

Financial Indicator Analysis



Presented at Financial Summit

November 1, 2016

Weston Board of Selectmen
Weston Finance Committee
Weston School Committee

Table of Contents

Executive Summary	2
-------------------	---

Financial Forecast

Level Service – Revenue and Expenditure Projection: FY18-FY20	5
---	---

Financial Indicators

Indicator 1	Revenues per Household	7
Indicator 2	State Aid	8
Indicator 3	Revenues Related to Economic Growth	9
Indicator 4	Property Tax Revenues	10
Indicator 5	Uncollected Property Taxes	11
Indicator 6	Expenditures per Household	12
Indicator 7	Salaries and Wages	13
Indicator 8	Employee Benefits	14
Indicator 9	Unfunded Liabilities	15
Indicator 10	Pension Liability	16
Indicator 11	Pension Benefits	17
Indicator 12	OPEB Liability	18
Indicator 13	Debt Service	19
Indicator 14	Long Term Debt	20
Indicator 15	Reserves/Fund Balance	21
Indicator 16	Population	22
Supplemental Data	Chapter 70 Assistance	23
	FY16 Average Single Family Tax Bill	24
Notes/Assumptions		25

Prepared by: Christina Hansberry, Financial Analyst, Susan Kelley, Finance Director, Donna S. VanderClock, Town Manager, Pete Forcellese, Treasurer/Collector, Cynthia Mahr, Director of Finance & Operations, School Department, Lisa Yanakakis, Asst. Town Manager/Human Resources Director,

Based on: Evaluating Financial Condition, ICMA, 2003

Executive Summary

1. Assuming a level service budget, the following is projected:
 - a. FY2018 - a balanced budget
 - b. FY2019 – a budget gap of \$779,856
 - c. FY2020 – a budget gap of \$1,478,721

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 declined in FY16. The ratio is still favorable; however we will watch this to see if this was just a one-time decline or if it will become a continuing trend.
 - 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 FY2016 increase in expenditures is primarily due to an increase in Unclassified expenses (Primarily Health Insurance & Pension), Education & Facilities expenses.

- See Financial Indicator 7 – Salaries and Wages (as a percentage of total spending)
 - Efforts to lower the rate of salary increase, mainly through collective bargaining, have taken place since 2011. During the years FY11 – FY16, salary increases range from 0 to 2.5%. 7 out of 12 contracts up for negotiations in FY17 have been settled and range from 1.5- 2%.

Employee Benefits

- See Financial Indicator 10 – Pension Liability (Middlesex Retirement System)
 - The 2014 actuarial study indicates that the percent of Weston’s pension liability that is funded has increased by 1.5%. Middlesex Retirement plans to fully fund its pension liability by 2035, with a goal of 6% increases in annual assessments to member communities through 2020.
 - It may be advisable to change strategy toward the unfunded liability by setting aside additional funds in the Town’s Pension Stabilization Fund or voluntarily contributing more to the mandatory annual assessment.
- See Financial Indicator 11 - Pension Benefits Paid
 - The percentage of total pension assets paid in benefits has increased from 11.1% in 2002 to 14.3% in 2014. The percentage decreased in 2014 as the Pension Assets grew by \$4.5 Million.
 - 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 only three employees contributing 5%. Over 90% of employees are contributing 9% plus 2%.
- See Financial Indicator 12 – OPEB Liability
 - The Actuarial Required Contribution (ARC), per the actuarial valuation, has been funded in the past 5 years.
 - In making the Actuarial Required Contributions annually, the long term liability can be significantly reduced, \$79 million to \$47 million. An updated OPEB valuation will be available in the summer of 2017.

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 peak in FY2018 but will not exceed the 15 percent threshold. This shift is due to the possibility of adding new debt for the following potential projects: \$2M for Case House Renovations, \$3M for Town Center Improvements and the bumping of \$1.35M of the Case Campus Master Plan from FY17 to FY18. Actual Debt Service will likely be lower as the town is conservative in estimating of the interest rates.
- See Financial Indicator 14 – Long Term Debt
 - 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 to see if targets should be updated.
 - In FY16, the undesignated fund balance increased due to higher departmental expenditure turn backs and actual total revenues were more than projected.
 - Weston’s reserve level has increased in FY16 due to increased funding of reserves based on the reserve policies. The FY16 funding level was 9.1% which was up 0.7% from FY15. Weston continues to fund the Reserves in order to meet the recommendation of rating agencies, which is that reserves be between 5-15% of operating revenues.

Population

- See Financial Indicator 16 – Population
 - As the baby boomers age, the population of residents 60 years of age and older has steadily increased, creating additional demand for services.
 - The number of students in Weston public schools decreased by 9% in 2016.

**TOWN OF WESTON
REVENUE AND EXPENDITURE PROJECTION - FY18-FY20
LEVEL SERVICE BUDGET**

	FY17		FY18		Scenario 1 FY19		Scenario 2 FY19		FY20	
	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	12,195,080	2.1%	12,530,445	2.8%	12,875,032	2.8%	12,875,032	2.8%	13,229,095	2.8%
Education	32,465,815	1.8%	33,594,026	3.5%	34,601,847	3.0%	34,601,847	3.0%	35,639,902	3.0%
sub-total Salaries	44,660,895	1.8%	46,124,471	3.3%	47,476,879	2.9%	47,476,879	2.9%	48,868,997	2.9%
<u>Employee Benefits</u>										
Group Insurance & Medicare	10,896,278	3.4%	11,767,980	8.0%	12,709,419	8.0%	12,709,419	8.0%	13,726,172	8.0%
Retirement Systems	4,557,886	6.7%	4,863,264	6.7%	5,189,103	6.7%	5,189,103	6.7%	5,536,773	6.7%
Workers' Comp & Unemployment	361,000	6.2%	371,830	3.0%	382,985	3.0%	382,985	3.0%	394,474	3.0%
sub-total Employee Benefits	15,815,164	4.4%	17,003,075	7.5%	18,281,507	7.5%	18,281,507	7.5%	19,657,420	7.5%
<u>Other Unclassified</u>										
Insurance, Property & Liability	381,000	4.67%	388,620	2.0%	396,392	2.0%	396,392	2.0%	404,320	2.0%
Separate Articles	110,000	-48.84%	110,000	0.0%	110,000	0.0%	110,000	0.0%	110,000	0.0%
<u>All Other</u>										
General Government	6,250,376	5.1%	6,250,057	0.0%	6,505,180	4.1%	6,505,180	4.1%	6,509,280	0.1%
Cash Capital	-		-		-		-		-	
Education	6,280,826	-0.6%	5,781,339	-8.0%	5,896,966	2.0%	5,896,966	2.0%	6,014,905	2.0%
Non-Excluded Debt Service	33,720	-8.4%	32,280	-4.3%	30,860	-4.4%	30,860	-4.4%	29,460	-4.5%
sub-total All Other	12,564,922	2.1%	12,063,676	-4.0%	12,433,006	3.1%	12,433,006	3.1%	12,553,645	1.0%
<u>Reserves</u>										
Finance Committee Reserve Fund	595,000	3.7%	610,000	2.5%	620,370	1.7%	620,370	1.7%	643,944	3.8%
Facilities Maintenance	509,237	5.0%	534,699	5.0%	561,434	5.0%	561,434	5.0%	589,505	5.0%
Uninsured Losses	15,000	0.0%	15,000	0.0%	15,000	0.0%	15,000	0.0%	15,000	0.0%
Workers' Comp Police/Fire	20,000	0.0%	15,000	-25.0%	15,000	0.0%	15,000	0.0%	15,000	0.0%
Post-Employment Benefits Reserve	1,652,517	2.8%	1,726,480	4.5%	1,779,715	3.1%	1,779,715	3.1%	1,906,897	7.1%
Stabilization Fund	-	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pension Stabilization Fund	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compensated Absences	140,000	7.7%	150,000	7.1%	160,000	6.7%	160,000	6.7%	170,000	6.3%
sub-total Reserves	2,931,754	-4.8%	3,051,179	4.1%	3,151,519	3.3%	3,151,519	3.3%	3,340,347	6.0%
<u>Budget Reduction</u>							(389,928)			
Total Expenditures	76,463,735	2.0%	78,741,020	3.0%	81,849,303	3.9%	81,459,375	3.5%	84,934,728	3.8%

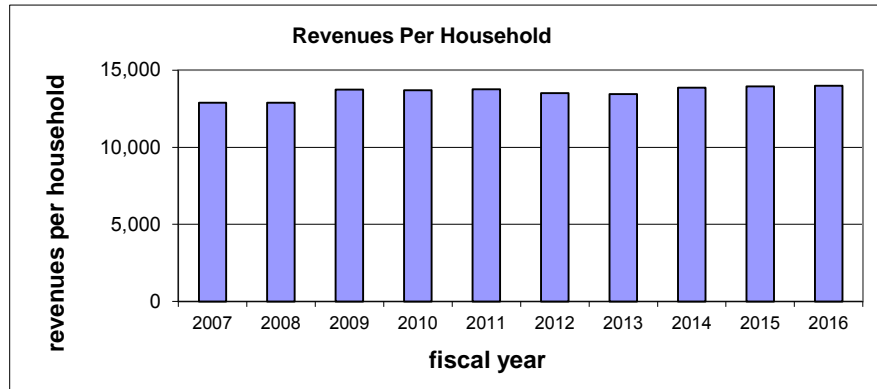
**TOWN OF WESTON
REVENUE AND EXPENDITURE PROJECTION - FY18-FY20
LEVEL SERVICE BUDGET**

	FY17		FY18		Scenario 1 FY19		Scenario 2 FY19		FY20	
	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	65,765,097	3.8%	68,229,224	3.7%	70,549,955	3.4%	70,549,955	3.4%	72,928,704	3.4%
- New Growth	800,000	-13.7%	600,000	-25.0%	600,000	0.0%	600,000	0.0%	600,000	0.0%
- Unused Levy Capacity	(800,000)	-13.7%	(600,000)	-25.0%	(600,000)		(600,000)	0.0%	(600,000)	
- Override	-		-		-		-		-	
State Aid	4,386,744	6.3%	4,200,684	-4.2%	4,200,684	0.0%	4,200,684	0.0%	4,200,684	0.0%
Local Receipts	5,031,795	6.3%	5,032,715	0.0%	5,032,715	0.0%	5,032,715	0.0%	5,032,715	0.0%
Prior Year Balances/Other	2,608,500	-36.4%	2,698,500	3.5%	2,698,500	0.0%	2,698,500	0.0%	2,698,500	0.0%
Revenue Offsets	(1,916,400)	3.6%	(1,933,169)	0.9%	(1,933,169)	0.0%	(1,933,169)	0.0%	(1,933,169)	0.0%
Other Revenues	587,999	17.5%	513,066	-12.7%	520,762	1.5%	520,762	1.5%	528,573	1.5%
<u>Revenue Increase</u>					-		389,928			
Total Revenue	76,463,735	2.0%	78,741,020	3.0%	81,069,447	3.0%	81,459,375	3.5%	83,456,007	2.5%
Budget Surplus (Deficit)	-		0		(779,856)		-		(1,478,721)	
<i>Add Exempt Debt Service - Estimated</i>	8,197,436	3.4%	8,470,545	3.3%	8,431,047	-0.5%			8,332,266	-1.2%
Total Estimated Property Tax Levy*	73,962,533	3.8%	76,699,769	3.7%	78,981,002	3.0%			81,260,970	2.9%

*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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross operating revenues/transfers	63,781,914	68,327,434	70,220,100	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808
Less: excluded debt	6,378,930	7,463,699	7,391,436	7,205,908	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064
Net operating revenues	57,402,984	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744
CPI-U, 1982-84 base year	226.9	241.3	233.0	236.1	244.3	246.3	251.1	255.3	257.0	260.8
CPI-U, 2000 base year	123.9	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4
CPI-U, 2000 base, adj. constant dollars	80.7%	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%
Net operating revenues (constant dollars)	46,341,484	46,217,063	49,396,232	49,215,673	49,732,242	48,856,365	48,803,747	50,475,451	51,017,621	51,212,931
Households (taxable parcels w/dwelling)	3,597	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659
Net Operating Revenues per Household (constant dollars)	12,883	12,877	13,740	13,690	13,765	13,504	13,448	13,863	13,947	13,996
Percent change from prior year	5.84%	-0.05%	6.70%	-0.37%	0.55%	-1.90%	-0.41%	2.66%	0.60%	0.36%

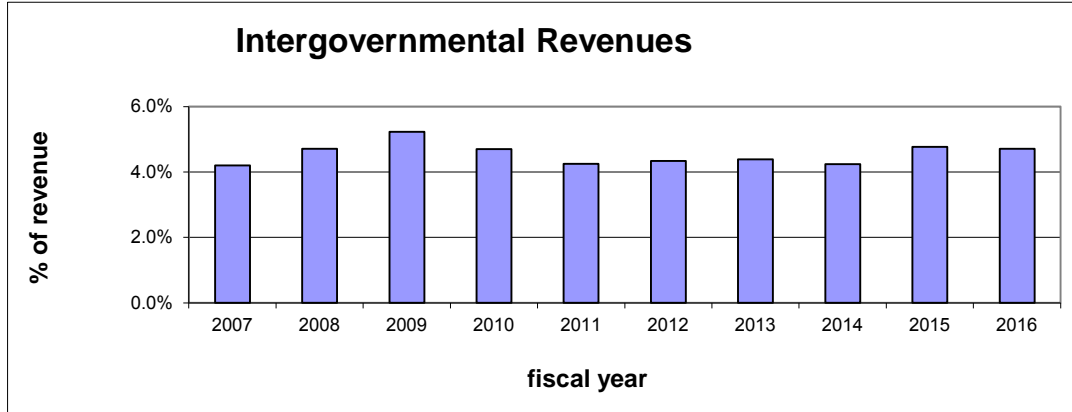
Analysis: Revenues per Household is one measure of the Town's ability to maintain existing service levels. For most general government services, costs increase as the number of households increase. The increase in gross operating revenue is due mostly to Economic Growth revenues such as Motor Vehicle Excise tax, and it reflects a positive trend. Licenses and Permit Revenue was still high in FY16, just not as high as FY15. Other increases were from Penalties and Interest on Taxes and other Local Receipts. 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). FY2016's increase in net operating revenue per household is due to a 0.03% increase in households coupled with a 2.8% 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net operating revenues	57,402,984	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744
State Aid (Cherry Sheet) revenues*	3,723,873	4,295,040	4,722,852	4,435,150	4,269,484	3,664,945	3,747,352	3,726,848	4,135,489	4,098,803
Less: School building reimbursements	1,312,547	1,426,237	1,436,390	1,454,017	1,454,017	816,230	816,234	741,853	724,226	665,538
Net State aid revenues	2,411,326	2,868,803	3,286,462	2,981,133	2,815,467	2,848,715	2,931,118	2,984,995	3,411,263	3,433,265
State aid as a percentage of operating revenues	4.2%	4.7%	5.2%	4.7%	4.2%	4.3%	4.4%	4.2%	4.8%	4.7%

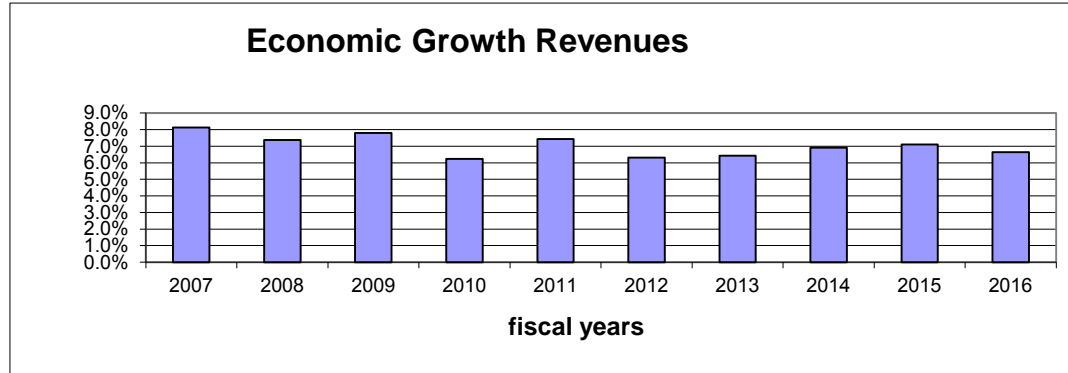
*FY2016 Net operating revenues based on projections

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 2011, but have risen gradually since then. 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. A further reduction is from the refunding done in February 2014, February 2015 and 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.

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

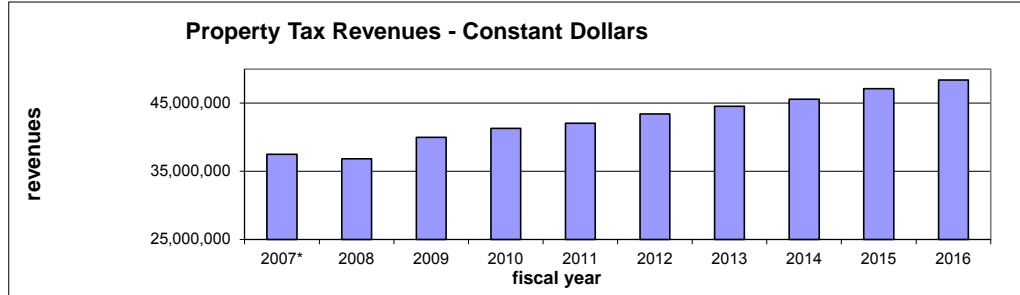
fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (non-exempt) operating revenues	57,402,984	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744
Building permit fees	787,734	838,047	1,184,174	800,122	843,286	824,166	693,083	1,031,281	980,677	935,428
Motor vehicle excise	2,454,132	2,557,093	2,587,461	2,039,944	2,614,061	2,418,788	2,445,833	2,808,327	2,910,707	2,982,398
Tax levy from new construction	1,420,504	1,094,715	1,122,064	1,111,655	1,470,272	897,752	1,156,485	1,020,267	1,196,208	927,176
Total: economic growth revenues	4,662,370	4,489,855	4,893,699	3,951,721	4,927,619	4,140,706	4,295,401	4,859,875	5,087,592	4,845,002
Economic Growth revenues as a percentage of operating revenues	8.1%	7.4%	7.8%	6.2%	7.4%	6.3%	6.4%	6.9%	7.1%	6.6%

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 FY16, Motor Vehicle Excise tax was 46% higher than a low in FY10 of just over \$2 Million. In FY16, building permit fees saw a 5% decrease over FY15. New growth decreased 22% in FY16.

Outlook: Two of the Economic Growth Revenues decreased in FY2016, New growth is projected to remain about the same in FY17 at approximately \$900,000. New Growth will increase eventually but the growth will be phased in. Weston has rebounded since the economic downturn and has continued to add to reserves to protect against future revenue declines.

FINANCIAL INDICATOR 4 - Property Tax Revenues

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula: Property tax revenues (constant dollars)

fiscal year	2007*	2008	2009	2010	2011	2012	2013	2014	2015	2016
Property tax levy limit (incl. unused levy capacity)	54,173,687	57,473,218	59,808,218	62,037,805	64,491,774	67,337,393	69,477,740	73,047,725	75,209,790	78,938,881
Less: debt exemptions	6,378,930	7,463,699	7,391,436	7,205,908	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064
Less: community preservation act surcharge	1,382,903	1,488,000	1,574,790	1,605,810	1,622,366	1,675,490	1,717,377	1,876,970	1,872,045	1,966,817
Net property tax revenues	46,411,854	48,521,519	50,841,992	53,226,087	56,059,290	58,395,189	61,013,107	63,524,255	66,117,504	68,867,000
CPI-U, 2000 base year	123.9	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4
CPI-U, 2000 base, adj. constant dollars	80.7%	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%
Property tax revenues (constant dollars)	37,468,334	36,844,964	39,972,246	41,294,781	42,045,615	43,430,245	44,520,392	45,584,903	47,133,066	48,375,899
Percent increase over prior year (constant dollars)	7.8%	-1.7%	8.5%	3.3%	1.8%	3.3%	2.5%	2.4%	3.4%	2.6%
* Prop. 2 1/2 override approved	1,100,000	0	0	0	0	0	0	0	0	0

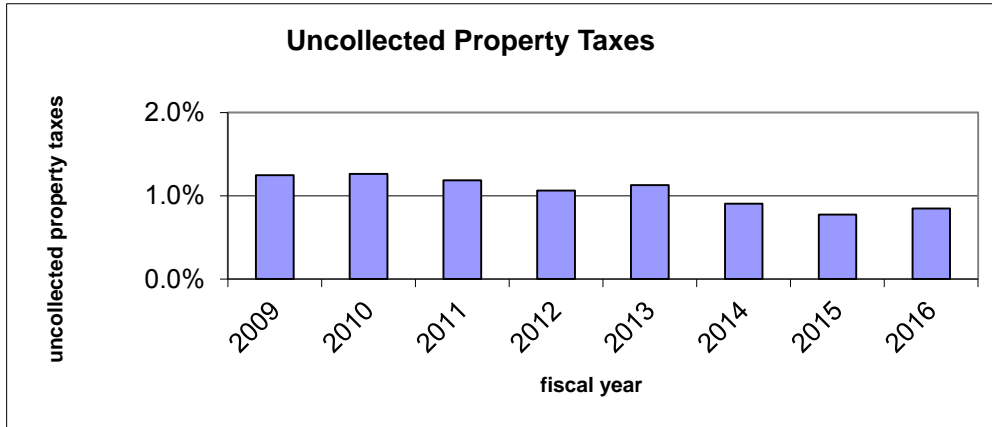
rather than 12 months.

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 FY2017 is anticipated to be over \$5 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	2009	2010	2011	2012	2013	2014	2015	2016
Property tax levy (actual tax levy)	56,998,334	58,075,330	59,920,567	63,256,256	64,423,334	67,990,016	68,920,999	71,275,670
Reserved for abatements and exemptions	436,493	385,361	423,816	458,354	430,916	434,643	450,988	406,511
Net property tax levy	56,561,841	57,689,969	59,496,751	62,797,902	63,992,418	67,555,373	68,470,011	70,869,159
Uncollected taxes as of June 30	705,134	729,004	705,380	668,147	723,116	611,362	530,925	599,863
Uncollected taxes as a percentage of net property tax levy	1.2%	1.3%	1.2%	1.1%	1.1%	0.9%	0.8%	0.8%

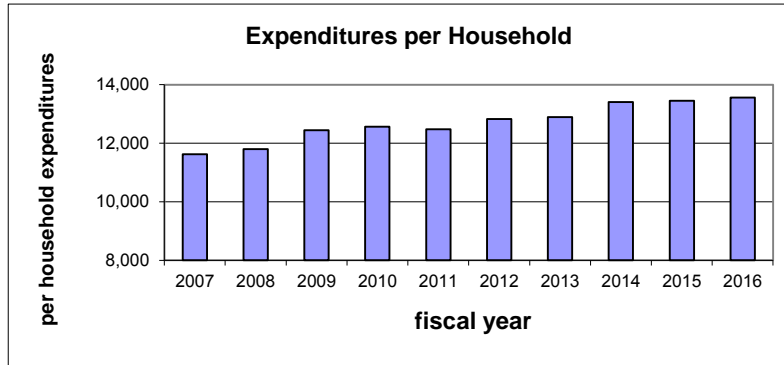
note: includes CPA surcharge beginning FY02

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
School department and Minuteman	26,883,365	28,681,804	30,204,852	31,885,479	32,171,523	33,315,728	34,135,541	35,755,525	36,645,994	37,258,085
Unclassified (excluding exempt debt)	12,287,169	13,058,251	12,482,601	11,914,297	13,090,855	13,488,568	13,814,611	14,216,205	14,784,855	15,458,337
Administration and finance	1,913,342	2,322,914	2,102,833	2,155,132	2,224,643	2,449,451	2,374,386	2,467,132	2,420,075	2,646,743
Facilities Town-wide	-	541,614	426,499	547,325	742,305	577,352	806,272	893,593	922,628	1,692,199
Planning and land use	492,209	540,079	540,746	646,049	619,286	663,402	637,679	696,374	694,934	738,015
Public safety	5,490,445	5,517,744	5,651,779	5,697,165	5,703,795	6,077,856	6,090,823	6,729,720	6,668,289	6,709,154
Public works (excl. water div., incl. snow)	2,867,011	3,176,818	3,518,161	3,229,052	3,272,007	3,573,603	3,978,143	4,931,669	4,546,070	3,659,410
Health and human service (excl. BSA as of FY06)	431,296	472,802	529,860	549,221	611,325	621,280	638,293	670,911	687,076	689,736
Cultural and leisure	1,423,416	1,455,504	1,465,715	1,583,132	1,642,244	1,643,800	1,640,180	1,653,113	1,667,066	1,767,463
Net operating expenditures	51,788,253	55,767,530	56,923,046	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141
CPI-U, 2000 base year	123.9	131.7	127.2	128.9	133.3	134.5	137.0	139.4	140.3	142.4
CPI-U, 2000 base, adj. constant dollars	80.7%	75.9%	78.6%	77.6%	75.0%	74.4%	73.0%	71.8%	71.3%	70.2%
Net operating expenditures (constant dollars)	41,808,706	42,347,244	44,753,204	45,159,044	45,059,717	46,416,954	46,784,476	48,806,911	49,214,273	49,606,697
Households	3,597	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659
Net Operating Expenditures per Household (constant dollars)	11,623	11,799	12,449	12,562	12,472	12,829	12,892	13,405	13,454	13,557

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 increases in FY16 were found in the Unclassified, School Department and Facilities. The use of cash capital for items traditionally funded through debt was \$900,000 in FY16. In FY15, \$325,000 was used.

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 are impacted by the low rate of 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:
$$\frac{\text{Salaries and wages}}{\text{Net operating expenditures}}$$

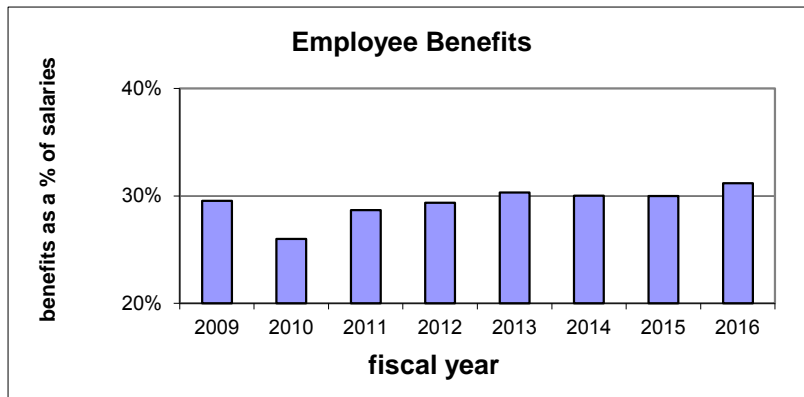
fiscal year	2009	2010	2011	2012	2013	2014	2015	2016
Net operating expenditures	56,923,046	58,206,852	60,077,983	62,411,040	64,115,928	68,014,242	69,036,987	70,619,141
Less: Minuteman high school	73,164	49,338	49,889	81,140	81,634	104,311	110,127	91,498
Net operating expenditures	56,849,882	58,157,514	60,028,094	62,329,900	64,034,294	67,909,931	68,926,860	70,527,643
General government and school wages	39,382,480	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337
Salaries and wages as a percentage of operating expenditures	69.3%	70.7%	69.1%	67.6%	67.6%	66.7%	68.1%	67.2%

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

Outlook: Efforts to control the rate of salary increase, mainly through collective bargaining, began in 2011 with no cost of living adjustment granted that year, and with lower than usual increases negotiated for fiscal years 2012 - 2014. In fiscal year 2015 and 2016, the salaries increased slightly, with most contracts settled and increases ranging from 1.5-2%. For fiscal year 2017 and 2018, contract settlements so far range from 1.5-2%.

FINANCIAL INDICATOR 8 - Employee Benefits

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



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

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

fiscal year	2009	2010	2011	2012	2013	2014	2015	2016
Employee benefits	11,633,801	10,688,623	11,891,488	12,377,929	13,121,378	13,605,840	14,083,782	14,769,294
Wages and salaries-general government*	11,111,355	11,285,704	11,330,101	11,785,685	12,110,417	12,665,489	13,267,052	13,299,781
Wages and salaries-schools	28,271,126	29,815,441	30,121,990	30,379,915	31,167,741	32,644,464	33,690,869	34,065,556
Total-wages and salaries	39,382,480	41,101,146	41,452,090	42,165,600	43,278,158	45,309,953	46,957,921	47,365,337
Benefits spending as a percentage of wages and salaries	29.5%	26.0%	28.7%	29.4%	30.3%	30.0%	30.0%	31.2%

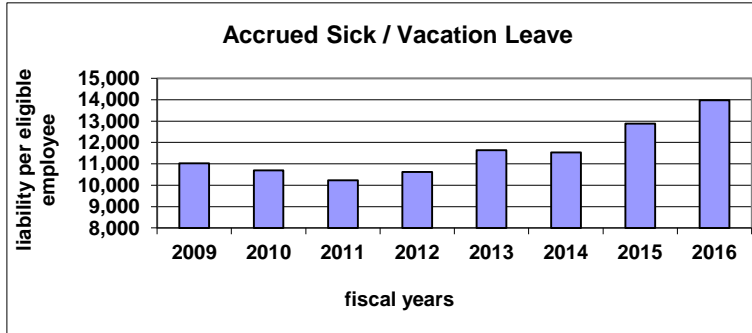
* General Government wages and salaries includes BSA, Water and Recreation but excludes police details

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. It should be noted that the employee benefits percentage increased slightly in FY16 and is anticipated to increase in FY17.

Outlook: As more municipalities in eastern Massachusetts join the GIC, it was anticipated that premiums might rise however, the GIC has taken steps to offer lower cost plans with more limited benefits in order to reduce the increase in premiums. The Town's first 6 year contract with the GIC expired 6/30/15. The contract was negotiated with the Public Employment Committee and extended to 6/30/2021, with a 2% decrease in the share of the premium paid by the Town. In addition, more employees are migrating to the lower cost plans.

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

fiscal year	2009	2010	2011	2012	2013	2014	2015	2016
Unfunded sick and vacation leave (per audit)	2,091,441	2,047,400	1,994,554	2,149,802	2,390,353	2,251,364	2,444,959	2,560,011
Amount funded (compensated absence fund bal.)	140,951	153,686	183,964	259,180	320,073	220,402	228,299	226,588
Net unfunded liability	1,950,490	1,893,714	1,810,590	1,890,622	2,070,280	2,030,961	2,216,660	2,333,423
Number of eligible employees	177	177	177	178	178	176	172	167
Accrued unfunded sick/vacation liability per employee	11,020	10,699	10,229	10,621	11,631	11,540	12,888	13,973

*unaudited

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 6 sick time payouts (\$126K) from retirements in FY2016. This liability was funded with \$130,000 in FY16.

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.



	favorable
	marginal
X	unfavorable
	uncertain

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

calendar year	2002	2004	2006	2008	2010	2012	2014
Pension assets*	23,079,156	23,709,310	24,953,073	31,001,714	31,583,111	32,345,383	36,802,655
Pension liability	40,999,698	47,936,250	55,649,871	63,518,002	75,443,253	85,081,793	92,382,444
Percent funded	56.3%	49.5%	44.8%	48.8%	41.9%	38.0%	39.8%

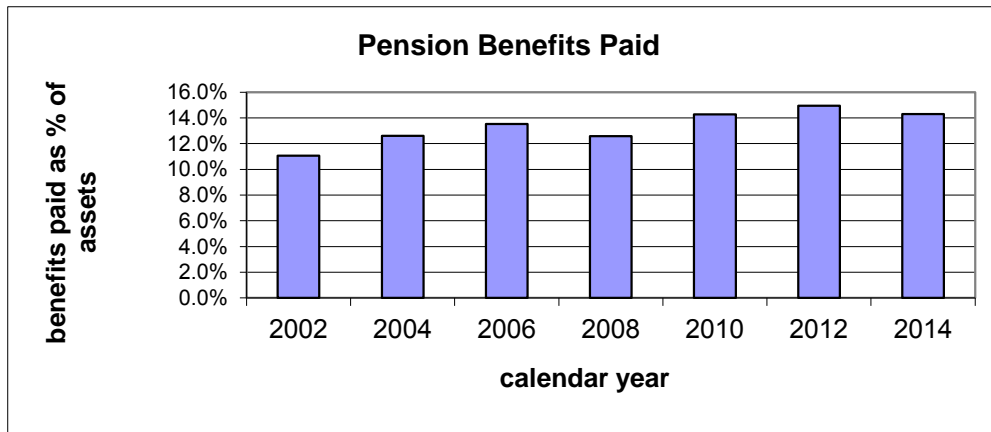
*assets are prorated by community based on the entire Middlesex Retirement System and do not reflect Weston's actual contributions

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: The Middlesex Retirement System's actuarial study will be available in a few months. Weston continues to fund the assessment needed to fully fund by 2035 with an additional \$409,000 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.

FINANCIAL INDICATOR 11 - Pension Benefits Paid

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



	favorable
	marginal
X	unfavorable
	uncertain

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

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

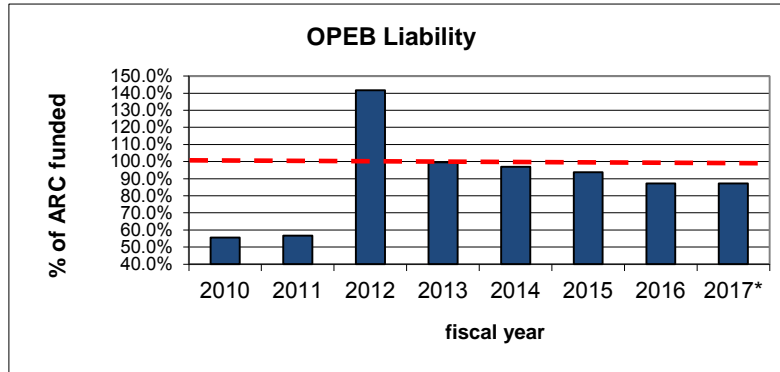
*assets are prorated by community based on the entire Middlesex Retirement System and do not reflect Weston's actual contributions

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 23% increase in the number of Weston retirees from 2000 (185 retirees) to 2014 (227 retirees). The Annual Benefits Paid for 2014 increased \$429,000 from 2012. 58.5% of retirees are paid less than \$19,999 per year, 90% were paid less than \$49,999 in 2014. Pension Assets are based on the Actuarial Value of the assets versus the Market Value. Weston's Pension Assets increased by \$4.4 Million so the Market Value increased enough to offset the final year of actuarial losses written off from the 2008 valuation.

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 2% over \$30,000. The amount of 2014 employee contributions was \$1,900,150. At that time, there were only 3 employees contributing 5% to their retirement, 13 @ 7%, 56 @ 8%. The remaining 305 employees, or 81% were contributing 9%. A new Middlesex Retirement System's actuarial study will be available in a couple of months. As 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*
OPEB trust fund balance	156,820	217,792	3,510,050	4,867,924	7,187,802	9,359,265	11,183,363	12,852,000
Contribution to OPEB Trust Fund	50,000	60,000	3,286,313	1,606,000	1,631,367	1,648,512	1,606,925	1,652,517
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	2,526,952	2,619,824
Annual required contribution (ARC)**	3,466,896	3,628,626	3,846,696	3,828,592	4,105,067	4,282,387	4,741,797	4,900,171
Percent of ARC funded	55.5%	56.8%	141.7%	99.5%	97.0%	93.7%	87.2%	87.2%

*Value as of Aug, 2016 bank statement plus annual contribution

**Normal cost + 30 years amortization of unfunded actuarial accrued liability

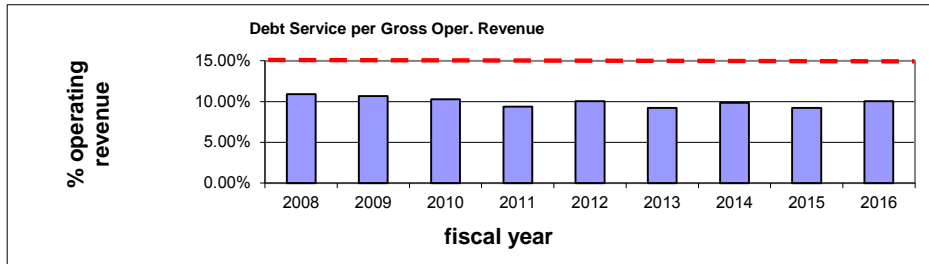
Analysis: Weston has been required to report its liability for post employment benefits (retiree health insurance) on its audited financial statements since fiscal year 2007. The last actuarial study has determined the long-term liability to be approximately \$79 million with no pre-funding. There is 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. That year's contribution was comprised of \$2 million that was transferred from the Town's health insurance trust fund and an appropriation of \$1.2 million. In fiscal year 2013, the appropriation was increased to \$1.356 million and an additional \$250,000 was approved at special town meeting. The fiscal years 2014, 2015 and 2016 contributions matched the annual required contribution (ARC) set forth in the last actuarial report commissioned by the Town. In FY2014 the OPEB funds were invested with Bartholomew and Company. A higher rate of return (6.91% since inception, after fees - June 2015) has been achieved which will contribute to a higher percent funded.

Outlook: Weston has contributed to the ARC for 6 straight years and aggressively addressing this liability has been noted by the Ratings Agency. Fund balance today is \$11.5 million before FY17 contribution of \$1.6 million. Actions by the Town such as continuing with the GIC and market returns on funds should lead to better actuarial analyses in years to come.

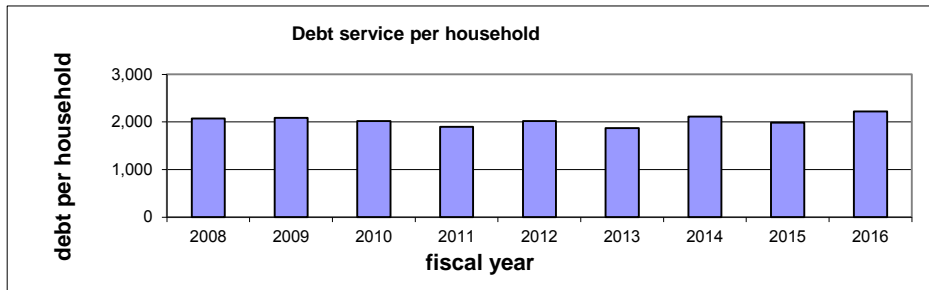
FINANCIAL INDICATOR 13 - Debt Service

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
	marginal
	unfavorable
	uncertain



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

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

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exempt debt service (net of MSBA)	7,391,436	7,421,531	7,205,902	6,810,118	7,266,714	6,747,256	7,646,500	7,220,241	8,105,064
Non exempt debt service	62,806	71,752	63,181	51,317	48,283	44,159	46,968	38,121	36,817
Total debt service	7,454,242	7,493,283	7,269,083	6,861,435	7,314,997	6,791,415	7,693,468	7,258,362	8,141,881
Gross operating revenues/transfers	68,327,434	70,220,100	70,641,472	73,117,964	72,957,723	73,630,500	77,985,914	78,786,936	81,010,808
Households	3,589	3,595	3,595	3,613	3,618	3,629	3,641	3,658	3,659
Debt service as a % of gross oper. rev.	10.91%	10.67%	10.29%	9.38%	10.03%	9.22%	9.87%	9.21%	10.05%
Debt service per household	2,077	2,084	2,022	1,899	2,022	1,871	2,113	1,984	2,225

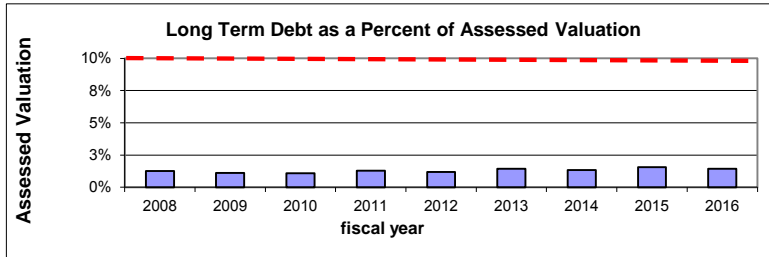
Analysis: Though Weston's debt service has increased due to the effort in the last 10-15 years to address deferred maintenance of municipal and school buildings, nearly all of the debt is exempt from the limits of Proposition 2 1/2. As such, this fixed cost does not place a demand on the Town's operating 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: General Fund Debt Service is still projected to peak in FY18. 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 also has 67% of debt principal maturing in the next 10 years.

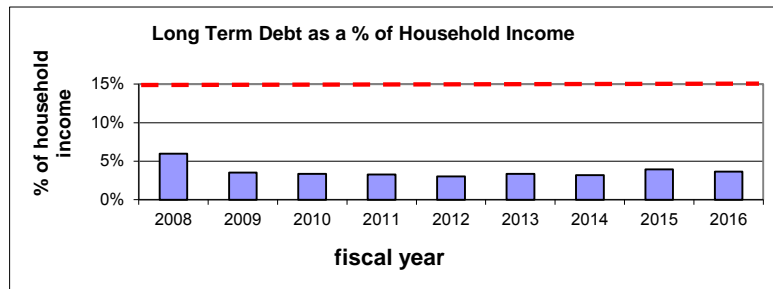
FINANCIAL INDICATOR 14 - Long Term Debt

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

Overall debt exceeding 15 percent of per capita income is considered a warning indicator by the credit rating organizations.



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:
$$\frac{\text{outstanding long term debt}}{\text{assessed valuation or per capita income}}$$

fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016
outstanding long term debt	64,314,932	58,214,199	57,744,457	67,690,004	62,474,332	74,723,333	71,425,000	87,927,000	85,069,900
assessed valuation	5,102,207,400	5,172,262,600	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
per household income est. (U.S. Census & IRS)	96,475	148,299	148,512	180,815	176,875	192,563	192,563	192,563	201,200
Long term debt as a % of assessed valuation	1.26%	1.13%	1.10%	1.29%	1.20%	1.44%	1.34%	1.57%	1.45%
Long term debt as a % of personal income per household*	5.95%	3.52%	3.37%	3.26%	3.04%	3.35%	3.20%	3.93%	3.65%

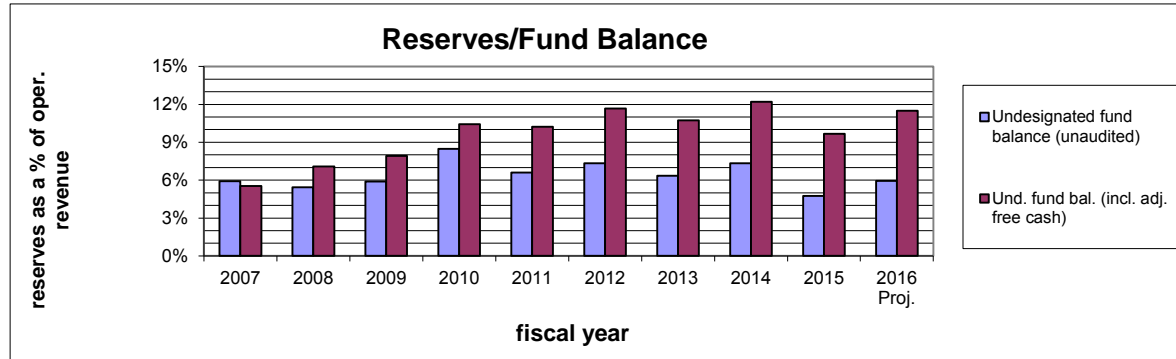
Analysis: These financial indicators are evaluated by the credit rating organizations because they are measures of both a community's debt burden as well as its level of effort in investing in its capital facilities. On both measures, Weston has a strong profile, and positive outlook. The per household income figures come from the U.S. Census Bureau's 5-Year Estimates which are weighted and are significantly more conservative than the MassDOR's Division of Local Services per capita income calculation of \$306,253 per the Weston At A Glance Report of 2016.

Outlook: Long-term debt continues to stay at a manageable level. 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 5-15 percent of oper



Weston Trend	
X	favorable
	marginal
	unfavorable
	uncertain

Formula:

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

fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Proj.
Undesignated fund balance (unaudited)	3,604,523	3,407,326	3,741,518	5,624,582	4,331,313	4,901,251	4,459,884	5,245,909	3,469,217	4,441,949
Und. fund bal. (incl. adj. free cash)	2,469,546	3,153,673	2,948,558	4,255,473	3,463,758	3,853,659	3,182,126	4,039,334	2,581,323	3,613,421
Stabilization fund	512,421	825,092	1,132,577	1,404,907	1,695,880	1,975,743	2,234,505	2,521,408	2,806,504	3,086,497
Other Reserves	391,740	470,650	942,477	1,256,397	1,556,022	1,977,335	2,141,710	2,175,998	1,656,266	1,892,541
Net operating revenues	57,402,984	60,863,735	62,828,664	63,435,564	66,307,846	65,691,009	66,883,244	70,339,414	71,566,695	72,905,744
Undesignated fund balance as a % of net operating revenues*	5.9%	5.4%	5.9%	8.5%	6.6%	7.3%	6.3%	7.3%	4.8%	5.9%
Free cash + Stabilization fund + Other Reserves as a % of net operating revenue*	5.5%	7.1%	7.9%	10.4%	10.2%	11.7%	10.7%	12.2%	9.7%	11.5%

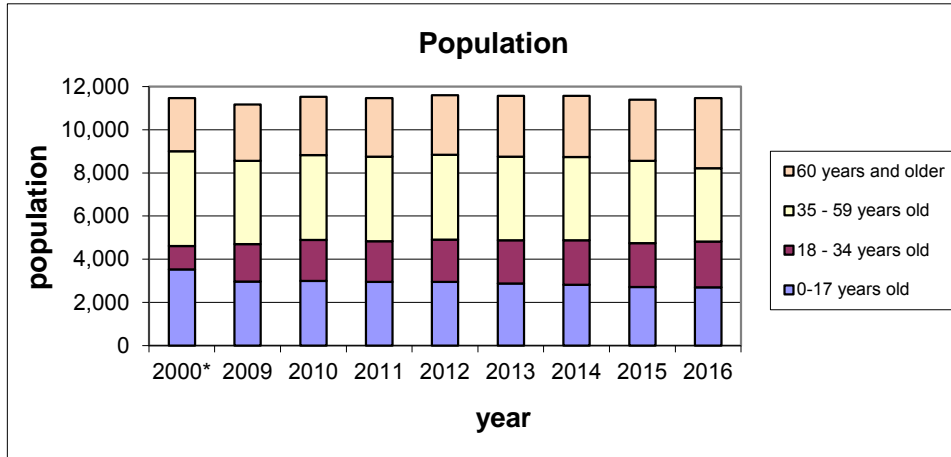
* Calculated on net revenue in next FY

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 certified by the Department of Revenue. Reserves are one measure of the Town's ability to withstand financial emergencies and changes in the economy. It has been the Town's practice to appropriate 75 percent or more of its free cash balance each year for operating budget purposes, leaving little as a true reserve. Instead, 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. Reserves increased in FY16 and this was primarily due to the annual 5% increase in facilities maintenance per the reserve policy as well as a \$250,000 contribution to the Stabilization Fund.

Outlook: Reserve targets need to be updated over time to keep up with growing net operating revenues.

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

Formula: *(shown in table and grap (shown in table only)*
Population by age gro Number of public school students

year	2000*	2009	2010	2011	2012	2013	2014	2015	2016
0-17 years old	3,532	2,971	3,000	2,954	2,945	2,870	2,822	2,709	2,701
18 - 34 years old	1,084	1,733	1,892	1,883	1,968	2,008	2,056	2,044	2,113
35 - 59 years old	4,390	3,858	3,933	3,911	3,928	3,872	3,859	3,803	3,410
60 years and older	2,463	2,604	2,702	2,723	2,763	2,814	2,832	2,833	3,246
unknown	0	0	7	7	4	16	12	2	2
Total	11,469	11,166	11,534	11,478	11,608	11,580	11,581	11,391	11,472
students in Weston public schools	2,215	2,332	2,315	2,304	2,322	2,281	2,206	2,139	2,111

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

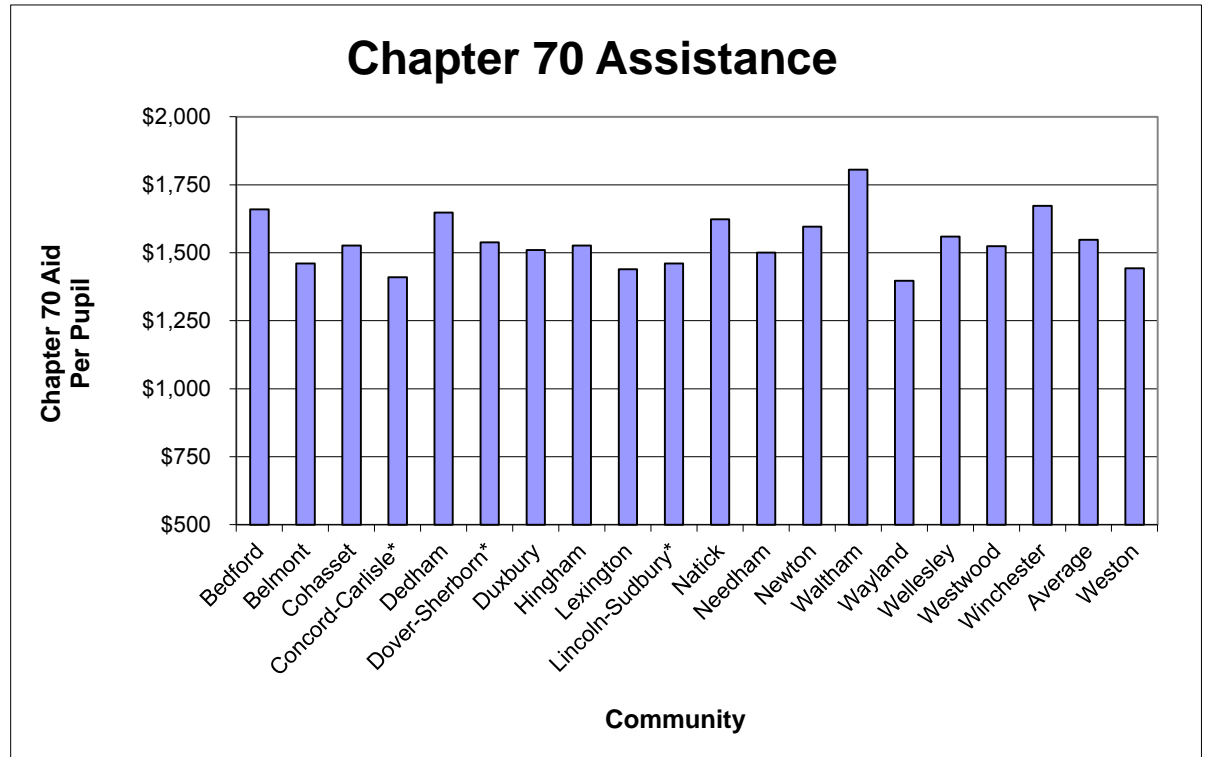
Analysis: Weston's 2016 population has increased since 2015. The total population returns to a level prior to 2010. The school-aged population of the Town has dropped over the past 5 years, and the student population for Weston's public schools decreased by 1% in 2016. A decrease in students can reduce 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 has risen again, making up 28% of the population.

Outlook: As the baby boomers age, the population of residents 60 years of age and older has steadily increased (rising 14.6% in 2016), creating additional demand for Council on Aging services.

Supplemental Data 1 - Chapter 70 Assistance

	Students as of 10/2015	FY16 Chapter 70 Aid	State Aid per Pupil
Bedford	2,536	4,209,634	\$ 1,660
Belmont	4,632	6,766,099	\$ 1,461
Cohasset	1,637	2,499,864	\$ 1,527
Concord-Carlisle*	3,995	5,634,428	\$ 1,410
Dedham	2,747	4,525,098	\$ 1,647
Dover-Sherborn*	2,058	3,165,534	\$ 1,538
Duxbury	3,218	4,860,479	\$ 1,510
Hingham	4,327	6,603,785	\$ 1,526
Lexington	6,925	9,968,536	\$ 1,439
Lincoln-Sudbury*	5,649	8,253,454	\$ 1,461
Natick	5,434	8,816,665	\$ 1,623
Needham	5,581	8,373,790	\$ 1,500
Newton	12,670	20,226,057	\$ 1,596
Waltham	5,380	9,711,597	\$ 1,805
Wayland	2,657	3,710,313	\$ 1,396
Wellesley	5,075	7,916,157	\$ 1,560
Westwood	3,151	4,803,413	\$ 1,524
Winchester	4,591	7,680,548	\$ 1,673
Average			\$ 1,548
Weston	2,111	\$ 3,045,154	\$ 1,443

*includes Ch. 70 aid to both regional and local district

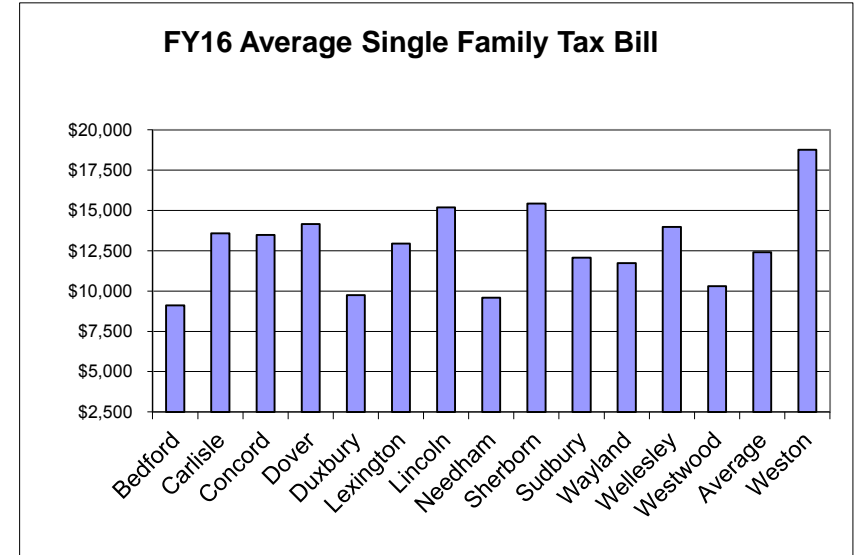


Analysis: The Chapter 70 formula is based on a variety of educational factors and is used by the State for determining the distribution of certain State aid received by Weston. Weston spends \$20,579 per pupil on education as of FY13 per DESE, and state aid contributes 6.2 percent of that amount. Weston's Chapter 70 aid increased from FY06 to FY09, was reduced in FY10 and FY11, and had slight increases in FY12 through FY14, a 16% increase in FY15 and a 2% increase in FY16.

Outlook: The Town recognizes that future increases in Chapter 70 Assistance are unlikely and has planned accordingly.

Supplemental Data 2 - FY16 Average Single Family Tax Bill

	Average Single Family Value 2015	Average Single Family Value 2016	Percent Change in Value	Residential Tax Rate FY2015	Residential Tax Rate FY2016	Percent Change in Rate	Average Single Family Tax Bill 2015	Average Single Family Tax Bill 2016	Percent Change in Tax Bill
	2015	2016		2015	2016		2015	2016	
Bedford	588,699	595,748	1.2%	14.62	15.28	4.5%	8,607	\$ 9,103	5.77%
Carlisle	690,884	790,001	14.3%	19.00	17.20	-9.5%	13,127	13,588	3.51%
Concord	902,043	969,131	7.4%	14.29	13.92	-2.6%	12,890	13,490	4.66%
Dover	1,079,957	1,098,503	1.7%	12.70	12.88	1.4%	13,715	14,149	3.16%
Duxbury	609,240	626,629	2.9%	15.60	15.55	-0.3%	9,504	9,744	2.52%
Lexington	820,366	887,355	8.2%	14.86	14.60	-1.7%	12,191	12,955	6.27%
Lincoln	1,074,555	1,108,423	3.2%	13.99	13.70	-2.1%	15,033	15,185	1.01%
Needham	818,436	830,791	1.5%	11.29	11.54	2.2%	9,240	9,587	3.76%
Sherborn	734,285	753,929	2.7%	20.57	20.46	-0.5%	15,104	15,425	2.13%
Sudbury	658,974	678,738	3.0%	17.60	17.80	1.1%	11,598	12,082	4.17%
Wayland	655,211	676,477	3.2%	18.39	17.34	-5.7%	12,049	11,730	-2.65%
Wellesley	1,152,734	1,180,996	2.5%	11.56	11.83	2.3%	13,326	13,971	4.84%
Westwood	656,097	703,380	7.2%	15.24	14.66	-3.8%	9,999	10,312	3.13%
Average	803,191	838,469	4.5%	15.36	15.14	-1.1%	12,029	12,409	3.16%
Weston	1,470,602	1,542,898	4.9%	12.28	12.16	-1.0%	18,059	18,762	3.89%



Analysis: Weston's tax bill remains the highest among its comparable communities, in large part because the average single family value is 30.6% higher than the next highest average value (Wellesley). The Town's 1.0% decrease in tax rate from 2015 to 2016 was lower than the average decrease of these comparable communities.

Notes on Projection

FY18:

1. The amount included for the School Department is the FY18 Budget A.
2. Six of twelve union contracts are settled for FY18; salary increases for the remaining contracts are estimated at this time.
3. The amount budgeted for the Middlesex Retirement System is estimated; an updated actuarial study with the actual assessment is due in December.
4. The budget for Health Insurance assumes an 8% 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 77% from a high of at least 90% in the past.
5. The category of Separate Articles includes continued funding for Weston Media Center.
6. Expenses are increased overall by 1% and capital items planned for in the operating budget are included in accordance with last year's capital plan.
7. 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.
8. In the category of Reserves, this projection includes continued full implementation of the reserve policy. There is an amount included to fund the Town's post-employment benefits (OPEB) liability in accordance with the most recent actuarial valuation. No contribution is provided to the stabilization fund.
9. The budget projection for FY18 is based on maintaining the current level of services provided by Town departments.
10. A comprehensive revenue projection has not yet been made, but at this time it is assumed that state aid, other than school construction reimbursement payments, will be reduced, given reported shortfalls in state revenue.

FY19 and FY20:

1. Six of twelve collective bargaining agreements are settled for FY19 and none for FY20; the salary increases for contracts not yet settled are estimated at this time.
2. Employee benefits are increased by approximately 7.5% in each year; all other expenses are increased by 1% in each year and capital items planned for in the operating budget are included in accordance with last year's capital plan.
3. Implementation of the reserve policy continues. No contribution is provided to the stabilization fund.
4. In Scenario 2 for FY19, in order to balance the projected budget to develop the projected budget for FY20, 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.