



# Financial Update

## Select Board Meeting 8.30.21

Pam Dukeman  
Assistant Town Administrator/Finance Director



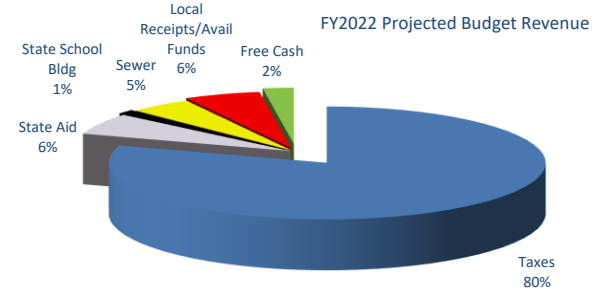
## Overall Summary

- COVID Financial Update
  - While significant COVID costs were incurred by School and municipal departments, outside funding covered our costs.
  
- FY21 Year End Review
  - Revenue - FY21 revenue closed out smoothly.
    - Real estate tax and motor vehicle revenue collections were right on target and collections remained strong.
    - Despite the State's COVID challenges, full state aid was received with no disruptions.
    - While Hotels and Meals tax revenue were down due to COVID impact, this revenue flows to a specific fund, and is not general fund revenue.
  
  - Expenditures - FY21 expenditures closed out smoothly.
    - Significant additional COVID costs were covered by State and Federal funding.
    - Departments remained within budget funds.
    - There were reduced expenditures for training/travel activity due to COVID.

In summary, despite the challenges and difficulties of COVID, FY21 closed out in a smooth fashion with revenue and expenditure results on track with prior years.

# Structurally Sound Budgets – Helped with COVID Impact

- The budgets as recommended by the Select Board and FinCom and approved by Town Meeting are well balanced.
- Town Meeting approves structurally sound budgets and prepares for a “Rainy Day”.
  - Structurally sound budgets, no one time subsidies.
  - Conservative revenue budgets – no inflation of revenue projections.
  - Meals/Hotels tax revenue to separate fund.
  - Purposefully building reserve accounts to target levels.
  - Finances are designed to maintain essential services during rainy day disruption.
- FY21 and FY22 budgets have weathered COVID financial impact:
  - No cuts to State Aid
  - Have not had to use reserve accounts
  - Outside funding has covered specific COVID impact costs



# Financial Impact of COVID - Outside funding covered Town and School costs

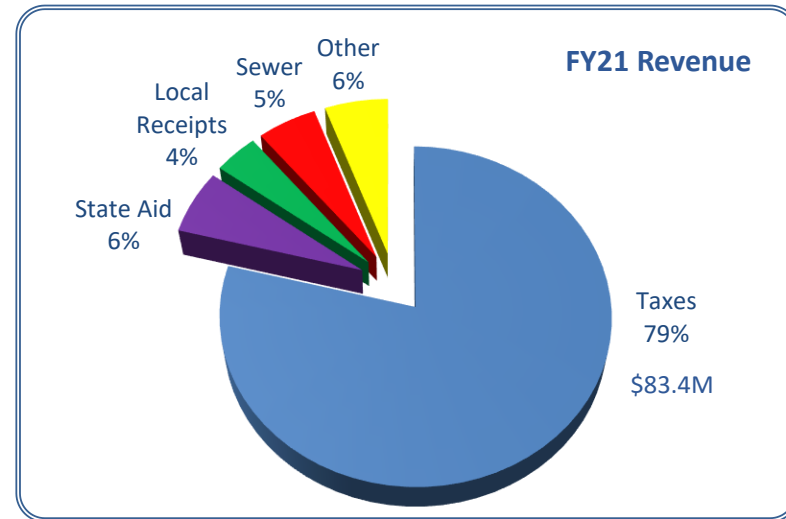
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- Significant changes to Town and School Services
- Town and School have adapted to continue services for residents
- Some additional costs incurred by School and Municipal Departments
  - Public Safety staffing
  - Purchase of Personal Protective Equipment (PPE) and safety equipment
  - Technology costs to set up remote operations, Town and Schools
  - Additional facility costs – cleaning, maintenance, and signage
  - Health Department impacts
  - Changes to election process
  - Vaccine and testing programs
- Available Outside Funds
  - State COVID Aid, Relief and Economic Security Act (CARES)
    - \$1.29M utilized
      - \$960K Schools, \$330K Municipal
  - School specific reopening assistance funds \$675K
  - Elementary and Secondary School Emergency Relief Fund (ESSER)
    - For schools: \$20K, \$85K, \$85K
  - Small grants specific for:
    - Board of Health \$15K, Elections \$10K
  - Federal Emergency Assistance (FEMA)
    - Some costs eligible for FEMA
    - Rules changed in 2021
      - Timing and Percent of reimbursement
      - Current request submitted approx. \$627K

# FY21 Revenue – Consistent Collections

## Final FY21 Budget Revenue - \$105.7M

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



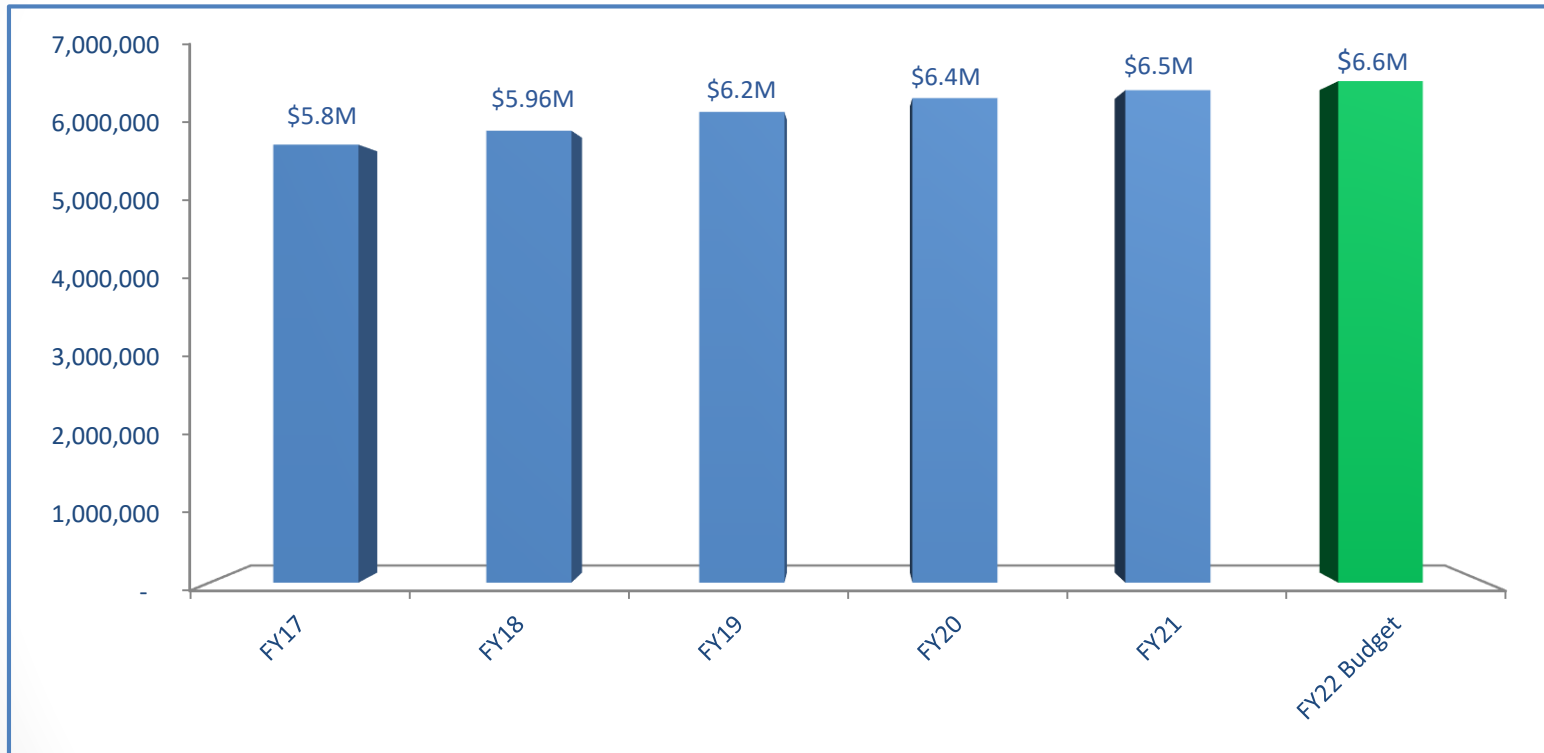
- Taxes - \$82.6M collected, 99%.
  - Tax collections remain strong, consistent year to year results.
  - Reliable source of revenue

- As of June 30, 2021:
  - Tax title \$727K, cumulative all years
    - Prior years: FY20 \$470K, FY19 \$606K, FY18 \$505K
    - FY21 balance a bit higher as COVID slowed legal proceedings
    - Large payment (\$100K) received 7/21
  - Tax deferral \$573K, cumulative all years
    - Prior years: FY20 \$524K, FY19 \$455K, FY18 \$475K
    - Excellent program for our senior residents to delay tax payments until home is sold.

# FY21 State Aid Revenue – No disruptions

## FY21 State Aid - \$6.5M

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



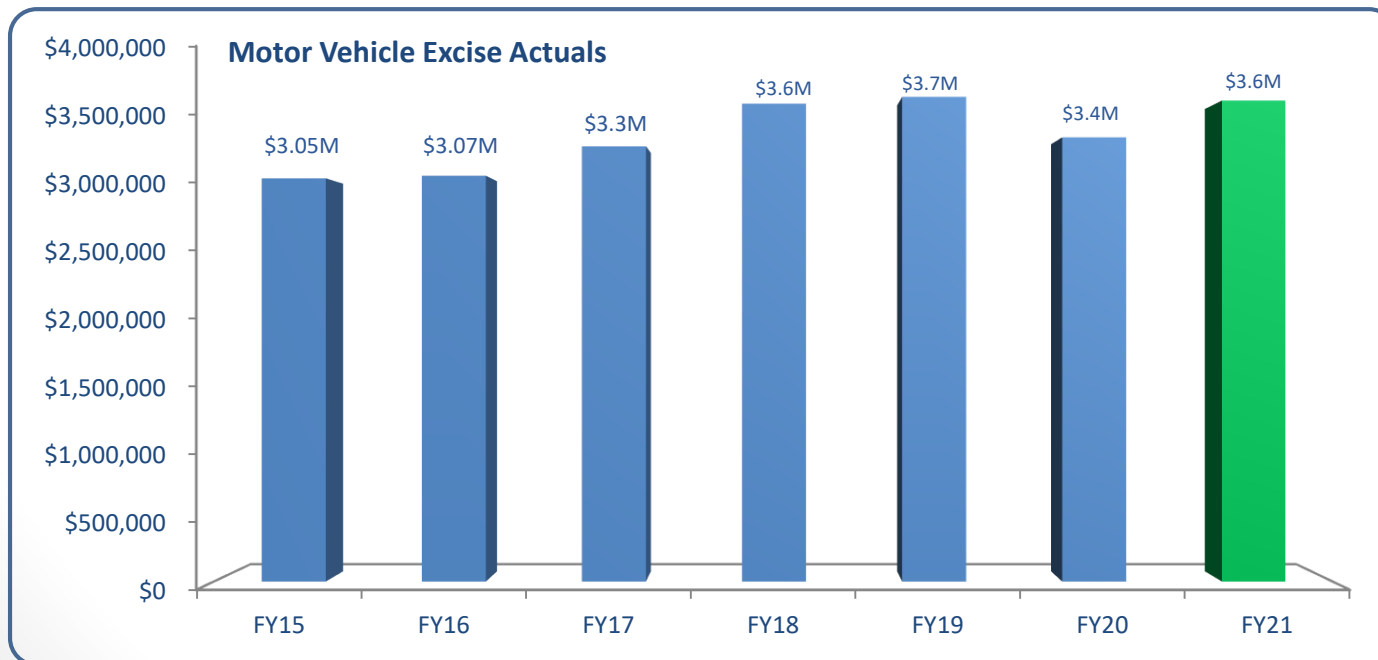
## FY22 State Aid

- FY22 State Aid is set at \$6,622,672
  - A slight increase over FY21 State Aid

# FY21 Local Receipts Revenue – Consistent Results

## Local Receipts

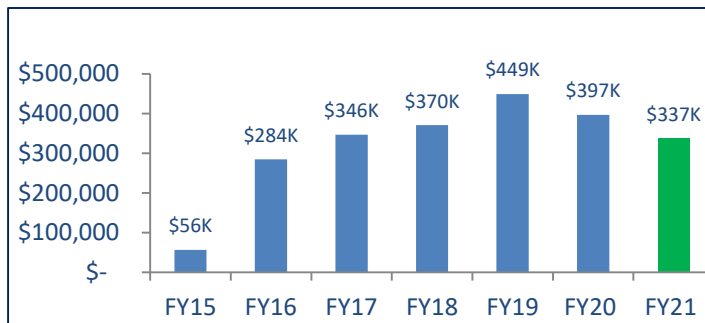
- Total collections of \$5.6M, (prior year \$5.6M)
  - Exceeded budget by \$1.4M, (prior year \$1.4M)
  - Consistent collections
- Motor Vehicle Excise is largest category:
  - Motor vehicle - \$3.6M collections – slight increase from \$3.4M in prior year.
  - Conservative budgeting provides cushion for economic downturn



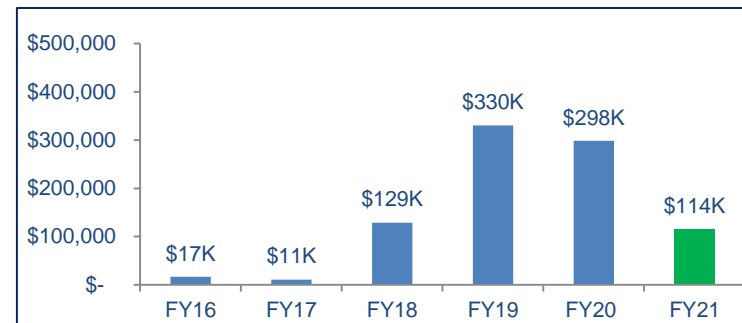
# FY21 Meals and Hotels Tax Revenue – Fluctuations Due to COVID Impact

- 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.
- Not General Fund revenue
- Funds have been used for capital projects, not operating budgets.
- May 2021 Town Meeting appropriated \$1,060,000 in funds for Town Wide pool and field projects

Annual Meals Tax Revenue

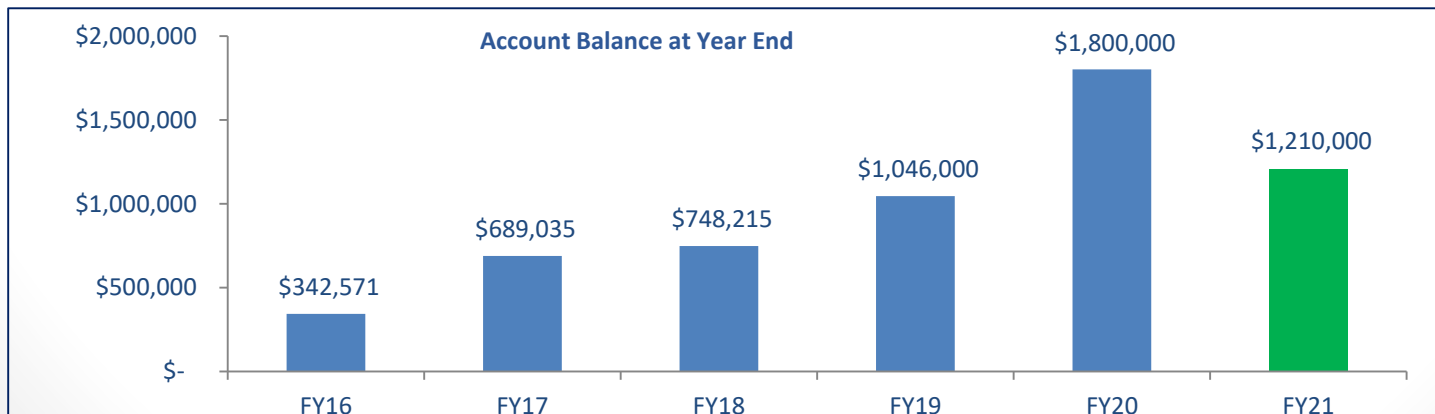


Annual Hotels Tax Revenue



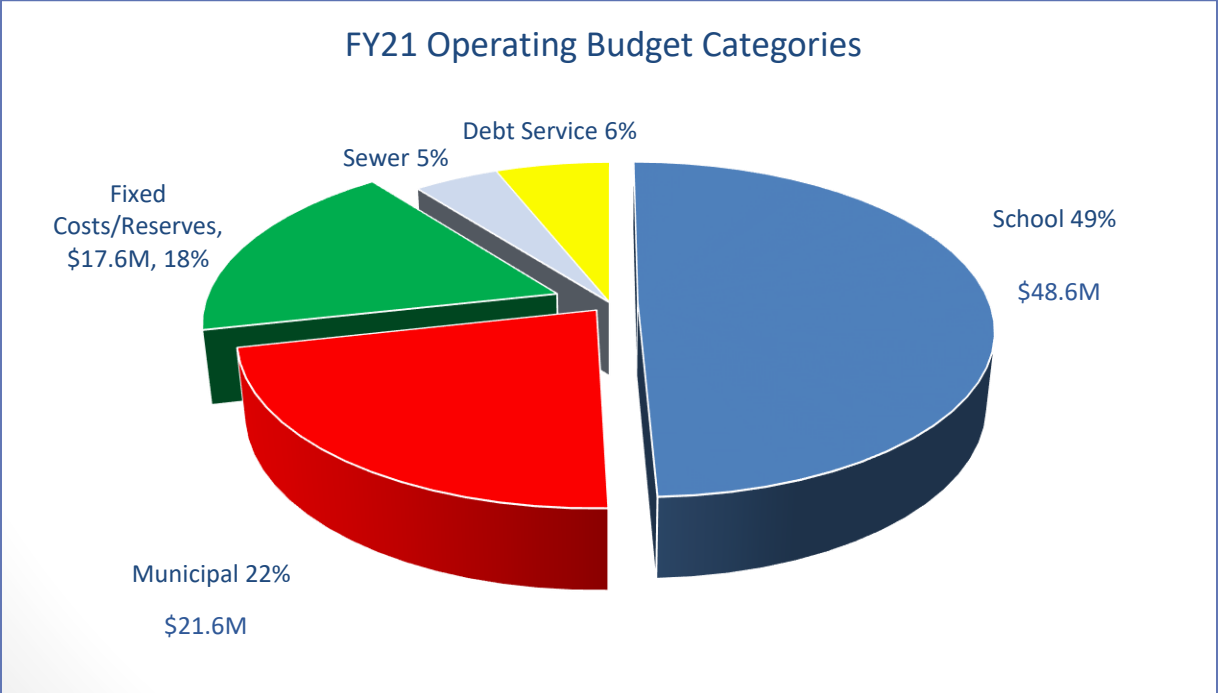
- State changed timing for businesses in FY21, so many not be final comparisons.
- Potential volatility is exactly why this revenue is not used for operating budgets.

Account Balance at Year End



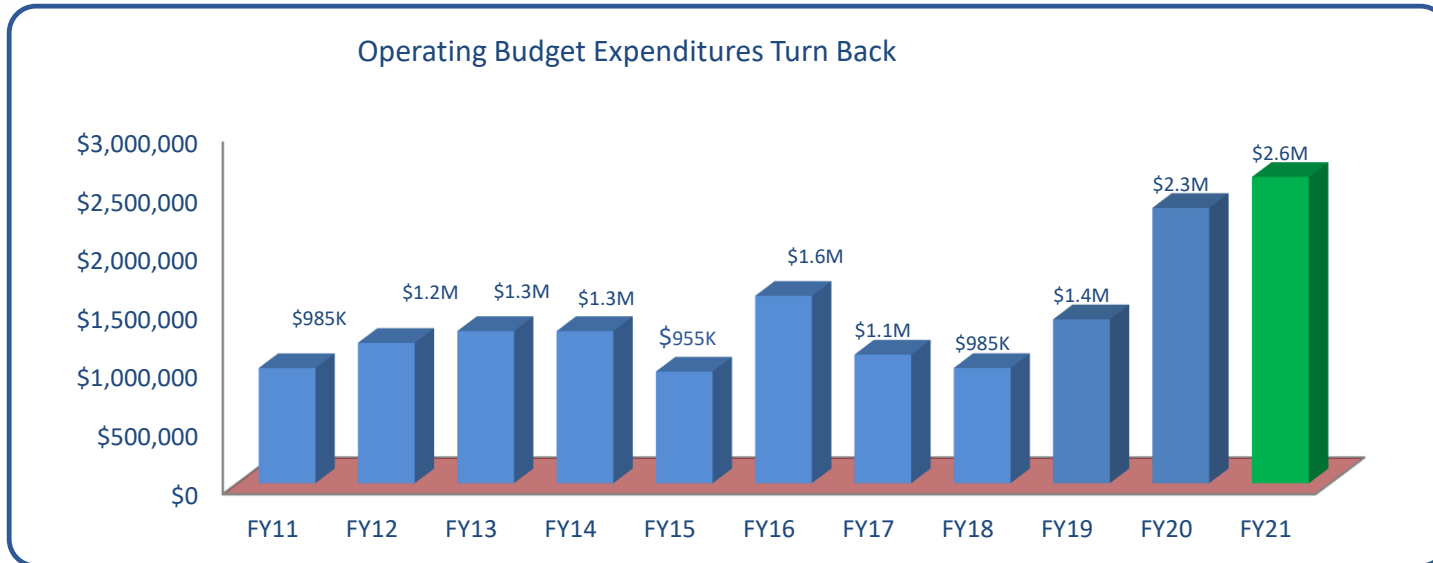
# FY21 General Fund Operating Budget - \$98.2M

- FY21 difficult year with COVID impact
  - Additional expenses for Town and School
  - Ever changing scenarios
  - Unknown impacts
- In the end, FY21 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



# Final FY21 Expenditures – Positive Results

Not all budget is used each year



## FY21 Final General Fund Operating Budget - \$98.2M

- Overall expenditures turn back - \$2.6M, approximately 2.8% of budget
  - Comparison turn back
    - FY20 \$2.3M or 2.6%
    - FY19 \$1.4M or 1.6%

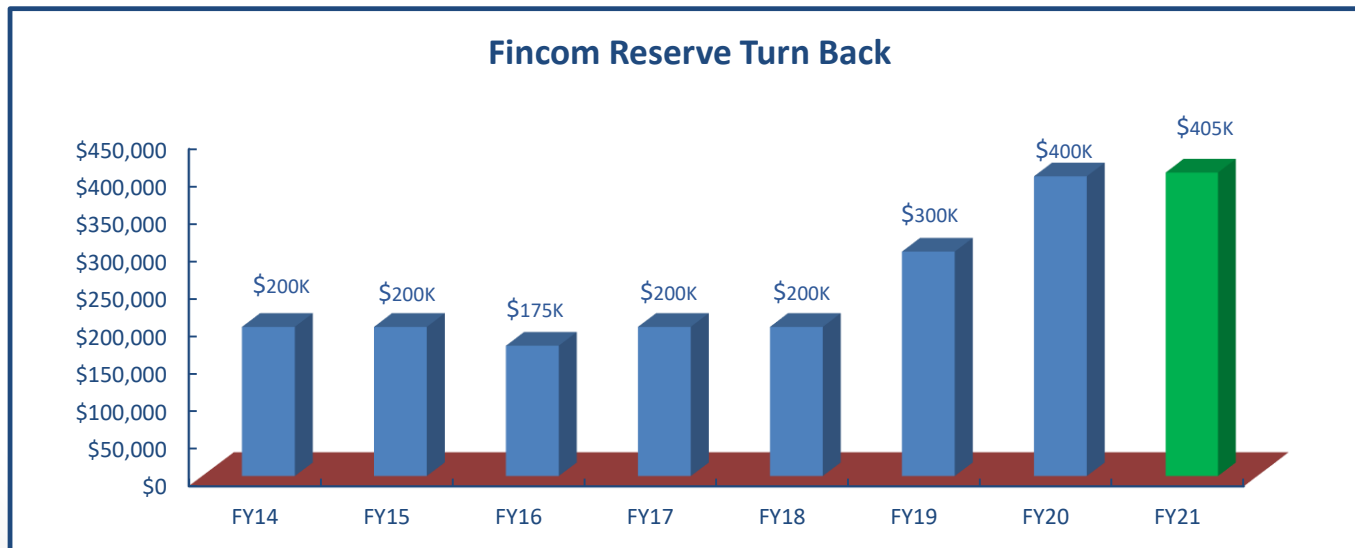
# Final FY21 Expenditures – Turn Back Details

## Operating Budget Turnback – Approx \$2.6M or 2.8% of budget

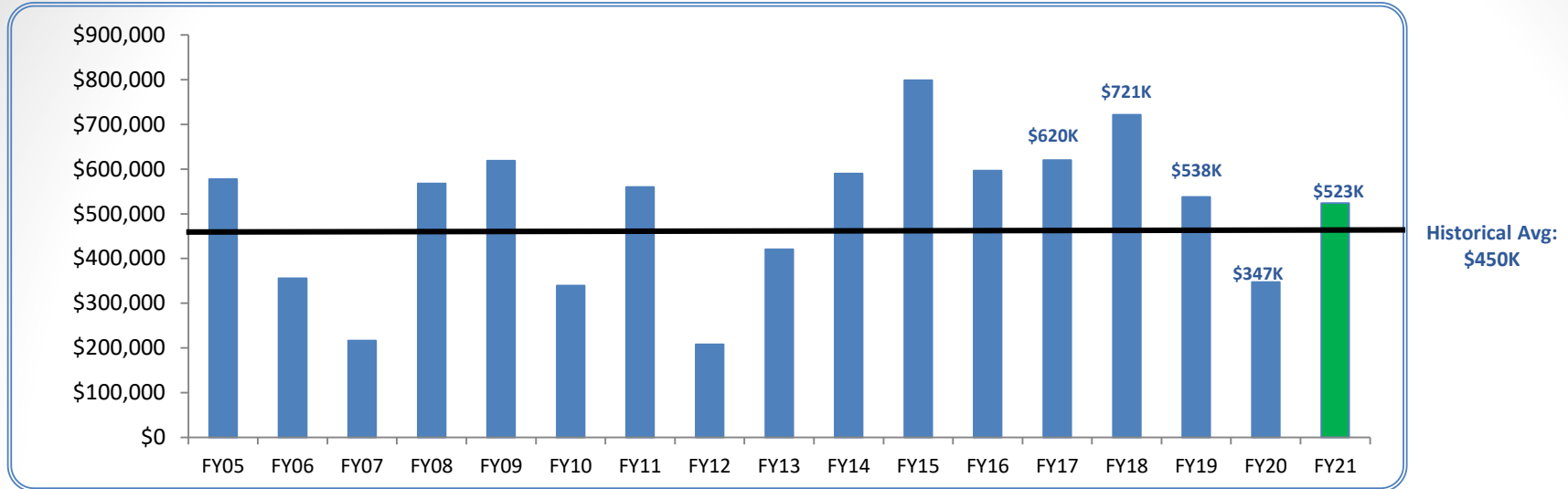
- Turn back detail
  - Benefits/Fixed Costs \$1.4M, 8.4%, a bit higher than previous years, but appropriate margin for such a large and fluctuating budget.
  - Municipal - \$519K, (2.4%) within standard range mostly due to reduced travel and training due to COVID, as well as reduced salary expense due to staffing transitions.

Turn Back	FY21	FY20
Municipal	\$519K	\$696K
School	\$30K	\$14K
Debt	\$1K	\$123K
Benefits	\$1.4M	\$981K
Reserves	\$570K	\$432K
Snow & Ice	\$76K	\$102K
<b>Total</b>	<b>\$2.6M</b>	<b>\$2.3M</b>

- Fincom Reserves budget \$405K fully turned back because no funds needed from this account



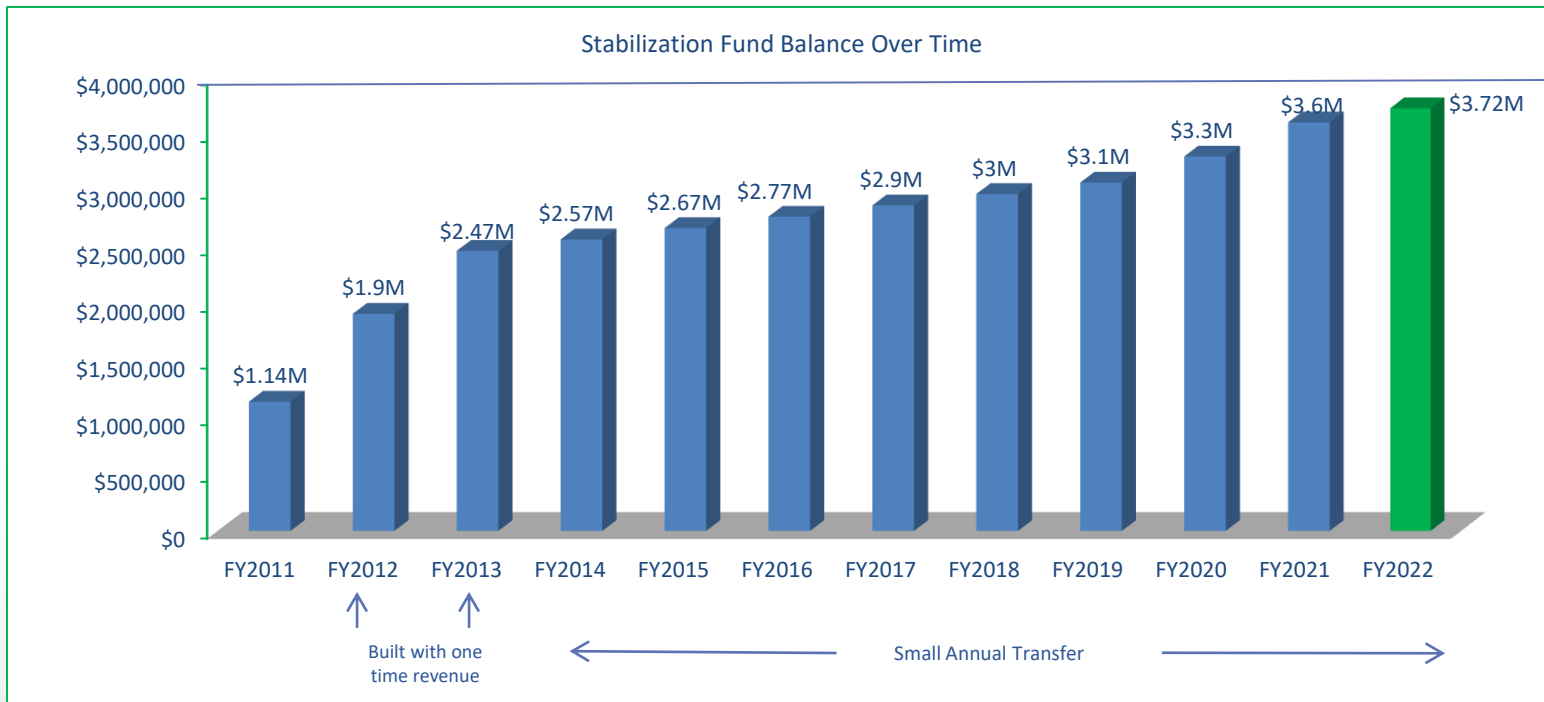
# FY21 Snow and Ice Update



- In FY19 increased budget to \$450K (traditional \$250K)
  - This increased budget has been very helpful in covering costs and easing strain on reserves.
- Total FY21 expenditures approximately \$523K.
  - Supplement of \$150K was added to original budget of \$450K, however not entire supplement was needed by year end.
  - Turnback of \$76K

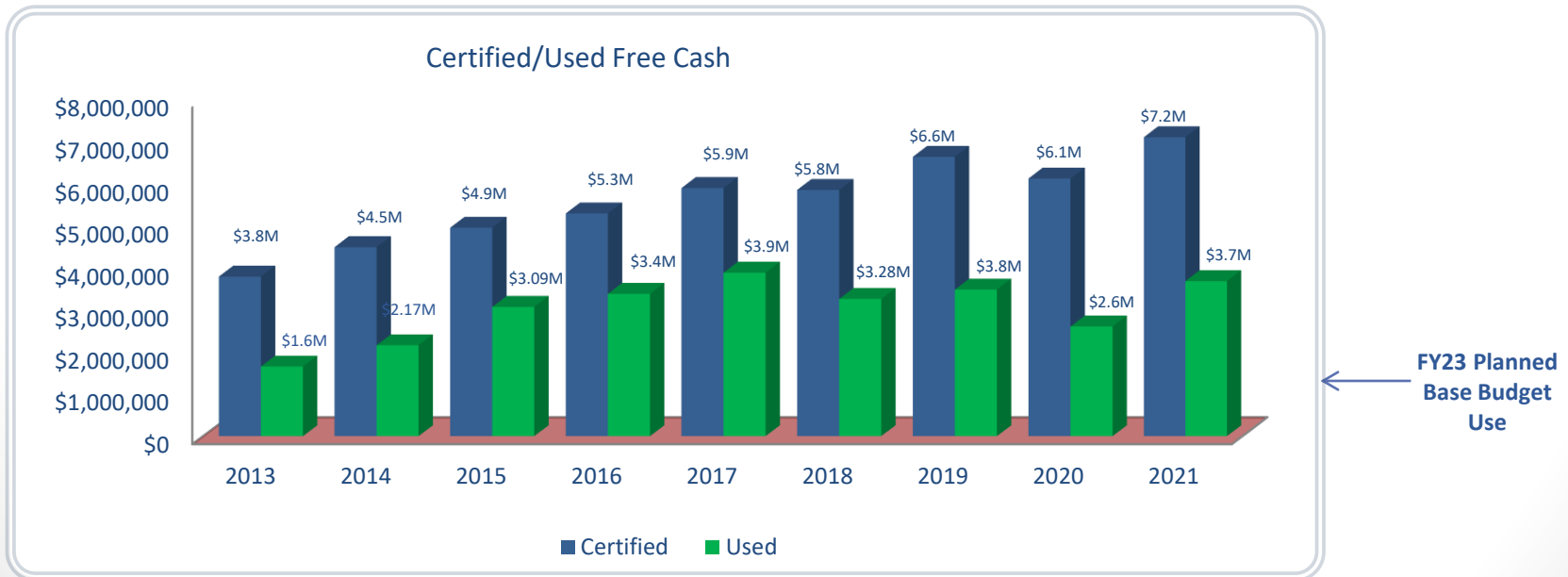
# FY21 Stabilization Fund - Meeting Target

- The Stabilization Fund is the Town's main reserve account.
- Protects the Town against emergencies.
- Very important for credit rating (AAA).
- Did not need to use during COVID:
  - Outside COVID funding
  - No cuts to State Aid



# Free Cash Certification

- DOR Certified Free Cash as of July 1, 2021 is \$7,264,563, 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 FY21 budget to actual results, strong management of COVID impact
- FY22 current budget was funded by \$2,627,650 of free cash :
  - \$2,321,650 for school and municipal capital (this is \$1M less than FY21)
  - \$125,000 for Stabilization
  - \$181,000 for Town Meeting Article - Snow & Ice (\$150K) and Street Acceptance (\$31K)



- Financial policy target approximately \$3.5M unallocated

