



Financial Position and Long Term Planning

January 12, 2017

TOPICS



- **FY 2016 Audit Results**
- **Long-term Liabilities**
- **Annual Operations Budget**
- **Bond Rating**
- **Capital Assets**
- **Moving Forward**

FY 2016 AUDIT RESULTS



- **Unqualified Audit Opinion (Highest possible opinion)**
- **No internal control weaknesses**
- **Strong Fund Balance**



LONG-TERM LIABILITIES

- **Pensions**

- Total system assets through 1/1/2016 - \$95,570,393
- Total system unfunded liabilities through 1/1/2016 - \$53,277,410
- System is 67.9% funded as of 1/1/2016
- Funding schedule through 2035
- Assumed return on assets 7.75%

- **Other Post-employment Benefits (OPEB)**

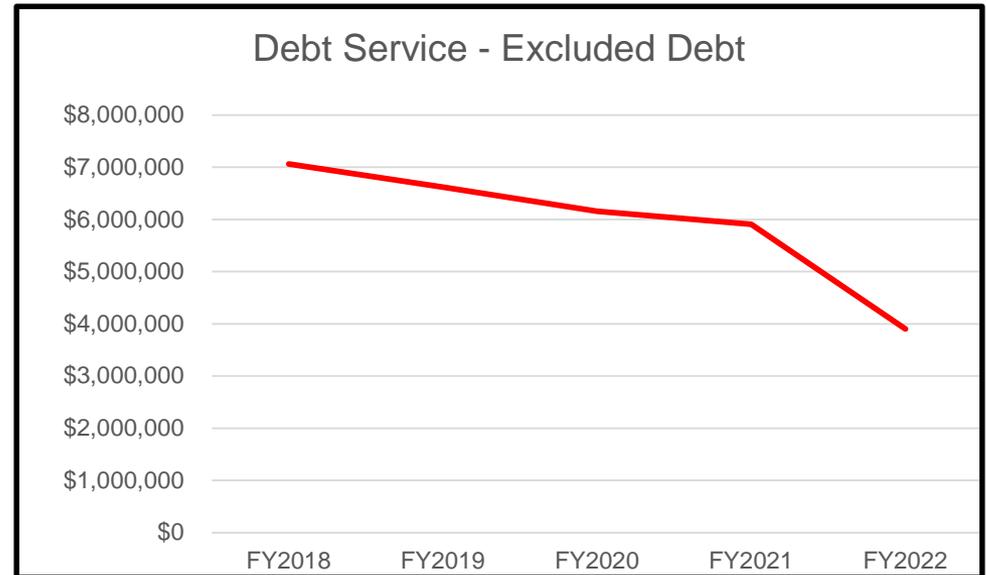
- Total system assets through 6/30/2016 - \$10,101,027
- Total system unfunded liabilities through 6/30/2016 - \$65,618,467
- System is 11.63% funded as of 6/30/2016
- Funding schedule through 2040
- Assumed return on assets 7.75%



LONG-TERM LIABILITIES (con't)

- **Debt Service – Excluded Debt**
 - Taxpayer voted debt exclusions

FY2018	\$ 7,058,554
FY2019	\$ 6,619,077
FY2020	\$ 6,155,160
FY2021	\$ 5,905,063
FY2022	\$ 3,900,375



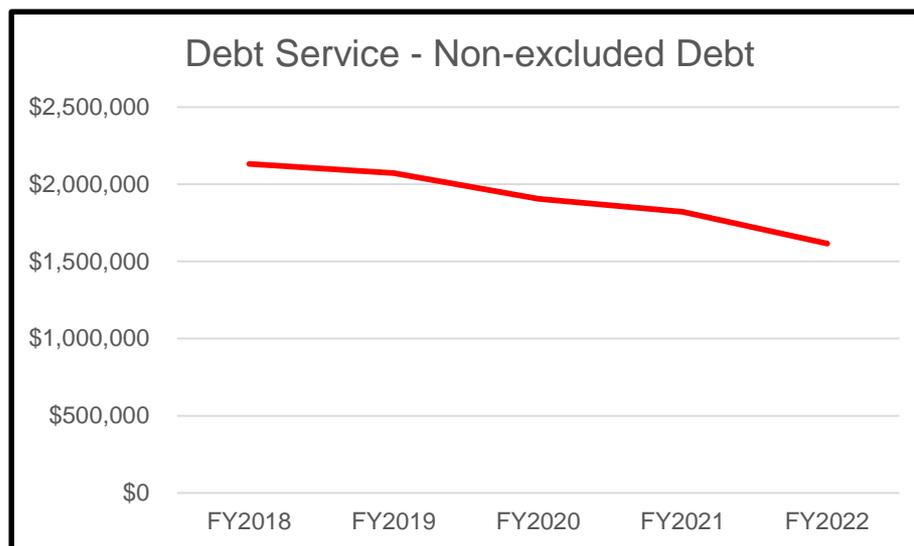
Cumulative debt retirements next 4 fiscal years is \$3,158,179



Long-term Liabilities (con't)

- Debt Service – Nonexcluded Debt
- Debt within the annual operating budget
- Nonexcluded Debt:

FY2018	\$ 2,131,347
FY2019	\$ 2,071,978
FY2020	\$ 1,905,517
FY2021	\$ 1,820,432
FY2022	\$ 1,615,237



**Cumulative nonexcluded debt retirements next 4 fiscal years is
\$516,110**

ANNUAL OPERATIONS BUDGET



- **FY2017 Status**
 - Mid year reviews scheduled for week of January 23rd
 - No concerns identified

ANNUAL OPERATIONS BUDGET



• Five year forecast

FORECAST v1.2 dated 12/19/16

FIVE YEAR FORECAST

SOURCES	ACTUALS FY2016	ESTIMATE FY2017	FORECAST FY2018	FORECAST FY2019	FORECAST FY2020	FORECAST FY2021	FORECAST FY2022
Tax Levy							
Levy	68,832,769	71,732,082	74,111,683	76,514,475	79,427,337	82,413,020	85,023,346
2 1/2 % increase	1,720,819	1,793,302	1,852,792	1,912,862	1,985,683	2,060,326	2,125,584
New growth	1,178,494	586,299	550,000	1,000,000	1,000,000	550,000	550,000
Debt exclusions	4,755,700	4,504,621	4,150,752	3,869,745	3,855,828	3,605,731	3,235,232
Unused Levy Capacity	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total Tax Levy	75,987,782	78,116,304	80,165,227	82,797,082	85,768,849	88,129,077	90,434,162
Other Revenue							
State Aid	10,185,421	10,476,586	10,476,586	10,476,586	10,476,586	10,318,120	10,318,120
Local Receipts(2.5% FY2019-2022)	10,124,903	9,189,454	9,203,515	9,433,603	9,669,443	9,911,179	10,158,958
Fund Balance	71,000	1,793,109	0	0	0	0	0
SSCC	2,188,354	2,103,614	2,192,765	2,192,765	2,192,765	2,192,765	2,192,765
Sewer	2,521,390	2,827,556	2,864,788	3,086,663	3,328,787	3,593,127	3,881,845
Light Plant	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Meals Tax Reserves/Other	450,000	450,000	450,000	450,000	0	0	0
Excess Overlay	325,000	238,428	0				
Total Other Revenue	26,366,069	27,578,747	25,687,654	26,139,616	26,167,580	26,515,191	27,051,688
Total Sources	102,353,851	105,695,051	105,852,881	108,936,698	111,936,429	114,644,267	117,485,850
USES							
State Assessments	858,212	978,774	1,027,713	1,079,098	1,133,053	1,189,706	1,249,191
Overlay	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Other expenses / deficits	0	100,000	100,000	100,000	100,000	100,000	100,000
Total	1,208,212	1,428,774	1,477,713	1,529,098	1,583,053	1,639,706	1,699,191
Appropriations							
Capital Outlay	2,326,432	3,493,340	2,250,000	2,400,000	2,500,000	2,600,000	2,700,000
Article 6	97,290,484	100,575,442	102,312,008	104,224,604	106,265,571	108,772,999	109,604,620
Article 4&5 (2.0% Inc/Yr FY2018 to 2022)	0	146,655	513,713	897,353	1,288,665	1,687,803	2,094,924
Other articles	0	0	0	0	0	0	0
Total appropriation	99,616,916	104,215,437	105,075,721	107,521,957	110,054,236	113,060,802	114,399,544
Total Uses	100,825,127	105,644,211	106,553,434	109,051,055	111,637,289	114,700,508	116,098,735
EXCESS (Shortfall)	1,528,723	50,840	(700,553)	(114,356)	299,140	(56,241)	1,387,115

BOND RATING



- **AAA Status reaffirmed by all 3 bond rating agencies in 2016**
- **Quote from Moody's** "The town has established a strong trend of positive financial operations, finishing fiscal 2014 with its fifth consecutive year of General Fund balance growth."
- **Quote from S&P** "In our view, Hingham's debt and contingent liability profile is very strong....approximately 66.1% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors."
- **Quote from Fitch** "The reliability and stability of a primarily property tax generated revenue stream combined with careful expenditure management has led to a robust level of reserves over the past five years."



CAPITAL ASSETS

- **Town Capital Assets total \$210M**
- **Areas of need (preliminary cost estimates):**
 - **Town Building**
 - Fire Stations
 - North Station (\$6M)
 - South Station (\$6M)
 - Senior Center (\$4M)
 - Library (\$23M)
 - Police Station (\$2M)
 - Recreation Center (\$2.5M)
 - Harbor (Funded via Harbor revenues)
 - SSCC Pool (Funded via CC revenues)
 - SSCC Maintenance Facility (Funded via CC revenues)
 - **Infrastructure**
 - Roads (Funded via 2016 bond issue)
 - Sewer (Funded via sewer revenue)
 - **School Buildings**

MOVING FORWARD



- **Process**
- **Timeline**