

Town of Weston

FY20 Budget Hearing

Lisa V. Reitano
Finance Committee Chair

April 29, 2019

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

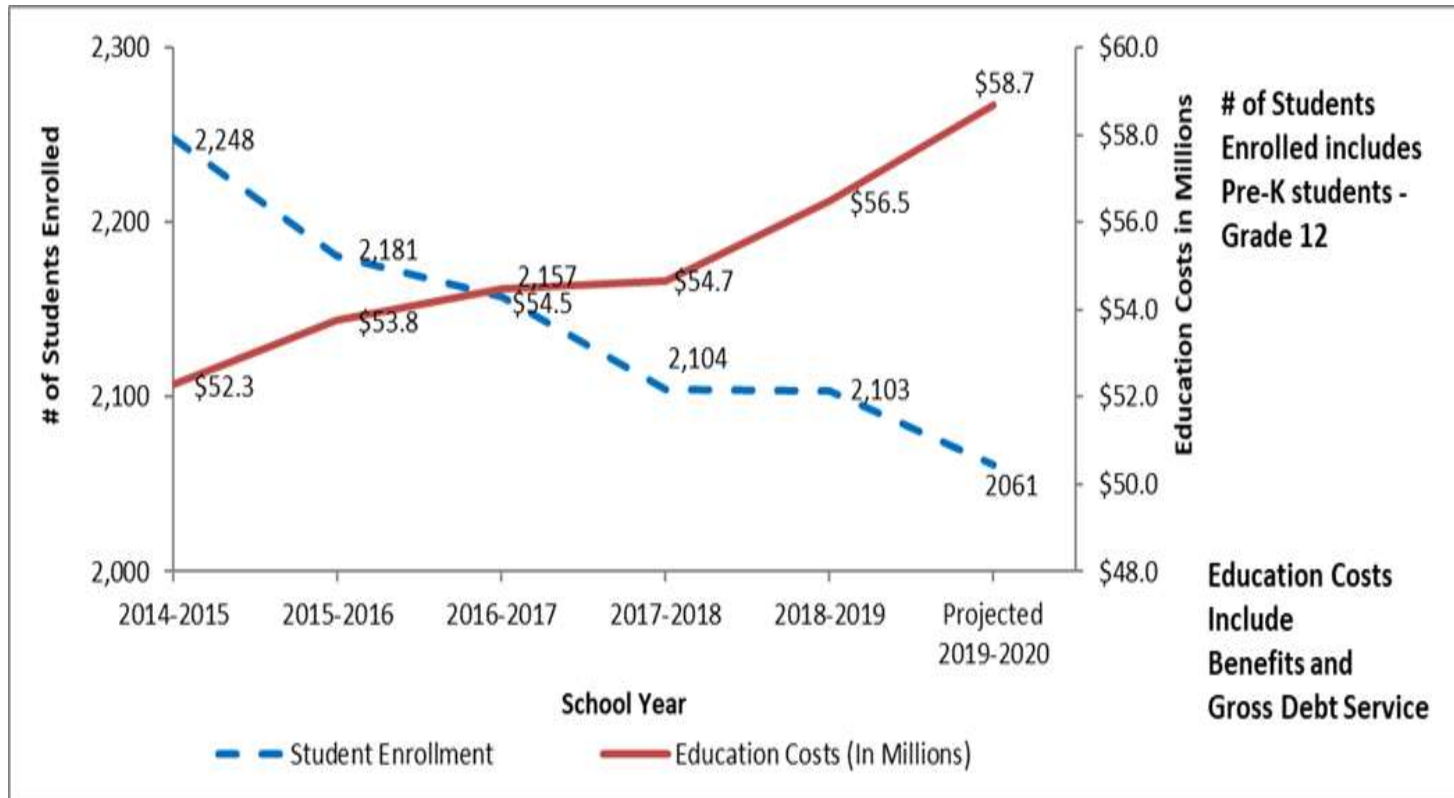
- Maintain current levels of services efficiently and cost effectively
- Prudently address increased demand for services
- Provide sufficient funds for building and other infrastructure maintenance
- Ensure that budgets and capital projects do not jeopardize credit rating and long-term fiscal health of the Town
- Continue to build fiscal stability through appropriate level of reserves and funding of long term liabilities

Budget Highlights

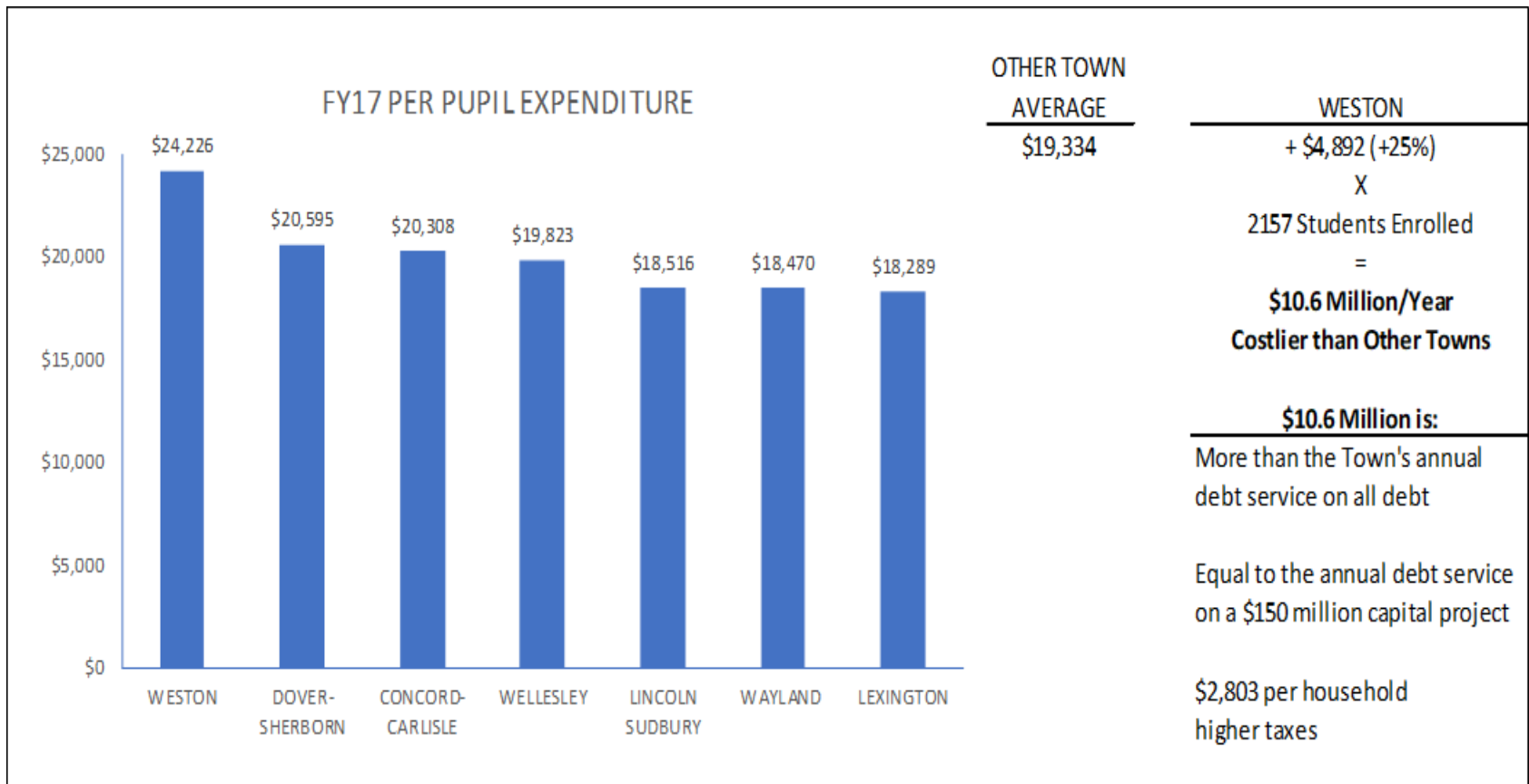
- Balanced operating budget (includes Post Employment Benefit Reserve) projected increase of 3.4%. Exempt debt service projected increase of 10.1%:
 - Increase in School Budget (3.3% or \$1,341,923)
 - Increase in Road Maintenance (40.0% or \$500,000)
 - Increase in Retirement Costs (3.4% or \$173,257)
 - Increase in Post Employment Benefits (4.4% or \$93,022)
 - New Growth in the tax base of \$1,398,864
- The next 5 years of tax rate increases projected to average 2.4% assuming debt service changes and increased operating budgets.

School Budget Concerns

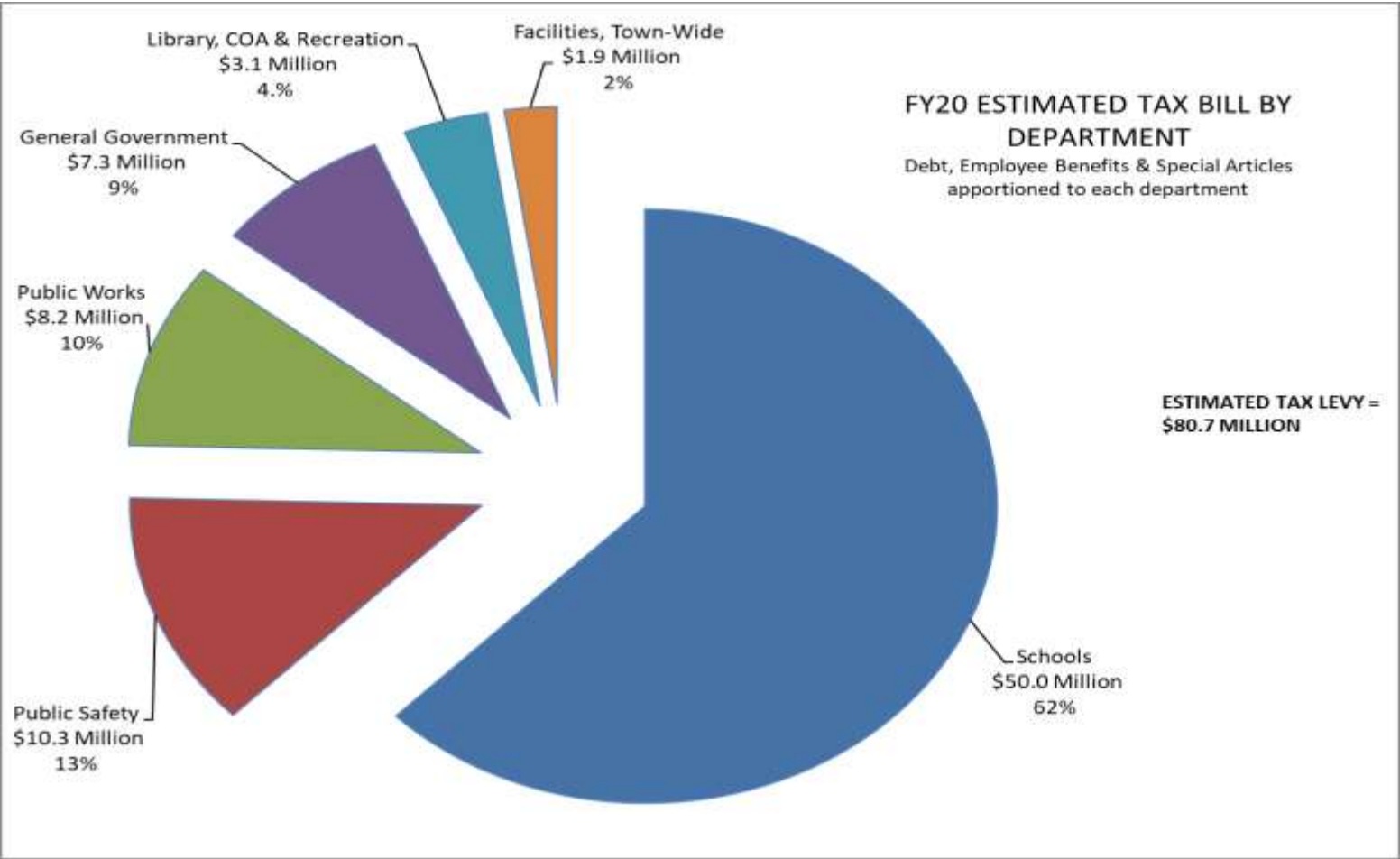
- Rising cost of education in a declining student enrollment environment



Weston School Costs Higher Than Comparable Towns (FY17)

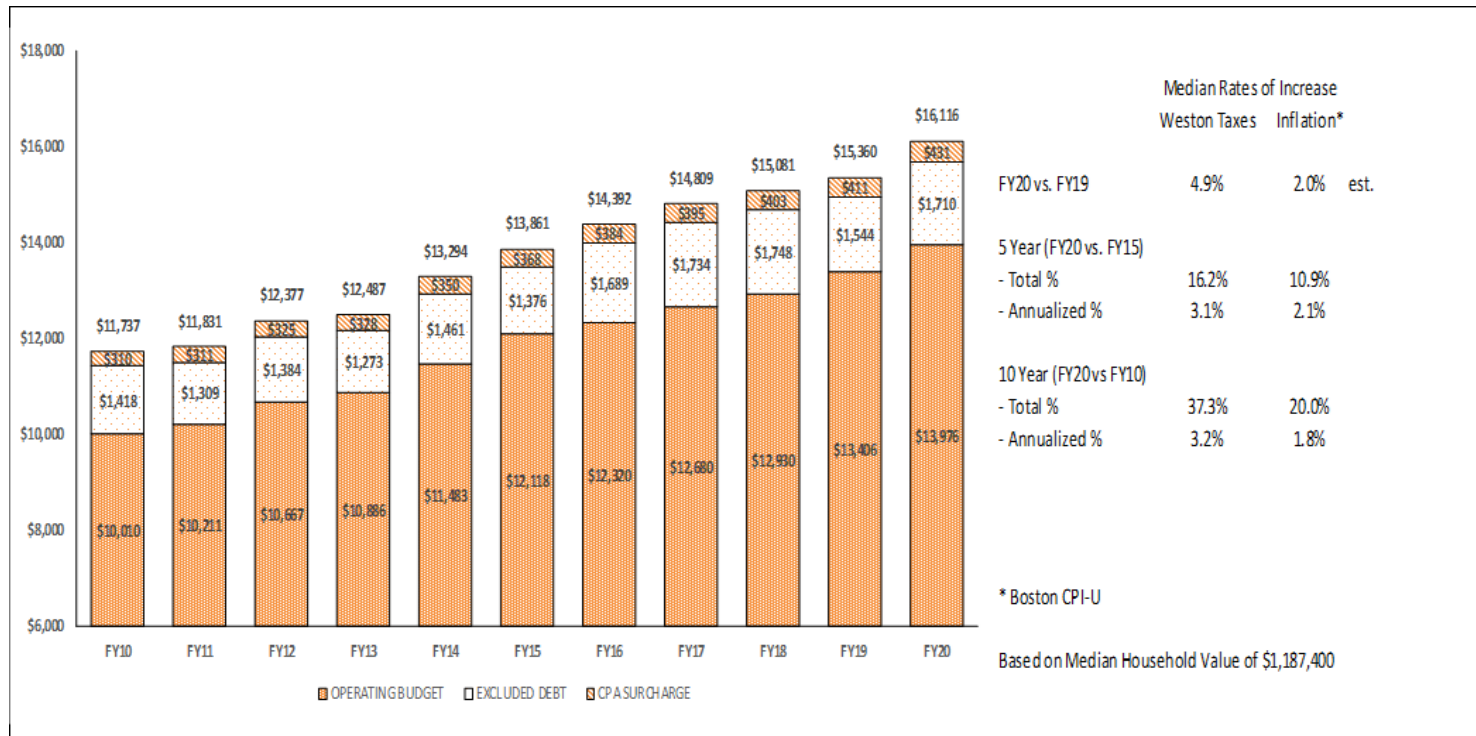


FY20 Estimated Tax Levy by Department



Median Household Tax Bill Increase Since FY10

- Current median home value is \$1,187,400



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
2019	Case House Rehabilitation	\$ 7.8
2019	Town Center- Master & Burying Utilities	\$ 18.1
Total		<u>\$ 196.9</u>

Outstanding FY20 Debt Summary

General Fund:

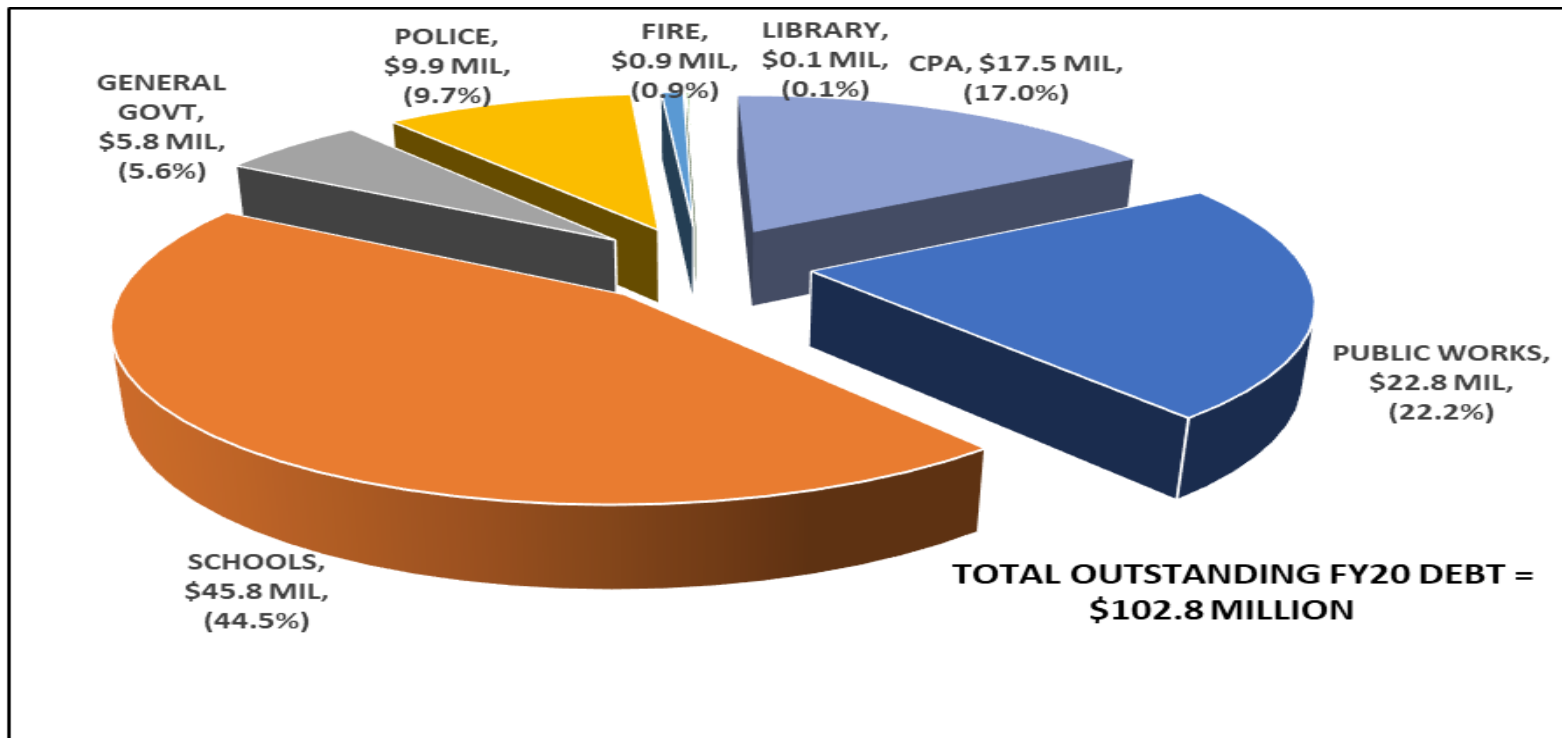
- Includes current outstanding debt
- Additional \$7.8M for Case House Rehabilitation/Preservation project & \$938K for Route 30 project passed at November 2018 Special Town Meeting
- Additional \$9.3M for Town Center project passed at March 2019 Special Town Meeting (1/2 of Town Meeting Authorization)
- Additional \$1.9M for projects proposed at May 2019 Annual Town Meeting:
 - Fire Radio Equipment- \$800K
 - Drainage Improvements- \$600K
 - Culvert Repairs- \$500K

CPA:

- Includes current outstanding debt
 - Additional \$2.5M for 500 Wellesley St. Acquisition proposed at May 2019 Annual Town Meeting
 - Additional estimated \$9.0M for Josiah Smith Tavern project expected to be brought to November 2019 Special Town Meeting
- Current slate of projects is manageable while protecting Town's bond rating

FY20 Outstanding Debt by Department

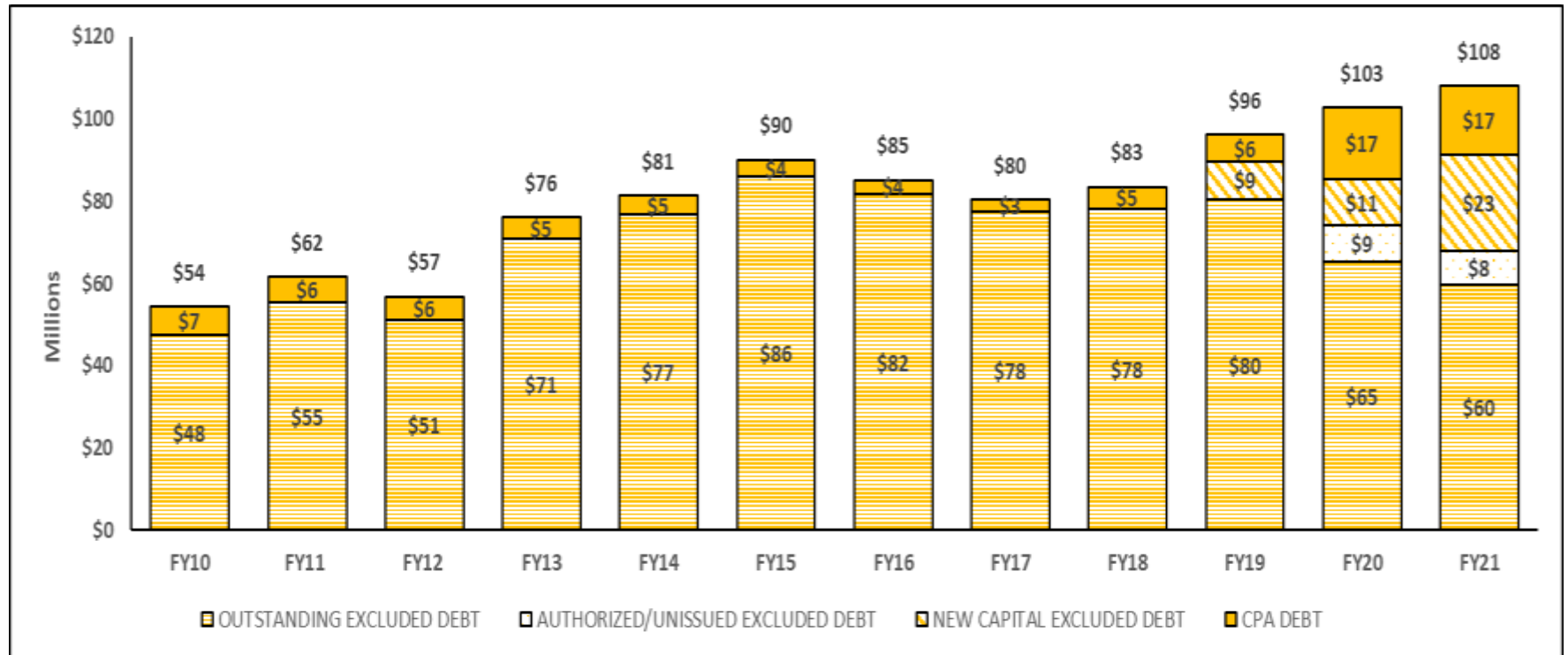
- General Fund Exempt Debt: \$85.3 Million
- CPA Debt: \$17.5 Million



Actual and Projected General Fund Exempt Debt Outstanding – FY10-FY21

Assumptions:

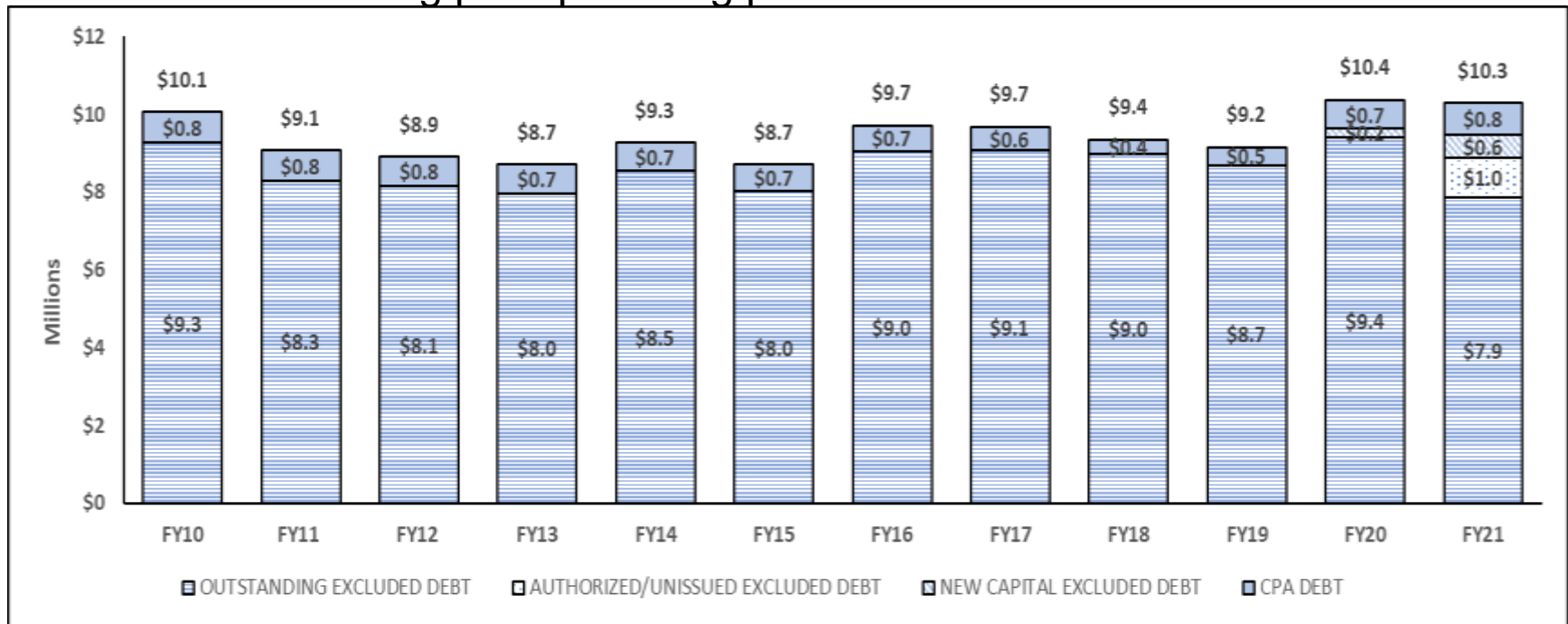
- Includes debt projects proposed for May 2019 Annual Town Meeting and CPA projects anticipated for November 2019 Special Town Meeting
- Outstanding principal being paid down as scheduled



Actual & Projected General & CPA Debt Service Payments-FY10-FY20

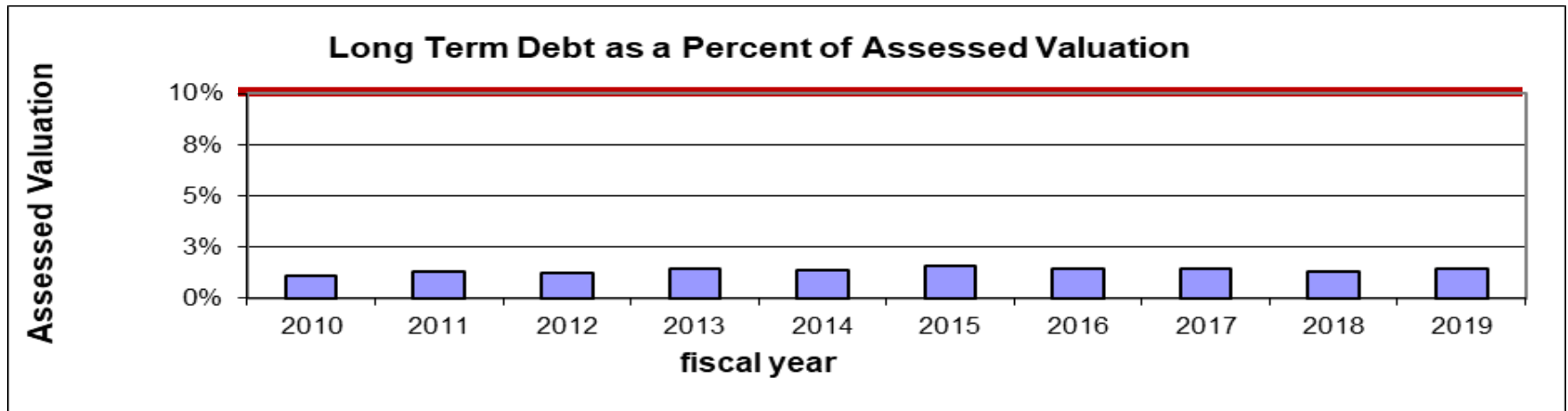
Assumptions:

- Includes debt projects proposed for May 2019 Annual Town Meeting and CPA projects anticipated for November 2019 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	FY19 Additional Recommended Appropriation	FY20 Recommended Appropriation	FY20 Appropriation + Balance Carried Forward	Reserve Balance Fully Implemented
Unrestricted Purpose					
Finance Comm. Reserve Fund	586,587		611,910	611,910	611,910
Free Cash	5,066,454	(500,000)	(3,000,000)	1,566,454	611,910
Stabilization Fund	3,182,358		-	3,182,358	2,855,579
Specific Purpose					
Facilities Maintenance	479,663		600,788	1,080,451	2,800,000
Pension Stabilization Fund	422,775		-	400,000	400,000
Personnel related reserves	565,541		260,000	825,541	2,495,000
Other	334,086		-	334,086	300,000
Total Reserves	\$10,637,465	-\$500,000	-\$1,527,302	\$8,000,801	\$10,074,398
Total Reserves as a % of Operating Revenue				9.8%	12.3%

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
- \$61.4 million (54%) 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 2027, putting additional pressure on future budgets to remain within Prop 2 ½

OPEB – Other Post Employment Benefits (Retiree Health Insurance)

- \$66.5 million (84%) unfunded as of 6/30/2018 audited financial statements
- 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 (FY20 of \$2.6 million)
 - Additional funding for long-term liability (Article 5 - \$2.2 million)
- Balance in OPEB Trust is currently \$18.2 million

Long Term Financial Obligations as of June 30, 2019

