

Year-End Finance Update

Please find the summary of the 2016 financial activity below, prepared by Daniel Popovici-Muller, Finance Director.

Comparative Statement of General Fund Appropriations and expenditures:

Reflects budgeted appropriations, expenditures and unexpended balances for 2016:

Amounts in the “Balances Under/(Over) Expended” column reflect items which have come in under or over budget for 2016. The net under expended increases the Town’s 2016 year-end fund balance which once audited will be available to reduce the 2017 tax rate.

Significant variances include:

- Over 20,000 of the savings in the Administration are due to personnel vacancies.
- Town clerk savings are mostly due to the transition of the Town Clerk to a salaried position.
- The over expenditure in the General Gov’t Buildings line reflects the one-time costs related to the reorganization of the maintenance which will result in significant savings going forward. The cost was absorbed into the general budget to protect the earned time trust.
- The Searles over expenditure is due to the decision of the Board of Selectmen to spend an additional 20,000 in bottom line funds on replacing windows.
- The Police Department over expenditure is due to the overtime costs. An additional 16,000 was allocated from bottom line funds to cover the purchase of a trailer which will receive a grant in 2017 to cover those costs.
- The Fire Department under expenditure is mostly due to savings in staff salary and benefits. An additional 9,000 was allocated from bottom line funds for the purchase of an equipment dryer.
- The Community Development under expenditure is due to staff vacancies through 2016.
- The Highways under expenditure reflects the fact that funds were allocated to other departments.
- The Solid Waste over expenditure reflects increased costs in waste disposal and unexpected equipment maintenance needs.
- The General Assistance under expenditure reflect lower welfare assistance expenses.
- The Library under expenditure is mostly due to staff benefit savings.
- The Highway Truck under expenditure represents savings due to paying a significant advance on the truck purchase.
- The over expenditure in the Earned Time Trust is temporary – the town still needs to claim funds from the trust for 2016 expenses.

Year-End Finance Update

	2016 APPR INCLD 2015 CARRYFWD	RECEIPTS, REIMBS & GRANTS	TOTAL AMOUNT AVAIL.	TOTAL EXPENDED 2016	CARRYFWD 2016 TO 2017	BALANCES UNDER/(OVER) EXPENDED
<i>Unaudited</i>						
<u>GENERAL GOVERNMENT</u>						
Town Officer's Salaries	3,330	-	3,330	3,606		(276)
Administration	499,823	-	499,823	470,681	4,000	25,142
Town Clerk's Expenses	286,470	-	286,470	274,249	1,110	11,111
Tax Collector's Expenses	141,810	-	141,810	137,677		4,133
Election and Registration	40,775	-	40,775	39,043		1,732
Cemetery	47,400	231	47,631	32,539	11,200	3,892
General Govt Bldgs	519,850	-	519,850	574,359		(54,509)
Appraisal of Property	188,294	-	188,294	188,123		171
Information Technology	231,390	-	231,390	221,752		9,638
Town Museum	5	-	5	-		5
Searles Building	26,720	-	26,720	35,028		(8,308)
Legal Expenses	52,400	-	52,400	51,114		1,286
<u>PUBLIC SAFETY</u>						
Police Department	2,904,440	18,575	2,923,015	2,973,154	23,630	(73,769)
Contracted Details	5	-	5	-		5
Dispatching	478,450	-	478,450	480,121		(1,671)
Fire Department	3,285,110	-	3,285,110	3,192,349	9,000	83,761
Emergency Management	6,670	-	6,670	2,370		4,300
Community Development	487,770	1,800	489,570	440,318	-	49,252
<u>HIGHWAYS, STREETS, BRIDGES</u>						
Town Maintenance	1,212,030	-	1,212,030	927,776	138,600	145,654
Street Lights	17,220	-	17,220	16,208		1,012
<u>SANITATION</u>						
Solid Waste Disposal	819,550	-	819,550	867,243		(47,693)
<u>HEALTH</u>						
Health and Human Services	36,760	100	36,860	35,013		1,847
<u>WELFARE</u>						
General Assistance	57,040	-	57,040	25,049		31,991
<u>CULTURE AND RECREATION</u>						
Library	1,079,590	-	1,079,590	1,038,303		41,287
Recreation	246,640	4,910	251,550	240,444		11,106
Historic Comm.	6,000	-	6,000	1,840	850	3,310
Conservation Comm.	5,560	-	5,560	1,776		3,784
Senior Center	4,960	-	4,960	3,808		1,152
Cable TV Expenses	114,960	-	114,960	111,555		3,405
<u>DEBT SERVICE</u>						
Long Term Notes - P + I	172,779	-	172,779	171,495		1,285
Interest - TANS	500	-	500	-		500
<u>CAPITAL OUTLAY</u>						
Road Improvements	360,000	-	360,000	358,638		1,363
Ambulance Lease	75,100	-	75,100	75,099		1
Highway 5 Ton Truck 2016	180,000	-	180,000	-	180,000	-
Griffin Park Passive Area	90,000	-	90,000	-	90,000	-
Town Vault Project	50,000	-	50,000	2,497	47,503	0
Fire Engine	366,804	-	366,804	357,199		9,605
Library HVAC Replacement	8,674	-	8,674	8,921		(247)
Highway 5 Ton Truck 2014	180,000	-	180,000	166,680		13,320
Rail Trail	40,341	-	40,341	33,717	6,624	(0)
<u>MISCELLANEOUS</u>						
Retirement Svc Charges	4,000	-	4,000	-		4,000
Insurance	286,570	600	287,170	285,812		1,358
Use of Searles Revenue Fund	32,500	-	32,500	32,500		-
Property Maintenance Trust	50,000	-	50,000	75,685		(25,685)
Earned Time Trust	30,000	-	30,000	30,000		-
Refunds and Abatements	98,700	-	98,700	125,436		(26,736)
<u>OTHER GOVERNMENTAL DIV'S</u>						
School District	40,241,031	-	40,241,031	40,241,031		-
County	2,415,742	-	2,415,742	2,415,742		-
Village Districts	20,787	-	20,787	20,787		-
TOTALS	57,504,550	26,215	57,530,766	56,786,735	512,517	231,514

Year-End Finance Update

General Fund Revenue Report

The net increase in General Fund revenues is \$1,068,144. This is primarily due to a \$452,510 increase in Licenses, Permits & Fees revenue, \$336,470 increase in revenues generated from the Sale of Town Properties and \$113,469 in additional Income from Departments above the previous year. These increases were offset by a decrease in revenues from Other Sources of \$344,530 due to a bond issuance in 2015 not being repeated. As a result of the increase in revenues, combined with a moderate increase in net appropriations, the amount needed to be raised through taxation decreased by \$520,639. Although some portions of the revenue budget remain steady from year to year, such as cable franchise fees, other portions tend to vary from year to year and have an impact on the resulting Town tax rate.

Approximately 48% of the Town's annual budget is raised through general taxation. The other approximately 52% is from other revenue sources. Of the \$7.28 million collected in 2016 through operations, 14.6% came from State funding (Meals & Rooms Distribution and State Highway Block Grant) and 11.3% was from use of fund balance, with the remaining 74.10% coming from local revenue sources.

REVENUE REPORT - COMPARATIVE ANALYSIS AS OF DECEMBER 31, 2016

<i>Unaudited</i>	Estimated Revenue	Actual Revenue @	Actual Revenue @	Increase (Decrease)	2016 % of Estimate
SOURCES OF REVENUE:	For 2016	12/31/16	12/31/15	16-15	Received
<u>TAXES</u>					
Yield/Excavation Tax	11,415	13,106	2,682	10,424	114.8%
Interest & Penalties on Taxes	230,000	236,740	298,094	(61,354)	102.9%
Misc. Taxes - PILOT	12,035	12,035	12,035	0	100.0%
Boat Taxes	15,740	15,982	14,690	1,292	101.5%
<u>INTERGOVERNMENTAL REVENUES</u>					
Highway Block Grant	329,405	329,405	302,491	26,914	100.0%
Rooms and Meals	739,497	739,497	677,477	62,020	100.0%
<u>LICENSES AND PERMITS</u>					
M V Permit Fees	3,550,000	3,620,423	3,429,899	190,524	102.0%
Building Permits	135,000	154,144	137,531	16,613	114.2%
Other Licenses and Permits:					
Dog Licenses	20,000	20,477	18,533		
Animal Officer Fees	1,725	1,975	375		
Planning Board Fees	50,000	81,152	58,650		
Board of Adjustment Fees	8,000	13,931	9,045		
Town Clerk Miscellaneous	35,000	10,924	11,979		
Gun Permits	2,135	3,160	2,480		
Subtotal Other Licenses/Permits	116,860	131,619	101,062	30,557	112.6%
<u>CHARGES FOR SERVICES</u>					
Cable TV Fees	280,000	286,950	272,507	14,443	102.5%
Income from Departments:					
Special Duty-Contracted Police	25,000	35,190	30,495		
Welfare Reimbursements	750	10,530	2,125		
Community Dev Miscellaneous	6,500	9,868	6,215		
Police Dept Miscellaneous	5,300	7,775	4,855		
Ambulance Fees	435,000	434,527	320,725		
Fire Dept Miscellaneous	10,000	20,934	21,850		
Transfer Station Fees	3,300	13,439	28,064		

Year-End Finance Update

Police - Accident Reports	2,200	3,263	2,288		
Recreation - Beach Income	3,500	3,534	5,307		
Subtotal Income from Dept's	491,580	539,060	421,924	117,136	109.7%

MISCELLANEOUS REVENUES

Interest on Deposits	10,500	11,695	14,482	(2,787)	111.4%
Sale of Town Property	336,470	338,470	0	338,470	100.6%
Other Miscellaneous Revenues:					
Intergovernmental Misc	-	-	-		
Other State/Fed Grants/FEMA	6,500	27,763	25,886		
Insurance/Other Reimb/Refunds	3,000	44,554	171,499		
Parking Fines	750	1,115	1,285		
Town Building Rent	3,400	3,125	3,275		
Selectmen Miscellaneous	1,600	14,402	41,164		
Donations	0	0			
Treasurer's Miscellaneous	430	748	1,085		
Town Clerk - Copy Fees	160	206	633		
Subtotal Other Miscellaneous	15,840	91,913	244,827	(152,914)	580.3%

OTHER FINANCING SOURCES

Income from Trust Funds	3	3	820	(817)	100.0%
Proceeds from Bond Issuance	0	0	344,530	(344,530)	N/A
Income from Capital Reserve Funds	0	0	24,000	(24,000)	N/A
Income from Revenue Funds	32,500	32,500	30,000	2,500	100.0%
Income from Other Sources:					
Conservation Funds	85,779	85,779	85,779	0	100.0%
Highway Truck Grant Funds	144,000	133,344	-	133,344	92.6%
Fund Balance	830,000	830,000	890,000	(60,000)	100.0%
Grants/Donations Accepted/Expended	500	24,952	4,290	20,662	4990.0%
TOTAL REVENUES	7,367,124	7,627,617	7,309,120	318,497	103.5%

Town Debt

The full Statement of Bonded Indebtedness for 2016 is as follows:

During 2016, the Campbell Farm Property bond was paid in full by the Conservation Commission, saving the town over \$100,000 in expected interest cost over the life of the bond.

At this time, the only town debt consists of the fire engine loan taken in May 2016. The first of four annual payments was made in July 2016, and three more payments will be made as detailed below.

Original Issue: \$334,291.18 / May 2016 / Northway Bank / Interest Rate of 1.50%

Purpose: Purchase of fire engine for the Windham Fire Department

Repayment: The Town budget funds will be required to pay the debt service throughout the term of the bond.

	Year	Principal	Interest	Payment	Balance
					249,244.54
2017	7/31/17	81,976.55	3,738.67	85,715.22	167,267.99
2018	7/31/18	83,206.20	2,509.02	85,715.22	84,061.79
2019	7/31/19	84,061.79	1,260.93	85,322.72	0
		\$249,244.54	\$7,508.62	\$256,753.16	

Year-End Finance Update

The Town continues to make payments on previous leases for Highway and Fire equipment, the annual principal and interest payments for which are contained in the Town's annual operating budget.

The \$2,000,000 Tax Anticipation note that the Town entered in 2014 (structured as a line of credit available to assist the Town with its cash flow needs) was renewed for 2016. However, working cooperatively with the Windham School District, the Town was able to meet its cash flow requirements without drawing on this line of credit during 2016. The Town already renewed the line of credit for 2017 - interest on any balances drawn will be paid at an annualized rate of 3.21% (subject to adjustment).

Balance Sheet

The following represents the General Fund balance sheet as of December 31, 2016 as prepared by the Town's Finance Department.

BALANCE SHEET - General Fund as of December 31, 2016

ASSETS:

Cash	\$18,342,794
Taxes receivable, net	1,903,773
Accounts receivable	95,570
Restricted cash - performance bonds	344,789
Other assets	29,647
<hr/>	
Total Assets	\$20,716,574

LIABILITIES & FUND BALANCES:

Liabilities

Accounts payable and accruals	\$14,223
Deposits	(344,789)
Deferred revenue	4,833
Due to other governments	19,248,983
<hr/>	
Total Liabilities	18,923,250

Fund Balances

Nonspendable fund balance	\$0
Committed fund balance	328,792
Assigned fund balance	1,277,252
Unassigned fund balance	1,793,324
<hr/>	
Total Fund Balances	1,793,324

Total Liabilities & Fund Balances **\$20,716,574**

Special Fund Activity

The following represents a summary of all transactions administered through the Town's Special funds, not including the General Fund, as compiled by the Town's Finance Department. These funds are held in custody by the Town Treasurer, however, funds are collected and expended based upon the designated purpose for which each fund was established.

	Balance				Balance
	12/31/2015	Income	Disbursements	Interest	12/31/16
Cable TV Trust Fund	305,381.02	22,000.00	10,017.29	418.30	317,782.03
Searles Special Revenue	10,899.37	28,736.45	19,098.45	42.40	20,579.77

Year-End Finance Update

Searles Donation Fund	579.59	15,180.00	15,050.00	22.84	732.43
Expendable Health Trust	121,318.64	398,639.88	401,021.72	421.10	119,357.90
Cemetery Operation Fund	114,179.04	3,300.00	2,200.00	231.01	115,510.05
Conservation Land Trust	581,790.07	138,278.00	601,654.88	689.70	119,102.89
Road Bond Fund	9,267.19			18.58	9,285.77
Law Enforcement Fund	972.37			1.96	974.33
Recreation-Lacrosse	19,367.75	39,061.59	55,334.16	17.27	3,112.45
Recreation-Programs	7,510.82	53,297.52	53,187.46	12.23	7,633.11
Griffin Park Passive Recreation	0.00	28,258.60		25.61	28,284.21
Conservation Special	2,163.03			4.33	2,167.36
Police Public Safety Revolve Fd	41,944.78	351,895.00	348,430.33	186.38	45,595.83
Fire Public Safety Revolve Fd	34,498.84	21,393.72	20,356.78	82.06	35,617.84
Police Fed Asset Forfeiture	0.00				0.00
Subdivision Fees	60,653.47	113,428.56	96,493.64	115.28	77,703.67
Rte 28 Emergency Fund	11,287.07			22.61	11,309.68
Rail to Trail Fund	100.57			0.18	100.75
Fire Cistern Special Rev Fund	250.15	250.00		0.53	500.68
Forest Maintenance Fund	13,808.05	42,219.00		100.69	56,127.74
Police Impact Fee	88,961.63	22,180.70	3,619.90	174.30	107,696.73
Fire Impact Fee	141,298.29	40,191.66		289.79	181,779.74
School Impact Fees (Separate)	312,951.69	221,373.92	161,961.00	566.14	372,930.75
Total	1,879,183.43	1,539,684.60	1,788,425.61	3,443.29	1,633,885.71

The collective cash balances for the special funds were invested as follows as of December 31, 2016 (represents bank statement balances exclusive of deposits in transit and outstanding checks):

Citizens Bank Operating Accounts – earning 0.10%	\$1,378,932.78
Enterprise Bank Investment Account – earning 0.05%	\$250,892.55
TD Bank Merchant Account – earning 0.00%	\$4,060.38