



Town of Weston

FY19 Budget Hearing

John F. McDonald
Finance Committee Chair

April 30, 2018

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

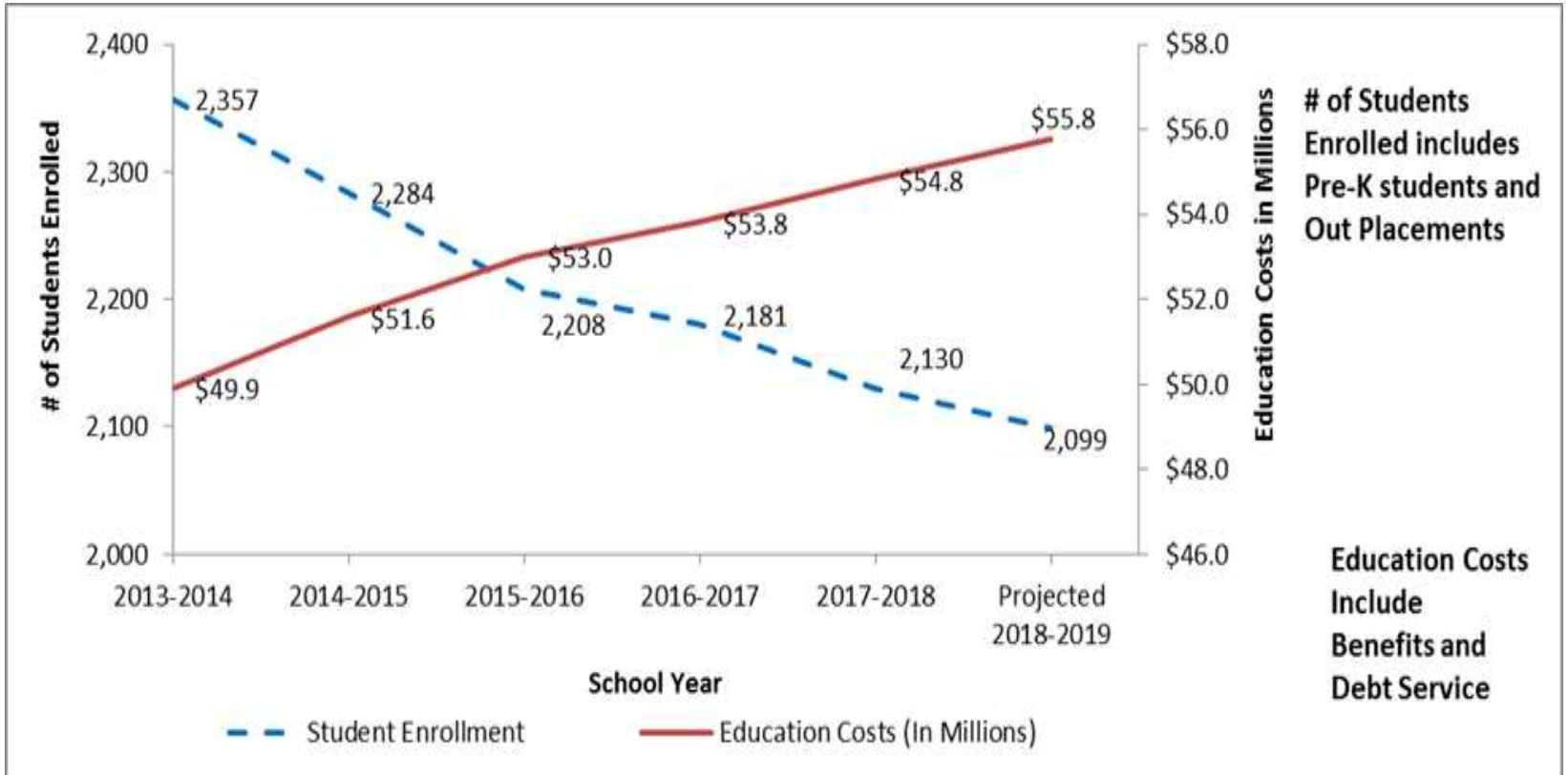
	Recommended			
	FY18 Budget	FY19 Budget	\$ Change	% Change
Schools	\$39,079,529	\$40,099,468	\$1,019,939	2.6%
Unclassified & Fixed Costs	17,373,770	17,672,275	298,505	1.7%
General Government	18,306,485	18,959,868	653,383	3.6%
Town-Wide Facilities	1,715,387	1,974,724	259,337	15.1%
OPEB & Cash Capital	<u>1,736,480</u>	<u>2,381,634</u>	<u>645,154</u>	<u>37.2%</u>
Total Budget	\$78,211,651	\$81,087,969	\$2,876,318	3.7%
Projected Revenue	\$78,211,651	\$81,087,969	\$2,876,318	3.7%
(Shortfall) Surplus	\$0	\$0	\$0	
Gross Debt Service Exempt from Proposition 2 1/2	\$8,905,759	\$8,741,482	-\$164,277	-1.8%
Grand Total Budget	\$87,117,410	\$89,829,451	\$2,712,041	3.1%

Budget Highlights

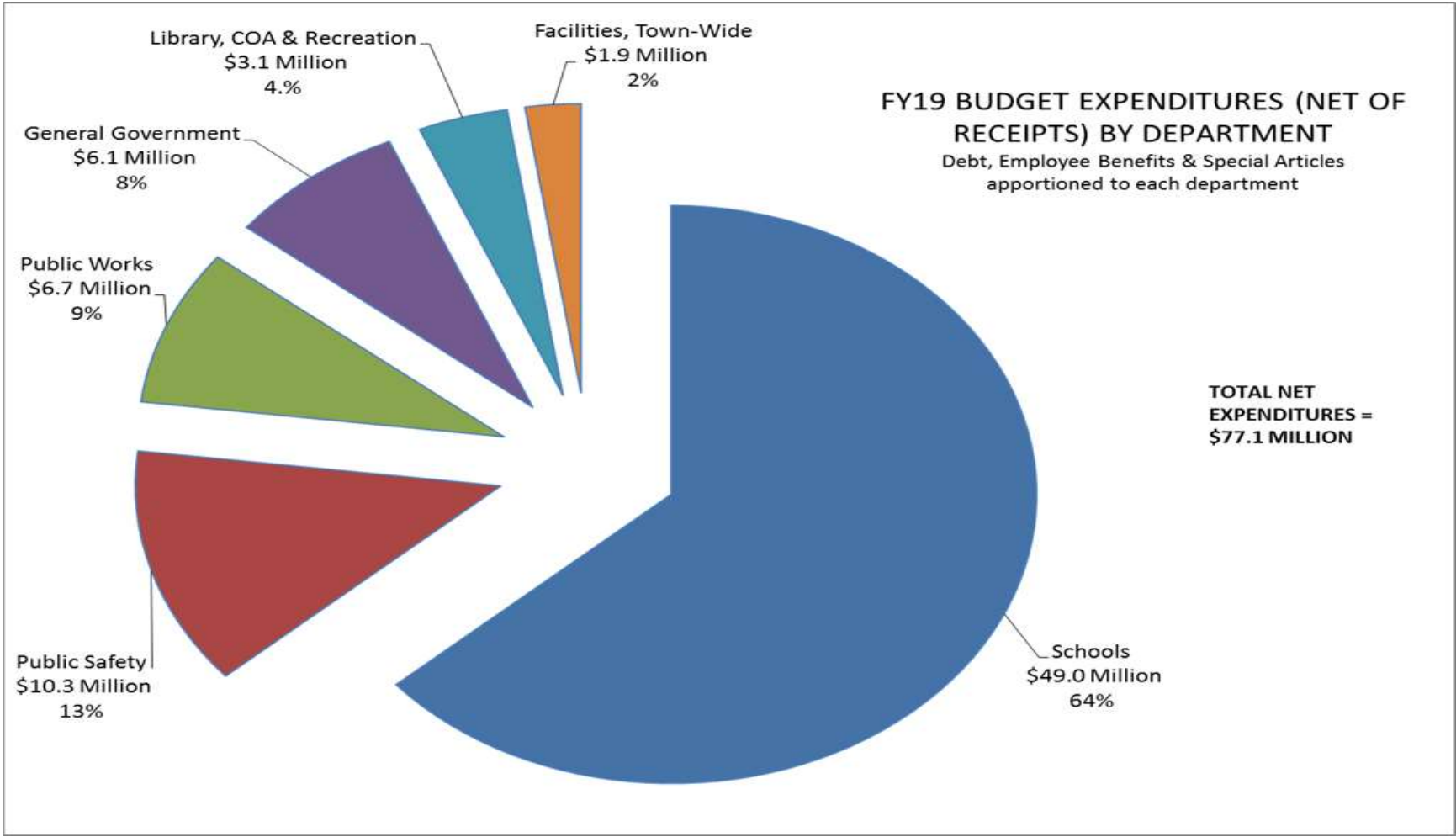
- Balanced budget with projected 3.7% increase. Exempt debt service decrease of 1.8%:
 - Increase in School Budget (2.6% or \$1,019,939)
 - Increase in Road Maintenance (66.7% or \$500,000)
 - Increase in Retirement Costs (6.7% or \$322,149)
 - Increase in Post Employment Benefits (22.2% or \$385,154)
 - New Growth in the tax base of \$1,246,222
- The next 5 years of tax rate increases projected to average 2.5% assuming debt service changes and increased operating budgets.

School Budget Concerns

- Rising cost of education in a declining student enrollment environment

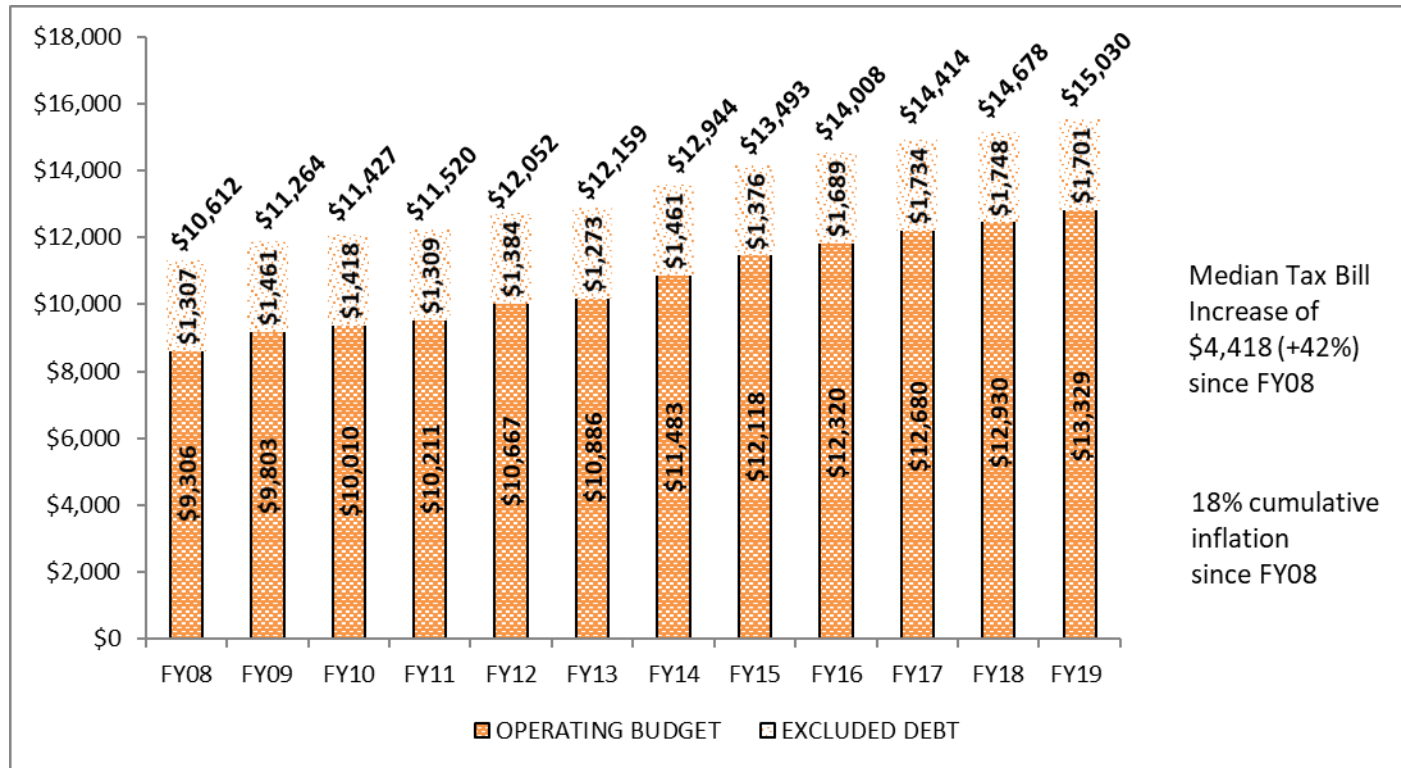


FY19 Estimated Tax Levy by Department



Median Household Tax Bill Increase Since FY08

- Current median home value is \$1,173,300



Outstanding Debt Summary

- Additional \$1.7M for projects proposed at May 2018 ATM:
 - Drainage Improvements- \$51K
 - Fire Pumper Truck- \$750K
 - DPW- Route 30 Roadway Reconstruction Design- \$938K

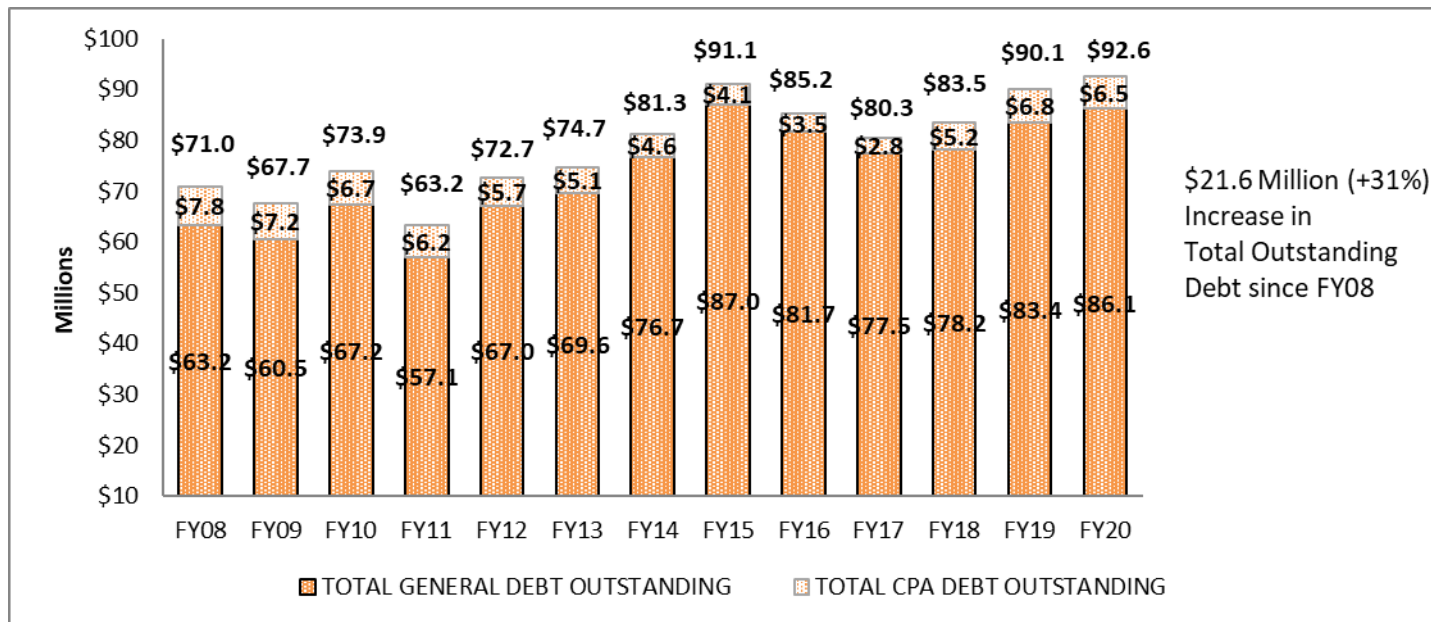
- Additional \$20.5 million in future anticipated construction costs to be proposed at future Town Meetings:
 - Town Center Level & Master Plan Construction- \$5.6 million
 - Town Center Burying of Utilities Construction- \$4.9 million
 - Case House Rehab Construction- \$7.4 million
 - Drainage Improvements- \$2.6 million

- Current slate of projects is manageable while protecting Town's bond rating

Actual and Projected General & CPA Debt Outstanding – FY08-FY20

Assumptions:

- Includes debt projects proposed for May 2018 Annual Town Meeting and anticipated for November 2018 Special Town Meeting
- Outstanding principal being paid down as scheduled



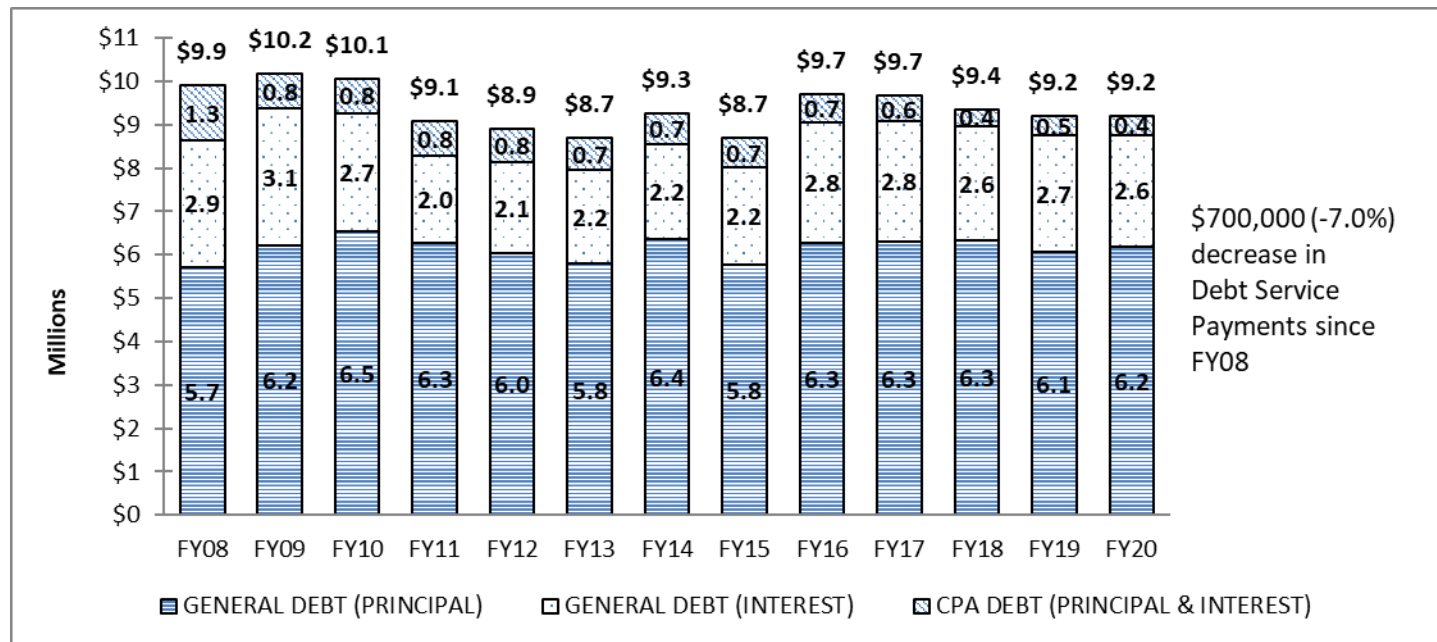
Major Capital Projects Authorized Since 1997

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 Building	\$ 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
2017	Case Campus Roadways & Walkways	\$ 1.1
2017	Proctor Field & High School Field 1	\$ 4.6
2017	Weston Arts & Innovation Center (CPA)	\$ 4.5
Total		\$ 171.0

Actual & Projected General & CPA Debt Service Payments-FY08-FY20

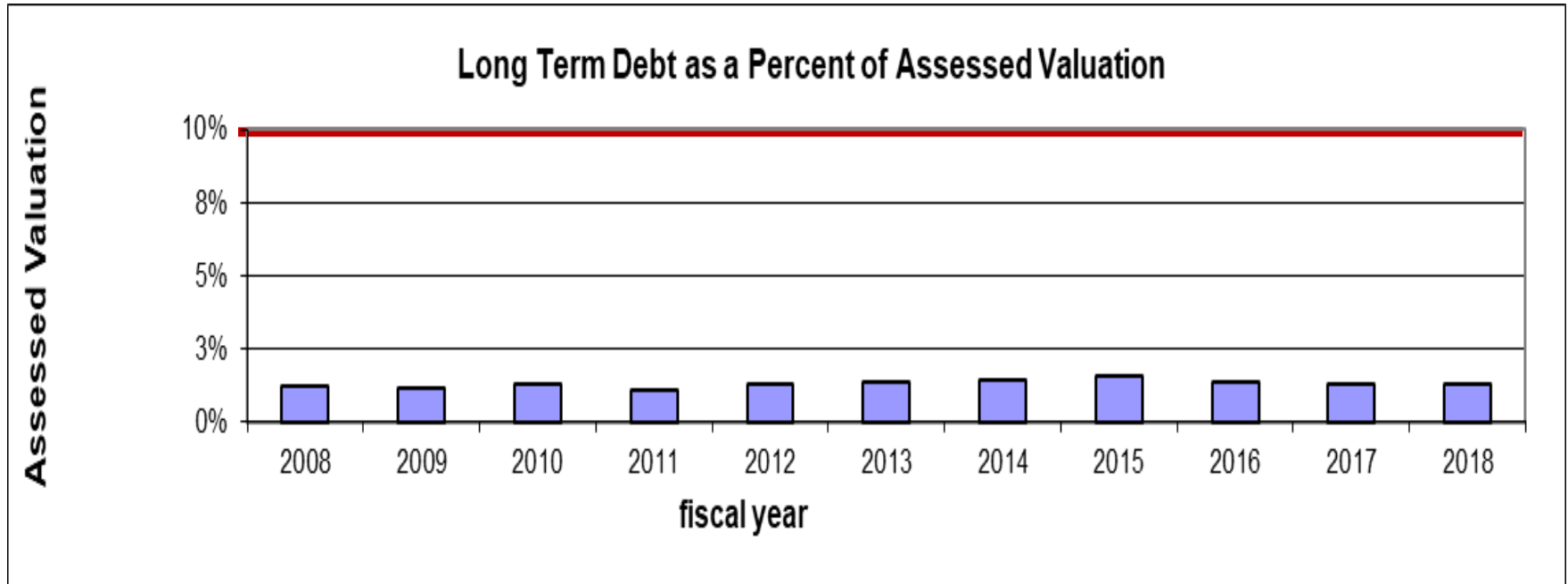
Assumptions:

- Includes debt projects proposed for May 2018 Annual Town Meeting and anticipated for November 2018 Special Town Meeting
- Outstanding principal being paid down as scheduled



Long Term Debt as % of Assessed Valuation

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



Status of Reserve Accounts

Reserve	Current Reserve Balance	FY18 Additional Recommended Appropriation	FY19 Recommended Appropriation	FY19 Appropriation + Balance Carried Forward	Reserve Balance Fully Implemented
Unrestricted Purpose					
Finance Comm. Reserve Fund	556,900		586,587	586,587	586,587
Free Cash	4,373,690	(622,000)	(2,760,000)	991,690	586,587
Stabilization Fund	3,113,691		-	3,113,691	2,737,408
Specific Purpose					
Facilities Maintenance	877,989		566,781	1,444,770	2,800,000
Pension Stabilization Fund	413,643		-	413,643	400,000
Personnel related reserves	418,808		240,000	658,808	2,495,000
Other	353,868		-	353,868	300,000
Total Reserves	\$10,108,589	-\$622,000	-\$1,366,632	\$7,563,057	\$9,905,583

Total Reserves as a % of Operating Revenue		9.7%	12.7%
---	--	-------------	--------------

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 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)

- \$65 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 (FY19 of \$2.6 million)
 - Additional funding for long-term liability (Article 5 - \$2.1 million)
- Balance in OPEB Trust is currently \$16.2 million

Long Term Financial Obligations as of June 30, 2018

