

Town of Lexington



FY2024 Budget Summit II

October 27, 2022



Agenda:

- **Preliminary Revenue Projections**
- **Preliminary Revenue Allocation**
- **Debt Service, Cash Capital & Set Asides**
- **Fall Special Town Meeting**
- **Review Future Summit Dates**



FY2024 Preliminary Revenue Projections



FY2024 Preliminary Revenue Estimates

General Fund Revenue Summary	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	FY2023-24 Change	
					\$	%
Property Tax Levy (Table 1)	\$ 194,329,878	\$ 204,171,601	\$ 213,495,446	\$ 221,876,161	\$ 8,380,715	3.93%
Tax Levy Dedicated to Capital Stabilization Fund	\$ —	\$ 57,138	\$ 1,733,137	\$ 1,733,137	\$ —	—%
Tax Levy Dedicated to Pension Fund	\$ 0	\$ 0	\$ 1,060,000	\$ 1,086,500	\$ 26,500	2.50%
Total Property Tax Levy	\$ 194,329,878	\$ 204,228,740	\$ 216,288,583	\$ 224,695,798	\$ 8,407,215	3.89%
State Aid (Table 2)	\$ 16,221,363	\$ 16,683,885	\$ 16,784,662	\$ 16,988,059	\$ 203,397	1.21%
Local Receipts (Table 3)	\$ 15,358,065	\$ 16,714,478	\$ 13,488,108	\$ 14,180,604	\$ 692,496	5.13%
Available Funds (Table 4)	\$ 11,805,351	\$ 17,825,379	\$ 18,507,777	\$ 15,310,703	\$ (3,197,074)	(17.27)%
Other Available Funds - Use of Capital Stabilization Fund (Table 4a)	\$ —	\$ —	\$ —	\$ —	\$ —	—%
Revenue Offsets (Table 5)	\$ (1,773,854)	\$ (1,821,196)	\$ (1,931,557)	\$ (2,331,557)	\$ (400,000)	20.71%
Enterprise Receipts (Table 6)	\$ 1,749,435	\$ 1,432,356	\$ 1,805,613	\$ 1,857,906	\$ 52,293	2.90%
Total General Fund Operating Revenues	\$ 237,690,239	\$ 255,063,641	\$ 264,943,186	\$ 270,701,512	\$ 5,758,327	2.17%

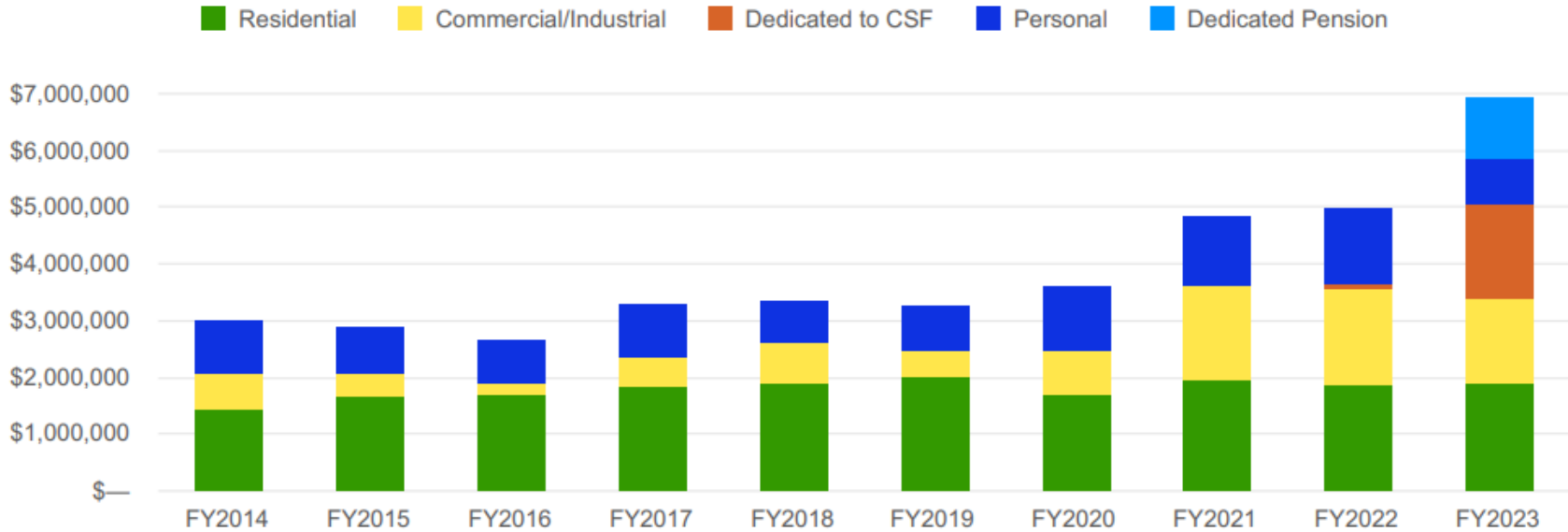


FY2024 Tax Levy Growth

Revenue Summary						
	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	FY2023-24 Change	
					\$	%
Table 1: Property Tax Levy						
Tax Levy	\$ 184,938,303	\$ 194,415,313	\$ 204,199,633	\$ 213,468,946	\$ 9,269,313	4.54%
Prop. 2.5%	\$ 4,623,458	\$ 4,860,383	\$ 5,106,419	\$ 5,407,215	\$ 300,795	5.89%
New Growth	\$ 4,853,553	\$ 4,923,938	\$ 4,189,393	\$ 3,000,000	\$ (1,189,393)	(28.39)%
Override/Excess Levy Capacity	\$ (85,435)	\$ (28,032)	NA	NA		
Subtotal	\$ 194,329,878	\$ 204,171,601	\$ 213,495,446	\$ 221,876,161	\$ 8,380,715	3.93%
Table 1A: Property Tax Levy Dedicated to the Capital Stabilization Fund						
1050 Waltham St.	\$ —	\$ —	\$ 1,252,291	\$ 1,252,291	\$ —	—%
186 Bedford St.	\$ —	\$ 21,451	\$ 45,939	\$ 45,939	\$ —	—%
55 Watertown St.	\$ —	\$ 35,687	\$ 434,907	\$ 434,907	\$ —	—%
Subtotal	\$ —	\$ 57,138	\$ 1,733,137	\$ 1,733,137	\$ —	—%
Table 1B: Property Tax Levy Dedicated to the Pension Fund						
Subtotal	\$ —	\$ —	\$ 1,060,000	\$ 1,086,500	\$ 26,500	2.50%
Total Tax Levy	\$ 194,329,878	\$ 204,228,739	\$ 216,288,583	\$ 224,695,798	\$ 8,407,215	3.89%



New Growth to the Levy Limit



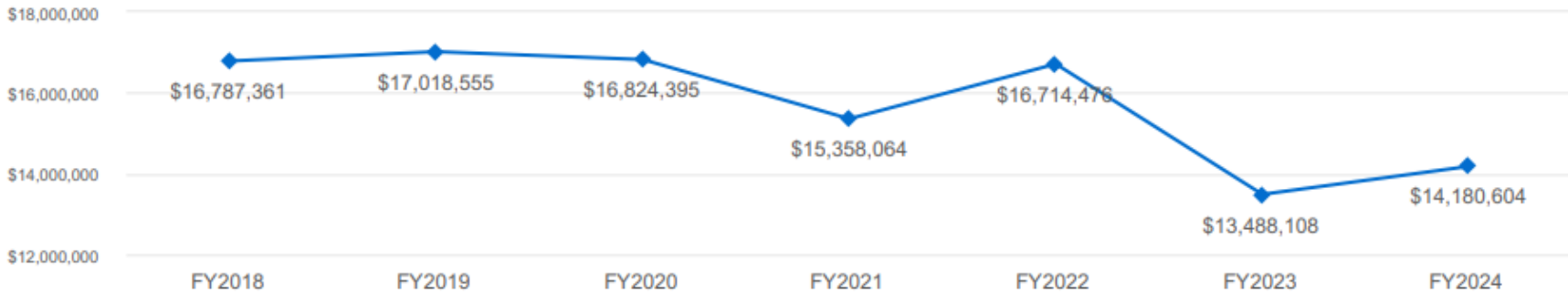
Fiscal Year	Residential	Commercial/Industrial	Dedicated to CSF	Personal	Dedicated to Pension	Total
FY2014	\$1,451,904	\$635,052		\$930,379		\$3,017,335
FY2015	\$1,686,061	\$408,312		\$802,610		\$2,896,983
FY2016	\$1,712,987	\$215,442		\$743,704		\$2,672,133
FY2017	\$1,858,460	\$507,820		\$943,064		\$3,309,344
FY2018	\$1,908,536	\$743,645		\$704,954		\$3,357,135
FY2019	\$2,022,777	\$480,671		\$766,558		\$3,270,006
FY2020	\$1,698,582	\$793,718		\$1,116,203		\$3,608,503
FY2021	\$1,973,034	\$1,639,128		\$1,241,391		\$4,853,553
FY2022	\$1,876,839	\$1,710,247	\$57,138	\$1,336,852		\$4,981,076
FY2023	\$1,933,884	\$1,455,375	\$1,675,999	\$800,134	\$1,060,000	\$6,925,392
Totals	\$18,123,064	\$8,589,410	\$1,733,137	\$9,385,849	\$1,060,000	\$38,891,460

Three Year Average FY2021-2023	
C/I/P	\$2,727,709
Residential	\$1,927,919
Total	\$4,655,628
Five Year Average FY2019-2023	
C/I/P	\$2,268,055
Residential	\$1,901,023
Total	\$4,169,078
Ten Year Average FY2014-2023	
C/I/P	\$1,797,526
Residential	\$1,812,306
Total	\$3,609,832

Notes: FY2021 and FY2022 include approximately \$1.2 million and \$1.5 million, respectively, for new construction at 75 Hayden Ave. FY2023 includes \$1.25 million for new construction at 1050 Waltham St. and \$1.06 million of new Personal Property at Takeda.



Local Receipts - FY2018-22 Actuals; FY2023-24 Projected



Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	2023 Estimated	2024 Projected	3-Year Average	5-Year Average
Motor Vehicle Excise Tax	\$ 5,395,492	\$ 5,649,362	\$ 5,383,364	\$ 5,335,129	\$ 5,330,281	\$ 5,455,000	\$ 5,418,000	\$ 5,349,592	\$ 5,418,726
Other Excise	\$ 1,562,971	\$ 1,659,673	\$ 1,503,388	\$ 813,643	\$ 1,351,204	\$ 1,043,500	\$ 1,348,000	\$ 1,222,745	\$ 1,378,176
Penalties & Interest	\$ 1,090,335	\$ 566,632	\$ 564,274	\$ 445,590	\$ 590,842	\$ 341,500	\$ 367,500	\$ 533,569	\$ 651,535
PILOT's	\$ 658,680	\$ 619,192	\$ 666,153	\$ 660,966	\$ 682,107	\$ 715,000	\$ 731,000	\$ 648,771	\$ 651,248
Rentals	\$ 494,773	\$ 459,765	\$ 431,498	\$ 473,201	\$ 394,624	\$ 361,850	\$ 350,296	\$ 433,108	\$ 450,772
Departmental-Schools	\$ 494,775	\$ 371,985	\$ 331,482	\$ 337,909	\$ 1,169,058	\$ 244,500	\$ 297,500	\$ 612,816	\$ 541,042
Departmental-Municipal	\$ 2,660,229	\$ 2,742,170	\$ 2,697,925	\$ 2,398,261	\$ 2,742,233	\$ 2,629,525	\$ 2,626,025	\$ 2,612,806	\$ 2,648,163
Licenses & Permits	\$ 3,017,145	\$ 2,725,133	\$ 3,021,668	\$ 3,542,914	\$ 3,171,808	\$ 2,335,800	\$ 2,689,850	\$ 3,245,464	\$ 3,095,734
Special Assessments	\$ 19,038	\$ 32,790	\$ 19,781	\$ 25,644	\$ 18,165	\$ 10,433	\$ 10,433	\$ —	\$ —
Fines & Forfeits	\$ 208,800	\$ 189,845	\$ 152,654	\$ 59,820	\$ 79,398	\$ 101,000	\$ 92,000	\$ 97,291	\$ 138,103
Investment Income	\$ 1,027,739	\$ 1,781,573	\$ 1,297,265	\$ 277,170	\$ 281,726	\$ 250,000	\$ 250,000	\$ 618,720	\$ 933,094
Miscellaneous Non-Recurring	\$ 157,384	\$ 220,435	\$ 754,943	\$ 987,817	\$ 903,030	\$ —	\$ —	\$ —	\$ —
Total	\$16,787,361	\$17,018,555	\$16,824,395	\$15,358,064	\$16,714,476	\$13,488,108	\$14,180,604	\$15,374,882	\$15,906,593

Local Receipts make up 5.1% of the projected FY2023 total revenues for the Town of Lexington. Local receipts are one indicator of the status of economic growth in the community. Certain local receipts (e.g., motor vehicle excise, licenses and permits, investment income, hotel/motel) are closely related to the overall growth in the State's economy.



Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	2023 Estimated	2024 Projected	3-Year Average	5-Year Average
Other Excise Taxes	\$ 1,562,970	\$ 1,659,673	\$ 1,503,388	\$ 813,643	\$ 1,351,204	\$ 1,043,500	\$ 1,348,000	\$ 1,222,745	\$ 1,378,176
OTHER EXCISE-HOTEL/MOTEL	\$ 902,617	\$ 947,681	\$ 802,003	\$ 356,743	\$ 613,622	\$ 485,000	\$ 678,000	\$ 590,789	\$ 724,533
OTHER EXCISE-JET FUEL	\$ 203,854	\$ 240,085	\$ 263,161	\$ 152,253	\$ 265,420	\$ 200,000	\$ 200,000	\$ 226,945	\$ 224,955
OTHER EXCISE - MEALS	\$ 456,499	\$ 471,907	\$ 438,224	\$ 304,647	\$ 472,162	\$ 358,500	\$ 470,000	\$ 405,011	\$ 428,688

Notes - Projections for Hotel/Motel reflect approximately 70% of pre-pandemic revenue levels due to slower resumption of activity in that sector, as well as the closure of a Lexington hotel, whereas Jet Fuel and Meals have rebounded more quickly. Jet Fuel fluctuates based on the price of fuel and the level of activity at Hanscom. Meals are budgeted at pre-pandemic revenue levels. The 0.75% local option meals excise tax became effective on January 1, 2010. The 2% local option Hotel/Motel excise became effective on July 1, 2010.

Local Receipt Category	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	2023 Estimated	2024 Projected	3-Year Average	5-Year Average
Building Permits (subset)	\$ 2,688,884	\$ 2,392,274	\$ 2,689,897	\$ 3,156,307	\$ 2,776,649	\$ 2,067,200	\$ 2,426,000	\$ 2,874,284	\$ 2,740,802
BUILDING PERMITS	\$ 2,276,451	\$ 1,831,748	\$ 2,144,214	\$ 2,564,055	\$ 2,098,377	\$ 1,700,000	\$ 2,000,000	\$ 2,268,882	\$ 2,182,969
GAS PERMITS	\$ 22,174	\$ 25,711	\$ 26,316	\$ 24,795	\$ 23,196	\$ 28,200	\$ 26,000	\$ 24,769	\$ 24,438
WIRING PERMITS	\$ 253,028	\$ 303,171	\$ 304,609	\$ 371,267	\$ 384,996	\$ 200,000	\$ 250,000	\$ 353,624	\$ 323,414
PLUMBING PERMITS	\$ 69,860	\$ 60,374	\$ 67,267	\$ 77,554	\$ 66,169	\$ 112,000	\$ 80,000	\$ 70,330	\$ 68,245
SHEET METAL PERMITS	\$ 13,276	\$ 63,990	\$ 59,575	\$ 34,968	\$ 95,016	\$ 2,000	\$ 20,000	\$ 63,186	\$ 53,365
MECHANICAL PERMITS	\$ 54,095	\$ 107,280	\$ 87,916	\$ 83,668	\$ 108,895	\$ 25,000	\$ 50,000	\$ 93,493	\$ 88,371

Note - A significant subset of Building Permit revenue has been from Commercial development, which is dependent upon timing of the permit and is often \$200,000 or more. This can translate to significant volatility in total building permit revenue from year-to-year, and for this reason staff have historically used conservative projections for permit revenue. Given the increase in construction costs and building values that are the basis for permit fees, and a consistent level of revenue in the past several years, staff have modestly increased projected permit revenue for FY2023 and FY2024.



Available Fund Category	Appropriated						Projected FY2024 Projected
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
Parking Fund	\$ 421,500	\$ 413,000	\$ 425,750	\$ 562,000	\$ 828,237	\$ —	\$ 100,000
Cemetery Sale of Lots Fund	\$ 42,200	\$ 55,090	\$ 64,380	\$ 40,480	\$ 51,933	\$ 16,125	\$ 85,000
Free Cash*	\$ 13,269,721	\$ 12,422,051	\$ 12,201,094	\$ 9,468,456	\$ 14,638,059	\$ 16,384,329	\$ 14,250,000
Health Claims Trust Fund	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 230,000
Capital Stabilization Fund	\$ 324,500	\$ 573,500	\$ —	\$ —	\$ —	\$ —	\$ —
Transportation Demand Management Stab. Fund	\$ 141,000	\$ 141,000	\$ 141,000	\$ 141,000	\$ 141,000	\$ 141,000	\$ 141,000
Traffic Mitigation Stabilization Fund	\$ 25,000	\$ —	\$ —	\$ —	\$ —	\$ 240,000	\$ —
Transportation Management Overlay District (TMOD) Stabilization Fund	\$ —	\$ 300,000	\$ —	\$ —	\$ —	\$ 65,000	\$ —
Center Improvement District Stabilization Fund	\$ 27,000	\$ 27,000	\$ 27,000	\$ —	\$ —	\$ —	\$ —
Special Education Stabilization Fund	\$ —	\$ —	\$ —	\$ —	\$ 500,000	\$ —	\$ —
Avalon Bay School Enrollment Mitigation/School Bus Stabilization Funds	\$ 63	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
PEG Access Special Revenue Fund	\$ —	\$ 668,067	\$ 638,918	\$ 620,711	\$ 629,287	\$ 637,576	\$ 497,018
Transportation Network Company (TNC) Special Revenue Fund	\$ —	\$ —	\$ —	\$ 16,504	\$ 20,889	\$ 6,824	\$ 7,685
Balances from Prior Year Capital Articles	\$ 117,979	\$ —	\$ —	\$ —	\$ 155,974	\$ 266,923	\$ —
BAN Premium Proceeds	\$ —	\$ —	\$ —	\$ —	\$ 110,000	\$ —	\$ —
Betterments Special Revenue Fund	\$ —	\$ 4,398	\$ 16,000	\$ 6,200	\$ —	\$ —	\$ —
Visitors Center Stabilization Fund	\$ —	\$ —	\$ —	\$ 200,000	\$ —	\$ —	\$ —
Total Available Funds	\$ 15,118,963	\$ 15,354,106	\$ 14,264,142	\$ 11,805,351	\$ 17,825,379	\$ 18,507,777	\$ 15,310,703

*FY2022 Free Cash (for use in FY2024 Projected) is a preliminary estimate, subject to certification by the Department of Revenue.



Preliminary Revenue Allocation Model



Town of Lexington - Summit II

FY2024 Preliminary Revenue Allocation Model

\$270,702		Projected FY2024 Revenue			
		Shared	Municipal	School	(\$s in 000s)
(1)	\$ (128,254)	\$ —	\$ —	\$ (128,254)	FY2023 School Budget
(2)	\$ (45,045)	\$ —	\$ (45,045)	\$ —	FY2023 Municipal Budget + Community Center Support
(3)	\$ (3,707)	\$ (3,707)	\$ —	\$ —	FY2024 Minuteman
(4)	\$ (10,087)	\$ (10,087)	\$ —	\$ —	FY2024 Contributory Retirement
(5)	\$ (34,344)	\$ (34,344)	\$ —	\$ —	FY2024 Benefits
(6)	\$ (200)	\$ (200)	\$ —	\$ —	FY2024 Unemployment
(7)	\$ (500)	\$ (500)	\$ —	\$ —	FY2024 Workers' Comp
(8)	\$ (940)	\$ (940)	\$ —	\$ —	FY2024 Property and Liability Insurance
(9)	\$ (200)	\$ (200)	\$ —	\$ —	FY2024 Uninsured Losses
(10)	\$ (390)	\$ (390)	\$ —	\$ —	FY2024 Solar Production Payment
(11)	\$ (6,851)	\$ (6,851)	\$ —	\$ —	FY2024 Debt Service
(13)	\$ (750)	\$ (750)	\$ —	\$ —	FY2024 Reserve Fund
(14)	\$ (14,249)	\$ (14,249)	\$ —	\$ —	FY2024 Facilities Department Budget
(15)	\$ —	\$ —	\$ —	\$ —	Facilities PIRs
(16)	\$ (19,886)	\$ (750)	\$ —	\$ —	Set-Aside for as yet to be identified needs;
		\$ (1,000)	\$ —	\$ —	Special Education Stabilization Fund
		\$ (200)	\$ —	\$ —	Unanticipated Current Fiscal Year Needs
		\$ —	\$ —	\$ —	Debt Service Mitigation
		\$ (1,733)	\$ —	\$ —	Tax Levy Dedicated to Capital Stabilization Fund
		\$ (1,058)	\$ —	\$ —	Capital Stabilization Fund
		\$ (10,758)	\$ —	\$ —	Cash Capital
		\$ (1,460)	\$ —	\$ —	OPEB
		\$ (2,688)	\$ —	\$ —	Street Improvement Program
		\$ (225)	\$ —	\$ —	Building Envelope Program
\$ (15)	\$ —	\$ —	Senior Tax Work-Off Program		
(17)	\$ (265,404)	\$ (92,104)	\$ (45,045)	\$ (128,254)	Base Budget - Used for Allocation
			26.0%	74.0%	Percentage - Municipal and School Only
(18)	\$ 5,297		\$ 1,377	\$ 3,920	Incremental Revenue
			3.1%	3.1%	Percent of Current Budget



Town of Lexington - Summit II

Revenues Set-Aside for Designated Expenses - FY2024

	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)	\$ 340,000	\$ 1,119,721		\$ 1,459,721
3 Unallocated		\$ 750,000		\$ 750,000
4 Cash Capital	\$ 1,050,000	\$ 9,707,685	\$ —	\$ 10,757,685
5 Appropriate into Capital Stabilization Fund	\$ 1,733,137	\$ 1,057,594		\$ 2,790,731
6 Appropriate from Capital Stabilization Fund			\$ —	\$ —
7 Special Education Stabilization Fund		\$ 1,000,000		\$ 1,000,000
8 Street Improvement Program	\$ 2,688,312			\$ 2,688,312
9 Municipal Building Envelope and Systems	\$ 225,029			\$ 225,029
10 Warrant Articles	\$ —	\$ 15,000	\$ —	\$ 15,000
11 Subtotal	\$ 6,036,478	\$ 13,850,000	\$ —	\$ 19,886,478
12 Revenue to Support Operating Budget	\$ —	\$ —		\$ —
13 Funding for New Pension Schedule		\$ 400,000		\$ 400,000
14 Grand Total	\$ 6,036,478	\$ 14,250,000	\$ —	\$ 20,286,478



Capital Stabilization Fund					
	Appropriations and Interest into the Capital Stabilization Fund	Dedicated Funding From Commercial New Growth	Anticipated Use of Capital Stabilization Fund for Within Levy Debt	Anticipated Use of Capital Stabilization Fund for Excluded Debt	Ending Balance
FY2013	\$1,601,835		\$0	\$0	\$1,601,835
FY2014	\$3,988,868		\$0	(\$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		\$0	(\$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		\$0	(\$5,200,000)	\$25,229,254
FY2021	\$44,804		\$0	(\$4,600,000)	\$20,674,058
FY2022	\$3,730,836	\$57,138	\$0	(\$2,800,000)	\$21,662,032
FY2023 (proj.)	\$3,784,689	\$1,733,137	\$0	(\$800,000)	\$26,379,858
FY2024 (est.)	\$1,057,594	\$1,733,137	\$0	\$0	\$29,170,589



Updated FY2023 Budget Adjustment (Fall STM)

Appropriate To Specified Stabilization Funds

2022 STM3 - Article 3	Amount To/(From)	
Capital Stabilization Fund - New Growth Dedicated to CSF Annually	\$ 1,675,999	Transfer New Levy Growth into Capital Stabilization Fund from General Fund -Per CSF Guideline
Capital Stabilization Fund - New Growth One-Time Contribution	\$ 699,393	One-time transfer of new levy growth from TIF agreement
Total Specified Stabilization Funds	\$ 2,375,392	



Future Meeting Dates:

- FY2024 Budget Summit II – October 27, 2022
- Fall Special Town Meeting – November 1 - 3, 2022
- FY2024 Budget Summit III – November 16, 2022
- FY2024 Select Board Budget Hearings – Nov 30, Dec 1 & Dec 6, 2022
- FY2024 Budget Summit IV (White Book) – January 19, 2023



Questions & Discussion