

Financial Indicator Analysis



Presented at Financial Summit

October 30, 2017

Weston Board of Selectmen
Weston Finance Committee
Weston School Committee

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Based on: Evaluating Financial Condition, ICMA, 2003

Executive Summary

1. Assuming a level service budget, the following is projected:
 - a. FY2019 - a budget gap of \$341,981
 - b. FY2020 – a budget gap of \$763,886
 - c. FY2021 – a budget gap of \$1,593,681

2. Highlights of Weston’s financial indicators relate to six main areas of financial condition – Revenue, Expenditures, Employee Benefits, Debt, Reserves, and Population.

Revenue

- See Financial Indicator 3 – Revenues Related to Economic Growth
 - Economic growth declined slightly in FY17. The ratio is still favorable; however we will watch this to see if this will become a continuing trend.
 - Increasing economic growth revenues, particularly growth in the tax base, will increase the Town’s future operating budget flexibility.

Expenditures

- See Financial Indicator 6 – Expenditures per Household
 - The FY2017 increase in expenditures is primarily due to an increase in Unclassified expenses (Primarily Health Insurance & Pension), Education, Public Safety & DPW expenses.

- See Financial Indicator 7 – Salaries and Wages (as a percentage of total spending)
 - The rate of employee salary increases, primarily the result of collective bargaining with employee unions, has been relatively low since 2011. In FY11, there was no cost of living adjustment for any employee. Since then, salary increases have ranged from 1 to 2.5%. FY19 contractual increases range from 1-2%.

Employee Benefits

- See Financial Indicator 10 – Pension Liability (Middlesex Retirement System)
 - The 2016 actuarial study indicates that the percent of Weston’s pension liability that is funded has increased by 2.9%. Middlesex Retirement plans to fully fund its pension liability by 2035, with a goal of 6.5% increases in annual assessments to member communities through 2024 and 3.99% thereafter.
 - The Town could pay down the unfunded liability quicker by voluntarily contributing more to the mandatory annual assessment. Any additional funds contributed by the Town would not subsidize other communities and members of the Middlesex Retirement System.
- See Financial Indicator 11 - Pension Benefits Paid
 - The percentage of total pension assets paid in benefits has increased from 11.1% in 2002 to 14.3% in 2016. The percentage decreased in 2016 from 2014 as the Pension Assets grew significantly by \$8.2 million.
 - As long term employees retire who have contributed 5% and 7% to the Middlesex Retirement System, they are replaced by new employees who pay 9% plus 2% over \$30,000, which increases overall contributions. As of FY18, the last employee contributing 5% retired. 83% of employees are currently contributing 9% plus 2%.
- See Financial Indicator 12 – OPEB Liability
 - The Actuarial Required Contribution (ARC), per the actuarial valuation, has been funded in the past 7 years.
 - Though the Town’s accrued liability has increased, continued funding of the ARC has improved the OPEB liability funded ratio to 15% in FY16 from 10% in 2014.

Debt

- See Financial Indicator 13 – Debt Service
 - Debt service exceeding 15 percent of operating revenues is considered a warning indicator; Weston’s debt service has hovered around the 10 percent mark since 2002.
 - This indicator is intended for debt that is included in the operating budget, as it could potentially take away from other Town services, if got to be too high. Since Weston’s debt is primarily excluded, it is not included in the operating budget figure, but as an additional amount added to the tax levy.
- See Financial Indicator 14 – Long Term Debt
 - Overall long term debt has declined since 2015. Large projects maturing in 2020 & 2021 will reduce this amount as well.

- High assessed valuation and healthy per capita income help offset any adverse impacts of the increased debt burden.

Reserves

- See Financial Indicator 15 – Reserves/Fund Balance
 - The Reserves continue to be funded as planned; reserves are reviewed by the Finance Committee and Board of Selectmen to see if targets should be updated.
 - In FY17, the undesignated fund balance increased due to higher departmental expenditure turn backs and actual total revenues being more than projected.
 - Weston's reserve level increased in FY17. The FY17 funding level was 12.2% which was up 0.9% from FY16. Weston continues to fund the Reserves in order to meet the recommendation of rating agencies, which is that reserves be between 5-15% of operating revenues.

Population

- See Financial Indicator 16 – Population
 - The population of residents 60 years of age and older dropped in FY17. However, as baby boomers age, an additional demand for services will be created by this age group.
 - The number of students in Weston public schools decreased slightly by 0.3% in FY17.

**TOWN OF WESTON
REVENUE AND EXPENDITURE PROJECTION - FY18-FY20
LEVEL SERVICE BUDGET**

	FY18		FY19		Scenario 1 FY20		Scenario 2 FY20		FY21	
	As Approved by Town Meeting		Level Service Budget		Level Service Budget		Level Service with Budget Reductions/Revenue Increases to resolve deficit		Level Service Increase over Scenario 2	
	Budget	% Inc	Requested	% Inc	Projected	% Inc	Projected	% Inc	Projected	% Inc
Expenditures										
<u>Salaries</u>										
General Government	12,765,518	5.0%	13,148,484	3.0%	13,542,938	3.0%	13,542,938	3.0%	13,949,226	3.0%
Education	33,292,192	2.5%	34,089,352	2.4%	35,112,033	3.0%	35,112,033	3.0%	36,165,394	3.0%
sub-total Salaries	46,057,710	3.2%	47,237,836	2.6%	48,654,971	3.0%	48,654,971	3.0%	50,114,620	3.0%
<u>Employee Benefits</u>										
Group Insurance & Medicare	11,017,109	1.1%	11,898,478	8.0%	12,850,356	8.0%	12,850,356	8.0%	13,878,384	8.0%
Retirement Systems	4,792,481	5.1%	5,114,630	6.7%	5,457,310	6.7%	5,457,310	6.7%	5,822,950	6.7%
Workers' Comp & Unemployment	370,000	2.5%	381,100	3.0%	392,533	3.0%	392,533	3.0%	404,309	3.0%
sub-total Employee Benefits	16,179,590	2.3%	17,394,208	7.5%	18,700,199	7.5%	18,700,199	7.5%	20,105,643	7.5%
<u>Other Unclassified</u>										
Insurance, Property & Liability	385,000	1.05%	392,700	2.0%	400,554	2.0%	400,554	2.0%	408,565	2.0%
Separate Articles	110,000	0.00%	-	-100.0%	-	-	-	-	-	-
<u>All Other</u>										
General Government	6,611,655	7.6%	6,687,872	1.2%	6,821,629	2.0%	6,821,629	2.0%	6,958,062	2.0%
Cash Capital	-		-		-		-		-	
Education	5,787,337	-7.9%	6,153,907	6.3%	6,276,985	2.0%	6,276,985	2.0%	6,402,525	2.0%
Non-Excluded Debt Service	32,280	-4.3%	30,860	-4.4%	29,460	-4.5%	29,460	-4.5%	29,080	-1.3%
sub-total All Other	12,431,272	-0.2%	12,872,639	3.6%	13,128,074	2.0%	13,128,074	2.0%	13,389,666	2.0%
<u>Reserves</u>										
Finance Committee Reserve Fund	556,900	-6.4%	586,587	5.3%	601,252	2.5%	601,252	2.5%	616,283	2.5%
Facilities Maintenance	534,699	5.0%	566,781	6.0%	600,788	6.0%	600,788	6.0%	636,835	6.0%
Uninsured Losses	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Workers' Comp Police/Fire	20,000	0.0%	20,000	0.0%	20,000	0.0%	20,000	0.0%	20,000	0.0%
Post-Employment Benefits Reserve	1,736,480	5.1%	2,106,634	21.3%	2,199,656	4.4%	2,199,656	4.4%	2,267,423	3.1%
Stabilization Fund	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pension Stabilization Fund	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compensated Absences	200,000	42.9%	220,000	10.0%	240,000	9.1%	240,000	9.1%	260,000	8.3%
sub-total Reserves	3,048,079	4.0%	3,500,002	14.8%	3,661,696	4.6%	3,661,696	4.6%	3,800,541	3.8%
<u>Budget Reduction</u>										
					-		(381,943)			
Total Expenditures	78,211,651	2.5%	81,397,384	4.1%	84,545,494	3.9%	84,163,551	3.4%	87,819,036	3.9%

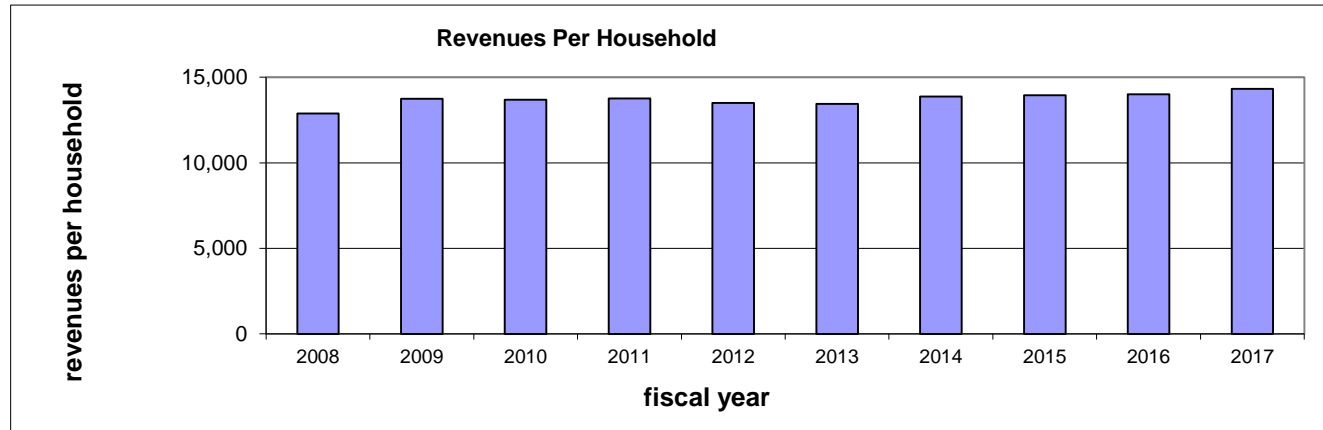
**TOWN OF WESTON
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LEVEL SERVICE BUDGET**

	FY18		FY19		Scenario 1 FY20		Scenario 2 FY20		FY21	
	As Approved by Town Meeting		Level Service Budget		Level Service Budget		Level Service with Budget Reductions/Revenue Increases to resolve deficit		Level Service Increase over Scenario 2	
	Budget	% Inc	Requested	% Inc	Projected	% Inc	Projected	% Inc	Projected	% Inc
Revenue										
Property Tax Levy	67,389,927	2.8%	70,099,675	4.0%	72,817,698	3.9%	72,817,698	3.9%	75,253,140	3.3%
- New Growth	1,000,000	-16.1%	600,000	-40.0%	600,000	0.0%	600,000	0.0%	600,000	0.0%
- Unused Levy Capacity	(1,000,000)	-16.1%	(600,000)	-40.0%	(600,000)		(600,000)	0.0%	(600,000)	
- Override	-		-		-		-		-	
State Aid	3,721,206	-15.2%	3,721,206	0.0%	3,721,206	0.0%	3,721,206	0.0%	3,721,206	0.0%
Local Receipts	5,066,714	-0.2%	5,067,657	0.0%	5,067,657	0.0%	5,067,657	0.0%	5,067,657	0.0%
Prior Year Balances/Other	2,773,500	3.1%	2,898,500	4.5%	2,898,500	0.0%	2,898,500	0.0%	2,898,500	0.0%
Revenue Offsets	(1,277,099)	-34.3%	(1,277,099)	0.0%	(1,277,099)	0.0%	(1,277,099)	0.0%	(1,277,099)	0.0%
Other Revenues	537,403	1.5%	545,464	1.5%	553,646	1.5%	553,646	1.5%	561,951	1.5%
<u>Revenue Increase</u>					-		381,943.12			
Total Revenue	78,211,651	2.5%	81,055,403	3.6%	83,781,607	3.4%	84,163,551	3.8%	86,225,355	2.4%
Budget Surplus (Deficit)	-		(341,981)		(763,886)		-		(1,593,681)	
<i>Add Net Exempt Debt Service - Estimated</i>	8,165,171	-0.4%	8,652,539	6.0%	9,513,714	10.0%			8,962,186	-5.8%
<i>Total Estimated Property Tax Levy*</i>	75,555,098	2.6%	79,094,195	4.7%	82,331,411	4.1%			84,215,326	2.3%

*Assumes resolution of deficit through spending cuts or increases in other revenue sources.

FINANCIAL INDICATOR 1- Revenues per Household

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Net operating revenues (constant dollars)}}{\text{Households (taxable parcels w/dwelling)}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross operating revenues/transfers	68,327,434	70,220,100	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808	84,151,435
Less: excluded debt (net)	7,463,699	7,391,436	7,205,908	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064	8,084,603
Net operating revenues	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744	76,066,832
CPI-U, 1982-84 base year	241.3	233.0	236.1	244.3	246.3	251.1	255.3	257.0	260.8	266.4
CPI-U, 2000 base year	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4
CPI-U, 2000 base, adj. constant dollars	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%
Net operating revenues (constant dollars)	46,217,063	49,396,232	49,215,673	49,732,242	48,856,365	48,803,747	50,475,451	51,017,621	51,212,931	52,310,224
Households (taxable parcels w/dwelling)	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654
Net Operating Revenues per Household (constant dollars)	12,877	13,740	13,690	13,765	13,504	13,448	13,863	13,947	13,996	14,316
Percent change from prior year	-0.05%	6.70%	-0.37%	0.55%	-1.90%	-0.41%	2.66%	0.60%	0.36%	2.28%

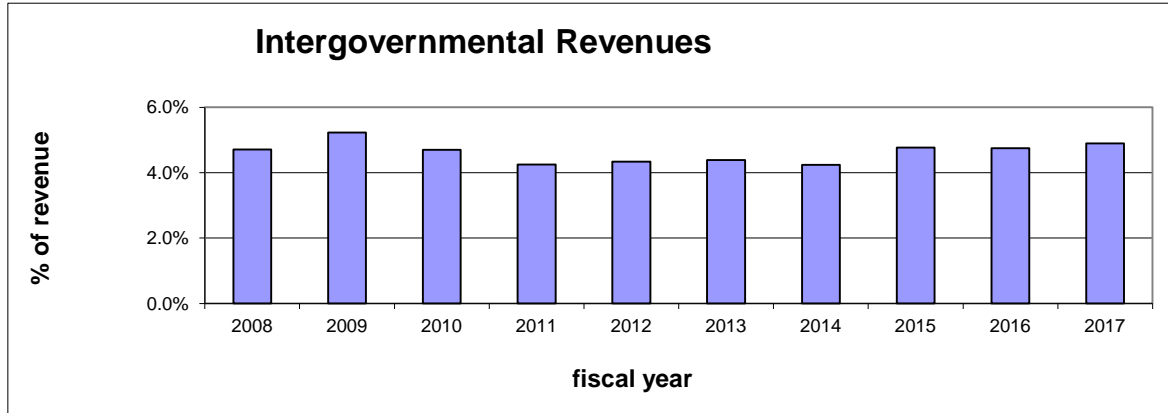
Analysis: Revenues per Household is one measure of the Town's ability to maintain existing service levels. For most general government services, costs increase as the number of households increase. The increase in gross operating revenue is due mostly to Economic Growth revenues such as Motor Vehicle Excise tax, and it reflects a positive trend. Licenses and Permit Revenue went down considerably in FY17 due to a decrease in building permit revenue by \$250K. Other increases were from Penalties and Interest on Taxes, and other Local Receipts. Interest revenue increased by \$160K due to the consolidation of Town bank accounts at higher rates. The largest portion of operating revenues is from Real Estate taxes. The Net Operating Revenues have been increasing annually which indicates the continuing willingness of residents to fund a budget that maintains the current level of service.

Weston's revenue growth, in constant dollars (used instead of current dollars to adjust for inflation), has generally been positive due to growth in the residential tax base and tax increases (i.e., overrides). FY2017's increase in net operating revenue per household is due to a constant number of households coupled with a 3.8% increase in gross operating revenues/transfers.

Outlook: Revenues from general government have remained strong and net operating revenues have been steadily increasing. In order to shelter the Town from short-term fluctuations in any one revenue source, a concerted effort has been made to increase reserves.

FINANCIAL INDICATOR 2 - State Aid

Reductions in 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.



Weston Trend

	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{State Aid}}{\text{Operating Revenues}}$$

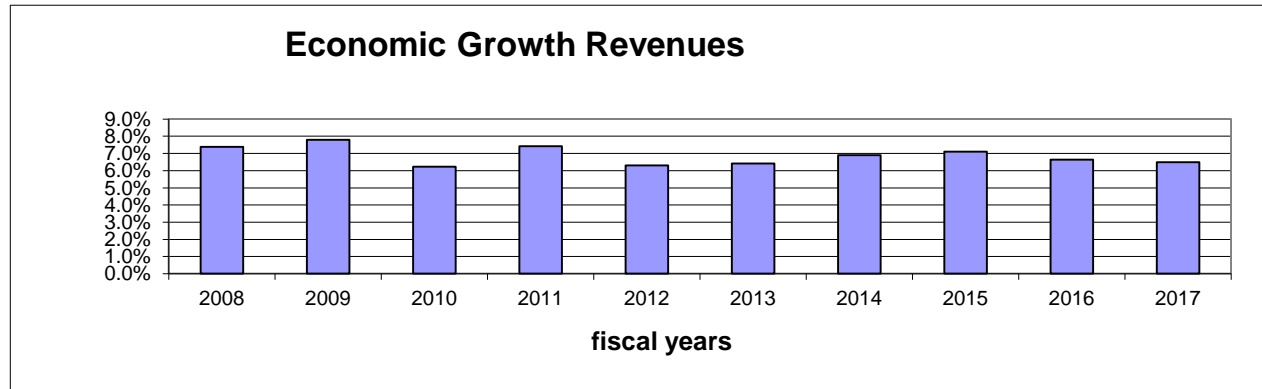
fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net operating revenues	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744	76,066,832
State Aid (Cherry Sheet) revenues	4,295,040	4,722,852	4,435,150	4,269,484	3,664,945	3,747,352	3,726,848	4,135,489	4,124,869	4,386,744
Less: School building reimbursements	1,426,237	1,436,390	1,454,017	1,454,017	816,230	816,234	741,853	724,226	665,538	665,538
Net State aid revenues	2,868,803	3,286,462	2,981,133	2,815,467	2,848,715	2,931,118	2,984,995	3,411,263	3,459,331	3,721,206
State aid as a percentage of operating revenues	4.7%	5.2%	4.7%	4.2%	4.3%	4.4%	4.2%	4.8%	4.7%	4.9%

Analysis: Though the Town does not have a significant reliance on State Aid, any dependence on such aid may be difficult to manage when there is a reduction in funding. Net State Aid revenues dropped from 2009 to 2011, but have risen gradually since then, with a \$260K increase in FY17. The amount for school building reimbursement decreased by over 40% in 2012 because the MSBA provided a lump sum reimbursement for the balance due on the 1997 Middle School renovation project at the time the Town refunded the bonds. This reimbursement will end in FY20. A further reduction is from the refunding done in February 2014, February 2015, February 2016. State aid for school projects is now provided while the project is being constructed, so the Town borrows only its share.

Outlook: The Town cannot depend on any significant increase in State Aid. There is a trickle down effect of cutbacks at the federal level impacting state and municipal budgets and cutbacks on the state level impacting municipal budgets. We continue to estimate this revenue source conservatively.

FINANCIAL INDICATOR 3 - Revenues Related to Economic Growth

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Economic Growth Revenues}}{\text{Operating Revenues}}$$

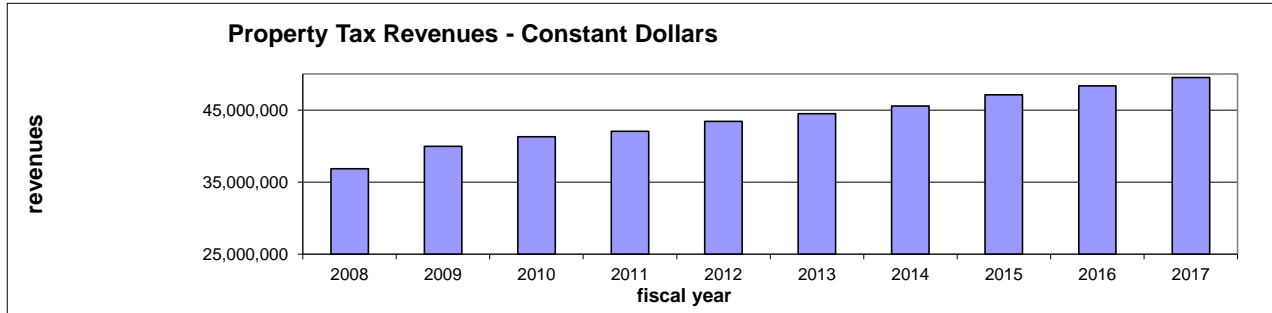
fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (non-exempt) operating revenues	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744	76,066,832
Building permit fees	838,047	1,184,174	800,122	843,286	824,166	693,083	1,031,281	980,677	935,428	698,601
Motor vehicle excise	2,557,093	2,587,461	2,039,944	2,614,061	2,418,788	2,445,833	2,808,327	2,910,707	2,982,398	3,043,210
Tax levy from new construction	1,094,715	1,122,064	1,111,655	1,470,272	897,752	1,156,485	1,020,267	1,196,208	927,176	1,192,004
Total: economic growth revenues	4,489,855	4,893,699	3,951,721	4,927,619	4,140,706	4,295,401	4,859,875	5,087,592	4,845,002	4,933,815
Economic Growth revenues as a percentage of operating revenues	7.4%	7.8%	6.2%	7.4%	6.3%	6.4%	6.9%	7.1%	6.6%	6.5%

Analysis: Economic growth revenues are responsive to changes in the economic base and inflation. A balance between growth and other (non growth) revenues mitigates the effect of economic growth or decline. During a recession, a high percentage of non growth revenues is an advantage. This insulates the tax base to some degree during a recession. In FY17, Motor Vehicle Excise tax was 49% higher than a low in FY10 of just over \$2 Million. In FY17, building permit fees saw a 25% decrease over FY16. New growth increased by 28% in FY17.

Outlook: Although there has been a recent downturn in economic growth, this could change in future. If the 40(B) project at 133 Boston Post Road is approved this would have a positive impact on building permit fees and new growth. Construction of Highland Meadows condominiums, which has contributed significantly to new growth in prior years, is set to be completed soon. With a 95% residential tax base, this is an indicator to watch.

FINANCIAL INDICATOR 4 - Property Tax Revenues

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:

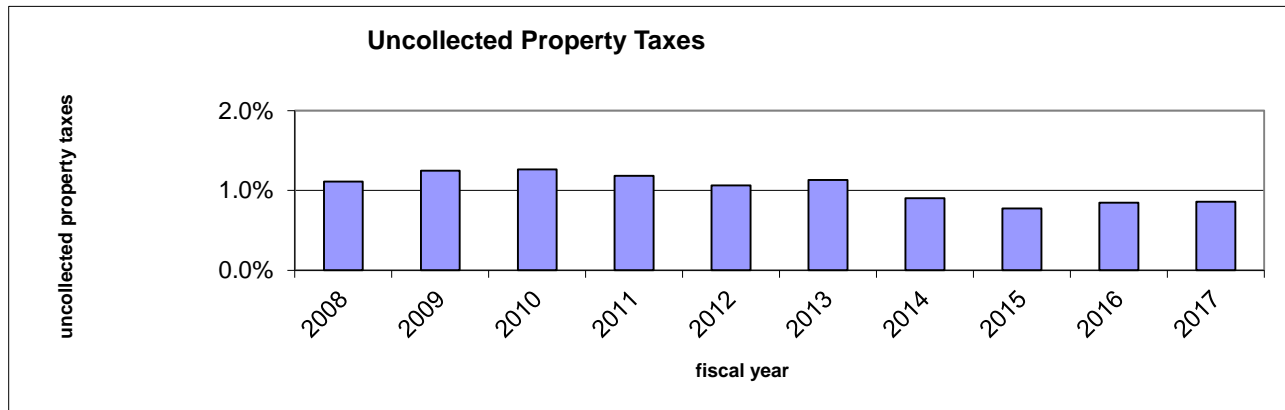
fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Property tax levy limit (incl. unused levy capacity)	57,473,218	59,808,218	62,037,805	64,491,774	67,337,393	69,477,740	73,047,725	75,209,790	78,938,881	82,113,668
Less: debt exemptions (net)	7,463,699	7,391,436	7,205,908	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064	8,084,603
Less: community preservation act surcharge	1,488,000	1,574,790	1,605,810	1,622,366	1,675,490	1,717,377	1,876,970	1,872,045	1,962,920	2,039,437
Net property tax revenues	48,521,519	50,841,992	53,226,087	56,059,290	58,395,189	61,013,107	63,524,255	66,117,504	68,870,897	71,989,628
CPI-U, 2000 base year	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4
CPI-U, 2000 base, adj. constant dollars	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%
Property tax revenues (constant dollars)	36,844,964	39,972,246	41,294,781	42,045,615	43,430,245	44,520,392	45,584,903	47,133,066	48,378,636	49,506,381
Percent increase over prior year (constant dollars)	-1.7%	8.5%	3.3%	1.8%	3.3%	2.5%	2.4%	3.4%	2.6%	2.3%

Analysis: Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Any decrease in property tax revenues should be monitored to ensure that the collection rate of taxes remains high. Any increases due to operating overrides should be noted for their impact on future override requests.

Outlook: There has not been a Proposition 2 1/2 override since FY07, and unused tax levy capacity in FY2018 is anticipated to be over \$6.5 million.

FINANCIAL INDICATOR 5 - Uncollected Property Taxes

Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator.



Weston Trend

X	favorable
	marginal
	unfavorable
	uncertain

Formula:

$$\frac{\text{Uncollected Property Taxes}}{\text{Net Property Tax Levy}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Property tax levy (actual tax levy)	54,440,553	56,998,334	58,075,330	59,920,567	63,256,256	64,423,334	67,990,016	68,920,999	71,275,670	73,668,584
Reserved for abatements and exemptions	442,790	436,493	385,361	423,816	458,354	430,916	434,643	450,988	406,511	446,753
Net property tax levy	53,997,763	56,561,841	57,689,969	59,496,751	62,797,902	63,992,418	67,555,373	68,470,011	70,869,159	73,221,831
Uncollected taxes as of June 30	600,281	705,134	729,004	705,380	668,147	723,116	611,362	530,925	599,863	627,866
Uncollected taxes as a percentage of net property tax levy	1.1%	1.2%	1.3%	1.2%	1.1%	1.1%	0.9%	0.8%	0.8%	0.9%

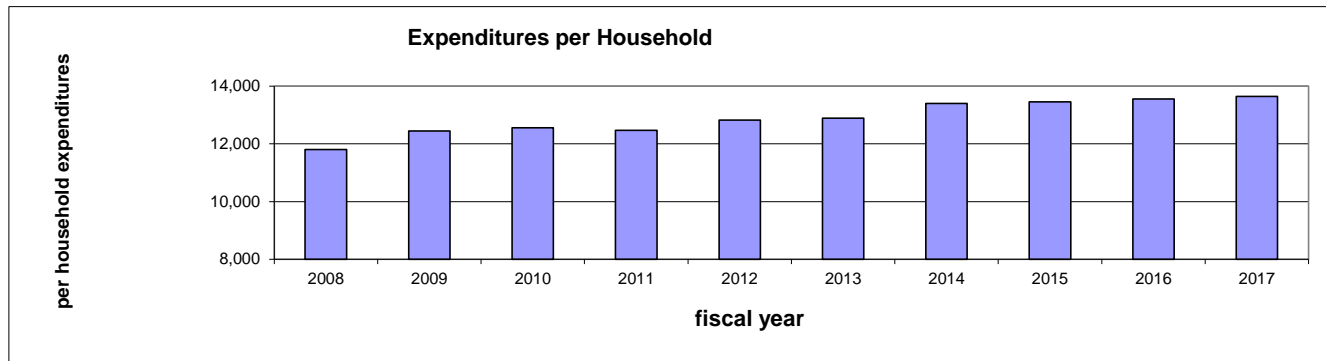
note: includes CPA surcharge beginning FY02

Analysis: An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic constraints. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest or reserve. The credit rating organizations generally consider uncollected taxes in excess of five percent as a warning trend.

Outlook: Weston's tax base has always maintained excellent collection rates. Deferral and payment plans have been used to keep collections positive and avoid properties ending up in Tax Title lien process.

FINANCIAL INDICATOR 6 - Expenditures per Household

Increasing net operating expenditures per household, in constant dollars, may be considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Net operating expenditures and transfers (constant dollars)}}{\text{Households}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
School department and Minuteman	28,681,804	30,204,852	31,885,479	32,171,523	33,315,728	34,135,541	35,755,525	36,645,994	37,258,085	38,197,705
Unclassified (excluding exempt debt)	13,058,251	12,482,601	11,914,297	13,090,855	13,488,568	13,814,611	14,216,205	14,784,855	15,458,337	15,814,738
Administration and finance	2,322,914	2,102,833	2,155,132	2,224,643	2,449,451	2,374,386	2,467,132	2,420,075	2,646,743	2,823,852
Facilities Town-wide	541,614	426,499	547,325	742,305	577,352	806,272	893,593	922,628	1,692,199	1,444,447
Planning and land use	540,079	540,746	646,049	619,286	663,402	637,679	696,374	694,934	738,015	733,443
Public safety	5,517,744	5,651,779	5,697,165	5,703,795	6,077,856	6,090,823	6,729,720	6,668,289	6,709,154	6,886,651
Public works (excl. water div., incl. snow)	3,176,818	3,518,161	3,229,052	3,272,007	3,573,603	3,978,143	4,931,669	4,546,070	3,659,410	4,570,919
Health and human service (excl. BSA as of FY06)	472,802	529,860	549,221	611,325	621,280	638,293	670,911	687,076	689,736	716,581
Cultural and leisure	1,455,504	1,465,715	1,583,132	1,642,244	1,643,800	1,640,180	1,653,113	1,667,066	1,767,463	1,290,388
Net operating expenditures	55,767,530	56,923,046	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141	72,478,724
CPI-U, 2000 base year	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4
CPI-U, 2000 base, adj. constant dollars	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%
Net operating expenditures (constant dollars)	42,347,244	44,753,204	45,159,044	45,059,717	46,416,954	46,784,476	48,806,911	49,214,273	49,606,697	49,842,726
Households	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654
Net Operating Expenditures per Household (constant dollars)	11,799	12,449	12,562	12,472	12,829	12,892	13,405	13,454	13,557	13,641

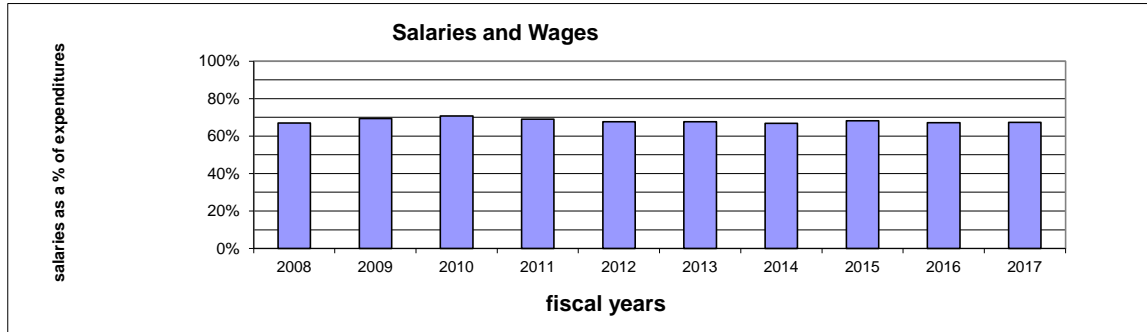
Note: Health and Human Services does not include Brook School Apartments beginning FY06, since it was made an enterprise fund.

Analysis: Increasing per household expenditures can indicate that the cost of providing service is increasing more rapidly than the Town's ability to pay, especially if spending is increasing faster than the residents' collective personal income. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services (i.e. Schools or Council on Aging services). Weston's increase in expenditures has largely been related to increasing costs for personnel and benefits. This trend was slowed by the Town's switch in FY10 to GIC provided health plans and a reduction in the overall level of salary increase, however, the GIC increased premiums significantly in FY17. The largest percentage expenditure increase in FY17 was in the Public Works Department, due to the demand for infrastructure improvements.

Outlook: With most of the Town's buildings having been replaced or significantly upgraded in the last 10-15 years, facilities maintenance costs should level off; however, a higher level of investment in public works infrastructure is warranted. Increases in salaries are impacted by the low rate of inflation. The cost of employee health insurance, which previously had moderate increases due to the Town's participation in the GIC, has now seen a larger increase but the recently negotiated 2% reduction in the Town's premium contribution, which took effect in fiscal year 2016, assisted in mitigating some of the increased premium. The impact of federal health care requirements is unknown at this time, but may result in larger increases.

FINANCIAL INDICATOR 7 - Salaries and Wages

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Salaries and wages}}{\text{Net operating expenditures}}$$

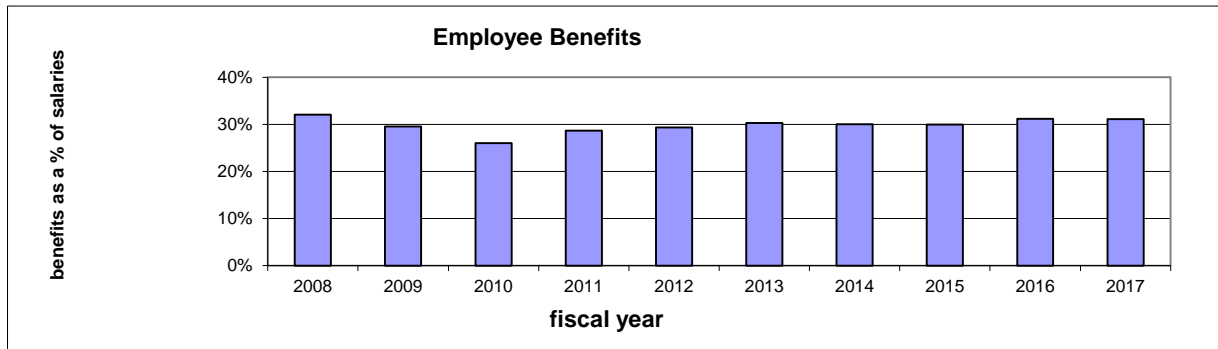
fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net operating expenditures	55,767,530	56,923,046	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141	72,478,724
Less: Minuteman high school	73,250	73,164	49,338	49,889	81,140	81,634	104,311	110,127	91,498	122,810
Net operating expenditures	55,694,280	56,849,882	58,157,514	60,028,094	62,329,900	64,034,294	67,909,931	68,926,860	70,527,643	72,355,914
General government and school wages	37,299,815	39,382,480	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337	48,683,795
Salaries and wages as a percentage of operating expenditures	67.0%	69.3%	70.7%	69.1%	67.6%	67.6%	66.7%	68.1%	67.2%	67.3%

Analysis: 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. Second, if salaries and wages as a percent of operating expenditures are increasing because the Town is reducing its expenditures on maintenance and capital outlay, it may be an indicator of deferred maintenance of the Town's infrastructure. The latter is less of a concern due to the creation of the Town-wide Facilities Department in FY07 with a corresponding increase in the budget for facilities maintenance and consistent expenditures for public works infrastructure improvements.

Outlook: The rate of employee salary increases, primarily the result of collective bargaining with employee unions, has been relatively low since 2011. In FY11, there was no cost of living adjustment for any employee. Since then, salary increases have ranged from 1 to 2.5%. FY19 contractual increases range from 1-2%.

FINANCIAL INDICATOR 8 - Employee Benefits

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Employee benefits}}{\text{wages and salaries}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Employee benefits	11,966,324	11,633,801	10,688,623	11,891,488	12,377,929	13,121,378	13,605,840	14,083,782	14,769,294	15,146,677
Wages and salaries-general government*	10,438,788	11,111,355	11,285,704	11,330,101	11,785,685	12,110,417	12,665,489	13,267,052	13,299,781	13,893,589
Wages and salaries-schools	26,861,027	28,271,126	29,815,441	30,121,990	30,379,915	31,167,741	32,644,464	33,690,869	34,065,556	34,790,206
Total-wages and salaries	37,299,815	39,382,480	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337	48,683,795
Benefits spending as a percentage of wages and salaries	32.1%	29.5%	26.0%	28.7%	29.4%	30.3%	30.0%	30.0%	31.2%	31.1%

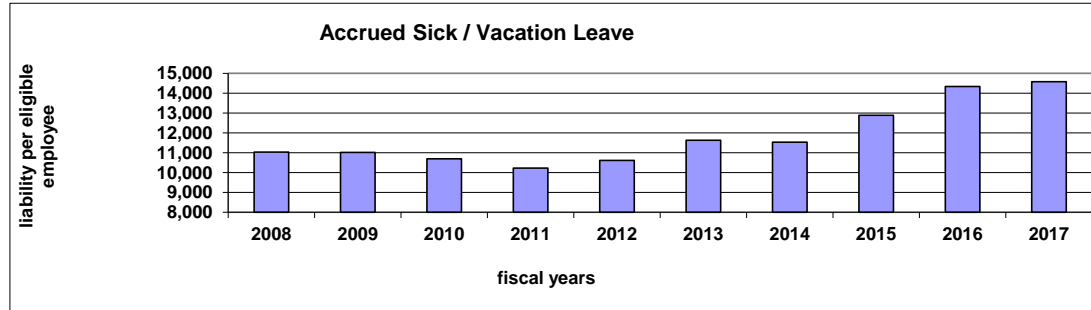
* General Government wages and salaries includes BSA, Water and Recreation but excludes police details

Analysis: Fringe benefits represent a significant share of the Town's operating costs and this analysis understates certain fringe benefits such as sick leave buy back liabilities and post-employment benefits. Starting in 2010, Town employees and retirees enrolled in the state-run Group Insurance Commission (GIC) health insurance programs. The change to the GIC program resulted in more substantial savings to the Town in 2010, and a slowing rate of increase in subsequent years. The percentage remains relatively stable.

Outlook: In an effort to control costs, the GIC has taken steps to change plan designs and shift costs to employees (deductibles & copays). Because of this, more employees are migrating to the lower cost plans. The most current contract, expiring 6/2021, incorporated a 2% decrease in premium paid by the Town.

FINANCIAL INDICATOR 9 - Unfunded Liabilities (Sick/Vacation Leave)

Increasing unfunded liabilities per municipal employee is considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{accrued sick/vacation leave}}{\text{number of employees}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Unfunded sick and vacation leave (per audit)	2,107,386	2,091,441	2,047,400	1,994,554	2,149,802	2,390,353	2,251,364	2,444,959	2,621,000	2,673,000
Amount funded (compensated absence fund bal.)	108,783	140,951	153,686	183,964	259,180	320,073	220,402	228,299	226,588	208,219
Net unfunded liability	1,998,603	1,950,490	1,893,714	1,810,590	1,890,622	2,070,280	2,030,961	2,216,660	2,394,412	2,464,781
Number of eligible employees	181	177	177	177	178	178	176	172	167	169
Accrued unfunded sick/vacation liability per employee	11,042	11,020	10,699	10,229	10,621	11,631	11,540	12,888	14,338	14,585

*unaudited

Analysis: The Town allows municipal and some school employees to accumulate a portion of unused sick leave to be paid upon retirement or resignation after 12 years of service. Non-union employees hired after 1/1/11 are no longer eligible, as well as members of the Police Superior Officers' union and the Town Manager. These changes have slowed the rate of increase per employee. Vacation accrual is limited and by law must also be paid. There were 6 sick time payouts (\$153K) from retirements in FY2017. This liability was funded with \$200K in FY18 and funding will increase by \$20K each year per the revised policy in FY17.

Outlook: Through the establishment of a reserve fund, a small portion of this liability has been funded. An effort has been made to reduce the sick leave buyback benefit, any change to which is subject to the collective bargaining process. The reduction in the number of eligible employees reflects changes made to reduce the benefit.

FINANCIAL INDICATOR 10 - Pension Liability

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



	favorable
	marginal
X	unfavorable
	uncertain

Formula:
$$\frac{\text{pension assets}}{\text{pension liability}}$$

calendar year	2002	2004	2006	2008	2010	2012	2014	2016
Pension assets	23,079,156	23,709,310	24,953,073	31,001,714	31,583,111	32,345,383	36,802,655	45,081,826
Pension liability	40,999,698	47,936,250	55,649,871	63,518,002	75,443,253	85,081,793	92,382,444	105,460,405
Percent funded	56.3%	49.5%	44.8%	48.8%	41.9%	38.0%	39.8%	42.7%

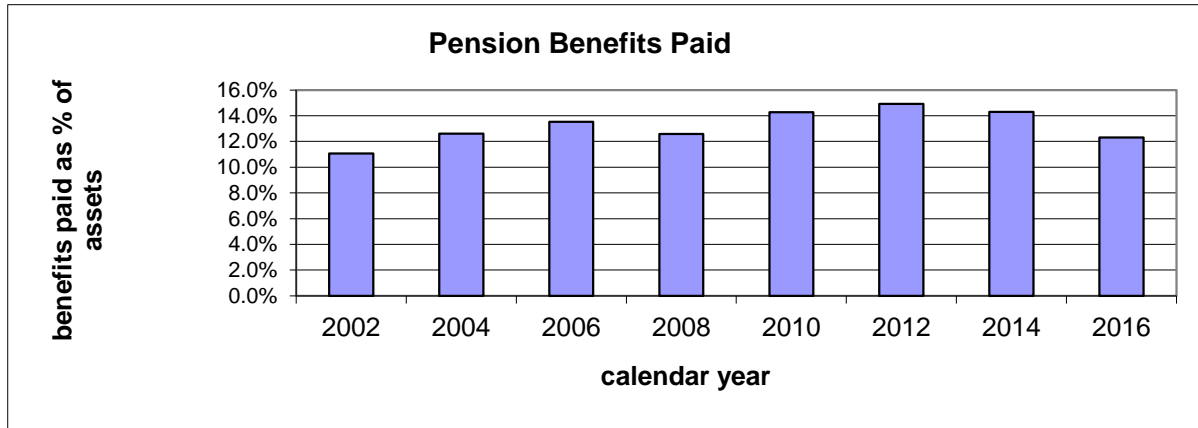
Analysis: Weston is a member of the Middlesex Retirement System (MRS), a regional system which pools and manages the pension system assets. The assets are derived from the employee and employer (town) contributions. The MRS also manages the payment of retirement benefits, in accordance with State law, for all retirees of the system. A previous 1988 law change required the retirement liability to be fully funded by 2028. The Municipal Relief Bill, Ch. 188 of the Acts of 2010 provides the option to extend that to June 30, 2040, and MRS has since decided to extend the funding schedule to June 30, 2035. Many retirement systems in Massachusetts made substantial progress in reaching this requirement during the strong stock market period of the mid to late 1990's, but the MRS, was less successful, choosing instead to reduce employer contributions rather than fund the liability. When implementing Weston's reserve policy, it was determined that no additional amount beyond what is assessed by MRS should be set aside. In FY10, the MRS assessment decreased unexpectedly due to a five-year smoothing used to calculate assessments. In order to be prepared for an unexpected increase in the future, the FY10 and FY11 budgets included \$200,000 each year for a pension reserve. Assets are managed by PRIT.

Outlook: Weston continues to fund the assessment needed to fully fund by 2035 with an additional \$41,000 in Pension Stabilization Fund to smooth any large assessments. As the market and economy continue to improve, returns should follow. Weston is in a good position relative to other communities, and past extensions of fully funded mandates may happen again. Weston may want to consider accelerating funding based on available funds.

□

FINANCIAL INDICATOR 11 - Pension Benefits Paid

Increasing annual benefits paid as a percentage of pension assets is considered a warning indicator.



Weston Trend

	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{annual benefits paid}}{\text{pension assets}}$$

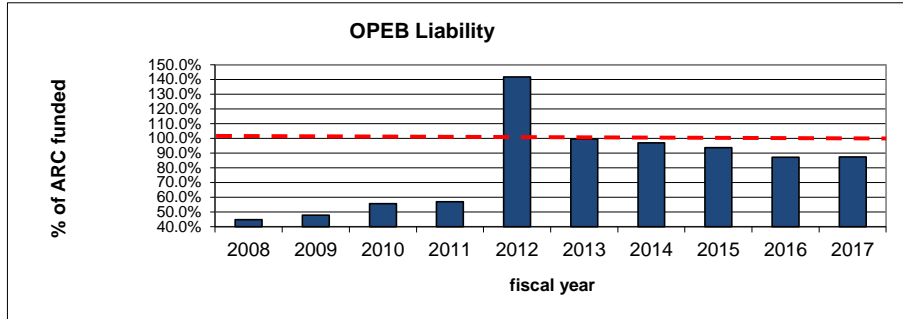
calendar year	2002	2004	2006	2008	2010	2012	2014	2016
Pension assets	23,079,156	23,709,310	24,953,073	31,001,714	31,583,111	32,345,383	36,802,655	45,081,826
Annual Benefits Paid	2,554,761	2,987,487	3,377,014	3,902,902	4,508,800	4,829,561	5,258,587	5,544,137
Percent Paid of Assets	11.1%	12.6%	13.5%	12.6%	14.3%	14.9%	14.3%	12.3%

Analysis: This indicator provides a snapshot of the benefits paid in the years for which the actuarial value of the Town's pension assets are known. One factor in the increase in Benefits Paid is the 24% increase in the number of Weston retirees from 2000 (185 retirees) to 2016 (229 retirees). The Annual Benefits Paid for 2016 increased \$556,000 from 2014. 56.8% of retirees are paid less than \$19,999 per year, 90% were paid less than \$49,999 in 2016. Pension Assets are based on the Actuarial Value of the assets versus the Market Value.

Outlook: As long term employees retire who have contributed 5% and 7% to the Middlesex Retirement System they are replaced by new employees who pay 9% plus 2% over \$30,000. The amount of 2016 employee contributions was \$1,829,664. At that time, there was only 1 employee contributing 5% to his/her retirement, 8 @ 7%, 53 @ 8%. The remaining 311 employees, or 83% were contributing 9%. As the market and economy continue to improve, returns should follow.

FINANCIAL INDICATOR 12 - OPEB Liability (Retiree Health Insurance)

An unfunded liability for post employment benefits or increase in the unfunded liability is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:

$$\frac{\text{OPEB trust fund balance} + \text{Actual contributions}}{\text{Annual Required Contribution (ARC)}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
OPEB trust fund balance	60,000	103,800	156,820	217,792	3,510,050	4,867,924	7,187,802	9,359,265	11,183,363	12,852,000	13,284,280
Contribution to OPEB Trust Fund	30,000	40,000	50,000	60,000	3,286,313	1,606,000	1,631,367	1,648,512	1,606,925	1,652,517	1,736,480
Pay As You Go - Retiree Health Payments	2,407,843	2,694,219	1,873,202	2,000,171	2,163,847	2,203,004	2,348,908	2,364,490	2,526,952	2,629,392	2,774,009
Annual required contribution (ARC)**	5,449,403	5,729,664	3,466,896	3,628,626	3,846,696	3,828,592	4,105,067	4,282,387	4,741,797	4,900,171	5,015,383
Percent of ARC funded	44.7%	47.7%	55.5%	56.8%	141.7%	99.5%	97.0%	93.7%	87.2%	87.4%	89.9%

*Value as of June 2017 bank statement plus annual contribution

**Normal cost + 30 years amortization of unfunded actuarial accrued liability

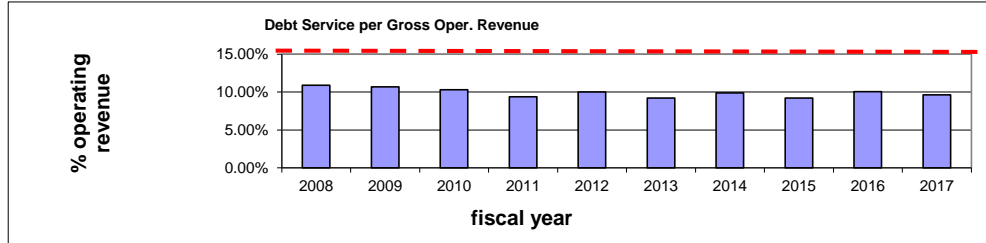
Analysis: Weston has been required to report its liability for post employment benefits (retiree health insurance) on its audited financial statements since fiscal year 2007. The last actuarial study has determined the long-term liability to be approximately \$78 million with no pre-funding. There is currently no legal requirement to fund this liability; however, there may be in the future, and financial prudence dictates that efforts should be made to address the OPEB liability. Beginning in fiscal year 2012, a significant effort was made to fund the long-term liability. Fiscal years 2014-2017 contributions matched the annual required contribution (ARC) set forth in the actuarial reports commissioned by the Town. In FY2014 the OPEB funds were invested with Bartholomew and Company. A higher rate of return (6.04% since inception, after fees - June 2017) has been achieved which will contribute to a higher percent funded.

Outlook: Weston has contributed to the ARC for 7 straight years and aggressively addressing this liability has been noted by the Ratings Agency. The market value of the fund in June 2017 was \$13.78 million before FY18 contribution of \$1.73 million. Actions by the Town such as continuing with the GIC and market returns on funds should lead to better actuarial analyses in years to come.

FINANCIAL INDICATOR 13 - Debt Service

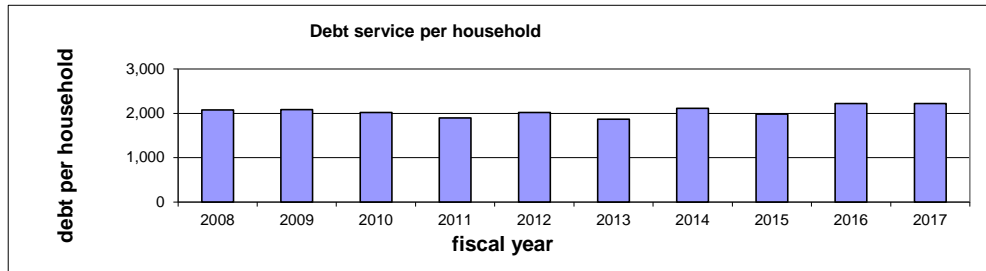
Debt Service per Operating Revenues

Debt service exceeding 15 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Weston Trend

X	favorable
	marginal
	unfavorable
	uncertain



Weston Trend

X	favorable
	marginal
	unfavorable
	uncertain

Formula:

$$\frac{\text{debt service}}{\text{operating revenues/household}}$$

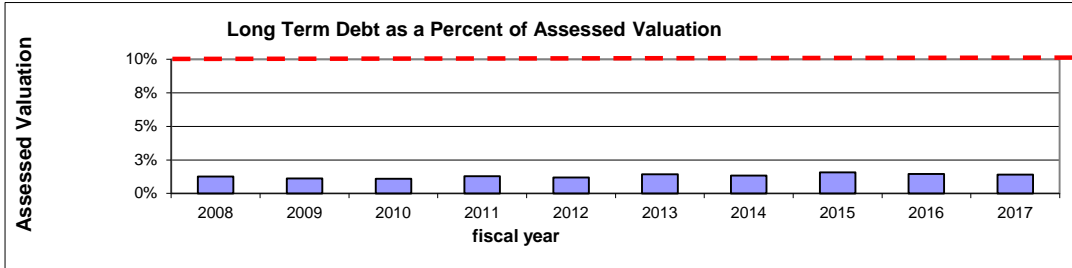
fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Exempt debt service	7,391,436	7,421,531	7,205,902	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064	8,084,603
Non exempt debt service	62,806	71,752	63,181	51,317	48,283	44,159	46,968	38,121	36,817	33,720
Total debt service	7,454,242	7,493,283	7,269,083	6,861,435	7,314,997	6,791,415	7,693,468	7,258,362	8,141,881	8,118,323
Gross operating revenues/transfers	68,327,434	70,220,100	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808	84,151,435
Households	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654
Debt service as a % of gross oper. rev.	10.91%	10.67%	10.29%	9.38%	10.03%	9.22%	9.87%	9.21%	10.05%	9.65%
Debt service per household	2,077	2,084	2,022	1,899	2,022	1,871	2,113	1,984	2,225	2,222

Analysis: Though Weston's debt service has increased due to the effort in the last 10-15 years to address deferred maintenance of municipal and school buildings, nearly all of the debt is exempt from the limits of Proposition 2 1/2. As such, this fixed cost does not place a demand on the Town's operating budget. It does, however, mean that the portion of total property taxes funding debt will remain significant for a number of years. The best way to keep these indicators below warning levels is to time new debt service for proposed capital projects with retiring debt, which the Town has been careful to do. Acknowledging the growing importance of monitoring debt, a formal Debt Policy was adopted in FY07.

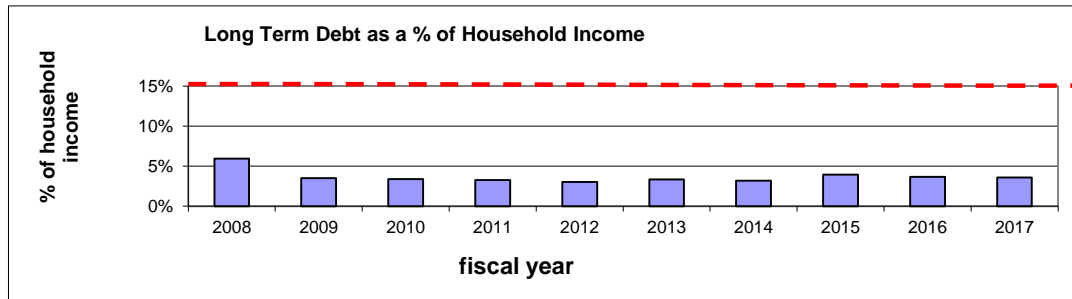
Outlook: Maintaining AAA rating and project timing are key to keeping this indicator stable. Interest rates should increase in the future as the Federal Reserve moves off the historical low-rate policy, but no spikes are anticipated. Weston has 67% of debt principal maturing in the next 10 years.

FINANCIAL INDICATOR 14 - Long Term Debt

Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by the credit rating organizations.
 Overall debt exceeding 15 percent of per capita income is considered a warning indicator by the credit rating organizations.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{outstanding long term debt}}{\text{assessed valuation or per capita income}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
outstanding long term debt	64,314,932	58,214,199	57,744,457	67,690,004	62,474,332	74,723,333	71,425,000	87,927,000	85,069,900	83,772,258
assessed valuation	5,102,207,400	5,172,262,600	5,232,011,700	5,260,804,800	5,223,472,800	5,195,430,200	5,340,928,200	5,612,459,200	5,861,486,000	5,941,014,800
per household income est. (U.S. Census & IRS)	96,475	148,299	148,512	180,815	176,875	192,563	192,563	192,563	201,200	201,200
Long term debt as a % of assessed valuation	1.26%	1.13%	1.10%	1.29%	1.20%	1.44%	1.34%	1.57%	1.45%	1.41%
Long term debt as a % of personal income per household*	5.95%	3.52%	3.37%	3.26%	3.04%	3.35%	3.20%	3.93%	3.65%	3.60%

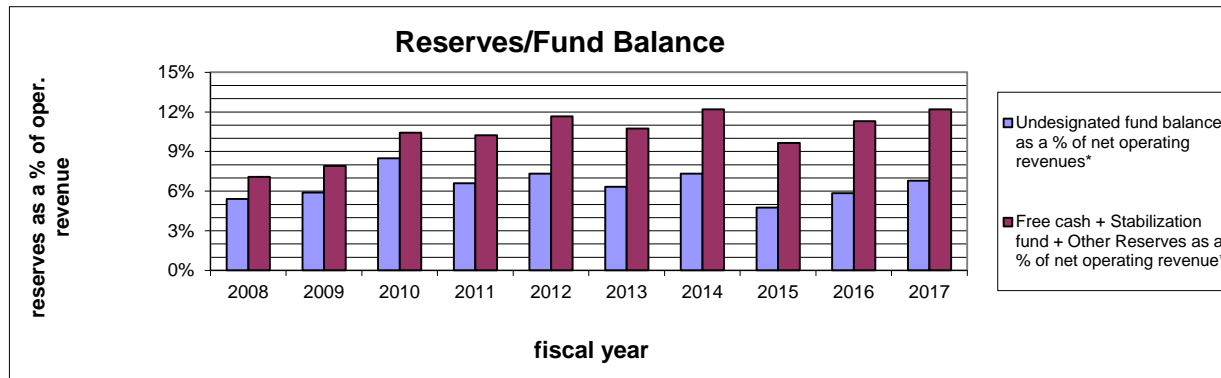
Analysis: These financial indicators are evaluated by the credit rating organizations because they are measures of both a community's debt burden as well as its level of effort in investing in its capital facilities. On both measures, Weston has a strong profile, and positive outlook. The per household income figures come from the U.S. Census Bureau's 5-Year Estimates which are weighted and are significantly more conservative than the MassDOR's Division of Local Services per capita income calculation of \$306,253 per the Weston At A Glance Report of 2016.

Outlook: Long-term debt continues to stay at a manageable level. The Town's position to exclude debt from the Operating Budget is seen as very positive and very conservative and directly affects the AAA rating. The use of CPA and MWRA lending at 0% as well as refunding and market conditions have all contributed to the favorable level of this indicator. Weston also has 67% of debt principal maturing in the next 10 years.

FINANCIAL INDICATOR 15 - Reserves/Fund Balance

Declining reserves as a percentage of operating revenues is considered a warning indicator.

The Government Finance Officers Association recommends that undesignated fund balance be between 5-15 percent of operating revenues.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:

$$\frac{\text{Undesignated Fund Balance}}{\text{Operating Revenues}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Undesignated fund balance (unaudited)	3,407,326	3,741,518	5,624,582	4,331,313	4,901,251	4,459,884	5,245,909	3,469,217	4,441,949	5,287,411
Und. fund bal. (incl. adj. free cash)	3,153,673	2,948,558	4,255,473	3,463,758	3,853,659	3,182,126	4,039,334	2,581,323	3,613,421	4,373,690
Stabilization fund	825,092	1,132,577	1,404,907	1,695,880	1,975,743	2,234,505	2,521,408	2,806,504	3,086,497	3,094,663
Other Reserves	470,650	942,477	1,256,397	1,556,022	1,977,335	2,141,710	2,175,998	1,656,266	1,892,541	2,037,667
Net operating revenues	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744	76,066,832
Undesignated fund balance as a % of net operating revenues*	5.4%	5.9%	8.5%	6.6%	7.3%	6.3%	7.3%	4.8%	5.8%	6.8%
Free cash + Stabilization fund + Other Reserves as a % of net operating revenue*	7.1%	7.9%	10.4%	10.2%	11.7%	10.7%	12.2%	9.7%	11.3%	12.2%

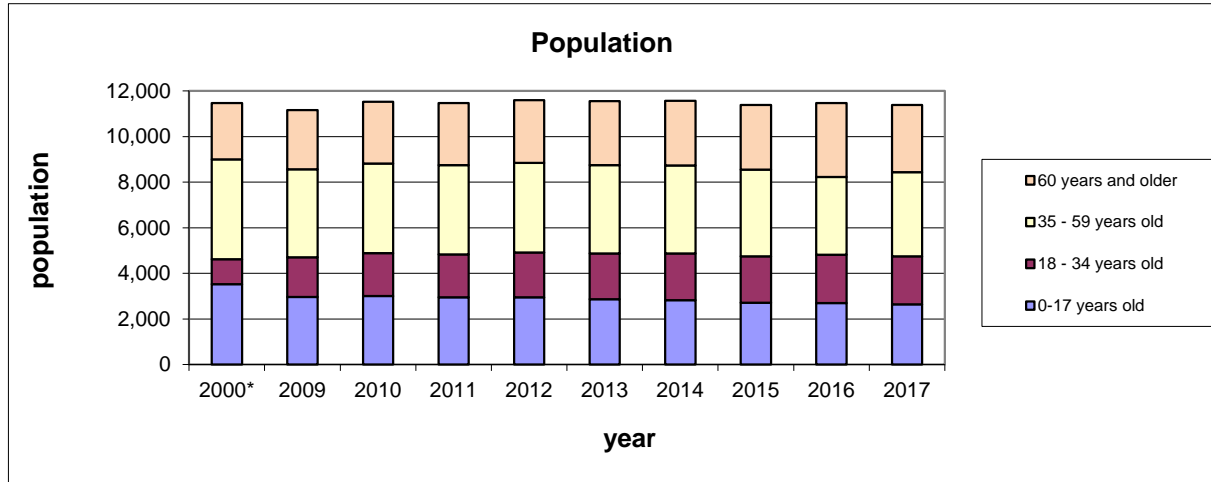
* Calculated on net revenue in next FY

Analysis: Undesignated Fund Balance and Free Cash are two similar measures of the Town's reserves. The first figure is from the Town's audited balance sheet while the latter is certified by the Department of Revenue. Reserves are one measure of the Town's ability to withstand financial emergencies and changes in the economy. It has been the Town's practice to appropriate 75% or more of its free cash balance each year for operating budget purposes, leaving little as a true reserve. Instead, the Town has made a concerted effort since FY06 to create and add to a Stabilization Fund and a variety of other targeted reserves. Since then, even during the economic downturn, the Town has made steady progress toward meeting the Government Finance Officers Association's recommendation that reserves be 5 - 15% of operating revenues. "Other Reserves" are comprised of the reserve accounts called for in the 2006 Reserve Policy, including contingency accounts for employee benefits, facilities maintenance, overlay for abatements and the Finance Committee Reserve Fund. Reserves increased in FY17 and this was primarily due to the annual 5% increase in facilities maintenance per the reserve policy. To keep reserves within the recommended range and to move closer to reserve targets, the reserve policy was revised in FY17.

Outlook: Reserve targets need to be updated over time to keep up with growing net operating revenues. Reserve targets were reviewed in FY17 and a new policy was adopted to maintain appropriate and sufficient reserves. This policy should be reviewed on an ongoing basis to ensure appropriate levels are attained.

FINANCIAL INDICATOR 16 - Population

Rapid changes in population which may affect service levels may be considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

year	2000*	2009	2010	2011	2012	2013	2014	2015	2016	2017
0-17 years old	3,532	2,971	3,000	2,954	2,945	2,870	2,822	2,709	2,701	2,644
18 - 34 years old	1,084	1,733	1,892	1,883	1,968	2,008	2,056	2,044	2,113	2,101
35 - 59 years old	4,390	3,858	3,933	3,911	3,928	3,872	3,859	3,803	3,410	3,699
60 years and older	2,463	2,604	2,702	2,723	2,763	2,814	2,832	2,833	3,246	2,942
unknown	0	0	7	7	4	16	12	2	2	2
Total	11,469	11,166	11,534	11,478	11,608	11,580	11,581	11,391	11,472	11,388
students in Weston public schools	2,215	2,332	2,315	2,304	2,322	2,281	2,206	2,139	2,111	2,104

* 2000 is U.S. census data with 5-19 and 20-34 ranges

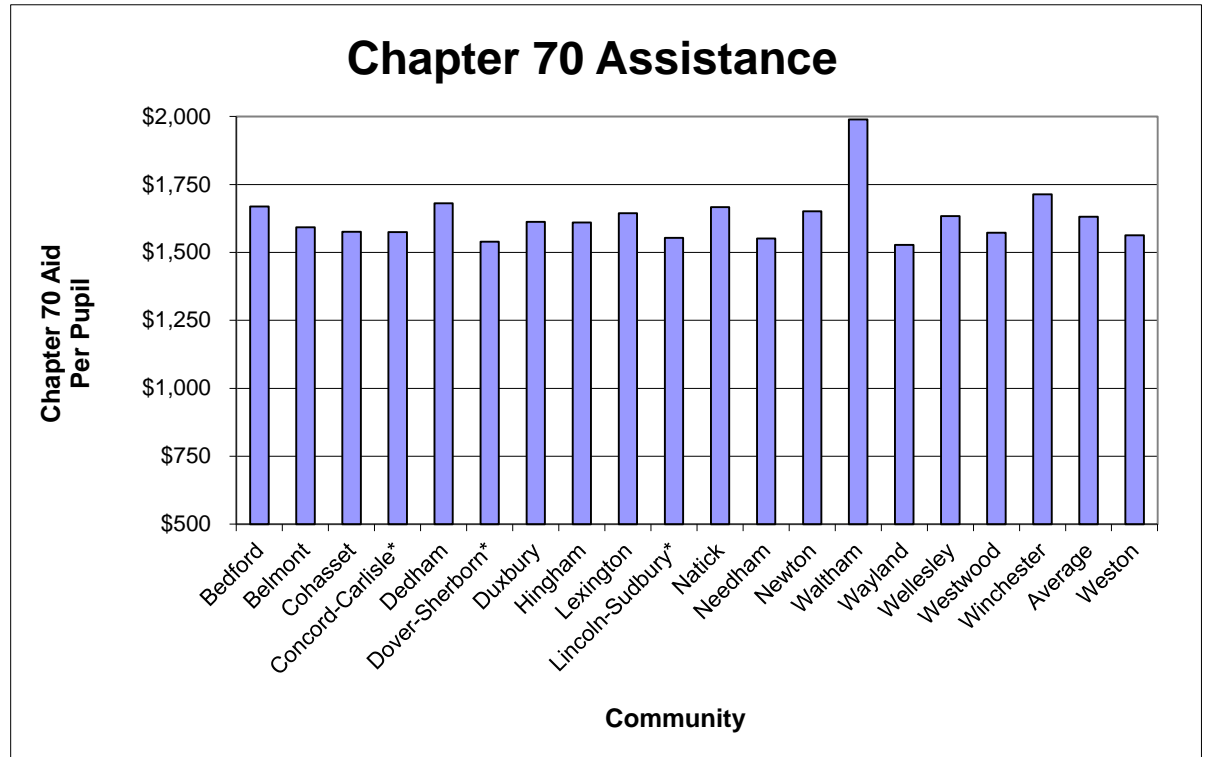
Analysis: Weston's population has remained relatively stable since 2015, returning to a level prior to 2010. The school-aged population of the Town has dropped over the past 5 years, and the student population for Weston's public schools decreased by less than 1% in 2017. A decrease in students can reduce expenditures, but it may also reduce the many intergovernmental revenues and grants that are distributed according to population. That impact has been minimal since the Town does not rely heavily on State or Federal funding. The 60 years and older group makes up 26% of the population.

Outlook: As the baby boomers age, the population of residents 60 years of age and older has steadily increased since 2010, creating additional demand for Council on Aging services.

Supplemental Data 1 - Chapter 70 Assistance

	Students as of 10/2016	FY17 Chapter 70 Aid	State Aid per Pupil
Bedford	2,608	4,352,414	\$ 1,669
Belmont	4,466	7,111,769	\$ 1,592
Cohasset	1,586	2,499,864	\$ 1,576
Concord-Carlisle*	3,974	6,258,842	\$ 1,575
Dedham	2,693	4,525,098	\$ 1,680
Dover-Sherborn*	2,087	3,212,394	\$ 1,539
Duxbury	3,121	5,031,584	\$ 1,612
Hingham	4,317	6,950,213	\$ 1,610
Lexington	7,072	11,631,074	\$ 1,645
Lincoln-Sudbury*	5,571	8,654,939	\$ 1,554
Natick	5,472	9,117,845	\$ 1,666
Needham	5,588	8,671,395	\$ 1,552
Newton	12,827	21,180,365	\$ 1,651
Waltham	5,461	10,863,166	\$ 1,989
Wayland	2,646	4,042,462	\$ 1,528
Wellesley	5,018	8,198,827	\$ 1,634
Westwood	3,162	4,971,878	\$ 1,572
Winchester	4,623	7,924,363	\$ 1,714
Average			\$ 1,631
Weston	2,111	\$ 3,299,788	\$ 1,563

*includes Ch. 70 aid to both regional and local district

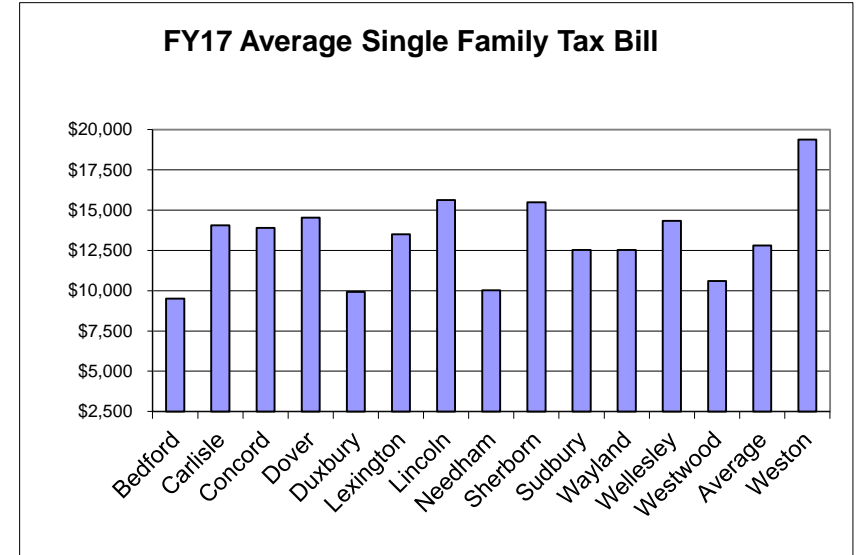


Analysis: The Chapter 70 formula is based on a variety of educational factors and is used by the State for determining the distribution of certain State aid received by Weston. Weston spends \$23,898 per pupil on education as of FY16 per DESE, and state aid contributes 6% of that amount. Weston's Chapter 70 aid increased 8% in FY17 from FY16.

Outlook: The Town recognizes that future increases in Chapter 70 Assistance are unlikely and has planned accordingly.

Supplemental Data 2 - FY17 Average Single Family Tax Bill

	Average Single Family Value 2016	Average Single Family Value 2017	Percent Change in Value	Residential Tax Rate FY2016	Residential Tax Rate FY2017	Percent Change in Rate	Average Single Family Tax Bill 2016	Average Single Family Tax Bill 2017	Percent Change in Tax Bill
Bedford	595,748	642,026	7.8%	15.28	14.81	-3.1%	9,103	\$ 9,508	4.45%
Carlisle	790,001	798,061	1.0%	17.20	17.62	2.4%	13,588	14,062	3.49%
Concord	969,131	987,567	1.9%	13.92	14.07	1.1%	13,490	13,895	3.00%
Dover	1,098,503	1,113,148	1.3%	12.88	13.05	1.3%	14,149	14,527	2.67%
Duxbury	626,629	639,897	2.1%	15.55	15.51	-0.3%	9,744	9,925	1.85%
Lexington	887,355	932,084	5.0%	14.60	14.49	-0.8%	12,955	13,506	4.25%
Lincoln	1,108,423	1,149,169	3.7%	13.70	13.60	-0.7%	15,185	15,629	2.92%
Needham	830,791	843,913	1.6%	11.54	11.89	3.0%	9,587	10,034	4.66%
Sherborn	753,929	802,876	6.5%	20.46	19.30	-5.7%	15,425	15,496	0.45%
Sudbury	678,738	705,763	4.0%	17.80	17.74	-0.3%	12,082	12,520	3.63%
Wayland	676,477	690,698	2.1%	17.34	18.14	4.6%	11,730	12,529	6.81%
Wellesley	1,180,996	1,215,729	2.9%	11.83	11.79	-0.3%	13,971	14,333	2.59%
Westwood	703,380	727,247	3.4%	14.66	14.57	-0.6%	10,312	10,596	2.76%
Average	838,469	865,244	3.3%	15.14	15.12	0.1%	12,409	12,812	3.25%
Weston	1,542,898	1,562,870	1.3%	12.16	12.40	2.0%	18,762	19,380	3.29%



Analysis: Weston's tax bill remains the highest among its comparable communities, in large part because the average single family value is 28.5% higher than the next highest average value (Wellesley). The Town's 2.0% increase in tax rate from 2016 to 2017 was higher than the average increase of these comparable communities.

Notes on Projection

FY19:

1. Projected salary increases are based on negotiated collective bargaining agreements.
2. The amount budgeted for the Middlesex Retirement System is the actual assessment.
3. The budget for Health Insurance assumes an 8% increase in GIC premiums, but a decision on actual premium rates will not be made by the GIC until March. Utilization of the Town's plans has dropped to 78% from a high of at least 90% in the past.
4. The category of Separate Articles includes funding for Weston Media Center, which will not be needed in FY19 when the new contract takes effect.
5. Additional funds are included for roadway maintenance.
6. No new non-exempt debt service has been added; the amount for exempt debt service is estimated at this time, with more information available after bonds are issued in February.
7. In the category of Reserves, this projection includes full implementation of the reserve policy updated in FY17. There is an amount included to fund the Town's post-employment benefits (OPEB) liability in accordance with the most recent actuarial valuation.
8. The budget projection for FY19 is based on maintaining the current level of services provided by Town departments.
9. A comprehensive revenue projection has not yet been made, but it is assumed that state aid, other than school construction reimbursement payments, will be level funded.

FY20 and FY21:

1. There are no collective bargaining agreements settled for FY20 and FY21; the salary increases are estimated at this time.
2. Employee benefits are increased by approximately 7.5% in each year; all other expenses are increased by 2-3% in each year.
3. With the implementation of an updated reserve policy in FY17, facilities maintenance increases 6% each year and compensated absences increase by \$20K each year.
4. In Scenario 2 for FY20, in order to balance the projected budget to develop the projected budget for FY21, the shortfall has been handled by making a lump sum budget reduction in half the amount and applying increased revenues to cover the other half.