

Town of Lexington



Summit II

FY2023 Revenue Projections and Revenue Allocation

December 2, 2021



Town of Lexington Financial Summit II

FY2023 Revenue Allocation Summary - Summit I

| | | | |
|---|-------------------------------------|-----------------------|-------------|
| 1 | Total Revenues | \$ 258,122,594 | |
| 2 | FY2022 School Budget (Adj.) | \$ 122,876,981 | 74.0% |
| 3 | FY2022 Municipal Budget (Adj.) | \$ 43,232,306 | 26.0% |
| 4 | Shared Expenses | \$ 68,849,233 | |
| 5 | Set-Asides | \$ 16,683,291 | |
| | Total Base Budget | <u>\$ 251,641,810</u> | |
| | Allocation Total | \$ 6,480,784 | 3.9% |
| 8 | School Allocation / FY2023 Total | \$ 4,794,067 | 74% |
| 9 | Municipal Allocation / FY2023 Total | \$ 1,686,716 | 26% |

| | <u>Revenue Allocation</u> | | <u>Initial Budget Request</u> | | <u>Surplus/ (Shortfall)</u> | |
|----|-------------------------------|----------------|-----------------------------------|----------------|---------------------------------|--------------|
| 10 | FY2023 School budget | \$ 127,671,048 | 3.9% | \$ 128,551,071 | 4.6% | \$ (880,023) |
| 11 | FY2023 Municipal budget | \$ 44,919,022 | 3.9% | \$ 44,975,963 | 4.0% | \$ (56,941) |



Town of Lexington

Financial Summit II

Summary of Changes from Summit I to II

Revenue

| | |
|-------------------|--|
| \$ 593,917 | Refined Tax Levy projections to reflect actual FY2021 New Growth |
| \$ 130,000 | Dedicated revenue for cash capital |
| \$ 74,141 | Misc. Revenue adjustments |
| <u>\$ 798,058</u> | Revised Available Revenue |

Spending - Adjustments to Shared Expenses

| | |
|-----------------|--|
| \$ (180,111) | Benefits budget (Health, Dental, Medicare) |
| \$ (125,000) | Begin to step-down Workers' Comp, per staff analysis |
| \$ 50,000 | Adjust Property & Liability insurance to reflect FY2022 premiums |
| \$ (50,000) | Begin to step-down Uninsured Losses, per staff analysis |
| \$ 105,790 | Adjustments for Facilities to Reflect EVs and higher utility costs |
| \$ 43,783 | Facilities PIR for Repurposed Staff to Manage 20-year Master Plan |
| \$ 130,000 | Capital projects identified for funding from dedicated revenue |
| \$ 34,978 | Updated New Growth for Targeted Properties - New CSF Policy |
| <u>\$ 9,440</u> | Total Spending Adjustments |
| \$ 788,617 | Net Change in Revenue Allocation |
| \$ 205,249 | Municipal |
| \$ 583,368 | School |



Town of Lexington

Financial Summit II

Shared Expenses - FY2020-2023

| | FY2020 Actual | FY2021 Actual | FY2022 Budget | FY2023 Projected | Variance | % Change |
|---|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------|---------------------|
| 1 Minuteman Regional High School | \$ 2,470,131 | \$ 2,863,147 | \$ 3,130,038 | \$ 3,505,643 | \$ 375,605 | 12.0 % |
| 2 Contributory Retirement | \$ 6,334,436 | \$ 6,679,199 | \$ 7,417,500 | \$ 8,159,250 | \$ 741,750 | 10.0 % |
| 3 Non-Contributory Retirement | \$ 15,487 | \$ 15,907 | \$ 16,327 | \$ 16,777 | \$ 450 | 2.8 % |
| 4 Benefits (Health, Dental, Life, Medicare) | \$ 27,079,216 | \$ 28,361,983 | \$ 31,370,733 | \$ 32,723,057 | \$ 1,352,324 | 4.3 % |
| 5 Unemployment | \$ 200,000 | \$ 64,311 | \$ 200,000 | \$ 200,000 | \$ — | — % |
| 6 Workers' Comp | \$ 887,346 | \$ 875,000 | \$ 750,000 | \$ 625,000 | \$ (125,000) | (16.7)% |
| 7 Property and Liability Insurance | \$ 804,756 | \$ 791,296 | \$ 845,000 | \$ 895,000 | \$ 50,000 | 5.9 % |
| 8 Uninsured Losses | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 200,000 | \$ (50,000) | (20.0)% |
| 9 Solar Production Payment | \$ 385,512 | \$ 367,694 | \$ 390,000 | \$ 390,000 | \$ — | — % |
| 10 Debt Service | \$ 7,241,885 | \$ 7,587,408 | \$ 8,024,905 | \$ 8,426,150 | \$ 401,245 | 5.0 % |
| 11 Reserve Fund | \$ — | \$ — | \$ 750,000 | \$ 750,000 | \$ — | — % |
| 12 Facilities Department Budget | \$ 11,095,414 | \$ 11,050,331 | \$ 12,153,365 | \$ 12,686,090 | \$ 532,725 | 4.4 % |
| 13 Grand Total | \$ 56,764,183 | \$ 58,906,276 | \$ 65,297,868 | \$ 68,576,967 | \$ 3,279,099 | 5.0 % |



Town of Lexington

Financial Summit II

FY2023 Revenue Allocation Summary - Summit II

| | | | | |
|---|-------------------------------------|-----------------------|-------------|--|
| 1 | Total Revenues | \$ 258,920,652 | | |
| 2 | FY2022 School Budget (Adj.) | \$ 122,876,981 | 74.0% | |
| 3 | FY2022 Municipal Budget (Adj.) | \$ 43,232,306 | 26.0% | |
| 4 | Shared Expenses | \$ 68,693,695 | | |
| 5 | Set-Asides | \$ 16,848,269 | | |
| 6 | Total Base Budget | \$ 251,651,251 | | |
| 7 | Allocation Total | \$ 7,269,401 | 4.4% | |
| 8 | School Allocation / FY2023 Total | \$ 5,377,436 | 74% | |
| 9 | Municipal Allocation / FY2023 Total | \$ 1,891,965 | 26% | |

| | <u>Revenue Allocation</u> | | <u>Initial Budget Request</u> | | <u>Surplus/ (Shortfall)</u> |
|----------------------------|---------------------------|------|-------------------------------|------|-----------------------------|
| 10 FY2023 School budget | \$ 128,254,417 | 4.4% | \$ 128,551,071 | 4.6% | \$ (296,654) |
| 11 FY2023 Municipal budget | \$ 45,124,271 | 4.4% | \$ 44,791,052 | 3.6% | \$ 333,219 |



Town of Lexington Financial Summit II

FY2023 Revenue Allocation Model

| \$258,921 | | Projected FY2023 Revenue | | | |
|-----------|--------------|--------------------------|----------------------|-----------------------|---|
| | | Shared | Municipal | School | (\$s in 000s) |
| (1) | \$ (123,377) | \$ — | \$ — | \$ (123,377) | FY2022 School Budget |
| (2) | \$ (43,510) | \$ — | \$ (43,510) | \$ — | FY2022 Municipal Budget + Community Center Support |
| (3) | \$ 778 | \$ — | \$ 278 | \$ 500 | Remove One-time Funding Due to Pandemic |
| (4) | \$ (3,506) | \$ (3,506) | \$ — | \$ — | FY2023 Minuteman |
| (5) | \$ (8,159) | \$ (8,159) | \$ — | \$ — | FY2023 Contributory Retirement |
| (6) | \$ (17) | \$ (17) | \$ — | \$ — | FY2023 Non-Contributory Retirement |
| (7) | \$ (32,723) | \$ (32,723) | \$ — | \$ — | FY2023 Benefits |
| (8) | \$ (200) | \$ (200) | \$ — | \$ — | FY2023 Unemployment |
| (9) | \$ (625) | \$ (625) | \$ — | \$ — | FY2023 Workers' Comp |
| (10) | \$ (895) | \$ (895) | \$ — | \$ — | FY2023 Property and Liability Insurance |
| (11) | \$ (200) | \$ (200) | \$ — | \$ — | FY2023 Uninsured Losses |
| (12) | \$ (390) | \$ (390) | \$ — | \$ — | FY2023 Solar Production Payment |
| (13) | \$ (8,543) | \$ (8,543) | \$ — | \$ — | FY2023 Debt Service |
| (14) | \$ — | \$ — | \$ — | \$ — | Pay Down Principal for Land Purchases |
| (15) | \$ (750) | \$ (750) | \$ — | \$ — | FY2023 Reserve Fund |
| (16) | \$ (12,642) | \$ (12,642) | \$ — | \$ — | FY2023 Facilities Department Budget |
| (17) | \$ (44) | \$ (44) | \$ — | \$ — | Facilities PIRs |
| (17) | \$(16,848) | \$ (500) | \$ — | \$ — | Set-Aside for as yet to be identified needs; |
| | | \$ (200) | \$ — | \$ — | Unanticipated Current Fiscal Year Needs |
| | | \$ (57) | \$ — | \$ — | Tax Levy Dedicated to Capital Stabilization Fund |
| | | \$ (5,245) | \$ — | \$ — | Capital Stabilization Fund |
| | | \$ (700) | \$ — | \$ — | Transition Free Cash out of Operating Budget - 3rd of 5 years |
| | | \$ (5,312) | \$ — | \$ — | Cash Capital |
| | | \$ (1,930) | \$ — | \$ — | OPEB |
| | | \$ (2,670) | \$ — | \$ — | Street Improvement Program |
| | | \$ (220) | \$ — | \$ — | Building Envelope Program |
| | | \$ (15) | \$ — | \$ — | Senior Tax Work-Off Program |
| (18) | \$ (251,651) | \$ (85,542) | \$ (43,232) 26.0% | \$ (122,877) 74.0% | Base Budget - Used for Allocation Percentage - Municipal and School Only |
| (19) | \$ 7,269 | \$ 1,892 4.4% | \$ 5,377 4.4% | \$ — | Incremental Revenue Percent of Current Budget |



Town of Lexington

Financial Summit II

Revenues Set-Aside for Designated Expenses - FY2023

| | Tax Levy | Free Cash | Other | Total |
|--|--------------|---------------|------------|---------------|
| 1 Set-Aside for Unanticipated Current FY 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 Set-Aside in Case of State Aid Reduction | | \$ — | | \$ — |
| 5 Cash Capital | | \$ 4,900,531 | \$ 411,824 | \$ 5,312,355 |
| 6 Appropriate <u>into</u> Capital Stabilization Fund | \$ 57,138 | \$ 5,244,748 | | \$ 5,301,886 |
| 7 Appropriate <u>from</u> Capital Stabilization Fund | | | TBD | \$ — |
| 8 Transition Free Cash out of Operating Budget | | \$ 700,000 | | \$ 700,000 |
| 9 Street Improvement Program | \$ 2,669,767 | | | \$ 2,669,767 |
| 10 Municipal Building Envelope and Systems | \$ 219,540 | | | \$ 219,540 |
| 11 Warrant Articles | \$ 15,000 | | | \$ 15,000 |
| 12 Subtotal | \$ 3,711,445 | \$ 12,725,000 | \$ 411,824 | \$ 16,848,269 |
| 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 | \$ 3,711,445 | \$ 14,625,000 | \$ 411,824 | \$ 18,348,269 |



Town of Lexington

Financial Summit II

Revenues Set-Aside for Designated Expenses - FY2020-FY2023

| | FY2020 | FY2021 | FY2022 | FY2023 | Variance |
|---|---------------------|----------------------|---------------------|---------------------|----------------------|
| 1 Set-Aside for Unanticipated Current FY Needs | \$ — | \$ — | \$ — | \$ 200,000 | \$ 200,000 |
| 2 Other Post-Employment Benefits (OPEB) | \$ 1,879,721 | \$ 750,000 | \$ 1,879,721 | \$ 1,929,721 | \$ 50,000 |
| 3 Unallocated | \$ — | \$ — | \$ — | \$ 500,000 | \$ 500,000 |
| 4 Cash Capital ⁽¹⁾ | \$ 5,275,858 | \$ 4,775,531 | \$ 5,166,505 | \$ 4,900,531 | \$ (265,974) |
| 5 Cash Capital - Non-General Fund Sources | \$ 40,750 | \$ 193,504 | \$ 464,126 | \$ 411,824 | \$ (52,302) |
| 6 Tax Levy Dedicated to Capital Stab. Fund | \$ — | \$ — | \$ 57,138 | \$ 57,138 | \$ — |
| 7 Appropriate <u>into</u> Capital Stabilization Fund ⁽²⁾ | \$ 2,269,456 | \$ — | \$ 3,787,974 | \$ 5,244,748 | \$ 1,456,774 |
| 8 Transition Free Cash out of Operating Budget ⁽¹⁾ | \$ — | \$ — | \$ — | \$ 700,000 | \$ 700,000 |
| 9 Street Improvement Program | \$ 2,616,801 | \$ 2,634,022 | \$ 2,651,674 | \$ 2,669,767 | \$ 18,093 |
| 10 Municipal Building Envelope and Systems | \$ 203,865 | \$ 208,962 | \$ 214,186 | \$ 219,540 | \$ 5,354 |
| 11 Warrant Articles | \$ — | \$ — | \$ 165,000 | \$ 15,000 | \$ (150,000) |
| 12 Subtotal | \$12,286,451 | \$ 8,562,019 | \$14,386,324 | \$16,848,269 | \$ 2,461,945 |
| 13 Revenue to Support Operating Budget | \$ 2,900,000 | \$ 2,200,000 | \$ 2,200,000 | \$ 1,500,000 | \$ (700,000) |
| 14 Use of One-Time Funding Due to Pandemic | \$ — | \$ 89,475 | \$ 500,000 | \$ — | \$ (500,000) |
| 15 Support for New Pension Schedule | \$ — | \$ — | \$ 400,000 | \$ 400,000 | \$ — |
| 16 Retire Note for Land Purchases - Debt Service | \$ 2,234,614 | \$ 2,403,450 | \$ 2,320,274 | \$ — | \$(2,320,274) |
| 17 Grand Total | \$17,421,065 | \$ 13,254,944 | \$19,806,598 | \$18,748,269 | \$(1,058,329) |

⁽¹⁾ FY2020 and FY2021 Cash Capital includes \$700K of free cash transitioned out of operating budget

⁽²⁾ FY2020 appropriation into Capital Stabilization Fund (CSF) includes \$732,697 of revenue surplus from Fall 2019 Special Town Meeting; in FY2021, the planned appropriation into CSF was held to preserve flexibility in light of the pandemic shutdown; FY2022 appropriation into CSF includes \$530,790 of revenue surplus from Fall 2021 Special Town Meeting.



Town of Lexington Financial Summit II

Revenue Allocation History

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 Total Revenue | \$209,665,006 | \$221,900,289 | \$229,265,581 | \$237,620,694 | \$249,700,337 | \$258,920,652 |
| 2 Revenue Increase | \$12,078,831 | \$12,235,283 | \$7,365,292 | \$8,284,025 | \$12,079,643 | \$9,220,315 |
| 3 % Revenue Increase | 6.1% | 5.8% | 3.3% | 3.6% | 5.1% | 3.7% |
| 4 Total Allocation | \$8,723,038 | \$9,444,671 | \$7,945,246 | \$6,583,894 | \$6,131,345 | \$7,269,401 |
| 5 % of Prior Year Budget | 6.6% | 6.9% | 5.4% | 4.3% | 3.8% | 4.4% |
| 6 Used - School | 70.8% | 98.9% | 100% | 100% | 100% | |
| 7 Used - Town | 34.8% | 90.7% | 100% | 83.1% | 91.6% | |
| 8 Unused Allocation | \$3,368,777 | \$302,249 | \$0 | \$292,283 | \$135,591 | |
| 9 % Unused | 38.6% | 3.2% | —% | 4.4% | 2.2% | |



Town of Lexington Financial Summit II

FY2023 Budget Calendar:

- Summit II - December 2nd
- Publish White Book - January 10th
- Summit III - January 13th
- Summit IV - February 10th - Facilities' 20-Year Master Plan
- Publish Brown Book - February 25th
- Town Meeting - March 28th
- Spring Fiscal Summit - *TBD* - Pension Schedule