



Year End Financial Update Board of Selectmen Meeting October 2018

Pam Dukeman
Finance Director

Items to Review

- FY18 Results
 - Revenue
 - Expenditures
 - Snow and Ice
 - Free Cash

Operating Budget

Reserve Accounts

Tax Bill Impact

Capital Assets

Long Term Liabilities

Service Levels



Balance Many Needs

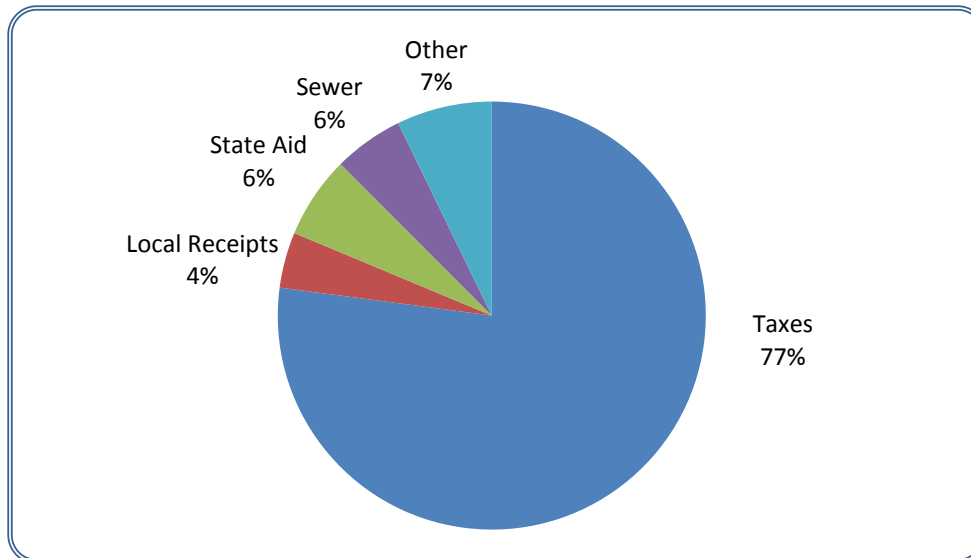
- Quick Status Update – Where do we stand on Key Indicators
- Next steps and Fall Timeline

Final FY18 Revenue – Continued Positive Results

Final FY18 Budget Revenue - \$96M

Taxes

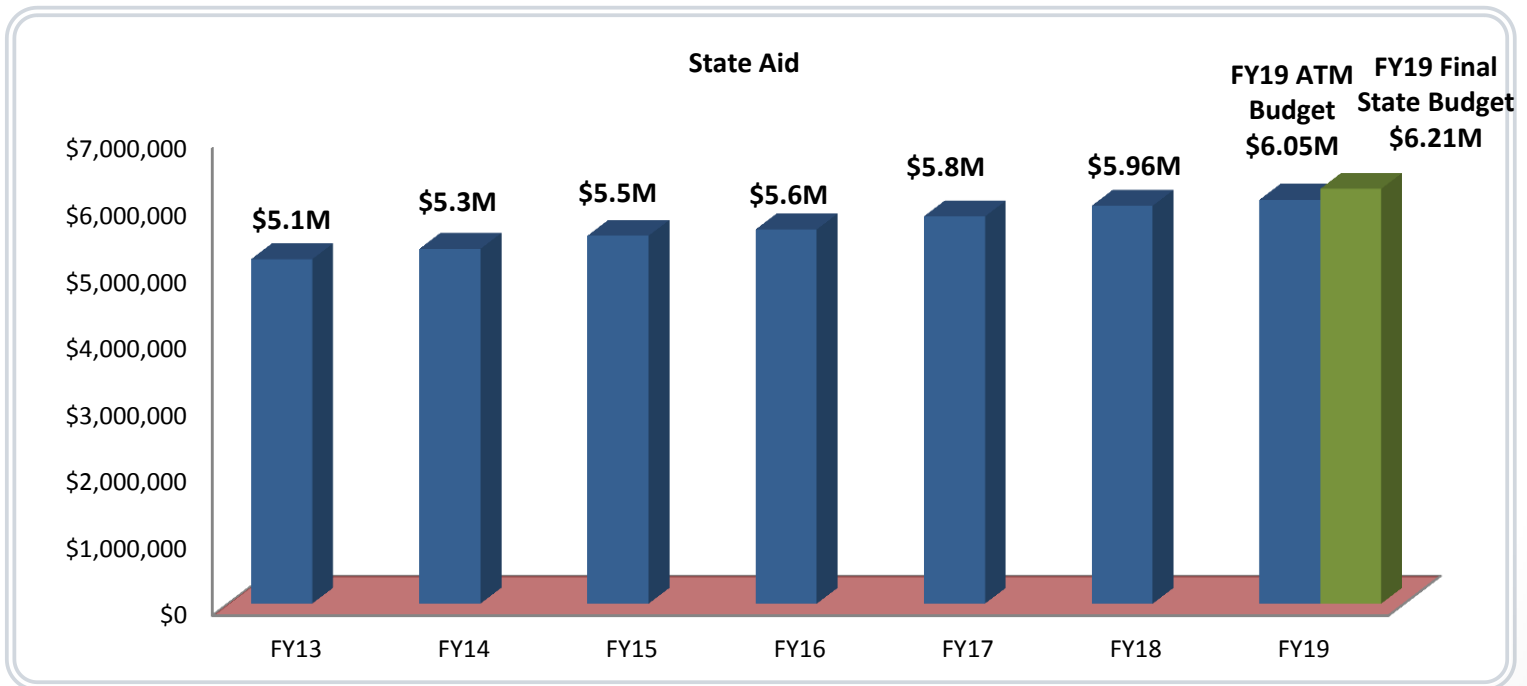
- Taxes - \$74M – on target.
 - Real estate collections remain strong, consistent year to year results.
 - 98% collected on time.
 - As taxes are approximately 80% of revenue, most important component to our financial stability.
- As of June 30, 2018:
 - Tax deferral \$475K – cumulative all years (Balance prior year \$495K)
 - Tax title \$505K – cumulative all years (Balance prior year \$654K)



Final FY18 Revenue – Steady State Aid

State Aid - \$5.96M FY18

- State now pays monthly.
 - Increased slightly in FY18 (\$5.8M in FY17).
 - State aid steady– no mid year cuts or disruptions.



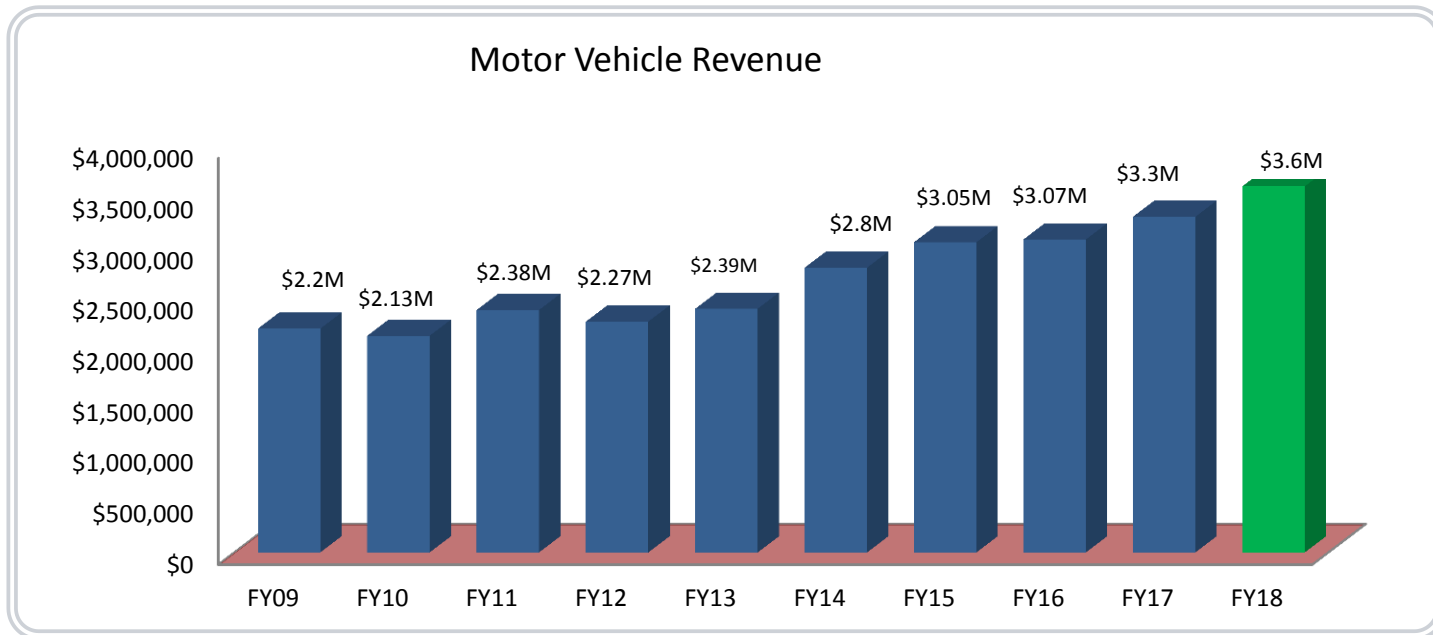
FY19

- FY19 Final State Budget: Minor increase of \$165K over Annual Town Meeting Estimate

Final FY18 Revenue – Local Receipts Strong Collections

Local Receipts

- Strong collections of \$6.2M, increase from FY17 - \$5.3M.
- Motor vehicle - \$3.6M collections – increase from \$3.3M in prior year.



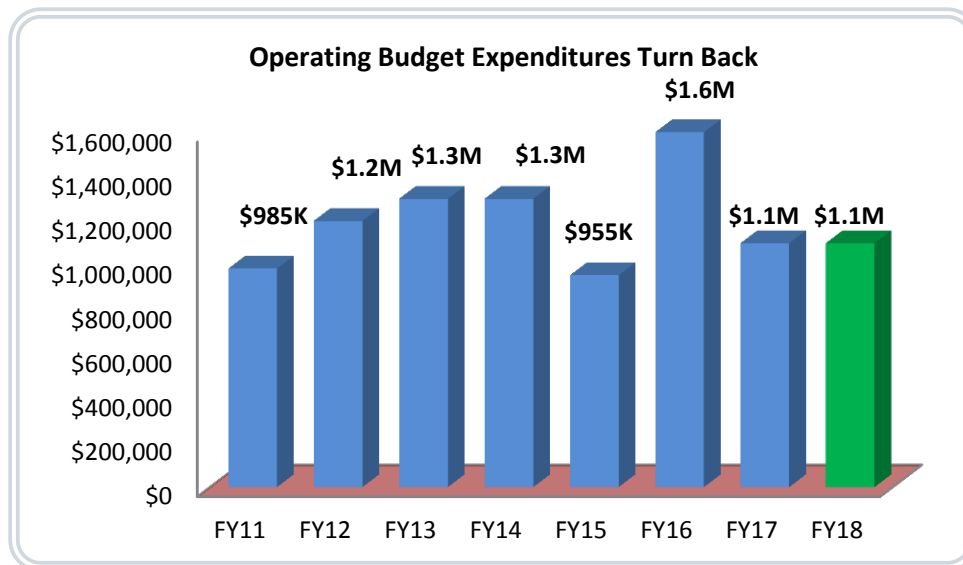
- Building permits – continue strong – based on construction activity in Town.
 - FY18 \$682K
 - FY17 \$782K
 - FY16 \$785K

Final FY18 Expenditures – In Line With Budget

FY18 Final General Fund Operating Budget - \$83.7M

- Overall expenditures turn back - \$1.1M – approximately 1.3%
 - Comparison turn back
 - FY17 \$1.1M or 1.3%
 - FY16 \$1.6M or 2%.

Turn Back	FY18	FY17
Municipal	\$220K	\$277K
School	\$0	\$22K
Benefits	\$645K	\$572K
Reserves	<u>\$242K</u>	<u>\$234K</u>
	\$1.1M	\$1.1M

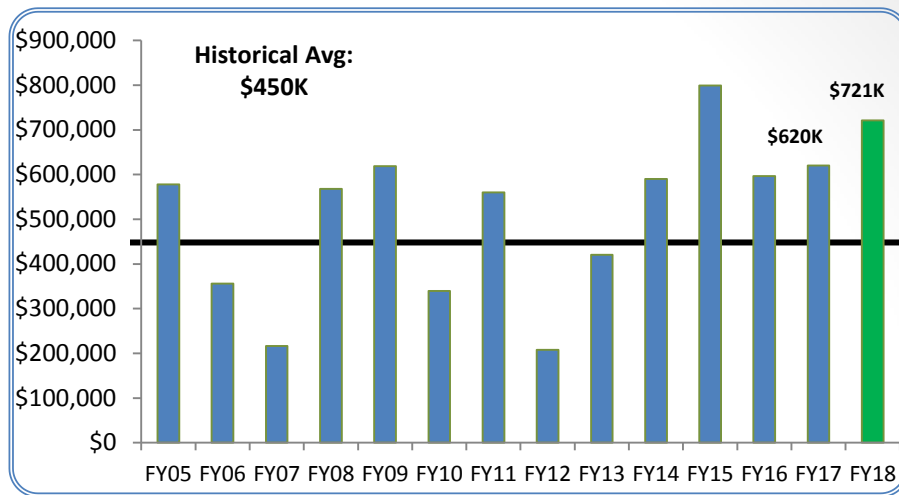


FY18 Snow and Ice Update

- Total FY18 expenditures approximately \$721K.

Funding FY18

\$721,000	Total Spent
\$300,000	Annual Budget
<u>\$300,000</u>	ATM Supplement from Reserve Fund
\$121,000	To be raised on tax recap



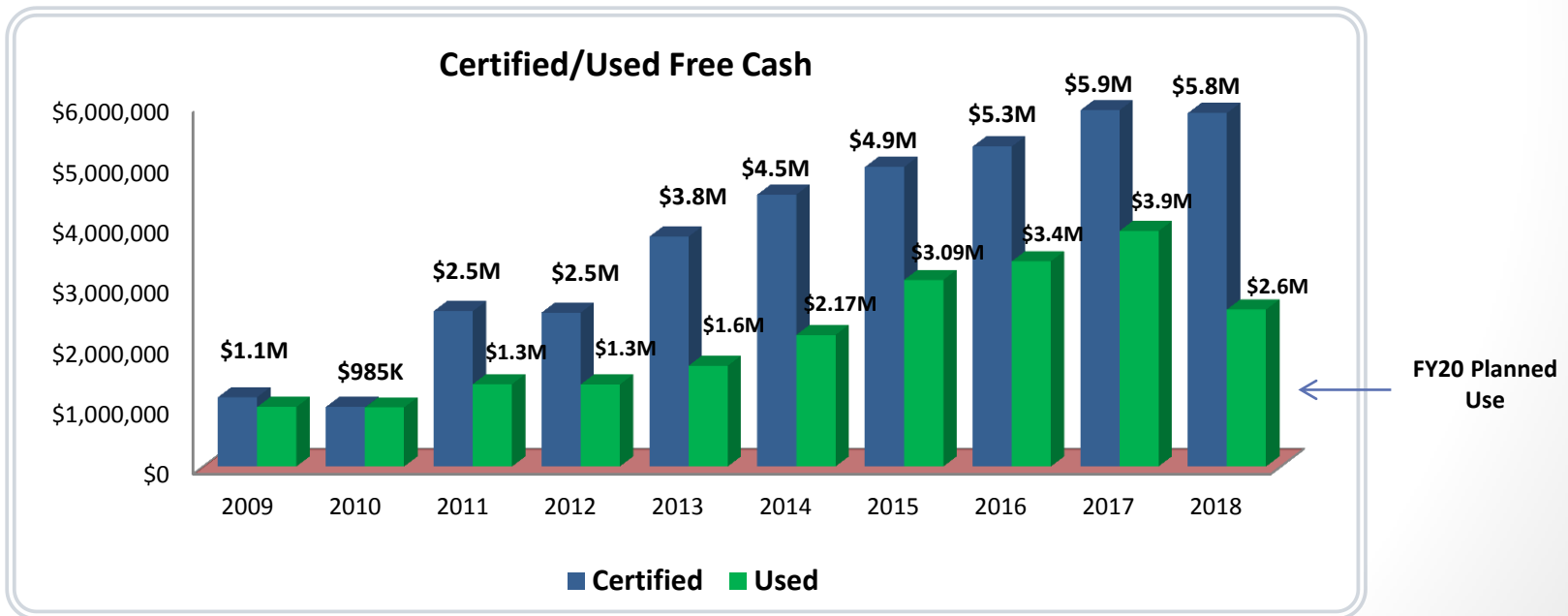
Budgets Going Forward

- Historical average approximately \$450K per year.
 - Although not in recent years
- Having adequate reserves allows the Town to address this type of fluctuating activity without budget impact to other school/town services.
 - But better to increase the budget to average level
 - FY19 Budget increased to \$450K from \$300K (with final budget adjustment)
 - FY19 \$450K
 - FY18 \$300K
 - FY09-FY17 \$250K
 - FY08 and prior \$141,200
- State has streamlined the process for deficit spending for Snow and Ice
 - Town Administrator now approves deficit spending

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.



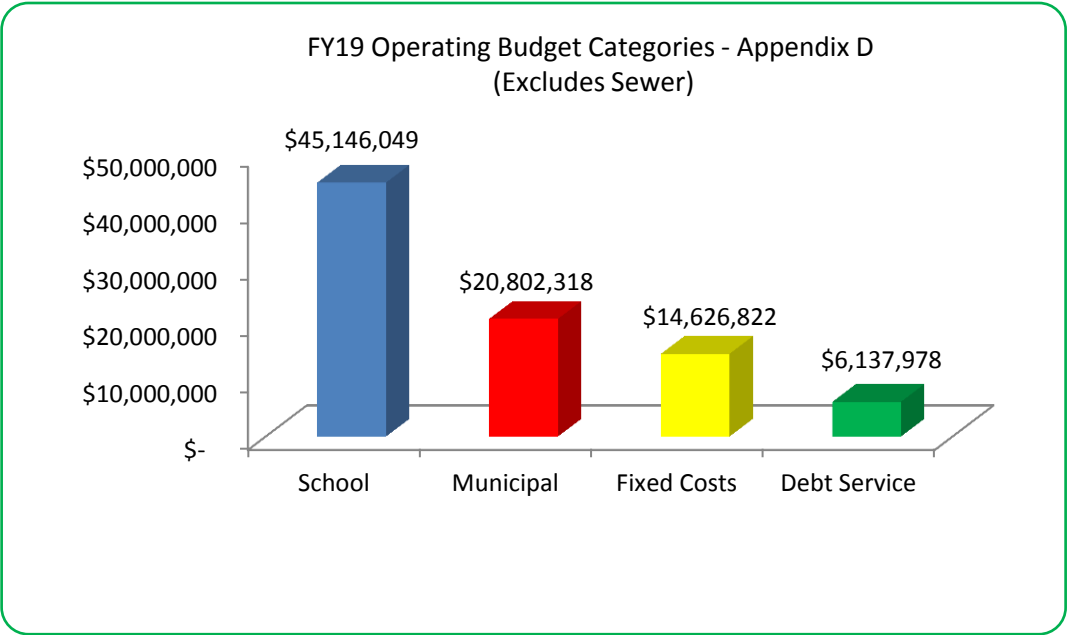
- Financial policy target approximately \$3.2M unallocated



Quick Status Update

FY19 Approved Operating Budget - \$91M

Operating budget provides daily services to the community.



	FY16	FY17	FY18	FY19
School	5.3%	4.9%	3.4%	3.4%
Municipal	5.2%	3.7%	3.6%	3.1%

(with Snow & Ice Adjustment, 3.8%)

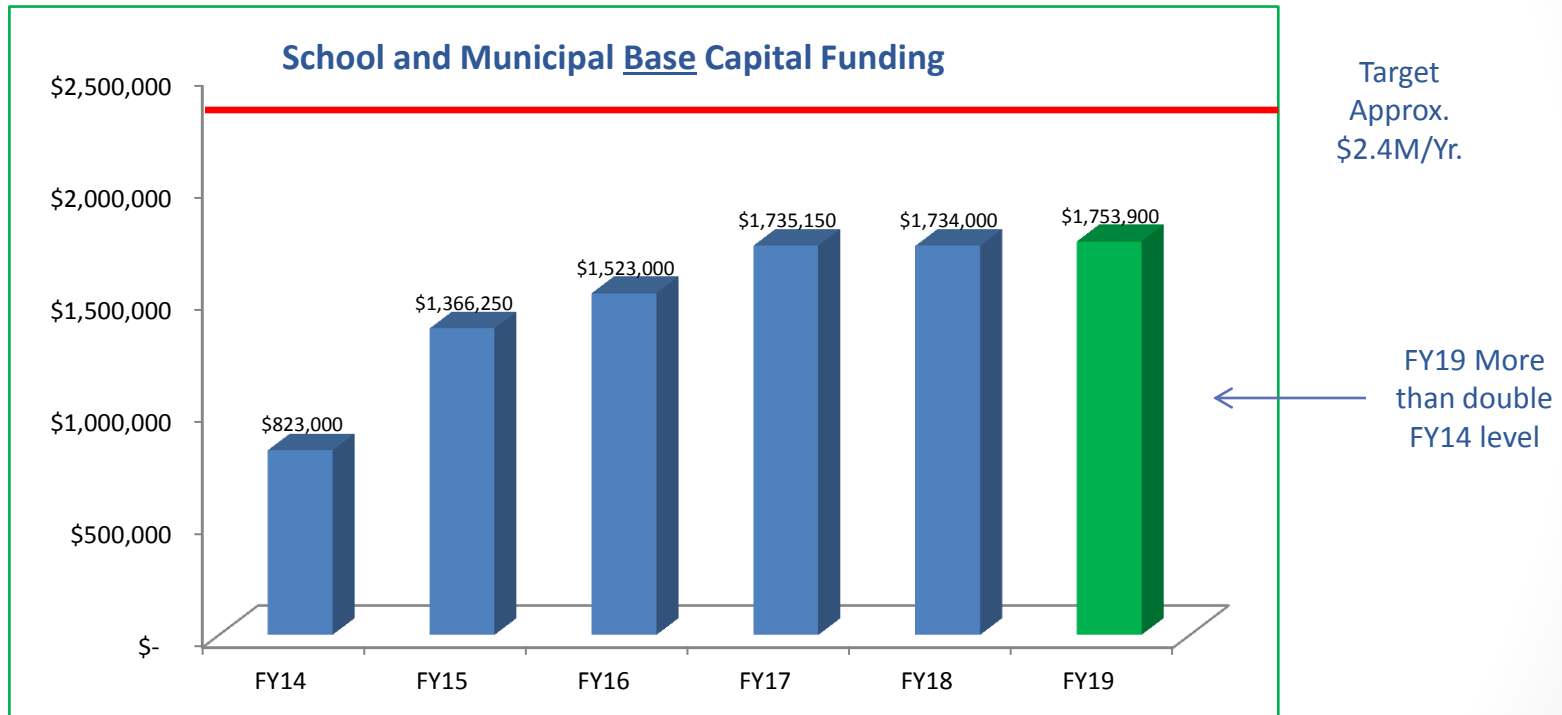
↑ ↑

- Important that operating budget have moderate growth and are sustainable.

Capital – Continued Improvement in Ongoing Capital Funding

Continued Efforts to Increase Ongoing Capital Funding.

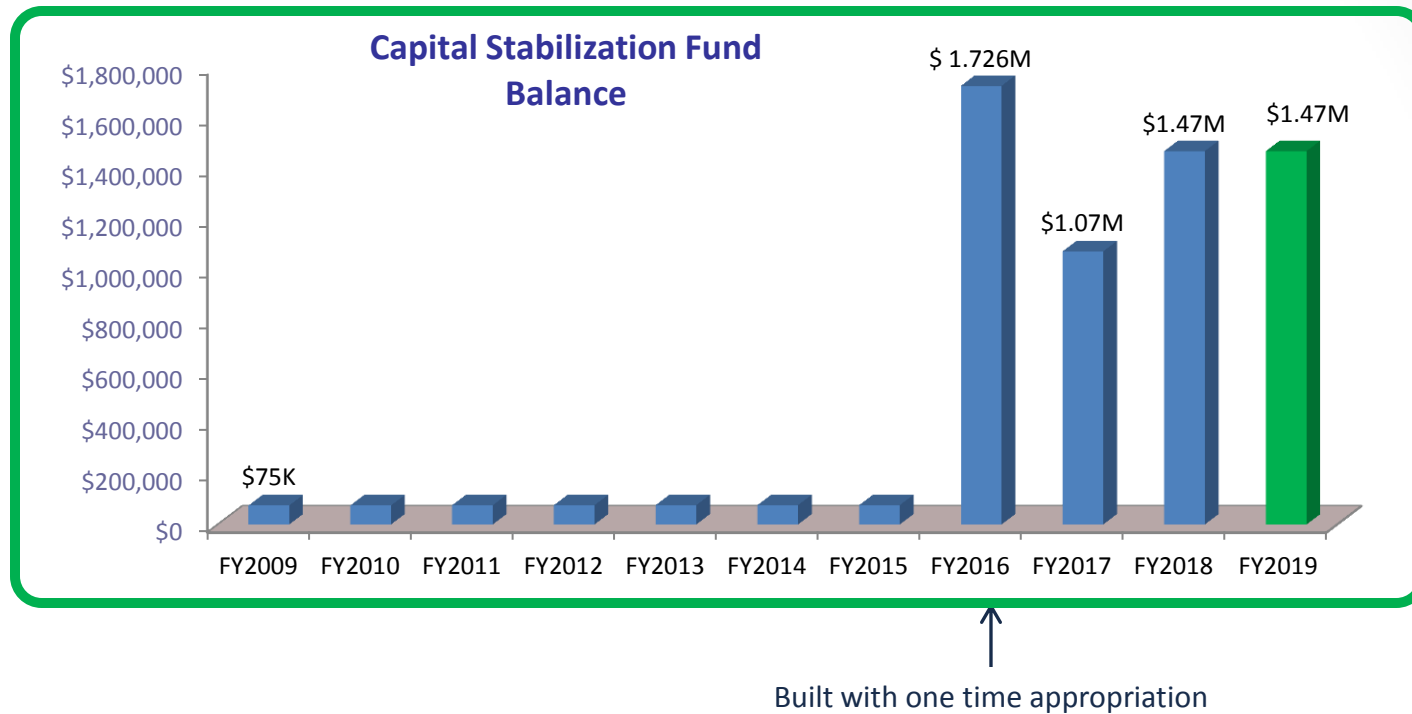
- School and Municipal building and facilities
- Public Safety and DPW equipment



Funded additional capital:

- FY19 \$857K
- FY18 \$950K
- FY17 \$750K

Capital Fund – To Save For and Pay For Large Capital



- 2016 Annual Town Meeting voted to use \$650K for high school turf field and track.

Town Debt – Utilized Favorable Borrowing Climate

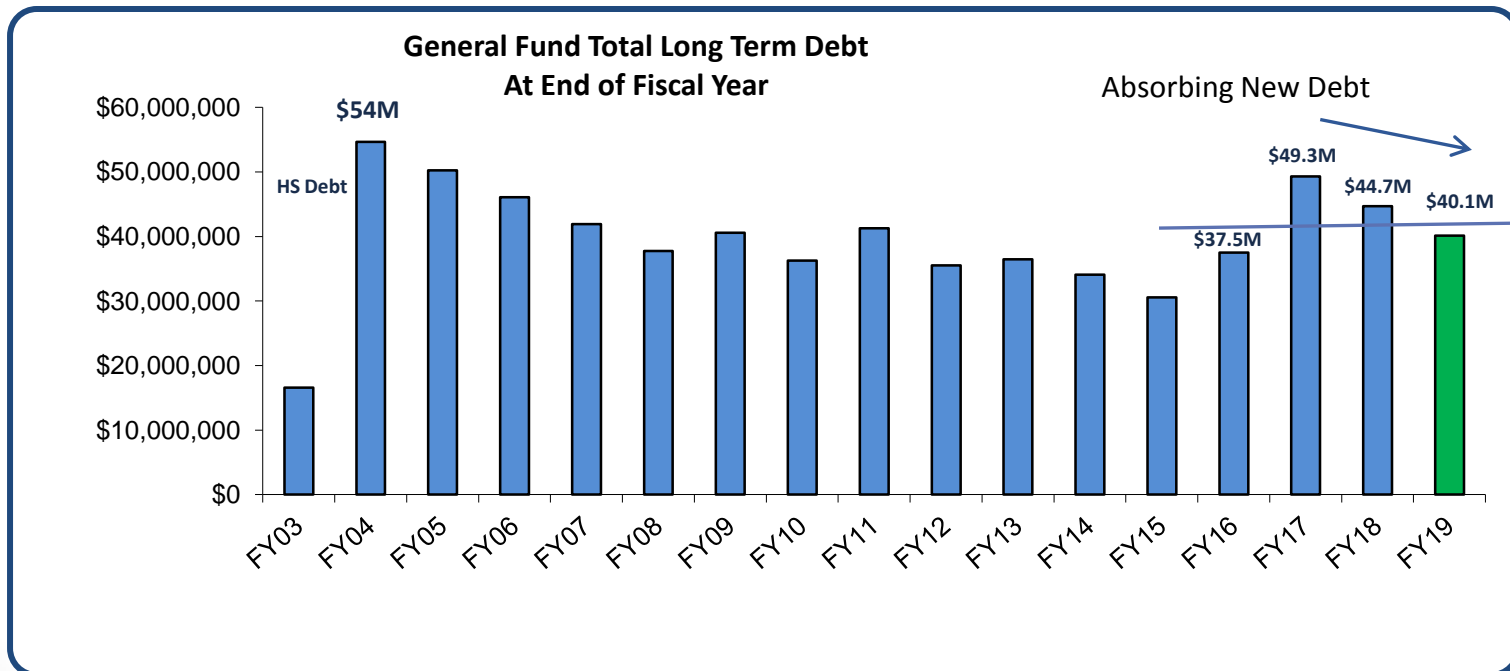
Favorable Borrowing Climate

- Very strong credit ratings.
 - Standard & Poor’s AAA.
- Excellent interest rate environment.
- Old debt retirement.

- Portion of recent bond sales replaced debt dropping off
 - Next debt drop off 2023.

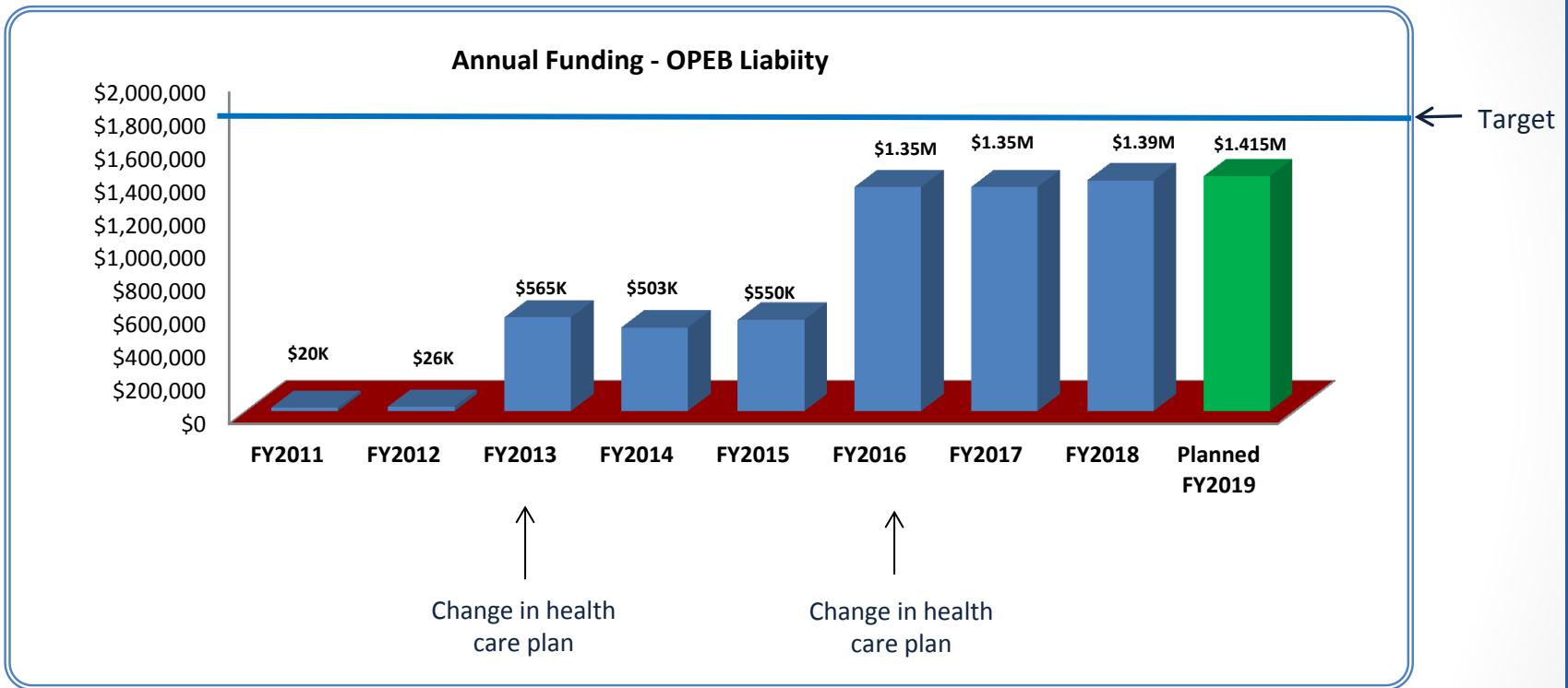
Recent Bond Sales - \$30M since 2014

- Bond sold August, 2016:
 - \$16.64M, 10-30 year term, 2.4%.
- Bond sold August, 2015:
 - \$10.45M, 5-20 year term, 2.6%.
- Bond sold May, 2014:
 - \$2.97M, 10 year term, 1.6%.



OPEB Liability – Progress Made on Liability

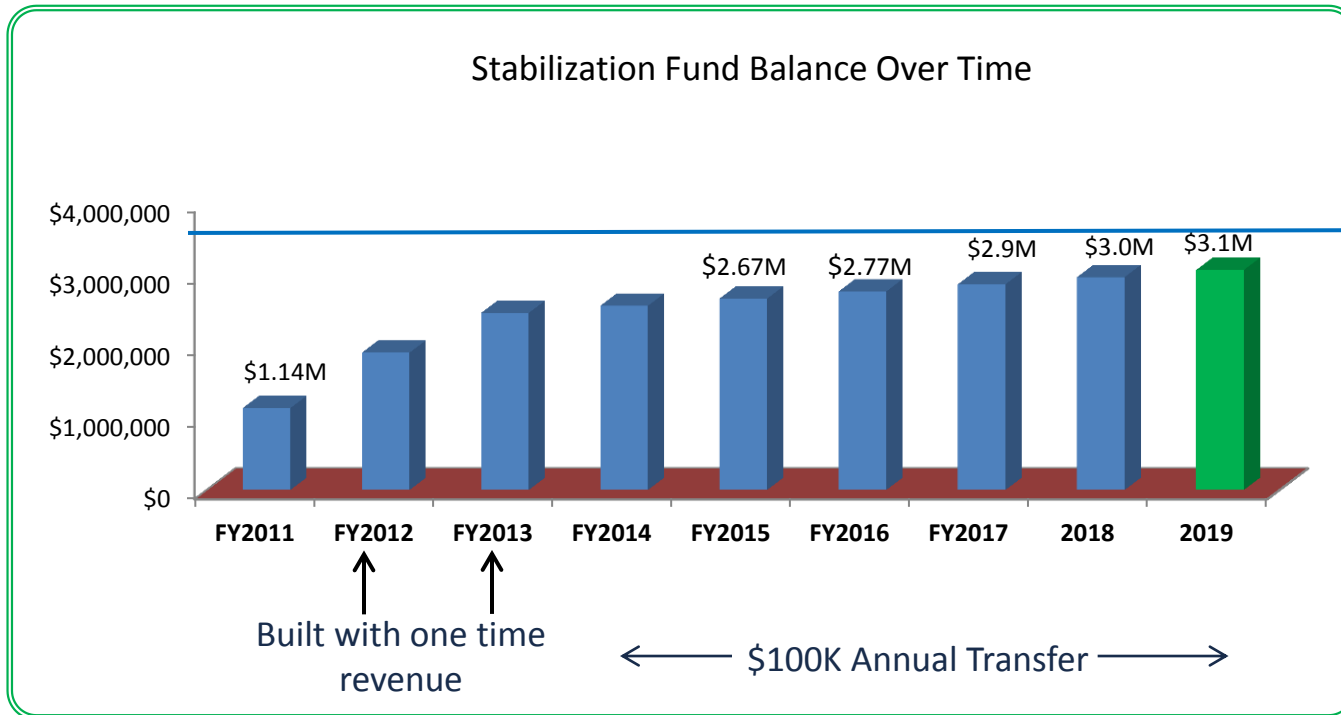
- Significant progress on both the revenue and expense reduction sides



- Balance in trust fund account as of 7/1/18 is approximately \$8.5M.
- Most recent OPEB liability study:
 - Updated 5/2018, as of 6/30/2017
 - Unfunded liability \$39.1M (prior \$35.6M, \$55.9M)

Stabilization Fund Update – Maintain Target Level

- Main savings account.
- Important component of credit rating.
- Target approximately 4% of revenue.



- Have been able to build funding through:
 - One time large supplements.
 - Ongoing annual small appropriations.

Meals and Hotel Tax

Meals Tax

- Municipalities are allowed to add a .75% charge to the State 6.25% excise tax on restaurant meals.
- Westwood adopted the additional meals tax at the 2014 Fall Town Meeting and it became effective January 1, 2015.

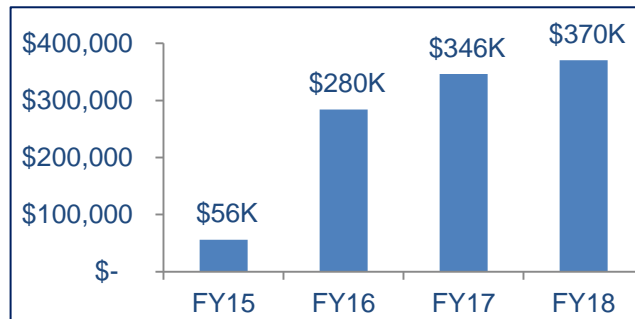
Hotel Tax

- Westwood adopted the 6% charge at the 2016 Annual Town Meeting.

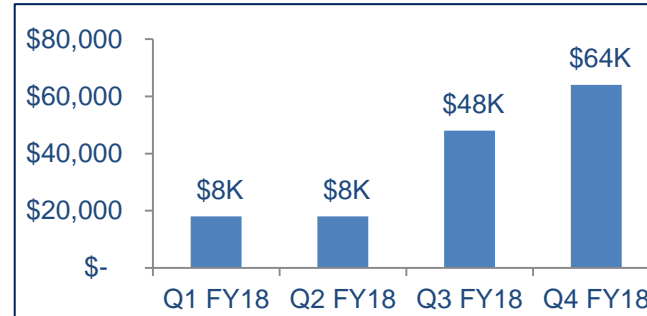
Restricted Funding

- November 2017 Town Meeting, the residents approved establishing a special purpose. All use of funding requires a 2/3 vote by Town Meeting.

Meals Tax Revenue - Annual



Hotels Tax Revenue - Quarterly



Total Hotels Tax Revenue Received in FY18 was \$129,000

Use of Funds

- May 2018 Town Meeting appropriated \$432K of funds for two town wide capital projects:
 - Lighting of the High School tennis courts
 - HVAC project at the High School pool
 - Both of these facilities receive extensive use by residents of all ages.

Balance in the Account

- The balance in the Hotel/Meals account as of June 30, 2018 is \$748K.
- Long Range Financial Planning Committee to review use/develop policy recommendation for Selectmen.



Next Steps

Next Steps and Timeframes

FY18 Year End Close

- Free Cash certification – **Completed**
- Complete state reporting requirements - **October**
 - Department of Revenue and Department of Education
- FY18 audit - **In process, site work completed.**

FY19 Fiscal Issues

- Property Values – **October/November**
 - Finalize and get approval for all FY19 values, including final FY19 new tax growth.
- Tax Rate - **November**
 - Board of Selectmen hold classification hearing (11/5) – set shift factor for residential/commercial split.
 - Get tax rate approved by Department of Revenue.
- Review of Tax Bill Impact - **November**
 - When values/tax rate/University Station new growth finalized – review actual residential tax bills.

In Preparation for FY20 Budget Cycle – **October/November**

- Capital requests have been submitted and are being reviewed.
- Have started meetings with financial groups
 - Budget Steering
 - Long Range Financial Planning
- Update all debt schedules.
- Update five-year forecast, FY20 – FY24.
- Review preliminary FY20 budget overview with Selectmen.