

Financial Update



Select Board
March 24, 2020

Thank you!

- **To Town Employees**
- **To the Board of Selectmen**
- **To all Department Heads**
- **To sister Boards, community leaders , other municipalities**
- **To our residents**
- **Together we are pulling together to address these unprecedented challenges**

Town Administration's Perspective on COVID19

- We are all experiencing fear, stress, anxiety, and unprecedented uncertainty.
- Our services will be more important than ever as people confront and adapt to this new world.
- This is a long duration event – we must make decisions now for how the Town will operate in 6, 12, 18 months and beyond.
- We must look forward – if we innovate and look to the future we will be able to successfully navigate this challenge.
- We must learn from our vulnerabilities that have been presented during this crisis and modernized our systems.
- Natick is uniquely positioned to meet the needs of our residents while charting a course for how municipalities can come together to deal with seemingly insurmountable challenges.

One Natick

Our primary Focus

- The health, safety and welfare of our residents and employees.
- Ensuring the future viability of our Town.

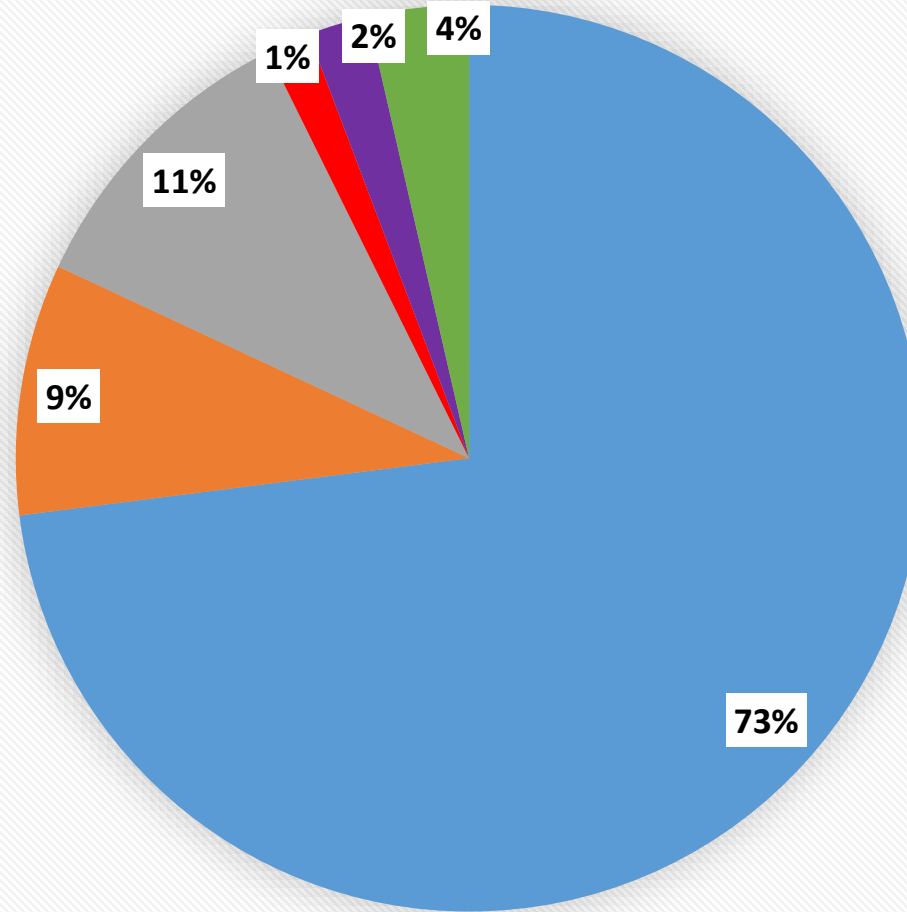
How will we do this

- Work together. Only by everyone contributing to this effort will we be able to navigate these challenging times successfully.

Budget Updates - Process

- With the outbreak of COVID-19, Town Administration began financial modeling to ensure continuity of essential services.
- Financial models are preliminary, and will evolve as new information is available.
- The following slides contain initial forecasts of FY20 year-end estimates of revenue and expenses.
- I will provide a revised FY21 budget by mid-April to the Board of Selectmen

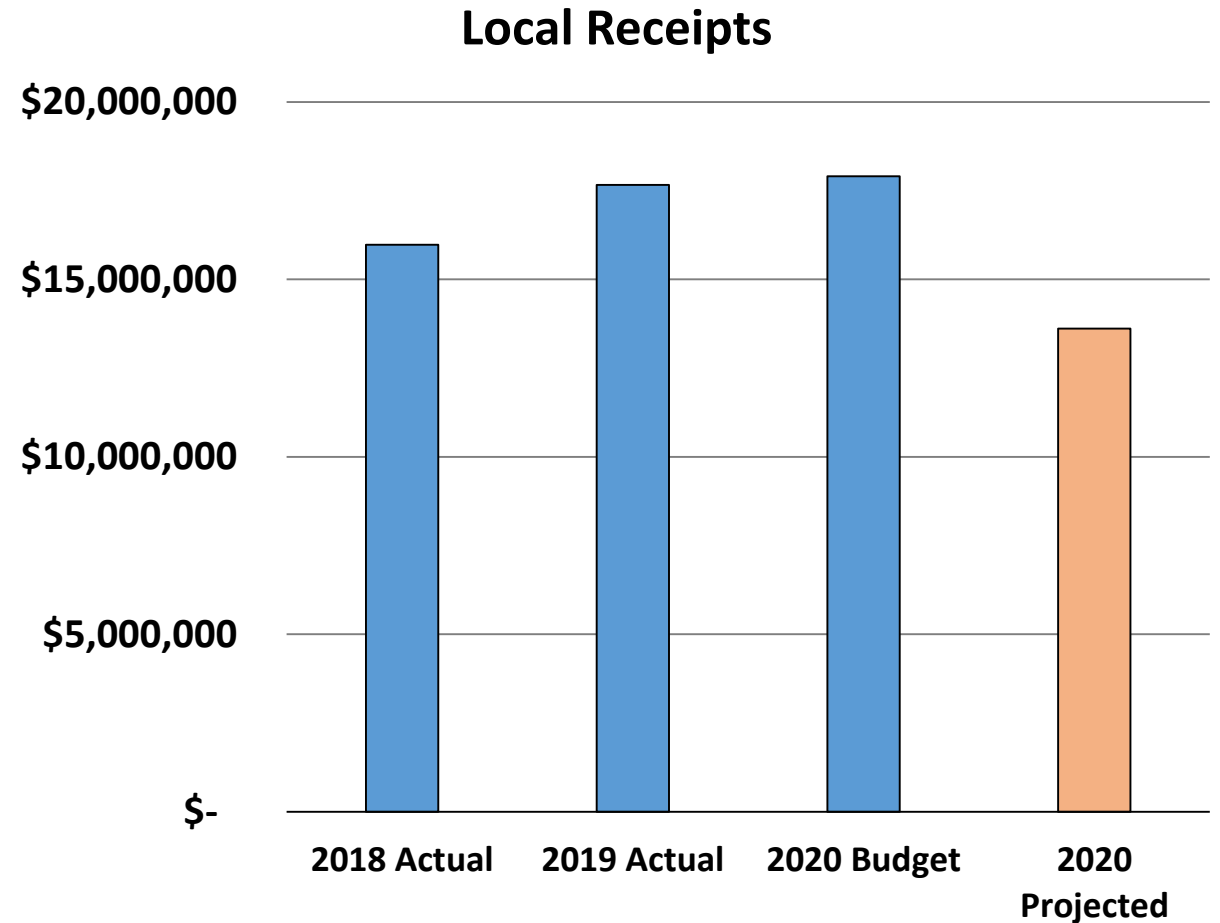
Town of Natick Revenue Budget FY20



■ Tax Levy ■ State Aid ■ Local Receipts ■ Indirects ■ Cap. Stabilization ■ Available Funds

Revenue Projections

- At this time, all revenues except for local receipts are anticipated to come in as budgeted
- Estimated local receipts are \$13.6M compared to \$17.9M budgeted.



Local Business Survey

We were lucky to already have a takeout system in place which is keeping us afloat, I feel bad for the places who don't have one" – *Large sit down Restaurant*

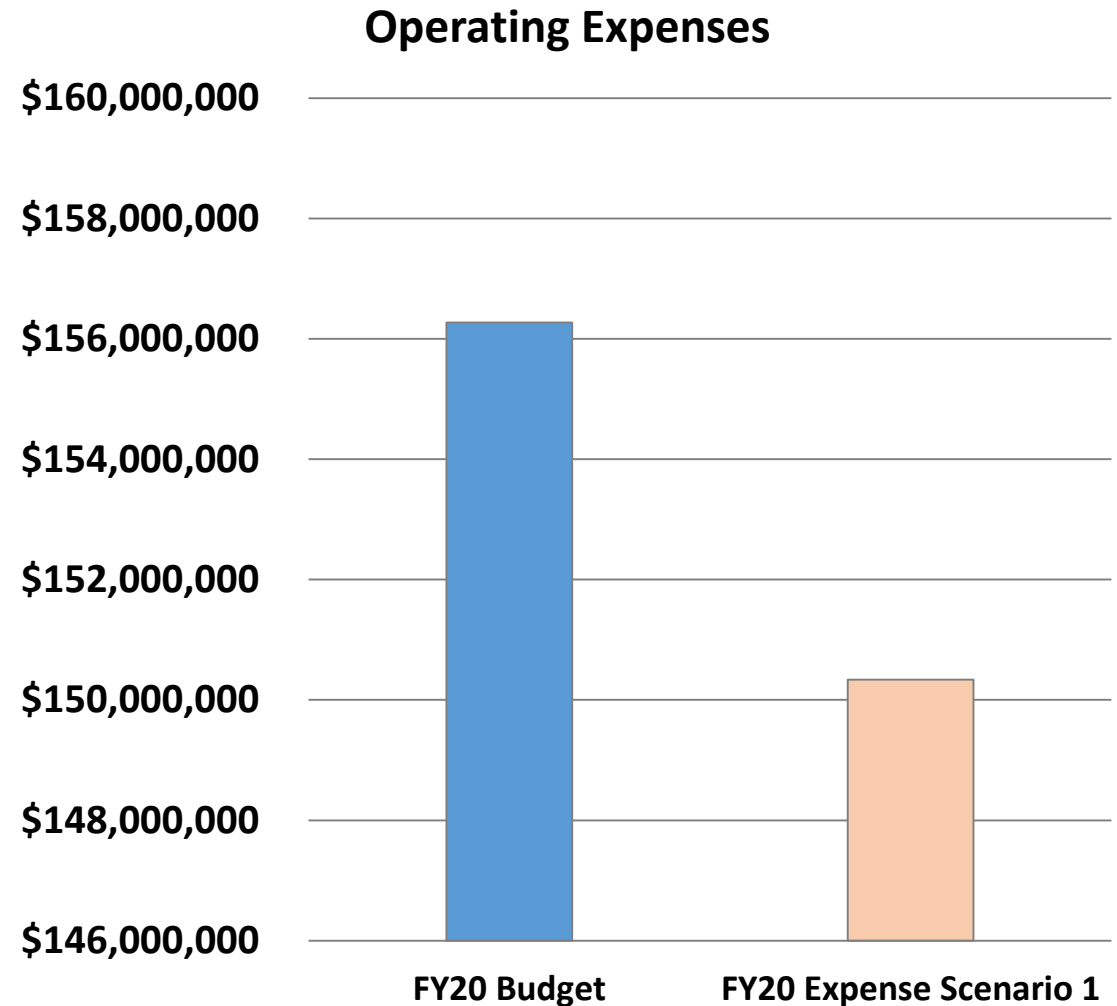
"There is nobody here now except us (The Owners), we have had to lay everybody else off. Alcohol is a big part of our revenue and with the takeout restriction we don't know what to do. We have only enough money until the end of the week to stay open"- *Local Café*

"I don't really know how we will deal with this in the future, but initial thoughts are that we will not wait for the states directions any longer, we will have to take action (Layoffs) quicker" –*Sit down Restaurant*

"I don't really know what the future is, because to be honest we are new as a hotel and there just is not a lot of historical data to see what we need to do or how we deal with this situation" – *Hotel Management*

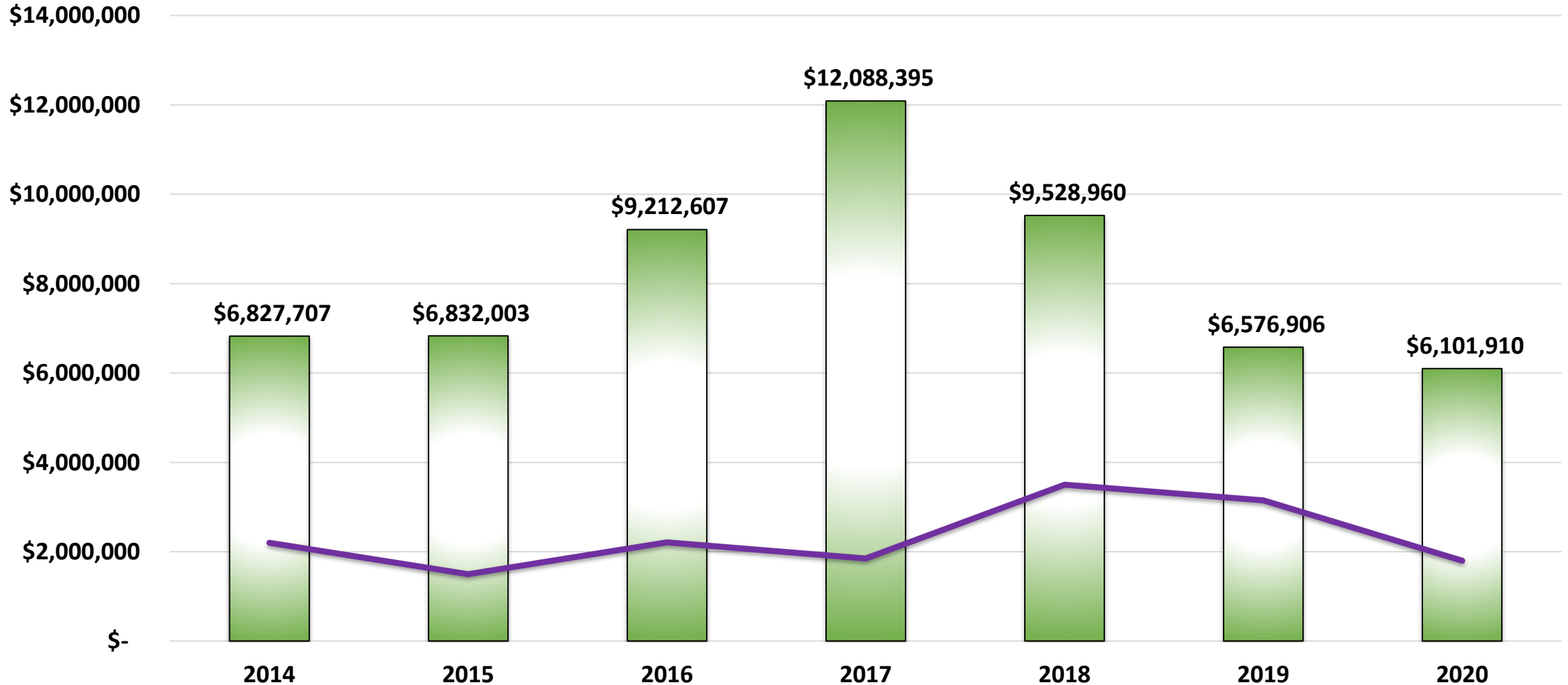
Expense Projections

- Operating expense accounts are as of 3/20/20, unless the account is a fixed cost. Shared expenses have been projected to year-end.
- Working with all departments in the coming weeks to determine savings that may be present due to services not being offered.



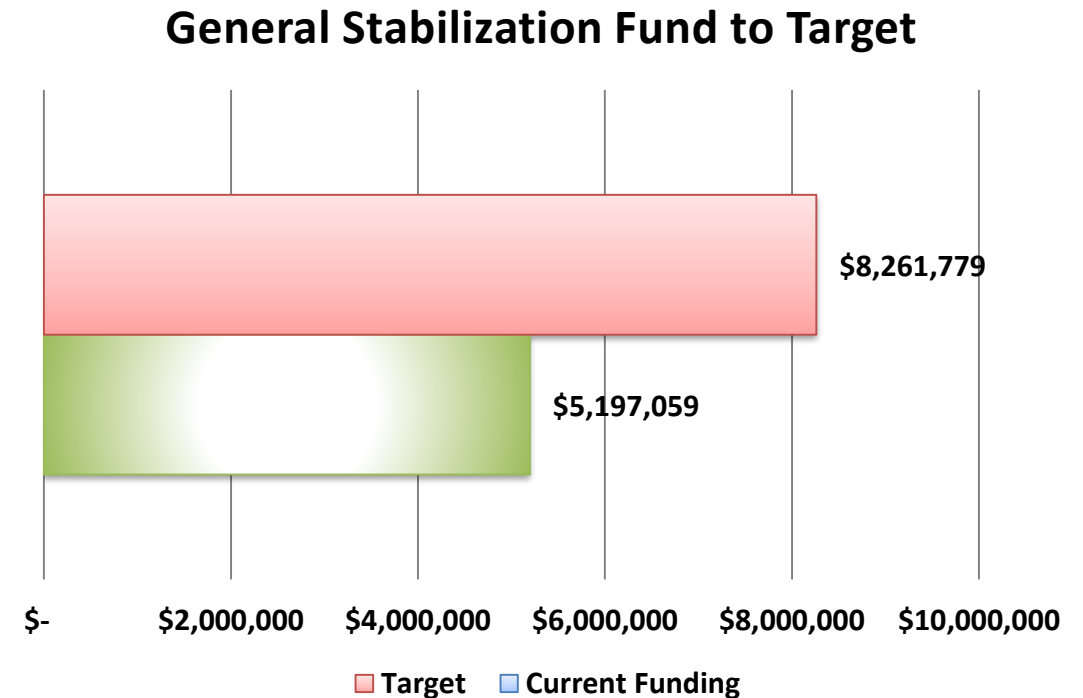
Free Cash History

Certified Free Cash & Free Cash Used for Operations



General Stabilization Fund

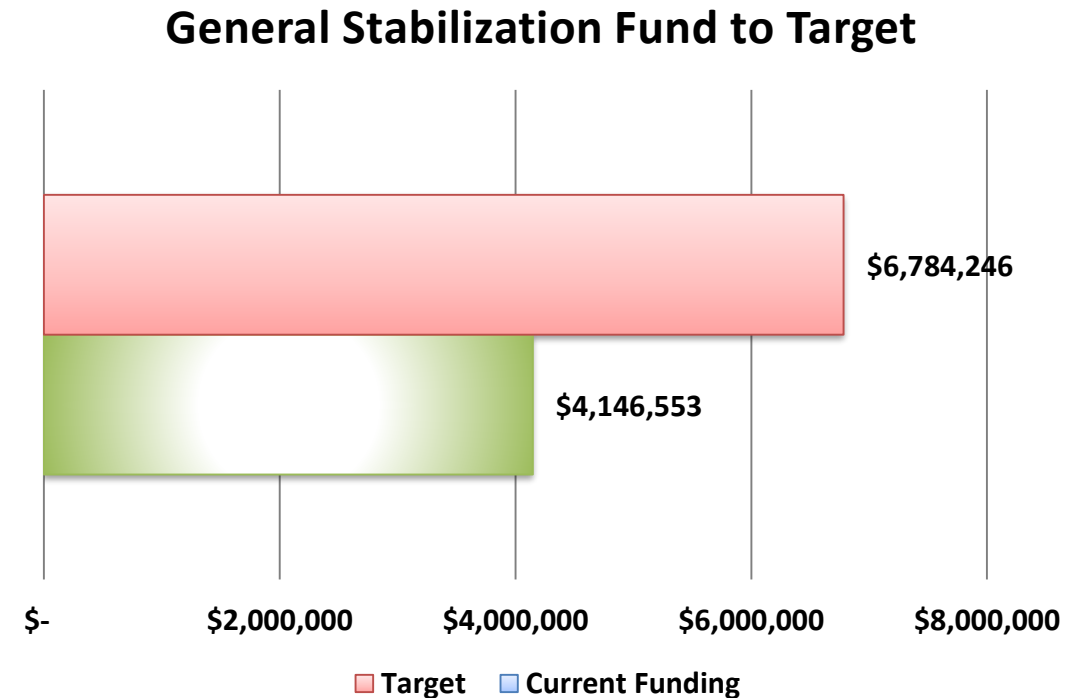
Fiscal Year	Beginning Balance	Transfer In	Transfer Out	Investment Income	Ending Balance
2015	\$4,305,656	\$150,000		\$20,275	\$4,475,931
2016	\$4,475,931			\$26,969	\$4,502,900
2017	\$4,502,900			\$27,745	\$4,530,645
2018	\$4,530,645			\$39,659	\$4,570,303
2019	\$4,570,303	\$250,000		\$86,341	\$4,906,644
2020	\$4,906,644	\$250,000		\$40,415	\$5,197,059



- **Purpose** – For unforeseen and catastrophic expenses
- **Balance** - \$5,197,059 (63% Funded)
- **Benefits** – Financial flexibility in case of emergencies, and a strong bond rating

Operational Stabilization Fund

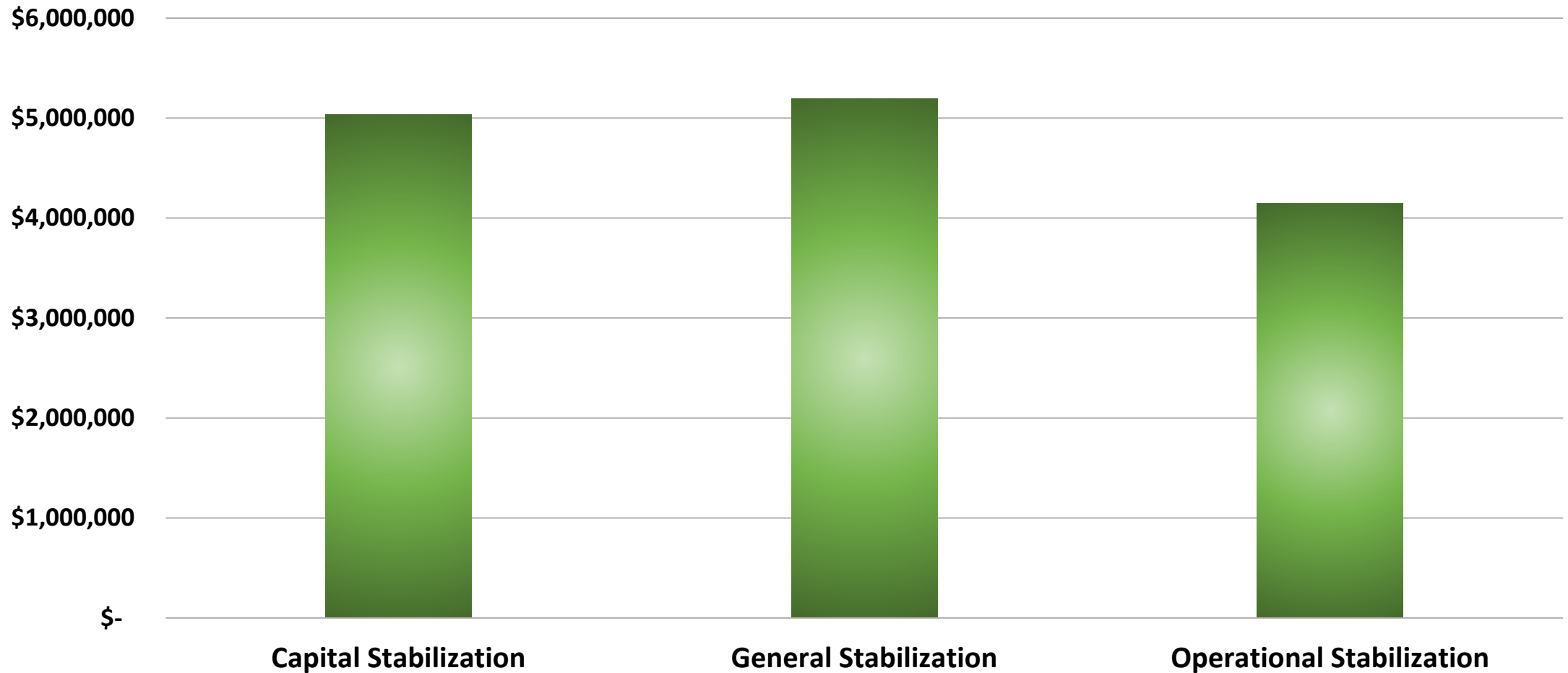
Fiscal Year	Beginning Balance	Transfer In	Transfer Out	Investment Income	Ending Balance
2015	\$1,717,933	\$625,000		\$41,472	\$2,384,405
2016	\$2,384,405			\$96,918	\$2,481,323
2017	\$2,481,323			\$67,417	\$2,548,740
2018	\$2,548,740	\$500,000		\$21,755	\$3,070,495
2019	\$3,070,495	\$250,000		\$226,461	\$3,796,956
2020	\$3,796,956	\$250,000		\$99,596	\$4,146,553



- **Purpose** – Augmenting operations in case of a sustained economic downturn
- **Balance** - \$4,146,553 (61% Funded)
- **Benefits** – Financial flexibility in case of a recession, and a strong bond rating

Stabilization Fund Balances

Fund Balances FY20



Planning Ahead & Next Steps

- **Continue to provide essential services to residents**
- **Attempt Bond Refinancing (within levy and excluded debt)**
- **Broad discussion with all Town departments about expenses FY 20 & revised FY 21**
- **Implement hiring freeze for any new positions**
- **Assess impact of new federal and state legislation**
- **Cease all non-essential operating expenses**
- **Continue to update FY20 year-end projections**
- **Likely need a reserve fund transfer to cover COVID-19 costs – FY 20**
- **Revise FY21 budget**
- **Discuss possible creation of CV-19 Task Force**