

Financial Indicator Analysis



Presented at Financial Summit

October 28, 2019

Weston Board of Selectmen
Weston Finance Committee
Weston School Committee

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Based on: Evaluating Financial Condition, ICMA, 2003

Executive Summary

1. Assuming a level service budget, the following is projected:
 - a. FY2021 - a budget gap of \$0 (due to 6/30/2019 free cash)
 - b. FY2022 – a budget gap of \$837,570
 - c. FY2022 – a budget gap of \$1,294,490
2. Highlights of Weston’s financial indicators relate to six main areas of financial condition – Revenue, Expenditures, Employee Benefits, Debt, Reserves, and Population.

Revenue

- See Financial Indicator 3 – Revenues Related to Economic Growth
 - Economic growth as a percentage of operating revenues increased slightly in FY19. The ratio is still favorable; however, we will watch this to see if this will be a continuing trend. Currently there are three to five 40(B) projects being discussed which could have a positive impact on economic growth, but could impact operating budgets. Since Weston’s tax base is 95% residential, and 1/3 of land is conservation, local revenue sources which are not related to economic growth, should be looked at in the upcoming years, as economic growth is not as controllable as other revenues.
 - Increasing economic growth revenues, particularly growth in the tax base, will increase the Town’s future operating budget flexibility.

Expenditures

- See Financial Indicator 6 – Expenditures per Household
 - The FY2019 increase in expenditures is primarily due to an increase in Unclassified expenses (Primarily Pension expenses), Facilities, due to the 6% increase each year for capital maintenance, Public Safety due to the purchase of a \$500,000 fire pumper, and Public Works expenses due to the funding for road infrastructure improvements.
- See Financial Indicator 7 – Salaries and Wages (as a percentage of total spending)
 - The rate of employee salary increases, primarily the result of collective bargaining with employee unions, has been relatively low since 2011. In FY11, there was no cost of living adjustment for any employee. Since then, salary increases have ranged from 1 to 2.5%. 11 of 12 union contracts

expired 6/30/2019 and are still being negotiated in FY20. Salary increases tend to correlate to the Boston area CPI-U.

Employee Benefits

- See Financial Indicator 10 – Pension Liability (Middlesex Retirement System)
 - The 2018 actuarial study indicates that the percent of Weston’s pension liability that is funded has increased by 2.9%. Middlesex Retirement plans to fully fund its pension liability by 2035, with a goal of 6.5% increases in annual assessments to member communities through 2028 and 3.95% thereafter.
 - The Town could pay down the unfunded liability quicker by voluntarily contributing more to the mandatory annual assessment. Any additional funds contributed by the Town would not subsidize other communities and members of the Middlesex Retirement System.
- See Financial Indicator 11 - Pension Benefits Paid
 - The percentage of total pension assets paid in benefits has returned below the 2002 level of 11% after years of increases. The percentage decreased in 2018 from 2016 as the Pension Assets grew significantly by \$13.5 million. As more employees retire, it is important that the Town contributes to the unfunded liability to increase the pension assets.
 - As long- term employees retire who have contributed 5% and 7% to the Middlesex Retirement System, they are replaced by new employees who pay 9% plus 2% over \$30,000, which increases overall contributions. There are no longer any employees contributing 5%. 86% of employees are currently contributing 9% plus 2% over \$30,000.
- See Financial Indicator 12 – OPEB Liability
 - The Actuarial Required Contribution (ARC), per the actuarial valuation, has been funded in the past 8 years.
 - Though the Town’s accrued liability has increased, continued funding of the ARC has improved the OPEB liability funded ratio to 19.7% as of 6/30/2018.
 - Per recent GASB statement 75, the total unfunded liability was added to the Town’s balance sheet in FY18. The ratio going forward to watch should be the unfunded OPEB liability percentage. The next actuarial valuation as of 7/1/2018 will be completed in late fall of FY19 and although not required by statute, it should be considered to add a funding date to the model, rather than a 30- year projection each valuation.

Debt

- See Financial Indicator 13 – Debt Service
 - Debt service exceeding 15 percent of operating revenues is considered a warning indicator; Weston’s debt service has hovered around the 10 percent mark since 2002. Debt service is expected to increase in FY22 due to the Case House and Town Center projects currently in progress.
 - This indicator is intended for debt that is included in the operating budget, as it could potentially take away from other Town services, if got to be too high. Since Weston’s debt is primarily excluded, it is not included in the operating budget figure, but as an additional amount added to the tax levy.
- See Financial Indicator 14 – Long Term Debt
 - Overall long -term debt has declined since 2015. Large projects maturing in 2020 & 2021 will soften the increase in the amount outstanding, as new larger projects approved at Town Meeting are added.
 - High assessed valuation and healthy per capita income help offset any adverse impacts of the increased debt burden.

Reserves

- See Financial Indicator 15 – Reserves/Fund Balance
 - The Reserves continue to be funded as planned; reserves are reviewed by the Finance Committee and Board of Selectmen to see if targets should be updated.
 - In FY19, the undesignated fund balance increased due to departmental expenditure turn backs and actual total revenues coming in higher than projected, mainly due to collection of \$1 million in tax liens.
 - Weston’s reserve level increased in FY19. The FY19 funding level was 14.4% which was up 0.8% from FY18. Weston continues to fund the Reserves to meet the recommendation of rating agencies, which is that reserves be between 5-15% of operating revenues.

Population

- See Financial Indicator 16 – Population
 - The population of residents 60 years of age and older increased in FY18. However, as the Weston population ages, an additional demand for services (i.e. Council on Aging services, Fire Department services) will be created by this age group. A COA needs assessment was completed in FY19 which could have impacts on future operating and capital budgets.
 - The population or residents 17 years of age and younger decrease by 4% in FY19. This age group should be watched as it correlates to school enrollment figures. If current proposed 40B projects are approved, this could have a major impact on the 0-17 age group which could also have major impacts on future school operating and capital budgets.

**TOWN OF WESTON
REVENUE AND EXPENDITURE PROJECTION - FY19-FY22
LEVEL SERVICE BUDGET**

	FY20		FY21		Scenario 1 FY22		Scenario 2 FY22		FY23	
	As Approved by Town Meeting		Level Service Budget		Level Service Budget		Level Service with Budget Reductions/Revenue Increases to resolve deficit		Level Service Increase over Scenario 2	
	Budget	% Inc	Requested	% Inc	Projected	% Inc	Projected	% Inc	Projected	% Inc
Expenditures										
<u>Salaries</u>										
General Government	14,175,530	5.7%	14,600,796	3.0%	15,038,820	3.0%	15,038,820	3.0%	15,489,984	3.0%
Education	35,888,565	5.4%	36,965,222	3.0%	38,074,179	3.0%	38,074,179	3.0%	39,216,404	3.0%
sub-total Salaries	50,064,095	5.5%	51,566,018	3.0%	53,112,998	3.0%	53,112,998	3.0%	54,706,388	3.0%
<u>Employee Benefits</u>										
Group Insurance & Medicare	11,129,750	2.6%	11,686,238	5.0%	12,270,549	5.0%	12,270,549	5.0%	12,884,077	5.0%
Retirement Systems	5,287,887	3.4%	5,631,600	6.5%	5,997,654	6.5%	5,997,654	6.5%	6,387,501	6.5%
Workers' Comp & Unemployment	399,334	-9.2%	419,301	5.0%	440,266	5.0%	440,266	5.0%	462,279	5.0%
sub-total Employee Benefits	16,816,971	2.5%	17,737,138	5.5%	18,708,469	5.5%	18,708,469	5.5%	19,733,857	5.5%
<u>Other Unclassified</u>										
Insurance, Property & Liability	424,424	6.61%	445,645	5.0%	467,927	5.0%	467,927	5.0%	491,324	5.0%
Separate Articles	-	-	-	-	-	-	-	-	-	-
<u>All Other</u>										
General Government	7,813,609	12.1%	7,969,881	2.0%	8,129,279	2.0%	8,129,279	2.0%	8,291,864	2.0%
Cash Capital	-	-	-	-	-	-	-	-	-	-
Education	5,552,826	-8.0%	5,719,411	3.0%	5,890,993	3.0%	5,890,993	3.0%	6,067,723	3.0%
Non-Excluded Debt Service	29,460	-4.5%	29,080	-1.3%	9,700	-66.6%	9,700	-66.6%	9,700	0.0%
sub-total All Other	13,395,895	-2.9%	13,718,372	2.4%	14,029,972	2.3%	14,029,972	2.3%	14,369,287	2.4%
<u>Reserves</u>										
Finance Committee Reserve Fund	611,910	4.3%	616,306	0.7%	637,540	3.4%	637,540	3.4%	656,386	3.0%
Facilities Maintenance	600,788	6.0%	636,835	6.0%	675,045	6.0%	675,045	6.0%	715,548	6.0%
Uninsured Losses	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Workers' Comp Police/Fire	20,000	0.0%	25,000	25.0%	25,000	0.0%	25,000	0.0%	25,000	0.0%
Post-Employment Benefits Reserve	2,214,656	4.4%	2,335,879	5.5%	2,225,491	-4.7%	2,225,491	-4.7%	2,167,262	-2.6%
Stabilization Fund	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pension Stabilization Fund	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compensated Absences	240,000	9.1%	260,000	8.3%	280,000	7.7%	280,000	7.7%	300,000	7.1%
sub-total Reserves	3,687,354	4.9%	3,874,020	5.1%	3,843,076	-0.8%	3,843,076	-0.8%	3,864,196	0.5%
<u>Budget Reduction</u>										
					-		(418,785)			
Total Expenditures	84,388,739	3.4%	87,341,193	3.5%	90,162,443	3.2%	89,743,658	2.8%	93,165,053	3.3%

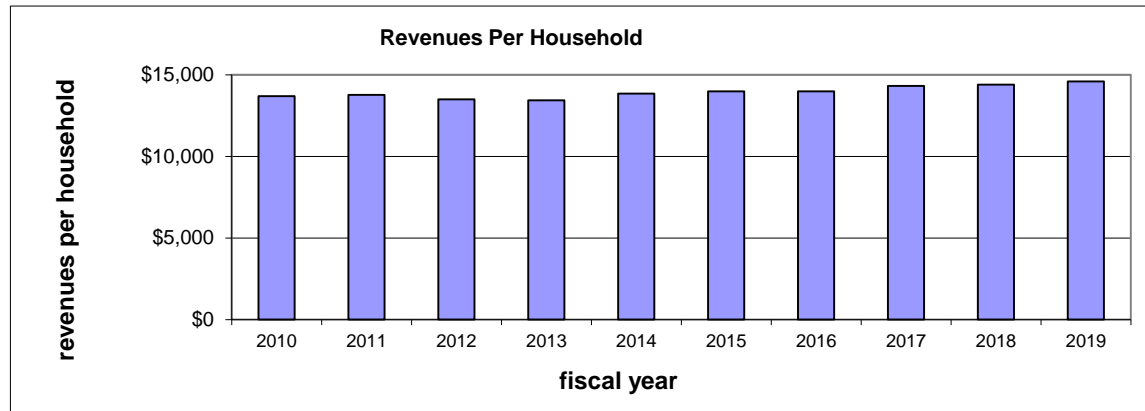
**TOWN OF WESTON
REVENUE AND EXPENDITURE PROJECTION - FY19-FY22
LEVEL SERVICE BUDGET**

	FY20		FY21		Scenario 1 FY22		Scenario 2 FY22		FY23	
	As Approved by Town Meeting		Level Service Budget		Level Service Budget		Level Service with Budget Reductions/Revenue Increases to resolve deficit		Level Service Increase over Scenario 2	
	Budget	% Inc	Requested	% Inc	Projected	% Inc	Projected	% Inc	Projected	% Inc
Revenue										
Property Tax Levy	71,839,831	4.2%	74,421,374	3.6%	76,896,908	3.3%	76,896,908	3.3%	79,434,331	3.3%
- New Growth	1,038,044	-25.8%	600,000	-42.2%	600,000	0.0%	600,000	0.0%	600,000	0.0%
- Unused Levy Capacity	(1,038,044)	-25.8%	(600,000)	-42.2%	(600,000)		(600,000)	0.0%	(600,000)	
- Override	-		-		-		-		-	
State Aid	4,249,040	2.7%	4,249,040	0.0%	4,249,040	0.0%	4,249,040	0.0%	4,249,040	0.0%
Local Receipts	5,709,922	4.9%	5,710,913	0.0%	5,710,913	0.0%	5,710,913	0.0%	5,710,913	0.0%
Prior Year Balances/Other	3,454,500	-10.6%	3,822,000	10.6%	3,322,000	-13.1%	3,322,000	-13.1%	3,322,000	0.0%
Revenue Offsets	(1,399,573)	4.2%	(1,405,177)	0.4%	(1,405,177)	0.0%	(1,405,177)	0.0%	(1,405,177)	0.0%
Other Revenues	535,019	1.5%	543,043	1.5%	551,189	1.5%	551,189	1.5%	559,456	1.5%
<u>Revenue Increase</u>					-		418,785			
Total Revenue	84,388,739	3.4%	87,341,193	3.5%	89,324,873	2.3%	89,743,658	2.8%	91,870,563	2.4%
Budget Surplus (Deficit)	0		0		(837,570)		-		(1,294,490)	
<i>Add Net Exempt Debt Service - Estimated</i>	8,704,901	10.0%	9,353,000	7.4%	10,631,931	13.7%			10,321,493	-2.9%
<i>Total Estimated Property Tax Levy*</i>	80,544,732	4.8%	83,774,374	4.0%	87,528,839	4.5%			89,755,824	2.5%

*Assumes resolution of deficit through spending cuts or increases in other revenue sources.

FINANCIAL INDICATOR 1- Revenues per Household

A decrease in net operating revenues per household (constant dollars) is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Net operating revenues (constant dollars)}}{\text{Households (taxable parcels w/dwelling)}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross operating revenues/transfers	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808	84,151,435	87,425,434	90,268,797
Less: excluded debt (net)	7,205,908	6,810,118	7,266,714	6,747,256	7,671,685	7,027,037	8,105,064	8,084,603	8,094,771	7,941,707
Net operating revenues	63,435,564	66,307,846	65,691,009	66,883,244	70,314,229	71,759,899	72,905,744	76,066,832	79,330,663	82,327,090
CPI-U, 1982-84 base year	236.1	244.3	246.3	251.1	255.3	257.0	260.8	266.4	275.4	280.9
CPI-U, 2000 base year	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4	150.3	153.4
CPI-U, 2000 base, adj. constant dollars	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%	66.5%	65.2%
Net operating revenues (constant dollars)	49,215,673	49,732,242	48,856,365	48,803,747	50,457,378	51,155,350	51,212,931	52,310,224	52,771,503	53,684,636
Households (taxable parcels w/dwelling)	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654	3,666	3,676
Net Operating Revenues per Household (constant dollars)	13,690	13,765	13,504	13,448	13,858	13,985	13,996	14,316	14,395	14,604
Percent change from prior year	-0.37%	0.55%	-1.90%	-0.41%	2.62%	0.91%	0.09%	2.28%	0.55%	1.45%

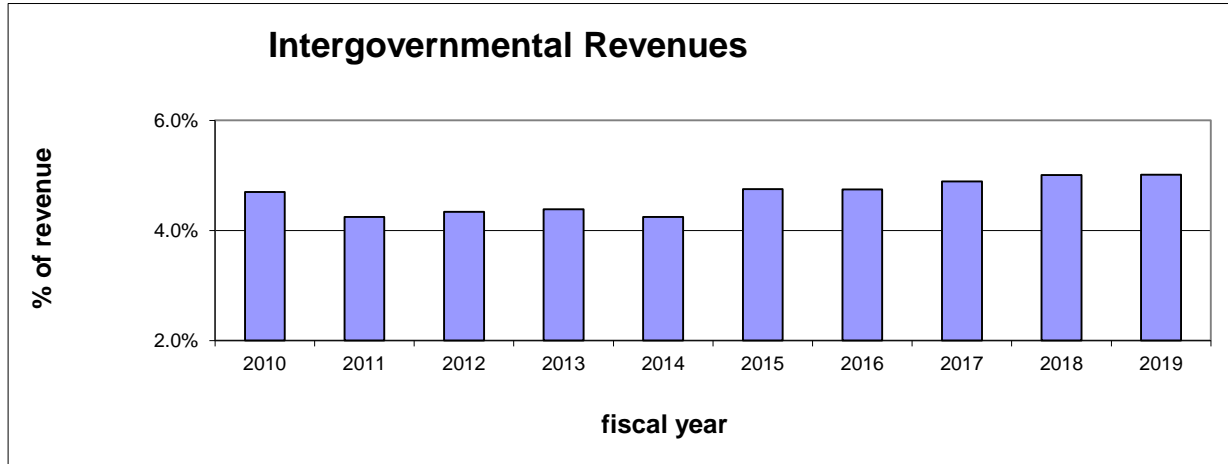
Analysis: Revenues per Household is one measure of the Town's ability to maintain existing service levels. For most general government services, costs increase as the number of households increase. The increase in gross operating revenue is due mostly to Economic Growth revenues such as Motor Vehicle Excise tax, and it reflects a positive trend. State Aid increased by \$156K. Interest revenue increased by \$285K due to the consolidation of Town bank accounts at higher rates. Building permit revenue needs to be watched as it decreased by \$100K in FY19. The largest portion of operating revenues is from Real Estate taxes. The Net Operating Revenues have been increasing annually which indicates the continuing willingness of residents to fund a budget that maintains the current level of service.

Weston's revenue growth, in constant dollars (used instead of current dollars to adjust for inflation), has generally been positive due to growth in the residential tax base and tax increases (i.e., overrides). FY2019's increase in net operating revenue per household is due to a constant number of households coupled with a 3.25% increase in gross operating revenues/transfers.

Outlook: Revenues from general government have remained strong and net operating revenues have been steadily increasing. In order to shelter the Town from short-term fluctuations in any one revenue source, a concerted effort has been made to increase reserves.

FINANCIAL INDICATOR 2 - State Aid

Reductions in State Aid, as a percentage of operating revenues, is considered a warning indicator particularly if the Town does not have adequate reserves to offset reductions.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{State Aid}}{\text{Operating Revenues}}$$

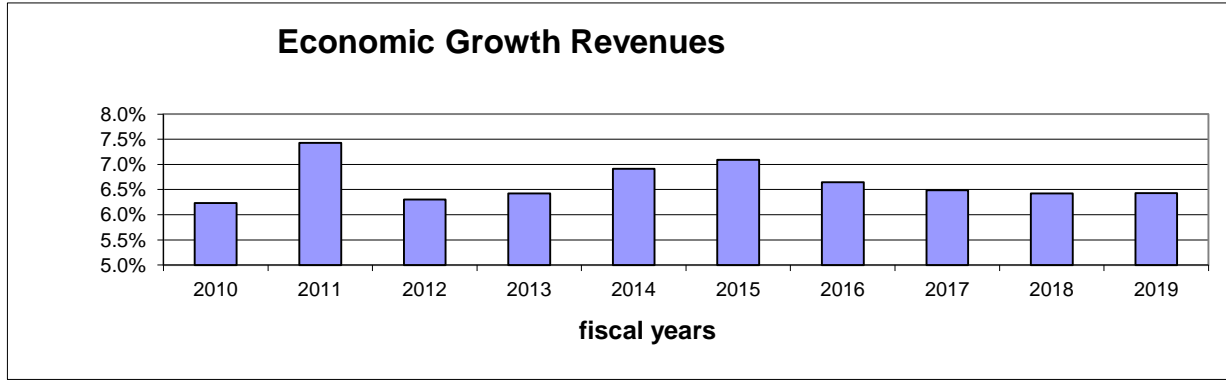
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net operating revenues	63,435,564	66,307,846	65,691,009	66,883,244	70,314,229	71,759,899	72,905,744	76,066,832	79,330,663	82,327,090
State Aid (Cherry Sheet) revenues	4,435,150	4,269,484	3,664,945	3,747,352	3,726,848	4,135,489	4,124,869	4,386,744	4,636,858	4,792,686
Less: School building reimbursements	1,454,017	1,454,017	816,230	816,234	741,853	724,226	665,538	665,538	665,538	665,538
Net State aid revenues	2,981,133	2,815,467	2,848,715	2,931,118	2,984,995	3,411,263	3,459,331	3,721,206	3,971,320	4,127,148
State aid as a percentage of operating revenues	4.7%	4.2%	4.3%	4.4%	4.2%	4.8%	4.7%	4.9%	5.0%	5.0%

Analysis: Though the Town does not have a significant reliance on State Aid, any dependence on such aid may be difficult to manage when there is a reduction in funding. Net State Aid revenues dropped from 2009 to 2012, but have risen gradually since then, with a \$160K increase in FY19. The amount for school building reimbursement decreased by over 40% in 2012 because the MSBA provided a lump sum reimbursement for the balance due on the 1997 Middle School renovation project at the time the Town refunded the bonds. This reimbursement will end in FY20. A further reduction is from the refunding done in February 2014, February 2015, February 2016. State aid for school projects is now provided while the project is being constructed, so the Town borrows only its share.

Outlook: The Town cannot depend on any significant increase in State Aid. There is a trickle down effect of cutbacks at the federal level impacting state and municipal budgets and cutbacks on the state level impacting municipal budgets. We continue to estimate this revenue source conservatively. The Governor does not submit his recommended budget until January, so more information on this funding source for the upcoming budget will be available then.

FINANCIAL INDICATOR 3 - Revenues Related to Economic Growth

Decreasing economic growth revenues, as a percentage of net operating revenues, is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Economic Growth Revenues}}{\text{Operating Revenues}}$$

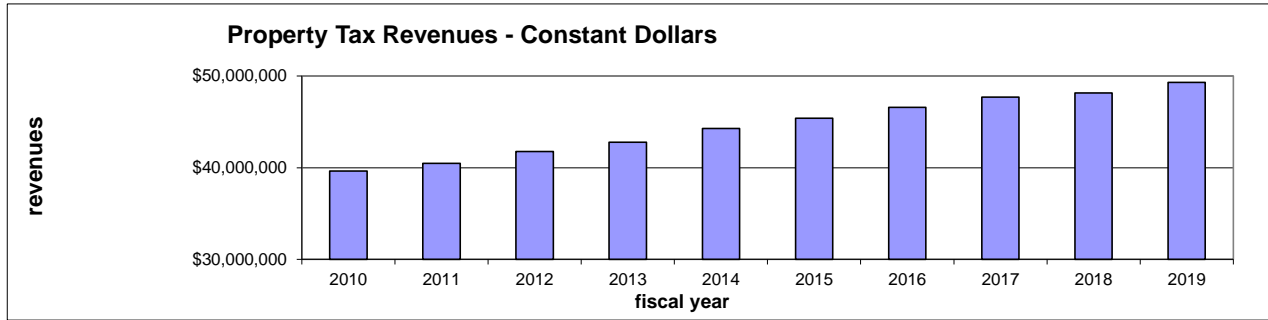
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (non-exempt) operating revenues	63,435,564	66,307,846	65,691,009	66,883,244	70,314,229	71,759,899	72,905,744	76,066,832	79,330,663	82,327,090
Building permit fees	800,122	843,286	824,166	693,083	1,031,281	980,677	935,428	698,601	821,674	724,181
Motor vehicle excise	2,039,944	2,614,061	2,418,788	2,445,833	2,808,327	2,910,707	2,982,398	3,043,210	3,027,874	3,171,726
Tax levy from new construction	1,111,655	1,470,272	897,752	1,156,485	1,020,267	1,196,208	927,176	1,192,004	1,246,222	1,398,864
Total: economic growth revenues	3,951,721	4,927,619	4,140,706	4,295,401	4,859,875	5,087,592	4,845,002	4,933,815	5,095,770	5,294,771
Economic Growth revenues as a percentage of operating revenues	6.2%	7.4%	6.3%	6.4%	6.9%	7.1%	6.6%	6.5%	6.4%	6.4%

Analysis: Economic growth revenues are responsive to changes in the economic base and inflation. A balance between growth and other (non growth) revenues mitigates the effect of economic growth or decline. During a recession, a high percentage of non growth revenues is an advantage. This insulates the tax base to some degree during a recession. In FY19, Motor Vehicle Excise increased by about 5%. Building permit fees decreased from FY18 to FY19, but FY20 is starting off strong. New growth also increased by 12% in FY19.

Outlook: Although economic growth has remained relatively stable over the last few years, this could change in future. Construction of Highland Meadows condominiums, which has contributed significantly to new growth in prior years, was completed in FY19. If the potential 40(B) projects at 104 Boston Post Road, 751-761 Boston Post Road, and/or 518 South Avenue are approved this would have a positive impact on building permit fees and new growth. With a 95% residential tax base and little room for building out, this is always an indicator to watch.

FINANCIAL INDICATOR 4 - Property Tax Revenues

A decline in property tax revenues (constant dollars) is considered a warning indicator.



Weston Trend	
X	favorable
X	marginal
	unfavorable
	uncertain

Formula:

Property tax revenues (constant dollars)

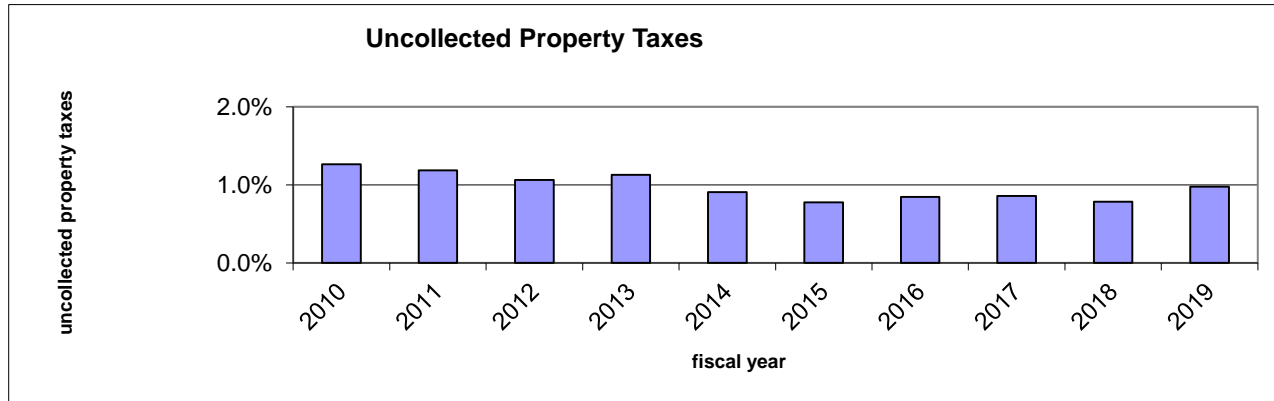
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property tax levy limit (incl. unused levy capacity)	60,445,804	62,851,283	65,606,660	67,702,186	71,170,755	73,309,792	76,972,064	79,865,282	82,916,189	86,007,282
Less: debt exemptions (net)	7,205,908	6,810,118	7,266,714	6,747,256	7,671,685	7,027,037	8,105,064	8,084,603	8,094,771	7,941,707
Less: community preservation act revenues	2,144,561	2,083,395	2,176,858	2,318,332	1,818,424	2,597,341	2,569,775	2,412,188	2,443,868	2,453,410
Net property tax revenues	51,095,335	53,957,770	56,163,088	58,636,598	61,680,646	63,685,414	66,297,225	69,368,491	72,377,550	75,612,165
CPI-U, 2000 base year	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4	150.3	153.4
CPI-U, 2000 base, adj. constant dollars	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%	66.5%	65.2%
Property tax revenues (constant dollars)	39,641,664	40,469,432	41,770,165	42,786,287	44,261,933	45,399,307	46,570,750	47,703,857	48,146,227	49,305,904
Percent increase over prior year (constant dollars)	4.6%	2.1%	3.2%	2.4%	3.4%	2.6%	2.6%	2.4%	0.9%	2.4%

Analysis: Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Any decrease in property tax revenues should be monitored to ensure that the collection rate of taxes remains high. Any increases due to operating overrides should be noted for their impact on future override requests.

Outlook: There has not been a Proposition 2 1/2 override since FY07, and unused tax levy capacity in FY2019 is \$9.1 million.

FINANCIAL INDICATOR 5 - Uncollected Property Taxes

Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Uncollected Property Taxes}}{\text{Net Property Tax Levy}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property tax levy (actual tax levy)	58,075,330	59,920,567	63,256,256	64,423,334	67,990,016	68,920,999	71,275,670	73,668,584	75,261,597	76,876,659
Reserved for abatements and exemptions	385,361	423,816	458,354	430,916	434,643	450,988	406,511	446,753	427,107	430,187
Net property tax levy	57,689,969	59,496,751	62,797,902	63,992,418	67,555,373	68,470,011	70,869,159	73,221,831	74,834,490	76,446,472
Uncollected taxes as of June 30	729,004	705,380	668,147	723,116	611,362	530,925	599,863	627,866	586,085	747,665
Uncollected taxes as a percentage of net property tax levy	1.3%	1.2%	1.1%	1.1%	0.9%	0.8%	0.8%	0.9%	0.8%	1.0%

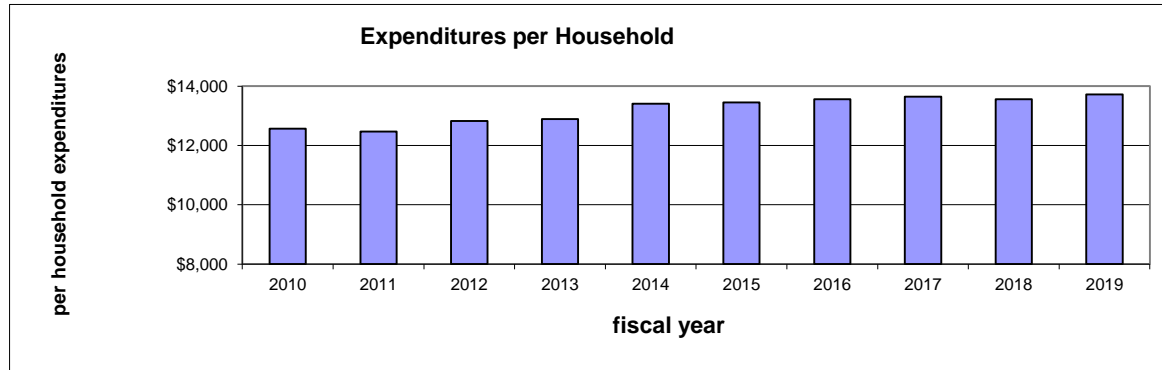
note: includes CPA surcharge beginning FY02

Analysis: An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic constraints. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest or reserve. The credit rating organizations generally consider uncollected taxes in excess of five percent as a warning trend.

Outlook: Weston's tax base has always maintained excellent collection rates. Deferral and payment plans have been used to keep collections positive and avoid properties ending up in Tax Title lien process.

FINANCIAL INDICATOR 6 - Expenditures per Household

Increasing net operating expenditures per household, in constant dollars, may be considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Net operating expenditures and transfers (constant dollars)}}{\text{Households}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
School department and Minuteman	31,885,479	32,171,523	33,315,728	34,135,541	35,755,525	36,645,994	37,258,085	38,197,705	38,266,312	39,520,912
Unclassified (excluding exempt debt)	11,914,297	13,090,855	13,488,568	13,814,611	14,216,205	14,784,855	15,458,337	15,814,738	16,088,494	16,433,641
Administration and finance	2,155,132	2,224,643	2,449,451	2,374,386	2,467,132	2,420,075	2,646,743	2,823,852	2,998,691	2,938,324
Facilities Town-wide	547,325	742,305	577,352	806,272	893,593	922,628	1,692,199	1,444,447	1,852,732	2,109,487
Planning and land use	646,049	619,286	663,402	637,679	696,374	694,934	738,015	733,443	784,254	763,437
Public safety	5,697,165	5,703,795	6,077,856	6,090,823	6,729,720	6,668,289	6,709,154	6,886,651	7,012,110	7,801,041
Public works (excl. water div., incl. snow)	3,229,052	3,272,007	3,573,603	3,978,143	4,931,669	4,546,070	3,659,410	4,570,919	5,670,758	5,701,726
Health and human service (excl. BSA as of FY06)	549,221	611,325	621,280	638,293	670,911	687,076	689,736	716,581	726,585	789,589
Cultural and leisure	1,583,132	1,642,244	1,643,800	1,640,180	1,653,113	1,667,066	1,767,463	1,290,388	1,316,371	1,306,475
Net operating expenditures	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141	72,478,724	74,716,307	77,364,631
CPI-U, 2000 base year	128.9	133.3	134.5	137.0	139.4	140.3	142.4	145.4	150.3	153.4
CPI-U, 2000 base, adj. constant dollars	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%	68.8%	66.5%	65.2%
Net operating expenditures (constant dollars)	45,159,044	45,059,717	46,416,954	46,784,476	48,806,911	49,214,273	49,606,697	49,842,726	49,701,990	50,448,669
Households	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654	3,666	3,676
Net Operating Expenditures per Household (constant dollars)	12,562	12,472	12,829	12,892	13,405	13,454	13,557	13,641	13,558	13,724

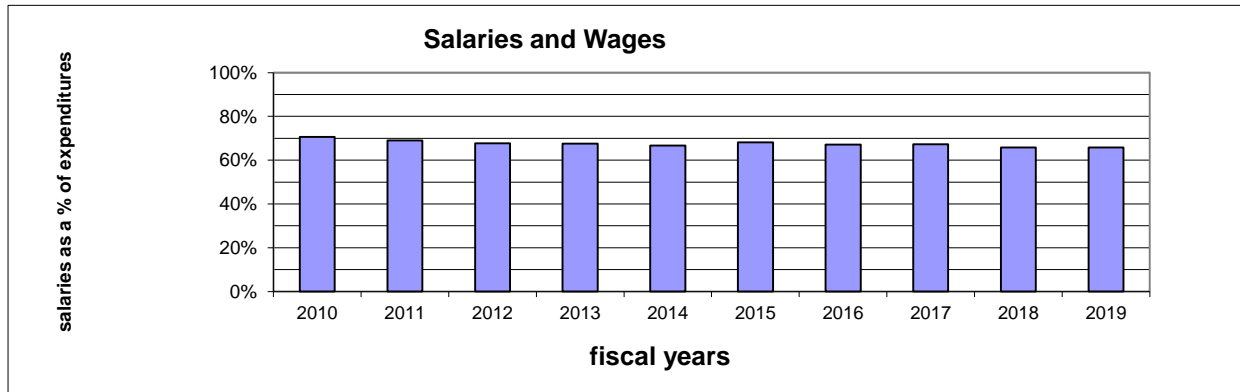
Note: Health and Human Services does not include Brook School Apartments beginning FY06, since it was made an enterprise fund.

Analysis: Increasing per household expenditures can indicate that the cost of providing service is increasing more rapidly than the Town's ability to pay, especially if spending is increasing faster than the residents' collective personal income. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services (i.e. Schools or Council on Aging services). Weston's increase in expenditures has largely been related to increasing costs for personnel and benefits. This trend was slowed by the Town's switch in FY10 to GIC provided health plans and a reduction in the overall level of salary increase, however, the GIC increased premiums significantly in FY17. The largest percentage expenditure increase in FY19 was in Public Safety due to the purchase of a fire pumper and the Public Works Department due to the demand for infrastructure improvements.

Outlook: With most of the Town's buildings having been replaced or significantly upgraded in the last 10-15 years, facilities maintenance costs should level off; however, a higher level of investment in public works infrastructure is warranted. Increases in salaries will be impacted by the rise in inflation. The cost of employee health insurance, which previously had moderate increases due to the Town's participation in the GIC, has now seen a larger increase but the recently negotiated 2% reduction in the Town's premium contribution, which took effect in fiscal year 2016, assisted in mitigating some of the increased premium. The impact of federal health care requirements is unknown at this time, but may result in larger increases.

FINANCIAL INDICATOR 7 - Salaries and Wages

Increasing personnel costs as a percentage of total spending is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Salaries and wages}}{\text{Net operating expenditures}}$$

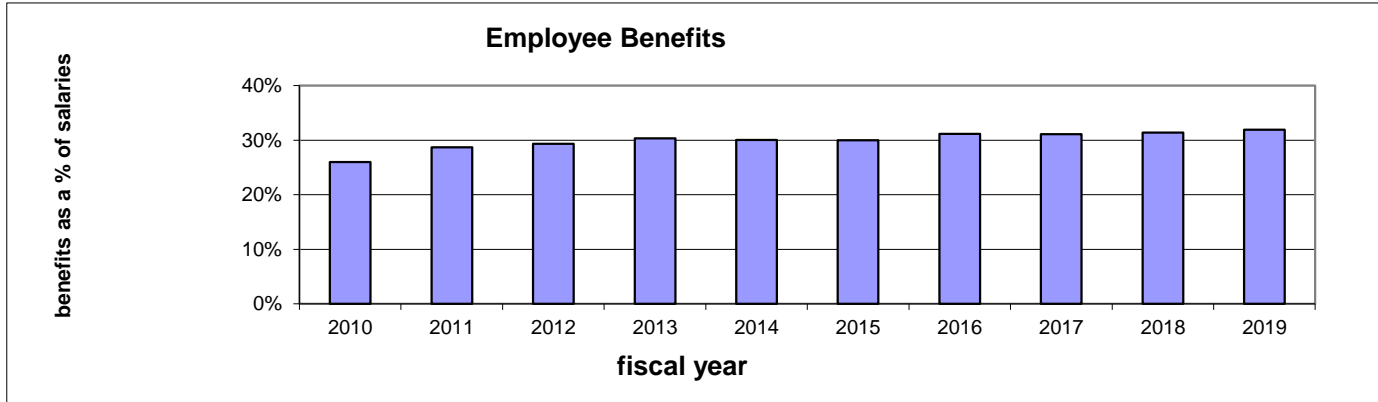
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net operating expenditures	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141	72,478,724	74,716,307	77,364,631
Less: Minuteman high school	49,338	49,889	81,140	81,634	104,311	110,127	91,498	122,810	61,948	32,850
Net operating expenditures	58,157,514	60,028,094	62,329,900	64,034,294	67,909,931	68,926,860	70,527,643	72,355,914	74,654,359	77,331,781
General government and school wages	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337	48,718,743	49,141,025	50,846,581
Salaries and wages as a percentage of operating expenditures	70.7%	69.1%	67.6%	67.6%	66.7%	68.1%	67.2%	67.3%	65.8%	65.8%

Analysis: Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. Second, if salaries and wages as a percent of operating expenditures are increasing because the Town is reducing its expenditures on maintenance and capital outlay, it may be an indicator of deferred maintenance of the Town's infrastructure. The latter is less of a concern due to the creation of the Town-wide Facilities Department in FY07 with a corresponding increase in the budget for facilities maintenance and consistent expenditures for public works infrastructure improvements.

Outlook: The rate of employee salary increases, primarily the result of collective bargaining with employee unions, has been relatively low since 2011. In FY11, there was no cost of living adjustment for any employee. Since then, salary increases have ranged from 1 to 2.5%. FY19 contractual increases range from 1-2% and 11 of the 12 union contracts expired at the end of FY19. FY20 union contracts are still being negotiated.

FINANCIAL INDICATOR 8 - Employee Benefits

Increasing benefit costs as a percentage of wages and salaries is considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Employee benefits}}{\text{wages and salaries}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Employee benefits	10,688,623	11,891,488	12,377,929	13,121,378	13,605,840	14,083,782	14,769,294	15,146,677	15,428,435	16,239,238
Wages and salaries-general government*	11,285,704	11,330,101	11,785,685	12,110,417	12,665,489	13,267,052	13,299,781	13,893,589	14,242,560	15,343,317
Wages and salaries-schools	29,815,441	30,121,990	30,379,915	31,167,741	32,644,464	33,690,869	34,065,556	34,825,154	34,898,465	35,503,264
Total-wages and salaries	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337	48,718,743	49,141,025	50,846,581
Benefits spending as a percentage of wages and salaries	26.0%	28.7%	29.4%	30.3%	30.0%	30.0%	31.2%	31.1%	31.4%	31.9%

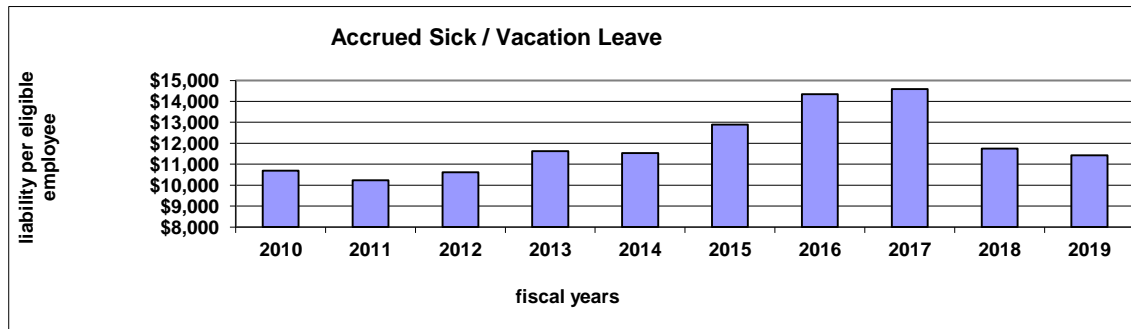
* General Government wages and salaries includes BSA, Water and Recreation but excludes police details

Analysis: Fringe benefits represent a significant share of the Town's operating costs and this analysis understates certain fringe benefits such as sick leave buy back liabilities and post-employment benefits. Starting in 2010, Town employees and retirees enrolled in the state-run Group Insurance Commission (GIC) health insurance programs. The change to the GIC program resulted in more substantial savings to the Town in 2010, and a slowing rate of increase in subsequent years. The percentage remains relatively stable.

Outlook: In an effort to control costs, the GIC has taken steps to change plan designs and shift costs to employees (deductibles & copays). Because of this, more employees are migrating to the lower cost plans. The most current contract, expiring 6/2021, incorporated a 2% decrease in premium paid by the Town. Contracts are negotiated through the Public Employee Commission (PEC) which is made up of a representative from each of the 12 unions (6 Town, 6 School) plus one retiree. Health insurance plans and options will be carefully studied and considered when the GIC contract expires in 2021.

FINANCIAL INDICATOR 9 - Unfunded Liabilities (Sick/Vacation Leave)

Increasing unfunded liabilities per municipal employee is considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{accrued sick/vacation leave}}{\text{number of employees eligible}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unfunded sick and vacation leave (per audit)	2,047,400	1,994,554	2,149,802	2,390,353	2,251,364	2,444,959	2,621,000	2,673,000	2,416,486	3,080,631
Amount funded (compensated absence fund bal.)	153,686	183,964	259,180	320,073	220,402	228,299	226,588	208,219	361,197	427,871
Net unfunded liability	1,893,714	1,810,590	1,890,622	2,070,280	2,030,961	2,216,660	2,394,412	2,464,781	2,055,289	2,652,761
Number of eligible employees	177	177	178	178	176	172	167	169	175	232*
Accrued unfunded sick/vacation liability per employee	10,699	10,229	10,621	11,631	11,540	12,888	14,338	14,585	11,745	11,434

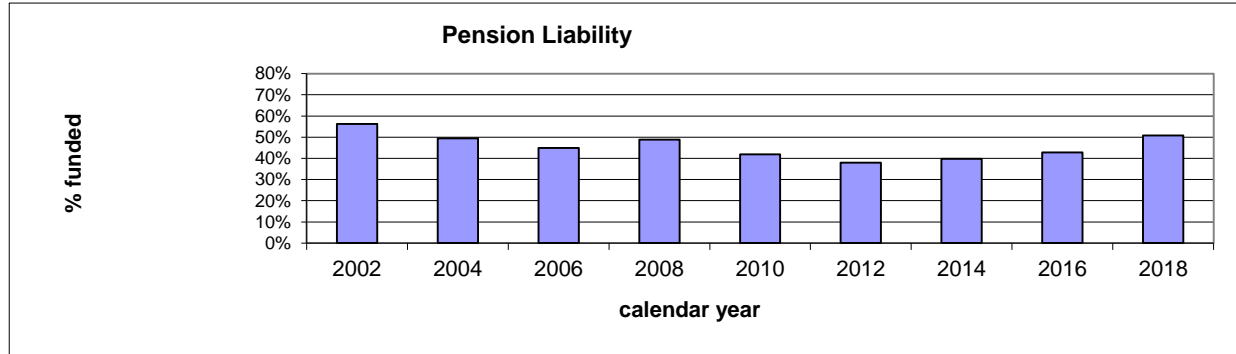
*unaudited, increase due to the inclusion of school employees eligible for vacation and/or sick time not previously reported

Analysis: The Town allows municipal and some school employees to accumulate a portion of unused sick leave to be paid upon retirement or resignation after 12 years of service. Non-union employees hired after 1/1/11 are no longer eligible, as well as members of the Police Superior Officers' union and the Town Manager. These changes have slowed the rate of increase per employee. Vacation accrual is limited and by law must also be paid. There were 8 sick and vacation time payouts (\$142K) from retirements in FY2019. This liability was funded with \$220K in FY19 and funding will increase by \$20K each year per the revised policy in FY17.

Outlook: Through the establishment of a reserve fund, a small portion of this liability has been funded. An effort has been made to reduce the sick leave buyback benefit, any change to which is subject to the collective bargaining process. The reduction in the number of eligible employees reflects changes made to reduce the benefit.

FINANCIAL INDICATOR 10 - Pension Liability

An unfunded pension liability or increase in the unfunded liability is considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{pension assets}}{\text{pension liability}}$$

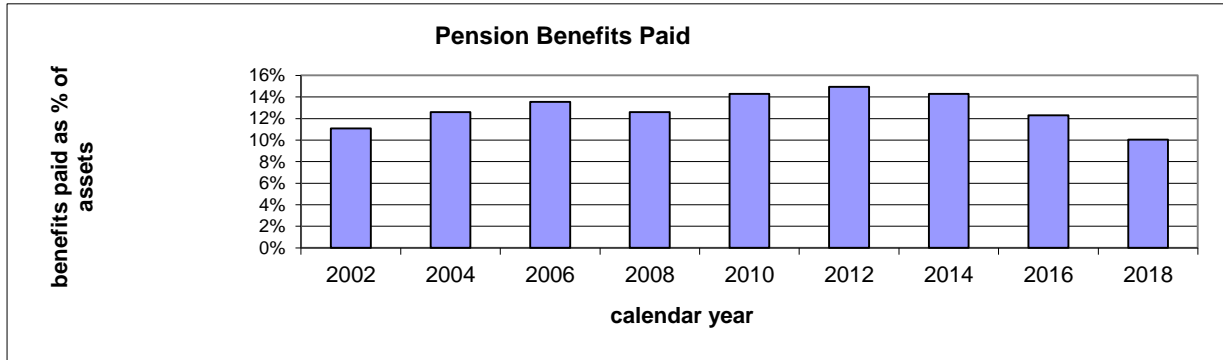
calendar year	2002	2004	2006	2008	2010	2012	2014	2016	2018
Pension assets	23,079,156	23,709,310	24,953,073	31,001,714	31,583,111	32,345,383	36,802,655	45,081,826	58,589,125
Pension liability	40,999,698	47,936,250	55,649,871	63,518,002	75,443,253	85,081,793	92,382,444	105,460,405	115,275,986
Percent funded	56.3%	49.5%	44.8%	48.8%	41.9%	38.0%	39.8%	42.7%	50.8%

Analysis: Weston is a member of the Middlesex Retirement System (MRS), a regional system which pools and manages the pension system assets. The assets are derived from the employee and employer (town) contributions. The MRS also manages the payment of retirement benefits, in accordance with State law, for all retirees of the system. A previous 1988 law change required the retirement liability to be fully funded by 2028. The Municipal Relief Bill, Ch. 188 of the Acts of 2010 provides the option to extend that to June 30, 2040, and MRS has since decided to extend the funding schedule to June 30, 2035. Many retirement systems in Massachusetts made substantial progress in reaching this requirement during the strong stock market period of the mid to late 1990's, but the MRS, was less successful, choosing instead to reduce employer contributions rather than fund the liability. When implementing Weston's reserve policy, it was determined that no additional amount beyond what is assessed by MRS should be set aside. In FY10, the MRS assessment decreased unexpectedly due to a five-year smoothing used to calculate assessments. In order to be prepared for an unexpected increase in the future, the FY10 and FY11 budgets included \$200,000 each year for a pension reserve. Assets are managed by PRIT.

Outlook: Weston continues to fund the assessment needed to fully fund by 2035 with an additional \$426K in Pension Stabilization Fund to smooth any large assessments. As the market and economy continue to improve, returns should follow. Weston is in a good position relative to other communities, and past extensions of fully funded mandates may happen again. Weston may want to consider accelerating funding based on available funds in any given year.

FINANCIAL INDICATOR 11 - Pension Benefits Paid

Increasing annual benefits paid as a percentage of pension assets is considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{annual benefits paid}}{\text{pension assets}}$$

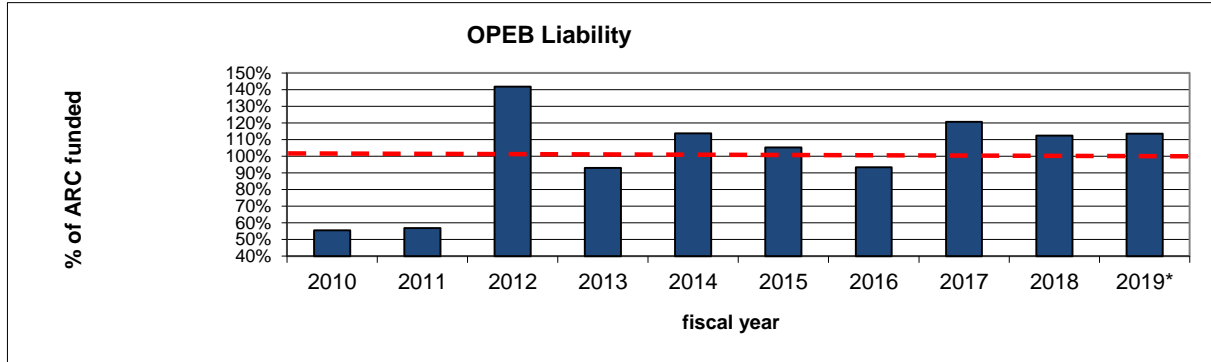
calendar year	2002	2004	2006	2008	2010	2012	2014	2016	2018
Pension assets	23,079,156	23,709,310	24,953,073	31,001,714	31,583,111	32,345,383	36,802,655	45,081,826	58,589,125
Annual Benefits Paid	2,554,761	2,987,487	3,377,014	3,902,902	4,508,800	4,829,561	5,258,587	5,544,137	5,890,585
Percent Paid of Assets	11.1%	12.6%	13.5%	12.6%	14.3%	14.9%	14.3%	12.3%	10.1%

Analysis: This indicator provides a snapshot of the benefits paid in the years for which the actuarial value of the Town's pension assets are known. One factor in the increase in Benefits Paid is the 24% increase in the number of Weston retirees from 2000 (185 retirees) to 2018 (236 retirees). The Annual Benefits Paid for 2018 increased \$346,000 from 2016. 57% of retirees are paid less than \$19,999 per year, 90% were paid less than \$49,999 in 2018. Pension Assets are based on the Actuarial Value of the assets versus the Market Value.

Outlook: As long term employees retire who have contributed 5% and 7% to the Middlesex Retirement System, they are replaced by new employees who pay 9% plus another 2% on earnings over \$30,000. The amount of 2018 employee contributions was \$1,872,603. At that time, there was one employee contributing at 5%, 6 employees contributing @ 7% and 52 @ 8%. The remaining 351 employees, or 86%, were contributing 9%. If the market and economy continue to improve, returns should follow.

FINANCIAL INDICATOR 12 - OPEB Liability (Retiree Health Insurance)

An unfunded liability for post employment benefits or increase in the unfunded liability is considered a warning indicator.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{OPEB trust fund balance} + \text{Actual contributions}}{\text{Annual Required Contribution (ARC)}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
OPEB trust fund balance (6/30)	156,820	217,792	3,510,050	4,867,924	7,187,802	9,328,941	11,223,287	13,787,257	16,277,730	19,322,537
Contribution to OPEB Trust Fund	50,000	60,000	3,286,313	1,666,000	1,631,367	1,648,512	1,606,925	1,652,517	1,736,480	2,121,634
Pay As You Go - Retiree Health Payments	1,873,202	2,000,171	2,163,847	2,203,004	2,348,908	2,364,490	2,493,393	2,773,623	2,968,864	3,096,276
Investment Return	0	972	5,945	-308,126	688,511	492,627	287,421	911,453	753,993	923,173
Annual required contribution (ARC)**	3,466,896	3,628,626	3,846,696	3,828,592	4,105,067	4,282,387	4,700,370	4,426,140	4,859,275	5,408,101
Percent of ARC funded	55.5%	56.8%	141.8%	93.0%	113.7%	105.2%	93.3%	120.6%	112.3%	113.6%

*Value as of June 2019 bank statement plus annual contribution

**Normal cost + 26 years amortization of unfunded actuarial accrued liability

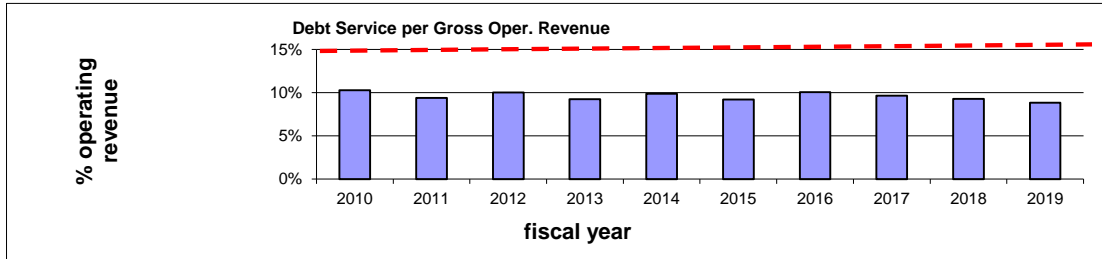
Analysis: Weston has been required to report its liability for post employment benefits (retiree health insurance) on its audited financial statements since fiscal year 2007. The last actuarial study has determined the long-term liability to be approximately \$78 million with no pre-funding. There is currently no legal requirement to fund this liability; however, there may be in the future, and financial prudence dictates that efforts should be made to address the OPEB liability. Beginning in fiscal year 2012, a significant effort was made to fund the long-term liability. Fiscal years 2014-2019 contributions matched the annual required contribution (ARC) set forth in the actuarial reports commissioned by the Town. After Finance Committee discussions in FY18, the trust fund was moved to a market based fund, which should yield higher returns in the future and allow for better funding of the actuarial liability.

Outlook: Weston has contributed to the ARC for 8 straight years and the aggressive addressing of this liability has been recognized by the Ratings Agency. The market value of the fund in June 2019 was \$19.3 million after the FY19 contribution of \$2.1 million. Actions by the Town such as continuing with the GIC, reduction in Town premium contribution percentages and market returns on funds should lead to better actuarial analyses in years to come. Although there is not a statute which requires a funding date as there is for pension, it would be prudent to determine a funding date in the next actuarial valuation.

FINANCIAL INDICATOR 13 - Debt Service

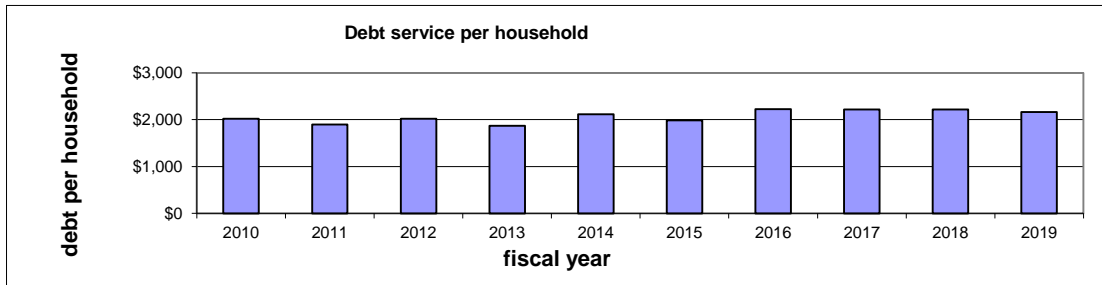
Debt Service per Operating Revenues

Debt service exceeding 15 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Weston Trend

X	favorable
X	marginal
	unfavorable
	uncertain



Weston Trend

X	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{debt service}}{\text{operating revenues/household}}$$

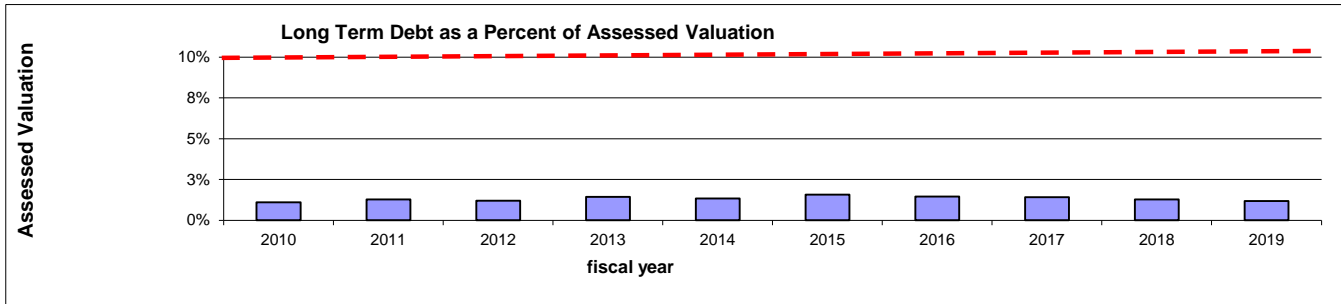
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Exempt debt service	7,205,902	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064	8,084,603	8,094,771	7,941,707
Non exempt debt service	63,181	51,317	48,283	44,159	46,968	38,121	36,817	33,720	32,280	21,160
Total debt service	7,269,083	6,861,435	7,314,997	6,791,415	7,693,468	7,258,362	8,141,881	8,118,323	8,127,051	7,962,867
Gross operating revenues/transfers	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808	84,151,435	87,425,434	90,268,797
Households	3,595	3,613	3,618	3,629	3,641	3,658	3,659	3,654	3,666	3,676
Debt service as a % of gross oper. rev.	10.29%	9.38%	10.03%	9.22%	9.87%	9.21%	10.05%	9.65%	9.30%	8.82%
Debt service per household	2,022	1,899	2,022	1,871	2,113	1,984	2,225	2,222	2,217	2,166

Analysis: Though Weston's debt service has increased due to the effort in the last 10-15 years to address deferred maintenance of municipal and school buildings, nearly all of the debt is exempt from the limits of Proposition 2 1/2. As such, this fixed cost does not place a demand on the Town's operating budget. It does, however, mean that the portion of total property taxes funding debt will remain significant for a number of years. The best way to keep these indicators below warning levels is to time new debt service for proposed capital projects with retiring debt, which the Town has been careful to do. Acknowledging the growing importance of monitoring debt, a formal Debt Policy was adopted in FY07.

Outlook: Maintaining AAA rating and project timing are key to keeping this indicator stable. Interest rates should increase in the future as the Federal Reserve moves off the historical low-rate policy, but no spikes are anticipated. Weston has 67% of debt principal maturing in the next 10 years.

FINANCIAL INDICATOR 14 - Long Term Debt

Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by the credit rating organizations.



Weston Trend	
X	favorable
X	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{outstanding long term debt}}{\text{assessed valuation}}$$

fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
outstanding long term debt	57,744,457	67,690,004	62,474,332	74,723,333	71,425,000	87,927,000	85,069,900	83,772,258	76,514,000	72,073,500
assessed valuation	5,232,011,700	5,260,804,800	5,223,472,800	5,195,430,200	5,340,928,200	5,612,459,200	5,861,486,000	5,941,014,800	6,016,114,900	6,106,168,300
Long term debt as a % of assessed valuation	1.10%	1.29%	1.20%	1.44%	1.34%	1.57%	1.45%	1.41%	1.27%	1.18%

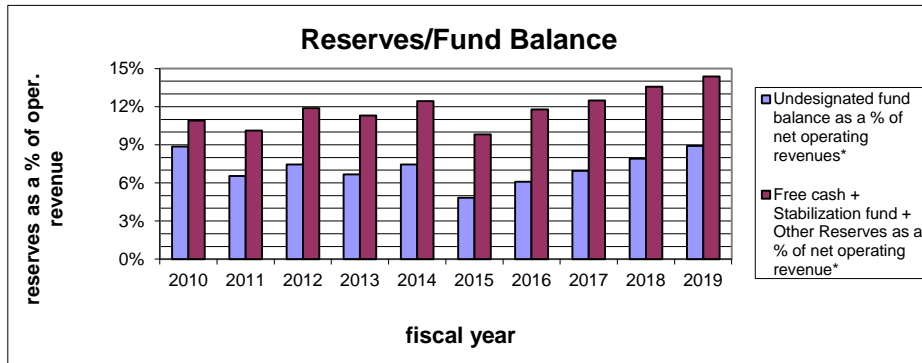
Analysis: This financial indicator is evaluated by the credit rating organizations because it is a measure of both a community's debt burden as well as its level of effort in investing in its capital facilities. Weston has a strong profile, and positive outlook because of its high values and capacity to borrow.

Outlook: Long-term debt continues to stay at a manageable level. However, if more substantial capital projects are approved each year, this could become a burden to taxpayers. The Town's position to exclude debt from the Operating Budget is seen as very positive and very conservative and directly affects the AAA rating. The use of CPA and MWRA lending at 0% as well as refunding and market conditions have all contributed to the favorable level of this indicator. Weston also has 67% of debt principal maturing in the next 10 years.

FINANCIAL INDICATOR 15 - Reserves/Fund Balance

Declining reserves as a percentage of operating revenues is considered a warning indicator.

The Government Finance Officers Association recommends that undesignated fund balance be between 5-15 percent of operating revenues.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{Undesignated Fund Balance}}{\text{Operating Revenues}}$$

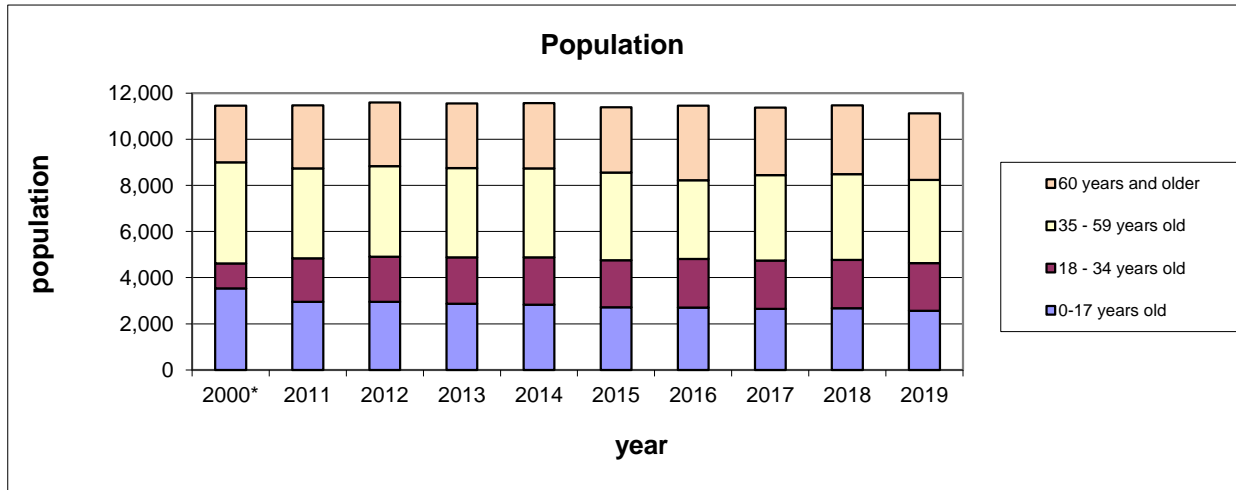
fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Undesignated fund balance (unaudited)	5,624,582	4,331,313	4,901,251	4,459,884	5,245,909	3,469,217	4,441,949	5,287,411	6,269,137	7,332,514
Und. fund bal. (incl. adj. free cash)	4,255,473	3,463,758	3,853,659	3,182,126	4,039,334	2,581,323	3,613,421	4,373,690	5,326,120	6,347,619
Stabilization fund	1,404,907	1,695,880	1,975,743	2,234,505	2,521,408	2,806,504	3,086,497	3,094,663	3,137,275	3,206,916
Other Reserves	1,256,397	1,556,022	1,977,335	2,141,710	2,175,998	1,656,266	1,892,541	2,037,667	2,306,582	2,275,362
Net operating revenues	63,435,564	66,307,846	65,691,009	66,883,244	70,314,229	71,759,899	72,905,744	76,066,832	79,330,663	82,327,090
Undesignated fund balance as a % of net operating revenues*	8.9%	6.5%	7.5%	6.7%	7.5%	4.8%	6.1%	7.0%	7.9%	8.9%
Free cash + Stabilization fund + Other Reserves as a % of net operating revenue*	10.9%	10.1%	11.9%	11.3%	12.4%	9.8%	11.8%	12.5%	13.6%	14.4%

Analysis: Undesignated Fund Balance and Free Cash are two similar measures of the Town's reserves. The first figure is from the Town's audited balance sheet while the latter is to be certified by the Department of Revenue. Reserves are one measure of the Town's ability to withstand financial emergencies and changes in the economy. The Town has made a concerted effort since FY06 to create and add to a Stabilization Fund and a variety of other targeted reserves. Since then, even during the economic downturn, the Town has made steady progress toward meeting the Government Finance Officers Association's recommendation that reserves be 5 - 15% of operating revenues. "Other Reserves" are comprised of the reserve accounts called for in the 2006 Reserve Policy, including contingency accounts for employee benefits, facilities maintenance, overlay for abatements and the Finance Committee Reserve Fund. To keep reserves within the recommended range and to move closer to reserve targets, the reserve policy was revised in FY17. Reserves increased in FY19 and this was primarily due to the annual 6% increase in facilities maintenance per the reserve policy. There were 8 sick and vacation time payouts (\$142K) from retirements in FY2019, which led to the decrease in Other Reserves in FY19.

Outlook: Reserve targets need to be updated over time to keep up with growing net operating revenues. Reserve targets were reviewed in FY17 and a new policy was adopted to maintain appropriate and sufficient reserves. This policy should be reviewed on an ongoing basis to ensure appropriate levels are attained.

FINANCIAL INDICATOR 16 - Population

Rapid changes in population which may affect service levels may be considered a warning indicator.



Weston Trend	
	favorable
X	marginal
	unfavorable
	uncertain

Age Demographic	2000*	2011	2012	2013	2014	2015	2016	2017	2018	2019
0-17 years old	3,532	2,954	2,945	2,870	2,822	2,709	2,701	2,644	2,670	2,562
18 - 34 years old	1,084	1,883	1,968	2,008	2,056	2,044	2,113	2,101	2,094	2,063
35 - 59 years old	4,390	3,911	3,928	3,872	3,859	3,803	3,410	3,699	3,723	3,613
60 years and older	2,463	2,723	2,763	2,814	2,832	2,833	3,246	2,942	2,990	2,894
unknown	0	7	4	16	12	2	2	2	9	6
Total	11,469	11,478	11,608	11,580	11,581	11,391	11,472	11,388	11,486	11,138
students in Weston public schools	2,215	2,304	2,322	2,281	2,206	2,139	2,111	2,104	2,104	2,103

* 2000 is U.S. census data with 5-19 and 20-34 ranges

Analysis: Weston's population has decreased by 3% in FY19. The school-aged population of the Town has dropped over the past 10 years, and the student population for Weston's public schools has also dropped in this timeframe. A decrease in students can reduce expenditures, but it may also reduce the many intergovernmental revenues and grants that are distributed according to population. That impact has been minimal since the Town does not rely heavily on State or Federal funding. The 60 years and older group makes up 26% of the population.

Outlook: The population of residents 60 years of age and older has steadily increased since 2010, creating additional demand for Council on Aging services. A COA needs assessment was completed in FY19 potentially impacting future operating and/or capital budgets. If current 40B projects are approved, this could dramatically increase the population in Weston, potentially requiring more services that will impact future budgets, mainly the school budget.

Notes on FY21-FY23 Budget Projection

FY21:

1. Collective bargaining agreements are still being negotiated for FY20 (11 of 12 expired 6/30/2019); the salary increases are estimated at this time.
2. The amount budgeted for the Middlesex Retirement System is the assessment based on the actuarial valuation as of 1/1/2018.
3. The budget for Health Insurance assumes an 5% increase in GIC premiums, but a decision on actual premium rates will not be made by the GIC until March. Utilization of the Town's plans has dropped to 78% from a high of at least 90% in the past.
4. Additional funds are included for roadway maintenance.
5. No new non-exempt debt service has been added; the amount for exempt debt service is estimated at this time, with more information available after bonds are issued in February.
6. In the category of Reserves, this projection includes full implementation of the reserve policy updated in FY17. There is an amount included to fund the Town's post-employment benefits (OPEB) liability in accordance with the most recent actuarial valuation.
7. The budget projection for FY20 is based on maintaining the current level of services provided by Town departments.
8. A comprehensive revenue projection has not yet been made, but it is assumed that state aid, other than school construction reimbursement payments, will be level funded. It also assumes an increase in free cash funding, as there is about \$6 million as of 6/30/2019 (will be certified in November 2019).
9. Well Litigation trust fund revenue of \$132K which was appropriated to fund the operating budget in previous years will no longer be available.

FY22 and FY23:

1. Collective bargaining agreements are still being negotiated in FY20. FY21 and FY22 salary increases are estimated at this time.
2. Employee benefits are increased by approximately 5% in each year; all other expenses are increased by 2-3% in each year.
3. With the implementation of an updated reserve policy in FY17, facilities maintenance increases 6% each year and compensated absences increase by \$20K each year.
4. In Scenario 2 for FY22, in order to balance the projected budget to develop the projected budget for FY23, the shortfall has been handled by making a lump sum budget reduction in half the amount and applying increased revenues to cover the other half.
5. Well Litigation trust fund revenue of \$132K which was appropriated to fund the operating budget in previous years will no longer be available.