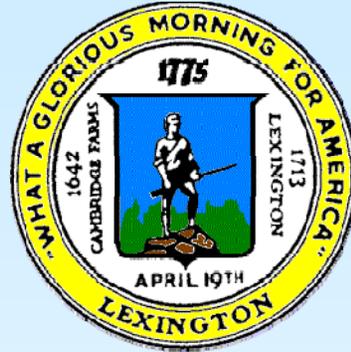


Town of Lexington



Financial Summit I

Indicator Analysis:

Fiscal Years 2000-2016

Revenue and Expenditure Projections:

Fiscal Years 2018-2020

October 6, 2016



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Town of Lexington

Summit I – October 6, 2016

Introduction

This packet of information includes:

- a) An evaluation of the fiscal health of the Town of Lexington, presented through a series of indicators and, where appropriate, comparative benchmarks.
- b) A 3-year Revenue and Expenditure Projection.
- c) Key policy issues facing the Town in FY2018.

This material provides an informed snapshot of Lexington's financial condition to assist policymakers in preparing for the FY2018 Budget Process. Using a series of recognized metrics from professional organizations, including the International City/County Management Association (ICMA), the Government Finance Officers' Association (GFOA), Moody's Investor's Service, and data from the Town of Lexington, the Massachusetts Department of Revenue, the Massachusetts Department of Elementary and Secondary Education, and the U.S. Census Bureau, Town staff have compiled 14 indicators with which to evaluate the Town's fiscal health.

Lexington's financial condition is sound. In particular,

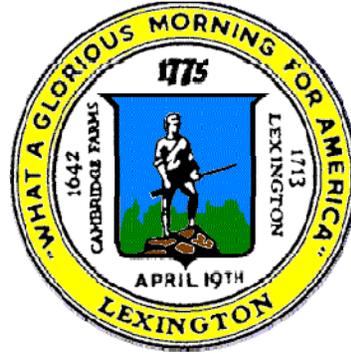
- Lexington has positive revenue growth, stable labor costs as a percentage of total operating costs, and healthy levels of pension funding and reserves.
- Lexington's financial condition is satisfactory in the areas of expenditure growth and revenues related to economic growth.
- Lexington's Health Insurance spending as a percentage of employee wages has dropped five percent (from 26.9% in FY2012 to 21.9% in FY2016), largely as a result of savings that the Town was able to realize due to joining the Commonwealth's Group Insurance Commission (GIC).

Some of the challenges the Town is facing include:

- The Town's primary challenge continues to be funding critically needed capital projects. Growth in within-levy debt service, exempt debt service and projected exempt debt service is beginning to place pressure on operating budgets.
- An increasing school-aged population is placing growing pressure on the school budget and the Town's personnel and benefits costs.
- Restraining further growth in the average residential tax bill. In 2016, Lexington had the 8th largest average residential tax bill statewide, and the 4th largest within 14 comparable communities.

The data in this report, however, suggests that the Town's financial condition is strong and it is expected that Lexington will maintain its Aaa credit rating.

Town of Lexington



Financial Summit I

Indicator Analysis:

Fiscal Years 2000-2016



Indicator Summary		2013	2014	2015	2016
I.1	Revenues	F	F	F	F
I.2	State Aid	U	F	F	F
I.3	Revenues Related to Economic Growth	F/M	F/M	F	F
I.4	Property Tax Revenues	F	F	F	F
I.5	Uncollected Property Taxes	F	F	F	F
I.6	Expenditures per Department	F	F	F	F
I.7	Personnel Costs	F	F	F	F
I.8	Employee Benefits	F	F	F	F
I.9	Retirement Participants	F	F	U	U
I.10	Pension Liability	M	M	F	F
I.11	Debt Service	F	F	F/M	F/M
I.11a	Projected Exempt Debt Service	M	M	M	M
I.12	Long-Term Debt	F	F	F	F
I.13	Reserves and Fund Balance	F	F	F	F
I.13a	Use of Capital Stabilization Fund	F	F	F	F
I.14	Population	M	M	M	M
I.14a	School Enrollment	M	M	M	M

Chart Key

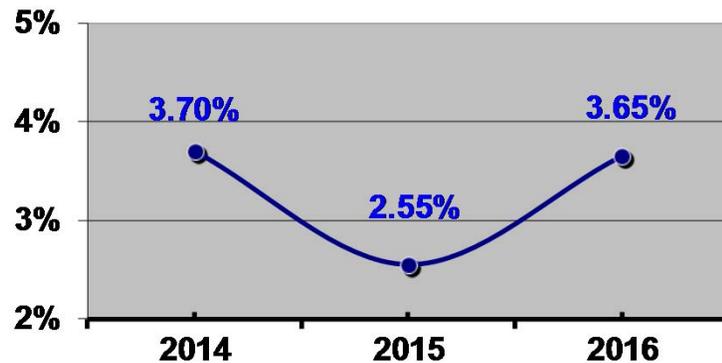
F	Favorable
F/M	Favorable/Marginal
M	Marginal
U	Unfavorable



Favorable Indicators

Indicator I.1: Revenues

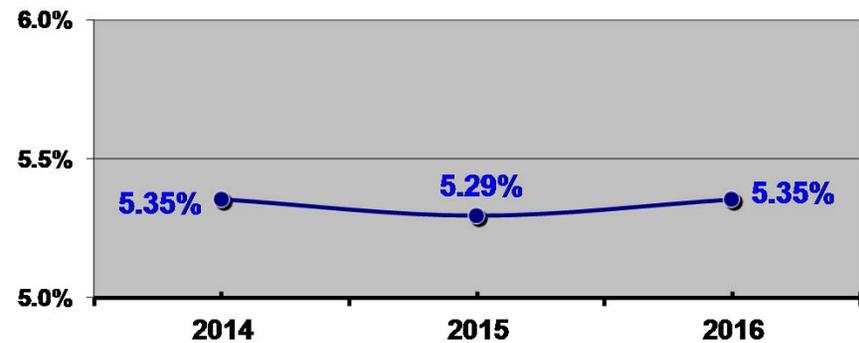
% Change In Net Operating Revenues (constant dollars)



Indicator I.3:

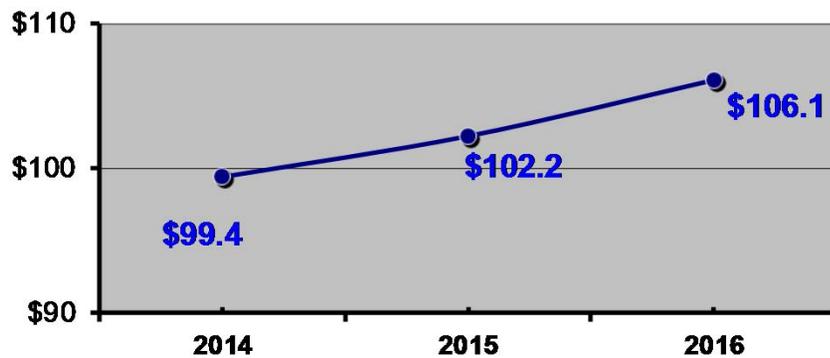
Revenues Related to Economic Growth

Econ. Growth Revenues as % of Operating Revenues



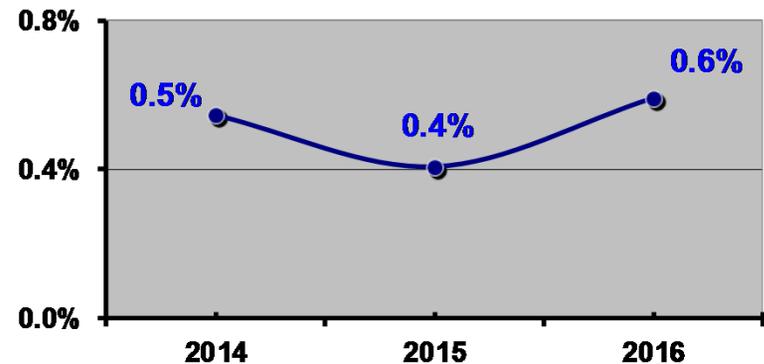
Indicator I.4: Property Tax Revenues

Property Tax Revenues (constant dollars – in millions)



Indicator I.5: Uncollected Property Taxes

Uncollected Taxes as % of Net Prop. Tax Levy

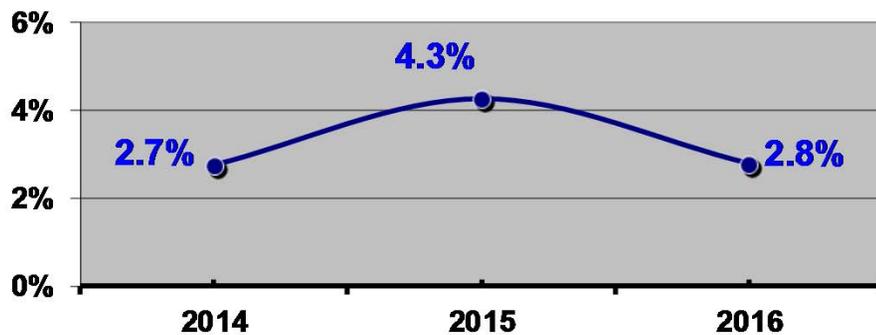




Favorable Indicators

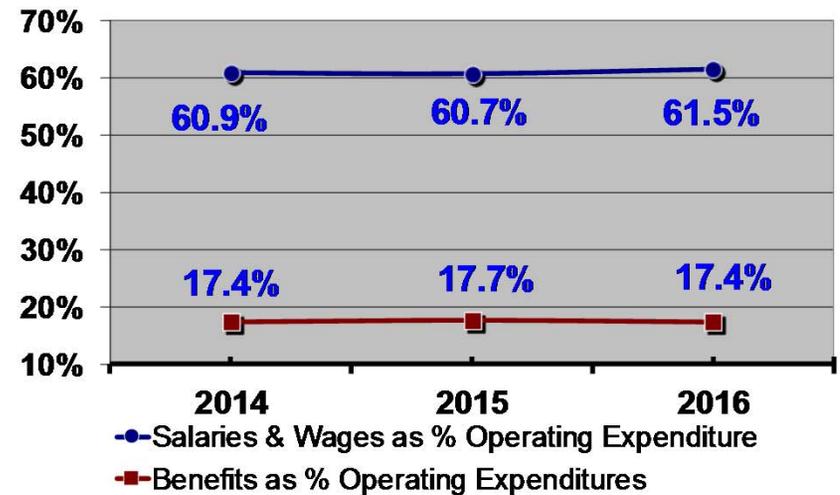
Indicator I.6: Expenditures per Department

% Change in Total Operating Expenditures



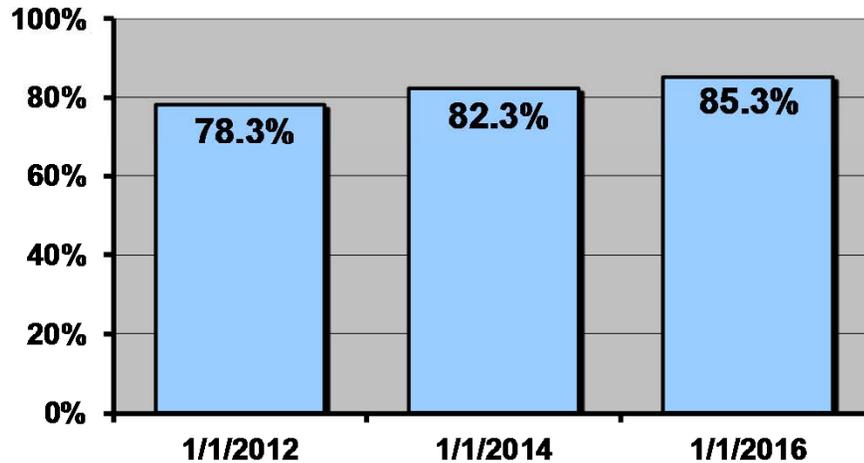
Indicator I.7: Personnel Costs

Personnel Costs as % of Operating Expenses



Indicator I.10: Pension Liability

% Funded

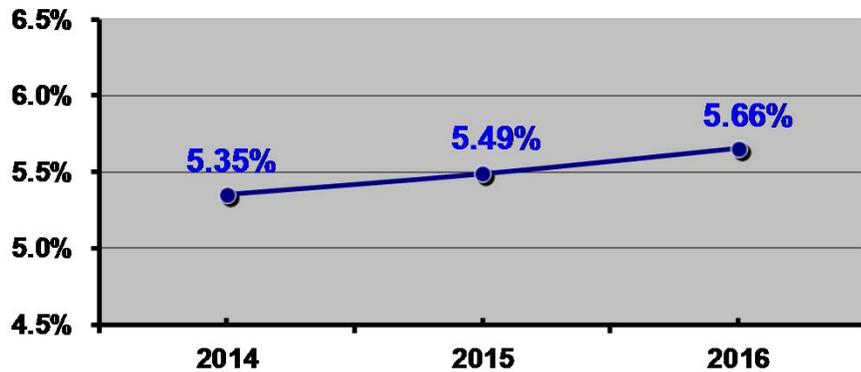




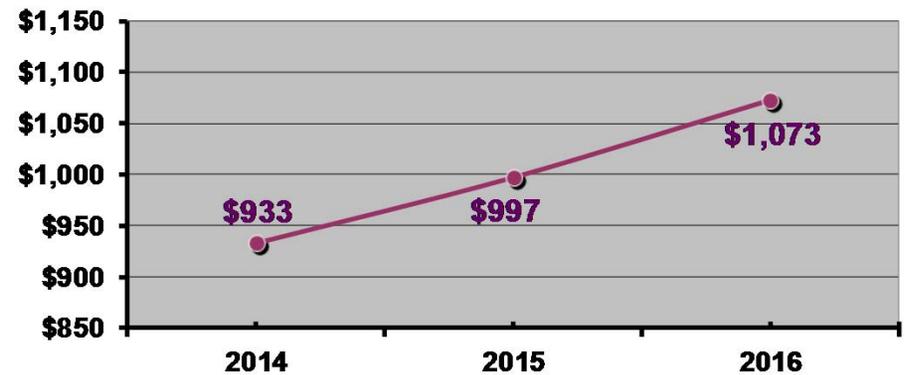
Favorable Indicators

Indicator I.12: Long Term Debt

Long Term Debt as % of Assessed Valuation



Long Term Debt Per Capita

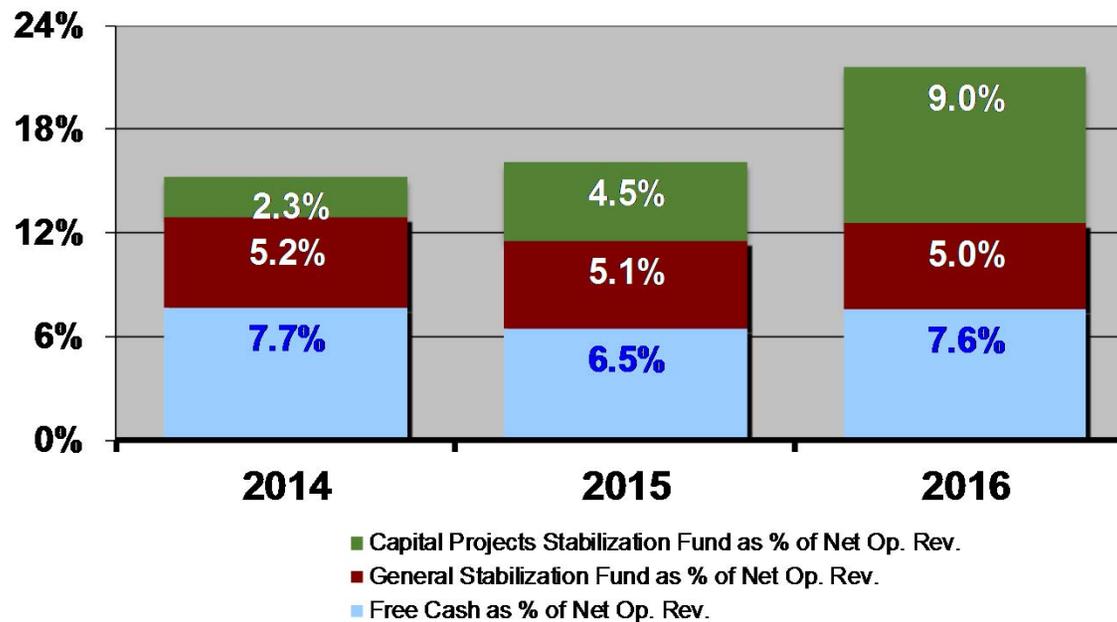




Favorable Indicators

Indicator I.13: Reserves and Fund Balance

Reserves as % of Operating Revenue

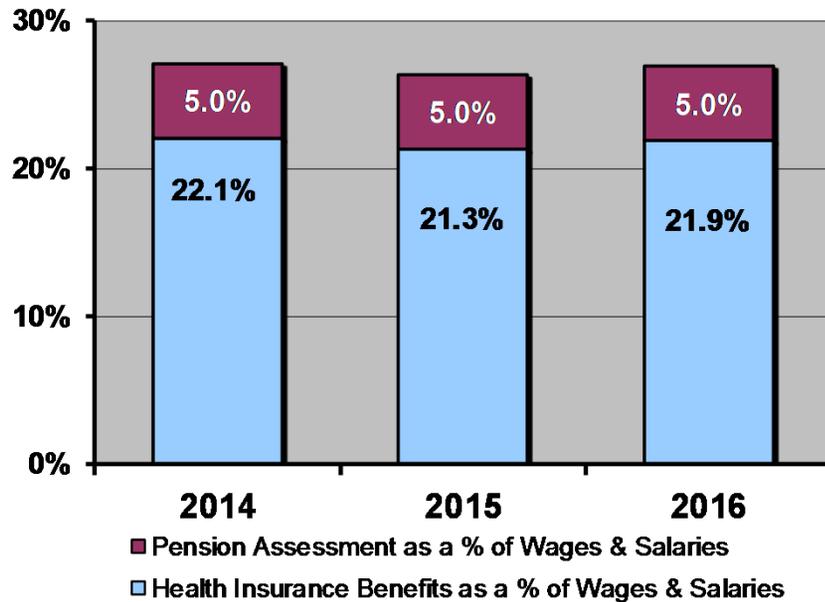




Favorable Indicators

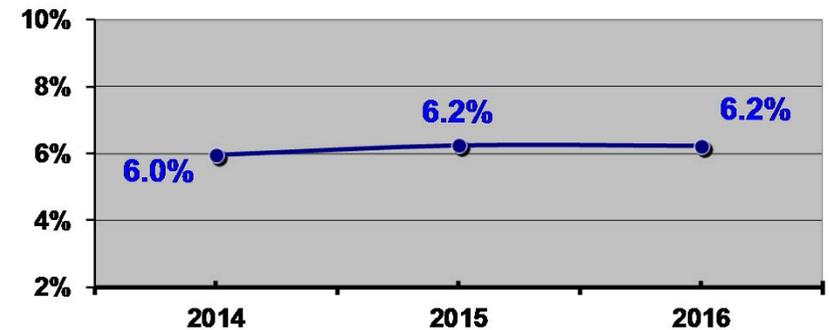
Indicator I.8: Employee Benefits

Medical and Retirement Benefits as % of Wages & Salaries



Indicator I.2: State Aid

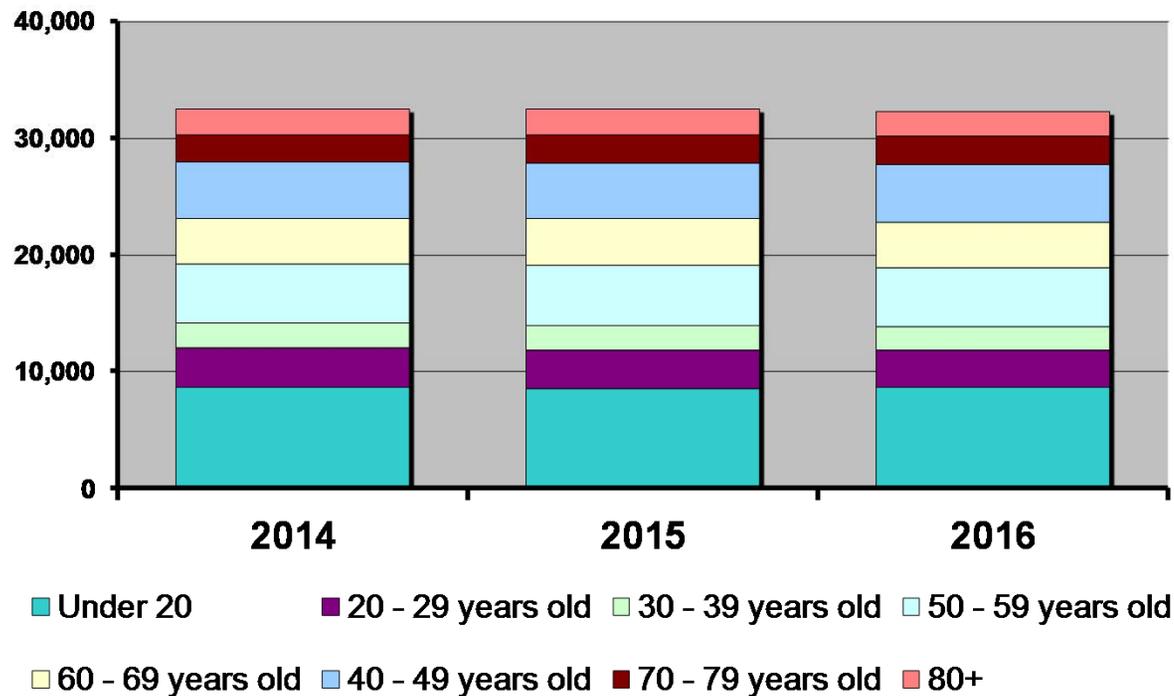
State Aid as % of Operating Revenue





Marginal Indicators

Indicator I.14: Population

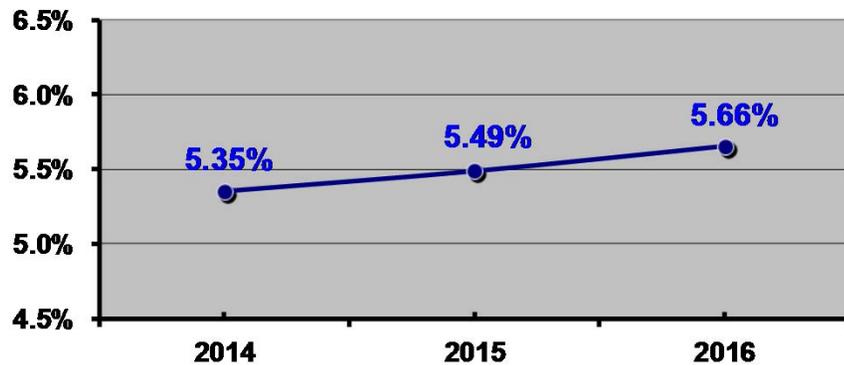




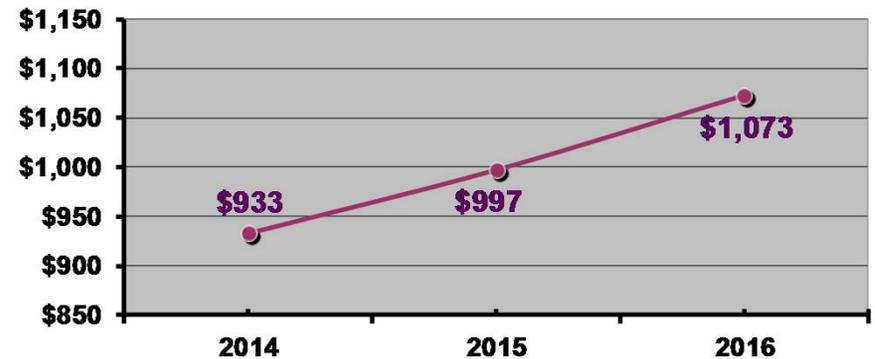
Marginal Indicators

Indicator I.11: Debt Service

Within-Levy Debt Service as % of General Fund Revenues



Residential Share, Net Debt Service Per Household



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

Residential Share of Net Exempt Debt Service Per Household

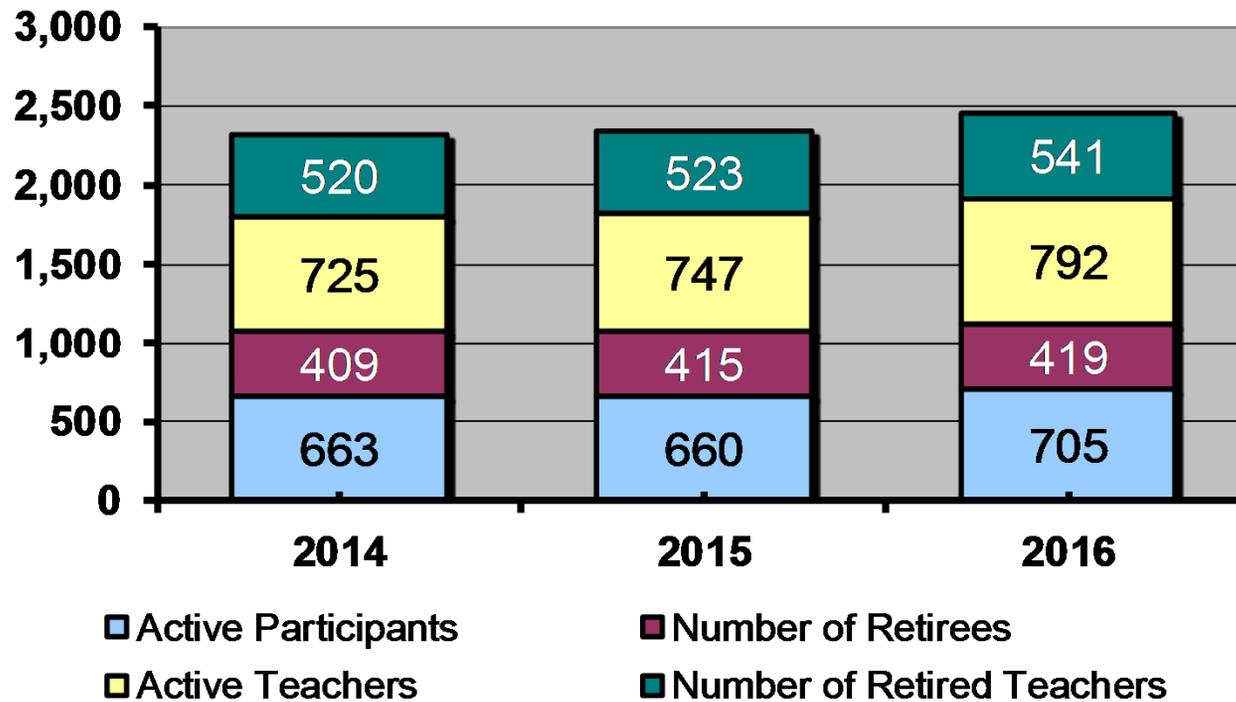


Note: Does not reflect any potential increase in exempt debt service resulting from the planned School Department building projects.



Unfavorable Indicators

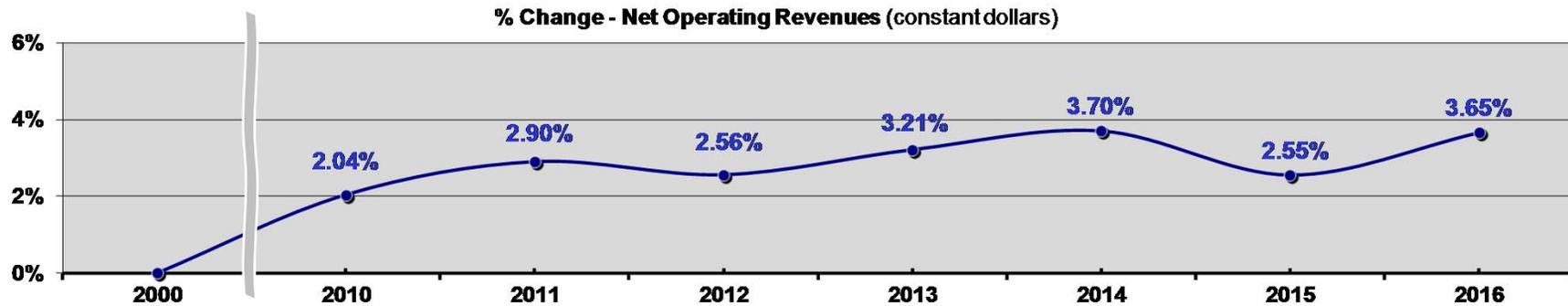
Indicator I.9: Participants in the Lexington Retirement System





Indicator I.1: Revenues

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



Fiscal Year	2000*	2010	2011	2012	2013	2014	2015	2016
Gross operating revenue/transfers	\$ 81,597,556	\$ 146,116,341	\$ 152,465,461	\$ 160,271,333	\$ 168,234,519	\$ 177,271,556	\$ 184,930,094	\$ 193,420,064
Less: Exempt Debt Service ¹	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654	\$ 7,423,332	\$ 8,324,697
Net Operating Revenues	\$ 81,477,556	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499	\$ 162,035,438	\$ 170,343,902	\$ 177,506,762	\$ 185,095,367
CPI-U, prior calendar year	176.0	233.8	237.4	243.9	247.7	251.1	255.2	256.7
CPI-U, adjustment for constant dollars	100%	75.3%	74.1%	72.2%	71.0%	70.1%	69.0%	68.6%
Net Operating Revenues (constant dollars)	\$ 81,477,556	\$ 105,677,661	\$ 108,745,973	\$ 111,532,722	\$ 115,116,828	\$ 119,378,220	\$ 122,426,132	\$ 126,898,641
Percent Change from prior year (net)	-	2.04%	2.90%	2.56%	3.21%	3.70%	2.55%	3.65%

¹ Excluded Debt Service for FY2013-16 is net of appropriation of \$0.400, \$1.600, \$0.950 and \$0.215 million, respectively, from Capital Stabilization Fund to mitigate debt service increases.

*Proposition 2^{1/2} Overrides were approved by voters in fiscal years 2001, 2005, 2007 and 2008. Debt exclusions were approved in fiscal years 2000, 2003, 2008 and 2012.

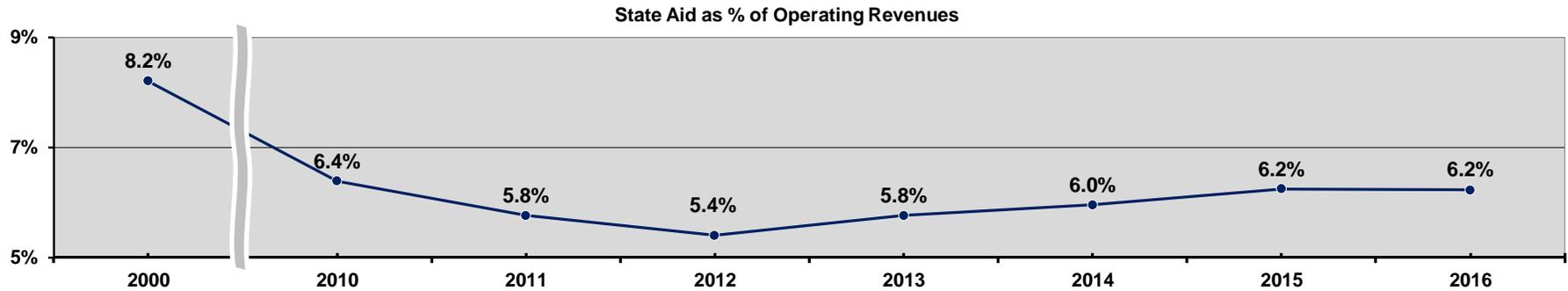
Revenue growth is one measure of the Town's ability to maintain existing service levels. Lexington has witnessed some fluctuations in revenues in constant dollars during the first half of this decade; despite this, growth has for the most part been positive.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



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	2010	2011	2012	2013	2014	2015	2016
Cherry Sheet Revenues (Less Offset Items)	\$ 7,553,282	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659	\$ 11,081,189	\$ 11,526,957
Less: School Building Reimbursements	\$ 863,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net State Aid Revenues	\$ 6,689,298	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659	\$ 11,081,189	\$ 11,526,957
Net Operating Revenues	\$ 81,477,556	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499	\$ 162,035,438	\$ 170,343,902	\$ 177,506,762	\$ 185,095,367
State Aid as a % of Operating Revenues	8.2%	6.4%	5.8%	5.4%	5.8%	6.0%	6.2%	6.2%
CPI-U, prior CY	176.0	233.8	237.4	243.9	247.7	251.1	255.2	256.7
CPI-U, adjustment for constant dollars	100%	75.3%	74.1%	72.2%	71.0%	70.1%	69.0%	68.6%
Net State Aid Revenues (constant dollars)	\$ 6,689,298	\$ 6,747,062	\$ 6,267,018	\$ 6,019,471	\$ 6,631,633	\$ 7,109,449	\$ 7,642,678	\$ 7,902,711
% change from prior year (constant dollars)	-	-5.9%	-7.1%	-3.9%	10.2%	7.2%	7.5%	3.4%

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 State funding. In order to protect itself, 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.

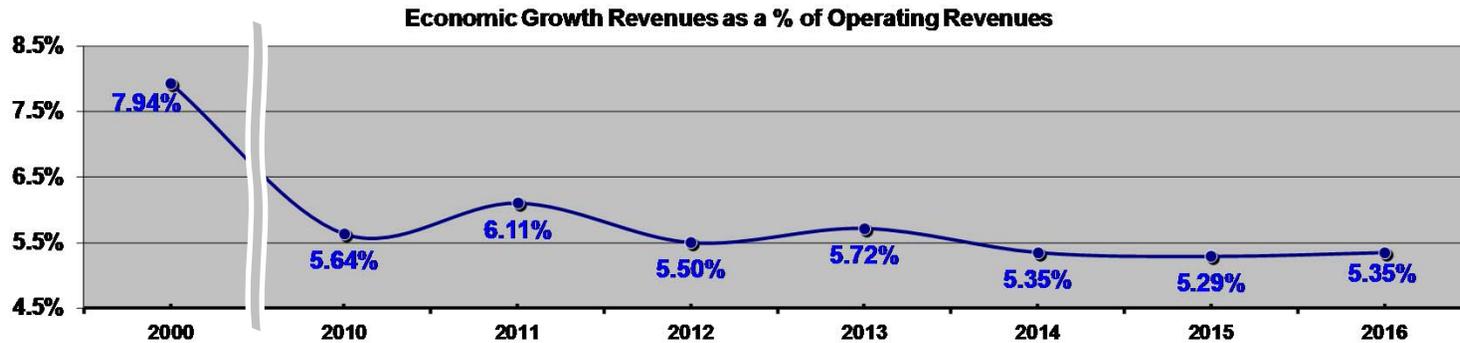
On a constant dollar basis, State Aid steadily increased from FY2004-09, before decreasing in FY2010-12 as a result of the economic downturn. However, it increased substantially in FY2013-15, to reach a more moderate level of growth in FY2016. Recent growth is largely due to increased Education Aid (Chapter 70 formula), which is based, in part, on the overall number of students.

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



Indicator I.3: Revenues Related to Economic Growth

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



Fiscal Year	2000	2010	2011	2012	2013	2014	2015	2016
Net operating revenues (constant dollars)	\$ 81,477,556	\$ 105,677,661	\$ 108,745,973	\$ 111,532,722	\$ 115,116,828	\$ 119,378,220	\$ 122,426,132	\$ 126,898,641
Building-Related Fees & Permits	\$ 853,523	\$ 1,777,132	\$ 1,481,549	\$ 1,233,827	\$ 1,430,124	\$ 1,403,956	\$ 1,556,881	\$ 2,297,730
Motor Vehicle Excise (MVE)	\$ 3,642,106	\$ 3,664,628	\$ 4,052,006	\$ 3,924,928	\$ 4,300,549	\$ 4,695,332	\$ 4,941,045	\$ 4,953,052
Levy Growth from New Residential Construction	\$ 353,976	\$ 1,206,197	\$ 1,112,487	\$ 1,222,142	\$ 1,400,099	\$ 1,451,904	\$ 1,686,061	\$ 1,712,987
Levy Growth from New Industrial/Commerical Growth	\$ 897,607	\$ 206,414	\$ 1,208,359	\$ 960,174	\$ 1,297,354	\$ 635,052	\$ 408,312	\$ 197,429
Levy Growth from Personal Property	\$ 719,000	\$ 1,058,669	\$ 1,105,704	\$ 1,164,220	\$ 841,492	\$ 930,379	\$ 802,610	\$ 743,704
Total: Economic Growth Revenues	\$ 6,466,212	\$ 7,913,040	\$ 8,960,105	\$ 8,505,291	\$ 9,269,618	\$ 9,116,623	\$ 9,394,909	\$ 9,904,903
CPI-U, prior calendar year	176.0	233.8	237.4	243.9	247.7	251.1	255.2	256.7
CPI-U, adjustment for constant dollars	100%	75.3%	74.1%	72.2%	71.0%	70.1%	69.0%	68.6%
Revenues related to economic growth (constant dollars)	\$ 6,466,212	\$ 5,957,340	\$ 6,641,419	\$ 6,137,958	\$ 6,585,529	\$ 6,388,994	\$ 6,479,654	\$ 6,790,655
Economic Growth Revenues as % of Operating Revenues (constant dollars)	7.94%	5.64%	6.11%	5.50%	5.72%	5.35%	5.29%	5.35%

Notes:

Building Related Fees & Permits inclusive of all Building, Wiring, Gas & Plumbing permits, FY 2000-2016.

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.

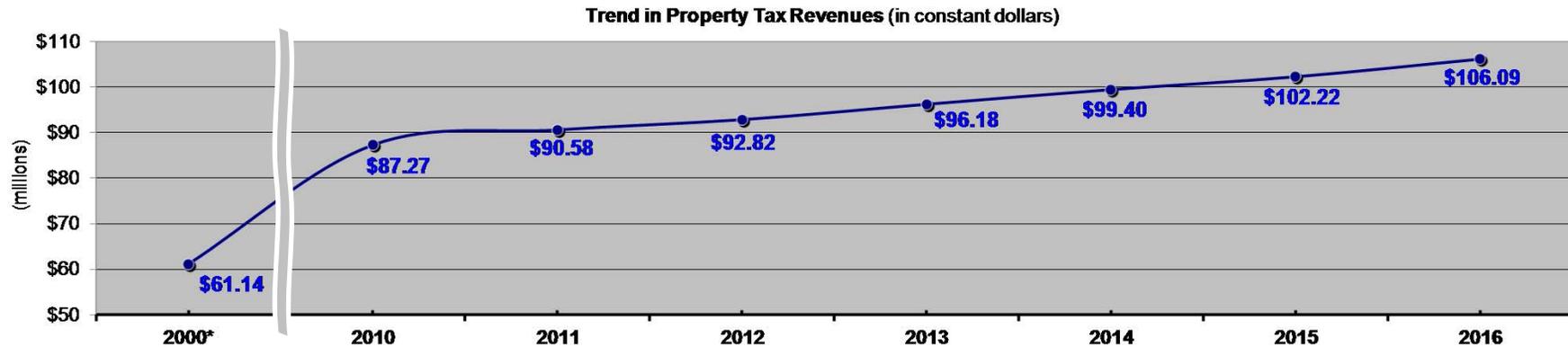
The increases in FY2011-13 Industrial/Commercial levy growth is partially a result of large expansions at Shire HGT and Cubist. The FY2016 increase in Fees and Permits is partially a result of new construction on Hartwell and Hayden Avenues.

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



Indicator I.4: Property Tax Revenues

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



Fiscal Year	2000*	2010	2011	2012	2013	2014	2015	2016
Property Tax Levy and CPA Surcharge	\$61,263,838	\$ 124,695,369	\$ 131,108,723	\$ 137,644,548	\$ 145,063,863	\$ 152,461,138	\$ 159,542,871	\$ 167,240,847
Less: Exempt Debt Service, net of mitigation	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654	\$ 7,423,332	\$ 8,324,697
Less: Comm. Pres. Act surcharge	N/A	\$ 3,027,909	\$ 3,153,000	\$ 3,307,000	\$ 3,478,000	\$ 3,691,000	\$ 3,907,000	\$ 4,166,000
Net Property Tax Revenues	\$61,143,838	\$ 115,921,075	\$ 122,202,173	\$ 128,615,714	\$ 135,386,782	\$ 141,842,484	\$ 148,212,539	\$ 154,750,150
CPI-U, 2000 base year	176.0	233.8	237.4	243.9	247.7	251.1	255.2	256.7
CPI-U, adjustment for constant dollars	100%	75.3%	74.1%	72.2%	71.0%	70.1%	69.0%	68.6%
Property Tax Revenues (constant dollars)	\$ 61,143,838	\$ 87,271,297	\$ 90,578,837	\$ 92,817,258	\$ 96,184,496	\$ 99,404,223	\$ 102,221,953	\$ 106,094,410
Percent increase over prior year (constant dollars)	-	5.4%	3.8%	2.5%	3.6%	3.3%	2.8%	3.8%

Notes:

*Proposition 21/2 Overrides were approved by voters in fiscal years 2001, 2005, 2007 and 2008. Debt exclusions were approved in fiscal years 2000, 2003, 2008 and 2012. CPA was adopted in Lexington in 2006.

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 FY2016.

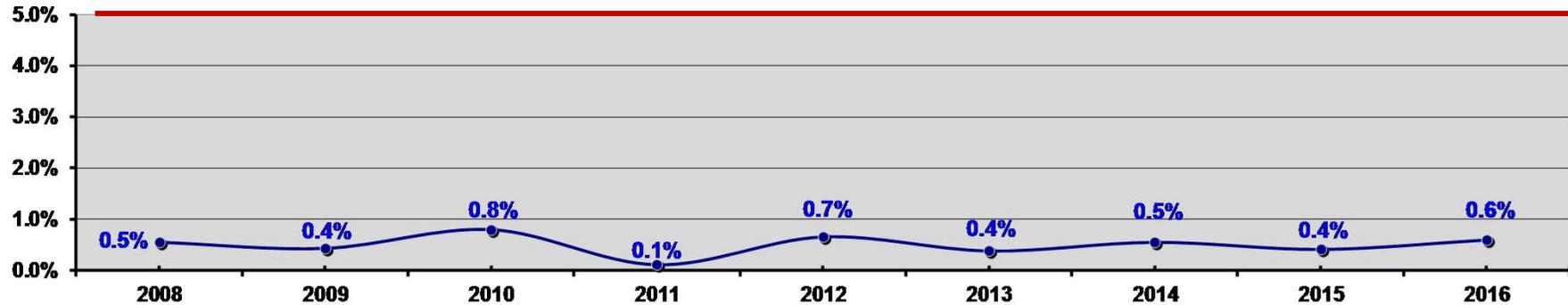
Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



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 % of Net Property Tax Levy



Fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Property Tax Levy ¹	\$110,206,659	\$116,338,164	\$121,667,460	\$127,955,723	\$134,337,548	\$141,585,863	\$148,770,138	\$155,635,871	\$163,074,847
Reserved for Abatements & Exemptions	\$1,139,127	\$1,276,988	\$850,587	\$896,369	\$1,023,396	\$770,344	\$779,391	\$953,485	\$750,000
Net Property Tax Levy	\$109,067,533	\$115,061,176	\$120,816,873	\$127,059,354	\$133,314,153	\$140,815,520	\$147,990,747	\$154,682,386	\$162,324,847
Uncollected Taxes as of June 30	\$597,349	\$493,115	\$960,210	\$136,474	\$868,845	\$530,914	\$808,356	\$630,929	\$961,880
Uncollected Taxes as a Percentage of Net Property Tax Levy	0.5%	0.4%	0.8%	0.1%	0.7%	0.4%	0.5%	0.4%	0.6%

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

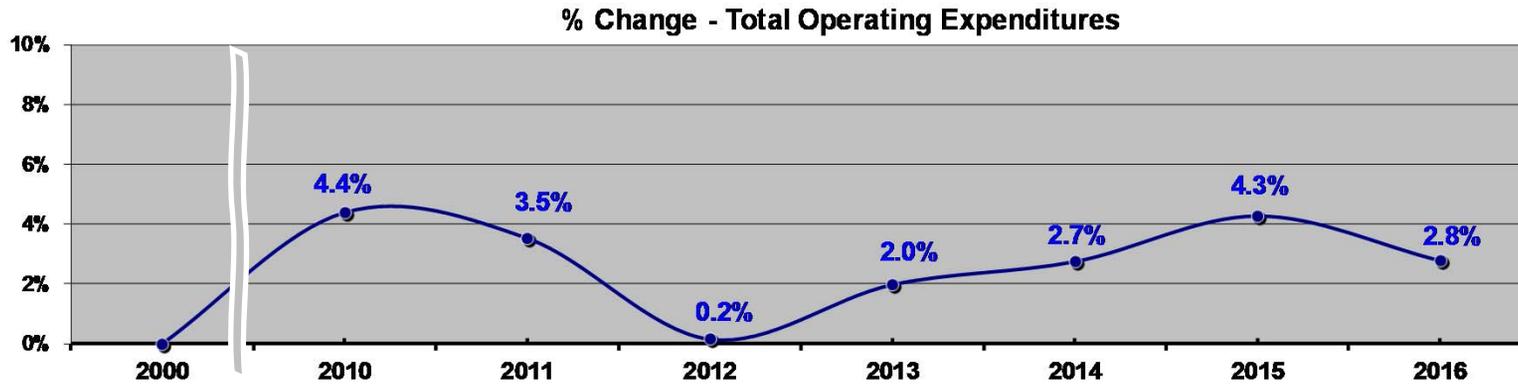
An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating agencies generally consider uncollected taxes in excess of 5% as a warning trend. Lexington has consistently maintained a strong position on this indicator, even during economic downturns.

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*	2010	2011	2012	2013	2014	2015	2016
Education	\$ 45,998,542	\$ 65,905,578	\$ 69,484,008	\$ 72,892,034	\$ 75,778,084	\$ 81,960,513	\$ 86,517,185	\$ 90,454,850
Shared Expenses (Benefits, Debt)	\$ 12,548,933	\$ 31,239,975	\$ 32,866,993	\$ 33,202,243	\$ 34,164,911	\$ 32,850,351	\$ 35,430,532	\$ 36,087,543
Public Works ¹	\$ 6,537,136	\$ 8,424,261	\$ 8,414,202	\$ 8,359,134	\$ 8,386,350	\$ 8,869,035	\$ 9,338,665	\$ 8,637,275
Public Facilities ²	\$ -	\$ 8,763,578	\$ 9,974,653	\$ 9,242,458	\$ 9,327,188	\$ 9,677,333	\$ 9,958,057	\$ 9,821,426
Public Safety	\$ 7,287,524	\$ 10,530,736	\$ 10,528,156	\$ 10,961,859	\$ 11,523,237	\$ 11,498,487	\$ 12,237,587	\$ 13,289,618
Library	\$ 1,354,201	\$ 1,907,300	\$ 1,957,036	\$ 1,999,081	\$ 2,026,048	\$ 2,146,544	\$ 2,137,906	\$ 2,394,198
Human Services	\$ 412,759	\$ 376,979	\$ 443,098	\$ 484,833	\$ 990,387	\$ 1,152,878	\$ 1,071,060	\$ 1,124,665
Community Development	\$ 875,758	\$ 1,260,291	\$ 1,444,153	\$ 1,540,809	\$ 1,618,746	\$ 1,599,593	\$ 1,883,207	\$ 1,969,162
General Government	\$ 2,224,652	\$ 3,702,269	\$ 3,805,831	\$ 4,219,292	\$ 4,211,573	\$ 4,427,831	\$ 4,782,252	\$ 5,132,560
Total Operating Expenditure	\$ 77,239,505	\$ 132,110,966	\$ 138,918,131	\$ 142,901,743	\$ 148,026,525	\$ 154,182,564	\$ 163,356,451	\$ 168,911,297
Total Operating Expenditure (constant dollars)	\$ 77,239,505	\$ 99,459,872	\$ 102,969,058	\$ 103,126,963	\$ 105,164,304	\$ 108,052,239	\$ 112,666,685	\$ 115,803,082
Percent change from prior years	-	4.4%	3.5%	0.2%	2.0%	2.7%	4.3%	2.8%

¹ For Public Works, abnormally high snow removal costs during the winter of 2014-15 caused expenses to exceed the original snow removal budget by approximately \$1.1 million in FY2015.

² In FY2000, cost of Public Facilities are components of spending in Public Works and Education. Increase from FY10 to FY11 is attributable to unanticipated costs associated with mitigating PCBs at the Estabrook Elementary School.

Notes:

*Proposition 21/2 Overrides were approved by voters in fiscal years 2001, 2005, 2007 and 2008. Debt exclusions were approved in fiscal years 2000, 2003, 2008 and 2012.

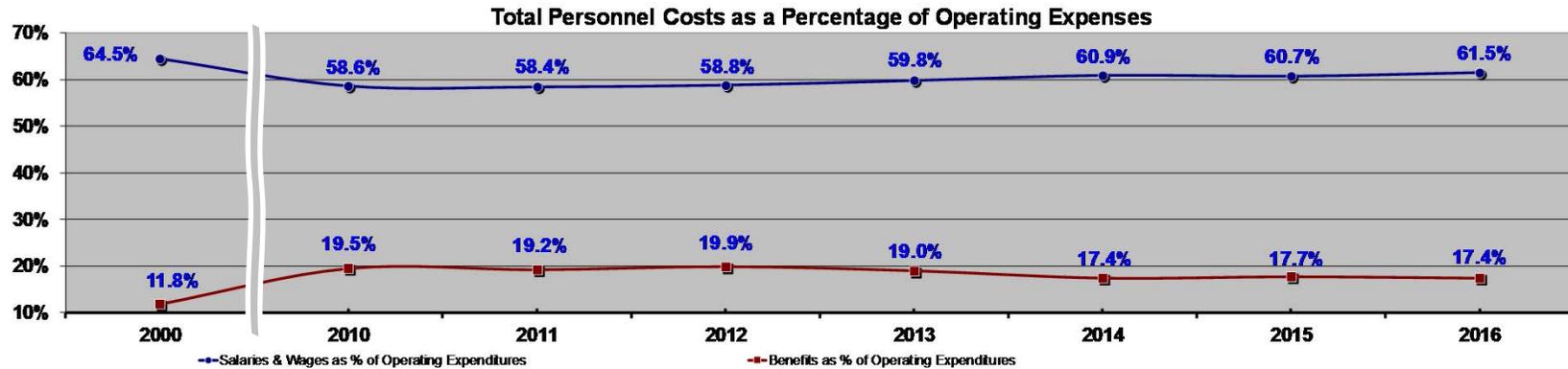
Increasing operating expenditures can indicate that the cost of providing services is exceeding the Town's ability to pay. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



Indicator I.7: Personnel Costs

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



Fiscal Year	2000	2010	2011	2012	2013	2014	2015	2016
Operating Expenditures ¹	\$ 77,239,505	\$ 132,110,966	\$ 138,918,131	\$ 142,901,743	\$ 148,026,525	\$ 154,182,564	\$ 163,356,451	\$ 168,911,297
Total Municipal Wages	\$ 13,153,420	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439	\$ 20,390,111	\$ 21,164,252	\$ 21,605,890	\$ 23,000,727
School Wages	\$ 36,641,456	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626	\$ 72,889,506	\$ 76,126,191
Public Facilities Wages ²	\$ -	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830	\$ 3,989,760	\$ 4,482,549	\$ 4,701,526	\$ 4,768,044
Benefits	\$ 9,108,833	\$ 25,702,400	\$ 26,650,960	\$ 28,380,746	\$ 28,083,601	\$ 26,822,039	\$ 28,905,912	\$ 29,357,382
Total Wage & Benefit Costs	\$ 58,903,709	\$ 103,132,564	\$ 107,791,502	\$ 112,412,496	\$ 116,581,424	\$ 120,740,466	\$ 128,102,834	\$ 133,252,343
Salaries & Wages as % of Operating Expenditures	64.5%	58.6%	58.4%	58.8%	59.8%	60.9%	60.7%	61.5%
Benefits as % of Operating Expenditures	11.8%	19.5%	19.2%	19.9%	19.0%	17.4%	17.7%	17.4%
Total Wage & Benefit Costs as % of Operating Expenditures	76.3%	78.1%	77.6%	78.7%	78.8%	78.3%	78.4%	78.9%

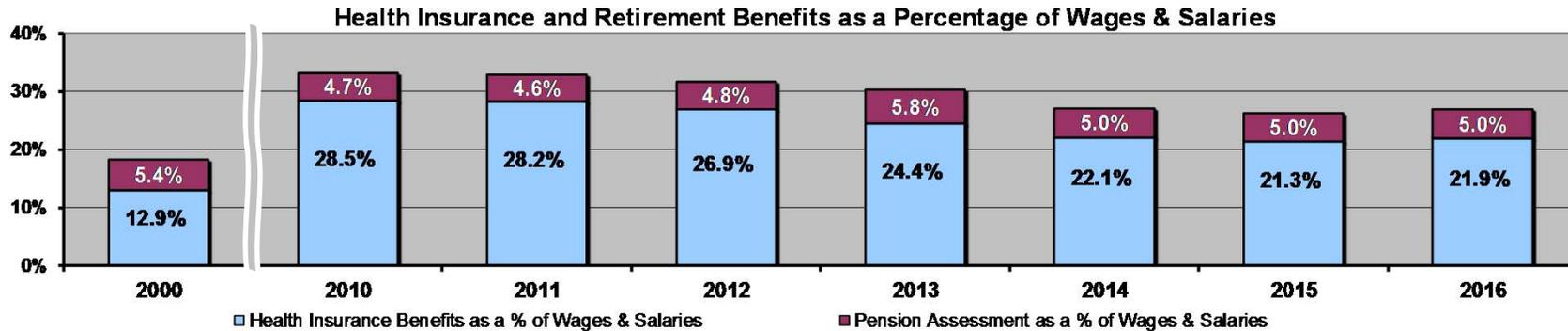
¹ In FY2000, Public Facilities Wages were part of the amounts shown in "Municipal" and "School" Wages. Operating expenditures include Wages and Expenses for all operating departments.

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: 1) First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. 2) Second, if salaries and wages as a percent of operating expenditures are increasing, it may be an indicator of deferred maintenance of the Town's infrastructure. Wages and benefits as a percentage of total expenditures have remained relatively constant, a positive indication that the Town is not sacrificing capital and maintenance in order to fund personnel.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



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



Fiscal Year	2000	2010	2011	2012	2013**	2014	2015	2016
Health Insurance Benefits	\$ 6,442,875	\$ 22,030,891	\$ 22,920,405	\$ 22,616,553	\$ 21,635,504	\$ 20,730,153	\$ 21,167,000	\$ 22,758,255
Pension Assessment	\$ 2,665,958	\$ 3,671,509	\$ 3,730,555	\$ 4,015,915	\$ 5,137,392	\$ 4,730,629	\$ 4,932,601	\$ 5,199,475
Wages & Salaries - Municipal	\$ 13,153,420	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439	\$ 20,390,111	\$ 21,164,252	\$ 21,605,890	\$ 23,000,727
Wages & Salaries - Schools	\$ 36,641,456	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626	\$ 72,889,506	\$ 76,126,191
Wages & Salaries - Public Facilities ¹	\$ -	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830	\$ 3,989,760	\$ 4,482,549	\$ 4,701,526	\$ 4,768,044
Total Wages & Salaries	\$ 49,794,876	\$ 77,430,164	\$ 81,140,542	\$ 84,031,750	\$ 88,497,823	\$ 93,918,427	\$ 99,196,922	\$ 103,894,961
Health Insurance Benefits as a % of Wages & Salaries	12.9%	28.5%	28.2%	26.9%	24.4%	22.1%	21.3%	21.9%
Pension Assessment as a % of Wages & Salaries	5.4%	4.7%	4.6%	4.8%	5.8%	5.0%	5.0%	5.0%
Total Benefits Spending as % of Wages	18.3%	33.2%	32.8%	31.7%	30.3%	27.1%	26.3%	26.9%

¹ In FY2000, Public Facilities Wages were part of the amounts shown in "Municipal" and "Schools".

**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 in the assumed rate of return to 7.75% and revised assumptions of employee mortality.

Fringe benefits represent a significant share of the Town's operating costs. While benefit spending as a percentage of wages and salaries has almost doubled since 2000, it has leveled off since the Town joined the Group Insurance Commission (GIC) in 2013.

Note that per the current pension funding schedule, the Lexington Retirement System's unfunded pension liability will be retired in 2024. For an explanation of the increase in the Pension Assessment, please see Indicator 10.

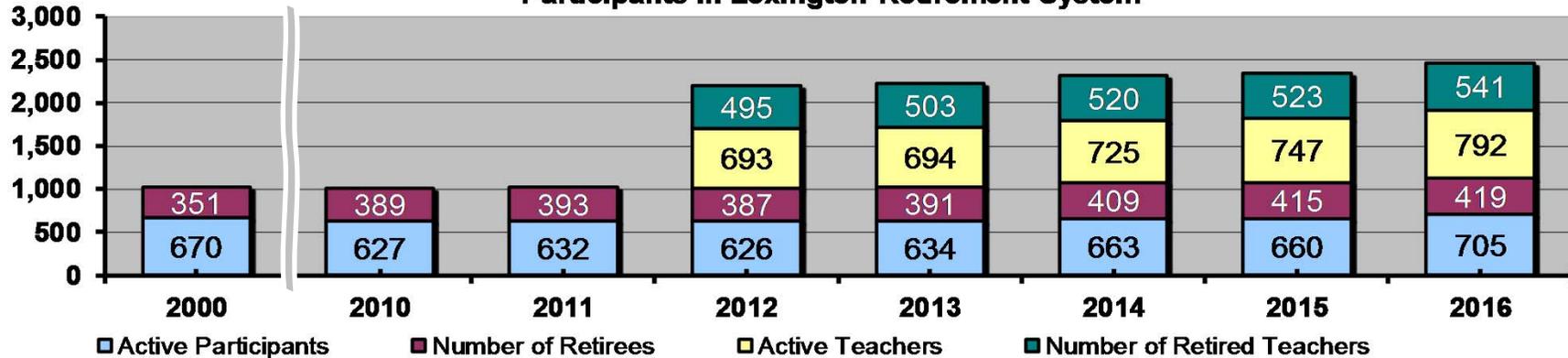
Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



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.

Participants in Lexington Retirement System



Calendar Year (as of December 31)	2000	2010	2011	2012	2013	2014	2015	2016
Number of School Employees (Non-teaching)	N/A	327	337	326	325	339	332	379
Number of Municipal Employees	N/A	300	295	300	309	324	328	326
Active Participants	670	627	632	626	634	663	660	705
Number of Retirees	351	389	393	387	391	409	415	419
Active Teachers	-	-	-	693	694	725	747	792
Number of Retired Teachers	-	-	-	495	503	520	523	541
Total	1,021	1,016	1,025	2,201	2,222	2,317	2,345	2,457

Note: Teachers do not belong to the Lexington Retirement System, and are instead members of the Massachusetts Teacher Retirement System (MTRS). Prior to 2012, data for the number of active and retired teachers had not been compiled for this indicator. As a result, 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. The increasing number of retirees places pressure on the health insurance budget. For more information on the Town's obligations for Other Post Employment Benefits (OPEB), please refer to Appendix C, OPEB.

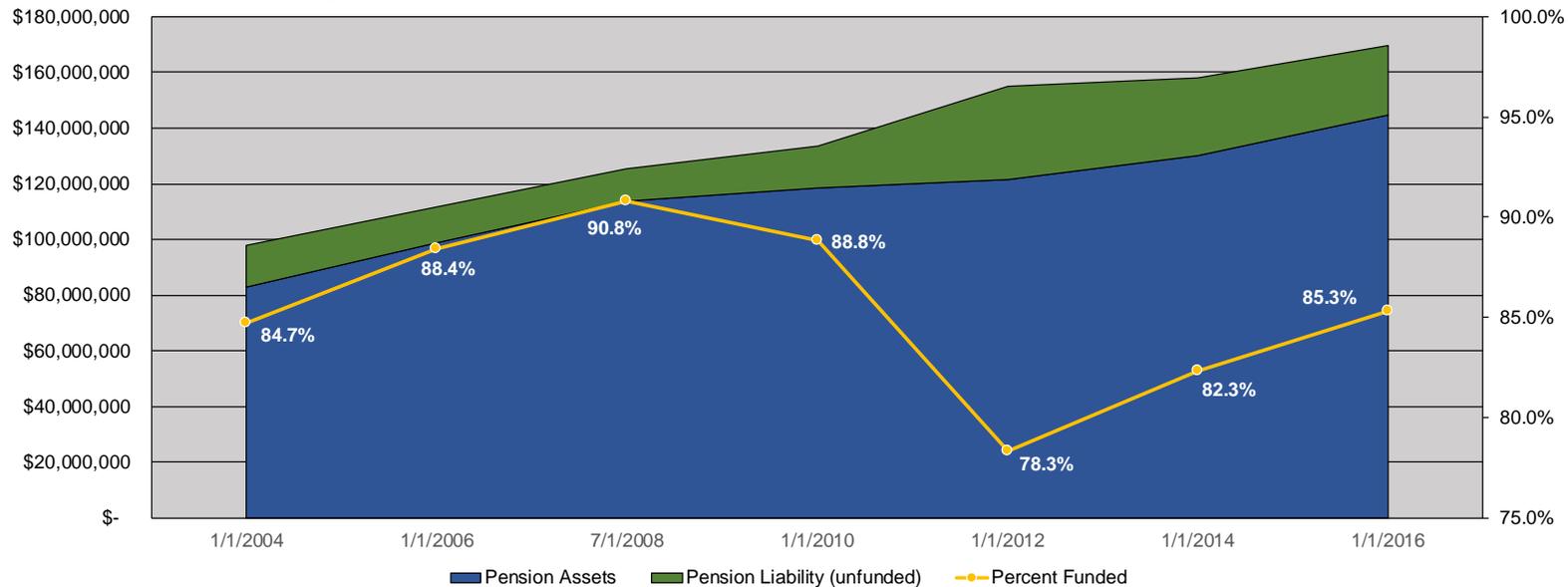
Lexington Trend	
Favorable	
Marginal	
Unfavorable	✓
Uncertain	



Indicator I.10: Pension Liability

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

Lexington Retirement System - Pension Assets and Percent Funded Over Time



Actuarial Date	1/1/2004	1/1/2006	7/1/2008	1/1/2010	1/1/2012	1/1/2014	1/1/2016
Total Liability	\$98,031,000	\$111,724,000	\$125,412,000	\$133,456,115	\$154,907,134	\$158,134,597	\$169,564,366
Pension Assets	\$83,050,000	\$98,759,000	\$113,880,000	\$118,558,908	\$121,339,690	\$130,168,913	\$144,699,520
Pension Liability (unfunded)	\$14,981,000	\$12,965,000	\$11,532,000	\$14,897,207	\$33,567,444	\$27,965,684	\$24,864,846
Percent Funded	84.7%	88.4%	90.8%	88.8%	78.3%	82.3%	85.3%

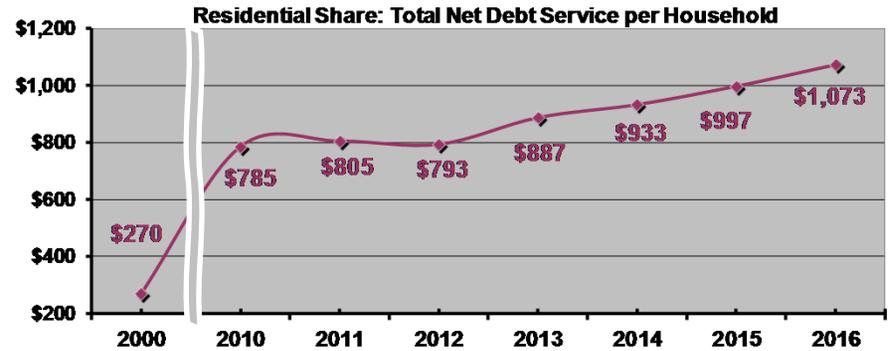
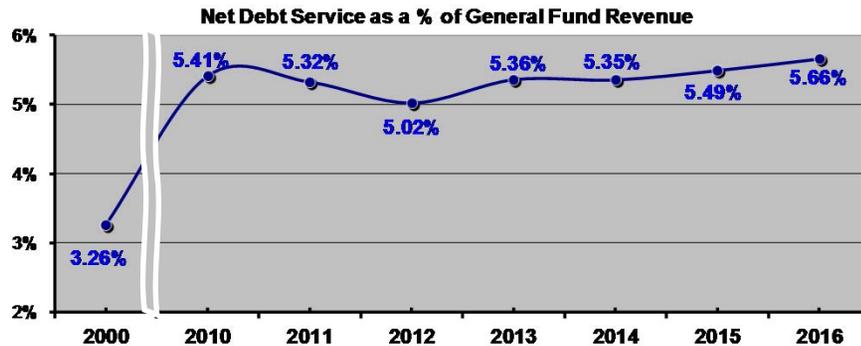
As of January 1, 2016, the actuarial valuation of assets of the Lexington Retirement System was \$144.7 million and the System was 85.3% funded. At the current level of annual appropriations, Lexington is projected to fully fund its pension system in 2024.

Also see Appendices C and F for additional information regarding the Lexington Retirement System.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



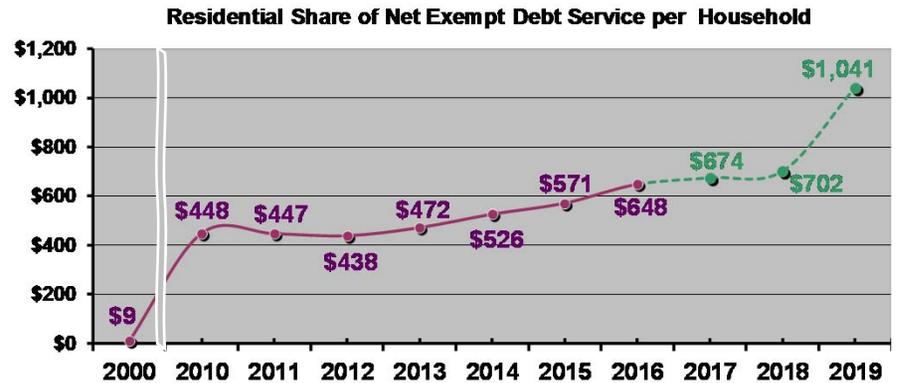
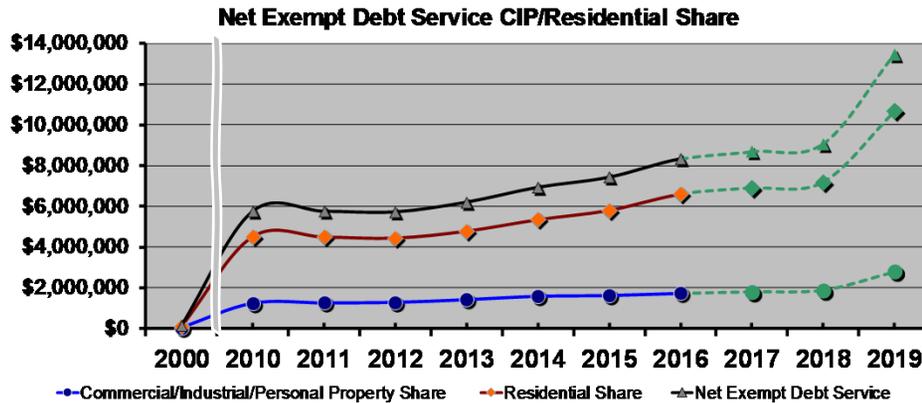
Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Fiscal Year	2000	2010	2011	2012	2013	2014	2015	2016
A. Gross Exempt Debt Service	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654	\$ 8,373,332	\$ 8,539,697
B. Mitigation - Exempt Debt	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 1,600,000	\$ 950,000	\$ 215,000
C. Net Exempt Debt Service (A - B)	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654	\$ 7,423,332	\$ 8,324,697
D. Within Levy Debt Service	\$ 3,419,863	\$ 4,315,849	\$ 4,614,721	\$ 4,631,164	\$ 5,463,031	\$ 5,352,371	\$ 6,461,491	\$ 6,081,019
E. Mitigation - Within Levy Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 919,000	\$ 620,567
F. Net Within Levy Debt (D - E)	\$ 3,419,863	\$ 4,315,849	\$ 4,614,721	\$ 4,631,164	\$ 5,463,031	\$ 5,352,371	\$ 5,542,491	\$ 5,460,452
Total Net Debt Service (C + F)	\$ 3,539,863	\$ 10,062,234	\$ 10,368,271	\$ 10,352,998	\$ 11,662,112	\$ 12,280,025	\$ 12,965,823	\$ 13,785,149
Commercial/Industrial Share of Total Net Debt Service	\$ 877,378	\$ 2,157,343	\$ 2,254,062	\$ 2,305,613	\$ 2,651,964	\$ 2,791,348	\$ 2,817,875	\$ 2,847,143
Residential Share of Total Net Debt Service	\$ 2,662,485	\$ 7,904,891	\$ 8,114,209	\$ 8,047,385	\$ 9,010,148	\$ 9,488,677	\$ 10,147,948	\$ 10,938,006
General Fund Revenue	\$ 81,597,556	\$ 146,116,341	\$ 152,465,461	\$ 160,271,333	\$ 168,234,519	\$ 177,271,556	\$ 184,930,094	\$ 193,420,064
Net Debt Service as a % of General Fund Revenue	3.26%	5.41%	5.32%	5.02%	5.36%	5.35%	5.49%	5.66%
Households	9,866	10,066	10,081	10,143	10,156	10,172	10,177	10,195
Total Net Debt Service per Household	\$ 270	\$ 785	\$ 805	\$ 793	\$ 887	\$ 933	\$ 997	\$ 1,073

Over the last 15 years, Lexington has invested extensively in new capital projects – multiple school reconstruction projects with investments at most of the 9 schools, including new schools for Fiske, Harrington and Estabrook, Lincoln Park, an ongoing street reconstruction project, and a \$26 million Public Services Building 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. 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 as a result of the approval of debt service mitigation by Town Meeting, detailed above.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



Fiscal Year	2000	2010	2011	2012	2013	2014	2015	2016	Projected		
									2017	2018	2019
Exempt Debt Service - Issued Debt	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654	\$ 8,373,332	\$ 8,539,697	\$ 7,949,726	\$ 7,690,949	\$ 7,327,631
Exempt Debt Service - All Proposed Projects									\$ 731,833	\$ 5,882,198	\$ 10,452,634
Total Anticipated Exempt Debt Service	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,599,081	\$ 8,527,654	\$ 8,373,332	\$ 8,539,697	\$ 8,681,559	\$ 13,573,147	\$ 17,780,265
Exempt Debt Mitigation	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 1,600,000	\$ 950,000	\$ 215,000	\$ -	\$ 4,523,906	\$ 4,330,640
Net Exempt Debt Service	\$ 120,000	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,199,081	\$ 6,927,654	\$ 7,423,332	\$ 8,324,697	\$ 8,681,559	\$ 9,049,241	\$ 13,449,625
Commercial/Industrial/Personal Property Share	\$ 29,743	\$ 1,232,025	\$ 1,250,822	\$ 1,274,252	\$ 1,409,671	\$ 1,574,711	\$ 1,613,320	\$ 1,719,358	\$ 1,793,063	\$ 1,869,003	\$ 2,777,845
Residential Share	\$ 90,257	\$ 4,514,360	\$ 4,502,728	\$ 4,447,582	\$ 4,789,410	\$ 5,352,943	\$ 5,810,012	\$ 6,605,339	\$ 6,888,496	\$ 7,180,238	\$ 10,671,780
Households	9,866	10,066	10,081	10,143	10,156	10,172	10,177	10,195	10,215	10,234	10,254
Debt Service per Residential Household	\$ 9	\$ 448	\$ 447	\$ 438	\$ 472	\$ 526	\$ 571	\$ 648	\$ 674	\$ 702	\$ 1,041

Note: Funded School Projects include \$4.08M, \$5.386M, Clarke, Diamond, Hastings Design, and \$660,000 Supplemental for Elementary Modulars.
All Other New Projects includes Hastings construction, Police and Fire station renovations, Lexington Children's Program renovations, and LHS HVAC improvements.

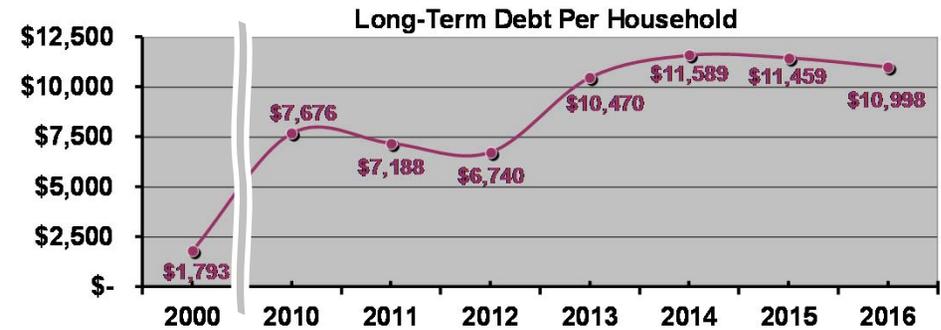
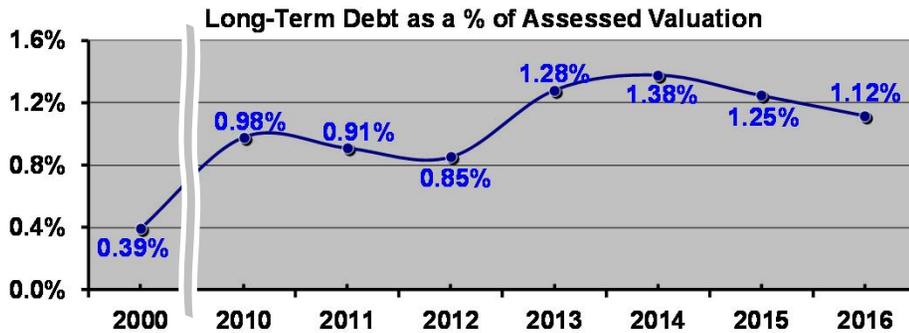
This indicator shows Lexington's history of exempt debt service, and projects its growth into Fiscal 2019 (noted in green) based on modeling done by the Finance Department in September 2016. The graph on the left shows total Net Exempt Debt Service, but breaks out separately Commercial/Industrial/Personal 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.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



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	2010	2011	2012	2013	2014	2015	2016
Bonds Outstanding (all funds)	\$17,686,201	\$ 77,270,164	\$72,458,630	\$68,362,969	\$106,330,421	\$117,880,602	\$116,613,728	\$112,127,785
Assessed Valuation	\$4,506,277,290	\$7,891,590,610	\$7,973,719,190	\$8,026,687,320	\$8,307,956,760	\$8,555,595,350	\$9,359,615,090	\$10,048,547,685
Long-Term Debt as a % of Assessed Valuation	0.39%	0.98%	0.91%	0.85%	1.28%	1.38%	1.25%	1.12%
Households	9,866	10,066	10,081	10,143	10,156	10,172	10,177	10,195
Long-Term Debt per Household	\$1,793	\$7,676	\$7,188	\$6,740	\$10,470	\$11,589	\$11,459	\$10,998

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

These financial indicators are evaluated by the credit rating organizations as measures of a 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 is the result of voter-approved exempt debt which financed the renovation of the Bridge and Bowman schools, and the reconstruction of the Estabrook school.

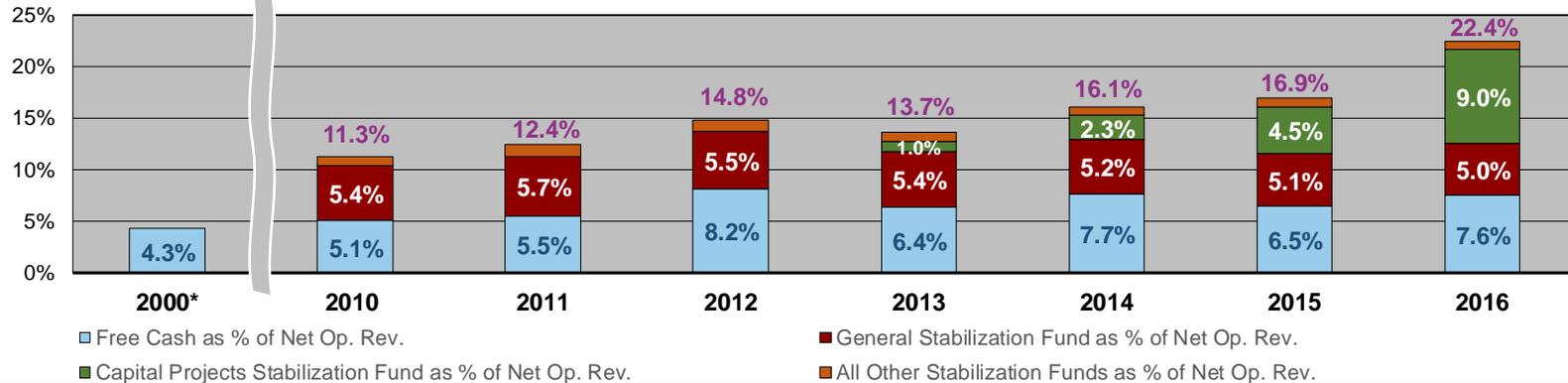
Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



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 % of Net Operating Revenue



As of June 30th	2000*	2010	2011	2012	2013	2014	2015	2016
Undesignated Fund Balance **	\$ 5,013,984	\$ 11,169,915	\$ 12,795,293	\$ 17,183,772	\$ 14,598,830	\$ 17,370,882	\$ 15,072,831	\$ 17,513,927
Reserves								
Certified Free Cash ¹	\$ 3,528,323	\$ 7,125,000	\$ 8,134,100	\$ 12,600,931	\$ 10,303,125	\$ 13,108,282	\$ 11,475,187	\$ 14,000,000
General Stabilization Fund	\$ 18,280	\$ 7,523,979	\$ 8,376,820	\$ 8,551,561	\$ 8,744,262	\$ 8,895,689	\$ 9,056,939	\$ 9,251,859
Capital Projects Stabilization Fund					\$ 1,601,836	\$ 3,990,704	\$ 8,048,466	\$ 16,725,947
All Other Stabilization Funds ²		\$ 1,216,781	\$ 1,697,231	\$ 1,711,540	\$ 1,471,901	\$ 1,396,302	\$ 1,464,578	\$ 1,526,355
Net Operating Revenues	\$ 81,597,556	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499	\$ 162,035,438	\$ 170,343,902	\$ 177,506,762	\$ 185,095,367
Free Cash as % of Net Op. Rev.	4.3%	5.1%	5.5%	8.2%	6.4%	7.7%	6.5%	7.6%
General Stabilization Fund as % of Net Op. Rev.		5.4%	5.7%	5.5%	5.4%	5.2%	5.1%	5.0%
Capital Projects Stabilization Fund as % of Net Op. Rev.					1.0%	2.3%	4.5%	9.0%
All Other Stabilization Funds as % of Net Op. Rev.		0.9%	1.2%	1.1%	0.9%	0.8%	0.8%	0.8%
Total Reserves as % of Net Op. Rev.	4.3%	11.3%	12.4%	14.8%	13.7%	16.1%	16.9%	22.4%

¹ The FY2016 number for Free Cash reflects an estimate as of 6/30/16 and is currently pending certification by the Department of Revenue.

² Includes the Transportation Demand, Traffic Mitigation, and Special Education Stabilization Funds

*Proposition 21/2 Overrides were approved by voters in fiscal years 2001, 2005, 2007 and 2008. Debt exclusions were approved in fiscal years 2000, 2003, 2008 and 2012.

**This refers to funds that were appropriated but unexpended as of the end of the fiscal year, in addition to revenues collected that were in excess of initial projections.

The Town of Lexington has several types of reserves. Historically, the Town had relied upon Free Cash as its primary source of reserves. The Selectmen's Ad Hoc Financial Policy Committee recommended a number of actions to further strengthen the Town's fiscal position 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 Stabilization Funds. This adds financial flexibility to the Town's operations and provides a buffer against economic downturns. (See Indicator I.2)

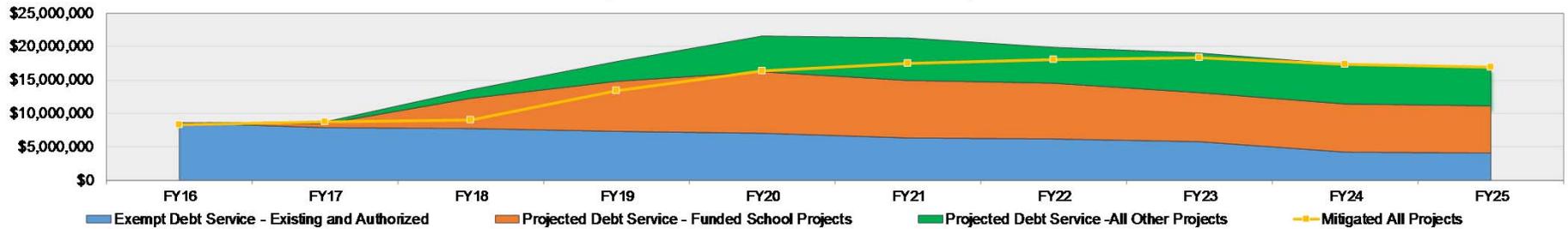




Indicator I.13(a): Use of Capital Stabilization Fund

As a means of offsetting the impact of a number of anticipated construction projects, Lexington has been building a balance in its Capital Stabilization Fund.

Exempt Debt Service: Authorized and Projected



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Existing Exempt Debt Service - Authorized Issued and Projected Unissued	\$8,539,698	\$7,949,726	\$7,690,949	\$7,327,631	\$7,069,103	\$6,370,134	\$6,161,475	\$5,724,934	\$4,214,176	\$4,080,861
Projected Debt Service - Funded School Projects		\$516,699	\$4,584,529	\$7,535,960	\$9,162,434	\$8,512,792	\$8,336,696	\$7,394,400	\$7,248,425	\$7,102,449
Projected Debt Service - All Other New Projects		\$215,133	\$1,297,669	\$2,916,674	\$5,270,487	\$6,424,966	\$5,421,005	\$5,944,344	\$5,808,643	\$5,672,942
Total Exempt Debt for All New Projects	-	\$731,833	\$5,882,198	\$10,452,634	\$14,432,922	\$14,937,758	\$13,757,701	\$13,338,744	\$13,057,067	\$12,775,391
Total Exempt Debt Service - Existing & Projected		\$8,681,559	\$13,573,147	\$17,780,265	\$21,502,024	\$21,307,892	\$19,919,176	\$19,063,678	\$17,271,243	\$16,856,252
Debt Service Mitigation from Capital Stab. Fund	\$215,000	-	\$4,523,906	\$4,330,640	\$5,113,300	\$3,859,409	\$1,865,320	\$720,999	-	-
Total Mitigated Debt Service All Projects	\$8,324,698	\$8,681,559	\$9,049,241	\$13,449,625	\$16,388,724	\$17,448,483	\$18,053,856	\$18,342,679	\$17,271,243	\$16,856,252

Note: Funded School Projects include \$4.08M, \$5.386M, Clarke, Diamond, Hastings Design, and \$660,000 Supplemental for Elementary Modulars. All Other New Projects includes Hastings construction, Police and Fire station renovations, Lexington Children's Program facility and LHS HVAC improvements.

Projected Use of Capital Stabilization Fund	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Initial Balance	\$8,048,466	\$16,725,947	\$23,007,152	\$17,794,246	\$12,317,606	\$6,634,306	\$2,624,897	\$759,577	\$38,578	\$38,578
Exempt Debt Mitigation	(\$215,000)		(\$4,523,906)	(\$4,330,640)	(\$5,113,300)	(\$3,859,409)	(\$1,865,320)	(\$720,999)	-	-
Within-Levy Mitigation	(\$620,567)	(\$710,000)	(\$689,000)	(\$1,146,000)	(\$570,000)	(\$150,000)				
Appropriations	\$9,513,048	\$6,991,205								
Balance	\$16,725,947	\$23,007,152	\$17,794,246	\$12,317,606	\$6,634,306	\$2,624,897	\$759,577	\$38,578	\$38,578	\$38,578

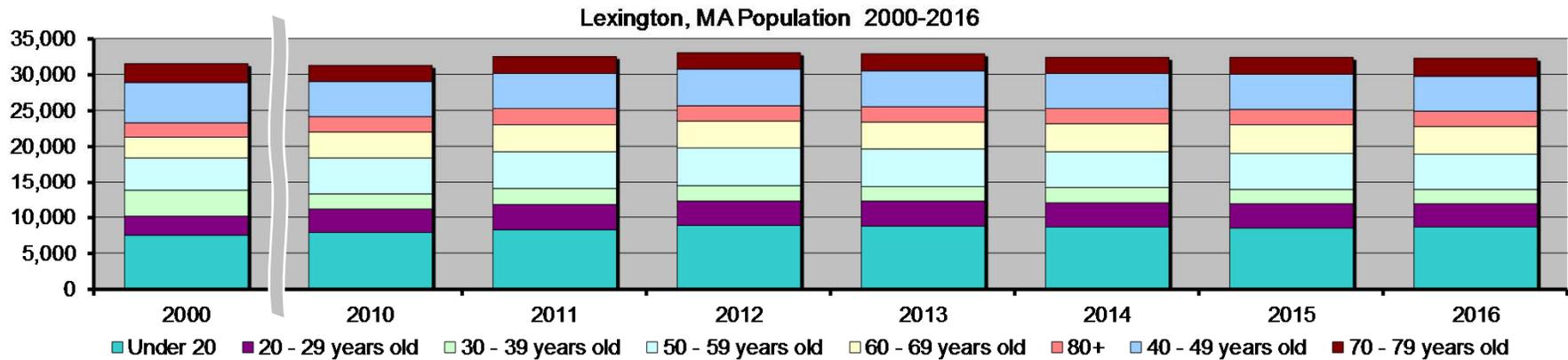
Note: Preliminary proposal is that an additional \$5 million be appropriated into the Capital Stabilization Fund in FY2018.

This indicator shows the projected use of the Capital Projects Stabilization Fund to mitigate increases in exempt debt service for proposed new building projects. The mitigation will reduce the annual impact on Lexington taxpayers.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



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



Calendar Year	2000	2010	2011	2012	2013	2014	2015	2016	% Change CY2000-2016
Under 20	7,566	7,949	8,277	8,928	8,785	8,649	8,526	8,626	14.0%
20 - 29 years old	2,573	3,185	3,496	3,421	3,470	3,398	3,374	3,243	26.0%
30 - 39 years old	3,617	2,197	2,257	2,162	2,144	2,128	2,058	2,020	-44.2%
40 - 49 years old	5,606	4,853	4,941	5,092	4,932	4,818	4,774	4,879	-13.0%
50 - 59 years old	4,657	5,122	5,291	5,269	5,241	5,110	5,142	5,041	8.2%
60 - 69 years old	2,922	3,597	3,690	3,746	3,789	3,856	3,973	3,918	34.1%
70 - 79 years old	2,637	2,240	2,305	2,289	2,336	2,355	2,432	2,412	-8.5%
80+	1,929	2,182	2,269	2,191	2,173	2,159	2,164	2,132	10.5%
Totals	31,507	31,325	32,526	33,098	32,870	32,473	32,443	32,271	2.4%
LPS Enrollment	5,534	6,096	6,056	6,228	6,314	6,598	6,695	6,849	23.8%

Notes:

Annual Population figures 2000-2016 come from Town Clerk.

School enrollment figures from Chapter 70 Foundation Enrollment statistics.

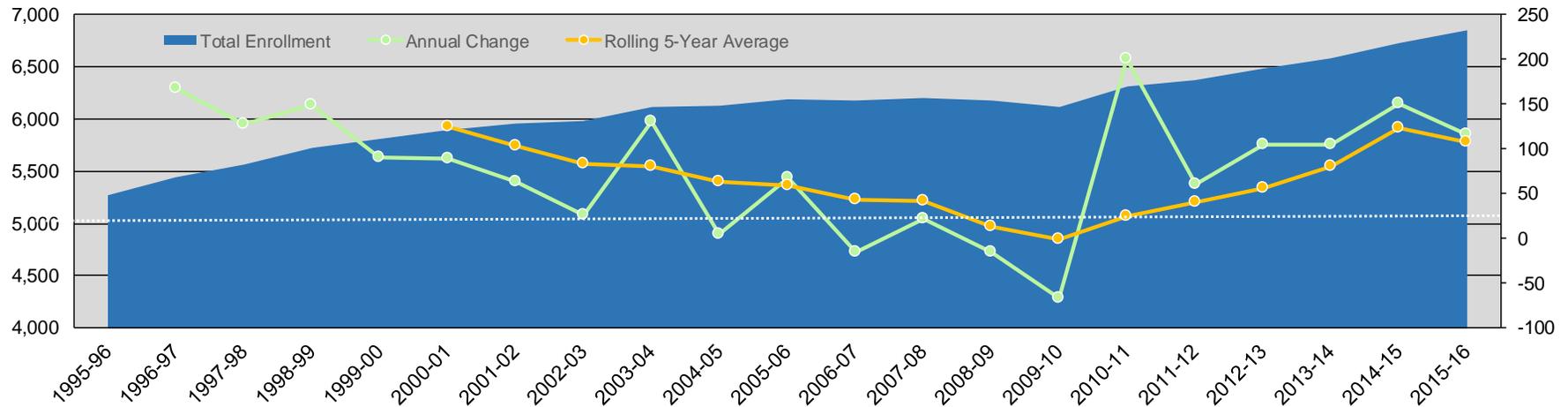
A steady change in both population demographics and public school enrollment may signal a need for increased service delivery and programs. Since 2000, Lexington has seen an increase in its under-20 demographic of 14%, which is an indicator for increasing financial burden on the public school system, likewise reflected in the steady increase in school enrollment. Additionally, the town has also seen its 60-69 year old demographic increase by 34.1%, and its over 80 demographic by 10.5%. An increasing senior population is likewise indicative of an increasing financial burden on the Town's ability to provide social services to this group.

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



Rapid changes in school enrollment may affect service levels may be considered a warning indicator.

Lexington K-12 School Enrollment and Annual Changes



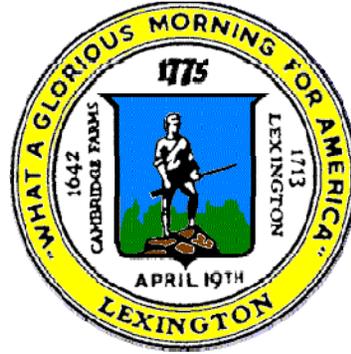
School Year	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Elementary	2,619	2,726	2,724	2,793	2,817	2,835	2,761	2,703	2,763	2,703	2,699	2,654	2,649	2,700	2,675	2,825	2,815	2,846	2,924	3,024	3,053
Middle	1,221	1,278	1,372	1,383	1,393	1,404	1,486	1,521	1,527	1,504	1,516	1,565	1,552	1,493	1,484	1,506	1,608	1,641	1,656	1,616	1,642
LHS	1,434	1,438	1,474	1,543	1,599	1,659	1,714	1,763	1,828	1,915	1,975	1,955	1,995	1,988	1,955	1,983	1,951	1,991	2,002	2,093	2,154
Total Enrollment	5,274	5,442	5,570	5,719	5,809	5,898	5,961	5,987	6,118	6,122	6,190	6,174	6,196	6,181	6,114	6,314	6,374	6,478	6,582	6,733	6,849
Annual Change		168	128	149	90	89	63	26	131	4	68	(16)	22	(15)	(67)	200	60	104	104	151	116
Rolling 5-Year Average						125	104	83	80	63	58	43	42	13	(2)	25	40	56	80	124	107

Source - MA Department of Elementary and Secondary Education online reports
Enrollment - Enrollment by Grade Report (District)

After years of steady enrollment, Lexington Public Schools have experienced marked increases in recent years. These translate into a need for additional teachers and support staff, as well as additional classrooms and expanded school buildings. The Town has taken steps to plan for this growth by building up fiscal reserves.

Lexington Trend	
Favorable	
Marginal	✓
Unfavorable	
Uncertain	

Town of Lexington



Financial Summit I

Revenue and Expenditure Projections:

Fiscal Years 2018-2020



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 FY18 budget cycle unfolds.

This forecast projects general fund revenues and expenditures for the period FY2018 to FY2020. 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 FY17 budget. It includes increases driven by estimated inflationary pressures, current collective bargaining agreements and assumed cost of living increases at the expiration of existing contracts, and escalators in other existing purchase of service contracts. It should be noted that school spending includes additional staffing each year (inclusive of benefits, worker's comp, Medicare) due to projected enrollment increases as well as additional staffing for Central Registration, Middle Schools facilities staffing, and Hastings Elementary School facilities staffing. In addition, debt service spending reflects existing debt service obligations within the levy limit as well as projected debt service for annual capital plan of \$6.1 million in FY18 growing at an annual rate of 5% thereafter.

Revenues are generally projected based on historical experience.

The difference between projected revenues and expenditures is characterized as “available balance”; that is, the available balance that can be used to fund service or program enhancements, add to reserve balances, or finance capital in excess of the annual capital plan described above.

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

	FY2017	<u>B</u>	<u>C</u>	<u>D</u>
	<u>Estimated</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
		<u>Projection</u>	<u>Projection</u>	<u>Projection</u>
Revenue Summary				
Total Revenues	\$ 200,570,499	\$ 209,727,725	\$ 212,266,623	\$ 216,812,864
Expense Summary				
Total Expenses	\$ 200,570,499	\$ 208,629,467	\$ 215,814,296	\$ 226,728,020
Available Balance	\$ 0	\$ 1,098,258	\$ (3,547,673)	\$ (9,915,155)



	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	
Revenue Summary	FY2017 Estimated	FY2018 Projection	FY2019 Projection	FY2020 Projection	
1 Property Tax Levy	\$ 161,338,273	\$ 168,179,230	\$ 174,883,711	\$ 181,755,804	Reflects statutory annual growth of 2.5% and assumed new growth of \$2.5 million annually.
2 State Aid	\$ 13,317,118	\$ 13,550,762	\$ 13,818,096	\$ 14,090,777	Assumes FY17 Cherry Sheet Aid increasing at 2.0% in FY18, FY19 and FY20.
3 Local Receipts	\$ 12,108,550	\$ 12,270,771	\$ 12,381,541	\$ 12,495,272	Assumes modest growth in local receipts based on evaluation of historical averages.
4 Available Funds	\$ 13,830,492	\$ 16,032,000	\$ 11,469,000	\$ 8,887,000	Free Cash estimate of \$14.0 million available for FY18 (7/1/16 certification) and \$9.0 million for FY19 and \$7 million for FY20; FY18 includes \$117,000 from TDM Stabilization Fund to support Lexpress and the Alewife Shuttle, tapering to \$97,000 in FY19 and \$97,000 in FY20. All years include \$371,000 of parking meter funds and \$105,000 of cemetery funds. In FY18-FY20, \$750,000 annually 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. Includes in FY18, FY19 and FY20 use of Capital Projects Stabilization Fund to offset within-levy debt service in the amounts of \$689,000, \$1,146,000 and \$570,000, respectively.
5 Revenue Offsets	\$ (1,653,068)	\$ (1,983,047)	\$ (2,014,075)	\$ (2,196,188)	\$750K for overlay in FY18 and FY19, and \$900k in FY20 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).
6 Other Revenues	\$ 1,629,135	\$ 1,678,009	\$ 1,728,349	\$ 1,780,200	Assumes FY17 Water, Sewer and Recreation Indirects increasing by 3% annually.
7 Total Revenues	\$ 200,570,499	\$ 209,727,725	\$ 212,266,623	\$ 216,812,864	



	A FY2017 Appropriated	B FY2018 Projection	C FY2019 Projection	D FY2020 Projection		
Education						
8	LPS Wages	\$ 81,785,398	\$ 87,054,472	\$ 92,961,789	\$ 99,117,820	FY18 through FY20 includes 2.5% for annual step increases. All years include a reduction of \$1,000,000 in "salary differential" to reflect savings from staff turnover. FY18 includes 2% to fund LEA Unit A, C, D, Tech contractual increases. Includes sufficient funding for projected contract settlements. Includes additional staffing each year (inclusive of benefits, worker's comp, Medicare) due to projected enrollment increases. Includes additional staffing for Central Registration, Middle Schools facilities staffing, and Hastings Elementary School facilities staffing.
9	LPS Expenses	\$ 15,507,901	\$ 17,126,615	\$ 18,430,541	\$ 19,974,737	Program budget per pupil rates adjusted by 1.8% CPI each year and applied against projected enrollment levels each year. Transportation and Special Education Out-of-District Tuition budgets projected based on program trends. All other expense lines adjusted by 1.8% CPI only.
10	Minuteman	\$ 1,377,449	\$ 1,483,830	\$ 1,930,393	\$ 1,961,315	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 FY18 and FY19 for a new school + town's estimated share of debt service in FY19 and FY20 (net of MSBA) on a \$100 million bond for capital construction.
Municipal						
11	Municipal Wages	\$ 29,099,073	\$ 29,471,116	\$ 30,451,325	\$ 31,464,136	FY18, FY19 and FY20 reflect the cost of steps estimated at 1.013% plus COLA adjustments for FY19 and FY20.
12	Municipal Expenses	\$ 15,510,622	\$ 15,807,221	\$ 16,237,910	\$ 16,803,879	Assumes general inflationary increases of 1.8% with following exceptions: electricity at 7% per year upon expiration of supply contract on 12/1/18 and natural gas at 5.5% at expiration of current supply contract on 9/30/17;
Shared Expenses						
13	Debt Service	\$ 7,199,028	\$ 7,497,303	\$ 8,291,414	\$ 8,068,890	Based on Outstanding Within-Levy Debt for debt authorized and issued, projections for debt authorized but yet to be issued, and projections for debt for annual capital plan of \$6.1 million in FY18 growing at an annual rate of 5%. Debt Service is gross and is offset with projected appropriations from the Capital Stabilization Fund to hold annual increases to 5%.
14	Retirement	\$ 5,519,374	\$ 5,769,037	\$ 6,019,037	\$ 6,269,037	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.



Expenditure Summary (continued)

	A FY2017 Appropriated	B FY2018 Projection	C FY2019 Projection	D FY2020 Projection	
15 Benefits	\$ 26,239,240	\$ 27,659,553	\$ 29,032,460	\$ 30,473,642	
15a Medicare	\$ 1,555,603	\$ 1,633,383	\$ 1,715,053	\$ 1,800,805	5% inc. in Medicare, reflecting an increase in the number of eligible employees and increases in wages.
15b Health Insurance	\$ 23,612,444	\$ 24,911,129	\$ 26,156,685	\$ 27,464,520	Assumes FY17 base growing at 5.5% and 5% thereafter.
15c Dental	\$ 1,046,193	\$ 1,088,040	\$ 1,131,562	\$ 1,176,824	FY17 base growing at 4% per year per rate lock.
15d Life	\$ 25,000	\$ 27,000	\$ 29,160	\$ 31,493	Assumes FY17 base growing at 8% per year.
16 Reserve Fund	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	Level Funding
17 Workers' Compensation	\$ 747,665	\$ 796,353	\$ 820,801	\$ 846,036	FY17 base increasing annually by 3% for municipal component and 4% for school component + \$25K/year to build reserve.
18 Unemployment	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	Level Funding
19 Property & Lib. Insurance	\$ 675,952	\$ 679,377	\$ 733,727	\$ 792,425	FY17 base increasing by 8% annually + adjustment to FY18 to capture additional premium for 171/173 Bedford Street.
20 Uninsured Losses	\$ 225,000	\$ 250,000	\$ 275,000	\$ 300,000	\$25,000 increase annually to balance in this continuing balance account
21 Capital	\$ 5,619,789	\$ 5,984,839	\$ 5,256,031	\$ 5,277,752	FY18 includes \$3,250,000 for cash capital; and \$2,500,000 each in FY19 and FY20. FY17 includes \$2.54 million for the Street Improvement Program which includes the inflated base from the 2001 override plus amounts added beginning in FY12 from general fund revenue in excess of what was needed for the operating budget and savings resulting from joining the GIC. The amount for the Street Improvement program grows by a 2.5% increase to the base in each of FY19 and FY20. FY18 includes \$192,012 for Municipal Building Envelope increasing annually by 2.5% deriving from the 2001 override which originally voted funding for this program.
22 Other	\$ 523,007	\$ 449,752	\$ 444,147	\$ 448,630	FY18 - FY20: Sr.Tax. work-off at \$30K + \$200k set-aside for unanticipated annual operating budget needs + Set-Aside for Tax Levy Support of the Community Center program.
23 Non-Recurring Expenses	\$ 8,503,523	\$ 6,829,721	\$ 3,829,721	\$ 3,829,721	FY18 includes an allocation of \$5.0 million to the Capital Stabilization Fund to mitigate costs of pending major capital projects and is projected at \$2.0 million in each of FY19 and FY20. In each of FY18, FY19 and FY20 approximately \$1.83 million to the OPEB Trust Fund.
24 Unallocated Revenue	\$ 937,478	\$ 670,279	\$ -	\$ -	FY17 is the unallocated balance of estimated FY17 revenue. FY18 is the proposed allocation set-aside for yet to be determined priorities.
25 Total Expenditures	\$ 200,570,499	\$ 208,629,467	\$ 215,814,296	\$ 226,728,020	
26 Available Balance	\$ 0	\$ 1,098,258	\$ (3,547,673)	\$ (9,915,155)	



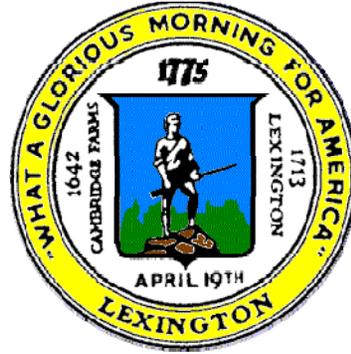
Continuing Policy Issues:

- Financing Plan for Increasing School Enrollments (Limiting Program Improvement Requests)
- Financing Plan/Property Tax Impact for School and Municipal Capital Projects
- Plan for Use of Capital Stabilization Fund

New Policy Issues

- Community Interest in Addressing Pedestrian, Bicycle and Vehicle Safety on Town Roads, Intersections and School Properties
- New Revenue Sources to Address federal/State Requirements for Stormwater Management

Town of Lexington

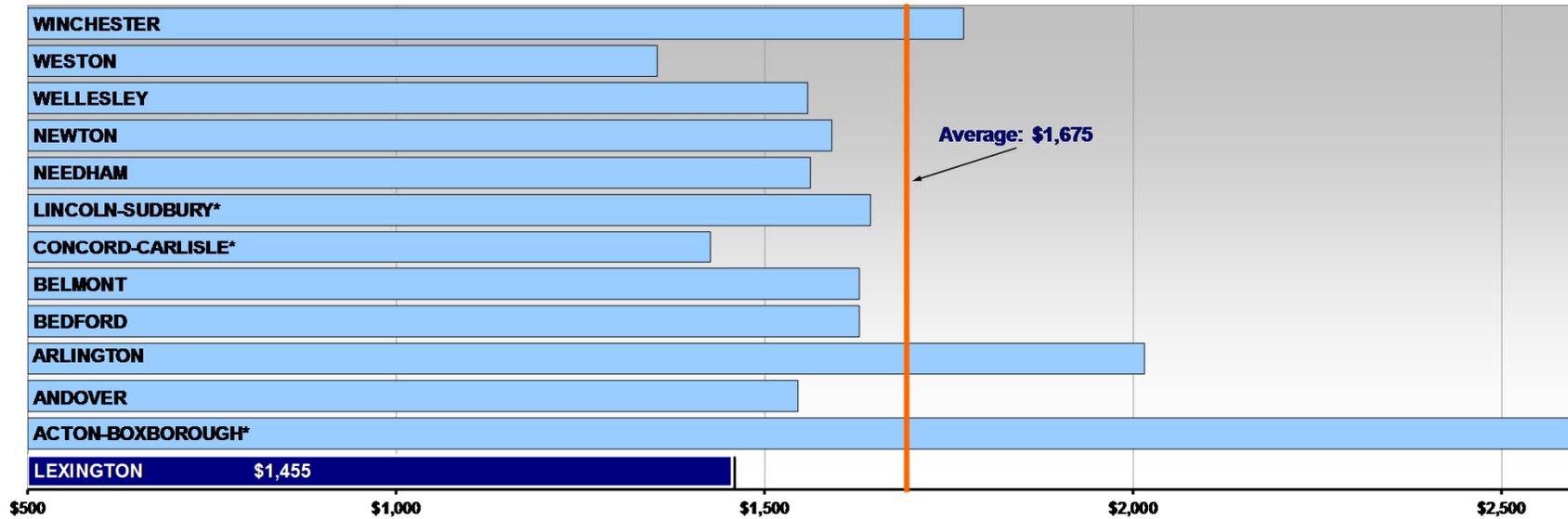


Financial Summit I

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 below the average amount of Chapter 70 aid for comparable communities.

District	FY2016 Foundation Enrollment ¹	FY2016 Chapter 70 Aid	FY2016 Per Pupil Average
LEXINGTON	6,849	\$9,968,536	\$1,455
ACTON-BOXBOROUGH*	5,544	\$14,393,076	\$2,596
ANDOVER	5,950	\$9,191,614	\$1,545
ARLINGTON	5,318	\$10,715,559	\$2,015
BEDFORD	2,585	\$4,209,634	\$1,628
BELMONT	4,156	\$6,766,099	\$1,628
CONCORD-CARLISLE*	3,950	\$5,634,428	\$1,426
LINCOLN-SUDBURY*	5,021	\$8,253,454	\$1,644
NEEDHAM	5,362	\$8,373,790	\$1,562
NEWTON	12,711	\$20,226,057	\$1,591
WELLESLEY	5,081	\$7,916,157	\$1,558
WESTON	2,249	\$3,045,154	\$1,354
WINCHESTER	4,340	\$7,680,548	\$1,770
AVERAGE	5,317	\$8,951,854	\$1,675

Notes:

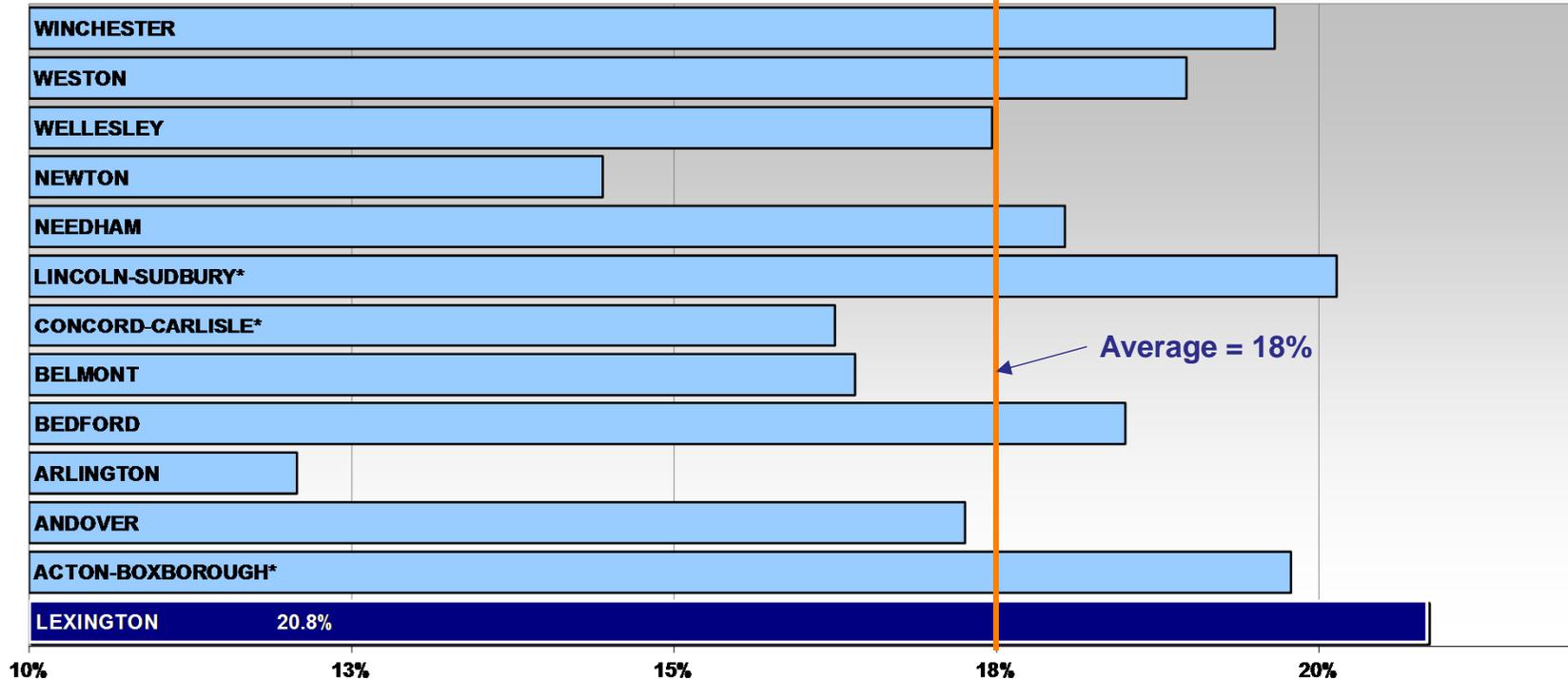
¹ The Foundation Budget Enrollment represents only students officially enrolled as of October 1st.

*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.14)

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

District	Foundation Enrollment	Population 2013 Estimate	Pupils as % of Population
LEXINGTON	6,849	32,870	20.8%
ACTON-BOXBOROUGH*	5,544	28,028	19.8%
ANDOVER	5,950	34,477	17.3%
ARLINGTON	5,318	44,028	12.1%
BEDFORD	2,585	13,975	18.5%
BELMONT	4,156	25,332	16.4%
CONCORD-CARLISLE*	3,950	24,313	16.2%
LINCOLN-SUDBURY*	5,021	24,932	20.1%
NEEDHAM	5,362	29,736	18.0%
NEWTON	12,711	87,971	14.4%
WELLESLEY	5,081	29,090	17.5%
WESTON	2,249	11,853	19.0%
WINCHESTER	4,340	22,079	19.7%
AVERAGE	5,317	31,437	18%



Schedule of Employer Contributions

(Discount Rates: FY2007/FY2008 at 2.0%, FY2009-FY2012 at 2.5%, FY2013/FY2014 at 4.5%, FY2015 at 5%)

(A)	(B)	(C)	(D)	(E)	(F)	(G)
FY Ending	Normal Cost Liability	Amortization Payments	Total Town ARC (B)+(C)	Retiree H.C. Actuals ¹	Medicare Part D Subsidy	Annual Unfunded (D)-(E)-(F)
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	\$ 5,478,541	\$ 440,690	\$ 15,260,769
2009	\$ 9,783,078	\$ 12,442,641	\$ 22,225,719	\$ 5,943,999	\$ 479,399	\$ 15,802,321
2010	\$ 10,565,724	\$ 12,981,738	\$ 23,547,462	\$ 6,356,099	\$ 331,610	\$ 16,859,753
2011	\$ 8,770,134	\$ 14,967,774	\$ 23,737,908	\$ 6,835,557	\$ 395,212	\$ 16,507,139
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
2014	\$ 3,538,557	\$ 8,283,500	\$ 11,822,057	\$ 5,364,397	\$ 312,318	\$ 6,145,342
2015	\$ 7,920,128	\$ 7,238,207	\$ 15,158,335	\$ 5,207,456	\$ 329,720	\$ 9,621,159

¹ Represents actual, pay-as-you go health care payments by the Town for retiree health insurance with the exception of 2007 which is a budgeted amount.

Notes and Sources: FY2007-FY2009 data from report prepared by Financial Risk Analysts, Town of Lexington Post-Retirement Benefits Analysis as of June 30, 2006, issued March 9, 2007.

- FY2010-FY2011 from report prepared by Financial Risk Analysts, Town of Lexington Post-Retirement Benefits Analysis as of June 30, 2009, issued June 2, 2010.

- FY2009-FY2012 data from report prepared by Financial Risk Analysts, Town of Lexington Post-Retirement Benefits Analysis as of June 30, 2011, issued February 24, 2012.

- FY2013-FY2014 data from report prepared by Financial Risk Analysts, Town of Lexington Post-Retirement Benefits Analysis as of June 30, 2013, issued February 21, 2014.

- FY2015 data from report prepared by Sherman Actuarial Services, LLC, issued December 14, 2015. The unfunded liability for 2015 is significantly higher than that of the previous year due to an increase in the normal cost, an actuarially determined annual contribution that, if made in full, would fund the Town's share of future retiree benefits earned by active employees in the current fiscal year. Factors contributing to the increase in the normal cost include increases in premiums higher than assumptions in prior years, inclusion of the liability for the Affordable Health Care Act "Cadillac Tax", a revision of assumptions regarding retirements and disabilities, and a revision of population counts for active and retired employees.

- Medicare Part D Subsidy actual receipts, FY2007-FY2015. A portion of FY13 includes actual payments made to the Town directly and a credit applied to our GIC bill attributable to the Medicare Part D payment the GIC received on the Town's behalf. FY14 and FY15 is solely the credit to our GIC bill attributable to the Medicare Part D payment the GIC received on the Town's behalf.

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.

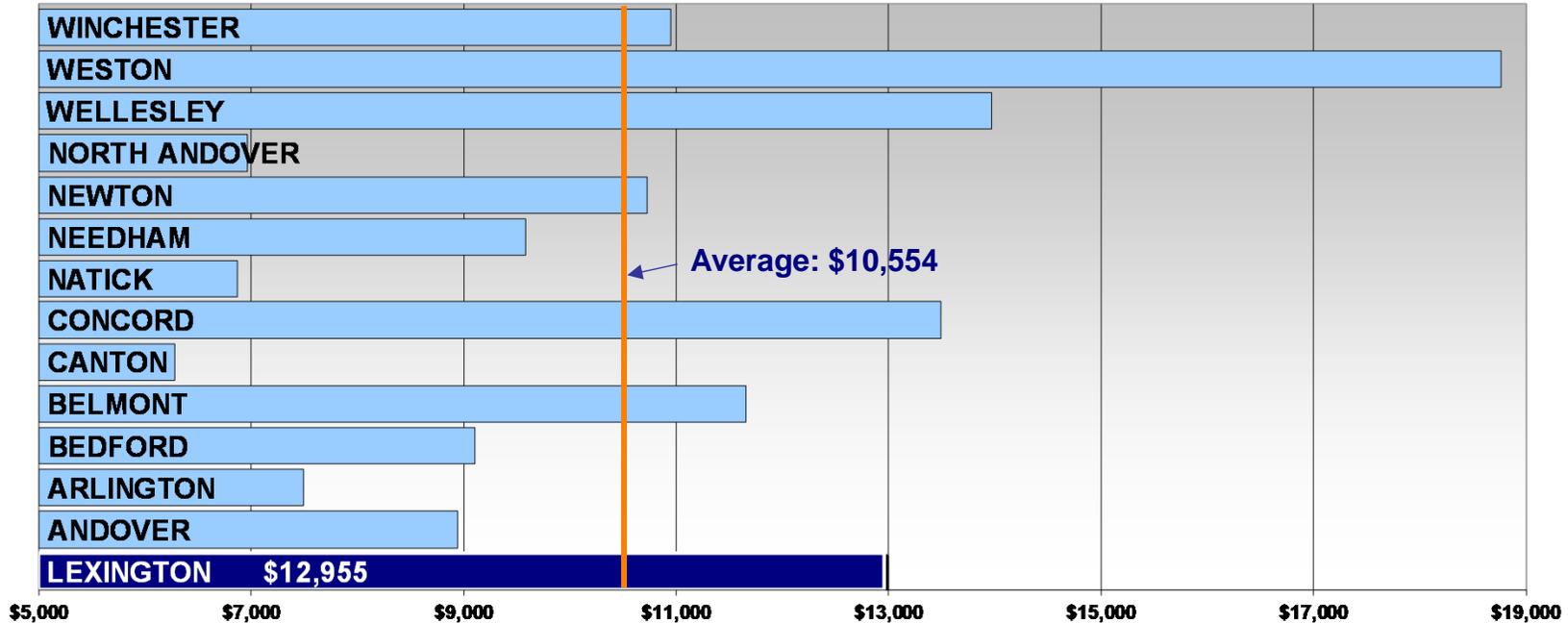


ENDING BALANCES AS OF FISCAL YEAR END

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Stabilization Fund	\$7,523,979	\$8,376,820	\$8,551,561	\$8,744,262	\$8,895,689	\$9,056,939	\$9,251,859
Transportation Demand Mitigation Fund	\$216,693	\$305,844	\$297,902	\$305,865	\$295,712	\$302,092	\$300,766
Traffic Mitigation Stabilization Fund	\$284,515	\$327,159	\$346,478	\$96,562	\$29,077	\$88,830	\$147,401
School Bus Stabilization Fund	\$4,603	\$18	\$18	\$18	\$18	\$18	\$18
Special Education Stabilization Fund	\$710,970	\$1,064,210	\$1,067,142	\$1,069,456	\$1,071,495	\$1,073,638	\$1,078,170
Capital Projects Stabilization Fund	-	-	-	\$1,601,836	\$3,990,704	\$8,048,466	\$16,725,947
Other Post Employment Benefits (OPEB) Trust Fund	\$813,429	\$1,560,928	\$2,166,697	\$3,069,273	\$4,482,338	\$5,798,656	\$7,334,848



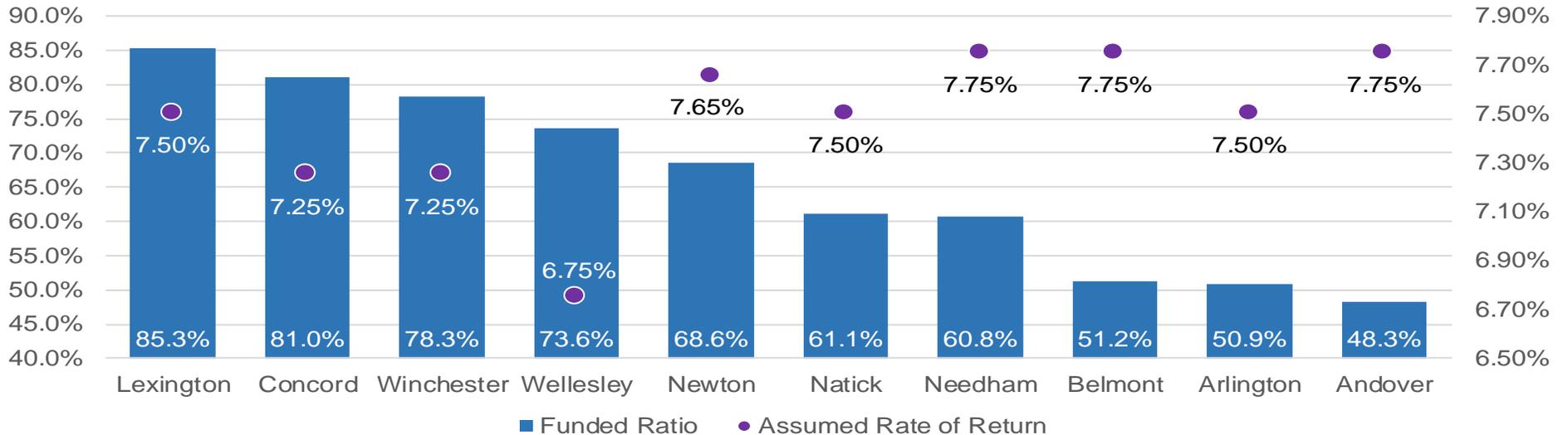
Average Residential Tax Bill - FY2016



Municipality, as of FY2016	Single Family Parcels	Average Single Family Value	Residential Tax Rate	Average Single Family Tax Bill
LEXINGTON	9,025	\$887,355	\$14.60	\$12,955
ANDOVER	8,593	\$603,550	\$14.82	\$8,945
ARLINGTON	8,000	\$585,361	\$12.80	\$7,493
BEDFORD	3,444	\$595,748	\$15.28	\$9,103
BELMONT	4,516	\$928,003	\$12.56	\$11,656
CANTON	5,365	\$491,389	\$12.79	\$6,285
CONCORD	4,576	\$969,131	\$13.92	\$13,490
NATICK	8,508	\$506,084	\$13.57	\$6,868
NEEDHAM	8,378	\$830,791	\$11.54	\$9,587
NEWTON	16,972	\$942,742	\$11.38	\$10,728
NORTH ANDOVER	6,274	\$488,246	\$14.27	\$6,967
WELLESLEY	7,298	\$1,180,996	\$11.83	\$13,971
WESTON	3,364	\$1,542,898	\$12.16	\$18,762
WINCHESTER	5,633	\$937,364	\$11.68	\$10,948
AVERAGE	7,139	\$820,690	\$13.09	\$10,554



Funded Pension Level vs. Projected Rate of Return - Comparative Communities



	Funded Ratio	Assumed Rate of Return	Year Fully Funded	Last Actuarial Study
Lexington	85.3%	7.50%	2024	1/1/2016
Andover	48.3%	7.75%	2032	1/1/2014
Arlington	50.9%	7.50%	2033	1/1/2015
Belmont	51.2%	7.75%	2027	1/1/2014
Concord	81.0%	7.25%	2030	1/1/2015
Natick	61.1%	7.50%	2030	1/1/2015
Needham	60.8%	7.75%	2030	1/1/2015
Newton	68.6%	7.65%	2029	1/1/2015
Wellesley	73.6%	6.75%	2030	1/1/2015
Winchester	78.3%	7.25%	2029	1/1/2015



Town of Lexington
Summit I – October 6, 2016

Appendix G: History of Revenues and Expenditures

Revenue Summary	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
	Actual						
Property Tax Levy	\$ 121,010,869	\$ 126,897,691	\$ 132,445,308	\$ 140,284,605	\$ 147,182,391	\$ 155,635,871	\$ 163,074,847
State Aid	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106	\$ 9,334,513	\$ 10,144,659	\$ 11,081,189	\$ 11,568,637
Local Receipts	\$ 11,067,649	\$ 11,614,932	\$ 11,899,444	\$ 12,183,740	\$ 13,373,875	\$ 13,461,744	\$ 15,776,739
Available Funds	\$ 6,053,619	\$ 6,838,842	\$ 7,733,170	\$ 7,249,652	\$ 12,473,510	\$ 11,012,293	\$ 16,275,406
Revenue Offsets	\$ (1,713,630)	\$ (1,687,257)	\$ (2,403,388)	\$ (1,645,350)	\$ (1,647,074)	\$ (2,488,161)	\$ (2,905,154)
Total General Fund Revenues	\$ 145,380,521	\$ 152,119,199	\$ 158,015,639	\$ 167,407,161	\$ 181,527,362	\$ 188,702,936	\$ 203,790,475
Other Revenues							
Revolving Funds	\$ 2,298,265	\$ 2,411,992	\$ 2,468,693	\$ 2,147,675	\$ 2,964,968	\$ 3,234,388	\$ 3,388,195
Grants	\$ 136,553	\$ 124,073	\$ 126,573	\$ 91,284	\$ 90,786	\$ 117,486	\$ 123,082
Enterprise Funds (Direct)	\$ 17,530,671	\$ 18,232,706	\$ 19,542,495	\$ 20,681,221	\$ 21,338,787	\$ 21,799,125	\$ 23,206,563
Enterprise Funds (Indirect)	\$ 1,701,209	\$ 1,615,973	\$ 1,564,441	\$ 1,512,892	\$ 1,497,405	\$ 1,487,905	\$ 1,617,576
<i>sub-total Other Revenues</i>	<i>\$ 21,666,698</i>	<i>\$ 22,384,743</i>	<i>\$ 23,702,201</i>	<i>\$ 24,433,072</i>	<i>\$ 25,891,946</i>	<i>\$ 26,638,904</i>	<i>\$ 28,335,415</i>
Total Revenues	\$ 167,047,219	\$ 174,503,943	\$ 181,717,841	\$ 191,840,233	\$ 207,419,308	\$ 215,341,840	\$ 232,125,890
Expense Summary	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
	Actual						
Education							
Lex. Pub Schools Compen.	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480	\$ 64,117,953	\$ 68,271,626	\$ 72,889,506	\$ 76,126,191
Lex. Pub Schools Expenses	\$ 9,753,464	\$ 9,308,258	\$ 10,314,624	\$ 10,807,819	\$ 11,706,972	\$ 12,383,296	\$ 13,155,923
<i>sub-total Lex. Pub. Schools</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>	<i>\$ 85,272,802</i>	<i>\$ 89,282,114</i>
Minuteman Reg. School	\$ 1,711,554	\$ 1,538,811	\$ 1,702,930	\$ 1,407,979	\$ 1,474,265	\$ 1,244,383	\$ 1,172,736
<i>sub-total Education</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>	<i>\$ 86,517,185</i>	<i>\$ 90,454,850</i>
Municipal							
Municipal Compen.	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439	\$ 20,390,111	\$ 21,089,456	\$ 21,605,890	\$ 23,000,727
Municipal Expenses	\$ 7,785,739	\$ 8,539,069	\$ 8,539,069	\$ 8,953,115	\$ 9,317,251	\$ 9,844,787	\$ 9,844,787
<i>sub-total Municipal</i>	<i>\$ 27,165,269</i>	<i>\$ 28,920,035</i>	<i>\$ 27,748,508</i>	<i>\$ 29,343,226</i>	<i>\$ 30,406,707</i>	<i>\$ 31,450,677</i>	<i>\$ 32,845,514</i>
Shared Expenses							
Benefits & Insurance	\$ 26,993,423	\$ 28,008,696	\$ 28,380,746	\$ 28,083,601	\$ 26,822,039	\$ 28,905,912	\$ 29,347,449
Debt (within-levy)	\$ 4,315,849	\$ 4,614,721	\$ 4,849,052	\$ 5,462,902	\$ 5,409,996	\$ 6,524,620	\$ 6,730,161
Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Facilities	\$ 8,763,578	\$ 9,974,653	\$ 9,242,458	\$ 9,343,330	\$ 9,667,013	\$ 9,958,057	\$ 9,821,426
<i>sub-total Shared Expenses</i>	<i>\$ 40,072,851</i>	<i>\$ 42,598,070</i>	<i>\$ 42,472,256</i>	<i>\$ 42,889,832</i>	<i>\$ 41,899,048</i>	<i>\$ 45,388,589</i>	<i>\$ 45,899,037</i>
Revolving Funds	\$ 2,200,641	\$ 2,064,759	\$ 2,126,951	\$ 2,368,300	\$ 2,380,197	\$ 2,426,163	\$ 3,215,596
Grants	\$ 136,549	\$ 124,073	\$ 124,073	\$ 91,284	\$ 90,786	\$ 109,916	\$ 122,752
Capital & Reserves							
Cash Capital (inc of roads)	\$ 1,545,719	\$ 1,983,112	\$ 2,461,602	\$ 4,152,794	\$ 6,919,202	\$ 5,958,117	\$ 4,642,987
Stabilization Fund	\$ 669,843	\$ 710,000	\$ -	\$ -	\$ 3,983,240	\$ 5,910,726	\$ 9,447,832
CPA	\$ 3,015,893	\$ 3,215,552	\$ 3,360,117	\$ 3,531,782	\$ 3,205,052	\$ 4,011,213	\$ 4,224,137
<i>sub-total Capital & Reserves</i>	<i>\$ 5,231,455</i>	<i>\$ 5,908,664</i>	<i>\$ 5,821,719</i>	<i>\$ 7,684,576</i>	<i>\$ 14,107,494</i>	<i>\$ 15,880,056</i>	<i>\$ 18,314,957</i>
Enterprise Funds							
Water	\$ 7,241,304	\$ 7,619,919	\$ 7,978,816	\$ 7,986,604	\$ 8,653,900	\$ 9,183,184	\$ 9,903,541
Wastewater (Sewer)	\$ 8,083,478	\$ 8,315,556	\$ 9,002,485	\$ 9,041,143	\$ 9,087,753	\$ 9,393,974	\$ 8,976,238
Recreation	\$ 1,701,957	\$ 1,835,535	\$ 1,872,793	\$ 7,324,348	\$ 7,835,386	\$ 1,973,057	\$ 2,110,191
Enterprise Capital	\$ 111,000	\$ 90,000	\$ 610,000	\$ 71,000	\$ 1,211,750	\$ 2,054,000	\$ 2,667,500
<i>sub-total Enterprise Funds</i>	<i>\$ 17,137,739</i>	<i>\$ 17,861,010</i>	<i>\$ 19,464,094</i>	<i>\$ 24,423,096</i>	<i>\$ 26,788,788</i>	<i>\$ 22,604,215</i>	<i>\$ 23,657,470</i>
Exempt Debt							
Municipal	\$ 2,853,441	\$ 2,990,031	\$ 2,933,716	\$ 2,026,243	\$ 1,846,167	\$ 1,801,140	\$ 1,890,911
School	\$ 2,892,944	\$ 2,763,519	\$ 2,788,118	\$ 4,172,838	\$ 5,081,487	\$ 6,543,162	\$ 6,373,786
<i>sub-total Exempt Debt</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>	<i>\$ 8,344,302</i>	<i>\$ 8,264,696</i>
Total Expenses	\$ 163,596,467	\$ 171,175,358	\$ 176,371,469	\$ 189,333,145	\$ 204,053,537	\$ 212,721,104	\$ 222,774,871
Balance	\$ 3,450,752	\$ 3,328,585	\$ 5,346,372	\$ 2,507,087	\$ 3,365,771	\$ 2,620,736	\$ 9,351,018



FY2018 Budget Process

	July	August	September	October	November	December	January	February	March	April	May	June
Elections												
Town Meeting												
Town Manager												
Summit				I	II	III	IV	V				
BOS												
School Cmte.												

Calendar Year 2016 Calendar Year 2017

Important Dates

<p>August 2016 Issuance of Capital and Operating Budget Guidelines</p> <p>October 2016 Summit I - Financial Indicators & Projections Discuss Guidelines and Drivers Town Manager Review of Capital Budget Requests</p> <p>November 2016 Summit II - Revenue Projection and Allocation Town Manager Review of Operating Budget Requests</p> <p>December 2016 Municipal Budget Workshops with Selectmen School Committee Hearings on Budget Summit III - Revenue Allocation</p> <p>January 2017 Submittal of FY2018 Superintendent's Recommended Budget to SC Submittal of FY2018 Manager's Recommended Budget to BOS Summit IV - Review of FY2018 Town Manager's Preliminary Budget</p>	<p>February 2017 Summit V - Comment and Budget Deliberations Board of Selectmen Vote on the FY2018 Recommended Budget Budget Decisions and Deliberations Concluded FY2018 Recommended Budget submitted to Town Meeting</p> <p>March 2017 Municipal Election Town Meeting Commences (anticipated) Budget Presentations by Town Manager and Superintendent Town Meeting Begins Budget Deliberations</p>	<p>February 16th (tent.)</p> <p>February 17th (tent.) February 27th</p> <p>March 6th (tent.)</p> <p>TBD</p> <p>TBD</p> <p>TBD</p>
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