



2021 Town of Wayland Financial Summit – Focus on General Fund Revenue

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Financial Indicators

Moody's Aaa Bond Rating – Stable Outlook

- Positives
 - Operational
 - Use of recurrent revenue for recurrent expenses
 - Plan for FY2021 COVID-19 expenses
 - Alta River's Edge
 - Planning for long-term liabilities (retirement and OPEB)
 - Capital
 - Development of sustainable financial model for 5-year capital plan
 - Establishment of capital reserve fund
- Negatives
 - Capital Plan
 - Indecision and reversal of direction on funded projects
 - Deferred capital spending
 - Major capital projects on the horizon

FY 2023 Budget Focus

- Budget within anticipated revenue growth
- Use one-time revenue for excess COVID-19 expenses
- Continue working on economic development
- Continue reviewing and investing to address long-term liabilities
- Ensure full planning of capital projects prior to funding
- Catch-up on capital projects (pick up where left off prior to COVID)
- Create long term plan for major capital projects

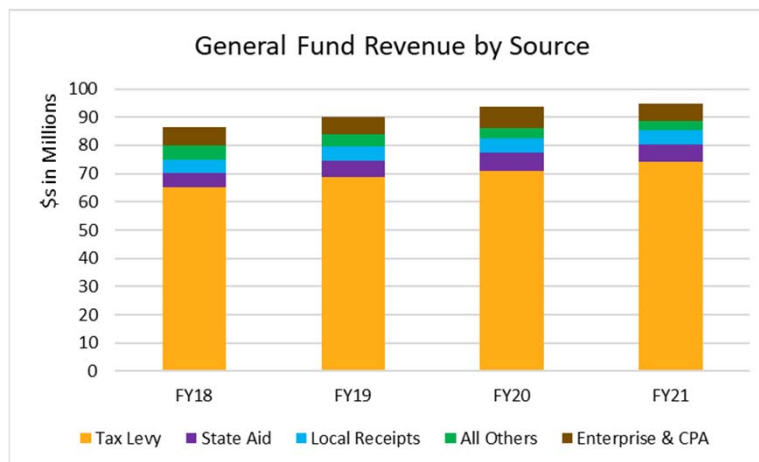


Sources of General Fund Revenue

- Real Estate and Personal Property Taxation (Tax Levy)
- State Aid
- Local Receipts
- Enterprise and Revolving Funds
- Grants
- Reserves and Free Cash



Historical General Fund Revenue by Source



As with most communities, tax levy is the primary source of revenue for Wayland



Tax Levy



- Tax levy: revenue a community can raise through real and personal property taxes, often referred to simply as levy
 - Levy ceiling: maximum amount a community can raise in taxes equals 2.5 percent of the total value of all taxable real and personal property in the community
 - Levy limit: (calculated by DOR) total amount a community can raise in a given year and must be below or equal to levy ceiling Levy: annual amount a community raises and must be below or equal to levy limit



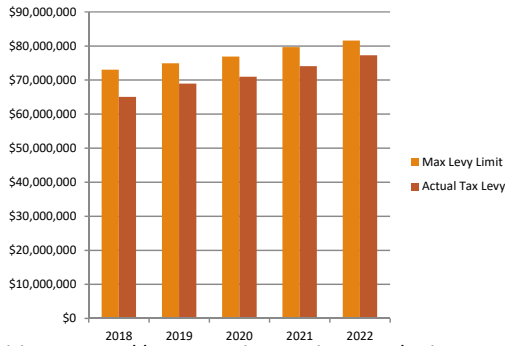
Tax Levy Trends

Taxation FY 18 – FY 22 – Estimations / 5-Year Trends	\$ / % Change
<i>FY 22 Taxation Estimates</i>	
Total Estimated Levy Increase	\$3.1M
Total Estimated % Increase	4.31%
Estimated Levy	\$77.2M
Unused Levy	\$4.3M
<i>5-Year Taxation Trends</i>	
Average Levy	\$71.2M
Average \$ Increase	\$3.0M
Average Growth Rate	4.3%
Average Unused Levy	\$5.9M
Average New Growth	\$.509M

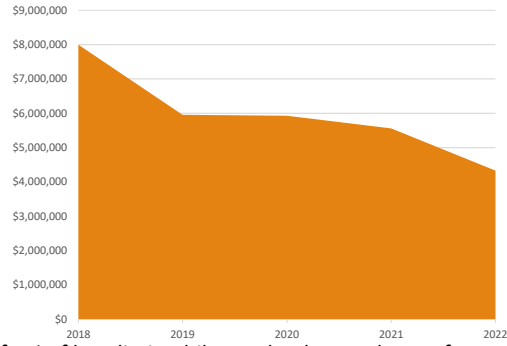


Five Year Tax Levy Excess Capacity

LEVY LIMIT / TAX LEVY



UNUSED LEVY CAPACITY

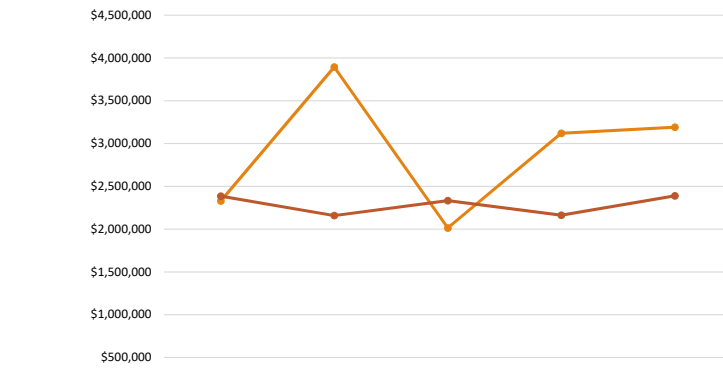


Positive: unused levy capacity continues to be in excess of 5% of levy limit while Wayland moved away from use of free cash to support recurrent expenditures

Policy Decision: Target amount of unused levy capacity that Wayland should aim to maintain



Five-Year Change in Levy Limit vs Tax Levy

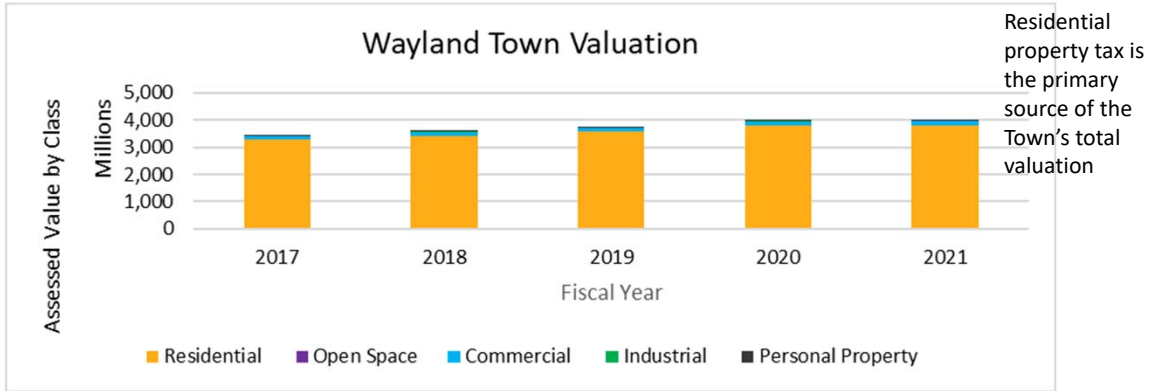


- The change in the tax levy fluctuates to reflect the changes in the Town's expenditures.
- The change in the levy limit is more constant based on changes in property valuation

	2018	2019	2020	2021	2022
— \$ Chg in Taxation	\$2,329,537	\$3,894,061	\$2,013,900	\$3,119,815	\$3,190,607
— \$ Chg in Levy Increase	\$2,384,988	\$2,158,423	\$2,333,688	\$2,162,007	\$2,388,716



Tax Valuation by Category



Total Town Valuation

Town of Wayland Valuation 2017-2021									
	2017	% Increase 2017-2018	2018	% Increase 2018-2019	2019	% Increase 2019-2020	2020	% Increase 2020-2021	2021
Residential	3,282,868,662	4%	3,430,086,890	5%	3,588,644,790	6%	3,811,844,266	0%	3,816,051,966
Open Space	0	0%	0	0%	0	0%	0	0%	0
Commercial	125,833,138	1%	127,493,310	4%	132,189,710	1%	132,854,334	-1%	131,565,734
Industrial	4,275,000	3%	4,383,900	2%	4,470,100	0%	4,452,500	0%	4,452,500
Personal Property	44,162,100	3%	45,470,000	1%	45,816,700	0%	45,781,200	3%	47,379,700
Total	3,457,138,900	4%	3,607,434,100	5%	3,771,121,300	6%	3,994,932,300	0%	3,999,449,900

- o Valuation is determined by the Assessing Department and Board of Assessors
- o Values are reviewed on a set schedule
- o Total valuation changes reflect revaluation of existing properties and new growth
- o Revaluation lags real estate market changes

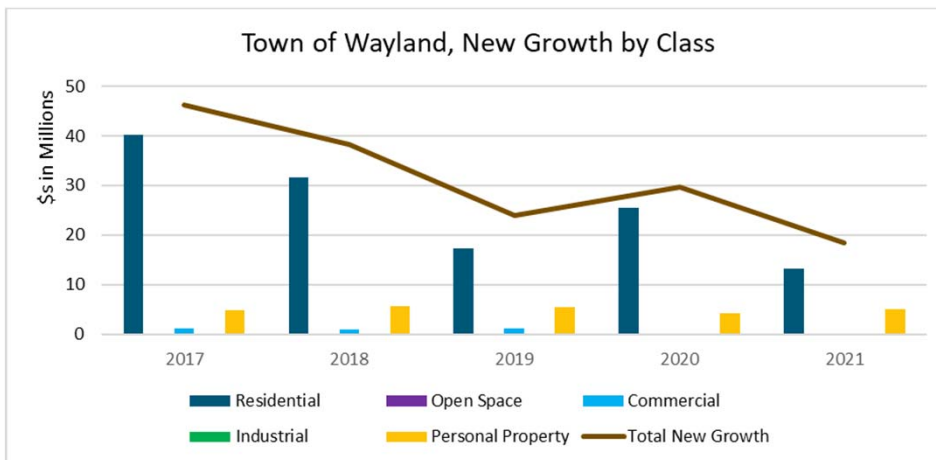


New Growth

Town of Wayland New Growth 2017-2021					
	2017	2018	2019	2020	2021
Residential	40,291,300	31,625,907	17,339,000	25,529,200	13,303,900
Open Space	0	0	0	0	0
Commercial	1,196,800	986,100	1,148,300	0	0
Industrial	0	0	0	0	0
Personal Property	4,779,780	5,659,430	5,427,970	4,176,590	5,127,530
Total New Growth	46,267,880	38,271,437	23,915,270	29,705,790	18,431,430



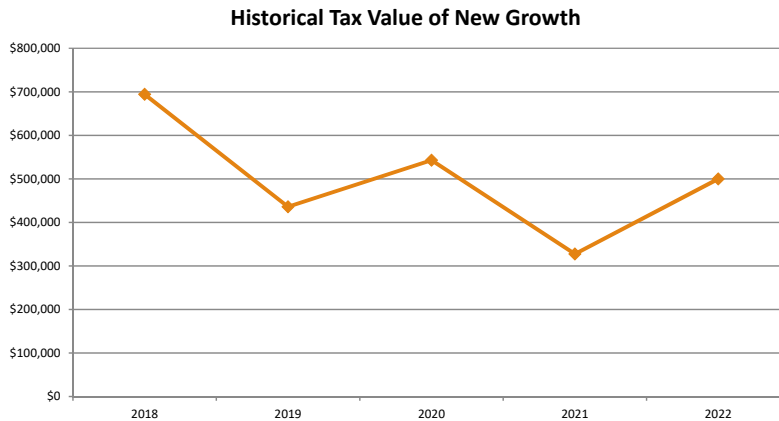
New Growth By Class



Overall, new growth trending downward
Anticipate one-year bump with River's Edge



Five Year Tax Value of New Growth



Over past 5 years, New Growth fluctuates from 0.5% to 1% of total Tax Levy

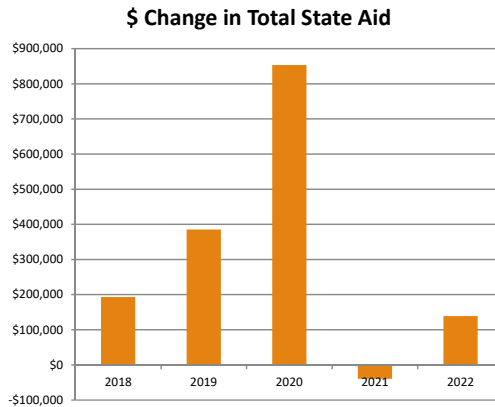
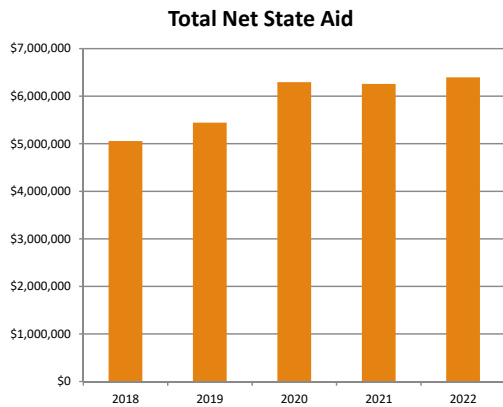


State Aid

	\$ / % Change
<i>FY 22 State Aid Estimates</i>	
Total Estimated Increase	\$.129M
Total Estimated % Increase	2%
Estimated State Aid	\$6.5M
<i>5-Year State Aid Trends</i>	
Average State Aid	\$6.0M
Average \$ Increase	\$.249M
Average Total Increase	5.31%



Five Year Historical State Aid



While 5-year average increase is \$250,000 per year, amount of State Aid varies by year and the change can be negative

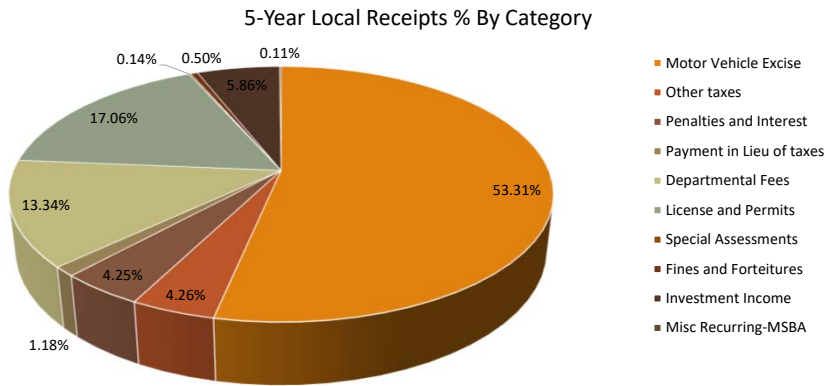


Local Receipts

	\$ / % Change
<u>FY 22 Local Receipts Estimates</u>	
Total Estimated Increase	\$.100M
Total Estimated % Increase	2.0%
Estimated Local Receipts Budget	\$5.2M
Estimated Motor Vehicle	\$2.8M
<u>5-Year Local Receipts Trends</u>	
Average Local Receipts Budget	\$4.9M
Average \$ Increase	\$.122M
Average Total Growth Rate	2.50%
Average \$ Increase Motor Vehicle	-\$.177M
Average Motor Vehicle Growth Rate	-.063%



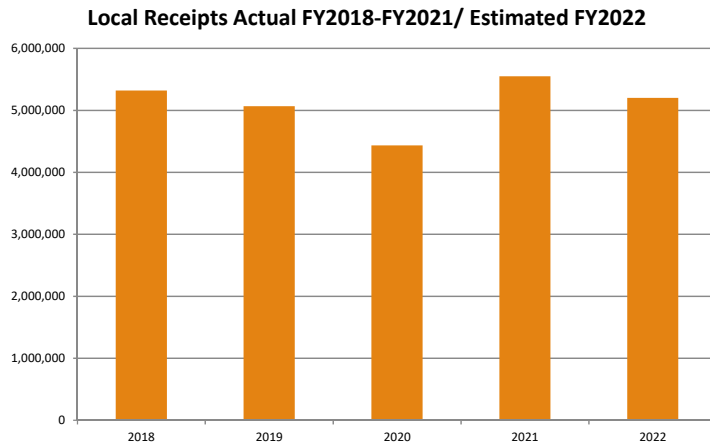
Five Year Local Receipts By Category



Motor Vehicle Excise accounts for more than half of Local Receipts in Wayland



Five Year Historical Local Receipts



- As a source of revenue, local receipts vary
- MassDOR only allows conservative projections for local receipts based on prior year collections



Enterprise and Revolving Funds

Enterprise and Revolving Funds

- Fee or rate structure to cover expenses
- Revenue segregated from General Fund
 - To be expended for purposes of enterprise or revolving fund

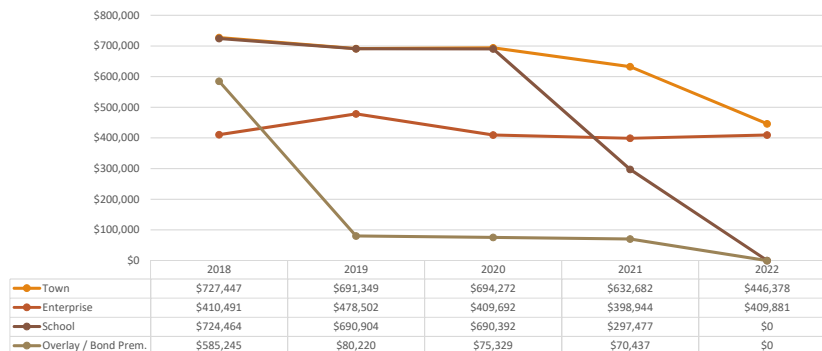
Revenue to General Fund Supports Expenses Charged to General Fund

- Transfers from Enterprise and Revolving Funds
 - According to enabling legislation
 - Should equal the value of the expenditures charged to General Fund



Five Year Transfers from Revolving and Enterprise Funds

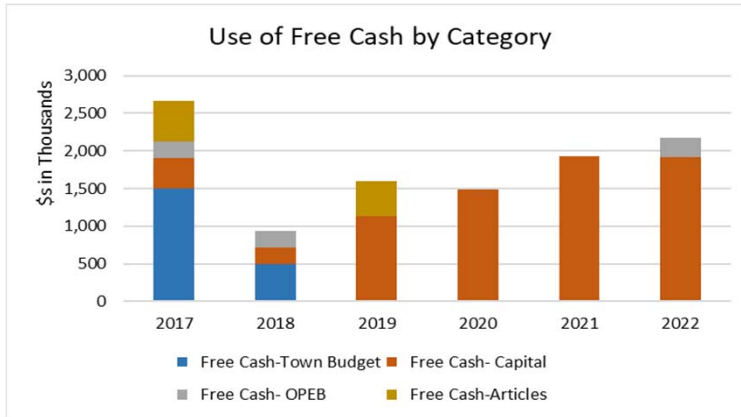
5-YEAR TRANSFERS BY CATEGORY OF FUND



- FY2021 and FY2022 Revolving Funds Revenue took a hit as a result of the COVID-19 pandemic
- FY2023 Focus on Revolving Funds



Five Year Use and Allocation of Free Cash



Free Cash is not a source of revenue – it is surplus certified by DOR for re-appropriation

Positives:

- Elimination of Free Cash to balance operating budget
- Use of Free Cash for capital and long-term liabilities
- Use of Free Cash was variable but is stabilizing



Stabilization of Free Cash Certification



Free Cash

- Certified by DOR
- Amount stabilized in past 4 fiscal years
- Stable certification can help with expenditure planning
- Reflects better controls on budget expenditures



GRANTS

Capital Grants

- Fund a capital need or supplement capital plan
- Examples
 - Loker School Roof MSBA Grant
 - Public Safety Radios FEMA/MEMA Grant
 - Permitting Software Community Compact Grant
 - Network Switches Upgrade ERate Grant

Special Project Grants

- Fund non-recurring operating projects
- Examples:
 - Green Communities grants, including High School retro commissioning, energy efficiency project, hybrid police vehicle upgrades
 - Consultant for outdoor restaurant seating review and by-law or policy proposal

Operating Grants

- Pilot projects
 - Regionalization of certain Health Department services MassDPH Grant
 - Staffing for enhanced EMS and fire services SAFER GRANT
- Review project and anticipate potential effect on operating budget



Five-Year Operating Revenue Projection

Five-Year Operating Revenue Model Assumptions:

- Prior Fiscal Year Tax Levy x 2.5 percent
- New growth projection based on analysis of building permit value
- Level fund State Aid and modest increase to Local Receipts
- Enterprise Funds and Revolving Funds are reviewed annually to determine whether expenses are being met through rate or fee structures
- 5-year financial model for CIP
 - Debt service within the levy
 - Debt service excluded from the levy
- No use of Free Cash for operating expenses
- Grants for pilot programs are reviewed annually



Five-Year Revenue Forecast

Revenue Estimates	FY-22 to FY-26
<u>Taxation:</u>	
2.5% Levy Increase	\$1.8M - \$2.1M
New Growth	\$.500M Per Year
Alta at Rivers Edge- FY 23	\$.800M
Excluded Debt	\$3.6M - \$3.1M
Total Levy	\$81.5M - \$91.9M
<u>State Aid:</u>	
Total Estimated Aid	\$6.4M - \$6.4M



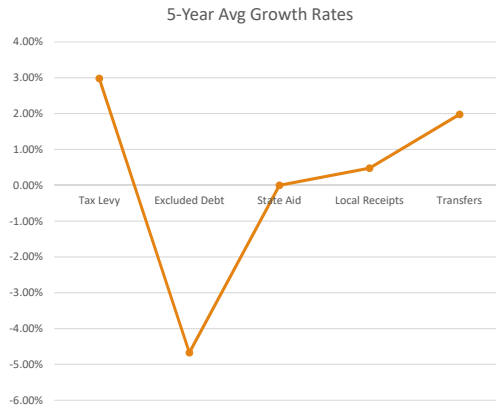
Five Year Revenue Forecast (Cont'd)

Revenue Estimates	FY-22 – FY-26
<u>Local Receipts:</u>	
Motor Vehicles	\$5.2M - \$5.4M
All other categories	\$.100M- \$.300M
	1% Growth
<u>Transfers/Offsets from Enterprise / Revolving</u>	
Moderate Growth at 2% per year to cover anticipated increase in associated operating budget expenses	\$1.1M - \$1.3M



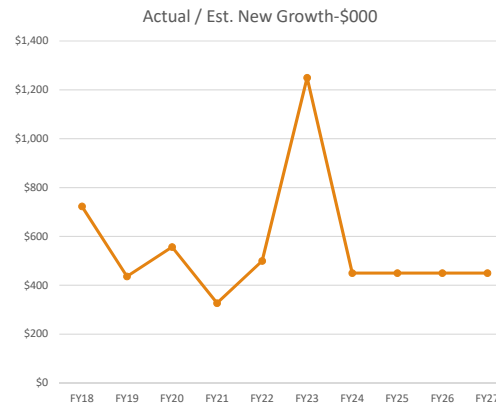
Five-Year Revenue Projection

FY-23 to FY-27 Estimated Available Revenue					
	FY23	FY24	FY25	FY26	FY27
Taxation Levy	\$81,134	\$83,613	\$86,153	\$88,757	\$91,426
Excluded Debt	\$3,526	\$3,415	\$3,307	\$3,199	\$2,925
State Aid	\$6,405	\$6,405	\$6,405	\$6,405	\$6,405
Local Receipts	\$5,200	\$5,200	\$5,200	\$5,300	\$5,300
Transfers	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624
Total	\$97,766	\$100,163	\$102,626	\$105,252	\$107,680



Actual / Estimated Maximum Tax Levy

Category	Actual	Estimated Taxation Limits				
		Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
\$000's						
Levy	\$73,386	\$75,547	\$77,936	\$81,134	\$83,613	\$86,153
2.5% Inc.	\$1,835	\$1,889	\$1,948	\$2,028	\$2,090	\$2,154
New Growth	\$327	\$400	\$450	\$450	\$450	\$450
Rivers Edge	\$0	\$100	\$800	\$0	\$0	\$0
Excluded	\$4,079	\$3,657	\$3,526	\$3,415	\$3,307	\$3,199
Max Levy	\$79,626	\$81,593	\$84,661	\$87,028	\$89,461	\$91,956





Committed / Estimated Levy Debt

Levy Debt FY 22- FY 27	\$ / % Change
<u>Levy Debt FY 22</u>	
FY 22 Levy Debt	\$2.9M
\$ Change	\$.259M
% Change	9%
Total Levy as % of Debt	44%
<u>Levy Debt 5-Year Estimates</u>	
Committed Debt \$ Change	-\$1.0M
Estimated New Debt Total	\$1.6M
FY 27 Levy as % of Debt	36%
Recommended Level Funded Levy Debt- Transfer Excess to Stabilization Fund	\$3M



Excluded Debt Service

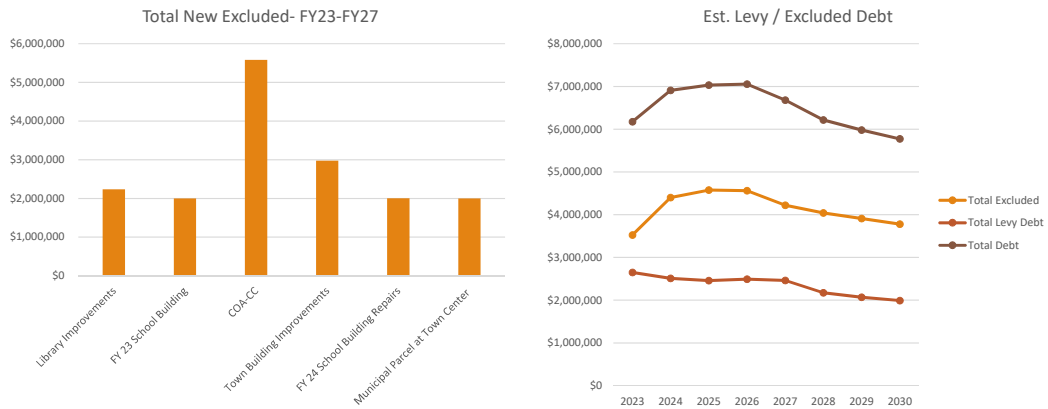
Excluded Debt	
<u>FY 22 Excluded Debt</u>	
FY 22 Excluded Debt	\$3.6M
\$ Change	-\$.500M
% Change	-12%
Total Excluded as % of Debt	56%
<u>Excluded Debt 5-Year Estimates</u>	
Committed Debt Service \$ Total	\$16M
Estimated New Debt Service Total	\$4.9M
Estimated Total New Debt Service Total	\$21M
FY 27 Levy as % of Debt	64%



Estimated Levy / Excluded Debt

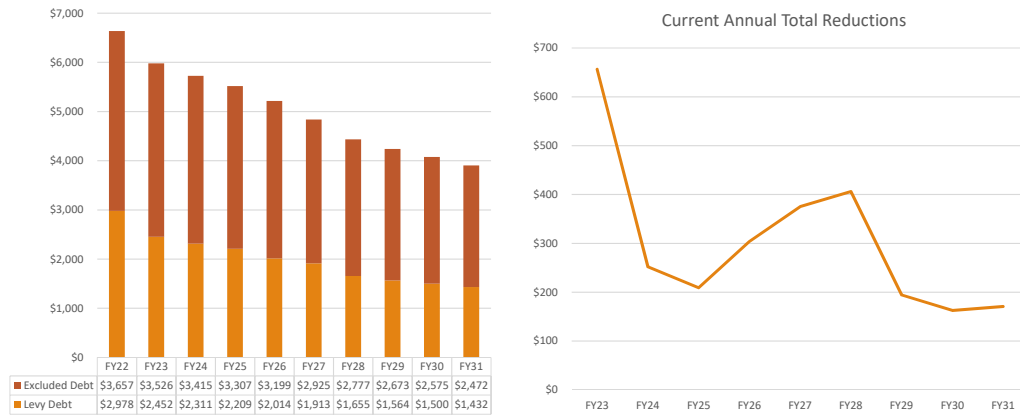


Est. New Excluded / Total Debt

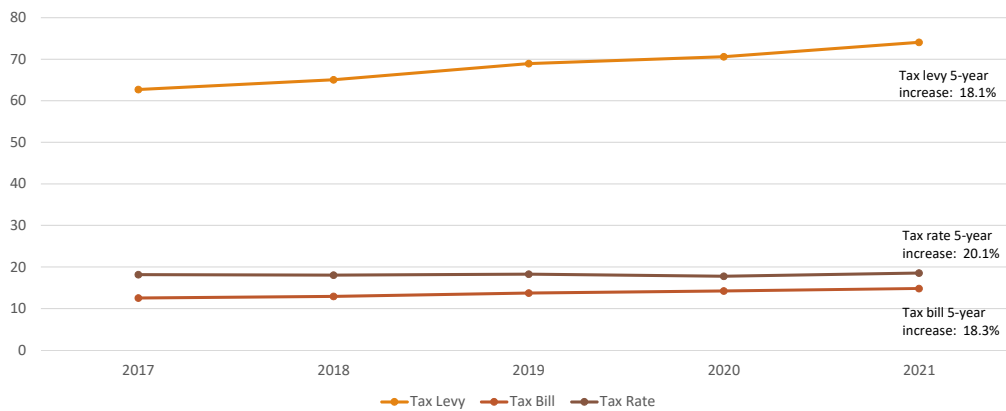




Committed Excluded / Levy Totals



Tax Rate and Tax Bill vs Tax Levy





Average Tax Bill – Surrounding Towns

Average Tax Bill by Town (DOR data)					
	2017	2018	2019	2020	2021
Concord	\$13,855	\$14,484	\$15,083	\$15,713	\$16,208
Lincoln	\$15,185	\$15,629	\$16,118	\$18,097	\$18,333
Sudbury	\$12,520	\$13,033	\$13,355	\$13,769	\$14,033
Wayland	\$12,529	\$12,906	\$13,719	\$14,214	\$14,818
Weston	\$19,380	\$19,653	\$20,016	\$20,922	\$21,648

Surrounding towns that share similar tax characteristics – primarily residential, small amount of commercial and industrial, large amount of open space

Town of Wayland				
Fiscal Year	Average Home Value	Percent Increase	Average Tax Bill	Percent Increase
2017	\$690,697		12,529	
2018	\$715,824	4%	12,906	3%
2019	\$750,468	5%	13,719	6%
2020	\$800,313	7%	14,214	4%
2021	\$800,114	0%	14,818	4%



Next Steps – FY2023 Budget Development

5-Year Revenue Forecast informs

- FY2023 operating budget
- Tie new initiatives to anticipated revenue growth
- 5-Year Capital Improvement Plan
 - Debt projection
 - Capital Stabilization Fund

Look at Town and School Revolving Funds

- Sustainability
 - Revenue vs. Expenditure
- Desirability
 - Programming
- Efficacy of Funds
 - Taxation vs. fee basis

Capital Stabilization Fund

- Funding mechanism
- Policy for disbursement
- Build into Draft 5-Year Capital Plan



Thank You

