

## 2018: Year-End Finance Update

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### Comparative Statement of General Fund Appropriations and expenditures:

Please find below a few notes on the summary of budgeted appropriations, expenditures and unexpended balances for 2018 that is found on the next page.

Amounts in the “Balances Under/(Over) Expended” column reflect items which have come in under or over budget for 2018. The net under expended increases the Town’s 2018 year-end fund balance which once finalized and audited will be available to reduce the 2019 tax rate.

Significant actual to budget variances include:

- 1) Administration finished 79k under budget after 19k was carried over to 2019. Regular Salaries was under budget by 13k due to staff being on disability, Contracted Services was under budget by 50k due to lower than budgeted costs for consultant services for the PFOS investigation Phase I and Storm water compliance was under budget by 20k due to the EPA only approving the new permit in July, delaying the bulk of the work into 2019.
- 2) Information technology exceeded their budget by 9k, 7k of which was due to Equipment and Software exceeding the budget due to unexpected expenses needed to solve the connectivity problem between the PD and the state.
- 3) Legal Expenses is over budget by 14k, with 11k being due to a heavy case load for ZBA appeals.
- 4) Police Department is exactly at budget after 29k was carried over to 2019. Notable variances include Property Maintenance being over budget by 32k due to the additional expenses to replace the HVAC system as authorized by the board and Training being over budget by 8k due to changes in the way training is performed, balanced by Vehicle Fuel being under budget by 8k due to savings by using the state contract and Radio/Communication Maintenance being under budget by 10k due to less than expected demand for repairs and replacements.
- 5) Dispatching is under budget by 10k due to Health Insurance being under budget by 18k due to employee plan changes, while the combined Regular and overtime salaries were over budget by 10.5k due to short staffing that required significant overtime to maintain ongoing operations.
- 6) Fire Department is under budget by 75k after 1k was carried over to 2019, mostly because of 52k in savings in the Health Insurance due to employee plan changes.
- 7) Community Development is 30k under budget due to combined salaries being 32k under budget because one part time position was not filled. Note that some hours were added to the other part time employee instead.
- 8) Road maintenance is 105k under budget after 80k in road work was carried over to 2019. Most of the savings are in Contracted service (winter) due to a mild 2018 winter which required less plowing/sanding.
- 9) Solid Waste is 8k under budget, mostly due to 39k saved in combined salaries due to an employee being out on leave, offset by Contracted Services being 27k over budget due to the Recycling costs being \$80/ton instead of the \$45/ton that was budgeted for.
- 10) General assistance is 12k over budget due to a few heavy welfare assistance cases that significantly impacted the bottom line.
- 11) Recreation is under budget by 17k after 24k in carryovers due to Recreation sport fields being 19k under budget because of savings achieved with the surfacing at Wonderland and a reimbursement from the Griffin Park Passive Area Project Donation Trust Fund.

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	2018 APPROP		CARRYFWD5	BALANCES
	INCLD 2017	EXPENDED	FROM '18	UNEXPENDED
<i>Unaudited</i>	CARRYFWD5	2018	TO 2019	(OVERDRAFTS)
<b><u>GENERAL GOVERNMENT</u></b>				
Town Officer's Salaries	3,330	3,320.77		9
Administration	709,535	611,572.10	19,175	78,788
Town Clerk's Expenses	294,360	295,793.73		(1,434)
Tax Collector's Expenses	147,280	143,908.78		3,371
Election and Registration	36,300	23,883.75		12,416
Cemetery	47,650	32,832.32	6,200	8,618
General Gov't Bldgs	417,305	414,875.96	2,100	329
Appraisal of Property	189,790	185,484.21		4,306
Information Technology	252,920	262,340.92		(9,421)
Town Museum	5,000	2,984.39	980	1,036
Searles Building	8,510	10,868.96		(2,359)
Legal Expenses	50,400	64,515.61		(14,116)
<b><u>PUBLIC SAFETY</u></b>				
Police Department	3,233,350	3,203,668.88	29,690	(9)
Contracted Details	5	-		5
Dispatching	475,110	464,797.37		10,313
Fire Department	3,404,995	3,330,421.60	1,047	73,526
Emergency Management	10,670	4,390.51		6,279
Community Development	522,250	491,950.07		30,300
<b><u>HIGHWAYS, STREETS, BRIDGES</u></b>				
Town Maintenance	1,323,220	1,138,806.57	79,665	104,748
Street Lights	18,890	18,064.31		826
<b><u>SANITATION</u></b>				
Solid Waste Disposal	936,765	928,433.02		8,332
<b><u>HEALTH</u></b>				
Health and Human Services	46,690	45,826.55		863
<b><u>WELFARE</u></b>				
General Assistance	40,540	52,720.49		(12,180)
<b><u>CULTURE AND RECREATION</u></b>				
Library	1,151,010	1,124,218.86		26,791
Recreation	260,335	219,041.14	24,432	16,862
Historic Comm.	9,000	5,764.38		3,236
Conservation Comm.	6,350	1,447.76		4,902
Senior Center	5,620	5,613.53		6
Cable TV Expenses	119,080	112,268.40		6,812
<b><u>DEBT SERVICE</u></b>				
Long Term Notes - P + I	182,301	182,301.36		-
Interest - TANS	500	-		500
<b><u>CAPITAL OUTLAY</u></b>				
Road Improvements	300,000	300,000.00		-
Highway 5 Ton Truck 2016	180,000	-	180,000	-
Town Vault Project	22,969	22,888.73		80
Phone System Replacement	3,167	2,724.61		442
Library Carpeting/Floors/Repainting	21,255	-		21,255
Dispatch Command Center	280,000	279,335.47	664	1
Rail Trail	6,392	-		6,392
Fire Dept - Radios	180,000	170,013.44	9,986	1
Town Common Beautification	25,000	22,336.00	2,664	-
Castlehill Rd Bridge	480,000	56,800.00	423,200	-
Library Roofing Replacement	70,000	62,300.00		7,700
Greenway Trail	30,000	-		30,000
<b><u>OPERATING TRANSFERS OUT</u></b>				
Rail Trail Non-Capital Reserve Fund	-	-		-
<b><u>MISCELLANEOUS</u></b>				
Retirement Svc Charges	4,000	900.00		3,100
Insurance	352,780	351,783.00		997
Facilities and Grounds Improvement Fu	100,000	60,205.00	39,795	-
Property Maintenance Trust	50,000	50,000.00		-
Earned Time Trust	30,000	30,000.00		-
Searles Revenue Fund	32,500	30,216.44		2,284
Conservation Land Purchase	2,000,000	-		2,000,000
Town Forest Improvements	6,000	1,197.76		4,802
Fire Quint Engine	15,715	14,578.01		1,137
275th Anniversary Celebration	719	719.00		-
Marston-Finn Dam Grant	300,000	-	300,000	-
Acceptance of State Land Conveyance	1,500	-		1,500
Consultant Services - Water Line	40,000	11,590.00	28,410	-
<b>TOTALS</b>	<b>18,441,058</b>	<b>14,849,704</b>	<b>1,148,008</b>	<b>2,443,347</b>

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### Budgeted versus Actual Revenue Highlights

As seen in the Revenue report below which reflects the budgeted revenues for 2018 and the actual revenues for 2018 and 2017, this year's revenues were \$2,175,362 under the budgeted amounts (76.29% of budget) due to the \$2,000,000 conservation loan that was not closed this year and the \$480,000 grant for the Castle Hill bridge that will be received in the future (starting in 2019). After removing the impact of those two items (neither of which affects taxes), the revenues are \$304,638 over the budget (104.6% of adjusted budget).

Comparing actual 2018 and 2017 revenues, the General Fund revenues decreased by \$874,814, mostly due to a drop of \$850,000 in proceeds from bond issuance (no bonds were issued during 2018). The remaining decrease of \$24,814 represents a 0.4% drop from the previous year. Notable increases include \$85,482 in motor vehicle permit fees, \$89,088 in building permits, \$66,626 in other licenses/permits, \$114,628 in Income from Departments, and \$128,493 in income from trust funds. These increases were offset by the already mentioned \$850,000 drop in proceeds from bond issuance, a decrease in revenues of \$277,256 from the Highway Block Grant (\$285,146 of the 2017 Highway Block Grant funds consisted of a one-time payment required by S. B. 38 which did not repeat in 2018 and is not expected to happen again), \$96,809 in sale of town property and \$100,000 in fund balance use. Due to an increase in gross appropriations that was only partially offset by the increase in revenues, the amount needed to be raised through taxation increased by \$504,918. 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 46% of the Town's annual budget was raised through general taxation. The other 54% is from other revenue sources. Of the \$9.81 million collected in 2017 through 16.1% came from State funding (Meals & Rooms Distribution, State Highway Block Grant, and Other State revenue including the \$480,000 for Warrant Article 12) and 6.5% was from use of fund balance, with the remaining 77.4% coming from local revenue sources.

<b>REVENUE REPORT - VARIANCE ANALYSIS AS OF DECEMBER 31, 2018</b>					
Unaudited	Estimated	Actual	Actual	Increase	18 % of
	Revenue	Revenue	Revenue	(Decrease)	Estimate
SOURCES OF REVENUE:	For 2018	12/31/2018	12/31/2017	18 vs. 17	Received
<b>TAXES</b>					
Yield/Excavation Tax	\$ 3,000	\$ 3,391.00	\$ 3,739.00	(347)	113.0%
Interest & Penalties on Taxes	155,000	159,041.78	179,040.39	(19,999)	102.6%
Misc. Taxes - PILOT	10,045	21,304.70	10,045.71	11,259	212.1%
Boat Taxes	<u>16,000</u>	<u>16,506.61</u>	<u>17,048.38</u>	<u>(542)</u>	103.2%
Subtotal Taxes	\$ 184,045	\$ 200,245	\$ 209,873	\$ (9,629)	108.8%
<b>INTERGOVERNMENTAL REV.</b>					
Highway Block Grant	341,224	341,031.14	618,286.81	(277,256)	99.9%
Rooms and Meals	<u>742,470</u>	<u>742,470.20</u>	<u>740,115.90</u>	2,354	100.0%
Subtotal Intergovernmental Rev.	\$ 1,083,694	\$ 1,083,501	\$ 1,358,403	\$ (274,901)	100.0%
<b>LICENSES AND PERMITS</b>					
M V Permit Fees	3,850,000	3,913,808.91	3,828,326.43	85,482	101.7%
Building Permits	<u>245,000</u>	<u>266,292.89</u>	<u>177,204.61</u>	<u>89,088</u>	108.7%
Subtotal M V/Building Permits	\$ 4,095,000	\$ 4,180,102	\$ 4,005,531	\$ 174,571	102.1%
<b>Other Licenses and Permits:</b>					
Dog Licenses	21,500	21,727.00	21,153.50	574	101.1%

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Animal Officer Fees	450	525.00	1,750.00	(1,225)	116.7%
Planning Board Fees	85,000	108,243.02	44,620.10	63,623	127.3%
Board of Adjustment Fees	9,000	8,334.00	9,181.00	(847)	92.6%
Town Clerk Miscellaneous	42,000	44,573.56	39,661.88	4,912	106.1%
Gun Permits	<u>700</u>	<u>750.00</u>	<u>1,160.00</u>	<u>(410)</u>	107.1%
Subtotal Other Licenses/Permits	\$ 158,650	\$ 184,153	\$ 117,526	\$ 66,626	116.1%
<b>CHARGES FOR SERVICES</b>					
Cable TV Fees	295,000	297,831.09	314,860.19	(17,029)	101.0%
Special Duty-Contracted Police	17,500	18,423.15	29,978.13	(11,555)	105.3%
Welfare Reimbursements	14,560	64,797.43	21,136.21	43,661	445.0%
Community Dev Miscellaneous	10,500	12,236.84	11,156.66	1,080	116.5%
Police Dept Miscellaneous	2,600	2,150.20	7,362.05	(5,212)	82.7%
Ambulance Fees	460,000	472,666.00	429,849.96	42,816	102.8%
Fire Dept Miscellaneous	21,500	25,634.78	17,511.57	8,123	119.2%
Transfer Station Fees	37,500	52,492.30	17,422.71	35,070	140.0%
Police - Accident Reports	2,000	2,250.25	1,582.00	668	112.5%
Recreation - Beach Income	<u>3,671</u>	<u>3,671.18</u>	<u>3,694.65</u>	<u>(23)</u>	100.0%
Subtotal Charges for Services	\$ 864,831	\$ 952,153	\$ 854,554	\$ 97,599	110.1%
<b>MISCELLANEOUS REVENUES</b>					
Interest on Deposits	22,000	33,743.81	15,984.53	17,759	153.4%
Sale of Town Property	27,001	32,454.12	129,263.00	(96,809)	120.2%
Other State/Fed Grants/FEMA	491,320	11,615.72	85,680.09	(74,064)	2.4%
Insurance/Other Reimb/Refunds	55,000	78,487.96	57,730.96	20,757	142.7%
Parking Fines	1,650	1,580.00	2,150.00	(570)	95.8%
Town Building Rent	2,850	3,125.00	3,250.00	(125)	109.6%
Selectmen Miscellaneous	32,000	49,906.25	12,199.11	37,707	156.0%
Donations	21,500	24,618.96	7,000.00	17,619	114.5%
Treasurer's Miscellaneous	1000	1007.6	714.56	293	100.8%
Town Clerk - Copy Fees	<u>125</u>	<u>113.88</u>	<u>346.02</u>	<u>(232)</u>	91.1%
Subtotal Miscellaneous Revenue	\$ 654,446	\$ 236,653	\$ 314,318	\$ (77,665)	36.2%
<b>OTHER FINANCING SOURCES</b>					
Income from Trust Funds	100,000	128,497.66	5.06	128,493	128.5%
Proceeds from Bond Issuance	2,000,000	0.00	850,000.00	(850,000)	0.0%
Income from Capital Reserve Funds	0	0.00	4,735.00	(4,735)	N/A
Income from Revenue Funds	32,500	32,500.00	32,500.00	0	100.0%
Forestry Fund	0	0	6,000	(6,000)	N/A
Fund Balance	0	0.00	100,000.00	(100,000)	N/A
Grants/Donations	<u>0</u>	<u>0.00</u>	<u>19,172.06</u>	<u>(19,172)</u>	N/A
Subtotal Other Financing Sources	\$ 2,132,500	\$ 160,998	\$ 1,012,412	\$ (851,414)	7.5%
<b>TOTAL REVENUES</b>	<b>\$ 9,173,166</b>	<b>\$ 6,997,804</b>	<b>\$ 7,872,618</b>	<b>\$ (874,814)</b>	<b>76.3%</b>

### ***Town Debt***

## 2018: Year-End Finance Update

The full Statement of Bonded Indebtedness at the end of 2018 is as follows: our only debt consists of the fire engine loan taken in May 2016 and the Fire Quint Aerial Truck loan taken in May 2017. Town budget funds will be required to pay the debt service throughout the term of the bonds.

### **Fire Engine Loan:**

The third of four annual payments for the fire engine loan taken in May 2016 was made in July 2018. The last payment will be made in July 2019.

Original Issue: \$334,291.18 / May 2016 / Northway Bank / Interest Rate of 1.50%, 4 year term.

Purpose: Purchase of fire engine for the Windham Fire Department.

	<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Payment</b>	<b>Balance</b>
					84,061.79
2019	7/31/19	84,061.79	1,260.93	85,322.72	0
		\$84,061.79	\$1,260.93	\$85,322.72	

### **Fire Quint Aerial Truck Loan:**

The first of ten annual payments for the Fire Quint Aerial Truck loan taken in May 2017 was made in March 2018. An additional principal payment of \$12,229.70 was made in August 2018 from the fire impact fees fund. The remaining payment schedule is detailed below:

Original Issue: \$850,000.00 / May 2017 / Northway Bank / Interest Rate of 2.45%, 10 year term.

Purpose: Purchase of Fire Quint Aerial Truck for the Windham Fire Department.

Remaining Principal at the end of 2018: \$759,463.87

	Beginning Principal	Principal Paid	Interest Paid	Remaining Principal	Total Payment
3/31/2019	\$ 759,463.87	\$ 77,540.98	\$ 19,045.16	\$ 681,922.89	\$ 96,586.14
3/31/2020	\$ 681,922.89	\$ 79,600.58	\$ 16,985.56	\$ 602,322.31	\$ 96,586.14
3/31/2021	\$ 602,322.31	\$ 81,624.29	\$ 14,961.85	\$ 520,698.02	\$ 96,586.14
3/31/2022	\$ 520,698.02	\$ 83,651.86	\$ 12,934.28	\$ 437,046.16	\$ 96,586.14
3/31/2023	\$ 437,046.16	\$ 85,729.79	\$ 10,856.35	\$ 351,316.37	\$ 96,586.14
3/31/2024	\$ 351,316.37	\$ 87,835.43	\$ 8,750.71	\$ 263,480.94	\$ 96,586.14
3/31/2025	\$ 263,480.94	\$ 90,041.20	\$ 6,544.94	\$ 173,439.74	\$ 96,586.14
3/31/2026	\$ 173,439.74	\$ 92,277.85	\$ 4,308.29	\$ 81,161.89	\$ 96,586.14
3/31/2027	\$ 81,161.89	\$ 81,161.89	\$ 2,016.08	\$ -	\$ 83,177.97
<b>Total:</b>		<b>\$ 759,463.87</b>	<b>\$ 96,403.22</b>		<b>\$ 855,867.09</b>

The Town continues to make payments on leases for Highway, Police 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 2018. 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 2018. The Town has not renewed the line of credit for 2019, and plans to open a new Tax Anticipation line of credit during 2019.

### **Balance Sheet**

The following represents the General Fund balance sheet as of December 31, 2018 as prepared by the Town's Finance Department. This information is presented in draft form and has not been finalized, audited or reviewed by the Town's Independent Auditors.

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### **BALANCE SHEET - General Fund as of December 31, 2018**

#### **ASSETS:**

Cash	\$19,314,404
Taxes receivable, net	1,869,566
Accounts receivable	144,811
Restricted cash - performance bonds	463,760
Other assets	9,324
<b>Total Assets</b>	<b>\$21,801,865</b>

#### **LIABILITIES & FUND BALANCES:**

##### **Liabilities**

Accounts payable and accruals	\$42,857
Tax abatements payable	(1,248,199)
Deposits	463,760
Deferred revenue	950,627
Due to other governments, funds	19,930,007
<b>Total Liabilities</b>	<b>20,139,052</b>

##### **Fund Balances**

Nonspendable fund balance	\$0
Committed fund balance	984,719
Assigned fund balance	162,309
Unassigned fund balance	515,785
<b>Total Fund Balances</b>	<b>1,662,813</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$21,801,865</b>

### **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.

Please note that the disbursements reflect 5 refunds of Police impact fees totaling 12,209.16 and 2 refunds of Fire impact fees totaling 5,567.61 upon the request of the affected property owners based on the funds not being expended within 6 years after being collected.

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	<b>Balance</b>				<b>Balance</b>
	<b>12/31/2017</b>	<b>Income</b>	<b>Disbursements</b>	<b>Interest</b>	<b>12/31/18</b>
Cable TV Trust Fund	336,663.20	22,000.00	25,450.70	996.16	334,208.66
Searles Special Revenue	11,009.86	29,225.38	30,216.44	43.76	10,062.56
Searles Donation Fund	594.33			1.79	596.12
Friends of Searles	365.34			1.07	366.41
Expendable Health Trust	70,202.30	280,756.46	321,140.11	224.75	30,043.40
Cemetery Operation Fund	117,542.25	5,200.00	200.00	360.33	122,902.58
Conservation Land Trust	88,797.06	306,647.74	38,266.29	927.72	358,106.23
Road Bond Fund	9,312.31			25.56	9,337.87
Law Enforcement Fund	977.13			2.93	980.06
Recreation-Lacrosse	(0.00)				(0.00)
Recreation-Programs	8,724.83	56,255.18	56,146.04	22.06	8,856.03
Griffin Park Passive Recreation	11,671.74		11,674.14	2.40	0.00
Conservation Special	2,173.56			6.53	2,180.09
Police Public Safety Revolve Fd	77,693.55	184,231.50	237,648.16	271.22	24,548.11
Fire Public Safety Revolve Fd	33,625.56	18,851.15	21,295.11	107.80	31,289.40
Police Fed Asset Forfeiture	0.00				0.00
Subdivision Fees	65,672.58	68,082.07	67,555.76	192.46	66,391.35
Rte 28 Emergency Fund	11,342.01			34.06	11,376.07
Rail to Trail Fund	101.04			0.31	101.35
Fire Cistern Special Rev Fund	502.12			1.51	503.63
Forest Maintenance Fund	55,805.50		1,197.76	165.25	54,772.99
Police Impact Fee	120,402.70	32,501.00	20,405.55	359.79	132,857.94
Fire Impact Fee	214,981.94	58,251.36	30,958.73	649.91	242,924.48
School Impact Fees (Separate)	455,179.20	215,005.38	322,560.00	1,122.73	348,747.31
<b>Total</b>	<b>1,693,340.11</b>	<b>1,277,007.22</b>	<b>1,184,714.79</b>	<b>5,520.10</b>	<b>1,791,152.64</b>

The collective cash balances for the special funds were invested as follows as of December 31, 2018 (represents bank statement balances exclusive of deposits in transit and outstanding checks):

<b>Citizens Bank Operating Accounts – earning 0.30%</b>	<b>\$1,536,685.81</b>
<b>Enterprise Bank Investment Account – earning 0.25%</b>	<b>\$252,407.49</b>
<b>TD Bank Merchant Account – earning 0.00%</b>	<b>\$2,059.34</b>