



TOWN OF WAYLAND
41 COCHITUATE ROAD
WAYLAND, MASSACHUSETTS 01778

MEMORANDUM

To: Board of Selectmen
From: Louise Miller, Town Administrator
Date: May 25, 2020
Re: FY20 Year End Projections, FY21 Budget Discussion, FY21 1/12th Budget for July, August, and September

FY20 and FY21 Revenue Projections

As a result of the COVID-19 public health emergency, Wayland will see a small revenue shortfall in FY20 in local receipts. The 3 primary areas with a revenue gap are: Motor Vehicle Excise, Meals Tax, and Building Permits, which were significantly affected during the Governor's stay-at-home advisory and closure of non-essential businesses. While a revenue shortfall in all 3 areas is also anticipated for FY21, it is too early to forecast. The Governor has implemented Phase 1 of the Commonwealth 4-Phase Reopening Plan. Phase 1, which began on May 18, 2020 will last at least 3 weeks. Each phase of the plan is anticipated to last at least 3 weeks. Until the progress with reopening the Commonwealth can be assessed, a revenue projection for local receipts for FY21 is premature.

The Commonwealth is anticipating a 10 to 20 percent revenue gap for FY21. Based on the legislative timetable provided by Wayland's State Representative, the State budget will be released during the summer. While a reduction in state aid for FY21 is possible, projections are uncertain until then.

Wayland anticipates receiving federal reimbursement for COVID-19 expenses related to the Town's response. The magnitude of the expenses is still unknown. The allowable categories of reimbursements is also still being reviewed. Finally, the timing for receipt of the reimbursements is uncertain.

FY20 and FY21 Expenditure Projections

Wayland has incurred certain unexpected expenses related to its COVID-19 response. Measures to reduce both overtime and non-critical expenses for the past three months will result in the Town's financial position for FY20 to be as budgeted.

FY21 expenditures are anticipated to be higher than initially budgeted due to COVID-19. Continued control over expenditures in FY21 will require close attention. The FY21 budget should not require amendment unless revenue projections significantly change.

The FY21 proposed budget provides \$1.515M in free cash for capital expenditures. Based on the FY20 expenditure projection, the Town will be able to maintain the forecasted free cash level for FY21.

FY21 1/12th budgets

The Town's 1/12th budgets have been prepared for the first 3 months of FY21. The 1/12th budgets are expenditure limits by line for FY21 as authorized by the Department of Revenue (DOR) based on actual expenditures in the prior fiscal year. While the 1/12th budgets have not yet been finalized for approval by the Board of Selectmen, they provide the framework for the submission to DOR.