

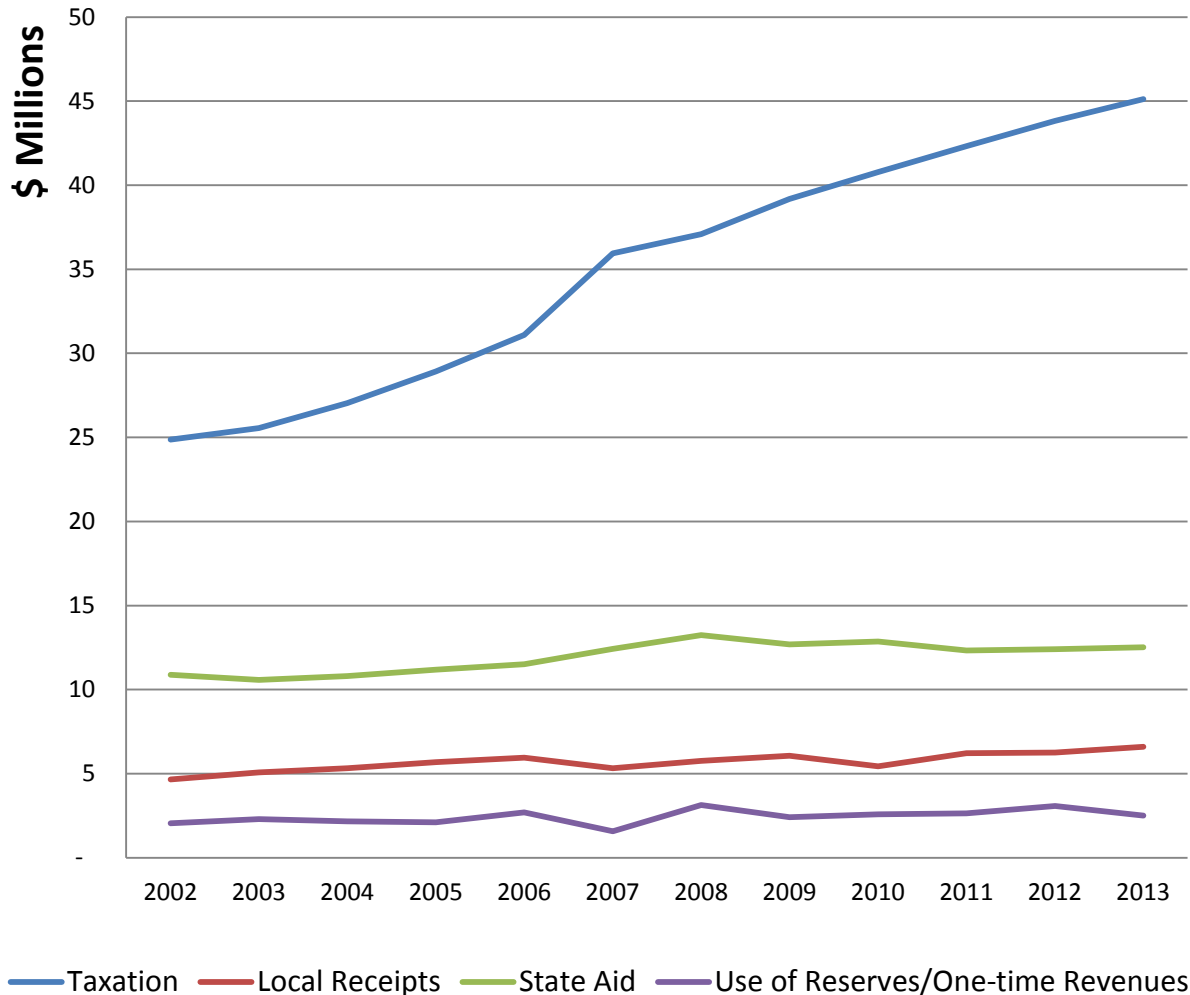
# SUMMARY REPORT OF FINANCIAL CONDITION

Fiscal Year 2013

# Overview

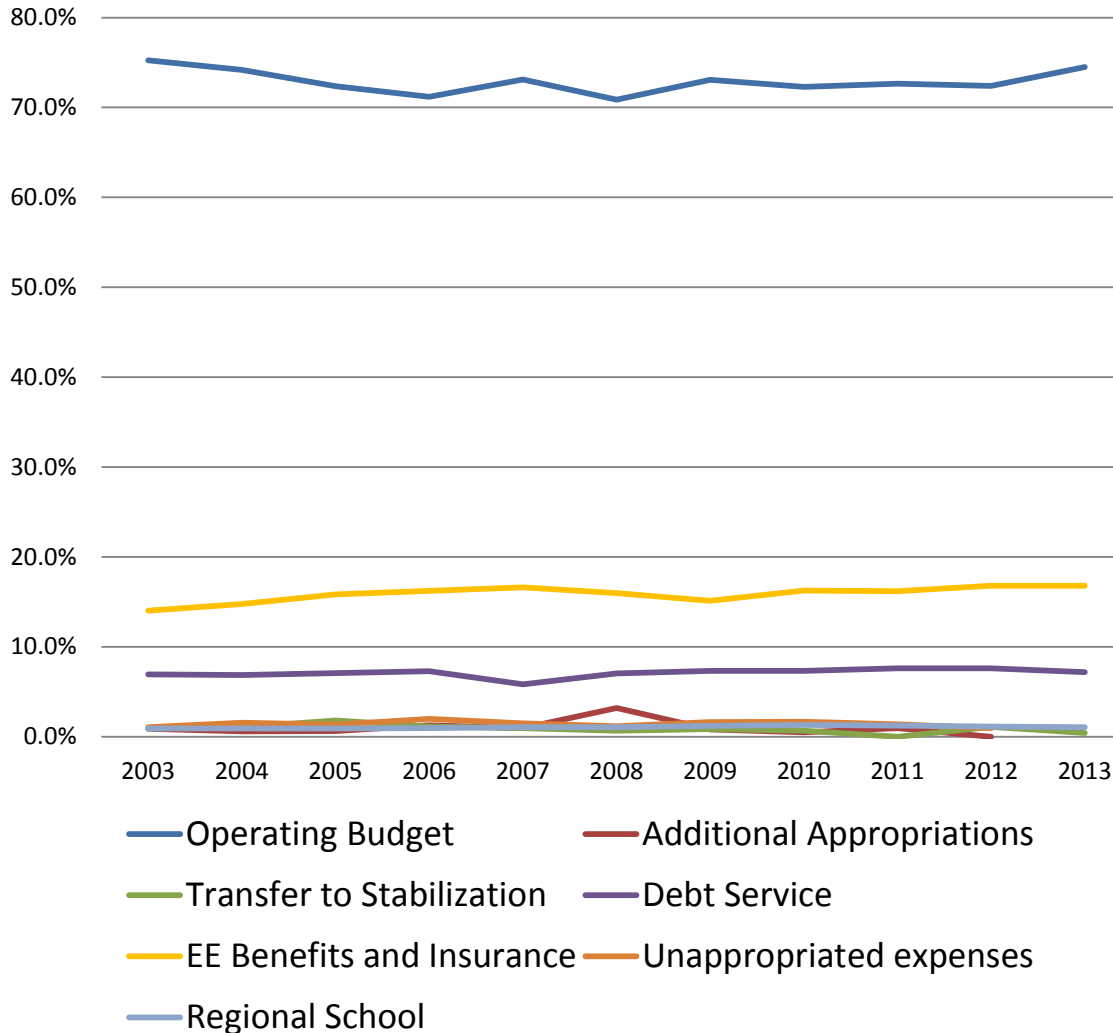
- This is the third annual summary report of financial condition.
- This presentation seeks to provide useful information regarding Easton's financial condition to aid the Board of Selectmen and the Finance Committee as they navigate the budget process.
- Five key areas will be discussed: Revenue and Expenditures, Tax Levy, Reserves, Debt, and Pension Liability.

# General Fund Revenue Overview



- Easton has and will continue to levy taxes at the statutory limit.
- Taxation as a percentage of total revenue has continued to increase.
- **New growth still lags pre-recession levels.**
- **State aid continues to stagnate.**

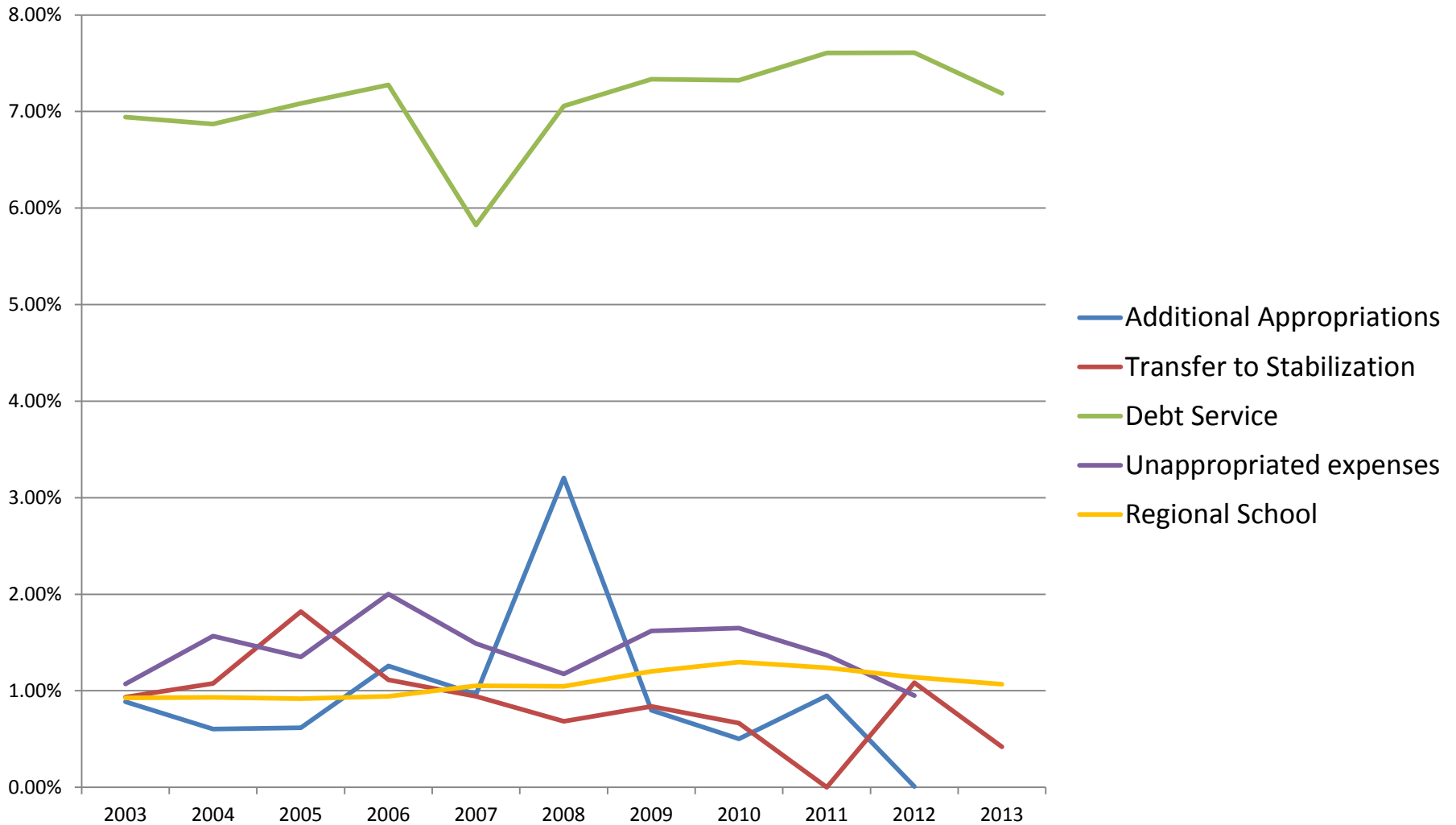
# Expenditures Historic Trends



- Expenditures (as a percentage) have remained stable throughout the past 11 years.
- Operating budget this year seeks to restore cuts sustained in the recession to Recreation, Council on Aging, and Public Safety.

**Detail on Next Slide**

# Expenditures Detail



# New Growth

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New Growth is generated by an increase in the valuation of properties due to new construction or other improvements.

The net increase in value is multiplied by the prior year's tax rate to determine the dollar amount of new growth.

# New Growth

- **New Growth in FY2013: \$413,005**

- Average New Growth since the recession (adjusted for inflation – 2013 dollars): \$415K

2009	2010	2011	2012	2013
\$371,633	\$360,098	\$380,307	\$469,919	\$413,005

- New Growth in FY2013 is below the prior year and slightly below the recession era average.

# New Growth Historic Trends

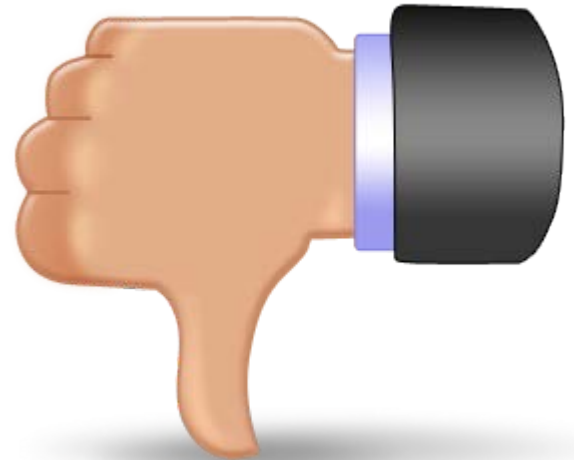


- New Growth has continued to decline from pre-recession levels.

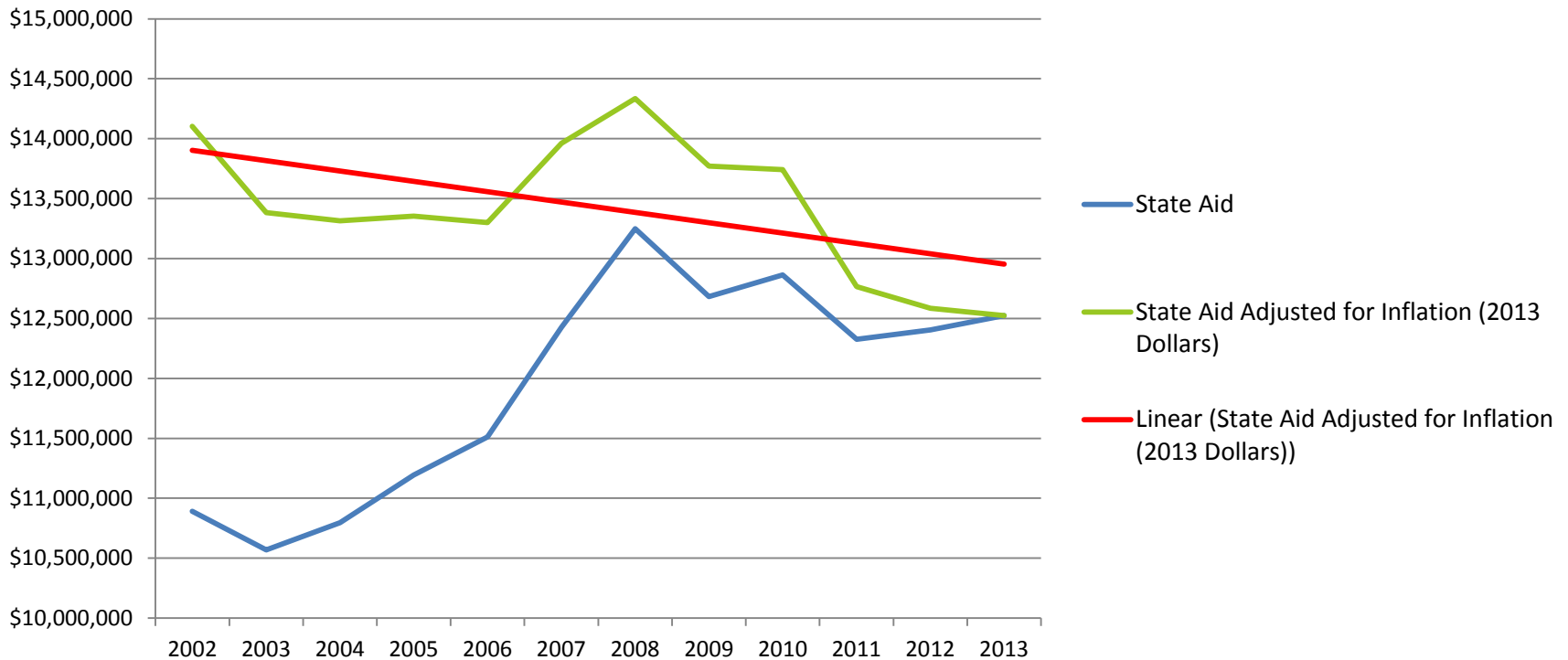


# New Growth Historic Trends

- Pre-recession average annual New Growth (in 2013 dollars):  
**\$898,144**
  
- Post-recession average annual New Growth (in 2013 dollars):  
**\$415,383**



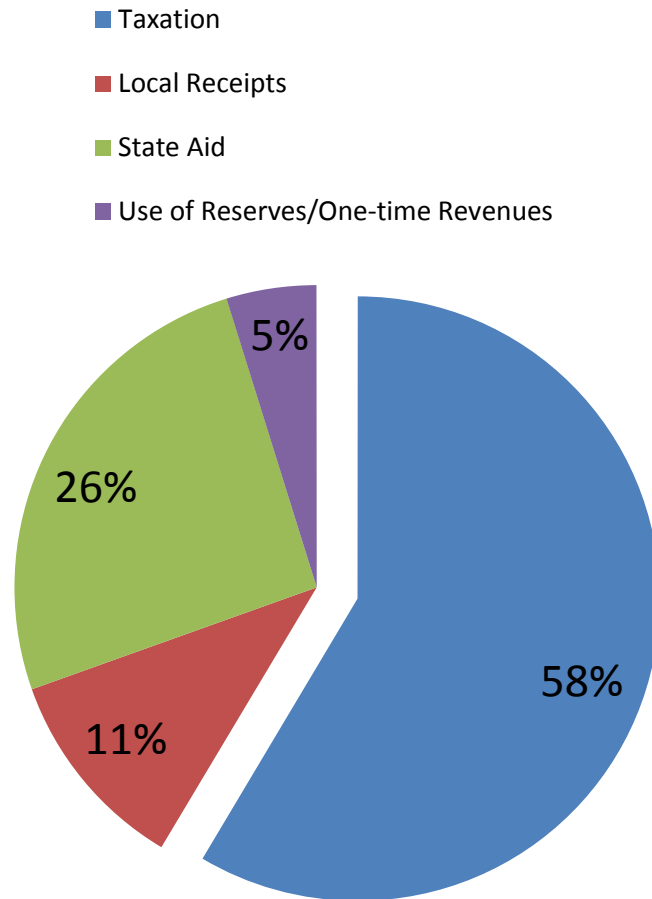
# State Aid Historic Trends



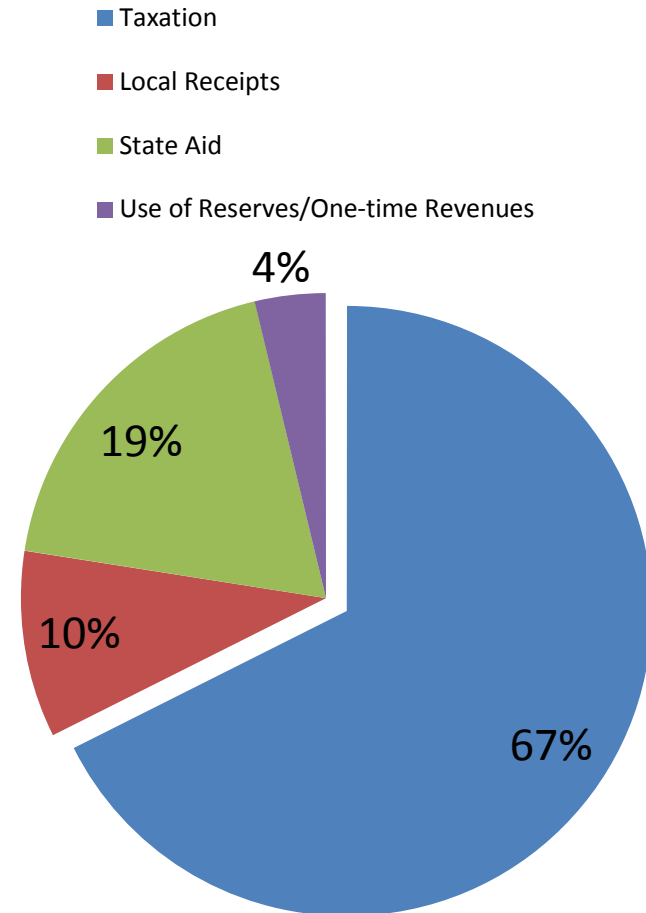
- In 2002, State Aid composed 26% of our total annual revenue.
- In 2013, State Aid composed 19%.

# General Fund Revenue Detail

**2002**



**2013**



# Free Cash

Free Cash is composed of:

- Surpluses created by unexpended amounts in the budgetary accounts and local revenues.
- The balance of the aforementioned accounts less uncollected property taxes.

Free Cash balance for FY2013: \$1.87M

# Free Cash

- **Free Cash increased from FY2012 by \$88,749**

2009	2010	2011	2012	2013
\$688,651	\$1,515,679	\$1,402,992	\$1,776,910	\$1,865,659

- Average Free Cash since 2009 recession: \$1.4M
- Free Cash for FY2013 is at the highest amount in 11 years.

# Easton's Reserve

Select Expenditures	Amount
FY 2013 Operating Budget	\$48,746,535
Transfer to Unemployment Trust	\$25,000
Debt Service	\$4,701,258
EE Benefits and Insurance	\$10,996,219
Regional School	\$698,795
<b><u>Total Expenditures</u></b>	<b><u>\$65,167,807</u></b>
<i>Suggested Reserve (5% of Total)</i>	\$3,258,390

- **Actual reserve: \$3.9M**  
(6% of total expenditures)
- Reserve condition has improved substantially over FY2011

# Per Capita Debt and Credit Ratings

	<u>Per Capita Debt</u>	<u>Credit Rating</u>
Easton	\$1,768	Aa3
Sharon	\$1,859	Aa2
Mansfield	\$1,789	Aa2
Stoughton	\$1,152	A1
Norton	\$1,004	Aa3
Raynham	\$1,496	A1
Foxboro	\$2,053	Aa2
Canton	\$3,063	AAA
West Bridgewater	\$1,392	A1

**Per capita debt: 2013 long-term debt outstanding divided by 2010 population**  
**2012 State average = \$1,957**

# Easton's Debt and Credit

- Debt level is modest relative to comparable communities and below state average.
- Easton's Aa3 credit rating indicates “high quality and very low credit risk” and falls within the average credit rating of comparable towns.
- Easton's short-term rating is MIG 1: “best ability to repay short-term debt”, the highest short-term rating available.
  - (Source: Moody's Investor Services)



# Retirement Systems

- Easton is grouped into Bristol County's Retirement System

- NOTE: these data are from FY2012, the most recent available

Retirement Systems	Funded Ratio	Return on Investments
Bristol County	59.30%	15.79%
Brockton	72.30%	12.27%
Hampden County	48.90%	13.13%
Norfolk County	60.00%	13.19%
Taunton	61.90%	12.23%
Commonwealth of Mass	81.00%	13.87%

# Retirement Systems

**Bristol County's  
Funded Ratio was  
59.3%**, which is  
comparable to the  
selected Retirement  
Systems average  
60.5%

**Bristol's Return on  
Investments was  
15.79%**, significantly  
better than last year's  
-1.7%, and above the  
Commonwealth's  
13.87%

**Bristol County is  
on track to be fully  
funded by 2030**  
which compares  
favorably to the  
Commonwealth's  
target of 2040.

# Summary

- Despite the ongoing challenges stemming from the 2009 recession, Easton finished FY2013 in the black by \$1,325,548, which compares well with the previous year.
- **New Growth** and **State Aid** present the greatest challenges to our financial condition.
- Reserves are improving.

