

**TOWN MANAGER
RECOMMENDED FY'23 BUDGET
PRESENTATION TO BOARD OF SELECTMEN**

January 27, 2022

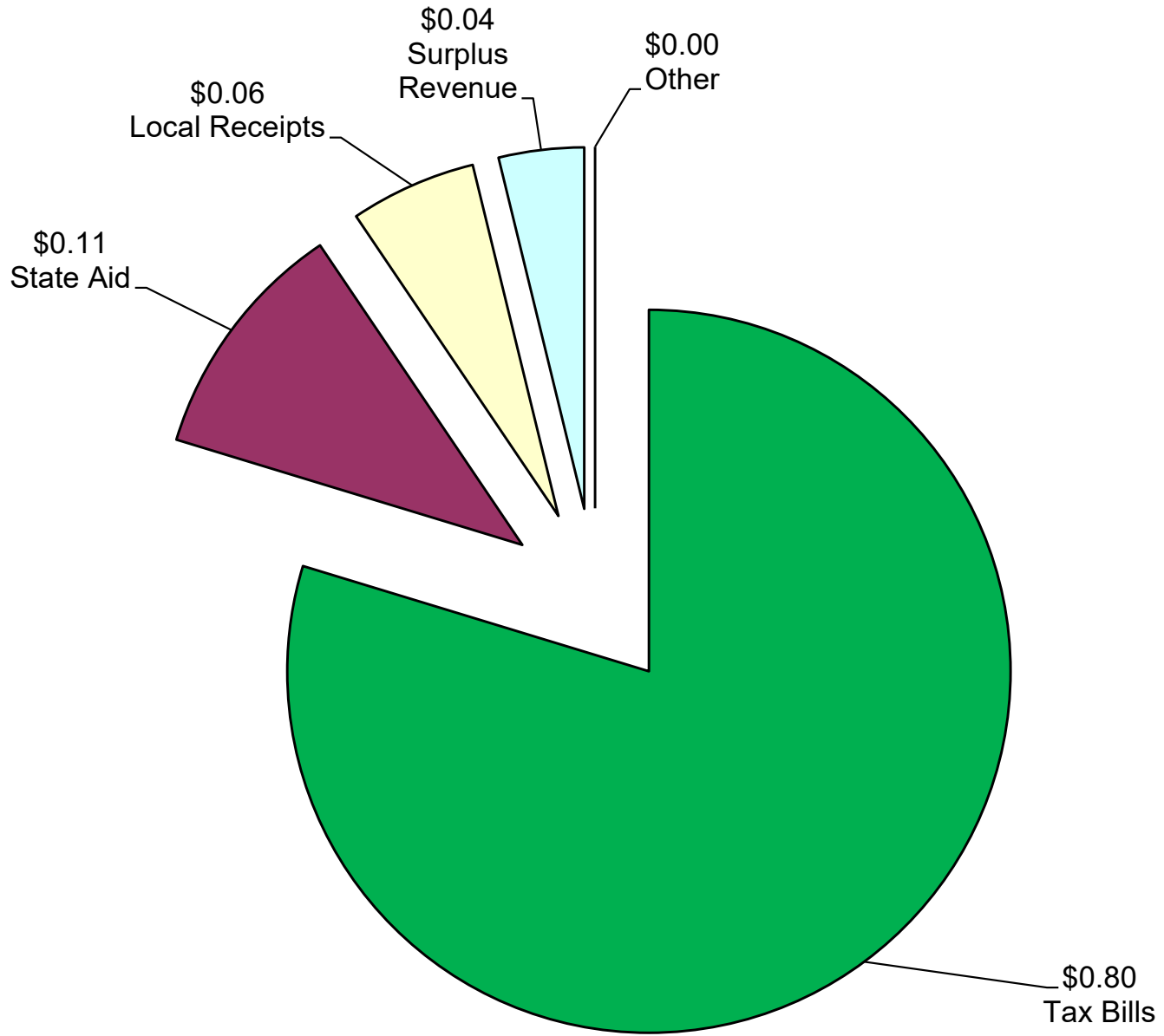
FY'23 Budget Overview

- Recommended General Government budget increase = 9.24%
 - No new major funding initiatives, funds some increasing cost centers, & addresses FY'23 building & operational realities
 - Opportunity to address two long-term, known needs = public road infrastructure & Fire OT
 - Retains safely balanced budget & large excess levy capacity
- FY'23 Capital Budget = net \$300,000 within current budget projections for Annual Town Meeting
 - School Department building improvements debt exclusion
 - Sandwich Hollows irrigation & equipment improvements internal debt

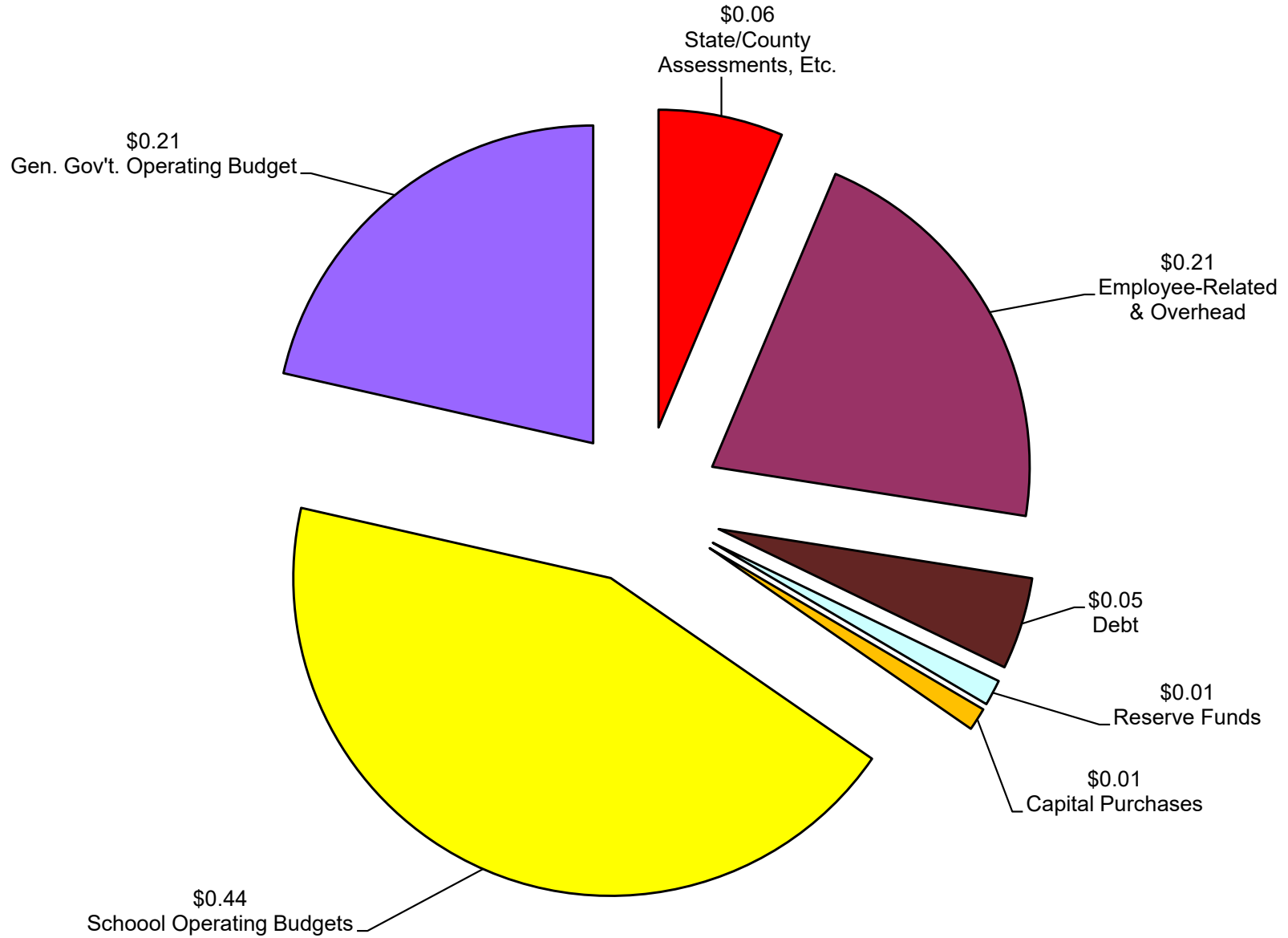
FY'23 Budget Presentation Overview

- Where Sandwich's money comes from & where it goes
- Explain contents of FY'23 Budget binders
- "Financial Encyclopedia" overview & additions
- Recommended FY'23 Capital Budget
- Recommended FY'23 General Government Budget at 9.24%
 - Opportunity to address 2 well-known public service deficiencies for the long-term
- Overall budget trends, recent in-roads, future issues & concerns
- Diminishing COVID-19 financial uncertainty

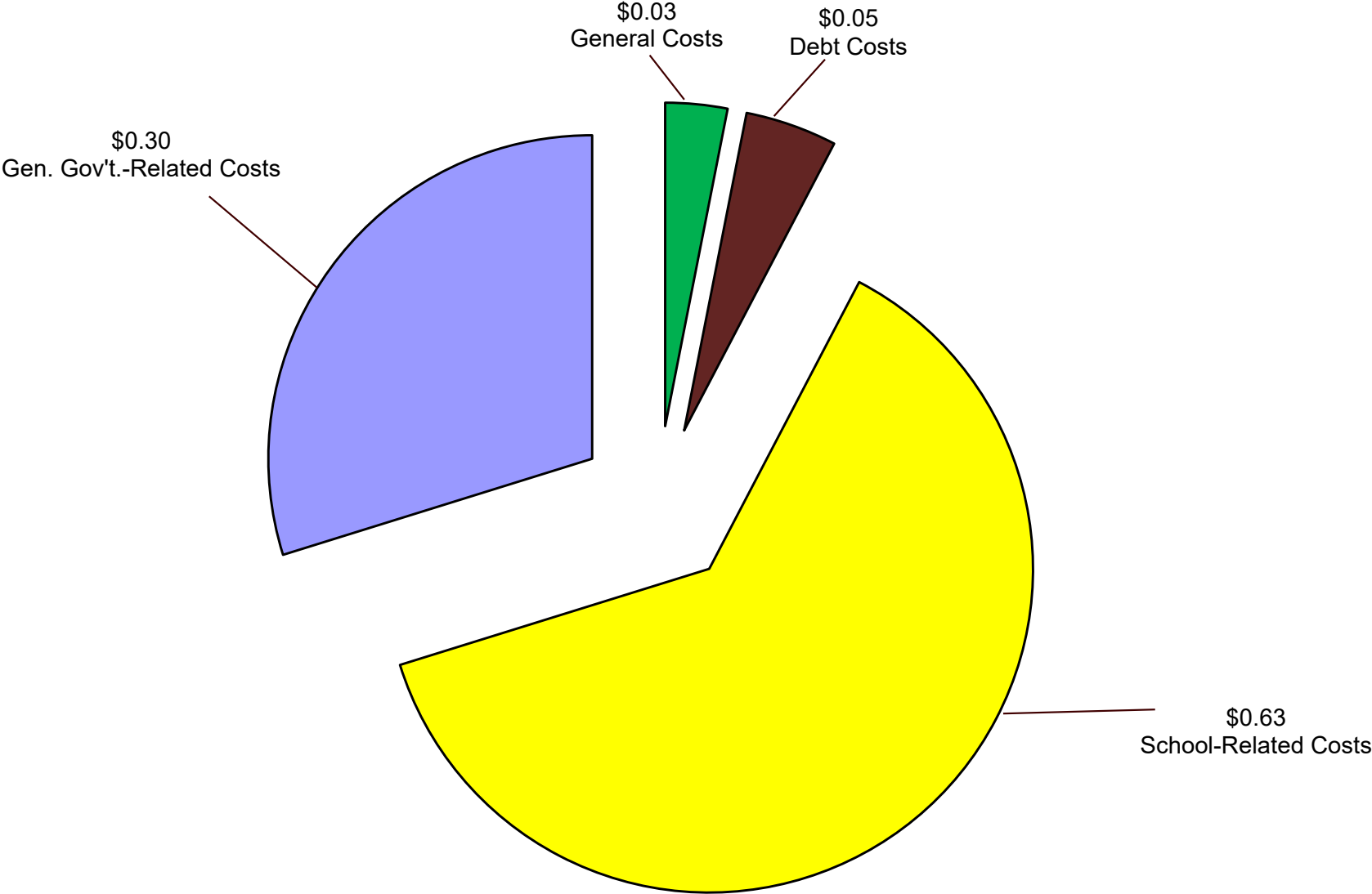
WHERE DOES EACH DOLLAR THE TOWN RECEIVES COME FROM? - FY'22



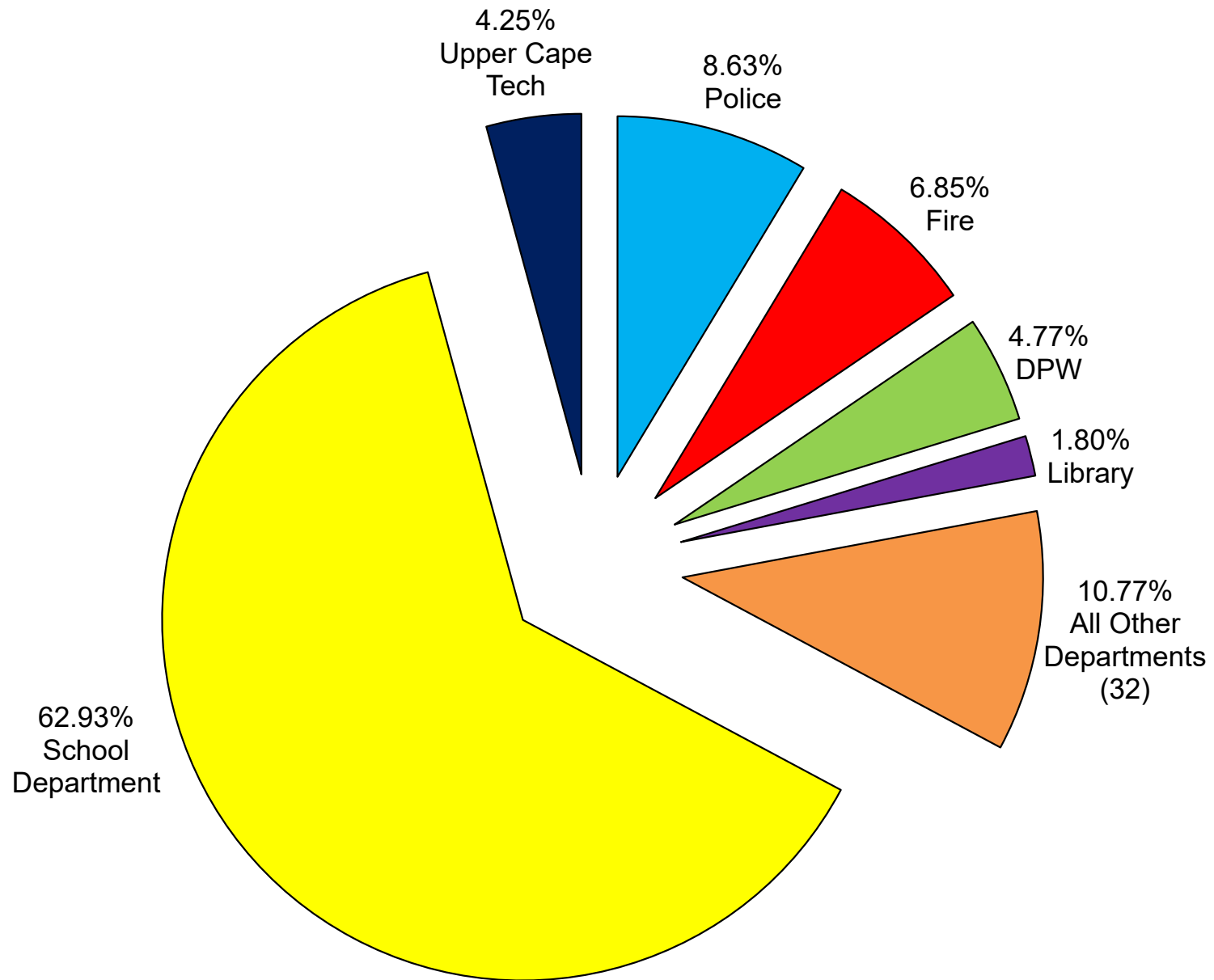
WHERE DOES EACH DOLLAR THE TOWN SPENDS GO? - FY'22



WHERE DOES EACH DOLLAR THE TOWN SPENDS GO? - FY'22
School, General Government, & General Expenses



WHAT MAKES UP THE TOWN'S FY'22 OPERATING BUDGET?



FY'23 Budget Binders

- FY'23 Budget Binders
 - Tab 1: Summary Information – Subject to Regular Changes
 - Tab 2: Financial History, Projections, & Analysis = “Town of Sandwich Financial Encyclopedia”
 - Tab 3: FY'23 Capital Budget
 - Tab 4: FY'23 General Government Budget
 - Tab 5: FY'23 School Department Budget – expected in February
 - Tab 6: FY'23 UCCRVTs Budget – expected in February/March
 - Tab 7: Miscellaneous Budget Information
- Entire binder on www.sandwichmass.org with direct link on homepage
- Reminder: please bring your budget information to all upcoming meetings

FY'23 Budget Binders

Summary Information – Tab 1

- FY'23 Budget presentation material
- FY'23 projected general fund revenues & expenses
 - Will be updated accordingly as FY'23 Budget process progresses
 - Alternative projections worked on & produced constantly
- FY'23 department operating budget totals
 - Unless significant changes required, will not be distributing departmental updates, just total budget summary
- “FY'23 Budget Issues & Beyond” document = 7 of 9 issues addressed

FY'23 Budget Binders

Financial History, Projections & Analysis – Tab 2

- Key summary information – Tab 2 of budget binders
 - 54 different worksheets with 65 pages of information
 - Executive Summary in words – updated for FY'23
 - Full explanation of revenues & expenses
 - 10+ years of financial, demographic, & historic data
 - Focused documentation on FY'10 – present unless data warranted additional years
 - Future budget projections
 - Explanation of important issues that impact budget the most
 - How tightly Sandwich budgets compared to neighboring communities
 - Where each dollar comes from & where each dollar goes
 - Updated annually with new issues highlighted each year
 - Best resource to increase knowledge of Sandwich's finances & demographics

FY'23 Budget Binders – Tab 2

Table of Contents & Executive Summary

TABLE OF CONTENTS		
Worksheet	Topic	Page
1.	Executive Summary	3
Recent Budget History & 5-Year Projections		
2.	Explanation of Revenue & Expense Categories	4
3.	Final FY'18 Budget	8
4.	Final FY'19 Budget	9
5.	Final FY'20 Budget	10
6.	Final FY'21 Budget	11
7.	Final FY'22 Budget	12
8.	FY'23 Budget - Projected Gen. Fund Revenues & Expenses	13
10.	Revenue & Expense Assumptions Used in FY'23 - FY'26 Financial Plan	14
11.	FY'23 - FY'26 Budget Projections	16
Related Budget Information		
12.	Town Treasurer Official Debt Schedule Summary	18
13.	Chart - Exempt Debt	19
14.	Other Financial Tables - MSBA Reimbursements, Est. Tax Rates & Bills	20
15.	Cherry Sheet Receipts	22
16.	Cherry Sheet Assessments	24
17.	Tuition Assessments History	26
18.	Tuition Assessments vs. Discretionary Aid	27
19.	Chart - Tuition Assessments vs. Discretionary Aid	28
20.	School & General Government Budget History	29
21.	General Government Operating Budget History	31
22.	Average General Government Wage Adjustments	32
23.	Number of General Government Employees	33
24.	Recent General Government Staffing & Operating Budget Additions	34
25.	Chart - Recent General Government Budget Additions Sorted By Category	35
26.	School Operating Budget History	36
27.	UCCRVTS Operating Budget History	37
28.	Capital Budget History	38
29.	Health Insurance Appropriation History	39
30.	Retirement Assessment History	40
31.	Ch.90 State Aid to Highways Allotment	41
32.	Free Cash Certifications	42
33.	Free Cash & Stabilization Fund Comparisons	43
34.	Chart - How Closely Sandwich Budgets vs. Other Towns	44
Tax Levy & Tax Bill History		
35.	Levy Limit History	45
36.	Levy Limit vs. Exempt Debt - Charts	46
37.	New Growth History	47
38.	Housing Units History	48
39.	Average Home Assessments History	49
40.	Average Tax Bill History	50
Local Receipts, Fees & Account Balances		
41.	Local Receipts History	51
42.	Local Receipts Detail	52
43.	General Government Fees & Charges Detail	53
44.	General Government Departmental Receipts	54
Demographic & Enrollment History		
45.	Town Population History	55
46.	School Enrollment History	56
47.	UCCRVTS Enrollment History	57
48.	Out-of-District School Enrollment History	58
49.	Population by Category - Students & Seniors	59
Where Our Money Comes From & Where It Goes		
50.	Where Our Money Comes From - Data	60
51.	Where Our Money Comes From - Chart	61
52.	Where Our Money Goes - Data	62
53.	Where Our Money Goes - Chart	63
54.	Educational & General Government Spending - Data	64
55.	Educational & General Government Spending - Chart	65

EXECUTIVE SUMMARY		
1.	Where Our Money Comes From & Goes - Pages 60-65	Approximately 80% Sandwich's income comes from taxes, with 11% coming from State Aid, and 9% from other sources. 63% of every dollar spent goes for educational costs and expenses, 30% for general government services, 5% for debt service, and 3% for overall expenses. See charts on pp. 61, 63, & 65.
2.	Average Tax Bill - Page 50	Since FY'18, the Town's average tax bill has increased by a total of \$945, or 16%. This reflects an annual average increase of 4.01% over those 5 years. Much of this increase is derived from the added debt service approved by voters for the large-scale capital needs we have been addressing. For comparison purposes, Sandwich has been below the State average for the vast majority of the last 25 years. We have the third highest average tax bill on Cape Cod and the highest median household income. Demographically, Sandwich is much more similar to towns on the South Shore than Cape Cod.
3.	Declining Debt Payments with Goal of Backfilling for Future Needs - Pages 18-19	By FY'18, the Town's total annual outstanding exempt debt service obligations decreased by \$2.9 million since our recent high in FY'06, a sign of Sandwich not issuing debt for long-needed, major capital projects. Thankfully, many of these projects - public safety buildings, public roads & infrastructure, wastewater, Library renovations, Center for Active Living - have been supported by the voters. This new debt has already started to decrease so the long-stated goal of backfilling debt will be necessary to fund future debt to address significant capital needs, like School building repairs, relocating the downtown Fire Station, & improve the DPW facilities. Addressing these needs is looked favorably upon by municipal bond rating agencies. See chart of exempt debt on p. 19.
4.	Declining School Enrollment - Pages 56-58	Since 2002, Sandwich Public School enrollment has declined substantially, losing 2,092 students from Sandwich. This represents a 50% decline in enrollment since the peak of the 2002-03 school year. Students taking advantage of other public, private, and home educational opportunities outside of Sandwich have increased significantly during this same period, totalling 753 students in the current school year, which represents 33% of Sandwich's Pre-K - 12 population. In addition, since the School Committee first voted to accept School Choice students from other towns in 2010, there are now 129 non-Sandwich students in the Sandwich Public Schools. Recent trends show decreases in Charter School students & increases in those attending private schools.
5.	Tuition Assessment Increase Impacts & Shortfalls - Pages 26-28	Since FY'04, Tuition Assessments have increased from \$262,373 to \$4,307,206 in FY'21, a staggering 1,542%, or 9% annually. Over the last 5 years, the average increase has slowed to 4.44%. The Tuition Assessment impact has meant more of Sandwich's overall budget is being sent out of town. Most tellingly, in FY'22 State Tuition Assessments exceeded the total Discretionary Aid amount the Town received by \$1,915,980, making us a State Aid debtor community for the 10th consecutive year. Furthermore, Sandwich is receiving less than 1/3 of the State Charter Tuition Reimbursement formula, losing more than \$1.0 million in revenue each year. See chart of this comparison on p. 28.
6.	Stable, Aging Town Population - Pages 55 & 69	The Town population has generally increased since the early 1990s to about 20,000 year-round residents, but the rate of increase has slowed significantly the last few years, with some annual decreases. The largest growing segment of our population continues to be those residents over-60, which now makes up 36% of our total population.
7.	Sandwich Budget Culture of "Cutting It Close" - Pages 42-44	For many years Sandwich has budgeted its total expenses extremely close to its estimated revenues. This is reflected in our low Free Cash certifications, our modest Stabilization Fund balance, and the fact that we have traditionally had no Excess Levy Capacity for more than a decade. Compared to our 3 most similar neighbors, our Free Cash certification is \$7.2 million below and our Stabilization Fund is \$6.4 million below their averages. See chart on p. 44.

FY'23 General Government Budget Overview

Capital Budget – Tab 3

- FY'23 Capital Budget – finalized internally
 - \$300,000 in net capital improvements at ATM
 - Continued commitment to annually fund at least \$150,000 each for Town & School building maintenance efforts
 - Transfer from Golf retained earnings for needed improvements
 - ATM will include transfer from Sinking Fund to offset cost of School Administration moving into Human Services Building
 - FY'23 Capital purposefully low considering November 2021 STM & likely potential for Fall 2022 STM to address more needs
 - FY'23 DPW operating budget provides a way to address significant future capital needs for public road infrastructure & avoid issuance of future debt

School Department Debt Project

Special Capital Item – Tab 3

- Prioritized list of needed School building repairs
 - Focusing on improvements needed over next 10 years
 - Estimated full cost = \$_____ million
 - Estimated net cost = \$_____ million
 - \$2.0 million offset from federal ESSR funds
 - Only way to realistically fund = debt exclusion
 - Extensive review by qualified engineers & consultants
 - Detailed School presentations forthcoming

SHGC Irrigation System & Equipment Project

Special Capital Item – Tab 3

- Estimated cost = \$3.5 million
- Ability to fund within Proposition 2.5 debt limit through use of Golf Department revenue
 - Enterprise Fund retained earnings = excellent recent history
 - Modest user fee increase on membership, greens & cart fees
 - Solar canopy payments will assist
 - Land purchase internal debt payments expire in FY'31
 - Future annual capital will likely need Town assistance
- Unique opportunity to capitalize on increased play, new golfers, etc.
- Bleak future without this critical capital investment
- Extensive review by qualified engineers & consultants
- Detailed presentation forthcoming

FY'23 General Government Operating Budget Overview – Tab 4

- FY'23 Budget totals by departmental account
 - Process used to prepare, review, & recommend operating budgets
- FY'23 Budget reflects:
 - 9.24% increase over FY'22
 - Level-service budget = 4.98%
 - 2 large new buildings opening, vehicle purchase cost increases, & dispatch oversight
 - Consolidates Office Supplies, Copier, & Postage accounts for all 100 Route 6A departments under appropriate budget
 - Merges Town Treasurer & Collector budgets & eliminates P-T position
 - Constantly considering new ways of providing services & addressing problems
 - Always take advantage of reorganization opportunities when presented...provided sufficient funding exists

FY'23 General Government Operating Budget Overview – Tab 4

- Huge opportunity to address 2 long-standing, important public service needs = public road infrastructure & Fire OT
 - 9.24% above FY'22
 - Avoids major capital expenses & debt exclusions & makes operating budgets more realistic & sustainable
 - Rare opportunity to retain balanced budget & excess levy capacity
 - A massive change in DPW operations for our most visible public work
 - If not now, when?!
- Summary of significant budget changes (+/- \$10,000)
 - Opportunities to address identified shortfalls
 - Implement reorganization opportunities whenever possible
- Needs budget summary for future fiscal years
- Overall budget issues & concerns

FY'23 General Government Budget Overview

Summary of +/- \$10,000 Budget Changes at 4.98%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
123	Selectmen/Town Manager - Net Personnel Expense Adjustments <i>(All 7 Union Contracts Unresolved or FY'23)</i>	286,027
151	Legal - Increase Professional Services	25,000
162	Elections & Registrations - Up Year in Two-Year Cycle	25,250
190	Facilities - Add'l. Custodian & Utility Costs for 2 New Buildings	106,026
210	Police - Add'l. Operating Expenses (Esp. Vehicle Replace. Costs)	36,000
	Pubic Safety Dispatch Supervisor (\$10K Internal Budget Offset)	70,000
630	Recreation - Add'l. Seasonal Wages with \$36K Offset (\$86K Total)	50,000
671	Hoxie House/Grist Mill - Post-COVID Reopening	52,500

FY'23 General Government Budget Overview

Summary of +/- \$10,000 Budget Changes at 9.24%

<u>Acct.</u>	<u>Budget - Description</u>			<u>Change</u>
220	Fire - Add'l. OT Funds with \$100K Offset from Amb. Fund (\$250K Total)			150,000
420	DPW - Add'l. Funds for Public Roads Infrastructure Improvements			650,000

FY'23 General Government Budget Overview

Fire Department OT Issue

- Reserve Fund transfer authorized every year since FY'15
 - Average transfer over 7 years = \$145,000
 - FY'21 transfer = \$315,000
- State grant received to have qualified, national consultant analyze situation with report forthcoming
- \$250,000 should cover the normal shortfall with ability to transfer \$100,000 of this expense from Ambulance Fund by adopting higher reimbursement rates
- FY'23 = excellent opportunity to address this known, long-term need

FY'23 General Government Budget Overview

DPW Public Road Infrastructure Issue

- FY'10 = summary of road infrastructure improvement needs
 - Quantified need = \$16.0 million
 - FY'15 – FY'22 = \$8.0 million approved for improvements
- Significant road & draining needs still exist
 - Engineering consultant updating analysis with primary recommendation focusing additional \$650,000 annually for upgrades
- Best way to address long-term = operating budget funds that DPW can count on to supplement State Ch. 90 funding
 - Issue will never go away & costs will only increase over time
- FY'23 = excellent opportunity to address this known, long-term need

FY'23 General Government Budget Overview

Difference Between 4.98% & 9.24% Budget

		<u>Amount</u>	<u>Percentage</u>
FY22 Total General Government Budget =		18,803,791	
<hr/>			
Base FY23 General Government Budget =		19,375,698	3.04%
<hr/>			
<u>Includes:</u> Actual Wages & Step Increases; 7 Unresolved Union Contracts; Minor Operating Changes			
<hr/>			
Recommended FY23 General Government Budget =		19,740,474	4.98%
<hr/>			
<u>Includes:</u>	151 - Legal & Professional Services - Consultants	25,000	
	161 - Elections & Registrations - Up Year	25,250	
	190 - Public Facilities - 2 New Large Buildings	106,026	
	210 - Police - Vehicles & Operating	36,000	
	210 - Public Safety Dispatch Supervisor	70,000	
	630 - Rec. - Seasonal Wages <i>(Net \$36K Transfer)</i>	50,000	
	671 - Hoxie House & Grist Mill - Full Reopening	52,500	
<hr/>			
Comprehensive Recommended FY23 General Government Budget =		20,540,474	9.24%
<hr/>			
<u>Includes:</u>	420 - DPW - Public Infrastructure Improvements	650,000	
	220 - Fire O.T. <i>(Net \$100K Transfer)</i>	150,000	

FY'23 Enterprise Fund Budgets

Summary of +/- \$10,000 Budget Changes

<u>Acct.</u>	<u>Enterprise Fund Budget - Description</u>		<u>Change</u>
632	Marina - Properly Fund Seasonal Labor, Fuel & Reduce Capital		-98,000

Long-Term Prioritized Needs Budget List

<u>FY</u>	<u>Acct.</u>	<u>Budget - Description</u>	<u>Amount</u>
FY'23	420	DPW - Add'l. Public Road & Infrastructure Funds Post-Road Bond	650,000
FY'23	220	Fire - Add'l. OT Funding (Can be Offset by \$100K Amb. Fund)	250,000
FY'24	420	DPW - (2) Add'l Laborers	120,000
FY'24	190	Facilities - (1) Add'l Licensed Building Maintenance Staff	65,000
			1,085,000
		<u>Longer-Term Needs & Goals</u>	
	Multiple	Streamline Organ. Structure & Various Positions (8/16 Memo)	100 Route 6A?!
	171 & 630	DNR & Recreation - Reduce Dependency on Beach Parking Acct.	330,000
	420	DPW - Staff & \$ for HTW School Fields (Now = School Budget)	est. 125,000

- Significant DPW needs to address infrastructure & staffing
- Public safety substantially addressed since FY'15...Fire OT need remains
- Can address top 2 priorities in FY'23 operating budget
- Reconsider longer-term needs once 100 Route 6A consolidation experienced
- Don't want Board to forget our consistent, multi-year priorities

FY'23 Budget Increases

FY'23 @ 4.98%:

- Facilities – 1 additional custodian & projected utility expense increases for 2 large buildings coming on-line
- Police vehicle replacement costs & public safety dispatch oversight
- Seasonal staff realities
- Hoxie House & Grist Mill – funding 2022 for normal operations

FY'23 @ 9.24%:

- \$650,000 for DPW public road infrastructure improvements
- \$250,000 for Fire OT expenses with \$100,000 covered from Ambulance Fund

“FY’23 Budget & Beyond Issues”

Fall 2021 Document

- Recommended budget addresses 7 of the 9 issues summarized!
 - DPW Road Maintenance & Infrastructure = *Addressed*
 - Fire Department Overtime Expenses = *Addressed*
 - SHGC Irrigation System & Equipment = *Addressed*
 - Hoxie House / Grist Mill Operations = *Addressed*
 - Boardwalk Reconstruction Shortfall = Not Addressed
 - School Department Capital Projects = *Addressed*
 - Retrofitting HSB for School Administration = *Addressed*
 - Downtown Fire Substation & DPW Barn = Not Addressed
 - Wastewater, Wastewater, Wastewater = *Addressed*

FY'23 General Government Budget at 9.24%

- Since FY'17, the tax levy limit has increased 25.7% or \$14.7 million
 - General Government has used 17.2% or \$2.5 million of increase
 - School Department has used 26.2% or \$3.9 million of increase
- Retaining at least \$3.0 million in excess levy capacity
- No override requests in 18 fiscal years...and not needed now
- 2 major initiatives address:
 - a chronic deficit account (Fire OT)
 - a long-standing capital need that will never go away & will only increase in cost over time (public road infrastructure)

Long-Term Prioritized Needs Budget List

FY'24 & Beyond:

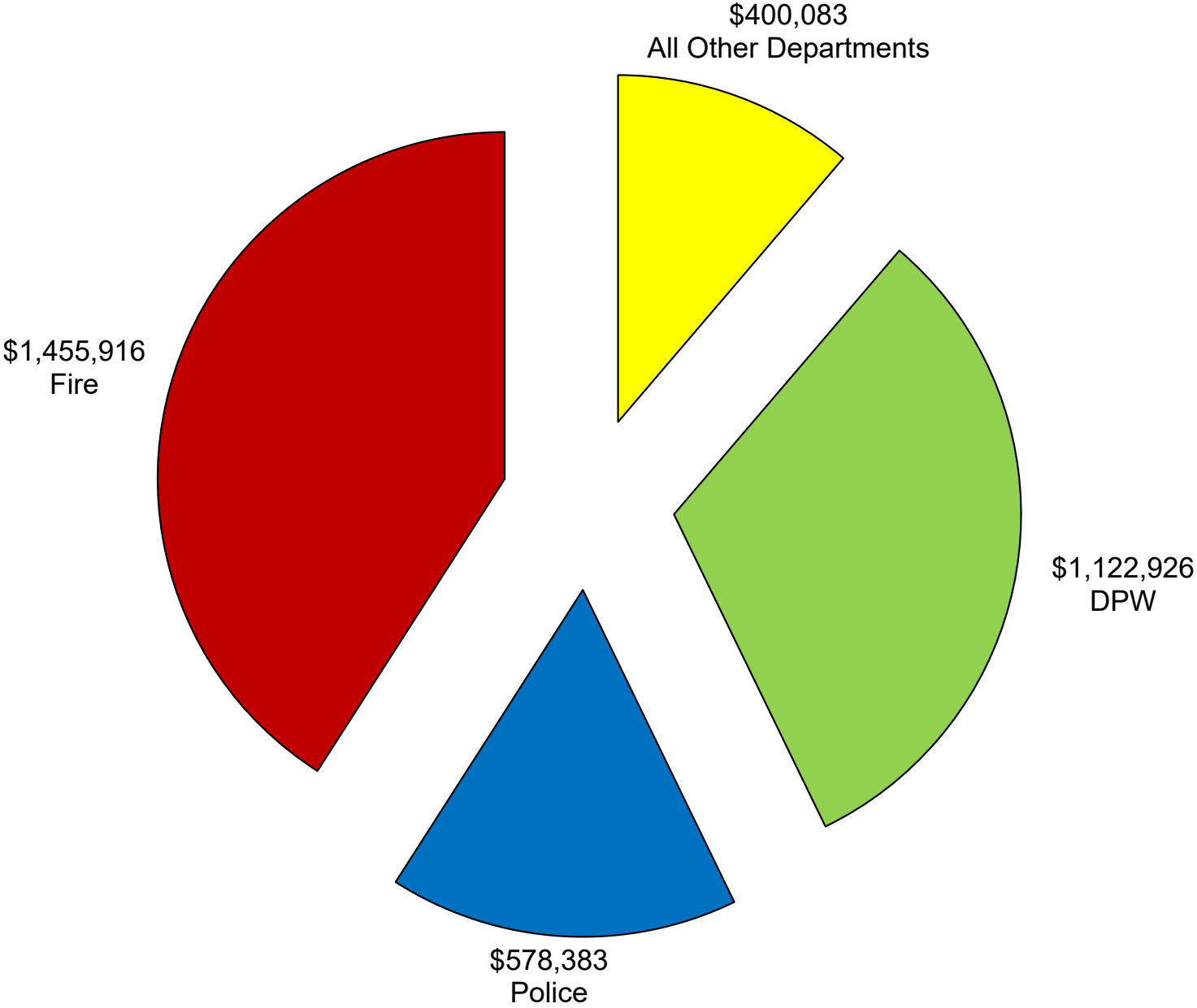
- 2 DPW Laborers & 1 licensed Facilities staff needed over time
- Reprioritize staff needs once 100 Route 6A consolidation is experienced
- 2 additional Town property sales planned in FY'23 = Town Hall Annex & 16 Jan Sebastian Drive
 - will increase Town property sale Sinking Fund for future debt purposes
- Reduce beach parking account dependency in Recreation & Natural Resources Departments...but we've been increasing

FY'23 General Government Budget Overview

Recent Progress on Prioritized Needs: FY'15 – FY'23

<u>Budget - Description</u>	<u>FY Funded</u>	<u>Amount:</u>
All Other GG Budgets		
175 - Assistant Town Planner	FY'15	45,000
410 - GIS Analyst / Engineering Assistant (Net of Existing P-T Clerk Position)	FY'15	31,150
197 - Add'l. Funds to Cover IT Software Maintenance & Equipment Costs	FY'15	50,000
610 - Reduce Library Dependence on Donation Funds & Weston Fund Uncertainties	FY'15	29,500
171 - DNR Assistance & Conversion to F-T Animal Control Officer (\$50,000 Needed)	FY'15	10,000
630 - Recreation Department Program Coordinator	FY'16	41,600
541 - Increase Funded Hours of Council on Aging Drivers	FY'16	12,500
197 - Add'l Maintenance Coverage for Town Buildings	FY'18	13,325
197 - Software Improvements & MS Hosting Office 365 & E-Mail	FY'19	75,000
142 - Assessing Decrease in Administrative Assistant Position from Full-Time to Part-Time	FY'21	-19,907
123 - Selectmen/Manager Internal Office Reorganization	FY'22	-49,325
145 - Treasurer's Internal Office Reorganization	FY'23	-19,760
151 - Legal & Professional Services	FY'23	25,000
190 - Public Facilities - Custodian & Additional Utilities	FY'23	106,000
630 - Recreation Seasonal Staffing	FY'23	50,000
Total All Other GG Departments		400,083
Department of Public Works		
420 - (2) DPW Laborers & Reorganize Positions	FY'15	108,150
421 - More Realistically Fund DPW Snow & Ice Budget	FY'17	150,000
420 - Add DPW Lease / Purchase of Capital Equipment Line Item to Operating Budget	FY'17	150,000
420 - (1) DPW Laborer	FY'20	48,776
420 - Additional OT	FY'20	16,000
420 - Public Roads Infrastructure Improvements	FY'23	650,000
Total DPW		1,122,926
Police Department		
210 - General Operating Budget Increases	FY'15 & FY'16	40,000
210 - Police Detective	FY'16	65,500
210 - Net Cost Joint Civilian Dispatch: 5 Dispatchers = 1 Add'l Officer per Shift (6 Officers Total)	FY'16	172,214
210 - More Realistically Fund Police Department Overtime	FY'17	150,000
210 - Dispatch & Police Related OT Coverage	FY'18	18,169
210 - General Operating Budget Increases	FY'20	16,500
210 - General Operating Budget Increases	FY'23	36,000
210 - Dispatch Supervisor	FY'23	80,000
Total Police Department		578,383
Fire Department		
220 - 3rd Ambulance Crew - (4) Fire / EMS Staff (\$1,100,000 & 12 Needed Total)	FY'16	326,000
220 - More Realistically Fund Fire Department Overtime	FY'17	50,000
220 - 3rd Ambulance Crew - (8) Fire / EMS Staff - <i>Post Federal SAFER Grant Cost</i>	FY'17	750,000
220 - Increase OT & Holiday Comp Due to (8) Fire / EMS Staff	FY'18	167,916
220 - General Operating Budget Increases	FY'20	12,000
220 - Increase OT (<i>Net \$100,000 Ambulance Fund Transfer</i>)	FY'23	150,000
Total Fire Department		1,455,916

**GENERAL GOVERNMENT - RECENT STAFFING & OPERATING BUDGET
ADDITIONS - FY'15 - FY'23 Recommended**



FY'23 Budget Binders

Tabs 5, 6, & 7

- Tab 5 = School Department Budget
- Tab 6 = Upper Cape Cod Regional Technical School Budget
- Tab 7 = Miscellaneous Information
 - FY'23 State Cherry Sheet receipts & assessments
 - Town Treasurer's official debt schedule with complete details (overall summary in Tab 2)
 - Fall 2021 Town Manager "FY'23 Budget Issues & Beyond"
 - August 2016 Town Manager summary of recommended organizational streamlining and personnel needs

Overall Budget Issues & Concerns

Retention of Excess Levy Capacity Reserve & Prudent Decisions when Used:

- Any use of Town's Excess Levy Reserve (ELR) created by new Canal Unit #3 should be limited to major capital needs, increasing Sandwich's financial reserves, or addressing recurring budget issues & priorities; even with the Library & CAL bonding being paid from the Unit #3 new growth, it's important to maintain an Excess Levy Reserve to provide a financial buffer moving forward; (**FY23** = \$3.0 million ELR projected)

Emergency Reserves:

- Stabilization Fund has been increased significantly over the last decade, but compared to similar communities our size, Sandwich still has a relatively low Stabilization Fund balance; there are positive bond rating implications by increasing reserves; 5-year goal of \$2.5 million has been met; long-term goal = \$TBD; excellent source = ELR for one-time appropriations; (**FY23** = adding funds for 8th consecutive year)

Overall Budget Issues & Concerns

<u>Tuition Assessments:</u>				
·	Tuition Assessments have negatively impacted the overall budget more than any cost center since FY'04; during the same period, local enrollments have dropped almost 50% and Charter reimbursement formulas & commitments from the State have been significantly underfunded and ignored; in FY'22 Tuition Assessments topped \$4.4 million & exceeded the Town's total Discretionary Aid by \$2.0 million; recent Charter enrollment decreases have occurred			

Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade...BUT

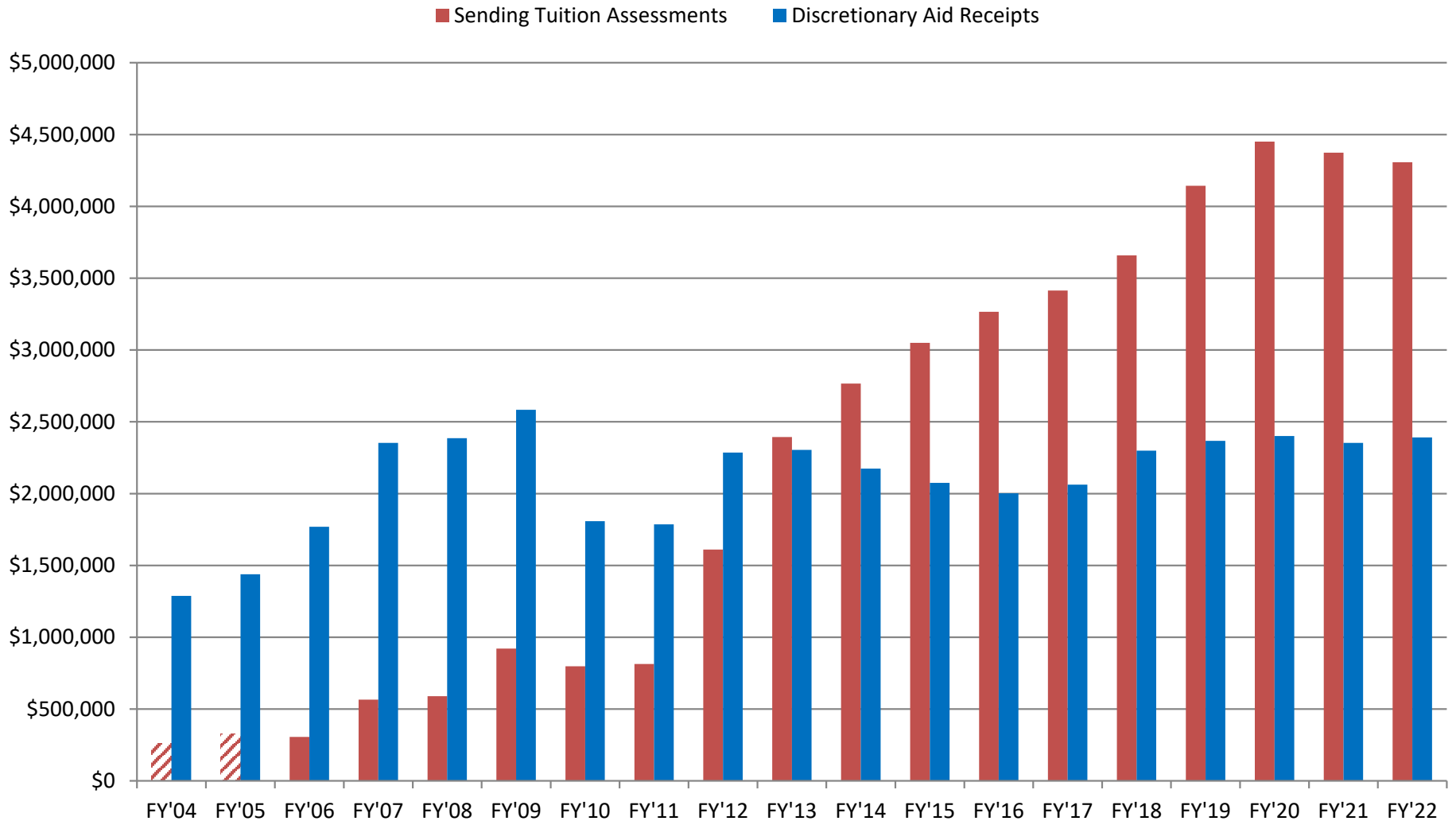
- Sandwich's history with Tuition Assessments = Tab 2
- FY'22 tuition assessments = \$4.3 Million
 - Last override in FY'06 = \$2.62 Million
 - FY'06 tuition assessments = \$300,000
 - \$4.0 million increase since last override = 1,333%
 - Average annual increase last 5 years = 4.44%
 - \$1.9 million above UCCRVTs assessment
 - 50% local enrollment decrease since peak in FY'02
 - 36% of Pre-K – 12 students seek non-Sandwich educational opportunities
 - Charter School enrollments seem to be decreasing
 - Private School enrollments seem to be increasing

Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade

- “Debtor” community: tuition assessments vs. discretionary aid
 - Debtor status first occurred in FY’13, now \$1.9 million difference
 - Charter costs up, reimbursements down = counterintuitive & against State law...but true
 - State pays less than 1/3 of the required reimbursement amount meaning Sandwich loses more than \$1.0 million annually in revenue it should be receiving
- State budget process history – won’t know final assessment estimate until after July 1

TUITION ASSESSMENTS & DISCRETIONARY AID RECEIPTS FY'04 - Present



- FY'04 & FY'05: Tuition Assessments Paid from School Operating Budget per State Requirements
- FY'06 to Present: Tuition Assessments Paid by Town through Cherry Sheet Assessment

Overall Budget Issues & Concerns

Capital & Maintenance Needs:			
·	annual capital needs typically exceed available funding; much stronger focus last decade; (<u>FY'23</u> = Focusing funding on Building Maintenance & Repairs for Town & School; adding infrastructure funding to DPW budget reduces capital demand)		
·	comprehensive School building improvement needs through a debt exclusion; SHS solar project should help annual needs; (<u>FY'23</u> = decision needed by 4/1/21)		
·	Sandwich Hollows irrigation system replacement & equipment needs; consultant report underway; internal funding goal; (<u>FY'23</u> = decision needed by 4/1/21)		
·	large-scale projects substantially addressed (<u>ex.</u> = Wastewater; HTW School; Center for Active Living (CAL); Library; Central Municipal Building; Beach; Etc.); downtown Fire Station & beach areas remain at risk; DPW facilities also need to be upgraded with consultant review on-going		

Overall Budget Issues & Concerns

<u>Employee-Related Costs & Liability Issues:</u>			
·	increased cost of Town & School employee & liability programs, like health insurance, retirement assessment, OPEB, etc.; (<u>FY'23</u> = 4th year with MIIA which has proven very successful & reduced OPEB Liability)		
·	OPEB liability - estimated long-term impact continues to grow (over \$100 million); need to identify methods of funding moving forward with a goal of annual OPEB Trust Fund appropriation increasing every year; (<u>FY'23</u> = adding funds to OPEB for 8th consecutive year; could consider one-time ELR transfers or override to fund long-term)		

FY'23 Budget Overview

FY'23 Projected General Fund Revenues & Expenses

- Changes since initial December 2021 FY'23 projection
 - Higher recommended General Gov't. operating budget (Bad)
 - Final county retirement assessment lower (Good)
 - Preliminary health insurance increase lower (Good)
 - Transfer to OPEB Trust Fund retained (Good)
 - Transfer to Stabilization Fund retained (Great)
 - Retention of substantial excess levy capacity while paying 2nd year of approved Library & CAL debt (Outstanding)
- Outside of our control & awaiting greater clarification
 - State Cherry Sheets: Discretionary Aid, Ch. 70 Aid, Tuition Assessments, Other Assessments...charter school enrollment decrease
 - FY'22 Snow & Ice deficit...so far, so good
 - COVID related deficits...so far, so good
 - UCCRVTS budget assessment...Sandwich enrollment increase

FY'23 Projected General Fund Revenues & Expenses

REVENUES			EXPENSES		
FY'23 Tax Levy:			ReCap Sheet Items:		
FY'22 Levy Limit	70,893,641		State Assess: Tuition Assess (5.00%)	4,522,566	
2.5% Increase	1,772,341		State Assess: All Other (3.00%)	728,503	
Est. New Growth	500,000		Abatements / Overlay	550,000	
Excess Levy Reserve Est.	-3,000,000		FY'22 Snow & Ice Deficit	150,000	5,951,069
Overrides / Exclusions	0				
County Assess. Outside 2.5: CCC	201,475		Town Meeting Items:		
Exempt Debt: GF Outside Prop. 2.5	2,283,713	72,651,170	Group Health Insurance (5.00%)	12,075,000	
			County Retirement Assess. (4.14%)	4,802,452	
Other Revenue:			Property & Liability Insurance (7.53%)	1,445,000	
State Aid: Discretionary (0.00%)	2,391,226		Medicare (4.00%)	724,132	
State Ch. 70 Aid: School (0.00%)	7,226,188		GF Sanitation Ent. Fund Approp.	60,500	
Est. Local Receipts	5,500,000		Unemployment Account	100,000	
Free Cash Certification - STM Capital	2,792,528		OPEB Trust Fund	100,000	
Overlay Release	0		Exempt Debt: GF Outside Prop. 2.5	2,283,713	
Transfer from Stabilization Fund	0	17,909,942	Non-Exempt Debt: GF Inside Prop. 2.5	1,276,872	
			Borrowing Expenses	100,000	
Total Estimated Revenues		90,561,112	Reserve Fund	500,000	
			Capital Budget - ATM - Net	300,000	
			Capital Budget - Fall 2022 STM - Net	450,000	
			Transfer to Stabilization Fund	100,000	24,317,669
			Operating Budgets:		
			School Budget: Local (3.00%)	29,697,687	
			Ch. 70 (0.00%)	7,226,188	36,923,875
			UCCRVTS Budget (11.82%)		2,720,777
			General Gov't. Budget (9.24%)		20,540,474
			Total Estimated Expenses		90,453,864
			ESTIMATED FY'22 BUDGET BALANCE		107,248
Stabilization Fund & OPEB Trust Fund Balances:					
	Stab. Fund	OPEB Fund			
Actual Balance on 12/31/21:	2,539,419	1,252,894			
Proposed Transfer From/To Fund:	100,000	100,000			
Projected Post ATM Balance:	2,639,419	1,352,894			

FY'23 Budget Overview

Budget Issues to Monitor

- Estimated FY'23 local aid receipts...several months to go, but Governor's initial State budget looks promising & within our current projections
- Estimated FY'23 local aid assessments...several months to go...tuition assessments remain greatest concern, but enrollments to charter schools are down
- FY'23 health, property & liability insurance costs still pending
- UCCRVTs budget estimate = awaiting final budget assessment figure; Sandwich enrollment up significantly again

FY'23 Budget Overview

Budget Issues to Monitor

- As always, Town's central administrative staff will provide appropriate recommendations if current budget estimates need to be revised & operating budgets amended – contingency plans always developed
- Likely revenue & expenses to review, if necessary:
 - State Aid & Assessments
 - Local Receipts
 - Snow & Ice Deficit
 - Other Deficits (COVID?)
 - Health Insurance
 - Property & Liability Insur.
 - Capital Budget
 - Education Operating Budgets

FY'23 Budget Overview

- Reminder: FY'23 Budget process has several months to go before being finalized for Town Meeting
- Estimated revenue & expenses will change regularly with updates provided at every Selectmen & Finance Committee meeting
- 18th fiscal year without an override request despite significant increases in tuition assessments, employee related costs, capital needs, etc.
- Finance Committee presentation on February 1 with weekly review to follow
 - Focus on larger picture budget issues like chronic Fire OT deficits, road infrastructure needs, & larger School & SHGC capital requests

FY'23 Budget Overview

- Major School Capital Issue: Need to address School building improvement needs by April 1 for ATM & Town Election
- SHGC Irrigation System: Need to address by April 1 for ATM
- Major General Government Operating Issues: Do we address two long-standing public service needs – public road infrastructure & Fire OT – within the FY'23 operating budget?
- Extensive staff input & support in preparing FY'23 Budget
- Sandwich vs. other MA cities & towns
 - Unique culture & spirit of teamwork & cooperation
 - Great appreciation to Town & School staff

CONCLUSION

- **Overall Recommendation:** General Government at 9.24%...when will we get this opportunity again?!
 - DPW operating budget more dependable than capital
 - Fire OT issue not going away with call volumes & staffing
 - Support School Department debt exclusion
 - Support Sandwich Hollows irrigation system internal debt
- Any questions about the General Government budget recommendation or the FY'23 Budget as a whole?

THANK YOU!