



# Financial Update

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# Items to Review

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- COVID Financial Update
  - Overall Budget Impact
  - FY20 Expenditures
  - FY21 Funding
  
- FY20 Year End Review
  - Revenue
  - Expenditures
  - Free Cash

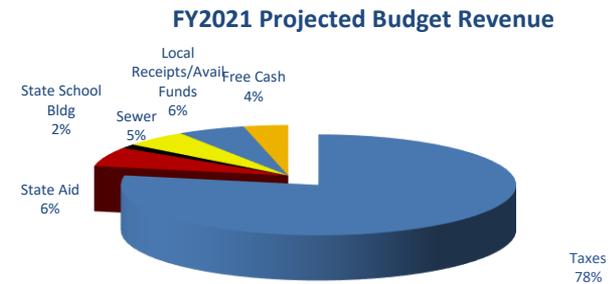


# Financial Impact of COVID-19 Pandemic

## Overall Impact - Summary

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- Town Meeting has approved very sound finances
  - Structurally sound budgets, no one time subsidies
  - Conservative revenue budgets – Westwood doesn't inflate revenue projections
    - Meals/Hotels tax revenue to separate fund
      - Not used for operating budget
    - Conservative budgets for motor vehicle excise
    - Conservative estimates of new tax growth
  - Attention to reserve accounts
    - Important to credit rating
    - Vital to maintain services
    - Protect the Town during emergencies
  - Finances are designed to maintain essential services during rainy day disruption.
- June 2020 Annual Town Meeting
  - Discussion of FY21 State Aid as open budget review item
    - If FY21 State Aid was cut, would replace with stabilization funds at Fall Town Meeting
    - State announced in August that FY21 State Aid level funded
      - FY21 Budget is balanced
      - Fall Town Meeting not necessary



# Financial Impact of COVID-19 Pandemic

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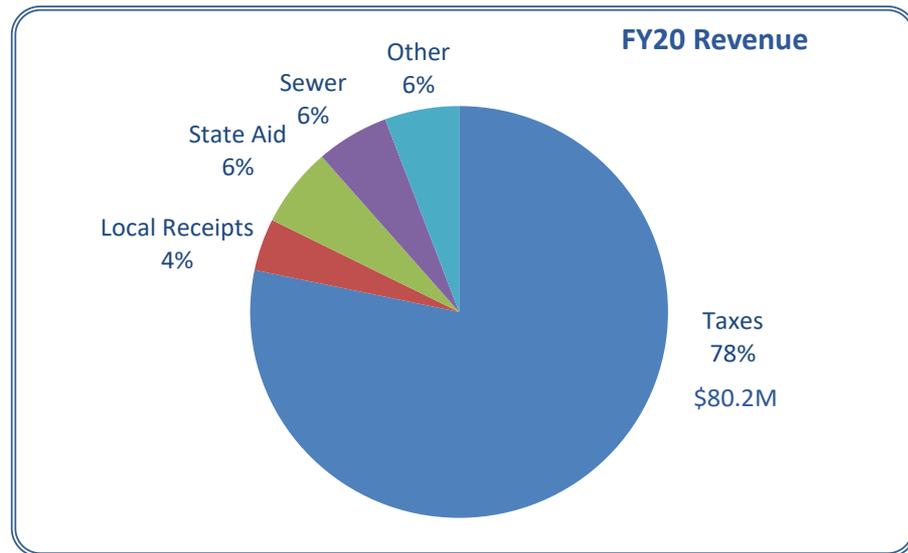
- Significant changes to Town and School Services
  - Uncertainty as situation kept evolving
  - Schools fully remote to end year
  - Town operating on hybrid model remote/in person
- Town and School have adapted to continue services
- Some additional costs incurred by School and Municipal Departments
  - Public Safety staffing
  - Purchase of Personal Protective Equipment (PPE) and safety equipment
  - Technology costs to set up remote operations, Town and Schools
  - Additional facility costs – cleaning and maintenance
  - Health Department impacts
- For period ending FY20
  - Costs approximately \$500K
    - Paid by CARES and FEMA funding
  - Other Budget impacts
    - Costs
    - Savings
- For FY21
  - Continue CARES and FEMA funding – through 12/31/2020
  - School specific state reopening funds \$675K

# Final FY20 Revenue – Taxes

## Final FY20 Budget Revenue - \$102.5M

- As taxes are approximately 80% of revenue, most important component to our financial stability.

- Taxes - \$79M collected.
  - Select Board allowed delayed payment per State COVID program.
    - Due date moved from May 1 to June 30, with no penalty or interest
  - Tax collections remain strong, consistent year to year results.

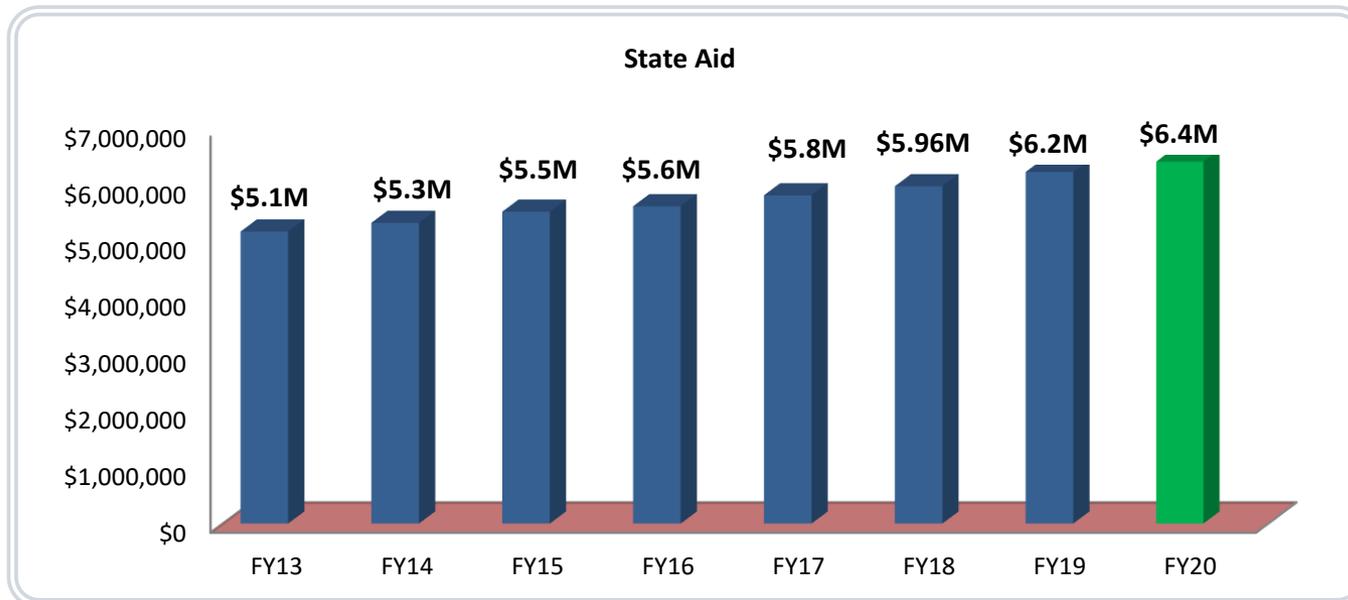


- As of June 30, 2020:
  - Tax deferral \$524K, cumulative all years
    - Prior years: FY19 \$455K, FY18 \$475K, FY17 \$495K
  - Tax title \$470K, cumulative all years
    - Prior years: FY19 \$606K, FY18 \$505K, FY17 \$654K

# Final FY20 Revenue –State Aid

## FY20 State Aid - \$6.4M

- Approximately 6% of Total Revenue budget.
- Full payments received
- State aid steady– no mid year cuts or disruptions for several years.



## FY21 State Aid

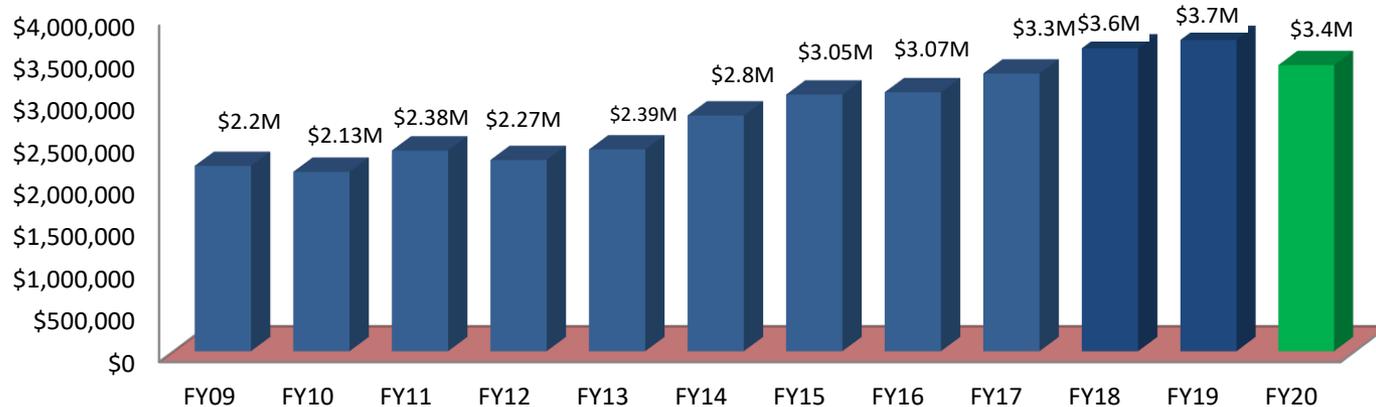
- While the State has not yet done the State FY21 budget:
  - Committed to minimum level of funding of State Aid
  - This commitment balanced our FY21 budget, no need for a Fall Special Town Meeting

# Final FY20 Revenue – Local Receipts

## Local Receipts

- Total collections of \$5.6M, (prior year \$5.9M)
  - Exceeded budget by \$1.4M, (prior year \$1.9M)
- Motor Vehicle Excise is largest category:
  - Select Board allowed delayed payment per State COVID program
    - Due date moved to June 30, with no penalty or interest
  - Motor vehicle - \$3.4M collections – slight decrease from \$3.7M in prior year.
  - Conservative budgeting provides cushion for economic downturn

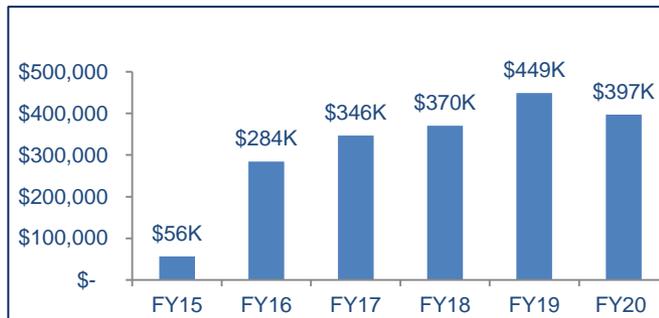
Motor Vehicle Revenue



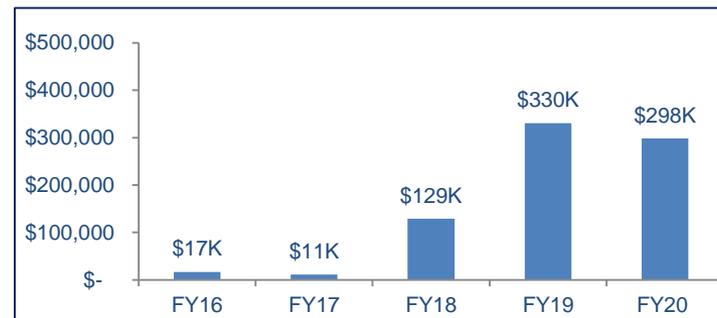
# Meals and Hotels Tax Revenue

- At the November 2017 Town Meeting, the residents approved establishing a special purpose fund to hold all Hotel and Meals Tax revenue until appropriated by future Town Meetings. All use of funding requires a 2/3 vote by Town Meeting.
- Funds have been used for capital projects, not operating budgets.
- No funds used at the June 2020 Town Meeting

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



\* New Hotel came online October of 2018

Most Recent Quarterly Receipts

	Meals	Hotels
9/30/19	\$114,522	\$94,311
12/31/19	\$114,171	\$105,110
3/31/20	\$109,308	\$67,096
6/30/20	\$58,904	\$31,806

Most Recent →

- Potential volatility is exactly why this revenue is not used for operating budgets.
- The balance in the account as of June 30, 2020 is \$1.8M.

# FY20 Final General Fund Operating Budget - \$90.1M

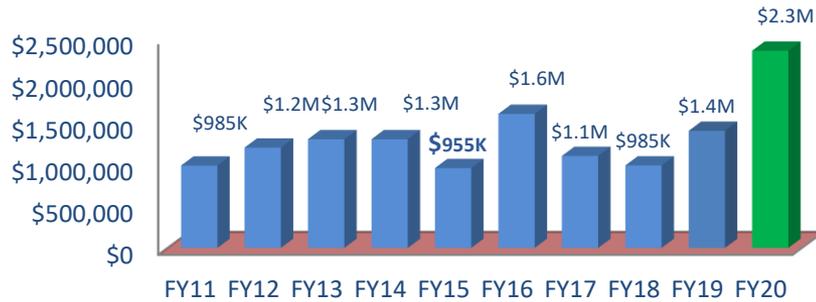
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- FY20 difficult year with COVID impact
  - Additional expenses for Town and School
  - Ever changing scenarios
  - Unknown impacts
- In the end, FY20 close out on track and financially smooth
  - CARES and FEMA funding covered unusual COVID costs
  - Some savings due to COVID impact (school buildings closed, various municipal trainings cancelled) offset other costs
  - Mild Snow & Ice year
    - Did not use any of \$400K FinCom reserve to supplement
    - Close out of \$102K

# Final FY20 Expenditures

With COVID impact, difficult year end, but on track

Operating Budget Expenditures Turn Back

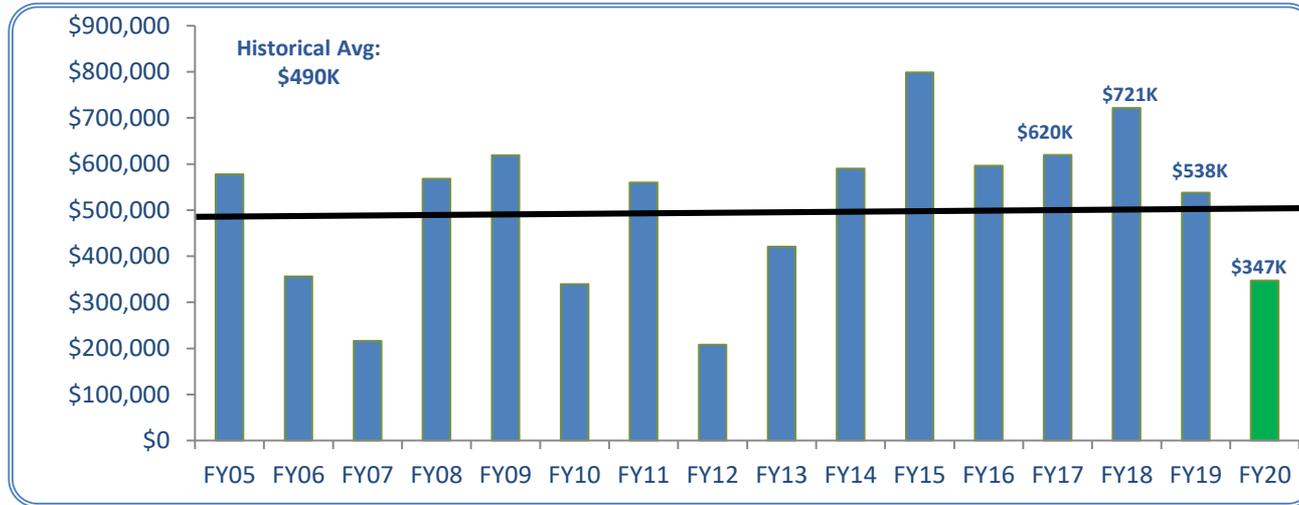


Turn Back	FY20	FY19
Municipal	\$696K	\$229K
School	\$14K	\$3K
Debt	\$123K	\$0
Benefits	\$981K	\$850K
Reserves	\$432K	\$333K
Snow & Ice	<u>\$102K</u>	<u>\$12K</u>
	\$2.3M	\$1.4M

## FY20 Final General Fund Operating Budget - \$90.1M

- Overall expenditures turn back - \$2.3M, approximately 2.6% of budget
  - Comparison turn back
    - FY19 \$1.4M or 1.6%
    - FY18 \$985K or 1.2%
  - Turn back detail
    - Benefits/Fixed Costs \$981K, 6%, similar to prior years
    - Debt \$123K, only short term debt issued in FY20
    - Snow & Ice turn back of \$102K, higher than normal due to mild winter
    - Reserves turn back higher because no Snow & Ice supplement needed
    - Municipal - \$400K, new public safety positions (5), budgeted for full year, and public safety budgets adjusted

# FY20 Snow and Ice Update



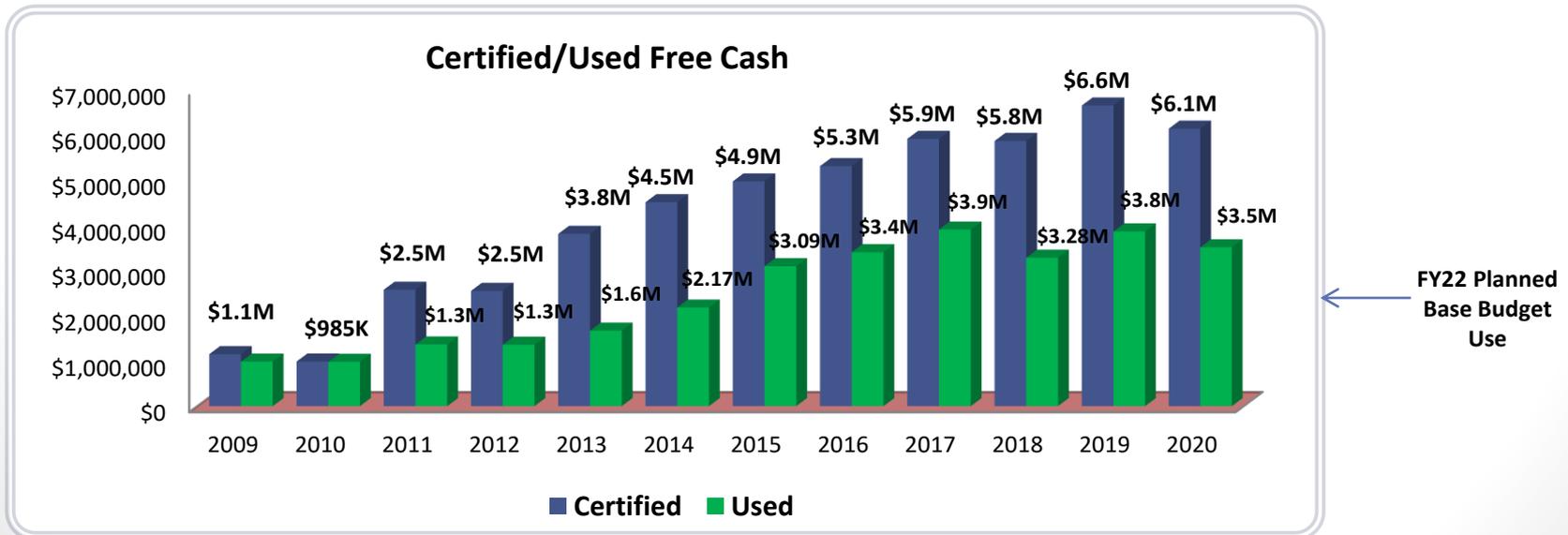
- In FY19 increased budget to \$450K
- Total FY20 expenditures approximately \$347K.
  - No Supplement to budget needed
  - Did not utilize the reserve account for Snow & Ice

## Funding FY20

\$450,000	Annual Budget
<u>\$347,362</u>	Total Spent
\$102,638	Balance

# Free Cash Certification

- DOR Certified Free Cash as of July 1, 2020 is \$6,124,816, in line with prior years.
- Disciplined use of free cash balance.
  - Not applied to operating budgets. Not using full allowance.
  - In line with Financial Policy, apply higher amounts to capital needs, not operating budget.
  - Good FY20 budget to actual results, strong management of COVID impact
- FY21 current budget was funded by \$3,858,900 of free cash :
  - \$3,383,900 for school and municipal capital
  - \$125,000 for Stabilization
  - \$350,000 for Schools Special Education Reserve Account



- Financial policy target approximately \$3.3M unallocated

