Finance Summit I

Select Board, School Committee, Appropriation Committee, Capital Expenditures Committee

November 20, 2025
7:00 PM
Estabrook Hall, Cary Memorial Building

AGENDA

ITEMS FOR INDIVIDUAL CONSIDERATION

1. Overview of FY2027 Revenue Projections, Budget Drivers, Current-Year Challenges, Policy Considerations, and Proposed Approaches to Closing the Budget Gap

ADJOURN

1. Anticipated Adjournment 8:30pm

Meeting Packet: https://lexington.novusagenda.com/agendapublic/

*Members of the public can attend the meeting from their computer or tablet by clicking on the following link at the time of the meeting: https://lexingtonma.zoom.us/j/82013535294?pwd=mGvKYC9PHOT8ByUHHa0a18jNRhRXpf.1

Phone +1 646 876 9923
Meeting ID: 820 1353 5294
Passcode: 848540

An Act Relative to Extending Certain State of Emergency Accommodations:
https://www.mass.gov/the-open-meeting-law

Hearing Assistance Devices Available on Request
All agenda time and the order of items are approximate and subject to change.

Recorded by LexMedia

AGENDA ITEM SUMMARY

LEXINGTON BOARD OF SELECTMEN MEETING

AGENDA ITEM TITLE:

Overview of FY2027 Revenue Projections, Budget Drivers, Current-Year Challenges, Policy Considerations, and Proposed Approaches to Closing the Budget Gap

PRESENTER:

	ITEM NUMBER:
Carolyn Kosnoff, Assistant TM Finance; Steve Bartha, Town Manager; Dr. Julie Hackett School Superint	I.1

Sub Item:

SUMMARY:

Municipal and School leaders will present preliminary information and trends driving the development of the FY2027 Budget. The presentation includes the following materials:

- FY2027 Summit 1 Presentation
- Fiscal Indicators
- FY2027 Revenue Projections
- FY2027 Revenue Allocation Model
- FY2027 School Budget Drivers - in addition please review the pre-recorded video by Dr. Hackett, Superintendent of Schools at the following link: Video

SUGGESTED MOTION:

No vote is requested for this item.

FOLLOW-UP:

DATE AND APPROXIMATE TIME ON AGENDA:

11/20/2025

ATTACHMENTS:

	Description	Type
🗋	FY2027 Budget Summit 1 - Presentation	Presentation
🗋	FY27 LPS Budget Summit Presentation_November 2025	Backup Material
🗋	Revenue Report - FY2027	Backup Material
🗋	FY2027 Summit I Indicators_11.20.2025	Backup Material

Town of Lexington

FY2027 Budget Summit I

November 20, 2025

Agenda:

- Review of FY2025 Operating Results – Budget to Actual
- FY2027 Revenue Projections
- FY2027 Revenue Allocation Model
- Closing the Budget Gap (now & later)
- Budget Challenges, Planning and Policy Considerations
- Review Future Summit Dates & Agendas

FY2025 Operating Results

FY2025 Operating Revenue

Summary of Revenue Collections - General Fund

	(A) FY2025 Revenue Estimates*	(B) Collections	(A-B) Uncollected	(B/A) Percent Collected
Property Tax	**$ 256,305,562**	**$ 254,842,048**	**$ 1,463,513**	**99.43 %**
State Aid	**$ 20,360,589**	**$ 20,489,266**	**$ (128,677)**	**100.63 %**
Local Receipts	**$ 16,209,388**	**$ 25,710,338**	**$ (9,500,949)**	**158.61 %**
Motor Vehicle Excise	*$ 5,601,396*	*$ 6,606,335*	*$ (1,004,939)*	*117.94 %*
Other Excise (meals, jet fuel, hotel/motel)	*$ 1,528,000*	*$ 1,691,969*	*$ (163,969)*	*110.73 %*
Penalties and Interest	*$ 380,500*	*$ 404,807*	*$ (24,307)*	*106.39 %*
Payment in Lieu of Taxes (PILOTS)	*$ 744,000*	*$ 817,682*	*$ (73,682)*	*109.90 %*
Rentals of Town Buildings	*$ 338,184*	*$ 308,021*	*$ 30,163*	*91.08 %*
Departmental - School	*$ 348,500*	*$ 533,446*	*$ (184,946)*	*153.07 %*
Departmental - Municipal	*$ 2,965,525*	*$ 3,790,208*	*$ (824,683)*	*127.81 %*
Licenses & Permits	*$ 3,194,850*	*$ 4,616,400*	*$ (1,421,550)*	*144.50 %*
Special Assessments	*$ 10,433*	*$ 14,277*	*$ (3,844)*	*136.84 %*
Fines and Forfeitures	*$ 98,000*	*$ 111,884*	*$ (13,884)*	*114.17 %*
Investment Income	*$ 1,000,000*	*$ 6,279,974*	*$ (5,279,974)*	*628.00 %*
Misc. Non-Recurring Revenue	*$ —*	*$ 535,335*	*$ (535,335)*	*---*
Interfund Operating Transfers	**$ 3,147,301**	**$ 3,147,301**	**$ —**	**100.00 %**
Total General Fund Revenue	**$ 296,022,840**	**$ 304,188,953**	**$ (8,166,113)**	**102.76 %**

FY2025 Operating Expenditures

	Summary of Operating Expenditures - General Fund					
	(A)	(B)	(C)	(D)	(B+C)/A	(B/A)
	Revised Budget	Year-to-Date Expended	Encumbrances	Available Budget	% Used (Exp. & Enc.)	% Used (Exp. Only)
LPS Education Personal Services	$ 120,852,942	$ 119,500,582	$ -	$ 1,352,360	98.9%	98.9%
LPS Education Expenses	$ 19,655,425	$ 19,342,294	$ 1,581,290	$ (1,268,159)	106.5%	98.4%
Minuteman Regional Vocational	$ 3,406,395	$ 3,406,395	$ -	$ -	100.0%	100.0%
Total Education	**$ 143,914,762**	**$ 142,249,271**	**$ 1,581,290**	**$ 84,201**	**99.9%**	**98.8%**
Employee Benefits	$ 38,133,895	$ 36,594,219	$ -	$ 1,539,676	96.0%	96.0%
Pension	$ 10,743,076	$ 10,743,076	$ -	$ -	100.0%	100.0%
Facilities	$ 14,565,854	$ 13,756,207	$ 771,564	$ 38,083	99.7%	94.4%
Debt Service, Insurance & Other	$ 8,689,152	$ 7,292,354	$ 14,339	$ 1,382,459	84.1%	83.9%
Total Shared Expenses	**$ 72,131,977**	**$ 68,385,856**	**$ 785,903**	**$ 2,960,218**	**95.9%**	**94.8%**
Municipal Personal Services	$ 32,992,787	$ 32,682,970	$ -	$ 309,817	99.1%	99.1%
Municipal Expenses	$ 16,742,374	$ 14,349,626	$ 1,307,344	$ 1,085,404	93.5%	85.7%
Total Municipal	**$ 49,735,161**	**$ 47,032,596**	**$ 1,307,344**	**$ 1,395,221**	**97.2%**	**94.6%**
Total Operating Expenditures	**$ 265,781,900**	**$ 257,667,723**	**$ 3,674,537**	**$ 4,439,640**	**98.3%**	**96.9%**

- The turnback in employee expenses is due to actual shifts in Open Enrollment & Qualifying Events compared to the amount budgeted (80 positions at a blended rate)
- The turnback in Debt Service, Insurance & Other includes unused Reserve Fund ($850K) and favorable debt service interest rates and financing schedule adjustments

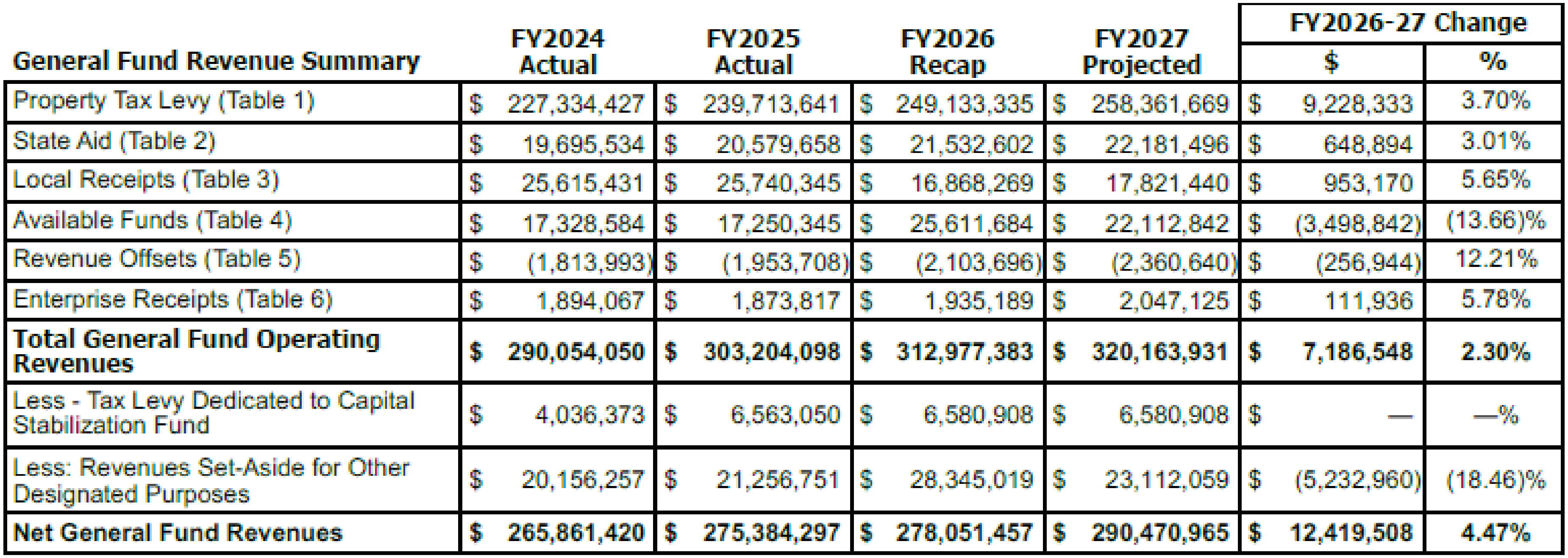
Free Cash Trend

	Beginning Free Cash	Receipts in Excess of Estimates	Expenditures less than Appropriated	Misc. Factors	Appropriations from F.C. and other adjustments	Certified Free Cash
FY2001	$ 1,836,400	$ 3,086,536	$ 1,208,713	$ —	$ (692,645)	$ 5,439,004
FY2002	$ 2,250,004	$ (603,164)	$ 487,229	$ —	$ —	$ 2,135,507
FY2003	$ 1,495,174	$ (372,684)	$ 232,472	$ —	$ (39,959)	$ 1,315,003
FY2004	$ 1,315,003	$ (301,684)	$ 588,899	$ —	$ —	$ 2,323,303
FY2005	$ 2,123,303	$ 1,732,103	$ 333,862	$ 1,852,214	$ (715,232)	$ 5,409,985
FY2006	$ 5,409,985	$ 3,385,764	$ 429,318	$ —	$ (5,422,720)	$ 3,802,347
FY2007	$ 3,802,347	$ 2,462,181	$ 1,966,642	$ 432,693	$ (3,802,347)	$ 4,861,516
FY2008	$ 4,861,516	$ 2,084,646	$ 2,967,150	$ 429,921	$ (4,861,516)	$ 5,481,717
FY2009	$ 5,481,717	$ 1,669,160	$ 3,113,850	$ 1,376,499	$ (5,481,717)	$ 6,159,509
FY2010	$ 6,159,509	$ 2,476,716	$ 3,772,879	$ 875,405	$ (6,159,509)	$ 7,125,000
FY2011	$ 7,125,000	$ 2,392,461	$ 4,797,523	$ 953,116	$ (7,125,000)	$ 8,143,100
FY2012	$ 8,143,100	$ 3,800,023	$ 5,889,241	$ 2,911,667	$ (8,143,100)	$ 12,600,931
FY2013	$ 12,600,931	$ 3,751,452	$ 4,417,500	$ 1,260,573	$ (11,727,331)	$ 10,303,125
FY2014	$ 10,303,125	$ 4,677,709	$ 7,407,913	$ 422,581	$ (9,703,125)	$ 13,108,202
FY2015	$ 13,108,202	$ 4,858,093	$ 4,432,010	$ 1,841,084	$ (12,764,202)	$ 11,475,187
FY2016	$ 11,475,187	$ 3,825,713	$ 7,168,120	$ 2,002,674	$ (10,383,826)	$ 14,087,868
FY2017	$ 14,087,868	$ 3,855,319	$ 8,231,557	$ 157,028	$ (13,269,721)	$ 13,062,051
FY2018	$ 13,062,051	$ 5,276,255	$ 8,026,582	$ (499,215)	$ (12,464,579)	$ 13,401,094
FY2019	$ 13,401,094	$ 2,227,122	$ 8,016,944	$ 1,272,711	$ (12,201,094)	$ 12,716,777
FY2020	$ 12,716,777	$ 1,494,398	$ 11,086,531	$ 1,544,334	$ (9,503,981)	$ 17,338,059
FY2021	$ 17,338,059	$ 3,053,162	$ 10,158,418	$ 472,749	$ (14,638,059)	$ 16,384,329
FY2022	$ 16,384,329	$ 4,128,361	$ 8,719,918	$ 3,325,121	$ (15,438,570)	$ 17,119,159
FY2023	$ 17,119,159	$ 8,987,103	$ 7,729,545	$ (884,517)	$ (15,919,159)	$ 17,032,132
FY2024	$ 17,032,132	$ 10,371,207	$ 11,959,658	$ 610,794	$ (15,876,966)	$ 24,096,825
FY2025	$ 24,096,825	$ 9,200,000	$ 7,800,000	$ (1,396,825)	$ (19,200,000)	$ 20,500,000

Notes: The table above shows the factors that drive the annual certification of free cash. The FY2025 value is an estimate and has not been certified by the Department of Revenue.

FY2027 Revenue Projections

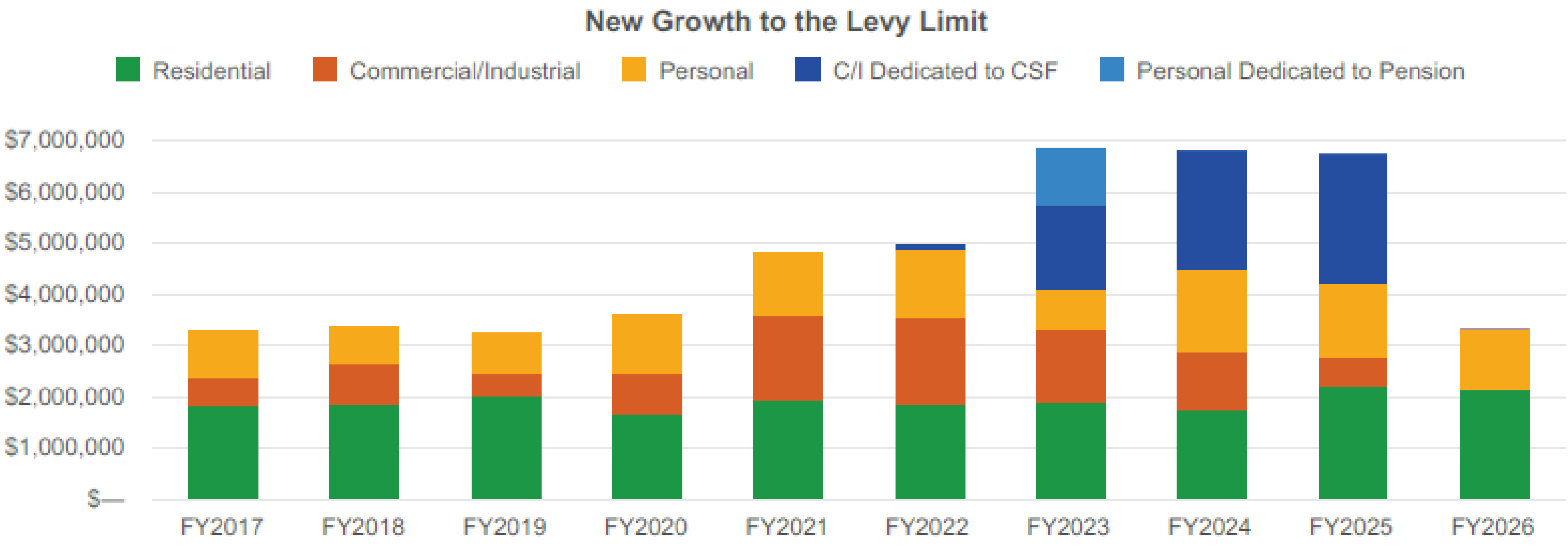
FY2027 Projected Revenue Summary



General Fund Revenue Summary	FY2024 Actual	FY2025 Actual	FY2026 Recap	FY2027 Projected	FY2026-27 Change $	FY2026-27 Change %
Property Tax Levy (Table 1)	$ 227,334,427	$ 239,713,641	$ 249,133,335	$ 258,361,669	$ 9,228,333	3.70%
State Aid (Table 2)	$ 19,695,534	$ 20,579,658	$ 21,532,602	$ 22,181,496	$ 648,894	3.01%
Local Receipts (Table 3)	$ 25,615,431	$ 25,740,345	$ 16,868,269	$ 17,821,440	$ 953,170	5.65%
Available Funds (Table 4)	$ 17,328,584	$ 17,250,345	$ 25,611,684	$ 22,112,842	$ (3,498,842)	(13.66)%
Revenue Offsets (Table 5)	$ (1,813,993)	$ (1,953,708)	$ (2,103,696)	$ (2,360,640)	$ (256,944)	12.21%
Enterprise Receipts (Table 6)	$ 1,894,067	$ 1,873,817	$ 1,935,189	$ 2,047,125	$ 111,936	5.78%
Total General Fund Operating Revenues	**$ 290,054,050**	**$ 303,204,098**	**$ 312,977,383**	**$ 320,163,931**	**$ 7,186,548**	**2.30%**
Less - Tax Levy Dedicated to Capital Stabilization Fund	$ 4,036,373	$ 6,563,050	$ 6,580,908	$ 6,580,908	$ —	—%
Less: Revenues Set-Aside for Other Designated Purposes	$ 20,156,257	$ 21,256,751	$ 28,345,019	$ 23,112,059	$ (5,232,960)	(18.46)%
Net General Fund Revenues	**$ 265,861,420**	**$ 275,384,297**	**$ 278,051,457**	**$ 290,470,965**	**$ 12,419,508**	**4.47%**

- Tax levy is assumed to increase 2.5% plus $3.0M in new levy growth
- Chapter 70 State Aid is assumed to be a minimum per student increase of $100/student
- Local Receipts reflect increases in Motor Vehicle Excise (MVE) and $1.5M in Interest Income
- Available Funds primarily reflect a reduction in Free Cash
- Set Asides are primarily one-time funds set aside for one-time expenses

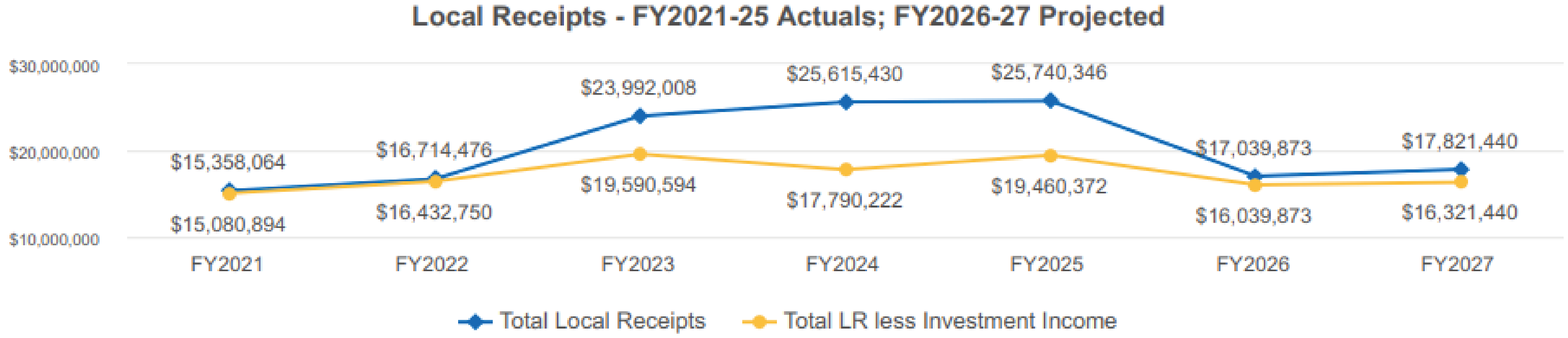
Tax Levy New Growth (Revenue)



Fiscal Year	Residential	Commercial/ Industrial	C/I Dedicated to CSF	Personal	Personal Dedicated to Pension	Total
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		$3,270,005
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	$1,933,882	$1,386,864	$1,675,999	$800,135	$1,060,000	$6,856,879
FY2024	$1,790,882	$1,121,047	$2,303,236	$1,609,778	$0	$6,824,943
FY2025	$2,246,368	$541,401	$2,526,677	$1,460,019	$0	$6,774,465
FY2026	$2,161,122	$0	$17,858	$1,152,142	$0	$3,331,122
Totals	**$19,470,482**	**$8,924,541**	**$6,580,908**	**$11,131,096**	**$1,060,000**	**$47,167,025**

Three Year Average FY2024-2026	
C/I/P	$1,961,462
Residential	$2,066,124
Total	**$4,027,587**
Five Year Average FY2022-2026	
C/I/P	$2,223,697
Residential	$2,001,819
Total	**$4,225,515**
Ten Year Average FY2017-2026	
C/I/P	$2,005,564
Residential	$1,947,048
Total	**$3,952,612**

Local Receipts (Revenue)

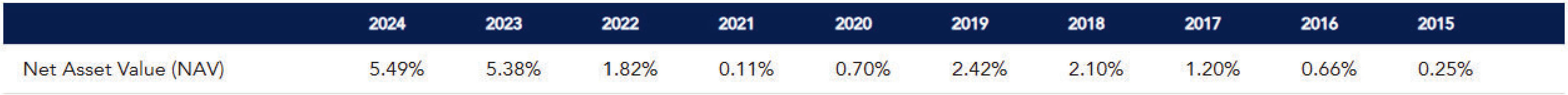


Local Receipts - FY2021-25 Actuals; FY2026-27 Projected

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Motor Vehicle Excise Tax	$ 5,335,129	$ 5,330,281	$ 5,846,393	$ 6,143,335	$ 6,606,284	$ 5,773,000	$ 6,198,000	$ 6,198,671	$ 5,852,285
Other Excise	$ 813,643	$ 1,351,204	$ 1,683,396	$ 1,982,929	$ 1,691,969	$ 1,832,000	$ 1,685,000	$ 1,786,098	$ 1,504,628
Penalties & Interest	$ 445,590	$ 590,842	$ 413,104	$ 479,253	$ 404,807	$ 492,000	$ 430,000	$ 432,388	$ 466,719
PILOT's	$ 660,966	$ 682,107	$ 709,774	$ 731,519	$ 817,682	$ 762,000	$ 767,000	$ 752,991	$ 720,410
Rentals	$ 473,201	$ 394,624	$ 319,837	$ 479,390	$ 308,021	$ 352,623	$ 359,190	$ 369,082	$ 395,015
Departmental-Schools	$ 337,909	$ 1,169,058	$ 550,130	$ 475,325	$ 533,446	$ 300,000	$ 299,000	$ 519,634	$ 613,174
Departmental-Municipal	$ 2,398,261	$ 2,742,233	$ 3,245,975	$ 3,629,754	$ 3,820,994	$ 3,395,950	$ 3,507,950	$ 3,565,574	$ 3,168,972
Licenses & Permits	$ 3,542,914	$ 3,171,808	$ 5,840,007	$ 3,226,256	$ 4,616,400	$ 3,016,300	$ 2,958,300	$ 4,560,888	$ 4,079,477
Special Assessments	$ 25,644	$ 18,165	$ 13,531	$ 10,370	$ 13,550	$ —	$ —	$ —	$ —
Fines & Forfeits	$ 59,820	$ 79,398	$ 111,594	$ 172,123	$ 111,884	$ 116,000	$ 117,000	$ 131,867	$ 106,964
Investment Income	$ 277,170	$ 281,726	$ 4,401,414	$ 7,825,208	$ 6,279,974	$ 1,000,000	$ 1,500,000	$ 6,168,865	$ 3,813,098
Miscellaneous Non-Recurring	$ 987,817	$ 903,030	$ 856,853	$ 459,968	$ 535,335	$ —	$ —	$ —	$ —
Total	**$15,358,064**	**$16,714,476**	**$23,992,008**	**$25,615,430**	**$25,740,346**	**$17,039,873**	**$17,821,440**	**$24,486,058**	**$20,720,742**

Investment Income

Annual Rates of Return from MMDT*



	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Asset Value (NAV)	5.49%	5.38%	1.82%	0.11%	0.70%	2.42%	2.10%	1.20%	0.66%	0.25%

Interest Earned on General Fund

2027 Projected	2026 Estimated	FY2025 Actual	FY2024 Actual	FY2023 Actual	FY2022 Actual	FY2021 Actual	FY2020 Actual	FY2019 Actual	FY2018 Actual	FY2017 Actual	FY2016 Actual
$ 1,500,000	$ 1,000,000	$ 6,279,974	$ 7,825,208	$ 4,401,414	$ 281,726	$ 277,170	$ 1,297,265	$ 1,781,573	$ 1,027,739	$ 573,023	$ 332,126

*Annual Returns from Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio:
https://www.mymmdt.com/mmdt/pools/investment-pools/mmdt-cash-portfolio.do

FY2027 Revenue Allocation Model

FY2027 Revenue Allocation Model

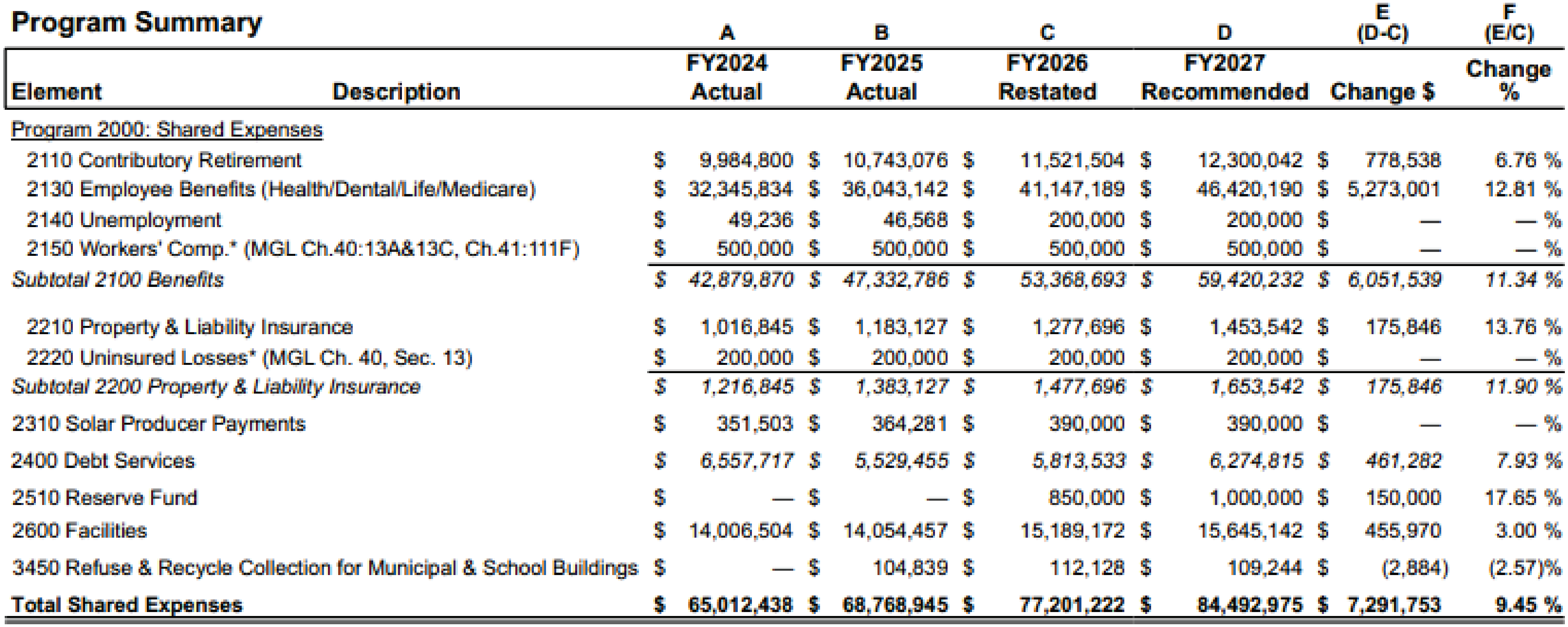
	$320,164				**Projected FY2027 Revenue**
		Shared	**Municipal**	**School**	*($s in 000s)*
(1)	$ (146,033)	$ —	$ —	$ (146,033)	FY2026 School Budget
(2)	$ (51,264)	$ —	$ (51,264)	$ —	FY2026 Municipal Budget + Community Center Support
(3)	$ (3,926)	$ (3,926)	$ —	$ —	FY2027 Minuteman
(4)	$ (12,300)	$ (12,300)	$ —	$ —	FY2027 Contributory Retirement
(5)	$ (46,420)	$ (46,420)	$ —	$ —	FY2027 Benefits
(6)	$ (200)	$ (200)	$ —	$ —	FY2027 Unemployment
(7)	$ (500)	$ (500)	$ —	$ —	FY2027 Workers' Comp
(8)	$ (1,454)	$ (1,454)	$ —	$ —	FY2027 Property and Liability Insurance
(9)	$ (200)	$ (200)	$ —	$ —	FY2027 Uninsured Losses
(10)	$ (390)	$ (390)	$ —	$ —	FY2027 Solar Production Payment
(11)	$ (6,275)	$ (6,275)	$ —	$ —	FY2027 Debt Service
(12)	$ (1,000)	$ (1,000)	$ —	$ —	FY2027 Reserve Fund
(13)	$ (109)	$ (109)	$ —	$ —	Refuse & Recycle Collection for Muni & School Buildings
(14)	$ (15,645)	$ (15,645)	$ —	$ —	FY2027 Facilities Department Budget
(15)	$ (70)	$ (70)	$ —	$ —	Facilities PIRs
(16)	$(29,693)	$ (1,000)	$ —	$ —	Set-Aside for as yet to be identified FY2027 needs
		$ (250)	$ —	$ —	Unanticipated Current Fiscal Year Needs FY2026
		$ —	$ —	$ —	Special Education Reserve
		$ (6,581)	$ —	$ —	Tax Levy Dedicated to Capital Stabilization Fund
		$ —	$ —	$ —	Free Cash Set-Aside to Capital Stabilization Fund
		$ (16,743)	$ —	$ —	Cash Capital - Free Cash and Other Available Funds
		$ —	$ —	$ —	Cash Capital - Tax Levy
		$ (2,130)	$ —	$ —	OPEB (Free Cash)
		$ (2,747)	$ —	$ —	Street Improvement Program (Tax Levy)
		$ (242)	$ —	$ —	Building Envelope Program (Tax Levy)
(17)	$ (315,479)	$ (118,182)	$ (51,264)	$ (146,033)	Base Budget - Used for Allocation
			26.0%	74.0%	Percentage - Municipal and School Only
(18)	**$ 4,685**		**$ 1,217**	**$ 3,467**	**Incremental Revenue**
			2.4%	**2.4%**	**Percent of Current Budget**

FY2027 Revenue Allocation Summary

1	**Total Revenues**	**$ 320,163,931**	
2	FY2026 School Budget (Adj.)	$ 146,033,333	74.0%
3	FY2026 Municipal Budget (Adj.)	$ 51,263,609	26.0%
4	Shared Expenses (including Minuteman)	$ 88,489,405	
5	Set-Asides	$ 29,692,966	
6	Total Base Budget	$ 315,479,313	
7	**Allocation Total**	**$ 4,684,618**	**2.4%**
8	School Allocation / FY2027 Total	$ 3,467,415	74%
9	Municipal Allocation / FY2027 Total	$ 1,217,203	26%

		Revenue Allocation		**Initial Budget Request**		**Surplus/ (Shortfall)**
10	FY2027 School budget	$ 149,500,748	2.4%	$ 152,809,789	4.6%	$ (3,309,041)
11	FY2027 Municipal budget	$ 52,480,812	2.4%	$ 53,871,038	5.1%	$ (1,390,226)

Shared Expenses – FY2027



Program Summary

		A	B	C	D	E (D-C)	F (E/C)
Element	**Description**	**FY2024 Actual**	**FY2025 Actual**	**FY2026 Restated**	**FY2027 Recommended**	**Change $**	**Change %**
Program 2000: Shared Expenses							
2110	Contributory Retirement	$ 9,984,800	$ 10,743,076	$ 11,521,504	$ 12,300,042	$ 778,538	6.76 %
2130	Employee Benefits (Health/Dental/Life/Medicare)	$ 32,345,834	$ 36,043,142	$ 41,147,189	$ 46,420,190	$ 5,273,001	12.81 %
2140	Unemployment	$ 49,236	$ 46,568	$ 200,000	$ 200,000	$ —	— %
2150	Workers' Comp.* (MGL Ch.40:13A&13C, Ch.41:111F)	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ —	— %
Subtotal 2100 Benefits		*$ 42,879,870*	*$ 47,332,786*	*$ 53,368,693*	*$ 59,420,232*	*$ 6,051,539*	*11.34 %*
2210	Property & Liability Insurance	$ 1,016,845	$ 1,183,127	$ 1,277,696	$ 1,453,542	$ 175,846	13.76 %
2220	Uninsured Losses* (MGL Ch. 40, Sec. 13)	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ —	— %
Subtotal 2200 Property & Liability Insurance		*$ 1,216,845*	*$ 1,383,127*	*$ 1,477,696*	*$ 1,653,542*	*$ 175,846*	*11.90 %*
2310	Solar Producer Payments	$ 351,503	$ 364,281	$ 390,000	$ 390,000	$ —	— %
2400	Debt Services	*$ 6,557,717*	*$ 5,529,455*	*$ 5,813,533*	*$ 6,274,815*	*$ 461,282*	*7.93 %*
2510	Reserve Fund	$ —	$ —	$ 850,000	$ 1,000,000	$ 150,000	17.65 %
2600	Facilities	$ 14,006,504	$ 14,054,457	$ 15,189,172	$ 15,645,142	$ 455,970	3.00 %
3450	Refuse & Recycle Collection for Municipal & School Buildings	$ —	$ 104,839	$ 112,128	$ 109,244	$ (2,884)	(2.57)%
Total Shared Expenses		**$ 65,012,438**	**$ 68,768,945**	**$ 77,201,222**	**$ 84,492,975**	**$ 7,291,753**	**9.45 %**

- Shared Expenses represent 26-29% of the annual General Fund operating budget and are increasing at a faster rate than revenue growth.
- Heath Insurance is a particular challenge, with double-digit increases in premiums budgeted for two consecutive years (FY26 ~11%; FY27~15%).
- Public Facilities is driven by salaries in FY2027; utility projections reflect
- Minuteman Budget reflects a projected 10% increase in assessment due to an increase in Lexington's 5-year rolling enrollment.

FY2027 Health Insurance

Health Insurance Trend

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Advised % Increase in Premiums	8.0%	5.5%	5.5%	5.0%	5.0%	5.0%	7.0%	9.6%	11.0%	15.0%
Budget Amount (GenFund)	$ 24,932,984	$ 25,542,389	$ 25,951,569	$ 27,026,973	$ 28,270,148	$ 29,554,494	$ 31,612,815	$ 33,947,889	$ 37,401,396	$ 42,448,468
Budget $ Inc vs PY		$ 609,405	$ 409,180	$ 1,075,404	$ 1,243,175	$ 1,284,346	$ 2,058,321	$ 2,335,074	$ 3,453,507	$ 5,047,072
Budget % Inc vs PY		2.4%	1.6%	4.1%	4.6%	4.5%	7.0%	7.4%	10.2%	13.5%
Actual Expense (GenFund)	$ 21,949,687	$ 22,585,970	$ 24,133,417	$ 25,448,028	$ 26,483,798	$ 27,711,900	$ 28,999,884	$ 32,466,784		
Actual % Increase		2.9%	6.9%	5.4%	4.1%	4.6%	4.6%	12.0%		
Health Insurance Turnback	$ 2,983,297	$ 2,956,419	$ 1,818,152	$ 1,578,945	$ 1,786,350	$ 1,842,594	$ 2,612,931	$ 1,481,105		

- Health Insurance premiums have been trending up for several years; turn-backs have trended lower
- There are approximately 2,600 subscribers (1200 actives; 1400 retirees)
- The Town covers 82% of the premium cost; subscribers contribute 18%
- Each budget year has a placeholder for annual Open Enrollment & Other Qualifying Events (OEQE) (90 per year 2018-2019; 80 per year 2020-2027)
- Every 1% increase in premiums adds approximately $330K in cost (a premium increase of 10% vs 15% would reduce cost by approx. $1.6M)

FY2027 Revenues Set-Aside for Designated Expenses

Revenues Set-Aside for Designated Expenses - FY2027

		Tax Levy	Free Cash	Other	Total
1	Set-Aside for Unanticipated FY2026 Needs	$ —	$ 250,000	$ —	$ 250,000
2	Set-Aside for FY2027 (unallocated)	$ —	$ 1,000,000	$ —	$ 1,000,000
3	Special Education Reserve Fund	$ —	$ —	$ —	$ —
4	Other Post-Employment Benefits (OPEB)	$ —	$ 2,129,721	$ —	$ 2,129,721
5	Cash Capital - Funded by Free Cash	$ —	$ 16,720,279	$ —	$ 16,720,279
6	Cash Capital - Funded by Tax Levy	$ —	$ —	$ —	$ —
7	Cash Capital - Non-General Fund Sources	$ —	$ —	$ 22,950	$ 22,950
8	Tax Levy Dedicated to Capital Stab Fund	$ 6,580,908	$ —	$ —	$ 6,580,908
9	Free Cash Dedicated to Capital Stab Fund	$ —	$ —	$ —	$ —
10	Street Improvement Program	$ 2,746,777	$ —	$ —	$ 2,746,777
11	Municipal Building Envelope and Systems	$ 242,332	$ —	$ —	$ 242,332
12	Warrant Articles	$ —	$ —	$ —	$ —
13	**Subtotal (Line 16 of Revenue Allocation Model)**	**$ 9,570,017**	**$ 20,100,000**	**$ 22,950**	**$ 29,692,967**
14	Funding for Pension Schedule	$ —	$ 400,000	$ —	$ 400,000
15	**Grand Total***	**$ 9,570,017**	**$ 20,500,000**	**$ 22,950**	**$ 30,092,967**

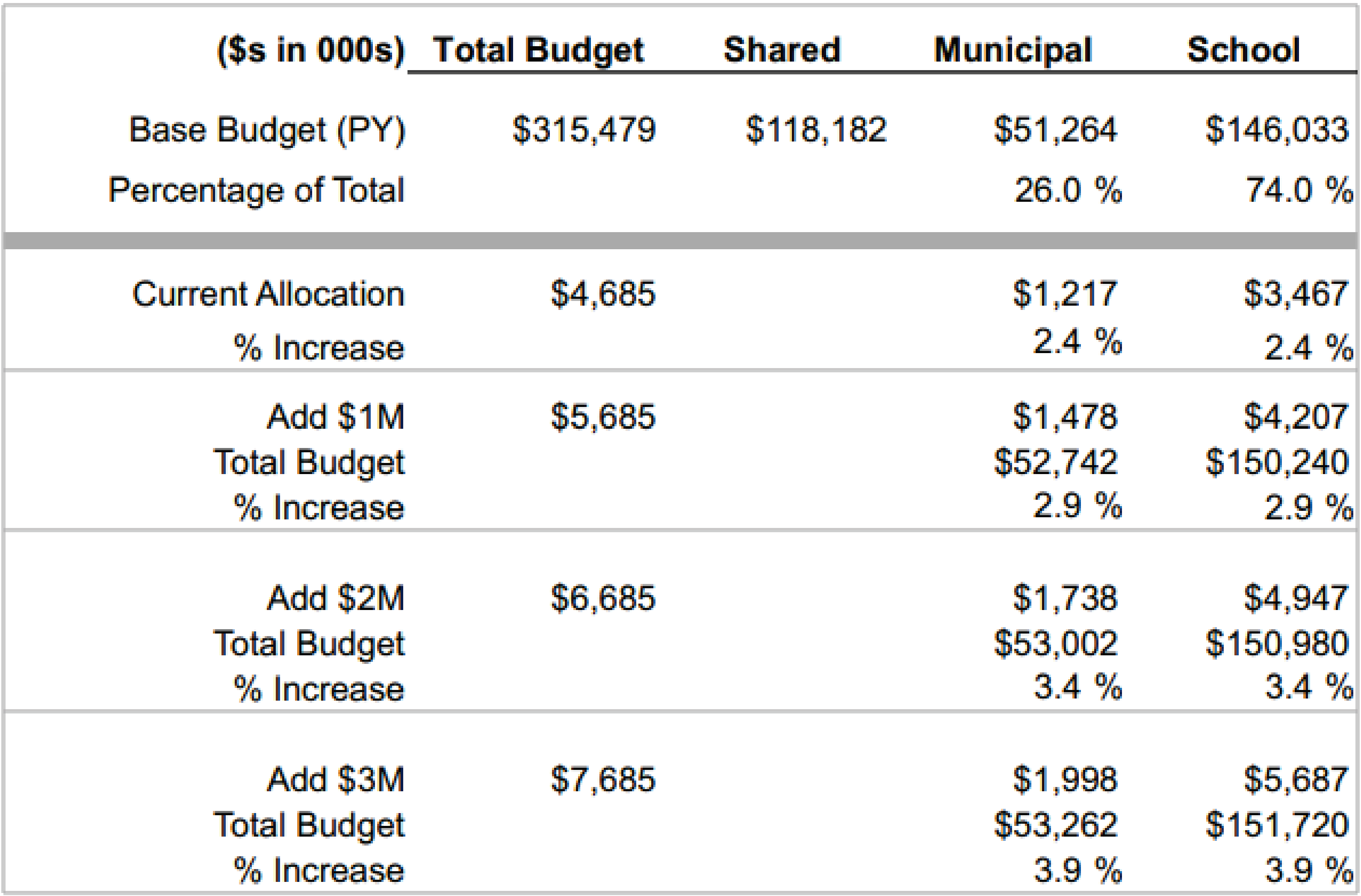
Discussion on Closing the FY2027 Budget Gap

(comments and guidance requested for this item)

Closing the Budget Gap ~ $4.7M

- Closing the budget gap will require an increase in projected revenues, or a decrease in expenses, or likely both
- Revenues are currently projected conservatively, in line with longstanding methodologies, including the exclusive use of ongoing sources (i.e. no one-time revenues)
- A more aggressive approach may be taken in projecting certain revenue line items (i.e. investment income), though this approach may result in shortfalls in subsequent years
- Expenses are also projected conservatively. Some line items have built-in cushion to account for mid-year changes (i.e. health insurance)
- Inflating projected revenue and/or removing the cushion from expense lines will add risk to the annual operating budget for the current and future years
- Both actions will reduce the amount of free cash available in future years, impacting the ability to fund reserves and cash capital.

Allocation Adjustments to Revenue



($s in 000s)	Total Budget	Shared	Municipal	School
Base Budget (PY)	$315,479	$118,182	$51,264	$146,033
Percentage of Total			26.0 %	74.0 %
Current Allocation	$4,685		$1,217	$3,467
% Increase			2.4 %	2.4 %
Add $1M	$5,685		$1,478	$4,207
Total Budget			$52,742	$150,240
% Increase			2.9 %	2.9 %
Add $2M	$6,685		$1,738	$4,947
Total Budget			$53,002	$150,980
% Increase			3.4 %	3.4 %
Add $3M	$7,685		$1,998	$5,687
Total Budget			$53,262	$151,720
% Increase			3.9 %	3.9 %

Use of One-Time Revenues

Potential Revenue Adjustments:

- Aggressively estimate Investment Income or other Local Receipts
- Use one-time funds:
    - Free Cash
    - SPED Stabilization
    - General Stabilization
    - OPEB Fund
- Divert annual funding from Reserves or investment in Cash Capital:
    - Tax Levy to Capital Stabilization Fund
    - Tax Levy to Cash Capital (roads & buildings)
    - Free Cash to OPEB
- Minor adjustments to Local Receipts or State Aid may be made as the budget progresses

The use of one-time funds for the operating budget does not align with past, or best practices and will carry the budget deficit into FY2028.
Certain actions, such as reducing reserves, may be viewed negatively by ratings agencies.

Expense & Other Reductions

Expenses (School & Municipal):

- Management will review detailed expense budgets and make targeted and/or broad % based reductions with input from Department Heads
- Vacant positions may be left unfilled
- Consider changes in the level of service currently provided

Other Potential Adjustments:

- Reduce OEQE in Health Budget
- Reduce set-asides for Reserve Fund and/or unanticipated needs
- Adjustment to term or schedule of within-levy debt financing

Reductions in expenses and set-asides will lead to smaller turn-backs in future years (i.e. lower amounts of available Free Cash). Lower Free Cash will impact the Capital Budget – either in the form of deferred maintenance or future increases in debt service.

Municipal Expense Budget Drivers

Compensation:

FY2027 total projected increase ~ 3.9% (COLAs, Steps, Grades & Market Adj.):

Municipal Bargaining Units	Current Contract
Lexington Municipal Employees Association	FY 26-28
Lexington Municipal Management Association	FY 26-28
SEIU Local 888 School Crossing Guards	FY 26-28
Local 1703 Building Custodians	FY 25-27
AFSCME Local 1703 Public Works	FY 25-27
Lexington Police Association	FY 24-26
Cary Memorial Library Staff Association	FY 24-26
AFSCME Public Safety Dispatchers	FY 24-26
Police Superiors Association	FY 23-25
IAFF Local 1491 Firefighters	FY 23-25

Contractual Expenses:

- Refuse & Recycling collection & disposal
- Curbside composting
- Lexpress bus service (less grant funding)
- PEG Access (Lexmedia)
- Vehicles & vehicle maintenance
- Contractual Services across multiple departments

Other Policy Discussions & Considerations

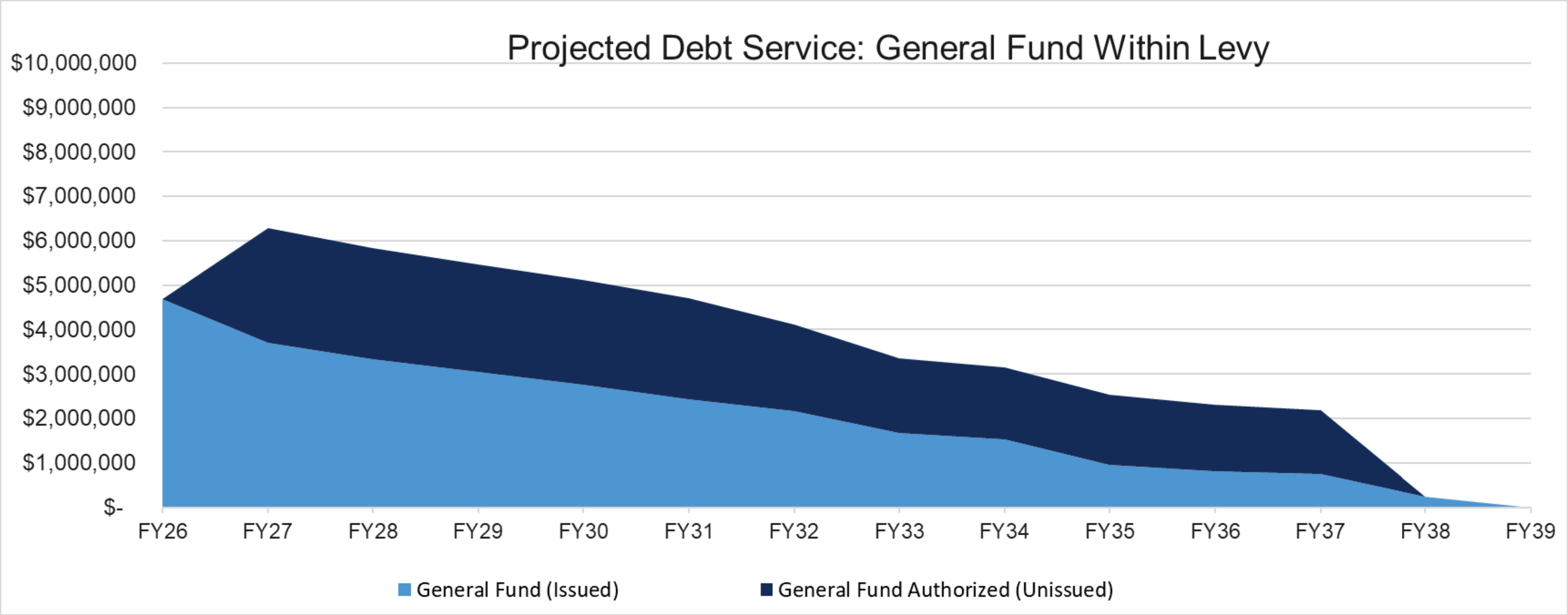
Mid-term Budget Planning & Challenges

- Managing the Operating Budget to avoid Operating Overrides - (Municipal & School)
- Financing the Lexington High School Construction Project; managing taxpayer impact
- Identifying new revenue sources
- Planning for residential development and growing the commercial tax base
- Guidelines for managing revenues and/or savings from energy investment, one-time and ongoing
- Capital Investment, Planning & Debt Financing
- Guidelines for funding Pensions & OPEB liabilities

Capital Planning Guidelines

- **Maintain Existing Assets vs Creating New Assets:** If less funding is available in future years, guidance will be needed on the priority between continuing capital programs and the creation of new assets.
- **Cash vs Debt Financing:** The Town has enjoyed elevated levels of free cash in recent history, which has allowed for a high level of capital investment while decreasing debt financing. If this trend begins to reverse, new guidelines may be needed for the use of debt financing for capital programs and projects.
- **Large Capital Projects post LHS (potential future debt exclusions):** Long term capital planning improvements include East Lexington Fire Station Reconstruction, Clark Middle School HVAC, Library HVAC, and Town Office Building
- **Planning for Growth and/or Regulatory Changes:** Increases in the Town's population and/or regulatory changes such as environmental guidelines for Stormwater Management, may require significant levels of capital investment not currently in our long-term capital plans. Plans will evolve as new information becomes available.

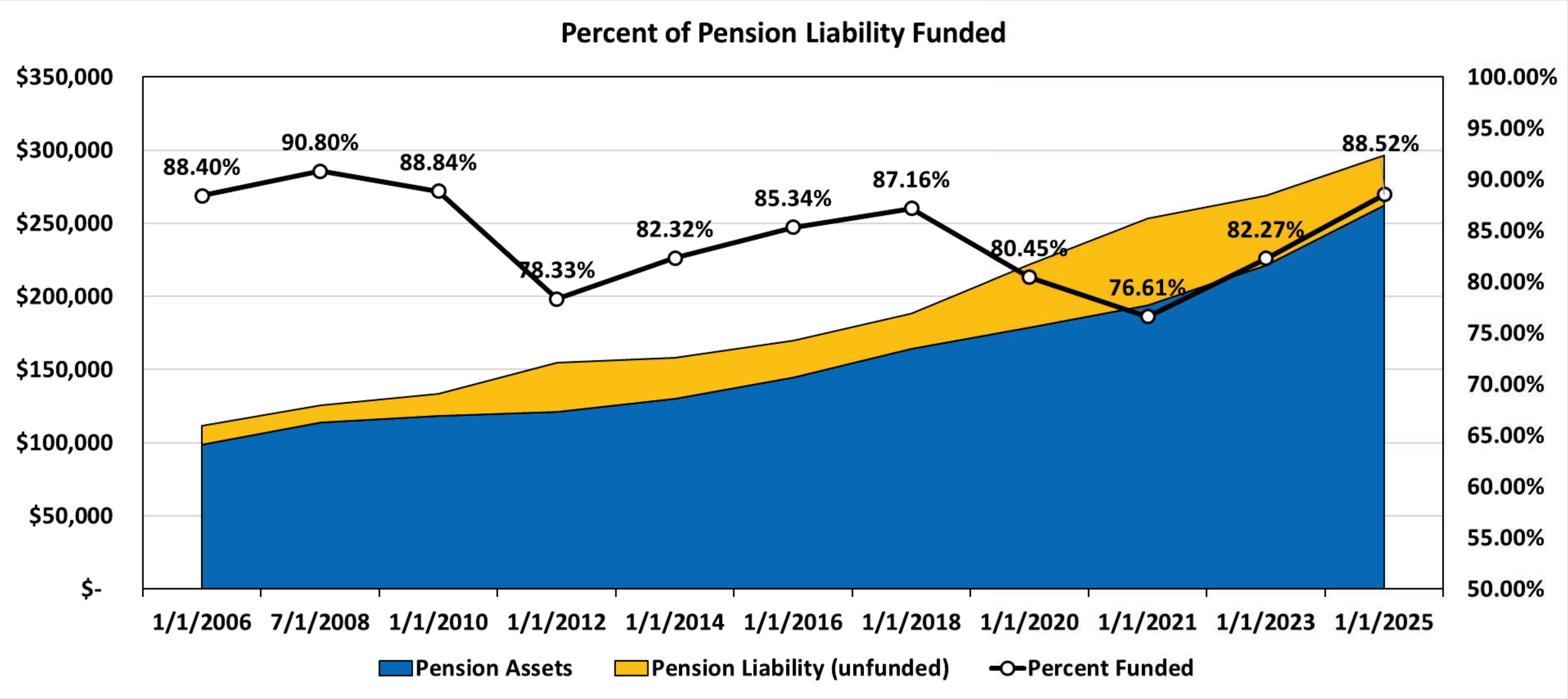
Mid-Term Budget Planning & Challenges



Authorized General Fund Debt (Issued & Unissued):	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**	**FY35**
General Fund (Issued)	$ 4,682,433	$ 3,697,662	$ 3,323,830	$ 3,040,230	$ 2,759,660	$ 2,434,660	$ 2,166,340	$ 1,674,800	$ 1,538,000	$ 964,400
General Fund Authorized (Unissued)	$ -	$ 2,577,153	$ 2,500,532	$ 2,423,911	$ 2,347,289	$ 2,270,668	$ 1,939,647	$ 1,676,878	$ 1,619,055	$ 1,561,231
Total Projected GF Debt Service	**$ 4,682,433**	**$ 6,274,815**	**$ 5,824,362**	**$ 5,464,141**	**$ 5,106,949**	**$ 4,705,328**	**$ 4,105,987**	**$ 3,351,678**	**$ 3,157,055**	**$ 2,525,631**

Unissued General Fund projects include Police Station Solar Canopy, Pine Meadows Clubhouse, 173 Bedford St Renovation, New Sidewalk Installations (Cedar St), Cary Memorial Library, and Hartwell Avenue Infrastructure Design.

Pension Fund



Percent of Pension Liability Funded

Actuarial Date	1/1/2006	7/1/2008	1/1/2010	1/1/2012	1/1/2014	1/1/2016	1/1/2018	1/1/2020	1/1/2021	1/1/2023	1/1/2025
Total Liability	$ 111,724	$ 125,412	$ 133,456	$ 154,907	$ 158,135	$ 169,564	$ 188,161	$ 222,082	$ 253,300	$ 269,155	$ 296,288
Pension Assets	**$ 98,759**	**$ 113,880**	**$ 118,559**	**$ 121,340**	**$ 130,169**	**$ 144,700**	**$ 164,000**	**$ 178,655**	**$ 194,047**	**$ 221,429**	**$ 262,274**
Pension Liability (unfunded)	**$ 12,965**	**$ 11,532**	**$ 14,897**	**$ 33,567**	**$ 27,966**	**$ 24,865**	**$ 24,162**	**$ 43,427**	**$ 59,253**	**$ 47,726**	**$ 34,014**
Percent Funded	88.40%	90.80%	88.84%	78.33%	82.32%	85.34%	87.16%	80.45%	76.61%	82.27%	88.52%

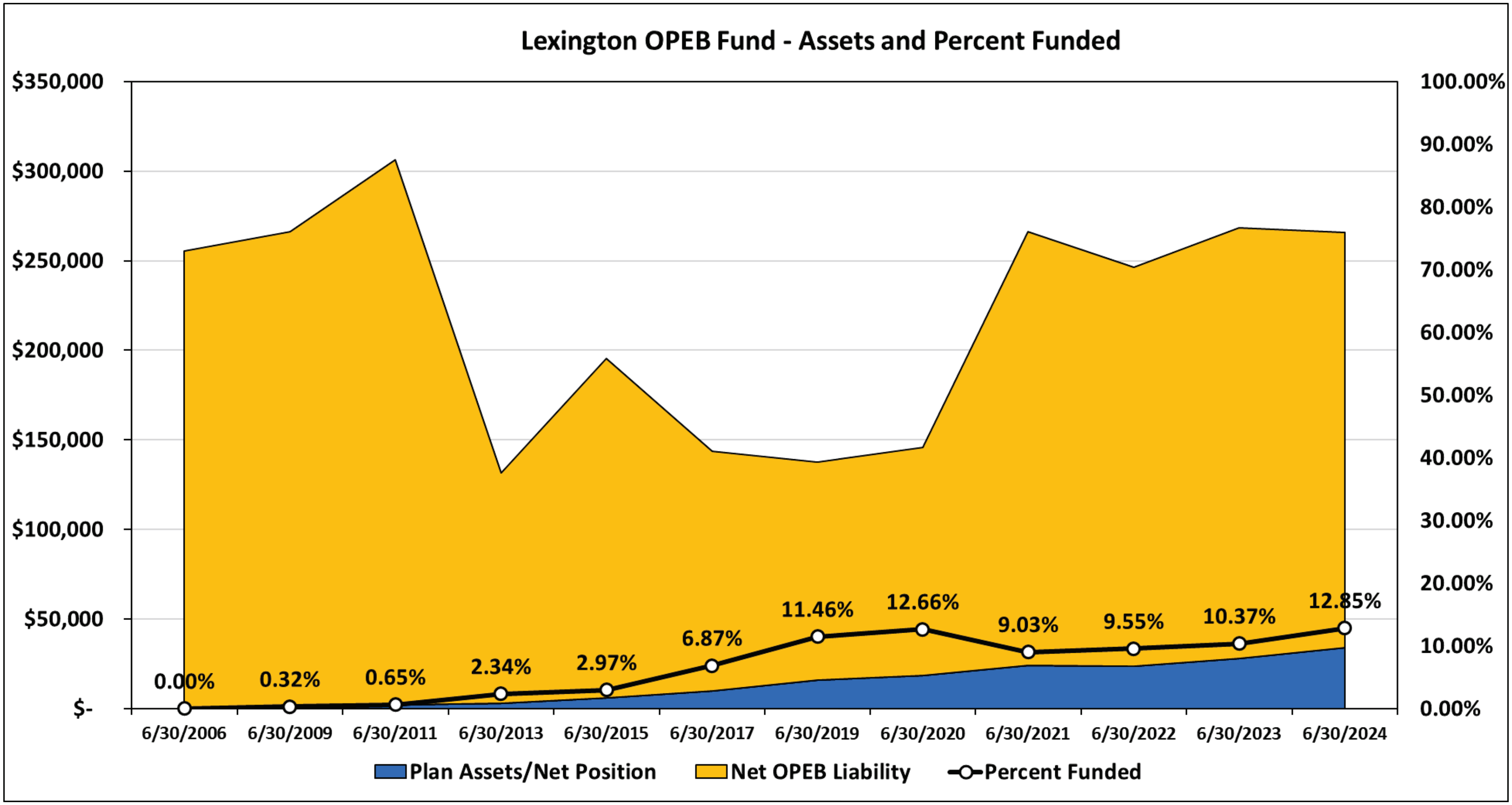
Pension Funding Schedule

Retirement Fund – Adopted Funding Schedule as of 1/1/2025

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution	Adjusted Payments
2027	2,132,574	34,796,472	9,553,189	414,845	12,100,607	12,420,042
2028	2,228,540	27,073,421	10,216,432	414,845	12,859,817	13,199,293
2029	2,328,824	18,079,120	10,876,070	414,845	13,619,738	13,979,275
2030	2,433,621	7,725,272	7,725,272	414,845	10,573,738	10,852,865
2031	2,543,134	-	-	414,845	2,957,979	3,036,064

- The Retirement Board conducts new actuarial valuations every two years – the most recent as of 1/1/2025
- The fund remains on target to achieve full funding in FY2030 (partial funding year)
- The Town’s annual budget contribution will decrease significantly once the unfunded liability is paid down
- This schedule should be reviewed with Financial Indicators 9, 10a & 10b
- Funding slightly above 100% will ensure we maintain full funding and provide more flexibility for future years

OPEB Fund



Lexington OPEB Fund - Assets and Percent Funded

Actuarial Date (Dollars in ,000's)	6/30/2006	6/30/2009	6/30/2011	6/30/2013	6/30/2015	6/30/2017	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
OPEB Liability	$ 255,440	$ 266,099	$ 306,301	$ 131,406	$ 195,460	$ 143,680	$ 137,586	$ 145,831	$ 266,296	$ 246,534	$ 268,218	$ 265,620
Plan Assets/Net Position	$ -	$ 840	$ 2,000	$ 3,069	$ 5,799	$ 9,870	$ 15,774	$ 18,466	$ 24,058	$ 23,554	$ 27,826	$ 34,129
Net OPEB Liability	**$ 255,440**	**$ 265,259**	**$ 304,301**	**$ 128,337**	**$ 189,662**	**$ 133,810**	**$ 121,812**	**$ 127,365**	**$ 242,238**	**$ 222,980**	**$ 240,392**	**$ 231,491**
Percent Funded	**0.00%**	**0.32%**	**0.65%**	**2.34%**	**2.97%**	**6.87%**	**11.46%**	**12.66%**	**9.03%**	**9.55%**	**10.37%**	**12.85%**

Reflections & Future Meeting Dates

Future Meeting Dates:

- FY2027 Summit II – December TBD (if needed)
- FY2027 Select Board Budget Hearings – Dec. 3, 4 & 9, 2025
- FY2027 White Book Summit – January 28, 2026 (Wed)
- Annual Town Meeting Begins – March 30, 2026
- Spring Policy & Planning Summit – TBD (after Town Meeting)

Lexington Public Schools

FY 2027 School Enrollment Projections and Budget Drivers

November 2025

LEXINGTON
PUBLIC SCHOOLS

In Brief

1. Strong Foundation

- FY26 efforts have positioned us well to address FY27 challenges.

2. FY27 Budget Gap: $3.2M

- LPS budget requires a 4.6% increase; revenue allocation is ~2.5%
- Gap is approximately $3.2M, which is the equivalent of approximately 35 teaching positions
- Solutions needed: increase revenues and/or reduce expenditures

3. Enrollment Decline

- 193 fewer students district-wide
- Smallest kindergarten cohort in decades
- Efficiency opportunities exist, but student departures are not evenly distributed across classrooms

4. Increase in Overall High-Needs Students; Decrease in High-Needs Move-Ins

- Record number of high needs students in FY26
- Decrease in number of high needs move-ins
- Staffing impact mitigated by multiple factors (details to follow)

5. Special Education Audit Findings

- Enlisted the support of New Solutions, K-12.
- Soon-to-be published reports with emerging insights on providing inclusive opportunities while maintaining fiscal responsibility

6. 5-Year Financial Forecast

- Enlisted the support of CLA Andover, an auditing firm, to develop a new detailed 5-year forecast
- Soon-to-be published report with person-by-person staffing analysis and precise funding projections

Context: FY25 and FY26

FY25 End-of-Year Position

	FY 23 Actual	FY 24 Actual	FY 25 Budget	FY 25 Actual	Variance from FY25 Budget	
Salary and Wages	$106,160,982	$112,791,505	$120,852,942	$123,343,214	$2,490,272	2.06%
Expenses	$19,077,403	$21,938,740	$19,655,425	$17,080,952	$2,574,473	13.10%
Total	$125,238,385	$134,730,244	$140,508,367	$140,424,166	$84,201	0.06%

FY25 End of Year Position Analysis

Here are takeaways from and context for the EOY FY25 financial information:

Context:

- The FY25 operating budget closed with a small surplus of approximately $84K.
- Pressures on the budget included adding over 100 students who were sheltered in temporary housing and unanticipated high-needs student move-ins.
- This surplus was achieved through a number of actions, including a close review of open purchase orders to reduce encumbered funds; the identification and use of expiring circuit breaker funds; and the maximizing of available grant funds.
- **Of note: LPS ended the year in the black, without utilizing the Special Education Reserve or the Special Education Stabilization Fund.**

Takeaways:

- **The spending freeze that was implemented partway through the year was both necessary and effective**, as most expense lines came in under budget.
- One important exception was transportation, which experienced the pressures and unexpected costs described above.

Cost-Saving Measures & Operational Efficiencies

How We Balanced the FY26 Budget

1. Increased reliance on Circuit Breaker (approximately $2.2M)
2. Significant reductions of FTE
    a. Consolidated elementary and middle school classrooms to free up 12 FTE ($1,049,500)
    b. Consolidated administrative jobs to free up 2 FTE ($220,000)
3. Reduced expense lines by approximately 10 - 25% ($800,000)
4. Reduced professional development lines ($200,000)
5. Further reduced the “high risk” list after a similar reduction in FY25 ($1.2M)
6. Increased the use of the transportation revolving account (up to +$150,000)

Additional Reductions

7. Implemented modified mid-year Budget Freeze ($2M+ savings)
8. Reduced an additional 14 FTE (for 26+ FTE reduction total)

Summer 2025 Finance Team Actions & Initiatives

Upon our arrival in the summer, the Finance Team has taken a number of steps to stabilize our financial position, address outstanding issues, and institute stronger organizational and financial practices

Outstanding Issues: The Finance Team has undertaken a thorough review of the District's financial activity with a focus on strengthening controls, resolving outstanding items, and aligning practices with established best standards.

1. First, the Team **examined all open Purchase Orders dating back to FY22**. This process reduced unnecessary encumbrances and provided a more accurate picture of available budget capacity. In the same effort, the Team addressed several late or outstanding invoices to ensure timely payment and proper reconciliation.
2. Next, a **detailed review of all Special Revenue Accounts—including grants and revolving funds**—was completed. To eliminate long-standing deficits, the Team employed corrective measures such as reclassifying expenses to the appropriate funding sources, finalizing outstanding grant drawdowns, and properly crediting revenues. Collectively, these actions reduced deficits by more than $2.5 million. While this represents significant progress, the review also identified several accounts with potential structural deficits that will require further analysis and long-term corrective planning.
3. Additionally, an analysis of prior years' practices revealed that salary accruals had been processed inconsistently. To address this, the Finance Team conducted a review of best practices and **implemented a consistent, standardized salary accrual process for FY26.** This step improves both the accuracy and comparability of financial reporting across fiscal years.

Through these efforts, the Finance Team has strengthened financial oversight, resolved significant outstanding issues, and established clearer processes to support long-term fiscal stability.

Summer 2025 Finance Team Actions & Initiatives

Upon our arrival in the summer, the Finance Team has taken a number of steps to stabilize our financial position, address outstanding issues, and institute stronger organizational and financial practices

Collaboration with Town Finance Department:

- The Finance Team also leveraged this period of transition to strengthen collaboration with the Town Finance Department, establishing clear and effective lines of communication.
- The Director of Finance worked closely with Town counterparts to review existing Munis practices and identify opportunities for greater efficiency. As part of this effort, new user accounts were established for key departments, such as Transportation, enabling staff to directly manage and monitor their budgets with greater accuracy and accountability.
- This growing partnership was further demonstrated through a joint meeting of the Town and School Finance Departments, held in September, which provided an opportunity to align practices, share insights, and reinforce a shared commitment to transparent and coordinated financial management.

Strategic Finance Initiatives:

- The Finance Team successfully completed the Circuit Breaker filing, which has been confirmed to yield more than **$7.9 million in reimbursements** for the District, the highest reimbursements ever earned through that program. In parallel, we partnered with grant managers to review prior-year reimbursements and prepare applications for the upcoming year to maximize available funding.
- To strengthen compliance and reporting accuracy, the Team also engaged an outside consultant to support the preparation of the End-of-Year Report. This step was taken to ensure full adherence to state guidelines, protect the District's eligibility for Chapter 70 funding, and establish a foundation for consistent compliance in future years.
- In addition, the Finance Team initiated the process of implementing line-item budget monitoring across all budget centers. This practice will be introduced in collaboration with budget managers during the upcoming budget cycle and is intended to promote greater accountability, transparency, and proactive financial oversight throughout the District.

FY26 Q1 Expenses and Salary Totals

FY 26	Budget	Expended	Encumbered	% Used
Salary and Wages	$127,183,816	$14,374,412	N/A	11.30%
Expenses	$18,849,517	$2,176,365	$14,769,492	89.90%
Total	$146,033,333	$16,550,777	$14,769,492	21.40%

Ongoing Cost-Saving Measures

Over the past several years, the district has taken a number of steps to reduce costs

- Special Education audit underway to evaluate the effectiveness and efficiency of LPS staffing and instructional practices.
- CLA Andover consultants engaged to develop a five-year budget projection, utilizing their Consumer Price Index model, in conjunction with our MUNIS salary step data.
- Grant funds are being drawn down more promptly to maximize available funding and minimize lapses/turnbacks.
- Enhanced budget monitoring through newly implemented line-item budgeting, ensuring all accounts are appropriately allocated and expended.
- Using position control in MUNIS to closely monitor FTE and salary allocations, along with position management.

FY27 Projections

FY27 Budget Development Process

LPS has augmented established practices with additional steps this year to maximize precision and efficiency.

- The School Committee has approved revised Budget Guidelines and Calendar
- The Finance Team is completing individual meetings with leaders of all budget centers (50+) to review both salary and expense lines
- The Special Education Department and the various Curricular Departments are reviewing all staffing for possible efficiencies
- We have enlisted an outside consultancy to review past expenditures, as well as to create a detailed five-year financial forecast
    - Part of this group’s preliminary forecast points to the pressure being felt by many districts regarding transportation costs
    - These projections aligned with our work on next year’s budget and point to ongoing challenges

FY27 - FY31: 5-Year Budget Projections

	Approved	*Projected*				
	FY26	*FY27*	*FY28*	*FY29*	*FY30*	*FY31*
Salary	$127,183,816	$132,430,294	$136,074,051	$139,813,282	$144,007,681	$148,615,927
Expenses	$18,849,517	$20,379,495	$22,222,056	$24,807,921	$26,239,668	$27,720,038
School Operating	$146,033,333	$152,809,789	$158,296,107	$164,621,203	$170,247,349	$176,335,965
Muni Benefits & Other Costs	$0	$0	$0	$0	$0	$0
Total School Allocation	$146,033,333	$152,809,789	$158,296,107	$164,621,203	$170,247,349	$176,335,965
Total % Increase	3.93%	4.64%	3.59%	3.99%	3.42%	3.58%

Potential Funding Gap

$3.2M

Keeping in Mind:

- Uses a sector-specific CPI model
- Projection is built on 2.5% COLAs for expiring contracts (all except Tech unit)
- Salary projection is built directly from our position control
- $1M accounts for approximately 12.5 FTE teaching positions
- A gap this size would necessitate reductions in the range of 35 - 40 FTEs

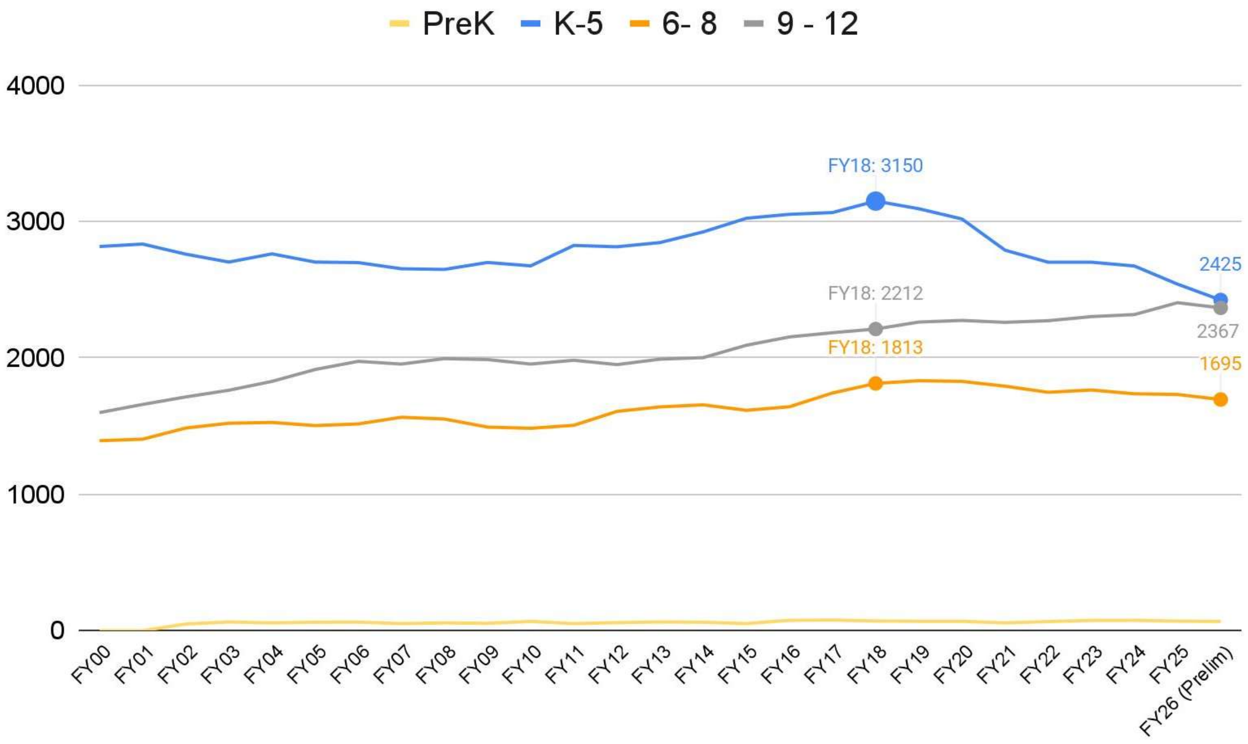
- **Revenue Allocation Analysis:** The current draft revenue allocation model projects $149,580,981 for LPS in FY27.
- **Level Service Budget Requirements**: A FY27 level service budget would require a revenue allocation increase of 4.6% ($152,809,789).
- **Budget Gap**: A 2.5% revenue allocation increase would potentially result in a shortfall of $3.2M. This gap would likely increase depending on the outcome of contract negotiations.
- **Circuit Breaker Considerations**: While better-than-projected Circuit Breaker reimbursements for FY25 could help offset this increase, the FY26 budget already incorporated the use on in-year Circuit Breaker funds.

FY2027: Factors Affecting the LPS Budget

Total enrollment for Pk - 12 is down for the 4th year in row (6,555 as of Oct 1, 2025; -193 students compared to the previous year).

Important variations by grade span should be considered in our planning. Most recently:

- **Most of the decline in K-5 elementary level --** large decline in K-5 elementary enrollment (-116 students compared to the previous year, 2425 as of October 1, 2025); second year in a row, of a small entering kindergarten cohort
- **Preliminary 6 - 8 middle school enrollment is down modestly** (-37 students compared to the previous year, 1695 as of October 1, 2025).
- **Preliminary high school enrollment is also down modestly** (-38 students compared to the previous year, 2367 as of October 1, 2025).



For further detail, district enrollment details by grade level can be accessed here. District annual growth by grade level can be accessed here.

LPS Preliminary Enrollment Projections with Housing Adjustment
(Based on **Average** Student Density Rates from 2016-17 to 2025-26)

Estimated students due to new housing are layered on top of LPS enrollment projections. LPS tracks housing developments with 10 or more units; At the time of this report that included:

- 10 active projects, including 1096 housing units; most of these were associated with apartments (946)
- 3 out of the 10 projects had a building permit issued; the remaining 7 did not yet

See here for the full prelim enrollment review & projections

- See here for more about LPS enrollment forecasts
- See here for more on the methodology used to estimate housing impacts
- See here for historical housing density rate
- See here for a breakdown of the estimated year to year impact on enrollment broken down by housing type.

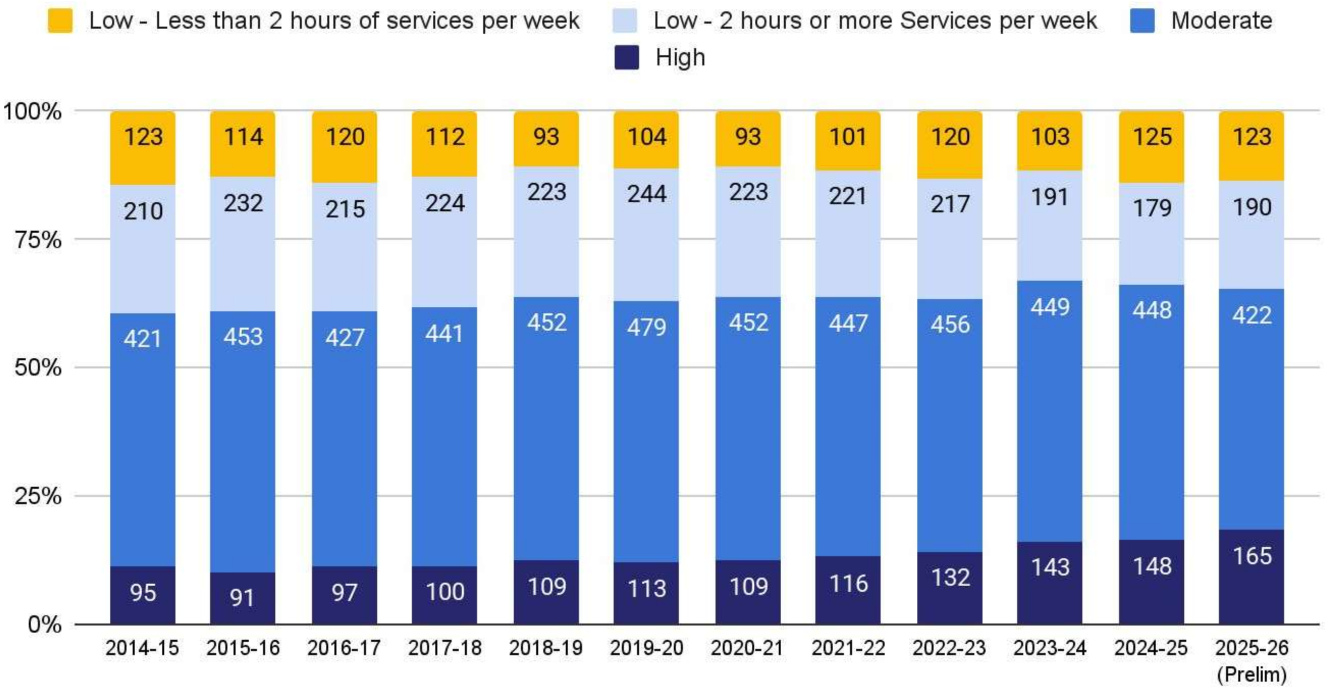
	Actual				Projected				
	FY24	FY25	FY26		FY27	FY28	FY29	FY30	FY31
K - 5	2674	2541	2425	Low	2438	2443	2465	2418	2459
				Mid	2495	2550	2618	2607	2672
				High	2560	2679	2798	2823	2913
6 to 8	1737	1732	1695	Low	1624	1570	1477	1459	1376
				Mid	1671	1653	1591	1598	1540
				High	1708	1719	1689	1740	1732
9 -12	2318	2405	2367	Low	2293	2258	2184	2057	1995
				Mid	2346	2367	2345	2274	2258
				High	2389	2461	2489	2466	2493

LEXINGTON
PUBLIC SCHOOLS

Level of Need: In-District Special Education

- While overall enrollment has decreased, overall special education enrollment counts remains steady.
- However, needs within our student special education population have been changing.
- Post-pandemic, we are seeing an increasing number of students with a high level of need.
- Among the 54 students who moved in for the 2025-26 school with an existing IEP, 16 were confirmed as having a high level of need.
- The most prevalent disability type among in- and out-of-district special education students continues to be Autism. (see here for more details)

For more about in- and out-district, see *here* *and* *here*



LEXINGTON PUBLIC SCHOOLS

Special Education District Review: **Preliminary Findings**

This process, sometimes referred to as an “audit,” has been conducted by an outside consultant, New Solutions K-12, to review both the effectiveness and efficiency of our instructional models

- LPS is currently engaged in a Special Education District Review, which has been referred to in the past as a Special Education Audit.
- We enlisted the support of New Solutions, K-12, and they are in the process of producing two draft reports for our consideration.
- The report will be publicly available soon, helping us understand the opportunities and challenges that exist in special education from a teaching and learning perspective, as well as operational and cost efficiencies.
- What we are learning is that we have opportunities to reimagine special education delivery models that may lead to increased inclusion for students, reduced staff burnout, and operational efficiencies.
    - In particular, research supports positive outcomes for children who receive support in small groups of 3-5, where instruction focuses on skill acquisition and peer modeling.
- We have a Steering Committee helping with this project, and we are working with Union and parent partners in SEPAC to develop action plans based on the findings of the review/audit.

Possible Questions for Summit Participants

1. **Budget Allocation & Impact:** What would a 2.5% budget increase mean in practice for both municipal services and school programs, and how do we weigh the trade-offs and opportunities this level of funding creates for each side?
2. **Revenue & Financial Planning:** To what extent have our revenue patterns over the past 4-5 years been predictable, and what does this tell us about our forecasting methods and financial stability? Specifically, how have revenues fared relative to projections over the past 4-5 years?
3. **Community Values & Priorities:** At what point do budget reductions shift from operational adjustments to threats against educational quality and district reputation, and how will we recognize that threshold?
4. **Strategic Safety Nets:** Last year, we activated a number of financial safety nets with the understanding that things would get harder. Under what conditions should we activate more of our financial safety nets, and how do we balance short-term relief against long-term fiscal health?
5. **Competitive Compensation Strategy:** How do we develop a sustainable compensation strategy that enables us to recruit and retain excellent educators in an increasingly competitive regional market, where should Lexington Public Schools position itself in regional compensation rankings to fulfill our educational goals, and what investments are required to achieve and maintain that position?
6. **Navigating a 3-Year Transition:** Pension liability obligations will diminish in 3 years, freeing up significant revenue, what operational, financial, and programmatic gap-bridging strategies can we implement now to sustain educational quality through this transitional period?

Thank you! Questions?

Town of Lexington, MA

FY2027 Revenue Projections

Town Manager’s Office
Finance Department

Issued November 20, 2025

Town of Lexington - FY2027 Revenue Projections

Revenue Executive Summary

This revenue projection is being submitted to the Select Board as required under Section 13 of Chapter 753 of the Acts of 1968, as amended, An Act Establishing the Selectmen-Town Manager Form of Government in the Town of Lexington. The projection is based on the most current data available; as new information arises, the projections may be revised. The summary below presents Total General Fund Operating Revenues, and Net General Fund Revenues.

- Total General Fund Operating Revenues are from annually recurring and non-recurring revenue sources, including transfers from Enterprise Funds, special revenue funds, and Specialized Stabilization Funds.
- Net General Fund Revenues are Total General Fund Revenues less revenues recommended to be set-aside to fund designated expenses. A large portion of the revenue set-aside is from certified Free Cash, which is a one-time revenue that should not be used for ongoing expenses.

In FY2027, Total General Fund Operating Revenues are projected to increase by approximately $7.19 million, or 2.3%. Net General Fund Revenues, those available to support school and municipal operating budgets, are projected to increase by $12.42 million, or 4.5%.

General Fund Revenue Summary	FY2024 Actual	FY2025 Actual	FY2026 Recap	FY2027 Projected	FY2026-27 Change	
					$	%
Property Tax Levy (Table 1)	$ 227,334,427	$ 239,713,641	$ 249,133,335	$ 258,361,669	$ 9,228,333	3.70%
State Aid (Table 2)	$ 19,695,534	$ 20,579,658	$ 21,532,602	$ 22,181,496	$ 648,894	3.01%
Local Receipts (Table 3)	$ 25,615,431	$ 25,740,345	$ 16,868,269	$ 17,821,440	$ 953,170	5.65%
Available Funds (Table 4)	$ 17,328,584	$ 17,250,345	$ 25,611,684	$ 22,112,842	$ (3,498,842)	(13.66)%
Revenue Offsets (Table 5)	$ (1,813,993)	$ (1,953,708)	$ (2,103,696)	$ (2,360,640)	$ (256,944)	12.21%
Enterprise Receipts (Table 6)	$ 1,894,067	$ 1,873,817	$ 1,935,189	$ 2,047,125	$ 111,936	5.78%
Total General Fund Operating Revenues	**$ 290,054,050**	**$ 303,204,098**	**$ 312,977,383**	**$ 320,163,931**	**$ 7,186,548**	**2.30%**
Less - Tax Levy Dedicated to Capital Stabilization Fund	$ 4,036,373	$ 6,563,050	$ 6,580,908	$ 6,580,908	$ —	—%
Less: Revenues Set-Aside for Other Designated Purposes	$ 20,156,257	$ 21,256,751	$ 28,345,019	$ 23,112,059	$ (5,232,960)	(18.46)%
Net General Fund Revenues	**$ 265,861,420**	**$ 275,384,297**	**$ 278,051,457**	**$ 290,470,965**	**$ 12,419,508**	**4.47%**

Detailed Description:

Property Tax Levy: The FY2027 property tax levy is projected to increase approximately $9.23 million, or 3.70%. The projected levy is a function of the FY2026 levy limit increased by 2.5% per Proposition 2½, plus an increment for new growth. FY2027 new growth will be a function of construction activity for the period July 1, 2025 to June 30, 2026. FY2027 new growth is estimated at $3,000,000 based on a review of historical data and current trends. There is little commercial or industrial development in the pipeline, but the Town expects residential and personal property growth will remain stable in FY2026 and FY2027.

Tax Levy Dedicated to Capital Stabilization Fund: In the Fall of 2021 the Town Manager proposed a new fiscal guideline, a Capital Stabilization Framework, to prepare for future capital projects. Beginning in FY2022, new levy growth generated from specified commercial and industrial development has been dedicated to the Capital Stabilization Fund (CSF) rather than becoming general revenue for the town's operating budget. Projects include those with a Preliminary Site Development and Use Plan (PSDUP) approved by Town Meeting, or those approved due to the revamped zoning on Hartwell Ave. This framework has reserved levy capacity to absorb an increase in debt service for large capital projects, such as the high school. The set-aside funds will be applied in future years to mitigate exempt debt service created by those capital projects. A list of properties currently subject to this guideline is available in Table 1C, and the accumulated set-aside amount of prior year new growth is $6,580,908 for FY2027. Additional new levy growth from commercial and industrial projects for FY2027 is not included in the $3.00 million estimate noted above.

Tax Levy Dedicated to Pension Fund: In FY2023 Takeda Pharmaceuticals (Takeda), a large industrial property owner discontinued their annual filing as a ‘manufacturer’ with the Commonwealth of Massachusetts. In previous years, the designation as ‘manufacturer’ exempted Takeda from personal property taxes. This change returned Takeda’s $39 million of personal property back to the tax roll which equaled $1.06 million in new taxes. The Town executed a plan to dedicate this unexpected revenue into the Pension Fund in future years in order to remain on our planned funding schedule. When the Town has fully paid down the pension liability (i.e. reached full-funding) the contribution from the tax levy to the Pension Fund will decrease by over $10 million annually. The amount set-aside to pension each year is growing by 2.5%.

State Aid: State Aid is projected to increase by 3.01% in FY2027, primarily due to an expectation that the Town will receive minimum per pupil aid under the Chapter 70 formula. Projections assume the minimum contribution will be $100 per student, which aligns with funding in the last two years. The mandated amount is $30 per student per the Department of Elementary and Secondary Education (DESE), so this projection carries a modest amount of risk. The State is beginning to develop its FY2027 budget and initial FY2027 State Aid numbers will be available in January 2026, once the Governor releases her budget. Final figures are likely to be known in June 2026 when the Legislature adopts, and the Governor signs, the FY2027 State Budget.

Local Receipts: FY2027 projections for each category of receipt are based on the history of actual collections and projections of 3- and 5-year historical averages, with some adjustments to specific categories due to economic and local conditions. FY2027 local receipts are estimated to increase by approximately $953,170 or 5.65% over FY2026 estimates, and details by category are detailed below. The main contributors to the increase in local receipts are investment income and motor vehicle excise, partly offset by a reduction in the estimates for other excise.

Available Funds: Available Funds are projected to decrease by $(3,498,842), or (13.66)%, primarily due to a decrease in the amount of Free Cash available from the close of FY2025. Free Cash is currently projected to be approximately $20,500,000, with the final amount expected to be certified in December, ahead of finalizing the FY2027 budget. The FY2027 transfer from the PEG Access SRF is recommended at $200,000 less than the PEG operating budget, which results in support from the tax levy to continue level service PEG programming. This is level with the amount budgeted in FY2026, though PEG revenue in future years may continue to decline.

Free Cash has not yet been certified and therefore is a conservative estimate; however any additional free cash will be utilized for cash capital, not to support the operating budget.

Revenue Offsets: Revenue Offsets are projected to increase by approximately $256,944 or 12.21%. Revenue Offsets represent the set-aside of a portion of projected revenues legally required for particular purposes including:

(1) the component of State Aid (Public Library aid reimbursement) that is distributed as Cherry Sheet aid, but, in fact, is a categorical grant that is not available to support General Fund operations;

(2) Cherry Sheet assessments - estimated charges to be levied by the Commonwealth to cover the costs of state and regional services provided to the Town, based on updated projections issued alongside the Governor's budget;

(3) the Assessor's Overlay account which covers the cost of abatements and exemptions granted to property taxpayers; and,

(4) potential snow and ice deficits.

The FY2027 increase in total Revenue Offsets is driven by the set-aside of $400,000 in estimated FY2027 revenue to cover a potential snow and ice deficit at the end of FY2026. For FY2026, $400,000 was set-aside, but did not end up being needed since actual FY2025 snow and ice removal expenses fell within their budgeted levels.

Enterprise Receipts: This category of revenue represents transfers from the Water, Sewer, and Recreation Enterprise Funds to the General Fund to cover General Fund expenditures that support the operations of the water, sewer, and recreation departments.

Town of Lexington - FY2027 Revenue Projections

Revenue Summary

					FY2026-27 Change	
	FY2024 Actual	FY2025 Actual	FY2026 Recap	FY2027 Projected	$	%
Table 1: Property Tax Levy						
Tax Levy	$ 216,220,071	$ 227,348,851	$ 239,807,037	$ 249,133,335	$ 9,326,298	3.89%
Prop. 2.5%	$ 5,405,502	$ 5,683,721	$ 5,995,176	$ 6,228,333	$ 233,157	3.89%
New Growth	$ 6,824,943	$ 6,774,465	$ 3,331,122	$ 3,000,000	$ (331,122)	(9.94)%
Override/Excess Levy Capacity	$ (14,424)	$ (93,397)	$—	NA		
Subtotal	**$ 228,436,092**	**$ 239,713,640**	**$ 249,133,335**	**$ 258,361,669**	**$ 9,228,333**	**3.70%**
Table 2: State Aid						
Chapter 70	$ 17,609,131	$ 18,321,635	$ 19,344,035	$ 19,999,535	$ 655,500	3.39%
Charter School Reimbursement	$ 87,520	$ 149,983	$ 81,758	$ 81,758	$ —	—%
Unrestricted General Government Aid	$ 1,832,124	$ 1,887,088	$ 1,907,846	$ 1,907,846	$ —	—%
Veterans' Benefits & Exemptions	$ 83,921	$ 130,560	$ 109,400	$ 99,659	$ (9,741)	(8.90)%
Offsets (Library)	$ 82,838	$ 90,392	$ 89,563	$ 92,698	$ 3,135	3.50%
Subtotal	**$ 19,695,534**	**$ 20,579,658**	**$ 21,532,602**	**$ 22,181,496**	**$ 648,894**	**3.01%**
Table 3: Local Receipts						
Motor Vehicle Excise Tax	$ 6,143,335	$ 6,606,284	$ 5,601,396	$ 6,198,000	$ 596,604	10.65%
Other Excise	$ 1,982,929	$ 1,691,969	$ 1,832,000	$ 1,685,000	$ (147,000)	(8.02)%
Penalties & Interest	$ 479,253	$ 404,807	$ 492,000	$ 430,000	$ (62,000)	(12.60)%
PILOTs	$ 731,519	$ 817,682	$ 762,000	$ 767,000	$ 5,000	0.66%
Rentals	$ 479,390	$ 308,021	$ 352,623	$ 359,190	$ 6,566	1.86%
Departmental-Schools	$ 475,325	$ 533,446	$ 300,000	$ 299,000	$ (1,000)	(0.33)%
Departmental-Municipal	$ 3,629,754	$ 3,820,994	$ 3,395,950	$ 3,507,950	$ 112,000	3.30%
Licenses & Permits	$ 3,226,256	$ 4,616,400	$ 3,016,300	$ 2,958,300	$ (58,000)	(1.92)%
Special Assessments	$ 10,370	$ 13,550	$ —	$ —	$ —	—%
Fines & Forfeits	$ 172,123	$ 111,884	$ 116,000	$ 117,000	$ 1,000	0.86%
Investment Income	$ 7,825,208	$ 6,279,974	$ 1,000,000	$ 1,500,000	$ 500,000	50.00%
Miscellaneous Non-Recurring	$ 459,968	$ 535,335	$ —	$ —	$ —	—%
Subtotal	**$ 25,615,431**	**$ 25,740,345**	**$ 16,868,269**	**$ 17,821,440**	**$ 953,170**	**5.65%**
Table 4: Available Funds						
Parking Fund	$ 100,000	$ 250,000	$ 425,500	$ 425,500	$ —	—%
Cemetery Sale of Lots Fund	$ 50,408	$ 123,000	$ 151,875	$ 147,000	$ (4,875)	(3.21)%
Free Cash	$ 15,919,159	$ 15,838,627	$ 24,096,825	$ 20,500,000	$ (3,596,825)	(14.93)%
Health Claims Trust Fund	$ 240,000	$ 32,270	$ —	$ —	$ —	—%
Transportation Demand Management Stab. Fund	$ 171,000	$ 171,000	$ 171,000	$ 171,000	$ —	—%
Traffic Mitigation Stabilization Fund	$ 80,000	$ —	$ —	$ —	$ —	—%
Transportation Management Overlay District (TMOD) Stabilization Fund	$ 42,000	$ —	$ —	$ —	$ —	—%
Ambulance Stabilization Fund	$ —	$ 125,000	$ —	$ —	$ —	—%
PEG Access Special Revenue Fund	$ 586,833	$ 646,214	$ 596,441	$ 694,392	$ 97,951	16.42%
Transportation Network Company (TNC) Special Revenue Fund	$ 7,684	$ 13,234	$ 18,043	$ 22,950	$ 4,907	27.20%
Betterments Fund	$ 11,500	$ 1,000	$ 2,000	$ 2,000	$ —	—%
Visitors Center Stabilization Fund	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ —	—
General Stabilization Fund	$ —	$ —	$ —	$ —	$ —	—%
Special Education Stabilization Fund	$ —	$ —	$ —	$ —	$ —	—%
Recreation Enterprise Fund	$ —	$ —	$ 100,000	$ 100,000	$ —	—%
Use of BAN Premiums	$ 70,000	$ —	$ —	$ —	$ —	—%
Subtotal	**$ 17,328,584**	**$ 17,250,345**	**$ 25,611,684**	**$ 22,112,842**	**$ (3,498,842)**	**(13.66)%**

Town of Lexington - FY2027 Revenue Projections

Table 5: Revenue Offsets						
Cherry Sheet Assessments	$ (981,462)	$ (1,112,390)	$ (1,264,133)	$ (1,116,126)	$ 148,007	(11.71)%
Cherry Sheet Offsets - Public Libraries	$ (82,531)	$ (91,318)	$ (89,563)	$ (94,514)	$ (4,951)	5.53%
Overlay (abatements)	$ (750,000)	$ (750,000)	$ (750,000)	$ (750,000)	$ —	—%
Snow Deficit	$ —	$ —	$ —	$ (400,000)	$ (400,000)	—
Subtotal	**$ (1,813,993)**	**$ (1,953,708)**	**$ (2,103,696)**	**$ (2,360,640)**	**$ (256,944)**	**12.21%**

Table 6: Enterprise Receipts						
Water	$ 1,011,340	$ 968,301	$ 1,002,244	$ 1,091,745	$ 89,501	8.93%
Wastewater (Sewer)	$ 588,040	$ 596,525	$ 614,684	$ 627,572	$ 12,888	2.10%
Recreation & Community Programs	$ 294,687	$ 308,991	$ 318,261	$ 327,808	$ 9,547	3.00%
Subtotal	**$ 1,894,067**	**$ 1,873,817**	**$ 1,935,189**	**$ 2,047,125**	**$ 111,936**	**5.78%**

Gross General Fund Revenues	**$ 291,155,715**	**$ 303,204,097**	**$ 312,977,383**	**$ 320,163,931**	**$ 7,186,548**	**2.30%**
Less: Property Tax Levy Dedicated to the Capital Stabilization Fund	**$ 4,036,373**	**$ 6,563,050**	**$ 6,580,907**	**$ 6,580,907**	**$ —**	**—%**
Less: Revenues Set Aside for Designated Expenses	**$ 20,156,257**	**$ 21,256,751**	**$ 28,345,019**	**$ 23,112,059**	**$ (5,232,960)**	**(18.46)%**

Net General Fund Revenues Available for Appropriation	**$ 266,963,085**	**$ 275,384,296**	**$ 278,051,457**	**$ 290,470,965**	**$ 12,419,508**	**4.47%**

Town of Lexington - FY2027 Revenue Projections

Revenues Set Aside for Designated Expenses: This represents components of Gross General Fund Revenues that are set aside for designated purposes. The proposed purposes for FY2027 are shown in the table below.

		Financing Sources				
		Tax Levy	Free Cash	Other	Total	Notes
1	Set-Aside for Unanticipated Current Fiscal Year Needs	$ —	$ 250,000	$ —	$ 250,000	Reserve for appropriation at the 2026 Annual Town Meeting to fund supplemental appropriations to the FY2026 (current year) budget.
2	Other Post-Employment Benefits (OPEB)	$ —	$ 2,129,721	$ —	$ 2,129,721	Appropriate to OPEB Trust.
3	Unallocated	$ —	$ 1,000,000	$ —	$ 1,000,000	Set aside for yet-to-be identified one-time needs in the FY2027 budget & reserve for future budgets
4	Cash Capital	$ —	$ 16,720,279	$ 22,950	$ 16,743,229	Free Cash, Tax Levy and other available funds to support capital improvements.
5	Appropriate into Capital Stabilization Fund	$ 6,580,908	$ —	$ —	$ 6,580,908	To meet future capital/debt service needs and provide taxpayer debt mitigation for capital projects
6	Street Improvement Program	$ 2,746,777	$ —	$ —	$ 2,746,777	Tax Levy designated for long-term street maintenance plan.
7	Municipal Building Envelope and Systems	$ 242,332	$ —	$ —	$ 242,332	Initially funded in 2006 override; increases by 2.5% per year.
8	Warrant Articles	$ —	$ —	$ —	$ —	
9	**Subtotal**	**$9,570,016**	**$20,100,000**	**$ 22,950**	**$29,692,966**	
	Community Center	$ 268,334				
10	Funding for Pension Schedule	$ —	$ 400,000	$ —	$ 400,000	Amount of incremental increase in the updated Pension Funding schedule will continue to be supported with Free Cash in FY2027.
11	**Grand Total**	**$9,570,016**	**$20,500,000**	**$ 22,950**	**$30,092,966**	

Town of Lexington - FY2027 Revenue Projections

Table 1-A: Tax Levy History

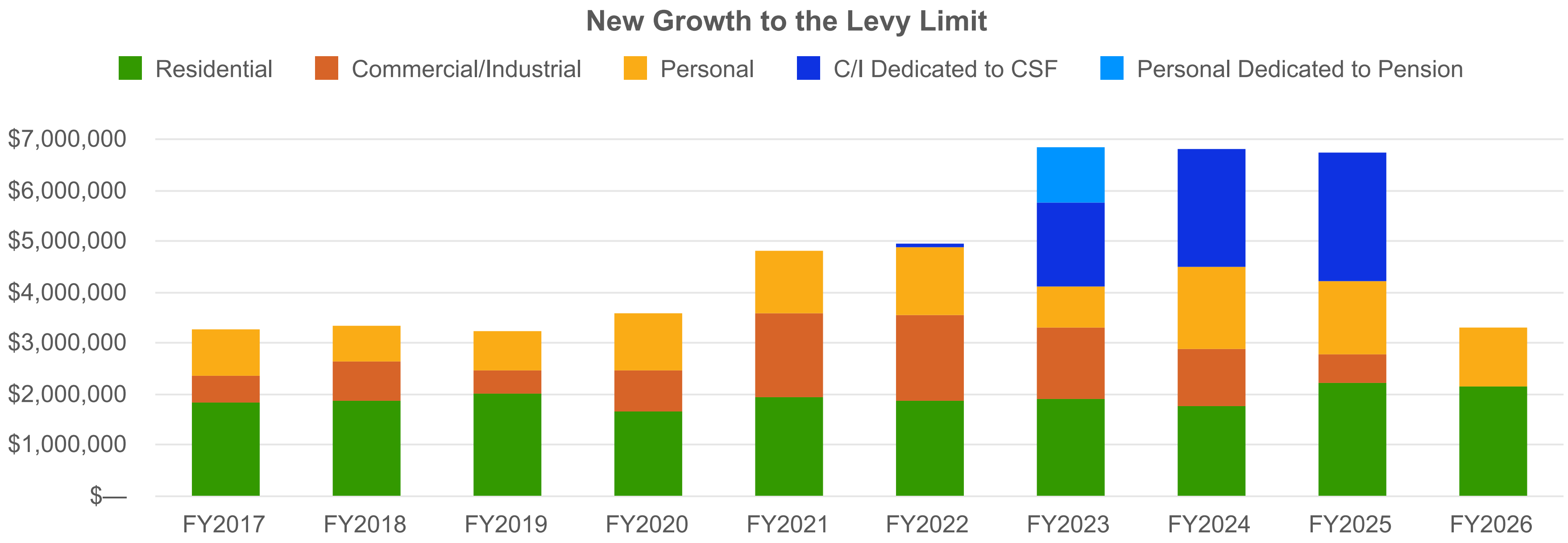
Fiscal Year	Previous Year Levy Limit (incl. amended new growth)	Allowable 2½% Increase	Allowable New Construction	Dedicated New Levy Growth*	Voter Approved Override	Total Tax Levy Limit	Exempt Debt Service	Allowable Amount to raise from Property Tax	Unused Tax Capacity	Actual Tax Levy
2008	$ 96,012,202	$ 2,400,305	$ 2,485,650	$ —	$3,981,589	$ 104,879,746	$ 5,372,874	$ 110,252,620	$ 45,961	$ 110,206,659
2009	$ 104,879,746	$ 2,621,994	$ 3,276,649	$ —	$ —	$ 110,778,389	$ 5,632,642	$ 116,411,031	$ 72,867	$ 116,338,164
2010	$ 110,778,389	$ 2,769,460	$ 2,431,902	$ —	$ —	$ 115,979,750	$ 5,746,384	$ 121,726,134	$ 58,674	$ 121,667,460
2011	$ 115,934,719	$ 2,898,368	$ 3,426,550	$ —	$ —	$ 122,259,637	$ 5,753,550	$ 128,013,187	$ 57,464	$ 127,955,723
2012	$ 122,259,637	$ 3,056,491	$ 3,346,536	$ —	$ —	$ 128,662,664	$ 5,379,620	$ 134,042,285	$ 46,950	$ 133,995,335
2013	$ 128,662,664	$ 3,217,107	$ 3,538,945	$ —	$ —	$ 135,440,316	$ 6,199,081	$ 141,639,396	$ 53,534	$ 141,585,863
2014	$ 135,440,316	$ 3,386,008	$ 3,017,335	$ —	$ —	$ 141,843,659	$ 6,927,654	$ 148,771,313	$ 1,175	$ 148,770,138
2015	$ 141,843,659	$ 3,546,091	$ 2,896,983	$ —	$ —	$ 148,286,733	$ 7,423,332	$ 155,710,065	$ 74,194	$ 155,635,871
2016	$ 148,286,733	$ 3,709,681	$ 2,772,633	$ —	$ —	$ 154,769,047	$ 8,324,697	$ 163,093,744	$ 18,897	$ 163,074,847
2017	$ 154,781,455	$ 3,869,536	$ 3,309,344	$ —	$ —	$ 161,960,336	$ 8,330,185	$ 170,290,521	$ 94,519	$ 170,196,001
2018	$ 161,960,336	$ 4,049,008	$ 3,357,135	$ —	$ —	$ 169,366,479	$ 8,292,690	$ 177,659,169	$ 34,354	$ 177,624,815
2019	$ 169,402,066	$ 4,235,052	$ 3,270,004	$ —	$ —	$ 176,907,122	$ 9,360,000	$ 186,267,122	$ 66,068	$ 186,201,054
2020	$ 176,907,122	$ 4,422,678	$ 3,608,503	$ —	$ —	$ 184,938,303	$ 11,128,255	$ 196,066,558	$ 116,789	$ 195,949,768
2021	$ 184,938,303	$ 4,623,458	$ 4,853,553	$ —	$ —	$ 194,415,314	$ 12,684,830	$ 207,100,143	$ 85,435	$ 207,014,708
2022	$ 194,415,314	$ 4,860,383	$ 4,923,938	$ 57,138	$ —	$ 204,256,773	$ 13,947,991	$ 218,204,763	$ 28,032	$ 218,176,732
2023	$ 204,256,773	$ 5,106,419	$ 4,120,880	$ 2,735,999	$ —	$ 216,220,071	$ 15,208,385	$ 231,428,456	$ 32,849	$ 231,395,606
2024	$ 216,220,071	$ 5,405,502	$ 4,521,707	$ 2,303,236	$ —	$ 227,348,851	$ 16,311,649	$ 243,660,500	$ 14,424	$ 243,646,076
2025	$ 227,348,851	$ 5,683,721	$ 4,247,789	$ 2,526,677	$ —	$ 239,807,037	$ 16,591,920	$ 256,398,957	$ 93,396	$ 256,305,561
2026**	$ 239,807,037	$ 5,995,176	$ 3,313,264	$ 17,858	$ —	$ 249,133,335	$ 16,207,456	$ 265,340,791	$ —	$ 265,340,791
2027**	$ 249,133,335	$ 6,228,333	$ 3,000,000	$ —	$ —	$ 258,361,669	$ 16,855,583	$ 275,217,252	$ —	$ 275,217,252

Note: *Dedicated New Levy Growth includes amounts set-aside into the Capital Stabilization Fund (CSF). For FY2023 the $2,735,999 new growth set-aside included $1,060,000 dedicated to the Pension Fund and $1,675,999 into the CSF.

** FY2026 & FY2027 Exempt Debt Service is based on debt modeling of current authorizations excluded from the limits of Proposition 2½ and projects that are candidates for future debt exclusion projects. Amount shown is projected debt service, net of the application of Capital Stabilization funds to mitigate taxpayer impact.

Town of Lexington - FY2027 Revenue Projections

Table 1-B: New Tax Levy Growth



Fiscal Year	Residential	Commercial/ Industrial	C/I Dedicated to CSF	Personal	Personal Dedicated to Pension	Total
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		$3,270,005
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	$1,933,882	$1,386,864	$1,675,999	$800,135	$1,060,000	$6,856,879
FY2024	$1,790,882	$1,121,047	$2,303,236	$1,609,778	$0	$6,824,943
FY2025	$2,246,368	$541,401	$2,526,677	$1,460,019	$0	$6,774,465
FY2026	$2,161,122	$0	$17,858	$1,152,142	$0	$3,331,122
Totals	**$19,470,482**	**$8,924,541**	**$6,580,908**	**$11,131,096**	**$1,060,000**	**$47,167,025**

Three Year Average FY2024-2026	
C/I/P	$1,961,462
Residential	$2,066,124
Total	**$4,027,587**
Five Year Average FY2022-2026	
C/I/P	$2,223,697
Residential	$2,001,819
Total	**$4,225,515**
Ten Year Average FY2017-2026	
C/I/P	$2,005,564
Residential	$1,947,048
Total	**$3,952,612**

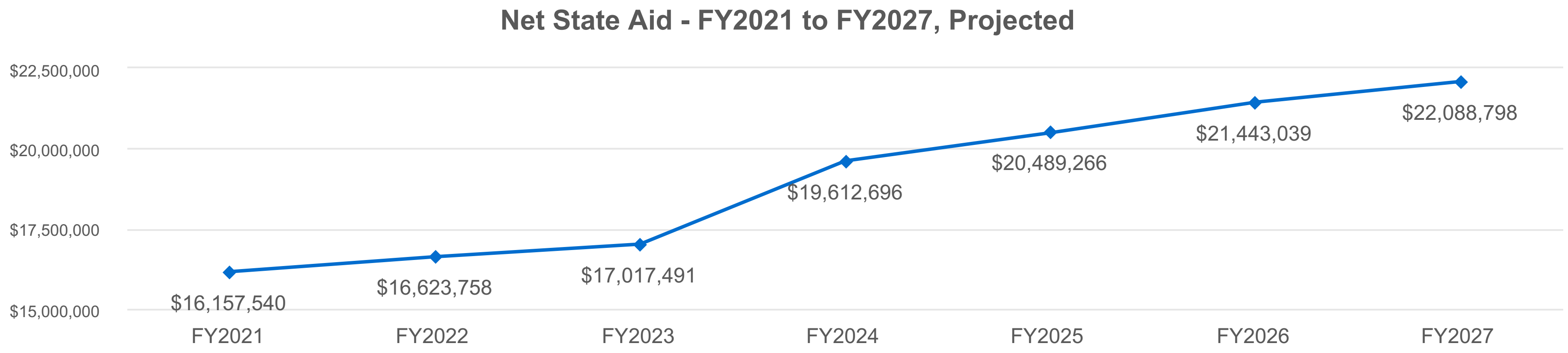
Note: FY2021 and FY2022 include approximately $1.2 million and $1.5 million, respectively, for new construction at 75 Hayden Ave. FY2023 includes $1.25 million from 1050 Waltham St. and $1.06 million of new Personal Property at Takeda. FY2024 includes $1.1 million from 1050 Waltham St. and $857K from 20 Maguire Rd. FY2025 includes $2.5 million from 440 Bedford St.

Table 1-C: New Levy Growth Dedicated to the Capital Stabilization Fund by Property

Property Address	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Recap	Accumulated Tax-Levy Set-Aside	FY2027 Projected
1050 Waltham St.	$ 1,252,291	$ 1,101,665	$ —	$ —	**$ 2,353,956**	$ 2,353,956
186 Bedford St.	$ 24,488	$ 9,885	$ 32,156	$ 17,858	**$ 84,387**	$ 105,838
55 Watertown St.	$ 399,220	$ 169,897	$ —	$ —	**$ 569,117**	$ 604,804
440 Bedford St.	$ —	$ 164,207	$ 2,494,520	$ —	**$ 2,658,727**	$ 2,658,727
20 Maguire Rd.	$ —	$ 857,582	$ —	$ —	**$ 857,582**	$ 857,582
Subtotal - CSF Tax Levy	$ 1,675,999	$ 2,303,236	$ 2,526,677	$ 17,858	**$ 6,580,908**	$ 6,580,908

Note: Beginning in FY2022, new levy growth generated from specified projects are dedicated to the Capital Stabilization Fund (CSF) rather than falling to general revenue for the town budget. Projects include those with a Preliminary Site Development and Use Plan (PSDUP) approved by Town Meeting, and those approved due to the revamped zoning on Hartwell Ave. In this way, fiscal leaders are setting aside funds to mitigate the future burden on the taxpayers for large capital projects such as the High School reconstruction.

Table 2-A: State Aid (Cherry Sheet)

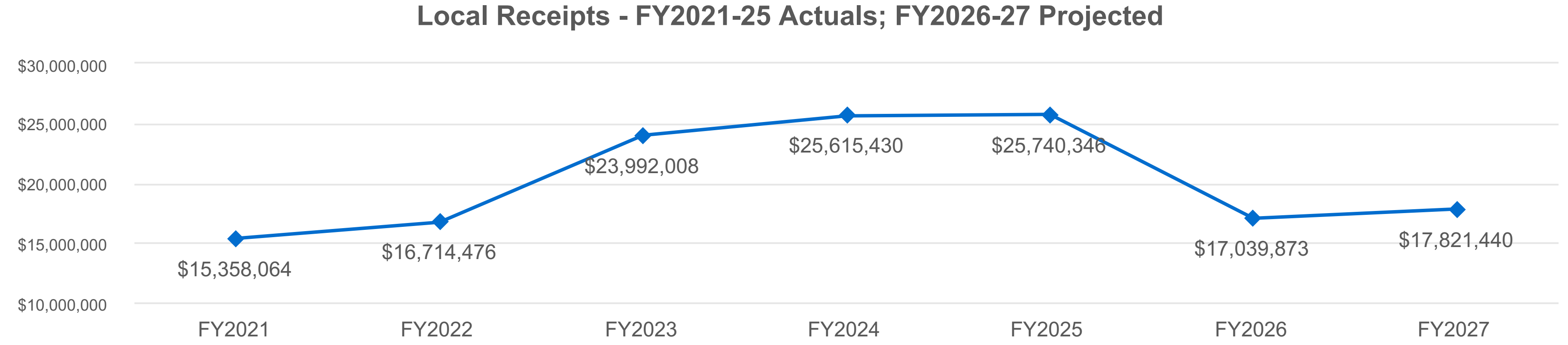


State Aid-Cherry Sheet:	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Cherry Sheet	2027 Projected
Education:							
Chapter 70	$ 14,438,034	$ 14,647,494	$ 15,063,127	$ 17,609,131	$ 18,321,635	$ 19,344,035	$ 19,999,535
Charter Tuition Reimbursement	$ 60,652	$ 101,651	$ 60,734	$ 87,520	$ 149,983	$ 81,758	$ 81,758
Sub-Total, All Education Items	*$ 14,498,686*	*$ 14,749,145*	*$ 15,123,861*	*$ 17,696,651*	*$ 18,471,618*	*$ 19,425,793*	*$ 20,081,293*
General Government:							
Unrestricted General Government Aid	$ 1,627,400	$ 1,769,494	$ 1,775,314	$ 1,832,124	$ 1,887,088	$ 1,907,846	$ 1,907,846
Veterans Benefits	$ 18,904	$ 20,416	$ 24,178	$ 17,954	$ 11,602	$ 19,236	$ 26,642
Exemptions: Vets, Blind, Surviving Spouses	$ 12,550	$ 84,703	$ 94,138	$ 65,967	$ 118,958	$ 90,164	$ 73,017
Offset Items:							
Public Libraries	$ 63,823	$ 53,560	$ 77,628	$ 82,838	$ 90,392	$ 89,563	$ 92,698
Sub-Total, General Government	*$ 1,722,677*	*$ 1,928,173*	*$ 1,971,258*	*$ 1,998,883*	*$ 2,108,040*	*$ 2,106,809*	*$ 2,100,203*
Gross Cherry Sheet Totals	$ 16,221,363	$ 16,677,318	$ 17,095,119	$ 19,695,534	$ 20,579,658	$ 21,532,602	$ 22,181,496
Less Offset Items:	$ (63,823)	$ (53,560)	$ (77,628)	$ (82,838)	$ (90,392)	$ (89,563)	$ (92,698)
Net Cherry Sheet Totals	**$ 16,157,540**	**$ 16,623,758**	**$ 17,017,491**	**$ 19,612,696**	**$ 20,489,266**	**$ 21,443,039**	**$ 22,088,798**

Note: From FY2019 to FY2023 Lexington received the minimum per-pupil amount of State Aid under the Chapter 70 formula. In FY2024 State revenue was significantly higher as Lexington's foundation budget grew faster than our required local contribution, requiring a higher contribution from the State under the Chapter 70 formula. Minimum aid of $100 per pupil is projected for FY2027. Statutory parameters of the Chapter 70 formula is $30 per pupil, however the State has elected higher amounts for the last several years ranging from $60-$104 per pupil.

Town of Lexington - FY2027 Revenue Projections

Table 3-A: Local Receipts Summary


Local Receipts - FY2021-25 Actuals; FY2026-27 Projected

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Motor Vehicle Excise Tax	$ 5,335,129	$ 5,330,281	$ 5,846,393	$ 6,143,335	$ 6,606,284	$ 5,773,000	$ 6,198,000	$ 6,198,671	$ 5,852,285
Other Excise	$ 813,643	$ 1,351,204	$ 1,683,396	$ 1,982,929	$ 1,691,969	$ 1,832,000	$ 1,685,000	$ 1,786,098	$ 1,504,628
Penalties & Interest	$ 445,590	$ 590,842	$ 413,104	$ 479,253	$ 404,807	$ 492,000	$ 430,000	$ 432,388	$ 466,719
PILOT's	$ 660,966	$ 682,107	$ 709,774	$ 731,519	$ 817,682	$ 762,000	$ 767,000	$ 752,991	$ 720,410
Rentals	$ 473,201	$ 394,624	$ 319,837	$ 479,390	$ 308,021	$ 352,623	$ 359,190	$ 369,082	$ 395,015
Departmental-Schools	$ 337,909	$ 1,169,058	$ 550,130	$ 475,325	$ 533,446	$ 300,000	$ 299,000	$ 519,634	$ 613,174
Departmental-Municipal	$ 2,398,261	$ 2,742,233	$ 3,245,975	$ 3,629,754	$ 3,820,994	$ 3,395,950	$ 3,507,950	$ 3,565,574	$ 3,168,972
Licenses & Permits	$ 3,542,914	$ 3,171,808	$ 5,840,007	$ 3,226,256	$ 4,616,400	$ 3,016,300	$ 2,958,300	$ 4,560,888	$ 4,079,477
Special Assessments	$ 25,644	$ 18,165	$ 13,531	$ 10,370	$ 13,550	$ —	$ —	$ —	$ —
Fines & Forfeits	$ 59,820	$ 79,398	$ 111,594	$ 172,123	$ 111,884	$ 116,000	$ 117,000	$ 131,867	$ 106,964
Investment Income	$ 277,170	$ 281,726	$ 4,401,414	$ 7,825,208	$ 6,279,974	$ 1,000,000	$ 1,500,000	$ 6,168,865	$ 3,813,098
Miscellaneous Non-Recurring	$ 987,817	$ 903,030	$ 856,853	$ 459,968	$ 535,335	$ —	$ —	$ —	$ —
Total	**$15,358,064**	**$16,714,476**	**$23,992,008**	**$25,615,430**	**$25,740,346**	**$17,039,873**	**$17,821,440**	**$24,486,058**	**$20,720,742**

Note: Local Receipts make up 5.6% of the projected FY2027 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.

Table 3-B: Local Receipt Detail - Motor Vehicle Excise Tax

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Motor Vehicle Excise Tax	$ 5,335,129	$5,330,281	$5,846,393	$6,143,335	$6,606,284	$ 5,773,000	$ 6,198,000	$ 6,198,671	$ 5,852,285
MOTOR VEHICLE EXCISE TAX-PR	$ 1,065	$ 874	$ 24	$ 403	$ 51	$ —	$ —		
15 MOTOR VEHICLE EXCISE TAX	$ 56	$ 45	$ 193	$ —	$ —	$ —	$ —		
16 MOTOR VEHICLE EXCISE TAX	$ 559	$ 36	$ (27)	$ 166	$ —	$ —	$ —		
17 MOTOR VEHICLE EXCISE TAX	$ 1,569	$ 4,111	$ 1,074	$ 429	$ —	$ —	$ —		
18 MOTOR VEHICLE EXCISE TAX	$ 7,410	$ 1,792	$ 1,720	$ 182	$ 115	$ —	$ —		
19 MOTOR VEHICLE EXCISE TAX	$ 20,914	$ 5,945	$ 1,155	$ 517	$ 174	$ —	$ —		
20 MOTOR VEHICLE EXCISE TAX	$758,643	$ 29,286	$ 2,768	$ 1,739	$ 537	$ —	$ —		
21 MOTOR VEHICLE EXCISE TAX	$4,544,913	$688,159	$ 15,954	$ (58)	$ 1,025	$ —	$ —		
22 MOTOR VEHICLE EXCISE TAX	NA	$4,600,034	$738,734	$ 20,730	$ 3,655	$ —	$ —		
23 MOTOR VEHICLE EXCISE TAX	NA	$4,600,034	$5,084,800	$ 718,903	$ 26,349	$ —	$ —		
24 MOTOR VEHICLE EXCISE TAX	NA	NA	NA	$5,402,512	$ 876,406	$ —	$ —		
25 MOTOR VEHICLE EXCISE TAX	NA	NA	NA	NA	$5,698,023	$ 5,773,000	$ —		
26 MOTOR VEHICLE EXCISE TAX	NA	NA	NA	NA	NA	NA	$ 6,198,000		

Town of Lexington - FY2027 Revenue Projections

Table 3-C: Local Receipt Detail - Other Excise Taxes

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Other Excise Taxes	$ 813,643	$ 1,351,204	$ 1,683,395	$ 1,982,930	$ 1,691,970	$ 1,832,000	$ 1,685,000	$ 1,786,098	$ 1,504,628
OTHER EXCISE-HOTEL/MOTEL	$ 356,743	$ 613,622	$ 718,671	$ 841,526	$ 698,372	$ 780,000	$ 700,000	$ 752,856	$ 645,787
OTHER EXCISE-JET FUEL	$ 152,253	$ 265,420	$ 495,863	$ 631,677	$ 440,658	$ 563,000	$ 460,000	$ 522,733	$ 397,174
OTHER EXCISE - MEALS	$ 304,647	$ 472,162	$ 468,861	$ 509,727	$ 552,940	$ 489,000	$ 525,000	$ 510,509	$ 461,667

Note:
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.

For FY2027 Other Excise receipts were adjusted to conservatively reflect the average of the last two fiscal years as the 3-year and 5-year averages include pandemic years when receipts were lower. Projections for Hotel/Motel have mostly returned to pre-pandemic revenue levels, despite the closure of one hotel. This category may receive an additional boost due to the local Lex250 celebrations in FY2026. Jet Fuel is projected at the average of FY2024 and FY2025 which both reflect recent trends in fuel prices and increased activity at Hanscom due to private jet expansion. Meals are budgeted at the average of FY2024 and FY2025 which reflect pre-pandemic revenue levels.

Table 3-D: Local Receipt Detail - Penalties & Interest

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Penalties & Interest	$ 445,590	$ 590,843	$ 413,104	$ 479,254	$ 404,807	$ 492,000	$ 430,000	$ 432,388	$ 466,720
PENALTIES AND INTEREST P.P. TAX	$ 12,494	$ 11,785	$ 9,733	$ 10,940	$ 24,048	$ 10,000	$ 14,000	$ 14,907	$ 13,800
PENALTIES & INTEREST R.E. TAX	$ 291,465	$ 273,635	$ 254,616	$ 271,619	$ 241,140	$ 266,000	$ 255,000	$ 255,791	$ 266,495
PENALTIES & INTEREST TAX LIENS	$ 37,277	$ 229,717	$ 66,193	$ 112,620	$ 56,622	$ 136,000	$ 78,000	$ 78,478	$ 100,486
PENALTIES & INTEREST M.V. TAX	$ 104,354	$ 75,706	$ 82,562	$ 84,075	$ 82,997	$ 80,000	$ 83,000	$ 83,212	$ 85,939

Note:
Penalties and Interest are not budgeted at full 3-year or 5-year average since they are highly fluid and will vary due to case-by-case circumstances, including the amount of unpaid property taxes outstanding (Lexington typically collects 98%-99% of committed property taxes).

Table 3-E: Local Receipt Detail - Payments-in-Lieu-of-Taxes (PILOTs)

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
PILOTs	$ 661,266	$ 682,107	$ 709,774	$ 731,518	$ 762,281	$ 762,000	$ 767,000	$ 734,524	$ 709,330
Town of Arlington, MA	$ 2,048	$ 2,048	$ 2,048	$ 2,048	$ 2,048	$ 2,048	$ 2,048	$ 2,048	$ 2,048
City of Cambridge, MA	$ 1,985	$ 1,985	$ 1,985	$ 1,985	$ 1,985	$ 1,985	$ 1,985	$ 1,985	$ 1,985
Lexington Lodge #2204 BPOE (Elks)	$ 7,236	$ 7,236	$ 7,453	$ 7,677	$ 7,907	$ 7,455	$ 7,679	$ 7,679	$ 7,502
Brookhaven	$ 587,326	$ 602,009	$ 617,060	$ 632,486	$ 648,298	$ 664,506	$ 664,506	$ 632,615	$ 617,436
Trustees of the Supreme Council (Masons)	$ 21,058	$ 21,058	$ 21,690	$ 22,340	$ 23,010	$ 21,696	$ 22,347	$ 22,347	$ 21,831
Waldorf School	$ 20,156	$ 29,394	$ 42,354	$ 43,412	$ 44,498	$ 45,612	$ 46,752	$ 43,421	$ 35,963
Lexington Housing Authority	$ 20,864	$ 18,077	$ 16,863	$ 21,228	$ 28,846	$ 18,723	$ 22,312	$ 22,312	$ 21,176
Miscellaneous	$ 593	$ 300	$ 321	$ 342	$ 5,689	$ —	$ —	$ 2,117	$ 1,389

Note:

1. PILOTs are projected based on historical averages, except for Brookhaven and the Waldorf School which increase annually per written agreements. The Brookhaven PILOT was renegotiated in May 2017 as part of rezoning approved at Town Meeting; increased payments began in FY2020.

Table 3-F: Local Receipt Detail - Rentals

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Rentals	$ 473,201	$ 394,624	$ 319,837	$ 479,390	$ 308,020	$ 352,623	$ 359,189	$ 369,082	$ 395,014
Buildings	$ 69,900	$ 75,267	$ 47,468	$ 53,699	$ 54,357	$ 53,989	$ 54,085	$ 51,841	$ 60,138
Cell Towers	$ 403,301	$ 319,357	$ 272,369	$ 425,691	$ 253,663	$ 298,634	$ 305,104	$ 317,241	$ 334,876
MWRA	$ 118,472	$ 75,923	$ —	$ 158,746	$ 41,330	$ 82,963	$ 82,963		
Verizon	$ 56,275	$ 57,964	$ 59,703	$ 61,494	$ 63,339	$ 63,339	$ 65,239		
Sprint/Nextel	$ 51,547	$ —	$ —	$ —	$ —	$ —	$ —		
AT&T	$ 41,523	$ 42,769	$ 44,052	$ 96,406	$ 108,704	$ 52,721	$ 54,303		
T-Mobile	$ 90,483	$ 97,702	$ 123,614	$ 64,045	$ 40,291	$ 45,293	$ 46,652		
Temp. Site for Police Antenna	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ —	$ 54,318	$ 55,948		

Note: Building Rentals reflect rental agreements with the Munroe Center for the Arts, the Waldorf School, LexFarm, and outdoor dining agreements. The Munroe Center for the Arts revenue for FY2018-2022 reflects repayment to the Town for a roofing project; the last year for repayment was FY2022. Sprint terminated their cell tower lease agreement with the Town effective March 2022. Beginning in FY2025 the Town receives sublease revenue from the new antenna behind the Police Station which replaced the temporary antenna.

Table 3-G: Local Receipt Detail - Schools Departmental Revenue

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Schools Departmental Revenue	$ 337,910	$ 1,169,059	$ 550,130	$ 475,326	$ 533,446	$ 300,000	$ 299,000	$ 519,634	$ 613,173
TUITION	$ 10,942	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,188
MEDICAID REIMBURSEMENT	$ 287,285	$ 954,638	$ 503,905	$ 388,555	$ 473,714	$ 250,000	$ 250,000	$ 455,391	$ 521,619
STUDENT PARKING FEES	$ 3,605	$ 8,925	$ 4,375	$ 8,750	$ 8,460	$ 6,000	$ —	$ 7,195	$ 6,823
TRANSCRIPT FEES	$ 36,078	$ 45,030	$ 41,850	$ 47,076	$ 51,272	$ 44,000	$ 49,000	$ 46,733	$ 44,261
HOMELESS STUDENT TRANSPORTATION	$ —	$ 160,466	$ —	$ 30,945	$ —	$ —	$ —	$ 10,315	$ 38,282

Note: Program rules for Medicaid reimbursements were becoming more restrictive prior to the pandemic, and reimbursements are dependent on student eligibility and services offered. Town was able to recoup many expenses that were related to the pandemic in FY2022, some which continued into FY2023. The School Department has advised that expected reimbursements are currently steady but future restrictions may curtail the Town's ability to recoup expenses.

Town of Lexington - FY2027 Revenue Projections

Table 3-H: Local Receipt Detail - Municipal Departmental Revenue

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Municipal Department Revenue	$ 2,398,261	$ 2,742,234	$ 3,245,915	$ 3,621,750	$ 3,782,243	$ 3,293,950	$ 3,403,950	$ 3,549,966	$ 3,158,081
MISC. FEES	$ 7,266	$ 7,471	$ 4,429	$ 13,486	$ 5,385	$ 7,500	$ 7,500	$ 7,766	$ 7,607
NET METERING CREDIT REVENUE	$ 674,298	$ 642,150	$ 841,417	$ 823,246	$ 920,511	$ 830,000	$ 869,000	$ 861,724	$ 780,324
MUNICIPAL LIEN CERTIFICATES	$ 42,645	$ 35,609	$ 20,366	$ 19,225	$ 18,400	$ 25,000	$ 20,000	$ 19,330	$ 27,249
TOWN CLERK FEE	$ 36,943	$ 30,725	$ 34,278	$ 36,055	$ 35,134	$ 34,000	$ 34,000	$ 35,155	$ 34,627
REGISTRY SURCHARGE FEE	$ 10,020	$ 10,100	$ 10,235	$ 14,030	$ 13,660	$ 11,000	$ 11,000	$ 12,642	$ 11,609
RENTAL CAR SURCHARGE FEES	$ 1,199	$ 2,264	$ 3,233	$ 3,385	$ 2,868	$ 2,500	$ 2,500	$ 3,162	$ 2,590
CONSERVATION FEES	$ 27,353	$ 30,039	$ 22,627	$ 24,728	$ 46,851	$ 26,000	$ 26,000	$ 31,402	$ 30,320
P.B. FILING & REVIEW FEES	$ 24,000	$ 61,500	$ 26,181	$ 52,653	$ 106,954	$ 40,000	$ 40,000	$ 61,929	$ 54,258
ANR PLAN FILING FEES	$ 9,000	$ 150	$ 150	$ 650	$ 2,200	$ —	$ —	$ 1,000	$ 2,430
POLICE DEPT REC-HOUSE ALARM	$ 7,720	$ 9,520	$ 10,120	$ 8,560	$ 7,080	$ 9,000	$ 9,000	$ 8,587	$ 8,600
POLICE DEPT FEE	$ 70,286	$ 72,800	$ 97,917	$ 118,752	$ 104,074	$ 88,000	$ 88,000	$ 106,914	$ 92,766
FIRE DEPT REC-AMBULANCE FEE	$ 1,157,735	$ 1,425,457	$ 1,728,905	$ 2,050,103	$ 2,080,781	$ 1,800,000	$ 1,900,000	$ 1,953,263	$ 1,688,596
FIRE DEPT REC-FIRE ALARM FEES	$ 10,095	$ 10,161	$ 13,725	$ 9,800	$ 7,678	$ 11,000	$ 8,000	$ 10,401	$ 10,292
AVALON BAY MONITORING SERVICES	$ 5,850	$ 19,300	$ 17,620	$ 9,650	$ —	$ 9,650	$ 9,650	$ 9,090	$ 10,484
FIRE DEPARTMENT FEE	$ 37,300	$ 28,900	$ 24,500	$ 21,900	$ 22,000	$ 25,000	$ 25,000	$ 22,800	$ 26,920
B & Z MICROFILM FEES	$ 9,470	$ 4,990	$ 1,555	$ —	$ —	$ 3,000	$ 1,000	$ 518	$ 3,203
B.O.A. HEARING FEES	$ 12,752	$ 10,000	$ 10,210	$ 6,550	$ 5,500	$ 8,000	$ 8,000	$ 7,420	$ 9,002
TRENCH PERMIT FEES	$ 6,700	$ 7,500	$ 5,700	$ 5,650	$ 5,100	$ 6,000	$ 5,000	$ 5,483	$ 6,130
PROTECTED TREE FEES	$ 690	$ 8,890	$ 50,735	$ 54,480	$ 22,320	$ 38,000	$ 40,000	$ 42,512	$ 27,423
MISC MUNICIPAL DEPT REVENUE	$ 310	$ 395	$ 769	$ 322	$ 302	$ 300	$ 300	$ 464	$ 420
LEXPRESS FARES	$ 9,506	$ 16,010	$ 12,417	$ 23,777	$ 20,721	$ 22,000	$ 20,000	$ 18,972	$ 16,486
CEMETERY INTEREST ALLOCATION	$ 72,925	$ 95,969	$ 101,500	$ 130,898	$ 170,662	$ 100,000	$ 100,000	$ 134,353	$ 114,391
CEMETERY PREPARATION	$ 164,198	$ 212,334	$ 207,326	$ 193,850	$ 184,062	$ 198,000	$ 180,000	$ 195,079	$ 192,354

Note: FY2027 projections are based on 3- and 5-year historical averages, with adjustments applied for economic conditions and local trends. Net Metering Credit is revenue from Eversource for power generated by the Hartwell Avenue solar arrays. Ambulance fee projections for FY2027 were adjusted upward to reflect a recent increase in fees and service levels that are at all-time highs.

Table 3-I: Local Receipt Detail - Licenses & Permits

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Licenses & Permits	$ 3,542,913	$ 3,171,809	$ 5,840,007	$ 3,226,257	$ 4,616,401	$ 3,016,300	$ 2,958,300	$ 4,560,887	$ 4,079,477
SELECT BOARD'S LIC. & PERMITS	$ 3,560	$ 4,290	$ 3,640	$ 5,035	$ 2,830	$ 4,000	$ 3,000	$ 3,835	$ 3,871
CABLE FRANCHISE LICENSE	$ 3,715	$ 1,239	$ —	$ —	$ —	$ —	$ —	$ —	$ 991
ALCOHOL & BEVERAGE LIC	$ 67,250	$ 76,800	$ 75,050	$ 73,350	$ 76,700	$ 73,000	$ 74,000	$ 75,033	$ 73,830
TOWN CLERK'S LIC & PERMITS	$ 46,366	$ 51,460	$ 51,110	$ 51,110	$ 52,495	$ 49,000	$ 51,000	$ 51,572	$ 50,508
MISC. LICENSE & PERMITS	$ 4,943	$ 4,450	$ 4,853	$ 4,375	$ 4,597	$ 4,000	$ 4,000	$ 4,608	$ 4,644
FIREARMS LICENSE	$ 5,100	$ 3,900	$ 3,313	$ 4,863	$ 4,725	$ 4,000	$ 4,000	$ 4,300	$ 4,380
FIRE DEPT LIC. & PERMITS	$ 55,120	$ 55,450	$ 55,605	$ 50,725	$ 45,055	$ 54,000	$ 51,000	$ 50,462	$ 52,391
BUILDING PERMITS	$ 2,564,055	$ 2,098,377	$ 4,130,720	$ 2,159,554	$ 3,557,641	$ 2,100,000	$ 2,000,000	$ 3,282,638	$ 2,902,069
GAS PERMITS	$ 24,795	$ 23,196	$ 38,722	$ 35,549	$ 32,595	$ 26,000	$ 26,000	$ 35,622	$ 30,971
WIRING PERMITS	$ 371,267	$ 384,996	$ 538,228	$ 406,167	$ 426,060	$ 320,000	$ 400,000	$ 456,818	$ 425,344
PLUMBING PERMITS	$ 77,554	$ 66,169	$ 118,006	$ 101,389	$ 122,925	$ 70,000	$ 70,000	$ 114,107	$ 97,209
SHEET METAL PERMITS	$ 34,968	$ 95,016	$ 99,037	$ 54,939	$ 61,517	$ 50,000	$ 50,000	$ 71,831	$ 69,095
MECHANICAL PERMITS	$ 83,668	$ 108,895	$ 559,089	$ 107,584	$ 50,889	$ 125,000	$ 70,000	$ 239,187	$ 182,025
B & Z MISC PERMITS	$ 5,465	$ 4,390	$ 1,315	$ 940	$ 1,545	$ 2,000	$ 1,000	$ 1,267	$ 2,731
SHORT TERM RENTAL LIC & PERMIT	$ —	$ —	$ 250	$ 1,150	$ 1,150	$ 200	$ 200	$ 850	$ 510
DPW STREET OPENING PERMITS	$ 141,375	$ 119,610	$ 49,096	$ 58,031	$ 50,332	$ 50,000	$ 50,000	$ 52,486	$ 83,689
RIGHT OF WAY OBSTRUCTION	$ 150	$ 100	$ 100	$ —	$ 50	$ 100	$ 100	$ 50	$ 80
STORM WATER/DRAIN PERMIT	$ 660	$ 431	$ 4,843	$ 981	$ 200	$ 1,000	$ 1,000	$ 2,008	$ 1,423
DRAIN LAYERS LICENSE	$ 990	$ 1,050	$ 1,200	$ 780	$ 1,260	$ 1,000	$ 1,000	$ 1,080	$ 1,056
BOARD OF HEALTH LIC. & PERMITS	$ 51,912	$ 71,990	$ 105,830	$ 109,735	$ 123,835	$ 83,000	$ 102,000	$ 113,133	$ 92,660

Note: FY2027 projections are based on 3- and 5-year historical averages, with adjustments applied for economic conditions and local trends.

Table 3-J: Local Receipt Detail - Special Assessments

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Special Assessments	$ 25,644	$ 18,165	$ 13,531	$ 10,370	$ 13,550	$ —	$ —	$ 12,484	$ 16,252
STREET BTMT PD IN ADVANCE	$ 11,882	$ 6,666	$ —	$ —	$ 13,550	$ —	$ —		
STREET BTMT PRINCIPAL	$ —	$ —	$ —	$ 7,900	$ —	$ —	$ —		
STREET BTMT INTEREST	$ 13,762	$ 11,499	$ 13,531	$ 2,470	$ —	$ —	$ —		

Note: FY2027 projections are based on actual principal and interest payments scheduled for billing in future years, with no assumptions for advance payments. The Municipal Modernization Act requires that betterment payments for debt issued after November 2016 be segregated into a separate fund to pay debt service.

Table 3-K: Local Receipt Detail - Fines & Forfeitures

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Fines & Forfeitures	$ 59,821	$ 79,398	$ 111,594	$ 172,123	$ 111,884	$ 116,000	$ 117,000	$ 131,867	$ 106,964
PARKING FINES	$ 11,640	$ 12,840	$ 22,795	$ 37,188	$ 29,987	$ 25,000	$ 26,000	$ 29,990	$ 22,890
NON CRIMINAL FINES	$ 940	$ 320	$ 4,130	$ 7,980	$ 2,235	$ 3,000	$ 3,000	$ 4,782	$ 3,121
REGISTRY CMVI	$ 46,598	$ 65,638	$ 83,299	$ 125,180	$ 79,377	$ 87,000	$ 87,000	$ 95,952	$ 80,018
COURT FINES	$ 643	$ 600	$ 1,370	$ 1,775	$ 285	$ 1,000	$ 1,000	$ 1,143	$ 935

Notes: FY2027 projections are based on 3- and 5-year historical averages, with adjustments applied for economic conditions and local trends. The Town paused during enforcement during the pandemic and Center Streetscape construction, but resumed this operation during FY2023.

Table 3-L: Local Receipt Detail - Investment Income

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Investment Income	$ 277,170	$ 281,726	$ 4,401,414	$ 7,825,208	$ 6,279,974	$ 1,000,000	$ 1,500,000	$ 6,168,865	$ 3,813,098

Note: FY2027 projections are conservative estimates, but are set a level that reflects current interest rates and fund balances. As of November 2025, the Town’s main savings account interest rate was 4.2% compared to 4.8% in November 2024, 5.6% in November 2023, 4.0% in November 2022 and 0.1% in November 2021.

Table 3-M: Local Receipt Detail - Miscellaneous Non-Recurring

Local Receipt Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected	3-Year Average	5-Year Average
Miscellaneous Non-Recurring	$ 987,817	$ 903,031	$ 631,745	$ 459,968	$ 535,336	$ —	$ —	$ 542,350	$ 703,579
MISC. NON-RECURRING REVENUE	$ 733,154	$ 702,873	$ 402,541	$ 374,640	$ 412,909	$ —	$ —		
MISC. STATE REVENUE	$ 31,722	$ 1,324	$ 48,305	$ 17,294	$ —	$ —	$ —		
MISC. FEDERAL REVENUE	$ 9,617	$ 6,713	$ 8,030	$ 13,450	$ 13,873	$ —	$ —		
SUPPLEMENTAL BILLING	$ 213,324	$ 192,121	$ 172,869	$ 54,584	$ 108,554	$ —	$ —		

Note: No estimate is made for this category of revenue as it is unpredictable and ‘non-recurring’ by nature. This category includes rebates for installation of green energy equipment in Municipal and School buildings, rebates from recycling school technology, rebates from procurement card (Pcard) expenses, and revenue from sales of surplus property. Supplemental Property Tax revenue is included as Misc. Non-Recurring Revenue per State statute.

Table 4-A: Available Funds

Available Fund Category	Appropriated						FY2027 Projected
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	
Parking Fund	$ 562,000	$ 828,237	$ —	$ 100,000	$ 250,000	$ 425,500	$ 425,500
Cemetery Sale of Lots Fund	$ 40,480	$ 51,933	$ 16,125	$ 50,408	$ 123,000	$ 151,875	$ 147,000
Free Cash*	$ 9,468,456	$ 14,638,059	$ 15,519,832	$ 15,919,159	$ 15,838,627	$ 24,096,825	$ 20,500,000
Health Claims Trust Fund	$ 750,000	$ 750,000	$ 750,000	$ 240,000	$ 32,270	$ —	$ —
Capital Stabilization Fund	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Transportation Demand Management Stab. Fund	$ 141,000	$ 141,000	$ 141,000	$ 171,000	$ 171,000	$ 171,000	$ 171,000
Traffic Mitigation Stabilization Fund	$ —	$ —	$ 240,000	$ 80,000	$ —	$ —	$ —
Transportation Management Overlay District (TMOD) Stabilization Fund	$ —	$ —	$ 65,000	$ 42,000		$ —	$ —
Special Education Stabilization Fund	$ —	$ 500,000	$ —	$ —	$ —	$ —	$ —
PEG Access Special Revenue Fund	$ 620,711	$ 629,287	$ 637,576	$ 586,833	$ 646,214	$ 596,441	$ 694,392
Transportation Network Company (TNC) Special Revenue Fund	$ 16,504	$ 20,889	$ 6,824	$ 7,684	$ 13,234	$ 18,043	$ 22,950
Balances from Prior Year Capital Articles	$ —	$ 155,974	$ 266,923	$ —	$ —	$ —	$ —
BAN Premium Proceeds	$ —	$ 110,000	$ —	$ 70,000	$ —	$ —	$ —
Betterments Special Revenue Fund	$ 6,200	$ —	$ —	$ 11,500	$ 1,000	$ 2,000	$ 2,000
Visitors Center Stabilization Fund	$ 200,000	$ —	$ —	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Total Available Funds	**$ 11,805,351**	**$ 17,825,379**	**$ 17,643,280**	**$ 17,328,584**	**$ 17,125,345**	**$ 25,611,684**	**$ 22,112,842**

*FY2025 Free Cash (for use in FY2027 Projected) is a preliminary estimate, subject to certification by the Department of Revenue.

Use of Capital Stabilization Fund to Mitigate Exempt Debt**	$ 4,600,000	$ 2,800,000	$ 800,000	$ 500,000	$ —	$ —	$ —
Total Use of Capital Stabilization Fund	**$ 4,600,000**	**$ 2,800,000**	**$ 800,000**	**$ 500,000**	**$ —**	**$ —**	**$ —**

**Shown for informational purposes only, as Exempt Debt is not part of general operating revenues.

Table 4-B: Parking Fund

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected
Beginning Balance	**$ 1,176,808**	**$ 753,112**	**$ 111,921**	**$ 407,240**	**$ 737,689**	**$ 955,542**	**$ 955,542**
Budgeted Expenses - Total	**$ (562,000)**	**$ (828,237)**	**$ —**	**$ (100,000)**	**$ (250,000)**	**$ (425,500)**	**$ (425,500)**
DPW Administration (3110)	$ (1,700)	$ (1,700)	$ —	$ —	$ —	$ —	$ —
Highway Maintenance (3210)	$ (71,200)	$ (71,200)	$ —	$ —	$ —	$ (39,000)	$ (39,000)
Police Administration (4110)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Patrol & Enforcement (4120)	$ (18,200)	$ (18,200)	$ —	$ —	$ —	$ —	$ —
Traffic Bureau (4130)	$ (293,900)	$ (293,900)	$ —	$ (100,000)	$ (250,000)	$ (386,500)	$ (386,500)
Capital/Debt Service	$ (177,000)	$ (443,237)	$ —	$ —	$ —	$ —	$ —
Total Collected	**$ 138,305**	**$ 187,046**	**$ 295,319**	**$ 430,449**	**$ 467,852**	**$ 425,500**	**$ 425,500**
Parking Meter Revenue	$ 137,328	$ 148,834	$ 160,144	$ 168,090	$ 144,637	$ 175,000	$ 150,000
Parking Permit Revenue	$ (399)	$ —	$ 57,215	$ 60,552	$ 52,395	$ 60,500	$ 55,000
Parking Lot Revenue	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Electric Vehicle Charges	$ 1,376	$ 7,738	$ 12,961	$ 20,182	$ 31,162	$ 15,000	$ 25,000
Pay-by-Phone Charges	$ —	$ 30,474	$ 64,999	$ 181,624	$ 239,659	$ 175,000	$ 195,500
Returned Capital Funds	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending Balance	**$ 753,112**	**$ 111,921**	**$ 407,240**	**$ 737,689**	**$ 955,542**	**$ 955,542**	**$ 955,542**

Note: Appropriations in all years include funds for the costs incurred in the Police and Public Works departments in support of the Town's parking programs. FY2020 reflects the cost of electric vehicle charging stations, offset by returned funds from an earlier capital project. FY2021 reflects the cost of acquiring the lot at Edison Way from the Historical Society. FY2022 reflects the cost of updates to the parking system. In FY2023, operating budget offsets were temporarily suspended due to insufficient fund balance. In FY2024 and FY2025, moderate offsets supported operations as the fund balance began to rebuild. In FY2026, the fund will offset the cost for Traffic Bureau staff and the Pay-By-Phone app contract, as well as the partial cost for parking lot plowing during snow events.

Table 4-C: Free Cash History

	Beginning Free Cash	Receipts in Excess of Estimates	Expenditures less than Appropriated	Misc. Factors	Appropriations from F.C. and other adjustments	Certified Free Cash
FY2001	$ 1,836,400	$ 3,086,536	$ 1,208,713	$ —	$ (692,645)	$ 5,439,004
FY2002	$ 2,250,004	$ (603,164)	$ 487,229	$ —	$ —	$ 2,135,507
FY2003	$ 1,495,174	$ (372,684)	$ 232,472	$ —	$ (39,959)	$ 1,315,003
FY2004	$ 1,315,003	$ (301,684)	$ 588,899	$ —	$ —	$ 2,323,303
FY2005	$ 2,123,303	$ 1,732,103	$ 333,862	$ 1,852,214	$ (715,232)	$ 5,409,985
FY2006	$ 5,409,985	$ 3,385,764	$ 429,318	$ —	$ (5,422,720)	$ 3,802,347
FY2007	$ 3,802,347	$ 2,462,181	$ 1,966,642	$ 432,693	$ (3,802,347)	$ 4,861,516
FY2008	$ 4,861,516	$ 2,084,646	$ 2,967,150	$ 429,921	$ (4,861,516)	$ 5,481,717
FY2009	$ 5,481,717	$ 1,669,160	$ 3,113,850	$ 1,376,499	$ (5,481,717)	$ 6,159,509
FY2010	$ 6,159,509	$ 2,476,716	$ 3,772,879	$ 875,405	$ (6,159,509)	$ 7,125,000
FY2011	$ 7,125,000	$ 2,392,461	$ 4,797,523	$ 953,116	$ (7,125,000)	$ 8,143,100
FY2012	$ 8,143,100	$ 3,800,023	$ 5,889,241	$ 2,911,667	$ (8,143,100)	$ 12,600,931
FY2013	$ 12,600,931	$ 3,751,452	$ 4,417,500	$ 1,260,573	$ (11,727,331)	$ 10,303,125
FY2014	$ 10,303,125	$ 4,677,709	$ 7,407,913	$ 422,581	$ (9,703,125)	$ 13,108,202
FY2015	$ 13,108,202	$ 4,858,093	$ 4,432,010	$ 1,841,084	$ (12,764,202)	$ 11,475,187
FY2016	$ 11,475,187	$ 3,825,713	$ 7,168,120	$ 2,002,674	$ (10,383,826)	$ 14,087,868
FY2017	$ 14,087,868	$ 3,855,319	$ 8,231,557	$ 157,028	$ (13,269,721)	$ 13,062,051
FY2018	$ 13,062,051	$ 5,276,255	$ 8,026,582	$ (499,215)	$ (12,464,579)	$ 13,401,094
FY2019	$ 13,401,094	$ 2,227,122	$ 8,016,944	$ 1,272,711	$ (12,201,094)	$ 12,716,777
FY2020	$ 12,716,777	$ 1,494,398	$ 11,086,531	$ 1,544,334	$ (9,503,981)	$ 17,338,059
FY2021	$ 17,338,059	$ 3,053,162	$ 10,158,418	$ 472,749	$ (14,638,059)	$ 16,384,329
FY2022	$ 16,384,329	$ 4,128,361	$ 8,719,918	$ 3,325,121	$ (15,438,570)	$ 17,119,159
FY2023	$ 17,119,159	$ 8,987,103	$ 7,729,545	$ (884,517)	$ (15,919,159)	$ 17,032,132
FY2024	$ 17,032,132	$ 10,371,207	$ 11,959,658	$ 610,794	$ (15,876,966)	$ 24,096,825
FY2025	$ 24,096,825	$ 9,200,000	$ 7,800,000	$ (1,396,825)	$ (19,200,000)	$ 20,500,000

Notes: The table above shows the factors that drive the annual certification of free cash. The FY2025 value is an estimate and has not been certified by the Department of Revenue.

Table 5-A: Revenue Offsets

Revenue Offset Category	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected
Cherry Sheet Assessments	$ (990,747)	$ (1,048,843)	$ (1,003,631)	$ (981,462)	$ (1,112,390)	$ (1,264,133)	$ (1,116,126)
Cherry Sheet Offset - Public Libraries	$ (63,823)	$ (53,560)	$ (77,628)	$ (82,531)	$ (91,318)	$ (89,563)	$ (94,514)
Overlay (abatements)	$ (750,000)	$ (900,000)	$ (750,000)	$ (750,000)	$ (750,000)	$ (750,000)	$ (750,000)
Snow Deficit	$ —	$ —	$ —	$ —	$ —	$ —	$ (400,000)
Total Revenue Offsets	**$ (1,804,570)**	**$ (2,002,403)**	**$ (1,831,259)**	**$ (1,813,993)**	**$ (1,953,708)**	**$ (2,103,696)**	**$ (2,360,640)**

Notes: FY2027 Cherry Sheet Assessments reflect level funding from FY2026 assessments. $400,000 was set-aside for a snow deficit in FY2025, but was ultimately not needed and therefore re-allocated at the recent Fall Special Town meeting.

Table 6-A: Enterprise Receipts

Enterprise Fund	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2026 Estimated	2027 Projected
Water	$ 930,001	$ 918,245	$ 977,093	$ 1,011,340	$ 968,301	$ 1,002,244	$ 1,091,745
Wastewater (Sewer)	$ 541,663	$ 514,111	$ 542,416	$ 588,040	$ 596,525	$ 614,684	$ 627,572
Recreation & Community Programs	$ 277,771	$ —	$ 286,104	$ 294,687	$ 308,991	$ 318,261	$ 327,808
Total Enterprise Receipts	**$ 1,749,435**	**$ 1,432,356**	**$ 1,805,613**	**$ 1,894,067**	**$ 1,873,817**	**$ 1,935,189**	**$ 2,047,125**

Notes: FY2027 amount for initial projections for Enterprise Indirect charges (General Fund revenue) are current estimates. Final figures may vary slightly compared to this placeholder amount as Finance Dept. staff complete a detailed analysis.

Table 7-A: Revenues Set-Aside for Designated Purposes

Revenue Set-Asides	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027 Projected
Set-Aside for as yet to be identified needs	$ —	$ —	$ —	$ —		$ 2,700,158	$ 1,000,000
Set-Aside for Unanticipated Current Fiscal Year Needs	$ —	$ —	$ —	$ —		$ 200,000	$ 250,000
Appropriate from Capital Stabilization Fund	$ —	$ —	$ —			$ —	$ —
Support of Community Center Program (Transfer to Article 12)	$ 618,916	$ 509,215	$ 242,790	$ 256,675	$ 272,708	$ 254,213	$ 268,334
Appropriate into Capital Stabilization Fund	$ —	$ 3,787,974	$ 4,394,724	$ 4,432,518	$ 8,399,172	$ 7,497,832	$ 6,580,908
Appropriate into Transportation Demand Management Stabilization Fund	$ —	$ 200,000	$ —	$ —	$ —	$ —	$ —
Cash Capital	$ 4,775,531	$ 6,806,505	$ 11,049,906	$ 13,299,438	$ 13,769,698	$ 16,542,946	$ 16,720,279
Cash Capital - Non-General Fund	$ 193,504	$ 464,126	$ 311,824	$ 129,685	$ 168,234	$ 18,043	$ 22,950
Other Post-Employment Benefit Liability (OPEB)	$ 750,000	$ 1,879,721	$ 1,929,721	$ 1,979,721	$ 2,029,721	$ 2,079,721	$ 2,129,721
Special Education Stabilization Fund	$ —	$ —	$ —	$ 500,000	$ —	$ —	$ —
Special Education Reserve	$ —	$ —	$ —	$ 750,000	$ —	$ 700,000	$ —
Street Improvement Program	$ 2,634,022	$ 2,651,674	$ 2,669,767	$ 2,688,312	$ 2,707,321	$ 2,726,806	$ 2,746,777
Building Envelope Program	$ 208,962	$ 214,186	$ 219,540	$ 225,029	$ 230,655	$ 236,421	$ 242,332
Senior Tax Work-Off Program	$ —	$ 15,000	$ 15,000	$ —	$ 15,000	$ —	$ —
Opioid Settlement Programs	$ —	$ —	$ —	$ 225,108	$ 187,927	$ —	$ —
Other	$ —	$ 150,000	$ 125,570	$ —	$ 500,000	$ 24,000	$ —
Total Set Asides for Designated Uses	**$ 9,180,935**	**$ 16,678,401**	**$ 20,958,842**	**$ 24,486,486**	**$ 28,280,436**	**$ 35,180,140**	**$ 29,961,301**

*In FY2020, FY2021 and FY2023 $700K was set aside to eliminate Free Cash from the Operating Budget- those funds were used for Cash Capital, and is captured in that total amount. Beginning in FY2023 the Town received funds associated with national opioid settlement agreements. These funds were originally appropriated in the General Fund, but beginning in FY2025 these funds may be set-aside for their designated purpose and spent without further appropriation.

Indicator Analysis:

Fiscal Years 2016 – 2025

November 20, 2025

Town of Lexington

Financial Summit I – November 20, 2025

This packet of information includes an evaluation of the fiscal health of the Town of Lexington presented through a series of indicators. Town staff have compiled 16 indicators, and where appropriate, comparative benchmarks to assist policy makers in evaluating the Town's financial condition and prepare for the FY2027 Budget development process.

The indicators were developed using 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.

Lexington's overall financial condition remains sound, and current fiscal years are experiencing new trends.

- Inflationary pressures had a pronounced impact on revenues and expenses in recent years but have eased in the last two years as indicated in constant dollar trends. Future increases in inflation will result in pressure on compensation and operating expenses.
- Revenues related to economic growth such as motor vehicle excise, hotel/motel and meals taxes have been stable since dipping during pandemic years. Interest income has been strong due to elevated interest rates coupled with a robust fund balance. Permit revenue is beginning to benefit from residential growth driven by MBTA zoning. This trend follows several years of significant commercial growth in industrial life science developments.
- State Aid as a percent of operating revenues was on a slight, but steady decline since 2018 when the Town reached foundation budget, then benefited from a significant increase in FY2024 due to the Chapter 70 (education) funding formula. School aid is expected to experience minimum per student increases for future years.
- Trends in school enrollment were volatile during the pandemic. Overall enrollment has dropped significantly since peak levels.
- Increases in staffing and labor costs have driven the increase in operating expenses in recent years. These pressures coupled with conservative trends in actuarial assumptions are driving up the Town's unfunded pension and OPEB liabilities. Future increases in staffing levels and cost of living increases will further impact the pension funding schedule.
- Lexington's Health Insurance spending as a percentage of employee wages is beginning to increase after a mostly stable decade. Market indicators point to insurance costs continuing to increase faster than revenues and wages in the coming years.
- Debt service has leveled or is beginning to decline, and overall ratios of debt as a percentage of valuation continues to improve. This trend is the result of long-term planning and is expected to reverse if the project to replace Lexington High School moves forward.
- The Town has continued to grow reserves both in Stabilization Fund set-asides and free cash. These reserves will begin to draw-down if the project to replace Lexington High School moves forward.

The financial metrics in this report highlight the Town's strong financial position and prudent fiscal management. Though management foresee multiple pressures on the horizon, Lexington is expected to maintain its Aaa credit rating.

Town of Lexington

Financial Summit I – November 20, 2025

Chart Key			
U – Unfavorable	M – Marginal	F/M – Favorable/Marginal	F – Favorable

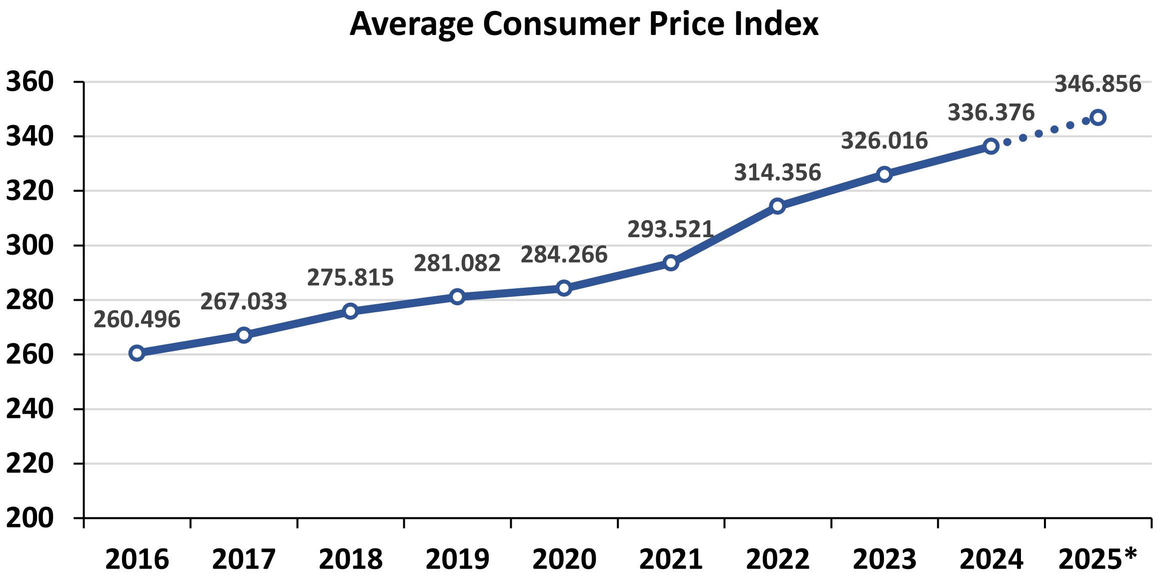
Indicator Summary		2021	2022	2023	2024	2025
I.1	Revenues	F	F/M	M	F	F
I.2	State Aid	M	M	M	F	F
I.3	Revenues Related to Economic Growth	F/M	F/M	F	F	F
I.4	Property Tax Revenues	F	F	F/M	F	F
I.5	Uncollected Property Taxes	F	F	F	F	F
I.6	Expenditures per Department	M	M	M	F	F
I.7	Personnel Costs	F/M	F	F	M	M
I.8	Employee Benefits	M	F	M	F	M/U
I.9	Retirement Participants	M	M	F	M	M
I.10a	Pension Liability	U	U	M	M	F
I.10b	OPEB Liability	F	U	M	M	M
I.11	Debt Service	M	F	F	F	F
I.11a	Projected Exempt Debt Service	F/M	F/M	F	F	F
I.12	Long-Term Debt	F	F	F	F	F
I.13	Reserves and Fund Balance	F	F/M	F	F	F
I.14a	School Enrollment	F/M	F/M	F	F	F

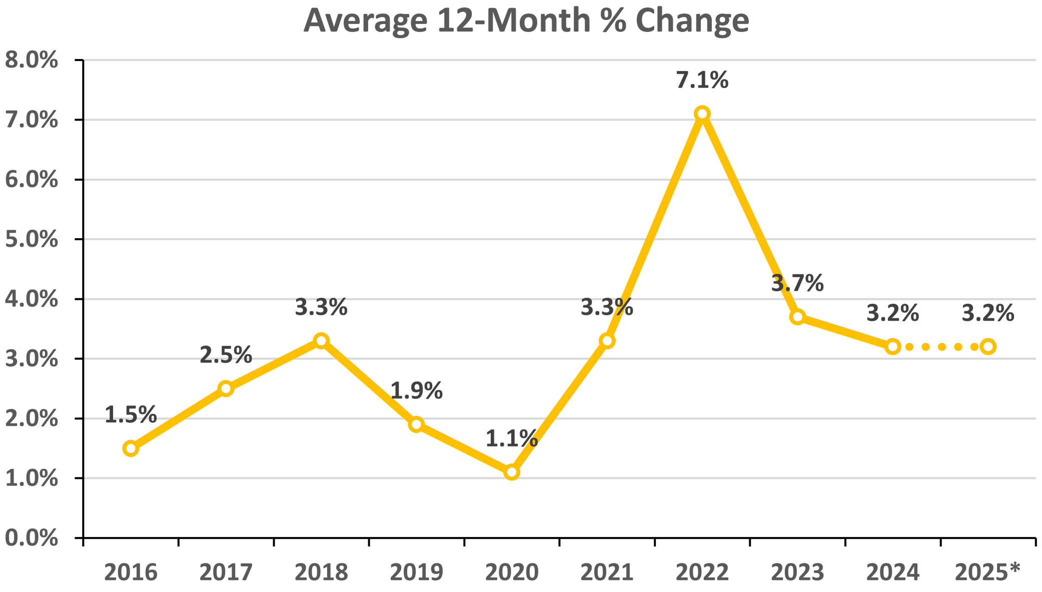
Town of Lexington

Financial Summit I – November 20, 2025

Consumer Price Index for All Urban Consumers (*CPI-U*)

Boston-Cambridge-Newton, MA-NH All Items, Not seasonally adjusted



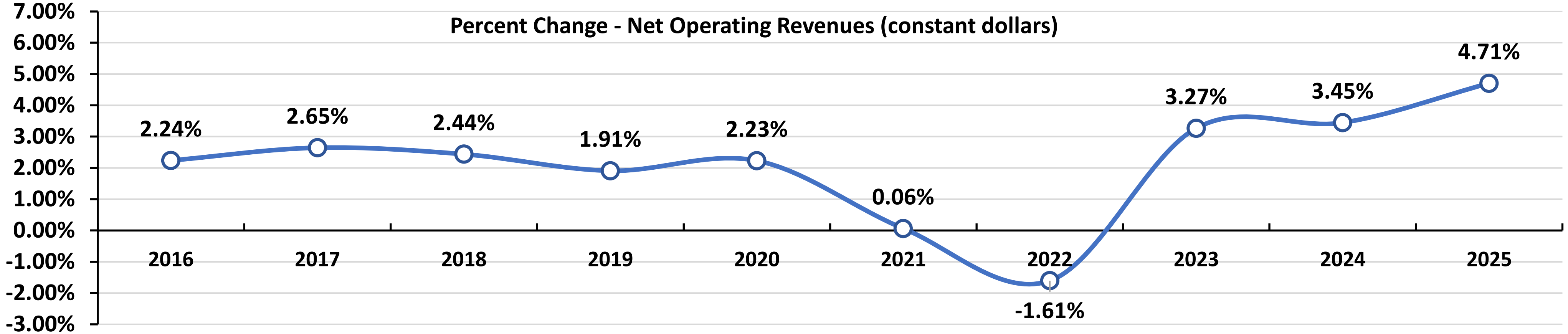


Year (1982-64 = 100)	2016	2017	2018	2019	2020	2021	2022	2023	2024	*2025**
Average Consumer Price Index	260.496	267.033	275.815	281.082	284.266	293.521	314.356	326.016	336.376	*346.856*
Average 12-Month % Change	1.5%	2.5%	3.3%	1.9%	1.1%	3.3%	7.1%	3.7%	3.2%	*3.2%*

* Complete data for 2025 has not yet been reported. Numbers reflect BLS CPI-U data for January – July 2025. While inflation appears to be easing based on this data, staff feel the current economy is volatile and future conditions may change rapidly.

Indicator 1: Revenues

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



Fiscal Year (Dollars in ,000s)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**10-year Change**
Gross Operating Revenue/Transfers	$ 193,583	$ 203,261	$ 214,544	$ 223,563	$ 232,588	$ 241,503	$ 255,071	$ 273,437	$ 287,575	$ 303,502	**56.8%**
Less: Exempt Debt Service	$ 8,325	$ 8,330	$ 8,293	$ 9,360	$ 11,128	$ 12,685	$ 13,948	$ 15,208	$ 16,312	$ 16,592	**99.3%**
Net Operating Revenues	*$ 185,258*	*$ 194,931*	*$ 206,251*	*$ 214,203*	*$ 221,460*	*$ 228,818*	*$ 241,123*	*$ 258,229*	*$ 271,264*	*$ 286,910*	**54.9%**
Percent Change from prior year (net)	**4.37%**	**5.22%**	**5.81%**	**3.86%**	**3.39%**	**3.32%**	**5.38%**	**7.09%**	**5.05%**	**5.77%**	**32.1%**
10-Year Average Change											
CPI-U, prior calendar year	260.5	267.0	275.8	281.1	284.3	293.5	314.4	326.0	336.4	346.9	
CPI-U, adjustment to constant dollars	96.41%	94.05%	91.05%	89.35%	88.35%	85.56%	79.89%	77.04%	75.86%	75.10%	
Net Operating Revenues (constant dollars)	*$178,603*	*$183,328*	*$187,799*	*$191,385*	*$195,652*	*$195,779*	*$192,633*	*$198,930*	*$205,788*	*$215,475*	**20.6%**
Percent Change from prior year (net)	**2.24%**	**2.65%**	**2.44%**	**1.91%**	**2.23%**	**0.06%**	**-1.61%**	**3.27%**	**3.45%**	**4.71%**	
10-Year Average Change											

Revenue growth is one measure of the Town's ability to maintain existing service levels. For the past decade revenue growth across all categories has been positive and relatively steady. However, higher inflation from 2021-2024 had a negative impact on revenue growth in constant dollars which puts pressure on the operating budget. Fiscal years 2024-2025 indicate inflation is slowing. Revenue is trending back up, though the FY2024 increase was largely driven by a substantial increase in Chapter 70 State Aid, and 2023-2025 benefited from significant amounts of interest income.

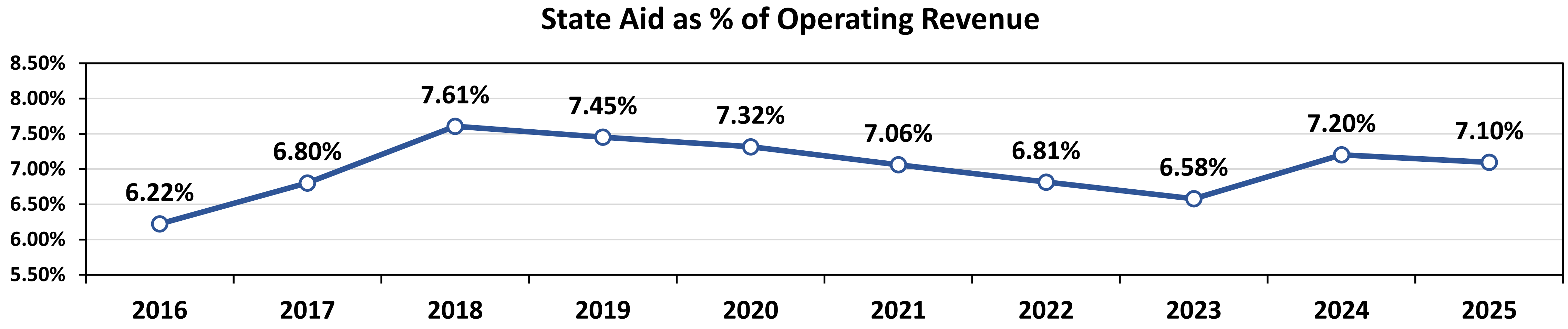
Lexington Trend
[✓ **Favorable**]
Marginal
Unfavorable
Uncertain

Town of Lexington

Financial Summit I – November 20, 2025

Indicator 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.



State Aid as % of Operating Revenue

Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change
Cherry Sheet Revenues	$11,527	$13,262	$15,689	$15,963	$16,204	$16,158	$16,432	$16,991	$19,535	$20,361	76.63%
Less: School Building Reimbursements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Net State Aid Revenues	$11,527	$13,262	$15,689	$15,963	$16,204	$16,158	$16,432	$16,991	$19,535	$20,361	76.63%
Net Operating Revenues	$185,258	$194,931	$206,251	$214,203	$221,460	$228,818	$241,123	$258,229	$271,264	$286,910	54.87%
State Aid as % of Operating Revenues	**6.22%**	**6.80%**	**7.61%**	**7.45%**	**7.32%**	**7.06%**	**6.81%**	**6.58%**	**7.20%**	**7.10%**	
CPI-U, prior calendar year	260.5	267.0	275.8	281.1	284.3	293.5	314.4	326.0	336.4	346.9	
CPI-U, adjustment for constant dollars	96.41%	94.05%	91.05%	89.35%	88.35%	85.56%	79.89%	77.04%	75.86%	75.10%	
State Aid Revenues (constant dollars)	**$11,113**	**$12,473**	**$14,285**	**$14,263**	**$14,316**	**$13,825**	**$13,128**	**$13,089**	**$14,820**	**$15,291**	**37.60%**
% change from prior year (constant dollars)	**1.90%**	**12.24%**	**14.53%**	**-0.16%**	**0.37%**	**-3.43%**	**-5.04%**	**-0.29%**	**13.22%**	**3.18%**	

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

On a constant dollar basis, State Aid increased steadily from FY2016-18, largely due to increased Education Aid. This time period reflects the state's efforts to meet its minimum financing requirements (Foundation Budget) under the Chapter 70 formula. The state funding requirement was met in FY2018, and the Town subsequently received the annual minimum aid per student each year until FY2024. In 2024 changes in enrollment and inflation in per student costs caused the Town to fall below the target Foundation Budget which resulted in a large increase in our Chapter 70 Aid. Staff expect that going forward we will continue to receive the minimum aid per student as was seen from FY2018-2023.

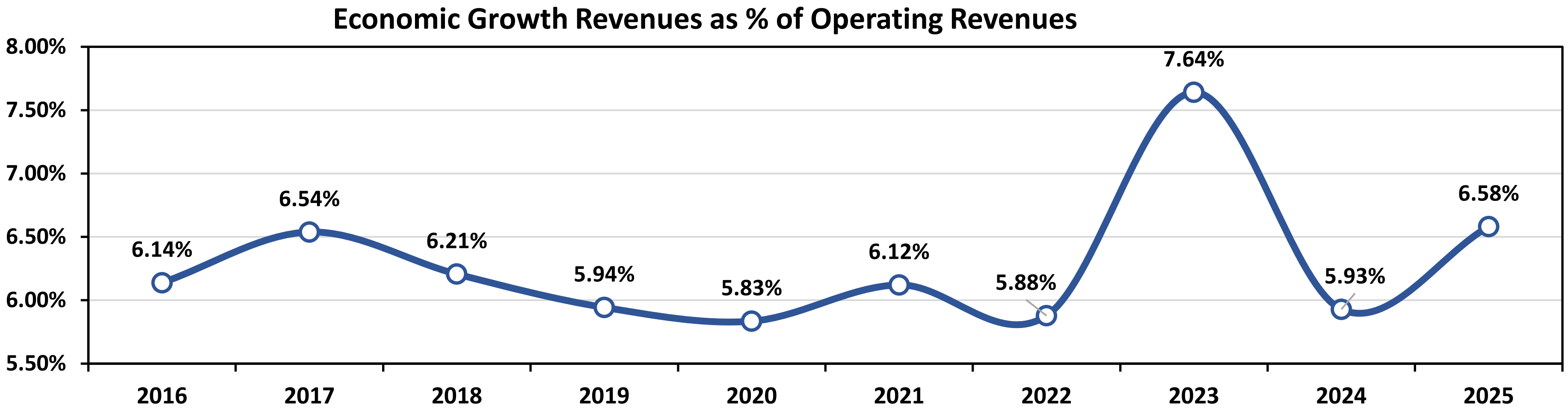
While the Town does not rely heavily on increasing State Aid, reductions in State funding may still be difficult to manage. In order to protect itself, the Town has a contingency plan for reductions in State Aid. Since 2006, the Town has been funding reserves capable of offsetting cyclical downturns in State Aid and Local Receipts.

Town of Lexington

Financial Summit I – November 20, 2025

Indicator 3: Revenues Related to Economic Growth

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



Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change
Net Operating Revenues (constant dollars)	**$178,603**	**$183,328**	**$187,799**	**$191,385**	**$195,652**	**$195,779**	**$192,633**	**$198,930**	**$205,788**	**$215,475**	**20.64%**
Building-Related Fees & Permits	$ 2,298	$ 2,547	$ 2,689	$ 2,392	$ 2,690	$ 3,156	$ 2,777	$ 5,840	$ 2,865	$ 4,252	85.04%
Motor Vehicle Excise (MVE)	$ 4,953	$ 5,350	$ 5,396	$ 5,649	$ 5,383	$ 5,335	$ 5,330	$ 5,846	$ 6,142	$ 6,606	33.38%
Hotel/Motel Local Excise	$ 952	$ 1,056	$ 903	$ 948	$ 802	$ 357	$ 614	$ 719	$ 842	$ 698	-26.64%
Meals Local Excise	$ 497	$ 482	$ 457	$ 472	$ 438	$ 305	$ 472	$ 469	$ 510	$ 553	11.19%
Levy Growth from New Residential Construction	$ 1,713	$ 1,858	$ 1,909	$ 2,023	$ 1,699	$ 1,973	$ 1,877	$ 2,340	$ 1,971	$ 2,254	31.57%
Levy Growth from New Industrial/Commercial Growth	$ 215	$ 508	$ 744	$ 481	$ 794	$ 1,639	$ 1,767	$ 2,657	$ 2,143	$ 3,061	1320.64%
Levy Growth from Personal Property	$ 744	$ 943	$ 705	$ 767	$ 1,116	$ 1,241	$ 1,337	$ 1,860	$ 1,610	$ 1,460	96.32%
Total: Ecomomic Growth Revenues	***$ 11,372***	***$ 12,745***	***$ 12,801***	***$ 12,731***	***$ 12,922***	***$ 14,006***	***$ 14,174***	***$ 19,731***	***$ 16,082***	***$ 18,884***	66.05%
CPI-U, prior calendar year	260.5	267.0	275.8	281.1	284.3	293.5	314.4	326.0	336.4	346.9	
CPI-U adjustment for constant dollars	96.41%	94.05%	91.05%	89.35%	88.35%	85.56%	79.89%	77.04%	75.86%	75.10%	
Revenues related to Economic Growth (constant dollars)	***$ 10,964***	***$ 11,986***	***$ 11,656***	***$ 11,375***	***$ 11,416***	***$ 11,984***	***$ 11,323***	***$ 15,200***	***$ 12,200***	***$ 14,182***	**29.36%**
Economic Growth Revenues as % of Operating Revenues (constant dollars)	**6.14%**	**6.54%**	**6.21%**	**5.94%**	**5.83%**	**6.12%**	**5.88%**	**7.64%**	**5.93%**	**6.58%**	

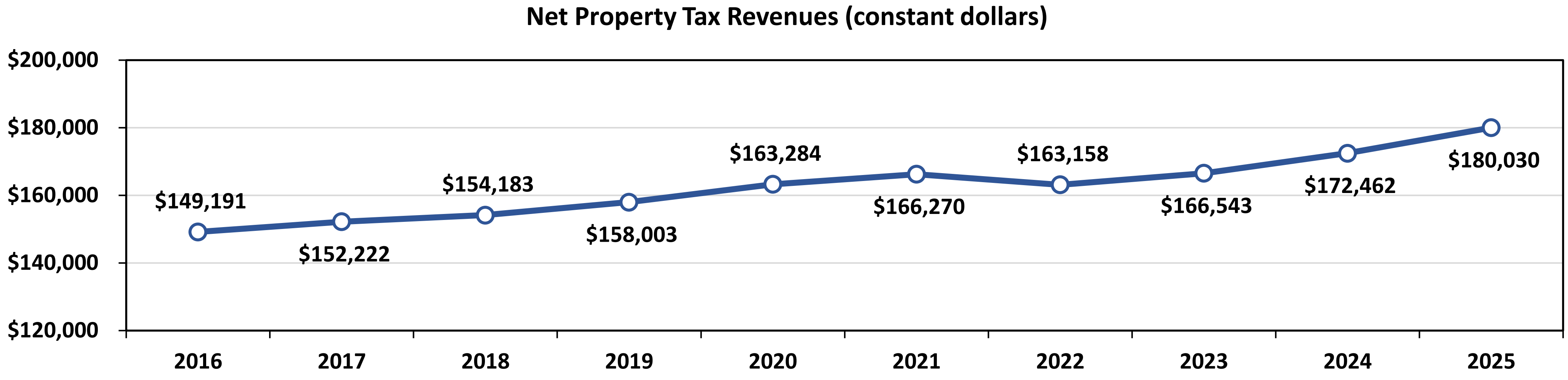
Lexington Trend
[✓ **Favorable**]
Marginal
Unfavorable
Uncertain

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. An increase in building permit fees may also be a leading indicator of future increases in the tax levy.

The Town's economic revenues have largely recovered from declines experienced during the pandemic. Building permit revenue has been exceptionally strong the last several years driven by commercial development, particularly life science buildings. This trend is expected to slow going forward as the life science real estate market has become saturated and is experiencing low occupancy rates.

Indicator 4: Property Tax Revenue
Indicator 5: Uncollected Property Taxes

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


Net Property Tax Revenues (constant dollars)

Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change
Property Tax Levy and CPA Surcharge	$ 167,241	$ 174,655	$ 182,287	$ 191,006	$ 201,055	$ 212,415	$ 223,876	$ 237,346	$ 249,916	$ 263,256	**57.41%**
Less: Exempt Debt Service, net of mitigation	$ 8,325	$ 8,330	$ 8,293	$ 9,360	$ 11,128	$ 12,685	$ 13,948	$ 15,208	$ 16,312	$ 16,592	99.30%
Less: CPA Surcharge	$ 4,166	$ 4,469	$ 4,662	$ 4,805	$ 5,105	$ 5,400	$ 5,700	$ 5,950	$ 6,270	$ 6,950	66.83%
Net Property Tax Revenues	**$ 154,750**	**$ 161,856**	**$ 169,332**	**$ 176,841**	**$ 184,822**	**$ 194,330**	**$ 204,228**	**$ 216,187**	**$ 227,334**	**$ 239,714**	**54.90%**
CPI-U, prior calendar year	260.5	267.0	275.8	281.1	284.3	293.5	314.4	326.0	336.4	346.9	
CPI-U, adjustment for constant dollars	96.41%	94.05%	91.05%	89.35%	88.35%	85.56%	79.89%	77.04%	75.86%	75.10%	
Property Tax Revenues (constant dollars)	**$ 149,191**	**$ 152,222**	**$ 154,183**	**$ 158,003**	**$ 163,284**	**$ 166,270**	**$ 163,158**	**$ 166,543**	**$ 172,462**	**$ 180,030**	**20.67%**
Percent Increase over Prior Year	2.28%	2.03%	1.29%	2.48%	3.34%	1.83%	-1.87%	2.07%	3.55%	4.39%	
Uncollected Taxes as a Percentage of Net Property Tax Levy	**0.59%**	**0.77%**	**-0.09%**	**0.63%**	**0.13%**	**0.16%**	**-0.27%**	**0.20%**	**-0.03%**	**0.28%**	

Lexington Trend
🟩 **Favorable**
Marginal
Unfavorable
Uncertain

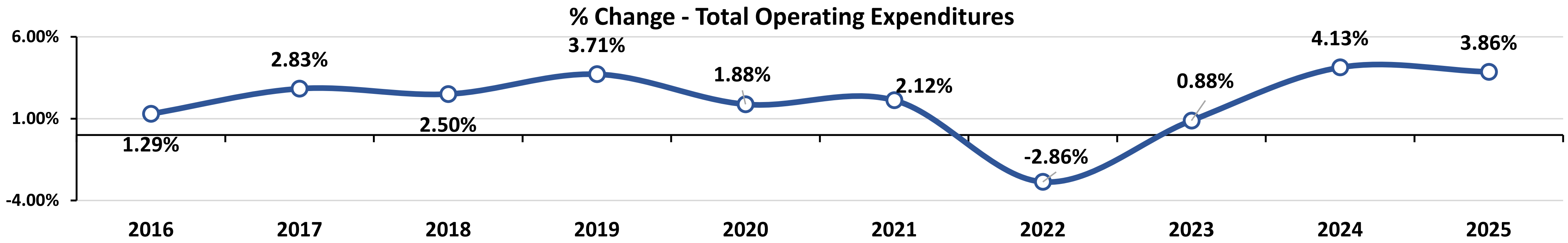
Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Increases due to operating overrides should be noted for their impact on taxpayers' ability to pay. Lexington has seen consistent growth in property tax revenues since 2016, however the increase in inflation in FY2021-23 slowed growth in constant dollars. The final row reflects the consistently strong tax collections from Lexington residents, which indicates their ability to pay. This rate has remained strong, even during fiscal downturns.

Town of Lexington

Financial Summit I – November 20, 2025

Indicator 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 (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change ($ | %)	
Education	$ 90,455	$ 96,728	$ 101,433	$ 108,677	$ 112,079	$ 118,138	$ 123,951	$ 128,462	$ 138,106	$ 143,831	$53,376	59.01%
Shared Expenses (Benefits, Debt)	$ 36,088	$ 38,146	$ 41,654	$ 43,082	$ 45,514	$ 47,784	$ 48,011	$ 49,509	$ 51,019	$ 54,644	$18,556	51.42%
Public Works	$ 8,637	$ 9,055	$ 9,236	$ 9,750	$ 9,475	$ 10,486	$ 10,704	$ 11,573	$ 11,788	$ 13,211	$4,574	52.96%
Public Facilities	$ 9,821	$ 10,092	$ 10,171	$ 10,666	$ 11,095	$ 11,050	$ 12,202	$ 12,836	$ 13,943	$ 14,528	$4,706	47.92%
Public Safety	$ 13,290	$ 12,975	$ 14,948	$ 14,795	$ 14,905	$ 15,554	$ 16,053	$ 17,383	$ 18,078	$ 18,947	$5,657	42.57%
Library	$ 2,394	$ 2,485	$ 2,471	$ 2,675	$ 2,736	$ 2,725	$ 3,019	$ 3,345	$ 3,367	$ 3,507	$1,113	46.49%
Human Services	$ 1,125	$ 1,066	$ 1,115	$ 1,229	$ 1,243	$ 1,294	$ 1,216	$ 1,481	$ 1,539	$ 1,378	$253	22.49%
Land Use/ Development (including Health)	$ 1,969	$ 2,091	$ 2,186	$ 2,092	$ 2,156	$ 2,245	$ 2,347	$ 2,582	$ 2,668	$ 2,716	$747	37.92%
General Government	$ 5,133	$ 5,417	$ 5,295	$ 6,275	$ 6,074	$ 7,184	$ 7,682	$ 8,419	$ 8,607	$ 8,581	$3,449	67.19%
Total Operating Expenditure	*$ 168,911*	*$ 178,054*	*$ 188,509*	*$ 199,242*	*$ 205,278*	*$ 216,461*	*$ 225,185*	*$ 235,591*	*$ 249,115*	*$ 261,342*	$92,431	54.72%
CPI-U, 2000 base year	260.5	267.0	275.8	281.1	284.3	293.5	314.4	326.0	336.4	346.9		
CPI-U, adjustment for constant dollars	96.41%	94.05%	91.05%	89.35%	88.35%	85.56%	79.89%	77.04%	75.86%	75.10%		
Total Operating Expenditure (constant collars)	$ 162,844	$ 167,456	$ 171,644	$ 178,018	$ 181,355	$ 185,206	$ 179,901	$ 181,491	$ 188,985	$ 196,273	***$33,429***	**20.53%**
Percent Change from prior years	**1.29%**	**2.83%**	**2.50%**	**3.71%**	**1.88%**	**2.12%**	**-2.86%**	**0.88%**	**4.13%**	**3.86%**		
10-year Average Change											**$3,342.94**	**2.05%**

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

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

The significant decrease in FY2022-FY2023 was driven by the change in constant dollars, which signifies an increase in inflation. This short-term trend reverses in FY2024 as inflation is easing and expenses are leveling.

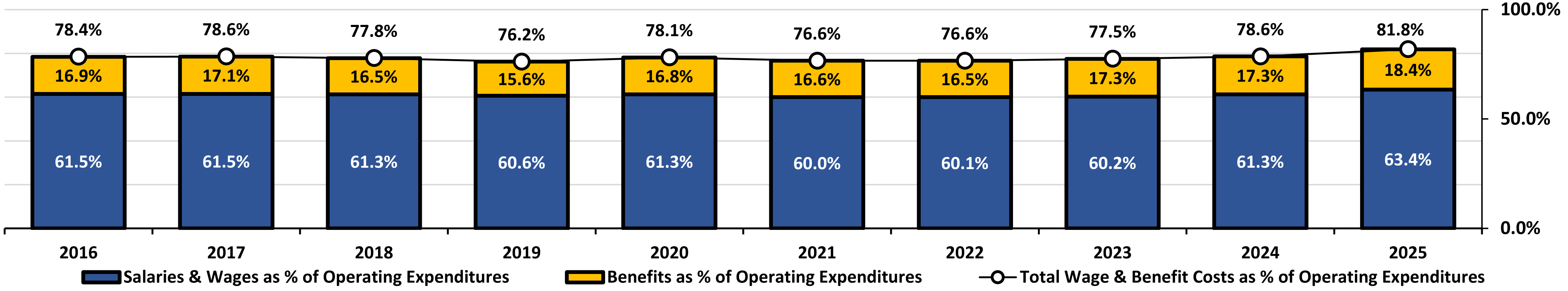
Town of Lexington

Financial Summit I – – November 20, 2025

Indicator 7: Personnel Costs

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

Total Personnel Costs as a Percentage of Operating Expenses



Fiscal Year (Dollars in ,000s)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**10-year Change**
Operating Expenditures	$ 168,911	$ 178,054	$ 188,509	$ 199,242	$ 205,278	$ 216,461	$ 225,185	$ 235,591	$ 248,371	$ 256,732	51.99%
Total Municipal Wages	$ 23,001	$ 23,290	$ 25,141	$ 25,133	$ 25,703	$ 27,461	$ 28,038	$ 29,677	$ 31,533	$ 32,682	42.09%
School Wages	$ 76,126	$ 81,058	$ 85,201	$ 90,272	$ 94,476	$ 96,807	$ 101,248	$ 106,157	$ 114,299	$ 123,343	62.02%
Public Facilities Wages	$ 4,768	$ 5,139	$ 5,200	$ 5,348	$ 5,673	$ 5,588	$ 5,967	$ 5,976	$ 6,451	$ 6,771	42.02%
Benefits	$ 28,597	$ 30,377	$ 31,155	$ 31,048	$ 34,516	$ 35,996	$ 37,266	$ 40,827	$ 42,880	$ 47,337	65.53%
Total Wage & Benefit Costs	$ 132,492	$ 139,864	$ 146,698	$ 151,800	$ 160,369	$ 165,853	$ 172,518	$ 182,637	$ 195,164	$ 210,134	58.60%
Salaries & Wages as % of Operating Expenditures	**61.5%**	**61.5%**	**61.3%**	**60.6%**	**61.3%**	**60.0%**	**60.1%**	**60.2%**	**61.3%**	**63.4%**	
Benefits as % of Operating Expenditures	**16.9%**	**17.1%**	**16.5%**	**15.6%**	**16.8%**	**16.6%**	**16.5%**	**17.3%**	**17.3%**	**18.4%**	
Total Wage & Benefit Costs as % of Operating Expenditures	**78.4%**	**78.6%**	**77.8%**	**76.2%**	**78.1%**	**76.6%**	**76.6%**	**77.5%**	**78.6%**	**81.8%**	

Lexington Trend
Favorable
[✓ Marginal]
Unfavorable
Uncertain

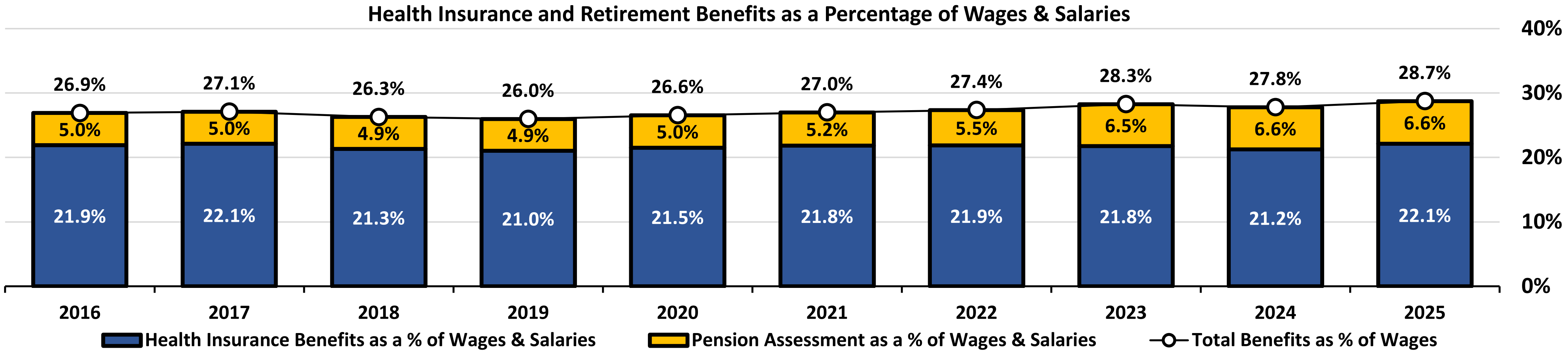
Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. The increases from FY2023-2024 are the result in increases in headcount and salaries due to collective bargaining agreements, both of which will add to future pension and insurance costs. Second, this trend may be an indicator of deferred maintenance of the Town's infrastructure. The Town has diligently invested an increasing amount of capital funding to building and infrastructure projects over the last 10 years, a positive indication that the Town is not sacrificing capital and maintenance in order to fund personnel.

Town of Lexington

Financial Summit I – – November 20, 2025

Indicator 8: Employee Benefits

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



Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change
Health Insurance Benefits	$ 22,758	$ 24,223	$ 24,646	$ 25,404	$ 27,079	$ 28,362	$ 29,568	$ 30,864	$ 32,347	$ 36,048	58.4%
Pension Assessment	$ 5,199	$ 5,457	$ 5,713	$ 5,955	$ 6,350	$ 6,695	$ 7,426	$ 9,219	$ 9,985	$ 10,743	106.6%
Wages & Salaries - Municipal	$ 23,001	$ 23,290	$ 25,141	$ 25,133	$ 25,703	$ 27,461	$ 28,038	$ 29,677	$ 31,533	$ 32,682	42.1%
Wages & Salaries - Schools	$ 76,126	$ 81,058	$ 85,201	$ 90,272	$ 94,476	$ 96,807	$ 101,248	$ 106,157	$ 114,299	$ 123,343	62.0%
Wages & Salaries - Public Facilities	$ 4,768	$ 5,139	$ 5,200	$ 5,348	$ 5,673	$ 5,588	$ 5,967	$ 5,976	$ 6,451	$ 6,771	42.0%
Total Wages & Salaries	$ 103,895	$ 109,488	$ 115,542	$ 120,752	$ 125,852	$ 129,857	$ 135,253	$ 141,810	$ 152,284	$ 162,797	56.7%
Health Insurance Benefits as a % of Wages & Salaries	21.9%	22.1%	21.3%	21.0%	21.5%	21.8%	21.9%	21.8%	21.2%	22.1%	
Pension Assessment as a % of Wages & Salaries	5.0%	5.0%	4.9%	4.9%	5.0%	5.2%	5.5%	6.5%	6.6%	6.6%	
Benefits as % of Wages	26.9%	27.1%	26.3%	26.0%	26.6%	27.0%	27.4%	28.3%	27.8%	28.7%	

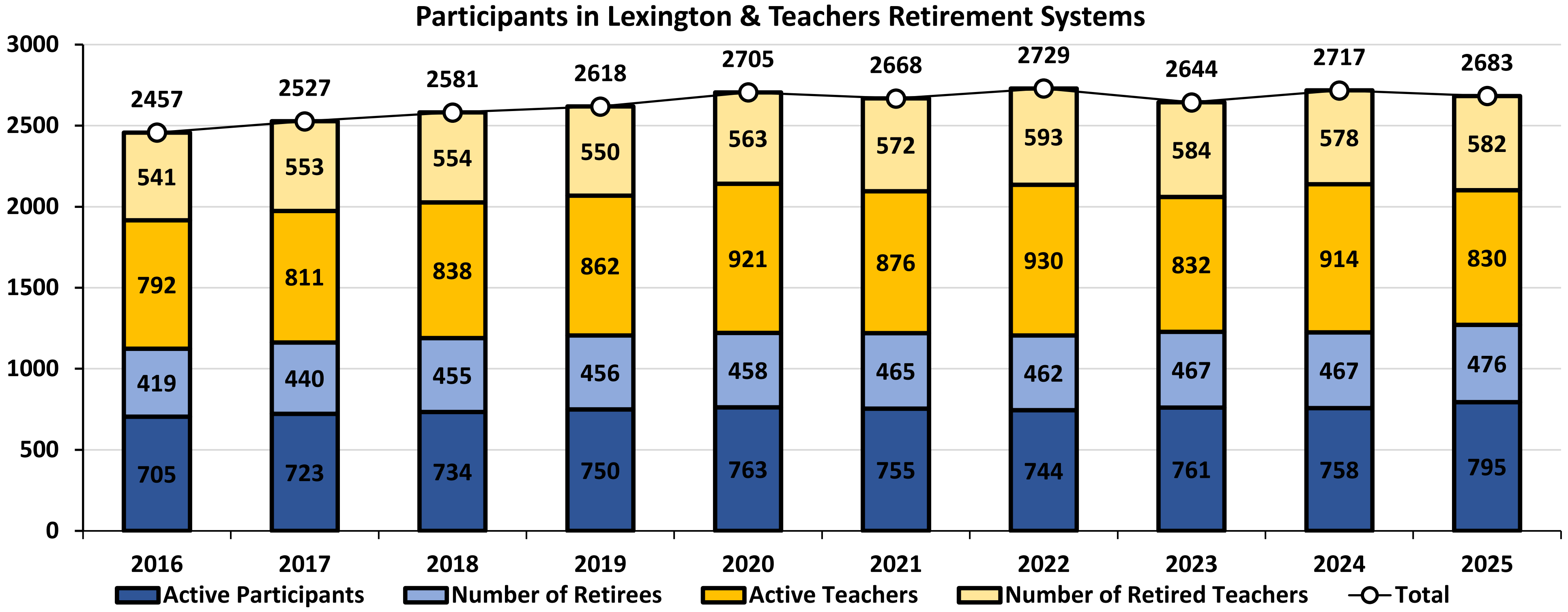
Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

Employee benefits represent a significant share of the Town's operating costs. Lexington's Health Insurance spending as a percentage of employee wages is beginning to increase after a mostly stable decade since joining the Group Insurance Commission (GIC) in 2013. Market indicators point to insurance costs increasing faster than revenues and wages in the coming years.

In FY2023 the Town made a supplemental appropriation into the Pension fund of $1,060,000 from an unanticipated personal property tax revenue from one of the Town's top commercial taxpayers. A policy decision was made to continue to appropriate that ongoing annual revenue to the pension fund in future years. This supplemental funding has helped maintain the Town's target funding schedule. For further explanation of the increase in the Pension Assessment, please see Indicator 10.

Indicator 9: Retirement Participants

An increase in retirement system participants, without fully funding the associated post-retirement health costs, is considered a warning indicator.



Lexington has an aggressive approach to funding its pension liabilities and has implemented a plan to begin to slowly fund its post-employment health liabilities. The increasing number of active participants and retirees places pressure on the health insurance budget and retirement funds. This data set should be read together with those in Indicators 10A and 10B.

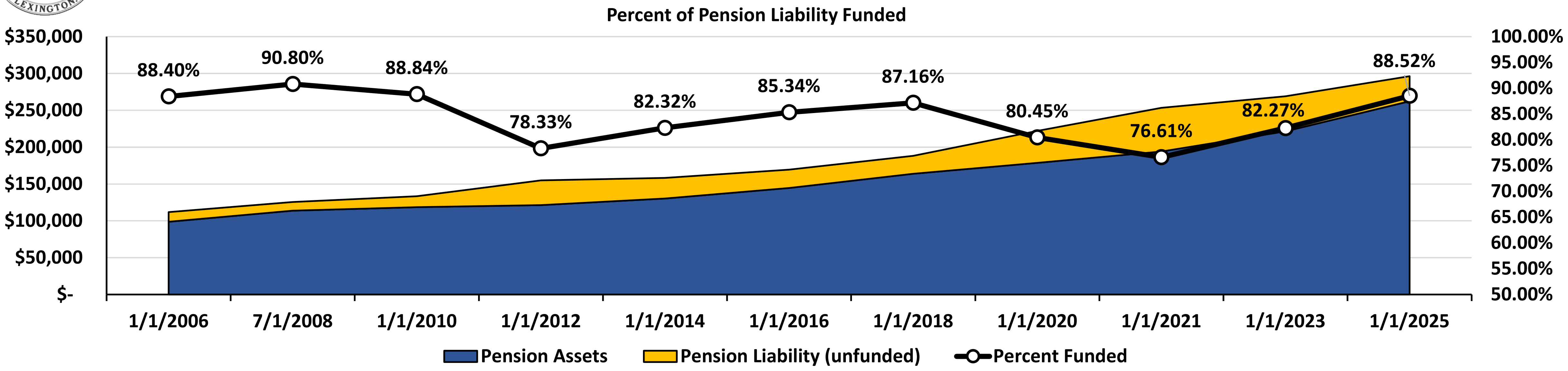
Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

Town of Lexington

Financial Summit I – November 20, 2025

Indicator 10a: Pension Liability

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



Actuarial Date	**1/1/2006**	**7/1/2008**	**1/1/2010**	**1/1/2012**	**1/1/2014**	**1/1/2016**	**1/1/2018**	**1/1/2020**	**1/1/2021**	**1/1/2023**	**1/1/2025**
Total Liability	$ 111,724	$ 125,412	$ 133,456	$ 154,907	$ 158,135	$ 169,564	$ 188,161	$ 222,082	$ 253,300	$ 269,155	$296,288
Pension Assets	**$ 98,759**	**$ 113,880**	**$ 118,559**	**$ 121,340**	**$ 130,169**	**$ 144,700**	**$ 164,000**	**$ 178,655**	**$ 194,047**	**$ 221,429**	**$262,274**
Pension Liability (unfunded)	**$ 12,965**	**$ 11,532**	**$ 14,897**	**$ 33,567**	**$ 27,966**	**$ 24,865**	**$ 24,162**	**$ 43,427**	**$ 59,253**	**$ 47,726**	**$ 34,014**
Percent Funded	**88.40%**	**90.80%**	**88.84%**	**78.33%**	**82.32%**	**85.34%**	**87.16%**	**80.45%**	**76.61%**	**82.27%**	**88.52%**

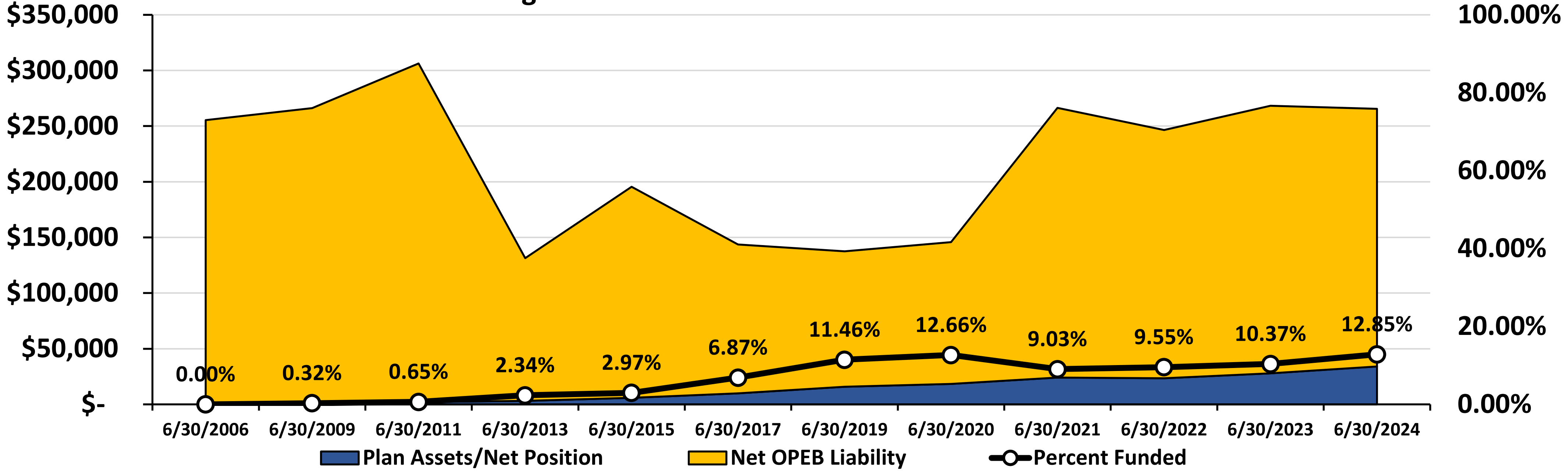
In 2021 the Lexington Retirement Board lowered the discount rate from 7.5% to 7.25%, resulting in an increase in the total actuarial liability. Further lowering the discount rate will increase the unfunded liability and have a negative impact on the Systems funded percentage.

As of January 1, 2025, the actuarial valuation of assets of the Lexington Retirement System was $262.3 million and the System was 88.52% funded. At the current level of annual appropriations, Lexington is projected to fully fund its pension system in 2030.

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

Indicator 10b: OPEB Liability

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


Lexington OPEB Fund - Assets and Percent Funded

Actuarial Date (Dollars in ,000's)	6/30/2006	6/30/2009	6/30/2011	6/30/2013	6/30/2015	6/30/2017	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
OPEB Liability	$ 255,440	$ 266,099	$ 306,301	$ 131,406	$ 195,460	$ 143,680	$ 137,586	$ 145,831	$ 266,296	$ 246,534	$ 268,218	$ 265,620
Plan Assets/Net Position	$ -	$ 840	$ 2,000	$ 3,069	$ 5,799	$ 9,870	$ 15,774	$ 18,466	$ 24,058	$ 23,554	$ 27,826	$ 34,129
Net OPEB Liability	**$ 255,440**	**$ 265,259**	**$ 304,301**	**$ 128,337**	**$ 189,662**	**$ 133,810**	**$ 121,812**	**$ 127,365**	**$ 242,238**	**$ 222,980**	**$ 240,392**	**$ 231,491**
Percent Funded	**0.00%**	**0.32%**	**0.65%**	**2.34%**	**2.97%**	**6.87%**	**11.46%**	**12.66%**	**9.03%**	**9.55%**	**10.37%**	**12.85%**

Since 2011, Lexington has made consistent contributions towards its Other Post-Employment Benefits (OPEB) liability, primarily consisting of retiree healthcare premiums.

In 2021 the assumption for the discount rate was decreased from 7.5% to 6.25%, resulting in an increase in the total OPEB Liability. There are no further reductions anticipated in this assumption. In long-term financial planning, the Town begins funding this obligation more aggressively once the pension obligation has been fully funded.

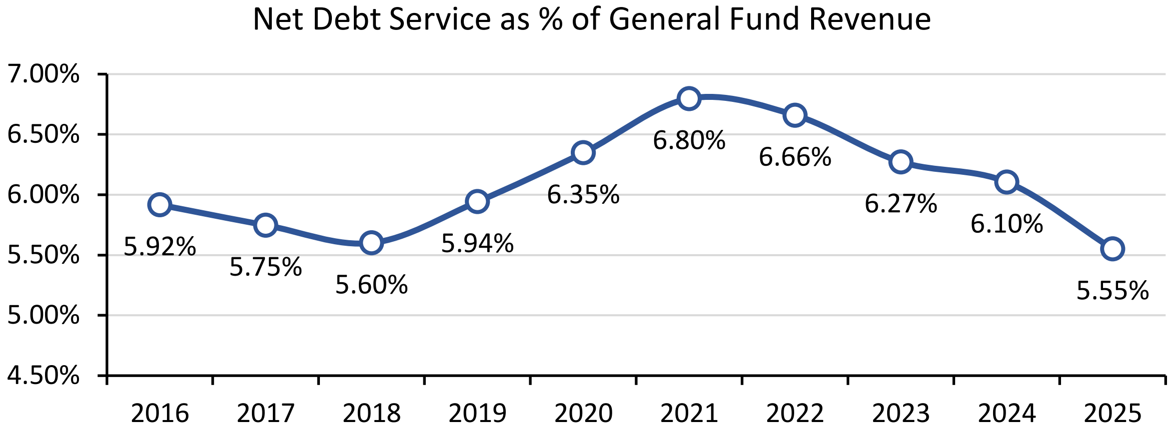
Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

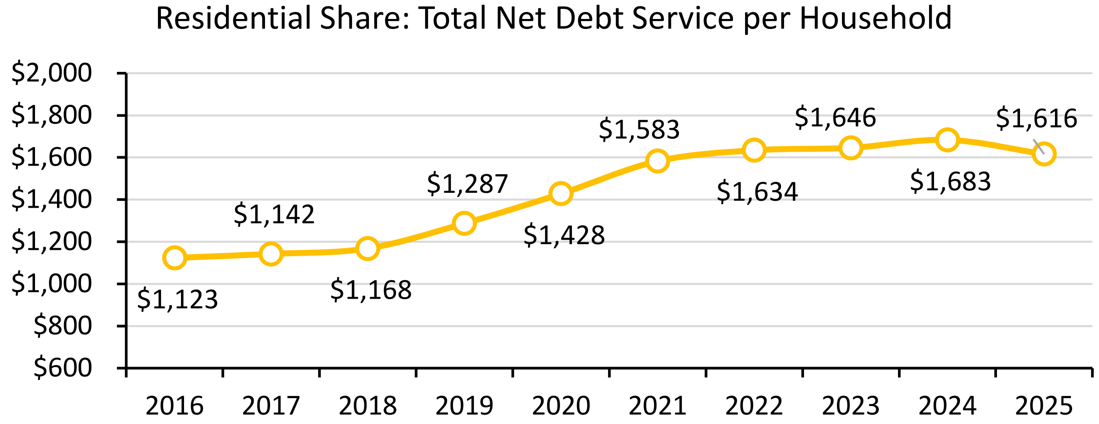
Town of Lexington

Financial Summit I – November 20, 2025

Indicator 11: Debt Service

Debt Service exceeding 10 percent of operating revenues is considered a warning indicator by credit rating agencies.


Net Debt Service as % of General Fund Revenue


Residential Share: Total Net Debt Service per Household

Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-yr Change
A. Gross Exempt Debt Service	$ 8,540	$ 8,330	$ 10,793	$ 13,860	$ 16,328	$ 17,285	$ 16,748	$ 16,008	$ 16,812	$ 16,592	94.3%
B. Mitigation - Exempt Debt	$ 215		$ 2,500	$ 4,500	$ 5,200	$ 4,600	$ 2,800	$ 800	$ 500	$ -	-100.0%
C. Net Exempt Debt Service (A - B)	$ 8,325	$ 8,330	$ 8,293	$ 9,360	$ 11,128	$ 12,685	$ 13,948	$ 15,208	$ 16,312	$ 16,592	99.3%
D. Within Levy Debt Service	$ 6,730	$ 7,038	$ 9,378	$ 10,838	$ 9,557	$ 10,372	$ 10,360	$ 7,163	$ 6,526	$ 5,508	-18.2%
E. Mitigation - Within Levy Debt	$ 621	$ 710	$ 325	$ 574	$ -	$ -	$ -	$ -	$ -	$ -	
F. Land Purchase Note Pay-Down	$ -	$ -	$ 2,351	$ 3,050	$ 2,235	$ 2,403	$ 2,339	$ -	$ -	$ -	
G. Net Within Levy Debt (D - E - F)	$ 6,109	$ 6,328	$ 6,702	$ 7,214	$ 7,322	$ 7,969	$ 8,021	$ 7,163	$ 6,526	$ 5,508	-9.8%
Total Net Debt Service (C + G)	**$ 14,434**	**$ 14,658**	**$ 14,995**	**$ 16,574**	**$ 18,450**	**$ 20,654**	**$ 21,969**	**$ 22,371**	**$ 22,838**	**$ 22,100**	53.1%
Commercial/Industrial Share of Net Debt Service	$ 2,981	$ 2,975	$ 2,980	$ 3,289	$ 3,686	$ 4,238	$ 4,983	$ 5,221	$ 5,282	$ 5,253	76.2%
Residential Share of Total Net Debt Service	**$ 11,453**	**$ 11,683**	**$ 12,015**	**$ 13,285**	**$ 14,764**	**$ 16,416**	**$ 16,986**	**$ 17,151**	**$ 17,555**	**$ 16,847**	47.1%
General Fund Revenue	**$ 193,583**	**$ 203,261**	**$ 214,544**	**$ 223,563**	**$ 232,588**	**$ 241,503**	**$ 255,071**	**$ 273,437**	**$287,575**	**$303,502**	56.8%
Net Debt Service as % of Revenue	**5.92%**	**5.75%**	**5.60%**	**5.94%**	**6.35%**	**6.80%**	**6.66%**	**6.27%**	**6.10%**	**5.55%**	-6.2%
Households	**10,195**	**10,227**	**10,285**	**10,323**	**10,339**	**10,373**	**10,394**	**10,422**	**10,428**	**10,425**	2.3%
Total Net Debt Service per Household	**$ 1,123**	**$ 1,142**	**$ 1,168**	**$ 1,287**	**$ 1,428**	**$ 1,583**	**$ 1,634**	**$ 1,646**	**$ 1,683**	**$ 1,616**	**43.9%**

Lexington Trend

[✓ **Favorable**]

Marginal

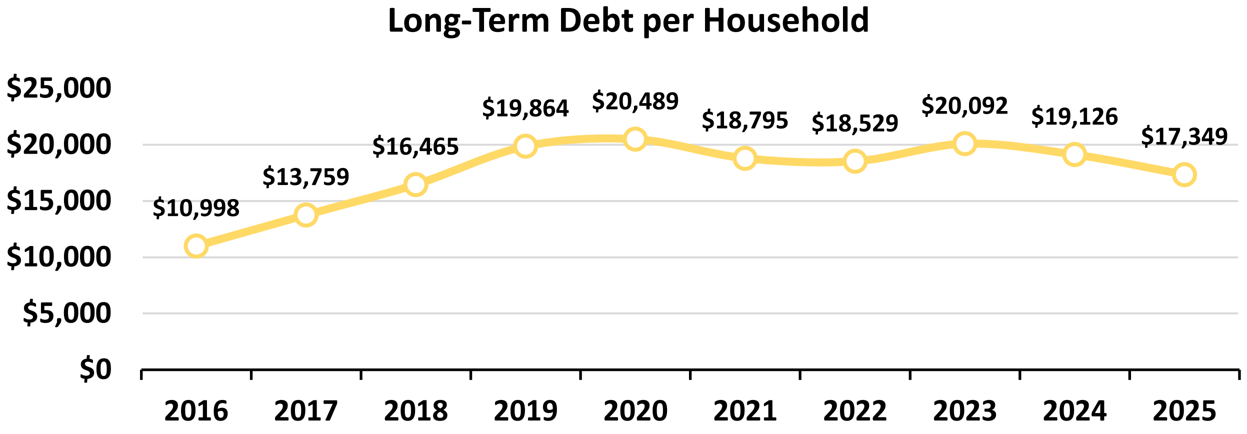
Unfavorable

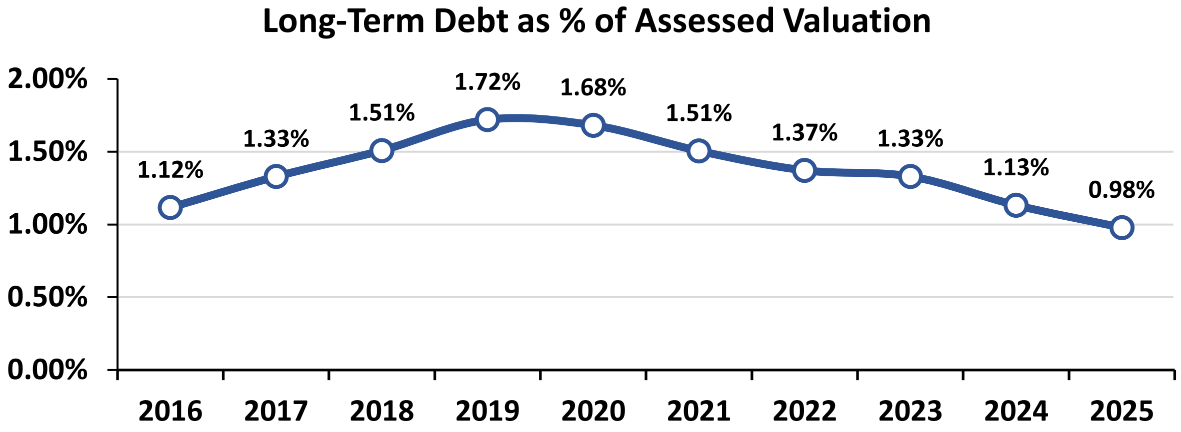
Uncertain

Over the last 20 years, Lexington has invested extensively in capital projects, including reconstruction and renovations at all 9 schools, municipal buildings such as Public Works and the Fire Headquarters, and continuing programs for street reconstruction, storm water management, recreational facilities and equipment replacement. Many of these projects were funded through the successful passage of debt exclusion votes by residents (see Indicator 12). In the last 5 years the Town has favored the investment of available cash into ongoing capital programs, and has used debt financing sparingly for within-levy capital projects. Net within-levy debt (Row G) will continue to fluctuate depending upon the short-term capital needs of the community.

Indicator 12: Long-Term Debt

Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by credit rating agencies.





Fiscal Year (Dollars in ,000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year Change
Outstanding Principal (all funds)	$ 112,128	$ 140,718	$ 169,343	$ 205,053	$ 211,832	$ 194,961	$ 192,588	$ 209,399	$ 199,446	$ 180,863	61%
Assessed Valuation	$ 10,048,548	$ 10,589,457	$ 11,227,301	$ 11,922,400	$ 12,598,348	$ 12,952,769	$ 14,044,935	$ 15,745,187	$ 17,618,170	$ 18,487,763	84%
Long-Term Debt as a % of Assessed Valuation	**1.12%**	**1.33%**	**1.51%**	**1.72%**	**1.68%**	**1.51%**	**1.37%**	**1.33%**	**1.13%**	**0.98%**	-12%
Households	10,195	10,227	10,285	10,323	10,339	10,373	10,394	10,422	10,428	10,425	2%
Long-Term Debt per Household	**$10,998**	**$13,759**	**$16,465**	**$19,864**	**$20,489**	**$18,795**	**$18,529**	**$20,092**	**$19,126**	**$17,349**	58%

These financial indicators are evaluated by the credit rating agencies as measures of a community's debt burden as well as its level of investment in capital assets. On both measures, Lexington has a strong profile.

Note that the increases in long-term debt per household from FY2016-20 and FY2023 are the result of voter-approved exempt debt which financed the renovation, construction and reconstruction of several school buildings and the Town’s Fire Station and Police Station.

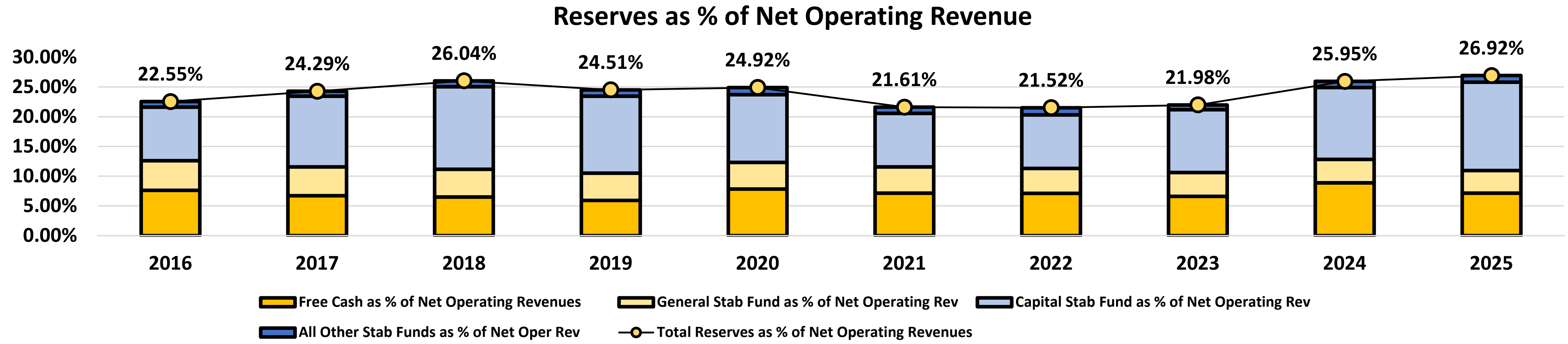
Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

Town of Lexington

Financial Summit I – November 20, 2025

Indicator 13: Reserve and Fund Balance

Declining reserves as a percentage of operating revenues is a warning indicator. The Government Finance Officers Association (GFOA) recommends an undesignated fund balance totaling 2 months of operating revenues (16.67%).



Reserves as % of Net Operating Revenue

As of June 30th (Dollars in ,000's)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**10-yr Change**
Undesignated Fund Balance	$ 17,633	$ 16,295	$ 18,646	$ 16,531	$ 22,006	$ 21,131	$ 22,029	$ 23,029	$ 29,498	$ 27,867	58.0%
Reserves											
Certified Free Cash	$ 14,088	$ 13,062	$ 13,401	$ 12,717	$ 17,338	$ 16,384	$ 17,119	$ 17,032	$ 24,097	$ 20,500	45.5%
General Stabilization Fund	$ 9,252	$ 9,448	$ 9,650	$ 9,800	$ 9,921	$ 10,038	$ 10,155	$ 10,373	$ 10,653	$ 10,924	18.1%
Capital Stabilization Fund	$ 16,726	$ 23,203	$ 28,598	$ 27,728	$ 25,229	$ 20,674	$ 21,731	$ 27,331	$ 32,770	$ 42,671	155.1%
All Other Stabilization Funds	$ 1,711	$ 1,635	$ 2,049	$ 2,266	$ 2,689	$ 2,362	$ 2,880	$ 2,026	$ 2,880	$ 3,154	84.3%
Net Operating Revenues	$ 185,258	$ 194,931	$ 206,251	$ 214,203	$ 221,460	$ 228,818	$ 241,123	$ 258,229	$ 271,264	$ 286,910	54.9%
Free Cash as % of Net Operating Revenues	**7.60%**	**6.70%**	**6.50%**	**5.94%**	**7.83%**	**7.16%**	**7.10%**	**6.60%**	**8.88%**	**7.15%**	-6.0%
General Stab Fund as % of Net Operating Rev	**4.99%**	**4.85%**	**4.68%**	**4.58%**	**4.48%**	**4.39%**	**4.21%**	**4.02%**	**3.93%**	**3.81%**	-23.8%
Capital Stab Fund as % of Net Operating Rev	**9.03%**	**11.90%**	**13.87%**	**12.94%**	**11.39%**	**9.04%**	**9.01%**	**10.58%**	**12.08%**	**14.87%**	64.7%
All Other Stab Funds as % of Net Oper Rev	**0.92%**	**0.84%**	**0.99%**	**1.06%**	**1.21%**	**1.03%**	**1.19%**	**0.78%**	**1.06%**	**1.10%**	19.0%
Total Reserves as % of Net Operating Revenues	**22.55%**	**24.29%**	**26.04%**	**24.51%**	**24.92%**	**21.61%**	**21.52%**	**21.98%**	**25.95%**	**26.92%**	19.4%

Lexington Trend

- **Favorable**
- **Marginal**
- **Unfavorable**
- **Uncertain**

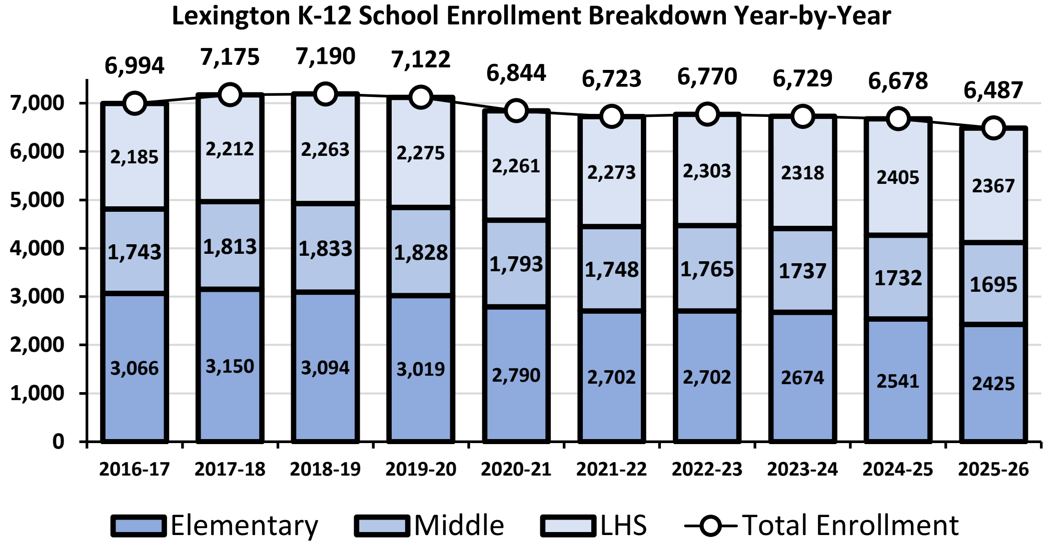
The Town of Lexington has several types of reserves, and has strengthened its reserve position by transferring free cash into the General and Capital Stabilization Funds. This adds financial flexibility to the Town's operations and provides a buffer against economic downturns. The Capital Stabilization Fund has declined in recent years in accordance with a long-term plan to mitigate Exempt Debt Service, but a new Capital Stabilization Framework was developed to rebuild this increase this fund going forward.

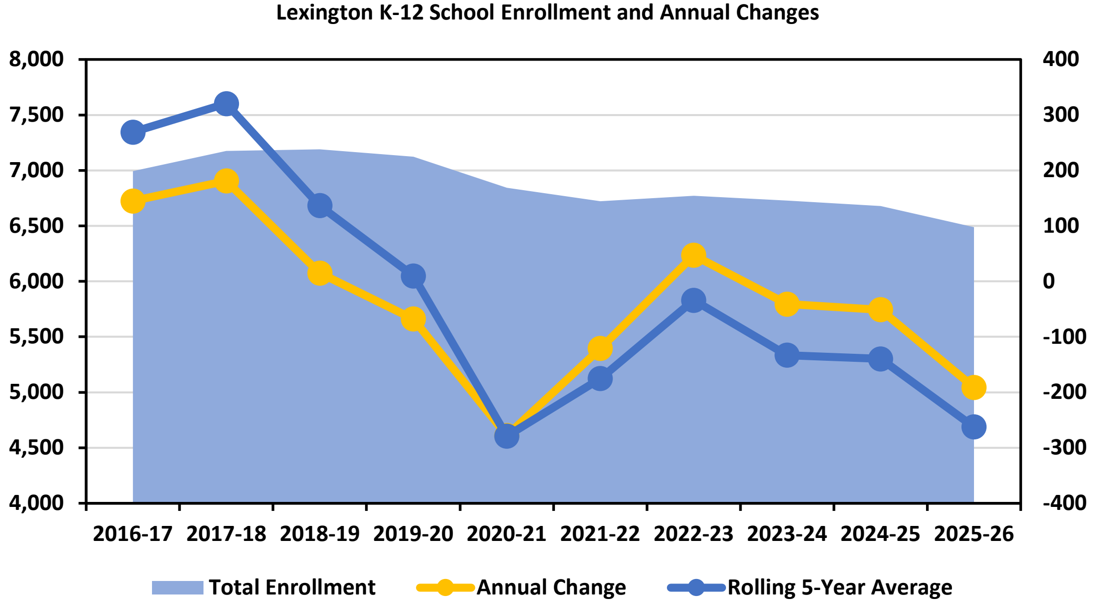
Town of Lexington

Financial Summit I – November 20, 2025

Indicator 14a: School Enrollment

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





School Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Elementary	3,066	3,150	3,094	3,019	2,790	2,702	2,702	2734	2546	2425
Middle	1,743	1,813	1,833	1,828	1,793	1,748	1,765	1769	1737	1695
LHS	2,185	2,212	2,263	2,275	2,261	2,273	2,303	2354	2419	2367
Total Enrollment	**6,994**	**7,175**	**7,190**	**7,122**	**6,844**	**6,723**	**6,770**	**6,857**	**6,702**	**6,487**
Annual Change	**145**	**181**	**15**	**-68**	**-278**	**-121**	**47**	**87**	**-155**	**-215**
Rolling 5-Year Average	**124**	**139**	**122**	**78**	**-1**	**-54**	**-81**	**-67**	**-84**	**-71**

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain

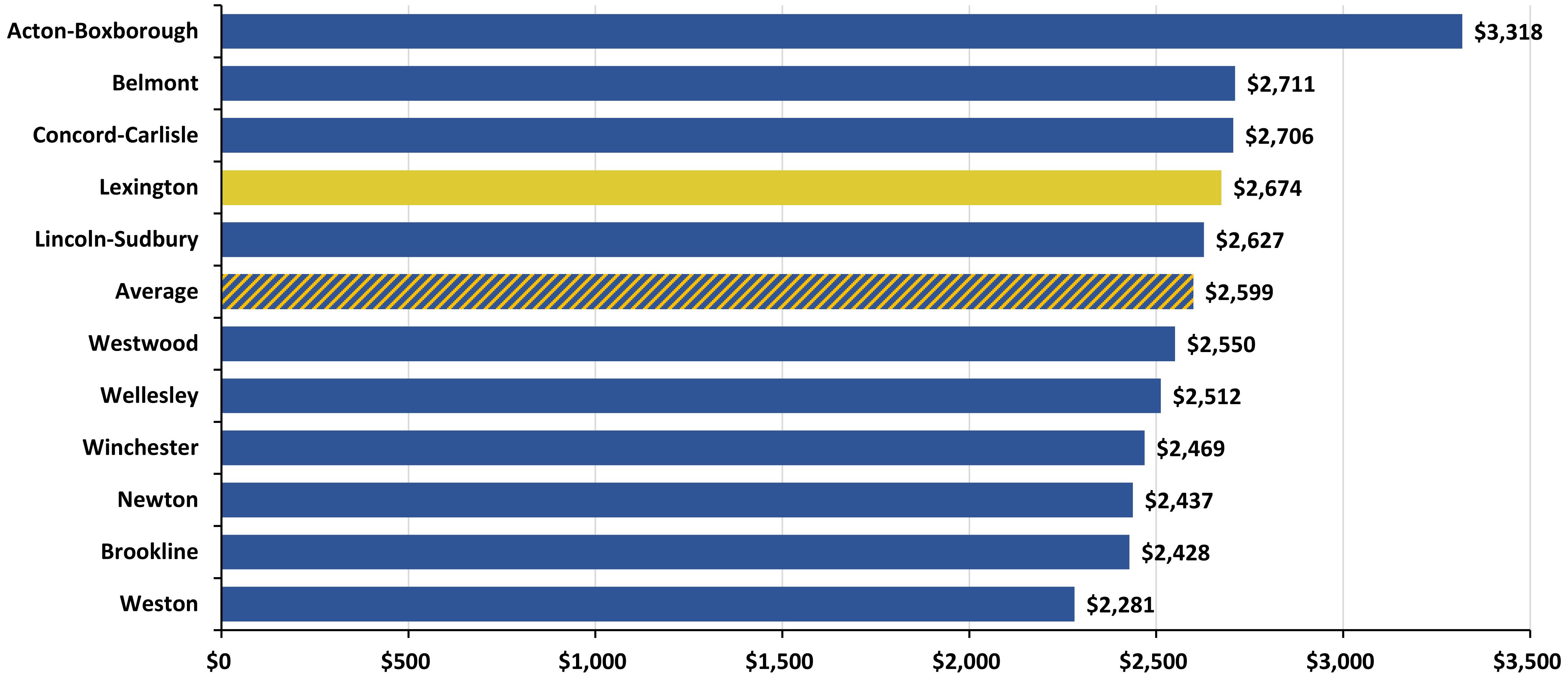
After years of steady enrollment, Lexington Public Schools experienced marked increases from 2010-2017, and peak in 2018-2019. A decline began in 2020 due to the pandemic and enrollments have continued to decline since then. Future increases in enrollment may translate into a need for additional teachers and support staff, as well as additional classrooms and expanded school buildings. The Town has taken steps to build fiscal reserves in anticipation of increase enrollment.

Indicator Appendices:

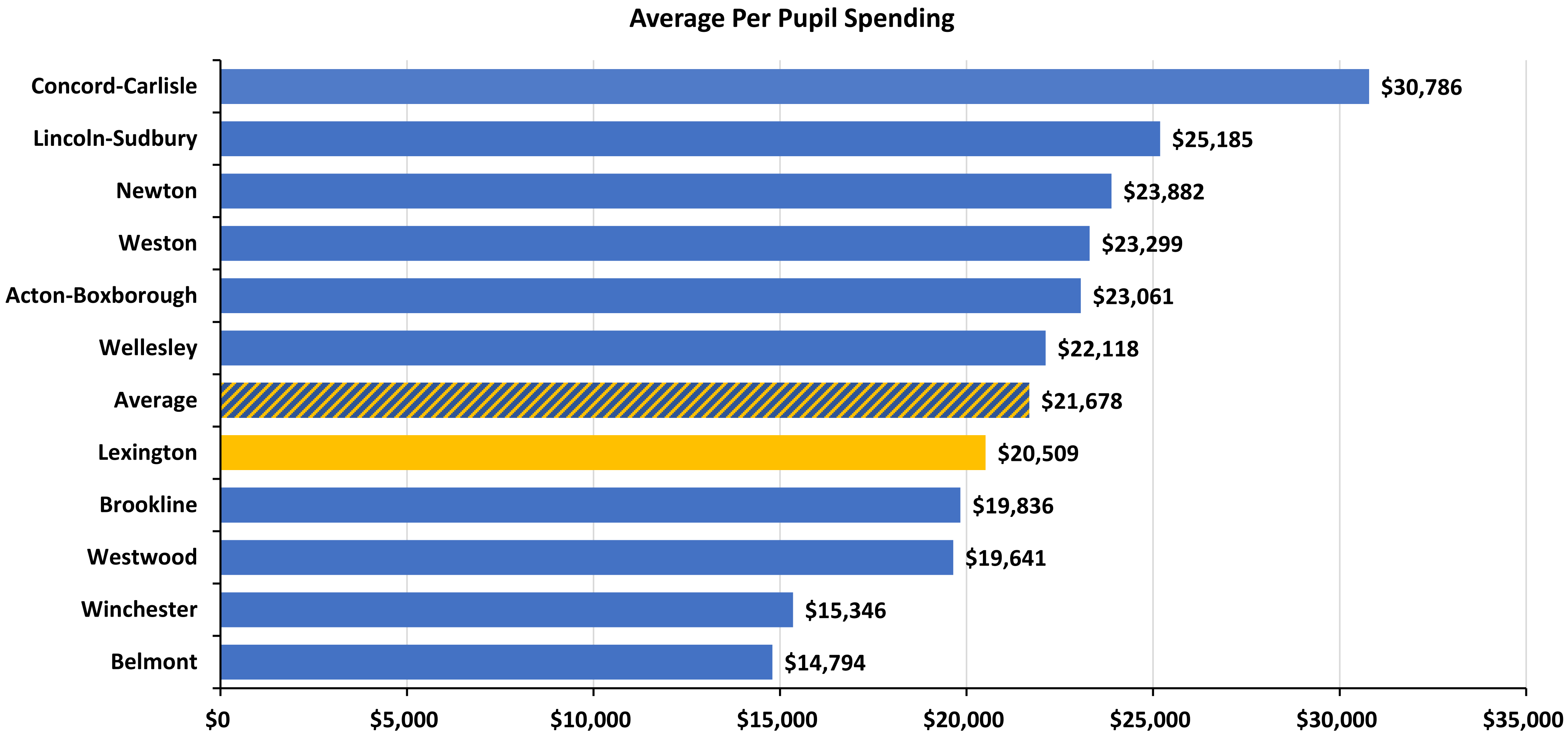
November 20, 2025

Appendix A: Chapter 70 Comparative Data

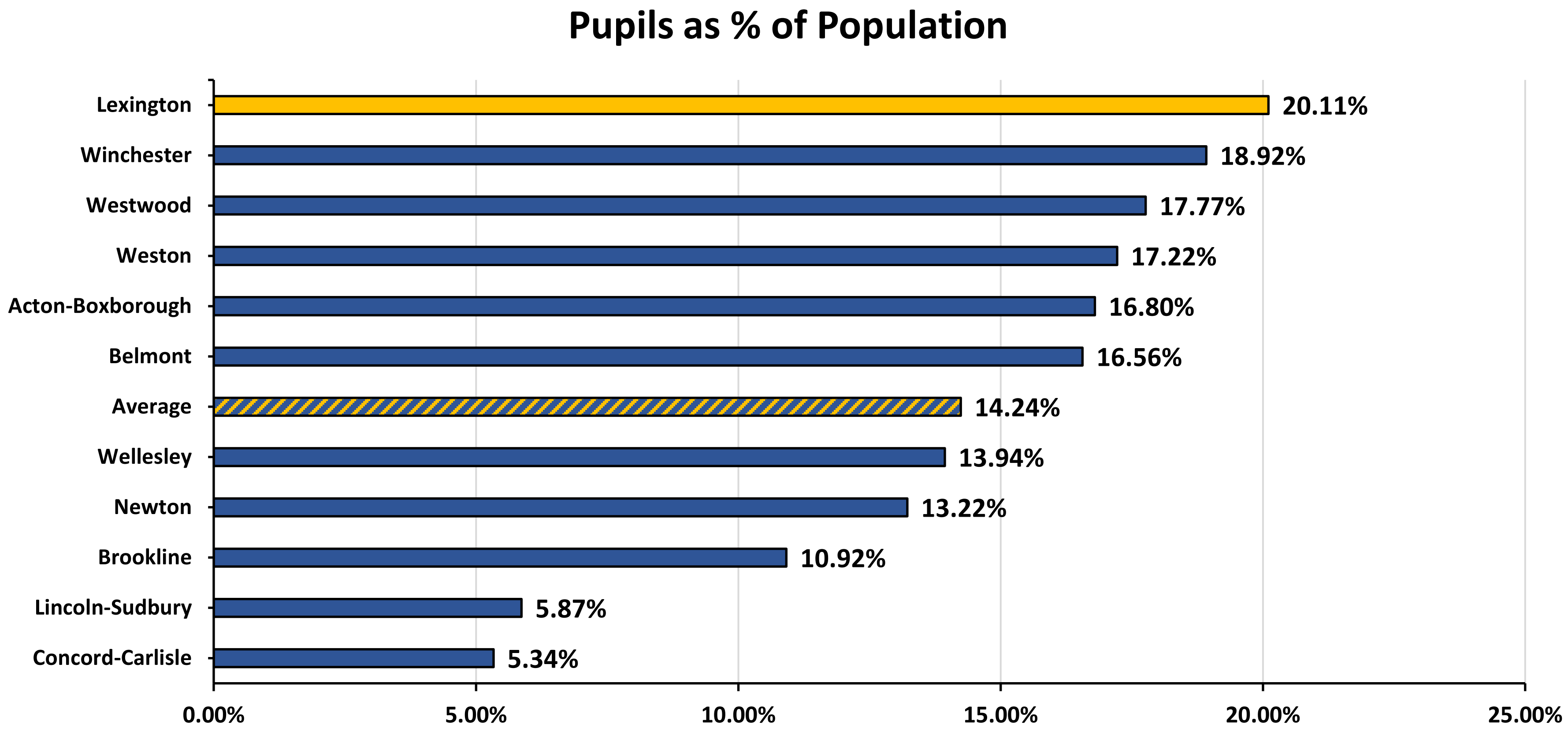
Chapter 70 Aid Per Pupil



Appendix A2: Per Pupil Spending



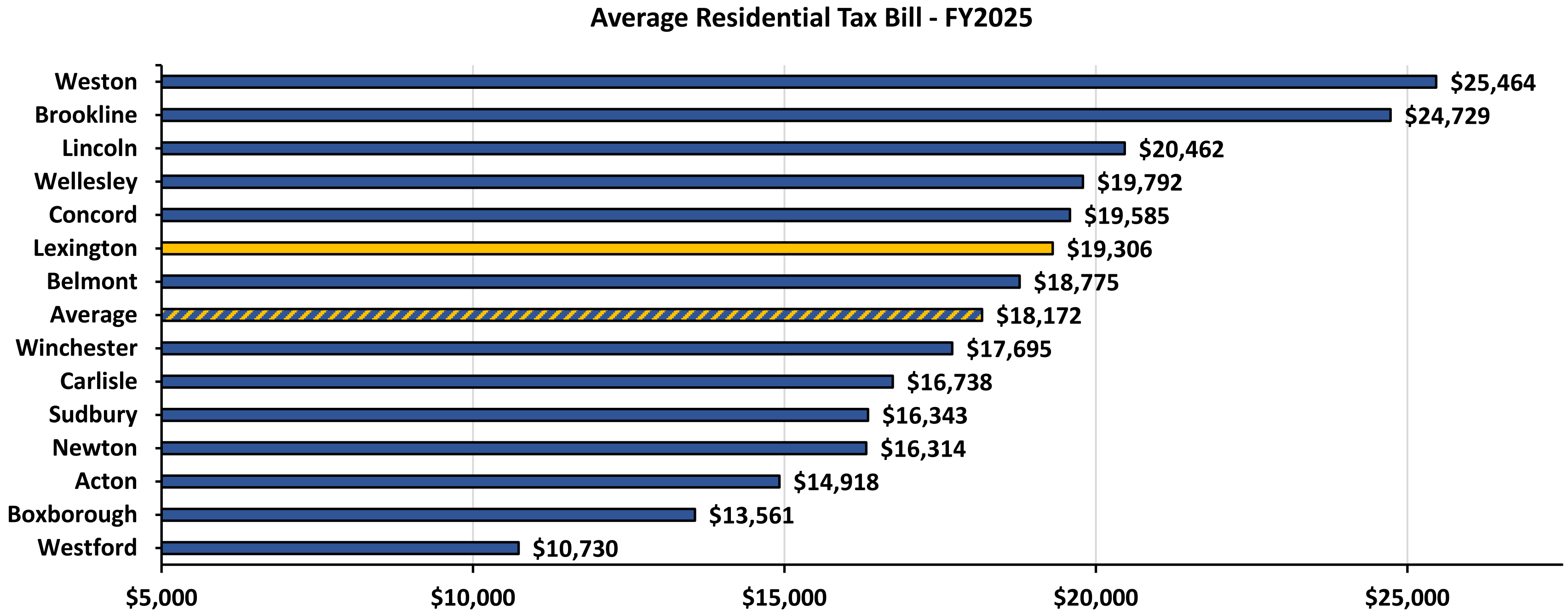
Appendix B: Per Pupil Population Comparative Data



This chart shows the ratio of students 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.

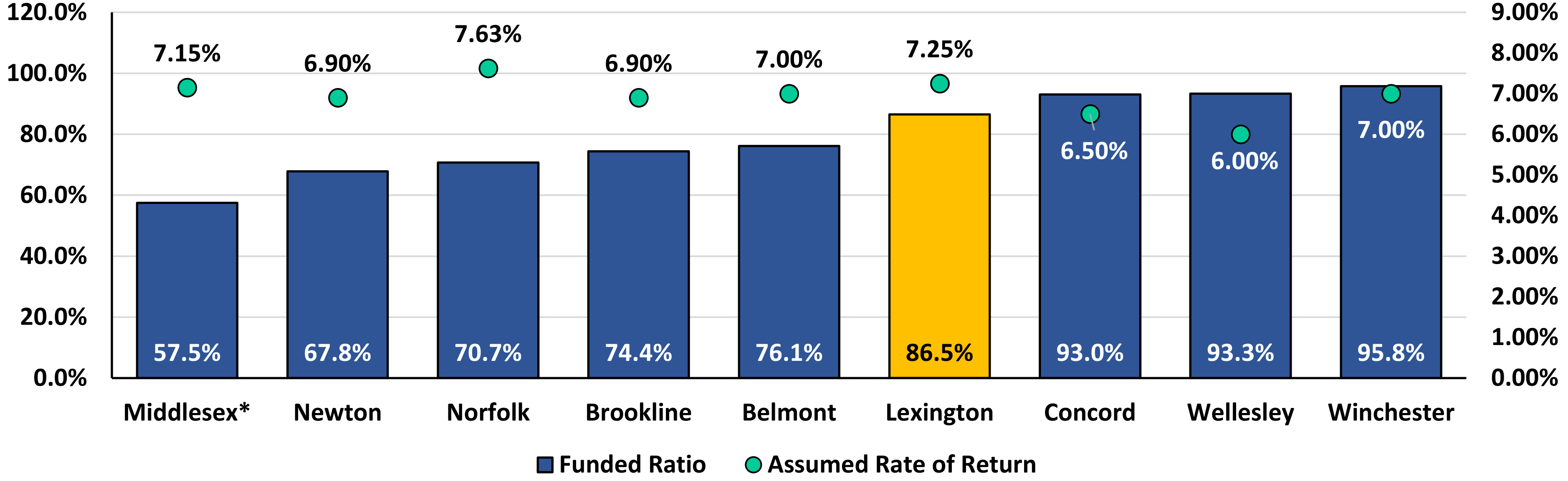
Appendix D: Average Residential Tax Bill


Average Residential Tax Bill - FY2025

Municipality as of FY2025	Single Family Parcels	Average Single Family Parcel Value	Residential Tax Rate	Average Single Family Tax Bill
Weston	3,375	$2,294,016	11.1	$25,464
Brookline	4,584	$2,505,452	9.87	$24,729
Lincoln	1,535	$1,597,397	12.81	$20,462
Wellesley	7,315	$1,925,282	10.28	$19,792
Concord	4,628	$1,477,028	13.26	$19,585
Lexington	9,065	$1,578,591	12.23	$19,306
Belmont	4,540	$1,648,400	11.39	$18,775
Average	**$5,544**	**$1,516,777**	12.53	**$18,172**
Winchester	5,684	$1,595,586	11.09	$17,695
Carlisle	1,765	$1,269,939	13.18	$16,738
Sudbury	5,451	$1,116,350	14.64	$16,343
Newton	16,928	$1,664,692	9.8	$16,314
Acton	5,013	$869,869	17.15	$14,918
Boxborough	1,219	$895,688	15.14	$13,561
Westford	6,510	$796,584	13.47	$10,730

Appendix E: Comparative Pension Liability Funding

Funded Pension Level vs Assumed Rate of Return - Comparable Communities



Municipality	Funded Ratio	Assumed Rate of Return	Year Fully Funded	Last Actuarial Study
Middlesex*	57.5%	7.15%	2036	1/1/2024
Newton	67.8%	6.90%	2032	1/1/2025
Norfolk	70.7%	7.63%	2032	1/1/2024
Brookline	74.4%	6.90%	2030	1/1/2024
Belmont	76.1%	7.00%	2031	1/1/2024
Lexington	86.5%	7.25%	2031	1/1/2025
Concord	93.0%	6.50%	2031	1/1/2024
Wellesley	93.3%	6.00%	2029	1/1/2025
Winchester	95.8%	7.00%	2028	1/1/2025