

Town of Lexington



FY2023 Preliminary Budget & Financing Plan

Summit III

January 13, 2022

James Malloy, Town Manager

Carolyn Kosnoff, Assistant Town Manager for Finance

Jennifer Hewitt, Budget Officer



Town of Lexington

FY2023 Preliminary Budget - Summit III

The FY2023 budgets proposed by the Town Manager and Superintendent of Schools provide for a Balanced Town Budget.

Revenue Summary	FY2022 Recap	FY2023 Projected	\$ Change	% Change
Tax Levy	\$ 204,171,602	\$ 212,056,053	\$ 7,884,450	3.9%
State Aid	\$ 16,492,260	\$ 16,695,057	\$ 202,797	1.2%
Local Receipts	\$ 12,627,933	\$ 13,488,108	\$ 860,175	6.8%
Available Funds*	\$ 17,825,379	\$ 16,718,447	\$ (1,106,932)	(6.2)%
Revenue Offsets	\$ (1,961,196)	\$ (2,246,233)	\$ (285,037)	14.5%
Enterprise Funds (Indirect)	\$ 1,432,356	\$ 1,805,613	\$ 373,257	26.1%
Total General Fund	\$ 250,588,334	\$ 258,574,183	\$ 7,928,710	3.2%

Expenditure Summary	FY2022 Appropriated	FY2023 Recommended Budget	\$ Change	% Change
Lexington Public Schools	\$ 123,376,981	\$ 128,254,447	\$ 4,877,466	4.0%
Minuteman High School	\$ 3,130,038	\$ 3,223,898	\$ 93,860	3.0%
Shared Expenses	\$ 64,540,037	\$ 64,990,303	\$ 450,266	0.7%
Municipal Departments	\$ 42,920,017	\$ 44,802,554	\$ 1,882,537	4.4%
Cash Capital-Tax Levy and Available Funds	\$ 10,136,491	\$ 11,143,037	\$ 1,006,546	9.9%
Other	\$ 6,541,910	\$ 6,159,945	\$ (381,965)	(5.8)%
Total - General Fund Only	\$ 250,645,474	\$ 258,574,183	\$ 7,928,709	3.2%

*Available Funds reflects one-time revenue sources, primarily Free Cash. The difference between FY2022 and FY2023 is primarily from the use of \$500,000 in SPED Stabilization funds in FY2022 that will not be needed in FY2023, and recognition that the Parking Meter Fund balance will not be able to support further transfers in FY2023 since parking enforcement revenue has declined during the pandemic (\$385,000 in operating expense support, and \$443,237 in capital projects). These reductions are partially offset by new capital funding sources for FY2023, including the Traffic Mitigation Stabilization Fund (\$240,000) and the Transportation Management Overlay District (TMOD) Stabilization Fund (\$65,000).



Town of Lexington

FY2023 Preliminary Budget - Summit III

FY2023 Revenue Allocation Summary - Summit II

(in thousands)

1	Total Revenues	\$	258,921	
2	FY2022 School Budget (Adj.)	\$	122,877	74.0%
3	FY2022 Municipal Budget (Adj.)	\$	43,232	26.0%
4	Shared Expenses	\$	68,694	
5	Set-Asides	\$	16,848	
6	Total Base Budget	\$	251,651	
7	Allocation Total	\$	7,269	4.4%
8	School Allocation / FY2023 Total	\$	5,377	74%
9	Municipal Allocation / FY2023 Total	\$	1,892	26%

		Revenue Allocation		Recommended Budget		Surplus/ (Shortfall)			
10	FY2023 School budget	\$	128,254	4.4%	\$	128,254	4.4%	\$	—
11	FY2023 Municipal budget	\$	45,124	4.4%	\$	45,124	4.4%	\$	—



Town of Lexington

FY2023 Preliminary Budget - Summit III

FY2023 Municipal Department Budget Summary

Municipal Budgets*	FY2022 Appropriated	FY2023 Recommended Budget	\$ Change	% Change
Public Works	\$ 11,528,143	\$ 11,968,145	\$ 440,002	3.8%
Police	\$ 8,144,147	\$ 8,265,377	\$ 121,230	1.5%
Fire	\$ 7,969,310	\$ 8,068,468	\$ 99,158	1.2%
Library	\$ 3,156,348	\$ 3,336,219	\$ 179,871	5.7%
Human Services	\$ 1,277,465	\$ 1,527,421	\$ 249,956	19.6%
Land Use Departments	\$ 2,693,989	\$ 2,792,613	\$ 98,624	3.7%
Select Board	\$ 1,259,808	\$ 1,298,802	\$ 38,994	3.1%
Town Manager	\$ 1,215,714	\$ 1,245,753	\$ 30,039	2.5%
Salary Adjustment Account	\$ 313,529	\$ 826,422	\$ 512,893	163.6%
Town Committees	\$ 65,233	\$ 70,160	\$ 4,927	7.6%
Finance	\$ 2,004,608	\$ 2,048,151	\$ 43,543	2.2%
Town Clerk	\$ 502,431	\$ 627,297	\$ 124,866	24.9%
Innovation & Technology	\$ 2,789,292	\$ 2,727,727	\$ (61,565)	(2.2)%
Total	\$ 42,920,017	\$ 44,802,554	\$1,882,537	4.4%

*Salary Adjustment account for FY2023 includes projected COLA increases for 8 union contracts expiring prior to 7/1/2022. Human Services budget for FY2023 reinstates \$200,000 in funding for Lexpress that was reduced in FY2022 due to the availability of state grant funding for operating expenses.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Town Manager's Recommended Additions

Senior managers submitted a total of \$1,599,344 in municipal program improvement requests, including \$1,370,465 from the General Fund. For FY2023, \$446,313 of these requests are being recommended, including \$127,000 in the Recreation Enterprise Fund to restore services to pre-pandemic levels.

General Fund Program Improvement Highlights:

- Support for the Police Department - a temporary increase in holding cell shifts needed while located in the swing space, and required training to maintain accreditation
- Increasing the Public Health Nurse from part-time to full-time
- Support for advanced life support training in the Fire Department in the form of a simulation manikin
- The addition of a crossing guard to be located at Hastings School
- Election modernization in the form of new electronic poll pads
- Contracted facilitator for Select Board Goal setting
- Increasing hours for two part-time administrative staff to full-time, one of which will now be benefits eligible (DPW and Facilities)



Town of Lexington

FY2023 Preliminary Budget - Summit III

FY2023 Shared Expenses

	FY2022 Appropriated	FY2023 Recommended Budget	\$ Change	% Change
Contributory Retirement	\$ 7,417,500	\$ 8,159,250	\$ 741,750	10.00 %
Non-Contributory Retirement	\$ 16,327	\$ 16,777	\$ 450	2.76 %
Employee Benefits	\$ 31,370,733	\$ 32,743,388	\$ 1,372,655	4.38 %
Unemployment	\$ 200,000	\$ 200,000	\$ —	— %
Workers Compensation	\$ 750,000	\$ 625,000	\$ (125,000)	(16.67)%
Property & Liability Insurance	\$ 845,000	\$ 895,000	\$ 50,000	5.92 %
Uninsured Losses	\$ 250,000	\$ 200,000	\$ (50,000)	(20.00)%
Solar Producer Payments	\$ 390,000	\$ 390,000	\$ —	— %
Within-Levy Debt Service*	\$ 10,397,112	\$ 8,341,580	\$(2,055,532)	(19.77)%
Reserve Fund	\$ 750,000	\$ 750,000	\$ —	— %
Facilities Department	\$ 12,153,365	\$ 12,669,307	\$ 515,942	4.25 %
Total	\$ 64,540,037	\$ 64,990,303	\$ 450,266	0.70 %

**This is gross within-levy debt service, excluding any use of the Capital Stabilization Fund and other reserve accounts. FY2022 was the last year for repayment of the land purchases on Pelham Rd. and Bedford St., which is the reason for the significant decrease.*



Town of Lexington

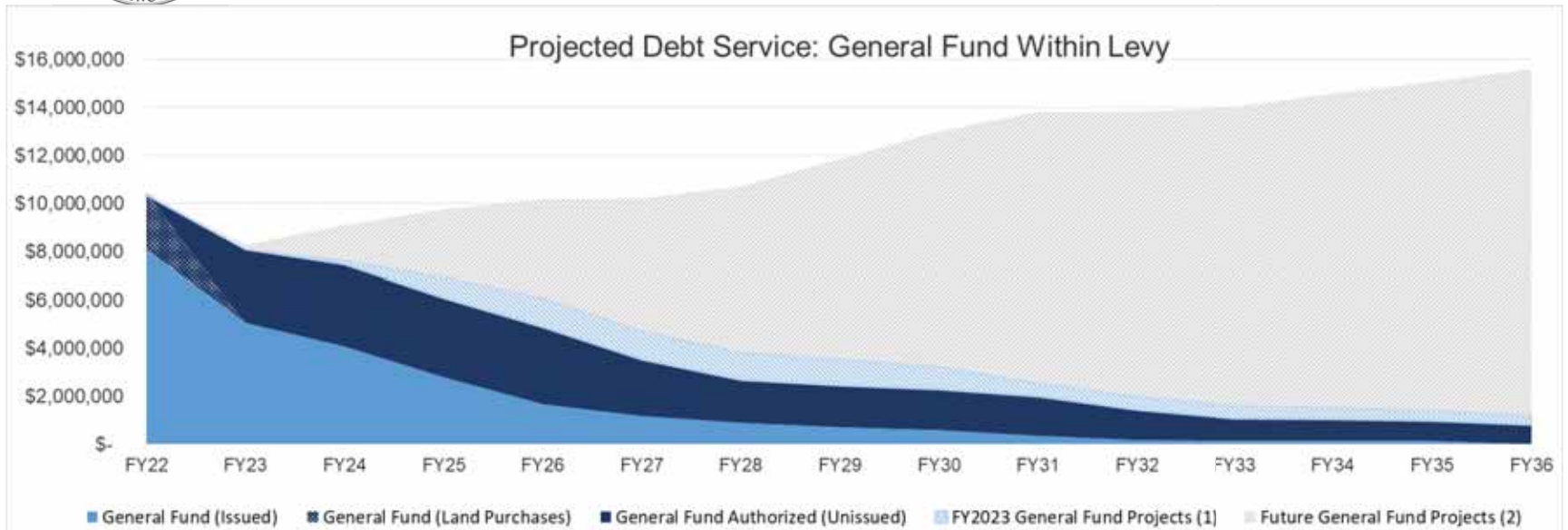
FY2023 Preliminary Budget - Summit III

Total Levy-Supported Debt Service

FY Actuals	Gross Debt Service	Non-tax revenue support	Land Purchase Paydown (Free Cash)	CSF Mitigation	Net Debt Service	Change
FY2013 Actual	\$5,624,308				\$5,624,308	21.4%
FY2014 Actual	\$5,416,793				\$5,416,793	(3.7)%
FY2015 Actual	\$6,524,620			\$919,000	\$5,605,620	3.5%
FY2016 Actual	\$6,740,537			\$620,567	\$6,119,970	9.2%
FY2017 Actual	\$7,037,701			\$710,000	\$6,327,701	3.4%
FY2018 Actual	\$9,388,135	\$42,200	\$2,351,430	\$324,500	\$6,670,005	5.4%
FY2019 Actual	\$10,837,525	\$59,488	\$3,050,000	\$573,500	\$7,154,537	7.3%
FY2020 Actual	\$9,556,878	\$80,380	\$2,234,614	\$—	\$7,241,884	1.2%
FY2021 Actual	\$10,237,538	\$246,680	\$2,403,450	\$—	\$7,587,408	4.8%
FY2022 Budgeted	\$10,397,112	\$51,933	\$2,320,274	\$—	\$8,024,905	5.8%
FY2023 Budgeted	\$8,341,580	\$16,125	\$—	\$—	\$8,325,455	3.7%



Town of Lexington FY2023 Preliminary Budget - Summit III



Authorized General Fund Debt (Issued & Unissued):	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
General Fund (Issued)	\$ 8,076,838	\$ 5,066,218	\$ 4,077,208	\$ 2,798,058	\$ 1,673,532	\$ 1,179,262	\$ 896,180	\$ 713,330	\$ 593,010	\$ 354,760	\$ 173,190
General Fund (Land Purchases)	\$ 2,320,274	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Fund Authorized (Unissued)	\$ —	\$ 3,116,348	\$ 3,539,294	\$ 3,434,783	\$ 3,330,272	\$ 3,225,761	\$ 2,393,627	\$ 1,819,261	\$ 1,763,747	\$ 1,708,232	\$ 1,652,718
Subtotal Authorized Debt	\$10,397,112	\$ 8,182,566	\$ 7,616,502	\$ 6,232,841	\$ 5,003,804	\$ 4,405,023	\$ 3,289,807	\$ 2,532,591	\$ 2,356,757	\$ 2,062,992	\$ 1,825,908
Unauthorized General Fund Projects:											
FY2023 General Fund Projects (1)	\$ —	\$ 159,013	\$ 861,987	\$ 1,205,768	\$ 1,169,949	\$ 1,134,131	\$ 1,098,312	\$ 962,493	\$ 565,675	\$ 548,456	\$ 531,237
Total Projected GF Debt Service	\$10,397,112	\$ 8,341,579	\$ 8,478,489	\$ 7,438,609	\$ 6,173,753	\$ 5,539,154	\$ 4,388,119	\$ 3,495,084	\$ 2,922,432	\$ 2,611,448	\$ 2,357,145
Future General Fund Projects (2)	\$ —	\$ —	\$ 155,133	\$ 1,442,735	\$ 2,755,935	\$ 4,096,011	\$ 5,464,307	\$ 6,862,236	\$ 8,291,277	\$ 9,752,988	\$11,249,000
Less: Other Revenue Offsets	\$ 2,372,207	\$ 16,125	\$ 132,023	\$ 124,148	\$ 124,148	\$ 124,148	\$ 124,148	\$ 124,148	\$ 124,148	\$ 124,148	\$ 124,148
Less: CSF Mitigation	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net Project Debt Service	\$ 8,024,905	\$ 8,325,454	\$ 8,501,599	\$ 8,757,196	\$ 8,805,540	\$ 9,511,017	\$ 9,728,278	\$ 10,233,172	\$ 11,089,561	\$ 12,240,288	\$ 13,481,997

(1) Includes \$8.288M of capital projects that were submitted for the FY2022 budget that may be funded with general fund, within levy debt (LHS Feasibility Study \$1.825M, Battle Green Streetscape \$4.975M, Sidewalk Improvement \$560K, Townwide Roofing Program \$428K, and HS Emergency Fund \$500K).

(2) Future General Fund projects assume a 5% increase in debt funded capital projects in each subsequent budget year and an 8-year average maturity



Town of Lexington

FY2023 Preliminary Budget - Summit III

Revenues Set-Aside for Designated Expenses - FY2023

		Tax Levy	Free Cash	Other	Total
1	Set-Aside for Unanticipated Current Fiscal Year Needs		\$ 200,000		\$ 200,000
2	Other Post-Employment Benefits (OPEB)	\$ 750,000	\$ 1,179,721		\$ 1,929,721
3	Unallocated		\$ 500,000		\$ 500,000
4	Cash Capital		\$ 7,004,983	\$ 548,747	\$ 7,553,730
5	Appropriate into Capital Stabilization Fund	\$ 57,138	\$ 3,085,296		\$ 3,142,434
6	Appropriate from Capital Stabilization Fund			\$ —	\$ —
7	Transition Free Cash out of Operating Budget		\$ 700,000		\$ 700,000
8	Street Improvement Program	\$ 2,669,767			\$ 2,669,767
9	Municipal Building Envelope and Systems	\$ 219,540			\$ 219,540
10	Warrant Articles	\$ 90,000	\$ 55,000		\$ 145,000
11	Support of Recreation and Community Programs Dept.	\$ 242,790			\$ 242,790
12	Subtotal	\$ 4,029,235	\$ 12,725,000	\$ 548,747	\$ 17,302,982
13	Revenue to Support Operating Budget	\$ —	\$ 1,500,000	\$ —	\$ 1,500,000
14	Funding for New Pension Schedule		\$ 400,000		\$ 400,000
15	Retire Note for Land Purchases - Debt Service	\$ —	\$ —		\$ —
16	Grand Total	\$ 4,029,235	\$ 14,625,000	\$ 548,747	\$ 19,202,982



Town of Lexington

FY2023 Preliminary Budget - Summit III

Capital Stabilization Fund & OPEB Recommendations

- **Appropriate into the Capital Stabilization Fund (CSF)** - Appropriate \$3,085,296* from Free Cash into the CSF to replenish the fund for future school construction projects. This is in addition to \$57,138 related to the Town's new fiscal guideline for setting aside new growth revenues from specified commercial developments.
- **Appropriate from the CSF for Within-Levy Debt Service** - No transfer from the CSF is needed in FY2023 to maintain the targeted level of within-levy debt service. Transfers may be needed in future periods as large within-levy projects begin construction.
- **Appropriate from the Capital Stabilization Fund for Excluded Debt Service** - Transfer \$800,000 from the Capital Stabilization Fund to mitigate excluded debt service.
- **Appropriate into the Other Post-Employment Benefits (OPEB)** - Appropriate \$1,935,486 into the OPEB Trust Fund (\$1,179,721 - Free Cash, \$750,000 - Health Insurance Claims Trust Fund and \$5,765 enterprise funds).

*Estimated amount will be adjusted in Final Recommended FY2023 as Free Cash is certified by Department of Revenue



Town of Lexington

FY2023 Preliminary Budget - Summit III

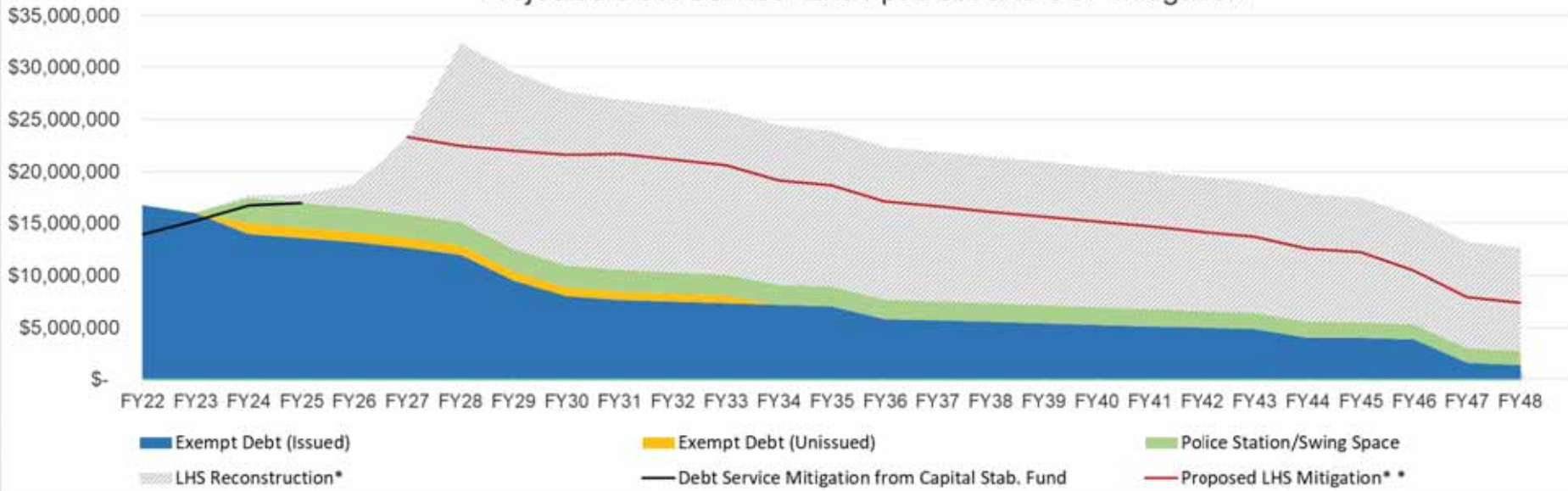
Capital Stabilization Fund (CSF)

	Appropriations and Interest into CSF	Dedicated Funding from Commercial New Growth	Anticipated Use of CSF for Within Levy Debt	Anticipated Use of CSF for Excluded Debt	Ending Balance
FY2013	\$1,601,835		\$—	\$—	\$1,601,835
FY2014	\$3,988,868		\$—	\$(1,600,000)	\$3,990,703
FY2015	\$5,926,762		\$(919,000)	\$(950,000)	\$8,048,465
FY2016	\$9,513,048		\$(215,000)	\$(620,567)	\$16,725,946
FY2017	\$7,187,263		\$—	\$(710,000)	\$23,203,209
FY2018	\$8,119,224		\$(324,500)	\$(2,400,000)	\$28,597,933
FY2019	\$4,203,280		\$(573,500)	\$(4,500,000)	\$27,727,713
FY2020	\$2,701,541		\$—	\$(5,200,000)	\$25,229,254
FY2021	\$44,804		\$—	\$(4,600,000)	\$20,674,058
FY2022 (proj.)	\$3,730,836	\$57,138	\$—	\$(2,800,000)	\$21,662,032
FY2023 (est.)	\$3,085,296	\$57,138	\$—	\$(800,000)	\$24,004,466
FY2024 (est.)	\$—	\$2,390,000	\$—	\$(700,000)	\$25,694,466
FY2025 (est.)	\$—	\$3,000,000	\$—	\$—	\$28,694,466
FY2026 (est.)	\$—	\$3,750,000	\$—	\$—	\$32,444,466
FY2027 (est.)	\$—	\$4,500,000	\$—	\$—	\$36,944,466
FY2028 (est.)	\$—	\$5,250,000	\$—	\$(10,000,000)	\$32,194,466
FY2029 (est.)	\$—	\$5,250,000	\$—	\$(7,500,000)	\$29,944,466
FY2030 (est.)	\$—	\$5,250,000	\$—	\$(6,000,000)	\$29,194,466



Town of Lexington FY2023 Preliminary Budget - Summit III

Projected Debt Service: Exempt Debt and CSF Mitigation



Authorized Exempt Debt:	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Exempt Debt (Issued)	\$16,747,991	\$16,012,685	\$14,023,382	\$13,629,861	\$13,229,441	\$12,681,295	\$12,003,767	\$ 9,501,897	\$ 8,007,021	\$ 7,667,409	\$7,499,201
Exempt Debt (Unissued)	\$ —	\$ 34,606	\$ 1,018,557	\$ 989,311	\$ 960,066	\$ 930,820	\$ 901,574	\$ 847,137	\$ 818,899	\$ 790,661	\$ 762,423
Unauthorized Exempt Projects:											
Police Station/Swing Space	—	—	\$ 2,405,333	\$ 2,361,600	\$ 2,317,867	\$ 2,274,133	\$ 2,230,400	\$ 2,186,667	\$ 2,142,933	\$ 2,099,200	\$2,055,467
Total Projected Exempt Debt Service	\$16,747,991	\$16,047,291	\$17,447,272	\$16,980,772	\$16,507,374	\$15,886,248	\$15,135,741	\$12,535,701	\$10,968,853	\$10,557,270	\$10,317,091
Debt Service Mitigation from Capital Stab. Fund	\$ 2,800,000	\$ 800,000	\$ 700,000	\$ —	\$ —	—	—	—	—	—	—
Total Mitigated Debt Service All Projects	13,947,991	15,247,291	16,747,272	16,980,772	16,507,374	15,886,248	15,135,741	12,535,701	10,968,853	10,557,270	10,317,091

* Theoretical debt service on a Lexington High School design & construction project assuming feasibility study authorization at 2022 Special Town Meeting. Assumes Town will pay \$245M (70% of \$350M total cost, 30% MSBA): \$24.5M design authorization at 2023 ATM, and \$220.5M construction authorization at 2025 Annual Town Meeting; 30-year bonds at 4% interest rate.

** Proposed application of NEW fiscal guideline to mitigate High School debt service with New Levy Growth revenue from commercial developments



Town of Lexington

FY2023 Preliminary Budget - Summit III

Other Recommendations

- **Unallocated Revenues for Contingencies** - This preliminary recommended budget includes \$500,000 in unallocated revenues, that can be deployed if needed to fund programs, balance the budget if state aid is less than projected, or cover additional expense if health insurance is more than projected, etc.
- **Eliminate the Use of Free Cash to balance the General Fund Operating Budget** - The FY2023 budget reduces the amount of Free Cash to support the operating to \$1,500,000, a reduction of \$700,000 compared to FY2022. It is recommended that the \$700,000 be utilized for cash capital.
- **Increase the amount of Cash Capital funding to reduce future borrowing costs** - The FY2023 preliminary budget recommends \$7,704,983 of Free Cash be applied to cash capital (including the \$700,000 above). Over the last 5 years the Town utilized Free Cash to pay-down land purchases at 173 Bedford St. and 20 Pelham Rd. The final payment for land purchases in was in FY2022 so Free Cash is no longer needed for this purpose in FY2023. Going forward staff recommends increasing the amount of cash capital to meet the needs of our long-term capital plan and to reduce future borrowing costs.



Town of Lexington FY2023 Preliminary Budget - Summit III

Recommended Capital Budget - FY2023

Capital Requests Summary					
	Free Cash/ Tax Levy	Other Funding Sources	Debt	Total	Other**
General Fund	\$ 10,594,290	\$ —	\$ 8,288,000	\$ 18,882,290	\$ —
Excluded Debt Projects	\$ —	\$ —	\$ 32,800,000	\$ 32,800,000	\$ —
Other Funding & Chapter 90	\$ —	\$ 548,747	\$ —	\$ 548,747	\$ 982,231
Water Enterprise	\$ —	\$ 2,420,000	\$ —	\$ 2,420,000	\$ —
Sewer Enterprise	\$ —	\$ 945,000	\$ 2,220,000	\$ 3,165,000	\$ —
Recreation Enterprise	\$ —	\$ 95,000	\$ —	\$ 95,000	\$ —
Community Preservation Act*	\$ —	\$ 11,322,556	\$ —	\$ 11,322,556	\$ —
Total (all Funds)	\$ 10,594,290	\$ 15,331,303	\$ 43,308,000	\$ 69,233,593	\$ 982,231

*Includes both Town and non-Town CPA funded projects.

**Other represents Chapter 90 Aid for street improvements. This item does not require a Town Meeting appropriation.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Significant Capital Projects - General Fund

- **Police Station Reconstruction** - The capital budget includes \$32,800,000 to reconstruct the Police Station at its current site. This project is recommended to be excluded from Proposition 2½ and a debt exclusion referendum is expected for this project in June 2022.
- **Battle Green Streetscape** - This budget includes \$4,975,000 to design and construct updates to the roadway around the Battle Green, including a proposed roundabout at the intersection with Harrington, Hancock and Massachusetts Ave. Both design and construction funding is requested as the goal is to complete construction before the 250th anniversary.
- **LHS Feasibility Study** - In February 2021 the School Committee submitted a Statement of Interest (SOI) to the Massachusetts School Building Authority (MSBA) to evaluate LHS for insufficient educational capacity and system upgrades. We expect to hear if the LHS project is selected in the Spring of 2022. Should the MSBA select the Lexington SOI, \$1,825,000 in funding will be requested for the Feasibility Study.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Other Capital Highlights

- **General Fund:**
 - High School Equipment Emergency Funds - \$500,000
 - Network Redundancy & Improvement Plan - \$945,000
 - Fire Pumper Truck - \$650,000
 - Townwide Pedestrian & Bicycle Plan - \$65,000
- **Wastewater Enterprise:** Pump Station Upgrades - \$2,000,000
- **CPA Projects:**
 - Vine Street Affordable Housing Construction - \$5,300,000
 - Center Basketball and Tennis Hard Courts - \$2,500,000
 - Pour-in-Place Playground Enhancements - \$1,495,591
 - Center Recreation Complex Bathrooms - \$915,000



Town of Lexington

FY2023 Preliminary Budget - Summit III

Total Cash Capital Funding

	Free Cash	Tax Levy/ Other	Total
FY2012	\$ 1,370,000	\$ 1,012,174	\$ 2,382,174
FY2013	\$ 1,467,315	\$ 1,849,011	\$ 3,316,326
FY2014 ⁽¹⁾	\$ 4,474,222	\$ 4,446,526	\$ 8,920,748
FY2015	\$ 1,975,000	\$ 3,983,117	\$ 5,958,117
FY2016	\$ 2,190,082	\$ 2,452,905	\$ 4,642,987
FY2017	\$ 2,760,625	\$ 2,842,143	\$ 5,602,768
FY2018	\$ 3,350,000	\$ 2,737,640	\$ 6,087,640
FY2019	\$ 4,600,245	\$ 3,143,693	\$ 7,743,938
FY2020 ⁽²⁾	\$ 4,200,000	\$ 3,937,274	\$ 8,137,274
FY2021	\$ 4,775,531	\$ 3,036,488	\$ 7,812,019
FY2022 ⁽³⁾	\$ 4,900,531	\$ 5,235,960	\$ 10,136,491
FY2023	\$ 7,704,983	\$ 3,438,054	\$ 11,143,037
FY2022-23 \$Change	\$2,804,452	\$(1,797,906)	\$1,006,546
FY2022-23 %Change	57.2%	(34.3)%	9.9%
<small>(1) includes Free Cash used toward Community Center Purchase.</small>			
<small>(2) includes \$821K of Tax Levy New Growth allocated at Fall STM to fund LED Streetlights</small>			
<small>(3) Includes \$1.64M of New Levy Growth allocated at the 2021 Fall STM (\$870K for Police Station design and swing space construction, and \$770K for Westview Cemetery building).</small>			



Town of Lexington

FY2023 Preliminary Budget - Summit III

Looking Ahead

- **Financial Analysis for Household Impact of Police Station Debt Exclusion Referendum**
- **Facilities 20-Year Master Plan** - Spring 2022 Summit Presentation; planning and capital plan updates targeted for FY2024 Budget
- **Stormwater Enterprise** - Targeted for 2023 Annual Town Meeting; FY2024 Budget
- **Pension & OPEB Funding Guidelines** - To be incorporated into FY2024 Budget
- **Recreation Enterprise Budget Review** - To be incorporated into FY2024 Budget
- **Water and Sewer Enterprise Funds** - Review of Debt Service and rate projections
- **Debt Financing vs Cash Capital Funding** - Updated projections and planning for FY2024 & beyond



Town of Lexington

FY2023 Preliminary Budget - Summit III

Anticipated Changes before Brown Book Issued

- **Finalize Free Cash** - Current FY2021 estimate of \$14,625,000 has not yet been certified by the Department of Revenue. Adjustments will be reflected in transfer to Capital Stabilization Fund or potentially to increase cash capital.
- **Debt Service** - Staff are preparing to issue debt in late January. Estimates for FY2023 debt service are reflected in the shared expenses budget; actuals may vary due to interest rates and premium.
- **Minuteman Assessment** - Budget will be voted by the Minuteman School Committee at the end of January.
- **State Aid** - Governor's budget will be issued on January 26th, and will provide an initial estimate of State Aid for FY2023.
- **Police Station Construction** - \$32,800,000 is a placeholder amount; final budget request is pending construction estimates.
- **Other** - Additional changes may be identified through the budget deliberation process.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Next Steps

- **January 14, 2022- February 4, 2022** - Municipal and School staff to respond to questions on operating and capital budgets; ongoing budget deliberations
- **February 7, 2022** - Select Board to vote recommended FY2023 budget;
- **February 25, 2022** - The final recommended budget will be distributed electronically to the Select Board, Appropriation Committee, Capital Expenditures Committee and Town Meeting Members. Printed copies to follow the week of March 14th
- **March 28, 2022** - Town Meeting begins; financial articles may considered
- **May 2022** - Spring fiscal summit to review Facilities' 20-Year Master Plan and other financial guidelines
- **June 2022** - Potential Debt Exclusion referendum for Police Station



Town of Lexington
FY2023 Preliminary Budget - Summit III

Appendix
5-Year Revenue and Spending Projections



Town of Lexington

FY2023 Preliminary Budget - Summit III

Summary of Revenue Projections - FY2023-27

Revenue Summary <i>(\$s in 000s)</i>	FY2020	FY2021	FY2022	FY2023	FY2022-23 Change		FY2024	FY2025	FY2026	FY2027
	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
1 Property Tax Levy	\$ 184,822	\$ 194,330	\$ 204,229	\$ 212,113	\$ 7,884	3.9 %	\$ 220,166	\$ 228,420	\$ 236,881	\$ 245,553
2 State Aid	\$ 16,256	\$ 16,335	\$ 16,492	\$ 16,695	\$ 203	1.2 %	\$ 16,900	\$ 17,106	\$ 17,313	\$ 17,521
3 Local Receipts	\$ 16,824	\$ 15,358	\$ 12,628	\$ 13,488	\$ 860	6.8 %	\$ 13,813	\$ 14,018	\$ 14,229	\$ 14,447
4 Available Funds	\$ 14,264	\$ 11,805	\$ 17,825	\$ 16,718	\$ (1,107)	(6.2)%	\$ 11,625	\$ 9,931	\$ 9,945	\$ 9,959
5 Revenue Offsets	\$ (1,875)	\$ (1,774)	\$ (1,961)	\$ (2,246)	\$ (285)	14.5 %	\$ (2,285)	\$ (2,324)	\$ (2,365)	\$ (2,408)
6 Other Revenues	\$ 1,696	\$ 1,749	\$ 1,432	\$ 1,806	\$ 373	26.1 %	\$ 1,860	\$ 1,916	\$ 1,973	\$ 2,032
7 Total Revenues	\$ 231,987	\$ 237,804	\$ 250,645	\$ 258,574	\$ 7,929	3.2 %	\$ 262,079	\$ 269,067	\$ 277,975	\$ 287,103

Revenue Notes

- 1 Reflects statutory allowable growth of 2.5% and assumed new growth of \$2.75 million annually.
- 2 Assumes FY2023-27 Chapter 70 aid increases at \$25 per pupil Minimum Aid using October 2021 enrollment figures.
- 3 Assumes modest growth in local receipts based on evaluation of historical averages.
- 4 Free Cash estimate of \$10,500,000 available for FY2024 and \$9,000,000 for FY2025-2027. Annual contribution of \$141,000 from TDM Stabilization Fund to support Lexpress and the Alewife Shuttle. In FY2023 and FY2024, \$750,000 and \$200,000, respectively, 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. Further annual contributions from PEG Special Revenue Fund and Cemetery Sale of Lots Fund reflect anticipated spending tied to those areas.
- 5 \$750K for overlay (property tax abatement and exemptions) in FY2024-27. \$400K 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 Recreation resumes indirect contributions in FY2023; overall FY2023 Enterprise Indirects increasing by 3% annually.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Summary of Spending Projections - FY2023-27 School and Municipal Expenses

Expenditure Summary	A	B	C	D	E		F	G	H	I
<i>(\$s in 000s)</i>	FY2020	FY2021	FY2022	FY2023	FY2022-23 Change		FY2024	FY2025	FY2026	FY2027
Education	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
8 LPS Wages	\$ 94,476	\$ 96,736	\$ 102,655	\$ 106,450	\$ 3,795	3.7 %	\$ 110,070	\$ 114,011	\$ 117,929	\$ 122,091
9 LPS Expenses	\$ 15,133	\$ 18,538	\$ 20,722	\$ 21,804	\$ 1,082	5.2 %	\$ 23,832	\$ 25,545	\$ 27,387	\$ 29,315
10 Minuteman	\$ 2,470	\$ 2,863	\$ 3,130	\$ 3,224	\$ 94	3.0 %	\$ 3,546	\$ 3,901	\$ 4,291	\$ 4,720
Municipal										
11 Municipal Wages	\$ 32,062	\$ 33,666	\$ 35,329	\$ 36,530	\$ 1,201	3.4 %	\$ 37,082	\$ 38,154	\$ 39,245	\$ 40,117
12 Municipal Expenses	\$ 16,309	\$ 17,563	\$ 20,254	\$ 21,185	\$ 931	4.6 %	\$ 21,793	\$ 22,432	\$ 23,103	\$ 23,808

Expenditure Notes

- 8 Illustrates a level-services budget and does not include program improvements. Includes a 2.5% increase on base budget for step increases, current known salary COLA adjustments on settled contracts, and (\$850,000) for annual staff turnover savings. Assumes anticipated funding for unsettled contracts in FY2023-27. Includes additional staffing due to projected enrollment increases in FY2024-27 based on preliminary FY2022 Enrollment projections from Oct. 1 data. Recurring additional staff-related costs are inclusive of benefits, workers comp., and Medicare.
- 9 Program budget per pupil rates are adjusted by 4% Consumer Price Index (CPI) in FY2023 and 2.00% in FY2024-27; applied against preliminary projected enrollment levels. All other lines adjusted by 4% in FY2023 and 2.0% in FY2024-27. Special Education Out-of-District Tuition and Transportation lines are projected based on program trends. Approximately 81-85% of total expense line increases are driven by these budget lines (FY2023-27).
- 10 FY2024-27 projections increase by 10%.
- 11 Projections based on step increases for current staff, settled collective bargaining contracts, and anticipated contract settlements for out-years.
- 12 Level-service budget using CPI of 7% for electricity, 5.5% for natural gas, 10% for IT software expenses, and 1.8% for all other expenses.



Town of Lexington FY2023 Preliminary Budget - Summit III

Summary of Spending Projections - FY2023-27 Shared Expenses

Expenditures, Cont.	A	B	C	D	E		F	G	H	I
(\$s in 000s)	FY2020	FY2021	FY2022	FY2023	FY2022-23 Change		FY2024	FY2025	FY2026	FY2027
Shared Expenses	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
13 Debt Service	\$ 7,322	\$ 7,834	\$ 8,077	\$ 8,342	\$ 265	3.3 %	\$ 8,759	\$ 9,197	\$ 9,656	\$ 10,139
14 Mitigated Within Levy Debt Service	\$ —	\$ —	\$ —	\$ —	\$ —	— %	\$ —	\$ —	\$ —	\$ —
15 Land Purchase Note Retirement	\$ 2,235	\$ 2,403	\$ 2,320	\$ —	\$ (2,320)	(100.0)%	\$ —	\$ —	\$ —	\$ —
16 OPEB	\$ 1,880	\$ 750	\$ 1,880	\$ 1,930	\$ 50	2.7 %	\$ 1,980	\$ 2,030	\$ 2,080	\$ 2,130
17 Retirement	\$ 6,350	\$ 6,695	\$ 7,434	\$ 8,176	\$ 742	10.0 %	\$ 8,926	\$ 9,676	\$ 10,426	\$ 11,176
18 Benefits	\$ 27,079	\$ 28,362	\$ 31,371	\$ 32,743	\$ 1,373	4.4 %	\$ 34,367	\$ 36,071	\$ 37,862	\$ 39,743
18a Medicare	\$ 1,852	\$ 1,908	\$ 1,982	\$ 2,055	\$ 73	3.7 %	\$ 2,178	\$ 2,309	\$ 2,447	\$ 2,594
18b Health Insurance	\$ 24,133	\$ 25,448	\$ 28,270	\$ 29,554	\$ 1,284	4.5 %	\$ 31,032	\$ 32,584	\$ 34,213	\$ 35,924
18c Dental	\$ 1,073	\$ 986	\$ 1,093	\$ 1,109	\$ 16	1.4 %	\$ 1,131	\$ 1,154	\$ 1,177	\$ 1,201
18d Life	\$ 22	\$ 20	\$ 25	\$ 25	\$ —	— %	\$ 25	\$ 25	\$ 25	\$ 25

Expenditure Notes

- 13 Within levy debt service is projected to grow by 5% annually. Amounts above that will be mitigated by use of the Capital Stabilization Fund.
- 14 Within levy debt service mitigated by use of the Capital Stabilization Fund. FY2023-27 left as \$0 to not dilute the rest of the projections.
- 15 Use of Free Cash to pay down short-term notes issued to pay for the land purchases at 173 Bedford St. and Pelham Rd.
- 16 Continued funding of OPEB with a \$50,000 annual increase - future funding levels under review by Town Manager's Fiscal Guideline Working Group.
- 17 Contributory Retirement assessment (based on 2030 amortization of unfunded liability and 7.25% interest rate assumption) plus Non-Contributory payments
- 18a 6% increase in Medicare, reflecting an increase in the number of eligible employees and increases in wages.
- 18b FY2023, growing at 5% annually.
- 18c FY2023, growing at 2% annually.
- 18d Level Funding



Town of Lexington

FY2023 Preliminary Budget - Summit III

FY2023-27 Shared Expenses, continued

Expenditures, Cont.	A	B	C	D	E		F	G	H	I
(\$s in 000s)	FY2020	FY2021	FY2022	FY2023	FY2022-23 Change		FY2024	FY2025	FY2026	FY2027
Shared Expenses	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
19 Reserve Fund	\$ —	\$ —	\$ 750	\$ 750	\$ —	— %	\$ 750	\$ 750	\$ 750	\$ 750
20 Workers' Comp.	\$ 887	\$ 875	\$ 750	\$ 625	\$ (125)	(16.7)%	\$ 500	\$ 450	\$ 400	\$ 400
21 Unemployment	\$ 200	\$ 64	\$ 200	\$ 200	\$ —	— %	\$ 200	\$ 200	\$ 200	\$ 200
22 Property & Lib. Ins.	\$ 805	\$ 791	\$ 845	\$ 895	\$ 50	5.9 %	\$ 940	\$ 987	\$ 1,036	\$ 1,088
23 Uninsured Losses	\$ 250	\$ 250	\$ 250	\$ 200	\$ (50)	(20.0)%	\$ 200	\$ 200	\$ 200	\$ 200
24 Solar Production	\$ 386	\$ 368	\$ 390	\$ 390	\$ —	— %	\$ 390	\$ 390	\$ 390	\$ 390
25 Capital	\$ 8,137	\$ 7,812	\$ 10,136	\$ 11,143	\$ 1,007	9.9 %	\$ 9,214	\$ 10,039	\$ 10,064	\$ 10,090
26 Other	\$ —	\$ —	\$ 365	\$ 345	\$ (20)	(5.5)%	\$ 230	\$ 230	\$ 230	\$ 230
27 Approp. to Capital Stab. Fund	\$ 2,269	\$ —	\$ 3,731	\$ 3,085	\$ (646)	(17.3)%	\$ —	\$ —	\$ —	\$ —
28 Unallocated Revenue				\$ 500	\$ 500	— %	\$ 500	\$ 500	\$ 500	\$ 500
29 Tax Levy Dedicated to CSF	\$ —	\$ —	\$ 57	\$ 57	\$ —	— %	\$ 57	\$ 57	\$ 57	\$ 57
30 Total Expenditures	\$ 218,250	\$ 225,572	\$ 250,645	\$ 258,574	\$ 7,929	3.2 %	\$ 263,279	\$ 274,762	\$ 285,749	\$ 297,088

19 Level Funding

20 Gradual reduction planned to maintain fund balance of \$2 million. Staff will continue to monitor and adjust out-year projections as needed.

21 Level Funding.

22 FY2022, growing at 5% annually.

23 Level Funding. Staff may recommend further reductions in out-years to maintain fund balance at \$1 million.

24 Payments to Syncarpha for construction costs of Hartwell Ave. solar arrays. Level Funding.

25 Includes \$5.6M in cash capital in FY2023 carried over from FY2022, plus an additional \$2.1M in excess Free Cash leftover from the land purchases. Reflects addition of \$700K and \$800K in FY2024 and FY2025 from transition of Free Cash for operating budget. FY2023 also includes \$548K from from Non-GF sources and prior

26 Reflects various warrant articles such as Senior Tax Work-Off and \$200K in unanticipated needs in FY2023-27.

27 Reflects past and projected transfers to continue funding the Capital Stabilization Fund to cover the high school project.

28 Proposed allocation set-aside for yet to be determined priorities.

29 Set-aside of tax levy tied to commercial new growth for Capital Stabilization Fund. Anticipated to grow in future years, tied to new revenue that is not captured in this model.



Town of Lexington

FY2023 Preliminary Budget - Summit III

Summary of Revenue/Expenditure Projections - FY2023-27

FY2020	FY2021	FY2022	FY2023	FY2024	FY2023	FY2026	FY2027
Actual	Actual	Revised	Projection	Projection	Projection	Projection	Projection

Revenue Summary (\$s in,000s)

Total Revenues	\$ 231,987	\$ 237,804	\$ 250,645	\$ 258,574	\$ 262,079	\$ 269,067	\$ 277,975	\$ 287,103
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Expense Summary (\$s in,000s)

Total Expenses	\$ 218,250	\$ 225,572	\$ 250,645	\$ 258,574	\$ 263,279	\$ 274,762	\$ 285,749	\$ 297,088
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Available Balance	\$ 13,737	\$ 12,231	\$ —	\$ —	\$ (1,199)	\$ (5,696)	\$ (7,774)	\$ (9,985)
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