



Financial Update

- CAFR Award
- Free Cash
- Financial Policies Status

Fall 2018

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Agenda

- CAFR Review
- Free Cash Certification
- Current Status against Financial Policies
- Next Steps and timing for key financial events this Fall.



CAFR – GFOA Award

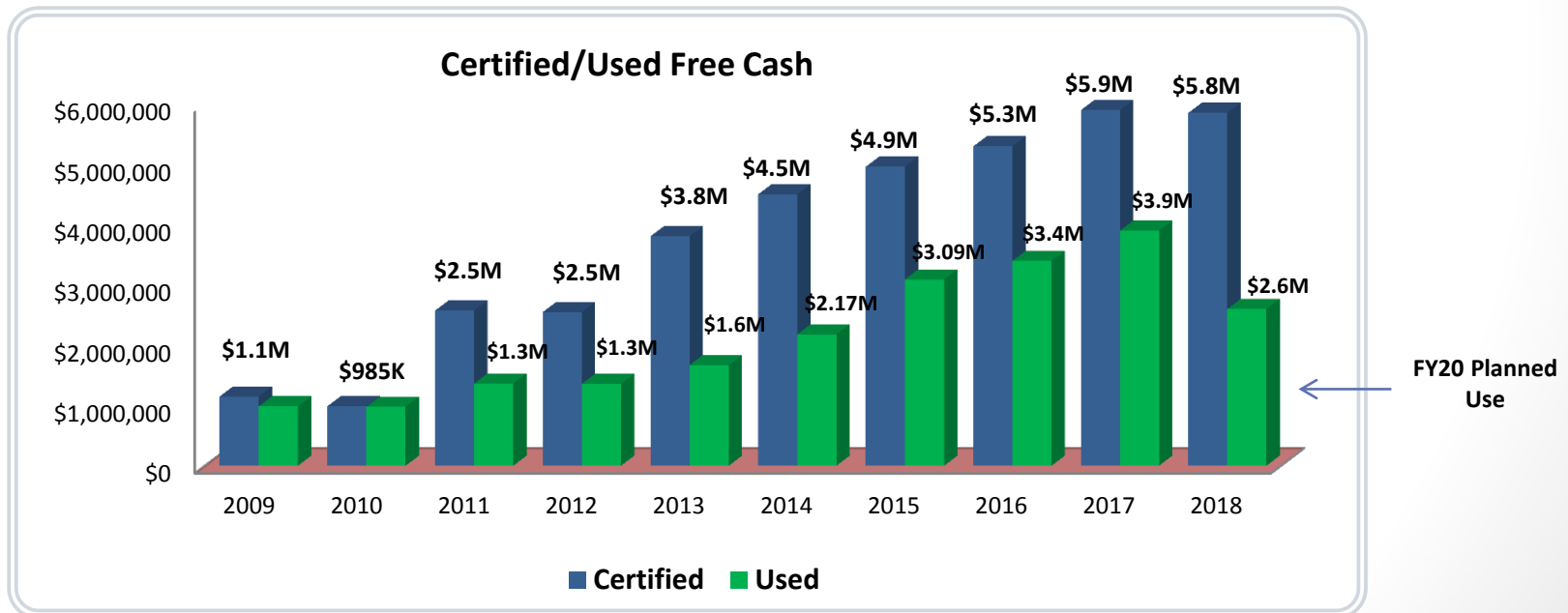
- FY17 CAFR – Westwood’s 21st consecutive award
- Only 41 cities and towns in Massachusetts receive an award each year (10%)
- Fellow Recipients:

Municipality	Number of Consecutive Years of Awards
Cambridge	32
Worcester	25
Boston	23
Hingham	22
Westwood	21

- Other recipients have won between 2 and 20 consecutive awards.
 - 24 Towns less than 10 years
 - 12 Towns 11-19 years

Free Cash – Strong Position

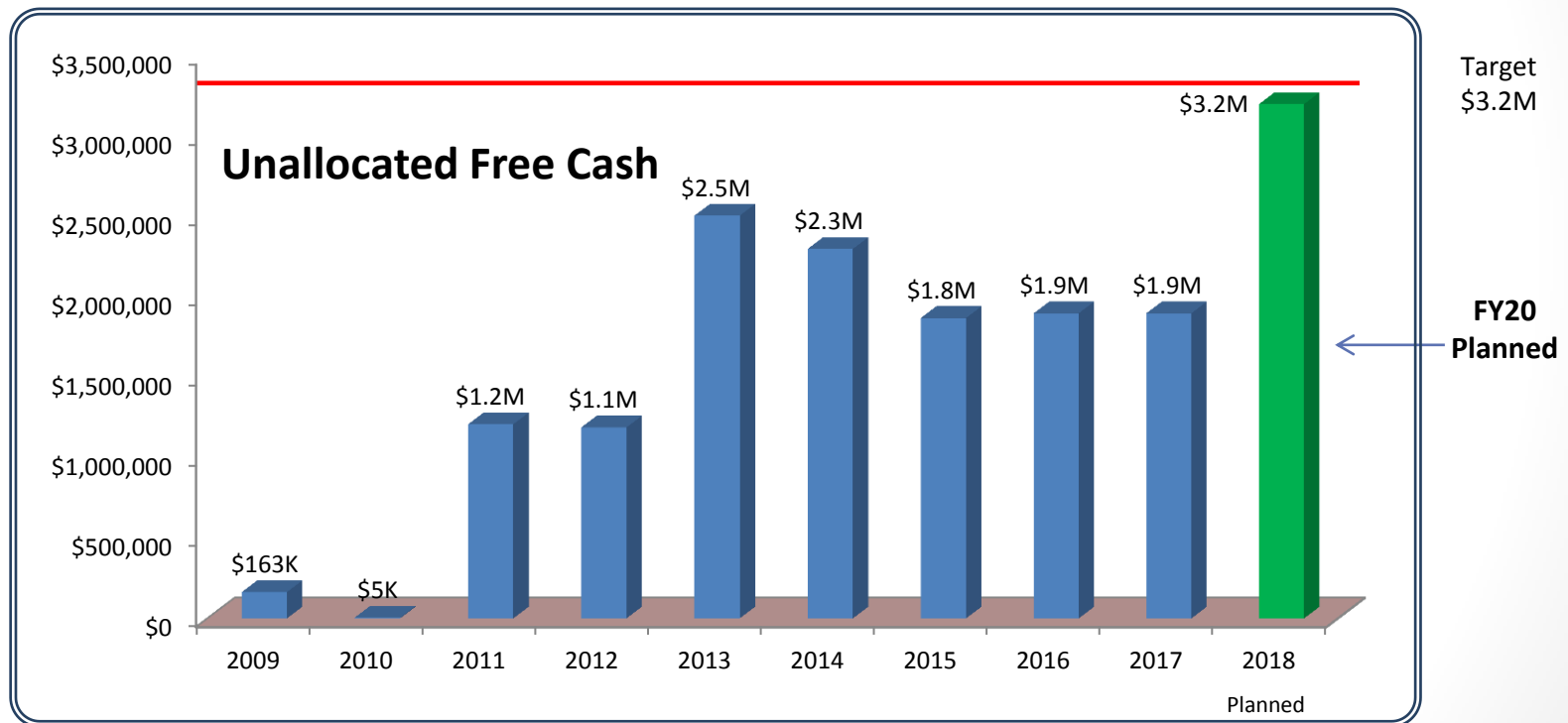
- Free cash certification as of 6/30/2018 – \$5,854,683
 - Free cash stabilized and strong.
 - Good FY18 budget to actual results.
 - Continued strong motor vehicle revenue.
- Disciplined use of prior year balance.
 - Not applied to operating budgets.
 - In line with policy.
 - Not using full allowance.
 - Applying higher amounts to capital needs.



- Financial policy target approximately \$3.2M unallocated

Unallocated Free Cash – Can Meet Financial Goal

- Unallocated free cash target – approximately \$3.2M, provides for \$2.6M to use.
- Base use: \$100K Stabilization, \$1.75M capital.
- Additional amounts toward capital, snow and ice.
- Unallocated balance provides protection for the Town.



- Additional free cash beyond target has been used for: additional school and municipal capital.

History of Free Cash Use

- Certified Free Cash as of July 1, 2018 is \$5,854,683
- Disciplined use of free cash balance.
 - Not applied to operating budgets. Not using full allowance.
 - In line with Financial Policy, apply higher amounts to capital needs, not operating budget.
- FY19 current budget uses :
 - Base
 - \$1,753,900 for base school and municipal capital
 - \$100,000 for Stabilization
 - Additional
 - \$19,218 for Debt Service budget
 - \$225,000 for Snow and Ice
 - \$857,000 for additional capital
 - \$125,000 for a Comprehensive School and Municipal Security study, and
 - \$511,000 to establish an Affordable Housing Account.

Certified Date	July 2018	July 2017	July 2016	July 2015	July 2014	July 2013	July 2012	July 2011	July 2010
Amount	\$5,854,683	\$5,900,219	\$5,386,795	\$4,961,737	\$4,502,878	\$3,806,582	\$2,547,593	\$2,572,798	\$985,616
Proposed 2019 ATM:									
Fall Town Meeting/ Other		\$801,000	\$256,000	\$456,000	\$155,000				
Stabilization	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$344,000	
Capital	\$1,753,000	\$2,198,118	\$1,769,050	\$1,652,050	\$1,523,000	\$1,308,150	\$800,000	\$700,000	\$700,000
Articles		\$861,000	\$1,295,000	\$883,000	\$401,509	\$260,500	\$58,000	\$320,000	\$280,000
Total Used	\$1,853,000	\$3,960,118	\$3,420,050	\$3,091,050	\$2,179,509	\$1,668,650	\$1,358,000	\$1,364,000	\$980,000
Unallocated	\$4,001,683	\$1,940,101	\$1,966,745	\$1,870,687	\$2,323,369	\$2,137,932	\$1,189,593	\$1,208,798	\$5,616

- Financial Policy target is approximately \$3.2M unallocated.

Financial Policies Status Update – September 2018

	Target	Actual	Comments	Target Status	Comparison to Previous Year
B. 2. Operating Reserve Fund – shall be .5% of total general fund operating budget, net of debt service. Per new policy.	\$400,874 .5%	FY19 Budget \$400,000	At target. This target was recently revised. \$400,000 is comfortable budget.	✓	Continued to Meet Target
B. 3. Free Cash – shall maintain at 4% of general fund operating budget, net of debt service.	\$3,206,993 4%	\$5,854,683 6.8%	Actual is at goal. Full amount <u>before</u> use of any free cash. This allows us to utilize standard free cash amount for FY20 budget and still meet target. FY18 unused was \$1.9M which is below target.	X	Continued Improvement
D. 3. Reserve accounts – shall maintain at 8% of general fund operating revenues, net of debt service. Total reserve goals should be maintained at 4% in general fund and 4% in stabilization account.	Stabilization Target 4% \$3,426,177 Total 8% or \$6,852,354	Stabilization 3.6% \$3,118,670 Total 10.5% or \$8,973,357	Stabilization approximately \$307K short of target. Total is over target. This would be <u>before</u> use of free cash. Allows for standard use of free cash, and then remain at target.	✓	Stable On Track With Target
D.4 Annual OPEB appropriation – the Town will appropriate no less than \$550,000 per year to the OPEB Liability Trust Fund.	\$550,000	\$1,415,000	FY19 budget includes \$1,415,000 appropriation. Above minimum target and on track with required funding.	✓	Significant Improvement Target to be Revised
E. 4. General fund nonexempt debt service should not exceed 8% of net general fund revenues.	Not exceed 8% Or \$6,852,354	3.8% \$3,281,115	Target is met. Non exempt debt service is at approximately ½ of maximum target.	✓	Continued Below Target
E. 4. Total General fund exempt and nonexempt debt should not exceed 10-12% of net general fund revenues.	Not exceed 12% Or \$10,278,532	7.2% \$6,137,978	Target is met. Total debt is well below target.	✓	Continue to Meet Target
F. 5. Investment in capital stock – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$2,405,244 3%	\$1,753,900 2.2%	Actual is approximately \$651K short of target. Actual at 73% of target. Base capital has been increased incrementally from \$823K to \$1,753,900. In each of the last 3 years, we have added an additional \$700-900K of capital above the base.	Not Fully Met	Continued Improvement with Additional Capital
G. 5. Maintain sewer retained earnings – will maintain 10% of sewer fund revenues.	\$511,807 10%	\$2,877,966 56%	Actual is well above target, due to new commercial connect fees to be used for capital maintenance of system.	✓	Well Above Target

Financial Policies Status Update – September 2018

Other Policies	Comments	Target Status	Comparison to Previous Year
B.1. General Fund – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.	No Free Cash used for operating budget.	✓	Target has been met consistently
D.3. Reserves – Town will strive to make annual appropriation to the Stabilization Fund	\$100,000 appropriation to stabilization reserve at 2018 Annual Town Meeting, funded by free cash. Continued in FY20 budget plan. Current balance in stabilization account is \$3.1M	✓	Target has been met consistently
D.4. OPEB – Town will strive to move towards fully funding ARC (Annual Required Contribution).	\$1,415,000 appropriated to OPEB reserve at 2018 Annual Town Meeting, within budget funds. This is currently on target with required annual payment (ARC). OPEB trust account now has a balance of \$8.5M.	✓	Greatly Improved On Target with ARC from Current Valuation
F.2. Capital Planning – Town will develop a multi-year plan for capital improvements.	Produced 5-year Capital Improvement Plan document; will continue to improve document and produce on an annual basis.	✓	Same