

Financial Policies Status Update – September 2017

	Target	Actual	Comments	Target Status	Comparison to Previous Year
<b>B. 2. Operating Reserve Fund</b> – shall be .5% of total general fund operating budget, net of debt service. Per new policy.	\$384,282 .5%	FY18 Budget \$400,000	Above target. This target was recently revised. \$400,000 is comfortable budget.	✓	Continued to Meet Target
<b>B. 3. Free Cash</b> – shall maintain at 4% of general fund operating budget, net of debt service.	\$3,074,258 4%	\$5,900,219 7%	Actual is at goal. Full amount <u>before</u> use of any free cash. This allows us to utilize standard free cash amount for FY18 budget and still meet target. FY17 unused \$1.9M which is below target.	X	Continued Improvement
<b>D. 3. Reserve accounts</b> – 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% \$3,286,515  Total 8% or \$6,573,030	Stabilization \$3,023,811 3.6%  Total 10% or \$8,924,036	Stabilization approximately \$262K 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.	✓	Continued Improvement On Track With Target
<b>D.4 Annual OPEB appropriation</b> – the Town will appropriate no less than \$550,000 per year to the OPEB Liability Trust Fund.	\$550,000	FY18 budget \$1,390,000	FY18 budget includes \$1,390,000 May appropriation. Above minimum target and on track with required funding.	✓	Significant Improvement Target to be Revised
<b>E. 4. General fund nonexempt debt service</b> should not exceed 8% of net general fund revenues.	Not exceed 8% Or \$6,573,030	\$3,412,090 4.1%	Target is met. Non exempt debt service is at approximately ½ of maximum target.	✓	Continued Below Target
<b>E. 4. Total General fund exempt and nonexempt debt</b> should not exceed 10-12% of net general fund revenues.	Not exceed 12% Or \$9,859,545	\$6,366,141 7.7%	Target is met. Total debt is well below target.	✓	Continue to Meet Target
<b>F. 5. Investment in capital stock</b> – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$2,305,693 3%	\$1,734,000 2.2%	Actual is approximately \$571K short of target. Actual at 80% of target. Base capital has been increased incrementally from \$823K to \$1,734,000.	Not Met	Much Improved
<b>G. 5. Maintain sewer retained earnings</b> – will maintain 10% of sewer fund revenues.	\$506,786 10%	\$2,197,027 43%	Actual is well above target, due to new commercial funds to be used for capital maintenance of system.	✓	Well Above Target

Other Policies – September 2017

Other Policies	Comments	Target Status	Comparison to Previous Year
<p><b>B.1. General Fund</b> – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.</p>	<p>No Free Cash used for operating budget.</p>	<p>✓</p>	<p>Target has been met consistently</p>
<p><b>D.3. Reserves</b> – Town will strive to make annual appropriation to the Stabilization Fund</p>	<p>\$100,000 appropriation to stabilization reserve at 2017 Annual Town Meeting, funded by free cash. Continued in FY18 budget plan.</p> <p>Current balance in stabilization account is \$3M</p>	<p>✓</p>	<p>Target has been met consistently</p>
<p><b>D.4. OPEB</b> – Town will strive to move towards fully funding ARC (Annual Required Contribution).</p>	<p>\$1,390,000 appropriated to OPEB reserve at 2017 Annual Town Meeting, within budget funds. This is currently on target with required annual payment. OPEB trust account now has \$6.5M.</p>	<p>✓</p>	<p>Greatly Improved On Target with ARC from Current Valuation</p>
<p><b>F.2. Capital Planning</b> – Town will develop a multi-year plan for capital improvements.</p>	<p>Produced 5-year Capital Improvement Plan document; will continue to improve document and produce on an annual basis.</p>	<p>✓</p>	<p>Same</p>