

ALL APPROPRIATED FUNDS BUDGET SUMMARY

- All Funds Requiring Annual Appropriation

Fund	Actual FY2021	Budget FY2022	Budget FY2023	Change FY22 - 23	Percent Change
General Fund	\$173,534,806	\$183,255,504	\$193,470,438	\$10,214,934	5.57%
Sewer Construction & Private Way Fund	589,358	1,202,939	3,945,923	2,742,984	228.02%
Airport Enterprise Fund	6,657,054	6,612,196	8,936,473	2,324,277	35.15%
Golf Enterprise Fund	3,029,934	3,368,382	3,469,498	101,116	3.00%
HYCC Enterprise Fund	2,465,539	2,891,546	3,362,110	470,564	16.27%
Marina Enterprise Fund	693,176	742,051	785,442	43,392	5.85%
PEG Enterprise Fund	653,921	799,097	870,427	71,329	8.93%
Sandy Neck Enterprise Fund	830,453	984,812	973,203	(11,609)	-1.18%
Solid Waste Enterprise Fund	3,525,501	3,407,469	3,373,191	(34,278)	-1.01%
Water Pollution Control Enterprise Fund	3,686,422	4,299,130	4,404,025	104,894	2.44%
Water Supply Enterprise Fund	6,121,255	7,385,062	7,910,121	525,059	7.11%
Total All Budgeted Funds	\$201,787,419	\$214,948,190	\$231,500,851	\$16,552,662	7.70%
All Funds Net Of Transfers	\$188,213,475	\$202,348,371	\$218,010,425	\$15,662,054	7.74%
All Funds Net of Transfers and Snow Removal Deficit	\$188,213,475	\$202,007,264	\$217,210,425	\$15,203,161	7.53%
General Fund Net of Transfers and Snow Removal Deficit	\$159,960,862	\$170,450,043	\$179,180,012	\$8,729,969	5.12%
Full-time Equivalent Employees	1,338.07	1,335.14	1,371.76	37.62	

* Enterprise Funds reflect direct operating costs only.

The Town of Barnstable's total proposed FY 2023 operating budget for all appropriated funds is \$231,500,851. This is an increase from the approved FY 2022 budget by \$16,552,662, or 7.70%. In addition to the General Fund, these figures include the Town's nine Enterprise Fund operations and the Comprehensive Wastewater Management Plan Operating Budget.

Another way to look at the overall budget is to compare the change year-over-year net of transfers, as transfers are not direct expenditures for personnel services or operating expenses. Therefore, excluding transfers from the budget results in a FY2023 budget increase of \$15,662,054, or 7.74%. Furthermore, the overall budget shows a net increase of 37.62 full-time equivalent (FTE) positions. Most of the increase is within the school department, showing a net increase of 19.70, followed by municipal operations net increase of 5.42, Enterprise Funds net increase of 3.95, and the Comprehensive Wastewater Management Plan operations net increase of 8.55.

The General Fund accounts for revenues and expenditures necessary to provide general government services. By definition, all financial resources that are not required to be accounted for in other funds are accounted for in the General Fund. This fund receives all property tax revenue except for property tax surcharges for the Community Preservation Act. User fees primarily support Enterprise Fund operations when residents access the Enterprise Fund services. The fees charged by the Enterprise Fund operations are set at levels that should allow them to cover all operational and capital costs unless a General Fund subsidy is necessary.

The **General Fund** proposed budget is increasing \$10.2 million, or 5.57%. Fixed costs excluding transfers are up \$2,995,692, or 5.63% mostly due to an increase in employee benefits, school assessments, debt service, and insurance. Transfers out is increasing \$1,026,072, or 8.23%. Municipal operations are increasing \$2.06 million, or 4.92%, and local education expenditures are increasing \$4,131,770, or 5.46%. Major factors contributing to the increase in the overall budget are contractual labor obligations, the Commonwealth Charter School Assessment, retiree health insurance benefits, insurance, snow & ice deficit, and debt service.

The **Airport Enterprise Fund** proposed direct operating budget is increasing by \$2,324,277, or 35.15%. Contractual labor obligations and jet fuel purchases account for most of the increase.

The **Golf Course Enterprise Fund** proposed direct operating budget is increasing by \$101,116, or 3.00%. Seasonal wage and debt service contribute most to the increase.

The **HYCC Enterprise Fund** proposed direct operating budget is increasing by \$470,564, or 16.27%. Increase in utility costs and debt service account for most of the budget increase.

The **Marina Enterprise Fund** proposed direct operating budget is increasing by \$43,392, or 5.85% mainly due to an increase in debt service, seasonal wage increases, and a partial salary allocation for the new Assistant Harbormaster position.

The **PEG Enterprise Fund** proposed direct operating budget is increasing by \$71,329, or 8.93%. This operation has requested a large capital outlay to make improvements to the James H. Crocker Hearing Room.

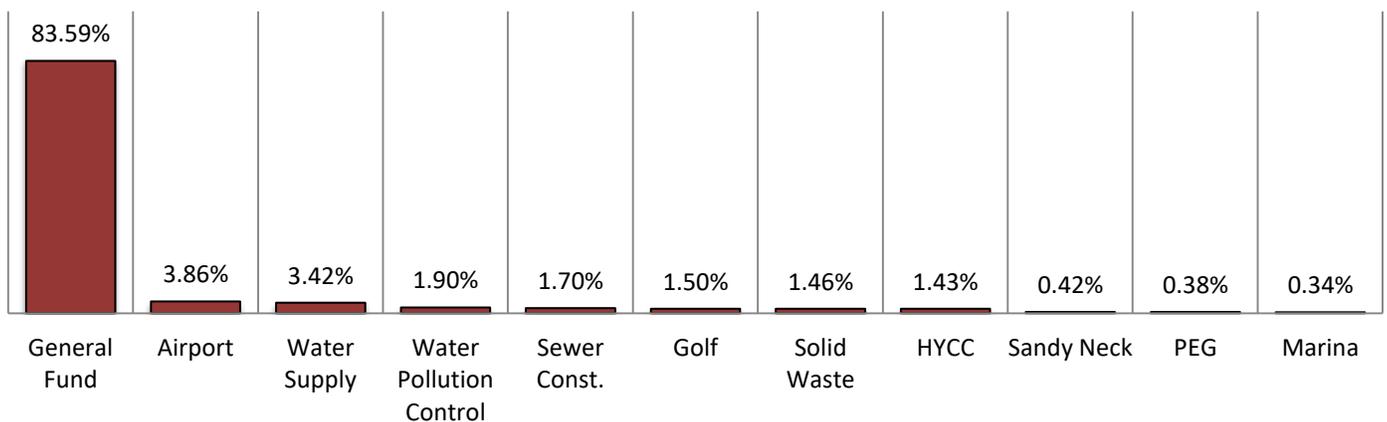
The **Sandy Neck Enterprise Fund** proposed direct operating budget is decreasing by (\$11,609), or (1.18%). The budget includes two new positions: Assistant Park Manager and Facility Maintenance Laborer. One-time sand nourishment is not being repeated in the FY2023 budget resulting in a budget decrease.

The **Solid Waste Enterprise Fund** proposed direct operating budget is increasing by \$44,199, or 10.37% as the cost of disposing household waste and recyclables continue to rise.

The **Water Pollution Control Enterprise Fund** proposed direct operating budget is increasing by \$104,894, or 2.44%. Two new Maintenance Laborer positions, increased electrical cost, and pump station alarm upgrades comprise a majority of the budget increase.

The **Water Supply Enterprise Fund** proposed direct operating budget is increasing by \$525,059, or 7.11% due to an increase in debt service and an increase in the contracted services with the outside vendor for managing the operation.

Distribution of All Appropriated Funds



The General Fund comprises 84% of all spending for the funds requiring annual appropriation. The airport and water supply operations are the two largest enterprise funds in terms of spending.

POSITION SUMMARY FOR ALL APPROPRIATED FUNDS

Department (Dept.)	FY14 FTE's	FY15 FTE's	FY16 FTE's	FY17 FTE's	FY18 FTE's	FY19 FTE's	FY20 FTE's	FY21 FTE's	FY22 FTE's	FY23 FTE's	Chg
Town Council	2.00	2.00	1.40	-							
Town Manager	11.40	10.95	10.95	12.80	12.35	11.50	11.60	13.35	14.50	16.50	2.00
Office Administration	4.50	4.50	4.50	4.50	3.50	3.50	3.50	3.50	4.50	4.50	-
Asset Management	-	-	-	2.00	2.00	2.00	2.00	2.00	3.00	4.00	1.00
Communication	-	-	-	-	-	-	-	1.60	1.60	2.60	1.00
Licensing	2.90	2.45	2.45	2.30	2.60	1.75	1.75	1.75	1.00	1.00	-
PEG Enterprise Fund	4.00	4.00	4.00	4.00	4.25	4.25	4.35	4.50	4.40	4.40	-
Administrative Services Dept.	60.50	60.60	60.60	58.30	57.55	56.55	56.80	56.60	55.95	57.40	1.45
Finance	36.75	37.85	37.85	35.50	35.75	34.75	34.50	34.50	33.85	35.30	1.45
Legal	4.75	4.75	4.75	4.80	4.80	4.80	4.80	4.60	4.60	4.60	-
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.50	8.50	8.50	-
Information Technology	11.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	9.00	-
Marine & Environmental Affairs Dept.	14.65	15.90	15.85	16.65	17.30	17.00	16.90	17.00	17.00	19.50	2.50
Natural Resources	6.85	6.97	6.85	7.55	8.20	8.00	8.00	8.15	8.90	8.90	-
Harbormaster	3.60	3.73	3.60	3.70	3.60	3.85	3.75	3.80	3.70	4.60	0.90
Marina Enterprise Fund	1.45	1.45	1.65	1.65	1.65	1.30	1.30	1.20	1.30	1.40	0.10
Sandy Neck Enterprise Fund	2.75	3.75	3.75	3.75	3.85	3.85	3.85	3.85	3.10	4.60	1.50
Community Services Department	39.25	39.98	41.43	49.65	50.35	51.40	51.85	49.28	48.33	47.75	(0.58)
Recreation	7.70	7.40	7.40	8.40	7.60	7.60	7.25	8.00	9.55	10.20	0.65
Council On Aging	6.30	6.33	6.53	9.75	9.70	10.75	10.30	11.23	6.73	6.15	(0.58)
Communications & Public Information	-	-	-	-	3.45	3.35	3.25	-	-	-	-
Golf Enterprise Fund	15.75	15.75	17.00	17.00	17.10	17.10	17.10	16.10	18.35	17.45	(0.90)
HYCC Enterprise Fund	9.50	10.50	10.50	10.50	12.50	12.60	13.95	13.95	13.70	13.95	0.25
Planning & Development Dept.	18.80	17.30	17.30	17.15	16.50	19.00	19.00	19.50	19.50	19.50	-
Administration	3.00	2.50	2.50	2.50	2.50	4.00	3.50	3.50	3.50	3.50	-
Comprehensive Planning	1.00	1.00	1.00	0.75	1.00	1.00	0.75	0.75	0.75	0.75	-
Community Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Regulatory Review	3.50	3.50	3.50	3.75	4.00	4.50	4.75	5.25	5.25	5.25	-
Economic Development	2.65	2.65	2.65	2.50	2.00	3.00	3.00	3.00	3.00	3.00	-
Parking Program	2.30	2.65	2.65	2.65	2.00	1.50	2.00	2.00	2.00	2.00	-
Conservation	4.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	-
Land Management	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
Traffic & Parking Management	1.00	-	-	-	-	-	-	-	-	-	-

POSITION SUMMARY FOR ALL APPROPRIATED FUNDS

Department (Dept.)	FY14 FTE's	FY15 FTE's	FY16 FTE's	FY17 FTE's	FY18 FTE's	FY19 FTE's	FY20 FTE's	FY21 FTE's	FY22 FTE's	FY23 FTE's	Chg
Police Department	125.75	130.75	132.75	132.75	139.75	144.80	145.80	145.80	144.80	144.80	-
Administrative & Investigative Services	23.00	24.00	24.00	24.00	24.00	24.00	27.00	26.00	25.00	25.00	-
Field Services	102.75	106.75	108.75	106.75	115.75	120.80	118.80	119.80	119.80	119.80	-
Public Works Department	116.33	116.33	118.33	121.25	120.95	119.95	122.95	119.25	127.27	138.82	11.55
Administration & Tech Support	12.93	12.93	12.93	12.00	11.50	11.50	11.50	9.20	16.95	25.50	8.55
Highway	35.50	35.50	35.50	37.50	37.70	37.70	37.70	37.00	37.00	37.00	-
Structures & Grounds	34.10	34.10	35.10	36.50	36.50	35.50	38.50	38.50	41.22	42.22	1.00
Solid Waste Enterprise Fund	15.75	15.75	16.75	16.95	16.95	16.95	16.95	15.95	15.75	15.75	-
WPC Enterprise Fund	15.15	15.15	15.15	15.35	15.35	15.35	15.35	15.35	14.15	16.15	2.00
Water Supply Enterprise Fund	2.90	2.90	2.90	2.95	2.95	2.95	2.95	2.25	2.20	2.20	-
Inspectional Services Department	24.88	24.88	24.40	24.65	26.65	26.75	26.75	27.55	27.89	27.89	-
Building Services	12.50	12.50	12.00	11.50	13.50	13.50	13.50	14.50	14.50	14.50	-
Health Services	12.38	12.38	12.40	13.15	13.15	13.25	13.25	13.05	13.39	13.39	-
Airport Enterprise Fund	25.50	25.50	25.00	23.00	23.00	23.00	23.00	23.00	24.00	25.00	1.00
Subtotal General Fund	346.31	349.44	351.30	358.45	368.20	374.00	377.25	375.58	383.69	397.66	13.97
Subtotal Enterprise Funds	92.75	94.75	96.70	95.15	97.60	97.35	98.80	97.15	97.95	100.90	3.95
Total Municipal Operations	439.06	444.19	448.00	457.60	466.80	471.35	476.05	471.73	481.64	498.56	16.92
Schools	809.23	830.35	834.15	840.40	841.70	848.90	848.90	866.34	906.05	925.75	19.70
Administration	6.00	7.00	6.80	6.80	6.80	6.30	6.30	11.00	11.80	12.00	0.20
Instructional Services	634.60	654.72	680.90	686.45	687.75	695.45	695.45	755.64	791.15	810.85	19.70
Health Services	13.93	13.93	16.20	16.20	16.20	16.20	16.20	16.80	18.20	18.20	-
Transportation	24.00	24.00	20.50	20.50	20.50	20.50	20.50	3.00	3.00	3.00	-
Food Services	13.00	13.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	-
Athletics	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-
Other Student Services	46.46	46.46	40.90	41.40	41.40	41.40	41.40	14.25	16.25	16.05	(0.20)
Maintenance of Plant	59.24	59.24	53.45	53.65	53.65	53.65	53.65	55.25	55.25	55.25	-
Network & Technology	9.00	9.00	11.40	11.40	11.40	11.40	11.40	5.40	5.40	5.40	-
Total All Departments	1,248.29	1,274.54	1,282.15	1,294.00	1,307.50	1,320.25	1,324.95	1,338.07	1,387.69	1,424.31	37.62

Total full-time equivalents are increasing by 37.62 positions, 3.95 in the Enterprise Funds, 13.97 for the Municipal Operations and 19.70 for local schools.

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CONSOLIDATED RESOURCE/APPROPRIATION SUMMARY

	General Fund FY2023 Budget	Solid Waste Fund FY2023 Budget	Water Pollution Fund FY2023 Budget	Water Supply Fund FY2023 Budget	Sewer Construction Fund FY2023 Budget	Marina Fund FY2023 Budget	Sandy Neck Fund FY2023 Budget	Airport Fund FY2023 Budget
Resources:								
Property Taxes	\$140,513,424	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Other Taxes	8,801,030	-	-	-	2,575,000	-	-	-
Intergovernmental	26,273,280	-	-	-	-	-	-	58,400
Fines & Penalties	1,240,000	-	60,000	19,020	-	-	-	-
Fees, Licenses, Permits	2,888,750	-	9,180	152,949	-	696,500	625,000	1,821,125
Charges for Services	1,838,500	3,717,049	4,744,588	6,640,315	-	14,000	258,256	7,431,297
Interest and Other	1,482,500	55,000	228,800	603,628	179,074	11,000	105,000	444,228
Interfund Transfers*	7,744,925	-	-	675,250	750,000	75,400	-	-
Borrowing Authorizations	-	-	14,950,000	2,530,000	3,000,000	-	-	2,178,000
Total Resources	\$190,782,409	\$3,772,049	\$19,992,568	\$10,621,162	\$6,504,074	\$796,900	\$988,256	\$11,933,050
Operating Expenditures:								
Town Council*	\$245,576	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Town Manager*	1,224,864	-	-	-	-	-	-	-
Administrative Services*	5,833,588	-	-	-	-	-	-	-
Planning & Development*	2,200,360	-	-	-	-	-	-	-
Police	16,423,417	-	-	-	-	-	-	-
Inspectional Services	2,400,693	-	-	-	-	-	-	-
Public Works	10,859,063	3,319,241	3,305,520	4,844,773	1,746,347	-	-	-
Marine & Environmental Affairs	1,439,303	-	-	-	-	451,755	892,918	-
Community Services	2,392,497	-	-	-	-	-	-	-
Local School Operations	79,789,020	-	-	-	-	-	-	-
Airport Operations	-	-	-	-	-	-	-	8,758,473
Subtotal Operations	\$122,808,381	\$3,319,241	\$3,305,520	\$4,844,773	\$1,746,347	\$451,755	\$892,918	\$8,758,473
Other Requirements								
Debt Service	\$6,798,286	\$53,950	\$1,098,505	\$3,065,347	\$2,199,576	\$333,688	\$80,285	\$178,000
Employee Benefits*	26,024,124	334,547	363,069	55,386	-	26,253	63,963	426,264
Property, Casualty & Liability Ins.*	2,023,348	26,004	65,063	26,076	-	5,625	9,000	199,578
Staff Support, Audit, and Software Costs*	-	109,685	210,410	99,579	-	44,261	49,107	192,735
State, County & Local Assessments	15,689,184	-	-	-	-	-	-	-
Library & Tourism Grants	2,162,660	-	-	-	-	-	-	-
Other Fixed Costs	436,000	-	-	-	-	-	-	-
Snow & Ice Removal	800,000	-	-	-	-	-	-	-
Reserve For Abatements & Exemptions	1,600,000	-	-	-	-	-	-	-
Capital Program	-	422,347	15,185,000	2,795,000	5,250,000	-	-	3,287,000
Subtotal Other Requirements	\$55,533,601	\$946,532	\$16,922,048	\$6,041,389	\$7,449,576	\$409,826	\$202,356	\$4,283,576
Interfund Transfers	\$13,490,426	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Grand Total Expenditures	\$191,832,408	\$4,265,773	\$20,227,568	\$10,886,162	\$9,195,923	\$861,581	\$1,095,273	\$13,042,050
Excess (Deficiency) Cash Basis	\$(1,050,000)	\$(493,724)	\$(235,000)	\$(265,000)	(2,691,849)	\$(64,681)	\$(107,017)	\$(1,109,000)
Beg. Balance – Free Cash	24,427,135	1,481,144	9,870,222	1,292,886	19,596,419	1,134,781	929,558	6,240,318
Projected FY22 Excess (Deficiency)	1,115,280	(242,734)	604,121	1,083,326	-	142,629	(39,433)	4,502,865
Projected End. Balance – Free Cash	\$24,492,415	\$744,686	\$10,239,343	\$2,111,212	\$16,904,570	\$1,212,729	\$783,108	\$9,634,183

*Indirect Cost adjustments from General Fund to Enterprise Funds to reflect total direct and indirect operating cost.

CONSOLIDATED RESOURCE/APPROPRIATION SUMMARY

	Golf Fund FY2023 Budget	HYCC Fund FY2023 Budget	PEG Fund FY2023 Budget	Capital Projects Fund	Total FY2023 Budget	Total FY2022 Budget	Change FY22 - 23	Percent Change
Resources:								
Property Taxes	\$-	\$-	\$-	\$-	\$140,513,424	\$136,243,968	\$4,269,456	3.13%
Other Taxes	-	-	-	-	11,376,030	11,250,161	126,169	1.12%
Intergovernmental	-	-	-	-	26,331,680	19,454,615	6,877,065	35.35%
Fines & Penalties	-	-	-	-	1,319,020	1,387,833	(68,813)	-4.96%
Fees, Licenses, Permits	-	278,000	861,168	-	7,332,672	6,910,042	422,630	6.12%
Charges for Services	3,505,661	350,000	-	-	28,499,666	25,233,128	3,266,538	12.95%
Interest and Other	10,000	58,000	92,000	-	3,269,230	3,755,234	(486,004)	-12.94%
Interfund Transfers*	288,200	2,626,333	-	3,771,000	15,931,108	14,657,498	1,273,310	8.69%
Borrowing Authorizations	-	1,770,000	-	17,505,633	41,933,633	42,529,737	(596,104)	-1.40%
Total Resources	\$3,803,861	\$5,082,333	\$953,168	\$21,276,633	\$276,506,463	\$261,422,216	\$15,084,247	5.77%
Operating Expenditures:								
Town Council*	\$-	\$-	\$-	\$-	\$245,576	\$242,162	\$3,414	1.41%
Town Manager*	-	-	870,427	-	2,095,291	1,859,982	235,308	12.65%
Administrative Services*	-	-	-	-	5,833,588	5,796,466	37,122	0.64%
Planning & Development*	-	-	-	-	2,200,360	2,131,801	68,559	3.22%
Police	-	-	-	-	16,423,417	15,373,934	1,049,483	6.83%
Inspectional Services	-	-	-	-	2,400,693	2,353,579	47,114	2.00%
Public Works	-	-	-	-	24,074,944	22,021,817	2,053,128	9.32%
Marine & Environmental Affairs	-	-	-	-	2,783,976	2,473,259	310,716	12.56%
Community Services	2,965,623	2,127,235	-	-	7,485,355	7,069,694	415,661	5.88%
Local School Operations	-	-	-	-	79,789,020	75,657,251	4,131,769	5.46%
Airport Operations	-	-	-	-	8,758,473	6,440,596	2,317,877	35.99%
Subtotal Operations	\$2,965,623	\$2,127,235	\$870,427	\$-	\$152,090,693	\$141,420,541	\$10,670,152	7.54%
Other Requirements:								
Debt Service	\$503,875	\$1,234,875	\$-	\$-	\$15,546,387	\$14,823,756	\$722,632	4.87%
Employee Benefits*	278,759	175,254	58,664	-	27,806,282	27,128,304	677,978	2.50%
Property, Casualty & Liability Ins.*	24,815	118,397	2,095	-	2,500,000	2,150,000	350,000	16.28%
Staff Support, Audit, and Software Costs*	182,266	69,192	21,983	-	979,219	851,114	128,104	15.05%
State, County & Local Assessments	-	-	-	-	15,689,184	14,760,181	929,003	6.29%
Library & Tourism Grants	-	-	-	-	2,162,660	2,075,000	87,660	4.22%
Other Fixed Costs	-	-	-	-	436,000	422,000	14,000	3.32%
Snow & Ice Removal	-	-	-	-	800,000	341,107	458,893	134.53%
Reserve For Abatements & Exemptions	-	-	-	-	1,600,000	1,140,553	459,447	40.28%
Capital Program	-	1,770,000	-	25,442,939	54,152,286	51,751,562	2,400,724	4.64%
Subtotal Other Requirements	\$989,715	\$3,367,718	\$82,741	\$25,442,939	\$121,672,018	\$115,443,577	\$6,228,441	5.40%
Interfund Transfers	\$-	\$-	\$-	\$-	\$13,490,426	\$12,599,818	\$890,608	7.07%
Grand Total Expenditures	\$3,955,338	\$5,494,953	\$953,168	\$25,442,939	\$287,253,137	\$269,463,936	\$17,789,201	6.60%
Excess (Deficiency) Cash Basis	\$(151,477)	\$(412,620)	\$(0)	\$(4,166,306)	\$(10,746,674)	\$(8,041,720)	\$(2,704,954)	33.64%
Beg. Balance – Free Cash	1,901,944	663,490	2,883,500	-	70,421,397	56,434,741	13,986,656	
Projected FY22 Excess (Deficiency)	197,238	151,628	137,444	-	7,652,364	-	-	
Projected End. Balance – Free Cash	<u>\$1,947,705</u>	<u>\$402,498</u>	<u>\$3,020,944</u>	-	<u>\$67,327,086</u>	<u>\$48,393,022</u>	<u>\$11,281,701</u>	

*Indirect Cost adjustments from General Fund to Enterprise Funds to reflect total direct and indirect operating cost.

The total consolidated operations budget including other requirements and capital programs is increasing \$17.8 million, or 6.60%. Operations are increasing by \$10.6 million mostly due to the significant change in the school department budget by \$4.1 million. Other requirements are increasing by \$6.23 million, or 5.40% mostly due to the increase in capital program.

CHANGE IN FUND BALANCE

- All Funds Requiring Annual Appropriation

Fund	Certified Free Cash Beginning Balance	FY2022 Projected Excess/ (Deficiency)	FY2023 Resources	FY2023 Expenditures	Excess/ (Deficiency)	Projected Certified Free Cash Ending Balance	Percent Change
General Fund (GF)*	\$24,427,135	\$1,115,280	\$192,420,438	\$193,470,439	(1,050,001)	24,492,415	0.27%
GF Capital Program	-	-	-	-	(4,166,306)	(4,166,306)	0.00%
Total General Fund	\$24,427,135	\$1,115,280	\$192,420,438	\$193,470,439	(\$5,216,307)	\$20,326,109	-16.79%
Sewer Construction	19,596,419	-	6,504,074	9,195,923	(2,691,849)	16,904,570	-13.74%
Enterprise Funds:							
Airport	6,240,318	4,502,865	11,933,050	13,042,050	(1,109,000)	9,634,183	54.39%
Golf	1,901,944	197,238	3,803,861	3,955,338	(151,477)	1,947,705	2.41%
HYCC	663,490	151,628	5,082,333	5,494,953	(412,620)	402,498	-39.34%
Marina	1,134,781	142,629	796,900	861,581	(64,681)	1,212,729	6.87%
PEG	2,883,500	137,444	953,168	953,168	(0)	3,020,944	4.77%
Sandy Neck	929,558	(39,433)	988,256	1,095,273	(107,017)	783,108	-15.75%
Solid Waste	1,481,144	(242,734)	3,772,049	4,265,773	(493,724)	744,686	-49.72%
Water Pollution Control	9,870,222	604,121	19,992,568	20,227,568	(235,000)	10,239,343	3.74%
Water Supply	1,292,886	1,083,326	10,621,162	10,886,162	(265,000)	2,111,212	63.29%
Total All Funds	\$70,421,397	\$7,652,364	\$256,867,859	\$263,448,228	(\$10,746,675)	\$67,327,086	-4.39%

*Indirect Cost adjustments from General Fund to Enterprise Funds to reflect total direct and indirect operating cost.

Fund balance in the table above represents the "Certified Free Cash" portion of fund balance available for appropriation as certified by the Massachusetts Department of Revenue, Division of Local Services. A total of \$1.050 million of General Fund reserves will be used to fund the proposed FY 2023 operating budget and \$4.166 million for the capital program. Including the FY 2022, projected amounts will leave a reserve balance of \$20.3 million, which represents about 10.51% of General Fund expenditures. The reserve will be used to fund the proposed FY2023 operating budget for Town Council reserve fund (\$250,000) and snow & ice deficit (\$800,000).

The **Airport Enterprise Fund** will use (\$1,109,000) of reserves for the FY 2023 capital budget. The estimated remaining reserve balance represents 74% of the FY 2024 expenditures.

The **Golf Course Enterprise Fund** will use (\$151,477) of reserves for the FY 2023 operating budget. The estimated remaining reserves represent 50% of the FY 2023 expenditures.

The **Hyannis Youth & Community Center (HYCC) Enterprise Fund** will receive a \$1,391,458 General Fund Subsidy. HYCC will use (\$412,620) of reserves to balance the proposed FY 2023 operating budget. The estimated remaining reserves represent 7.32% of the FY 2023 expenditures. General Fund subsidies will continue to be provided for this enterprise operation into the future, as its revenue structure does not allow it to be self-supporting.

The **Marina Enterprise Funds** will use (\$64,681) of reserves to balance the proposed FY 2023 operating budget. The estimated remaining balance in the reserve represents approximately 140% of the FY 2023 expenditures.

The **Public, Education & Government Access Channel Enterprise Fund** will not use reserves to balance the operating budget. The estimated remaining reserve balance represents 317% of the FY 2023 expenditures.

The **Sandy Neck Enterprise Fund** will use (\$107,017) of reserves to balance the proposed FY 2023 operating budget. The estimated remaining balance in the reserves represents 71.50% of the FY 2023 expenditures.

The **Solid Waste Enterprise Fund** will use (\$493,724) of its reserves to balance the proposed FY 2023 operating and capital budgets. The estimated remaining reserve balance represents 17% of the FY 2023 expenditures.

The **Water Pollution Control Enterprise Fund** will use (\$235,000) of reserves in the proposed FY 2023 operating and capital budgets. The estimated remaining reserve balance is 50% of the FY 2023 expenditures.

The **Water Enterprise Fund** will use (\$265,000) of reserves for its FY 2023 capital budget. The estimated remaining reserve balance is 19% of the FY 2023 expenditures.

The State's Division of Local Services certifies the amount of surplus a community has at the beginning of each fiscal year. These certified amounts can be used to balance operating and capital budgets, if a community chooses to do so. A seven-year summary of the certified amounts for the General Fund and each Enterprise Fund is illustrated below.

Certified Free Cash	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021
General Fund	\$13,949,203	\$13,131,098	\$16,197,155	\$12,643,236	\$14,688,744	\$18,524,377	\$24,427,135
Enterprise Funds:							
Airport	977,186	2,793,657	2,386,672	3,525,181	2,761,211	3,885,899	6,240,318
Golf	638,274	733,441	723,798	684,755	666,343	433,134	1,901,944
HYCC	318,809	502,380	496,529	634,810	593,821	724,944	663,490
Marinas	661,356	774,588	809,462	851,171	861,350	834,302	1,134,781
PEG*	1,704,942	1,937,915	2,149,696	2,328,719	2,324,141	2,685,352	2,883,500
Sandy Neck	478,853	714,332	943,846	895,176	909,529	705,282	929,558
Solid Waste	3,489,420	2,409,841	2,179,508	1,881,943	2,294,760	1,284,194	1,481,144
Water Pollution	7,611,524	8,661,669	8,797,951	9,230,479	8,734,747	9,942,322	9,870,222
Water Supply	3,336,150	3,257,325	1,249,454	2,157,029	1,274,703	622,194	1,292,886
Totals	\$33,165,717	\$34,916,246	\$35,934,071	\$34,832,499	\$35,109,349	\$39,642,000	\$50,824,978
Sewer Construction & Private Way Maintenance Improvements Fund	\$10,044,371	\$12,240,570	\$14,000,808	\$16,367,758	\$18,891,064	\$18,600,205	\$19,596,419
Comprehensive Water and Wastewater Management Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$533,161	\$1,554,108

As illustrated in the table above, total reserves for the General Fund and Enterprise Funds have ranged from \$33 to \$50.8 million. The town has generated more reserves than it has used over this period. In addition to the General Fund and Enterprise Funds, the Town has a reserve for Sewer Construction & Private Way Improvements Fund. This fund will be used to finance the Town's public sewer expansion. At the close of Fiscal Year 2021, this fund had a balance of \$19,596,419. The Town has also created a Comprehensive Water and Wastewater Management Fund, which has a balance of \$1,554,108. All of the Town's rooms tax on vacation rentals is credited to this fund.

MUNICIPAL OPERATIONS BUDGET AND FUNDING SUMMARY

Funding Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Taxes	\$27,840,865	\$30,313,191	\$33,368,414	\$35,317,210	\$1,948,796	5.84%
Intergovernmental	564,242	543,474	272,524	268,961	(3,563)	-1.31%
Fines, Forfeitures, Penalties	1,981,901	1,742,690	1,309,000	1,240,000	(69,000)	-5.27%
Fees, Licenses, Permits	3,698,304	3,674,541	2,575,285	2,688,750	113,465	4.41%
Charges for Services	2,427,349	2,081,144	1,833,500	1,838,500	5,000	0.27%
Interest and Other	1,337,502	1,361,403	1,077,401	1,012,500	(64,901)	-6.02%
Special Revenue Funds	669,660	649,940	649,940	653,440	3,500	0.54%
Enterprise Funds	923,525	851,115	851,115	979,219	128,104	15.05%
Total Sources of Funding	\$39,443,348	\$41,217,498	\$41,937,179	\$43,998,580	\$2,061,401	4.92%

Municipal Department	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Police	\$14,970,290	\$15,339,605	\$15,373,934	\$16,423,417	\$1,049,483	6.83%
Public Works	9,866,740	10,682,623	10,470,034	10,859,063	389,029	3.72%
Administrative Services	6,137,527	6,226,811	6,471,364	6,645,590	174,226	2.69%
Community Services	2,108,384	2,266,630	2,395,834	2,392,497	(3,337)	-0.14%
Marine & Environmental Affairs	1,132,423	1,194,211	1,261,370	1,439,303	177,933	14.11%
Inspectional Services	2,033,580	2,215,944	2,353,579	2,400,693	47,114	2.00%
Planning & Development	1,937,811	1,835,495	2,135,301	2,203,860	68,559	3.21%
Town Manager	980,910	1,183,688	1,192,788	1,348,165	155,377	13.03%
Town Council	275,683	272,490	282,975	285,992	3,017	1.07%
Total Appropriated Expenditures	\$39,443,348	\$41,217,498	\$41,937,179	\$43,998,580	\$2,061,401	4.92%

Full-Time Equivalent Employees (FTE's)

375.58	383.69	397.66	13.97
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The Municipal Operations proposed FY 2023 budget is increasing by \$2,061,401 or 4.92% over the approved FY 2022 budget. In percentage terms, the Marine & Environmental Affairs Department budget has the largest increase 14.1% due to a new Assistant Harbormaster position and reallocation of salary from the Enterprise Funds. Town Manager's budget is the second largest budget increase at 13% due to two additional positions added to the budget. The Police Department has the largest monetary increase, \$1,049,483, mostly due contractual obligations in personnel cost. Public Works is the second largest monetary increase, \$389,029, which includes expanded field maintenance, water quality monitoring, new custodial and household hazardous waste disposal initiatives.

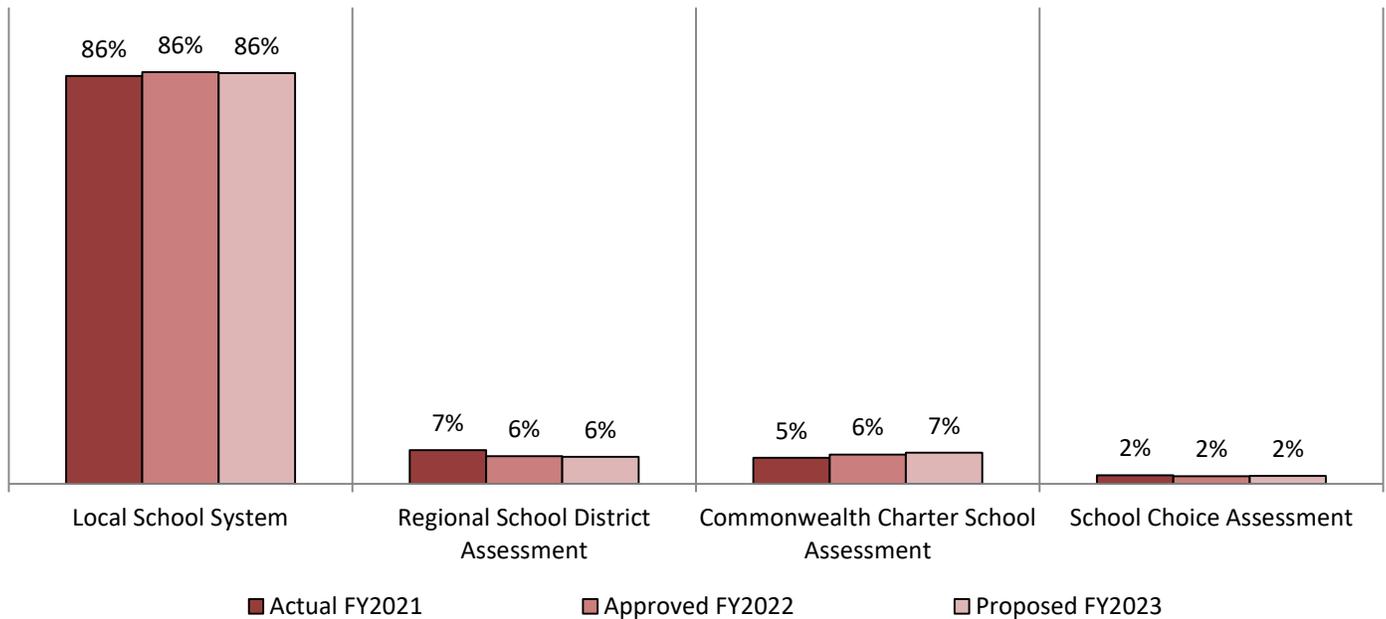
This proposed budget also includes funding for several cost increases in the areas of technology for the annual software licenses agreements, hardware maintenance, and cellular phone service.

Property taxes used to fund these operations will increase \$1,952,296, or 5.85%. Taxes provide 80% of the funding for this area of the General Fund budget.

EDUCATION BUDGET AND FUNDING SUMMARY

Funding Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Taxes	\$67,496,907	\$69,026,753	\$71,056,086	\$70,542,064	\$(514,022)	-0.72%
Intergovernmental	13,784,440	13,809,573	15,516,818	21,813,605	6,296,787	40.58%
Fees, Licenses, Permits	-	790	200,000	200,000	-	0.00%
Interest and Other	60,310	-	-	-	-	0.00%
School Savings Account	-	950,531	950,531	-	(950,531)	-100.00%
Total Sources of Funding	\$81,341,657	\$83,787,647	\$87,723,435	\$92,555,669	\$4,832,234	5.51%

Expenditure Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Local School System	\$69,648,042	\$71,886,463	\$75,822,251	\$79,789,021	\$3,966,770	5.23%
Regional School District Assessment	5,753,760	5,106,410	5,106,410	5,229,756	123,346	2.42%
Commonwealth Charter School Assessment	4,455,087	5,384,510	5,384,510	6,025,534	641,024	11.90%
School Choice Assessment	1,484,768	1,410,264	1,410,264	1,511,358	101,094	7.17%
Total Appropriation	\$81,341,657	\$83,787,647	\$87,723,435	\$92,555,669	\$4,832,234	5.51%



All General Fund expenditures on education for Barnstable students attending schools outside of the local school district total \$12,766,648 or 14% of the entire education budget. The regional school assessment for the Cape Cod Technical High School is the largest at 6% of all education expenditures. Tax support will decrease (\$514,023) in FY 2023 to fund these expenditures because the increase in Chapter 70 covers more of the budget. Tax support represents 76% of the budget.

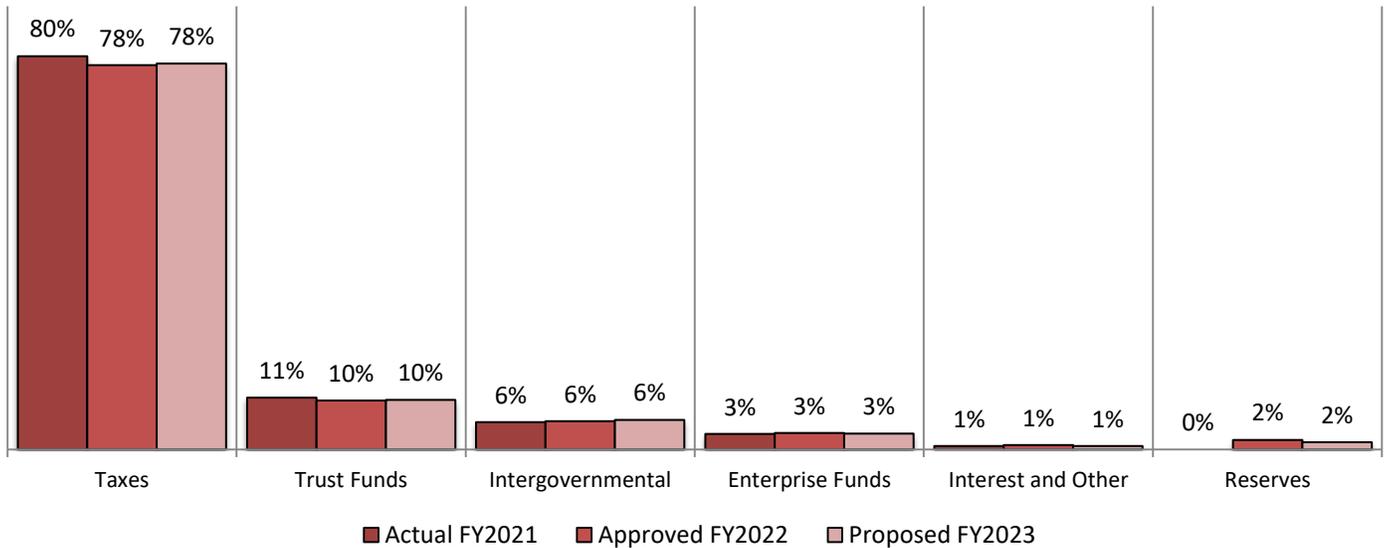
OTHER REQUIREMENTS AND FUNDING SUMMARY

Other Requirements Funding Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Taxes	\$51,482,990	\$53,218,375	\$51,255,256	\$54,621,829	\$3,366,573	6.57%
Intergovernmental	3,576,609	3,971,873	3,771,873	4,190,714	418,841	11.10%
Interest and Other	468,633	478,006	570,000	470,000	(100,000)	-17.54%
Special Revenue Funds	97,540	86,400	86,400	83,200	(3,200)	-3.70%
Enterprise Funds	2,020,320	2,185,775	2,185,775	2,258,809	73,034	3.34%
Trust Funds	6,797,324	6,515,178	6,515,178	7,008,286	493,108	7.57%
Reserves	-	1,276,592	1,276,592	1,050,000	(226,592)	-17.75%
Total Sources of Funding	\$64,443,416	\$67,732,199	\$65,661,074	\$69,682,838	\$4,021,764	6.13%

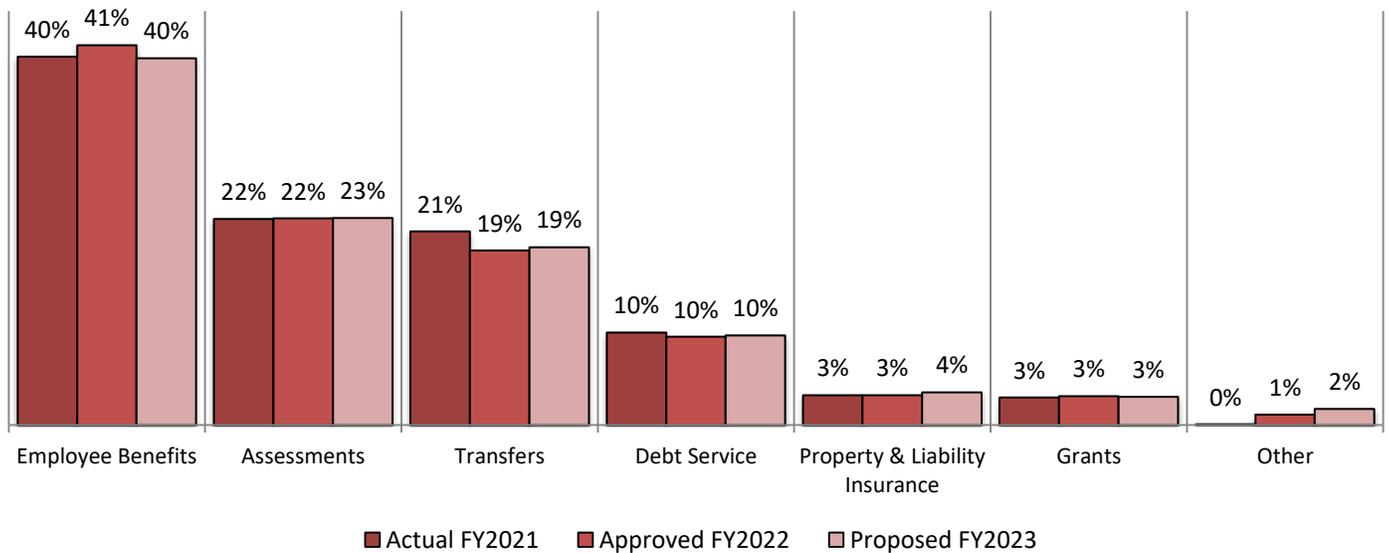
Expenditure Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Retirement Assessments	\$10,602,208	\$10,835,369	\$10,835,369	\$11,287,644	\$452,275	4.17%
OPEB Contribution	600,000	650,000	650,000	700,000	50,000	7.69%
Health Insurance for Active Employees	7,203,844	7,775,000	8,000,000	8,000,000	-	0.00%
Retiree Health & Sick Benefits	4,729,362	5,025,000	5,166,485	5,297,932	131,447	2.54%
Workers' Compensation & Unemployment	1,454,029	1,100,000	1,200,000	1,200,000	-	0.00%
Medicare & Life Insurance	1,224,437	1,270,000	1,276,450	1,320,706	44,256	3.47%
Total Employee Benefits	\$25,813,880	\$26,655,369	\$27,128,304	\$27,806,282	\$677,978	2.50%

Debt Service, Grants, Assessments & Other	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Debt Service	\$6,488,897	\$6,320,128	\$6,320,128	\$6,798,286	\$478,158	7.57%
Library Grants	1,899,691	1,948,000	1,948,000	2,035,660	87,660	4.50%
Tourism Grant	51,078	127,000	127,000	127,000	-	0.00%
Property & Liability Insurance	2,097,430	2,300,000	2,150,000	2,500,000	350,000	16.28%
Interest on Tax Refunds	5,954	-	-	-	-	0.00%
Celebrations	11,354	120,000	120,000	134,000	14,000	11.67%
Lombard Trust Rent	52,000	52,000	52,000	52,000	-	0.00%
Veterans' District Assessment & Benefit Payments	357,494	420,000	425,000	430,000	5,000	1.18%
Old Kings Highway	10,450	9,950	9,950	10,000	50	0.50%
Greenhead Fly Control District	5,820	5,820	5,820	5,820	-	0.00%
County Tax & Cape Cod Commission Assessments	1,215,102	1,230,279	1,230,279	1,261,036	30,757	2.50%
Mosquito Control	458,801	464,627	464,627	476,263	11,636	2.50%
Air Pollution Control Districts	22,201	21,953	21,953	23,143	1,190	5.42%
Regional School District Assessment	5,753,760	5,106,410	5,106,410	5,229,756	123,346	2.42%
Commonwealth Charter School Assessment	4,455,087	5,384,510	5,384,510	6,025,534	641,024	11.90%
School Choice Assessment	1,484,768	1,410,264	1,410,264	1,511,358	101,094	7.17%
RMV Non-renewal Surcharge	66,040	66,040	66,040	71,580	5,540	8.39%
Cape Cod Regional Transit Authority	608,332	623,542	623,542	639,133	15,591	2.50%
Special Education Assessment	11,333	11,786	11,786	5,561	(6,225)	-52.82%
Snow & Ice Deficit	-	341,107	341,107	800,000	458,893	134.53%
Town Council Reserve Fund	-	250,000	250,000	250,000	-	0.00%
Total Debt Service, Grants, Assessments & Other	\$25,055,592	\$26,213,416	\$26,068,416	\$28,386,130	\$2,317,714	8.89%
Subtotal Before Transfers	\$50,869,472	\$52,868,785	\$53,196,720	\$56,192,412	\$2,995,692	5.63%
Transfer to Capital Trust Fund	\$10,442,825	\$11,042,896	11,042,896	12,068,968	1,026,072	9.29%
Transfer to Capital Projects Funds	781,279	2,399,060	-	-	-	0.00%
Transfers to Enterprise Funds	2,349,840	1,421,458	1,421,458	1,421,458	-	0.00%
Total Transfers	\$13,573,944	\$14,863,414	\$12,464,354	\$13,490,426	\$1,026,072	8.23%
Grand Total Other Requirements	\$64,443,416	\$67,732,199	\$65,661,074	\$69,682,838	\$4,021,764	6.13%

3 Year Comparison of Funding Sources for Other Requirements



3 Year Comparison of Funding Sources for Other Requirements



Employee benefits, Capital Trust Fund transfers, and debt service comprise most of the spending in this category. Together they account for 70% of all spending in the fixed costs category. Taxes have provided most of the additional funding needed for the growth in spending in this area of the budget. Transfers from the Capital Trust Fund for debt service payments as a percentage of total resources has increased correspondingly with the decrease in other resource categories.

GENERAL FUND BUDGET SUMMARY

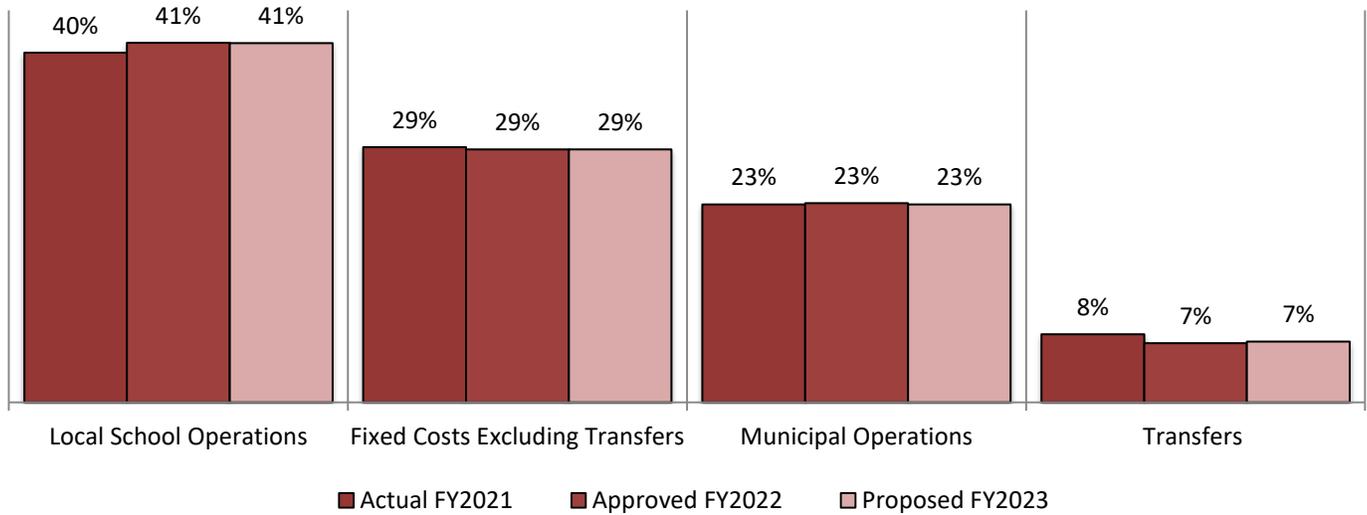
Funding Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Taxes	\$142,770,112	\$143,999,538	\$143,778,576	\$147,714,454	\$3,935,878	2.74%
Intergovernmental	17,925,291	18,324,920	19,561,215	26,273,280	6,712,065	34.31%
Fines & Penalties	1,981,901	1,742,690	1,309,000	1,240,000	(69,000)	-5.27%
Fees, Licenses, Permits	3,698,304	3,675,331	2,775,285	2,888,750	113,465	4.09%
Charges for Services	2,427,349	2,081,144	1,833,500	1,838,500	5,000	0.27%
Interest and Other	1,866,445	1,839,409	1,647,401	1,482,500	(164,901)	-10.01%
Special Revenue Funds	767,200	736,340	736,340	736,640	300	0.04%
Enterprise Funds	2,943,845	3,036,890	3,036,890	3,238,028	201,138	6.62%
Trust Funds	6,797,324	6,515,178	6,515,178	7,008,286	493,108	7.57%
Total Sources of Funding	\$181,177,771	\$181,951,440	\$181,193,385	\$192,420,439	\$11,227,053	6.20%

Expenditure Category						
Municipal Operations	\$39,443,348	\$41,217,498	\$41,937,179	\$43,998,580	\$2,061,401	4.92%
Local School Operations	69,648,042	71,886,463	75,657,251	79,789,021	4,131,770	5.46%
Fixed Costs Excluding Transfers	50,869,472	52,868,785	53,196,720	56,192,412	2,995,692	5.63%
Transfers	13,573,944	14,863,414	12,464,354	13,490,426	1,026,072	8.23%
Total Appropriation	\$173,534,806	\$180,836,160	\$183,255,504	\$193,470,439	\$10,214,935	5.57%

Excess (Deficiency)	\$7,642,965	\$1,115,280	\$(2,227,123)	\$(1,050,000)	\$1,177,118
Beginning - Certified Free Cash	19,011,289		26,654,254	24,427,135	
Projected FY22 Excess (Deficiency)				1,115,280	
Ending Projected Certified Free Cash	<u>\$26,654,254</u>		<u>\$24,427,135</u>	<u>\$24,492,415</u>	
Full-time Equivalent Employees	1,241.92		1,289.74	1,323.41	33.67

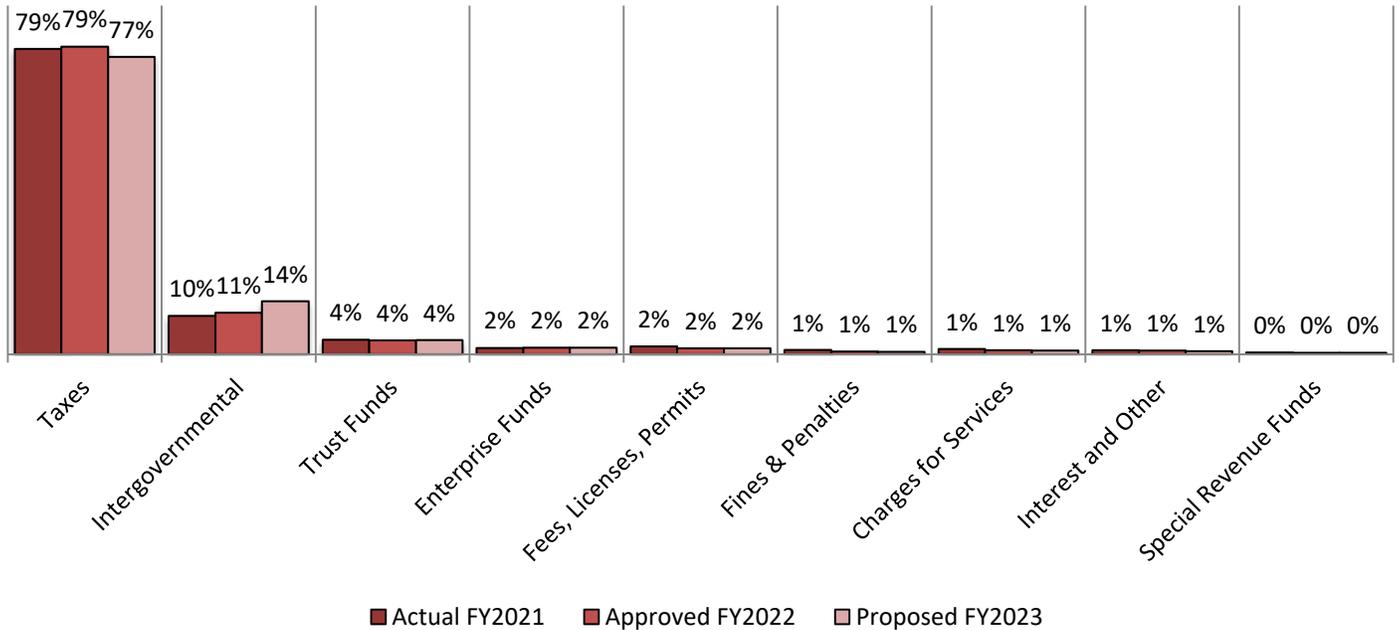
The total General Fund proposed FY 2023 budget is increasing \$10.2 million or 5.6% over the approved FY 2022 budget. Total recurring resources used to balance the budget are increasing \$11.4 million, or 6.3% resulting in a decrease in the use of reserves to balance the budget. Taxes provide 76% of the total sources of funding for the General Fund budget. This category includes property taxes, motor vehicle excise and rooms excise tax. Chapter 70 state aid represents the majority of the growth in resources and Intergovernmental aid is the second largest funding source at 13.6% of the total sources of funding for the General Fund budget. All other sources comprise 9% of the total sources of funding used to balance the budget.

3 Year Comparison General Fund Expenditures By Major Area



The local school system is the largest cost area for the General Fund accounting for 41% of all expenditures. Other Requirements (fixed costs) is the second largest area at 29%. Transfers include amounts allocated to the Capital Trust Fund for future capital improvements and financial support to the HYCC Enterprise Fund.

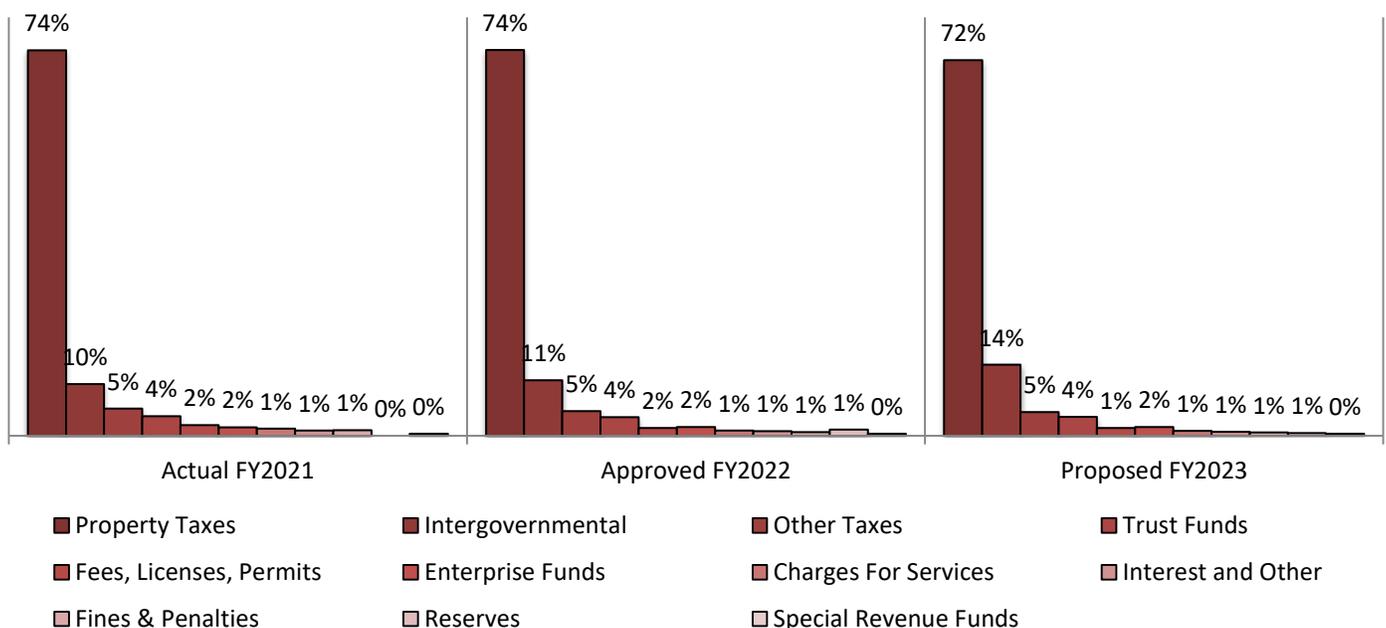
3 Year Comparison General Fund Resources



Taxes include property, motor vehicle and boat excise and local hotel/motel rooms tax. These sources of funding provide 79% of all General Fund operations. Intergovernmental revenue provides 14% of the funding.

GENERAL FUND REVENUE SUMMARY

Funding Category	Actual FY2021	Projected FY2022	Budget FY2022	Budget FY2023	Change FY22 - 23	Percent Change
Tax Levy	\$135,943,190	\$135,373,911	\$136,243,968	\$140,513,424	\$4,269,456	3.13%
Reserved for Abatements and Exemptions	(2,539,114)	(1,084,353)	(1,140,553)	(1,600,000)	(459,447)	40.28%
Property Taxes Available for Operations	\$133,404,076	\$134,289,558	\$135,103,415	\$138,913,424	\$3,810,009	2.82%
Other Taxes:						
Motor Vehicle Excise Tax	\$8,002,042	\$7,429,812	\$7,078,161	\$6,839,030	\$(239,131)	-3.38%
Boat Excise Tax	134,213	125,808	115,000	130,000	15,000	13.04%
Motel/Hotel Excise Tax	1,195,413	2,119,360	1,450,000	1,800,000	350,000	24.14%
Payments in Lieu of Tax	34,368	35,000	32,000	32,000	-	0.00%
Total Other Taxes	\$9,366,036	\$9,709,980	\$8,675,161	\$8,801,030	\$125,869	1.45%
Other Resources:						
Intergovernmental	\$17,925,291	\$18,324,920	\$19,561,215	\$26,273,280	\$6,712,065	34.31%
Fines & Penalties	1,981,901	1,742,690	1,309,000	1,240,000	(69,000)	-5.27%
Fees, Licenses, Permits	3,698,304	3,675,331	2,775,285	2,888,750	113,465	4.09%
Charges For Services	2,427,349	2,081,144	1,833,500	1,838,500	5,000	0.27%
Interest and Other	1,866,445	1,839,409	1,647,401	1,482,500	(164,901)	-10.01%
Special Revenue Funds	767,200	736,340	736,340	736,640	300	0.04%
Enterprise Funds	2,943,845	3,036,890	3,036,890	3,238,028	201,138	6.62%
Trust Funds	6,797,324	6,515,178	6,515,178	7,008,286	493,108	7.57%
Reserves	-	-	2,227,123	1,050,000	(1,177,123)	-52.85%
Total Other Resources	\$38,407,659	\$37,951,902	\$39,641,932	\$45,755,984	\$6,114,052	15.42%
Total General Fund Resources	\$181,177,771	\$181,951,440	\$183,255,508	\$193,470,439	\$10,214,930	5.57%



General Fund Revenue Forecast Assumptions

Property Taxes

Property taxes are projected to grow consistent with the provisions of Proposition 2½ and the Town Council’s budget policy. No property tax overrides are proposed for FY 2023 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY 2023 is as follows:

FY2022 Base Levy	\$134,028,054
Prop 2½ allowable increase (2.5% of base)	3,350,701
Estimated new property tax growth	750,000
Cape Cod Commission environmental tax	652,469
Debt exclusions	1,732,200
Less reserve for abatements & exemptions	(1,600,000)
FY2023 Tax Levy available for operations	\$138,913,424

Estimated new property tax growth is derived principally from new building construction. The Town Assessor works closely with the Inspectional Services Department and reviews building activity to arrive at the estimate for the ensuing year.

The tax for the Cape Cod Commission (CCC) is a tax that is added to the levy every year above the Proposition 2½ allowable increase. All Cape Cod communities pay this voter approved additional tax. The CCC assessments can only be increased by 2.5% every year.

Debt exclusions are also voter approved initiatives that are added to the levy above the Proposition 2½ increase. These are equal to the debt service payments and they expire once the debt service expires.

Every year a provision for abatements and property tax exemptions must be made as well. For FY 2023 a provision of \$1,600,000 is being set aside, reducing the available property taxes to fund operations by this amount.

	Projected Tax Levy - Stated in Millions				
	2023P	2024P	2025P	2026P	2027P
Base levy from prior year	134.03	138.13	142.33	146.64	151.06
Prop. 2½ increase	3.35	3.45	3.56	3.67	3.78
Estimated new growth	0.75	0.75	0.75	0.75	0.75
Less reserve for abatements & exemptions	(1.60)	(1.60)	(1.60)	(1.60)	(1.60)
New base	\$136.53	\$140.73	\$145.04	\$149.46	\$153.98
Voter Approved Add-ons:					
CCC Environmental Tax	0.65	0.67	0.69	0.70	0.72
Debt exclusions*	1.73	1.59	1.55	1.50	1.45
Maximum allowable levy	\$138.91	\$143.00	\$147.27	\$151.66	\$156.16
Percent Change From Previous Year	2.82%	2.94%	2.99%	2.98%	2.97%

* All approved debt exclusions are for school construction projects.

The projected tax levy for the next five years is estimated to grow from \$134 million to \$156 million. This represents about a 3 percent increase per year. It is expected that the Town will have to increase the base levy by 2.5 percent every year and a factor for new building growth. New property tax growth is expected to average about \$750,000 per year, approximately. The Cape Cod Commission assessment is projected to increase 2.5 percent per year. A recently approved debt exclusion override is for the Cape Cod Regional Technical High School, which is expected to affect the town’s tax levy for several years.

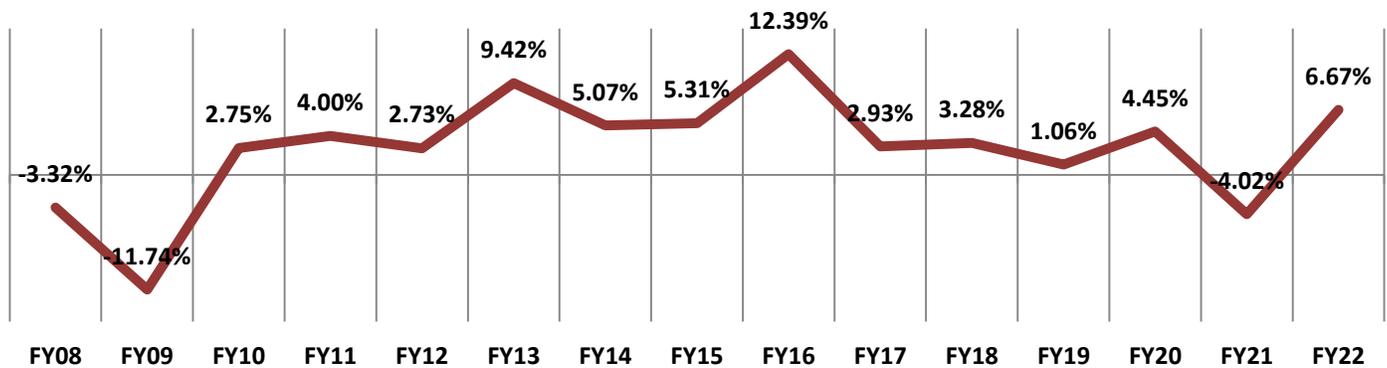
Motor Vehicle Excise Tax

Motor Vehicle Excise collections are authorized by Massachusetts General Law, Chapter 60A, Section 1. The excise tax is calculated by a formula of \$25 per \$1,000 of valuation. The tax is based on a percentage of the MSRP as follows:

- 90% of MSRP for model year the same as the tax year
- 60% of MSRP for model 1 year old
- 40% of MSRP for model 2 years old
- 25% of MSRP for model 3 years old
- 10% of MSRP for model over 3 years old

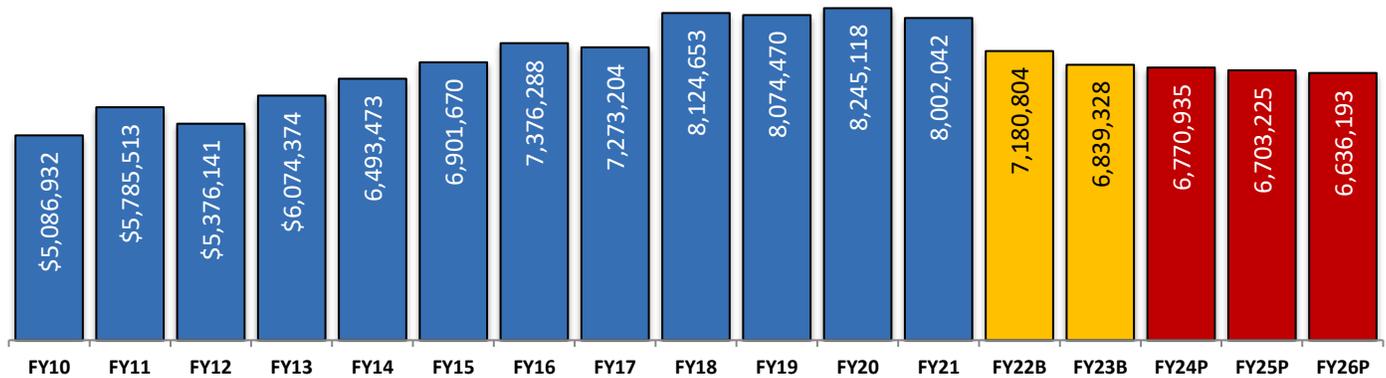
This category of revenue is difficult to project because of the many variables involved. These include the timing of the state in mailing commitments, the price changes in new vehicles, the volume of new vehicle purchases and leases, and changes in the economy. The Town receives a tax commitment from the State Department of Motor Vehicles every other month with the first and largest commitment usually issued in the month of January. This commitment is a good indicator of where this revenue category is trending. For the past several years, the January commitment has been as follows:

Motor Vehicle Excise Tax - January Commitment
Annual % Change



The auto industry has recovered from the 2008 recessionary year. Locally, many dealerships have made significant investments in their properties; however, this revenue source may have maxed out its potential due to the tremendous growth over the years. The January commitment annual change has remained positive 12 out of 15 fiscal years.

Motor Vehicle Excise Tax - Actual vs Projected

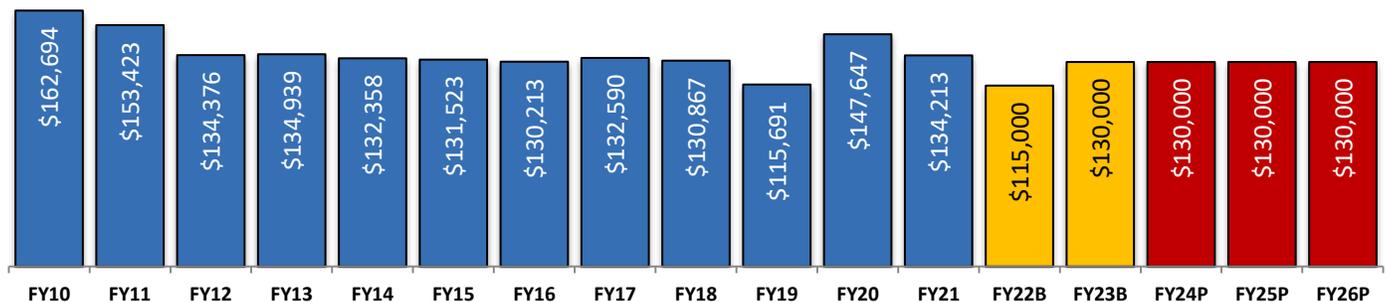


The blue bars represent the past twelve years of actual revenue collections, and yellow bars are FY 2022 and FY 2023 budgets. The town takes a conservative approach when budgeting for this source of revenue, which explains the budget figure being much lower than actuals. As per the National Automobile Dealers Association, new vehicle sales nationwide set a record at 17.6 million units sold in 2016, but predict future sales to decline. This area of revenue has reached its highest amount in FY 2020 at \$8.2 million. FY 2010 saw significant drop in revenue due to the 2008 recession. The recovery began in FY 2013, which saw this area grow to over \$8 million after several years in decline. The FY 2023 budget was conservatively projected. Projections over the next five years are will remain below historical figures represented by the red bars.

Boat Excise Tax

The boat excise tax has always been a relatively small revenue source to the Town and is set at \$10 per \$1,000 of valuation by the state. Boat excise has not experienced the increases that motor vehicle excise has in recent years. The state imposes a maximum taxable value of \$50,000 on vessels. This category is projected to be level based on prior year collections.

History of Boat Excise Tax Revenue - Actual and Budgeted

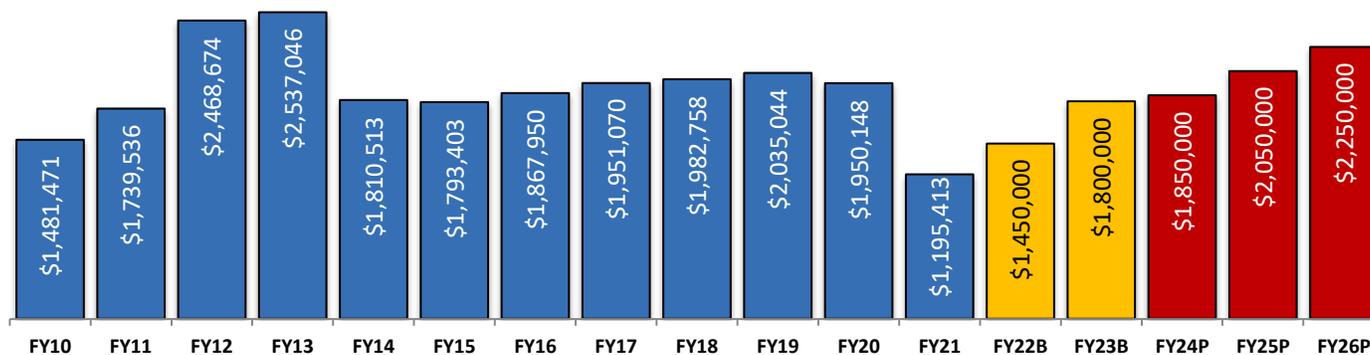


The blue bars represent the past twelve years of actual revenue collections, yellow bars are FY 2022 and FY 2023 budgets, the red bars represent projected revenue. As illustrated by the chart above, actual collections have ranged between \$135,000 and \$162,000 over the past eleven years.

Motel/Hotel Excise Tax

The Massachusetts Legislature enacted the Motel/Hotel Tax in 1985 as a local option excise tax on hotels, motels, and lodging houses (“bed and breakfasts”). The Commonwealth administers the tax by collecting the local option portion from business establishments and sending them back to the cities and towns on a quarterly basis. The local option tax was capped at 4% until recently. Cities and towns now have the option of increasing the local portion to 6%. The Town of Barnstable recently adopted this increase in July 2010. The revenue collected from the additional 2% has been dedicated for sewer expansion projects and certain qualifying private road improvements. Motel/Hotel tax revenues depend largely on room occupancy from year-to-year, the total number of room stock, as well as the base rates charged to consumers by hotels and motels. In better economic times, more rooms may be occupied during the Town’s tourist season, leading to potentially higher returns on the tax. The closure or conversion of rooms to condominiums reduces the number of room stock susceptible to the tax, potentially leading lower returns on the tax.

Rooms Excise Tax - Actual vs Projected



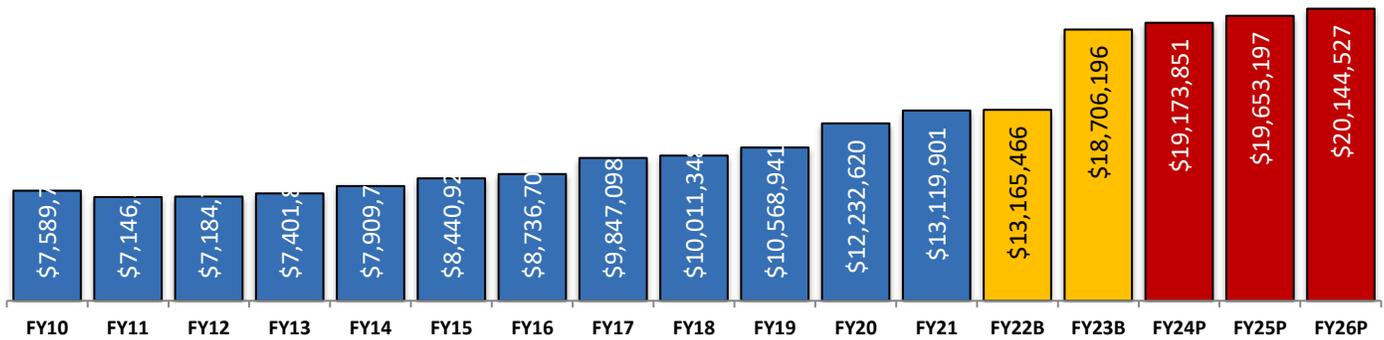
The blue bars represent the past twelve years of actual revenue collections, yellow bars are FY 2022 and FY 2023 budgets. The spikes in FY 2012 and FY 2013 are due to a 2% tax rate increase, which was subsequently dedicated to the Sewer Construction and Private Way Improvement Special Revenue Fund in FY 2014. This revenue source has maintained a steady increase over the years indicating tourism's attraction to Cape Cod. FY 2021 and FY 2022 are lower due to the pandemic but should trend back towards previous years amounts post-pandemic.

Intergovernmental

This category of revenue consists of several state aid classifications. Most notably are Chapter 70 (CH70) aid for education, and unrestricted general government aid. The estimate used for the FY 2021 budget proposal is based on the Governor’s proposed budget for FY 2021. The House and Senate will also propose budgets and then conference to reconcile their differences. Their budget is then sent to the Governor who can veto specific line items or make changes to state aid categories like CH70. The House and Senate can override any vetoes during late June or early July, after the Town has already approved its budget. As this is a political process, the Town has historically used the Governor’s proposal to develop its budget and make budget adjustments subsequent to the state budget passage if necessary.

The Department of Elementary and Secondary Education (ESE) administers the Chapter 70 formula. Before receiving any education aid, all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are used to demonstrate compliance with net school spending requirements. Net school spending is the sum of the required local contribution plus state aid. In many cases, this amount exceeds the foundation budget.

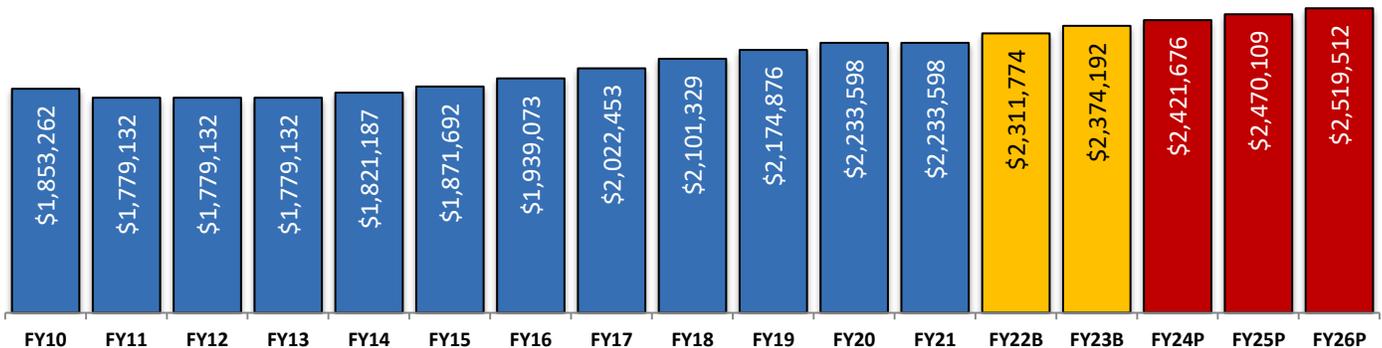
Chapter 70 Aid for Education - Actual vs Projected



The blue bars represent the past twelve years of actual revenue collections, yellow bars are FY 2022 and FY 2023 budgets. The town’s CH70 aid has increased nearly \$3 million over the past eleven years going from \$6.9 million to \$10 million. The large increase in FY 2021 & FY 2022 budget is the result of the Governors commitments to the new Student Opportunity Act that seeks to increase funding over a seven-year plan for K-12 schools. Future projections for CH70 Aid include minimal increases.

Unrestricted General Government Aid category is to provide general-purpose financial assistance to municipalities on an equalizing basis. This is formerly known as “Lottery Aid”. The formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values.

Unrestricted Aid - Actual vs Projected

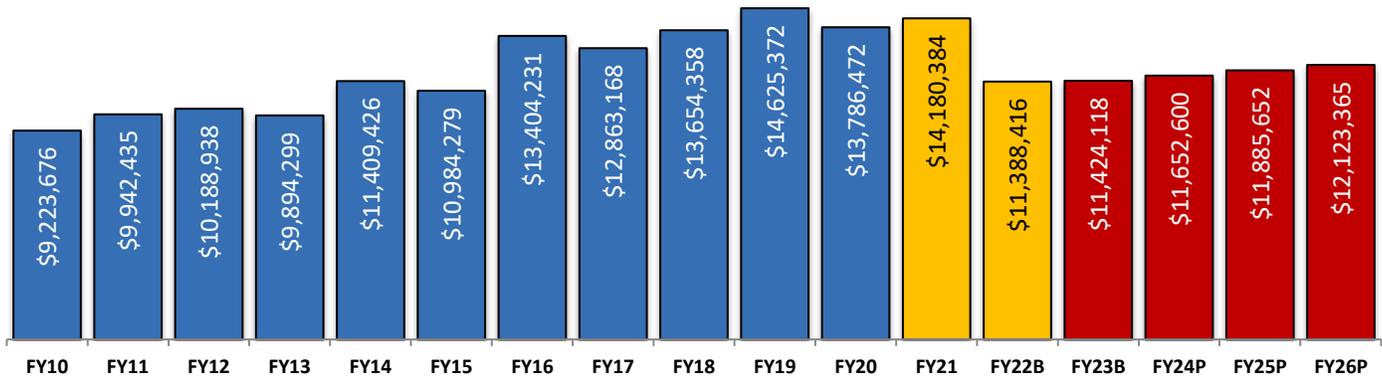


The blue bars represent the past TWELVE years of actual revenue collections, yellow bars are FY 2022 and FY 2023 budgets. The town was experiencing a steady decline in this revenue category from FY 2010 to FY 2013. FY 2014 to FY 2017 saw slight increases, and future projections include a 1.5% growth in this revenue category indicated by the red bars. Excess lottery distributions have been received in the past but are not included in this forecast. Additionally, casino gambling has been approved and it is projected that lottery sales will be negatively impacted. However, they could be offset by a new revenue sharing formula from casino gambling taxes imposed by the State.

Local Receipts

This category includes revenue generated from services, fees, permits, licenses, fines, penalties, investment income, and other sources generated at the local level. The historical activity levels in each category are monitored and then projected. Any fee adjustments are also taken into consideration and projections for each area are then produced based on activity levels and rates. This area of revenue is projected to be lower in FY 2021 based on recent events.

Local Receipts- Actual and Projected



The blue bars represent actual receipts collected through FY 2021 as well as the yellow bars for FY 2022 and FY 2023 budgets. The projected amounts represented by the red bars for FY 2024 through FY 2026.

Trust Funds

The Town maintains a Pension Reserve Trust Fund, which it utilizes every year to offset the pension assessment received from the County Retirement System. The pension assessment is budgeted in the General Fund.

General Fund Reserves

The Town will use (\$1,050,000) in General Fund reserves to balance the proposed FY 2023 operating budget. The Town has historically been able to generate more reserves than what it has used to balance the budget due to conservative revenue estimation and unexpended appropriations. In addition, some of the costs being paid for with surplus are not recurring operating costs. The following is a history of General Fund reserves used and generated.

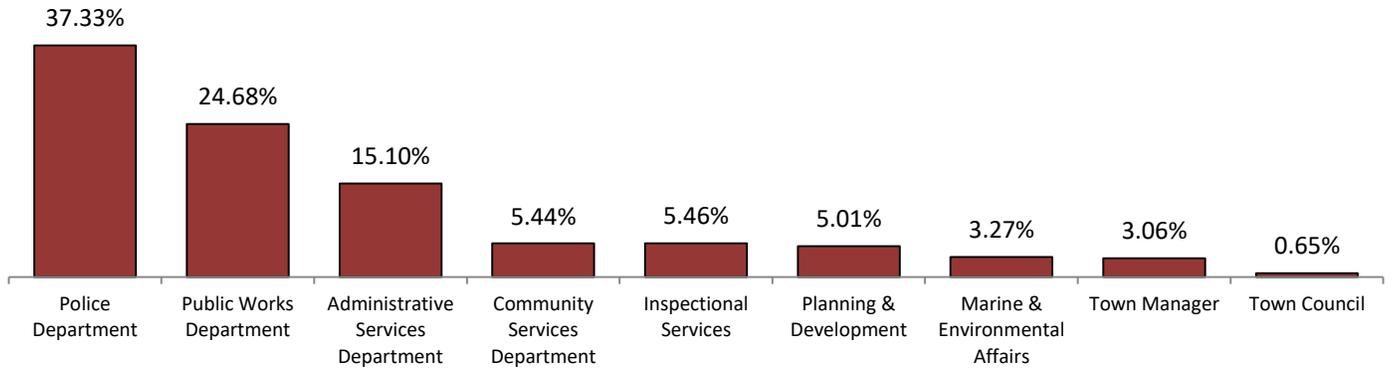
Certification Date:	Beginning	Used For:			Ending
	Balance	Operations	Capital	Generated	Balance
1-Jul-2015	13,370,039	(4,104,926)	(1,037,689)	5,721,779	13,949,203
1-Jul-2016	13,949,203	(2,726,877)	(4,000,000)	5,908,772	13,131,098
1-Jul-2017	13,131,098	(2,572,316)	(350,000)	5,988,373	16,197,155
1-Jul-2018	16,197,155	(3,587,352)	(4,260,175)	4,293,608	12,643,236
1-Jul-2019	12,643,236	(2,442,899)	(264,000)	4,752,408	14,688,745
1-Jul-2020	14,688,745	(2,870,718)	(233,554)	6,939,912	18,524,385
1-Jul-2021	18,524,385	(2,227,123)	(2,359,460)	10,489,333	24,427,135
	Average	(2,838,438)	(2,009,687)	6,058,820	

GENERAL FUND EXPENDITURE SUMMARY

Municipal Operations:	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Police Department	\$14,970,290	\$15,339,605	\$15,373,934	\$16,423,417	\$1,049,483	6.83%
Public Works Department	9,866,740	10,682,623	10,470,034	10,859,063	389,029	3.72%
Administrative Services Department	6,137,527	6,226,811	6,471,364	6,645,590	174,226	2.69%
Community Services Department	2,108,384	2,266,630	2,395,834	2,392,497	(3,337)	-0.14%
Inspectional Services	2,033,580	2,215,944	2,353,579	2,400,693	47,114	2.00%
Planning & Development	1,937,811	1,835,495	2,135,301	2,203,860	68,559	3.21%
Marine & Environmental Affairs	1,132,423	1,194,211	1,261,370	1,439,303	177,933	14.11%
Town Manager	980,910	1,183,688	1,192,788	1,348,165	155,377	13.03%
Town Council	275,683	272,490	282,975	285,992	3,017	1.07%
Total Municipal Operations	\$39,443,348	\$41,217,498	\$41,937,179	\$43,998,580	\$2,061,401	4.92%
All Education:						
Local School System	\$69,648,042	\$71,886,463	\$75,822,255	\$79,789,021	\$3,966,766	5.23%
Regional School District	5,753,760	5,106,410	5,106,410	5,229,756	123,346	2.42%
Commonwealth Charter Schools	4,455,087	5,384,510	5,384,510	6,025,534	641,024	11.90%
School Choice	1,484,768	1,410,264	1,410,264	1,511,358	101,094	7.17%
Total All Education	\$81,341,657	\$83,787,647	\$87,723,439	\$92,555,669	\$4,832,230	5.51%
Other Requirements Costs:						
Employee Benefits	\$25,813,880	\$26,655,369	\$27,128,304	\$27,806,282	\$677,978	2.50%
State & County Assessments	2,755,573	2,853,997	2,858,997	2,922,536	63,539	2.22%
Debt Service	6,488,897	6,320,128	6,320,128	6,798,286	478,158	7.57%
Grants	1,950,769	2,075,000	2,075,000	2,162,660	87,660	4.22%
Property & Liability Insurance	2,097,430	2,300,000	2,150,000	2,500,000	350,000	16.28%
Snow & Ice Removal Deficit	-	341,107	341,107	800,000	458,893	134.53%
Town Council Reserve Fund	-	250,000	250,000	250,000	-	0.00%
Celebrations, Rent & Other	69,308	172,000	172,000	186,000	14,000	8.14%
Total Other Requirements	\$39,175,857	\$40,967,601	\$41,295,536	\$43,425,764	\$2,130,228	5.16%
Total General Fund Before Transfers	\$159,960,862	\$165,972,746	\$170,956,154	\$179,980,013	\$9,023,859	5.28%
Transfers to Other Funds	13,573,944	14,863,414	12,464,354	13,490,426	1,026,072	8.23%
Grand Total General Fund	\$173,534,806	\$180,836,160	\$183,420,508	\$193,470,439	\$10,049,931	5.48%

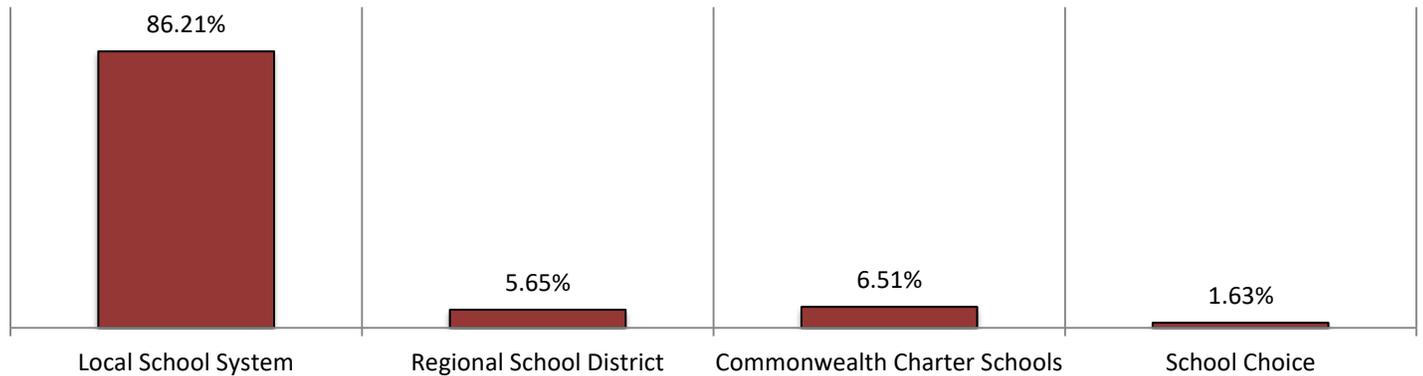
The municipal operations budget is increasing \$2.06 million, or 4.92%. Police Department represents the largest monetary change, but as a percentage change, the Marine & Environmental Affairs budget is showing the largest increase. Spending on all education requirements is increasing \$4,997,233, or 5.71%. Local school operations are increasing \$4,131,770 or 5.46% while assessments from other districts are increasing \$865,464 collectively. Other school assessments are related to the number of students attending schools outside the district as well as debt service cost associated with the new Cape Tech Vocational School construction project. Other Requirements (excludes school assessments) are increasing \$2,130,228, or 5.16%. Most of the increase in Other Requirements is due to employee benefits and carryover snow & ice deficits incurred in FY 2022. Transfers to Other Funds include needed financial support for the Hyannis Youth & Community Center. This line item also includes the annual transfer to the Capital Trust Fund for the town's capital program.

Distribution of Municipal Operations



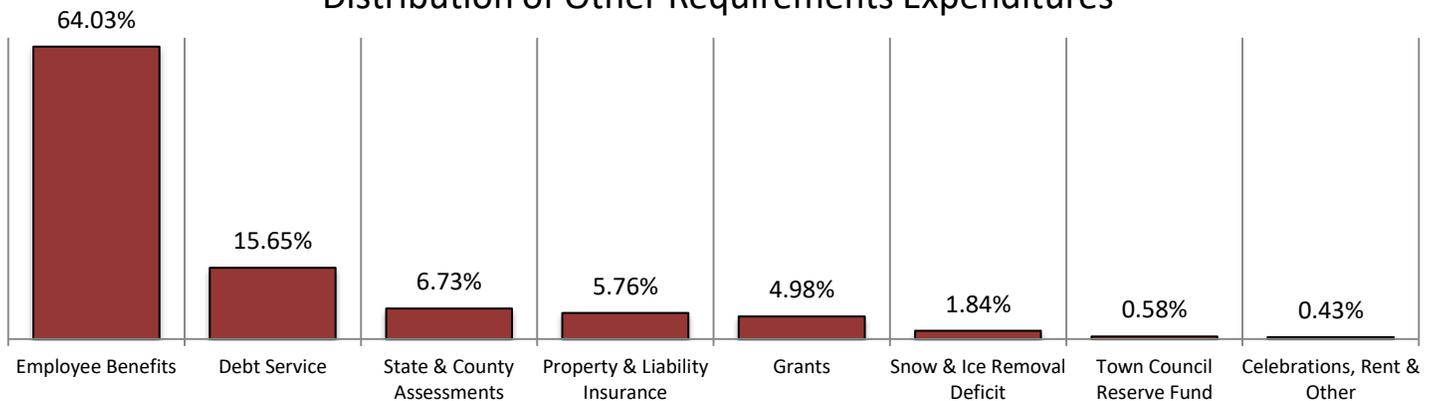
The two largest municipal operations are Police and Public Works, comprising 62% of all municipal spending. Administrative Services is the next largest area representing 15% and includes the Finance, Legal, Human Resources, and Information Technology divisions.

Distribution of All Education Expenditures



The local K to 12-school system accounts for 86% of all expenditures on education. The other 13% of education expenditures are directed towards other districts in which Barnstable students attend.

Distribution of Other Requirements Expenditures



A majority of these expenditures are for employee benefits, assessments, and debt service. They comprise 86% of all expenditures in this category.

General Fund Budget by Major Expenditure Category

Expenditure Category	Actual FY2021	Projected FY2022	Approved FY2022	Proposed FY2023	Change FY22 - 23	Percent Change
Personnel	\$87,505,566	\$89,205,992	\$91,762,633	\$97,617,234	\$5,854,601	6.38%
Employee Benefits	25,813,880	26,655,369	27,128,304	27,806,282	677,978	2.50%
State, County & Other Local Assessments	14,449,188	14,755,181	14,760,181	15,689,184	929,003	6.29%
Transfers	13,573,944	14,863,414	12,464,354	13,490,426	1,026,072	8.23%
Debt Service	6,488,897	6,320,128	6,320,128	6,798,286	478,158	7.57%
Operating Expenses	19,893,350	22,510,654	24,249,065	24,532,115	283,050	1.17%
Grants	1,950,769	2,075,000	2,075,000	2,162,660	87,660	4.22%
Property & Liability Insurance	2,097,430	2,300,000	2,150,000	2,500,000	350,000	16.28%
Capital Outlay	1,692,475	1,387,315	1,582,732	1,638,252	55,520	3.51%
Other Fixed Costs	69,308	763,107	763,107	1,236,000	472,893	61.97%
Total Expenditures	\$173,534,806	\$180,836,160	\$183,255,504	\$193,470,439	\$10,214,935	5.57%

Personnel costs and the associated employee benefits account for \$6.5 million of the proposed FY 2023 General Fund budget change. This includes a net increase of 33.67 full-time equivalents in the municipal and local school operations. Operating expenses are increasing \$2,275,195, debt service is increasing \$478,158, and assessments are increasing \$929,003.

General Fund Budget By Major Expenditure Category



Salaries & wages and the associated benefits for all employees account for 65% of all General Fund expenditures. This is not unusual for a local government because it functions as a service provider.

LONG-TERM BUDGET PLANNING

Particular attention is given to certain areas of the revenue and expense structure contained in the operating budgets in order to maintain a sustainable budget in the years ahead.

New Property Tax Growth

Additional taxes generated from new building growth are estimated to continue to increase gradually over the next few years. Town Council Order 2021-174 revised the definition of a dwelling unit under Article V, Chapter 240, Section 47.2 Accessory Dwelling Units (ADUs) to the Zoning Ordinance. The intent and purpose of this amendment, as stated in the proposed ordinance is to increase the number of dwelling units available for year-round rental while remaining within our current wastewater capacity limitations.

Chapter 70 Aid for Education

A new formula was developed several years ago that provides for each community to receive no less than 17.5% of its foundation budget in the form of CH70 aid. Barnstable is considered a high effort community meaning that it falls into the group of communities that will not receive more than 17.5% of its foundation budget in the form of CH70 aid. The current state aid proposed for FY 2023 provides Barnstable with 17.23% of its foundation budget. As a result, future increases in this category of state aid will be of a similar percentage increase that occurs in the foundation budget.

Unrestricted General Government Aid

No significant increase in this category of aid is projected. Additionally, the recent passage of legislation allowing casinos in Massachusetts should have some impact on the distribution of aid in this category. Most of this aid is currently derived from lottery sales, which could be negatively impacted by casinos. The revenue sharing formula for casino revenue was reported to be based on the CH90 distribution formula, which is more favorable to the Town of Barnstable than the lottery formula. No projections for casino revenue have been provided to cities and towns.

Massachusetts School Building Assistance

The Town will receive its final reimbursement in FY 2019 from the Massachusetts School Building Authority (MSBA) for existing debt service on school construction projects. Based on this, school officials continue to submit “statements of interest” to the Massachusetts School Building Authority, which describe the preliminary plans for renovations and expansions to the existing facilities. Funding for new projects under this program is very competitive. The new program for financing school construction is derived from the state sales tax.

Investment Income

Interest rates have fallen precipitously over the past decade; however, the return on investment has been mitigated town’s continued increase in cash balances over the same period. It is projected that investment rates will remain low in the future as the economy experiences a period of uncertainty. Banks are not always willing to pass on Federal Fund rates to depositors.

Salaries

Salaries are the single largest expense for the Town. Labor contracts include a merit increase for all eligible employees. Merit increases in most cases include ten steps. Employees are moved to the next step upon a satisfactory evaluation. In

most cases, once an employee has more than 10 years of service they are no longer eligible for merit increases. Approximately 70% of the School Department labor force and 50% of the municipal departments labor force are at the top step. Salaries may also increase every year by any negotiated cost of living allowances.

Health Insurance

The Town of Barnstable belongs to a joint purchasing group (Cape Cod Municipal Health Group) for procuring health insurance for its employees. The group implemented plan design changes in FY2013 and again for FY2018 that may assist in mitigating the annual cost increases in premiums as the changes encourage the more effective use of health insurance. High deductible HSA plans were also implemented for FY2018. The Cape Cod Municipal Health Group continues to work on ways to reduce costs as well; for example, mail order prescriptions, health awareness, and smoking cessation programs.

Pension Assessments

The town belongs to the Barnstable County Retirement Association (BCRA). Each year, the County Retirement Board notifies each member town with the amount of its share of the county retirement pension expense. This assessment includes the normal costs for current retirees, an amount for the amortization of the unfunded liability of the system, and the expenses for running the system. Pension assessments are expected to continue to rise in the neighborhood of 4.5% to 8% per year depending upon the investment performance of the system's assets. The county pension system conducts an actuarial calculation every year of the unfunded liability for the system, which will readjust the assessment levels. The unfunded liability of the system is being amortized through fiscal year 2037 as allowed by State law. At June 30, 2021, the Town reported a liability of \$105,434,281 for its proportionate share of the net pension liability.

Other Post-Employment Benefits (OPEB)

Similar to pensions, town employees can earn other post-employment benefits (OPEB) over their years of service that will not be received until after their employment with the town ends through retirement. In the Town of Barnstable, the OPEB consists principally in the form of health insurance. A GASB accounting rule requires that the town actuarially determine what its annual Actuarially Determined Contribution (ADC) would be to fully fund this benefit over a 26-year amortization period. In fiscal year 2022, the ADC is estimated to be \$8.6 million, so in essence, to fully fund health insurance for active and retired employees, the Town would have to budget \$8.6 million more per year for health insurance. If the Town elects not to fund all or part of this liability, it is expected that it will eventually lead to a bond rating downgrade as the rating agencies are watching very closely how governments across the country address, or don't address, this issue. It is expected that the Town will continue to cover 50% of the annual health insurance costs of eligible town retirees, as this is the minimum required by state law. Eligible retired teachers enter the state's health insurance program managed through the Group Insurance Commission. The Town is assessed its share of the cost each year by the state for retired teachers. The town must pay 80% to 85% of retired teacher's health insurance premiums depending upon their retirement date. This charge is included on the Town's Cherry Sheet. The Town has created an OPEB Trust Fund and annually makes an appropriation into the fund and it 5% of the estimated total OPEB liability. At June 30, 2021, the Town reported a liability of \$132,927,137 for its proportionate share of the net OPEB liability.

Utilities and Fuel

The budget across all Town budgets (General Fund and Enterprise Funds) for utilities and fuel is approximately \$5 million combined. The Town has installed co-generation equipment, photovoltaic solar panels, and wind turbines and upgraded heating plants to make buildings more efficient. In addition, it has adopted a new fuel-efficient vehicle policy and has several new electric vehicles and hybrids. Efforts will continue to reduce the Town's reliance on fossil fuels as well as reduce costs. A 4-megawatt photovoltaic solar array at the town's transfer station and recycling facility in Marstons Mills went on-line in FY 2015 as well as a 5-megawatt solar array at the Cape Cod Gateway Airport. Collectively, these systems

are expected to generate over to \$1 million in additional revenue annually. This new revenue source is used to balance operating budgets as well as provide increased funding for the capital program.

Private Roads

The Town has a significant inventory of private roads. Many of these roads are breaking down to the point where they need major repairs. Some of these roads can be considered public roads just by the very nature of their use, especially ones that connect one public way to another public way. Commuters and not just property abutters predominantly use these roads. The Town has created a special revenue fund, which can be used to make improvements to private ways. Funding is provided from meals and rooms taxes.

Clean Water

This challenge involves four major pieces: expanding and constructing sewer collection systems, upgrading and maintaining existing sewer collection systems, ensuring clean drinking water by removing any contaminants and addressing municipal separate storm sewer systems (MS4) regulations. Protecting the Town's water resources is one of the immediate issues facing the community. The Town had created a Water Resources Advisory Committee, which was charged with advising Barnstable officials on the completion and implementation of its Comprehensive Water Resource Management Planning Project. The goal is to protect and restore the Town's fresh and salt-water bodies and its drinking water supplies, in compliance with the Cape Cod Commission's Cape Cod Area Wide Water Quality Management Plan Update of 2015, ("The 208 Plan"). The Town Council has already adopted several measures in July 2010 to begin addressing this issue including the adoption of a local meals tax and an increase in the local room occupancy tax. This issue is also being examined on a countywide basis to see where opportunities exist for Cape Cod communities to work collaboratively on addressing the topic. Concurrently, the Town has commissioned a sewer rate study, which will provide a roadmap for setting sewer utility rates at levels, which will allow for the continuous upgrade and maintenance of the Town's existing sewer treatment facilities.

Capital Program

The Town of Barnstable has an inventory of over \$400 million in fixed assets. This includes land, land improvements, buildings, equipment and machinery, furniture and fixtures, boats, vehicles, trailers, computers, roads, sidewalks, bridges, runways, marinas, parks, fresh water ponds and lakes, dredged waterways, beaches, water and sewer lines and other. This inventory of assets requires the Town to invest considerable funds to replace or improve the assets over time. Town departments have identified in excess of \$450 million dollars in capital needs over the next 5 years. This is more than what the Town can immediately provide.

Infrastructure Maintenance

Town and school infrastructure is aging. Adequate funds need to be directed to the annual maintenance and improvement of these assets. When budgets are constricted, this is one of the first reductions made. The Town must continue to find ways to augment currently allocated funds to the maintenance of infrastructure as well as identify opportunities to close facilities no longer needed. Most notably are the Town's elementary school facilities that are in need of significant renovations. Declining enrollments have allowed for the reduction of the School Department's physical plant reducing the cost of this program. The former Grade 5 building was closed and sold for \$3 million. Osterville Bay Elementary School was closed at the end of the 2007-08 school years. Cotuit, Marstons Mills, and Osterville Elementary schools were closed after the 2008-09 school year. Any lease income generated from these facilities can be used towards maintaining their condition. The \$3 million from the sale of the former Grade 5 building has been used for upgrading the HVAC system at the Barnstable Community Horace Mann Charter Public School (BCHMCPS - formerly known as Hyannis East), technology upgrades system-wide, and replacement of the track and field at the high school.

Technology

Updating technology is a main concern in the School Department. Previous technology upgrades have traditionally been performed as the facilities are renovated. The capital programs have averaged \$500,000 annually for the School Department's technology infrastructure, which includes upgrades and improvements to district telephone, video surveillance, and door entry systems. In addition, the Information Technology Division within the municipal operations budget has a financial plan that includes \$105,000 annually for hardware and software upgrades. Additional requests in capital budget for technology improvements include an animal tracking database, new voting machines, and Police Department IT equipment replacements and/or upgrades.

Special Education

The largest component within this section of the School Department budget is the cost for out-of-district residential placement services. These services can fluctuate enormously from year to year depending upon the number of students enrolled and the type of services required. One new student could easily add over \$100,000 of costs to the School Department's budget. The State Circuit Breaker Reimbursement Program provides for some financial relief. Subject to appropriation, the state's share shall equal a percentage of the prior year's approved instructional costs in excess of four times the full amount of the prior year's state average per pupil foundation budget as defined in MGL CH70 and in accordance with the Department of Elementary and Secondary Education. For FY2020, the rate is approximately 65% reimbursement for eligible costs. Even with no changes in enrollment, a cut in the reimbursement rate can have a significant impact on a school district's budget.

Net School Spending Requirements

The Town is subject to one mandated spending requirement every year. The Commonwealth's school finance statute, Chapter 70 of the General Laws, establishes an annual "net school spending" requirement for each Massachusetts school district. Failure to comply with this requirement may result in non-approval of a municipality's tax rate, enforcement action by the Attorney General, or loss of state aid. The Town has consistently complied with the state mandated spending requirements. These are minimum spending requirements and each community determines its own level of spending so long as it meets these levels. The Town has consistently exceeded the minimum spending requirements.

Reserves Used To Balance Operating Budgets

The Town has used a portion of its General Fund reserves on an annual basis to balance the operating budget. The Massachusetts Department of Revenue certifies the General Fund reserve every year, also known as Certified Free Cash. From this reserve, the Town Council's policy is to set aside an amount equal to 4% of the Annual Operating Budget, net of transfers, for extraordinary and unforeseen events. Any balance remaining is distributed between the School Department and Municipal Departments in accordance with a revenue sharing agreement. The use of the reserves is subject to Town Council approval. It may be used to balance annual operating budgets, capital budgets or to fund one-time expenses. The Town has historically been able to generate more reserves than what it has spent with the exception of FY2008. This demonstrates a structurally balanced budget over the years. The generation of surplus is derived from unexpended appropriations and actual revenues out-performing budget estimates. The Town must be cautious about placing an over dependency on this funding source to pay for repeated operating costs. The current balance in the savings account is distributed in accordance with the revenue sharing agreement as follows:

	Municipal Savings	School Savings	Town Council Reserve	Total
Balance	\$8,020,516	\$9,689,454	\$7,738,818	\$24,427,135
Used for:				
Prior year snow removal deficit	(800,000)	-	-	(800,000)
FY 2023 Town Council reserve	-	-	(250,000)	(250,000)
FY 2023 Capital Program	(4,166,306)	-	-	(4,166,306)
Total Use of Reserves	(4,966,306)	-	(250,000)	(5,216,306)
Balance remaining before closing FY2023	\$3,054,210	\$9,689,454	\$7,488,818	\$19,210,829

The proposed FY 2023 budget reserves used are shown in the table above. Municipal operations will use a total of (\$4,966,306) in reserves. The town will also transfer (\$250,000) of Town Council reserves into a separate account for extraordinary and unforeseen events.

Bond Ratings

The town continues to manage its financial affairs in a prudent manner. In FY 2021, Standard and Poor's reaffirmed the town's bond rating at AAA. This excellent bond rating has been in effect since 2007 and should continue to allow the town to receive favorable borrowing rates on future debt issues, saving thousands of dollars in interest costs on bond issues.

Borrowing Rates

Borrowing rates are at an all-time low for the municipal bond market. This has created an opportunity for the town to "refund" or "refinance" most of its older bond issues. All bonds eligible for refunding have been refunded. The town's last bond issue of \$13.81 million in March 2021 resulted in a net interest cost of 1.32% over the life of the bond. The town could seize this opportunity, coupled with its excellent bond rating, and implement an aggressive capital improvements program that could save thousands in borrowing costs, but it would require a revenue source to repay the bonds such as an increase in taxes or the redirection of existing resources from operations to debt service.