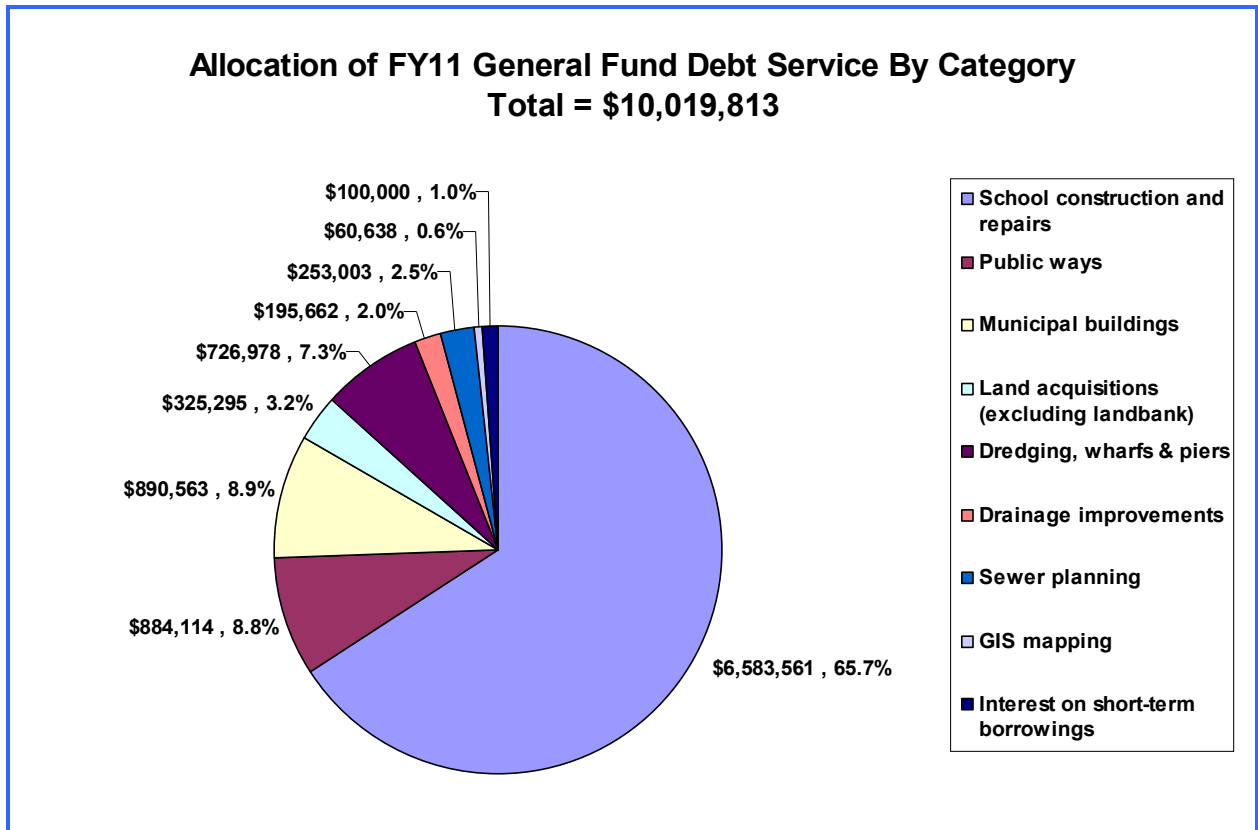


OTHER REQUIREMENTS

Within the FY 2010 Budget, a category of costs called "Other Requirements" has been separated from other departmental budgets. Within this category, the following costs are included: debt service; premiums for liability & casualty insurance, worker's compensation insurance, health insurance for retirees; pensions; celebrations; Lombard Trust rental; public libraries (also detailed on pages 313-334); appropriation deficits, transfers, and State and County assessments.

GENERAL FUND DEBT SERVICE

Major capital improvements within the Capital Improvement Program will be funded through the issuance of notes and bonds and repayment of the debt issuance is included in the debt service appropriation. For further detail on the town's debt obligations please refer to pages 87 through 93. This budget does not include debt associated with enterprise fund operations. Debt service for enterprise fund operations is included in each respective enterprise fund. Enterprise fund revenues will be used to pay the debt service of those funds. Additionally, this budget does not include debt service on land acquisitions made by the Community Preservation Fund (CPF). The CPF, a special revenue fund, pays for its own debt service out of surtaxes added to the Town's real estate tax bills. The chart below details the General Fund debt service budget by category included in the "Other Requirements" category.

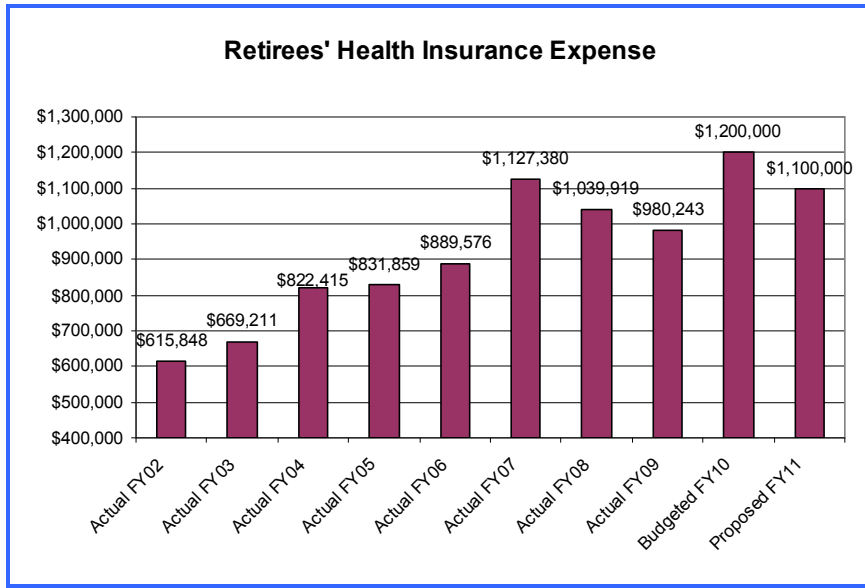


EMPLOYEE BENEFITS

These costs are generated by other agencies, which the town does not have significant control over and includes cost associated with town and school operations. These costs are not budgeted within the town and school operations since they are managed from a central location except for health insurance on **active** town and school employees, which is included within the respective departments.

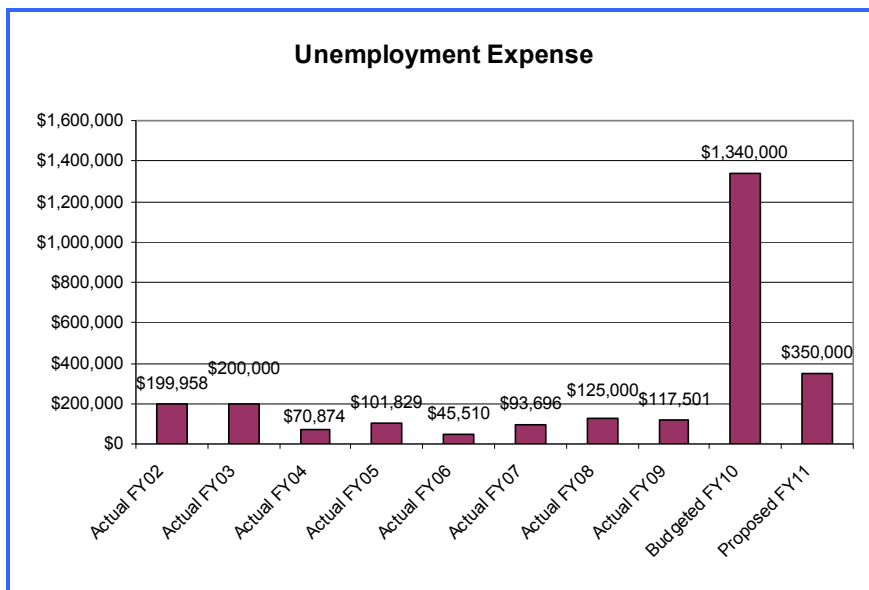
Retirees' Health Insurance

This category includes the Town's share of the health insurance cost for retirees. Former non-teaching school employees are also included in this category. This category should experience increases in future years as more and more employees enter the retirement pool. Also affecting current and future increases are the annual increases in health insurance premiums. The FY10 budget included funds for anticipated retirements that did not materialize which results in the FY11 budget estimate being lower.



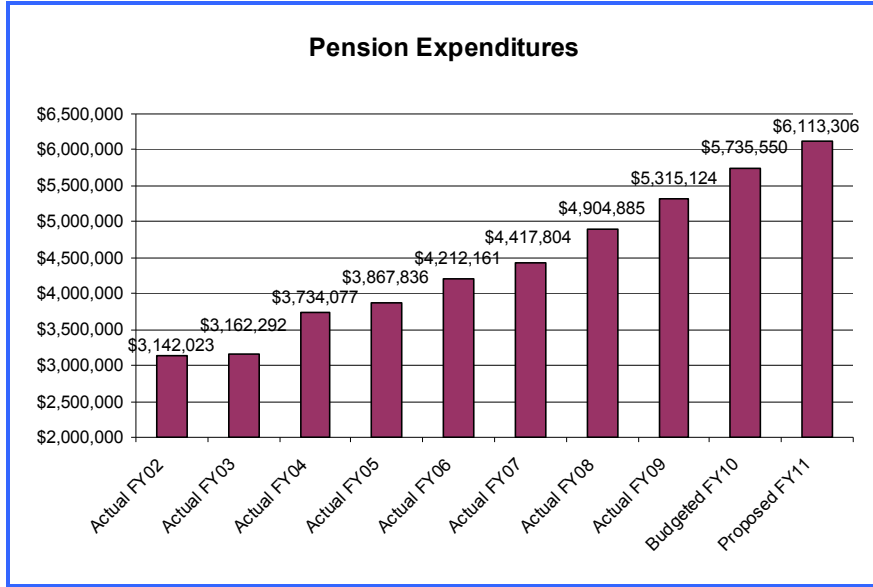
Unemployment

The Town self-insures for unemployment costs. The FY11 budget includes insurance for all municipal and school employees.



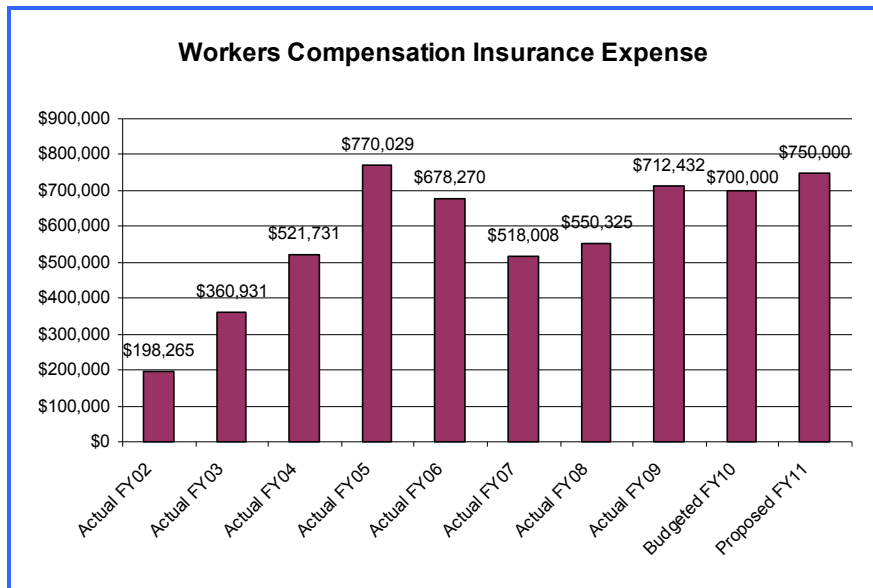
Pension Assessments/Non Contributory Pension

The Town belongs to the Barnstable County Retirement Association (BCRA). Each year the County Retirement Board notifies each member town with the amount of its share of the county retirement pension expense. This assessment comprises the cost of current retirees, funding for past un-funded cost and the expense of running the county system. Additionally, the Town has one retiree collecting a pension that retired before the town joined the BCRA. This cost is also included in this category.



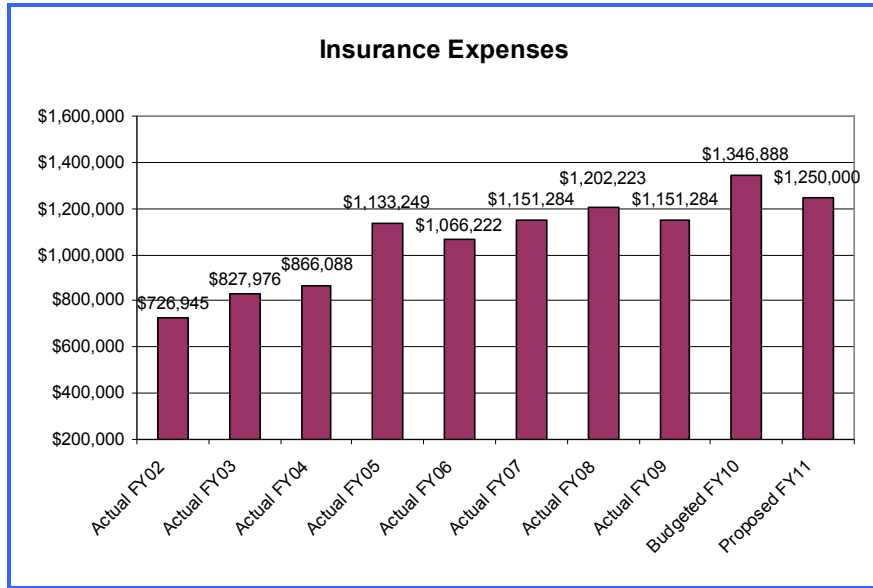
Worker's Compensation

The Town switched to a premium based worker's compensation insurance policy in FY05. Previously, the town self-insured this activity. However, the increasing costs in stop-loss insurance coverage, increasing deductible amounts and lost productivity led to this change. The Town's objective is to create a safe workplace through appropriate supervision and safety education.



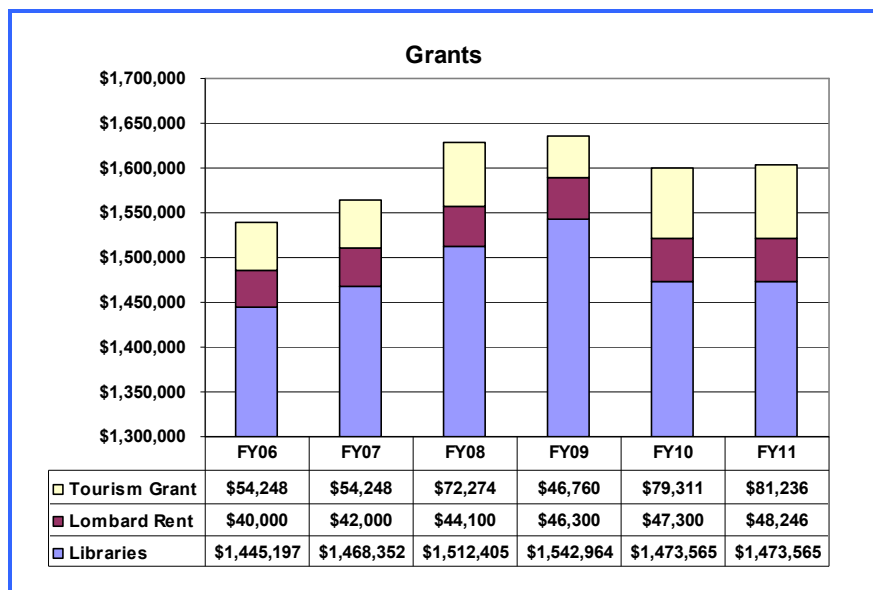
INSURANCE

The Town maintains premium based liability, property, casualty and fire insurance on all its land, building and equipment. The total costs of the Town's "fixed asset" holdings exceed \$400 million. Significant increases in this category have occurred in the past due to the losses incurred by insurance companies in the form of claims payments and investment declines in the stock market. These losses and claims payments result in higher premiums for everyone. Additionally, as replacement values are updated to reflect current replacement costs this area can be impacted with higher premiums as the value of the town's assets escalate. This category also includes the cost of insurance for professional liability coverage on all employees, boards and commissions as well as volunteers.



GRANTS

Included in this category is the funding provided to the Town's seven village libraries, funding provided for a tourism promotion contract to enhance hotel/motel tax revenue, and rent paid to the Lombard Trust for Lombard land used by the Town. Each library has its own Board of Trustees and the Town exercises no control over their operations. The Town is a major source of funding for the village libraries. The tourism grant is funded from the local portion of the Hotel/Motel tax collected by the Town.

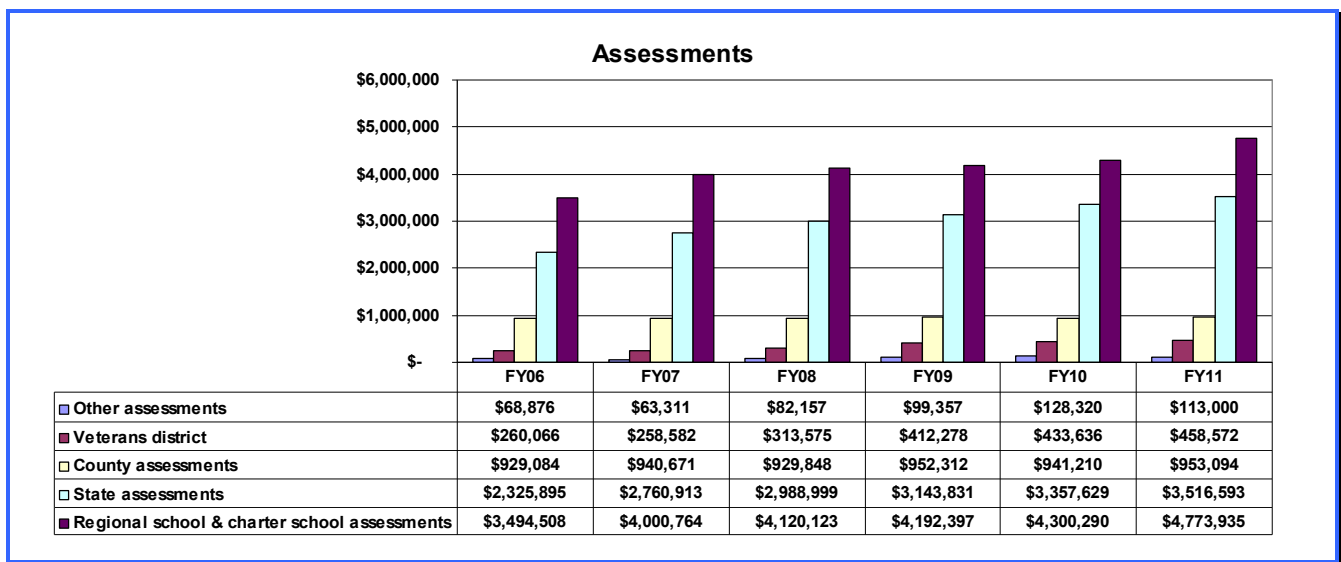


ASSESSMENTS

The town participates in four districts, namely: the Cape Cod Technical Regional High School, the Veteran's District, the Old King's Highway Historic District, and the Cape Cod Greenhead Fly Control District. These assessments are based on the town's share of the cost of running these operations. The largest assessment is the Cape Cod Technical Regional High School District. Members appointed by the Town Council represent the town on the Regional School Committee. The Veteran's District administers to our Veterans needs and this appropriation represents our share of the administrative cost and direct benefits paid to veterans.

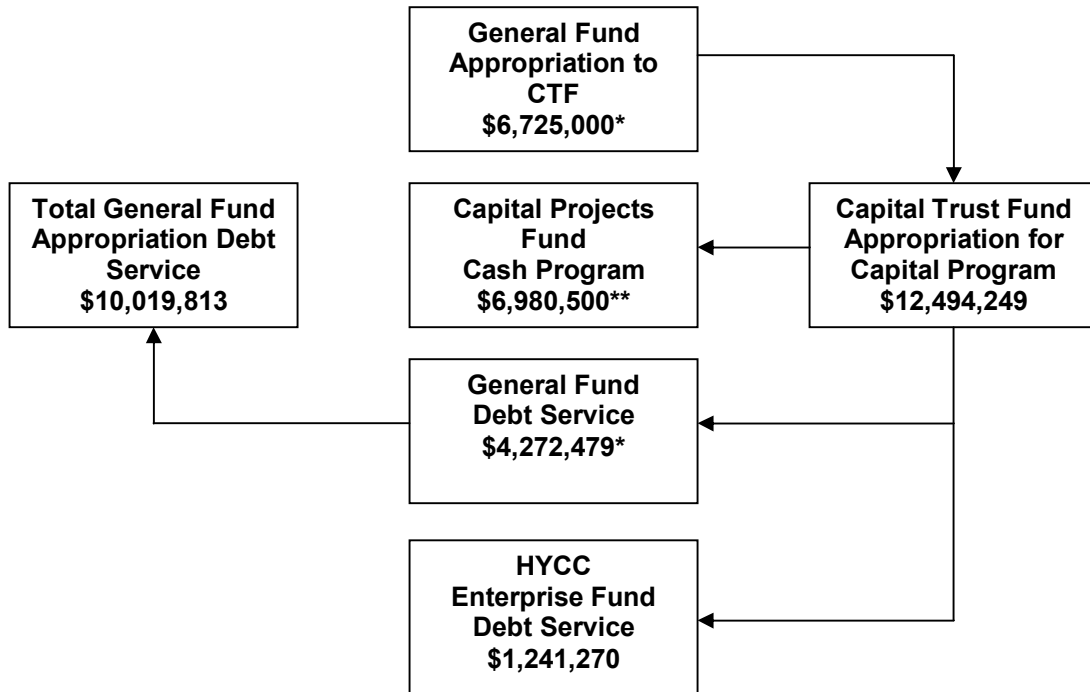
Also included in this category are state and county assessments. County assessments consist of the town's portion of the county's operating budget and the Cape Cod Commission. The assessment for the Cape Cod Commission is excluded from Proposition 2½ taxing limitations and is added to the tax levy every year. State assessments include such items as retired teachers' health insurance, mosquito control projects, regional transit authorities, and other smaller items. These cost must be budgeted, however, no appropriation by the Town Council is required since the state deducts the assessments from the town's quarterly aid distributions.

Finally, this category also includes a budget for school choice and commonwealth charter school assessments. The Barnstable School District participates in the state's school choice program. The school choice program allows parents to send their children to schools in communities other than the city or town in which they reside. Tuition is paid by the sending district to the receiving district. Districts may elect not to enroll school choice students if no space is available. Commonwealth charter schools are independent public schools designed to encourage innovative educational practices. Charter schools are funded by tuition charges assessed against the school districts where the students reside. The state provides partial reimbursement to the sending districts for the tuition costs incurred.



TRANSFERS

Included in this category are all budgeted transfers to other town funds from the General Fund. The FY11 budget consists of a transfer to the Capital Trust Fund (CTF) to help build reserves for future capital appropriations. The following diagram illustrates the transaction flow between the General Fund and CTF.



* Net amount of \$2,452,521 (\$6,725,000 - \$4,272,479) is appropriated by Town Council.

** Cash appropriation from CTF of \$6,980,500 is appropriated by Town Council as part of capital program.

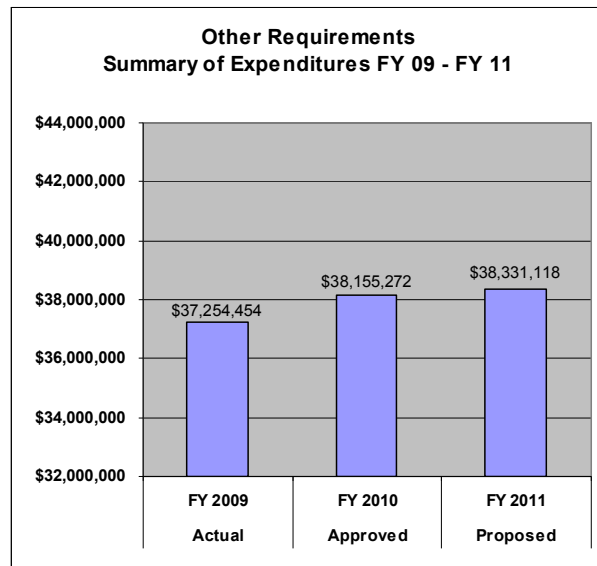
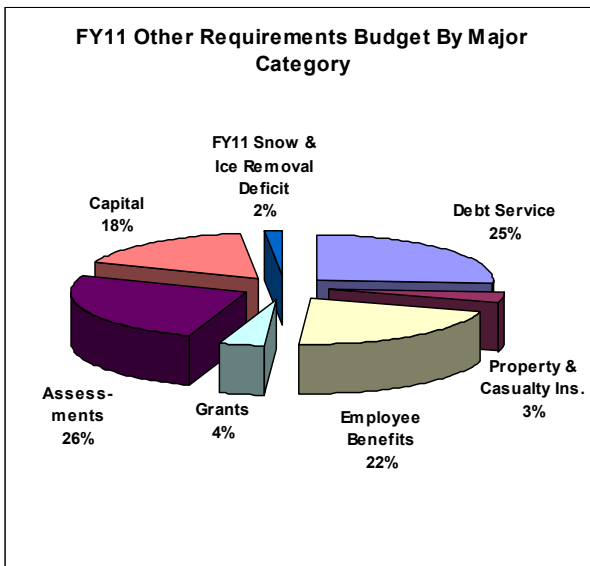
APPROPRIATION DEFICITS

The Town has the authority under Massachusetts General Law to expend amounts in excess of appropriations for snow & ice removal, overlay deficits and any court ordered judgments. Any such expenditures in the prior year must be raised on the subsequent year's tax levy, and as a result, reduces the amount of funds available for the subsequent year's operating budgets. The Town has a snow and ice removal deficit from FY10 of \$604,758 which will be budgeted in FY11 and raised on the FY11 tax levy.

**SUMMARY OF EXPENDITURES, RESOURCE ADJUSTMENTS AND FUNDING SOURCES
OTHER REQUIREMENTS**

Expenditure Category	Actual FY 2009	Approved FY 2010	Projected FY 2010	Requested FY 2011	Adjustments FY 2011	Proposed FY 2011	Change FY 10 - 11	Percent Change
Debt Service								
Principal	\$ 7,946,418	\$ 6,952,748	\$ 6,952,748	\$ 6,954,920		\$ 6,954,920	\$ 2,172	0.03%
Interest	3,580,658	2,668,805	2,600,000	3,039,893		3,039,893	371,088	13.90%
Interest on tax refunds	11,312	25,000	15,000	25,000		25,000	-	0.00%
Total Debt Service	11,538,388	9,646,553	9,567,748	10,019,813	-	10,019,813	373,260	3.87%
Employee Benefits								
Retirees Health Insurance	980,243	1,200,000	1,020,000	1,100,000		1,100,000	(100,000)	-8.33%
Unemployment Insurance	117,501	1,340,000	500,000	350,000		350,000	(990,000)	-73.88%
Pension Assessment	5,315,124	5,735,550	5,735,000	6,113,306		6,113,306	377,756	6.59%
Worker's Compensation	712,432	700,000	710,000	750,000		750,000	50,000	7.14%
Total Employee Benefits	7,125,300	8,975,550	7,965,000	8,313,306	-	8,313,306	(662,244)	-7.38%
Insurance								
Fire/Casualty/Liability	890,246	996,888	915,000	950,000		950,000	(46,888)	-4.70%
Boats/Equipment/Inland Marine	47,055	60,000	45,000	45,000		45,000	(15,000)	-25.00%
Boiler and Machinery	25,861	25,000	26,000	25,000		25,000	-	0.00%
Motor Vehicles	188,122	265,000	220,000	230,000		230,000	(35,000)	-13.21%
Total Insurance	1,151,284	1,346,888	1,206,000	1,250,000	-	1,250,000	(96,888)	-7.19%
Grants								
Libraries	1,542,964	1,473,565	1,473,565	1,473,565		1,473,565	-	0.00%
Tourism Grant	46,760	79,331	79,331	81,236		81,236	1,905	2.40%
Lombard Trust	46,300	47,300	47,300	48,246		48,246	946	2.00%
Total Grants	1,636,024	1,600,196	1,600,196	1,603,047	-	1,603,047	2,851	0.18%
Assessments and Other								
Regional School District	2,788,500	2,823,678	2,823,678	2,861,840		2,861,840	38,162	1.35%
Comm. Charter Sch. & Sch. Choice Assessments	1,403,897	1,476,612	1,476,000	1,912,095		1,912,095	435,483	29.49%
Veteran's District Assessment & Benefit Payments	412,278	433,636	440,000	458,572		458,572	24,936	5.75%
State and County	4,096,143	4,298,839	4,300,000	4,469,687		4,469,687	170,848	3.97%
Old Kings Highway	7,750	8,500	8,000	8,000		8,000	(500)	-5.88%
Greenhead Fly Control District	4,820	4,820	4,820	5,000		5,000	180	3.73%
Celebrations	86,787	100,000	100,000	100,000		100,000	-	0.00%
Charter Commission	46,379	15,000	15,000	-		-	(15,000)	-100.00%
Total Assessments and Other	8,846,554	9,161,085	9,167,498	9,815,194	-	9,815,194	654,109	7.14%
Transfers								
Capital Trust Fund	6,725,000	6,725,000	6,725,000	6,725,000		6,725,000	-	0.00%
Capital Projects Fund	231,904	-	-	-		-	-	0.00%
Total Transfers	6,956,904	6,725,000	6,725,000	6,725,000	-	6,725,000	-	0.00%
Appropriation Deficits								
Prior Year Snow & Ice Deficit	-	700,000	-	604,758		604,758	(95,242)	-13.61%
Total Deficits	-	700,000	-	604,758	-	604,758	(95,242)	-13.61%
TOTAL OTHER REQUIREMENTS	\$ 37,254,454	\$ 38,155,272	\$ 36,231,442	\$ 38,331,118	\$ -	\$ 38,331,118	\$ 175,846	0.46%
SOURCES OF FUNDS								
Property and Other Taxes	\$ 23,883,374	\$ 24,799,750	\$ 23,606,237	\$ 25,373,244		\$ 25,373,244	\$ 573,494	2.31%
State Aid	6,461,443	5,946,317	5,946,000	6,292,759		6,292,759	346,442	5.83%
Interest and Other	-	9,000	9,000	9,000		9,000	-	0.00%
Special Revenue Funds	-	132,076	132,076	133,250		133,250	1,174	0.89%
Enterprise Fund Reimbursements	879,784	844,694	844,694	945,628		945,628	100,934	11.95%
Trust Funds	6,029,853	4,493,435	4,493,435	4,622,479		4,622,479	129,044	2.87%
Savings Account	-	1,930,000	1,200,000	954,758		954,758	(975,242)	-50.53%
TOTAL SOURCES	\$ 37,254,454	\$ 38,155,272	\$ 36,231,442	\$ 38,331,118	\$ -	\$ 38,331,118	\$ 175,846	0.46%

This area of the budget is increasing \$175,846 from the FY10 approved budget. Increases in debt service and assessment categories are offset by decreases in employee benefits, insurance, and deficits. Tax support for this area of the budget will increase \$573,494. State aid will increase \$346,442 as aid is provided to cover a portion of the large increase in the assessments for Commonwealth Charter Schools. Enterprise fund reimbursements are increasing \$100,000 as the new HYCC enterprise fund is assessed \$60,000 for its first full year of operations. Trust fund transfers will increase \$129,044 to cover a portion of the increase in debt service. The use of savings will significantly decline by almost \$1 million. This was used in FY10 to pay for extraordinary unemployment costs which will not be repeated in FY11.



SUMMARY OF SIGNIFICANT BUDGET CHANGES

Debt Service:

Debt service is projected to increase \$373,260 to \$10,019,813. This amount includes all principal and interest payments due in FY11 on outstanding loans except for those loans that belong to the Town's enterprise fund operations. The Town anticipates issuing long-term and short-term bonds totaling close to \$6 million in FY10 that will result in principal and interest payments in FY11. Estimates for these loan payments are included in the FY11 budget for debt service. School related debt comprises 66 percent of this amount, or \$6,583,561.

Employee Benefits:

This area of the budget is decreasing \$662,244 or 7.4 percent from the FY10 approved budget. The decrease results from a \$990,000 reduction in the amount budgeted for unemployment. The town is self-insured for unemployment and included funds to cover approximately 90 layoffs in FY10. There are no anticipated layoffs in FY11. Significant increases in this area include \$378,000 for the county pension assessment and \$50,000 for workers' compensation.

The Town's General Fund will receive a transfer of \$350,000 from the Pension Reserve Fund to offset the current year's county retirement assessment. State law limits the use of this Trust Fund to this purpose and the annual withdrawal must be approved by PERAC. This transfer exceeds the amount of investment income generated by the Trust Fund; therefore, a portion of the fund's principal is being used to offset the assessment. This Trust Fund should provide the Town a funding source for several years. A gradual decline in the amount transferred from the pension reserve will provide the Town a mechanism to gradually add the total pension assessment to the tax rate without significantly affecting it in any one year.

Insurance:

The proposed budget for insurance in FY11 is \$1,250,000. This represents a 7.2 percent decrease or \$96,888 less than the approved FY10 approved budget. Premiums are projected to rise slightly. The town had budgeted funds to cover the cost of insurance for the new \$25 million Youth & Community Center in FY10. The actual premium increase was less than anticipated. This savings is reflected in the FY11 budget proposal. Additionally, the Town is experiencing a decline in the motor vehicle premiums due to fewer insurable assets, good claims experience, and competitive market.

Grants:

Grant payments to the 7 village libraries will remain the same at \$1,473,565. Each library has its own Board of Trustees and the town exercises no control over their operations. The grant is distributed to the village libraries using an agreed upon formula. The Town is a major source of funding for the village libraries.

The proposed grant amount of \$81,236 for tourism is \$1,905 more than the FY10 amount. This cost is funded from the local portion of the Hotel/Motel tax collected by the Town. When the Town elected to charge the local tax several years ago \$57,478 was agreed to be spent annually on tourism and has not changed since its inception. It was originally established at 5 percent of the tax amount generated. FY09 hotel/motel tax revenue collected amounted to \$1,624,720. The FY11 budget amount represents 5 percent of actual collections in FY09.

The rent for the Lombard land has been budgeted at \$48,246. The Town uses various parcels of trust land and pays rent to the Lombard Trust fund for its use. This is a 2 percent increase over the FY10 budget.

Assessments:

This category will increase \$654,109 or 7.1 percent from the FY10 approved budget to \$9,815,194. Significant components of the changes include the following:

- The FY11 assessment for the Cape Cod Tech Regional High School is \$2,861,840 or \$38,162 more than FY10. This is a 1.4 percent increase. A slight drop in the town's percentage share of total enrollment at the school has helped keep this assessment increase down for FY11.
- State assessments to the town for students attending the Sturgis Charter School and school choice payments are increasing \$435,483 or 29 percent. The town will also see a significant increase in reimbursements for charter school assessments offsetting much of this cost increase.
- State assessments on the Town's "Cherry Sheet" are increasing \$170,848. The single largest increase is in the assessment is for retired school teachers health insurance.
- Veterans' benefits are proposed to increase \$24,936 or 5.8 percent. A significant increase in the caseload managed by the regional veterans' agent accounts for the increase.

Transfers:

The Town is proposing to transfer \$6,725,000 to the Capital Trust Fund in FY11. This is the same level of funding as in FY10.

Appropriation Deficits:

A snow and ice removal deficit of \$604,758 is included in the FY11 proposed budget. This deficit resulted from the FY10 winter season. The town budgeted \$600,000 for snow and ice removal and spent \$1.2 million. This is one area that the state allows for deficit spending. The FY10 deficit must be included in the FY11 budget and raised on the FY11 tax levy. The Town will use a portion of its General Fund reserves to pay this deficit in FY11.

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