

Section II: Revenues

This section includes detailed information about FY2017 Projected Revenues. It includes:

- General Fund Revenue Description

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Section II Revenues

Town of Lexington, Massachusetts

The summary below presents General Fund Operating Revenues, Total General Fund Revenues and Net General Fund Revenues. General Fund Operating Revenues include all revenues projected as available for use in FY2017 whose sources recur annually. Total General Fund Revenues include annually recurring and non-recurring sources of revenue. Net General Fund Revenues are Total General Fund Revenues less revenues recommended to be set-aside to fund designated expenses. In FY2017, Total General Fund Revenues are projected to increase by approximately \$5.4 million, or 2.8%. Net General Fund Revenues, those available to support school and municipal operating budgets, are projected to increase by \$8.3 million, or 4.7%.

General Fund Revenue Summary	FY14 Actual	FY15 Actual	FY16 Recap	FY17 Projected	FY 16-17 Change	
					\$	%
Property Tax Levy (Table 1)	\$ 141,842,484	\$ 148,212,539	\$ 154,750,150	\$ 161,138,273	\$ 6,388,124	4.1%
State Aid (Table 2)	\$ 10,214,580	\$ 11,193,462	\$ 11,568,637	\$ 11,804,630	\$ 235,993	2.0%
Local Receipts (Table 3)	\$ 14,909,146	\$ 13,756,778	\$ 11,682,878	\$ 12,130,550	\$ 447,672	3.8%
Local Receipts not shown on Recap	\$ -	\$ -	\$ 197,336	\$ -	\$ (197,336)	-
Total Local Receipts	\$ 14,909,146	\$ 13,756,778	\$ 11,880,214	\$ 12,130,550	\$ 250,336	2.1%
Available Funds (Table 4)	\$ 12,473,510	\$ 11,012,293	\$ 15,654,839	\$ 13,093,204	\$ (2,561,635)	-16.4%
Other Available Funds - Use of Capital Stabilization Fund (Table 4a)	\$ -	\$ 919,000	\$ 620,567	\$ 751,000	\$ 130,433	21.0%
Revenue Offsets (Table 5)	\$ (1,644,621)	\$ (2,492,221)	\$ (2,905,154)	\$ (1,943,061)	\$ 962,092	-33.1%
Enterprise Receipts (Table 6)	\$ 1,497,405	\$ 1,487,905	\$ 1,617,576	\$ 1,629,135	\$ 11,559	0.7%
Total General Fund Operating Revenues	\$ 179,292,504	\$ 184,089,756	\$ 193,186,829	\$ 198,603,731	\$ 5,416,902	2.8%
Less - Revenues Set-Aside for Designated Purposes	\$ 16,129,376	\$ 14,405,660	\$ 16,348,222	\$ 13,513,181	\$ (2,835,041)	-17.3%
Net General Fund Revenues	\$ 163,163,128	\$ 169,684,096	\$ 176,838,607	\$ 185,090,550	\$ 8,251,943	4.7%

Detailed Description:

Property Tax Levy: The FY2017 property tax levy is projected to increase approximately \$6.4 million, or 4.1%. The projected levy is a function of the FY2016 levy limit increased by 2.5% per Proposition 2 1/2, plus an increment for new growth. FY2017 new growth will be a function of construction activity for the period July 1, 2015 to June 30, 2016. FY2017 new growth is estimated at \$2,500,000 based on a review of historical data on new growth.

State Aid: FY2017 state aid is projected to increase 2.0% from its FY2016 level. Final FY2017 state aid numbers are likely to be known in June 2016 when the Legislature adopts, and the Governor signs, the FY2017 State budget.

Local Receipts: FY2017 projections for each category of receipt are based on the history of actual collections and projections of 3 and 5 year historical averages, unless otherwise specified in the supplemental tables of this document. FY2017 local receipts are estimated to increase by approximately \$250,000 or 2.1% over FY16 estimates. A major contributor to this growth is an increase in the estimate for building permit fees of approximately \$98,000 and an increase in rental revenue to underwrite projected debt service to finance the replacement of the roof at the Munroe Center for the Arts.

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Revenue Summary						
					FY16-17 Change	
	FY14 Actual	FY15 Actual	FY16 Recap	FY17 Projected	\$	%
Table 1: Property Tax Levy						
Tax Levy	\$ 135,440,316	\$ 141,843,659	\$ 148,286,733	\$ 154,769,047	\$ 6,482,314	4.4%
Prop. 2.5%	\$ 3,386,008	\$ 3,546,091	\$ 3,709,681	\$ 3,869,226	\$ 159,545	4.3%
New Growth	\$ 3,017,335	\$ 2,896,983	\$ 2,772,633	\$ 2,500,000	\$ (272,633)	-9.8%
Override/Excess Levy Capacity	\$ (1,175)	\$ (74,194)	\$ (18,897)	\$ -	\$ 18,897	-
Subtotal	\$ 141,842,484	\$ 148,212,539	\$ 154,750,150	\$ 161,138,273	\$ 6,388,124	4.1%
Table 2: State Aid						
Chapter 70	\$ 8,657,571	\$ 9,584,428	\$ 9,968,536	\$ 10,167,907	\$ 199,371	2.0%
Charter School Reimbursement	\$ 12,628	\$ 1,786	\$ 893	\$ 900	\$ 7	0.8%
Unrestricted General Government Aid	\$ 1,326,917	\$ 1,363,715	\$ 1,412,809	\$ 1,441,065	\$ 28,256	2.0%
Veterans' Benefits & Exemptions	\$ 147,543	\$ 169,557	\$ 139,502	\$ 147,861	\$ 8,359	6.0%
Offsets (School Lunch & Library)	\$ 69,921	\$ 73,976	\$ 46,897	\$ 46,897	\$ -	0.0%
Subtotal	\$ 10,214,580	\$ 11,193,462	\$ 11,568,637	\$ 11,804,630	\$ 235,993	2.0%
Table 3: Local Receipts						
Motor Vehicle Excise Tax	\$ 4,695,332	\$ 4,941,045	\$ 4,693,654	\$ 4,600,000	\$ (93,654)	-2.0%
Other Excise	\$ 1,608,573	\$ 1,698,096	\$ 1,401,644	\$ 1,496,300	\$ 94,656	6.8%
Penalties & Interest	\$ 670,076	\$ 522,301	\$ 333,130	\$ 346,000	\$ 12,870	3.9%
PILOT's	\$ 535,492	\$ 564,588	\$ 565,458	\$ 617,000	\$ 51,542	9.1%
Rentals	\$ 384,180	\$ 287,082	\$ 253,592	\$ 350,670	\$ 97,078	38.3%
Departmental-Schools	\$ 807,116	\$ 601,557	\$ 481,935	\$ 504,580	\$ 22,645	4.7%
Departmental-Municipal	\$ 1,604,149	\$ 1,632,981	\$ 1,792,376	\$ 1,866,000	\$ 73,624	4.1%
Licenses & Permits	\$ 1,689,164	\$ 1,836,144	\$ 1,533,613	\$ 1,702,000	\$ 168,387	11.0%
Special Assessments	\$ 103,086	\$ 43,110	\$ 19,777	\$ 13,000	\$ (6,777)	-34.3%
Fines & Forfeits	\$ 376,800	\$ 284,355	\$ 331,210	\$ 321,000	\$ (10,210)	-3.1%
Investment Income	\$ 278,458	\$ 304,213	\$ 276,489	\$ 314,000	\$ 37,511	13.6%
Miscellaneous Non-Recurring	\$ 2,156,721	\$ 1,041,307	\$ -	\$ -	\$ -	-
Local Receipts not shown on Recap	\$ -	\$ -	\$ 197,336	\$ -	\$ (197,336)	-
Subtotal	\$ 14,909,146	\$ 13,756,778	\$ 11,880,214	\$ 12,130,550	\$ 250,336	2.1%
Table 4: Available Funds						
Parking	\$ 335,000	\$ 335,000	\$ 395,000	\$ 625,625	\$ 230,625	58.4%
Cemetery	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ -	0.0%
Free Cash	\$ 11,650,931	\$ 9,380,309	\$ 13,087,810	\$ 10,995,579	\$ (2,092,231)	-16.0%
Health Claims Trust Fund	\$ -	\$ 1,000,000	\$ 1,858,947	\$ 1,200,000	\$ (658,947)	-35.4%
Transp.Demand Mgmt. Stab. Fund	\$ 90,000	\$ 88,000	\$ 137,000	\$ 137,000	\$ -	0.0%
Traffic Mitigation Stabilization Fund	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	-
Avalon Bay School Enrollment Mitigation Fund	\$ 250,000	\$ 49,096	\$ -	\$ -	\$ -	-
Balances from Prior Yr. Capital Articles	\$ 42,579	\$ 54,888	\$ 71,082	\$ -	\$ (71,082)	-100.0%
Subtotal	\$ 12,473,510	\$ 11,012,293	\$ 15,654,839	\$ 13,093,204	\$ (2,561,635)	-16.4%
Table 4a: Other Available Funds						
Capital Stabilization Fund	\$ -	\$ 919,000	\$ 620,567	\$ 751,000	\$ 130,433	21.0%
Subtotal	\$ -	\$ 919,000	\$ 620,567	\$ 751,000	\$ 130,433	21.0%
Table 5: Revenue Offsets						
Cherry Sheet Assessments	\$ (795,309)	\$ (811,754)	\$ (817,550)	\$ (846,164)	\$ (28,614)	3.5%
Cherry Sheet Offsets					\$ -	-
School Lunch	\$ (30,207)	\$ (26,514)	\$ -	\$ -	\$ -	-
Public Libraries	\$ (39,714)	\$ (47,462)	\$ (46,897)	\$ (46,897)	\$ -	0.0%
Overlay (abatements)	\$ (779,391)	\$ (953,485)	\$ (750,000)	\$ (750,000)	\$ -	0.0%
Health Withholding Account Deficit	\$ -	\$ -	\$ (647,057)	\$ -	\$ 647,057	-100.0%
Snow Deficit	\$ -	\$ (653,006)	\$ (643,650)	\$ (300,000)	\$ 343,650	-53.4%
Subtotal	\$ (1,644,621)	\$ (2,492,221)	\$ (2,905,154)	\$ (1,943,061)	\$ 962,092	-33.1%
Table 6: Enterprise Receipts						
Water	\$ 818,689	\$ 789,275	\$ 898,614	\$ 877,411	\$ (21,203)	-2.4%
Wastewater (Sewer)	\$ 450,116	\$ 465,030	\$ 478,354	\$ 503,898	\$ 25,544	5.3%
Recreation	\$ 228,600	\$ 233,600	\$ 240,608	\$ 247,826	\$ 7,218	3.0%
Subtotal	\$ 1,497,405	\$ 1,487,905	\$ 1,617,576	\$ 1,629,135	\$ 11,559	0.7%
Gross General Fund Revenues	\$ 179,292,504	\$ 184,089,756	\$ 193,186,829	\$ 198,603,731	\$ 5,416,902	2.8%
Revenues Set Aside for Designated Expenses	\$ 16,129,376	\$ 14,405,660	\$ 16,348,222	\$ 13,513,181	\$ (2,835,041)	-17.3%
Net General Fund Revenues Available for Appropriation	\$ 163,163,128	\$ 169,684,096	\$ 176,838,607	\$ 185,090,550	\$ 8,251,943	4.7%

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Available Funds: Available Funds are projected to decrease by approximately \$2.6 million or 16.4%. This decrease is driven predominantly by two factors. The first is a decrease in free cash. Approximately \$13.087 million of free cash - inclusive of approximately \$12.8 million from the 7/1/14 certification and \$479,609 from the 7/1/15 certification - was used to support the FY16 operating budget, cash capital and contributions to the Capital Stabilization Fund. Free Cash was certified by the Department of Revenue as of 7/1/15 at \$11,487,187. This amount, less the \$479,608 that was appropriated at the November 2015 special town meeting, leaves a residual balance of free cash to support the FY17 budget of \$10,995,579, thus accounting for the decrease in free cash from FY16 to FY17. The second factor is a decrease of approximately \$659,000 in the proposed use of the Town's Health Claims Trust Fund to underwrite the Town's share of FY17 GIC premiums. In FY17, it is proposed that \$1.2 million be used for this purpose thus freeing up \$1.2 million in the tax levy to continue progress in funding the Town's OPEB liability.

Other components of Available Funds include the proposed use of parking meter receipts, cemetery funds, and the Transportation Demand Management and Traffic Mitigation Stabilization Funds. The use of Parking Meter Funds is increasing by \$230,625 to fund the continuing replacement of meters in the downtown area. In FY16, \$620,567 was appropriated from the Capital Stabilization Fund to fund the ongoing mitigation of the within-levy debt service impacts of the financing of the LHS modular classrooms construction. It is proposed that \$751,000 be appropriated in FY17 to continue mitigation of debt service to hold increases to a 5% target.

Revenue Offsets: Revenue Offsets are projected to decrease by approximately \$962,000 or 33.1%. Revenue Offsets represent the set-aside of a portion of projected revenues needed for particular purposes including:

- (1) the component of state aid (Public Library aid reimbursement) that is distributed as Cherry Sheet aid, but, in fact, is a categorical grant that is not available to support general fund operations;
- (2) cherry sheet assessments - estimated charges to be levied by the Commonwealth to cover the costs of state and regional services provided to the Town. Cherry Sheet Assessments assume a 3.5% increase in FY 2016;
- (3) the Assessor's Overlay account which covers the cost of abatements and exemptions granted to property taxpayers ; and,
- (4) potential snow and ice deficits.

The FY17 decrease in total revenue offsets is driven primarily by 2 factors. The first is a decrease in the FY17 set-aside for snow and ice deficits from the FY16 actual of \$643,650 to \$300,000 in FY17 to cover the possibility of incurring a FY16 snow and ice deficit. The second is that in FY16 the DOR required the Town to finance a \$647,000 Health Withholding Account deficit. This offset is \$0.00 in FY17.

Enterprise Receipts: Enterprise Receipts are increasing by 0.7%, or \$11,560 based on an updated indirect cost analysis. This category of revenue represents transfers from the water, sewer and recreation enterprise funds to the general fund to cover general fund expenditures that support the operations of the water, sewer and recreation departments.

Revenues Set Aside for Designated Expenses: This represents components of Gross General Fund Revenues that are set aside for designated purposes. The proposed purposes are shown in the table on the next page.

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		Financing Sources			Total	Notes
		Tax Levy	Free Cash	Other		
1	Set-Aside for Unanticipated Current Fiscal Year Needs		\$ 200,000		\$ 200,000	Reserved for appropriation at the 2016 annual town meeting to fund supplemental appropriations to the FY16 budget.
2	Other Post-Employment Benefits (OPEB)	\$ 1,200,000	\$ 312,318		\$ 1,512,318	\$1.2 million in tax levy made available from the proposed use of this amount from the Health Insurance Claims Trust Fund to fund FY17 Health Insurance.
3	Unallocated		\$ 983,261		\$ 983,261	Set-aside for as yet identified FY17 purposes.
4	Cash Capital		\$ -	\$ 260,625	\$ 260,625	
5	Capital Stabilization Fund	\$ 1,896,947	\$ 3,100,000		\$ 4,996,947	To meet future capital/debt service needs.
6	Appropriate From Capital Stabilization Fund			\$ 751,000	\$ 751,000	To mitigate debt service impact of LHS Modular Buildings construction financing. Preliminary debt service projections indicate no need to draw funds in FY17.
7	Street Improvement Program	\$ 2,526,835			\$ 2,526,835	Consistent with long-term street maintenance plan.
8	Municipal Building Envelope and Systems	\$ 187,329			\$ 187,329	Initially funded in 2006 override; increases by 2.5% per year.
9	Senior Tax Work-Off Program	\$ 30,000			\$ 30,000	
10	Set-Aside for Tax Levy Support of Community Center Program (Transfer to Article 5)	\$ 253,007			\$ 253,007	
11	Subtotal	\$ 6,094,118	\$ 4,595,579	\$ 1,011,625	\$ 11,701,322	
12	Operating Budget	\$ -	\$ 3,900,000		\$ 3,900,000	\$3,900,000 of Free Cash to support the FY17 operating budget.
13	Grand Total	\$ 6,094,118	\$ 8,495,579	\$ 1,011,625	\$ 15,601,322	

¹ "Other" financing source for Debt Service Mitigation is the Capital Projects/Debts Service Reserve/Building Renewal Stabilization Fund.