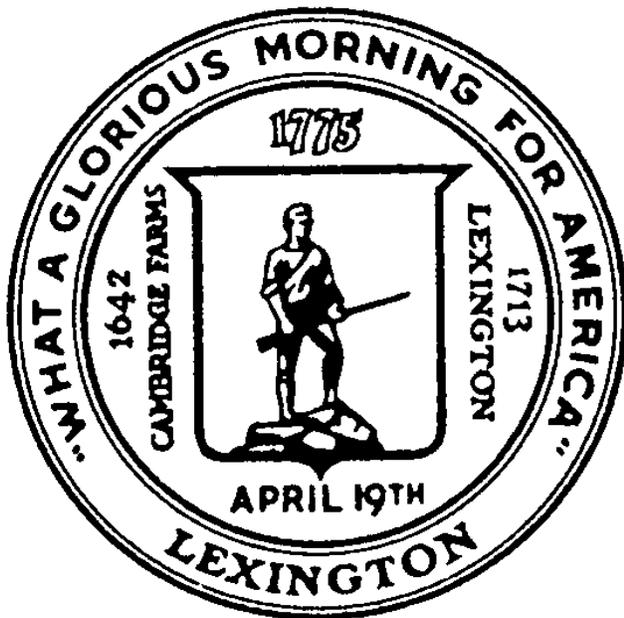
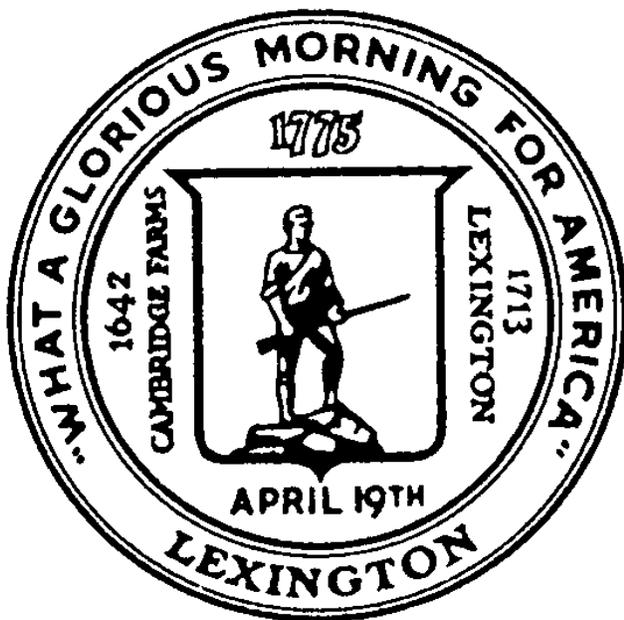


Section XII: Appendices



- A: Program Improvement Requests
- B: Glossary
- C: CPA Use Summary

Appendix A: Program Improvement Request Summary

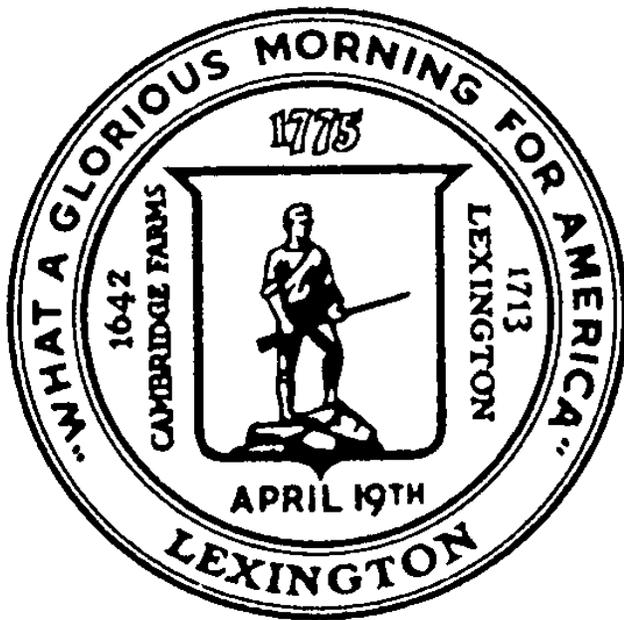




Appendix A: Program Improvement Requests Shared & Municipal Programs 2000-8000 FY2017 Recommended Budget and Financing Plan

		Departmental Request				Recommendation	
Program	Description	Compensation	Expenses	Benefits	Total	Recommended	Not Recommended
Public Works							
3120 - Engineering	Senior Civil Engineer	\$ 86,052		\$ 16,400	\$ 102,452	\$ 60,000	\$ 42,452
3210 - Highway	Pavement Markings		\$ 120,000		\$ 120,000		\$ 120,000
3210 - Highway	Increase in Overtime Budget	\$ 25,000		\$ 363	\$ 25,363		\$ 25,363
3210 - Highway	Electric Vehicle Charging Station		\$ 7,200		\$ 7,200	\$ 7,200	
3320 - Forestry	Disposal of Forestry Materials		\$ 15,000		\$ 15,000	\$ 15,000	
3310 - Parks	Leaf Vacuum System		\$ 15,000		\$ 15,000	\$ 15,000	
3310 - Parks	Increase in Overtime Budget	\$ 25,000		\$ 363	\$ 25,363	\$ 25,363	
3330 - Cemetery	Landscape Maintenance		\$ 5,000		\$ 5,000		\$ 5,000
3330 - Cemetery	Disposal of Excavated Materials		\$ 10,000		\$ 10,000	\$ 10,000	
3400 - Compost Revolving	Heavy Equipment Operator to full-time	\$ 19,600		\$ 15,437	\$ 35,037		\$ 35,037
3400 - Compost Revolving	Disposal of Compost Tailings		\$ 20,000		\$ 20,000	\$ 20,000	
600 - 610 Water/Sewer	Disposal of Excavated Materials		\$ 15,000		\$ 15,000	\$ 15,000	
Total Public Works		\$ 155,652	\$ 207,200	\$ 32,562	\$ 395,414	\$ 167,563	\$ 227,852
Fire							
4240 - EMS	Ambulance Staffing - 2 FTEs for 24/7 Coverage	\$ 136,600	\$ 4,000	\$ 31,857	\$ 172,457		\$ 172,457
Total Fire		\$ 136,600	\$ 4,000	\$ 31,857	\$ 172,457	\$ -	\$ 172,457
Library							
5100 - Library	Collaborative Technology Tools	\$ -	\$ 7,003	\$ -	\$ 7,003	\$ 7,003	\$ -
Total Library		\$ -	\$ 7,003	\$ -	\$ 7,003	\$ 7,003	\$ -
Recreation & Community Programs							
700 - Community Center	Transaction Counter Clerk PT - FT	\$ 20,200		\$ 15,445	\$ 35,645	\$ 35,645	\$ -
Total Recreation/Community Center		\$ 20,200	\$ -	\$ 15,445	\$ 35,645	\$ 35,645	\$ -
Human Services							
6120 - Senior Services	Increase Hours for PT Outreach Assistant	\$ 10,000			\$ 10,000		\$ 10,000
6210 - Transportation	Diver Assisted Passenger Counter		\$ 3,560		\$ 3,560	\$ 3,560	
Total Human Services		\$ 10,000	\$ 3,560	\$ -	\$ 13,560	\$ 3,560	\$ 10,000
Office of Land Use, Health and Development							
7110 - Bldg & Zoning	Massachusetts Building Code Update	\$ -	\$ 2,900	\$ -	\$ 2,900	\$ 2,900	\$ -
7120 - Administration	Land Study Master Plan 1		\$ 50,000		\$ 50,000	\$ 25,000	\$ 25,000
7120 - Administration	Land Study Master Plan 2		\$ 60,000		\$ 60,000	\$ 25,000	\$ 35,000
7130 - Conservation	Conservation Tractor Implements	\$ -	\$ 1,700	\$ -	\$ 1,700	\$ 1,700	\$ -
7200 - Planning	Comprehensive Plan Update	\$ -	\$ 150,000	\$ -	\$ 150,000		\$ 150,000
7340 - Visitor Center	PT Assistant Manager Visitor Center	\$ 18,525	\$ -	\$ -	\$ 18,525	\$ 18,525	\$ -
Total Office of Land Use, Health and Development		\$ 18,525	\$ 264,600	\$ -	\$ 283,125	\$ 73,125	\$ 210,000
Town Manager's Office							
8220 - Human Resources	Administrative Assistant	\$ 53,144		\$ 15,923	\$ 69,067		\$ 69,067
8220 - Human Resources	Classification and Compensation Study		\$ 20,000		\$ 20,000	\$ 20,000	\$ -
Total Town Manager's Office		\$ 53,144	\$ 20,000	\$ 15,923	\$ 89,067	\$ 20,000	\$ 69,067
Town Committees							
8330 - Town Celebrations	Martin Luther King Day Celebration		\$ 1,000		\$ 1,000	\$ 1,000	\$ -
Total Town Committees		\$ -	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
Finance							
8420 - Treasurer	Tax Title Foreclosure		\$ 10,150		\$ 10,150	\$ 10,150	\$ -
8430 - Assessor	Administrative Assistant	\$ 45,000		\$ 15,805	\$ 60,805		\$ 60,805
Total Finance		\$ 45,000	\$ 10,150	\$ 15,805	\$ 70,955	\$ 10,150	\$ 60,805
Town Clerk							
8510 - Administration	Municipal Assistant Hours	\$ 8,842		\$ 15,281	\$ 24,123		\$ 24,123
Total Town Clerk		\$ 8,842	\$ -	\$ 15,281	\$ 24,123	\$ -	\$ 24,123
TOTAL		\$ 447,963	\$ 517,513	\$ 126,873	\$ 1,092,349	\$ 318,046	\$ 774,303
						General Fund	\$ 264,521
						Non-General Fund	\$ 53,525

Appendix B: Glossary



Glossary

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

ACCRUAL BASIS FOR ACCOUNTING – A method of accounting that recognizes revenue when earned, rather than when collected, and recognizes expenses when incurred, rather than when paid. In Massachusetts, cities and towns must use this basis of accounting for the audited financial statements of Enterprise funds. (Also see Modified Accrual Basis of Accounting).

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

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

ARTICLE - An article or item on the Town Warrant. There are four standard financial articles that appear in the Warrant every year: the Operating Budget Article; an Article for “Supplementary Appropriations for the Current Fiscal Year” (the current fiscal year is the one that was appropriated at the previous year’s Town Meeting); an Article for Prior Years’ Unpaid Bills; and an Article for supplementary appropriations for previously authorized capital improvement projects. “New” capital project requests and other special items generally appear as individual articles without a predetermined order.

ARTICLE TRANSFERS- Projects from previous year Town Meeting article appropriations occasionally have unexpended balances not required once the project is complete. The unexpended balance becomes available for future Town Meeting appropriation.

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

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

AUDIT – An examination of the town’s financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluation of the fiscal performance of a community.

BUDGETARY FUND BALANCE (ALSO FREE CASH) – Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the Comptroller. Free cash is not available for appropriation until certified by the Director of Accounts.

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

BOND ANTICIPATION NOTE (BAN) – A temporary note issued for no more than one or two years. This is commonly used to defer the initial pay down of debt or to accommodate reimbursement for borrowed notes from a private source or other governmental entity.

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

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

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

CAPITAL IMPROVEMENT PROGRAM (CIP) - A financial planning and management tool that identifies public facility and equipment requirements, presents these requirements in order of priority, and schedules them for funding and implementation.

CEMETERY FUND - See Special Revenue Fund.

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

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

COMMUNITY PRESERVATION ACT (CPA) – is a local acceptance statute approved by Lexington voters in 2006. The purpose of the CPA is to fund open space, affordable housing, historic preservation and recreation projects that meet the eligibility criteria of the Act. Funding for projects comes from an annual property tax surcharge of up to three percent, which is the percentage adopted in Lexington. The local surcharge is matched by State funds collected as part of the deeds excise tax. The matching funds have ranged from 100% in 2006 to 36% in 2009.

COMMUNITY PRESERVATION COMMITTEE (CPC) – this nine-member appointed Committee reviews projects and determines their eligibility under the CPA. Projects that are approved by the Committee are then recommended to Town Meeting, which has the final vote on appropriating funds for each project. Members of the CPC are appointed by the Board of Selectmen (3), Planning Board, Conservation Commission, Recreation Committee, Housing Authority, Housing Partnership and Historical Commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

FREE CASH - see Budgetary Fund Balance.

FUND BALANCE – The excess of assets over liabilities.

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

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

GFOA – Government Finance Officers Association of the United States and Canada. The G.F.O.A. is a professional organization of governmental finance officers.

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

INVESTMENT INCOME - The Town earns interest on cash held in savings accounts and invested in short term securities. The investment goal is to ensure that all funds are invested in short-term, risk-averse investments. The Treasurer is very restricted as to the instruments in which investments can be made. The amount of investment income is a function of the amount of funds invested and the interest rate.

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

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

MODIFIED ACCRUAL BASIS FOR ACCOUNTING – A method of accounting that recognizes revenue when it is actually received and recognizes expenditures when a commitment is made. In Massachusetts, cities and towns must use this basis for accounting for the general government.

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

MWRA – Massachusetts Water Resources Authority, from which the Town purchases water at a wholesale rate in the form of annual assessments to the Water and Wastewater (Sewer) departments.

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

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

OTHER EXCISE (Hotel/Motel and Jet Fuel) - Lexington hotels and motels charge an 11.7% room tax to guests in accordance with local option legislation. The Town of Lexington receives 6% of this tax in semi-annual installments (See page 12 of the Revenue Section).

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

OVERLAY - The amount reserved for funding property tax abatements and exemptions granted by the Board of Assessors.

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

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

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

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

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

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

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

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

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

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

MASSACHUSETTS SCHOOL BUILDING AUTHORITY (MSBA) – A program of the Commonwealth of Massachusetts for the purpose of assisting municipalities in the reconstruction and renewal of its public schools.

SCHOOL REVENUE - Revenue received by Lexington Public Schools from athletic fees, as well as applicable bus transportation fees.

SENIOR MANAGEMENT TEAM – A group of top managers including department heads from eleven departments and the Town Manager’s Office.

SEWER & WATER CHARGES - The Town operates Water and Sewer Enterprise Funds to manage these municipal operations. Users of sewer and water services provided by the Town pay charges depending upon metered usage. Revenue received from charges for sewer and water services is used to fully support the costs of utility operations, such as Massachusetts Water Resources Authority (MWRA) assessments, debt service obligations, personal service costs, and capital projects. Charges for services are based on a three-tier block rate structure corresponding to usage. Charges rise as usage increases. The Town pays the MWRA assessments to supply water and dispose of Town sewage.

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

STABILIZATION FUND – Massachusetts General Law Ch.40, Sec. 5B, allows a municipality to appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding fiscal year; the aggregate amount in the fund shall not exceed ten percent of the equalized valuation of the municipality. The treasurer shall be custodian of the fund and may invest the proceeds legally; any interest earned shall remain with the fund. Money from the Stabilization Fund may be appropriated for any lawful purpose by two-thirds vote of Town Meeting. In addition to the General Stabilization Fund, the town has stabilization funds for specific purposes, including the Transportation Demand Management Fund, Traffic Mitigation Fund, Special Education Fund, Other Post Employment Benefits (OPEB) Fund, and the Capital Projects/Debt Service/Building Renewal Fund.

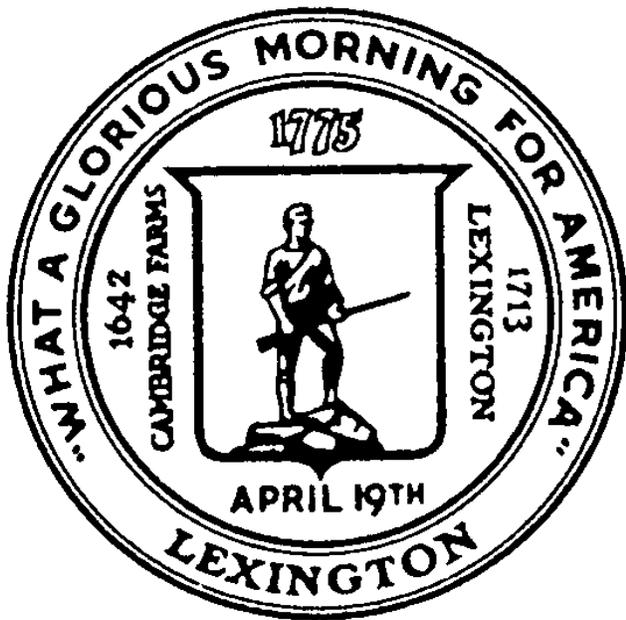
TAX LEVY - The total amount to be raised through real estate and personal property taxes. Lexington property owners pay taxes to the Town based on the assessed value of their real and/or personal property. Each year the Board of Selectmen conducts a tax classification hearing to determine a tax rate.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

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

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

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

Appendix C: CPA Use Summary



CPA SUMMARY

TO BE PROVIDED UNDER
SEPARATE COVER