

Fund Descriptions

The financial operations of the Town are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the Town are accounted for through one of the funds or account groups listed below.

Governmental Funds

Most Town functions are financed through what are called Governmental Funds. These are the activities generally supported by “non-exchange” revenue, such as taxes. There are four types of governmental funds maintained by the Town: General Fund, Special Revenue Funds, Permanent Funds, and Capital Project Funds.

General Fund: The General Fund is the major operating fund of the Town government and it encompasses a majority of Town operations, and it is defined as covering all resources that are not required to be accounted for elsewhere. The General Fund is supported by revenues from real estate & personal property taxes, state aid, excise taxes, investment income, fines & forfeitures, and fees & charges. Most of the Town’s departments including the Schools are supported in whole or in part by the General Fund.

Special Revenue Funds: Special Revenue Funds are used to account for revenues that are legally restricted to specific purposes, with the exception of major capital projects and permanent funds. These revenues must be accounted for separately from the General Fund for a variety of reasons, and often span multiple fiscal years. The Town’s Special Revenue Funds are grouped into five categories:

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific program and use those revenues to support the program without appropriation. Revolving Funds are established by statute or by-law and may require reauthorization each year at Town Meeting. The Town maintains revolving funds for a number of purposes including Council on Aging, Family and Youth Services Department, Fire Department, Recreation Department, Library Lost Books, School Department Student Activities, and the School Lunch Program.
2. **Receipts Reserved for Appropriation:** The funds in this grouping are restricted to a specific use by statute and also require appropriation by Town Meeting. These funds include property insurance claims greater than \$100,000, monies from Cemetery sale of lots and graves, Net Premiums on Debt, Conservation Wetland Protection fees, and Cable Access Television.
3. **School Grants:** The School Grant Funds account for specially financed education programs using revenue from grants received from the Federal or State government. These include the State Special Education Revolving Fund (Circuit Breaker), and Federal Title I grants.

4. **Other Intergovernmental Funds:** These funds account for revenues received by the Town from the Federal or State government for specific purposes other than education. These include a variety of grants such as the Chapter 90 Highway Program, State Election Grants, State Library Aid, and the Elderly Formula Grant.
5. **Other Special Revenue Funds:** These funds account for any other miscellaneous special revenues not included in the previous categories. These include private donations for specific purposes, such as grants received from private or non-profit foundations, and gifts made to specific departments. This category also includes the Community Preservation Fund and the Conservation Fund.

Permanent Funds: Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the government and its citizens. Many times such funds are referred to as ‘Trust’ funds, and the acceptance of such funds generally involves acceptance by Town Meeting for each fund’s individual requirements. There are two accounts associated with each permanent fund, the expendable income, and the non-expendable principal.

1. **Expendable Trust Funds:** This heading accounts for the expendable income portion of the permanent funds. This heading is also used to account for funds received by the Town in a trustee capacity where both the principal and earnings of the fund may be expended on a restricted basis for the benefit of the Town or its Citizens. This includes the Scholarship Tax Check-off Fund and the Elderly/Disabled Fund.
2. **Non-expendable Trust Funds:** are used to account for trusts where the principal must remain intact. Generally, income earned on the non-expendable trust principal may be expended in accordance with the conditions of a trust instrument or statute and is accounted for in the previous category. An example is the Cemetery Department’s Perpetual Care Trust.

Capital Project Funds: The Capital Project Funds are used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by other dedicated funds, such as the Community Preservation Act Fund or Chapter 90 Highway Funds. In addition to “projects,” the Town’s Capital Project Funds also account for capital outlay for items purchased pursuant to the town’s capital plan, such as Departmental Equipment. The source of funding for these funds are primarily proceeds from the Town’s issuance of bonds, but may also be derived from private sources, grants, or transfers from other Town funds.

Proprietary (Enterprise) Funds

Proprietary Funds cover the town's "business-type" activities and are referred to as such in the financial statements. These statements comprise the Water and Sewer Enterprise Funds of the Town. All direct and indirect costs including overhead of each service are intended to be captured by user fees and/or general fund subsidies. These funds account for their own fixed assets and long-term liabilities. Although the long-term debt of the funds is ultimately the legal obligation of the general fund, it is budgeted and paid for by the Enterprise Fund for which the project was approved. Town Meeting has approved the use of the Enterprise Fund accounting for the Water, Sewer, and Solid Waste utilities. However, for the purposes of the financial statements only the Water and Sewer Funds are considered "business-type" activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town is the trustee, or fiduciary, and the government and its citizenry do not benefit directly from such funds. This means that the Town is responsible for assets in a purely custodial manner that can be used only for the trust beneficiaries and Agency Funds. Under this heading the Town maintains only Agency Funds, such funds for "special detail" for overtime labor billed to outside parties, collection of Deputy Fees payable to the Deputy Collector, firearms licenses payable to the Commonwealth, and fees derived from and expenses related to the use of school facilities by outside parties.

Account Groups

The last category of fund account entities maintained by the Town is the Account Groups. For which there are two, the General Long-term Debt Account Group and the General Fixed Assets Account Group.

The first of these groups is the General Long-term Debt Account Group which accounts for the balances due on long-term debt that the Town has approved. The liabilities accounted for in this fund extend to future years, versus those that affect the current year alone shown in other funds. When borrowing is approved the liability is increased in this fund, and when debt is paid down or rescinded the liability is reduced.

The second of these groups is the General Fixed Asset Account Group. As infrastructure is developed, construction completed, and capital outlays are made, the Town's inventory of Fixed Assets is increased. The value of these assets is then depreciated on a fixed schedule annually.

Basis of Accounting

By necessity the Town produces financial reports that have different bases of accounting. Since the goal of financial reporting is to provide useful information to its users, the measurement focuses of reporting must change with respect to the needs of the audience.

The day-to-day method of accounting used by the Town is UMAS, the Commonwealth of Massachusetts' Universal Municipal Accounting System. This accounting system is prescribed by the Commonwealth of Massachusetts Department of Revenue and is intended to demonstrate compliance with state statutes and local near-term decisions (e.g. budget). This system prescribes the use of the modified accrual basis of accounting, which is the basis used by all governmental fund types. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers that property taxes are available if they are collected within 60 days after year-end. Expenditures are recorded when the liability is incurred. Principal and interest on general long-term debt are recorded as liabilities in the fiscal years that the payments are due.

The full accrual basis of accounting is used for the Town's financial statements, which are produced based on generally accepted accounting principles (GAAP). The statements report information about the Town with a broad overview. The statements use accounting methods most similar to those used by a private-sector business and are typically used to demonstrate the long-term financial position of the Town. The users of this information are often bond rating agencies and others seeking information consistent with entities in other states. The Government Accounting Standards Board (GASB) issues guidance for how GAAP based financial statements should be prepared for government entities. The accrual basis of accounting is utilized by the proprietary and agency funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgeting

An annual budget is adopted for the Town's General and Enterprise Funds. Although legislative approval is required for capital projects, borrowing authorizations, and other warrant articles, annual budgets are not prepared for any other fund. Note however that although there are informational budgets presented for capital spending with regard to the Capital Improvement Plan and also by the Community Preservation Committee for spending from the Community Preservation Act Fund, the related spending for such purposes is approved article by article versus the adoption of an annual consolidated budget.

The Town's annual budget is adopted on a statutory basis, specific to the Commonwealth of Massachusetts, and it differs in some respects from GAAP. The major differences between the budget and GAAP basis are that:

1. Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
2. For the budget, encumbrances are treated as expenditures in the year the commitment is made. Also, certain appropriations, known as special articles, do not lapse and are treated as budgetary expenditures in the year they are authorized as opposed to when the liability is actually incurred (GAAP).
3. The depreciation of Fixed Assets is not recognized as a current expense on a budgetary basis, except to the extent that actual maintenance costs are included in departmental budgets.

Following are three tables which are excerpted from the Town's financial statements prepared on a GAAP basis. These tables display the results of operations for the fiscal year ending June 30, 2022. There's one table for Governmental Funds and one for Proprietary Funds. Since Fiduciary funds do not involve the measurement of operations, there is no corresponding table for that grouping. For reference, you may access a complete version of the Town's audited financial statements online at: http://www.town.northborough.ma.us/Pages/NorthboroughMA_Accounting Hardcopies of the financial statements from each year are filed with the Town Clerk's office.

Under GASB Statement 34, and further by Statement 54, "Major Funds" are defined as individual funds that have a reached a significant threshold with respect to total fund balance and have dedicated revenue sources. "Major Funds" must be shown separately from the general fund. The remaining individual funds are aggregated in the "Nonmajor" category for the purposes of the financial statements. The third and final table displayed is the statement for the "Nonmajor" Governmental Funds.

TOWN OF NORTHBOROUGH, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Fire Station Design and Land Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 55,577,536	\$ -	\$ -	\$ 671,189	\$ 56,248,725
Intergovernmental	5,915,673	-	83,486	5,067,988	11,067,147
Excise and Other Taxes	3,048,843	-	-	-	3,048,843
Charges for Services	-	-	-	3,099,814	3,099,814
Licenses, Permits, Fees	1,384,328	-	-	-	1,384,328
Interest and Penalties on Taxes	183,028	-	-	1,048	184,076
Investment Income	(70,101)	-	-	(125,474)	(195,575)
Gifts and Donations	-	-	-	23,076	23,076
Other	-	-	-	635,864	635,864
Intergovernmental - "On-behalf" Payments	3,923,632	-	-	-	3,923,632
Total Revenues	69,962,939	-	83,486	9,373,505	79,419,930
Expenditures:					
Current:					
General Government	3,489,072	-	83,486	701,851	4,274,409
Public Safety	5,300,674	18,939	-	1,047,805	6,367,418
Public Works	2,828,638	-	-	2,080,523	4,909,161
Education	40,723,778	-	-	2,626,647	43,350,425
Health and Human Services	712,719	-	-	702,923	1,415,642
Culture and Recreation	1,169,934	-	-	1,462,164	2,632,098
Employee Benefits and Insurance	12,787,806	-	-	-	12,787,806
State Assessments	281,806	-	-	-	281,806
Debt Service:					
Principal	1,475,325	-	-	300,000	1,775,325
Interest	560,086	-	-	24,989	585,075
Total Expenditures	69,329,838	18,939	83,486	8,946,902	78,379,165
Excess of Revenues Over (Under) Expenditures	633,101	(18,939)	-	426,603	1,040,765
Other Financing Sources (Uses):					
Operating Transfers In	708,898	-	-	2,361,160	3,070,058
Operating Transfers Out	(2,361,160)	-	-	(708,898)	(3,070,058)
Bond Premium	-	-	-	27,684	27,684
Proceeds from Issuance of Bonds and Notes	-	10,000	-	195,000	205,000
Total Other Financing Sources (Uses)	(1,652,262)	10,000	-	1,874,946	232,684
Net Change in Fund Balances	(1,019,161)	(8,939)	-	2,301,549	1,273,449
Fund Balances, Beginning of Year	12,681,538	1,369,711	-	10,005,661	24,056,910
Fund Balances, End of Year	\$ 11,662,377	\$ 1,360,772	\$ -	\$ 12,307,210	\$ 25,330,359

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTHBOROUGH, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,428,404	\$ 2,507,607	\$ 4,936,011
Special Assessments	28,488	38,259	66,747
Total Operating Revenues	2,456,892	2,545,866	5,002,758
Operating Expenses:			
Salaries & Wages	206,048	308,522	514,570
Operating Expenses	1,407,327	2,212,557	3,619,884
Depreciation	255,001	528,399	783,400
Total Operating Expenses	1,868,376	3,049,478	4,917,854
Operating Income (Loss)	588,516	(503,612)	84,904
Non-Operating Revenues (Expenses):			
Investment Income	22,701	2,257	24,958
Interest Expense	(86,115)	(33,653)	(119,768)
Total Non-Operating Revenues (Expenses)	(63,414)	(31,396)	(94,810)
Income (Loss) Before Operating Transfers	525,102	(535,008)	(9,906)
Operating Transfers:			
Transfer In	-	130,810	130,810
Transfers (Out)	(130,810)	-	(130,810)
Total Operating Transfers	(130,810)	130,810	-
Change in Net Position	394,292	(404,198)	(9,906)
Net Position at Beginning of Year	8,736,535	8,148,534	16,885,069
Net Position at End of Year	\$ 9,130,827	\$ 7,744,336	\$ 16,875,163

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 4,167	\$ 401,713	\$ 372,349	\$ -	\$ 33,531
Arts Lottery Council Grant	11,300	8,487	12,249	-	7,538
Board of Health Grants	15,362	510,960	429,646	-	96,676
Community Compact Grant	40,000	-	8,600	-	31,400
Council on Aging Grants	2,119	31,836	32,816	-	1,139
Dam Removal Grant	168,750	-	128,750	-	40,000
Emergency Management Grants (COVID)	(485,879)	1,024,480	156,111	-	382,490
Green Communities Grant	-	149,601	149,601	-	-
Highway Grants	54,809	496,841	545,538	-	6,112
Library Grants	32,743	32,607	21,966	-	43,384
Other Grants and Programs	-	100,000	80,914	-	19,086
Public Safety Grants	544	336,909	331,233	-	6,220
Recycling Grants	18,787	7,800	21,141	-	5,446
Town Clerk Grant	12,914	-	1,985	-	10,929
Schools:					
School Lunch Program	48,896	936,495	707,326	-	278,065
School Lunch Commodities	-	71,622	71,622	-	-
School Revolving Funds	148,935	106,643	130,661	-	124,917
State Special Education Reimbursement	1,326,035	1,219,176	1,326,035	-	1,219,176
Other:					
Amazon Traffic Mitigation	67,959	5,000	40,141	-	32,818
Cable Access Television	456,279	206,676	-	(233,348)	429,607
Community Affairs Revolving	7,661	12,500	4,311	-	15,850
Community Preservation Fund	2,168,919	857,865	1,149,654	(205,000)	1,672,130
Conservation Revolving	29,358	3,077	-	(8,523)	23,912
Council on Aging Revolving	182,062	67,510	102,941	-	146,631
Special Revenue Funds Page 77	\$ 4,311,720	\$ 6,587,798	\$ 5,825,590	\$ (446,871)	\$ 4,627,057

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Continued from Page 77	\$ 4,311,720	\$ 6,587,798	\$ 5,825,590	\$ (446,871)	\$ 4,627,057
Other (continued):					
Council on Aging WRTA Program	119,800	96,110	60,134	-	155,776
Deputy Collector Fees	1,059	23,993	24,005	-	1,047
Dog Control Revolving	37,344	37,680	210	(27,461)	47,353
Family Youth Services Revolving	4,253	-	-	-	4,253
Fire Emergency Medical Services	588,135	1,051,034	478,044	(351,240)	809,885
Gifts and Donations	112,384	23,076	25,866	-	109,594
Insurance Reimbursements	83,691	44,613	43,304	-	85,000
Medicare Part D Subsidy	39,040	50,733	-	(39,039)	50,734
Parks and Recreation Revolving	268,164	638,166	491,113	-	415,217
Planning Board Revolving	210	3,801	3,800	-	211
Police Drug Task Force	1,073	(28)	-	-	1,045
Premium on Sale of Bonds	123,256	-	34,636	17,849	106,469
Public Safety Outside Detail Funds	27,986	242,892	241,182	-	29,696
Sale of Cemetery Lots	27,250	15,500	-	(12,000)	30,750
Sale of Land (Reserved)	12,435	-	-	-	12,435
Solid Waste Funds	422,959	546,360	892,552	337,160	413,927
Tax Title Registry of Deeds Fee	580	1,618	1,365	-	833
Transportation Network Surcharge	5,351	2,278	-	(3,587)	4,042
Veterans Cost of Living	-	3,792	2,291	-	1,501
Conservation Funds	361,795	(11,996)	42,781	400,000	707,018
Elderly Funds	47,446	9,549	24,372	-	32,623
Scholarship Funds	1,324	758	1,800	-	282
Total Special Revenue Funds	\$ 6,597,255	\$ 9,367,727	\$ 8,193,045	\$ (125,189)	\$ 7,646,748

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Capital Projects:					
Assabet Park improvements	\$ 102,775	\$ -	\$ 102,775	\$ -	\$ -
Fire Department vehicles	156,000	-	69,666	-	86,334
Highway culvert and drainage improvements	-	-	-	300,000	300,000
Highway equipment	729	-	134	289,405	290,000
Highway generator	35,000	-	-	-	35,000
Highway vehicles	-	-	8,097	665,000	656,903
Highway vehicles	206,896	-	191,421	(12,975)	2,500
Management Information System (MIS) network	26,741	-	-	-	26,741
Master Plan (Downtown)	-	-	-	150,000	150,000
Middle School green repairs	102,533	-	-	-	102,533
MIS/GIS Aerial Photo	114,828	-	56,102	-	58,726
Police vehicles	-	-	-	165,000	165,000
Police vehicles	161,000	-	41,119	-	119,881
Road maintenance	-	-	-	454,000	454,000
Road maintenance	559,044	-	242,890	-	316,154
Senior Center construction	50,000	-	14,210	-	35,790
Town Hall feasibility study	100,000	-	-	-	100,000
Town Offices' improvements	764,738	-	7,133	-	757,605
Total Capital Projects Fund	\$ 2,380,284	\$ -	\$ 733,547	\$ 2,010,430	\$ 3,657,167

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Perpetual Permanent Funds:					
Assabet Park Funds	\$ 7,959	\$ -	\$ -	\$ -	\$ 7,959
Cemetery Funds	612,715	21,700	-	5,250	639,665
Library Fund	81,509	-	-	-	81,509
Miscellaneous Funds	14,022	-	-	-	14,022
Total Perpetual Permanent Funds	716,205	21,700	-	5,250	743,155
Permanent Funds:					
Assabet Park Funds	2,304	(290)	2,000	-	14
Cemetery Funds	33,751	(18,152)	-	(15,545)	54
Library Fund	262,488	3,296	18,310	-	247,474
Miscellaneous Funds	13,374	(776)	-	-	12,598
Total Permanent Funds	311,917	(15,922)	20,310	(15,545)	260,140
Total - Non-Major Governmental Funds	\$ 10,005,661	\$ 9,373,505	\$ 8,946,902	\$ 1,874,946	\$ 12,307,210

Changes in Fund Balance

General Fund

It is important to note that while the General Fund's fund balance shown on the preceding GAAP based statements is a measure of resources that are available to the Town on a long-term basis, the full amount is not available for appropriation in its entirety on a statutory basis. Under Massachusetts General Law, the Massachusetts Department of Revenue (DOR) certifies the amount available, which is referred to as "Free Cash." This certified amount is available for appropriation by the legislative body. The amount certified by the DOR at the close of FY2022 is \$3,399,259 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$10,762,694, which also includes the Town's Stabilization Fund Balance of \$5,129,896.

Within the Town's Financial Policies (See Appendix A), is a reserve policy which defines reserves as being the combination of Free Cash & Stabilization Fund Balances. This reserve policy requires that the Town maintain reserves at a level of between 5 to 10% of the Town's General Fund expenditures. Under the Free Cash plan for the proposed FY2024 budget, the amount of \$500,000 will be used for the operating budget, \$200,000 will be transferred to the Stabilization Fund, \$175,000 will be used to fund the Appropriations Committee Reserve Fund, and \$1,105,000 will be used to fund capital expenditures, therefore use of Free Cash in the total amount of \$1,980,000 is proposed.

The following schedule demonstrates the Town's compliance with its fiscal policies, and that the proposed use of Free Cash for the current year will not yield a significant change in Fund Balance from the budget proposed in the prior year. The figures shown below reflect the amounts that are contemplated at the time of Town Meeting:

PROPOSED BUDGET	FY2023	FY2024
Certified Free Cash as of June 30 prior year	\$3,399,259	\$2,440,073
Proposed use for budget	(\$2,899,000)	(\$1,980,000)
Unappropriated Free Cash	\$500,259	\$460,073
Stabilization Fund Balance as of June 30	\$5,129,896	\$4,984,476
Investment Income/(Loss) as of December 31	\$31,736	\$23,647
Proposed transfer(s) into Stabilization*	\$200,000	\$400,000
Stabilization Fund Balance	\$5,361,632	\$5,408,124
Total Reserves	\$5,861,891	\$5,868,197
Proposed Expenditure Budget	\$71,252,642	\$73,691,740
Reserves as Percentage of Budget	8.23%	7.96%

*\$400,000 reflects actual \$200,000 transfer made in FY2023 and proposed \$200,000 to be transferred in FY2024

Free Cash will be recalculated for June 30, 2022 once FY2023 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2024 will reduce the amount, as shown in the preceding calculation, it should be noted that positive results from unspent appropriations and revenues above budget in FY2023 will add to the balance. Note that the figure for the adopted budget is determined when the Town's tax rate is set later during the current fiscal year (Tax Recapitulation). The adopted budget changes from the proposed due to a number of factors, primarily assessments that are estimated at the time of Town Meeting, and

finalized when the property tax rate is set and approved by the DOR. The following table shows the Town's reserves as calculated following the adoption of the budget and most recent Free Cash certifications (at close of prior fiscal year):

ADOPTED BUDGET	FY2022	FY2023
Certified Free Cash as of June 30	\$3,399,259	\$2,440,073
Stabilization Fund Balance as of June 30	\$5,129,896	\$5,184,476
Total Reserves	\$8,529,155	\$7,624,549
Adopted Budget	\$67,671,657	\$71,218,073
Reserves as Percentage of Budget	12.60%	10.71%

The preceding two tables demonstrate the Town's approach to maintain sufficient reserves through conservative fiscal policies, and they show the approach that is used to develop its Free Cash Plan. For FY2024 the amount of Free Cash certified at June 30, 2022 allows for amounts to be appropriated for capital in addition to the limited amount used for the operating budget. In the case of FY2023, \$2,024,000 in capital expenditures were approved, and for FY2024 \$1,105,000 is proposed for capital expenditures. This approach allows for sufficient reserves to be maintained, while at the same time reserves can be used to fund one-time expenses such as capital purchases.

Additionally, for the purposes of long term trend analysis, the level of the Town's reserves are compared to "Operating Revenues" as an indicator in its Financial Trend Monitoring System (FTMS) rather than the expenditure budget (see Appendix C for further information). "Operating Revenues" reflect the actual cash received in the General Fund during the fiscal year and does not include the use of Free Cash or other "one-time revenues", or accruals. The indicator compares the percentage of reserves remaining at the close of the year to actual revenue. The indicator also seeks to reflect allocations or reservations subsequently made, to reflect spending decisions made after balances are certified. The table below shows the data excerpted for the most recently closed two years included in the analysis:

RESERVES VS. OPERATING REVENUES	FY2021	FY2022
Certified Free Cash as of June 30	\$3,399,259	\$2,440,073
Stabilization Fund Balance as of June 30	\$5,129,896	\$5,184,476
Total Reserves	\$8,529,155	\$7,624,549
Total Revenues	\$65,386,519	\$66,600,625
Reserves as % of Operating Revenues	13.04%	11.45%
Reserves Subsequently Used (Proposed*)	(\$2,699,000)	(\$1,780,000)
Total Adjusted Reserves	\$5,830,155	\$5,844,549
Total Revenues	\$65,386,519	\$66,600,625
Reserves as % of Operating Revenues	8.92%	8.78%

*Amounts Subsequently Used reduced by \$200,000 to reflect transfer from Free Cash to Stabilization in both years