

Year-End Finance Update

Please find the summary of the 2017 financial activity (prepared by Daniel Popovici-Muller, Finance Director) below:

Comparative Statement of General Fund Appropriations and expenditures:

Reflects budgeted appropriations, expenditures and unexpended balances for 2017:

Amounts in the “Balances Under/(Over) Expended” column reflect items which have come in under or over budget for 2017. The net under expended increases the Town’s 2017 year-end fund balance which once audited will be available to reduce the 2018 tax rate.

Significant variances include:

- The 23k of the savings in the Administration and the 17k in Town Clerk savings are mostly due to personnel vacancies.
- The over expenditure in the General Gov’t Buildings line reflects our initial expectation that additional funds were going to be available from the Property Maintenance Trust, with those expenditures being absorbed into the general budget after the trust was fully used.
- The over expenditure in IT is mostly due to the decision of the Board of Selectmen to cover half of the cost of the Munis upgrade from the 2017 IT budget.
- The Fire Department over expenditure is mostly due to staff overtime and 8k in unexpected critical equipment replacements.
- The Community Development under expenditure is due to staff vacancies through 2017.
- The Highways under expenditure reflects the fact that winter weather was milder during 2017, that 15k in site improvements were not performed and a significant amount of summer maintenance savings was retained to offset expected overages in other departments. All planned road projects were completed successfully.
- The Solid Waste over expenditure reflects increased costs in waste disposal due to both increased solid waste volume and higher costs per ton.
- The Library under expenditure is evenly split between staff salary/benefit savings and operational savings throughout their budget.
- The 25k in savings from the Road Improvements capital outlay reflects operational savings due to bids coming in lower than anticipated.
- 12k were left unexpended from the 275th Anniversary Celebration budget.

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	2017 APPROP	RECEIPTS,			CARRYFWDS	BALANCES
	INCLD 2016	REIMBS &	TOTAL AMT	EXPENDED	FROM '17	UNEXPENDED
<i>Unaudited</i>	CARRYFWDS	GRANTS	AVAILABLE	2017	TO 2018	(OVERDRAFTS)
<u>GENERAL GOVERNMENT</u>						
Town Officer's Salaries	3,330		3,330	3,310.38		20
Administration	543,010		543,010	520,074.55		22,935
Town Clerk's Expenses	288,540		288,540	270,831.19		17,709
Tax Collector's Expenses	145,070		145,070	142,468.82		2,601
Election and Registration	23,370		23,370	18,865.03		4,505
Cemetery	52,650		52,650	34,587.07	6,200	11,863
General Govt Bldgs	423,740		423,740	456,477.51		(32,738)
Appraisal of Property	187,270		187,270	185,026.71		2,243
Information Technology	212,200		212,200	228,976.54		(16,777)
Town Museum	5,000		5,000	3,981.92		1,018
Searles Building	23,730	7,500	31,230	13,414.03		17,816
Legal Expenses	50,400		50,400	43,125.15		7,275
<u>PUBLIC SAFETY</u>						
Police Department	3,116,300	29,261	3,145,561	3,098,109.97		47,451
Contracted Details	5		5	-		5
Dispatching	483,010		483,010	471,124.17		11,886
Fire Department	3,297,745	39,463	3,337,208	3,396,106.62		(58,899)
Emergency Management	30,170	23,457	53,627	48,884.71		4,742
Community Development	528,140		528,140	457,064.55		71,075
<u>HIGHWAYS, STREETS, BRIDGES</u>						
Town Maintenance	1,328,310		1,328,310	1,042,078.48	145,800	140,432
Street Lights	16,390		16,390	18,138.05		(1,748)
<u>SANITATION</u>						
Solid Waste Disposal	839,510		839,510	858,923.49		(19,413)
<u>HEALTH</u>						
Health and Human Services	41,330		41,330	40,161.40		1,169
<u>WELFARE</u>						
General Assistance	45,540		45,540	41,231.07		4,309
<u>CULTURE AND RECREATION</u>						
Library	1,118,900		1,118,900	1,071,586.36		47,314
Recreation	231,200	4,122	235,322	202,514.19	26,325	6,483
Historic Comm.	6,850		6,850	2,691.60		4,158
Conservation Comm.	5,640		5,640	3,801.08		1,839
Senior Center	5,040		5,040	4,078.52		961
Cable TV Expenses	118,945		118,945	120,974.13		(2,029)
<u>DEBT SERVICE</u>						
Long Term Notes - P + I	85,715		85,715	85,715.22		-
Interest - TANS	500		500	-		500
<u>CAPITAL OUTLAY</u>						
Road Improvements	360,000		360,000	334,686.00		25,314
Highway 5 Ton Truck 2016	180,000		180,000	-	180,000	-
Griffin Park Passive Area - Phase One	90,000		90,000	90,000.00		-
Town Vault Project	47,503		47,503	24,533.37	22,969	1
Phone System Replacement	50,000		50,000	46,832.10	3,167	1
Library Carpeting/Floors/Repainting	85,000		85,000	63,744.79	21,255	0
Dispatch Command Center	280,000		280,000	-	280,000	-
Rail Trail	6,624		6,624	231.37	6,392	1
<u>OPERATING TRANSFERS OUT</u>						
Fire Apparatus	-		-	-		-
<u>MISCELLANEOUS</u>						
Retirement Svc Charges	4,000		4,000	2,652.50		1,348
Insurance	360,260		360,260	361,573.50		(1,314)
Fire Quint Engine	850,000		850,000	834,285.00	15,715	-
Use of Searles Revenue Fund	32,500		32,500	23,326.85		9,173
Marston-Finn Dam Grant	300,000		300,000	-	300,000	-
Town Forest Improvements	6,000		6,000	-	6,000	-
275th Anniversary Celebration	20,000	550	20,550	7,879.24	719	11,952
Facilities and Grounds Improvement Fu	100,000		100,000	100,000.00		-
Property Maintenance Trust	50,000		50,000	50,000.00		-
Earned Time Trust	30,000		30,000	30,000.00		-
Refunds and abatements			-	36,460.01		(36,460)
<u>OTHER GOVERNMENTAL DIV'S</u>						
School District	38,241,031		38,241,031	38,241,031.00		-
County	2,462,299		2,462,299	2,462,299.00		-
Village Districts	70,526		70,526	70,526.00		-
TOTALS	56,883,293	104,352	56,987,645	55,664,383.24	1,014,542	308,720

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General Fund Revenue Report

The net increase in General Fund revenues is \$1,197,176. This is primarily due to a \$354,650 increase in Licenses, Permits & Fees revenue, an \$850,000 bond issue and \$139,395 in additional Income from Departments above the previous year. These increases were offset by a decrease in revenues from Other Sources of \$144,000 due to a 2016 highway truck grant not being repeated and a \$207,205 decrease in revenues generated from the Sale of Town Properties.

Due to a significant increase in net appropriations that was offset by the increase in revenues, the amount needed to be raised through taxation increased by \$417,944 (still under 2015 levels).

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. Please note that \$285,146 of the Highway Block Grant funds received this year consists of a one-time payment required by S. B. 38 which has already been allocated for infrastructure improvements and will not be available to reduce tax rates.

Approximately 48% of the Town's annual budget is raised through general taxation. The other approximately 52% is from other revenue sources. Of the \$8.48 million collected in 2017 through operations 13.1% came from State funding (Meals & Rooms Distribution and State Highway Block Grant) and 10.1% was from use of fund balance, with the remaining 76.8% coming from local revenue sources.

REVENUE REPORT - COMPARATIVE ANALYSIS AS OF DECEMBER 31, 2017					
<i>Unaudited</i>	Estimated	Actual	Actual	Increase	2017% of
	Revenue	Revenue	Revenue	(Decrease)	Estimate
SOURCES OF REVENUE:	For 2017	12/31/17	12/31/16	17 vs. 16	Received
TAXES					
Yield/Excavation Tax	3,500	3,738.77	13,106	-9,367	106.82%
Interest & Penalties on Taxes	175,000	179,040.39	236,740	-57,700	102.31%
Misc. Taxes - PILOT	10,045	10,045.71	12,035	-1,989	100.01%
Boat Taxes	16,020	17,048.38	15,982	1,066	106.42%
INTERGOVERNMENTAL REVENUES					
Highway Block Grant	333,146	618,286.81	329,405	288,882	185.59%
Rooms and Meals	740,116	740,115.90	739,497	619	100.00%
LICENSES AND PERMITS					
M V Permit Fees	3,725,000	3,828,326.43	3,620,423	207,903	102.77%
Building Permits	170,000	177,204.61	154,144	23,061	104.24%
Other Licenses and Permits:					
Dog Licenses	20,500	21,153.50	20,477		
Animal Officer Fees	1,650	1,750.00	1,975		
Planning Board Fees	45,000	44,620.10	81,152		
Board of Adjustment Fees	8,000	9,181.00	13,931		
Town Clerk Miscellaneous	35,000	39,661.88	10,924		
Gun Permits	1,360	1,160.00	3,160		
Subtotal Other Licenses/Permits	111,510	117,526.48	131,619	-14,093	105.40%
CHARGES FOR SERVICES					
Cable TV Fees	305,000	314,860.19	286,950	27,910	103.23%
Income from Departments:					

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Special Duty-Contracted Police	29,000	29,978.13	35,190		
Welfare Reimbursements	21,135	21,136.21	10,530		
Community Dev Miscellaneous	11,000	11,156.66	9,868		
Police Dept Miscellaneous	7,000	7,362.05	7,775		
Ambulance Fees	375,000	429,849.96	434,527		
Fire Dept Miscellaneous	15,000	17,511.57	20,934		
Transfer Station Fees	16,000	17,422.71	13,439		
Police - Accident Reports	1,560	1,582.00	3,263		
Recreation - Beach Income	3,695	3,694.65	3,534		
Subtotal Income from Dept's	479,390	539,693.94	539,060	634	112.58%
MISCELLANEOUS REVENUES					
Interest on Deposits	16,000	15,984.53	11,695	4,290	99.90%
Sale of Town Property	129,265	129,263.00	338,470	-209,207	100.00%
Other Miscellaneous Revenues:					
Other State/Fed Grants/FEMA	188,000	85,680.09	27,763		
Insurance/Other Reimb/Refunds	55,000	57,730.96	44,554		
Parking Fines	1,350	2,150.00	1,115		
Town Building Rent	2,850	3,250.00	3,125		
Selectmen Miscellaneous	9,500	12,199.11	14,402		
Donations	157,000	7,000.00	0		
Treasurer's Miscellaneous	500	714.56	748		
Town Clerk - Copy Fees	350	346.02	206		
Subtotal Other Miscellaneous	414,550	169,070.74	91,913	77,158	40.78%
OTHER FINANCING SOURCES					
Income from Trust Funds	7	5.06	3	2	72.29%
Proceeds from Bond Issuance	850,000	850,000.00	0	850,000	100.00%
Income from Capital Reserve Funds	4,735	4,735.00	0	4,735	100.00%
Income from Revenue Funds	32,500	32,500.00	32,500	0	100.00%
Income from Other Sources:					
Forestry Fund	6,000	6,000	0	6,000	100.00%
Conservation Funds	-	-	85,779	-85,779	N/A
Highway Truck Grant Funds	-	-	133,344	-133,344	N/A
Fund Balance	100,000	100,000.00	830,000	-730,000	100.00%
Grants/Donations Accepted/Expended	0	19,172.06	24,952	-5,780	N/A
TOTAL REVENUES	7,621,784	7,872,618.00	7,627,617	245,001	103.29%

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Town Debt

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

Fire Engine Loan:

The second of four annual payments for the fire engine loan taken in May 2016 was made in July 2017, and two more payments will be made as detailed below.

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

	Year	Principal	Interest	Payment	Balance
					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
		\$167,267.99	\$3,850.95	\$171,037.94	

Fire Quint Aerial Truck Loan:

The first of ten annual payments for the Fire Quint Aerial Truck loan taken in May 2017 will be made in March 2018. The 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

	Beginning Principal	Principal Paid	Interest Paid	Remaining Principal	Total Payment
2017				850,000.00	
2018	850,000.00	78,306.42	18,279.72	71,693.58	96,586.14
2019	771,693.58	77,679.65	18,906.49	694,013.93	96,586.14
2020	694,013.93	79,582.80	17,003.34	614,431.13	96,586.14
2021	614,431.13	81,532.58	15,053.56	532,898.55	96,586.14
2022	532,898.55	83,530.13	13,056.01	449,368.42	96,586.14
2023	449,368.42	85,576.61	11,009.53	363,791.81	96,586.14
2024	363,791.81	87,673.24	8,912.90	276,118.57	96,586.14
2025	276,118.57	89,821.23	6,764.91	186,297.34	96,586.14
2026	186,297.34	92,021.86	4,564.28	94,275.48	96,586.14
2027	94,275.48	94,275.48	2,309.75	-	96,585.23
Total:		850,000.00	115,860.49		965,860.49

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 2017. 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 2017. The Town already renewed the line of credit for 2018 - interest on any balances drawn will be paid at an annualized rate of 3.7% (subject to adjustment).

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Balance Sheet

The following represents the General Fund balance sheet as of December 31, 2017 as prepared by the Town's Finance Department.

BALANCE SHEET - General Fund as of December 31, 2017

ASSETS:

Cash	\$18,463,187
Taxes receivable, net	585,492
Accounts receivable	151,765
Restricted cash - performance bonds	292,180
Other assets	29,222
Total Assets	\$19,521,846

LIABILITIES & FUND BALANCES:

Liabilities

Accounts payable and accruals	\$20,850
Tax abatements payable	48,643
Deposits	292,180
Deferred revenue	(111,625)
Due to other governments, funds	17,612,065
Total Liabilities	17,862,113

Fund Balances

Nonspendable fund balance	\$0
Committed fund balance	836,217
Assigned fund balance	178,325
Unassigned fund balance	645,191
Total Fund Balances	1,659,733
Total Liabilities & Fund Balances	\$19,521,846

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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 disbursement from the Police and Fire Impact fees funds reflect a partial refund of impact fees from the Fire Department and 4 refunds of impact fees from the Police Department upon the request of the affected property owners based on the funds not being expended within 6 years after being collected.

Special Fund Name	Balance 12/31/2016	Income	Disbursements	Interest	Balance 12/31/17
Cable TV Trust Fund	317,782.03	22,000.00	4,094.99	976.16	336,663.20
Searles Special Revenue	20,579.77	31,949.40	37,869.71	50.40	14,709.86
Searles Donation Fund	732.43		140.00	1.90	594.33
Friends of Searles	0.00	1,630.23	1,265.10	0.21	365.34
Expendable Health Trust	79,833.88	367,077.66	377,190.07	480.83	70,202.30
Cemetery Operation Fund	115,510.05	2,300.00	600.00	332.20	117,542.25
Conservation Land Trust	119,102.89	98,833.38	129,405.20	265.99	88,797.06
Road Bond Fund	9,285.77			26.54	9,312.31
Law Enforcement Fund	974.33			2.80	977.13
Recreation-Lacrosse	3,112.45		3,112.71	0.26	(0.00)
Recreation-Programs	7,633.11	66,829.33	65,756.30	18.69	8,724.83
Griffin Park Passive Recreation	28,284.21	4,055.98	23,216.25	65.50	9,189.44
Conservation Special	2,167.36			6.20	2,173.56
Police Public Safety Revolve Fd	45,595.83	299,781.25	267,916.77	233.24	77,693.55
Fire Public Safety Revolve Fd	35,617.84	23,094.72	25,187.32	100.32	33,625.56
Police Fed Asset Forfeiture	0.00				0.00
Subdivision Fees	77,703.67	74,922.16	87,118.70	165.45	65,672.58
Rte 28 Emergency Fund	11,309.68			32.33	11,342.01
Rail to Trail Fund	100.75			0.29	101.04
Fire Cistern Special Rev Fund	500.68			1.44	502.12
Forest Maintenance Fund	56,127.74		482.62	160.18	55,805.30
Police Impact Fee	107,696.73	19,230.26	6,798.03	273.74	120,402.70
Fire Impact Fee	181,779.74	32,765.64	54.49	491.05	214,981.94
School Impact Fees (Separate)	372,930.75	225,930.23	144,628.00	946.22	455,179.20
Total	1,594,361.69	1,270,400.24	1,174,836.26	4,631.94	1,694,557.61

The collective cash balances for the special funds were invested as follows as of December 31, 2017 (represents bank statement balances exclusive of deposits in transit and outstanding checks):

Citizens Bank Operating Accounts – earning 0.30%	\$1,449,681.57
Enterprise Bank Investment Account – earning 0.30%	\$251,648.89
TD Bank Merchant Account – earning 0.00%	\$1,292.80