



Town of Winchester

Town Comptroller's Office
71 Mt. Vernon Street
Winchester, MA 01890
Phone: 781 721-7116
Fax: 781 721-7156
sward@winchester.us

TO: The Select Board

FROM: Stacie Ward, Comptroller

RE: Comptroller Report
Financial Update – Operating Activity
Fiscal Year 2020 as of February 29, 2020

DATE: March 30, 2020

In relation to the Comptroller's Report, I wish to highlight the following:

General Fund Revenue

- Property tax revenue is meeting expectations at this time, however, with the COVID-19 situation, Town Management will be monitoring collections more closely. For taxpayer relief, the state is allowing an extension for the 4th Quarter bills, which the Town may want to consider.
- The Motor Vehicle & Boat Excise revenue is low compared to the budget at this point in the fiscal year due to the fact that the first FY20 commitment was not due yet. In comparison to this time last year, the revenue is a bit low, but the first FY20 commitment is \$3,115,385 which is about 3% higher than the first FY19 commitment. Additional FY19 commitments totaled \$640k. This will be an area to monitor due to the COVID-19 situation.
- The PILOT revenue so far is the late FY19 payment from the Winchester Hospital (received in August). One of the expired agreements has been extended through FY20 but in process of being negotiated beyond this year.
- Miscellaneous Non-Recurring revenue consists of state reimbursements for overtime for shared services as well as other miscellaneous revenue. In FY19, this included the one-time Winning Farm developer's payment.
- Due to the COVID-19 situation, Town Management will be monitoring revenue generating programs and how limiting hours or shutting down will affect collections and cash flows.
- Indirects from the Enterprise Funds are posted quarterly up front; therefore, 75% of the indirects have been processed as of February 29th.

General Fund Expenditures

- For the most part, salary budgets are less than 67% spent, which is to be expected through February, and expenditures appear to be on target with the exception of the following:
 - Snow & Ice
 - Legal
 - Unemployment (even before any COVID-19 related claims)
 - Department-wide COVID-19 related costs

These issues will be funded with a combination of Reserve Fund Transfers or Spring Town Meeting. The state has also provided other relief to communities in the event that their budgets are not sufficient to cover costs associated with COVID-19 which Town Management will explore.

- Due to the nature of some of the departmental activity, the budgets will be spent more than the expected 67% (debt per debt service schedules, contributory retirement due in full by 8/31, general property & liability insurance premium due in July). Usually health insurance is a month in advance for most policies. We also changed the Worker's Comp process and now fund an account several months up front.
- The Finance Committee made one Reserve Fund Transfer through February 29th for Legal costs in the amount of \$70k. Subsequently, FinCom approved the following:
 - A transfer totaling \$115,300 for COVID-19 related costs including, but not limited to, costs for public outreach, overtime, supplies, postage, equipment and computers (for remote work).
 - A transfer totaling \$5,710 for the Board of Health to purchase a new pharmaceutical-grade refrigerator that was in need of replacement for vaccine storage.
- Subsidies to the Enterprise Funds are posted quarterly up front; therefore, 75% of the subsidies have been processed as of February 29th.

Water and Sewer Enterprise Fund

It's been made very clear that there will be a shortage of user charges in FY20. Before the COVID-19 situation, it was estimated that the combination of expenditure turnbacks and retained earnings would cover the revenue shortage, however that may not be the case. If residents are unable to pay their water and sewer bills, we may have to raise the unfunded deficit on the tax recap (i.e. out of tax revenue). Town Management will be monitoring the activity more closely to see how the fund is being impacted.

Recreation Enterprise Fund

Town Management will be monitoring the performance of the Recreation Enterprise Fund. With cancelled programs the cash flow impacts may be greater than what the fund can handle.