



# CITY OF NORTHAMPTON

## Financial Trends and Projections for FY2023

Mayor Gina-Louise Sciarra

February 1, 2022

# AGENDA

- ❖ Budget Process
- ❖ Revenues
- ❖ Property Taxes
- ❖ Proposition 2 ½
- ❖ Expenditures
- ❖ Reserves
- ❖ Financial Indicators and Comparative Communities
- ❖ Review of Revenue and Expenditure Trends
- ❖ Five year Fiscal Stability Plan – General Fund
- ❖ Revenue and Expenditure Projections for Fiscal Year 2023
- ❖ Fiscal Year 2023 Budget Calendar
- ❖ Questions and Comments

# BUDGET PROCESS

# BUDGET PROCESS

- ❖ The budget process is governed by Massachusetts General Law (MGL) Chapter 44.
- ❖ MGL Ch. 44, § 31 states that all Massachusetts municipalities are required to prepare balanced annual budgets.
- ❖ Per the City Charter, at the commencement of the budget process the Mayor calls a joint meeting of the city council, school committee, trustees of the Smith Vocational and Agricultural High School and the superintendents of both school districts to review the financial condition of the city.
- ❖ The Mayor initiates the budget process working closely with department heads to maintain services and identify needs.
- ❖ The School Committee and Trustees of Smith Vocational & Agricultural High School adopt and submit a proposed budget to the Mayor 30 days prior to the date the budget is due to be submitted to Council.
- ❖ The Mayor submits the proposed budget to City Council at least 45 days prior to the beginning of the fiscal year.
- ❖ City Council holds a public hearing and must vote on the proposed budget within 45 days of receipt of the budget.

# REVENUES

# REVENUE SOURCES

- ❖ Taxes
- ❖ State Aid
- ❖ Charges for Services
- ❖ Intergovernmental – State, Federal, Operating
- ❖ Licenses and Permits
- ❖ Fines and Forfeits
- ❖ Miscellaneous Revenue
- ❖ Reserves

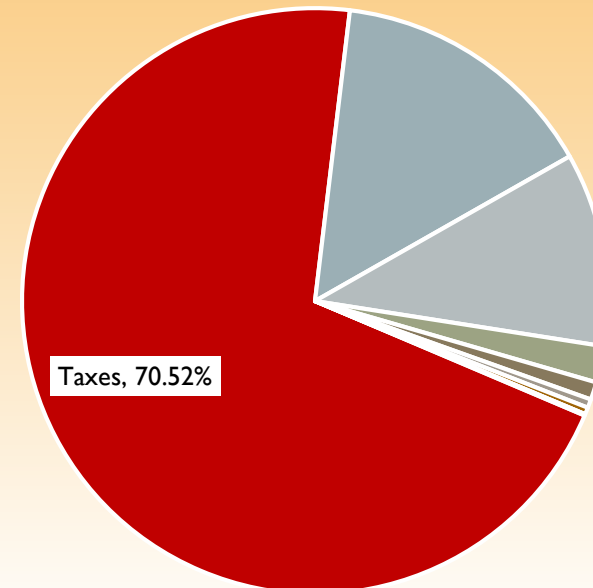
# TAXES

Massachusetts municipal law permits two (2) types of property taxation

- Real Estate Tax– 64% of the projected revenue (FY22)
- Personal Property Tax– 2% of the projected revenue (FY22)

Other taxes (Meals, Hotel/Motel, Marijuana, Motor Vehicle Excise) and Payments in Lieu of Taxes (PILOTS) - 4% of the projected revenue (FY22)

City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148



# PROPOSITION 2 1/2

Proposition 2 1/2 prohibits a community from raising and collecting more than 2.5% the maximum amount it was legally allowed to collect through property taxation in the previous year.

This refers to the total amount that the City collects from the community and not the amount collected from an individual tax payer.

## PROPERTY TAX LEVY CALCULATION

	FY2021 Budget	FY2022 Budget	\$ Change FY2021- FY2022	% Change FY2020- FY2021
Base Levy From Prior Year	61,649,762	66,740,564	5,090,802	
2 1/2% Increase	1,541,244	1,668,514	127,270	
Override	2,500,000	0	(2,500,000)	
New Growth	1,039,583	1,099,854	60,271	
<b>Levy Limit</b>	<b>66,730,589</b>	<b>69,508,932</b>	<b>2,778,343</b>	<b>4.2%</b>
			0	
JFK Middle School	0	0	0	
Fire Station	0	0	0	
High School	0	0	0	
Police Station	633,442	620,476	(12,966)	
<b>Subtotal Debt Exclusions</b>	<b>633,442</b>	<b>620,476</b>	<b>(12,966)</b>	<b>-2.0%</b>
			0	
<b>Max Allowable Levy (Levy Limit + Debt Excl)</b>	<b>67,364,032</b>	<b>70,129,409</b>	<b>2,765,378</b>	<b>4.11%</b>
LESS: Actual Tax Levy	64,854,760	70,106,847		
<b>Excess (Unused) Levy Capacity</b>	<b>2,509,272</b>	<b>22,562</b>		
<b>Actual Tax Levy</b>	<b>64,854,760</b>	<b>70,106,847</b>		
<b>Levy Ceiling (2.5% of Total Valuation)</b>	<b>93,343,062</b>	<b>97,969,322</b>		

# TERM DEFINITIONS

- **Proposition 2 ½**: The maximum limit to which a City may increase the property tax levy by each year.
- **Property Tax Levy**: The revenue a community can raise through real and personal property taxes.
- **Levy Ceiling**: The maximum the levy limit can be. The levy ceiling is determined by a calculation - 2.5 % of the full and fair cash value of all taxable real and personal property in the City.
- **Levy Ceiling Changes**: The total full and fair cash value of taxable real and personal property can change each year as properties are added or removed from the tax rolls and as market values increase or decrease.
- **Levy Limit**: The maximum the levy can be in a given year.
- **Levy**: The amount the community can raise through the property tax. The levy can be any amount up to the levy limit.
- **Levy Limit Increases**: Every fiscal year, the levy limit increases by an automatic 2.5% increase over the last year's levy limit, plus any override the community has voted, plus the addition of new growth.
- **Override**: A vote by the City to permanently increase the levy limit base by the amount of the vote allowing the City to tax more.
- **New Growth**: The amount of increased value of new development (building, construction, property divisions) that is not the result of revaluation.
- **Levy Increases**: The City may tax no more than its levy limit; however, there is no restriction on the dollar increase or percentage increase in its levy from year to year. Proposition 2 ½ restricts increases in the levy limit, not the levy itself. A community is permitted to tax up to its levy limit.
- **Excess Levy Capacity**: The difference between the levy and the levy limit. This is an additional amount the community could, but chose not to tax.

# STATE REVENUE

## State Revenue makes up 15% of our projected budgeted revenue (FY22)

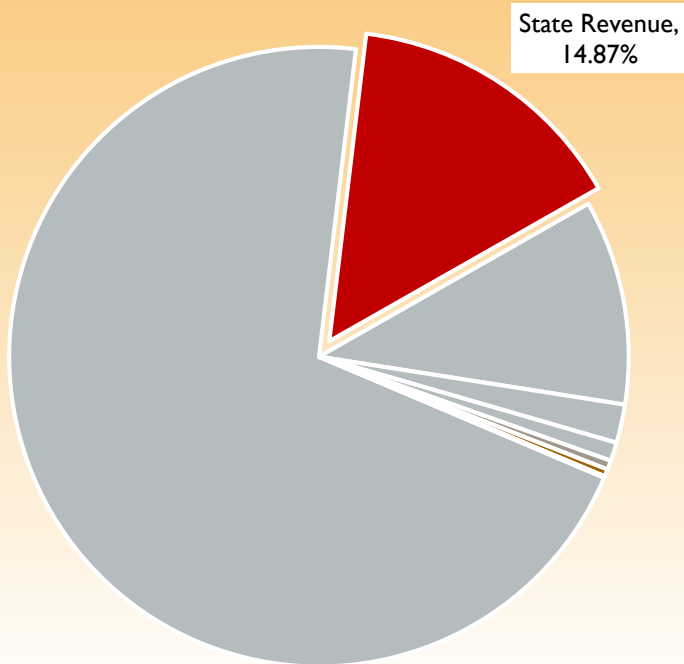
### State Aid

- Chapter 70 School Aid
- Charter Tuition Reimbursement
- Unrestricted General Government Aid (UGGA)
- Payment in Lieu of Taxes (PILOT) for State Owned Land
- Veterans Benefits
- Abatements to Older Adults
- Offset: Incoming School Choice
- Offset: Public Libraries

### Intergovernmental – State makes up .2% of our projected revenue (FY22)

- Other State Revenue
- MA Ambulance Certified Public Expenditure (CPE)

City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148

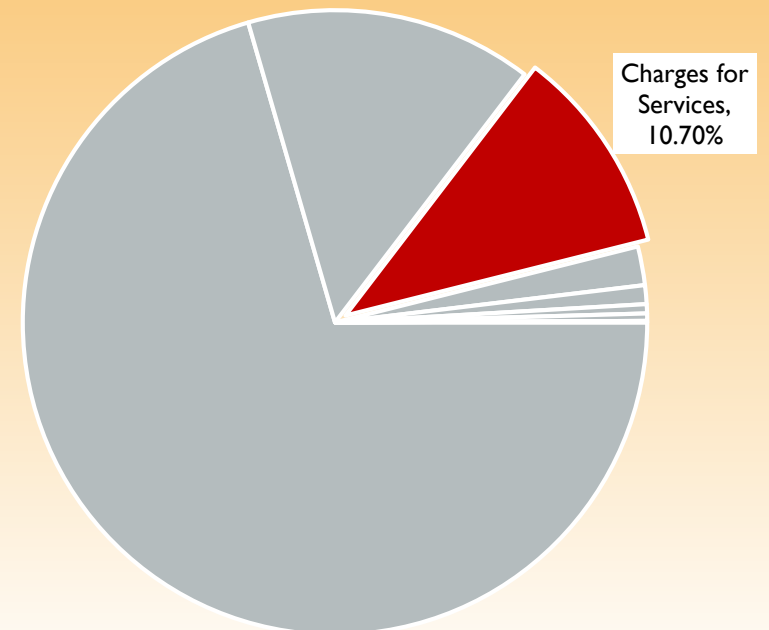


# CHARGES FOR SERVICES

Charges for Services makes up 11% of projected revenue (FY22)

- Parking Revenues
- Departmental Fees (Recreation, Collector, City Clerk...)
- Department Revenues (Building Inspections, Health inspections...)
- Tuition for Smith Vocational & Agricultural High School

City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148

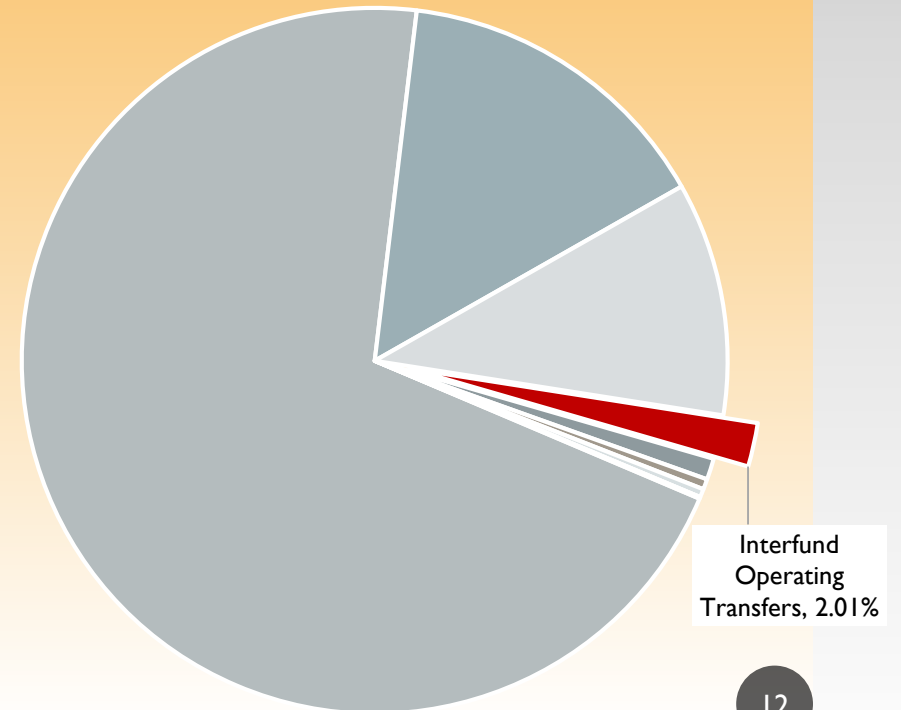


# INTERFUND OPERATING

Interfund Operating Transfers makes up 2% of projected revenue (FY22)

- Interfund Transfers – Enterprise Funds Indirects
- Community Preservation Act (CPA) Funds

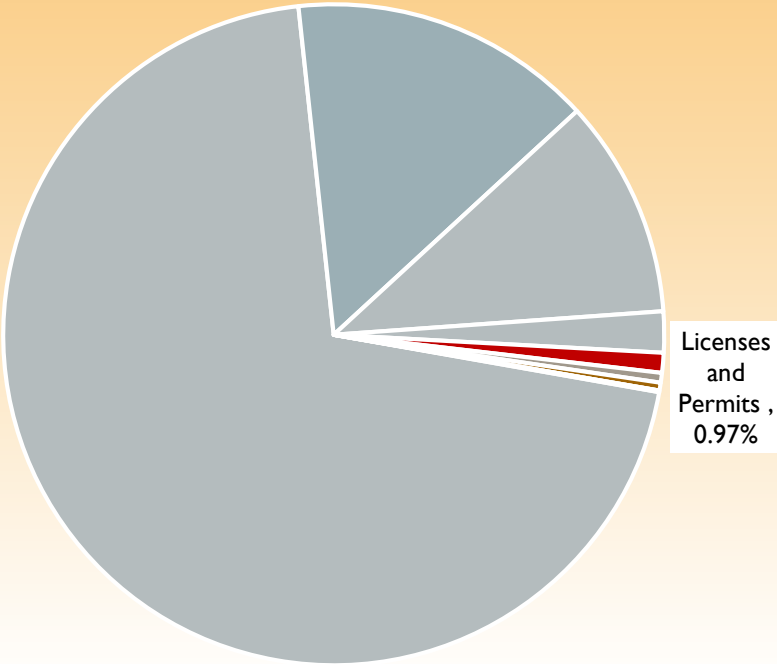
City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148



# LICENSES AND PERMITS FINES AND FORFEITS

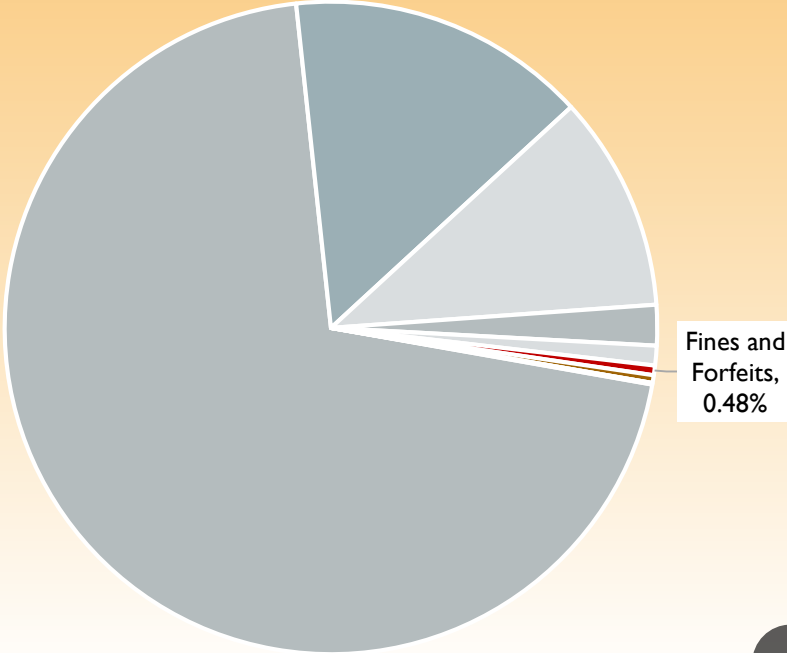
## Licenses and Permits

1% of projected revenue  
Liquor Licenses  
Department Permits  
(City Clerk, Health Dept., Burial, Fire Dept., Building...)



## Fines and Forfeits

.4% of projected revenue  
Civil Motor Vehicle Infraction  
(CMVI) Reimbursements from the RMV  
Parking Tickets

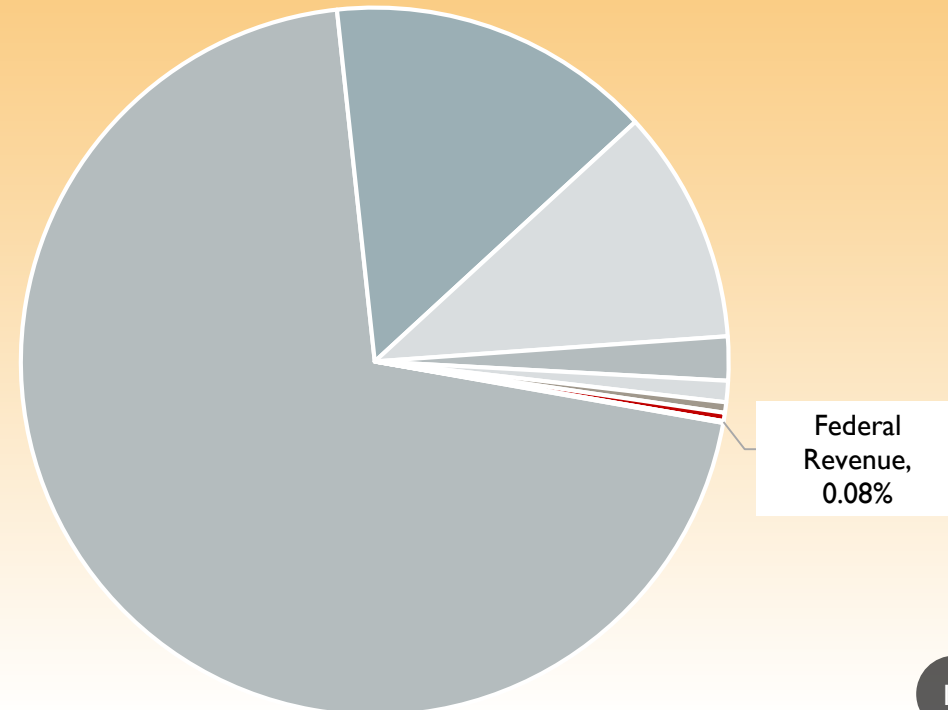


# FEDERAL REVENUE

Intergovernmental – Federal makes up .1% of our projected revenue (FY22)

- Medicaid Reimbursements – Schools

City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148



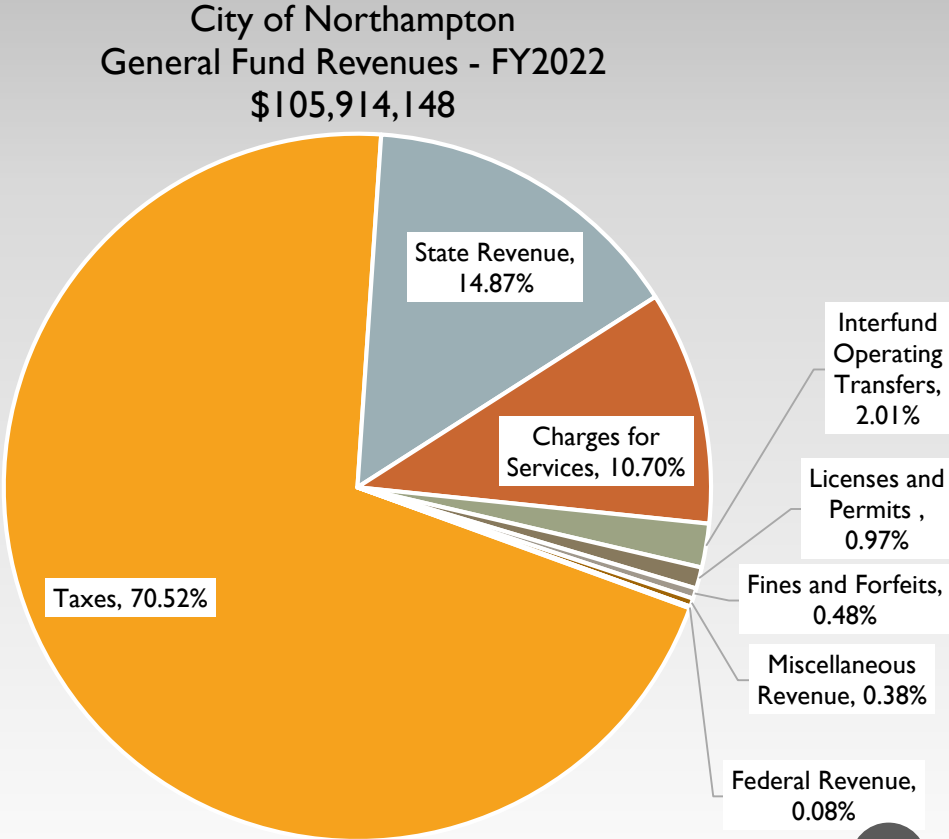
# MISCELLANEOUS REVENUE

Miscellaneous Revenue makes up .3% of the projected revenue (FY22)

- ❖ PVTAs – 5 College Reimbursement
- ❖ Interest on Investments
- ❖ Shared Services (Veteran Services Regional Assessment, Laserfiche Services, Weights and Measures)

# FY2022 GENERAL FUND REVENUES

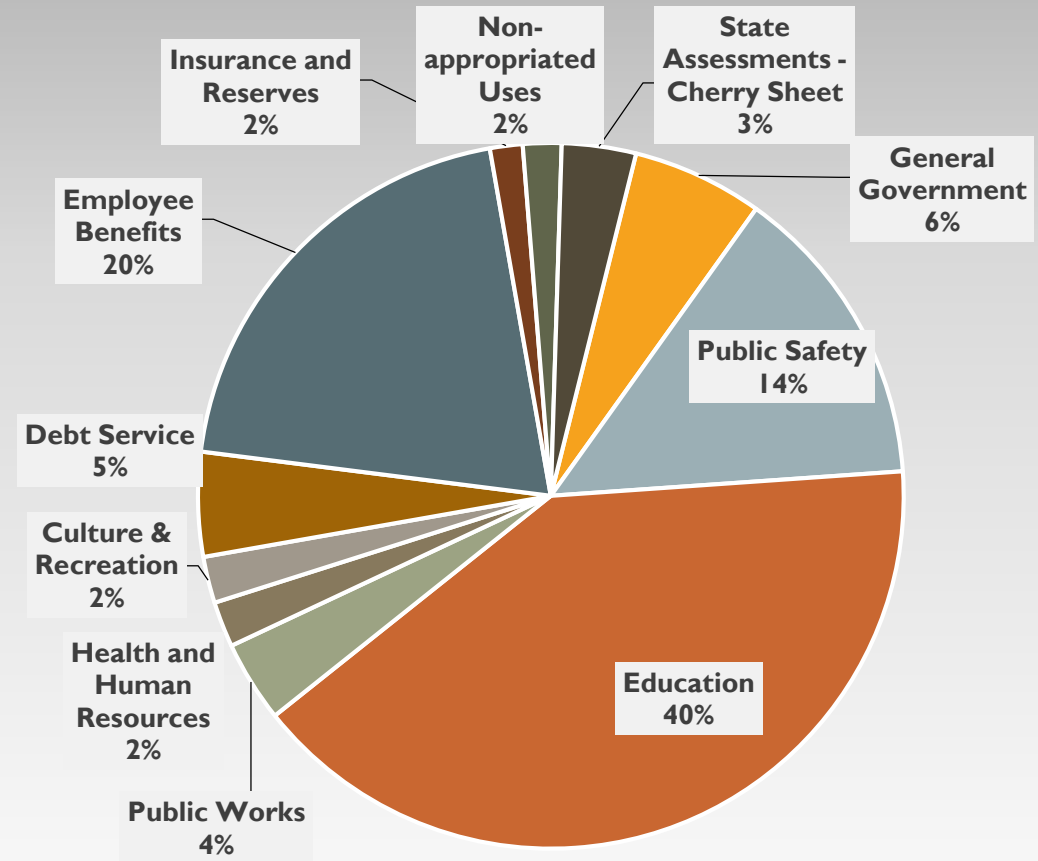
Fiscal Year 2022 - Revenues		
Taxes	74,686,221	70.52%
State Revenue	15,752,059	14.87%
Charges for Services	11,331,217	10.70%
Interfund Operating Transfers	2,123,814	2.01%
Licenses and Permits	1,030,950	0.97%
Fines and Forfeits	505,000	0.48%
Miscellaneous Revenue	404,887	0.38%
Fiscal Stability Fund	0	0.00%
Federal Revenue	80,000	0.08%
	105,914,148	100.00%



# EXPENDITURES

# FY2022 BUDGETED EXPENSES

FY2022		
General Government	\$	6,350,754
Public Safety	\$	14,835,407
Education	\$	42,790,910
Public Works	\$	3,942,184
Health and Human Resources	\$	2,209,594
Culture & Recreation	\$	2,250,230
Debt Service	\$	5,061,624
Employee Benefits	\$	21,421,693
Insurance and Reserves	\$	1,584,470
Non-appropriated Uses	\$	1,871,087
State Assessments - Cherry Sheet	\$	3,596,195
<b>Total</b>	<b>\$</b>	<b>105,914,148</b>



# FY2022 Total Education Spending: \$57,849,412 or 54.6%

Spending on education, as defined and measured by the Department of Elementary and Secondary Education (DESE) is a combination of the direct appropriation to the schools plus the indirect expenditures, not reflected in the school budget, but paid for out of the city budget.

*\*(This does not include the \$691,000 for school capital projects funded from Free Cash as part of the FY2022 Capital Improvement Program)*

Additional Spending Reflected in City Budget	NPS	SVAHS	Total
Employee Benefits	\$ 8,461,851	\$ 1,750,964	\$ 10,212,815
Insurance (Property, Vehicle, Liability)	\$ 160,271	\$ 53,948	\$ 214,219
Debt for School Capital Projects	\$ 338,227	\$ 200,043	\$ 538,270
Cash Capital Spending Approved for FY22	\$ 105,000	\$ 50,000	\$ 155,000
General Government (IT, HR, Auditor, etc.)	\$ 448,316	\$ 117,171	\$ 565,487
Central Services	\$ 282,081	\$ 45,084	\$ 327,165
Charter School Tuition for Outgoing Northampton Students	\$ 2,458,493		\$ 2,458,493
School Choice Tuition for Outgoing Northampton Students	\$ 587,053		\$ 587,053
<b>TOTAL ADDITIONAL SPENDING ON EDUCATION IN FY2022</b>	<b>\$ 12,841,292</b>	<b>\$ 2,217,210</b>	<b>\$ 15,058,502</b>
<b><u>LINE ITEM SPENDING ON EDUCATION IN FY2022</u></b>	<b><u>\$ 33,461,896</u></b>	<b><u>\$ 9,329,014</u></b>	<b><u>\$ 42,790,910</u></b>
<b>TOTAL EDUCATIONAL SPENDING IN FY2022</b>	<b>\$ 46,303,188</b>	<b>\$ 11,546,224</b>	<b>\$ 57,849,412</b>
FY2022 Total General Fund Budget			\$ 105,914,148
% School Related Expenses:			<b>54.6%</b>

# RESERVES

What are they and why are they important?

# FINANCIAL RESERVES USES

## **GENERAL FUND RESERVES:**

- ❖ Undesignated Fund Balance / Free Cash (for any one-time use)
- ❖ General Fund Stabilization Fund (support operating budget or unforeseen costs)
- ❖ General Fund Capital Stabilization Fund (fund the Capital Plan projects)
- ❖ General Fund Fiscal Stability Stabilization Fund (intended for operating budget stabilization)

# FINANCIAL RESERVE BALANCES

## **GENERAL FUND RESERVES: Amounts include free cash transfers approved 1/20/22**

- ❖ Undesignated Fund Balance / Free Cash - \$4,834,832
- ❖ General Fund Stabilization Fund - \$6,351,307
- ❖ General Fund Capital Stabilization Fund - \$4,285,780
- ❖ General Fund Fiscal Stability Stabilization Fund - \$3,592,845

# VALUE OF FINANCIAL RESERVES

## **Financial reserves provide financial stability when:**

- ❖ Natural weather related disasters such as flooding, excessive snowfall, hurricanes, etc.
- ❖ Failure of major infrastructure such as a building boiler breaks, a bridge has to be closed due to structural deficiencies, a roof develops major leakage, etc.
- ❖ Revenue volatility due to regional or national economic downturns, closure of a tax producing industry, or changes in state revenues, etc.
- ❖ Closures and restrictions under health emergencies.

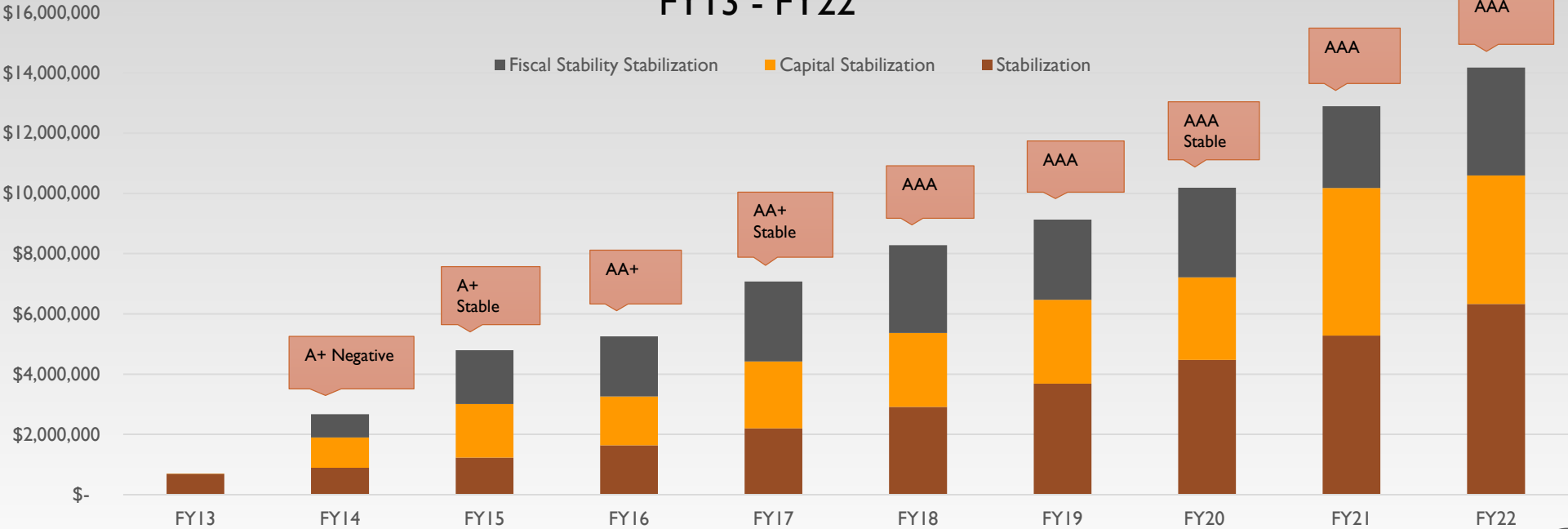
## **Financial reserves provide operational stability to:**

- ❖ Fund a Capital Improvement Program that reduces repair costs and improves operational efficiency, preservation of infrastructure resulting in tax payer savings
- ❖ Maintain the city's AAA Bond Rating (Standard and Poors) which results in lower borrowing costs for capital improvements
- ❖ Provide planned contributions to the operating budget to extend periods of financial stability in keeping with the Fiscal Stability Plan

***Maintaining adequate reserves leaves Northampton better positioned to deal with funding issues in difficult times and gives us the tools to provide continuity of services.***

# RESERVES HISTORY

## City of Northampton General Fund History of Reserves Stabilization, Capital Stabilization and Fiscal Stability Funds FY13 - FY22



# BOND RATING

## Excerpts from June 2021 Standard and Poors' Bond Rating:

“The rating reflects our view of the city's very strong budgetary flexibility... supported by consistently positive financial operations and very strong financial management conditions”

“We consider Northampton's economy very strong. The city, with an estimated population of 29,170, is in Hampshire County in the Springfield MSA, which we consider to be broad and diverse.”

“While we believe the city's economy will remain stable, especially as we expect the economic recovery will continue to accelerate, we believe the lingering effects of the pandemic including elevated state and regional unemployment rates, could potentially lead to slower-than-anticipated economic growth.”

“We view the City's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded and likely sustainable.”

“Overall, in our opinion, Northampton is conservative in its management and budgeting practices.”

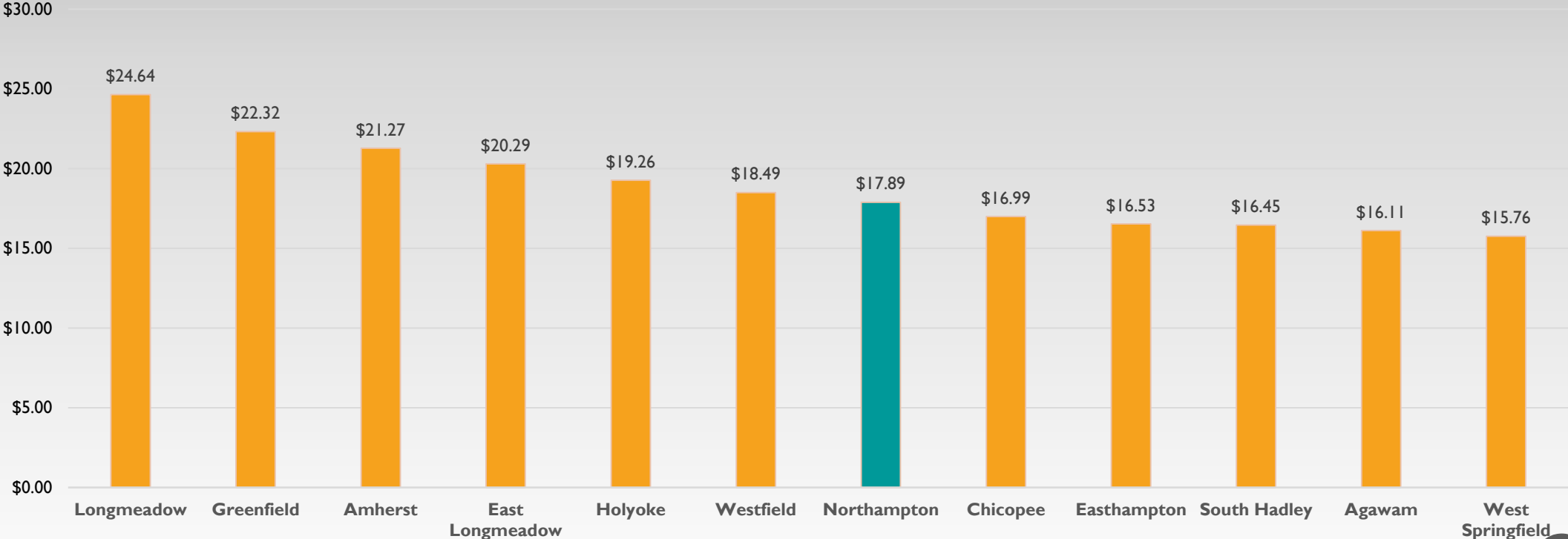
Name	2020	Rating Agency
Northampton	AAA	S&P
Agawam	AA+	S&P
Amherst	AA+	S&P
East Longmeadow	AA+	S&P
Easthampton	AA+	S&P
Longmeadow	AA+	S&P
Chicopee	AA-	S&P
Greenfield	AA-	S&P
West Springfield	AA	S&P
Westfield	AA	S&P
Holyoke	A+	S&P

# COMPARISON OF KEY FINANCIAL INDICATORS

- ❖ Residential Tax Rates
- ❖ Commercial Tax Rates
- ❖ Single Family Home Value
- ❖ Average Single Family Tax Bill
- ❖ Total New Growth Value
- ❖ Revenue Generated by New Growth
- ❖ Outstanding Debt Per Capita
- ❖ General Fund Revenue by Percentage of Total Revenues

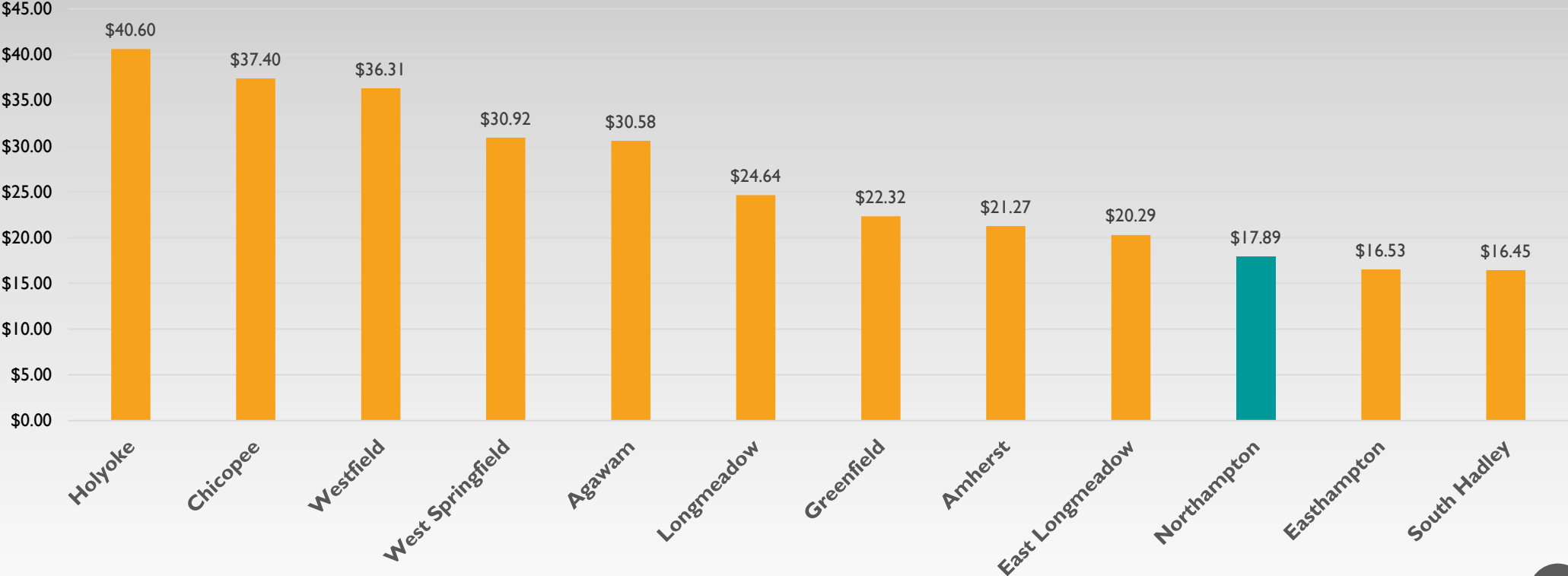
# RESIDENTIAL TAX RATES

**Residential Tax Rates - FY2022**  
**Northampton \$17.89/\$1000**



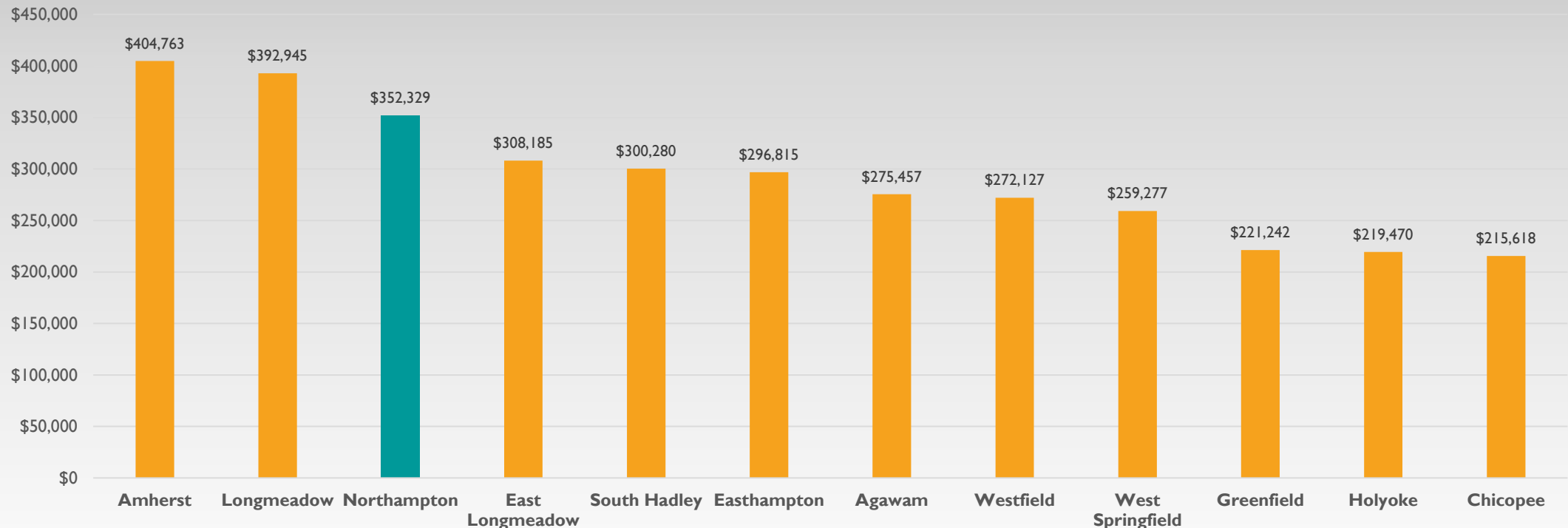
# COMMERCIAL TAX RATES

## Commercial Tax Rates - FY2022 Northampton \$17.89/\$1000



# AVERAGE SINGLE FAMILY HOME VALUE

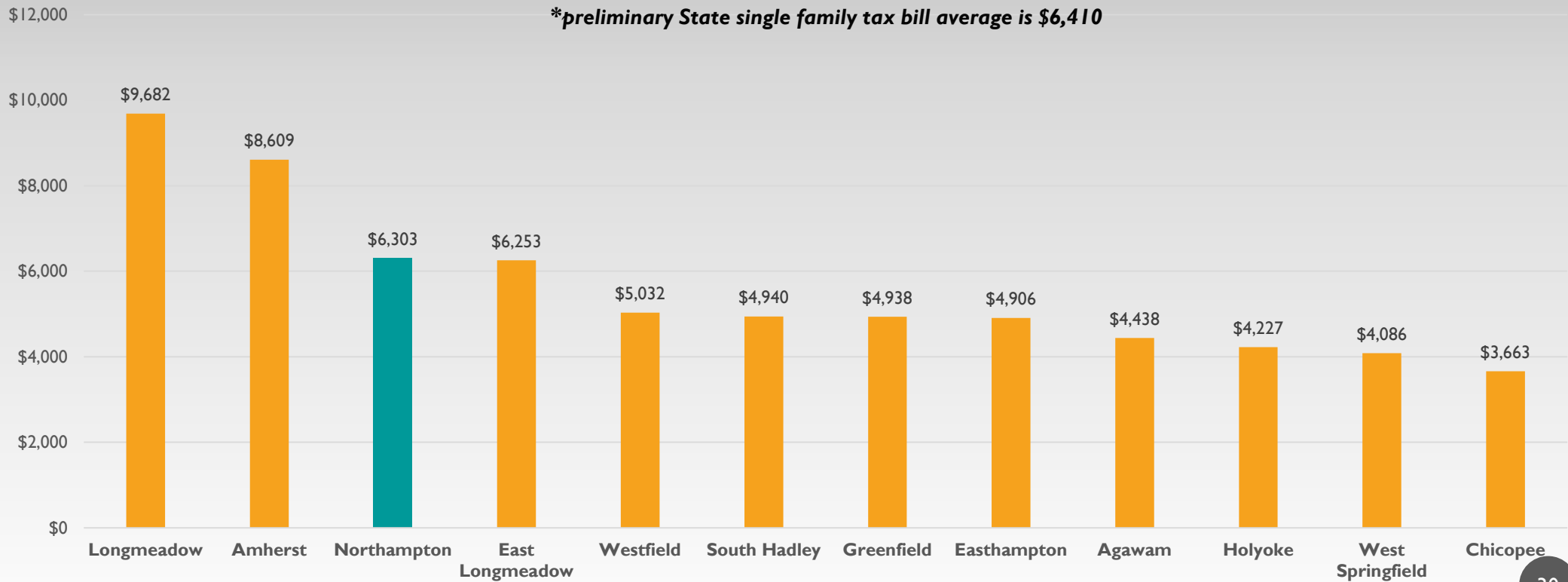
## FY2022 Average Single Family Value Average Single Family Home Value in Northampton \$352,329



# AVERAGE SINGLE FAMILY TAX BILL

## FY2022 Single Family Tax Bill Average Single Family Tax Bill in Northampton \$6,303

*\*preliminary State single family tax bill average is \$6,410*



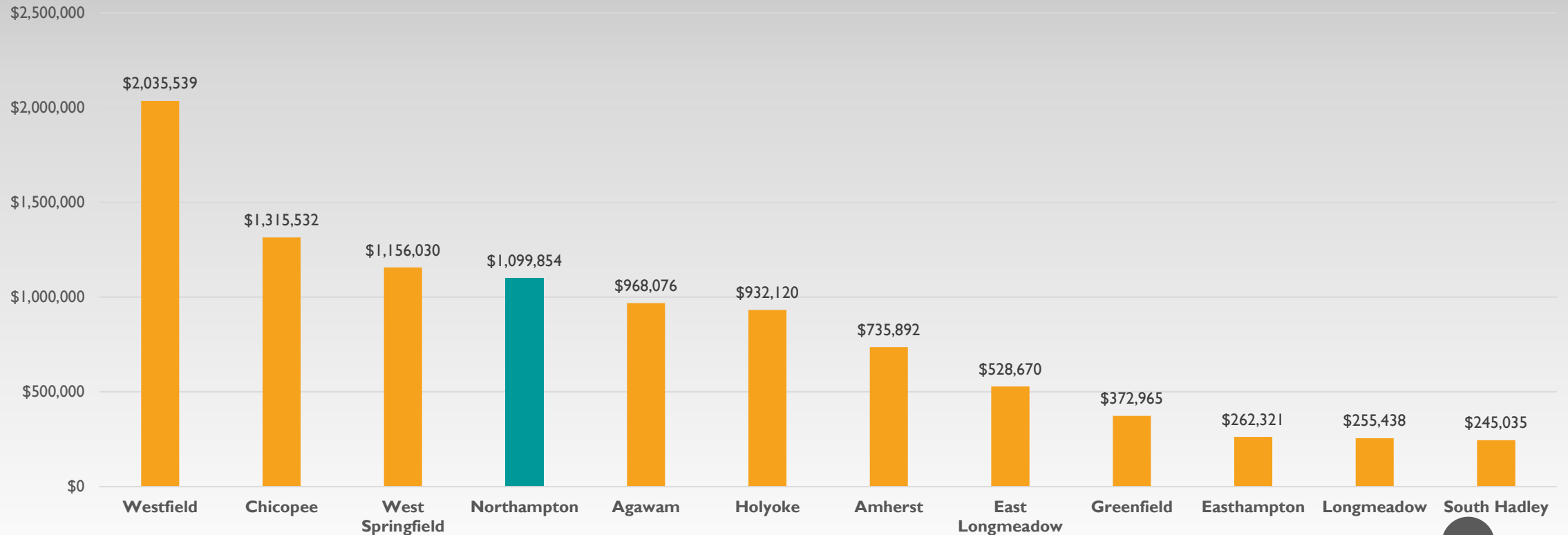
# NEW GROWTH VALUE

## FY2022 Total New Growth Value Value of New Growth in Northampton in FY2022 \$63,319,160



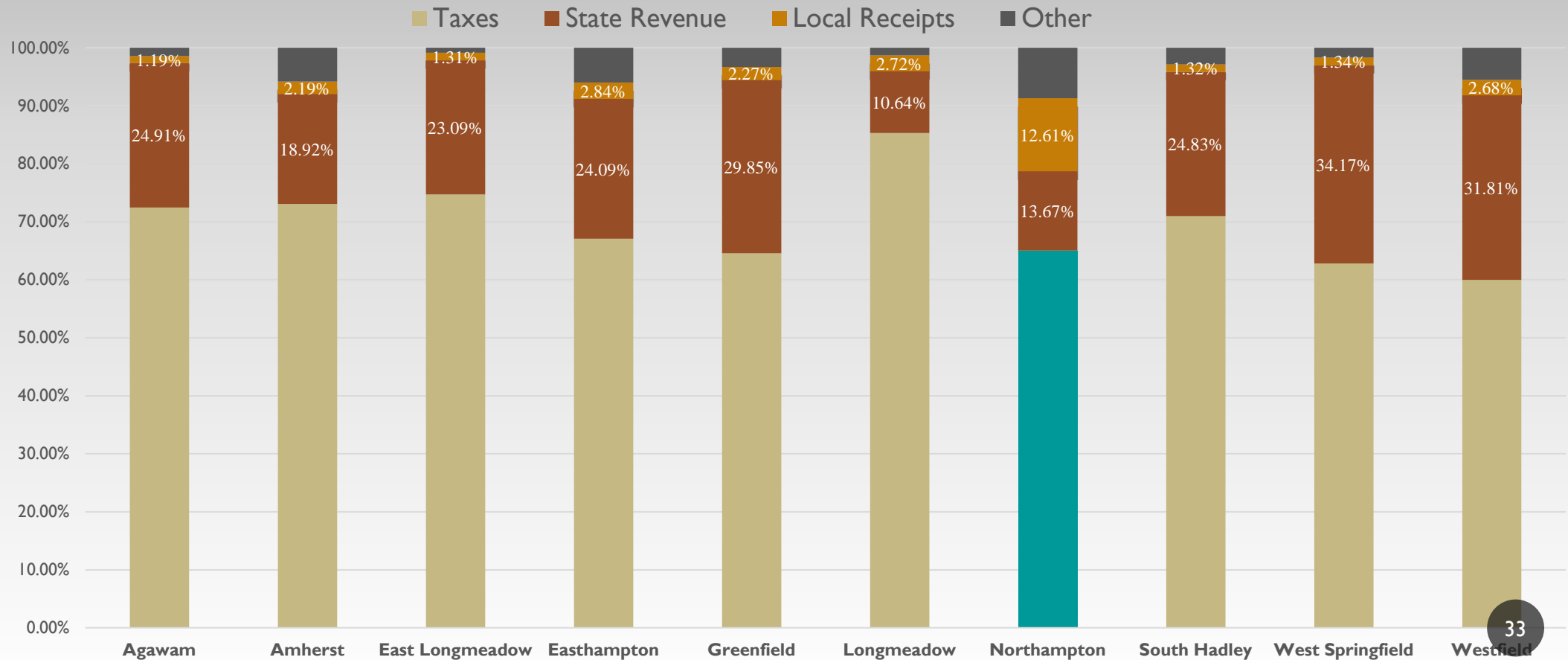
# TOTAL NEW GROWTH

**Total New Growth -FY2022**  
**Northampton - \$ 1,099,854**



# GENERAL FUND REVENUE BY SOURCE

Percentage of General Fund Revenue by Source - FY2021



# REVIEW OF REVENUE AND EXPENDITURE TRENDS

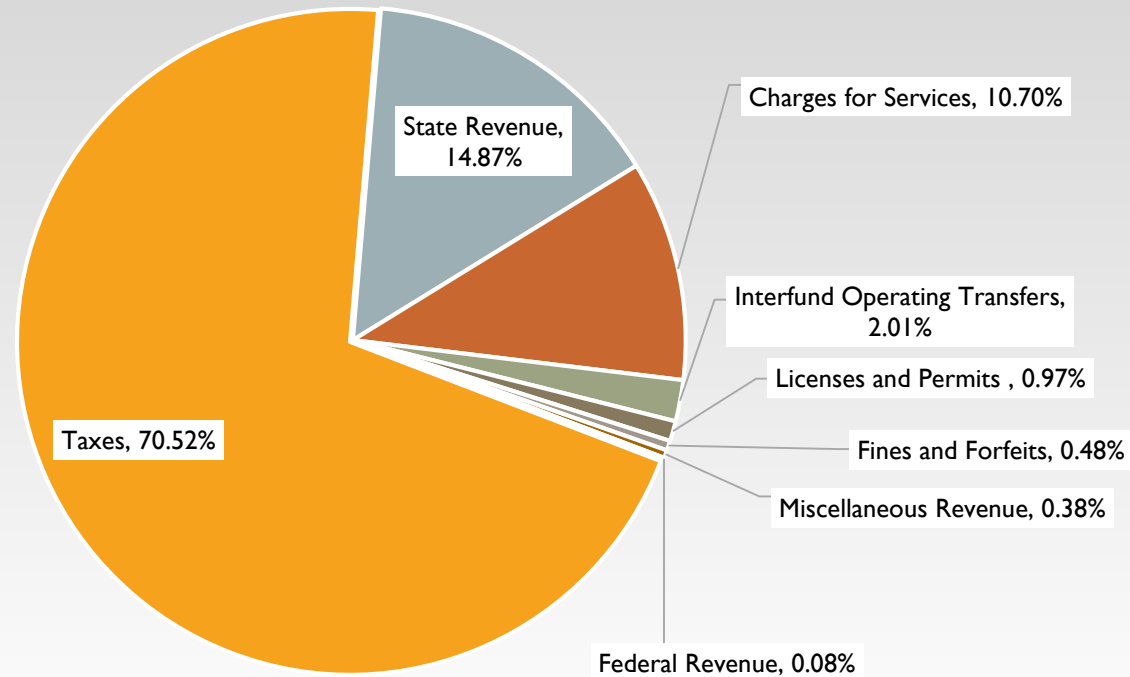
General Fund – City of Northampton

# TRENDS OF REVENUE

- ❖ New Growth
- ❖ Marijuana
- ❖ Hotel/Motel and Meals
- ❖ Parking
- ❖ State Aid
- ❖ Building Permits

# FY2022 GENERAL FUND REVENUES

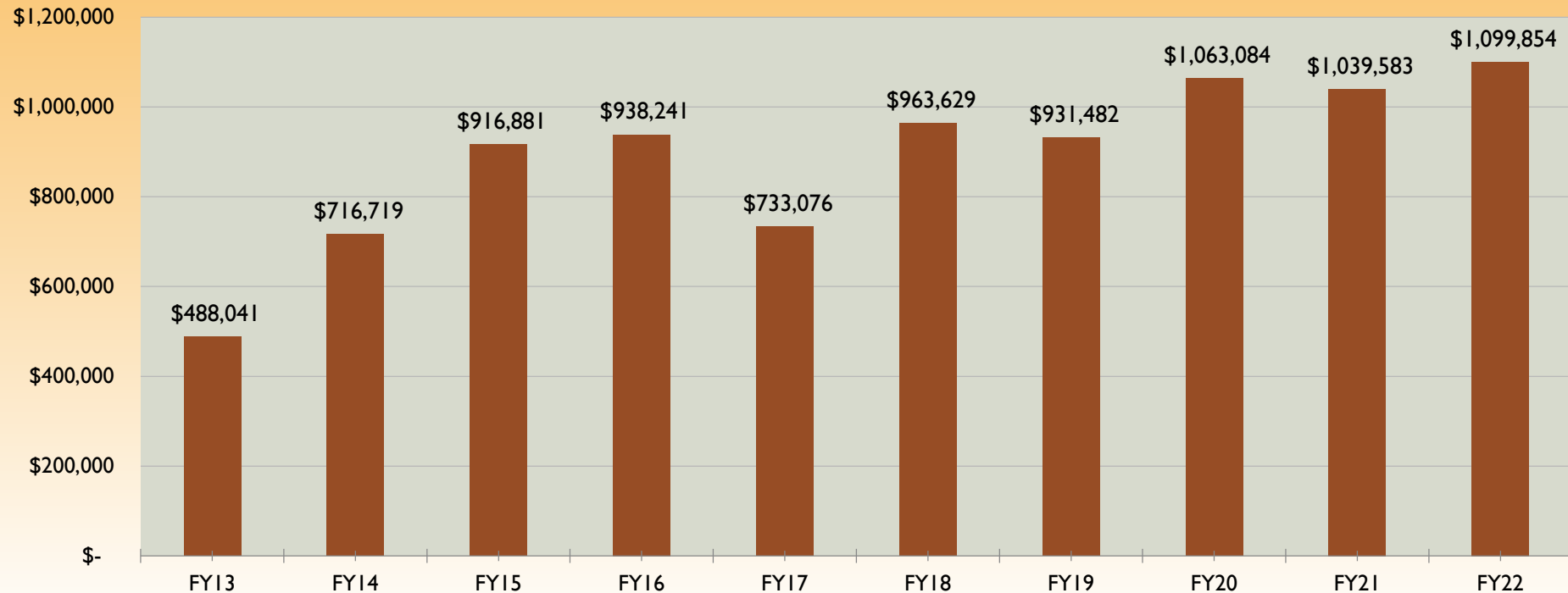
City of Northampton  
General Fund Revenues - FY2022  
\$105,914,148



# NEW GROWTH

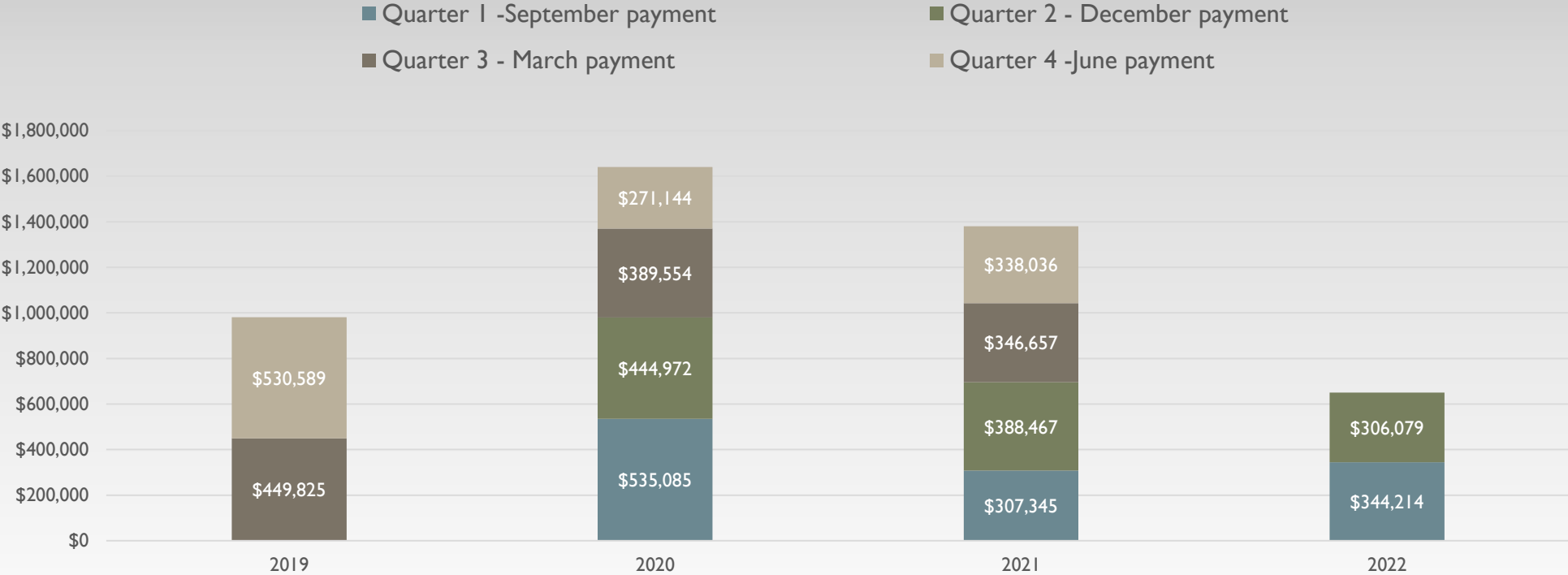
Increase in the tax base due to new construction, parcel subdivisions, condominium conversions and property renovations

City of Northampton - 10 Years - New Growth Trend  
FY2013 - FY2022



# MARIJUANA

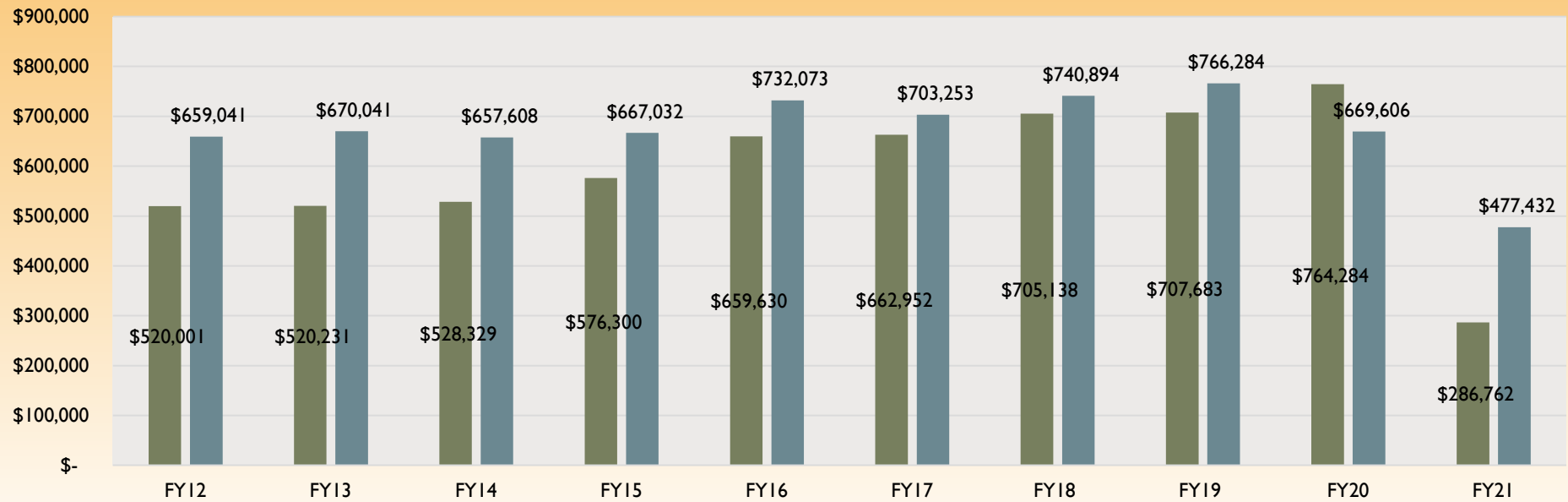
### Local Option Adult Use Marijuana Excise Tax



# HOTEL/MOTEL AND MEALS

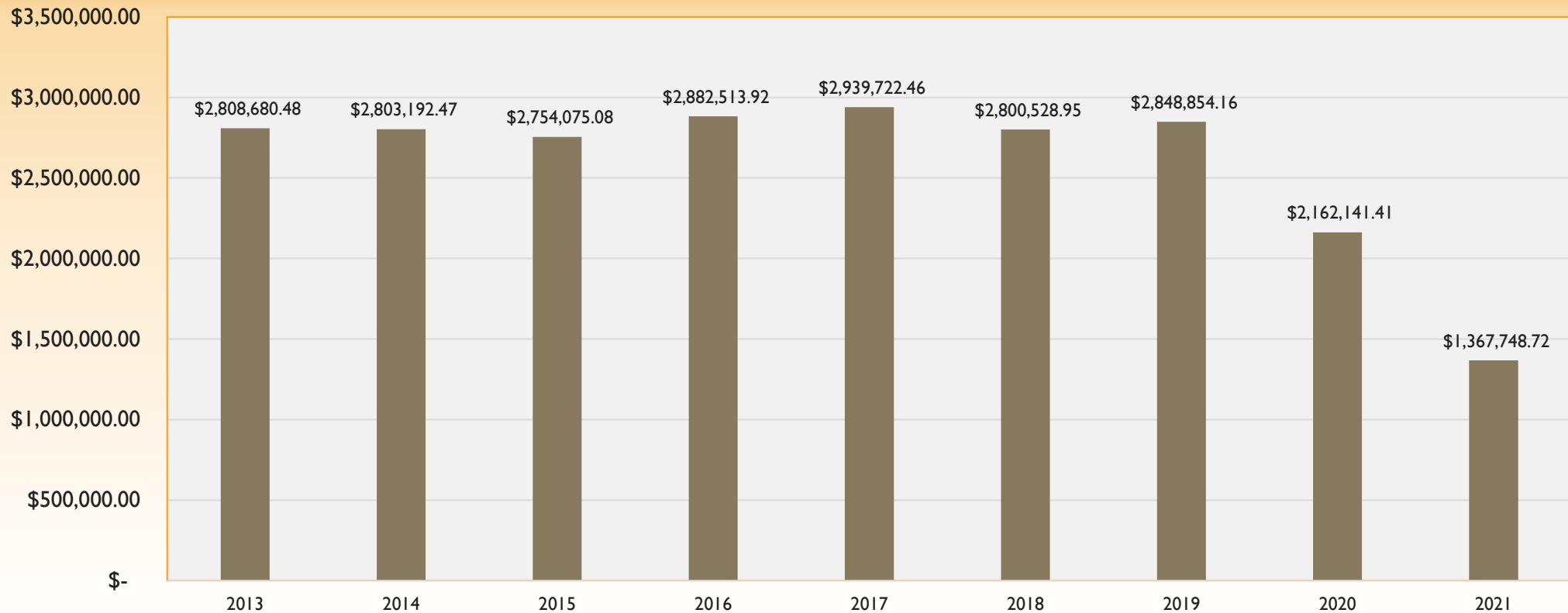
## Hotel/Motel and Meals Tax FY2012 - FY2021

■ Hotel-Motel Taxes ■ Meals Taxes



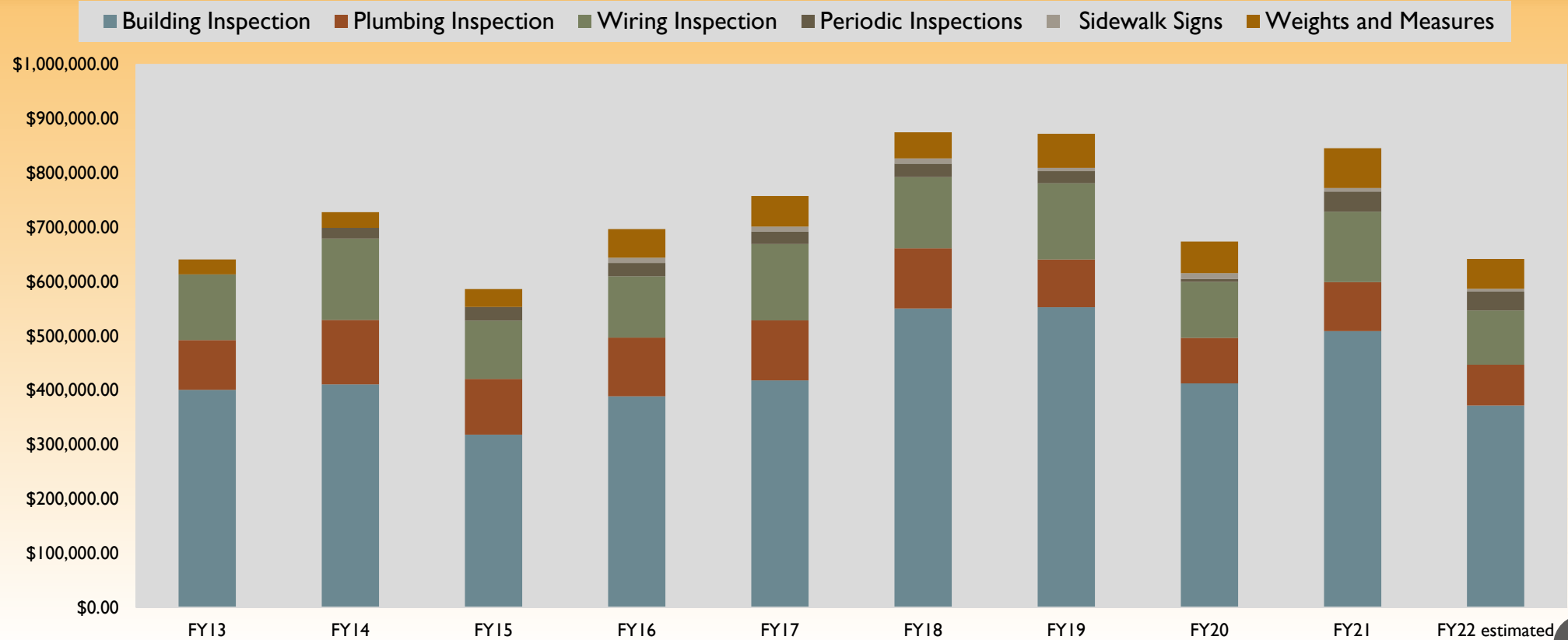
# PARKING

Total Parking Revenue  
includes garage, street, lots, passes, and tickets



# BUILDING PERMITS

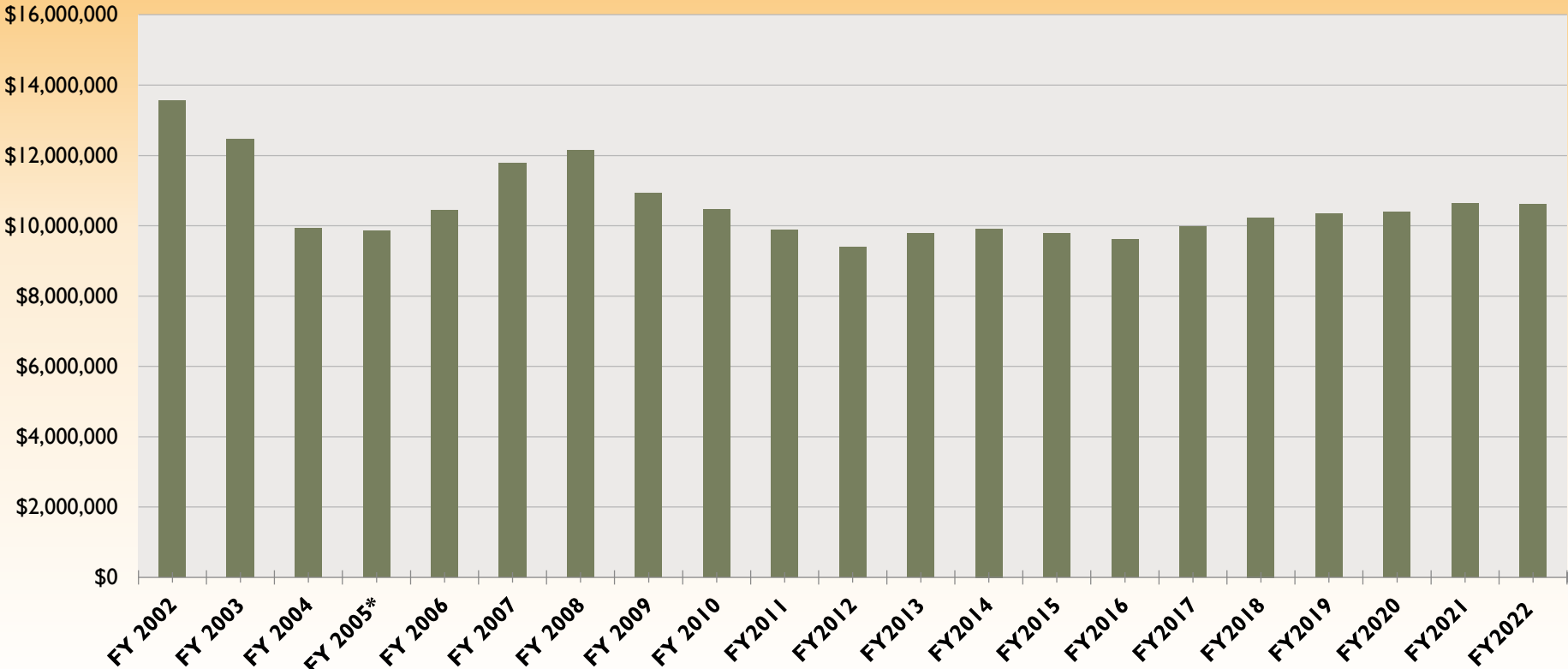
City of Northampton - Building, Plumbing, Wiring and Weights and Measures Permit Fees  
FY2013 - FY2022



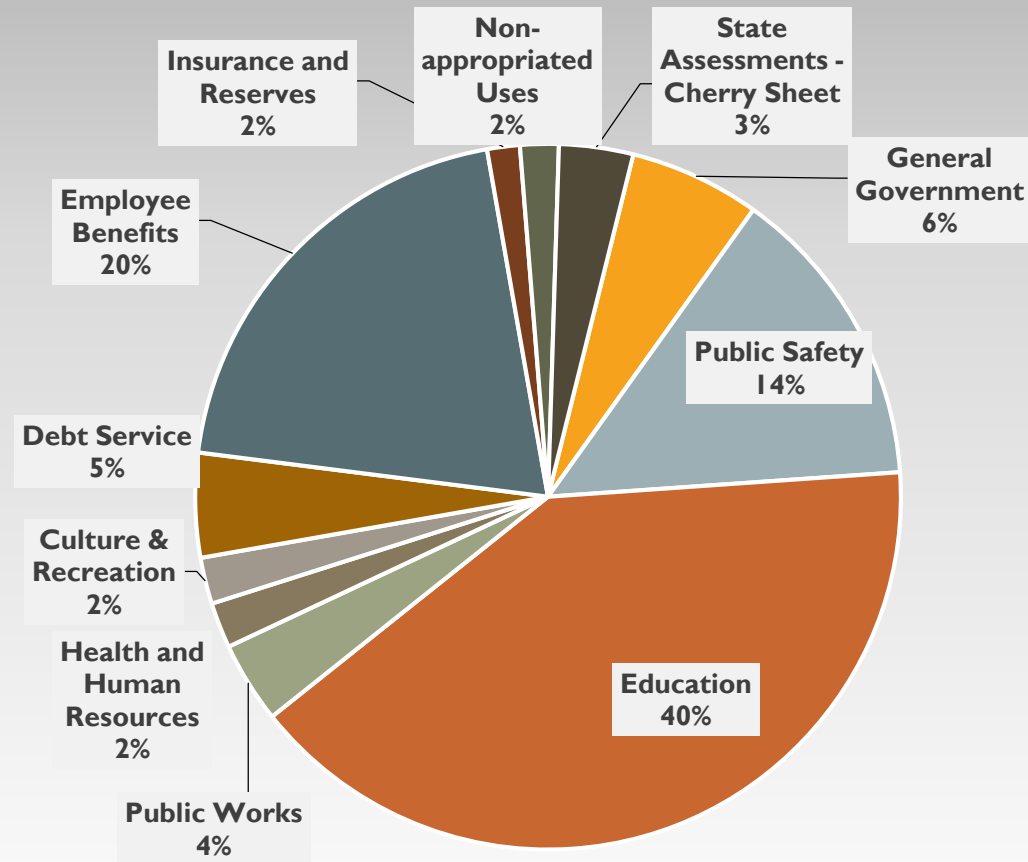
# STATE AID

OVER 21 YEARS

**Net State Aid from FY2002 to FY2022**  
Net state aid excludes offsets for school choice and libraries

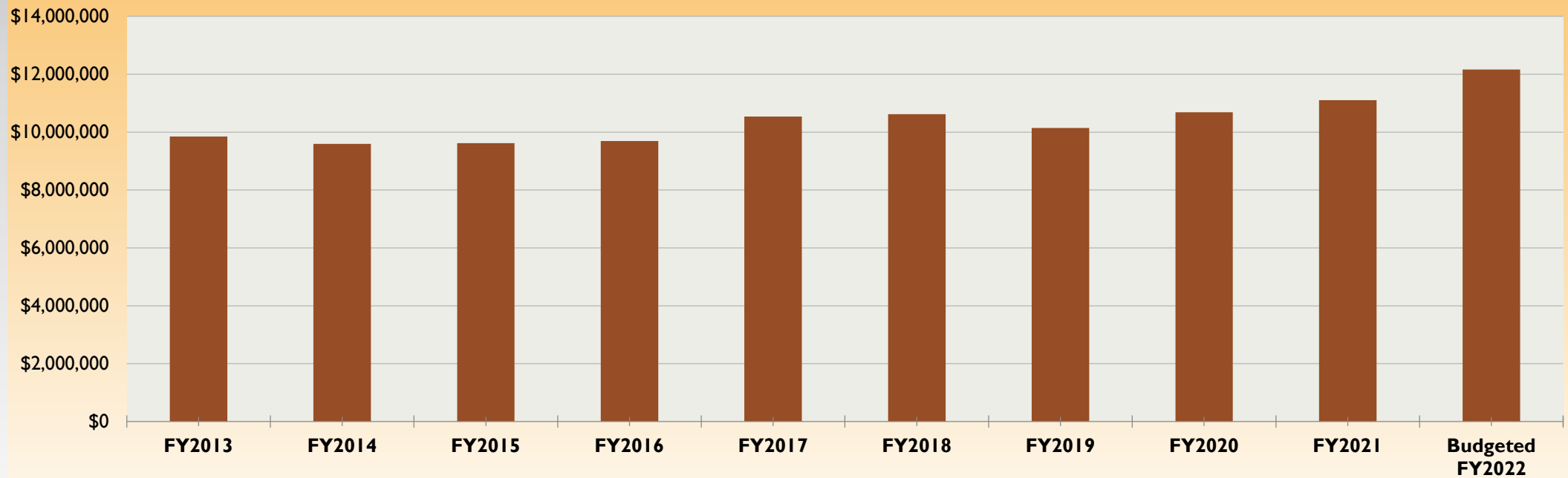


# FY2022 GENERAL FUND EXPENDITURE



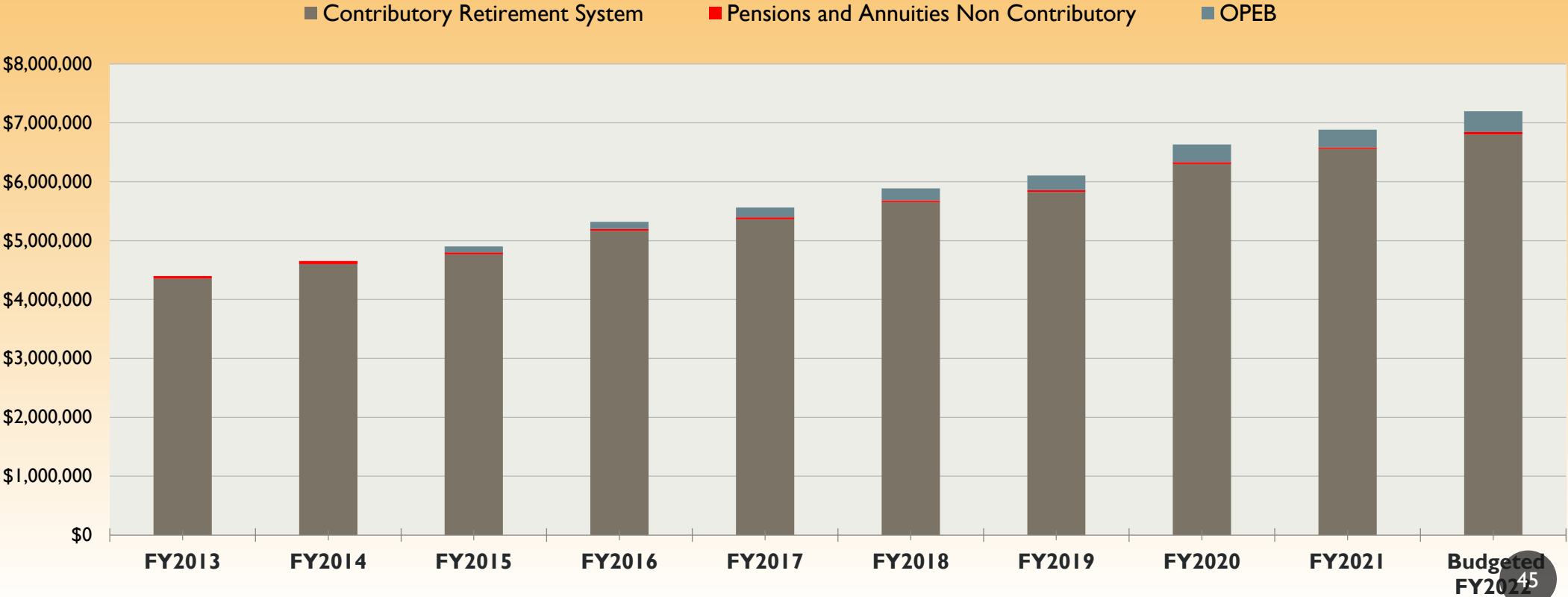
# HEALTH INSURANCE

**Health Insurance Expenditures  
FY2013 to FY2022**

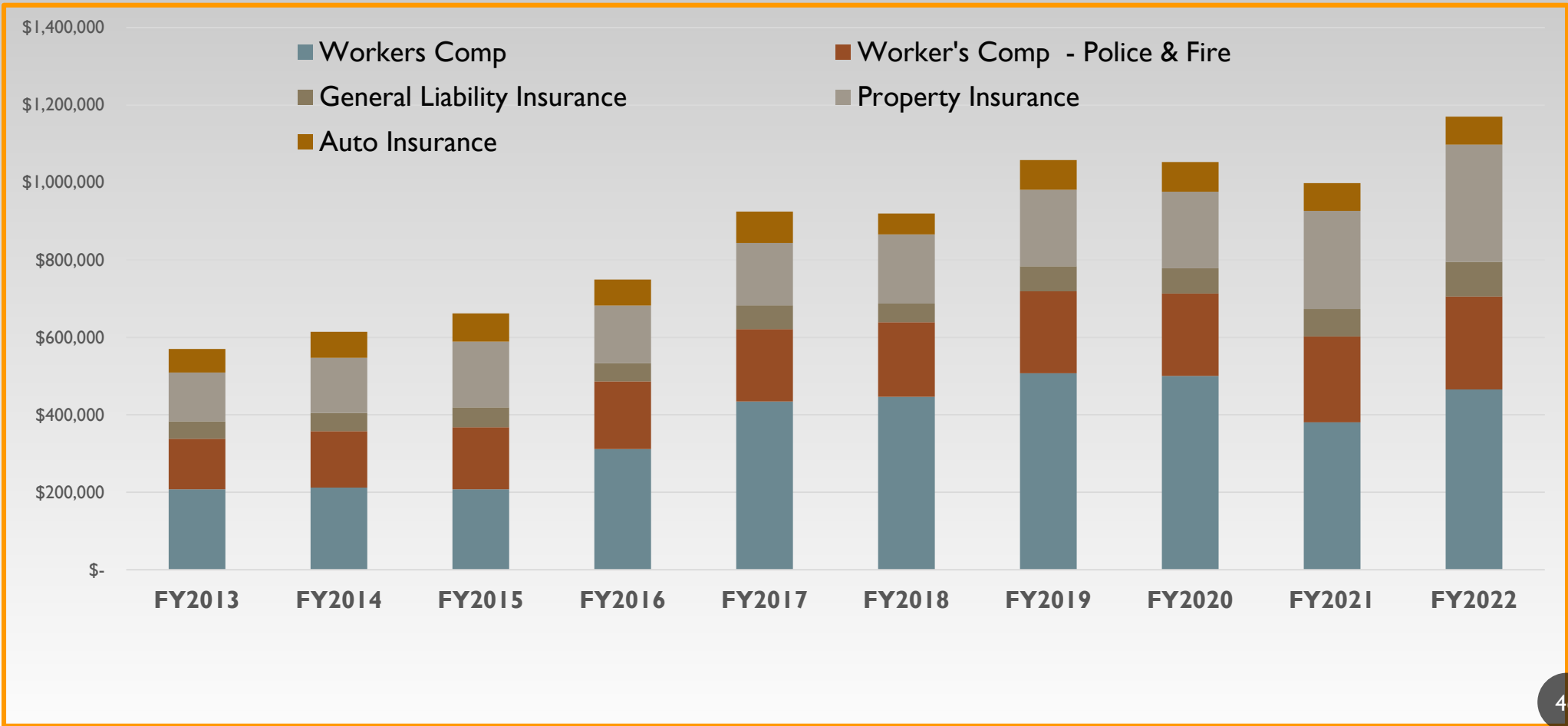


# RETIREMENT

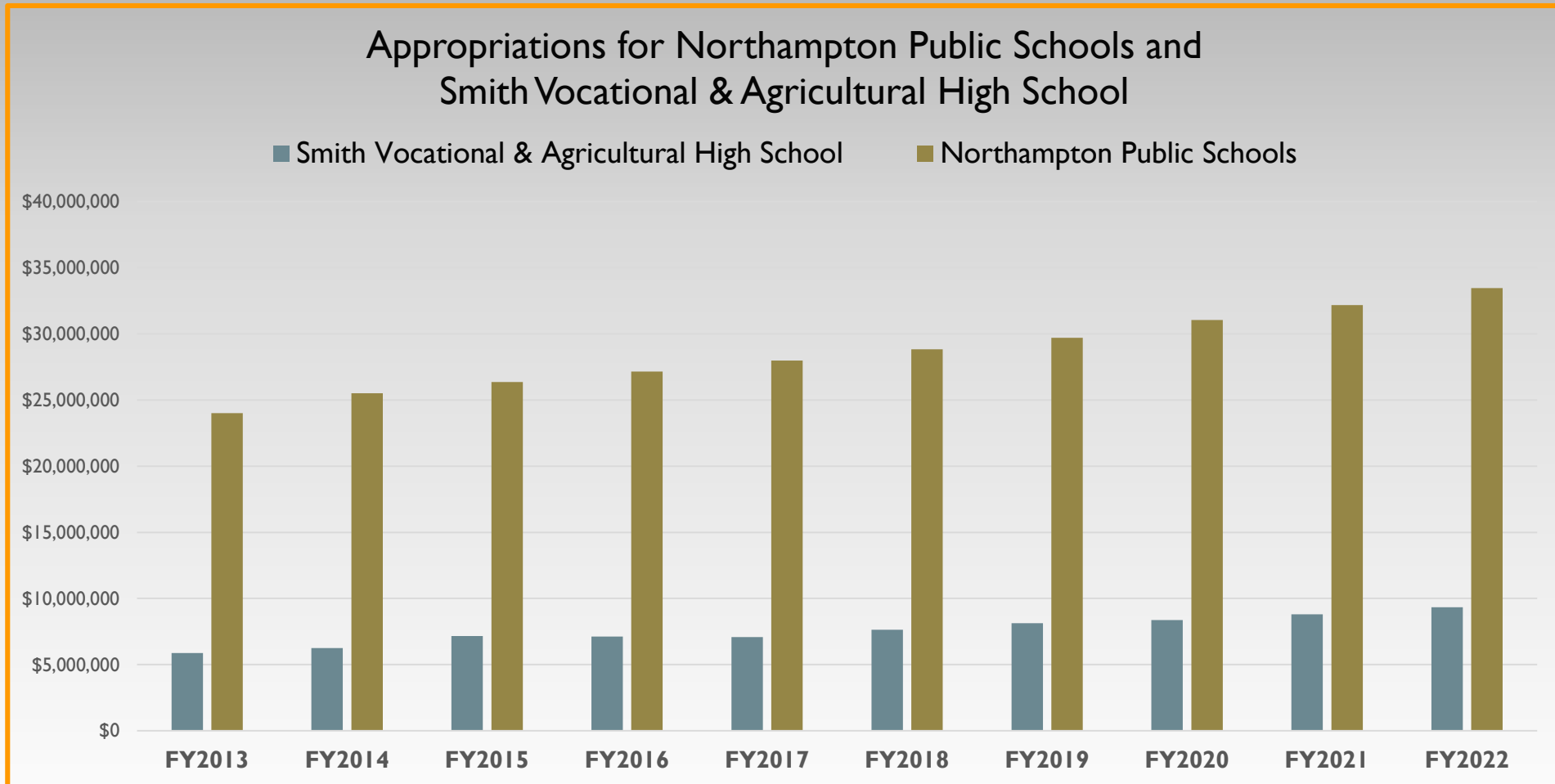
## Retirement System Contribution and OPEB Trust for Retiree Health Insurance FY2013 - FY2022



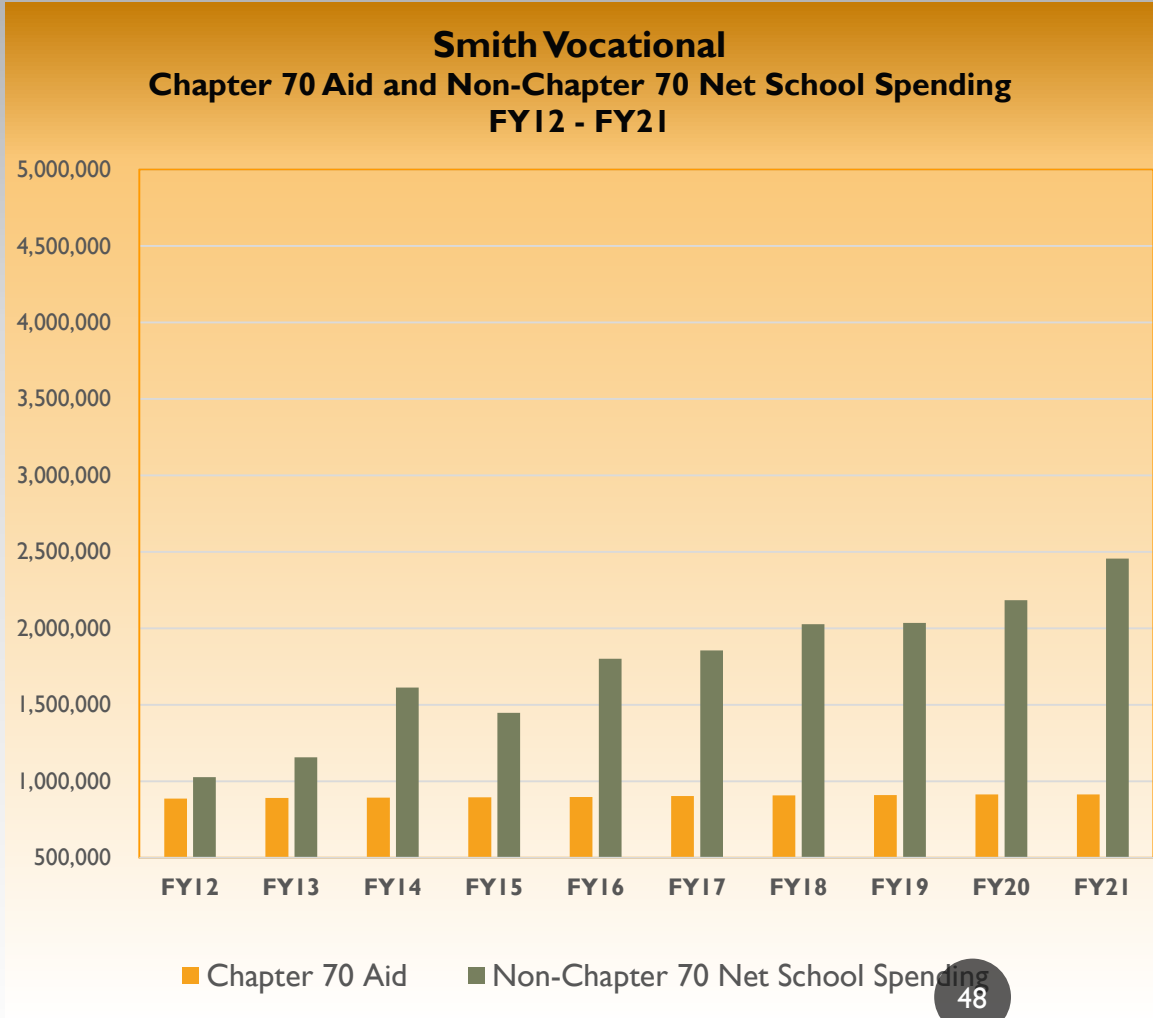
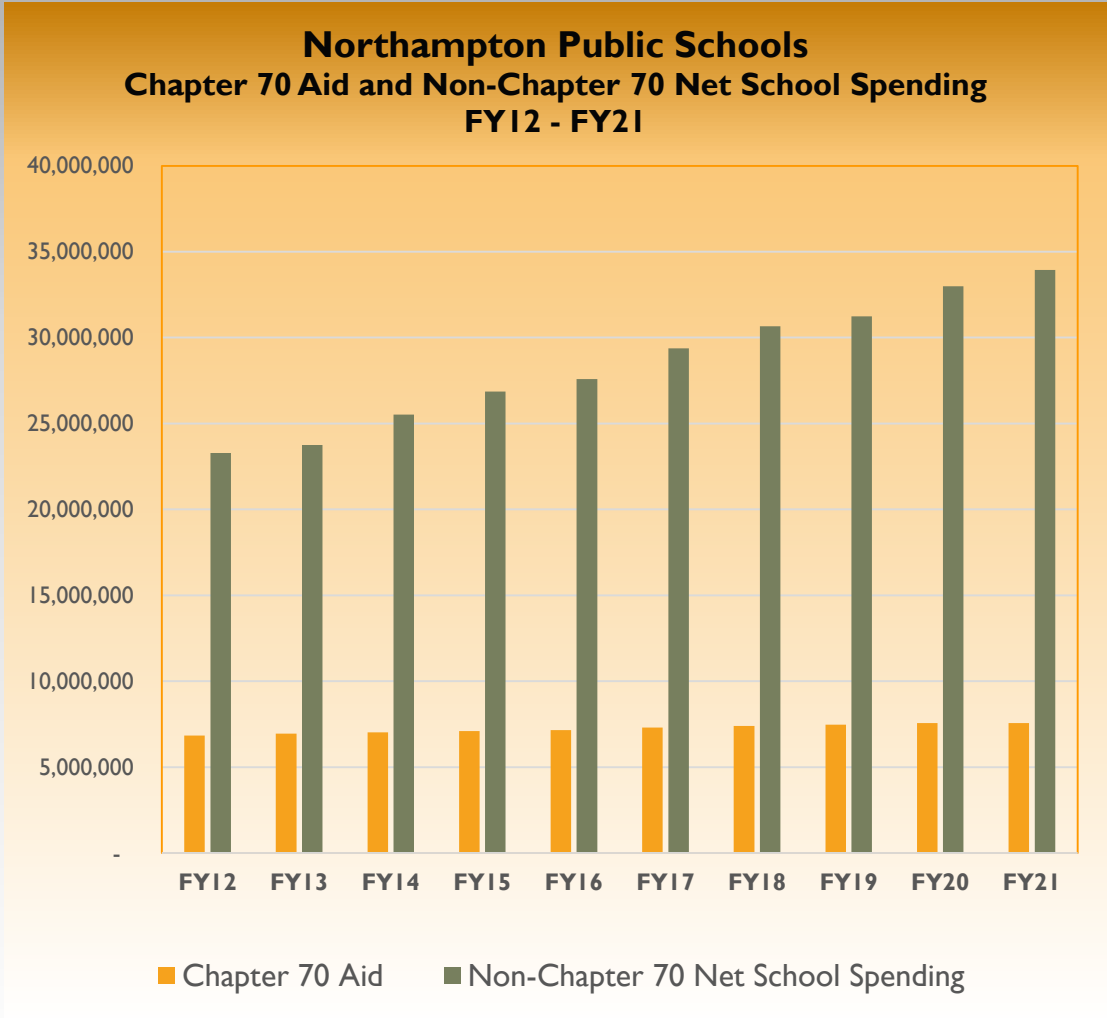
# OTHER INSURANCES



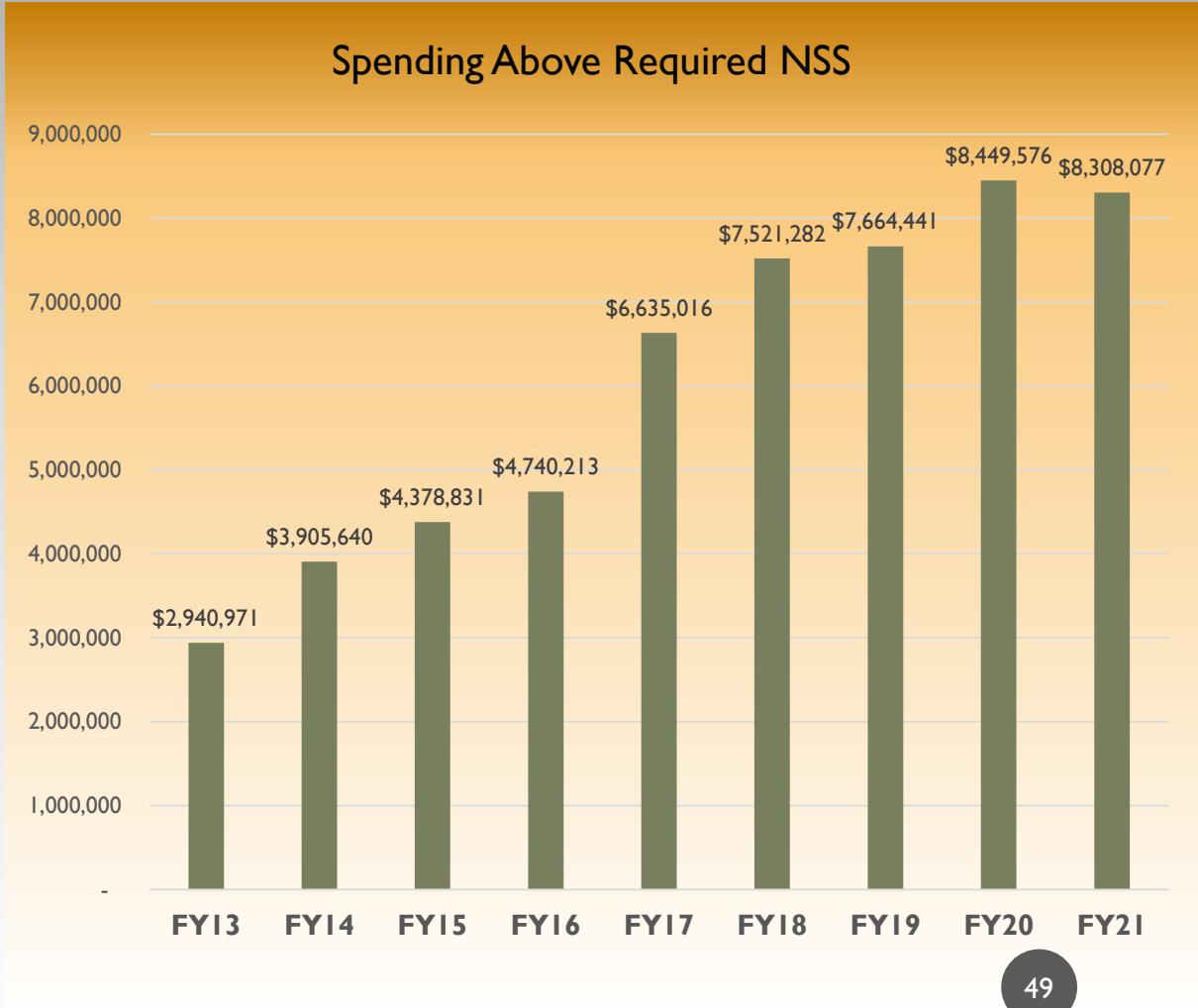
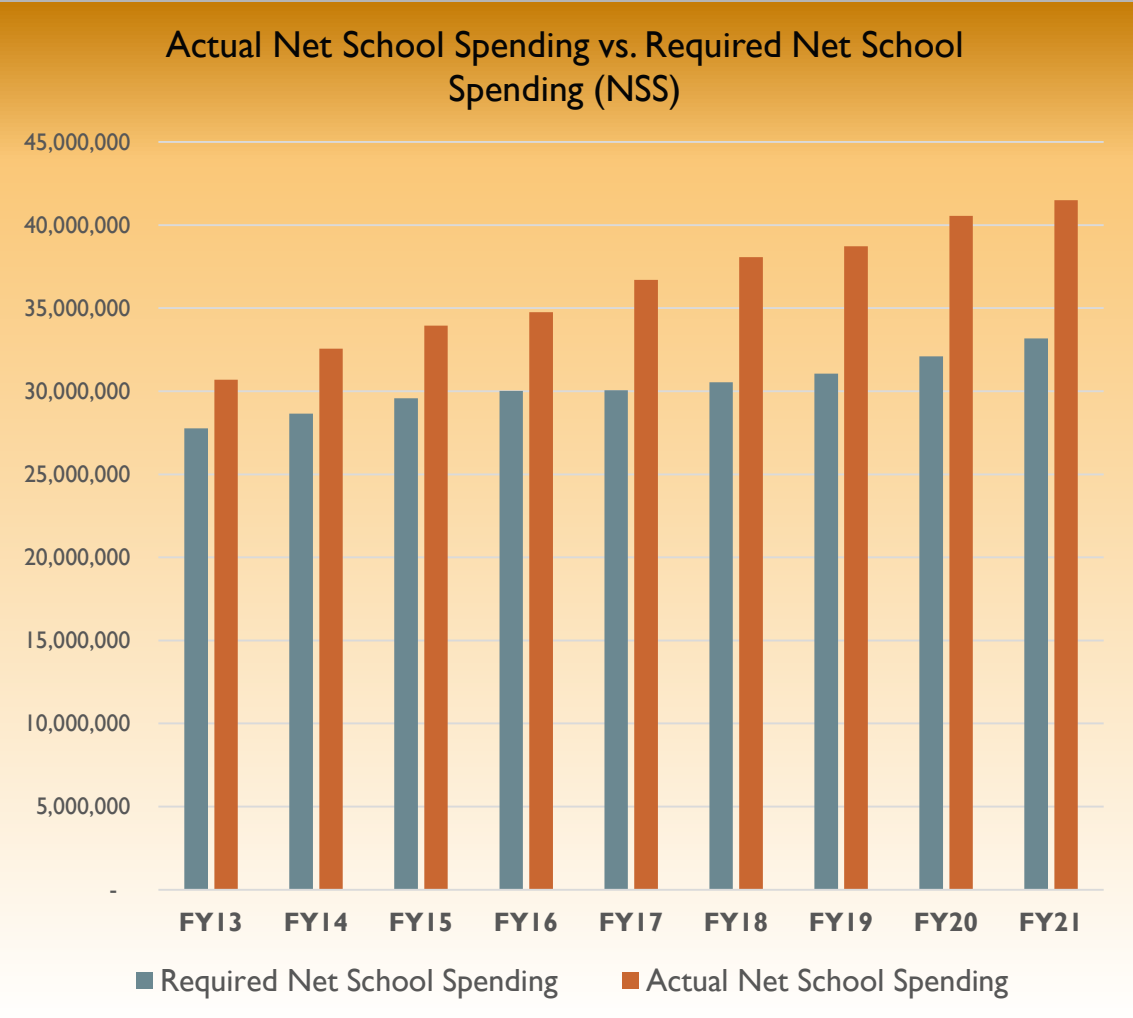
# EDUCATION



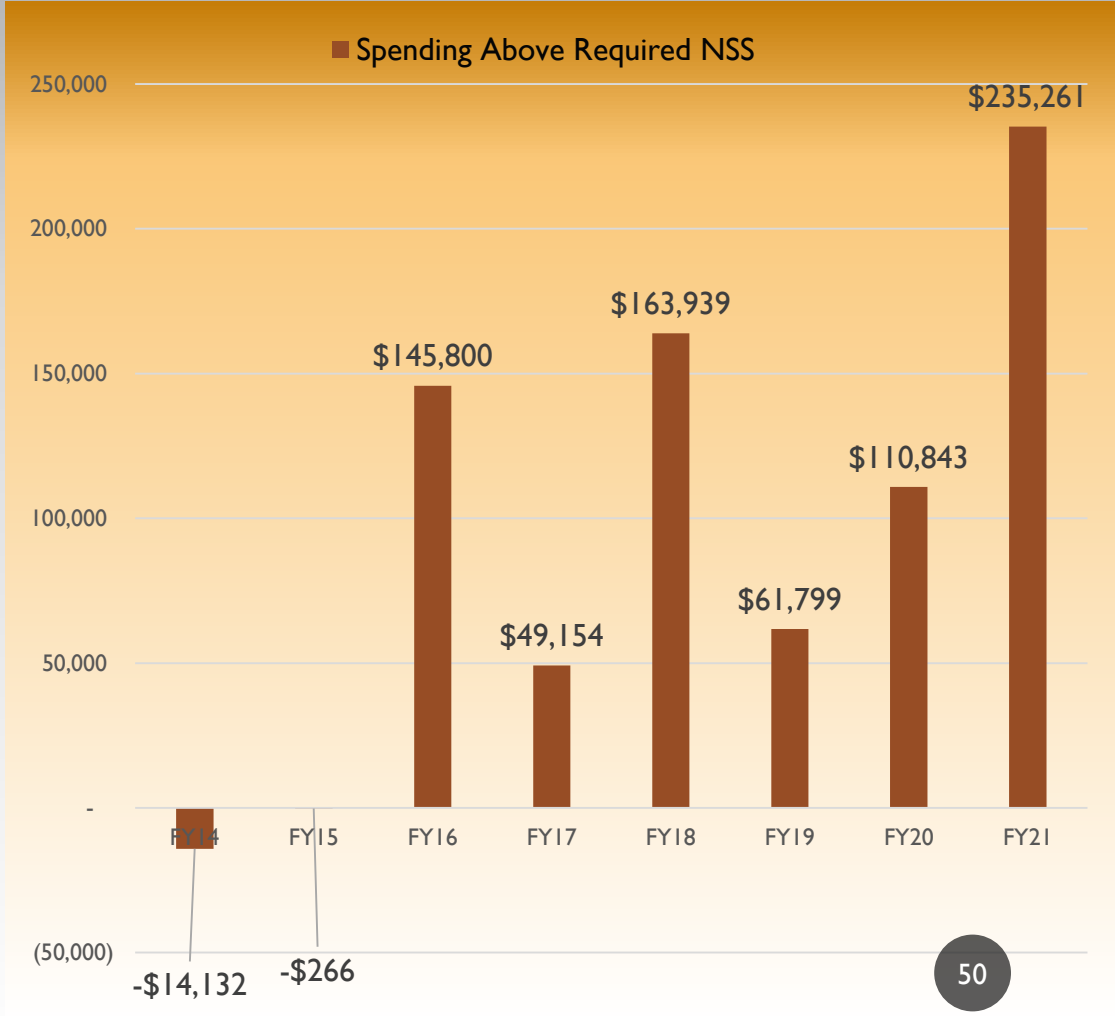
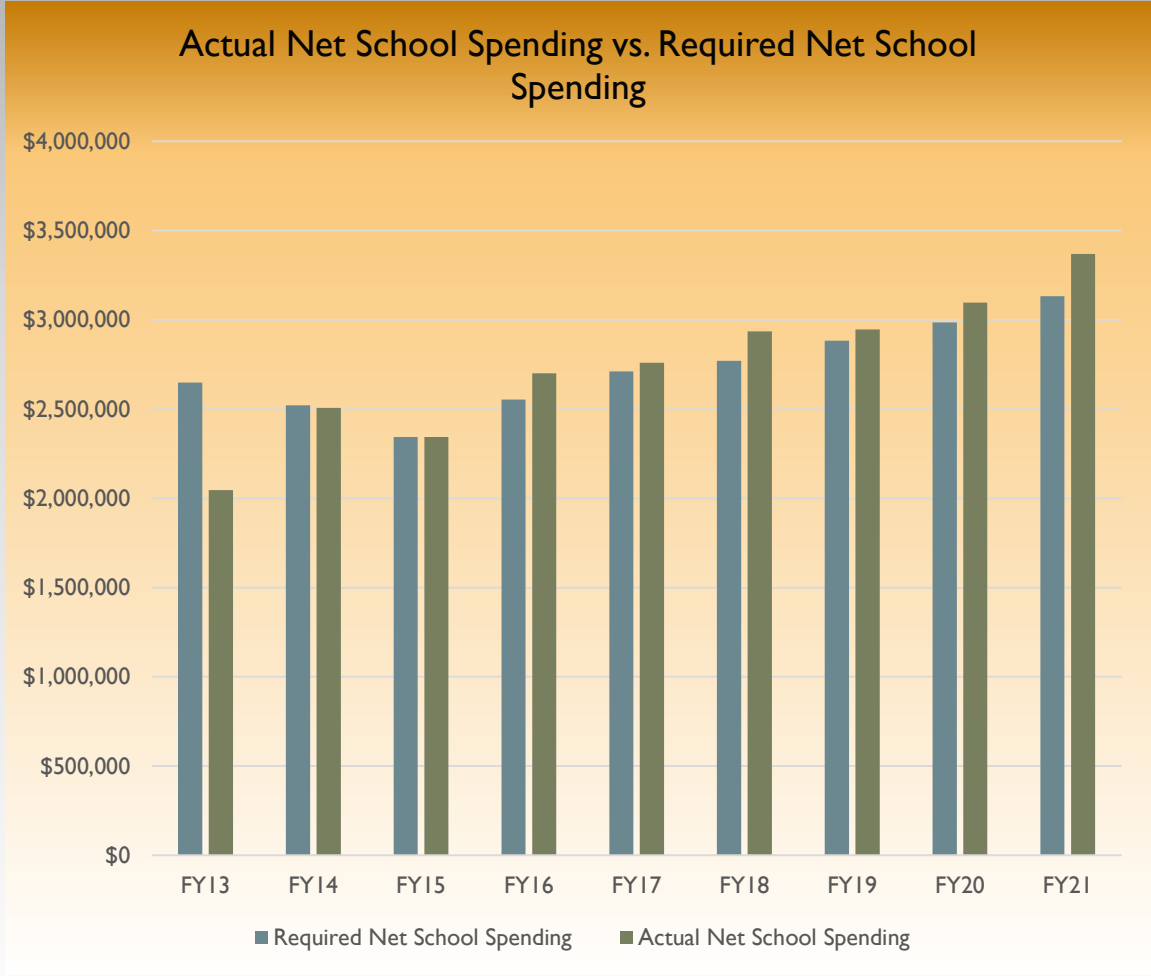
# EDUCATION



# NORTHAMPTON PUBLIC SCHOOLS NET SCHOOL SPENDING



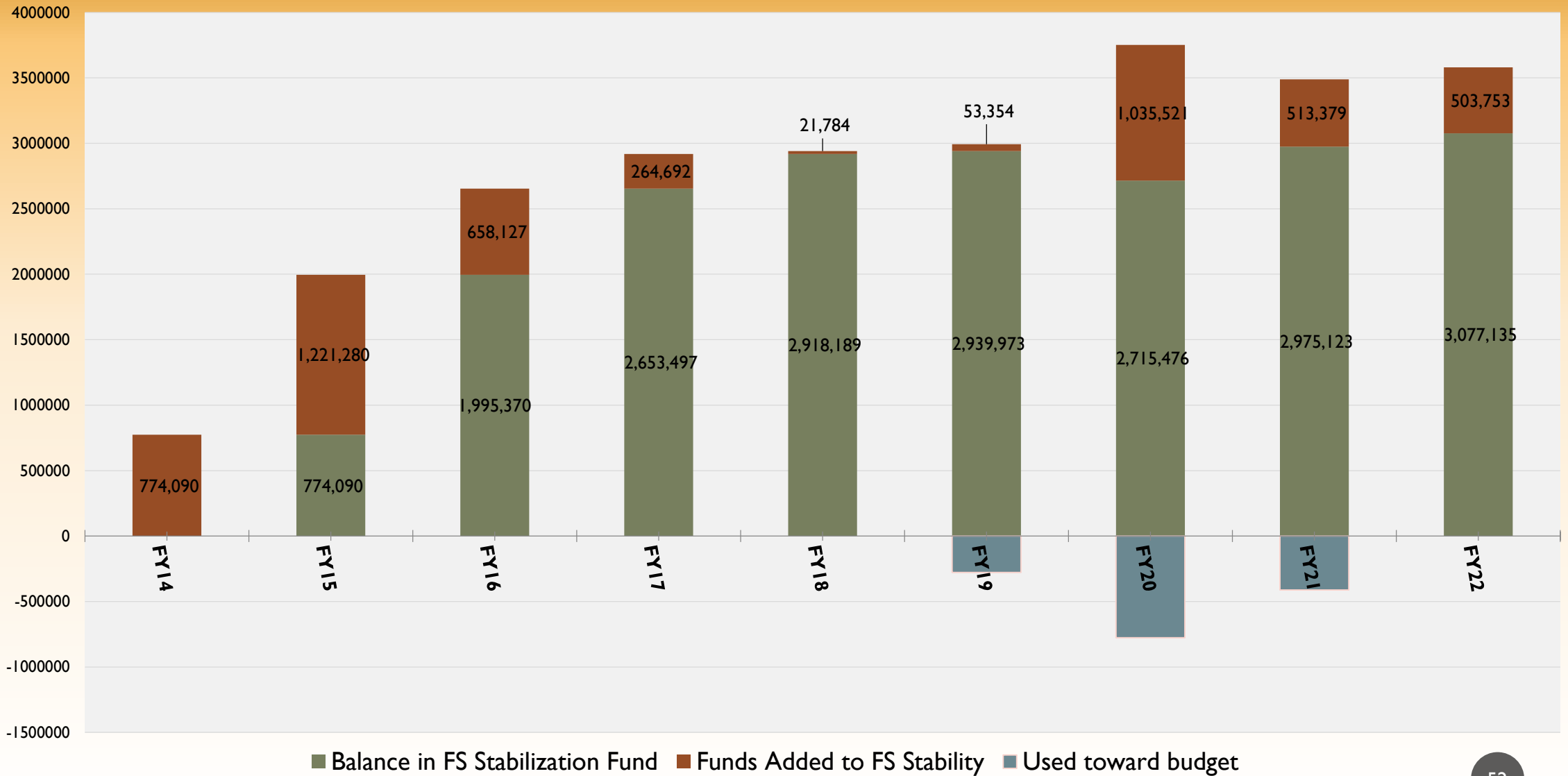
# SMITH VOCATIONAL & AGRICULTURAL HIGH SCHOOL NET SCHOOL SPENDING



# FISCAL STABILITY PLAN

FY2014 – FY2022

## General Fund Fiscal Stability Plan Contributions and Usage FY2014 - FY2022



# FY2023 REVENUE & EXPENDITURE PROJECTIONS

# MAJOR REVENUE SOURCES IN THE GENERAL FUND AND PROJECTIONS FOR FY2023

- ❖ Real Estate and Personal Property – Levy Limit
- ❖ State Aid – UGGA, Chapter 70, Charter School Aid, etc..
- ❖ Local Receipts – still impacted by COVID:
  - Meals Excise Tax
  - Hotel/Motel/ Short Term Rental Excise Tax
  - Marijuana Excise Tax
  - Motor Vehicle Excise Tax
  - Parking Revenue – Parking and Tickets
  - Permit Revenue

# REAL ESTATE AND PERSONAL PROPERTY TAX REVENUE FOR FY2023

Additional Real Estate and Personal Property Revenue available for the  
FY2023 Budget:

• Proposition 2 ½ Increase	\$1,737,723
• <u>New Growth Preliminary Estimate</u>	<u>\$ 750,000</u>
 TOTAL:	 \$2,487,723

# STATE AID: FY2023 BASED ON GOVERNOR'S BUDGET

## NET STATE AID

**Cherry Sheet Receipts versus Cherry Sheet Charges  
excludes offsets for School Choice and Library Aid**

	Actual FY2019	Actual FY2020	Actual FY2021	Budget FY2022	Governor's Budget FY2023	Increase/ (decrease)	%
<b>CHERRY SHEET - REVENUE</b>							
Chapter 70 School Aid	8,387,214	8,472,483	8,471,394	8,554,554	8,638,404	83,850	0.98%
Charter Tuition Assessment Reimb.	309,017	158,590	416,217	227,129	530,889	303,760	133.74%
Unrestricted Government Aid	4,544,558	4,667,261	4,667,261	4,830,615	4,961,042	130,427	2.70%
Veterans Benefits	451,263	394,755	428,261	365,312	354,050	(11,262)	-3.08%
Lieu of Taxes - State Owned Land	91,846	100,063	102,666	113,729	113,666	(63)	-0.06%
Abatements to Blind, Elderly, Surviving Spouse	138,167	45,478	132,382	108,671	110,043	1,372	1.26%
<b>Total Cherry Sheet Revenue:</b>	<b>13,922,065</b>	<b>13,838,630</b>	<b>14,218,181</b>	<b>14,200,010</b>	<b>14,708,094</b>	508,084	
<b>CHERRY SHEET - ASSESSMENTS</b>							
Air Pollution Districts	8,485	8,332	8,494	8,520	8,832	312	3.66%
RMV Non-Renewal Surcharge	81,640	81,640	78,860	78,860	39,880	(38,980)	-49.43%
Regional Transit Assessment (PVRTA)	442,864	441,734	437,349	457,194	443,732	(13,462)	-2.94%
Special Education (Ch. 71B, ss. 10, 12)	0	3,410	3,547	6,075	10,593	4,518	74.37%
Charter School Sending Tuition	2,609,394	2,307,437	2,569,632	2,458,493	2,871,172	412,679	16.79%
School Choice Sending Tuition	442,864	614,430	491,803	587,053	539,414	(47,639)	-8.11%
<b>Total Cherry Sheet Assessments:</b>	<b>3,585,247</b>	<b>3,456,983</b>	<b>3,589,685</b>	<b>3,596,195</b>	<b>3,913,623</b>	317,428	
<b>NET STATE AID:</b>	<b>10,336,818</b>	<b>10,381,647</b>	<b>10,628,496</b>	<b>10,603,815</b>	<b>10,794,471</b>	190,656	1.80%
<b>Net New Aid from Previous Year:</b>	<b>98,769</b>	<b>44,829</b>	<b>246,849</b>	<b>(24,681)</b>	<b>190,656</b>		

# EDUCATION STATE AID: FY2023 BASED ON GOVERNOR'S BUDGET

## FY2023 GOVERNOR'S BUDGET EDUCATION AID FOR NORTHAMPTON

### CHERRY SHEET REVENUES

PROGRAM	FY2022 Cherry Sheet Estimate	FY2023 Governor's Budget Proposal	NET CHANGE FY2022 TO FY2023
<b>Education Receipts:</b>			
Chapter 70	8,554,554	8,638,404	83,850
School Transportation	0		0
Charter Tuition Reimbursement	227,129	530,889	303,760
Smart Growth School Reimbursement	0		0
School Choice Receiving Tuition	1,246,536	1,229,479	-17,057
<b>Sub-Total, All Education Items:</b>	<b>10,028,219</b>	<b>10,398,772</b>	<b>370,553</b>

### CHERRY SHEET CHARGES

PROGRAM	FY2022 Cherry Sheet Estimate	FY2023 Governor's Budget Proposal	
<b>Special Education</b>	6,075	10,593	4,518
<b>Tuition Assessments:</b>			
School Choice Sending Tuition	587,053	539,414	-47,639
Charter School Sending Tuition	2,458,493	2,871,172	412,679
<b>Sub-Total, Education Charges:</b>	<b>3,051,621</b>	<b>3,421,179</b>	<b>369,558</b>

**REVENUES - CHARGES = NET CHANGE IN EDUCATION AID: 995 0.01%**

#### C,70 Aid by District Breakdown

Northampton Public Schools	7,638,049	7,718,329	80,280
Smith Vocational and Agricultural School	916,505	920,075	3,570
	8,554,554	8,638,404	83,850

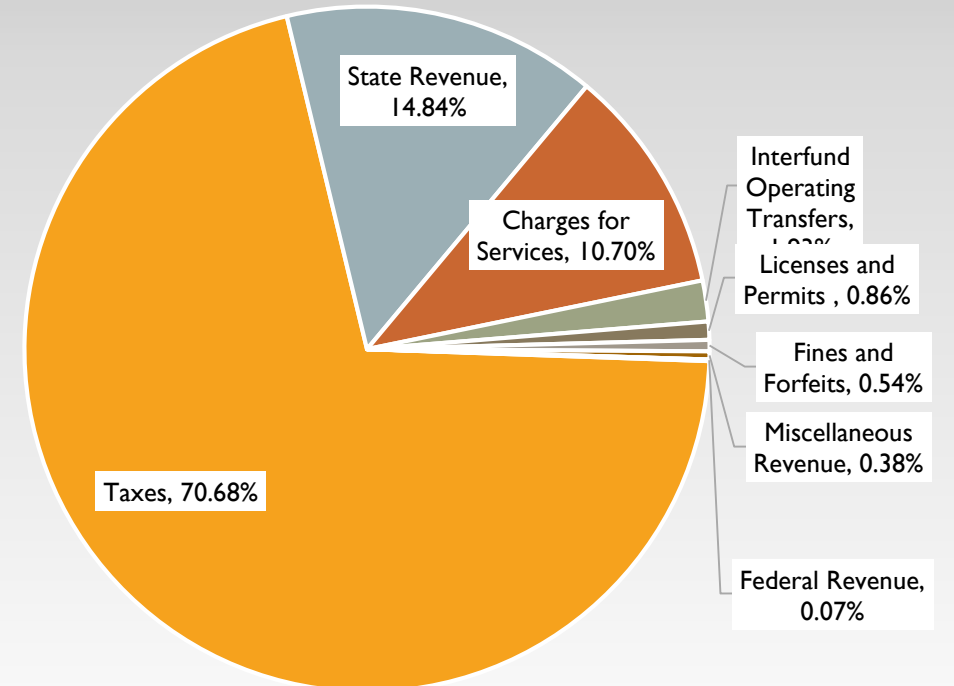
# PROJECTED REVENUE INCREASES

Projected Changes in Revenue for FY2023		
Revenue Source	Status	Estimated Increase
Proposition 2 1/2	Actual	\$ 1,737,723
Unused Levy Capacity	Actual	\$ 22,562
New Growth	Estimate	\$ 750,000
Motor Vehicle	Estimate	\$ 322,000
Hotel/Motel/ Meals	Estimate	\$ 250,000
Parking Revenue	Estimate	\$ 200,000
Ambulance	Estimate	\$ 297,390
Fines and Forfeits	Estimate	\$ 85,000
State Aid	Governor's Budget	\$ 480,938
Licenses and Permits	Estimate	\$ (88,850)
Fee	Estimate	\$ (45,000)
Ambulance CPE	Estimate	\$ 95,000
Miscellaneous Changes	Estimate	\$ (28,182)
Preliminary Estimate of Increases		\$ 4,078,581

# PRELIMINARY FY2023 REVENUES

Fiscal Year 2023 - Revenues		
Taxes	77,742,401	70.68%
State Revenue	16,327,997	14.84%
Charges for Services	11,770,107	10.70%
Interfund Operating Transfers	2,122,119	1.93%
Licenses and Permits	942,100	0.86%
Fines and Forfeits	590,000	0.54%
Miscellaneous Revenue	418,005	0.38%
Fiscal Stability Fund	0	0.00%
Federal Revenue	80,000	0.07%
	109,992,729	100.00%

City of Northampton  
Preliminary General Fund Revenues - FY2023  
\$109,992,729



# PROJECTED EXPENDITURES

Projected Changes in Expenses for FY2023		
Expenditure Category	Status	Estimated Increase
Retirement Contribution	Actual	\$ 281,418
OPEB	Proposed	\$ 25,000
Debt Service	Proposed	\$ 369,356
Cash Capital	Proposed	\$ 41,117
Charter School Sending Tuition	Governors Budget	\$ 412,679
School Choice Sending Tuition	Governors Budget	\$ (47,639)
Cherry Sheet Charges	Governors Budget	\$ (47,612)
Smith Vocational & Agricultural HS	Actual	\$ 25,799
NPS	Actual	\$ 1,338,476
Known Increases		\$ 2,398,594
Estimated New Revenue		\$ 4,078,581
<b>Remaining Revenue for Unknowns:</b>		<b>\$ 1,679,987</b>
<b>Health Insurance and Other Insurances</b>		<b>?</b>
<b>Departmental Increases</b>		<b>?</b>
<b>Collective Bargaining</b>		<b>?</b>

# FUNDING RESOURCES TO ADDRESS THE PANDEMIC

**Coronavirus Aid, Relief and Economic Security (CARES) Act Funding** - Federal funding bill passed by Congress on March 27, 2020. The City received and spent \$2.5 million of this federal funding from March 2020 to October 2021.

*\*These numbers only reflect the funding tracked through the Mayor's office. The Schools and other departments received grants and funding to help with impacts.*

**Federal Emergency Management Agency (FEMA) Funding** – Presidential Declaration of Nationwide Emergency on March 13, 2020, which enabled FEMA funding. The City has spent and submitted for reimbursement approximately \$1.1 million in COVID19 Expenses. FEMA funding is targeted to end in April 2022.

*Vaccination clinic - \$520,686 (receiving reimbursements from medical insurance) \* not included in FEMA amount*

**American Rescue Plan Act (ARPA) Funding** – COVID19 Recovery measure signed into law on March 11, 2021. The City will received \$21.7 million over two years for use in four broad categories: Respond to the public health emergency, provide payment for essential workers, recoup loss revenue and make necessary investments in water, sewer or broadband.

## WHAT DOES THIS MEAN FOR THE FY2023 BUDGET?

- ❖ Northampton will continue to maintain a competitive residential/commercial tax rate compared with neighboring communities.
- ❖ Single family home values will remain strong as the city continues to maintain high-quality municipal services – schools, public safety, public works, public health, etc.
- ❖ New growth will continue to provide additional levy capacity in FY2023, preliminary estimate for FY2023 is \$750,000, and we are carefully looking at indicators for new growth.
- ❖ Local receipts such as parking, meals tax, and hotel/motel tax were slowly rebounding; however, recent rise in Omicron cases may still have an impact.
- ❖ Negative impacts of the Coronavirus health emergency will continue to be addressed.
- ❖ Inflation and supply chain issues will increase costs and impact departmental budgets.
- ❖ The City will continue to be conservative in its budgeting and management practices.

# FY2023 BUDGET CALENDAR

**February 1, 2022** – Mayor’s Joint meeting of the City Council, Northampton School Committee, Smith Vocational & Agricultural Trustees and School Superintendents

**March 2, 2022** – Deadline for Five Year Capital Improvement Program to be submitted to City Council

**April 17, 2022** – Deadline for Northampton Public Schools and Smith Vocational & Agricultural High School to submit adopted budgets to the Mayor

**May 16, 2022** – Deadline for Mayor to submit proposed City of Northampton FY2023 Budget to City Council

**June 30, 2022** – Deadline for City Council to hold a public hearing and vote on proposed FY2023 Budget

QUESTIONS?