

Section II: Revenues

This revenue projection is being submitted to the Board of Selectmen 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 becomes available, the projections may be revised. The summary below presents gross and net General Fund Revenues. Gross General Fund Revenues include all revenues projected as available for use in FY09. Net General Fund Revenues are gross revenues less revenues deemed to be non-recurring, and therefore, not recommended for use to support recurring expenditures. In FY2009, Gross Revenues are projected to increase by approximately \$6.867 million, or 5.4%, while Net Revenues are projected to increase by approximately \$5.857 million, or 4.68%.

General Fund Revenue Summary	FY 2006		FY 2007		FY 2008		FY 2009		FY 08-09 Change	
	Actual		Actual		Estimated		Projection		\$	%
Property Tax Levy (Table 1)	\$ 89,868,589	\$	96,010,528	\$	104,833,786	\$	109,181,083	\$	4,347,297	4.15%
State Aid (Table 2)	\$ 8,603,524	\$	8,304,953	\$	9,064,275	\$	9,670,275	\$	606,000	6.69%
Local Receipts (Table 3)	\$ 12,338,245	\$	12,904,222	\$	9,123,000	\$	10,170,000	\$	1,047,000	11.48%
Available Funds (Table 4)	\$ 2,188,182	\$	4,763,000	\$	4,215,347	\$	5,159,402	\$	944,055	22.40%
Revenue Offsets (Table 5)	\$ (1,842,388)	\$	(1,465,774)	\$	(1,897,006)	\$	(1,832,210)	\$	64,796	-3.42%
Enterprise Receipts (Table 6)	\$ 1,789,916	\$	1,772,313	\$	1,752,885	\$	1,710,887	\$	(41,998)	-2.40%
Gross General Fund Revenues	\$ 112,946,068	\$	122,289,241	\$	127,092,287	\$	134,059,437	\$	6,967,151	5.48%
Less - Non-Recurring Revenues	\$ -	\$	2,250,000	\$	2,052,347	\$	3,061,516	\$	1,009,169	49.17%
Net General Fund Revenues	\$ 112,946,068	\$	120,039,241	\$	125,039,940	\$	130,997,921	\$	5,957,982	4.76%

Detailed Description:

Property Tax Levy: The increase in property tax levy of \$4,347,297 or 4.15 percent is based on the on the statutory increase in the tax levy allowed under Proposition 2 1/2 plus estimated new growth (increase in the tax levy due to new construction) of \$1,681,000.

State Aid: FY09 state aid is projected to increase by \$606,000, or 6.69%, which reflects a nearly 9% increase of Ch. 70 funding and level funding of all other Cherry Sheet programs. Our first glimpse of the direction of FY09 state aid will be reflected in the Governor's proposed FY09 budget which will be submitted to the Legislature in January 2008. We believe this will include the third year of a five year commitment to increase the states minimum share of funding up to 17% of the Lexington Public Schools foundation budget. Final FY09 state aid numbers will probably not be known until June 2008 when the Legislature adopts and the Governor signs the FY2009 State budget.

Local Receipts: Local receipts are projected to increase by \$1,047,000, or approximately 11.48%. Generally, local receipt projections are based on the average revenue received in each category for the prior five-year period. Detailed back-up tables are included with this document. No fee increases are assumed in these local receipt projections unless otherwise noted. To the extent the Board of Selectmen or other boards increase specific fees, this projection will be revised. Other key changes include a decrease in Water/Sewer PILOT payments of \$187,500 (33%); increased hotel/motel receipts due the planned reopening of the Sheraton Hotels on Route 128/I-95/2A and increased investment income in the amount of \$150,000.

Available Funds: Available Funds are projected to increase by \$844,055 or 19.79% . On a net basis (i.e., funds available to support recurring operating budget costs), Available Funds are projected to decrease by \$72,000, or 2.97%. This category includes the parking meter and cemetery fund balances available for appropriation, free cash, overlay surplus, and special Stabilization Funds (e.g. Lexpress/Transportation Demand Management and School Bus Transportation/Avalon Bay funds.) The figures shown above are inclusive of amounts that are deemed to be non-recurring (i.e., \$3.06 million of the 7/10/7 in free cash certification that has been identified here as non-recurring).

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Table 1: Property Tax Levy

	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Recap	Estimated	Projected	\$	%
Tax Levy	\$ 89,868,589	\$ 96,012,202	\$ 104,879,746	\$ 8,867,544	9.24%
Prop. 2.5%	\$ 2,246,715	\$ 2,400,305	\$ 2,620,337	\$ 220,032	9.17%
New Growth	\$ 2,036,789	\$ 2,485,650	\$ 1,681,000	\$ (804,650)	-32.37%
Override	\$ 1,858,435	\$ 3,981,589	\$ -	\$ (3,981,589)	-100.00%
<i>less excess capacity</i>		\$ (45,960)			
Subtotal	\$ 96,010,528	\$ 104,833,786	\$ 109,181,083	\$ 4,347,297	4.15%

Table 2: State Aid

	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Cherry Sheet	Cherry Sheet	Projected	\$	%
Chapter 70	\$ 5,863,055	\$ 6,740,205	\$ 7,342,666	\$ 602,461	8.94%
Lottery, Beano, Charity Games	\$ 1,876,266	\$ 1,907,409	\$ 1,907,409	\$ -	0.00%
Police Career Incentive	\$ 221,804	\$ 237,868	\$ 240,247	\$ 2,379	1.00%
Veterans' Benefits & Exemptions	\$ 90,763	\$ 116,059	\$ 117,220	\$ 1,161	1.00%
Offsets (School Lunch & Library)	\$ 65,369	\$ 62,734	\$ 62,734	\$ -	0.00%
sub-Total (Cherry Sheet)	\$ 8,117,257	\$ 9,064,275	\$ 9,670,275	\$ 606,000	6.69%
School Construction (MSBA)	\$ 187,696	\$ -	\$ -	\$ -	0.00%
Subtotal	\$ 8,304,953	\$ 9,064,275	\$ 9,670,275	\$ 606,000	6.69%

Table 3: Local Receipts

	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Actual	Estimated	Projected	\$	%
Motor Vehicle Excise Tax	\$ 3,891,000	\$ 3,885,000	\$ 3,952,000	\$ 67,000	1.72%
Other Excise	\$ 542,000	\$ 205,000	\$ 501,000	\$ 296,000	144.39%
Penalties & Interest	\$ 290,000	\$ 225,000	\$ 267,000	\$ 42,000	18.67%
PILOT's	\$ 1,082,000	\$ 786,000	\$ 631,000	\$ (155,000)	-19.72%
Rentals	\$ 197,000	\$ 191,000	\$ 192,000	\$ 1,000	0.52%
Departmental-Schools	\$ 901,000	\$ 200,000	\$ 292,000	\$ 92,000	46.00%
Departmental-Municipal	\$ 1,733,256	\$ 1,618,000	\$ 1,731,000	\$ 113,000	6.98%
Licenses & Permits	\$ 2,195,000	\$ 1,129,000	\$ 1,474,000	\$ 345,000	30.56%
Special Assessments	\$ 28,000	\$ 24,000	\$ 43,000	\$ 19,000	79.17%
Fines & Forfeits	\$ 345,000	\$ 300,000	\$ 337,000	\$ 37,000	12.33%
Investment Income	\$ 1,368,000	\$ 560,000	\$ 750,000	\$ 190,000	33.93%
Miscellaneous Non-Recurring	\$ 331,966	\$ -	\$ -	\$ -	0.00%
Subtotal	\$ 12,904,222	\$ 9,123,000	\$ 10,170,000	\$ 1,047,000	11.48%

Table 4: Available Funds

	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Appropriated	Appropriated	Projected	\$	%
Parking	\$ 340,000	\$ 350,000	\$ 325,000	\$ (25,000)	-7.14%
Cemetery	\$ 100,000	\$ 100,000	\$ 120,000	\$ 20,000	20.00%
CPA	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Brookhaven	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	#DIV/0!
Free Cash	\$ 4,250,000	\$ 3,542,347	\$ 4,400,000	\$ 857,653	24.21%
Overlay Surplus	\$ -	\$ 100,000	\$ -	\$ (100,000)	-100.00%
Insurance Proceeds	\$ -	\$ -	\$ 138,402	\$ 138,402	100.00%
TDM Receipts (Lexpress)	\$ 23,000	\$ 58,000	\$ 61,000	\$ 3,000	5.17%
School Bus Stabilization Fund	\$ -	\$ 65,000	\$ 65,000	\$ -	0.00%
Subtotal	\$ 4,763,000	\$ 4,215,347	\$ 5,159,402	\$ 944,055	22.40%

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Table 5: Revenue Offsets	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Recap	Estimated	Projected	\$	%
Cherry Sheet Assessments	\$ (673,867)	\$ (695,146)	\$ (719,476)	\$ (24,330)	3.50%
Cherry Sheet Offsets			\$ -		
School Lunch	\$ (24,802)	\$ (20,745)	\$ (20,745)	\$ -	0.00%
Public Libraries	\$ (40,567)	\$ (41,989)	\$ (41,989)	\$ -	0.00%
Overlay (abatements)	\$ (602,579)	\$ (1,139,126)	\$ (750,000)	\$ 389,126	-34.16%
Snow Deficit	\$ (123,959)	\$ -	\$ (300,000)	\$ (300,000)	
Subtotal	\$ (1,465,774)	\$ (1,897,006)	\$ (1,832,210)	\$ 64,796	-3.42%

Table 6: Enterprise Receipts	FY 2007	FY 2008	FY 2009	FY 08-09 Change	
	Appropriated	Appropriated	Projected	\$	%
Water	\$ 883,963	\$ 859,728	\$ 820,952	\$ (38,776)	-4.51%
Wastewater (Sewer)	\$ 753,950	\$ 737,309	\$ 714,536	\$ (22,773)	-3.09%
Recreation	\$ 134,400	\$ 155,848	\$ 175,399	\$ 19,551	12.54%
Subtotal	\$ 1,772,313	\$ 1,752,885	\$ 1,710,887	\$ (41,998)	-2.40%

Gross General Fund Revenues	\$ 122,289,241	\$ 127,092,287	\$ 134,059,437	\$ 6,967,151	5.48%
Less non-recurring revenues	\$ 2,250,000	\$ 2,052,347	\$ 3,061,516		
Total - General Fund Available for Appropriation	\$ 120,039,241	\$ 125,039,940	\$ 130,997,921	\$ 5,957,982	4.76%

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Revenue Offsets: Revenue Offsets are projected to decrease by approximately \$64,746 or 3.42%. Revenue Offsets represent the set-aside of a portion of projected revenues needed for particular purposes including (1) components of state aid (Public Library aid and estimated School Lunch reimbursements) that are distributed as Cherry Sheet aid, but in fact are categorical grants that are 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; (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.

Enterprise Receipts: This category represents transfers from enterprise funds to the general fund to cover general fund expenditures that support the operations of the water, sewer and recreation departments. The approximately \$42,000, or 2.4%, decrease in FY 2009 is a net change that is due to an increase in recreation indirects and a decrease in water and sewer indirects. The reduction in water and sewer indirects reflects year 2 of a 6-year plan to bring indirects in line with revised estimates of indirect costs.

Non-Recurring Revenues: This represents components of Gross General Fund Revenues that are deemed to be non-recurring and, therefore, should not generally be used to support recurring operating budget expenditures. It is recommended that \$3,061,516 of the 7/1/07 certified free cash amount be used to support non-recurring uses in FY 2009. Of the non-recurring \$3,061,516, it is recommended that \$1,000,000 be set-aside in the Town's General Stabilization Fund to build reserves, \$850,000 be used to fund capital projects, \$400,000 be set-aside to begin funding the Town's Post-Employment Funding Liability, and \$350,000 be set-aside in a Special Education (SPED) Reserve. This leaves approximately \$460,000 of unallocated free cash. It is proposed that the allocation of this component of free cash be revisited once departmental operating budget requests for FY09 are compiled and reviewed.