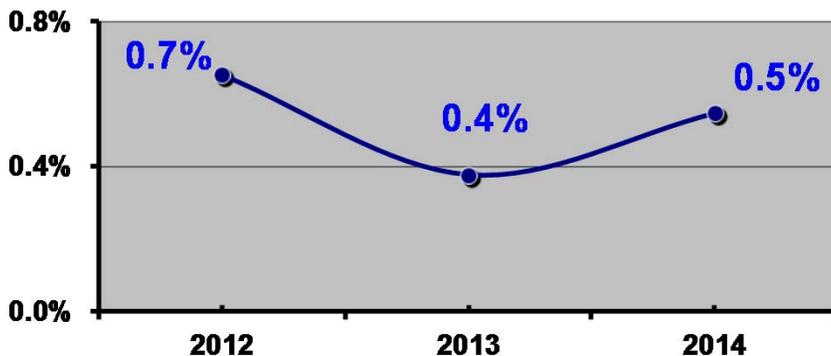
### Indicator I.4: Property Tax Revenues

Property Tax Revenues (constant dollars)



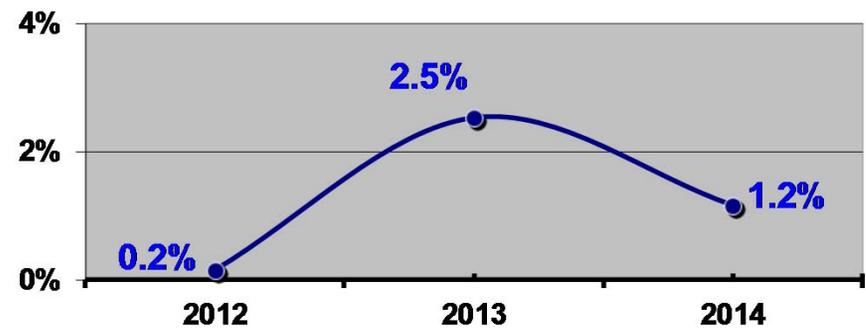
### Indicator I.5: Uncollected Property Taxes

Uncollected Taxes as % of Net Prop. Tax Levy



### Indicator I.6: Expenditures Per Department

% Change in Total Operating Expenditures

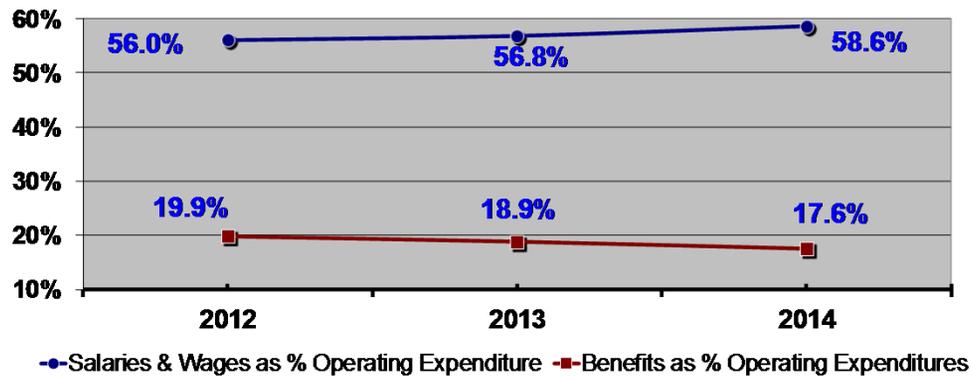




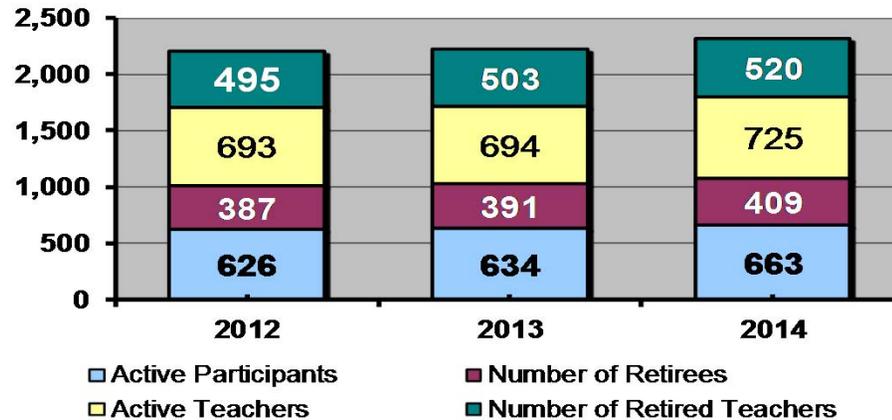
## Favorable Indicators

### Indicator I.7: Personnel Costs

Personnel Costs as % of Operating Expenses



### Indicator I.9: Participants in Retirement System



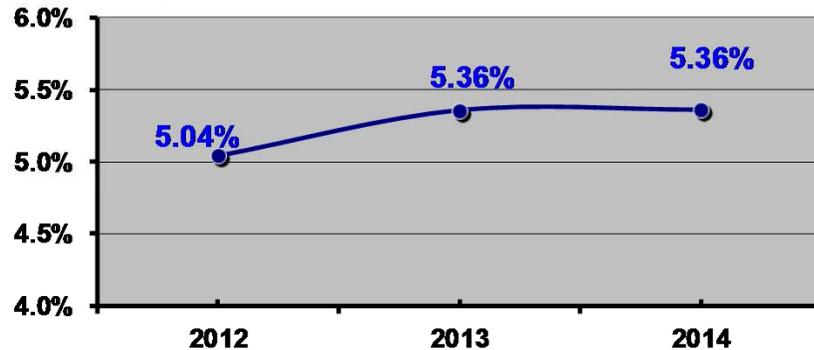
Note that for Indicator 9, teacher data had not been collected prior to FY2012.



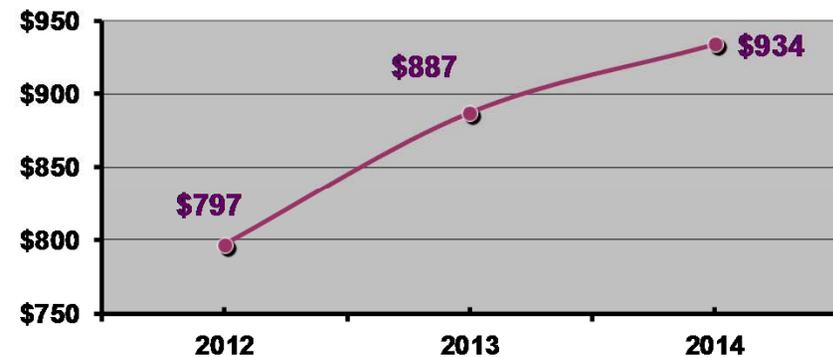
## Favorable Indicators

### Indicator I.11: Debt Service

Within-Levy Debt Service as % of General Fund Revenues

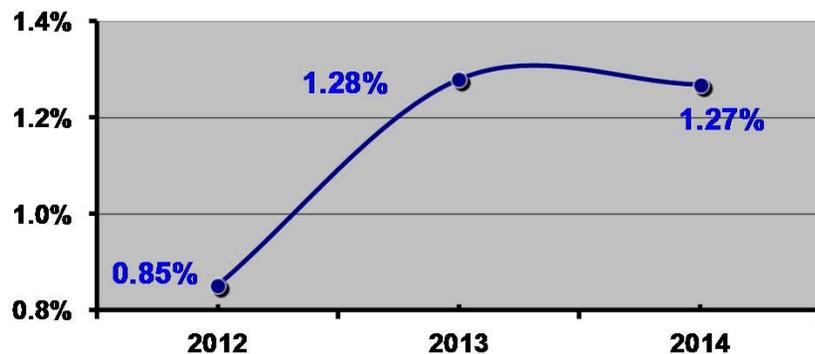


Residential Share, Net Debt Service Per Household

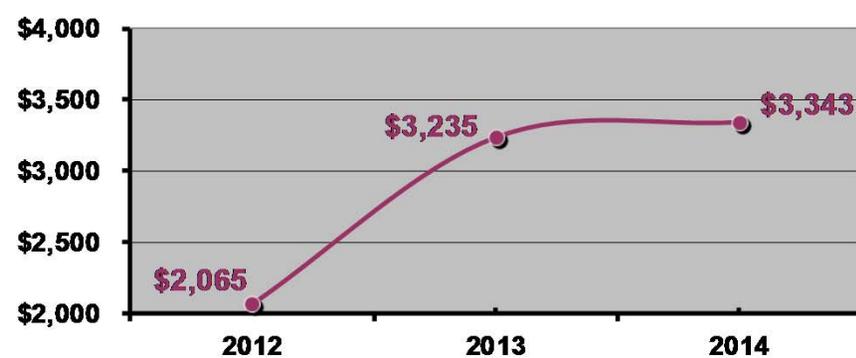


### Indicator I.12: Long Term Debt

Long Term Debt as % of Assessed Valuation



Long Term Debt Per Capita

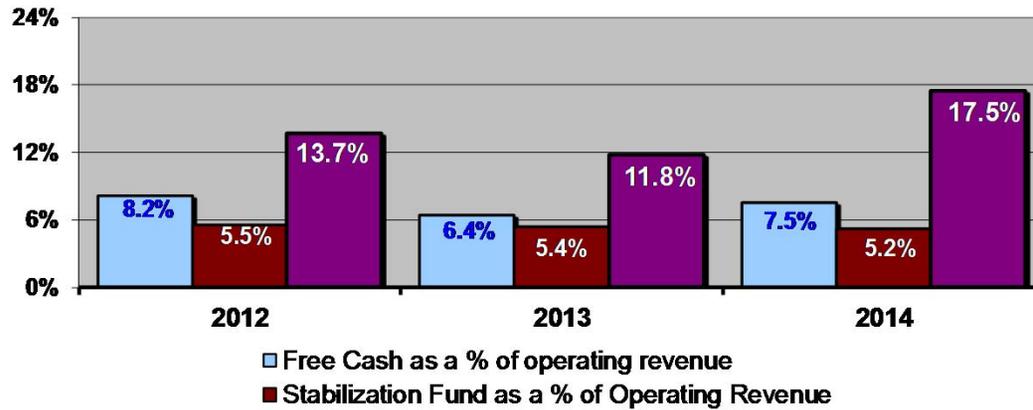




## Favorable Indicators

### Indicator I.13: Reserves and Fund Balance

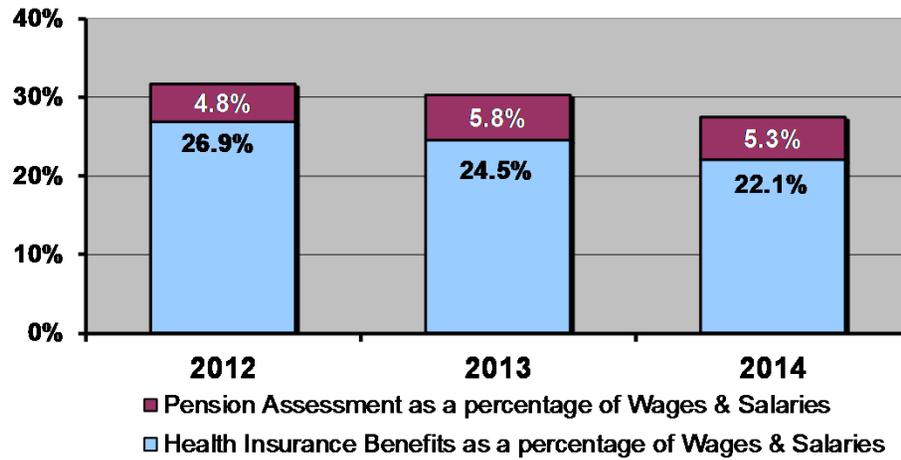
Reserves as % of Operating Revenue





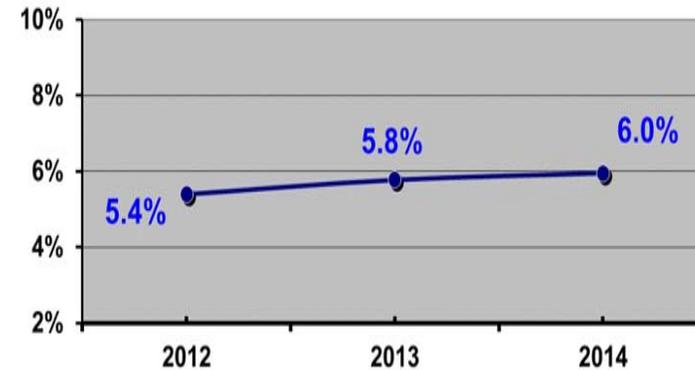
### Indicator I.8: Employee Benefits

Medical and Retirement Benefits as % of Wages & Salaries



### Indicator I.2: State Aid

State Aid as % of Operating Revenue

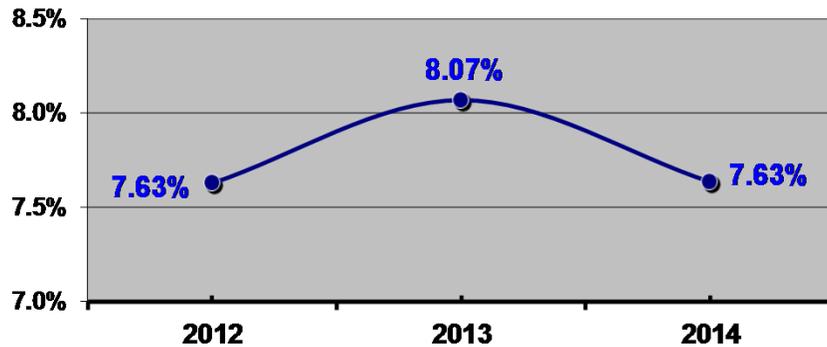




## Marginal Indicators

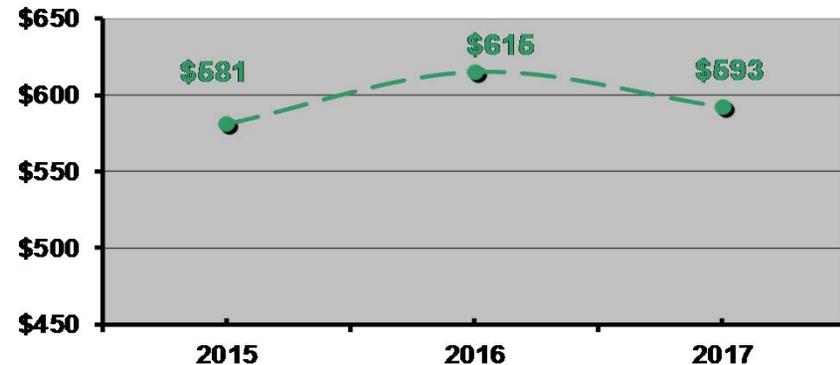
### Indicator I.3: Revenues Related To Economic Growth

Econ. Growth Revenues as % of Operating Revenues



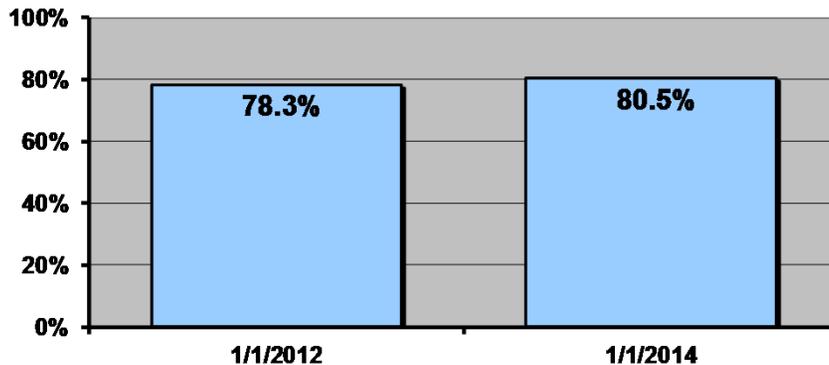
### Indicator I.11(a): Projected Exempt Debt Service

Residential Share of Net Exempt Debt Service Per Household



### Indicator I.10: Pension Liability

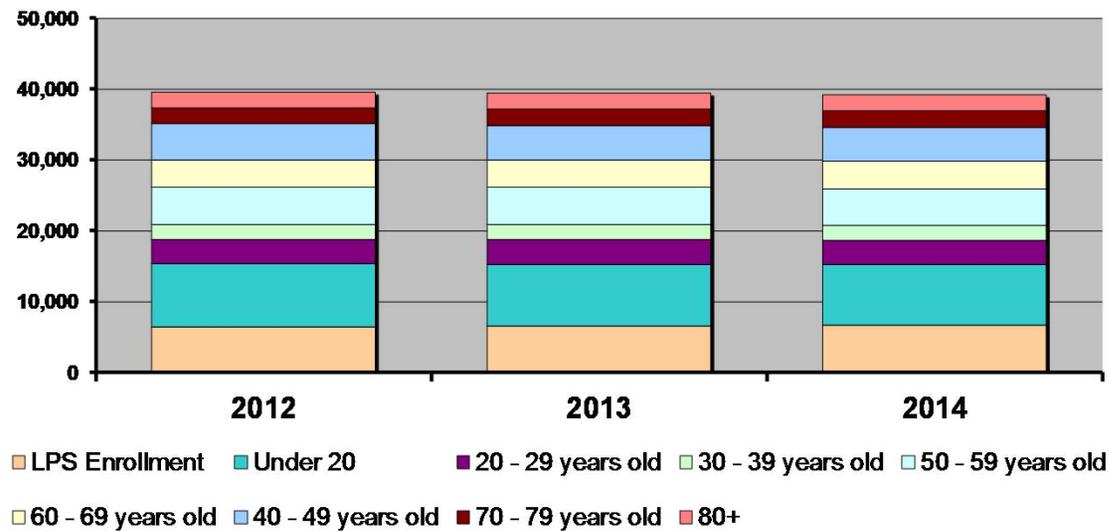
% Funded





## Marginal Indicators

### Indicator I.14: Population



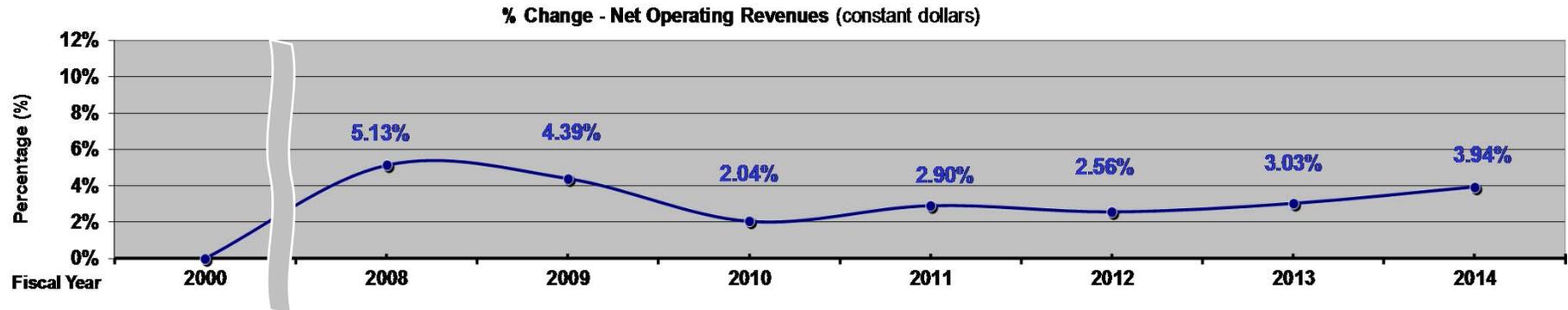


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**Intentionally**



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



Fiscal Year	2000*	2008*	2009 <sup>1</sup>	2010	2011	2012	2013	2014 <sup>2</sup>
Gross operating revenue/transfers	\$81,597,556	\$133,554,286	\$144,131,700	#####	\$ 152,465,461	\$ 160,271,333	\$ 168,234,519	\$ 177,271,556
Less: Excluded Debt Service	\$ 120,000	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 6,927,654
<b>Net Operating Revenues</b>	#####	#####	#####	#####	\$ 146,711,911	\$ 154,549,499	\$ 161,635,438	\$ 170,343,902
CPI-U, prior calendar year	176.0	227.4	235.4	233.8	237.4	243.9	247.6	251.0
CPI-U, adjustment for constant dollars	100%	77.4%	74.8%	75.3%	74.1%	72.2%	71.1%	70.1%
dollars)	#####	\$ 99,204,203	#####	#####	\$ 108,745,973	\$ 111,532,722	\$ 114,911,196	\$ 119,440,919
<b>Percent Change from prior year (net)</b>	-	<b>5.13%</b>	<b>4.39%</b>	<b>2.04%</b>	<b>2.90%</b>	<b>2.56%</b>	<b>3.03%</b>	<b>3.94%</b>
Households	10,780	10,018	10,907	11,056	11,530	11,392		0.00%
<b>Net Operating Revenues per Household (cons. dollars)</b>	\$ 7,558	\$ 9,903	\$ 9,495	\$ 9,558	\$ 9,432	\$ 9,790		
<b>Percent Change from prior year</b>	-	<b>4.87%</b>	<b>-4.11%</b>	<b>0.67%</b>	<b>-1.33%</b>	<b>3.81%</b>		

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

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

<sup>2</sup> Excluded Debt Service is net of appropriation of \$1.6 million of Capital Project/Debtvice/Building Renewal Stabilization Funds to mitigate debt service increases attributable to the Estabrook and Bridge/Bowman renovation projects.

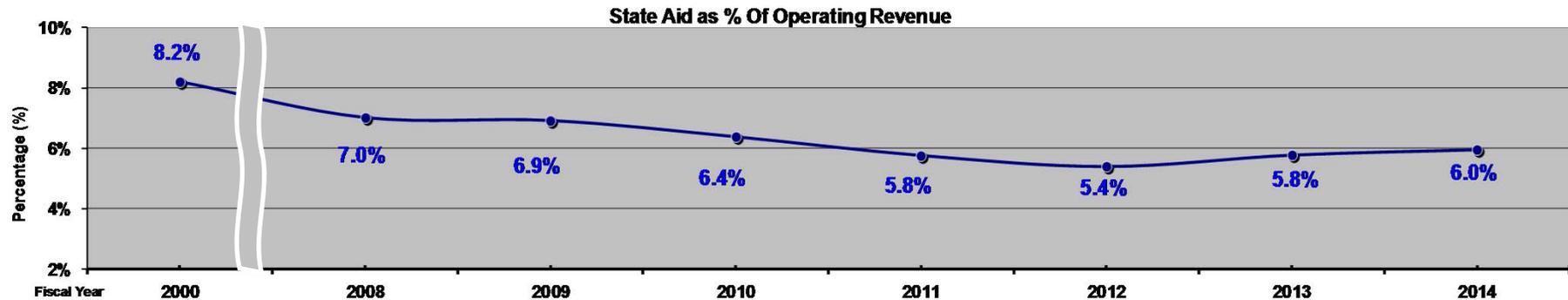
Revenue growth is one measure of the Town's ability to maintain existing service levels. Lexington has witnessed some fluctuations in revenues in constant dollars during the first half of this decade; despite this growth has, for the most part, been positive. The slowdown in FY2012 was indicative of the slump in the national economy. This is also attributable to a decrease in State Aid (Indicator 2) as well as decreasing Revenues Related to Economic Growth (Indicator 3). Nevertheless Property Tax revenue (Indicator 4) remains stable despite the post-recession economic environment, and the trend overall remains steady and favorable.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



## Indicator I.2: State Aid

Reduced 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	2008	2009 <sup>1</sup>	2010	2011	2012	2013	2014
Cherry Sheet Revenues (Less Offset Items)	\$ 7,553,282	\$ 9,001,541	\$ 9,589,026	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659
Less: School Building Reimbursements	\$ 863,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net State Aid Revenues	\$ 6,689,298	\$ 9,001,541	\$ 9,589,026	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659
Net Operating Revenues	\$ 81,477,556	\$ 128,181,412	\$ 138,499,057	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499	\$ 161,635,438	\$ 170,343,902
<b>State Aid as a % of operating revenues</b>	<b>8.2%</b>	<b>7.0%</b>	<b>6.9%</b>	<b>6.4%</b>	<b>5.8%</b>	<b>5.4%</b>	<b>5.8%</b>	<b>6.0%</b>
CPI-U, prior CY	176.0	227.4	235.4	233.8	237.4	243.9	247.6	251.0
CPI-U, adjustment for constant dollars	100%	77.4%	74.8%	75.3%	74.1%	72.2%	71.1%	70.1%
<b>Net State Aid Revenues (constant dollars)</b>	<b>\$ 6,689,298</b>	<b>\$ 6,966,616</b>	<b>\$ 7,170,279</b>	<b>\$ 6,747,062</b>	<b>\$ 6,267,018</b>	<b>\$ 6,019,471</b>	<b>\$ 6,636,169</b>	<b>\$ 7,113,183</b>
<b>Percent change from prior year (constant dollars)</b>	<b>-</b>	<b>12.3%</b>	<b>2.9%</b>	<b>-5.9%</b>	<b>-7.1%</b>	<b>-3.9%</b>	<b>10.2%</b>	<b>7.2%</b>

<sup>1</sup>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.

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 FY2010, FY2011, and again in FY2012 as a result of the economic downturn. However, it has increased substantially in FY13 and FY14.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



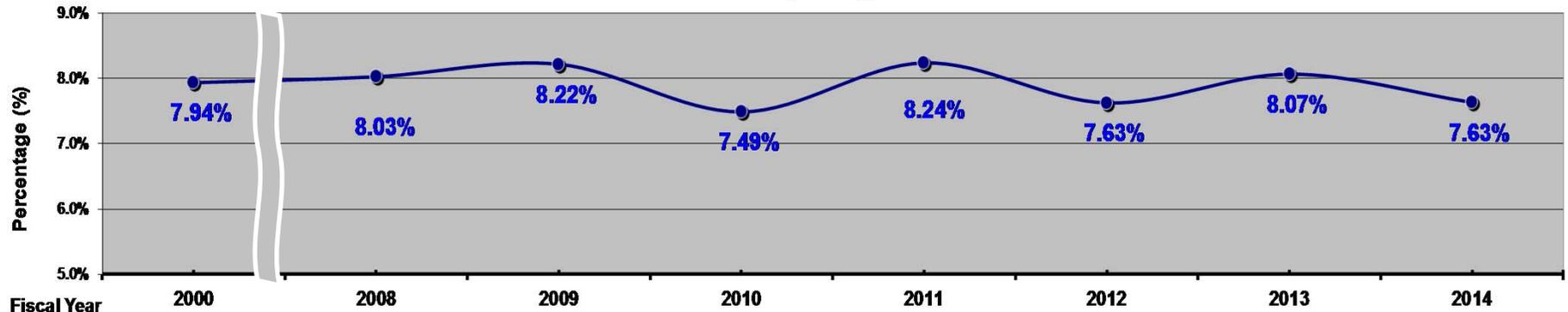
# Town of Lexington

Summit I – October 8<sup>th</sup> 2014

## Indicator I.3: Revenues Related to Economic Growth

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

**Economic Growth Revenues as a % of Operating Revenues**



Fiscal Year	2000	2008	2009 <sup>1</sup>	2010	2011	2012	2013	2014
<b>Net operating revenues (constant dollars)</b>	<b>\$ 81,477,556</b>	<b>\$99,204,203</b>	<b>\$103,563,896</b>	<b>\$105,677,661</b>	<b>\$108,745,973</b>	<b>\$111,532,722</b>	<b>\$114,911,196</b>	<b>\$119,440,919</b>
Building-Related Fees & Permits	\$ 853,523	\$1,718,789	\$1,073,306	\$1,777,132	\$1,481,549	\$1,233,827	\$1,430,124	\$1,403,956
Motor Vehicle Excise (MVE)	\$ 3,642,106	\$3,758,043	\$4,161,316	\$3,664,628	\$4,052,006	\$3,924,928	\$4,300,549	\$4,695,332
Levy Growth from New Residential Construction	\$ 353,976	\$1,156,124	\$1,526,313	\$1,206,197	\$1,112,487	\$1,222,142	\$1,400,099	\$1,451,904
Levy Growth from New Industrial/Commerical Growth	\$ 897,607	\$474,999	\$533,896	\$206,414	\$1,208,359	\$960,174	\$1,297,354	\$635,052
Levy Growth from Personal Property	\$ 719,000	\$854,527	\$1,216,440	\$1,058,669	\$1,105,704	\$1,164,220	\$841,492	\$930,379
<b>Total: Economic Growth Revenues</b>	<b>\$ 6,466,212</b>	<b>\$7,962,482</b>	<b>\$8,511,271</b>	<b>\$7,913,040</b>	<b>\$8,960,105</b>	<b>\$8,505,291</b>	<b>\$9,269,618</b>	<b>\$9,116,623</b>
<b>Revenues related to economic growth (constant dollars)</b>	<b>\$ 6,466,212</b>	<b>\$ 6,162,451</b>	<b>\$ 6,364,378</b>	<b>\$ 5,957,340</b>	<b>\$ 6,641,419</b>	<b>\$ 6,137,958</b>	<b>\$ 6,590,033</b>	<b>\$ 6,392,350</b>
<b>Economic Growth Revenues as a % of Operating Revenues</b>	<b>7.94%</b>	<b>8.03%</b>	<b>8.22%</b>	<b>7.49%</b>	<b>8.24%</b>	<b>7.63%</b>	<b>8.07%</b>	<b>7.63%</b>

<sup>1</sup>Net 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.

Economic growth revenues are responsive to changes in the economy. 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 Shire HGT (\$392,761) and Cubist (\$216,000).

<b>Lexington Trend</b>
Favorable
Marginal
Unfavorable
Uncertain

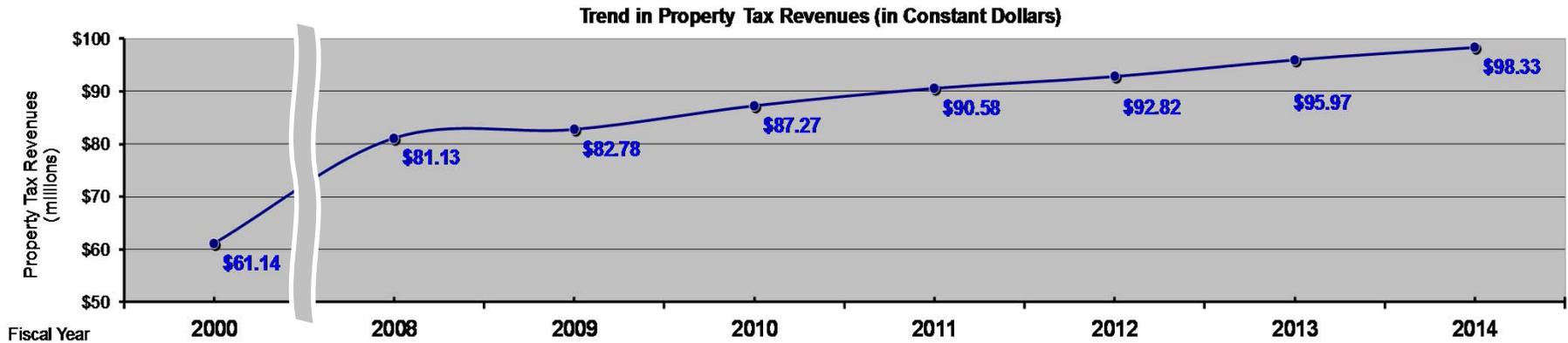


# Town of Lexington

Summit I – October 8<sup>th</sup> 2014

## Indicator I.4: Property Tax Revenues

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



Fiscal Year	2000*	2008*	2009	2010	2011	2012	2013	2014
Property Tax Levy	#####	#####	\$ 119,093,124	\$ 124,695,369	\$ 131,108,723	#####	\$ 145,063,863	\$ 152,461,138
Less: debt exclusions	\$ 120,000	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654
Less: Comm. Pres. Act surcharge	N/A	\$ 2,649,949	\$ 2,754,960	\$ 3,027,909	\$ 3,153,000	\$ 3,307,000	\$ 3,478,000	\$ 3,691,000
<b>Net Property Tax Revenues</b>	#####	#####	<b>\$ 110,705,521</b>	<b>\$ 115,921,075</b>	<b>\$ 122,202,173</b>	#####	<b>\$ 134,986,782</b>	<b>\$ 140,242,484</b>
CPI-U, 2000 base year	176.0	227.4	235.4	233.8	237.4	243.9	247.6	251.0
CPI-U, adjustment for constant dollars	100%	77.4%	74.8%	75.3%	74.1%	72.2%	71.1%	70.1%
<b>Property Tax Revenues (constant dollars)</b>	#####	<b>\$ 81,134,635</b>	<b>\$ 82,781,033</b>	<b>\$ 87,271,297</b>	<b>\$ 90,578,837</b>	<b>\$ 92,817,258</b>	<b>\$ 95,965,915</b>	<b>\$ 98,334,551</b>
<b>Percent increase over prior year (constant)</b>	-	7.2%	2.0%	5.4%	3.8%	2.5%	3.4%	2.5%

Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Increases due to operating overrides should be noted for their impact on taxpayers' ability to pay. On a constant dollar basis, Lexington has seen consistent growth in this area since 2000. This growth continues favorably into Fiscal 2014.

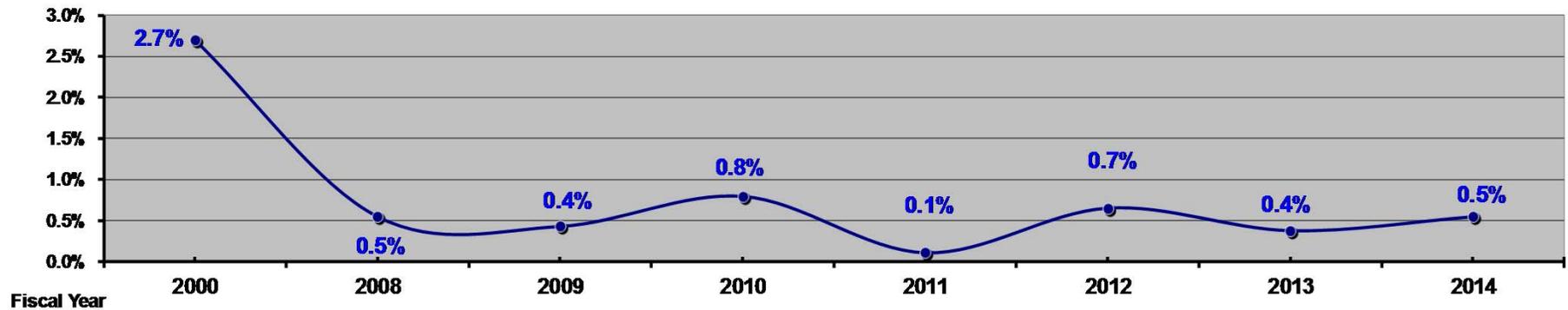
Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



## Indicator I.5: Uncollected Property Taxes

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

Uncollected Taxes as a % of Net Property Tax Levy



Fiscal year	2000	2008	2009	2010	2011	2012	2013	2014
Property Tax Levy <sup>1</sup>	\$61,263,838	\$110,206,659	\$116,338,164	\$121,667,460	\$127,955,723	\$134,337,548	\$141,585,863	#####
Reserved for Abatements & Exemptions	\$763,112	\$1,139,127	\$1,276,988	\$850,587	\$896,369	\$1,023,396	\$770,344	\$779,391
Net Property Tax Levy	\$60,500,726	\$109,067,533	\$115,061,176	\$120,816,873	\$127,059,354	\$133,314,153	\$140,815,520	#####
Uncollected Taxes as of June 30	\$1,632,556	\$597,349	\$493,115	\$960,210	\$136,474	\$868,845	\$530,914	\$808,356
<b>Uncollected Taxes as a Percentage of Net Property Tax Levy</b>	<b>2.7%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>0.5%</b>

<sup>1</sup> Includes exempt debt, but excludes Community Preservation Act Surcharge (see Indicator 4 for a number inclusive of both)

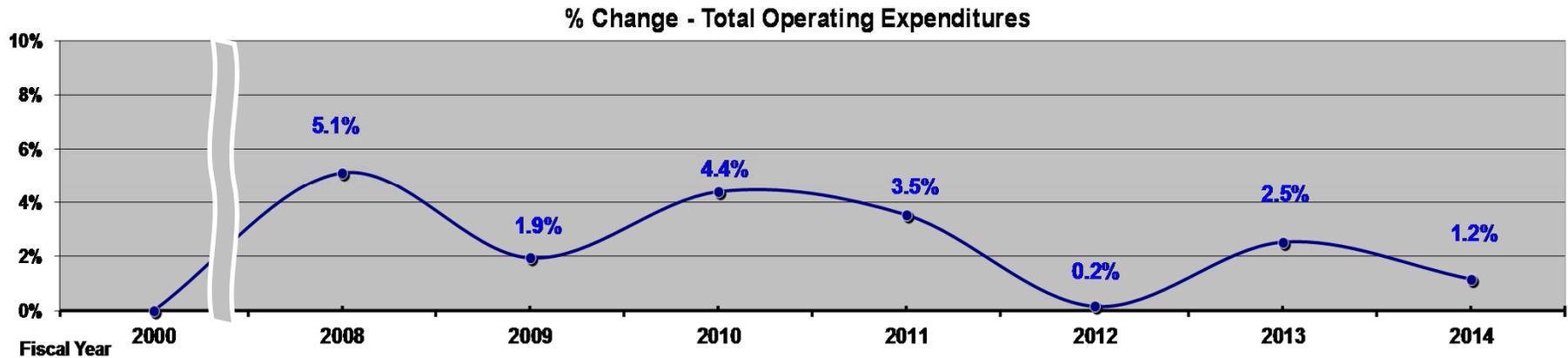
An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating agencies generally consider uncollected 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	✓
Marginal	
Unfavorable	
Uncertain	



## Indicator I.6: Expenditures Per Department

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



Fiscal year	2000*	2008*	2009 <sup>3</sup>	2010 <sup>4</sup>	2011 <sup>5</sup>	2012 <sup>6</sup>	2013	2014
Education	\$45,998,542	\$ 67,308,821	\$ 63,828,802	\$ 65,905,578	\$ 69,484,008	\$ 72,892,034	\$ 76,628,356	\$ 79,978,598
Shared Expenses (Benefits, Debt)	\$12,548,933	\$ 26,971,492	\$ 29,195,602	\$ 31,239,975	\$ 32,866,993	\$ 33,202,243	\$ 33,546,502	\$ 32,232,035
Public Works	\$ 6,537,136	\$ 9,481,706	\$ 8,300,676	\$ 8,424,261	\$ 8,414,202	\$ 8,359,134	\$ 8,269,497	\$ 8,885,551
Public Facilities <sup>1</sup>	\$ -	\$ -	\$ 8,430,075	\$ 8,763,578	\$ 9,974,653	\$ 9,242,458	\$ 9,343,330	\$ 9,667,013
Public Safety <sup>2</sup>	\$ 7,287,524	\$ 9,790,600	\$ 9,953,574	\$ 10,530,736	\$ 10,528,156	\$ 10,961,859	\$ 11,504,167	\$ 11,534,278
Library	\$ 1,354,201	\$ 1,926,195	\$ 1,886,081	\$ 1,907,300	\$ 1,957,036	\$ 1,999,081	\$ 2,028,190	\$ 2,144,832
Human Services	\$ 412,759	\$ 579,374	\$ 493,666	\$ 376,979	\$ 443,098	\$ 484,833	\$ 1,040,093	\$ 1,278,727
Community Development	\$ 875,758	\$ 1,266,880	\$ 1,245,197	\$ 1,260,291	\$ 1,444,153	\$ 1,540,809	\$ 1,539,790	\$ 1,555,554
General Government	\$ 2,224,652	\$ 3,439,445	\$ 4,084,851	\$ 3,702,269	\$ 3,805,831	\$ 4,219,292	\$ 4,823,334	\$ 5,265,104
Total Operating Expenditure	\$77,239,505	\$120,764,513	\$ 127,418,524	\$ 132,110,966	\$ 138,918,131	\$ 142,901,743	\$ 148,723,261	\$152,541,691
Total Operating Expenditure (constant dollars)	#####	\$ 93,463,998	\$ 95,278,328	\$ 99,459,872	\$ 102,969,058	\$ 103,126,963	\$ 105,731,565	#####
Percent change from prior years	-	5.1%	1.9%	4.4%	3.5%	0.2%	2.5%	1.2%

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

<sup>2</sup> Does not include estimated retroactive pay to Police personnel based on a yet-to-be-settled contractual agreement for FY10-12.

<sup>3</sup> 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.

<sup>4</sup> FY2010 does not include prospective cost of contractual settlements.

<sup>5</sup> Increase between FY10 and FY11 for Public Facilities is attributable to unanticipated costs associated with mitigating PCBs at the Estabrook Elementary School.

<sup>6</sup> The FY2012 expenditures for Public Works reflect a one-time expenditure of \$290,590 to mitigate the effects of the heavy snow storm on October 29th, 2011

**Notes:**

\* Years of successful overrides

**Lexington Trend**

**Favorable**

**Marginal**

**Unfavorable**

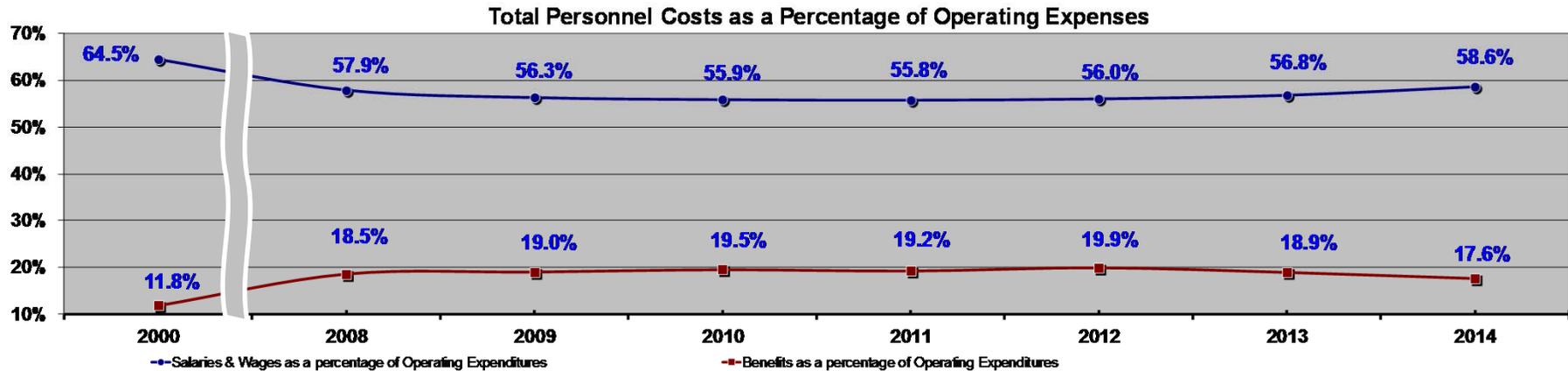
**Uncertain**

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.



## Indicator I.7: Personnel Costs

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



Fiscal Year	2000	2008	2009 <sup>2</sup>	2010	2011	2012	2013	2014
Operating Expenditures	\$ 77,239,505	#####	\$ 127,418,524	\$ 132,110,966	#####	\$ 142,901,743	\$ 148,723,261	#####
Total Municipal Wages <sup>3</sup>	\$ 13,153,420	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439	\$ 20,390,111	\$ 21,164,252
School Wages	\$ 36,641,456	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626
Public Facilities Wages <sup>1</sup>	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830	\$ 3,743,963	\$ 4,482,549
Benefits	\$ 9,108,833	\$ 22,388,517	\$ 24,163,229	\$ 25,702,400	\$ 26,650,960	\$ 28,380,746	\$ 28,083,601	\$ 26,822,039
Total Wage & Benefit Costs	\$ 58,903,709	\$ 92,316,884	\$ 99,142,054	\$ 103,132,564	#####	\$ 112,412,496	\$ 116,335,627	#####
<b>Salaries &amp; Wages as a percentage of Operating Expenditures</b>	<b>64.5%</b>	<b>57.9%</b>	<b>56.3%</b>	<b>55.9%</b>	<b>55.8%</b>	<b>56.0%</b>	<b>56.8%</b>	<b>58.6%</b>
<b>Benefits as a percentage of Operating Expenditures</b>	<b>11.8%</b>	<b>18.5%</b>	<b>19.0%</b>	<b>19.5%</b>	<b>19.2%</b>	<b>19.9%</b>	<b>18.9%</b>	<b>17.6%</b>
Total Wage & Benefit Costs as a percentage of Operating Expenditures	76.3%	76.4%	75.3%	75.3%	75.0%	75.9%	75.7%	76.2%

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

<sup>2</sup> 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.

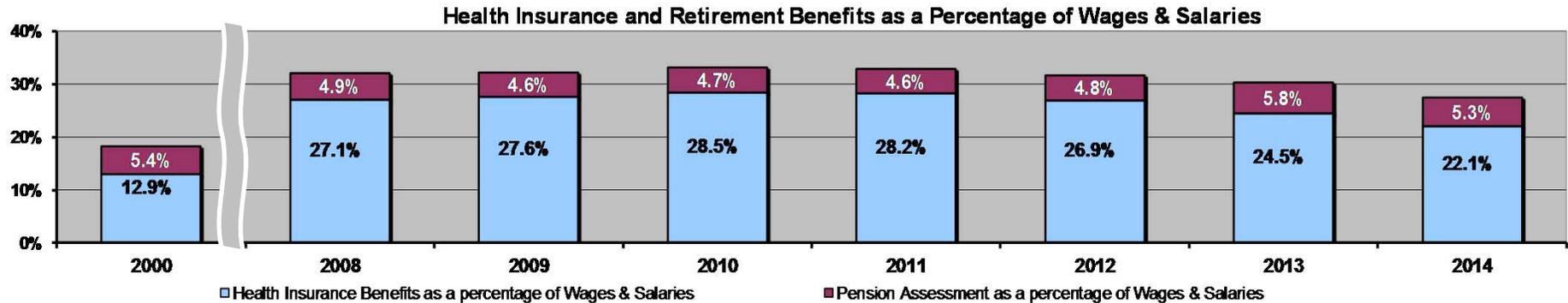
<sup>3</sup> Does not include estimated retroactive pay to Police personnel based on a yet-to-be-settled contractual agreement for FY10-12.

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.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



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



Fiscal Year	2000	2008	2009 <sup>1</sup>	2010	2011	2012	2013**	2014
Medical Benefits	\$ 6,442,875	\$ 18,965,998	\$ 20,681,318	\$ 22,030,891	#####	\$ 22,616,553	\$ 21,635,504	\$ 20,730,153
Pension Assessment	\$ 2,665,958	\$ 3,422,519	\$ 3,481,911	\$ 3,671,509	\$ 3,730,555	\$ 4,015,915	\$ 5,137,392	\$ 5,018,984
Wages & Salaries - Municipal <sup>3</sup>	\$ 13,153,420	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531	#####	\$ 19,209,439	\$ 20,390,111	\$ 21,164,252
Wages & Salaries - Schools	\$ 36,641,456	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560	#####	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626
Wages & Salaries - Public Facilities <sup>2</sup>	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830	\$ 3,743,963	\$ 4,482,549
Total Wages & Salaries	\$ 49,794,876	\$ 69,928,368	\$ 74,978,826	\$ 77,430,164	#####	\$ 84,031,750	\$ 88,252,027	\$ 93,918,427
Health Insurance Benefits as a percentage of wages & Salaries	12.9%	27.1%	27.6%	28.5%	28.2%	26.9%	24.5%	22.1%
Pension Assessment as a percentage of Wages & Salaries	5.4%	4.9%	4.6%	4.7%	4.6%	4.8%	5.8%	5.3%
Total Benefits Spending as % of Wages	18.3%	32.0%	32.2%	33.2%	32.8%	31.7%	30.3%	27.4%

<sup>1</sup> Includes \$799,359 of Health Insurance costs that were financed with federal stimulus funds paid to the Town to offset the fourth quarter cuts

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

<sup>2</sup> Does not include estimated retroactive pay to Police personnel based on a yet-to-be-settled contractual agreement for FY10-12.

\*\* The FY2013 Pension Assessment is inclusive of a one-time supplemental appropriation of \$1 million to offset the increase in liability attributable to a reduction of the assumed rate of return to 7.75% and revised assumptions of employee mortality.

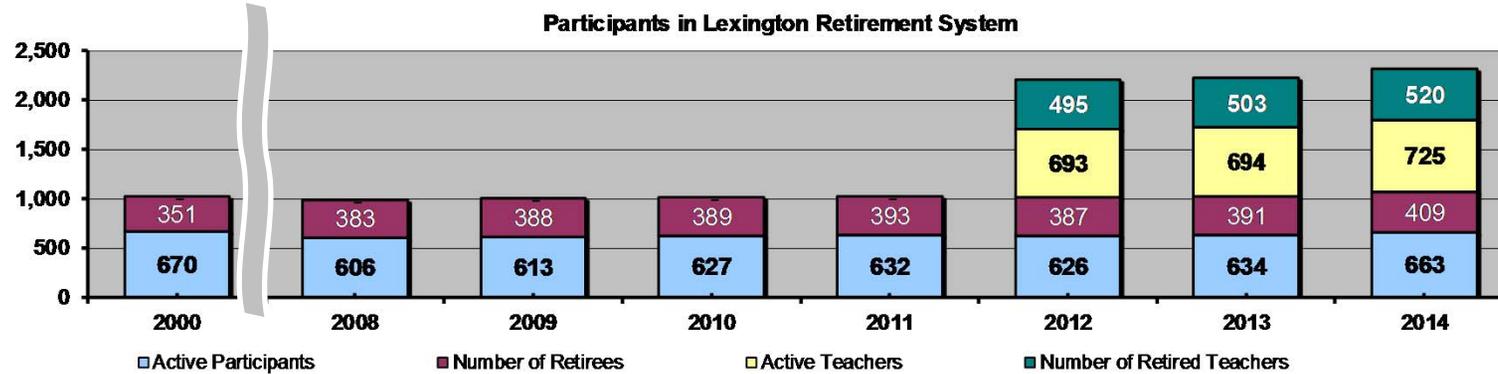
Fringe benefits represent a significant and increasing share of the Town's operating costs. However, this analysis excludes fringe benefits such as sick leave buy-back liabilities and vacation accruals. Regardless, benefit spending as a percentage of wages and salaries has almost doubled since 2000, though it has leveled off in recent years. Note that per the current pension funding schedule, the Lexington Retirement System's unfunded pension liability will be retired in 2030. For an explanation of the increase in the Pension Assessment, please see Indicator 10.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



## Indicator I.9: Retirement Participants

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



Calendar Year (as of December 31)	2000	2008	2009	2010	2011	2012	2013	2014
Number of School Employees (Non-teaching)	N/A	314	311	327	337	326	325	339
Number of Municipal Employees	N/A	292	302	300	295	300	309	324
Active Participants	670	606	613	627	632	626	634	663
Number of Retirees	351	383	388	389	393	387	391	409
Active Teachers	-	-	-	-	-	693	694	725
Number of Retired Teachers	-	-	-	-	-	495	503	520
<b>Total</b>	<b>1021</b>	<b>989</b>	<b>1001</b>	<b>1016</b>	<b>1025</b>	<b>2201</b>	<b>2222</b>	<b>2317</b>

Note: Teachers do not belong to the Lexington Retirement System, and are instead members of the Massachusetts Teacher Retirement System (MTRS). Previous to 2012, data for the number of active and retired teachers had not been compiled for this indicator. It is for this reason that there is no data for 2000 – 2011.

Lexington has an aggressive approach to funding its pension liabilities, and recently implemented a plan to begin to slowly fund its post-employment health liabilities. Nevertheless, since 2000 the town has maintained a fairly stable balance in its number of retirees versus active participants in the system. For more information on the Town's Other Post Employment Liabilities, (OPEB), please refer to Appendix C, OPEB.

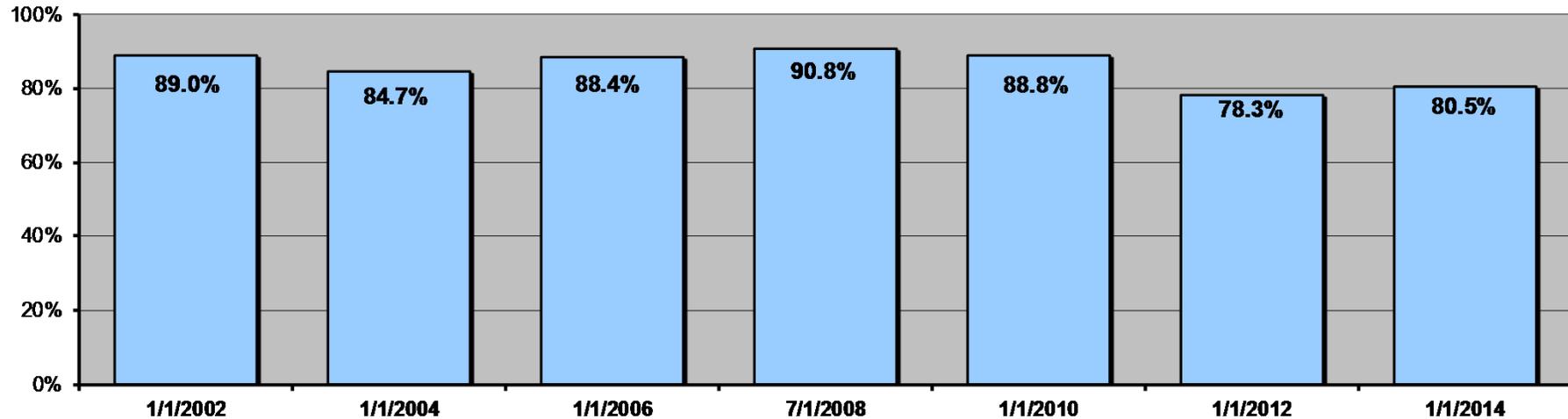
<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



## Indicator I.10: Pension Liability

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

Pension Liability (% funded)



Actuarial Date	1/1/2002	1/1/2004	1/1/2006	7/1/2008	1/1/2010	1/1/2012	1/1/2014
Total Liability	\$ 86,500,000	\$ 98,031,000	\$ 111,724,000	\$ 125,412,000	\$ 133,456,115	\$ 154,907,134	\$ 161,660,557
Pension Assets	\$ 77,015,000	\$ 83,050,000	\$ 98,759,000	\$ 113,880,000	\$ 118,558,908	\$ 121,339,690	\$ 130,168,913
Pension Liability (unfunded)	\$ 9,485,000	\$ 14,981,000	\$ 12,965,000	\$ 11,532,000	\$ 14,897,207	\$ 33,567,444	\$ 31,491,644
Percent Funded	89.0%	84.7%	88.4%	90.8%	88.8%	78.3%	80.5%

As of January 1, 2014, the actuarial valuation of assets was \$130.2 million and the Retirement System was 80.5% funded. The increase in total liability and reduction in percent funded is due to a decrease in the assumed rate of return from 8% to 7.75% and revised assumptions in regard to life expectancy, i.e. people are living longer and thus drawing benefits from the system longer. Also see Appendices C and F for additional information regarding the Lexington retirement system.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	

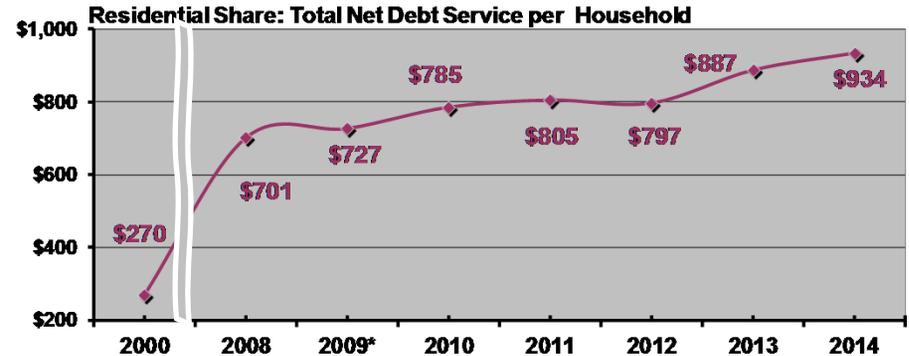
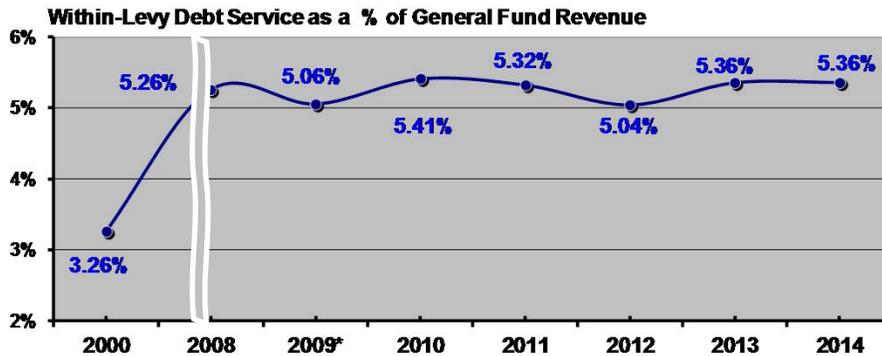


# Town of Lexington

Summit I – October 8<sup>th</sup> 2014

## Indicator I.11: Debt Service

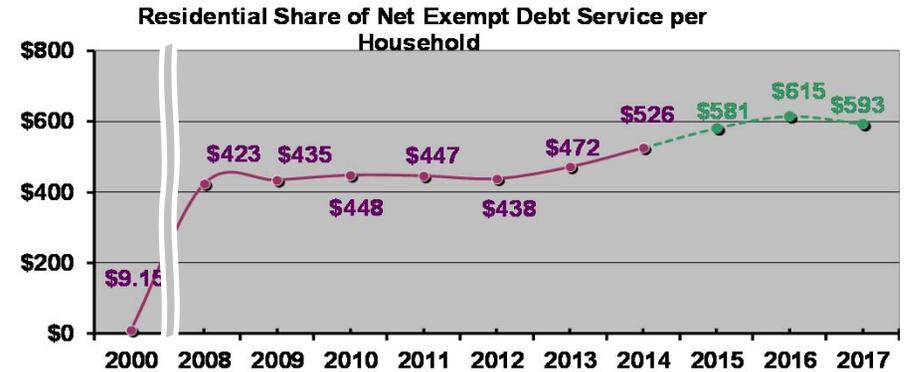
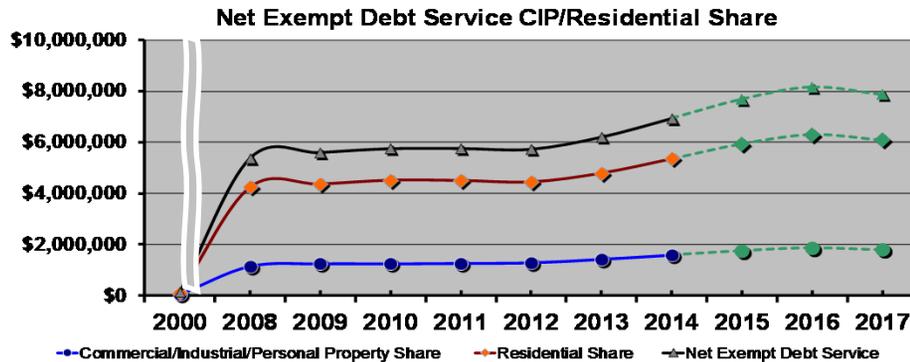
Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Fiscal Year	2000	2008	2009*	2010	2011	2012	2013	2014
Gross Exempt Debt Service	\$ 120,000	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654
Exempt Debt Mitigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 1,600,000
Net Exempt Debt Service	\$ 120,000	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654
<b>Within Levy Debt Service</b>	<b>\$ 3,419,863</b>	<b>\$ 3,530,207</b>	<b>\$ 3,755,361</b>	<b>\$ 4,315,849</b>	<b>\$ 4,614,721</b>	<b>\$ 4,675,464</b>	<b>\$ 5,462,902</b>	<b>\$ 5,409,996</b>
<b>Total Net Debt Service</b>	<b>\$ 3,539,863</b>	<b>\$ 8,903,081</b>	<b>\$ 9,348,733</b>	<b>\$ 10,062,234</b>	<b>\$ 10,368,271</b>	<b>\$ 10,397,298</b>	<b>\$ 11,661,983</b>	<b>\$ 12,337,650</b>
Commercial/Industrial Share of Total Net Debt Service	\$ 877,378	\$ 1,878,634	\$ 2,062,330	\$ 2,157,343	\$ 2,254,062	\$ 2,315,478	\$ 2,651,935	\$ 2,837,660
<b>Residential Share of Total Net Debt Service</b>	<b>#####</b>	<b>\$ 7,024,447</b>	<b>\$ 7,286,402</b>	<b>\$ 7,904,891</b>	<b>\$ 8,114,209</b>	<b>\$ 8,081,820</b>	<b>\$ 9,010,048</b>	<b>\$ 9,499,991</b>
<b>General Fund Revenue</b>	<b>#####</b>	<b>\$133,554,286</b>	<b>#####</b>	<b>\$ 146,116,341</b>	<b>#####</b>	<b>#####</b>	<b>#####</b>	<b>#####</b>
<b>Net Debt Service as a % of General Fund Revenue</b>	<b>3.26%</b>	<b>5.26%</b>	<b>5.06%</b>	<b>5.41%</b>	<b>5.32%</b>	<b>5.04%</b>	<b>5.36%</b>	<b>5.36%</b>
<b>Households</b>	<b>9,866</b>	<b>10,018</b>	<b>10,027</b>	<b>10,066</b>	<b>10,081</b>	<b>10,143</b>	<b>10,156</b>	<b>10,172</b>
<b>Total Net Debt Service per Household</b>	<b>\$ 270</b>	<b>\$ 701</b>	<b>\$ 727</b>	<b>\$ 785</b>	<b>\$ 805</b>	<b>\$ 797</b>	<b>\$ 887</b>	<b>\$ 934</b>

Over the last ten years, Lexington has invested extensively in new capital projects; five separate school reconstruction projects, new athletic fields, a street reconstruction project, a \$26 million Public Services Building, and renovations to the Bridge and Bowman School as well as a new Estabrook School have been funded through the successful passage of debt exclusion votes by residents. 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. Debt levels were set to “spike” slightly with the approval of the Debt Exclusion for the Bridge/Bowman and Estabrook school projects, but that effect has been reduced with the \$1,600,000 of debt service mitigation approved by Town Meeting in 2014.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



Fiscal Year	2000	2008	2009	2010	2011	2012	2013	2014	Projected		
									2015	2016	2017
Exempt Debt Service	\$ 120,000	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654	\$ 8,633,795	\$ 8,503,928	\$ 7,874,784
Exempt Debt Mitigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 1,600,000	\$ 950,000	\$ 350,000	\$ -
Net Exempt Debt Service	\$ 120,000	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654	\$ 7,683,795	\$ 8,153,928	\$ 7,874,784
Commercial/Industrial/Personal Property Share	\$ 29,743	\$ 1,133,727	\$ 1,233,898	\$ 1,232,025	\$ 1,250,822	\$ 1,274,252	\$ 1,409,671	\$ 1,575,349	\$ 1,747,295	\$ 1,854,203	\$ 1,790,726
Residential Share	\$ 90,257	\$ 4,239,146	\$ 4,359,474	\$ 4,514,360	\$ 4,502,728	\$ 4,447,582	\$ 4,789,410	\$ 5,352,305	\$ 5,936,500	\$ 6,299,725	\$ 6,084,058
Households	9,866	10,018	10,027	10,066	10,081	10,143	10,156	10,184	10,211	10,239	10,266
Debt Service per Residential Household	\$ 9.15	\$ 423	\$ 435	\$ 448	\$ 447	\$ 438	\$ 472	\$ 526	\$ 581	\$ 615	\$ 593

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

This indicator shows Lexington’s history of exempt debt service, and projects its growth into Fiscal 2015 (noted in green). The graph on the left shows total Net Exempt Debt Service, but breaks out separately Commercial/Industrial/Personal Property (CIP) share and the Residential share. Like in the previous Indicator, the Residential class debt burden is isolated from the CIP classes, and it is this Residential share that is used to determine the effect of Exempt Debt on Lexington households.

<b>Lexington Trend</b>
Favorable
Marginal
Unfavorable
Uncertain

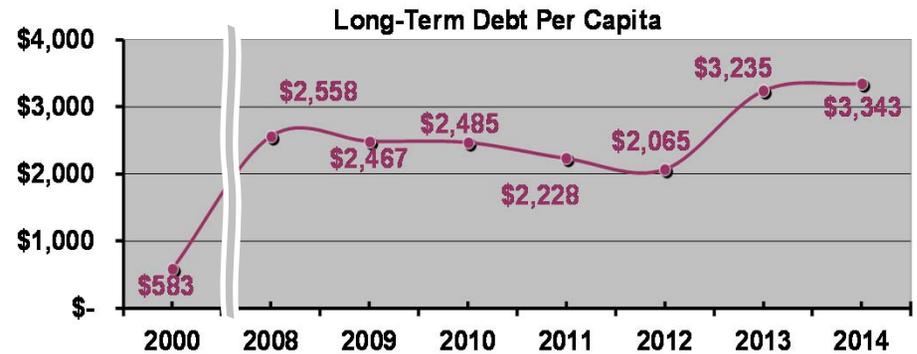
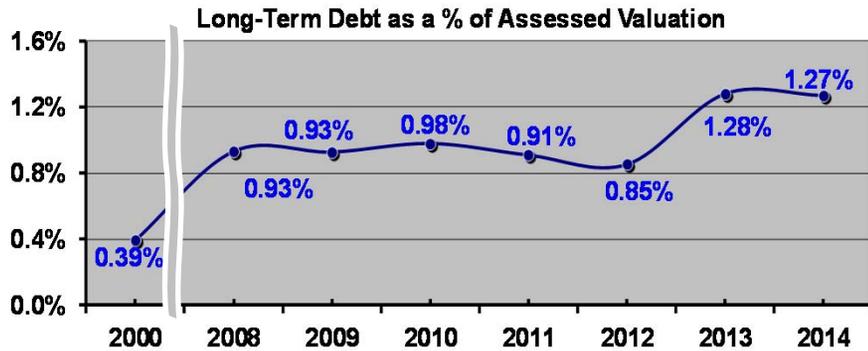


# Town of Lexington

Summit I – October 8<sup>th</sup> 2014

## Indicator I.12: Long Term Debt

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



Fiscal Year	2000	2008	2009	2010	2011	2012	2013	2014
Bonds Outstanding (all funds)	\$ 17,686,201	\$73,803,344	\$74,457,027	\$ 77,270,164	\$72,458,630	\$68,362,969	\$106,330,421	\$108,562,050
Assessed Valuation	\$ 4,506,277,290	\$7,929,164,350	\$8,033,608,130	\$7,891,590,610	\$7,973,719,190	\$8,026,687,320	\$8,307,956,760	\$8,555,595,350
Population	30,355	28,852	29,959	31,325	32,526	33,098	32,870	32,473
Long-Term Debt as a % of Assessed Valuation	0.39%	0.93%	0.93%	0.98%	0.91%	0.85%	1.28%	1.27%
Long-Term Debt Per Capita	\$ 583	\$ 2,558	\$ 2,485	\$ 2,467	\$ 2,228	\$ 2,065	\$ 3,235	\$ 3,343

**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

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. Note that the substantial increase from FY2012 to FY2013 shown above is the result of voter-approved exempt debt which is being used to finance the renovation of the Bridge and Bowman, and reconstruction of the Estabrook School.

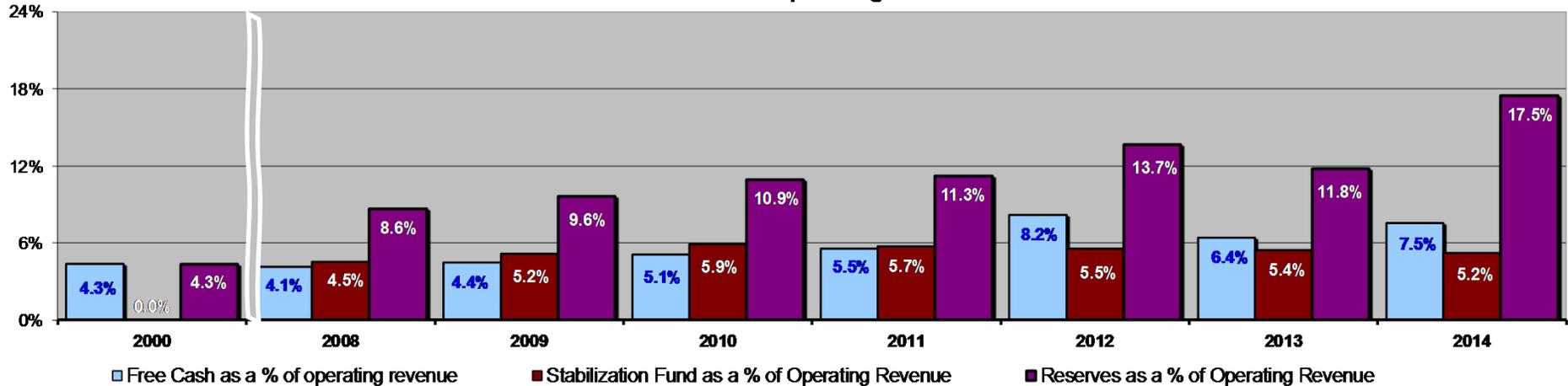
Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



## Indicator I.13: Reserves and Fund Balance

Declining reserves as a percent of operating revenues is a warning indicator. The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5-15 % of operating revenues.

Reserves as a % of Operating Revenue



As of June 30th	2000*	2008*	2009 <sup>1</sup>	2010	2011	2012	2013 <sup>2</sup>	2014 <sup>2</sup>
Undesignated Fund Balance **	\$ 5,013,984	\$ 9,267,359	\$ 10,445,940	\$ 11,254,915	\$ 12,795,000	\$ 16,400,000	\$ 13,927,089	\$ 17,300,000
<b>Reserves</b>								
Certified Free Cash	\$ 3,528,323	\$ 5,481,716	\$ 6,159,509	\$ 7,125,000	\$ 8,134,100	\$ 12,600,931	\$ 10,303,125	\$ 12,800,000
General Stabilization Fund	\$ 18,280	\$ 6,022,840	\$ 7,133,877	\$ 8,234,948	\$ 8,376,820	\$ 8,551,561	\$ 8,744,262	\$ 8,902,891
Capital Projects/Debt Svc./ Bldg. Renewal Stab. Fund								\$ 8,034,959
Net Operating Revenues	#####	\$ 133,554,286	\$ 138,499,057	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499	\$ 161,635,438	\$ 170,343,902
<b>Free Cash as a % of operating revenue</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>8.2%</b>	<b>6.4%</b>	<b>7.5%</b>
<b>Stabilization Fund as a % of Operating Revenue</b>	<b>0.0%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.2%</b>

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

<sup>2</sup> The number for Free Cash reflects an estimate. Free Cash as of 6/30/14 and is currently pending certification by the Department of Revenue.

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

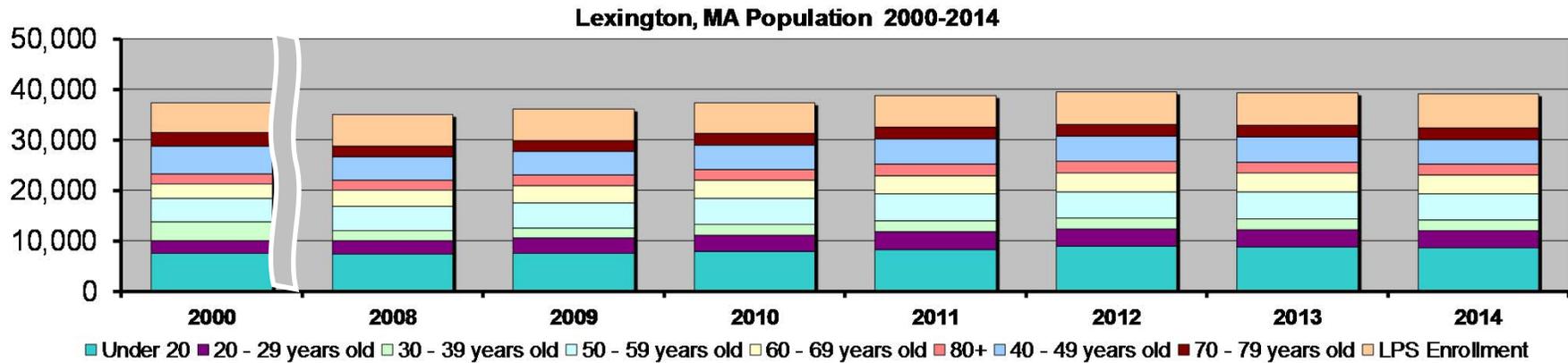
The Town of Lexington has several types of reserves. Historically, the Town had previously relied upon Free Cash as its primary source of reserves. The Selectmen's Ad Hoc Financial Policy Committee made a series of recommendations to further strengthen the Town's reserves and create a series of small,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



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



Calendar Year	2000	2008	2009	2010	2011	2012	2013	2014	% Change CY 2000-2014
Under 20	7,566	7,317	7,540	7,949	8,277	8,928	8,785	8,649	14.3%
20 - 29 years old	2,573	2,836	3,018	3,185	3,496	3,421	3,470	3,398	32.1%
30 - 39 years old	3,617	1,860	1,992	2,197	2,257	2,162	2,144	2,128	-41.2%
40 - 49 years old	5,606	4,536	4,654	4,853	4,941	5,092	4,932	4,818	-14.1%
50 - 59 years old	4,657	4,851	5,000	5,122	5,291	5,269	5,241	5,110	9.7%
60 - 69 years old	2,922	3,192	3,389	3,597	3,690	3,746	3,789	3,856	32.0%
70 - 79 years old	2,637	2,211	2,231	2,240	2,305	2,289	2,336	2,355	-10.7%
80+	1,929	2,049	2,135	2,182	2,269	2,191	2,173	2,159	11.9%
Totals	31,507	28,852	29,959	31,325	32,526	33,098	32,870	32,473	3.1%
LPS Enrollment	5,807	6,191	6,104	6,131	6,367	6,403	6,502	6,643	14.4%

**Notes:**

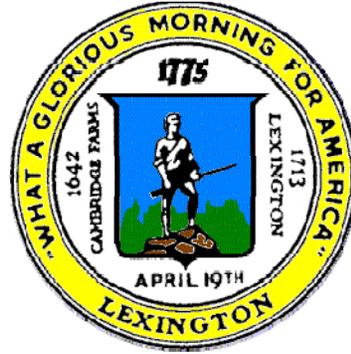
Annual Population figures 2000-2014 come from Town Clerk.

LPS Enrollment figures source: School Department Recommended Budget

A steady change in both population demographics and public school enrollment may signal a need for increased service delivery and programs. Since 2000, Lexington has seen an increase in its under-20 demographic of 14%, which is an indicator for increasing financial burden on the public school system, likewise reflected in the steady increase in school enrollment. Additionally, the town has also seen its 60-69 year old demographic increase by 32%, and its over 80 demographic by 12%. An increasing senior population is likewise indicative of an increasing financial burden on the Town's ability to provide social services to this group.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>

# *Town of Lexington*



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## Financial Summit I

Revenue and Expenditure Projections:

*Fiscal Years 2016-2018*



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 FY16 budget cycle unfolds.

This forecast projects general fund revenues and expenditures for the period FY2016 to FY2018. 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 FY15 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 “available balance/shortfall”; that is, the available balance that can be used to fund “variable cost drivers”, e.g., finance additional capital projects, provide for prospective salary increases, restore services eliminated or reduced in a prior fiscal year, fund reserves, etc.

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

Revenue Summary	FY2015 <u>Appropriated</u>	<u>B</u> FY 2016 <u>Projection</u>	<u>C</u> FY 2017 <u>Projection</u>	<u>D</u> FY 2018 <u>Projection</u>				
Total Revenues	\$ 181,109,225	\$ 191,330,921	\$ 189,625,806	\$ 195,164,836				
Expense Summary								
Total Expenses	\$ 181,109,225	\$ 186,681,896	\$ 184,409,320	\$ 188,689,346				
Surplus/(Shorfall)	\$ 0	\$ 4,649,025	\$ 5,216,487	\$ 6,475,489				
Variable Cost Drivers								
		<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>				
Municipal Wages		\$ 280,048	\$ 566,534	\$ 856,769	}	Cumulative impact of 1% salary increase annually		
School Wages		\$ 752,018	\$ 726,594	\$ 1,482,252				
New Debt Service		\$ 160,000	\$ 315,625	\$ 466,875		Debt Service on \$1 million of capital costs annually		

Notes:  
Does NOT include Exempt Debt



	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	
<b>Revenue Summary</b>	<b>FY2015 Appropriated</b>	<b>FY 2016 Projection</b>	<b>FY 2017 Projection</b>	<b>FY 2018 Projection</b>	
1 Property Tax Levy	\$ 147,689,750	\$ 153,681,994	\$ 159,824,044	\$ 166,119,645	Reflects statutory annual growth of 2.5% and assumed new growth of \$2.3 million annually.
2 State Aid	\$ 10,405,830	\$ 10,651,829	\$ 10,860,605	\$ 11,073,556	Assumes FY15 Cherry Sheet Aid increasing at 2.5% in FY16 and 2% each year thereafter.
3 Local Receipts	\$ 10,769,383	\$ 11,349,517	\$ 11,427,177	\$ 11,507,113	Assumes modest growth in local receipts based on evaluation of historical averages.
4 Available Funds	\$ 12,854,109	\$ 16,106,790	\$ 7,957,213	\$ 7,042,398	Free Cash estimate of \$12.8 million available for FY16 (7/1/14 certification) and \$5.0 million in FY17 and FY18; FY16 includes \$137,000 from TDM Stabilization Fund to support Lexpress and the Alewife Shuttle, tapering to \$117,000 in FY17 and \$97,000 in FY18; All years include \$335,000 of parking meter funds and \$105,000 of cemetery funds. In FY16, \$1.36 million from balance of Health Claims Trust Fund to be used to fund health insurance, resulting in an equal amount in the tax levy becoming available to fund contributions to OPEB Trust per BoS policy; increasing to 1.43 million and \$1.50 million in FY17 and FY18, respectively. Includes in FY16 and FY17 use of CP/DSR/BR stabilization fund to offset projected LHS Modularity debt service in the amounts of \$1.32 million and \$.97 million, respectively.
5 Revenue Offsets	\$ (2,097,751)	\$ (1,991,751)	\$ (2,021,751)	\$ (2,203,751)	\$750K for overlay in FY16 and FY17 and \$900k in FY18 for reval yr. \$300K set-aside for snow & ice deficit annually; Also includes Cherry Sheet Assessments increasing at 3.5% annually and Cherry Sheet Offsets (State Aid to Public Libraries and School Lunch reimbursement).
6 Other Revenues	\$ 1,487,905	\$ 1,532,542	\$ 1,578,518	\$ 1,625,874	Assumes FY15 Water, Sewer and Recreation Indirects increasing by 3% annually.
<b>7 Total Revenues</b>	<b>\$ 181,109,225</b>	<b>\$ 191,330,921</b>	<b>\$ 189,625,806</b>	<b>\$ 195,164,836</b>	



Expenditure Summary		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	
		FY2015 <u>Appropriated</u>	FY 2016 <u>Projection</u>	FY 2017 <u>Projection</u>	FY 2018 <u>Projection</u>	
<u>Education</u>						
8	LPS Wages	\$ 73,496,851	\$ 75,201,757	\$ 76,957,809	\$ 78,766,544	FY16 through FY18 includes 3% for annual step increases. All years include a reduction of \$500,000 in "salary differential" to reflect savings from staff turnover. No assumption about cost of living increases is included.
9	LPS Expenses	\$ 13,127,078	\$ 13,770,890	\$ 14,184,017	\$ 14,609,538	Assumes increase of 3.0% to account for general inflationary increases plus increase of \$250,000 in FY16 due to drawdown of LABBB credits.
10	Minuteman	\$ 1,244,384	\$ 1,306,603	\$ 1,406,139	\$ 1,816,029	Assumes 5% growth annually to baseline assessment+ Town's projected share of debt service for \$10 million in design costs (net of MSBA) in each of FY117 and FY18 for a new school + town's estimated share of debt service in FY18 (net of MSBA) on a \$100 million bond for capital construction.
<u>Municipal</u>						
11	Municipal Wages	\$ 26,880,894	\$ 28,004,815	\$ 28,368,539	\$ 28,736,992	FY16, FY17 and FY18 reflect the cost of steps estimated at 1.013%.
12	Municipal Expenses	\$ 14,974,091	\$ 15,414,910	\$ 16,106,658	\$ 16,606,505	Assumes general inflationary increases of 3% with following exceptions: fuel and heating oil at 7% per year; electricity and natural gas at 7% at expiration of current supply agreements in Fall, 2015; Lexpress and solid waste contracts at contractual rates of increase; \$100,000 additional each year for snow and ice.
<u>Shared Expenses</u>						
13	Debt Service	\$ 6,730,641	\$ 7,329,267	\$ 6,463,614	\$ 5,186,906	Based on Outstanding Within-Levy Debt for debt authorized and issued and projections for debt authorized but yet to be issued. Includes gross debt service for modular classrooms which is offset in FY16 and FY17 with Capital Projects/Debt Service/Building Renewal Stabilization funds.
14	Retirement	\$ 5,018,984	\$ 5,269,037	\$ 5,519,037	\$ 5,769,037	Contributory Retirement assessment (based on 10 yr. amortization of unfunded liability and 7.75% interest rate assumption) plus Non-Contributory payments @ \$13,500 per year.



	\$	23,041,965	\$	24,459,115	\$	25,945,127	\$	27,500,539	
<b>15 Benefits</b>									
15a Medicare	\$	1,353,328	\$	1,434,528	\$	1,520,599	\$	1,611,835	6% inc. in Medicare, reflecting an increase in the number of eligible employees and increases in wages
15b Health Insurance	\$	20,768,829	\$	22,014,959	\$	23,335,857	\$	24,736,008	Assumes FY15 base growing at 5% annually. FY15 base increasing by 10% in FY16 and FY17 and FY18 increasing 8% and 6% respectively.
15c Dental	\$	898,208	\$	988,029	\$	1,067,071	\$	1,131,095	
15d Life	\$	21,600	\$	21,600	\$	21,600	\$	21,600	Level Funding
16 Reserve Fund	\$	900,000	\$	900,000	\$	900,000	\$	900,000	Level Funding
17 Workers Compensation	\$	612,223	\$	655,079	\$	700,935	\$	750,000	FY15 base increasing by 7% annually.
18 Unemployment	\$	200,000	\$	200,000	\$	200,000	\$	200,000	Level Funding
19 Property & Lib. Insurance	\$	776,455	\$	838,571	\$	905,657	\$	978,110	FY15 base increasing by 8% annually.
20 Uninsured Losses	\$	175,000	\$	200,000	\$	225,000	\$	250,000	\$25,000 increase annually to balance in this continuing balance account
21 Capital	\$	5,708,117	\$	4,952,904	\$	4,373,075	\$	4,393,750	FY16 includes \$2,500,000 for cash capital funded from free cash decreasing to \$2,000,000 in FY17 and FY18. In FY16, the Street Improvement Program is funded at \$2.25 million, which includes the inflated base from the 2001 override plus amounts added in FY12, FY13 and FY14 and an \$1.1 million allocation from Health Insurance Savings in FY15. FY17 and FY18 include \$2.18 million and \$2.2 million respectively for the Street Improvement Program. FY16 includes \$182,760 for Municipal Building Envelope increasing annually by 2.5% as has been past practice.
22 Other	\$	220,000	\$	220,000	\$	220,000	\$	220,000	FY16 - FY18: Sr.Tax. work-off at \$20k + \$200k set-aside for unanticipated annual operating budget needs.
23 Non-Recurring Expenses	\$	8,002,542	\$	6,658,947	\$	1,933,713	\$	2,005,398	FY16 includes an allocation of approximately \$4.8 million to the Capital Projects/Debt Service Reserve/ Building Renewal Stabilization Fund to mitigate costs of pending major capital projects. In FY16, \$1.86 million (per BoS policy) to the OPEB Trust Fund to fund OPEB liability, increasing to \$1.93 million and \$2 million in FY17 and FY18, respectively.
24 Unallocated Revenue	\$	-	\$	1,300,000	\$	-	\$	-	Unallocated balance of projected 7/1/14 free cash
<b>25 Total Expenditures</b>	<b>\$</b>	<b>181,109,225</b>	<b>\$</b>	<b>186,681,896</b>	<b>\$</b>	<b>184,409,320</b>	<b>\$</b>	<b>188,689,346</b>	
<b>26 Available Balance</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>4,649,025</b>	<b>\$</b>	<b>5,216,487</b>	<b>\$</b>	<b>6,475,489</b>	



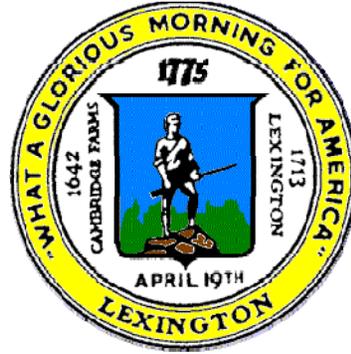
**Variable Cost Drivers**

	FY2015	FY2016	FY2017	FY2018	
27 Municipal Wages		\$ 280,048	\$ 566,534	\$ 856,769	Cumulative impact of 1% salary increase annually
28 School Wages		\$ 752,018	\$ 726,594	\$ 1,482,252	Cumulative impact of 1% salary increase annually
		\$ 1,032,066	\$ 1,293,128	\$ 2,339,021	
New Debt Service		\$ 160,000	\$ 315,625	\$ 466,875	Debt Service on \$1 million of capital costs annually



1. Financing Plan for Increasing School Population
2. Financing Plan for School Facilities
3. Financing Plan for Public Safety Facilities
4. Impact of Federal Budget Reductions/Sequestration
5. Funding for and use of the Debt Service/Building/  
Capital Stabilization Fund

# *Town of Lexington*



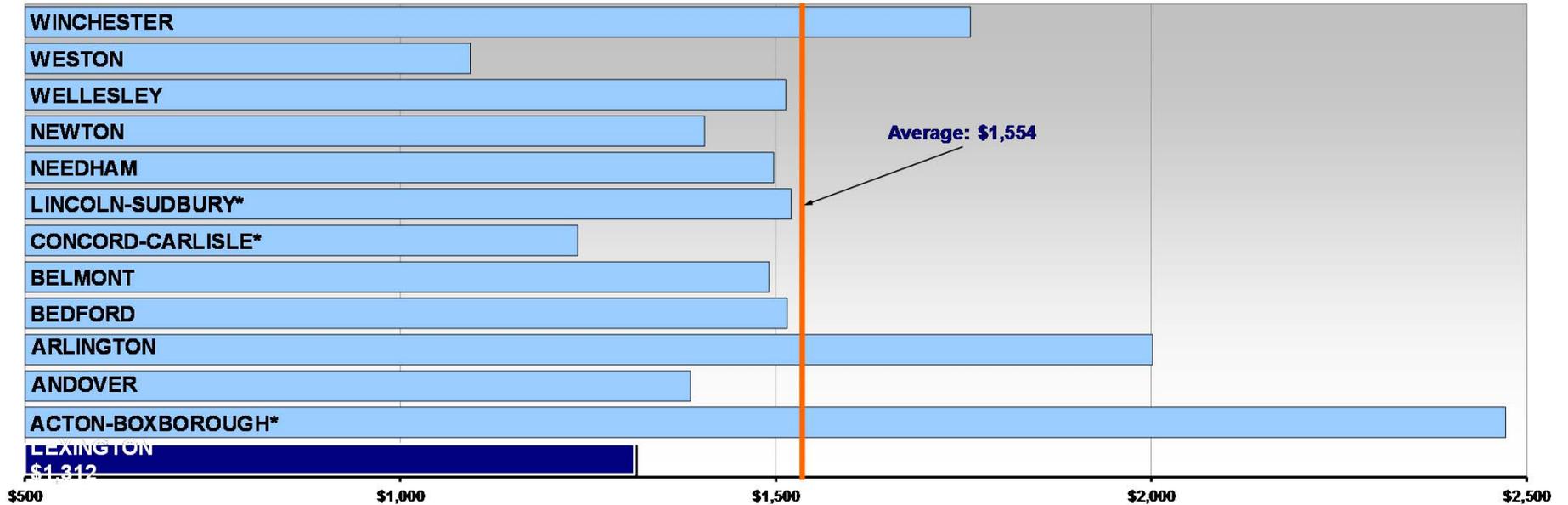
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## Financial Summit I

### Appendices



Appendix A: Chapter 70 Aid per Pupil



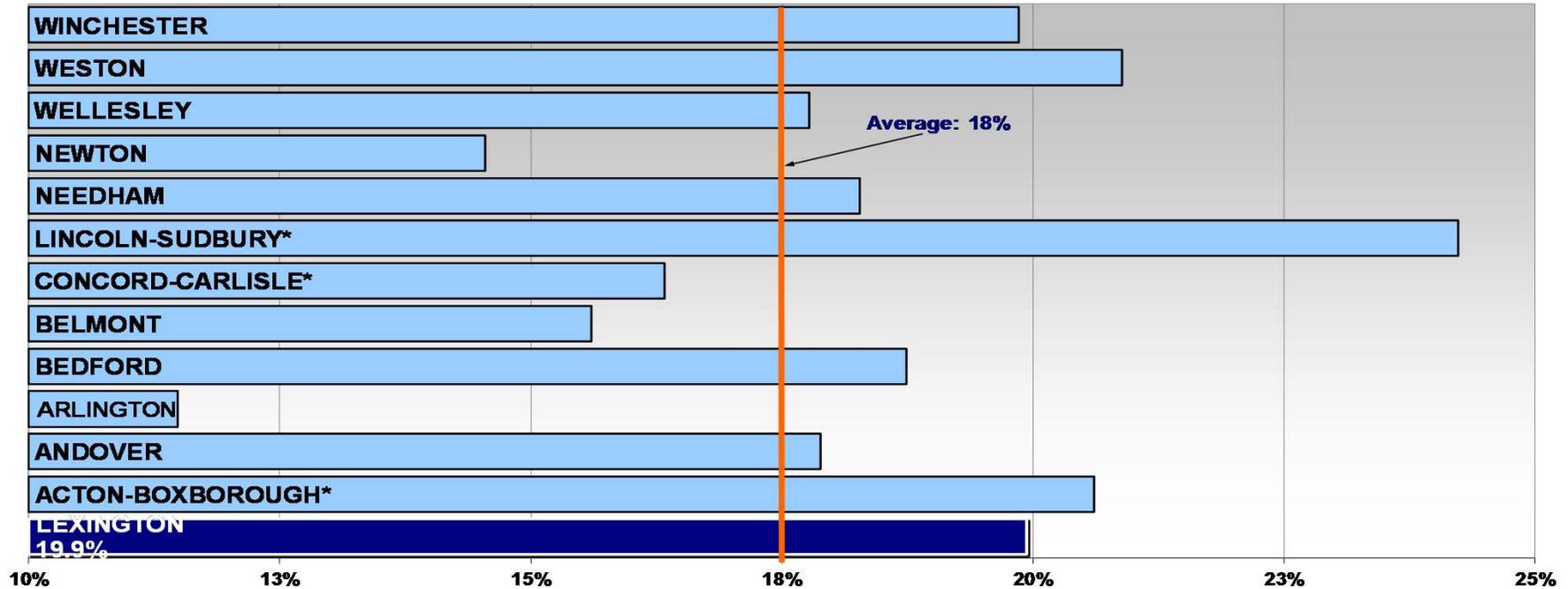
The Chapter 70 formula is based on a variety of factors. The table at right shows that Lexington receives slightly below the average amount of Chapter 70 aid for comparable communities.

District	FY14 Foundation Enrollment <sup>1</sup>	FY14 Chapter 70 Aid	FY14 Per Pupil Average
<b>LEXINGTON</b>	<b>6,598</b>	<b>\$ 8,657,571</b>	<b>\$ 1,312</b>
ACTON-BOXBOROUGH*	5,710	\$ 14,114,950	\$ 2,472
ANDOVER	6,106	\$ 8,465,632	\$ 1,386
ARLINGTON	5,021	\$ 10,048,980	\$ 2,001
BEDFORD	2,579	\$ 3,907,693	\$ 1,515
BELMONT	3,933	\$ 5,864,908	\$ 1,491
CONCORD-CARLISLE*	3,909	\$ 4,833,388	\$ 1,236
LINCOLN-SUDBURY*	5,159	\$ 7,842,403	\$ 1,520
NEEDHAM	5,279	\$ 7,901,802	\$ 1,497
NEWTON	12,387	\$ 17,403,779	\$ 1,405
WELLESLEY	4,972	\$ 7,526,408	\$ 1,514
WESTON	2,352	\$ 2,571,779	\$ 1,093
WINCHESTER	4,244	\$ 7,464,498	\$ 1,759
<b>AVERAGE</b>	<b>5,250</b>	<b>\$ 8,200,292</b>	<b>\$ 1,554</b>

<sup>1</sup> The Foundation Budget Enrollment represents only students officially enrolled as of October 1st in any given year, and is computed by the Massachusetts Department of Education.  
\*Includes Ch. 70 aid to both regional & local districts.  
Source: Mass. Dept. of Education



Appendix B: Pupil % of Population - Comparative 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)

\*Includes combined enrollment and population numbers for both the local and regional districts.

District	FY14 Foundation Enrollment	Population 2012 Estimate	Pupils as % of Population
<b>LEXINGTON</b>	<b>6,598</b>	<b>33,098</b>	<b>19.9%</b>
ACTON-BOXBOROUGH*	5,710	27,704	20.6%
ANDOVER	6,106	34,142	17.9%
ARLINGTON	5,021	43,711	11.5%
BEDFORD	2,579	13,765	18.7%
BELMONT	3,933	25,204	15.6%
CONCORD-CARLISLE*	3,909	23,935	16.3%
LINCOLN-SUDBURY*	5,159	24,622	24.2%
NEEDHAM	5,279	29,366	18.3%
NEWTON	12,387	86,307	14.5%
WELLESLEY	4,972	28,748	17.8%
WESTON	2,352	11,737	20.9%
WINCHESTER	4,244	21,869	19.9%
<b>AVERAGE</b>	<b>5,250</b>	<b>31,093</b>	<b>18%</b>



**Schedule of Employer Contributions**

(FY2007 and FY2008 at 2.0% Discount Rate; FY2009-FY2012 at 2.5% Discount Rate; FY2013 at 4.5% Discount Rate)

(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>FY Ending</b>	<b>Normal Cost Liability</b>	<b>Amortization Payments</b>	<b>Total Town ARC (B)+(C)</b>	<b>Retiree H.C. Appropriation</b>	<b>Medicare Part D Subsidy</b>	<b>Annual Unfunded (D)-(E)-(F)</b>
2007	\$ 13,690,000	\$ 6,220,000	\$ 19,910,000	\$ 4,810,000	\$ 400,000	\$ 14,700,000
2008	\$ 14,370,000	\$ 6,810,000	\$ 21,180,000	\$ 5,291,000	\$ 440,690	\$ 15,448,310
2009	\$ 9,783,078	\$ 12,442,641	\$ 22,225,719	\$ 5,953,878	\$ 479,399	\$ 15,792,442
2010	\$ 10,565,724	\$ 12,981,738	\$ 23,547,462	\$ 6,102,725	\$ 331,610	\$ 17,113,127
2011	\$ 8,770,134	\$ 14,967,774	\$ 23,737,908	\$ 6,837,760	\$ 395,212	\$ 16,504,936
2012	\$ 9,205,641	\$ 16,208,603	\$ 25,414,244	\$ 6,976,588	\$ 465,544	\$ 17,972,112
2013	\$ 3,370,054	\$ 8,108,106	\$ 11,478,160	\$ 5,026,524	\$ 119,375	\$ 6,332,261

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 4 fiscal years, Town Meeting has appropriated, at a minimum, 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 decrease in the Town's Liability from FY2012 to FY2013 is attributable in large part to lowered health insurance costs from the GIC and an increase in the actuary's assumed discount rate from 2.5% to 4.5%.



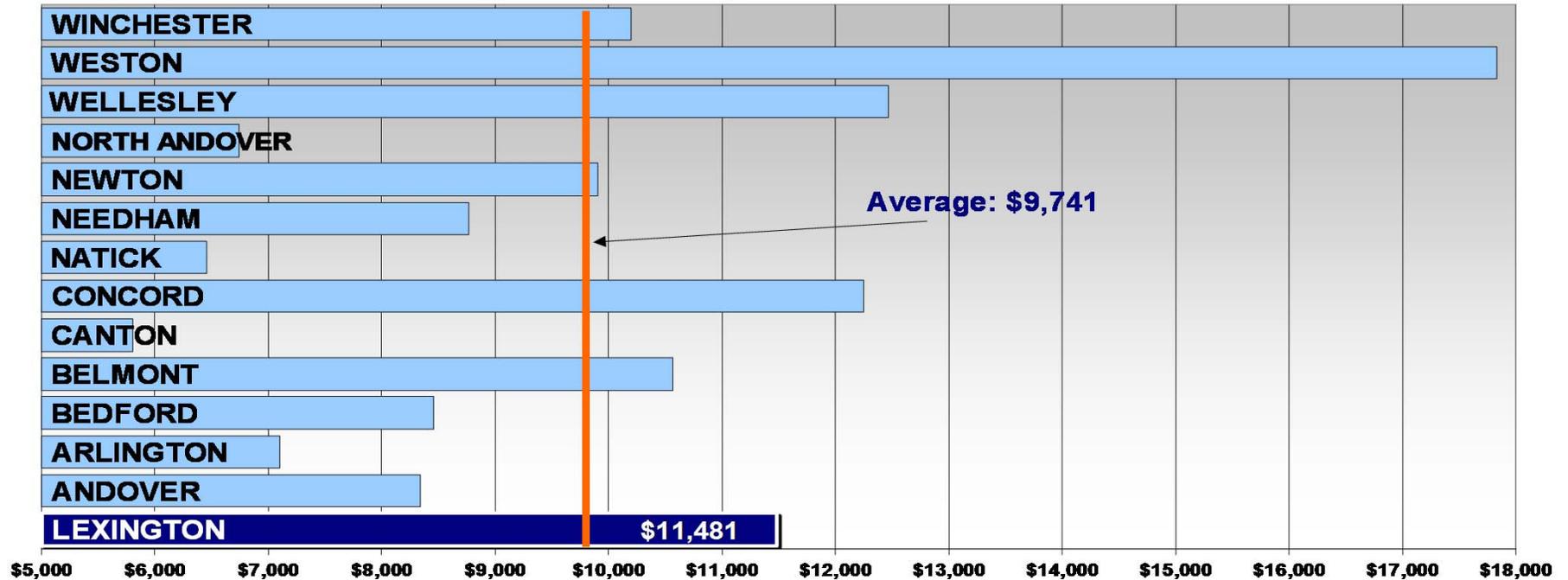
## ENDING BALANCES AS OF FISCAL YEAR EN

	As of 7/1/2009	As of 7/1/2010	As of 7/1/2011	As of 7/1/2012	As of 7/1/2013	As of 7/1/2014
Stabilization Fund	\$ 7,133,877	\$ 8,234,948	\$ 8,376,820	\$ 8,551,561	\$ 8,744,262	\$ 8,902,891
Transportation Demand Mitigation Fund*	\$ 216,693	\$ 255,063	\$ 305,844	\$ 297,902	\$ 305,765	\$ 389,536
Traffic Mitigation Stabilization Fund*	\$ 284,515	\$ 160,528	\$ 327,159	\$ 346,477	\$ 96,562	\$ 69,077
School Bus Stabilization Fund	\$ 4,603	\$ 16	\$ 18	\$ 18	\$ 18	\$ 18
Special Education Stabilization Fund	\$ 710,970	\$ 1,060,970	\$ 1,064,210	\$ 1,067,142	\$ 1,069,456	\$ 1,071,660
Other Post Employment Benefits (OPEB)*	\$ 1,291,971	\$ 1,292,828	\$ 2,060,928	\$ 2,166,697	\$ 3,069,273	\$ 5,601,338
Debt Service/Capital Projects/Building Renewal Fund	\$ -	\$ -	\$ -	\$ -	\$ 3,990,705	\$ 8,097,292

\* reflects amounts appropriated into these accounts under Article 17 at the 2014 Annual Town Meeting



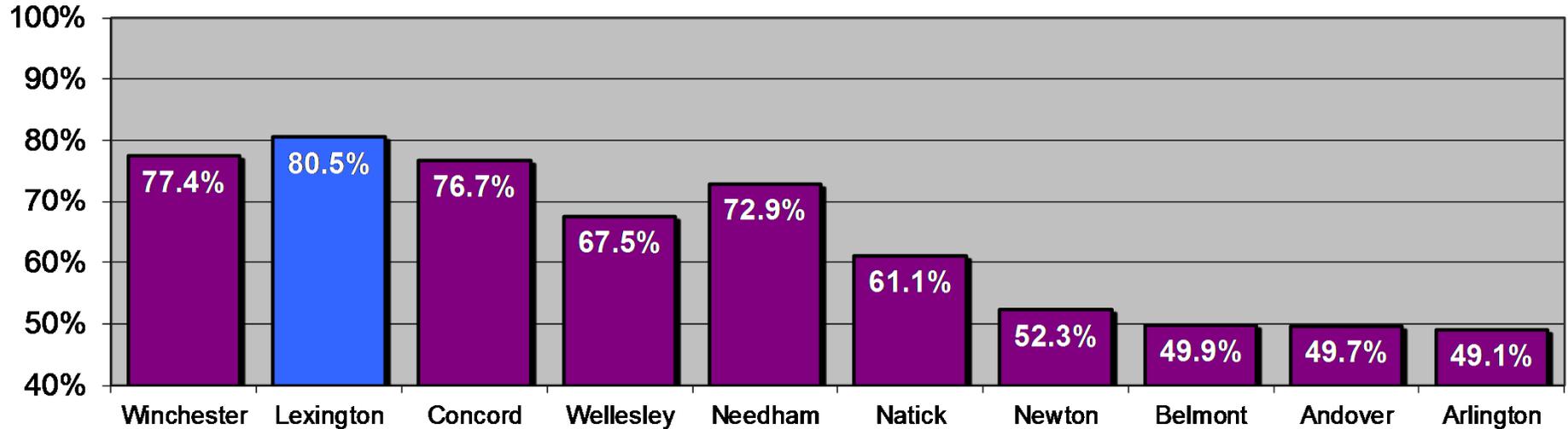
Appendix E: Average Residential Tax Bill - FY2014



Municipality, as of FY2014	Single Family Parcels	Average Value Single Family	Residential Tax Rate	Average Single Family Tax Bill
<b>LEXINGTON</b>	<b>8,996</b>	<b>\$740,204</b>	<b>\$15.51</b>	<b>\$11,481</b>
ANDOVER	8,572	\$549,622	\$15.18	\$8,343
ARLINGTON	7,984	\$514,808	\$13.79	\$7,099
BEDFORD	3,429	\$538,585	\$15.71	\$8,461
BELMONT	4,508	\$782,665	\$13.50	\$10,566
CANTON	5,341	\$451,042	\$12.87	\$5,805
CONCORD	4,591	\$847,682	\$14.45	\$12,249
NATICK	8,481	\$455,473	\$14.18	\$6,459
NEEDHAM	8,364	\$753,021	\$11.64	\$8,765
NEWTON	16,968	\$817,396	\$12.12	\$9,907
NORTH ANDOVER	6,239	\$467,608	\$14.41	\$6,738
WELLESLEY	7,286	\$1,080,522	\$11.54	\$12,469
WESTON	3,352	\$1,400,790	\$12.73	\$17,832
WINCHESTER	5,614	\$805,313	\$12.66	\$10,195
<b>AVERAGE</b>	<b>7,123</b>	<b>\$728,909</b>	<b>\$13.59</b>	<b>\$9,741</b>



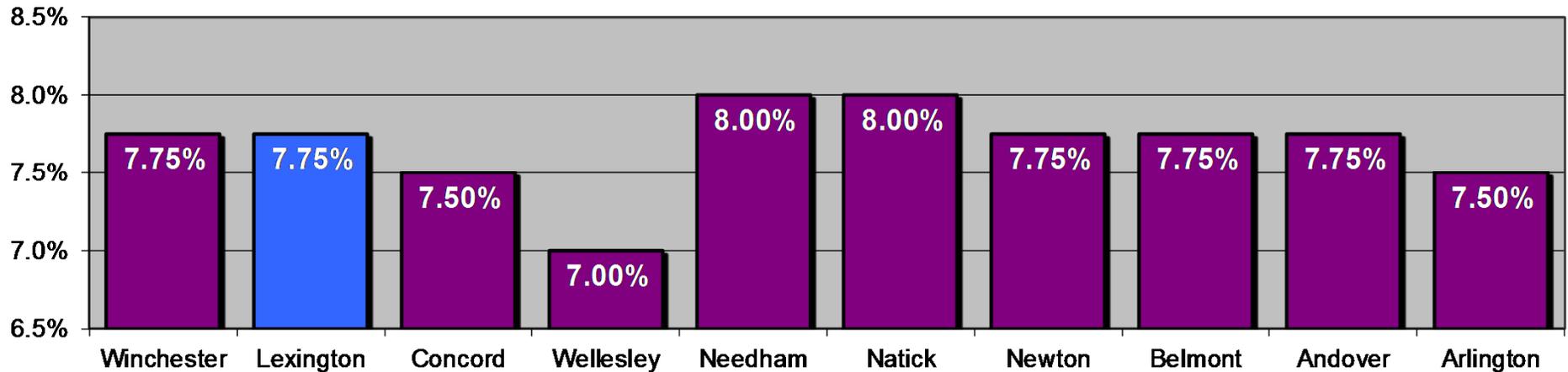
**Funded Pension Ratio**



	Funded Ratio	Assumed Rate of Return	Year Fully Funded	Last Actuarial Study
<b>Winchester</b>	77.4%	7.75%	2029	1/1/2013
<b>Lexington</b>	80.5%	7.75%	2030	1/1/2014
<b>Concord</b>	76.7%	7.50%	2030	1/1/2012
<b>Wellesley</b>	67.5%	7.00%	2030	1/1/2013
<b>Needham</b>	72.9%	8.00%	2030	1/1/2012
<b>Natick</b>	61.1%	8.00%	2030	1/1/2013
<b>Newton</b>	52.3%	7.75%	2037	1/1/2013
<b>Belmont</b>	49.9%	7.75%	2027	1/1/2012
<b>Andover</b>	49.7%	7.75%	2040	1/1/2012
<b>Arlington</b>	49.1%	7.50%	2032	1/1/2013



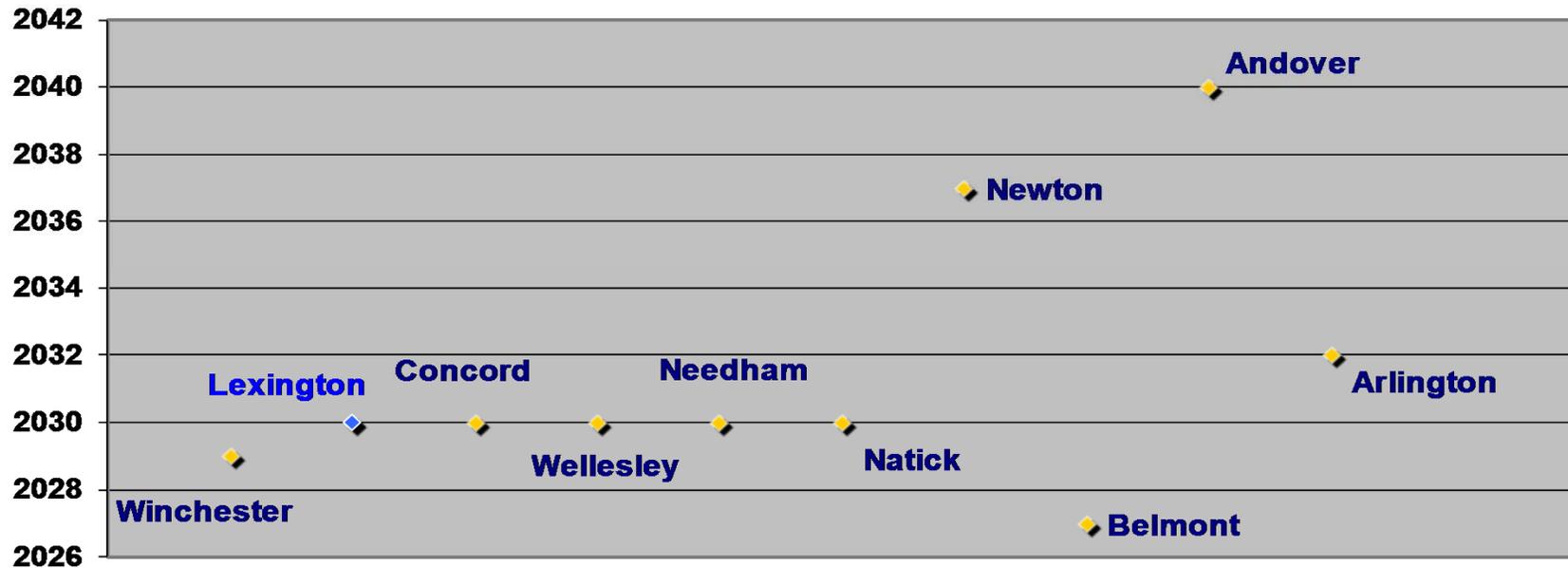
**Assumed Rate of Return**



	Funded Ratio	Assumed Rate of Return	Year Fully Funded	Last Actuarial Study
Winchester	77.4%	7.75%	2029	1/1/2013
Lexington	80.5%	7.75%	2030	1/1/2014
Concord	76.7%	7.50%	2030	1/1/2012
Wellesley	67.5%	7.00%	2030	1/1/2013
Needham	72.9%	8.00%	2030	1/1/2012
Natick	61.1%	8.00%	2030	1/1/2013
Newton	52.3%	7.75%	2037	1/1/2013
Belmont	49.9%	7.75%	2027	1/1/2012
Andover	49.7%	7.75%	2040	1/1/2012
Arlington	49.1%	7.50%	2032	1/1/2013



**Year Fully Funded**



	Funded Ratio	Assumed Rate of Return	Year Fully Funded	Last Actuarial Study
Winchester	77.4%	7.75%	2029	1/1/2013
<b>Lexington</b>	<b>80.5%</b>	<b>7.75%</b>	<b>2030</b>	<b>1/1/2014</b>
Concord	76.7%	7.50%	2030	1/1/2012
Wellesley	67.5%	7.00%	2030	1/1/2013
Needham	72.9%	8.00%	2030	1/1/2012
Natick	61.1%	8.00%	2030	1/1/2013
Newton	52.3%	7.75%	2037	1/1/2013
Belmont	49.9%	7.75%	2027	1/1/2012
Andover	49.7%	7.75%	2040	1/1/2012
Arlington	49.1%	7.50%	2032	1/1/2013



# Town of Lexington

## Summit I – October 8<sup>th</sup> 2014

# Appendix G: History of Revenues and Expenditures

	Actual						
Property Tax Levy	\$ 109,459,733	\$ 115,977,132	\$ 121,010,869	\$ 126,897,691	\$ 132,445,308	\$ 140,284,605	\$ 147,182,391
State Aid	\$ 9,045,501	\$ 9,589,026	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659
Local Receipts	\$ 11,889,778	\$ 10,161,999	\$ 11,067,649	\$ 11,614,932	\$ 11,899,444	\$ 12,183,740	\$ 13,373,875
Available Funds	\$ 4,216,097	\$ 5,620,168	\$ 6,053,619	\$ 6,838,842	\$ 7,733,170	\$ 7,249,652	\$ 12,473,510
Revenue Offsets	\$ (1,897,006)	\$ (1,508,732)	\$ (1,713,630)	\$ (1,687,257)	\$ (2,403,388)	\$ (1,645,350)	\$ (1,647,074)
<b>Total General Fund Revenues</b>	<b>\$ 132,714,103</b>	<b>\$ 139,839,593</b>	<b>\$ 145,380,521</b>	<b>\$ 152,119,199</b>	<b>\$ 158,015,639</b>	<b>\$ 167,407,161</b>	<b>\$ 181,527,362</b>
Other Revenues							
Revolving Funds	\$ 1,623,180	\$ 2,059,045	\$ 2,298,265	\$ 2,411,992	\$ 2,468,693	\$ 2,147,675	\$ 2,963,010
Grants	\$ 122,732	\$ 141,454	\$ 136,553	\$ 124,073	\$ 126,573	\$ 91,284	\$ 90,786
Enterprise Funds (Direct)	\$ 15,468,471	\$ 15,468,451	\$ 15,829,462	\$ 15,825,416	\$ 17,812,456	\$ 20,740,308	\$ 23,650,977
Enterprise Funds (Indirect)	\$ 1,752,885	\$ 1,649,339	\$ 1,701,209	\$ 1,615,973	\$ 1,564,441	\$ 1,512,892	\$ 1,497,405
<i>sub-total Other Revenues</i>	<i>\$ 18,967,268</i>	<i>\$ 19,318,289</i>	<i>\$ 19,965,489</i>	<i>\$ 19,977,454</i>	<i>\$ 21,972,163</i>	<i>\$ 24,492,159</i>	<i>\$ 28,202,178</i>
<b>Total Revenues</b>	<b>\$ 151,681,372</b>	<b>\$ 159,157,882</b>	<b>\$ 165,346,010</b>	<b>\$ 172,096,653</b>	<b>\$ 179,987,802</b>	<b>\$ 191,899,320</b>	<b>\$ 209,729,539</b>

Expense Summary	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual
Education							
Lex. Pub Schools Compen.	\$ 52,775,796	\$ 53,372,059	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626
Lex. Pub Schools Expenses	\$ 13,338,808	\$ 8,946,145	\$ 9,753,464	\$ 9,308,258	\$ 10,314,624	\$ 10,807,819	\$ 11,706,972
<i>sub-total Lex. Pub. Schools</i>	<i>\$ 66,114,605</i>	<i>\$ 62,318,204</i>	<i>\$ 64,194,024</i>	<i>\$ 66,406,386</i>	<i>\$ 71,189,104</i>	<i>\$ 74,925,772</i>	<i>\$ 79,978,598</i>
Minuteman Reg. School	\$ 1,194,216	\$ 1,510,598	\$ 1,711,554	\$ 1,538,811	\$ 1,702,930	\$ 1,407,979	\$ 1,474,265
<i>sub-total Education</i>	<i>\$ 67,308,821</i>	<i>\$ 63,828,802</i>	<i>\$ 65,905,578</i>	<i>\$ 67,945,197</i>	<i>\$ 72,892,034</i>	<i>\$ 76,333,751</i>	<i>\$ 81,452,863</i>
Municipal							
Municipal Compen.	\$ 17,274,644	\$ 18,401,946	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439	\$ 20,390,111	\$ 21,164,252
Municipal Expenses	\$ 9,402,310	\$ 7,562,099	\$ 7,785,739	\$ 8,539,069	\$ 8,539,069	\$ 8,953,115	\$ 9,499,793
<i>sub-total Municipal</i>	<i>\$ 26,676,954</i>	<i>\$ 25,964,045</i>	<i>\$ 27,165,269</i>	<i>\$ 28,920,035</i>	<i>\$ 27,748,508</i>	<i>\$ 29,343,226</i>	<i>\$ 30,664,045</i>
Shared Expenses							
Benefits & Insurance	\$ 23,425,240	\$ 25,233,150	\$ 26,993,423	\$ 28,008,696	\$ 28,380,746	\$ 28,083,601	\$ 26,822,039
Debt (within-levy)	\$ 3,572,204	\$ 3,755,361	\$ 4,315,849	\$ 4,614,721	\$ 4,849,052	\$ 5,462,902	\$ 5,409,996
Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ 900,000
Public Facilities <sup>1</sup>	\$ -	\$ 8,430,075	\$ 8,763,578	\$ 9,974,653	\$ 9,242,458	\$ 9,343,330	\$ 9,667,013
<i>sub-total Shared Expenses</i>	<i>\$ 26,997,444</i>	<i>\$ 37,418,585</i>	<i>\$ 40,072,851</i>	<i>\$ 42,598,070</i>	<i>\$ 43,372,256</i>	<i>\$ 43,789,832</i>	<i>\$ 42,799,048</i>
<i>Revolving Funds</i>	<i>\$ 1,132,958</i>	<i>\$ 911,217</i>	<i>\$ 2,200,641</i>	<i>\$ 2,064,759</i>	<i>\$ 2,126,951</i>	<i>\$ 2,368,300</i>	<i>\$ 2,379,256</i>
<i>Grants</i>	<i>\$ 122,732</i>	<i>\$ 140,974</i>	<i>\$ 136,549</i>	<i>\$ 124,073</i>	<i>\$ 124,073</i>	<i>\$ 91,284</i>	<i>\$ 90,786</i>
Capital & Reserves							
Cash Capital (inc of roads)	\$ 1,355,000	\$ 1,520,750	\$ 1,545,719	\$ 1,983,112	\$ 2,461,602	\$ 4,152,794	\$ 6,919,202
Stabilization Fund	\$ 1,000,000	\$ 1,000,000	\$ 669,843	\$ 710,000	\$ -	\$ -	\$ -
CPA	\$ 2,776,904	\$ 2,897,349	\$ 3,015,893	\$ 3,215,552	\$ 3,360,117	\$ 3,531,782	\$ 3,205,052
<i>sub-total Capital &amp; Reserves</i>	<i>\$ 5,131,904</i>	<i>\$ 5,418,099</i>	<i>\$ 5,231,455</i>	<i>\$ 5,908,664</i>	<i>\$ 5,821,719</i>	<i>\$ 7,684,576</i>	<i>\$ 10,124,254</i>
Enterprise Funds							
Water	\$ 5,609,660	\$ 7,241,305	\$ 7,190,800	\$ 7,509,107	\$ 7,978,817	\$ 7,324,348	\$ 7,835,386
Wastewater (Sewer)	\$ 6,618,170	\$ 8,083,478	\$ 8,083,388	\$ 7,987,015	\$ 8,904,147	\$ 8,418,699	\$ 9,052,588
Recreation	\$ 175,399	\$ 1,790,263	\$ 1,701,957	\$ 1,835,535	\$ 1,883,933	\$ 1,658,811	\$ 1,711,881
Enterprise Capital	\$ 25,000	\$ 85,305	\$ 111,000	\$ 90,000	\$ 610,000	\$ 71,000	\$ 1,211,750
<i>sub-total Enterprise Funds</i>	<i>\$ 12,428,229</i>	<i>\$ 17,200,352</i>	<i>\$ 17,087,145</i>	<i>\$ 17,421,657</i>	<i>\$ 19,376,897</i>	<i>\$ 17,472,859</i>	<i>\$ 19,811,604</i>
Exempt Debt							
Municipal	\$ 1,445,451	\$ 2,551,420	\$ 2,853,441	\$ 2,990,031	\$ 2,933,716	\$ 2,026,243	\$ 1,846,167
School	\$ 3,927,422	\$ 3,081,223	\$ 2,892,944	\$ 2,763,519	\$ 2,788,118	\$ 4,172,838	\$ 5,081,487
<i>sub-total Exempt Debt</i>	<i>\$ 5,372,873</i>	<i>\$ 5,632,643</i>	<i>\$ 5,746,385</i>	<i>\$ 5,753,550</i>	<i>\$ 5,721,834</i>	<i>\$ 6,199,081</i>	<i>\$ 6,927,654</i>
<b>Total Expenses</b>	<b>\$ 145,171,914</b>	<b>\$ 156,514,717</b>	<b>\$ 163,545,872</b>	<b>\$ 170,736,005</b>	<b>\$ 177,184,272</b>	<b>\$ 183,282,908</b>	<b>\$ 194,249,509</b>

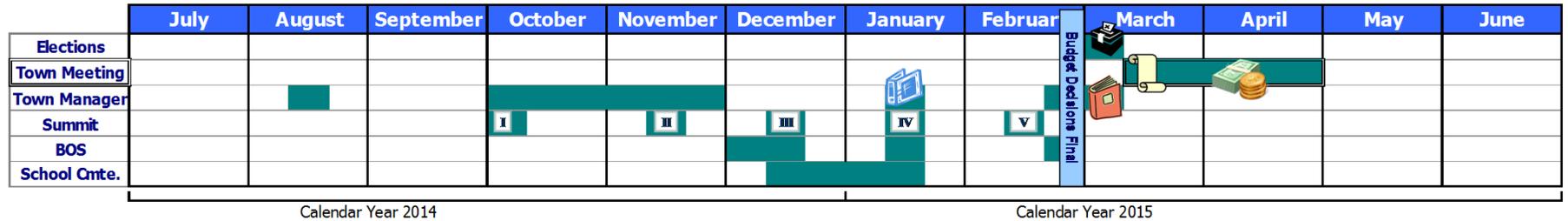
**Balance** **\$ 803,530** **\$ 8,616,412** **\$ 15,480,030**

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

<sup>2</sup> Net Operating Revenue and Cherry Sheet Revenue includes \$799,539 in federal stimulus funds used to offset FY 2008 figures unaudited. Preliminary reconciliation only.



Town of Lexington  
FY2016 Budget Process



**Important Dates**

**August 2014**

Issuance of Capital and Operating Budget Guidelines

**October 2014**

- I Summit I - Financial Indicators & Projections October 8th
- Discuss Guidelines and Drivers
- Town Manager Review of Capital Budget Requests

**November 2014**

- II Summit II - Revenue Projection and Allocation November 12th
- Town Manager Review of Operating Budget Requests

**December 2014**

- Municipal Budget Workshops with Selectmen
- School Committee Hearings on Budget
- III Summit III - Revenue Allocation December 18th

**January 2015**

- Submittal of FY2016 Superintendent's Recommended Budget to SC January 6th
- Submittal of FY2016 Manager's Recommended Budget to BOS January 12th
- IV Summit IV - Review of FY2016 Town Manager's Preliminary Budget January 15th

**February 2015**

- v Summit V - Comment and Budget Deliberations February 12th
- Board of Selectmen Vote on the FY2016 Recommended Budget
- Budget Decisions and Deliberations Concluded February 23rd**

**March 2015**

- FY2016 Recommended Budget submitted to Town Meeting **February 27th**
- Municipal Election March 2nd
- Town Meeting Commences (anticipated) March 23rd
- Budget Presentations by Town Manager and Superintendant March 25th
- Town Meeting Begins Budget Deliberations **March 30th**