

Town of Weston

May 2017 Budget Hearing

John F. McDonald
Finance Committee Chair

May 1, 2017

Finance Committee

The Finance Committee is the official fiscal watchdog for the Town.

Article II, Section 10, of the By-laws of the Town of Weston

The committee may consider all financial and other questions coming before the Town for action or affecting the interests of the Town.

Budget Review Principles

- Minimize increase in tax bill as recommended by Selectmen and the Finance Committee
- Promote cost savings and spending efficiency
- Ensure capital projects do not jeopardize credit rating and long-term fiscal health of the Town
- Continue to build fiscal stability through appropriate level of reserves and funding of long term liabilities

Budget Summary

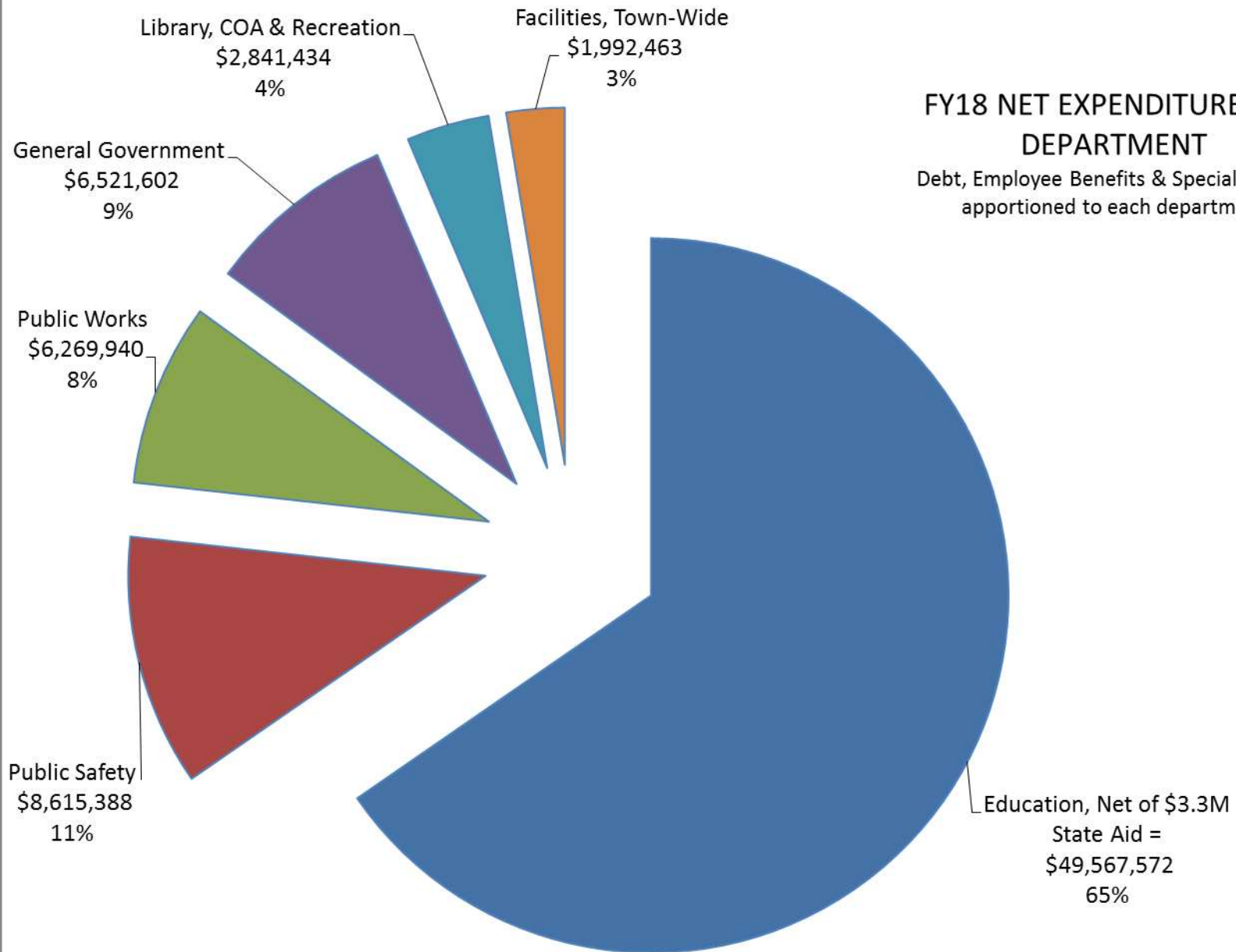
	Recommended		\$ Change	% Change
	FY17 Budget	FY18 Budget		
Schools	\$38,746,641	\$39,272,757	\$526,116	1.4%
Unclassified & Fixed Costs	16,999,884	17,373,770	373,886	2.2%
General Government	17,099,306	17,894,939	795,633	4.7%
Town-Wide Facilities	1,715,387	1,986,933	271,546	15.8%
OPEB & Weston Media Center (Separate Articles)	<u>1,762,517</u>	<u>1,846,480</u>	<u>83,963</u>	<u>4.8%</u>
Total Budget	\$76,323,735	\$78,374,879	\$2,051,144	2.7%
Projected Revenue	\$76,323,735	\$78,374,879	\$2,051,144	2.7%
(Shortfall) Surplus	\$0	\$0		
Gross Debt Service Exempt from Proposition 2 1/2	\$9,128,846	\$9,066,234	-\$62,612	-0.7%
Grand Total Budget	\$85,452,581	\$87,441,113	\$1,988,532	2.3%

Budget Highlights

- Balanced budget with projected 2.3% increase and Grand Total budget including exempt debt service decrease of 0.7%:
 - Increase in School Budget (1.4% or \$526,116)
 - Increase in Facilities & Field Maintenance (15.8% or \$271,546)
 - Increase in Retirement Costs (5.2% or \$234,595)
 - Increase in Health Insurance Costs (1.0% or \$105,438)
 - Increase in Road Maintenance (15.4% or \$100,000)
 - New Growth in the tax base of \$1,192,004
- Net Debt Service for previously approved capital projects will increase somewhat in FY2018:
 - The next 5 years of tax rate increases projected to average 2.4% assuming debt service changes and increased operating budgets.

FY18 NET EXPENDITURES BY DEPARTMENT

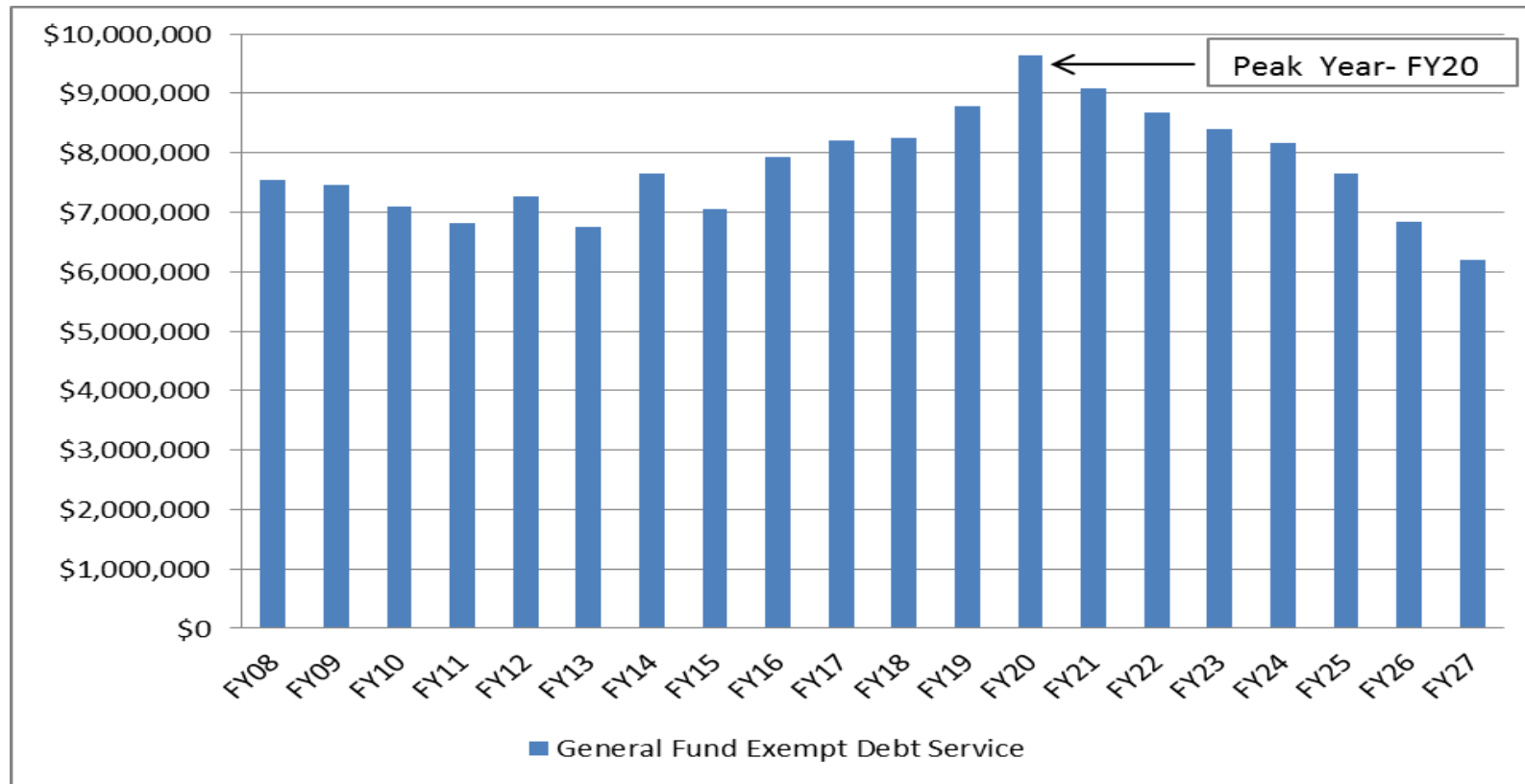
Debt, Employee Benefits & Special Articles apportioned to each department



Actual and Projected Debt Service – FY08-FY27 (20 Years)

Assumptions:

- Includes future projects
- Principal being paid down as scheduled



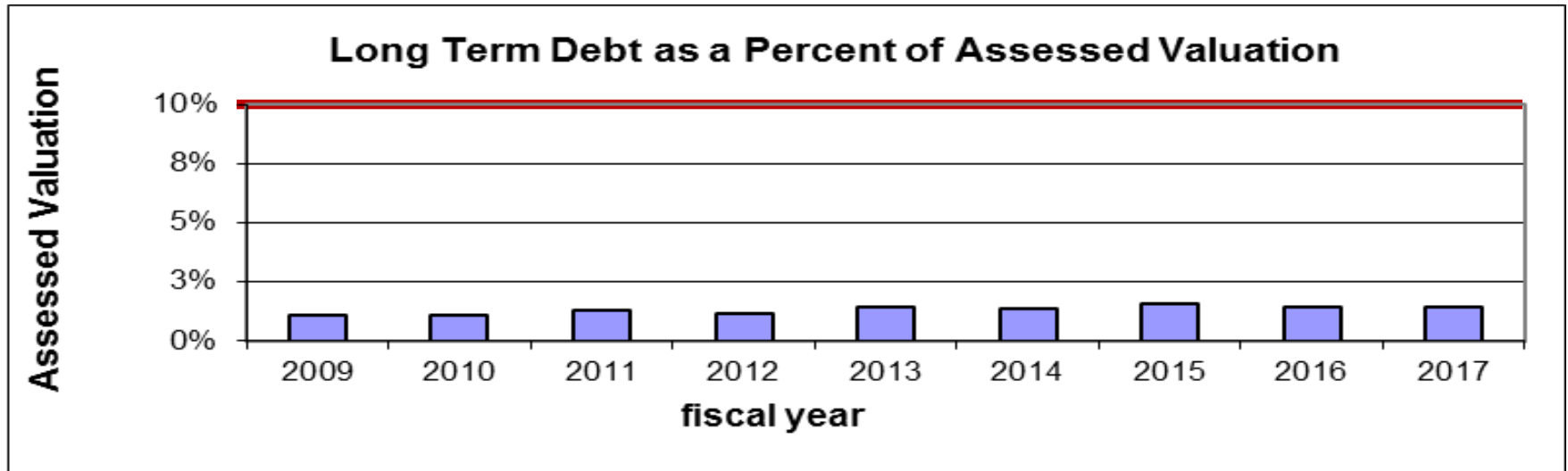
Major Capital Projects Authorized Since 1997

Year	Project	Amount (millions)	
1997	High School Renovation	\$ 15.0	★
1998	Middle School Renovation	\$ 10.8	★
1999	Middle School Renovation	\$ 3.5	★
2000	Community Center	\$ 2.6	
2001	Town Hall	\$ 6.2	
2002	Woodland & Country Schools	\$ 37.2	★
2007	Case Estates Land Acquisition	\$ 20.5	
2010	DPW	\$ 14.5	
2011	High School Science Labs	\$ 12.8	★
2012	Field School (Net of MSBA)	\$ 22.2	★
2014	Police Station	\$ 12.2	
2014	Case Campus Master Plan	\$ 3.3	
Total		\$ 160.8	

★ School Projects = 101.5M

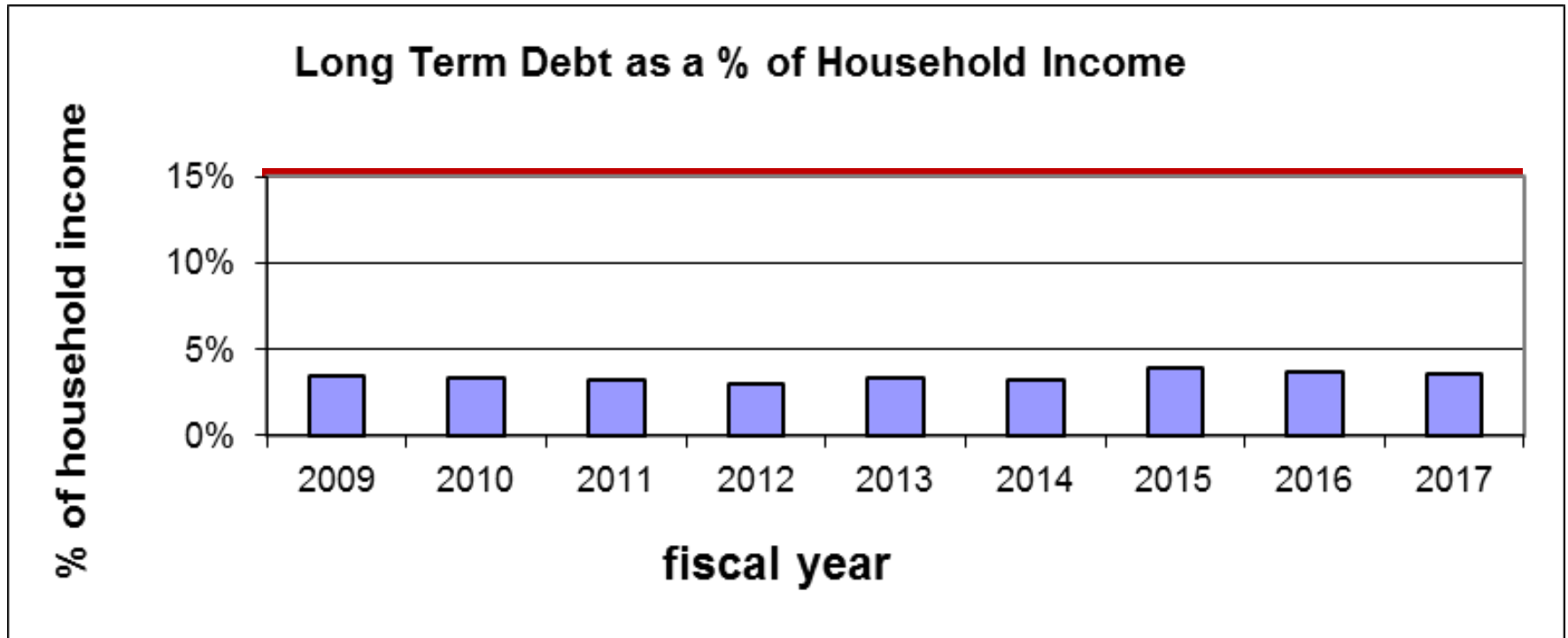
Long Term Debt as % of Assessed Valuation

Above 10% is considered "high" by bond ratings agencies



Long Term Debt as % of Household Income



Above 15% is considered “high” by bond ratings agencies



Outstanding Debt Summary

- Anticipated approval of upcoming projects will cause outstanding debt to peak in FY19
 - Additional \$7.2M for projects proposed at May 2017 ATM:
 - Proctor Field Construction- \$3.9 million
 - Case Campus Master Plan Construction- \$1.4 million
 - Drainage Improvements- \$800K
 - High School Track #1 Construction- \$600K
 - Town Center Burying of Utilities Design- \$456K
 - Additional \$14.6 million in future anticipated construction costs to be proposed at future Town Meetings:
 - Town Center Level & Master Plan Construction- \$5.6 million
 - Town Center Burying of Utilities Construction- \$4.9 million
 - Case House Rehab Construction- \$3.2 million
 - Drainage Improvements- \$830K
- Current slate of projects is manageable while protecting Town's bond rating

Status of Reserve Accounts

Reserve	Current Reserve Balance	FY18 Recommended Appropriation	FY18 Appropriation + Balance Carried Forward	Reserve Balance (Per Policy)
Unrestricted Purpose				
Finance Comm. Reserve Fund	443,000	556,900	556,900	559,209
Free Cash	1,193,421	(440,000)	753,421	559,209
Stabilization Fund	3,087,510	-	3,087,510	2,609,643
Specific Purpose				
Facilities Maintenance	547,437	534,699	1,082,136	2,800,000
Personnel related reserves	656,308	220,000	876,308	2,905,102
Other	352,878	-	352,878	300,000
Total Reserves	\$6,280,554	\$871,599	\$6,709,153	\$9,733,163
				
Total Reserves as a % of Operating Revenue			9.3%	13.5%

Pension Liability

- Town belongs to Middlesex Retirement System
 - Pension is primary retirement vehicle for town employees as they do not participate in Social Security
 - Contributions by employees to pension range from 7% to 11% annually
- \$60.4 million (58%) currently unfunded
 - Unfunded liability must be funded by 2040. Middlesex Retirement plans to fund by 2035 with the assessments owed by the member communities and districts.
 - Expect MRS assessments will increase to meet funding deficit
 - Middlesex Retirement estimates assessments to increase by 6.5% each year through 2024, putting additional pressure on future budgets to remain within Prop 2 ½

OPEB – Other Post Employment Benefits (Retiree Health Insurance)

- \$70 million (84%) unfunded per last actuarial valuation
- No legal requirement to fund, but fiscally prudent to do so
- Each year has 2 components:
 - Current year cost for retiree health insurance included in Operating Budget (FY18 of \$2.7 million)
 - Additional funding for long-term liability (Article 5 - \$1.74 million)
- Balance in OPEB Trust is currently \$13 million

