



FY 2019-20 Financial Results

Town Council Meeting

January 20, 2021

PURPOSE OF PRESENTATION

Present FY 19-20 Financial Results

- Highlights
- Operating Budget Results
- Infrastructure
- Debt



HIGHLIGHTS

1. Revenues

- Better Than Budget
- Increased from Prior Fiscal Year

2. Expenses Less than Budget



HIGHLIGHTS (continued)

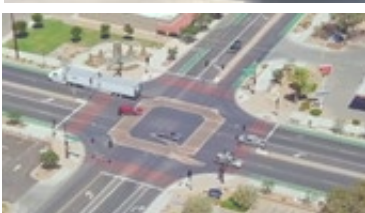
3. Pension Reserves

- Fully Funded PSPRS Fire Pension
- Fully Funded MCSO Pension Liability
- Continued Progress Towards Full Funding of ASRS Pension Liability
 - Enterprise Funds: \$6.5M (Fully Funded)
 - Operating Budget: \$0 (Funded COVID and Police Reserves at \$15.6M In Lieu Of)



HIGHLIGHTS (continued)

4. \$80.7M Completed Infrastructure



Type of Infrastructure	Total as of 6/30/2020	\$ Increase	% Increase	Added by Town	Received From Private Entities
Streets, Buildings, and Equipment	\$ 519.1M	\$ 50.4M	11%	\$26.7M	\$ 23.7M
Water and Wastewater	<u>\$ 244.1M</u>	<u>\$ 30.3M</u>	<u>14%</u>	<u>\$ 20.9M</u>	<u>\$ 9.4M</u>
Total Completed	\$ 763.2M	\$ 80.7M	12%	\$47.6M	\$ 33.1M

HIGHLIGHTS (continued)

5. \$73.4M Infrastructure Under Construction



	Streets, Buildings, and Equipment	Water and Wastewater	Total
Projects Under Construction	\$38.3M	\$35.1M	\$73.4M

HIGHLIGHTS (continued)

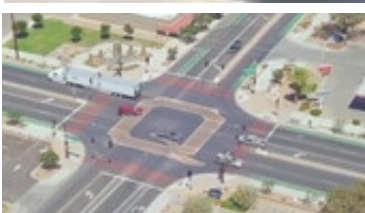
6. Paid off \$14.7M of Interfund Loans

7. Issued \$144.1M of Debt

- Refinanced water rights (\$65.5M)
- Road projects and fire stations (\$78.6M)

8. Enhanced Debt Coverage Ratios

- Removed Legal Restrictions to Allow for Inclusion in Calculation
- Combined water and wastewater pledges into a single revenue pledge for WIFA loans



HIGHLIGHTS (concluded)



9. Upgraded Issuer Credit Rating (ICR) from S&P Rating Agency (from 'AA-' to 'AA')

- Strong financial management policies and practices
- Strong budgetary performance
- Strong budgetary flexibility
- Improved Liquidity



Operating Budget Results

FY 19-20 OPERATING FUNDS

(in millions)



	Revised Budget	Final Audited Results	\$ Variance	% Variance
Revenues	\$ 71.9	\$ 77.7	\$ 5.8	8%
Expenses	<u>\$ 70.3</u>	<u>\$ 62.6</u>	<u>\$ 7.7</u>	<u>11%</u>
Net Annual	\$ 1.6	\$ 15.1	-	-
Beginning Balance	<u>\$ 41.5</u>	<u>\$ 41.5</u>	<u>-</u>	<u>-</u>
Ending Balance	<u>\$ 43.1</u>	<u>\$ 56.6</u>	<u>\$ 10.8</u>	-



Revenues

QC COVID REVENUE ASSUMPTIONS

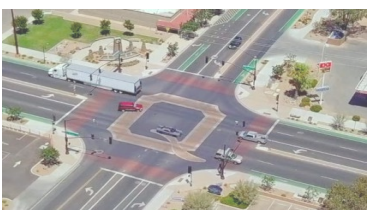


- **Consumer Based Revenues Will Decrease**
 - Sales Taxes, Building Permits
- **Year Long Recovery Period Beginning March 2020**
 - March 2020 to June 2020: Monthly Declines Until June (Lowest Point)
 - July 2020 to March 2021: Monthly Improvement Until Recovery in March 2021

QC RESULTS

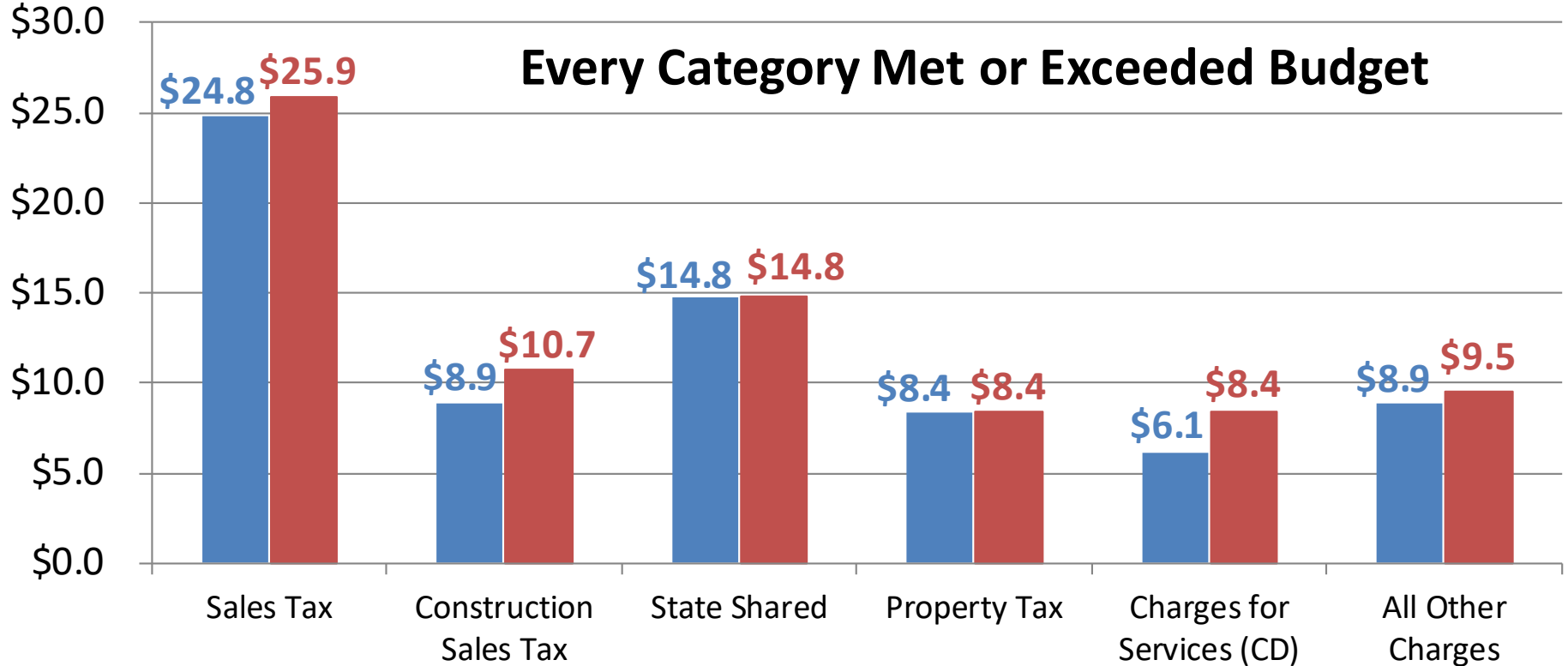
Revenues Are Better Than Expected

- High Median Income Households
- Population Growth In and Around QC
- More Individuals Shopping Closer to Home Because Working From Home
- New Businesses Continue to Open in the QC
- Wayfair Legislation Allows QC to Capture Sales Tax from E-Commerce (October 2019)
- Strong New Construction Activity



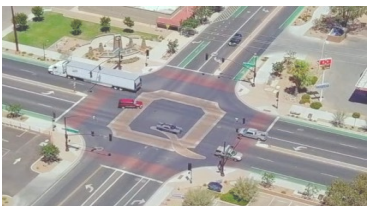
OPERATING REVENUE VARIANCE: +\$5.8M (+8%)

\$71.9M REVISED BUDGET TO \$77.7M ACTUAL



RETAIL SALES

Month	Budget	Actual	\$ Variance	% Variance
February 2020	\$1.24M	\$1.28M	\$40K	3%
March 2020	1.48M	1.60M	112K	8%
April 2020	1.22M	1.45M	230K	19%
May 2020	1.00M	1.59M	590K	59%
June 2020	813K	1.63M	817K	100%



RESTAURANTS & BARS



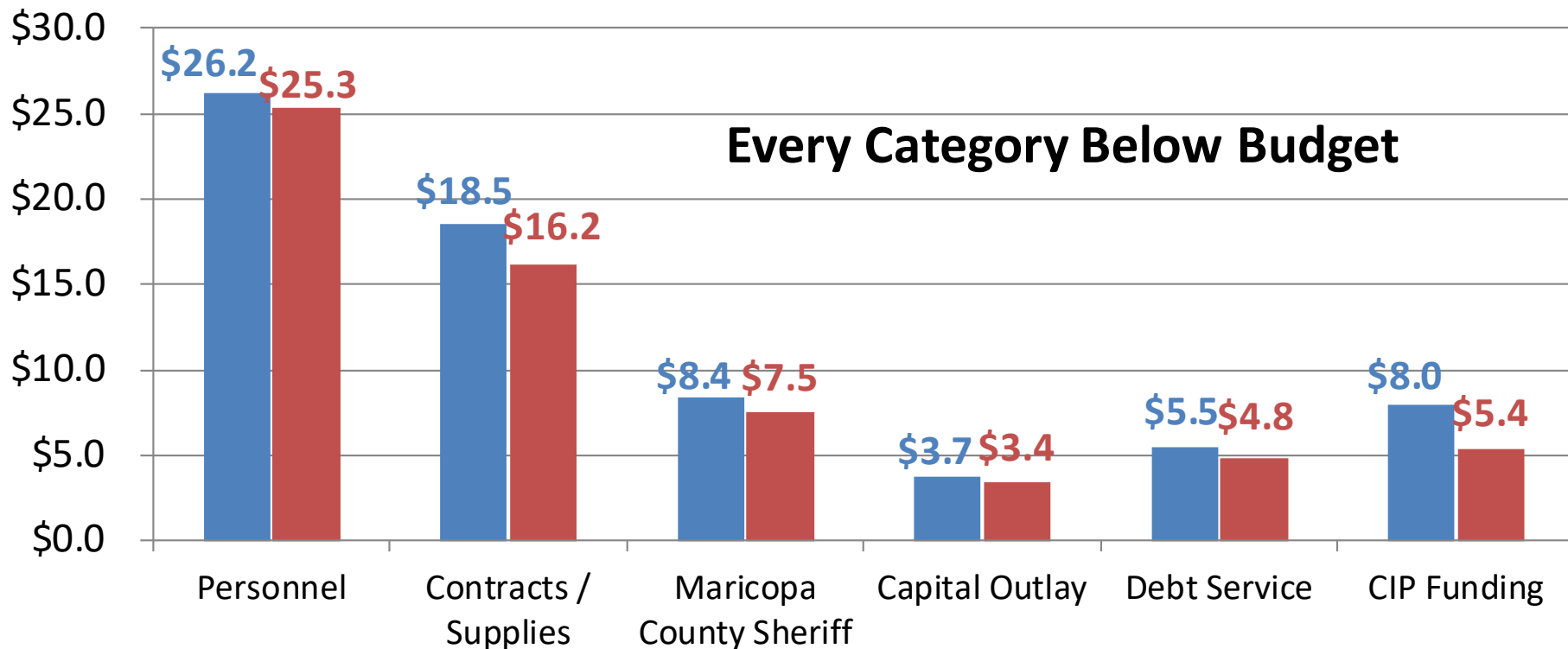
Month	Budget	Actual	\$ Variance	% Variance
February 2020	\$282K	\$260K	(\$22K)	(8%)
March 2020	235K	279K	44K	19%
April 2020	141K	262K	121K	86%
May 2020	99K	317K	218K	222%
June 2020	75K	315K	240K	320%



Expenses

OPERATING EXPENSE VARIANCE: +7.7\$M (+11%)

\$70.3M REVISED BUDGET TO \$62.6M ACTUAL





Reserves

FY 19-20 OPERATING FUND BALANCE

(in millions)

Total Fund Balance		\$56.6
Restrictions / Obligations:		
25% Revenue Reserve Requirement	\$16.7	
COVID-19 Reserve (New Policy)	11.1	
Police Services Reserve (New Policy)	4.5	
MSCO Pension Liability Reserve	<u>24.3</u>	
Total Restrictions		<u>\$56.6</u>





Debt

TOTAL DEBT OUTSTANDING AT 6/30/2020



Purpose	Principal Outstanding
Transportation	\$143.4M
Fire	\$29.9M
Parks and Recreation (includes HPEC)	\$12.9M
Library	\$5.0M
Town Facilities	\$4.7M
Police	<u>\$1.8M</u>
Total "General Government"	\$197.7M
Water	\$118.7M
Wastewater	<u>\$2.9M</u>
Total – All Debt	\$319.3M

SOURCES OF DEBT REPAYMENT

(IN MILLIONS)

Of the remaining \$507.5 million in total debt payments (principal and interest), \$239.1 million (47%) will come from Excise Taxes and \$268.4 million (53%) will come from Dedicated Revenues.

	Total	Dedicated Revenues						
Issue	Total Debt (P&I)	Excise Taxes	Impact Fees	Water Rates	Sewer Rates	Private / 3 rd Parties	Total Dedicated Revenue	% Of Debt
Excise Tax Bonds	\$307.8	\$239.1	\$68.7				\$68.7	22%
2014 GADA Wastewater Loan	\$3.5				\$3.5		\$3.5	100%
WIFA Loans	\$137.5			\$137.5			\$137.5	100%
H2O Loan	\$42.7			\$42.7			\$42.7	100%
Improvement District Bonds	\$16.0					\$16.0	\$16.0	100%
Total Debt Payments	\$507.5	\$239.1	\$68.7	\$180.2	\$3.5	\$16.0	\$268.4	53%

DEBT COVERAGE RATIOS: CHANGED PLEDGED REVENUES IMPROVED COVERAGE



FY 2019-20	Legal Coverage Before Change	Legal Coverage After Change
Pledged Revenues – Excise Tax Debt	\$59.8M	\$74.1M
Debt Service – Excise Tax Debt	\$9.0M	\$9.0M
Coverage Ratio	6.6	8.2
Pledged Revenues – Utility Debt	\$12.6M	\$23.1M
Debt Service – Utility Debt	\$5.7M	\$5.7M
Coverage Ratio	2.2	4.1

Recommended Motion

Approve Resolution No. 1392-21
Accepting the Town's Fiscal Year
2019-20 Comprehensve Annual
Financial Report and Audit Reports

