



Town Administrator

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To: Board of Selectmen
Finance Committee

From: Ryan M. McLane
Town Administrator

Re: FY 2021 Q1 Financial Report

Date: October 30, 2020

The purpose of this report is to provide town officials with the information necessary to oversee the town's finances. This document also serves as a planning tool to help address potential budget problems. The report contains the following content:

- 1.) FY21 Budget versus Actual Report (expenses)
- 2.) FY21 Revenue Report
- 3.) Capital Projects Report
- 4.) Finance Team Report
- 5.) Financial Monitoring Accountability

Budget versus Actual Report (Expenses)

The Budget versus Actual report is sent to all departments, board and committees monthly in order to track departmental expenditures. It is available for public review on the [town Web site](#). Also available is the monthly Budget Versus Actual Detail Report showing residents and Town Officials exactly how the departments are spending money. This "open checkbook" approach is intended to instill confidence that the town is maximizing their tax dollars. The Town Administrator reviews these reports at issuance and identifies department spending trends needing further clarification/correction. The overall goal of this report is to ensure proper alignment between appropriation and expenditure.

The following visual legend helps quickly identify areas of financial concern.

- – The identified financial indicator is expected and not a concern for town officials
- – The identified financial indicator needs monitoring, but is not an immediate concern

● – The identified financial indicator is of immediate concern and must be addressed

Overall Operating Budget Analysis

Departments expended 24.4% of appropriated funds through Q1. This includes large full payments to the WRRS and Berry Insurance. At this pace, Departments would spend 97.6% of appropriated funds, returning approximately \$230k to free cash. This exceeds our policies and expectation; however, department spending historically increases in the spring.

The following is an analysis of expense accounts currently exceeding expectations (25%).

1000-122-5110-0000 – Selectmen Employee Support ● 67.75%

This fund is used to pay for employee recognition and MMA dues. Both expenditures occur in the first two quarters. There is no expectation of exceeding appropriation.

1000-135-5400-0000 – Accountant Supplies ● 94.20%

The Town Accountant needed supplies for the remainder of the fiscal year and should not need new supplies until FY21. There is no expectation of exceeding appropriation.

1000-141-5200-0000 – Assessor Employee Support ● 73.53%

This fund is used to pay for the Board of Assessors annual membership in the Massachusetts Association of Assessing Officers (MAA). There is no expectation of exceeding appropriation.

1000-175-5200-0000 – Planning Services ● 75.58%

This fund is used to pay annual dues to the Montachusett Regional Planning Committee. This is the bulk of the planning expenditures for the year. There is no expectation of exceeding appropriation.

1000-192-5200-0000 – Building and Maintenance Services ● 31.49%

We continue to underestimate the costs of maintaining the Slade building to include routine energy costs, basic repairs and major failures. This budget is also supplemented by a Finance Committee Reserve Fund transfer. This budget is currently over appropriation, but unless there is another major building failure, there is no expectation of exceeding appropriation.

1000-210-5200-0000 – Police Department Services ● 91.74%

Major police vehicle repairs over-extended this account. There is an expectation of exceeding this appropriation due to the likelihood of continued maintenance needs; however, at this point the department budget can handle the overage.

1000-231-5700-0000 – Ambulance Other ● 36.18%

Ambulance fees due early in the fiscal year have created this overage. There is no expectation of exceeding appropriation.

1000-291-5400-0000 – Emergency Management Supplies ● 35.84%

The EM Director purchased a Connex with grant funds and created storage shelving with purchases from this account. There is no expectation of exceeding appropriation.

1000-541-5200-0000 – Senior Center Services ● 48%

The Senior Center pays its MySeniorCenter software cost early in the year which inflates this percentage. There is no expectation of exceeding appropriation.

1000-630-5400-0000 – Recreation Supplies ● 36%

The Recreation commissions paid for landscaping/sprinkler servicing in the fall (standard) which inflates this percentage. There is no expectation of exceeding appropriation.

1000-911-5700-0000 – Worcester Regional Retirement Other (assessment) ● 98.17%

Paying the WRRS assessment in June grants the town a one percent discount on the assessment. The money remaining in this account are a surplus and will not be spent.

Revenue Report

We track revenue versus budget estimates in real-time in order to more accurately forecast our revenue projections. This also allows us to better forecast free cash totals necessary for funding capital expenditures and maintaining reserves.

Overall, we are at 25% of revenue expectations. This is our expected revenue pace and if it continued, we would return \$0 to free cash. Town Officials must remember that although this is good news, we decreased our revenue expectations due to COVID and expect to see revenue disruption through the Winter and early Spring. Despite this caution, our tax collection numbers are strong and two of our largest revenue sources, PILOT and Excises Tax collections do not begin in earnest until Quarter 3.

Finance Team financial corrections resulted in stronger department fee collection in Q1. Additionally, the Building Department is already outpacing last year's permit totals. This should also positively increase our new growth numbers. Ambulance receipts are also outpacing last year's totals.

The Finance Team is continuing to examine revenue for increased understanding (forecasting ability) and to correct/document historical errors to solidify financial projections.

The overall revenue report is attached to this memo for your review.

Capital Projects Report

This section provides a brief update on all capital projects approved by Annual Town Meeting. The purpose of this report is to provide decision makers will a proper accounting of approved expenditures.

FD Exhaust Mitigation System (\$84,200) ● – This project went out to bid several times over

the last year with a very competitive and contested bid process. Seaman Engineering assisted with a new design and project document, leading to the award of this bid in early November.

Expected Completion Date – February 1, 2020

Final Financial Report - This project will come in under budget (\$5k).

Route 68 North Project (\$7,427) ● – This project was completed this summer with new pavement stretching from the Curtis Recreation Fields to the Gardner Line.

Completion Date – October 1, 2020

Final Financial Report - This project came in under budget (\$7k)

Town Center Reconstruction (\$124,692) ● – The Town's engineering firm TEC is now finalizing the 100% design and moving this project forward to meet its construction date of Summer 2022.

Expected Completion Date – October 1, 2022

Final Financial Report - This project will come in under budget (\$15k).

Cemetery Equipment (\$1,800) ● – This project is now complete with the purchase of a backpack and walk behind mower.

Completion Date – October 1, 2020

Final Financial Report - This project came in on budget.

Town Office IT Equipment (\$20,000) ● – This project is now complete and ends a two-year investment in the town's IT infrastructure. The project included computer upgrades for all town departments, the DPW and all public safety offices in addition to server upgrades for all buildings. The final stage of the project replaced computers in the town's public safety vehicle fleet.

Completion Date – September 1, 2020

Final Financial Report - This project came in on budget.

DPW Ford F-550 Dump Truck with Plow (\$100,000) ● – This vehicle has been procured to include a plow, spreader and additional lighting. It is currently under construction.

Completion Date – February 1, 2021

Final Financial Report - This project came in under budget (\$1,000).

Asphalt Hot Box (\$45,000) ● – The DPW procured a four-ton extended deck trailer with safety lighting and extras like a solvent tank and heated shovel deck that will make DPW workers more efficient.

Completion Date – November 1, 2020

Final Financial Report - This project came in under budget (\$1,000).

Library Foundation Project (\$10,000) ● – This study project consists of two phases –

studying the library foundation and repairing any deficiencies found in the report. This fund will be used on conjunction with CPA funds appropriated in 2019.

Completion Date (study) – December 31, 2020

Final Financial Report - This project will come in under budget; however, remaining funding is slated to begin any repair work identified by the initial study.

Police Department Ceiling Repair and Insulation (\$10,000) ● – This project will not begin until the spring, but has been procured and scheduled.

Completion Date – April 30, 2021

Final Financial Report - This project will come in under budget (\$1k)

Police Vehicle Cameras and Server (\$15,000) ● – This project will not begin until the spring.

Completion Date – April 30, 2021

Final Financial Report - This project will come in under budget (\$1k)

Curtis Field Bandstand Roof (\$12,000) ● – This project is currently in the procurement phase with bid solicitations sent to three different contractors.

Completion Date – March 31, 2021

Final Financial Report - This project will come in on budget

Slade Building Paving Project (\$18,000) ● – This project is currently in the procurement phase with bid solicitations sent to three different contractors.

Completion Date – June 30, 2021

Final Financial Report - This project will come in over budget (\$10k)

Master Plan Implementation Chapter (\$6,000) ● – This fund will no longer be needed due to the town's receipt of a DLTA planning grant in October.

Completion Date – June 30, 2021

Final Financial Report - This project will come in over budget (\$6k)

CPA – Affordable Housing (\$50,000) ● – There has been no action with this account. This account is currently under the control of the Planning board.

Completion Date – Unknown

Final Financial Report - Unknown

CPA – Affordable Housing (\$3,310) ● – There has been no action with this account. This account is currently under the control of the Planning board.

Completion Date – Unknown

Final Financial Report - Unknown

CPA – Library Long Range Plan (\$2,500) ● – There has been no action with this account. This is currently under the control of the Library Board of Trustees.

Completion Date – Unknown

Final Financial Report - Unknown

CPA – Portable Ice Rink (\$2,618) ● – This project is currently being procured by the Parks Department.

Completion Date – February 1, 2021

Final Financial Report – This will come in on budget

CPA – Curtis Rec Field Dug Outs (\$21,200) ● – We are currently working with the Parks Department to start this procurement.

Completion Date – June 20, 2021

Final Financial Report – This will come in on budget

CPA – First Church Roof (\$400) ● – This project is now complete

Completion Date – October 1, 2019

Final Financial Report – This will come in under budget (\$400)

CPA – Affordable Housing Grant (\$1,717) ● – There has been no action with this account. This account is currently under the control of the Planning board.

Completion Date – Unknown

Final Financial Report – Unknown

CPA – Rainbow's End Playground (\$50,000) ● – The Parks Department is awaiting word on a grant that would assist in payments necessary to complete the remodeling of the Rainbow's End Playground. The grant announcement will come in December or January. This fund is the initial payment approved by Town Meeting. Remaining money necessary for the project (minus any grant funds) will come from borrowing per Town Meeting vote.

Completion Date – Fall 2021

Final Financial Report - Unknown

CPA – Library Roof BAN Payment Playground (\$21,895) ● – This payment, the second installment of CPA money set aside for repairing the library roof, will be paid in full in November.

Completion Date – November 2020

Final Financial Report – This will come in on budget

Finance Team Activities

This report section identified major activities completed by the Town's Finance Team. The Finance Team includes representatives from the Executive, Accounting, Collecting, Treasurer, Assessing and Town Clerk Departments. The Finance Team meets regularly to comply with the town's financial management policies and advises the Town Administrator.

- Completed the Town's FY21 Budget
- Completed the FY21 Special Town Meeting
- Reconciled all accounts per town policy
- Started refining the FY21 and FY22 revenue projections
- Started the FY21 Tax Rate Process
- Finalized the Free Cash certification

Financial Monitoring

This report section will detail executive level financial monitoring. The Town Administrator oversees the town's finances daily; however, according to town policy, annual auditing recommends and Department of Revenue Best Practices, certain monitoring activities occur monthly and quarterly. This protects the town from financial liabilities and provides town decision-makers with key information about the town's financial health and stability.

Cashbook Reconciliations ● – The Town Treasurer is reconciled fully through September 30, 2020 and the Town Accountant is reconciled to August 31, 2020 with only a couple accounts remaining for reconciliation in September. This meets with town policy and best practice recommendations.

Payroll Withholdings ● – FY20 payroll withholdings are fully reconciled. FY21 payroll withholdings are reconciled through September 30, 2020. Accounts prior to FY19 are being looked at account by account in the old software and is a work in progress.

Accounts Receivable ● – Receivables are reconciled through June 30, 2020 and will be reconciled to town policy by the end of November. Tax tile account remain on ongoing process, but the transition to VADAR has sped up this process and we expect to have all accounts reconciled by the end of FY21.

Ambulance Receivables ● – The Finance Team worked hard to clean up prior year abatements per recommendations from our town auditors and financial best practices. The Board of Selectmen voted in September to abate outdated ambulance receivables and will approve a policy in November that will keep the town current.