

FY2027 Financial Summit III

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

January 28, 2026

7:00 PM

***Conducted by Remote Participation**

AGENDA

ITEMS FOR INDIVIDUAL CONSIDERATION

1. FY2027 Financial Summit III
 - FY2027 Preliminary Budget and Financing Plan

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/85030106550?pwd=VPhTZtcOaKd1Qwaga0KwwskVYgkcDd.1>

Meeting ID: 850 3010 6550

Passcode: 595513

An Act Relative to Extending Certain State of Emergency Accommodations:

<https://www.mass.gov/the-open-meeting-law>

A meeting of the Select Board will be held on Monday, February 2, 2026 at 6:30pm via hybrid participation.

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:

FY2027 Financial Summit III

PRESENTER:

Carolyn Kosnoff, Assistant Town
Manager for Finance; Rosalyn Impink,
Budget Officer

ITEM NUMBER:

I.1

Sub Item:

- FY2027 Preliminary Budget and Financing Plan

SUMMARY:

Category: Informing

Carolyn Kosnoff will present the FY2027 Preliminary Budget & Financing Plan.

SUGGESTED MOTION:

FOLLOW-UP:

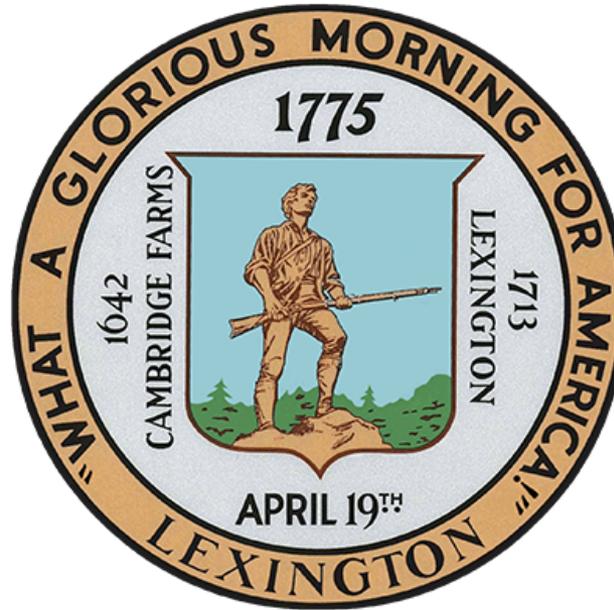
DATE AND APPROXIMATE TIME ON AGENDA:

1/28/2026

ATTACHMENTS:

Description	Type
<input type="checkbox"/> White Book Summit III Presentation FY2027	Backup Material
<input type="checkbox"/> FY2027 Superintendent's Recommended Budget Summary	Backup Material

Town of Lexington



FY2027 Preliminary Budget & Financing Plan

Budget Summit III

January 28, 2026



Town of Lexington FY2027 Preliminary Budget

The FY2027 budgets proposed by the Town Manager and Superintendent of Schools provide for a Balanced Town Budget

Revenue Summary	FY2026 Recap	FY2027 Projected	\$ Change	% Change
Tax Levy	\$ 249,047,036	\$ 258,361,669	\$ 9,314,632	3.7%
State Aid	\$ 21,532,602	\$ 22,181,496	\$ 648,894	3.0%
Local Receipts	\$ 17,198,317	\$ 18,821,440	\$ 1,623,122	9.4%
Available Funds*	\$ 25,611,684	\$ 22,352,051	\$ (3,259,633)	(12.7)%
Revenue Offsets	\$ (2,175,841)	\$ (2,360,640)	\$ (184,799)	8.5%
Enterprise Funds (Indirect)	\$ 1,935,189	\$ 2,047,125	\$ 111,936	5.8%
Total General Fund	\$ 313,148,989	\$ 321,403,140	\$ 8,254,153	2.6%

Expenditure Summary	FY2026 Appropriated	FY2027 Recommended Budget	\$ Change	% Change
Lexington Public Schools	\$ 146,033,333	\$ 151,729,248	\$ 5,695,915	3.9%
Minuteman High School	\$ 3,569,482	\$ 4,149,188	\$ 579,706	16.2%
Shared Expenses	\$ 77,370,757	\$ 82,329,423	\$ 4,958,666	6.4%
Municipal Departments	\$ 50,995,276	\$ 52,995,295	\$ 2,000,020	3.9%
Cash Capital-Tax Levy and Available Funds	\$ 19,524,216	\$ 18,158,612	\$ (1,365,604)	(7.0)%
Other**	\$ 15,655,924	\$ 12,041,374	\$ (3,614,550)	(23.1)%
Total - General Fund Only	\$ 313,148,988	\$ 321,403,140	\$ 8,254,152	2.6%

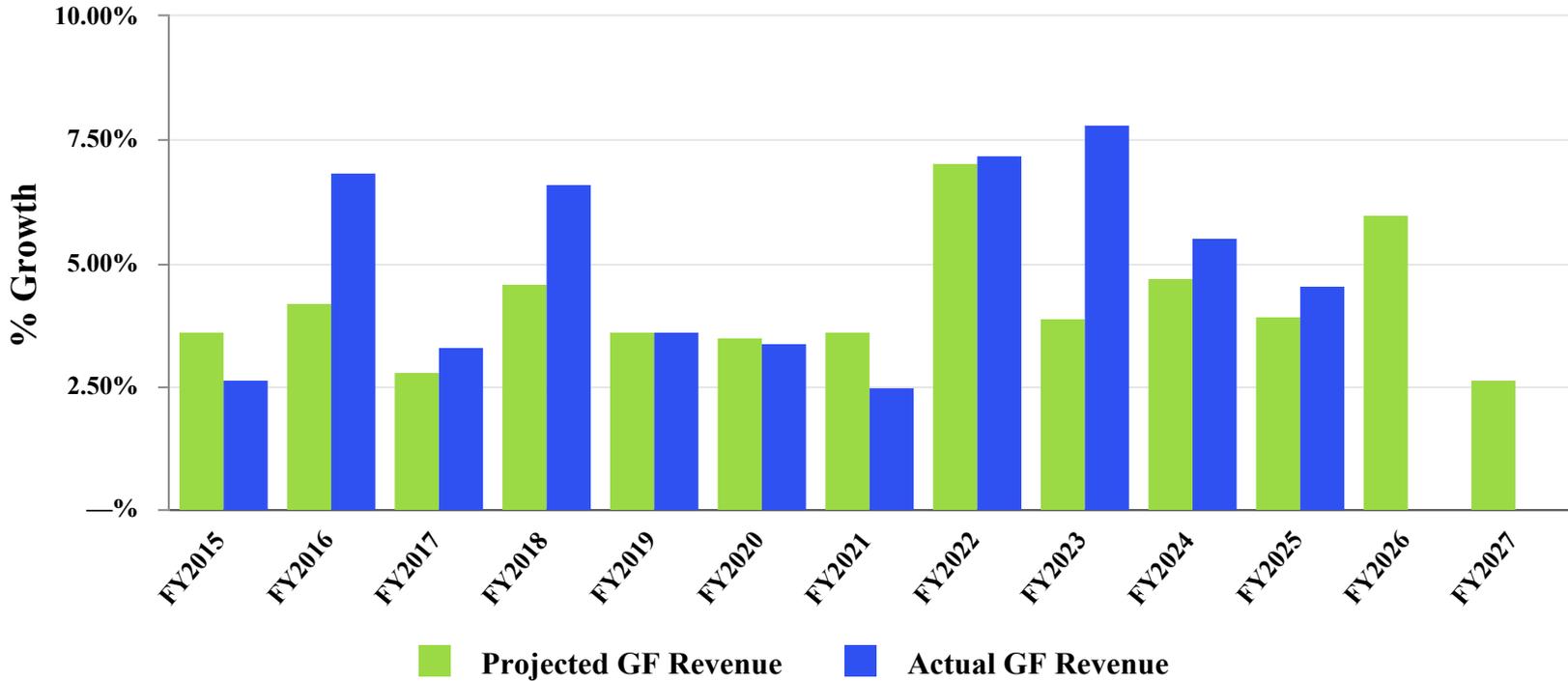
* Available Funds reflects one-time revenue sources, primarily Free Cash.

** Other expenses are primarily set-asides into reserves including the Capital Stabilization Fund, OPEB Trust, and SPED Reserve.



Town of Lexington FY2027 Preliminary Budget

General Fund Revenue Projections

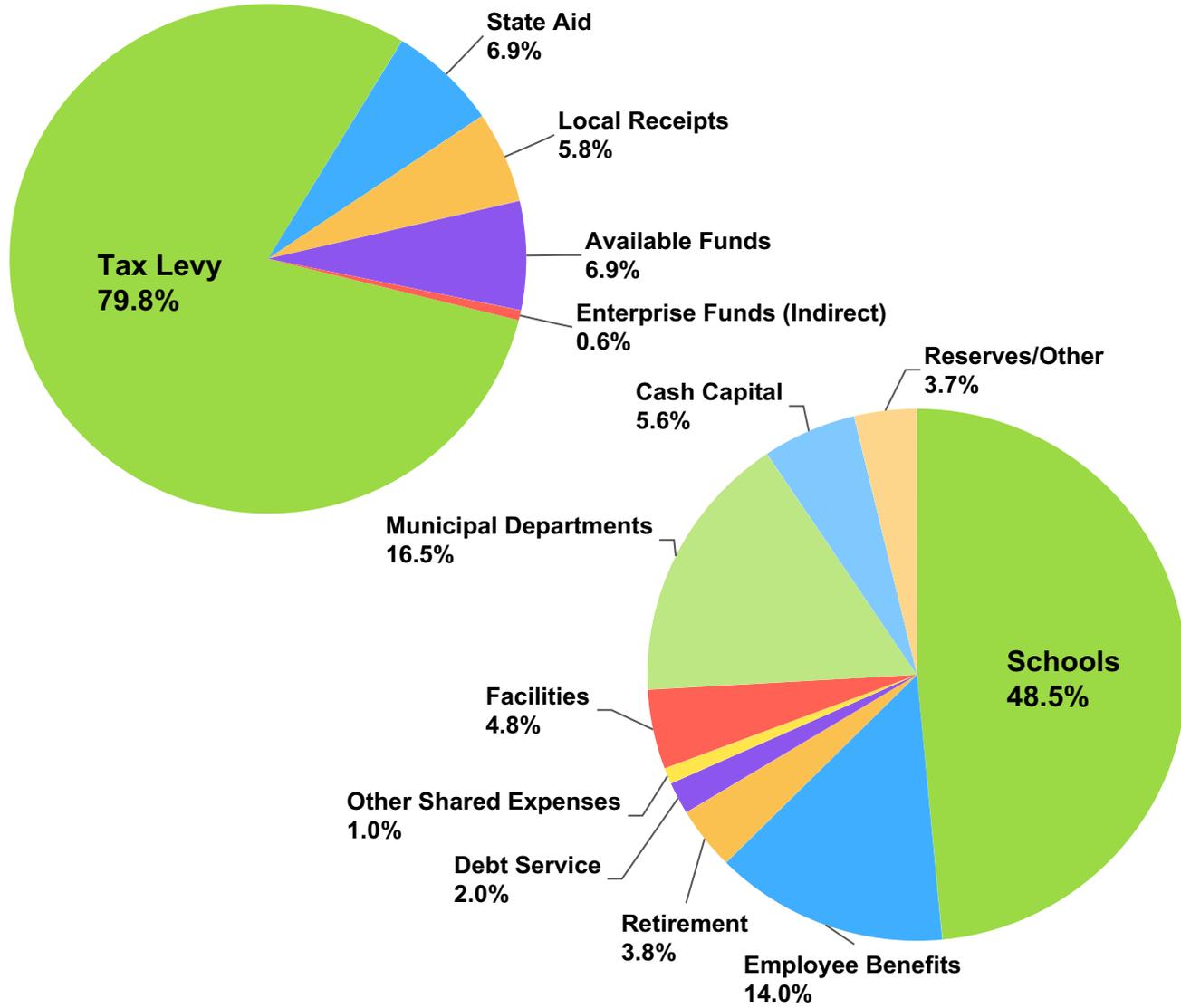


- The total FY2027 General Fund revenue projection of 2.6% is lower than prior years, primarily due to a decrease in Available Funds (Free Cash, estimated at \$20.5M).
- Recurring revenues, those allocated for ongoing operations, are increasing by 3.9%



Town of Lexington FY2027 Preliminary Budget

FY2027 Balanced Budget



FY2027 Revenue Summary	
Tax Levy	\$ 258,361,669
State Aid	\$ 22,181,496
Local Receipts	\$ 18,821,440
Available Funds	\$ 22,352,051
Revenue Offsets	\$ (2,360,640)
Enterprise Funds (Indirects)	\$ 2,047,125
Total	\$ 321,403,141

FY2027 Expense Summary	
Schools	\$ 155,878,436
Employee Benefits	\$ 45,071,638
Debt Service	\$ 12,300,042
Retirement	\$ 6,274,815
Other Shared Expenses	\$ 3,152,786
Facilities	\$ 15,530,142
Municipal Departments	\$ 52,995,295
Cash Capital	\$ 18,158,612
Reserves/Other	\$ 12,041,375
Total	\$ 321,403,141



Town of Lexington FY2027 Preliminary Budget

FY2027 Revenue Allocation Summary

(in thousands)

	Summit I		Summit III			
1 Total Revenues	\$	320,164	\$	321,403		
2 Less: FY2026 School Budget	\$	146,033	\$	146,033		
3 Less: FY2026 Municipal Budget (inc. Community Center)	\$	51,264	\$	51,264		
4 Less: Shared Expenses	\$	88,489	\$	86,479		
5 Less: Set-Asides	\$	29,693	\$	29,932		
6 Total Base Budget	\$	315,479	\$	313,708		
7 Total New Revenue to be Allocated	\$	4,685	\$	7,695	\$ 3,010	
8 School Alloc./ FY2027 Total	\$	3,467	74.0%	\$ 5,696	74.0%	\$ 2,229
9 Muni Alloc. / FY2027 Total	\$	1,217	26.0%	\$ 1,999	26.0%	\$ 782

	Summit I	Revenue Allocation	%Inc vs PY	Initial Budget Request	%Inc vs PY	Surplus/ (Shortfall)
10 FY2027 School budget	\$	149,501	2.4%	\$ 152,810	4.6%	\$ (3,309)
11 FY2027 Municipal budget	\$	52,481	2.4%	\$ 53,871	5.1%	\$ (1,390)

	Summit III	Revenue Allocation	%Inc vs PY	Updated Budget Request	%Inc vs PY	Surplus/ (Shortfall)
12 FY2027 School budget	\$	151,729	3.9%	\$ 151,729	3.9%	\$ —
13 FY2027 Municipal budget	\$	53,263	3.9%	\$ 53,263	3.9%	\$ —



Town of Lexington FY2027 Preliminary Budget

Summary of Revenue Allocation Changes from Summit I

Original	Revised	Variance	Description
\$ 320,163,931	\$ 321,403,140	\$ 1,239,209	Updated Investment Income Projection (from \$1.5M to \$2.5M); add unused bond proceeds \$239,209
\$ 1,239,209			Total Revenue Increase/ (Decrease)
\$ 3,926,430	\$ 4,149,188	\$ 222,758	Updated Minuteman assessment, per preliminary budget
\$ 46,420,190	\$ 44,371,638	\$ (2,048,552)	Updated Health Benefits assuming 9% premium increase (vs 15%)
\$ 15,645,142	\$ 15,530,142	\$ (115,000)	Revisions to Facilities shared service budget (including PIR)
\$ 70,000	\$ —	\$ (70,000)	Facilities PIR -initial request
\$ (2,010,794)			Shared Expenses Increase/ (Decrease)
\$ 1,000,000	\$ 2,152,935	\$ 1,152,935	Set-Aside for as yet to be identified FY2027 needs (Free Cash)
\$ 16,743,229	\$ 15,054,503	\$ (1,688,726)	Cash Capital - Free Cash and Other Available Funds
\$ —	\$ 700,000	\$ 700,000	Set-aside for one-time School Curriculum Purchase (Free Cash)
\$ —	\$ 75,000	\$ 75,000	Set Aside for Vision Survey (Free Cash)
\$ 239,209			Set-Aside One-Time Funds Increase/ (Decrease)
\$ 3,010,794			Net Positive/ (Negative) Impact on Revenue Allocation
74%	\$ 2,227,987	Additional School Allocation	
26%	\$ 782,806	Additional Municipal Allocation	



Town of Lexington FY2027 Preliminary Budget

FY2027 Shared Expenses Budget Summary

Shared Expenses	FY2026 Appropriated	FY2027 Recommended Budget	\$ Change	% Change
Minuteman Regional School	\$ 3,569,482	\$ 4,149,188	\$ 579,706	16.2%

Shared Expenses:

Retirement	\$ 11,521,504	\$ 12,300,042	\$ 778,538	6.8%
Employee Benefits	\$ 41,147,189	\$ 44,371,638	\$ 3,224,449	7.8%
Other Benefit Expenses*	\$ 700,000	\$ 700,000	\$ —	—%
Property & Liability Insurance	\$ 1,477,696	\$ 1,653,542	\$ 175,846	11.9%
Solar Producer Payments	\$ 390,000	\$ 390,000	\$ —	—%
Debt Service	\$ 5,983,068	\$ 6,274,815	\$ 291,747	4.9%
Reserve Fund	\$ 850,000	\$ 1,000,000	\$ 150,000	17.6%
Public Facilities	\$ 15,189,766	\$ 15,530,142	\$ 340,376	2.2%
Town/School Refuse & Recycling	\$ 112,128	\$ 109,244	\$ (2,884)	(2.6)%
Total Shared Expenses	\$ 77,371,351	\$ 82,329,423	\$ 4,958,072	6.4%
Grand Total	\$ 80,940,833	\$ 86,478,611	\$ 5,537,778	6.8%

*Other includes Workers Compensation and Unemployment



Town of Lexington FY2027 Preliminary Budget

Revenues Set-Aside for Designated Expenses - FY2027

		Tax Levy	Free Cash	Other	Total
1	Set-Aside for Unanticipated Current Fiscal Year Needs	\$ —	\$ 250,000	\$ —	\$ 250,000
2	Unallocated	\$ —	\$ 2,037,935	\$ —	\$ 2,037,935
3	Other Post-Employment Benefits (OPEB)	\$ —	\$ 2,129,721	\$ —	\$ 2,129,721
4	Cash Capital	\$ —	\$ 14,907,344	\$ 262,159	\$ 15,169,503
5	Set-Aside for School Literacy Curriculum	\$ —	\$ 700,000	\$ —	\$ 700,000
6	Appropriate into Capital Stabilization Fund	\$ 6,580,908	\$ —	\$ —	\$ 6,580,908
7	Street Improvement Program	\$ 2,746,777	\$ —	\$ —	\$ 2,746,777
8	Municipal Building Envelope and Systems	\$ 242,332	\$ —	\$ —	\$ 242,332
9	Warrant Articles	\$ —	\$ 75,000	\$ —	\$ 75,000
10	Subtotal	\$ 9,570,016	\$ 20,100,000	\$ 262,159	\$ 29,932,175
11	Free Cash to Support Operating Budget	\$ —	\$ —	\$ —	\$ —
12	Contribution to Pension Fund	\$ —	\$ 400,000	\$ —	\$ 400,000
13	Grand Total	\$ 9,570,016	\$ 20,500,000	\$ 262,159	\$ 30,332,175



Town of Lexington FY2027 Preliminary Budget

Municipal Budget Update

	Municipal Allocation
Deficit from Initial Requested Budget	\$ (1,390,226)
Additional Revenue Allocation	\$ 782,806
Municipal Budget Reductions	\$ 599,544
Refinement of Salary Projections	\$ 7,876
Remaining Deficit	\$ —

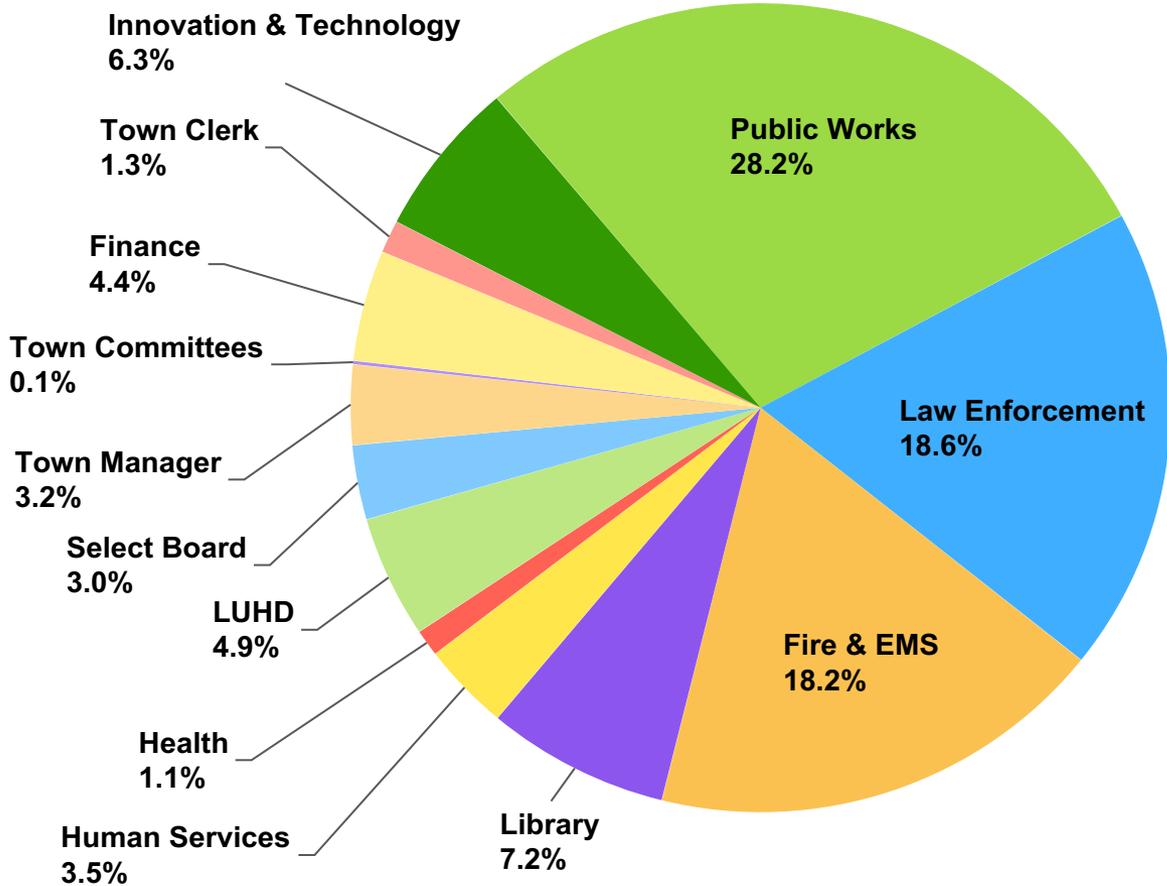
Reduction Classification	Reduction Amount	Notes
Adds Financial Risk	\$ (410,498)	Purchase Deferrals; Reduce Professional & Contract Services
Discretionary	\$ (19,000)	Internship programs
Hiring Freeze	\$ (58,946)	1 FTE DPW
Internal Reduction	\$ (71,200)	Travel, Conferences, Professional Development
Supply/Maintenance Reduction	\$ (189,900)	Supplies or Ongoing Maintenance
Garage Door Maintenance PIR	\$ 35,000	Add Program Improvement
Total Reductions*	\$ (714,544)	

*Total reductions includes net reductions in Facilities Department (\$115,000)



Town of Lexington FY2027 Preliminary Budget

FY2027 Municipal Department Budget Summary



FY2027 Budget Summary	
Public Works	\$ 14,740,639
Law Enforcement	\$ 9,701,473
Fire & EMS	\$ 9,481,822
Library	\$ 3,762,283
Human Services	\$ 1,828,850
Health	\$ 560,006
LUHD	\$ 2,542,629
Select Board	\$ 1,553,553
Town Manager	\$ 1,674,736
Town Committees	\$ 73,120
Finance	\$ 2,315,760
Town Clerk	\$ 680,998
Innovation & Technology	\$ 3,279,426
Total	\$ 52,195,295



Town of Lexington FY2027 Preliminary Budget

Balancing the FY2027 Municipal Budget

Municipal Budgets	FY2027 Initial Request	FY2027 Delete	FY2027 Add	FY2027 Recommended Budget
Public Facilities*	\$ 15,645,142	\$ (150,000)	\$ 35,000	\$ 15,530,142
Municipal Departments:				
Public Works	\$ 14,868,709	\$ (128,070)		\$ 14,740,639
Police	\$ 9,821,573	\$ (120,100)		\$ 9,701,473
Fire	\$ 9,600,822	\$ (119,000)		\$ 9,481,822
Library	\$ 3,790,583	\$ (28,300)		\$ 3,762,283
Human Services	\$ 1,846,200	\$ (17,350)		\$ 1,828,850
Health	\$ 565,006	\$ (5,000)		\$ 560,006
Land Use Department	\$ 2,598,453	\$ (55,824)		\$ 2,542,629
Select Board	\$ 1,573,553	\$ (20,000)		\$ 1,553,553
Town Manager	\$ 1,704,736	\$ (30,000)		\$ 1,674,736
Salary Adjustment Account	\$ 840,000	\$ (40,000)		\$ 800,000
Town Committees	\$ 73,120			\$ 73,120
Finance	\$ 2,339,660	\$ (23,900)		\$ 2,315,760
Town Clerk	\$ 682,998	\$ (2,000)		\$ 680,998
Innovation & Technology	\$ 3,289,426	\$ (10,000)		\$ 3,279,426
Total Municipal Departments	\$ 53,594,839	\$ (599,544)	\$ —	\$ 52,995,295

*Public Facilities is a shared service. Initial request does not include PIR of \$70K.

Total does not include \$109K Shared Exp. for Refuse & Recycling Collection for School & Muni. Buildings



Town of Lexington FY2027 Preliminary Budget

FY2027 Municipal Department Budget Summary

Municipal Budgets	FY2026 Appropriated	FY2027 Recommended Budget	\$ Change	% Change
Public Facilities*	\$ 15,189,172	\$ 15,530,142	\$ 340,970	2.2%
Municipal Departments:				
Public Works	\$ 13,971,800	\$ 14,740,639	\$ 768,839	5.5%
Police	\$ 9,745,978	\$ 9,701,473	\$ (44,505)	(0.5)%
Fire	\$ 9,458,988	\$ 9,481,822	\$ 22,834	0.2%
Library	\$ 3,691,461	\$ 3,762,283	\$ 70,822	1.9%
Human Services	\$ 1,703,597	\$ 1,828,850	\$ 125,253	7.4%
Health	\$ 561,024	\$ 560,006	\$ (1,018)	(0.2)%
Land Use Department	\$ 2,465,236	\$ 2,542,629	\$ 77,393	3.1%
Select Board	\$ 1,439,529	\$ 1,553,553	\$ 114,024	7.9%
Town Manager	\$ 1,609,722	\$ 1,674,736	\$ 65,014	4.0%
Salary Adjustment Account	\$ —	\$ 800,000	\$ 800,000	—%
Town Committees	\$ 73,120	\$ 73,120	\$ —	—%
Finance	\$ 2,206,218	\$ 2,315,760	\$ 109,542	5.0%
Town Clerk	\$ 692,479	\$ 680,998	\$ (11,481)	(1.7)%
Innovation & Technology	\$ 3,376,124	\$ 3,279,426	\$ (96,698)	(2.9)%
Total Municipal Departments	\$ 50,995,276	\$ 52,995,295	\$ 2,000,020	3.9%

*Public Facilities is a shared service.

Total does not include \$109K Shared Exp.for Refuse & Recycling Collection for School & Muni. Buildings 12



Town of Lexington *FY2027 Preliminary Budget*

FY2027 General Fund Budget Highlights

- **Lexington High School Financing:** Construction & debt service will begin in FY2027; an \$800K draw-down from the Capital Stabilization Fund is recommended to mitigate taxpayer impact.
- **Refuse, Recycling & Composting:** Plans are underway to restructure the Town's refuse and recycling program to automated collection beginning in FY2028.
 - The FY2027 Capital budget recommends \$1.2M for new carts (11,000 for each program) to make this transition. The FY2027 operating budget continues to fund compost collection for 4,000 households at no charge to the customer.
- **Public Transportation:** The Human Services budget includes new contractual rates for the Lexpress Bus Service, which includes replacement of the bus fleet. The new 5-year contract began in FY2026.
- **Public Access Television:** A new contract will begin in FY2027 and is included in the Select Board's budget. This budget allocates \$200,000 of tax levy support to maintain current levels of service, level from FY2026. The amount of General Fund support is expected to increase in future budget cycles.
- Set Asides include **\$75K for funding for a Vision for Lexington Community Survey** to assess community needs and priorities and **\$700K for LPS one-time literacy curriculum purchase** to comply with state legislation.



Town of Lexington FY2027 Preliminary Budget

Town Manager's Recommended FY2027 Program Improvements

Program	Department Requests	Recommended	Not Recommended
Total General Fund Requests	\$749,461	\$150,000	\$596,961
Non-General Fund			
Recreation Enterprise	\$100,000	\$100,000	\$—
Total Non-General Fund	\$100,000	\$100,000	\$—
Combined Requests Total	\$849,461	\$250,000	\$596,961

General Fund Recommended PIRs include:

- \$35K for the Public Facilities to implement a maintenance program for garage doors
- \$115K for Tyler Cashiering module, requested by the Finance Department, implemented in partnership with IT (in Capital Budget funded with Free Cash)

Non General Fund Recommended PIRs include:

- \$100K for Recreation Strategic Plan (funded by Recreation Retained Earnings)



Town of Lexington *FY2027 Preliminary Budget*

Appropriate Into Reserve Funds

Lexington Pension Fund	\$12,300,042
– Current Balance (11/30/2025)	\$296.95 million
– 88.5% Funded; On-target to reach full funding in 2030	
Post-Employment Benefits Fund	\$2,137,029
– Current Balance (12/31/2025)	\$45.03 million
Capital Stabilization Fund	\$6,580,908
– Current Balance (12/31/2025)	\$50.53 million

No additional funding is recommended for the General Stabilization Fund, Special Education Stabilization Fund, or Special Education Reserve Fund in FY2027.



Town of Lexington

FY2027 Preliminary Budget

Recommended Capital Budget - FY2027

Capital Requests Summary					
	Free Cash/ Tax Levy	Other Funding Sources	Debt	Total	Other**
General Fund	\$17,896,453	\$ —	\$ 2,500,000	\$ 20,396,453	\$ —
Excluded Debt Projects	\$ —	\$ —	\$ —	\$ —	\$ —
Other Funding & Chapter 90	\$ —	\$ 262,159	\$ —	\$ 262,159	\$1,768,022
Water Enterprise	\$ —	\$ 2,606,639	\$ —	\$ 2,606,639	\$ —
Sewer Enterprise	\$ —	\$ 900,000	\$ 404,080	\$ 1,304,080	\$ —
Recreation Enterprise	\$ —	\$ 190,000	\$ —	\$ 190,000	\$ —
Community Preservation Act*	\$ —	\$ 8,345,355	\$ —	\$ 8,345,355	\$ —
Total (all Funds)	\$17,896,453	\$12,304,153	\$ 2,904,080	\$ 33,104,686	\$1,768,022

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

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



Town of Lexington

FY2027 Preliminary Budget

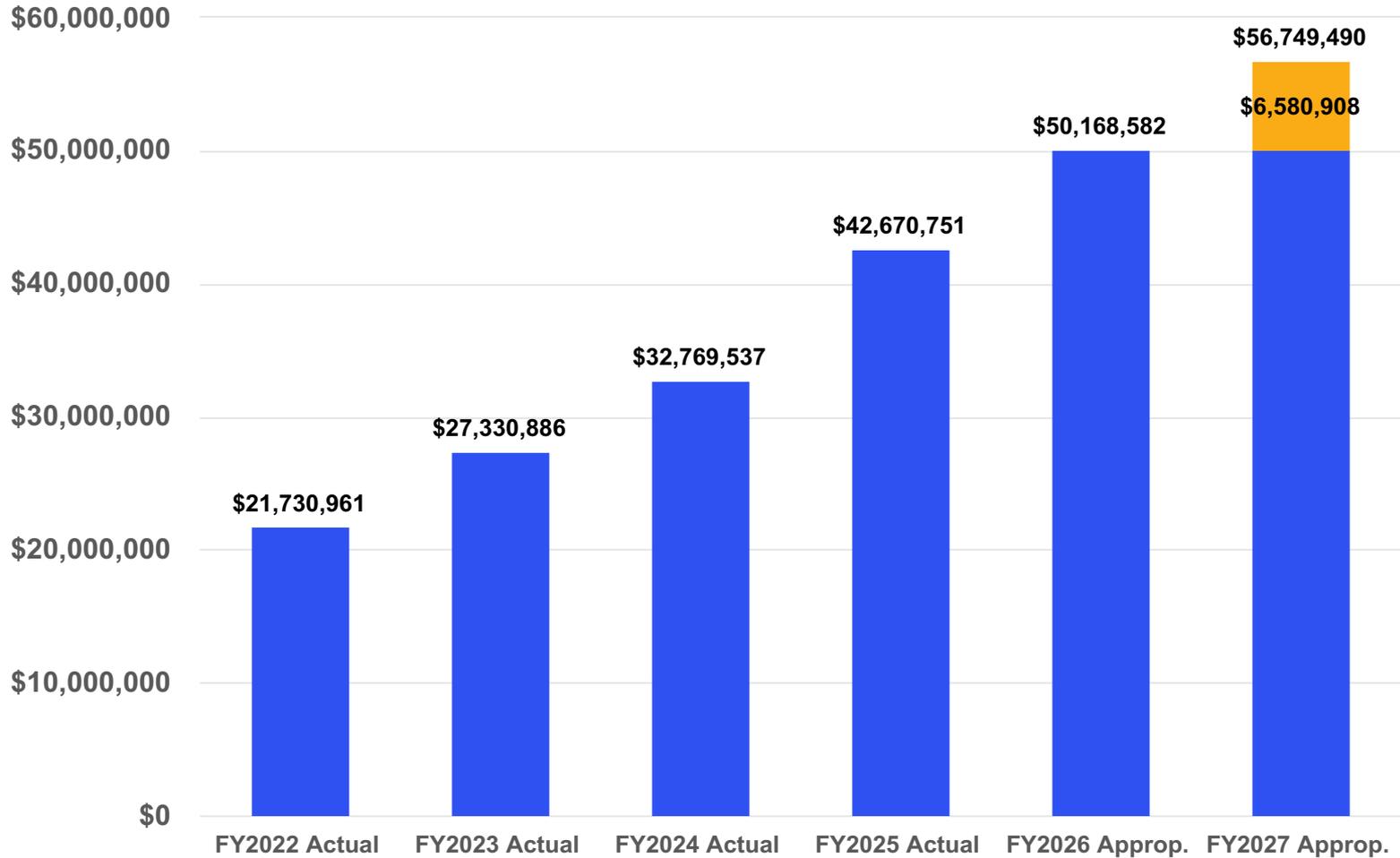
FY2027 Capital Highlights

- **LHS Emergency Funds - \$400,000** to fund emergency equipment repairs at the current LHS building until the new high school is operational.
- **Ladder Truck - \$2,500,000 (Debt Financed)** to replace the fire department's 2017 ladder truck.
- **Infrastructure Design Funds - \$250,000** for North/Burlington sidewalk design and **\$100,000** for intersection design on Adams Street at East & Hancock. These may lead to construction projects of \$5.2M and \$5.5M respectively.
- **Totes for Automated Trash Collection - \$1,204,000** for purchase of refuse & recycling carts for transition to automated collection in future cycles.
- **Police Station EV Chargers - \$463,000** to install EV chargers at the police station to enable electric charging of the police department fleet.
- **146 Maple St. Athletic Fields Construction - \$2,630,000** from the Town's Community Preservation Act (CPA) funds to construct new athletic fields after the demolition of the Central Administration Building.
- **Affordable Housing Trust (AHT) Funding - \$3,200,000** from the Town's Community Preservation Act (CPA) funds to fund AHT initiatives.
- **Facilities Mechanical/Electric/Plumbing - \$4,565,000** for Energy Recovery Units and partial gas to electric HVAC conversion at Fiske Elementary School.



Town of Lexington FY2027 Preliminary Budget

Capital Stabilization Fund Balance History





Town of Lexington FY2027 Preliminary Budget

Capital Stabilization Fund

	Interest into the Capital Stabilization Fund	Appropriations into the Capital Stabilization Fund	Appropriations into the Capital		Use of Capital Stabilization Fund for Excluded Debt*	Ending Balance
			Stabilization Fund from Dedicated New Levy Growth	Use of Capital Stabilization Fund for Within Levy Debt		
FY2017	\$196,058	\$6,991,205	\$0	\$0	(\$710,000)	\$23,203,209
FY2018	\$428,826	\$7,690,398	\$0	(\$324,500)	(\$2,400,000)	\$28,597,933
FY2019	\$642,944	\$3,560,336	\$0	(\$573,500)	(\$4,500,000)	\$27,727,713
FY2020	\$432,085	\$2,269,456	\$0	\$0	(\$5,200,000)	\$25,229,254
FY2021	\$44,804	\$0	\$0	\$0	(\$4,600,000)	\$20,674,058
FY2022	\$68,929	\$3,730,836	\$57,138	\$0	(\$2,800,000)	\$21,730,961
FY2023	\$882,099	\$3,784,689	\$1,733,137	\$0	(\$800,000)	\$27,330,886
FY2024	\$1,506,133	\$396,145	\$4,036,373	\$0	(\$500,000)	\$32,769,537
FY2025	\$1,502,042	\$1,836,122	\$6,563,050	\$0	\$0	\$42,670,750
FY2026 (est.)	\$1,000,000	\$916,924	\$6,580,908	\$0	\$0	\$51,168,582
FY2027 (proj.)	\$1,000,000	\$0	\$6,580,908	\$0	(800,000)	\$57,949,490
FY2028 (proj.)	\$750,000	\$0	\$6,580,908	\$0	(5,800,000)	\$59,480,398
FY2029 (proj.)	\$500,000	\$0	\$6,580,908	\$0	(12,480,908)	\$54,080,398
FY2030 (proj.)	\$250,000	\$0	\$6,580,908	\$0	(17,580,908)	\$43,330,398
FY2031 (proj.)	\$50,000	\$0	\$6,580,908	\$0	(20,080,908)	\$29,880,398
FY2032 (proj.)	\$0	\$0	\$6,580,908	\$0	(17,280,908)	\$19,180,398
FY2033 (proj.)	\$0	\$0	\$6,580,908	\$0	(14,380,908)	\$11,380,398
FY2034 (proj.)	\$0	\$0	\$6,580,908	\$0	(11,580,908)	\$6,380,398
FY2035 (proj.)	\$0	\$0	\$6,580,908	\$0	(8,580,908)	\$4,380,398
FY2036 (proj.)	\$0	\$0	\$6,580,908	\$0	(6,580,908)	\$4,380,398
FY2037 (proj.)	\$0	\$0	\$6,580,908	\$0	(6,580,908)	\$4,380,398
FY2038 (proj.)	\$0	\$0	\$6,580,908	\$0	(6,580,908)	\$4,380,398



Town of Lexington *FY2027 Preliminary Budget*

Outstanding Items (as of 1/23/2026)

- **State Aid** - Cherry Sheet Estimates have been released, current Ch70 Aid is proposed at \$75/student vs estimated at \$100/student in the budget. UGGA is proposed higher than budget estimates. The State's budget remains in process.
- **Health Insurance Premiums** - Final increases in Health Insurance premiums are expected in late February. Further guidance from the Group Insurance Commission may be factored into the final recommended budget.
- **Final Minuteman Assessment** - Final assessment for Minuteman HS is expected in early February when Minuteman's FY2027 Budget is finalized.
- **FY2027 Debt Service** - Current amount is a placeholder that may be impacted by the February 2026 debt issuance.
- **Citizen's Petitions** - Citizen's petitions have been submitted for the 2026 Annual Town Meeting, and are not included in the draft budget. These items may require staffing or investment in technology or infrastructure.
- **Free Cash** - Current FY2027 estimate of \$20,500,000 has not been certified by the Department of Revenue. Staff recommends any surplus remain unallocated.
- **Collective Bargaining Agreements** - both Municipal and School departments are in contract negotiations that will impact salary projections. Salary reserves are set-aside for this purpose.



Town of Lexington *FY2027 Preliminary Budget*

Current Policy Discussion Points

- **How to adjust for changes in State Aid, Minuteman Assessment or Health Insurance (if updated before the Brown Book):**
 - A surplus of funds will be allocated to Municipal and School budgets
 - In the case of a shortfall, unallocated free cash will be applied to balance
- **Continue to Set Aside Tax Levy/ New Levy Growth Into the Capital Stabilization Fund:** there is an implied trade-off between managing tax increases/LHS impact and maintaining a level service budget
- **Draw down of Capital Stabilization Fund:** managing taxpayer impact of the Lexington High School Project in early years to create a gradual increase in tax bills
- **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. The future impact of current capital design funds should be considered.
- **Changes in Current Levels of Municipal and School Service:** what level of services the community can accept forgoing to avoid an override or changes to other budget guidelines



Town of Lexington

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Future Policy Discussion Points

- **Funding 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
- **Renewable Energy Rebates:** develop guidelines for redeploying rebate revenue or savings generated by investment in renewable energy
- **Pension & OPEB Funding:** develop guidelines for redeploying resources if and when the Pension liability is fully funded, including guidelines for maintaining fully funded status.
- **Potential New Fee Revenue:**
 - **Stormwater Enterprise** - if the new EPA permit requires significant investment in stormwater management this may be necessary to comply
 - **Composting & Bulky/White Good Removal** - may be necessary if the cost of existing services continues to increase or to add new services such as composting
 - **Other potential revenue sources to be identified by staff in 2027**
- **Planning for changes in population and shift in tax base between Residential and Commercial properties**
- **Operating Override:** past guidance has been to balance the budget without an operating override; staff continue with this assumption



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Next Steps

- **January 29, 2026- February 9, 2026** - Municipal and School staff to respond to questions on operating and capital budgets; ongoing budget deliberations
- **February 9, 2026** - Select Board to vote FY2027 recommended budget
- **On or Before February 27, 2026** - The final FY2027 recommended budget will be distributed electronically to the Select Board, Appropriation Committee, Capital Expenditures Committee and Town Meeting Members. Printed copies to follow by request.
- **March 30, 2026** - 2026 Annual Town Meeting Begins and may consider financial articles

FY 2027 Superintendent's Recommended Budget = \$151,235,664

To present a balanced budget to the Budget Summit, in addition to substantially increasing the use of the Circuit Breaker Fund Balance, we identified approximately \$3.7M in reductions to cover the combined shortfall, including:

- Further reductions to the “high risk” list after a similar reductions in FY25 and FY26 (\$1.5M)
- Reduction of 14.5 FTE from current staffing level (\$950,000)
- Increased use of the transportation revolving account (up to +\$150,000)
- Elimination of unallocated positions used to address in-year needs (\$1,080,000)

Other steps under consideration:

- Use of up to \$4.4M of in-year circuit breaker funding
- Potential reduction of 20-30 FTEs
- Possible increase in user fees for transportation and athletics