

Financial Update



Select Board

April 13, 2020

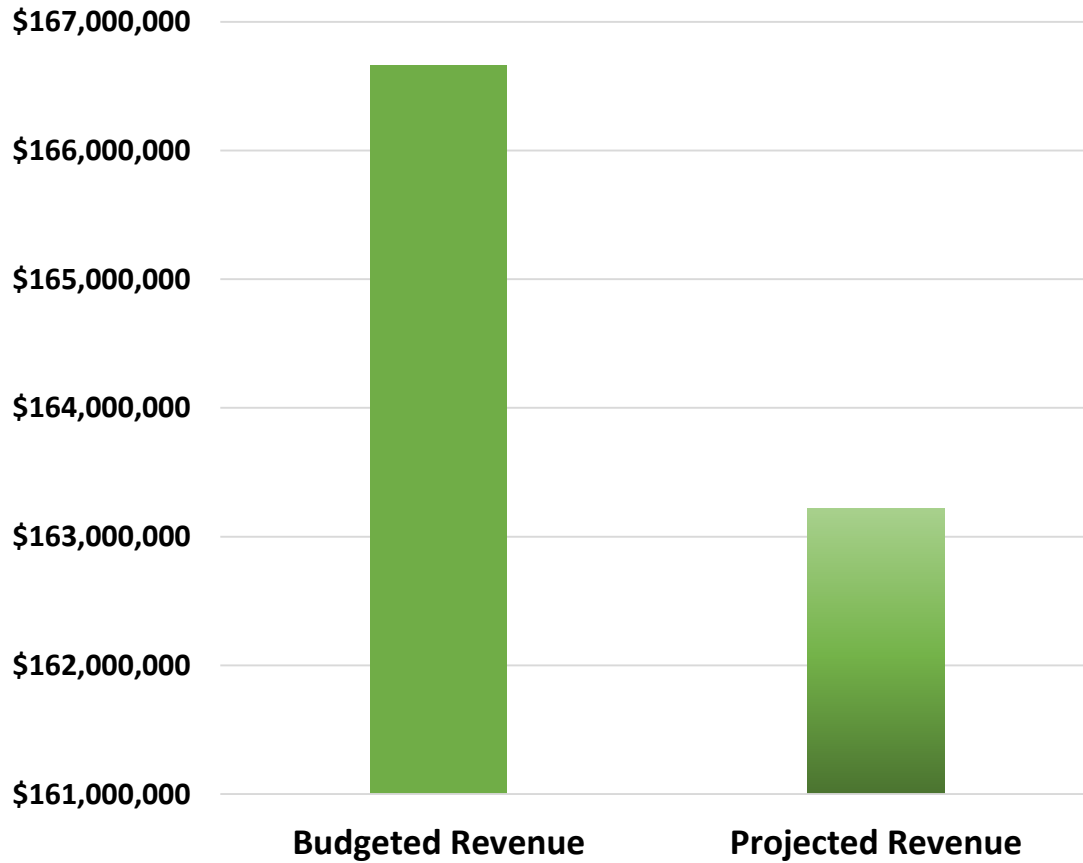
Presentation Goals

- **Provide an update on FY20's year-end projection**
- **Preview the FY21 financial picture so we can begin to plan**
- **Define next steps and issues on the horizon**

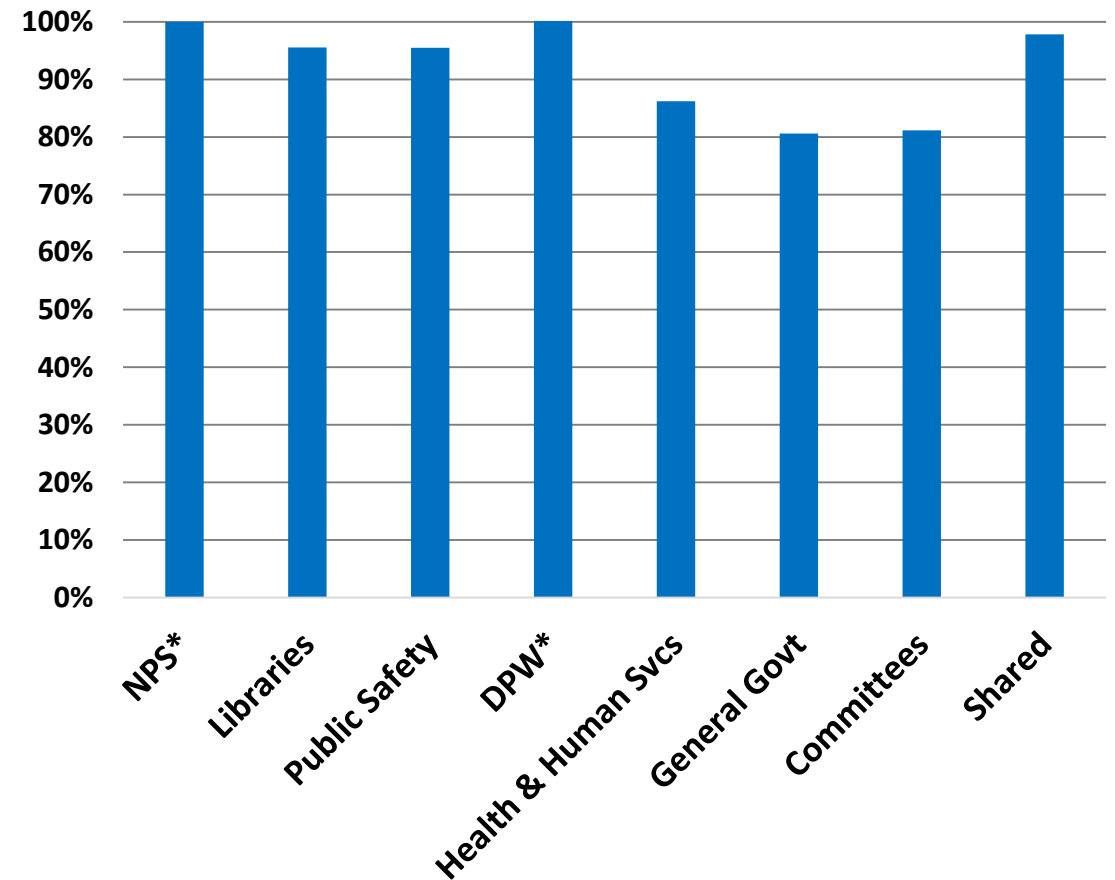
FY20 Year-End Projection Overview

Year-End projected Surplus/(Deficit) **\$158,278**

FY20 Revenue: Budgeted & Projected



FY20 Projected Spend of Budget



FY20 Year-End Expense Projections

Appropriation	Account	FY20 Budget	FY20 Est. Salaries	FY20 Exp (4-6-20)	Projected Exp	Total	Available	% Used
Education & Learning	NPS	67,810,346	-	-		67,810,346	-	100%
Education & Learning	Keefe Tech	1,554,748	-	-		1,554,748	-	100%
Education & Learning	Morse Library	2,357,551	1,932,557	319,865	38,274	2,290,696	66,855	97%
Education & Learning	Bacon Library	190,792	112,277	24,686	7,683	144,646	46,146	76%
Public Safety	Emergency Mgmt	39,100	562	21,935	7,571	30,068	9,032	77%
Public Safety	Parking Enf	218,977	81,184	98,053	2,338	181,575	37,402	83%
Public Safety	Police	7,634,780	6,898,706	191,969	93,114	7,183,788	450,992	94%
Public Safety	Fire	8,909,446	8,458,321	134,201	54,756	8,647,278	262,168	97%
DPW	Combined	8,913,228	3,844,989	3,470,900	1,906,862	9,222,750	(309,522)	103%
Community & Health Svcs	Community Services	2,039,366	1,318,182	255,540	132,754	1,706,476	332,890	84%
Community & Health Svcs	Board of Health	674,254	588,669	35,870	8,793	633,332	40,922	94%
Admin. Support Svcs	BOS/TA	2,761,776	991,312	218,662	849,425	2,059,399	702,377	75%
Admin. Support Svcs	Personnel Board	1,000	-	-		-	1,000	0%
Admin. Support Svcs	Town Report	4,100	-	3,377	-	3,377	723	82%
Admin. Support Svcs	Legal	512,100	-	186,447	62,149	248,596	263,504	49%
Admin. Support Svcs	Finance	1,592,275	1,086,172	148,358	117,901	1,352,431	239,844	85%
Admin. Support Svcs	IT	1,464,138	362,225	727,511	115,755	1,205,491	258,647	82%
Admin. Support Svcs	Town Clerk	325,335	280,194	13,634	500	294,328	31,007	90%
Admin. Support Svcs	Elections	110,500	25,256	32,077	14,947	72,280	38,220	65%
Admin. Support Svcs	Sealer W&M	31,390	-	-	-	31,390	-	100%
Admin. Support Svcs	Comm Eco Dev	963,456	962,394	24,506	6,056	992,956	(29,500)	103%
Committees	Fin Com	37,800	-	17,177		17,177	20,623	45%
Committees	Disability Com	750	-	55		55	695	7%
Committees	Art Council	700	-	194		194	506	28%
Committees	Historical Com	750	-	-		-	750	0%
Committees	Historical Dist Com	550	-	421		421	129	77%
Committees	Affordable Housing	80,000	-	80,000		80,000	-	100%
Shared	Employee Fringe	16,756,666	-	16,086,366		16,086,366	670,300	96%
Shared	Prop & Liab Ins	847,150	-	847,150		847,150	-	100%
Shared	Pension	10,050,826	-	10,050,826		10,050,826	-	100%
Shared	Non Con Pension	19,726	-	-		19,481	245	99%
Shared	Debt Service	16,626,732	-	-		16,626,732	-	100%
Shared	Reserve Fund	250,000	-	-		-	250,000	-
Shared	Facilities Mgmt	3,490,001	2,664,374	384,490	302,721	3,351,585	138,416	96%
TOTAL		156,270,309	29,607,373	33,374,270		152,745,939	3,524,370	98%

FY20 Local Receipt Projection Detail

Local Receipts				
Receipt	Actual	Budget	WIP	WIP - Budget
	FY 2019	FY 2020	FY 2020	-
Motor Vehicle	\$ 5,692,328	\$ 6,000,000	\$ 5,447,671	\$ (552,329)
Other Excise	\$ 2,519,609	\$ 2,413,100	\$ 2,024,316	\$ (388,784)
Penalties & Interest Taxes/Excise	\$ 300,949	\$ 394,350	\$ 186,903	\$ (207,447)
Payment in Lieu of Taxes	\$ 37,771	\$ 35,950	\$ 28,037	\$ (7,913)
Trash Disposal Charges	\$ 1,130,631	\$ 1,217,500	\$ 1,197,936	\$ (19,564)
Other Charges for Services				\$ -
Police Special Duty Service Charges	\$ 53,456	\$ 58,000	\$ 42,989	\$ (15,011)
Ambulance Fees - Other Charges	\$ 1,433,973	\$ 1,510,000	\$ 1,435,545	\$ (74,455)
Rentals	\$ 57,521	\$ 65,500	\$ 44,308	\$ (21,192)
Recreation	\$ 205,478	\$ 125,000	\$ 125,000	\$ 0
Other Departmental Revenue				\$ -
Other Departmental Revenue	\$ 616,864	\$ 805,945	\$ 443,676	\$ (362,269)
License/Permits	\$ 2,915,637	\$ 2,917,495	\$ 1,650,365	\$ (1,267,130)
Special Assessments	\$ 6,182	\$ 8,600	\$ 1,800	\$ (6,800)
Fines/Forfeits	\$ 114,133	\$ 250,100	\$ 90,426	\$ (159,674)
Investment Income	\$ 1,171,264	\$ 1,450,000	\$ 831,725	\$ (618,275)
Miscellaneous Recurring				\$ -
Tax Per Chap 59 Sec D	\$ 943,219	\$ 650,000	\$ 650,000	\$ -
Miscellaneous Non-Recurring				\$ -
Tax Title	\$ 450,300		\$ -	\$ -
Premiums on Bonds/BANs	\$ -		\$ -	\$ -
Other	\$ 10,428		\$ 282,988	\$ 282,988
Total Estimated Receipts	\$ 17,659,742	\$ 17,901,540	\$ 14,483,684	\$ (3,417,857)

Projection Notes:

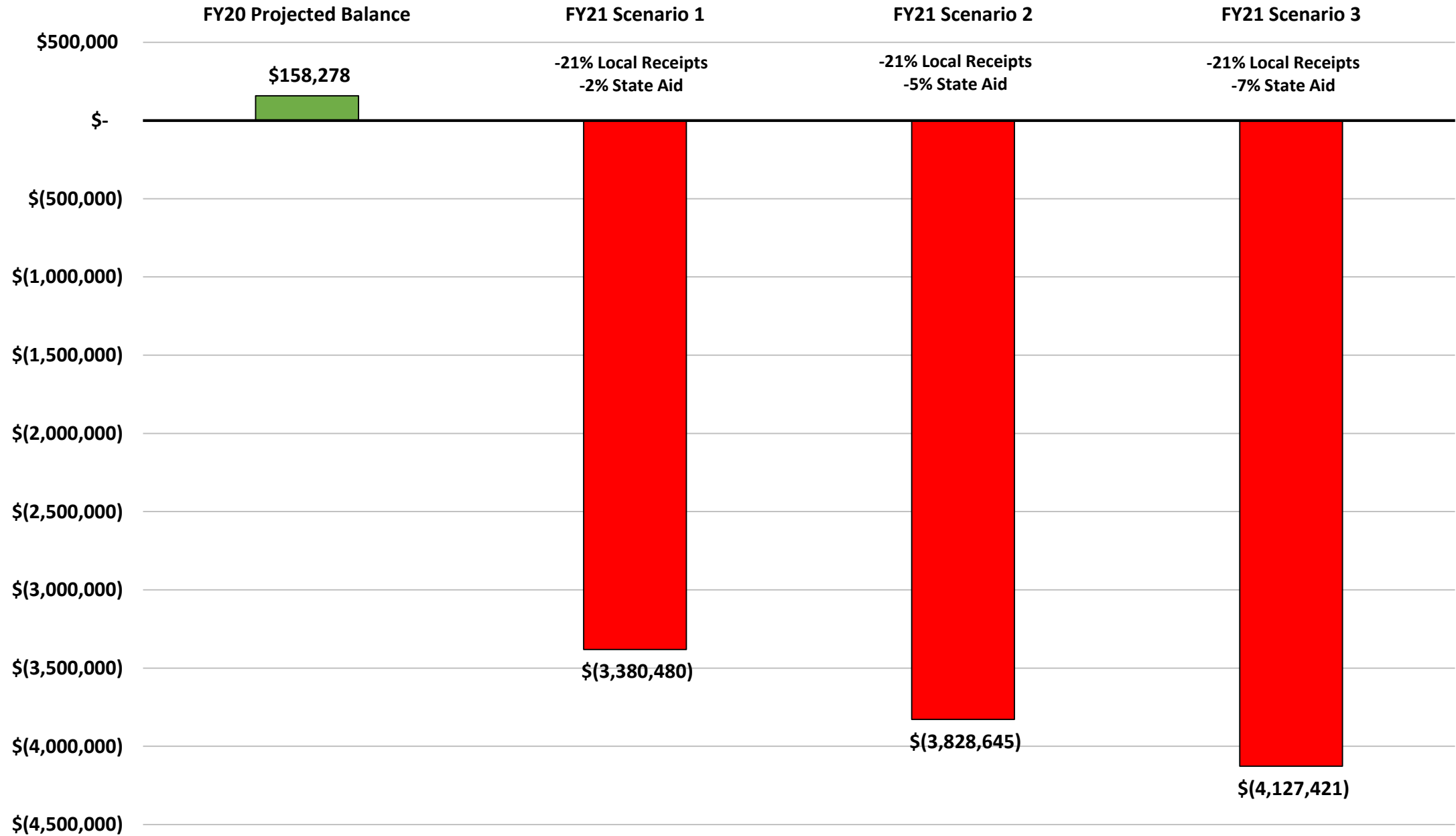
- **MVE** – likely peaked in FY18; projections are modest based on major commitments
- **Other excise** – Realistic projections for Q4 on meals and hotels tax
- **Other dept. rev** – Transactional revenue slow down anticipated
- **License/Permits** – Reflects reduced permitting and inspections
- **Investment income** – Projected decrease accelerated construction schedules on KMS

FY21 Financial Outlook
Focus - Revenues from State Aid,
Local Receipts, & Stabilization

Assumptions

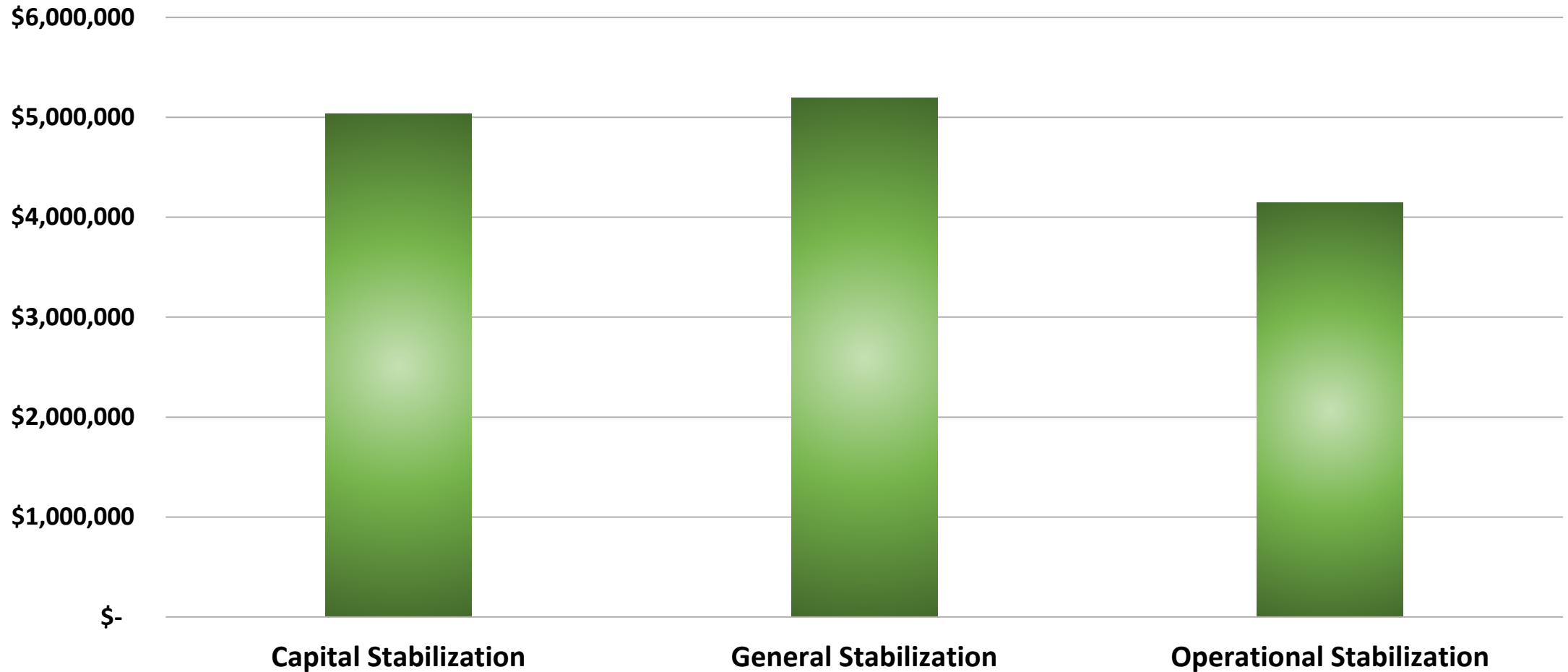
- Commitment to our employees and community services
- Components of budget all variable at this time and fluid as we are still in the middle of a pandemic
- Modeling changes as we receive and review new data points
- Lower amount of Free Cash based upon FY 20 projection
- This presentation addresses local receipts and state aid and projected FY 21 expenses.
- Future presentations will address tax levy, capital investments, and needs for liquidity as we analyze and refine data.

Projected Surplus/Deficit - Current FY21 Proposed Budget



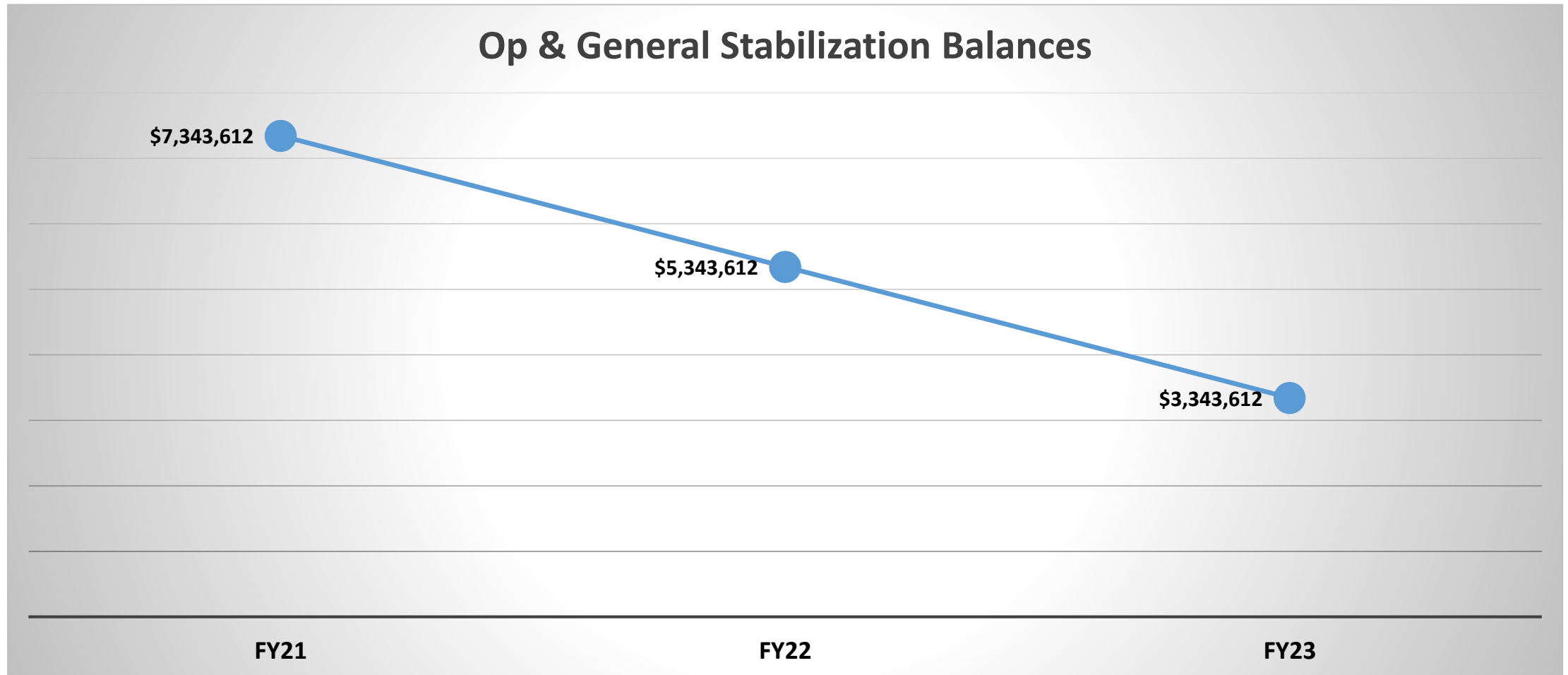
Stabilization Fund Balances

Fund Balances FY20

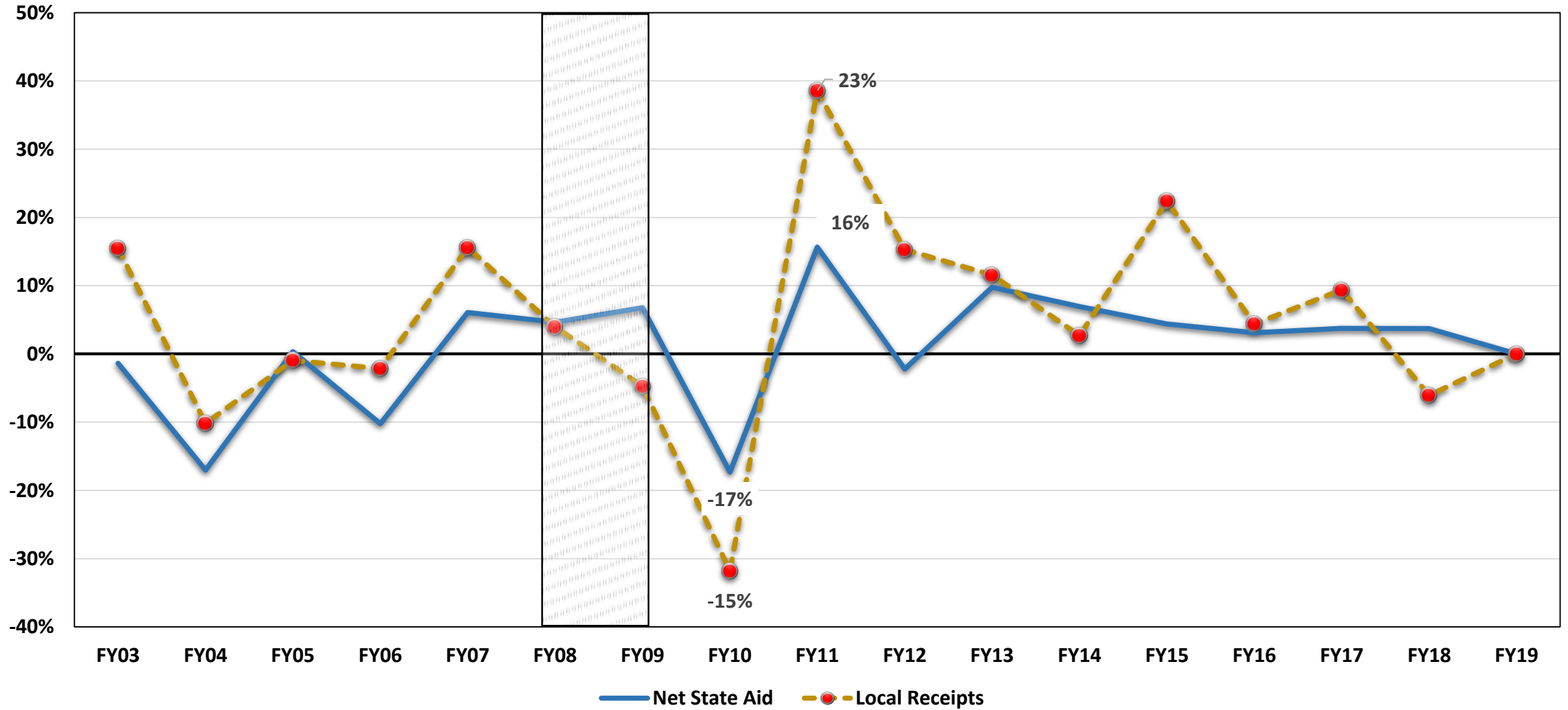


Stabilization Scenario

\$2M per FY for next 3 Fiscal Years



Historical Net State Aid & Local Receipt Trends



FY21 High Level Budget Outlook - Revenues

Revised FY21 Revenue Highlights

	2021	2021	B - S	B - S
General Fund Revenues	Original Budget	Scenario	\$ (+/-)	% (+/-)
Tax Levy	125,588,098	125,588,098	-	0.00%
State Aid	15,214,202	14,191,878	(1,022,324)	-6.72%
Local Receipts	16,908,655	14,102,334	(2,806,321)	-16.60%
Other Local Receipts				
Indirects	2,752,576	2,752,576	-	0.00%
Free Cash	4,500,000	2,000,000	(2,500,000)	-55.56%
Stabilization Fund (s)	1,861,500	3,861,500	2,000,000	107.44%
Overlay Surplus	1,000,000	1,000,000	-	0.00%
Other Available Funds	282,740	282,740	-	0.00%
Total General Fund Revenues	168,107,771	163,479,126	(4,328,645)	-2.57%

- Revenues decreases incorporate historical and current CV-19 impact
- State Aid projected to drop 5% from FY20. The decrease of 6.7% is from FY21 original budget to today.
- Local receipts projected to drop by 21% from FY20. The 16.6% is from FY21 original budget to today
- Local receipt projected decline: Reduction of MVE, Other excise, Ambulance, License/Permits, and Investment Income.
- Free Cash: Currently remains the same amount for operations @ \$2 million but dependent on how FY20 finishes. \$2.5M was placeholders from stabilization accounts and OPEB.
- Stabilization – Includes \$2M of the General Stabilization Fund to support operations.

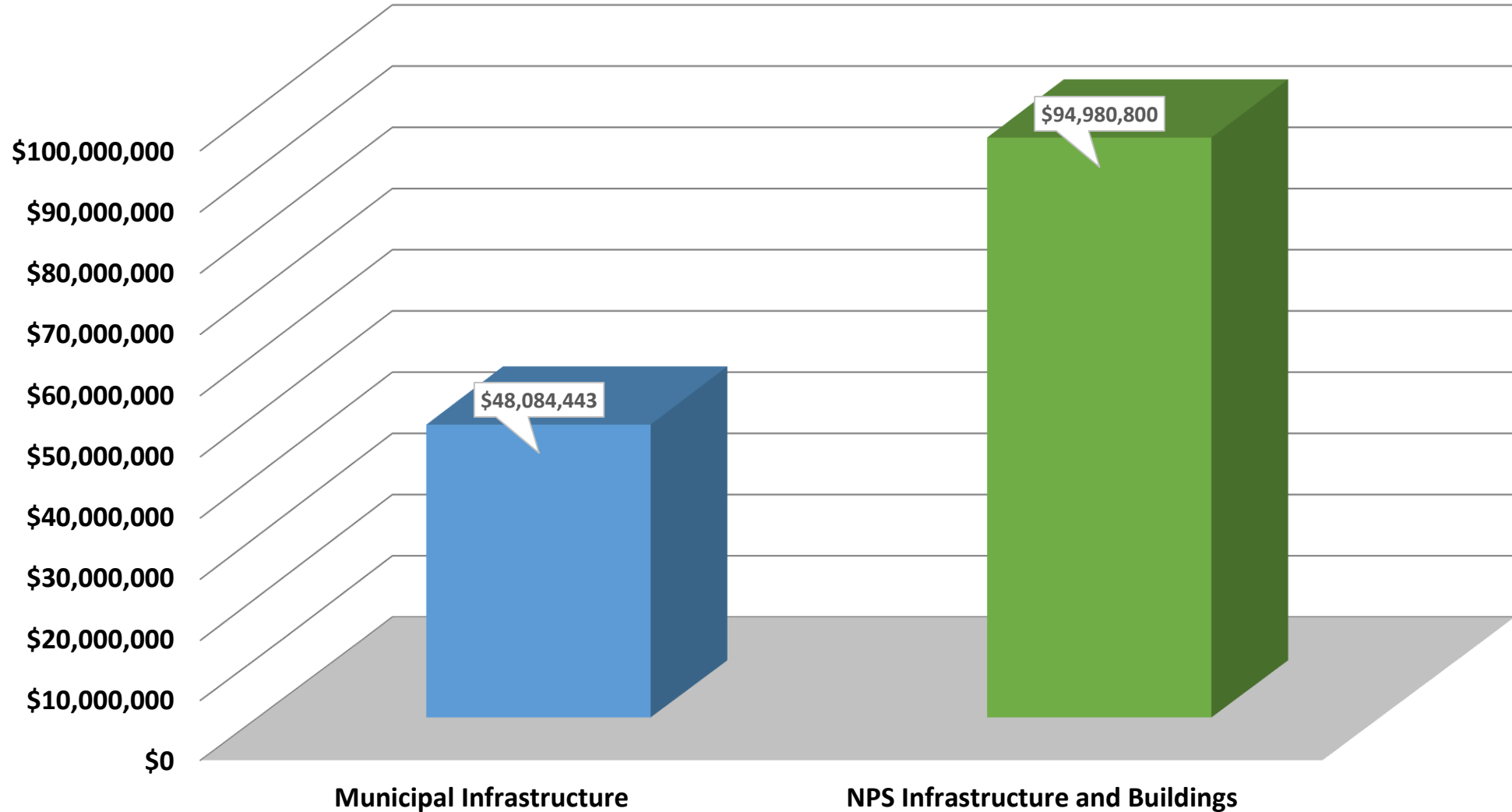
FY21 High Level Budget Outlook - Expenses

General Fund Expenses	2020	2021	2021	
	Budget	Original Budget	Scenario	\$ (+/-)
Education & Learning	67,810,346	71,203,231	69,654,674	1,844,328
Natick Public Schools	1,554,748	1,345,498	1,345,498	(209,250)
Keefe Tech	2,357,551	2,357,612	2,357,612	61
Morse Institute Library	190,792	184,306	182,306	(8,486)
Bacon Free Library	16,802,303	16,741,031	16,604,705	(197,598)
Public Safety	8,913,228	8,864,044	8,978,044	64,816
Public Works	2,713,620	2,686,781	2,662,781	(50,839)
Health & Human Services	7,766,070	7,620,447	7,720,447	(45,623)
Administrative Support Services	120,550	120,550	120,550	-
Committees				-
Shared Expenses				-
Fringe Benefits	16,756,666	17,329,691	17,092,929	336,263
Prop & Liab. Insurance	847,150	863,972	863,972	16,822
Retirement	10,070,552	10,843,395	10,843,395	772,843
Debt Services	16,626,732	15,789,243	15,789,243	(837,489)
Reserve Fund	250,000	250,000	250,000	-
Facilities Management	3,490,001	3,647,390	3,552,390	62,389
General Fund Operating Exp.	156,270,309	159,847,191	158,018,546	1,748,237

Revised FY21 Expense Highlights

- Draft expenses to reach balance point based upon revised revenue outlook.
- NPS would receive largest Town department increase – a 2.7% increase from FY20 TM appropriation.
- Municipal departments' new initiatives on hold. Adds in cost of new recycling contract & funds to support LFNR's additional responsibilities.
- Some funding of additional compensation for union and non-union employees.
- Remaining \$2.5M reduced from stabilization & OPEB funding (an offset with the reduced Free Cash amount).

Outstanding Existing Debt 6-30-19



Next Steps

- Closely monitoring of COVID19 from a public health perspective.
- Assessing COVID19 impact to the community from a commerce and residential viewpoint.
- Analysis of bond and capital markets to determine possibilities and determine liquidity needs.
- Refining revenue estimates as new information becomes available.
- Continue to work with all department leaders on next steps based upon fiscal estimates and outlooks.