

Town of Weston

FY22 Annual Town Meeting

Lisa V. Reitano
Finance Committee Chair

May 15, 2021

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 Highlights

Total budget reflects an increase of 4.0% over FY21:

- Increase in School Budget (2.1% or \$911K)
- Increase in Town Departments (2.5% or \$587K)
- Increase in Health Insurance (3.5% or \$387K)
- Increase in Retirement Costs (4.0% or \$229K)

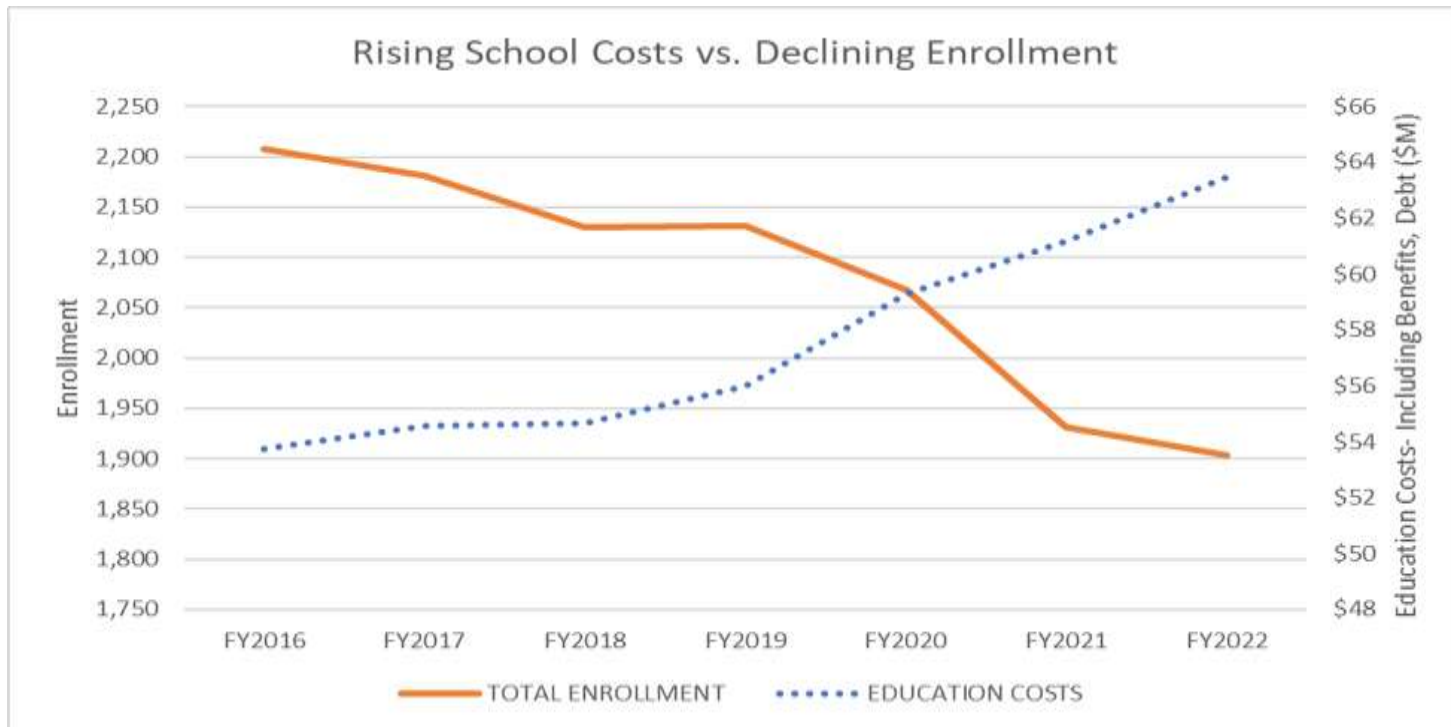
- Increase in OPEB Retiree Health (117% or \$1.2MM)
- Decrease in Local Receipts Revenues (-8% or \$490K)
- New growth in the tax base estimate of \$800K

Finance Committee Recommendations

- Establish baseline/benchmarking measures of success for all Town departments
- Continue developing and implementing a long-range financial planning model
- Provide budget guidelines to departments heads based on top-down guidance
- Develop a School plan for a smaller student body while still providing a quality education
- Tightly manage union negotiations with reduced benefit levels
- Require projects to provide separate bids and Town Meeting votes on “needs” vs. “wants”

School Budget Concerns

- Rising cost of education in a declining student enrollment environment

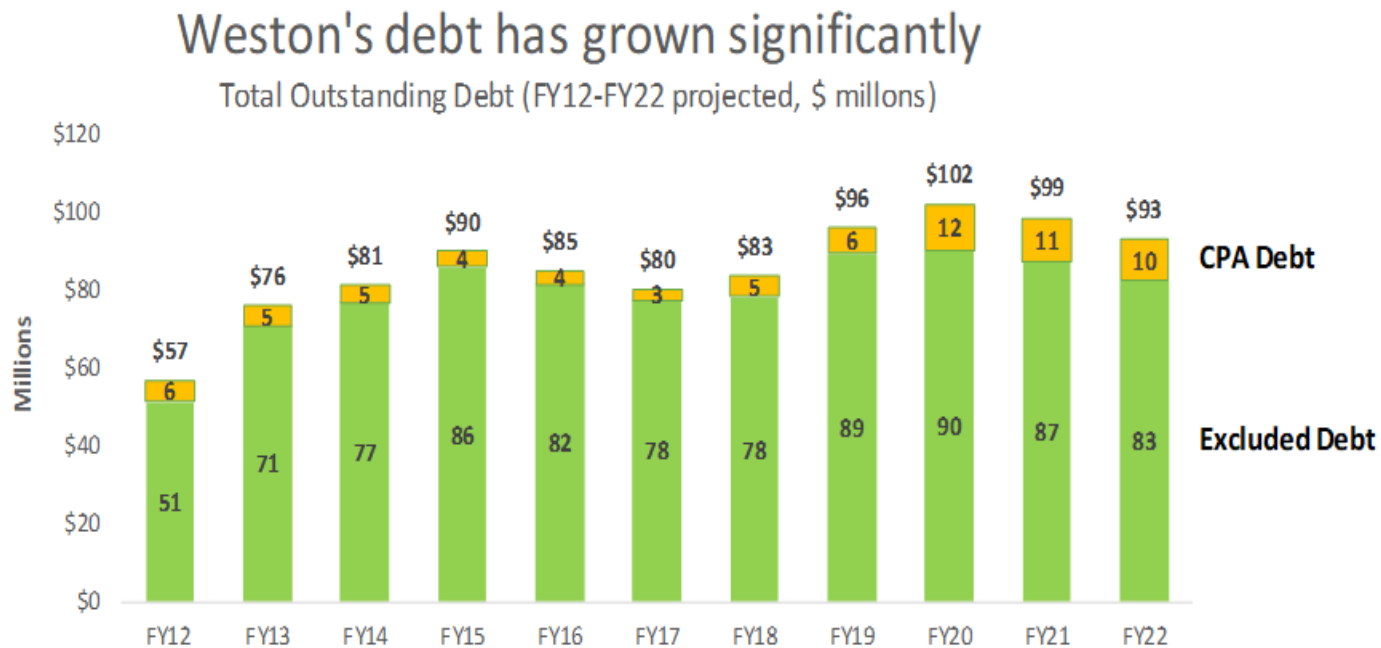


Major Capital Projects Authorized Since 2002

Year	Project	Amount (millions)
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
2020	500 Wellesley Street (CPA)	\$ 3.4
2020	Josiah Smith Tavern (CPA)	\$ 12.5
Total		<u>\$ 174.7</u>

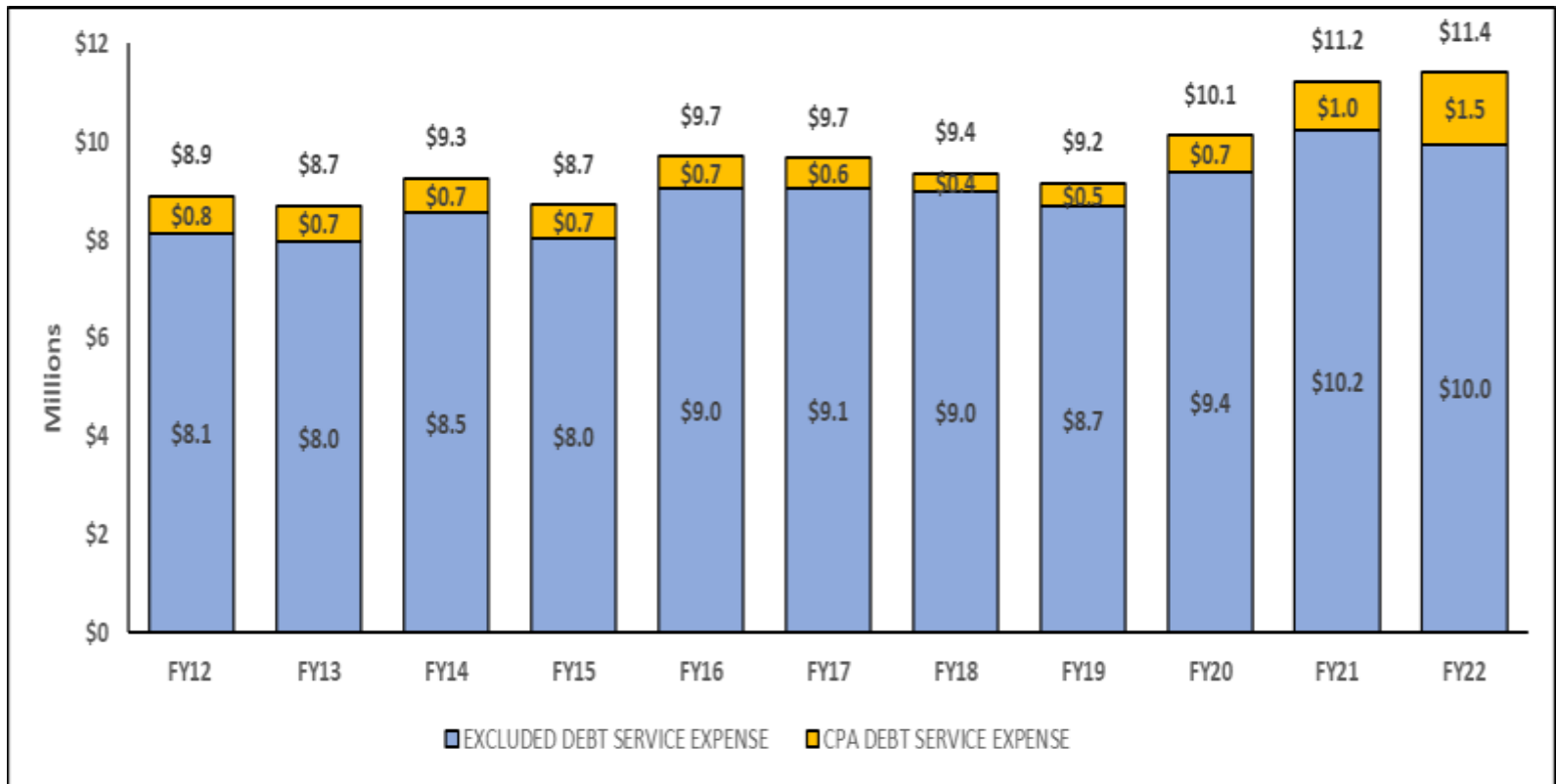
Actual and Projected General & CPA Debt Outstanding – FY12-FY22

- Includes debt projects proposed for May 2021 Annual Town Meeting



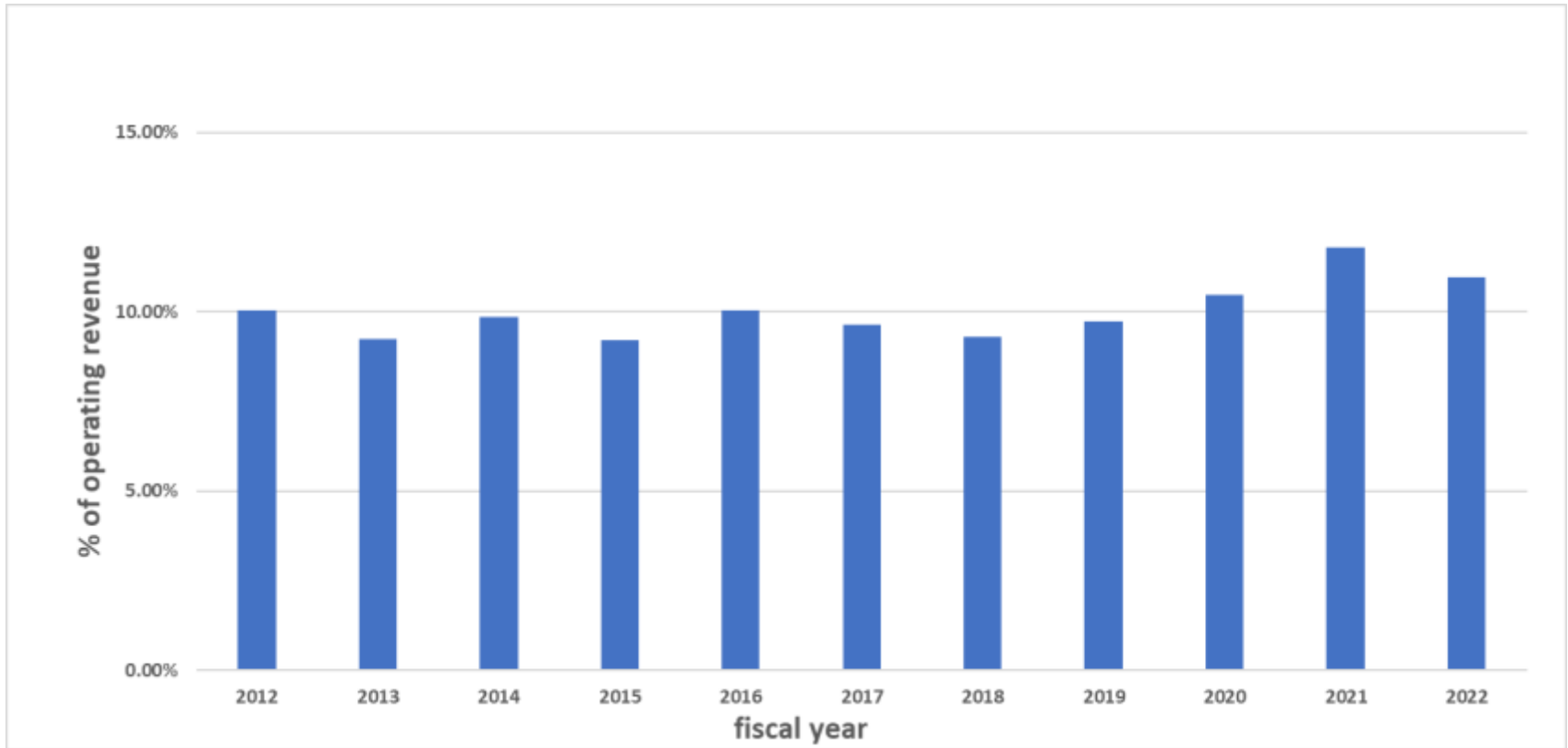
Actual & Projected General & CPA Debt Service Payments- FY12-FY22

- Includes debt projects proposed for May 2021 Annual Town Meeting



Debt Service per Operating Revenues

- 15% considered warning indicator by rating agencies



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
- \$69 million (54%) currently unfunded
 - Unfunded liability must be funded by 2040. Middlesex Retirement plans to fund by 2037 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 2028, putting additional pressure on future budgets to remain within Prop 2 ½

OPEB – Other Post Employment Benefits (Retiree Health Insurance)

- \$60.8 million (73%) unfunded as of 6/30/2020 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 (FY22 of \$2.8 million)
 - Additional funding for long-term liability (Article 4 - \$2.2 million)
- Balance in OPEB Trust is currently \$27.6 million

Long Term Financial Obligations as of May 15, 2021

- Debt is less than half of our financial obligations

Weston's Total Debt & Unfunded Liabilities (FY21, \$Millions)

