

TOWN OF EASTHAM, MASSACHUSETTS

FISCAL YEAR 2023 YEAR-END
FINANCIAL REVIEW



YEAR-END REVIEW HIGHLIGHTS

- Very good performance to plan (budget)
- General Fund reserves increased to 27.11% of our Operating Budget, exceeding min. Target of 16.67%
- Resources contributed to additional reserves (excluded in above %) that help stabilize the Operating Budget.
 - IOD Fund \$165k and Compensated Absence Fund \$50k.
- Expecting highest Free Cash certification in many years - \$5.6m, about 15% of Operating Budget, of which \$4.4m was generated from FY 23 results.
- Property Tax collection rates remain high at 99% + ... very few properties in Tax Title status.
- Local Receipts remain strong
 - ST Rental receipts total \$1.53m, largely unbudgeted to fund Wastewater reserve and future debt service.
 - Excluding STR, budgeted local receipts are approximately 72.5% of actual revenues.

YEAR-END REVIEW HIGHLIGHTS

- Budgetary Savings on appropriations remain strong.
 - \$2m savings represents nearly 6% of operating budget
 - \$561k from unplanned debt service savings, which adjusts overall savings to approximately 4%
 - Appropriation savings split pretty evenly between salary and expense accounts.
- Outstanding debt continues to increase and expected to peak over next 2 years as water project is completed.
- Debt service of approximately 14-15% of operating budget but is secured by RE Tax Levy (debt exclusion), while maintaining relatively low tax burden.
- Continued improvement of funding levels of Pension and OPEB Plans.
- General Fund Reserves relative to peers continues to improve.
- Continued improvement in tax levy "New Growth" - exceeded 1% in FY 22.
 - Improved to 1.27% & 1.2% in FY 23 and FY 24, respectively.
- Maintained position in the lowest third of property tax burden of all MA communities and 3rd lowest among Cape Cod peers.

FY 2023 BUDGET PLAN

	GENERAL FUND			
	<u>Operating Budget</u>	<u>Capital Budget</u>	<u>Other Items</u>	<u>Total Budget</u>
APPROPRIATIONS				
Departmental Budgets	\$ 35,223,583	\$ -	\$ -	\$ 35,223,583
Funding of Reserve accounts			810,000	810,000
Housing funding			900,000	900,000
Capital Plan/Town projects		1,934,374	166,250	2,100,624
Subtotal Local Appropriations	35,223,583	1,934,374	1,876,250	39,034,207
State & County Assessments	768,127			768,127
Total Appropriations	35,991,710	1,934,374	1,876,250	39,802,334
FUNDING				
Property Taxes	30,267,167	425,000		30,692,167
Less: Provision for Abatements/Exemptions	(250,668)			(250,668)
Local Receipts	4,326,729			4,326,729
State Aid	697,896			697,896
Other Available Funds	950,586	50,000		1,000,586
Free Cash		1,459,374	1,876,250	3,335,624
Total Funding	35,991,710	1,934,374	1,876,250	39,802,334
Budget Variance	\$ -	\$ -	\$ -	\$ -

FISCAL YEAR 2023 END OF YEAR RESULTS

(SUBJECT TO FINAL CLOSE & AUDIT)

	2020 Amount	2020 % Budget	2021 Amount	2021 % Budget	2022 Amount	2022 % Budget	2023 Amount	2023 % Budget	Minimum Target %	Min. Target Amount
GF Undesignated Fund Balance	3,961,581	12.89%	4,354,784	13.87%	4,504,812	13.45%	6,559,639	18.23%	16.67%	5,999,818
Stabilization Fund	<u>689,416</u>	<u>2.24%</u>	<u>1,470,726</u>	<u>4.68%</u>	<u>2,221,690</u>	<u>6.63%</u>	<u>3,196,457</u>	<u>8.89%</u>		
Subtotal General Reserves	4,650,997	15.13%	5,825,510	18.55%	6,726,502	20.08%	9,756,096	27.11%		
Free Cash Certification	2,837,320	9.23%	3,995,769	12.73%	3,851,464	11.50%	5,610,227	15.59%		
Free Cash generated	1,857,048	6.04%	3,322,449	10.58%	3,191,319	9.53%	4,435,899	12.33%	5.00%	1,799,586
Operating Budget Amts.	30,739,302		31,393,943		33,495,614		35,991,710			
Other Reserves										
IOD Fund			73,000		81,647		164,559			
Comp. Absence Fund							50,000			

FY 2023 FREE CASH HISTORY

Year	Amount Generated	% of Budget	Amount Certified	% of Budget
2023	4,435,899	12.33%	5,610,227	15.59%
2022	3,191,319	9.53%	3,851,464	11.50%
2021	3,322,449	10.58%	3,995,765	12.73%
2020	1,857,048	6.04%	2,837,320	9.23%
2019	1,518,723	5.35%	1,798,078	5.84%
2018	987,810	3.65%	1,319,660	4.29%
2017	1,211,530	4.72%	1,519,715	5.10%
2016	1,043,930	4.36%	1,185,138	4.21%
2015	937,331	4.11%	1,206,746	4.70%
2014	948,333	4.19%	1,148,613	4.69%
2013	728,711	3.28%	1,292,603	5.31%
2012	1,122,286	5.46%	1,744,166	7.83%
2011	657,042	3.30%	1,205,248	5.60%
2010	712,299	3.69%	1,198,493	5.68%

Estimated

FY 2023 (& RECENT) FREE CASH GENERATION

Element of Change	2018	2019	2020	2021	2022	2023 Estimated
*Excess (shortfall) to budget:						
Local receipts	91,069	335,537	643,723	2,211,023	2,432,600	2,721,470
State receipts	4,212	(2,885)	4,776	(1,979)	37,597	10,785
Appropriations	1,069,318	866,990	1,167,985	908,210	1,030,135	2,012,699
Property Tax Revenue	(138,877)	88,191	(125,688)	182,667	(250,581)	(209,055)
*Free Cash Adjustments	<u>(37,912)</u>	<u>230,890</u>	<u>166,252</u>	<u>22,524</u>	<u>(58,432)</u>	<u>(100,000)</u>
Subtotal – amt. generated this FY	987,810	1,518,723	1,857,048	3,322,445	3,191,319	4,435,899
*Prior Free Cash unused	<u>331,850</u>	<u>279,355</u>	<u>980,272</u>	<u>673,320</u>	<u>660,145</u>	<u>1,174,328</u>
Total Free Cash Certified	1,319,660	1,798,078	2,837,320	3,995,765	3,851,464	5,610,227

FY 2023 RECEIPTS (PROPERTY TAXES & STATE AID)

Category	Budget	Actual	Excess (Deficiency)
Personal Prop. Taxes ('23 Levy)	291,195	288,299	
Real Estate Taxes ('23 Levy)	30,400,972	29,748,749	
Prior Levy Year collections, less Deferred Prop. Tax, and change in Tax Receivable		247,543	
Allowance for A&E	(250,668)	(93,007)	
Tax Leins collected	-	40,860	
Total Property Taxes	<u>30,441,499</u>	<u>30,232,444</u>	<u>(209,055)</u>
State Aid	<u>697,896</u>	<u>708,681</u>	<u>10,785</u>

Prop. Tax Collection Rates	EOY Collections	Cumulative Collections
FY 23 Levy	97.87%	
FY 22 Levy	98.37%	99.40%
FY 21 Levy	98.38%	99.23%
Tax Lien Balances		
6/30/2023		340,260
6/30/2022		223,152
6/30/2021		351,141
6/30/2020		245,545
6/30/2019		267,649

FY 2023 LOCAL RECEIPTS (SUBJECT TO FINAL CLOSE & AUDIT)

	Category	Budget	Actual	Excess (Deficiency)	% of Budget Line	% of Total
1	Hotel/Motel Excise	205,000	596,741	391,741	191%	14.39%
2	Short-Term Rental	327,100	1,534,015	1,206,915	369%	44.35%
3	Rentals	60,000	82,425	22,425	37.38%	0.82%
4	Motor Vehicle Excise	845,000	1,022,556	177,556	21.01%	6.52%
5	Meals Excise	120,000	149,221	29,221	24.35%	1.07%
6	Solid Waste Fees	700,000	1,083,699	383,699	54.81%	14.10%
7	Penalties/Int. on taxes	90,000	94,809	4,809	5.34%	0.18%
8	Cannabis Host Fee	0.00	136,112	136,112		5.0%
9	Cannabis Excise	200,000	233,686	33,686	16.84%	1.24%
10	Fees	400,000	476,123	76,123	19.03%	2.80%
11	Licenses, permits, fees	550,000	582,434	32,434	5.90%	1.19%
12	Beach Stickers/Fees	500,000	616,661	116,661	23.33%	4.29%
13	Fines & Forfeitures	25,000	37,604	12,604	50.42%	.46%
14	Investment income	5,000	231,657	226,657	4533.14%	8.33%
15	School Medicaid Reimbursement	15,000	24,207	9,207	61.38%	0.34%
16	All other local receipts	284,629	146,249	(138,380)	(48.62)%	(5.08%)
17	Total Local Receipts	4,326,729	7,048,199	2,271,470	62.90%	100.00%
18	Local Receipts – Excluding STR	3,999,629	5,514,184	1,514,555	37.87%	
19	Local Receipts – Excluding STR, Cannabis	3,799,629	5,144,386	1,344,757	35.39%	
20	Local Receipts – Excluding STR, Cannabis & Solid Waste	3,099,629	4,060,687	961,058	31.01%	

FY 2023 APPROPRIATIONS

- % of Total 5.92%
- Excluding debt % of Total 4.12%
- % savings excluding debt and school's budget (9,458,913) 5.62%
- Savings on Town Salary accounts = 564,007
- Savings on Town Expense accounts = 503,799

Category	Budget	Actual	Excess (Deficiency)	% of Line	% of Total Excess
Fire Salaries	2,780,571	2,682,158	98,413	3.54%	4.89%
Debt Service	5,477,661	4,915,825	561,836	10.26%	27.92%
Employee Benefits	3,163,521	2,781,964	381,557	12.06%	18.96%
DPW Salary & Expense	835,249	649,705	185,544	24.61%	10.21%
Cape Cod Regional Tech	532,853	486,359	46,494	8.73%	2.31%
Police Salaries	1,983,582	1,899,806	83,776	4.22%	4.16%
Energy/Fuel	382,150	327,266	54,884	14.36%	2.73%
Data Processing	573,484	476,225	97,259	16.96%	4.83%
Treasurer Collector Dept	328,875	281,250	47,625	14.48%	2.37%
Collection and Disposal	962,809	919,589	43,220	4.49%	2.15%
All other appropriations	<u>18,202,828</u>	<u>17,790,737</u>	<u>412,091</u>	<u>3.21%</u>	<u>19.48%</u>
Total Appropriations	35,223,583	33,210,884	2,012,699	5.92%	100%
		Excess, less debt service savings	1,450,863	4.12%	

OUTSTANDING DEBT

	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Buildings	6,860,000	7,269,887	6,620,000	5,975,000	5,330,000	4,685,000
Equipment						
Sewer	111,000	1,220,600	1,095,200	2,036,500	1,665,000	1,280,000
Water	42,159,274	46,382,246	68,965,434	77,665,076	74,527,440	84,127,768
Other	<u>750,000</u>	<u>1,508,113</u>	<u>1,265,000</u>	<u>2,418,500</u>	<u>2,195,000</u>	<u>1,960,000</u>
Total Long-Term	49,880,274	56,380,846	77,945,634	88,095,076	83,717,440	92,052,768
Short-Term Notes	<u>14,264,870</u>	<u>190,000</u>	<u>2,740,000</u>	<u>2,699,000</u>	<u>5,771,000</u>	<u>6,340,000</u>
Total Outstanding Debt	<u>64,145,144</u>	<u>56,570,846</u>	<u>80,685,634</u>	<u>90,794,076</u>	<u>89,488,440</u>	<u>98,392,768</u>
Authorized & Unissued	<u>76,241,148</u>	<u>70,447,018</u>	<u>46,218,980</u>	<u>31,454,636</u>	<u>31,397,000</u>	<u>12,462,232</u>
Annual Debt Service	3,486,325 / 11.09%	3,626,535 / 10.94%	4,201,216 / 12.09%	4,592,065 / 13.77%	4,873,299 / 14.55%	5,691,161 / 14.23%

PENSION OBLIGATION THROUGH PARTICIPATION IN BARNSTABLE COUNTY RETIREMENT ASSOC. (BCRA)

- Teachers are covered under the Massachusetts Teachers Retirement System which is funded by the Commonwealth

	1/1/2016	1/1/2018	1/1/2020	1/1/2022
BCRA Covered Payroll	<u>\$ 271,510,348</u>	<u>\$ 283,145,854</u>	<u>\$ 293,746,441</u>	\$ 307,779,848
BCRA Obligations	\$1,783,937,286	\$1,865,385,410	\$1,994,947,882	2,205,861,358
BCRA Assets	<u>1,103,493,815</u>	<u>1,075,010,769</u>	<u>1,243,664,647</u>	<u>1,656,015,916</u>
BCRA Net Pension Liability	<u>\$ 680,443,471</u>	<u>\$ 790,374,641</u>	<u>\$ 751,283,235</u>	<u>\$ 549,845,442</u>
Funded %	61.86%	57.63%	62.34%	75.07%
Eastham Participation %	2.539%	2.481596%	2.628842%	2.70%
Eastham Net Pension Liability	\$ 16,956,243	\$ 19,613,903	\$ 19,750,050	\$ 14,845,827
Assessment - Total / "Catch-up"	1,475,637 / 1,014,057	1,588,826 / 1,091,841	1,769,231 / 1,215,815	2,135,273 / 1,459,098
Assumed IR/ Actual IR	7.375% / 17.06%	7.375% / (2.37%)	7.15% / 16.04%	6.90% / 19.71%
Long-term wage inflation	3.25%	3.25%	3.25%	3.25%

OTHER POST-EMPLOYEMENT BENEFITS LIABILITY (OPEB)

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
OPEB Liability	29,877,447	31,114,184	39,538,702	37,275,441	31,250,002
OPEB Assets (PCOT)	<u>147,158</u>	<u>209,709</u>	<u>316,913</u>	<u>611,108</u>	<u>576,288</u>
Net OPEB Liability	29,730,289	30,904,475	39,221,789	36,664,333	30,673,714
Funded Ratio	.49%	.67%	.80%	1.64%	1.84%
Actuarially Required Contribution	1,537,886	1,724,502	1,780,548	1,570,813	1,622,596
Actual Contributions	<u>889,818</u>	<u>1,115,218</u>	<u>996,441</u>	<u>1,207,969</u>	<u>1,102,867</u>
Contribution shortfall	648,068	609,284	784,107	362,844	519,729
Assumed IRR, Discount Rate & Wage Inflation	7.0% / 3.87% / 3.25%	7.0% / 3.50% / 3.25%	7.0% / 2.21% / 3.25%	7.0% / 2.16% / 3.25%	7.0% / 3.54% / 3.25%
Actual Investment Performance	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>	
FY 2022 Rate of Return	-12.96%	5.09%	6.47%	-	
FY 2021 Rate of Return	30.09%	12.07%	12.99%	-	
FY 2020 Rate of Return	2.51%	6.51%			

STANDARD & POOR'S RATING CRITERIA

Criteria	% of Score	Controllable?	Score
Institutional Framework	10%	Uncontrollable	Strong
Economy	30%	Uncontrollable	Very Strong
Management	20%	Controllable	Strong
Budget Flexibility	10%	Controllable	Very Strong
Liquidity	10%	Controllable	Very Strong
Budgetary Performance	10%	Controllable	Adequate
Debt & Contingent Liabilities	10%	Controllable	Very Weak

CAPE-WIDE FUND BALANCE & RESERVES COMPARISON (FY 2022 DATA)

COMMUNITY	GENERAL FD. BUDGET	7/1/22 FREE CASH	FC %	6/30/22 UFB GF.	6/30/22 STABI. FD.	COMBINED TOTAL	COMBINED %	S&P RATING
Bourne	82,148,566	9,493,947	11.56%	10,550,413	8,846,432	19,396,845	23.61%	AA+
Falmouth	170,480,993	15,158,189	8.89%	17,145,030	17,346,746	34,491,776	20.23%	AAA
Mashpee	79,639,934	13,097,521	16.45%	13,980,750	6,109,259	20,090,009	25.23%	AAA
Sandwich	94,082,993	6,145,085	6.5%	6,430,960	2,547,071	8,978,031	9.54%	AA+
Barnstable	207,993,333	26,769,227	12.87%	30,949,225	14,176,863	45,126,088	21.70%	AAA
Yarmouth	105,074,357	13,012,836	12.38%	14,884,285	5,851,678	20,735,963	19.73%	AA+
Dennis	84,169,904	7,604,054	9.03%	8,557,834	6,969,379	15,527,213	18.45%	AAA
Harwich	74,485,155	7,154,683	9.60%	8,288,651	5,338,183	13,626,834	18.29%	AAA
Brewster	53,178,945	4,641,154	8.72%	5,431,940	3,000,409	8,432,349	15.86%	AAA
Chatham	57,926,235	7,541,864	13.01%	9,583,115	2,180,875	11,763,990	20.31%	AAA
Orleans	47,648,704	4,233,322	8.88%	4,907,291	5,134,475	10,041,766	21.07%	AAA
Eastham	40,065,022	3,851,464	9.61%	4,504,830	2,221,690	6,726,520	16.79%	AA+
Wellfleet	29,095,823	*4,514,126	15.51%	5,086,302	404,668	5,490,970	18.87%	AA+
Truro	26,563,253	4,435,890	16.69%	4,839,478	1,219,757	6,059,235	22.81%	AA+
Provincetown	39,512,120	5,368,069	13.58%	5,786,920	2,476,845	8,263,765	20.91%	AA+

CAPE-WIDE PROPERTY TAX & LEVY COMPARISON (FY 2023 DATA)

Community	Levy Ceiling	Tax Levy	Levy % of Ceiling	Excess Levy Capacity	Excess Levy %	New Growth	New Growth %	Overlay Reserve	Overlay %
Bourne	166,367,393	58,627,869	35.24%	6,977	.01%	922,570	1.57%	696,948	1.19%
Falmouth	430,588,418	119,186,874	27.68%	1,629,086	1.37%	1,446,549	1.21%	596,141	.5%
Mashpee	199,488,388	55,401,491	27.77%	2,339,253	4.22%	804,899	1.45%	821,336	1.48%
Sandwich	156,226,676	71,864,271	46.0%	4,449,119	6.19%	1,163,076	1.62%	526,669	.73%
Barnstable	546,770,779	140,669,929	25.73%	319,378	.23%	1,225,963	.87%	2,107,680	1.50%
Yarmouth	223,316,107	72,443,745	32.44%	9,979	.01%	288,032	.40%	430,064	.59%
Dennis	272,242,979	50,854,988	18.68%	895,045	1.76%	311,820	.61%	289,613	.57%
Harwich	207,034,143	54,988,268	26.56%	1,363,882	2.48%	559,479	1.02%	821,008	1.49%
Brewster	145,181,529	40,592,756	27.96%	344,571	.85%	386,971	0.95%	299,261	.74%
Chatham	247,940,297	38,480,334	15.52%	3,986,163	10.36%	645,428	1.68%	335,105	.87%
Orleans	144,937,824	36,118,506	24.92%	263,090	.73%	421,697	1.17%	211,898	.59%
Eastham	105,981,240	30,692,167	28.96%	39,673	.13%	307,129	1%	250,668	.82%
Wellfleet	87,930,754	23,372,796	26.58%	25,542	.11%	230,294	.99%	327,972	1.40%
Truro	77,010,790	19,181,679	24.91%	470	.002%	278,579	1.45%	102,218	.53%
Provincetown	112,359,766	25,620,031	22.80%	29,256	.11%	271,446	1.06%	297,026	1.16%

CAPE-WIDE PROPERTY TAX BURDEN COMPARISON

(FY 2023 DATA)

Community	Total SF Value	# of Parcels	Average SF Value	DOR 2023 Income Per Capita (2020)	Average SF Tax Bill	Tax as % of Value	Tax as % of Income	Rank (Lowest to Highest - out of 351)
Bourne	4,914,039,640	7,830	627,591	43,619	5,529*	.88%	13.80%	153
Falmouth	14,157,326,600	18,582	761,884	50,597	5,272	.69%	11.20%	133
Mashpee	5,501,953,232	7,204	763,736	48,640	5,354*	.70%	12.86%	141
Sandwich	5,135,611,300	8,589	597,929	57,581	6,876*	1.15%	14.92%	227
Barnstable	15,153,023,466	21,104	718,017	44,786	5,076*	.71%	12.36%	118
Yarmouth	7,038,873,470	12,889	546,115	37,034	4,429	.81%	12.64%	64
Dennis	8,729,143,050	11,735	743,855	42,683	3,474*	.47%	8.84%	16
Harwich	6,810,124,500	8,636	788,574	46,127	5,236	.66%	12.56%	129
Brewster	4,359,949,150	5,651	771,536	45,494	5,393	.70%	12.82%	146
Chatham	7,981,200,500	5,894	1,354,123	70,620	5,254	.39%	7.49%	131
Orleans	4,479,560,800	3,842	1,165,945	58,150	7,264	.62%	13.10%	241
Eastham	3,711,584,000	5,175	717,214	39,014	5,193	.72%	13.71%	124
Wellfleet	2,728,440,640	3,119	874,781	52,453	6,088	.70%	14.12%	183
Truro	2,203,438,160	2,127	1,035,937	49,165	6,775	.65%	14.64%	217
Provincetown	1,248,998,620	868	1,438,939	70,869	8,605	.60%	14.40%	283
State Average			600,855	53,161	7,056	1.17%	13.27%	

CAPE-WIDE DEBT & DEBT SERVICE COMPARISON

Community	2022 EQV	2022 O/S LT Debt All Funds	Debt % EQV	2022 GF Debt Service	GF Debt Service % GF Budget	2022 Debt Per Capita	2021 EQV Per Capita
Bourne *	5,178,654,100	46,493,834	.90%	6,879,823	8.73%	2,353	262,051
Falmouth	13,186,717,700	121,214,095	0.92%	14,955,261	8.58%	3,911	425,474
Mashpee *	5,990,551,100	11,969,065	.20%	2,491,909	3.40%	841	421,010
Sandwich *	4,979,931,300	34,320,000	.69%	4,005,409	4.36%	1,702	246,910
Barnstable *	16,031,008,100	109,163,883	.68%	6,295,126	3.32%	2,454	360,434
Yarmouth	6,880,187,700	19,200,000	.28%	99,621,696	1.48%	827	296,521
Dennis *	7,955,584,100	19,000,000	.24%	2,727,700	3.96%	1,370	573,541
Harwich	6,396,397,000	29,231,936	.46%	3,927,809	5.09%	2,408	526,799
Brewster	4,380,442,300	39,425,000	.90%	2,400,701	4.43%	4,033	448,127
Chatham	7,904,158,600	80,851,752	1.02%	6,447,835	12.06%	13,516	1,321,324
Orleans	4,515,570,600	47,215,000	1.05%	5,937,683	13.68%	8,157	780,161
Eastham	3,250,149,400	83,717,440	2.58%	4,587,016	12.45%	17,064	662,485
Wellfleet	2,661,294,900	20,656,778	.78%	2,216,872	8.49%	7,583	976,981
Truro	2,485,412,200	9,615,002	.39%	537,487	2.24%	4,788	1,237,755
Provincetown	3,620,873,900	45,367,949	1.25%	2,168,202	6.21%	15,322	1,222,855

Excludes overlapping debt included in School, water, fire and other special purpose districts. Debt service requirements are listed for General Fund debt only, excludes enterprise type and other funds.